Statement of Accounts 2025-26

The Police and Crime Commissioner for Merseyside

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Narrative Statement by the Chief Finance Officer

The Statement of Accounts provide details of the Police and Crime Commissioner's (PCC) and the Group i.e. incorporating the Chief Constable, financial activities for the year ending 31st March 2026.

The accounts are published in accordance with the Accounts and Audit Regulations 2015.

This section is the Narrative Statement. The purpose of the statement is to comment on the financial performance and economy, efficiency and effectiveness in the PCC's and the Group's use of resources over the financial year. The structure of the statement is set out below.

1. Explanation of the PCC and Group;
2. Introduction to Merseyside;
3. Financial performance;
4. Non-financial performance;
5. People;
6. Strategic Risks;
7. Explanation of the Statement of Accounts;
8. Summary and conclusion; and
9. Acknowledgements.

1. EXPLANATION OF THE PCC AND GROUP

The Police Reform and Social Responsibility (PRSR) Act 2011 created the post of directly elected PCC for Merseyside. The last election took place in May 2024. In the election Emily Spurrell, Labour party, was re-elected. The PCC's term of office runs until May 2028.

The PCC is responsible for making sure the service provided by Merseyside police is efficient and effective. This is done by:-

- Holding the Chief Constable to account for the delivery of local policing;
- Setting and updating a Police and Crime Plan;
- Setting the force budget and precept;
- Regularly engaging with the public and communities; and
- Appointing, and where necessary dismissing, the Chief Constable.

The PCC is also required by law to produce a Police and Crime Plan for Merseyside. This important documents shapes and informs the way policing and community safety is delivered across Merseyside. Following her re-election, the PCC published a refreshed Police and Crime Plan covering the period 2025-2029. The plan sets out three clear priorities which will set the strategic direction for the PCC's work during her second term of office and how she will work with Merseyside Police and partners to deliver your policing and community safety priorities. The three key priority areas are:-

- Fighting crime and antisocial behaviour;
- Supporting victims; and
- Preventing harm.

The Police and Crime Plan 2025-2029 can be viewed or downloaded from the PCC's web site at www.merseysidepcc.info

The Chief Constable is responsible for maintaining the King's Peace and the enforcement of the law, through the direction and control over the Force's officers and staff. The Chief Constable is accountable to the PCC for the delivery of efficient and effective policing, the delivery of the PCC priorities and the management of resources and expenditure by the Force. The PCC effectively commissions the police service from the Chief Constable.

Under the PRSR Act 2011, the PCC is required to appointed two Statutory Officers, i.e., the Chief Executive and Chief Finance Officer. The Chief Executive is the Head of Paid Service and undertakes the responsibilities of Monitoring Officer. The Monitoring Officer is responsible for ensuring that, at all times, the PCC acts within its legal powers. The Chief Finance Officer is the professional adviser on financial matters to the PCC. The Chief Finance Officer has certain statutory duties in relation to financial administration and stewardship. The statutory responsibilities include securing the production of and signing a statement that the Statement of Accounts provide a true and fair view of the financial position, maintaining financial standing and securing an adequate and effective internal audit function.

The PCC is scrutinised by the Merseyside Police and Crime Panel (PCP) in order to promote openness and transparency in the transaction of police and crime business. The Panel also supports the PCC in the effective exercise of its functions. The Panel comprises ten elected members (representing each of the five Local Authorities in Merseyside) and two independent members. Knowsley Metropolitan Borough Council (MBC) provides administration and support to the Panel.

The PRSR Act 2011 established two separate legal entities as 'corporations sole', i.e. the PCC for Merseyside and the Chief Constable of Merseyside Police Force. Under the Act the PCC is responsible for producing its own set of accounts, along with the consolidated Group accounts. In addition, the Chief Constable is also required to produce a separate set of accounts.

This set of accounts focuses on those discrete activities which the PCC is directly responsible for, such as property, plant and equipment; loans and investments; usable reserves; community safety and commissioning support services for victims, as well as the "PCC Group" which includes all aspects of operational policing under the direction and control of the Chief Constable. The Chief Constable has produced a separate set of accounts which explains how the resources provided by the PCC have been used to deliver operational policing services. The Chief Constable's accounts can be found at the following address: www.merseyside.police.uk/foi-ai/af/accessing-information/

2. AN INTRODUCTION TO MERSEYSIDE

Merseyside Police provides policing services to the metropolitan area of Merseyside. The police force area covers 252 square miles with approximately 65 miles of coastline in the north west of England. Although there are some more affluent areas, Merseyside has a high level of poverty. Around 1.48m people live in a predominantly urban setting. The force covers the conurbation that includes the city of Liverpool and the Metropolitan Boroughs of Knowsley, Sefton, St Helens and Wirral. The resident population is increased by very large numbers of university students and the large numbers who visit, socialise in, commute into, or travel through the area each year. The transport infrastructure includes an international airport, major rail stations and a major sea port. Merseyside is host to several football clubs, including Liverpool F.C, and St Helens Rugby League Club. Golf courses include Royal Liverpool Golf Club and the Royal Birkdale Golf Club which regularly host the Open Championship. Aintree Racecourse hosts the Grand National and there is also Haydock Park Racecourse.

3. FINANCIAL PERFORMANCE

Background

In recent times, Merseyside Police, along with the rest of the Police Service, has faced significant financial and operational challenges due to reductions in Government funding and changes in Government policies, e.g. Austerity, the establishment and maintenance of the Police Uplift Programme and now implementing the Governments Neighbourhood Policing Guarantee objectives. Consequently, the PCC and Merseyside Police had to make significant savings to ensure that a balanced budget was achieved annually. The delivery of these savings meant reductions in the strength of the Force. The impact of which was felt in every area/department of the Force, particularly Neighbourhood Policing, Investigations and Preventative Policing.

In 2010/11, Merseyside Police had a Police Officer establishment of 4,588, by 2019/20 Police Officer numbers had fallen to 3,467 a reduction of 1,121, i.e. 24.4%. However, since July 2019 successive Governments have provided additional specific funding to increase police officer numbers both nationally and locally. As a result, at the start of 2025/26 Merseyside had 374 Police Officers less than it did in 2010/11, i.e., 8.2%. It is noted that no additional Government funding was provided to fund inflationary and cost pressures, these were expected to be funded by PCCs maximising their precepts and Forces continuing to make cashable savings.

In the absence of Government funding, the PCC has adopted a strategy of maximising the precept, in line with the Governments expectations, and with the support of the general public and the Police and Crime Panel, which along with savings by the Force and the utilisation of one-off reserves has enabled balanced budgets to be set and the Force to protect police officer numbers.

Despite the significant challenges faced the PCC and Merseyside Police continue to provide an effective and efficient police service. In the most recent PEEL inspection by His Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS), which judged Merseyside Police as follows:-

Criteria	Grade
Police Powers and Public Treatment	Good
Preventing Crime	Good
Responding to the Public	Adequate
Investigating Crime	Adequate
Protecting Vulnerable People	Requires Improvement
Managing Offenders	Requires Improvement
Disrupting Serious Organised Crime	Outstanding
Developing a Positive Workforce	Good
Leadership and Force Management	Adequate

Regarding financial management and value for money, the HMIFCRS found that Merseyside police had effective financial management arrangements and made the best use of the finance it had available. In addition, its financial plans were found to be both ambitious and sustainable. The financial forecasts within the PCC's medium term financial strategy were based on realistic assumptions about future funding and expenditure and that the PCC holds general balances in the region of 3.2%, which the HMICFRS considered an adequate amount.

It is noted that HMICFRS has published details of its 'PEEL 2025-27' assessment framework and that it is due to run through to early 2027. The final report(s) and gradings are to be released in late 2026 or early 2027, once all Force assessments are concluded and have been validated.

Revenue Outturn

The PCC approved the 2025/26 revenue budget to finance spending on the day to day running expenses of the PCC and Force on 20th February 2025. The net revenue budget approved was £466.220m. However, this was later increased to £470.217m following the receipt of additional general grant to finance part of the 2025 pay award. In broad terms the following tables show where the PCC and the Group's money came from and how it was spent.

Where did our Money Come From?

The PCC and Group gets most of its funding through Government grants with a significant amount also coming from money raised through the Council Tax payments, i.e. Precept. The table below shows where the money came from in 2025/26.

	£m	%
General Police Grant and Legacy Council Tax Grants	(353.900)	75.2
Council Tax (i.e. Precept)	(111.273)	23.7
Collection Fund Surplus	(0.928)	0.2
Net Contributions from Reserves	(4.116)	0.9
Total Net Budget Requirement	**(470.217)**	**100.0**

As can be seen above, the majority of income comes from Government Grants (75.2%), with the precept, which is raised locally and is collected by the five Local Councils along with their council tax, accounting for 23.7%.

What did we spend the Money on?

Most money is spent on Police Officers, Police Staff, including PCS&TOs, and Pensions. Other money is spent in various ways including buildings, vehicles, forensics, uniforms and ICT. The table below shows where the money was spent in 2025/26.

	£m	%
Police Officers Pay	249.536	53.1
Police Pensions	77.660	16.5
Police Support Staff Pay	113.667	24.2
Police Support Staff Pensions	16.618	3.5
Other	7.520	1.6
Total Net Operating Expenditure	**465.001**	**98.9**
Contributions to Reserves	5.216	1.1
Total	**470.217**	**100.0**

Group Controlled Expenditure

The outturn position for 2025/26 shows total net operating expenditure of £465.001m. This represents an overall underspend on the revenue budget of £5.216m, i.e. 1.1%, compared to the net budget requirement of £470.217m.

The net underspend on the operational budget was due to a number of factors, particularly a lower-than-expected level of capital financing costs due to delays in expenditure on the capital programme and the receipt of additional income generated from the Proceeds of Crime Act (POCA).

Following consideration of the financial outturn position, the PCC approved the transfer of the net underspend to a number of reserves and General Balances. With £2.708m being transferred to the Estate Strategy Reserve to fund the continuation of the estate strategy and £1.812m being transferred the POCA Reserve to fund local crime fighting priorities for the benefit of the community. In addition, contributions have been made to the Chief Constable's Priority Fund and the PCC's Crime Prevention Strategy Reserve to enable both the PCC and Chief Constable to continue to support initiatives that will help reduce crime and disorder on Merseyside, leaving a small balance which was transferred to General Balances.

The budget for 2025/26 included a savings target of £3.573m to be addressed partly through the Force change programmes. Actual savings realised amounted to £3.774m, £0.201m above the target. Within the overall savings achieved, £1.236m related to a reduction in the police officer pension budget and £0.770m in ICT savings from reductions in Airwaves/Telecoms charges.

The financial outturn position reported demonstrates the continued effective financial management of the annual budget. The planned utilisation of the revenue underspend will provide opportunities for the PCC and the Chief Constable to continue to implement the Estate Strategy, support local initiatives that will help reduce crime and disorder on Merseyside and assist the Force in delivering its vision of delivering an outstanding service that builds trust and confidence in the police service.

PCC Controlled Expenditure

The PCC has a budget for the Office of the Police and Crime Commissioner (OPCC), as well as the funding for the Crime Prevention Strategy. A high level analysis of the OPCC's budget and Crime and Prevention Strategy is provided below.

Office of the Police and Crime Commissioner

The budget for the OPCC was £1.874m to cover the cost associated with the PCC carrying out her functions and support costs. At that point this equated to 0.04% of the overall budget of £470.217m. At year end the budget was underspent by £0.185m, this primarily related to employee and transport related expenditure, due to a number of staff vacancies within the office. The overall underspend has been transferred into the PCC's Crime Prevention Strategy Reserve to enable the PCC to continue to fund initiatives that support the prevention of crime and disorder on Merseyside.

Community Safety Funding Strategy

In 2023/24 the PCC approved a three-year Community Safety Funding Strategy covering 2023/24 to 2025/26. The objective of the strategy is to provide sustainable and long-term funding to support organisations and initiatives that will contribute to the delivery of the PCC's Police and Crime Plan priorities, focusing on reducing crime and disorder, and anti-social behaviour across Merseyside. To support the strategy, the PCC utilised several funding streams in 2025/26 to fund the strategy, these were the:-

(i) Community Safety Funding (£2.067m)

In February 2025, the PCC awarded Crime and Disorder Reduction grants to the Local Authorities Community Safety Partnerships and the Voluntary Sector that would secure, or contribute to securing, crime and disorder reduction on Merseyside. The funding was used by the partners to fund community safety initiatives to reduce domestic violence, hate crime, youth crime and substance abuse, offender management schemes and positive futures initiatives, as well as support the continuation of the PCC's Appropriate Adult Scheme.

(ii) Youth Empowerment Scheme (YES)(£0.550m)

During 2025/26, the PCC in partnership with the Merseyside Violence Reduction Partnership (MVRP) continued to support Youth Empowerment Scheme (YES) to provide positive, diversionary activities aimed at preventing spikes in violence and ASB over the summer holidays, autumn half term and other key times during the year. Grants of between £5,000 and £25,000 were awarded to 30 community and voluntary organisations to provide free, safe, and engaging programmes for nearly 11,588 young people across Merseyside, helping them to learn a range of new skills, make new relationships and improve their confidence and wellbeing, as well as helping to reduce serious violence across the region.

Specific Grant Funding

The PCC continued to actively bid for funding from the Home Office and the Ministry of Justice and was successful in securing the specific grant funding below amounting to £10.657m:-

(i) Victim Support Services and Restorative Justice (£3.346m)

The PCC received specific grant funding from the Ministry of Justice to fund the provision and commissioning of Victim Support Services and Restorative Services on Merseyside, and to provide additional domestic abuse and sexual violence support services, along with additional Independent Domestic Violence Advocates (IDVA) and Independent Sexual Violence Advocates (ISVA) advisors across Merseyside. The total funding available in 2025/26 amounted to £3.346m and at the end of the financial year all the funding had been spent.

The services commissioned and delivered by the PCC to support and care for victims of crime included:-

- The Victim Care Merseyside hub service administered by Merseyside Police;
- Domestic Abuse Support Service for Young People & Children provided by the Local Authorities on Merseyside;
- Child Sexual and Child Exploitation Support Service provided by Catch 22;
- Support for Victims subject to Sexual Offences jointly provided by RASA and RASASC;
- Hate Crime Advocacy service provided by the Anthony Walker Foundation, supported by a consortium of hate crime support services; and
- Restorative Support Services Strategic Delivery Partner provided by Restorative Solutions.

The Child Sexual and Child Exploitation Support Service was co-commissioned during 2025/26 with Liverpool City Council, Knowsley MBC, Wirral MBC and St Helens MBC; while the Sexual Assault and Abuse Support Service was co-commissioned in partnership with NHS England, Cheshire and Merseyside Integrated Care Board, Liverpool City Council, Knowsley MBC, Wirral MBC, Sefton MBC and St Helens MBC. In addition, the North West Probation Service and the PCC have co-commissioned the Restorative Justice Services contract.

All the victim support services were complemented by the provision of the Victim Care Merseyside website. The website is a central portal where victims of crime can find advice, information and guidance and access support and care. Anybody looking for support as the result of being a victim of crime can, at their convenience, search the website and find the most appropriate organisations to help them according to where they live and what support they need. The website can be accessed at https://www.victimcaremerseyside.org.

(ii) Merseyside Violence Reduction Partnership (£4.342m)

In total, 20 Violence Reduction Units (VRUs) have been established across England and Wales to help tackle knife and gun crime and homicide. In Merseyside, the unit is called the Merseyside Violence Reduction Partnership (MVRP). The MVRP brings together Merseyside Police, Merseyside Fire and Rescue, local government, National Probation Service, Public Health, the Department of Work and Pensions and the

county's Youth Offending Service, as well as health and education professionals, community leaders and other key partners with one specific aim '*to work with partners to prevent and reduce serious violence in Merseyside*'.

In 2025/26 the Partnership was awarded over £4.342m to continue its vital work throughout 2025/26. The partnership has continued to adopt a 'whole systems' approach to violence prevention and continued to use its successful partnership approach to develop, provide and implement a range of interventions to prevent violence and its underlying causes. By taking this public health approach a number of key, and extremely successful interventions have been developed, such as early help, education, reducing reoffending and targeted youth diversion and mentoring.

More information on the work of the MVRP can be found on their website at https://www.merseysidevrp.com or on the PCC's web site at https://www.merseysidepcc.info.

(iii) Serious Violence Duty (£0.158m)

The PCC continued to receive Home Office funding to cover the costs incurred by 'specified authorities' (i.e. police, justice, fire and rescue, health, and local authorities) to implement the Serious Violence Duty, to deliver a strategy to prevent and reduce serious violence and the associated duties of those bodies relating to serious violence. The Duty sets out how 'specified authorities' must work collaboratively and share data and information to create a strategy to prevent and reduce serious violence. The Duty commenced in January 2023.

Consequently, over the last three years the PCC has been working collaboratively with the 'specified authorities' and the wider partnership, including the MVRP to deliver a co-ordinated approach across the region. This has included agreeing a local partnership arrangement to lead on the delivery of the Duty, agreeing a definition of serious violence, and undertaking an evidence-based analysis to identify the kinds of serious violence that occur in the region and its causes. This analysis was used to develop a local Strategic Needs Assessment which in turn helped shape the Merseyside Serious Violence Duty Strategy for preventing and reducing serious violence locally. The Strategy was launched in January 2024, following an extensive consultation, and it sets out the ongoing commitment of the 'specified authorities' to working together with the shared goal of preventing and tackling serious violence and the harm it causes, preventing families from suffering the devastation and harm it brings. In addition, a Serious Violence Asset directory has also been produced which details 481 projects and schemes running across the region focused on improving safety and preventing harm. The directory has been published so organisations, community groups and members of the public can access it and find programmes that are working to tackle issues in their area.

The Serious Violence Duty Strategy and asset directory can be viewed or downloaded from the PCC's web site at www.merseysidepcc.info

(iv) Hotspot policing (£2.400m)

£2.4m of Home Office funding was again secured to tackle Anti-Social Behaviour (ASB) and serious violence in hotspot areas across Merseyside. A total of 29 areas were chosen based on analytical data which showed the places with the highest rates of serious violence and ASB within Merseyside, with at least three zones in each local authority area.

The funding was used to deliver an additional 23,700 hours of high visibility foot patrols at peak demand times and the roll out of 43 problem-oriented policing initiatives focused on designing out crime through environmental improvements, increased CCTV, clean-up operations, youth, adult and community engagement and more. These activities have led to a decrease of 4% in the volume of serious violence, a decrease of 21.9% in the volume of knife-enabled serious violence, and a decrease of 5.9% in the volume of ASB incidents. 246 arrests were made, 25 weapons were seized, 1,009 stop and searches took place, and 603 pieces of criminal intelligence was generated to support police investigation.

(v) Domestic Abuse Perpetrator Programme Scheme (£0.411m)

In 2025/26 the PCC secured additional funding to continue the Domestic Abuse Perpetrator programme aimed at addressing and rehabilitating individuals who have been identified as perpetrators of domestic abuse, delivered jointly by Causeway Charitable Services and the domestic abuse specialist organisation DMAT Services Limited. The programme, named ReFocus, involves interventions such as counselling, therapy, and educational programmes to help perpetrators understand and change their behaviour, alongside a tandem programme to support the domestic abuse victim. The goal is to prevent further harm and break the cycle of domestic abuse within families and relationships. During 2025/26, 48 perpetrators completed the programme, helping reduce reoffending and improve victim safety.

Capital Programme

In addition to revenue spending on day-to-day activities, the PCC and Force incur capital expenditure. Capital expenditure is expenditure on the acquisition of a fixed asset, or expenditure that adds to the value, or extends the useful life of an existing asset, such as improvements to police stations and properties, together with the purchase of vehicles and Information Communication Technology systems. Capital expenditure is normally funded by loans, grants, external contributions, or capital receipts. The table below shows the capital expenditure incurred in 2025/26 and how it was funded.

	£m	%
Estate Strategy	6.332	37.3
IT and Technical Strategy	6.724	39.6
Vehicle Replacement Programme	3.928	23.1
Total Capital Expenditure	**16.984**	**100.0**
Financed by:-		
Capital Receipts	(0.273)	1.6
Reserves	(1.601)	9.4
Revenue Contribution to Capital	(1.538)	9.0
Borrowing	(13.072)	77.1
Other Force Contributions	(0.500)	2.9
Total Funding	**(16.984)**	**100.0**

From the above table it can be seen that there was significant expenditure on the capital programme in 2025/26, especially the implementation of the PCC's Estate Strategy with the completion of the refurbishment of Speke Police Station and the opening of the new police station at Newton Le Willows. It is noted that a further £89.500m is planned to be spent on the Estate Strategy between 2026/27 and 2030/31. The successful delivery of the Estate Strategy represents a significant financial and operational challenge.

The main sources of funding for the capital programme were prudential borrowing and the use of earmarked reserves. To deliver the capital programme over the next five years the PCC is planning to undertake a significant amount of prudential borrowing, the financial impact of which has been reflected within the Medium-Term Financial Strategy (MTFS).

Group Balance Sheet

The Balance Sheet is a snapshot of the PCC's assets, liabilities, cash balances and reserves at the balance sheet date. The following table shows the value as at 31st March 2026 of the assets and liabilities recognised by the PCC and the Group. The net assets of the PCC and Group (assets less liabilities) are matched by the reserves held by the PCC and the Group. Unusable reserves arise from accountancy adjustments, e.g. used to remove notional debits and credits for retirement benefits and cannot be used to support the budget.

	£m
Long-Term Assets	432.576
Current Assets	101.592
Current Liabilities	(130.387)
Long Term Liabilities	(3,455.058)
Net Assets and (Liabilities)	**(3,051.278)**
Represented by:-	
Usable Reserves	58.365
Unusable Reserves	(3,109.642)
Total Reserves	**(3,051.278)**

At 31st March 2026 the Group had negative net assets of £3,051m which implies that the Group is technically bankrupt. Fortunately, this is not the case. The sole reason the Group have negative assets is because of the net pension liabilities associated with the unfunded police officer pension scheme of £3,345m coupled with the net deficit of £0.570m in the funded Local Government Pension Scheme (LGPS) for police staff.

The police officer pension scheme is underwritten by the Home Office who provide an annual top-up grant to fund the difference between pension payments and income from employee and employer contributions. The current deficit in the LGPS will be managed through future employee and employer contributions. Further information on pension liabilities is provided below.

Excluding these pension liabilities the Group's Balance Sheet has net assets of £294m, including £58m in usable reserves.

The Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents, i.e. short term, high liquid investments, of the Group and PCC during the year. The statement shows how the Group and the PCC generates and uses cash and cash equivalents. Cash flows are classified within the cash flow statement as arising from operating activity, investing activity and financing activity. The statement is shown within the statement of accounts. The table below sets out a summary Group cash flow statement.

	£m
Cash and Cash Equivalents at 1st April 2025	**21.281**
Net cash inflow/(outflow) from Operating Activities	24.216
Net cash inflow/(outflow) from Investing Activities	4.735
Net cash inflow/(outflow) from Financing Activities	(18.765)
Cash and Cash Equivalents at 31st March 2026	**31.467**

The PCC's cash flow statement shows an overall balance of £31.467m at year end, compared to £21.281m at the beginning of the year, reflecting a increase in cash and cash equivalents of £10.186m over the year. The main factors that will affect the level of cash and cash equivalents in the future are the acquisition and disposal relating to the capital programme, particularly the estate strategy, the value of useable reserves and the level of grants received.

Loans and Investments

The PCC is directly responsible for loans, investments and for borrowing money as they hold the Police Fund. The Chief Constable is not able to borrow money. Short-term borrowing and lending, which are defined as for less than 365 days, are undertaken by the PCC to ensure that there are sufficient funds available each day to cover its outgoings. Long-term borrowing can only be taken out to fund capital projects for which the PCC has no other funds to cover.

All investments and borrowing are undertaken in accordance with the Prudential Code. One of the requirements of the Prudential Code is that the PCC adopts the CIPFA Code of Practice for Treasury Management in Local Authorities, which it has done. In addition, the PCC approves a Treasury Management Strategy annually and then monitors performance against this and the Prudential Indicators.

During 2025/26 the PCC undertook short-term borrowing and lending to ensure sufficient funds were available each day to cover its outgoings. All borrowing and lending was undertaken within the PCC's approved prudential indicators and in line with the approved Treasury Management Strategy.

General Balances, Earmarked Reserves and Provisions

The PCC maintains General Balances, Earmarked Reserves and Provisions to ensure that adequate financial resilience is maintained. The accounts detail the balances held on the different reserves, along with the details of provisions made. The Police Service, as one of the major emergency services, is required to respond to incidents of an unexpected nature over which it has little or no control. A major incident or a series of events could put extraordinary pressure on the budget in a particular year. As a result, financial prudence dictates that a level of General Balances should be retained to provide resilience against the effect of such a situation. To ensure that the level of the General Balances is robust and prudent the Chief Finance Officer and the Chief Constable undertake regular reviews of the level of these balances, taking account of the risks included within the strategic risk registers.

The last risk-based review was undertaken as part of the 2026/27 budget process and concluded that the minimum acceptable level of General Balances should be in the region of £15.040m. This level of General Balances equates to 3.0% of the 2026/27 level of direct resource funding, i.e. General Grant, Neighbourhood Policing Grant, Employers National Insurance Grant, Pensions Grant and Precept. The level of General Balances at the end of the year stood below the risk assessed amount at £13.420m.

However, as part of the closedown process, a review of all earmarked reserves has been undertaken with the aim of ensuring that the level of General Balances held in 2026/27 are at the minimum level deemed acceptable and to identify any resources that are no longer required that could be released to support the Chief Constable in implementing the PCC's Police and Crime Plan and Force Strategy. Consequently, at year end £1.482m was transferred to General Balances from earmarked reserves, bringing the level of General Balances up to £14.902m. This transfer along with the planned transfer of the declared collection fund surplus of £0.317m to General Balances in 2026/27 will increase the level of General Balances to £15.219m just above the minimum level deemed acceptable. This position will continue to be reviewed as part of the annual budget and closedown processes, with a view to ensuring the level of General Balances held over the medium term remain at least at the risk assessed amount and/or equivalent to 3% of the direct resource funding.

There are two types of earmarked reserves, 'useable reserves', i.e., those reserves that can be applied to fund expenditure or reduce council tax precept, and 'unusable reserves', i.e., reserves that arise out of the interaction of legislation and proper accounting practice either to store revaluation gains or as adjustment accounts to reconcile accounting requirements driven by reporting standards to statutory requirements.

Unusable reserves are not resource-backed and cannot be used for any other purpose. The notes to the annual accounts provide a breakdown of all the earmarked reserves held at the end of 2025/26. With regard to earmarked reserves, the total amount held at year end amounts to £43.465m, an increase of £11.879m compared to the amount held at the beginning of the year, £31.586m. The reason for this large increase is due to £17.000m in the Capital Receipts Reserve, mainly from the sale of Canning Place, the former Police Headquarters. Without this the earmarked reserves would have reduced overall by £5.121m from the previous year.

The earmarked reserves are for funding planned expenditure on projects and programmes over the MTFS period, with the exception of the Insurance Reserve which is held as a general contingency to meet other expenditure needs held in accordance with sound principles of good financial management, an element of the Section 152 and the POCA Reserves. At present it is anticipated that there will be approximately £1.000m of balances remaining within these reserves that will fund specific projects and programmes beyond the current planning period, i.e. 2030/31.

Provisions are made where an event has taken place that gives the PCC or Group a legal or constructive obligation that probably requires settlement and a reliable estimate can be made of the amount of the obligation. As at 31st March 2026 the PCC and Group held provisions totalling £8.959m. The main provision held is an Insurance Provision to finance internal insurance claims. This self-insurance policy currently substantially assumes the risk in respect of public, employer and motor liabilities. Details of all provisions are contained within the notes to the accounts.

Pension Liabilities

Police Officers and Police Staff are offered retirement benefits by the PCC and Group as part of their terms and conditions of employment. In accordance with International Accounting Standard (IAS) 19, the PCC and Group are required to ensure that its accounts reflect the fair value of the assets and liabilities of the schemes and that benefits earned are recognised in the accounting periods in which they arise. As at 31st March 2026 the PCC and Group had the following net pension liabilities:-

	£m
Police Pension Scheme (i.e. Police Officers)	(3,344.696)
Local Government Pension Scheme (i.e. PCC and Police Staff)	(0.570)
Total	(3,345.266)

In accordance with IAS 19 the PCC and Group's accounts incorporate a negative pensions reserve to show the estimated liability in relation to the retirement benefits. However, considering the above liability and the overall impact it has on the Balance Sheet, it must be taken into account that:-

- The liability does not have to be funded from this year's budget, but it is still a true cost estimated by actuaries. It represents the amount that will need to be found from future budgets to pay for pension entitlements already incurred in delivering services. So, it is a real call on future funding arising from past activity. Not showing this liability would hide the liability that the PCC and the Group has incurred.
- The police officer pension scheme is a statutory scheme, as specified by Police Regulations, whereby the Group pays an employer's contribution of pensionable pay for all serving police officers into the Police Pension Fund Account. If there is insufficient money in the Pension Fund Account to meet all expenditure commitments in any particular year, the Home Office will fund the deficit. In practice, therefore, the significant liability of £3,345m will be covered by future employer contributions and the receipt of Home Office grant monies.
- PCC and Police Staff are entitled to join the Local Government Pension Scheme (LGPS) as administered by Wirral Metropolitan Borough Council. The disclosed net liability of £0.570m in respect of LGPS is likely to be funded in a number of ways, including potential changes to contribution rates and improved performance of the Fund's investments.

Further information on pension liabilities is provided in the pension notes.

2026/27 and Beyond

To balance the budget in 2026/27, it was necessary for the PCC to again maximise the precept. Notwithstanding this there remained a net budget deficit of £8.900m which the Chief Constable bridged by identified recurring savings.

With regard to the medium term, the assumptions underpinning the MTFS have been updated and it is now forecast that over the medium-term period there will be an overall savings requirement of £9.025m. This is a position that will continue to provide significant challenges for the PCC's and the Chief Constable's ability to balance the budget without impact in on the efficiency and effectiveness of the Force.

It is important to note that every endeavour has been made to accommodate all known cost pressures within the 2026/27 budget and the latest MTFS. However, some issues remain, some of which are out of the control of the PCC or Force, which could in the future represent a risk and/or create significant budget pressures, these include future pay awards, high non-pay inflation and real terms cuts and/or reallocations in police grant funding. Of immediate concern, is the potential outcome of the 2026 pay award, the Police Renumeration Review Body is currently undertaking its annual review and is expected to make its recommendations to the Home Secretary in the Autumn. For planning purposes, the PCC is assuming the pay award will be 3.0%, in line with the majority the of PCCs/Forces. However, there is a real risk that the assumption around pay may be understated. Any unfunded award above this assumed level would lead to a cost pressure in year, as well as have an impact on 2027/28 and beyond, that would need to be addressed through the identification of further recurring savings.

The PCC continues to challenge the Chief Constable to make cashable savings and efficiencies and ensure that the Force continues to balance the budget and provide value for money. To address this the estimated savings requirement over the medium term, the Chief Constable's Futures Programme Board will continue to review the more strategic change processes to make efficiencies in all areas of business and improve the service that the Force provide to the public. The PCC and Force will also continue to work with regional Forces, other emergency services and national work streams to consider options where collaboration can support how the Force can deliver local services in a better, more efficient way.

In addition, the PCC, in consultation with the Chief Constable, will continue to look to utilise reserves and in year underspends to address any short-term budget deficits, as well enable the immediate release of savings from the revenue account, and provide more time to deliver efficiency savings required. However, it is noted that reserves can only be utilised once and the amount of reserves available beyond 2026/27 will be limited.

4. NON-FINANCIAL PERFORMANCE

PCC Annual Report

The PCC has a statutory duty to publish an Annual Report every year detailing progress against the police and crime objectives in the police and crime plan. This report gives both the public and the body which oversees her work, the Police and Crime Panel, the opportunity to review the PCC's activities and work, and provide their feedback. The report is due to be published in September 2026 once it has formally been endorsed by the Police and Crime Panel. A copy of the final report will be available on the PCC's web site.

Merseyside Police

Crime recording during the 2025/26 financial year observed an increase compared to the previous year. Overall, All Crime increased by 2.1%, with 137,308 crimes recorded during 2025/26 compared to 134,418

during 2024/25. Victim-based crime also increased by 1.4% (+1,515 offences) in 2025/26 compared to the previous year. These slight increases were anticipated, and forecasts demonstrate a similar volume expected for 2026/27; with current predictions showing an estimated 3.4% increase in Victim-Based Crime recording next year.

The category with the most significant crime increases during 2025/26 was Business Robbery, which increased by 139% compared to the previous year. This was expected, and as referenced in last year's report, was because of a change in how the Force recorded such offences, implemented in November 2024. Based on forecasting, it is anticipated that such crime volumes in 2026/27 should remain more consistent with 2025/26, with current predictions demonstrating an estimated 0.2% increase next year.

The increases in Business Robbery crime recording also impacts the Serious Violence category, which increased by 19.6% compared to 2024/25. As well as Business Robbery, Serious Violence overall crime volumes were also influenced by offences recorded following the major incident at the Liverpool FC Premier League title parade in the City Centre, in May 2026.

The force also experienced crime increases during 2025/26 in additional offence categories, such as: Hate Crime (+12.5%), Drugs offences (+9.5%), Rape (+8.5%), Other Sexual offences (+3.7%) and Theft From Motor Vehicle (+11.5%). Increases in Drugs offences are influenced by proactive policing activity, such as Stop and Search powers and an ongoing determination to tackle Serious and Organised Crime. Therefore, such increases can be considered positive performance outputs. Furthermore, although the Force has experienced increases in Hate Crime, Rape and Other Sexual Offences, these increases are similarly not an undesirable outcome, as the PCC and the Force seek to encourage victims to have the confidence to report offences to Police, particularly where such crimes are often under-reported.

Within 2025/26 the Force has experienced a significant number of reductions within multiple crime types, including: Homicide (-35.7%), Firearms Discharges (-23.8%), Fraud (-22.3%) and Residential Burglary (-9.5%). Residential Burglary crimes have consistently reduced for several years, however, as forecasted at the beginning of 2025/26, the extent of the reduction has started to become less substantial compared to previous years. Current forecasting for the 2026/27 financial year predicts a further decrease, albeit again not as significant as previous years (currently estimated -4.3%).

Several other crime categories observed reductions in crime recording during 2025/26, such as: Business Burglary (-15.7%), Arson (-6.2%), Violence With Injury (-2.8%), Public Order (-1.5%), Theft Person (-3.6%), and Vehicle Crime (-1.7%).

There were continued increases in the volume of solved outcomes compared to the previous year, which is positive. The solved outcome rate for 2025/26 across All Crime was 19.1%, an increase from 18.3% the previous year (+0.8pp). The majority of crime categories had an increase in solved outcomes compared to 2024/25, with specific increases observed in: Serious Violence (+6.6pp), Robbery Business (+6.1pp), Drugs (+2.6pp), Fraud (+2.4pp), Other Sexual Offences (+2.4pp), Rape (+2.1pp) Public Order (+1.3pp), Hate Crime (+1.2pp), and Robbery Personal (+1.0pp); which altogether highlights positive improvements in performance.

The Force restructure at the end of the 2025/26 financial year, implemented on 29/03/2026, is expected to lead to further performance improvements next year; relevant solved outcome targets have been set at a higher level to further drive those improvements, building upon the positive performance observed within this recent year.

PCC Victim Support Services

Over the financial year, the PCC has commissioned services to support and care for victims of crime, helping them to cope and recover, with 75,439 victims of crime being supported, of which 20,308 victims were receiving ongoing support from previous years. The support provided to victims included the following:-

- the delivery of support to victims of crime across Merseyside through the Victim Care Merseyside hub operated by Merseyside Police. The hub provides emotional and practical support to victims of non-specialist crime types. The hub service made an offer of support to 58,543 victims of crime, with 41,789 individuals going on to receive direct support from a Victim Care Officer and a care plan and/or Victim Needs Assessment completed;
- 3,242 survivors of rape or sexual assault received aftercare support from RASA Merseyside and RASASC Cheshire and Merseyside;
- 1,181 victims of hate crime were supported by the Anthony Walker Foundation; 134 by Citizens Advice Liverpool; 140 by Daisy Inclusive UK; and 264 by Stop Hate UK;
- 274 individuals at risk of harmful practices received specialist support from Savera UK;
- 81 people bereaved by homicide accessed care at The Hub, delivered by Families Fighting for Justice;
- 47 victims engaged in restorative justice processes with support from Restorative Solutions;
- 137 young people affected by sexual or criminal exploitation received specialist support from Catch22, and more than 3,000 young people were supported following a Missing from Home incident. Catch22 also delivered exploitation-awareness sessions to 3,270 young people and 20 parents through group work and school assemblies, while 285 professionals took part in training sessions; and
- domestic abuse services supported 11,924 adult victims of domestic abuse through specialist Independent Domestic Violence Advocate (IDVA) provision, including 407 children and young people affected by domestic abuse, who received tailored emotional and practical support. In addition, 48 perpetrators engaged in behaviour-change programmes aimed at reducing harm and preventing reoffending.

PCC Community Safety Funding Initiatives

The PCC provided crime and disorder reduction grants to Community Safety Partners to tackle crime and reduce the demand on the Police service. Examples of how the grants was spent is detailed below. Further information is published in the PCC's Annual Report and on the PCC's website.

- Liverpool Council's Citysafe invested most of its funding across the following three services, Independent Domestic Violence Advisor Service, Young People's Prevention Services and Protect Service supporting young people at risk of Child Exploitation and Child Sexual Exploitation.
- Knowsley MBC utilised the funding to provided resources to their existing Crime and Communities team to promote community safety which included weakly walkabouts to key locations to provide community reassurance and support increased confidence in reporting issues, as well as providing support to the First Step Community Pathway. This project offered immediate support to people aged 16+ who had experienced or were experiencing Domestic Abuse. 85 new referrals to the community pathway were received, all of whom have accessed advice, support and safety planning.
- Sefton MBC used some of the grant to support their 'Conquer Life - Stay Safe Programme'. The programme was established in response to the growing concern around youth violence, particularly knife crime, and aims to equip young people with the skills and knowledge to safely navigate their communities. An hour workshop was designed to build resilience, confidence, and awareness of potential dangers facing young people within their community. During the year, 1,276 children took part in the Stay Safe programme.
- St Helens MBC provided funding to support its promotional work relating to / tackling ASB, Hate Crime, Acquisitive Crime, Domestic Abuse, Open Water Safety and Violent Crime. This included lamp post signage for Town Centre PSPO, printing of White Ribbon Campaign related promotional materials and commission of staff training as part of the commitment to end violence against women and girls.
- Wirral MBC used part of its funding for targeted work to address Violence Against Women and Girls in Birkenhead Park included improved signage and personal safety sessions, engaging 48 participants and building community confidence. Funding was also for Target Hardening, with 17 households affected by Hate Crime and wider criminality, and 9 households affected by Domestic Abuse supported and helping prevent repeat victimisation.

5. PEOPLE

As at the 31st March 2026 the actual number of people employed by the PCC and Merseyside Police is detailed in the table below, excluding the PCC.

	Total FTE
Office of the PCC	
Chief Officers	2
Other	22
TOTAL PCC Employees	**24**
Merseyside Police	
Police Officers	4,207
Police Staff	2,279
PCSOs	198
TOTAL Merseyside Police Employees	**6,684**
TOTAL Group Employees	**6,708**

6. STRATEGIC RISKS

A risk management strategy is in place to identify and evaluate risk. There are clearly defined steps to support better decision making through the understanding of risks, whether a positive opportunity or a threat and the likely impact. Below are the highest corporate risks from the Office of the Police and Crime Commissioner's (OPCC) Strategic Risk Register:-

(i) Failure to have an efficient and effective Estate to meet current and future requirements;
(ii) The sustainability of specific grant funded crime and disorder reduction initiatives;
(iii) Failure to achieve an accredited SARC;
(iv) The PCC fails to ensure that the Chief Constable makes sufficient savings to set a balanced budget; and
(v) Implementation of changes to Police Governance, e.g. devolution and police structures.

These risks are being actively managed by the OPCC Management Team and regular updates provided to the PCC and the Joint Independent Audit Committee.

The Chief Constable also maintains a strategy and has arrangements in place to manage, monitor and review the strategic priorities identified, which include violent crime, Child Exploitation, cybercrime, Domestic Abuse and the economic position. The PCC, through the Force Inspection meeting, receives regular updates on the risks and how they are being managed, along with the Joint Independent Audit Committee.

7. EXPLANATION OF THE STATEMENT OF ACCOUNTS

The purpose of the Statement of Accounts is to provide details of the PCC and the Group financial activities for the year ending 31st March 2026. The financial statements for 2025/26 have been prepared in accordance with The Code of Practice on Local Authority Accounting in the UK 2025/26 (the Code) issued by the Chartered Institute of Public Finance and Accountancy (CIPFA), which is recognised by statute as representing proper accounting practice. The Code is based on International Financial Reporting Standards (IFRS) and draws on approved accounting standards issued by the International Public Sector Accounting Standards Board and the UK Accounting Standards Board where these provide additional guidance.

The financial statements may not always appear straightforward since they have to meet technical, legal and professional standards. The Narrative Statement provides a brief explanation and overview of the financial

performance of the PCC and the Group and highlights any significant features. The accounts that follow provide further detail of the financial affairs of the PCC and the Group and are comprised of:-

- **Independent Auditor's Report**, this sets out the opinion of the external auditor, Forvis Mazars LLP, on whether the PCC and Group accounts presented give a 'true and fair view' of the financial position and operations of the PCC and the Group for 2025/26;
- **Statement of Responsibilities for the Statement of Accounts**, this statement sets out the responsibilities of the PCC and the PCC Chief Finance Officer;
- the **Comprehensive Income and Expenditure Statement**, this statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Elected Policing Bodies, i.e. PCC's, raise taxation to cover expenditure in accordance with regulations, this may be different from the accounting cost;
- the **Balance Sheet**, this statement shows the value as at the Balance Sheet date of the assets and liabilities recognised by the PCC and the Group. The net assets of the PCC and Group (assets less liabilities) are matched by the reserves held by the PCC and the Group;
- the **Cash Flow Statement** shows the changes in cash and cash equivalents of the PCC and the Group during the reporting period. The statement shows how the PCC and the Group generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities;
- the **Movement in Reserves Statement**, this statement shows the movement in the year on the different reserves held by the PCC and the Group, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce the council tax precept) and unusable reserves (i.e. those that the PCC and the Group are not able to use to provide services);
- **Notes to the Financial Statements**, these notes include a Statement of the Accounting Policies used as the basis of preparing the financial statements, information required by the Code of Practice that is not presented elsewhere in the financial statements, i.e. notes that break down lines presented on the face of the financial statements into their significant components (e.g. sub-classifications of property, plant and equipment) and information that is not provided elsewhere in the financial statements, but is relevant to an understanding of any of them (e.g. transactions with related parties); and
- the **Pension Fund Account,** which summarises the amounts received into and paid out of the police officer pension fund operated by the PCC and the Group during the year; and
- a **Glossary** of terms has also been prepared and is included at the end of the Statement of Accounts to assist readers in understanding the technical accounting terminology.

Significant Changes to the Accounting Policies

Accounting policies are the principles applied to show the effect of transactions and events on the financial statements. The PCC, the Chief Constable and the Group accounts have adopted consistent accounting policies. It is noted that the policies remain unchanged from those applied in 2024/25, with the exception of the policy on the revaluation of property, plant and equipment. This policy has been amended to reflect the change to the Code which introduces an adaptation to IFRS prescribing that a revaluation expedient for property, plant and equipment requiring valuations once every five years or on a five-year rolling basis and supported by indexation in intervening years. Alternatively, a desktop valuation in year three in rare cases where no index is available.

Events After the Reporting Period

The Unaudited Statement of Accounts were authorised for issue on 30th June 2026. Events taking place after this date are not reflected in the unaudited financial statements or notes. Where events have taken place on or before 30th June 2026 which provided information about conditions existing at 31st March 2026, the figures in the financial statements were adjusted in all material respects to reflect the impact of this information. The unaudited Statement of Accounts were not adjusted for events that have taken place between 1st April 2026 and 30th June 2026 which are indicative of conditions that arose after the reporting period.

Annual Governance Statement

The Annual Governance Statement explains how the PCC has complied with its own Code of Corporate Governance, and also provides assurance on the system of internal control that the PCC maintains and on the way it conducts its affairs.

8. SUMMARY AND CONCLUSION

The outturn position reported demonstrates the continued effective financial management of the annual budget and that the Chief Constable has been able to achieve the savings target set. The planned utilisation of the revenue underspend, and the realignment of reserves, will provide opportunities for the Police and Crime Commissioner and the Chief Constable to continue to implement the Estate Strategy, support local initiatives that will help reduce crime and disorder on Merseyside and assist the Force in delivering its vision of delivering an outstanding service that builds trust and confidence in the police service.

The PCC has set a balanced budget in 2026/27. However, in doing so the Chief Constable had to identify savings of £8.900m. Despite this it is still forecast that over the medium term there will be an overall savings requirement of £9.024m. This is a position that will provide a significant challenge for the PCC and Chief Constable to continue to balance the budget over the medium term without impacting on the efficiency and effectiveness of the Force.

9. ACKNOWLEDGEMENTS

The production of the Statement of Accounts would not have been possible without the exceptionally hard work and dedication of colleagues in the Force Finance Department. I would like to express my gratitude to all colleagues who have assisted in the preparation of this document and also thank them for all their support during the course of the year.



John Riley CPFA
Chief Finance Officer to the Police and Crime Commissioner for Merseyside
10th November 2026

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

Report on the audit of the financial statements

Opinion on the financial statements

We have audited the financial statements of the Police and Crime Commissioner for Merseyside ('the PCC') and its subsidiary ('the Group') for the year ended 31 March 2026, which comprise the PCC and Group Comprehensive Income and Expenditure Statements, the PCC and Group Movement in Reserves Statements, the PCC and Group Balance Sheets, the PCC and Group Cash Flow Statement, the Pension Fund Account, the Net Assets Statement and notes to the financial statements, including material accounting policy information.

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2025/26.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the PCC and the Group as at 31st March 2026 and of the PCC's and the Group's expenditure and income for the year then ended; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2025/26.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the PCC and Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Chief Financial Officer's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, and taking into account the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2025/26, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the PCC's or Group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Chief Financial Officer with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Statement of Accounts, other than the financial statements and our auditor's report thereon. The Chief Financial Officer is responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of the Chief Financial Officer for the financial statements

As explained more fully in the Statement of the Chief Financial Officer's Responsibilities, the Chief Financial Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2025/26, and for being satisfied that they give a true and fair view. The Chief Financial Officer is also responsible for such internal control as the Chief Financial Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Chief Financial Officer is required to comply with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2025/26 and prepare the financial statements on a going concern basis, on the assumption that the functions of the PCC and Group will continue in operational existence for the foreseeable future. The Chief Financial Officer is responsible for assessing each year whether or not it is appropriate for the PCC and Group to prepare its accounts on the going concern basis and disclosing, as applicable, matters related to going concern.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the PCC and Group we considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as the Local Government Act 2003 (and associated regulations made under section 21), the Local Government Finance Acts of 1988, 1992 and 2012, and the Accounts and Audit Regulations 2015.

We also considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: employment regulation, health and safety regulation, anti-money laundering regulation, data protection, environmental protection, and corruption and anti-bribery.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- gaining an understanding of the legal and regulatory framework applicable to the PCC and Group, the environment in which it operates, and the structure of the PCC and Group, and considering the risk of acts by the PCC and Group, which were contrary to the applicable laws and regulations, including fraud;
- inquiring with management and the Police and Crime Commissioner, as to whether the PCC and Group is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- reviewing relevant meeting minutes in the year;
- communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- considering the risk of acts by the PCC and Group which were contrary to applicable laws and regulations, including fraud.

In addition, we evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:

- making enquiries of management, Head of Internal Audit and the Police and Crime Commissioner on whether they had knowledge of any actual, suspected or alleged fraud;
- gaining an understanding of the internal controls established to mitigate risks related to fraud;
- discussing amongst the engagement team the risks of fraud; and
- addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud, rests with both management and the Police and Crime Commissioner. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

We are also required to conclude on whether the Chief Financial Officer's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. We performed our work in accordance with Practice Note 10: Audit of financial statements and regularity of public sector bodies in the United Kingdom, (Revised 2024) and Supplementary Guidance Note 01, issued by the National Audit Office in November 2024.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on the PCC's arrangements for securing economy, efficiency, and effectiveness in its use of resources

Matter on which we are required to report by exception

We are required to report to you if, in our view, we are not satisfied that the PCC has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2026.

We have nothing to report in this respect.

Responsibilities of the PCC

The PCC is responsible for putting in place proper arrangements to secure economy, efficiency, and effectiveness in the PCC's use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

Auditor's responsibilities for the review of arrangements for securing economy, efficiency, and effectiveness in the use of resources

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the PCC has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the PCC's arrangements for securing economy, efficiency, and effectiveness in its use of resources are operating effectively.

We have undertaken our work in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in March 2026.

Matters on which we are required to report by exception under the Code of Audit Practice

We are required by the Code of Audit Practice to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;
- we make a recommendation under section 24 of the Local Audit and Accountability Act 2014; or
- we exercise any other special powers of the auditor under sections 28, 29 or 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects.

Use of the audit report

This report is made solely to the Police and Crime Commissioner for Merseyside, as a body, in accordance with part 5 of the Local Audit and Accountability Act 2014 and the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the Police and Crime Commissioner those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Police and Crime Commissioner, as a body, for our audit work, for this report, or for the opinions we have formed.

Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate until we received confirmation from the NAO that the group audit of the Whole of Government Account has been completed and that no further work is required to be completed by us.



Karen Murray, Key Audit Partner
For and on behalf of Forvis Mazars LLP (Local Auditor)

Aviary (4th Floor)

39 Booth Street

Manchester

M2 3HZ

11th November 2026

Statement of Responsibilities for the Statement of Accounts

The Police and Crime Commissioner's responsibilities

The Police and Crime Commissioner is required to:-

- Make arrangements for the proper administration of its financial affairs and to ensure that one of its officers (ie. the Chire Finance Officer) has responsibility for the administration of those affairs;
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- Approve the Statement of Accounts.

APPROVAL OF STATEMENT OF ACCOUNTS

I approve these Statement of Accounts



Emily Spurrell
Police and Crime Commissioner for Merseyside
10th November 2026

The Chief Finance Officer's responsibilities

The Chief Finance Officer is responsible for the preparation of the Statement of Accounts of the Police and Crime Commissioner (PCC) and the PCC Group 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 securing the preparation of the Statement of Accounts, the Chief Finance Officer has:-

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

The Chief Finance Officer has also:-

- Ensured that proper accounting records have been kept which were up to date; and
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

I certify that the Statement of Accounts presents a 'true and fair view' of the financial position of the PCC and the Group at the accounting date and of the Income and Expenditure for the year ended 31st March 2026.



John Riley CPFA
Chief Finance Officer to the Police and Crime Commissioner for Merseyside
10th November 2026

The Group Comprehensive Income and Expenditure Statement (CIES)

This statement shows the accounting cost in the year of providing services, in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. The Group raises taxation to cover expenditure in accordance with statutory regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

2024/25					2025/26		
Gross Expenditure	Gross Income	Net Expenditure	Group	Note	Gross Expenditure	Gross Income	Net Expenditure
£000	£000	£000			£000	£000	£000
504,428	(79,781)	424,647	Policing Services	28.1	499,696	(83,457)	416,239
504,428	**(79,781)**	**424,647**	**Cost of Services**		**499,696**	**(83,457)**	**416,239**
458	(79,995)	(79,537)	Other operating expenditure/(income)	8	668	(84,041)	(83,373)
182,789	(2,899)	179,890	Financing and investment expenditure/(income)	9	194,178	(2,149)	192,029
0	(445,732)	(445,732)	Taxation and non specific grant income	10	0	(465,927)	(465,927)
687,674	**(608,407)**	**79,267**	**Deficit on Provision of Services**		**694,542**	**(635,574)**	**58,968**
0	21,693	21,693	(Surplus)/Deficit on revaluation of non-current assets	19.1	0	(46,187)	(46,187)
(422,442)	0	(422,442)	Remeasurements of the net defined benefit liability	19.3	(113,066)	0	(113,066)
(422,442)	**21,693**	**(400,749)**	**Other Comprehensive Income and Expenditure**		**(113,066)**	**(46,187)**	**(159,253)**
265,232	**(586,714)**	**(321,482)**	**Total Comprehensive Income and Expenditure**		**581,476**	**(681,761)**	**(100,285)**

The Notes to the Financial Statements form part of the Financial Statements

The PCC (Single Entity) Comprehensive Income and Expenditure Statement (CIES)

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. The PCC raises taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement. The PCC receives all the income and funding for the Group and in turn provides funding to the CC to undertake day-to-day policing and crime reduction services during the year.

2024/25 Gross Expenditure	2024/25 Gross Income	2024/25 Net Expenditure	PCC	Note	2025/26 Gross Expenditure	2025/26 Gross Income	2025/26 Net Expenditure
£000	£000	£000			£000	£000	£000
661,056	(113,037)	**548,020**	Policing Services	**28.1**	655,063	(103,600)	**551,463**
661,056	**(113,037)**	**548,020**	**Cost of Services**		**655,063**	**(103,600)**	**551,463**
5	(79,994)	**(79,989)**	Other operating expenditure/income	**8**	7	(84,040)	**(84,033)**
6,708	(2,899)	**3,809**	Financing and investment expenditure/(income)	**9**	5,854	(2,149)	**3,705**
0	(445,732)	**(445,732)**	Taxation and non specific grant income	**10**	0	(465,927)	**(465,927)**
667,769	**(641,662)**	**26,107**	**Deficit/(Surplus) on Provision of Services**		**660,924**	**(655,717)**	**5,208**
0	21,693	**21,693**	(Surplus)/Deficit on revaluation of non-current assets	**19.1**	0	(46,187)	**(46,187)**
(226)	0	**(226)**	Remeasurements of the net defined benefit liability	**19.3**	106	0	**106**
(226)	**21,693**	**21,467**	**Other Comprehensive Income and Expenditure**		**106**	**(46,187)**	**(46,081)**
667,543	**(619,969)**	**47,574**	**Total Comprehensive Income and Expenditure**		**661,030**	**(701,904)**	**(40,873)**

The Notes to the Financial Statements form part of the Financial Statements

The Group and the PCC Balance Sheet

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Group and the PCC. The net assets/ (liabilities) of the Group and the PCC are matched by the reserves held by the Group and the PCC. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that may be used to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use. The second category of reserves are those that may not be used to provide services. This category of reserves includes reserves that hold unrealised gains and losses, where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences. Reserves Movements are shown in the Movement in Reserves Statement (**MiRS**). The accounts were issued on 10th November 2026.

Signed:  John Riley, Chief Finance Officer to the Police and Crime Commissioner for Merseyside

PCC as at 31st March 2025	Group as at 31st March 2025		Note	PCC as at 31st March 2026	Group as at 31st March 2026
£000	£000			£000	£000
		Long-term Assets			
377,792	377,792	Property, plant and equipment	11.2	417,199	417,199
11,533	11,533	Right of use assets	11.6	14,976	14,976
506	506	Intangible assets	11.2	401	401
389,832	**389,832**	**Total Long-term Assets**		**432,576**	**432,576**
		Current Assets			
8,250	8,250	Assets held for sale	11.2	1,500	1,500
4,000	4,000	Short-term investments	12.1	0	0
1,691	1,691	Inventories		1,811	1,811
77,816	78,246	Short-term debtors	13	66,373	66,812
21,281	21,281	Cash and cash equivalents	14	31,468	31,468
113,038	**113,468**	**Total Current Assets**		**101,152**	**101,592**
		Current Liabilities			
(57,593)	(65,750)	Short-term creditors	15.1	(63,410)	(72,246)
(43,000)	(43,000)	Short-term borrowing	12.1	(37,000)	(37,000)
(235)	(235)	Short-term deferred liabilities	16	0	0
(12,660)	(12,660)	Long-term borrowing due within one year	15.2	(13,264)	(13,264)
(3,207)	(3,207)	Provisions	17.2	(4,342)	(4,342)
(2,305)	(2,305)	Grants receipts in advance		(3,535)	(3,535)
(118,999)	**(127,156)**	**Total Current Liabilities**		**(121,551)**	**(130,387)**
		Long-term Liabilities			
0	0	Long-term deferred liabilities	16	0	0
(116,811)	(116,811)	Long-term borrowing	15.2	(103,548)	(103,548)
(318)	(318)	Lease Liabilities	11.6	(1,627)	(1,627)
0	(3,405,347)	Net Pension Liability	29.7	0	(3,345,266)
(5,231)	(5,231)	Non-current provisions	17.2	(4,617)	(4,617)
(122,360)	**(3,527,707)**	**Total Long-term Liabilities**		**(109,792)**	**(3,455,058)**
261,510	**(3,151,564)**	**Net Assets/(Liabilities)**		**302,385**	**(3,051,278)**
		Reserves			
44,687	44,687	Usable reserves	18	58,366	58,365
216,823	(3,196,251)	Unusable reserves	19	244,018	(3,109,642)
261,510	**(3,151,564)**	**Total Reserves**		**302,385**	**(3,051,278)**

The Notes to the Financial Statements form part of the Financial Statements

The Group and the PCC Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the Group and the PCC during the reporting period. The statement shows how the Group and the PCC generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Group and the PCC are funded by way of taxation and grant income or from the recipients of services provided by the Group and the PCC. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Group's and the PCC's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Group and the PCC. Whilst all expenditure is paid for by the PCC including the wages of police staff and officers, the actual recognition in the respective PCC and CC Financial Statements is based on economic benefit.

PCC 2024/25	Group 2024/25		PCC 2025/26	Group 2025/26
£000	£000		£000	£000
		Cash Flows From Operating Activities		
103,112	103,112	Precepts	112,201	112,201
486,440	486,440	Grants	510,985	510,985
71,032	71,032	Sales of goods and rendering of services	73,441	73,441
2,897	2,897	Interest received	2,143	2,143
663,482	**663,482**	**Cash inflows generated from operating activities**	**698,769**	**698,769**
(1,325)	(273,257)	Cash paid to and on behalf of employees	(1,270)	(284,198)
(11,845)	(137,657)	Cash paid to suppliers of goods and services	(11,393)	(140,160)
(3,609)	(3,609)	Interest paid	(2,205)	(2,205)
0	(231,046)	Other payments for operating activities	0	(247,989)
(628,790)	0	Cash paid to officers, employees and suppliers of goods and services on behalf of the CC	(659,685)	0
(645,569)	**(645,569)**	**Cash outflows generated from operating activities**	**(674,553)**	**(674,553)**
17,913	**17,913**	**Net cash inflow/(outflow) from operating activities**	**24,216**	**24,216**
		Cash Flows From Investing Activities		
(13,731)	(13,731)	Purchase of property, plant and equipment and intangible assets	(16,930)	(16,930)
(502,368)	(502,368)	Purchase of short-term investments	(263,270)	(263,270)
636	636	Proceeds from the sale of property plant and equipment	17,273	17,273
498,368	498,368	Proceeds from short-term investments	267,270	267,270
653	653	Other receipts from investing activities	392	392
(16,442)	**(16,442)**	**Net inflow/(outflow) from investing activities**	**4,735**	**4,735**
		Cash Flows From Financing Activities		
68,138	68,138	Cash receipts of short and long-term borrowing	27,129	27,129
(70,296)	(70,296)	Repayments of short and long-term borrowing	(45,894)	(45,894)
(2,158)	**(2,158)**	**Net cash inflow/(outflow) from financing activities**	**(18,765)**	**(18,765)**
(687)	**(687)**	**Increase/(Decrease) in cash and cash equivalents**	**10,186**	**10,186**
21,968	**21,968**	**Cash and Cash Equivalents at 1st April**	**21,281**	**21,281**
21,281	**21,281**	**Cash and Cash Equivalents at 31st March**	**31,467**	**31,467**

The Notes to the Financial Statements form part of the Financial Statements

The Group Movement in Reserves Statement 2024/25 and 2025/26

This statement shows the movement in the 2024/25 and 2025/26 financial year on the different reserves held by the Group, analysed into 'usable' reserves and 'unusable' reserves. The 'deficit on the provision of services' line shows the true economic cost of providing the Group's services, more details of which are shown in the Comprehensive Income and Expenditure Statement (CIES). These are different from the statutory amounts charged to the General Fund Balance for council tax setting. The 'net increase or (decrease) before transfers to earmarked reserves' line shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves are undertaken by the Group. An analysis of the unusable reserves can be found in **Note 7**.

Group	Note	General Fund Balance	Earmarked Reserves	Total General Fund	Capital Receipts Reserve	Capital Grants Unapplied Account	Total Usable Reserves	Total Unusable Reserves	Total Group Reserves
		£000	£000	£000	£000	£000	£000	£000	£000
Balance as at 1st April 2024		**13,100**	**35,440**	**48,540**	**0**	**19**	**48,559**	**(3,521,599)**	**(3,473,039)**
Movement in reserves during 2024/25									
Surplus or (deficit) on the provision of services		**(79,267)**	**0**	**(79,267)**	**0**	**0**	**(79,267)**	**0**	**(79,267)**
Other Comprehensive Income and Expenditure		**0**	**0**	**0**	**0**	**0**	**0**	**400,749**	**400,749**
Total Comprehensive Income and Expenditure		**(79,267)**	**0**	**(79,267)**	**0**	**0**	**(79,267)**	**400,749**	**321,482**
Adjustments between accounting basis and funding basis under regulations:	**6.1**	75,413	0	**75,413**	0	(19)	75,394	(75,394)	0
Net increase/(decrease) before transfers to earmarked reserves		**(3,854)**	**0**	**(3,854)**	**0**	**(19)**	**(3,874)**	**325,355**	**321,482**
Transfers to and from earmarked reserves	**7**	**3,854**	**(3,854)**	**0**	**0**	**0**	**0**	**0**	**0**
Balance as at 31st March 2025		**13,100**	**31,586**	**44,686**	**0**	**0**	**44,686**	**(3,196,245)**	**(3,151,556)**
Movement in reserves during 2025/26									
Surplus or (deficit) on the provision of services		**(58,968)**	**0**	**(58,968)**	**0**	**0**	**(58,968)**	**0**	**(58,968)**
Other Comprehensive Income and Expenditure		**0**	**0**	**0**	**0**	**0**	**0**	**159,253**	**159,253**
Total Comprehensive Income and Expenditure		**(58,968)**	**0**	**(58,968)**	**0**	**0**	**(58,968)**	**159,253**	**100,285**
Adjustments between accounting basis and funding basis under regulations:	**6.2**	**55,651**	**0**	**55,651**	**17,000**	**0**	**72,651**	**(72,651)**	**0**
Net increase/(decrease) before transfers to earmarked reserves		**(3,317)**	**0**	**(3,317)**	**17,000**	**0**	**13,683**	**86,602**	**100,285**
Transfers to and from earmarked reserves	**7**	**5,121**	**(5,121)**	**0**	**0**	**0**	**0**	**0**	**0**
Balance as at 31st March 2026		**14,904**	**26,465**	**41,369**	**17,000**	**0**	**58,369**	**(3,109,642)**	**(3,051,271)**

The Notes to the Financial Statements form part of the Financial Statements

The PCC Movement in Reserves Statement 2024/25 and 2025/26

This statement shows the movement in the 2024/25 and 2025/26 financial year on the different reserves held by the PCC, analysed into 'usable' reserves and 'unusable' reserves. The 'deficit on the provision of services' line shows the true economic cost of providing the PCC's services, more details of which are shown in the PCC's Comprehensive Income and Expenditure Statement (CIES). These are different from the statutory amounts charged to the General Fund Balance for council tax setting. The 'net increase or (decrease) before transfers to earmarked reserves' line shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves are undertaken by the PCC. An analysis of the unusable reserves for can be found in **Note 7**.

PCC	Note	General Fund Balance	Earmarked Reserves	Total General Fund	Capital Receipts Reserve	Capital Grants Unapplied Account	Total Usable Reserves	Total Unusable Reserves	Total Group Reserves
		£000	£000	£000	£000	£000	£000	£000	£000
Balance as at 1st April 2024		**13,100**	**35,440**	**48,540**	**0**	**19**	**48,560**	**260,529**	**309,089**
Movement in reserves during 2024/25									
Surplus or (deficit) on the provision of services		(26,107)	0	(26,107)	0	0	**(26,107)**	**0**	**(26,107)**
Other Comprehensive Income and Expenditure		0	0	0	0	0	**0**	**(21,467)**	**(21,467)**
Total Comprehensive Income and Expenditure		**(26,107)**	**0**	**(26,107)**	**0**	**0**	**(26,107)**	**(21,467)**	**(47,574)**
Adjustments between accounting basis and funding basis under regulations:	**6.3**	**22,253**	**0**	**22,253**	**0**	**(19)**	**22,234**	**(22,234)**	0
Net increase/(decrease) before transfers to earmarked reserves		**(3,855)**	**0**	**(3,855)**	**0**	**(19)**	**(3,872)**	**(43,701)**	**(47,574)**
Transfers to and from earmarked reserves	**7**	**3,854**	**(3,854)**	**0**	**0**	**0**	**0**	**0**	**0**
Balance as at 31st March 2025		**13,100**	**31,586**	**44,685**	**0**	**0**	**44,688**	**216,828**	**261,515**
Movement in reserves during 2025/26									
Surplus or (deficit) on the provision of services		(5,208)	0	(5,208)	0	0	**(5,208)**	0	**(5,208)**
Other Comprehensive Income and Expenditure		0	0	0	0	0	**0**	46,081	**46,081**
Total Comprehensive Income and Expenditure		**(5,208)**	**0**	**(5,208)**	**0**	**0**	**(5,208)**	**46,081**	**40,873**
Adjustments between accounting basis and funding basis under regulations:	**6.4**	**1,890**	**0**	**1,890**	**17,000**	**0**	**18,890**	**(18,890)**	**0**
Net increase/(decrease) before transfers to earmarked reserves		**(3,318)**	**0**	**(3,318)**	**17,000**	**0**	**13,682**	**27,191**	**40,873**
Transfers to and from earmarked reserves	**7**	**5,121**	**(5,121)**	**0**	**0**	**0**	**0**	**0**	**0**
Balance as at 31st March 2026		**14,904**	**26,465**	**41,367**	**17,000**	**0**	**58,370**	**244,018**	**302,388**

The Notes to the Financial Statements form part of the Financial Statements

Notes to the Financial Statements

1 ACCOUNTING POLICIES

1.1 General Principles

Accounting policies are the principles applied to show the effect of transactions and events on the financial statements. The Accounts and Audit (England) Regulations 2015 require the Police and Crime Commissioner and Chief Constable to prepare an annual Statement of Accounts, and those regulations require them to be prepared in accordance with proper accounting practices. The financial statements have been prepared in accordance with The Code of Practice on Local Authority Accounting in the UK 2025/26 (the Code) issued by the Chartered Institute of Public Finance and Accountancy (CIPFA), which is recognised by statute as representing proper accounting practice. This Code of Practice is based on International Financial Reporting Standards (IFRS) and also draws on approved accounting standards issued by the International Public Sector Accounting Standards Board and the UK Accounting Standards Board where these provide additional guidance. The Accounts have been prepared on a going concern basis on the assumptions that the functions of the authority will continue in operational existence for the foreseeable future.

The accounting convention adopted is historical cost, modified by the revaluation of certain categories of property, plant and equipment.

Following the passing of the Police Reform and Social Responsibility Act 2011, Merseyside Police Authority was replaced on 22nd November 2012 with two 'corporation sole' bodies, the Police and Crime Commissioner for Merseyside (PCC) and the Chief Constable of Merseyside Police (CC). Both bodies are required to prepare separate Statements of Accounts.

The Financial Statements included here represent the accounts for the PCC Group and also the PCC. The financial statements cover the 12 months to 31st March 2026. The term 'Group' is used to indicate consolidated transactions and policies of the PCC and the CC for the year ended 31st March 2026. The identification of the PCC as the holding organisation and the requirements to produce Group accounts stems from the powers and responsibilities of the PCC under the Police Reform and Social Responsibility Act 2011.

The PCC Group and the PCC have adopted consistent accounting policies, which are detailed below in alphabetical order.

1.2 Accruals of Income and Expenditure

The revenue accounts are maintained on an accruals basis, which means that the sums due to or from the Group during the year are included, whether or not the cash has actually been received or paid in the year. In particular:-

- Where income and expenditure has been recognised but cash has not yet been received or paid, a debtor or creditor for the relevant amount is included in the Balance Sheet;
- Supplies are recorded as expenditure when they are consumed. Supplies received but not yet consumed are held as inventories in the Balance Sheet;
- Fees, charges and rents due from customers are accounted for as income at the date the relevant goods or services are provided; and

- Interest payable on borrowings and receivable on investments is accounted for in the year to which it relates.

Whilst all expenditure is paid for by the PCC including the wages of police staff and officers, the actual recognition in the respective PCC and CC Financial Statements is based on economic benefit.

1.3 Cash and Cash Equivalents

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

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

1.4 Council Tax Income

In accordance with the Code, the Council Tax Income included in the Comprehensive Income and Expenditure Statement is the accrued income for the financial year. The difference between the income included in the Comprehensive Income and Expenditure Statement and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account and included as a reconciling item in the Movement in Reserves Statement.

The Group recognises its share of the Council Tax debtor and creditor balances and impairment allowances in its Balance Sheet. The Group also recognises:-

- a creditor in its Balance Sheet for cash received from the Billing Authority in advance of the Billing Authority receiving the cash from Council Tax debtors; or

- a debtor in its Balance Sheet for its attributable share of net cash collected from Council Tax debtors by the Billing Authority but not paid over to it at the Balance Sheet date.

1.5 Employee Benefits

Benefits Payable During Employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave and non-monetary benefits (e.g. cars) for current employees and are recognised as an expense for services in the year in which the employee renders service to the Group. An accrual is made for the cost of holiday entitlements (or any form of leave, e.g. time off in lieu) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

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. They are charged on an accruals basis to the appropriate service line in the Comprehensive Income and

Expenditure Statement at the earlier of when the authority can no longer withdraw the offer of those benefits or when the authority recognises costs for a restructuring.

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

Post-Employment Benefits (Pensions)

As part of the terms and conditions of employment the Group offers retirement benefits for Police Officers and Police Staff. The schemes provide members with defined benefits related to pay and service as follows:-

Police Officers

The original Police Pension Scheme (PPS) is governed by the Police Pensions Regulation 1987 (as amended) and related regulations that are made under the Police Pensions Act 1976. The new Police Pension Scheme (NPPS) is also governed by the Police Pensions Act 1976 (as amended by the Police Pension Regulations 2006).

The 1987, 2006 and 2015 Police Pension Schemes (PPS) for police officers are unfunded schemes, which means that there are no investment assets built up to meet the pensions liabilities, and cash has to be generated to meet the actual payments as they fall due. The Group is required by legislation to operate a Pension Fund with the amounts that must be paid into or out of the Pension Fund being specified by regulation. The former Police Authority set up a separate Pension Fund Account on 1st April 2006 from which pensions payments are made and into which contributions from the PCC and employees are received. The liability for payment of police pensions was removed from the Chief Constable and replaced with an employers' contribution, set at 31% of pensionable pay for 2024/25, which, along with the employee contributions and any transfer values, is paid into the pensions account The Group is required by legislation to operate a Pension Fund with the amounts that must be paid into or out of the Pension Fund being specified by regulation. The PCC then receives a top-up grant from the Government equal to the sum by which the amount payable for pensions from the Pension Fund exceeds the amount receivable from the PCC into the Pension Fund.

The Pension Fund is shown separately in the Accounts. We have disclosed items that are judged material in accounting for, such as pension payment or income classifications, in the pension fund account together with any estimation techniques adopted that are significant. All items disclosed are reported on accruals basis.

Police Staff

Police staff, subject to certain qualifying criteria, are eligible to join the Local Government Superannuation Scheme, which is a funded defined benefit scheme. Pensions and other retirement benefits are paid from the fund and employers and employees make regular contributions into the fund so that the liabilities are paid for evenly over the employment period. Actuarial valuations of the fund are undertaken every three years to determine the contribution rates needed to meet its liabilities, the last valuation having been at 31st March 2025. The Governance arrangements for the Merseyside Pension Fund (MPF) are contained within the MPF Governance Policy, which has been prepared in accordance with the requirements of the provisions of the Local Government Pension Scheme (England and Wales) (Amendment no. 2) Regulations 2005 and is available on the MPF website.

The above schemes provide defined benefits to members (retirement lump sums and pensions), earned during employee's periods of employment. The schemes are accounted for in accordance with International

Accounting Standard (IAS) 19 "Employee Benefits" which is based on the principle that an organisation should account for retirement benefits when it is committed to give them, even though this may be many years in the future and will not be payable until employees retire.

Adoption of IAS 19 requires a pension asset or liability to be recognised in the Balance Sheet, made up of the net position of retirement liabilities and pension scheme assets.

The liabilities of the Merseyside Pension Fund attributable to the PCC and 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 estimates of projected earnings for current employees.

Pension scheme assets (LGPS only) attributable to the PCC are included at their fair value. Plan assets include employer and employee's contributions with an associated experience adjustment in the form of a remeasurement to bring net assets to zero at year-end. The PCC currently has a net pensions liability and this is matched on the Balance Sheet by a Pensions Reserve.

The change in net pensions liability during the year is analysed into several components:-

- **Current Service Cost** - the increase in liabilities as a result of service earned by employees in the current year. This is charged to cost of services within the Comprehensive Income and Expenditure Statement.

- **Past Service Cost** - the increase in liabilities arising from current year decisions, the effect of which relate to service in earlier years. This is charged to non-distributed costs in the Comprehensive Income and Expenditure Statement in the period when an entity amends a benefit plan.

- **Net Pensions Interest Cost** - replacing the interest cost and the expected return on assets (previously disclosed separately). The net interest expense or income on the net pension liability or asset represents the financing cost or income of deferring payment or pre paying employee services. It is calculated by multiplying the net pension liability or the net pension asset by the discount rate used to measure the pension liability. If the interest on the pension liability exceeds the interest on the plan assets, it will be net interest expense. If the interest on the plan assets exceeds the interest on the pension liability, it will be net interest income. Net interest income or expense will be presented in financing and investment income and expenditure.

- **Remeasurements** - these are changes in the net pension liabilities that arise because events have not coincided with assumptions made at the last actuarial valuation or because actuaries have updated their assumptions. Remeasurements are made up of actuarial gains and losses on the defined benefit obligation, differences between actual investment returns and the return implied by the net interest cost, and the effect of the asset ceiling. Remeasurements are recognised in the Balance Sheet immediately, with a corresponding charge or credit to the Comprehensive Income and Expenditure Statement in the period in which they occur.

- **Administration Costs and other Expenses** - administration costs are directly related to the management of plan assets and any tax payable by the plan itself, other than tax included in the actuarial assumptions used to measure the defined benefit obligation, are recognised as a reduction in the return on plan assets and recorded in other comprehensive income and expenditure. Other administration costs must not be deducted from the return on plan assets and are recognised in surplus or deficit on the provision of services.

Statutory provisions require that the amount charged to the General Fund Balance is the amount paid by the Group to pension funds rather than that calculated under IAS 19. This means that an appropriation to or from

the Pensions Reserve is necessary within the Movement in Reserves Statement to replace the notional sums for retirement benefits with the actual pensions costs.

Long Term Employee Benefits

Long term employee benefits are paid for officers retiring on ill health grounds, and are termed as long term disability benefits paid out under the regulations contained in the Police (Injury Benefit) Regulations 2006. These injury awards are charged to the surplus / deficit on provision of services, with actuarial gains and losses being recognised in other comprehensive income and expenditure.

Under Chapter 6.2 of the Code, long-term disability benefits are usually accounted for as 'other long-term benefits' because they are not seen to be subject to the same degree of uncertainty as the measurement of post-employment benefits. However, International Public Sector Accounting Standard 25 (IPSAS25) allows this presumption to be rebutted where the PCC believes that there is significant volatility and/or materiality in the level of long-term disability payments. Where the PCC rebuts the presumption the Code allows long-term disability payments to be treated in the same way as defined benefit post-employment benefits. Due to the materiality and significant volatility in the payment of injury pensions the PCC rebuts the presumption above, and has accounted for those payments in the same way as other defined benefit post-employment benefits.

1.6 Events After the Balance Sheet Date

Events after the reporting period 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:-

- Those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events; and

- Those 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 their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

1.7 Exceptional Items

When items of income and expense are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to an understanding of the Group's financial performance.

1.8 Financial Assets and Liabilities

Financial instruments included in the Balance Sheet at amortised cost are recognised as follows.
Financial liabilities are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost.

Financial assets measured at amortised cost are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost.
For borrowings the amount presented in the Balance Sheet is the outstanding principal repayment, and the interest charged to the Comprehensive Income and Expenditure Statement is the amount payable in the year.

Likewise investments are included in the Balance Sheet as the outstanding principal receivable, and the interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable in the year.

Financial assets that are measured through other comprehensive income (FVOCI) are recognised on the balance sheet when the Commissioner becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arise in other comprehensive income. Financial assets are classified in this way if they are held in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

Financial assets that are measured at fair value through profit or loss (FVPL) are recognised on the balance sheet when the Commissioner becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arise in the surplus or deficit on the provision of services. Financial assets not held in the amortised cost or fair value through other comprehensive income model are measured at fair value through profit or loss.

The Fair Value of an asset is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date.

The fair value measurements of the financial assets are based on the following techniques:

- Instruments with quoted market prices – the market price.
- Other instruments with fixed and determinable payments – discounted cash flow analysis.

The inputs to the measurement techniques are categorised in accordance with the following three levels:

- Level 1 – inputs are quoted prices in active markets for identical assets and liabilities.
- Level 2 – inputs are other than quoted prices in Level 1 that are observable for the asset or liability either directly or indirectly.
- Level 3 – inputs are unobservable inputs for the asset or liability.

Any gains and losses that arise on the de-recognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

1.9 Government Grants and Contributions

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

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

Amounts recognised as due are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants/contributions) or Taxation and Non-Specific Grant Income (non-ring-fenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied Account. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied Account are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

1.10 Group Accounts

Following the Police Reform and Social Responsibility Act 2011 (PRSR Act), Merseyside Police Authority was replaced on 22nd November 2012 with two 'corporation sole' bodies – the Police and Crime Commissioner for Merseyside (PCC) and the Chief Constable of Merseyside Police (CC). The identification of the PCC as the holding organisation and the requirements to produce Group accounts stems from the powers and responsibilities of the PCC under the Police Reform and Social Responsibility Act 2011.

The transactions and balances of the PCC and the CC have been consolidated into the Group Accounts using the line-by-line method.

1.11 Intangible Assets

Intangible assets are identifiable non-monetary assets without physical substance. They are recognised only when they are controlled by the Group as a result of past events (e.g. software licences), and where it is probable that future economic or service benefits will flow from the intangible asset to the Group and where the cost of the asset can be measured reliably.

Intangible assets are recognised initially at cost, comprising all directly attributable costs needed to produce and prepare the asset to the point that it is capable of operating in the manner intended by management. Thereafter, intangible assets are valued at depreciated historical cost as a proxy for fair value.

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

Expenditure on purchasing computer software has been capitalised as an intangible asset. Amortisation is charged to the Comprehensive Income and Expenditure Statement on a straight-line basis (over four years).

1.12 Interest Charges

External interest charges are paid on the inherited debt brought forward at 1st April 1986. This is administered by Wirral Metropolitan Borough Council and is being repaid on a straight-line basis in compliance with the Debt Redemption Order 1986.

1.13 Interest Receivable

During the year interest receivable on surplus cash is credited to revenue.

1.14 Inventories

Inventories are included in the Balance Sheet at the lower of cost and net realisable value.

1.15 Jointly Controlled Operations

Jointly controlled operations are joint arrangements in which the Group and other venturers have joint control of the operation. Joint control exists when the decisions about the relevant activities require the unanimous consent of the parties sharing control. The activities undertaken by the Group in conjunction with other venturers involve the use of the assets and resources of the venturers rather than the establishment of a separate entity. The parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement.

The Comprehensive Income and Expenditure Statement is debited with the Group's share of expenditure incurred and credited with the Group's share of income earned from the activity of the operation. If material, the Group recognises on its Balance Sheet its share of the assets that it controls and the liabilities that it incurs.

1.16 Leases

The Group as Lessee

The Group and PCC classify contracts as leases based on their substance. Contracts and parts of contracts, including those described as contracts for services, are analysed to determine whether they convey the right to control the use of an identified asset, through rights both to obtain substantially all the economic benefits or service potential from that asset and to direct its use.

The Code expands the scope of IFRS 16 *Leases* to include arrangements with nil consideration, peppercorn or nominal payments.

Initial measurement

Leases are recognised as right-of-use assets with a corresponding liability at the date from which the leased asset is available for use (or the IFRS 16 transition date, if later). The leases are typically for fixed periods in excess of one year but may have extension options.

The Group initially recognises lease liabilities measured at the present value of lease payments, discounting by applying the group's incremental borrowing rate wherever the interest rate implicit in the lease cannot be determined. Lease payments included in the measurement of the lease liability include:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or rate, initially measured using the prevailing index or rate as at the adoption date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Group is reasonably certain to exercise;
- lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option;
- penalties for early termination of a lease, unless the Group is reasonably certain not to terminate early.

The right-of-use asset is measured at the amount of the lease liability, adjusted for any prepayments made, plus any direct costs incurred to dismantle and remove the underlying asset or restore the underlying asset on the site on which it is located, less any lease incentives received. However, for peppercorn, nominal payments, or nil consideration leases, the asset is measured at fair value.

Subsequent measurement

The right-of-use asset is subsequently measured using the current value model. The Group considers the cost model to be a reasonable proxy except for:

- assets held under non-commercial leases;

- leases where rent reviews do not necessarily reflect market conditions;
- leases with terms of more than five years that do not have any provision for rent reviews;
- leases where rent reviews will be at periods of more than five years.

For these leases, the asset is carried at a revalued amount. In these financial statements, assets held under peppercorn or nil consideration leases have been valued using market prices or rentals for equivalent land and properties.

The right-of-use asset is depreciated in a straight-line over the shorter period of remaining lease term and useful life of the underlying asset as at the date of adoption.

The liability is remeasured when:

- there is a change in future lease payments arising from a change in index or rate;
- there is a change in the group's estimate of the amount expected to be payable under a residual value guarantee;
- the group changes its assessment of whether it will exercise a purchase, extension or termination option; or
- there is a revised in-substance fixed lease payment.

When such a remeasurement occurs, a corresponding adjustment is made to the carrying amount of the right-of-use asset, with any further adjustment required from remeasurement being recorded in the comprehensive income and expenditure statement.

Low value and short lease exemption

As permitted by the Code, the group excludes leases:

- for low-value items, provided they are not highly dependent on or integrated with other items; and
- with a term shorter than 12 months (comprising the non-cancellable period plus any extension options that the group is reasonably certain to exercise and any termination options that the group is reasonably certain not to exercise).

Lease expenditure

Expenditure in the Comprehensive Income and Expenditure Statement includes interest, straight-line depreciation, any asset impairments, and changes in variable lease payments not included in the measurement of the liability during the period in which the triggering event occurred. Lease payments are debited against the liability. Rentals for leases of low-value items or shorter than 12 months are expensed.
Depreciation and impairments are not charges against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the Capital Adjustment Account from the Police Fund balance in the Movement in Reserves Statement.

The Group as Lessor

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 Group has no assets that are classified as finance leases as at 31st March 2025.

1.17 Pension Top Up Grant

The police pension schemes are unfunded and have no investment assets. Benefits payable are funded by contributions from officers and the PCC. Any difference between benefits payable and contributions receivable is funded by an additional contribution from the PCC which is financed by a top-up grant from the

Home Office. The top-up grant income is calculated on an accruals basis and is credited to the PCC and Group Comprehensive Income and Expenditure Statement.

1.18 PCC Funding of the Chief Constable's Expenditure

As the Chief Constable has no resources with which to fulfil their devolved responsibilities to provide a policing service, the expenditure is funded by the PCC. The PCC's funding of the CC's expenditure takes the form of 'intragroup funding' and is shown as income in the CC's CIES and expenditure in the PCC's CIES. The intragroup transactions are accounted for on an accruals basis and are eliminated on consolidation in the Group financial statements. There is no actual transfer of cash involved in this transaction as all the resources belong to the PCC.

1.19 Police Property Act Fund

The Group maintains a Police Property Act Fund, which is shown in the earmarked reserves (Note 7). The requirement to maintain a Police Property Act Fund was laid down in the Police (Property) Act, 1897 and governed by subsequent regulations issued in 1898 and 1975. The monies in the Police Property Act Fund are generated by the disposal of property, which remains in police possession, in connection with their investigations into a suspected offence, and the owner cannot be ascertained (and no order of a competent court has been made regarding such property) or the disposal of property of offenders in certain cases, which have been confiscated.

Under the terms of the Police (Disposal of Property) Regulations 1975, 7(c) the Group is able to dispose of funds, to make payments of such amounts as the PCC may determine for such charitable purposes as they may select, and also to meet the expenses incurred in the conveyance, storage, safe custody and sale of the property.

1.20 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 stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

1.21 Property, Plant and Equipment

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

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated

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

Measurement and Valuation

Assets are initially measured at cost, comprising:-

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

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non Specific Grant Income and Expenditure line of the Comprehensive Income and Expenditure Statement, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the Donated assets Account. Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance to the Capital Adjustment Account.

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

- **Assets under construction** - historical cost;
- **Land and buildings** - current value, determined as the amount that would be paid for the asset in its existing use (Existing Use Value – EUV); where there is no market-based evidence of the current value of land and buildings because of their specialist nature, Depreciated Replacement Cost (DRC) is used as an estimate of current value;
- **Other non-property assets** - such as vehicles and IT hardware have short useful lives or low values (or both), and depreciated historical cost basis is used as a proxy for current value; and
- **Surplus assets** - fair value, estimated at highest and best use from a market participant's perspective.

Assets included in the Balance Sheet at current value are revalued every five years – with annual indexation being applied in the four intervening years - to ensure that their carrying amount is not materially different from their current value at the year-end. Where there has been a major refurbishment of an asset a valuation will be undertaken in year. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. (Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service).

Where decreases in value are identified, they are accounted for as follows:-

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains); and
- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

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

Material borrowing costs that are directly attributable to the construction of a long-term asset are capitalised, where they are not material the costs are charged to the Comprehensive Income and Expenditure Statement in the year to which they relate.

The Authority's freehold land holdings have not been revalued during the 2025/26 financial year. In line with CIPFA Code of Practice on Local Authority Accounting, no revaluation or indexation has been applied to land holdings as there is no appropriate index, reliable market data, or suitable proxy in which to determine a robust and statistically valid adjustment. Consequently, these assets continue to be held at their previous carrying value.

Subsequent Expenditure

Where subsequent expenditure enhances an asset beyond its original specification, the directly attributable cost is added to the assets carrying value. Where subsequent expenditure is simply restoring the asset to the specification assumed by its economic useful life then the expenditure is charged to the Comprehensive Income and Expenditure Statement. Where a component of an asset is replaced, the cost of the replacement is capitalised if it meets the criteria for recognition above. The carrying amount of the part replaced is de-recognised.

Impairment

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

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

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains); and
- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is subsequently reversed, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Componentisation

The Group identifies any properties where it is considered that componentisation is appropriate and provides separate valuation of such components. Componentisation will only be applied routinely to new buildings or refurbishments completed after 1st April 2010 onwards and will not apply to historical assets that have not been refurbished.

Specifically componentisation is considered for properties which have been the subject of significant refurbishment or improvement during the year. In this context significant expenditure is defined as 'greater than 25% of the total cost of the asset and greater than £100,000'.

Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land) and assets that are not yet available for use (i.e. assets under construction).

Depreciation is calculated on the following bases:

- **Buildings** - straight-line allocation over the useful life of the property as estimated by the valuer; and
- **Vehicles, plant and equipment** - straight-line allocation over the estimated useful life of the asset.

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

Disposals and Non-Current Assets Held for Sale

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

Assets that are to be abandoned or scrapped are not reclassified as assets held for sale.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether property, plant and equipment or assets held for sale) is written off to the other operating expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. They are required to be credited to the Capital Receipts Reserve, and can then only be used for new capital investment (or set aside to reduce the PCC's underlying need to borrow - the capital financing requirement). Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

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

Charges to Revenue for Property, Plant and Equipment

The Comprehensive Income and Expenditure Statement is debited with the following amounts to record the real costs of holding property, plant and equipment during the year:-

- Depreciation attributable to the assets used;

- Revaluation and impairment losses on assets used where there are no accumulated gains in the Revaluation Reserve against which the losses can be written; and

- Amortisation of intangible assets attributable to the service.

The PCC charges the CC for operational assets consumed in the year. The annual depreciation charge, impairments and upward and downward valuations chargeable to the PCC's Comprehensive Income and

Expenditure Statement are considered to be a reasonable proxy as the basis of the charge. The following charges have been made:-

The Group is not required to raise council tax to cover depreciation, revaluation and impairment losses or amortisations. However it is required to make an annual provision from revenue to contribute towards the reduction in its overall borrowing requirement (Minimum Revenue Provision). Depreciation, impairment losses and amortisations are therefore replaced by the revenue provision in the Movement in Reserves Statement, by way of an adjusting transaction within the Capital Adjustment Account for the difference between the two.

The Group is also charged with the principal element of transferred debt taken over from the former Merseyside County Council, and managed by Wirral Metropolitan Borough Council on its behalf. This charge is included as another adjusting transaction between the General Fund Balance and the Capital Adjustment Account.

1.22 Provisions, Contingent Liabilities and Contingent Assets

Provisions

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense in the Comprehensive Income and Expenditure Statement in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

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

Full details of provisions can be found at **Note 17** to the Balance Sheet.

Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Group a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Group. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

Contingent Assets

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. The Group does not recognise a contingent asset in the financial statements but discloses as a note to the accounts where an inflow of economic benefits or service potential is probable.

1.23 Redemption of Debt

Under the Local Government Act 1985, outstanding loan debt relating to police services was transferred to the Merseyside Police Authority on 1st April 1986. This debt is administered by Wirral Metropolitan Borough Council (WMBC). Loan charges are reimbursed by the PCC to WMBC.

Loan debt incurred from 1st April 1986 is directly administered by the Group.

1.24 Reserves and the General Fund Balance

The Group sets aside specific amounts as reserves for future policy purposes (earmarked reserves) or to cover general contingencies (The General Fund Balance). The earmarked reserves maintained by the Group are shown at **Note 7**. Other reserves are held to manage the accounting processes for property, plant and equipment and retirement benefits and are explained elsewhere in the statement of accounting policies and notes to the core financial statements.

1.25 VAT

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

2 ACCOUNTING STANDARDS ISSUED, NOT ADOPTED

The following sets out amendments to accounting standards or new accounting standards that have been issued on or before 1st January 2026 but will not be adopted by the Code until 2026/27.

2.1 Amendments to FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (Amendments to Heritage assets)

The amendments to FRS102 provide a focus on enhanced transparency regarding historical collections and leased assets.

2.2 Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)

These amendments provide clarification on treatment of electronic payments and refine guidance on the 'Solely Payments of Principal and Interest' test; as well as introducing new IFRS 7 requirements for transparency on equity instruments and contingent cashflow features.

2.3 Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7)

These amendments clarify accounting for nature-dependent electricity contracts; including expanding the "own-use" exemption to allow for net settlement of renewable energy, permitting hedge accounting for variable volume "pay-as-produced" contracts, and requiring enhanced disclosures on volume variability.

2.4 Annual improvements to IFRS accounting standards – Volume 11

Six specific amendments designed to clarify wording, correct minor inconsistencies, and improve the understandability of five different standards.

- IFRS 1 (First-time Adoption): Updates language regarding hedge accounting criteria
- IFRS 7 (Disclosures): Clarifies implementation guidance and corrects references to IFRS 13 concerning derecognition disclosures
- IFRS 9 (Financial Instruments): Clarifies that lease liability extinguishment gains/losses are recognized in profit or loss and refines the definition of transaction price
- IFRS 10 (Consolidated Financial Statements): Clarifies the assessment of "de facto agents"
- IAS 7 (Statement of Cash Flows): Replaces the undefined term "cost method" with "at cost"

The impact of the amendments noted in (2.1-2.4) above have been considered and are not expected to have a significant impact on the accounts of the Group.

3 CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

In applying the accounting policies set out in **Note 1**, the PCC has had to make certain judgements about complex transactions or those involving uncertainty about future events.

The critical judgements made in the Statement of Accounts are:

Comprehensive Income and Expenditure Statement (CIES)	Recognised in PCC CIES	Recognised in CC CIES	Judgement
Income	YES	YES	The Financial Management Code of Practice (FMCP) for the Police Service, issued by the Secretary of State, makes it clear that the PCC is the recipient of funding relating to policing and crime reduction, including government grants and precepts and other sources of income. This is supported in the PCC's Scheme of Corporate Governance which states that 'all funding to the Chief Constable must come via the Commissioner'. Therefore the PCC recognises all income receivable in its single entity financial statements and in turn provides funding to the CC to undertake day-to-day policing and crime reduction services during the year.
Expenditure – employee costs of police officers	NO	YES	In recognising employee costs the PCC has considered the requirements of IAS19. This does not use control of risks and rewards in determining recognition but rather considers which body is responsible for incurring employee expenditure. In making this judgement however, the underlying substance of who the employment is incurred for has been considered and not just the legal form. Police Officers are employees of the Crown and they represent the most significant cost of operational policing which the CC is solely responsible for. The full IAS19 costs of police officers are therefore reflected in the CC's financial statements.
Expenditure – employee costs of civilian staff	YES (for staff in Office of PCC)	YES (for all other staff)	The majority of police civilian staff are employed by the CC. These staff are considered to be employed to support the operational policing role of the CC and this expenditure is recorded in the CC's financial statements. The employee costs reported in the financial statements of the PCC relate to staff employed in the Office of the PCC who support the strategic role of the PCC.
Other Direct Expenditure	YES (for costs relating to the Office of PCC)	YES (for all other direct costs)	The majority of other direct expenditure is employee driven (e.g. rent, rates, building maintenance, power, light, heat, telephones, transport, etc.). The costs are recognised in the financial statements of the entity which recognises the employee's costs.
Interest payable/receivable	YES	NO	The PCC holds all cash balances, loans and investments. The CC does not hold a bank account and no cash transactions take place between the two bodies.

Balance Sheet (BS)	Recognised in PCC BS	Recognised in CC BS	Judgement
Property Plant and Equipment (including assets held for sale)	YES	NO	The PCC has legal title to long term assets, the power to determine whether the assets are sold and receives all the sales proceeds. The PCC controls the services provided through the long term assets, who they are provided to, and controls the residual value at the end of the contractual arrangement. It is therefore considered that the PCC will receive the future benefits from the assets. The PCC charges the CC a fair value for the assets which reflects depreciation and impairment/revaluation losses chargeable to the CIES.
Property Plant and Equipment (Land and Buildings)	YES	NO	Buildings assets, which were all subject to a full valuation in 2024/25, were revalued through an indexation approach, using movements in relevant BCIS rates as a basis. The Authority's freehold land holdings have not been revalued during the 2025/26 financial year. In line with CIPFA Code of Practice on Local Authority Accounting, no revaluation or indexation has been applied to land holdings as there is no appropriate index. Consequently, these assets continue to be held at their previous carrying value.
Current Assets	YES	YES *	The majority of current assets are recognised on the PCC's balance sheet. Inventories are recognised on the PCC's Balance Sheet as the PCC controls the services provided through the assets. The majority of debtors are recognised on the PCC's as the PCC is the recipient of all funding and is therefore considered to receive the future benefits. Cash and cash equivalents and short-term investments are recognised on the PCC's balance sheet as the PCC is in receipt of all income and funding and makes all payments. The CC does not hold a bank account and no cash transactions take place between the two bodies.
Current Liabilities	YES	YES *	The majority of the current liabilities are recognised on the PCC's balance sheet. The PCC has responsibility for managing financial relationships with third parties and has legal responsibility for discharging the contractual terms and conditions of suppliers. The deferred liabilities relate to inherited debt which is a liability of the PCC. Provisions relating to insurance risks are recognised in full on the PCC's Balance Sheet. Whilst the PCC and the CC are jointly responsible for approving risk management and strategy, the PCC is ultimately responsible for financial liabilities affecting the Police Fund. Provisions relating to officers and staff under the direction and control of the CC are recognised on the CC's Balance Sheet.
Long-term liabilities	YES	YES *	The PCC and CC each recognise pension liabilities relating to staff under their direction and control. The treatment of other long term liabilities and provisions is consistent with the treatment of current liabilities outlined above.
Usable Reserves	YES	NO	The PCC has the responsibility of deciding upon the level of general balances and earmarked reserves. The CC must present a business case to the PCC for one-off expenditure items to be funded from earmarked reserves and/or general balances.
Unusable Reserves	YES	YES *	The PCC and CC each recognise the pensions reserve and accumulated absences account balances relating to staff under their direction and control. The remaining unusable reserves are held in relation to property, plant and equipment and are therefore recorded on the balance sheet of the PCC.

* Balances reported on the CC's balance sheet relate to assets/liabilities/reserves arising from officers/staff under the direction and control of the CC.

4 ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY

Uncertainty	Effect If Actual Results Differ from Assumptions
Net Pension Liability	
The net pension liability is recognised on the CC and PCC Balance Sheet. 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 and expected returns on pension fund assets. The Group uses an independent firm of actuaries to assess the Local Government Pension Scheme [LGPS] assets and liabilities and the Government Actuary's Department to assess the Police Scheme liabilities. In relation to the LGPS, the actuary calculated that the valuation resulted in a net asset of £184m, however under IAS19 Employee Benefits it is required that, where a pension plan asset exists, it is measured at the lower of: - The surplus on the defined benefit plan, and - The asset ceiling. The calculation has been completed by the actuary, and an adjustment has been made to reflect the value of the asset ceiling; resulting in a reported net deficit of £0.6m. Combined with the net deficit on the PPS of £3,344.7m, the total net pension liability on the balance sheet is £3,345.3m.	The pensions liability and the reserve will vary significantly should any of the assumptions prove to be inaccurate. For instance, a 0.1% increase in the discount rate would decrease the pension liability by £53m, or a one year increase in the life expectancy would increase the pension liability by £93m. The effects on the net pensions liability of changes in individual assumptions are detailed in the actuarial assumptions (**Note 29.9**). The Group recognises the cost of retirement benefits in the cost of services when the benefit is earned. However, the charge required to be made against the precept is based on the cash payable in the year, so the real cost of retirement benefits is reversed out in the Movement in Reserves Statement. Any revisions to the estimation of the net liability to pay pensions would not impact upon the Revenue Account of the Group.
Valuations of Operational Properties	
Land and building assets are held on the PCC and the Group Balance Sheet. Current values in existing use are determined as follows: • **Land and non-specialised buildings** - current value, determined as the amount that would be paid for the asset in its existing use • **Specialised Buildings** - Depreciated Replacement Cost (DRC) • **Surplus assets** - fair value, estimated at highest and best use from a market participant's perspective. In the 2025/26 financial year there was a change in approach to valuation estimates as a result of HM Treasury's Thematic Review of Non-investment Asset Valuation for financial reporting was to assess the current regime of valuation for non-investment assets across the public sector and to identify and evaluate the case, options and timing for any revisions to the existing approach. The main change introduced, as a result of this review, to the 2025/26 Code was require a 'revaluation expedient for property, plant and equipment requiring valuations **once every five years** or on a five-year rolling basis and supported by indexation in intervening years. Alternatively, a desktop valuation in year three in rare cases where no index is available'. In-line with this change in the code the Land & Buildings assets, which were all subject to a full valuation in 2024/25, were revalued through an indexation approach, using movements in relevant BCIS rates as a basis. Intrinsic in these valuations are assumptions regarding obsolescence and rebuild rates which could change and have a material impact on the valuation.	The valuations of land and buildings are made using assumptions and estimation techniques. Should the actual results differ from the estimates results the balance sheet values of Property, Plant and Equipment will increase or decrease accordingly. The carrying value at 31st March 2026 of the Commissioner's properties valued by application of appropriate RICS indices is £388.9m. It is estimated that the carrying value of property, plant and equipment would increase or decrease by £3.89m for every 1% increase or decrease in valuation.

5 EVENTS AFTER THE REPORTING PERIOD

The Unaudited Statement of Accounts was authorised for issue by John Riley, Chief Finance Officer to The Police & Crime Commissioner for Merseyside on 10th November 2026.

There are no events after the reporting period to be disclosed separately in the accounts.

6 ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

This note reflects the adjustments that are made to the total comprehensive income and expenditure recognised by the Group in the year in accordance with proper accounting practice to arrive at the resources that are specified by statutory provisions as being available to the Group to meet future capital and revenue expenditure. The following sets out a description of the reserves that the adjustments are made against.

General Fund Balance

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

Earmarked Reserves

Earmarked reserves are the amounts set aside from the General Fund Balance to provide financing for future expenditure plans.

Capital Receipts Reserve

The capital receipts reserve holds the proceeds from the disposal of long-term assets which are restricted by statute from being used other than to fund new capital expenditure or to be set aside to finance historical capital expenditure. A balance on the reserve shows the resources that have yet to be applied for these purposes at the year end.

The Capital Grants Unapplied Account (Reserve)

The capital grants unapplied account (reserve) holds the grants and contributions received towards capital projects for which the Group has met the conditions that would otherwise require repayment of the monies but which have yet to be applied to meet expenditure. The balance is restricted by grant terms as to the capital expenditure against which it can be applied and/or the financial year in which this can take place.

6.1 Group Adjustments between Accounting Basis and Funding Basis 2024/25

	Note	General Fund Balance	Capital Receipts Reserve
		£000	£000
Adjustments to the Revenue Resources			
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:			
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	19.2	33,255	0
Capital Grants and Contributions	19.2	(2,568)	0
Pensions costs (transferred to or from the Pensions Reserve)	19.3	52,308	0
Council tax (transfers to or from Collection Fund)	19.4	(1,061)	0
Holiday Pay (transferred to the Accumulated Absences Reserve)	19.5	804	0
Total Adjustments to Revenue Resources		**82,739**	**0**
Adjustments between capital and revenue resources			
Loss (Gain) on the sale of non-current assets recognised in the Comprehensive Income Statement	19.2	574	0
Proceeds from the disposal of no-current assets	19.2	0	636
Amounts from reserves used to fund Capital Expenditure	19.2	(711)	0
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	19.2	(6,067)	0
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	19.2	(1,138)	0
Total Adjustments between Revenue and Capital Resources		**(7,342)**	**636**
Adjustments to capital resources			
Use of the Capital Receipts Reserve to finance capital expenditure	19.2	0	(636)
Total Adjustments between Revenue and Capital Resources		**0**	**(636)**
Total Adjustments		**75,397**	**0**

6.2 Group Adjustments between Accounting Basis and Funding Basis 2025/26

	Note	General Fund Balance	Capital Receipts Reserve
		£000	£000
Adjustments to the Revenue Resources			
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:			
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	19.2	20,143	0
Capital Grants and Contributions	19.2	(500)	0
Pensions costs (transferred to or from the Pensions Reserve)	19.3	52,985	0
Council tax (transfers to or from Collection Fund)	19.4	674	0
Holiday Pay (transferred to the Accumulated Absences Reserve)	19.5	669	0
Total Adjustments to Revenue Resources		**73,971**	**0**
Adjustments between capital and revenue resources			
Loss (Gain) on the sale of non-current assets recognised in the Comprehensive Income Statement	19.2	(8,588)	0
Proceeds from the disposal of non-current assets	19.2	0	17,273
Amounts from reserves used to fund Capital Expenditure	19.2	(1,601)	0
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	19.2	(6,593)	0
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	19.2	(1,538)	0
Total Adjustments between Revenue and Capital Resources		**(18,321)**	**17,273**
Adjustments to capital resources			
Use of the Capital Receipts Reserve to finance capital expenditure	19.2	0	(273)
Total Adjustments between Revenue and Capital Resources		**0**	**(273)**
Total Adjustments		**55,651**	**17,000**

6.3 PCC Adjustments between Accounting Basis and Funding Basis 2024/25

	Note	General Fund Balance	Capital Receipts Reserve
		£000	£000
Adjustments to the Revenue Resources			
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:			
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	19.2	33,255	0
Capital Grants and Contributions	19.2	(2,568)	0
Pensions costs (transferred to or from the Pensions Reserve)	19.3	(48)	0
Council tax (transfers to or from Collection Fund)	19.4	(1,061)	0
Total Adjustments to Revenue Resouces		**29,578**	**0**
Adjustments between capital and revenue resources			
Loss (Gain) on the sale of non-current assets recognised in the Comprehensive Income Statement	19.2	574	0
Proceeds from the disposal of no-current assets		0	636
Amounts from reserves used to fund Capital Expenditure	19.2	(711)	0
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	19.2	(6,067)	0
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	19.2	(1,138)	0
Total Adjustments between Revenue and Capital Resources		**(7,342)**	**636**
Adjustments to capital resources			
Use of the Capital Receipts Reserve to finance capital expenditure	19.2	0	(636)
Total Adjustments between Revenue and Capital Resources		**0**	**(636)**
Total Adjustments		**22,237**	**0**

6.4 PCC Adjustments between Accounting Basis and Funding Basis 2025/26

	Note	General Fund Balance	Capital Receipts Reserve
		£000	£000
Adjustments to the Revenue Resources			
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:			
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	19.2	20,143	0
Capital Grants and Contributions	19.2	(500)	0
Pensions costs (transferred to or from the Pensions Reserve)	19.3	(106)	0
Council tax (transfers to or from Collection Fund)	19.4	674	0
Total Adjustments to Revenue Resources		**20,211**	**0**
Adjustments between capital and revenue resources			
Loss (Gain) on the sale of non-current assets recognised in the Comprehensive Income Statement	19.2	(8,588)	0
Proceeds from the disposal of non-current assets		0	17,273
Amounts from reserves used to fund Capital Expenditure	19.2	(1,601)	0
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	19.2	(6,593)	0
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	19.2	(1,538)	0
Total Adjustments between Revenue and Capital Resources		**(18,321)**	**17,273**
Adjustments to capital resources			
Use of the Capital Receipts Reserve to finance capital expenditure	19.2	0	(273)
Total Adjustments between Revenue and Capital Resources		**0**	**(273)**
Total Adjustments		**1,890**	**17,000**

7 TRANSFERS TO/FROM EARMARKED RESERVES

This note sets out the amounts set aside from the General Fund Balance to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure in 2025/26

Group and PCC Reserve	Balance as at 31st March 2024	Transfers In	Transfers Out	Balance as at 31st March 2025	Transfers In	Transfers Out	Balance as at 31st March 2026
	£000	£000	£000	£000	£000	£000	£000
Restructure Reserve	8,376	0	0	8,376	0	(1,376)	7,000
Force Strategy Reserve	0	0	0	0	4,723	0	4,723
Invest to Save Reserve	2,861	0	(641)	2,219	0	(1,578)	641
Budget Support Reserve	8,243	1,185	(3,425)	6,003	0	(4,116)	1,887
ESN Reserve	498	0	0	498	0	0	498
Insurance Reserve	1,514	0	(259)	1,254	0	(944)	311
POCA Reserve	2,836	884	(350)	3,370	1,813	(3,698)	1,485
Estate Strategy Reserve	1,547	0	(644)	904	2,708	(904)	2,707
CC Priority Fund	1,121	114	0	1,235	110	0	1,345
PCC Crime Prevention Strategy Reserve	505	85	(72)	518	202	(93)	627
Section 152 Reserve	952	482	(357)	1,077	578	(753)	903
NWROCU Asset Reserve	1,371	322	(89)	1,604	1,022	(664)	1,962
Drugs & Serious Violence Reserve	2,495	0	(522)	1,973	0	(1,792)	181
Victim Support Reserve	111	0	(20)	91	0	(20)	71
Police Property Act Fund	1,302	468	(404)	1,367	1,056	(297)	2,125
Community First Reserve	1,710	0	(613)	1,097	0	(1,097)	0
	35,440	3,541	(7,395)	31,586	12,211	(17,332)	26,465
Net Movement in Year			(3,854)			(5,121)	

Details of reserves with individual balances of more than £1.000m, or whose additional explanation are considered beneficial to the user of the accounts, are provided below:-

- The **Restructure Reserve** is utilised to fund the potential redundancy or redeployment protection costs associated with the work of the Community First Programme. The utilisation of this reserve allows for the immediate release of savings from the revenue account, thus ensuring continued financial resilience.
- The **Force Strategy Reserve** is to be utilised by the Chief Constable to directly fund initiatives that support the implementation of the Force Strategy.
- The **Budget Support Reserve** has been established to carry over planned budget surpluses to be released to support the revenue budget.
- The **POCA Reserve** holds any additional POCA receipts above budgeted levels. The reserve is to be used to smooth out any budget shortfalls in the POCA budget, as well as fund specific projects and operations. But also can be used to fund local crime fighting priorities for the benefit of the community.
- The **Estate Strategy Reserve** is to be utilised to support the implementation of the Force Estate Strategy.
- The **CC Priority Fund** enables the Chief Constable to carry over underspends on the Fund to enable the monies to be available to fund larger strategic projects which span financial years.
- The **NWROCU Asset Reserve** holds in reserve revenue budget and capital programme underspends arising within the NWROCU collaboration, until the Joint Oversight Committee decide how best to utilise these resources.
- The **Police Property Act Fund** is generated by the disposal of property where the owner cannot be ascertained or of offenders in certain cases which have been confiscated. The PCC can dispose of the funds to make payments for charitable purposes, as well as meet the expenses incurred in the conveyance, storage and sale of the property.

8 OTHER OPERATING INCOME AND EXPENDITURE

PCC 2024/25	Group 2024/25		PCC 2025/26	Group 2025/26
£000	£000		£000	£000
(80,566)	(80,566)	Home Office grant receivable towards retirement benefit costs	(75,443)	(75,443)
571	571	(Gains)/losses on the disposal of non-current assets	(8,598)	(8,598)
5	458	IAS 19 administrative fees	7	668
(79,990)	**(79,537)**		**(84,034)**	**(83,373)**

9 FINANCING AND INVESTMENT INCOME AND EXPENDITURE

PCC 2024/25	Group 2024/25		PCC 2025/26	Group 2025/26
£000	£000		£000	£000
6,687	6,687	Interest payable and similar charges	5,861	5,861
21	176,102	Net pensions interest cost	(7)	188,317
(2,899)	(2,899)	Interest income	(2,149)	(2,149)
3,809	**179,890**		**3,705**	**192,029**

10 TAXATION AND NON-SPECIFIC GRANT INCOME

Group and PCC 2024/25		Group and PCC 2025/26
£000		£000
	Credited to Taxation and Non Specific Grant Income	
(170,771)	Police main grant	(175,443)
(103,112)	Precepts	(112,201)
(1,061)	Deficit/(Surplus) on collection fund	674
(14,103)	Council tax support funding	(14,103)
(139,387)	Ex-DCLG formula funding	(144,551)
(12,795)	Pensions Grant	(11,870)
0	Employer NI Contribution Compensation Grant	(6,394)
(1,538)	Council tax freeze grant	(1,538)
(2,966)	Capital grants and contributions	(500)
(445,732)		**(465,927)**
	Credited to Cost of Services	
(7,644)	Terrorism grant	(9,008)
(450)	Regional grants	(376)
(3,416)	Victims Support Services grant	(3,343)
(4,494)	Violence Reduction Units	(4,655)
(7,781)	County Lines	(7,779)
(270)	Safer Streets fund	0
(381)	Domestic Abuse Perpetrator Programme grant	(411)
(14,163)	Uplift Grant	(11,665)
(789)	Operation Adder	0
(2,400)	Operation Grip	(2,697)
(2,880)	Additional Recruitment Top Up Grant	(3,161)
0	Neighbourhood Policing Grant	(6,786)
(753)	Other grants	(129)
(45,420)		**(50,010)**

11 PROPERTY, PLANT AND EQUIPMENT, INTANGIBLES AND ASSETS HELD FOR SALE

11.1 Group and PCC Movement on Balances 2024/25

	Land & Buildings	Plant & Equipment	Vehicles	Assets Under Construction	Surplus Assets	Total Property, Plant & Equipment	Intangible Assets	Assets Held for Sale
	£000	£000	£000	£000	£000	£000	£000	£000
Gross Value as at 1st April 2024	**395,341**	**21,238**	**26,890**	**949**	**19,106**	**463,524**	**14,593**	**0**
Additions	708	4,652	6,267	1,812	0	**13,440**	93	0
Transfers	787	2,584	0	(124)	0	**3,247**	(3,247)	0
Revaluation increases/(decreases) recognised in the Revaluation Reserve	(28,675)	0	0	0	(6,629)	**(35,304)**	0	0
Revaluation increases/(decreases) recognised in the Surplus/Deficit on Provision of Services	(7,798)	0	0	0	(572)	**(8,370)**	0	0
Derecognition - disposals	0	0	(2,721)	0	(985)	**(3,706)**	0	0
Assets reclassified to held for sale/surplus	(11,208)	0	0	0	(8,250)	**(19,458)**	0	8,250
Gross Value as at 31st March 2025	**349,156**	**28,474**	**30,435**	**2,637**	**2,670**	**413,373**	**11,439**	**8,250**
Depreciation, Amortisation and Impairment as at 1st April 2024	**(248)**	**(10,230)**	**(18,616)**	**0**	**(893)**	**(29,987)**	**(8,530)**	**0**
Depreciation/Amortisation charge for year	(11,344)	(5,190)	(3,903)	0	(1,436)	**(21,872)**	(2,403)	0
Depreciation written out to the Revaluation Reserve	11,453	0	0	0	2,328	**13,781**	0	0
Derecognition - disposals	0	0	2,496	0	0	**2,496**	0	0
Depreciation, Amortisation and Impairment as at 31st March 2025	**(138)**	**(15,419)**	**(20,022)**	**0**	**0**	**(35,580)**	**(10,933)**	**0**
Carrying Value as at 31st March 2025	**349,018**	**13,055**	**10,413**	**2,637**	**2,670**	**377,793**	**506**	**8,250**
Carrying Value as at 31st March 2024	**395,093**	**11,008**	**8,274**	**949**	**18,214**	**433,538**	**6,063**	**0**

11.2 Group and PCC Movement on Balances 2025/26

	Land & Buildings	Plant & Equipment	Vehicles	Assets Under Construction	Surplus Assets	Total Property, Plant & Equipment	Intangible Assets	Assets Held for Sale
	£000	£000	£000	£000	£000	£000	£000	£000
Gross Value as at 1st April 2025	**349,156**	**28,474**	**30,435**	**2,637**	**2,670**	**413,372**	**11,439**	**8,250**
Additions	485	6,243	4,095	5,059	0	**15,883**	1,101	0
Transfers	5,431	690	128	(6,039)	0	**210**	(210)	0
Revaluation increases/(decreases) recognised in the Revaluation Reserve	34,908	0	0	0	0	**34,908**	0	0
Revaluation increases/(decreases) recognised in the Surplus/Deficit on Provision of Services	(374)	0	0	0	0	**(374)**	0	0
Derecognition - disposals	0	0	(3,304)	0	0	**(3,304)**	0	(8,250)
Derecognition - other	0	(3,676)	(450)	0	0	**(4,126)**	(8,862)	0
Assets reclassified to held for sale/surplus	0	0	0	0	(1,500)	**(1,500)**	0	1,500
Gross Value as at 31st March 2026	**389,605**	**31,731**	**30,904**	**1,657**	**1,170**	**455,068**	**3,467**	**1,500**
Depreciation, Amortisation and Impairment as at 1st April 2025	**(138)**	**(15,419)**	**(20,022)**	**0**	**0**	**(35,579)**	**(10,933)**	**0**
Depreciation/Amortisation charge for year	(8,730)	(5,400)	(3,965)	0	(43)	**(18,139)**	(996)	0
Depreciation written out to the Revaluation Reserve	8,707	0	0	0	0	**8,707**	0	0
Derecognition - disposals	0	0	3,016	0	0	**3,016**	0	0
Derecognition - other	0	3,676	450	0	0	**4,126**	8,862	0
Depreciation, Amortisation and Impairment as at 31st March 2026	**(161)**	**(17,143)**	**(20,522)**	**0**	**(43)**	**(37,870)**	**(3,067)**	**0**
Carrying Value as at 31st March 2026	**389,444**	**14,588**	**10,383**	**1,657**	**1,127**	**417,199**	**401**	**1,500**
Carrying Value as at 31st March 2025	**349,018**	**13,055**	**10,413**	**2,637**	**2,670**	**377,793**	**506**	**8,250**

11.3 Capital Commitments

As at 31st March 2026, the Group and the PCC had entered into a number of capital contracts (with values in excess of £0.100m) for the construction, purchase or enhancement of Property, Plant and Equipment upon which there were outstanding amounts of £0.439m; of which £0.171m relates to expenditure connected to the Group Estate Strategy.

Similar commitments at 31st March 2025 were £2.634m.

11.4 Revaluations

Assets included in the Balance Sheet at current value are revalued every five years – with annual indexation being applied in the four intervening years - to ensure that their carrying amount is not materially different from their current value at the year-end. Where there has been a major refurbishment of an asset a valuation will be undertaken in year. Any full or desktop valuation exercises have been undertaken by an external valuations firm – Eddisons – during the year. Such valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains.

The significant assumptions applied in estimating current values for land and buildings are:-

- That all required valid planning permissions and statutory approvals for the buildings and for their use, including any extensions or alterations, have been obtained and complied with;
- That no deleterious or hazardous materials or techniques have been used, that there is no contamination in or from the ground, and it is not landfilled ground;
- That the properties are not subject to any unusual or especially onerous restrictions, encumbrances or outgoings and that good title can be shown;
- That the properties and their values are unaffected by any matters which would be revealed by local searches, replies to the usual pre-contract enquiries, or by any statutory notices which may indicate that neither the properties, nor their condition, use, or intended use, is or will be unlawful;
- That inspections of those parts that have not been inspected, or a survey inspection, would not reveal material defects or cause the valuers to alter the valuations materially;
- That the properties are connected to, and there is a right to use, the reported mains services on normal terms; and
- That sewers, main services and the roads giving access to the property have been adopted.

Vehicles and plant and equipment are valued at depreciated historical cost as this valuation is deemed by the Group to be an appropriate proxy for current value.

The table below shows the date at which land and building assets, which are valued at current value, were last subject to a desktop or a full valuation by the external valuer. Valuations applicable on the valuation date 31st March 2026 :-

Group and PCC	Land & Buildings	Plant & Equipment	Vehicles	Assets Under Construction	Surplus Assets	Total
	£000	£000	£000	£000	£000	£000
Carried at historical cost	788	31,731	30,904	1,657	1,170	**66,250**
Valued at fair value as at 31st March 2026:						
Valued at fair value by external valuer	6,385	0	0	0	0	**6,385**
Valued at fair value using indexation method	382,432	0	0	0	0	**382,433**
Total cost or valuation as at 31st March 2026	**389,605**	**31,731**	**30,904**	**1,657**	**1,170**	**455,068**

11.5 Non-Operational Property, Plant and Equipment (Surplus Assets)

Surplus assets are those assets which are not being used (or developed for future use) by the Force, but which do not meet the criteria to be classified as either investment property or assets held for sale. These assets are measured at fair value, based on the highest and best use of the asset, and in accordance with the code. The fair value for the properties has been based on the cost approach, which is to reflect the replacement cost of the assets. The fair value for the surplus properties have been based on the cost approach using the Building Cost Information Service (BCIS) which provides cost and price data for the UK construction industry in order to value properties. BCIS provides the price per square meter, derived from prices in observed transactions involving similar buildings in similar locations. The level of observable inputs are therefore significant, leading to the properties being categorised at Level 2 in the fair value hierarchy (see Note 1.8 for explanation of fair value levels).

The Group and PCC hold surplus assets valued at £1.170m (2024/25 £2.670m).

11.6 Leases

The Group as Lessee

The Group's lease contracts comprise leases of 11 operational land and buildings. The two lease contracts for plant and equipment completed in the year.

The Group adopted IFRS 16 from 1st April 2024, to recognise right-of-use assets, which meant that the majority of leases where the Group is a Lessee came onto the balance sheet as at 1st April 2024. A matching lease liability was also brought onto the balance sheet as at 1st April 2024. Leases for items of low value and leases that expire on or before 31st March 2026 are exempt from IFRS 16 disclosure requirements of which there are three small properties.

The lease liabilities have been calculated using PWLB certainty rates as at 31st March 2025 (being the Group's incremental borrowing rate) for the number of years corresponding to the life of the lease.

Right-of-use assets

This table shows the change in the value of right-of-use assets held under leases by the Group. The accounting standard for leases, IFRS 16, has been implemented from 1st April 2024. The Code specifies that it is not to be applied retrospectively. IFRS 16 essentially requires all assets that are held by the Group as a Lessee to be accounted for on the Balance Sheet as Finance Leases, disclosed as right-of-use assets. As these assets are essentially capital expenditure on non-current assets that are yet to be financed, the balance is also brought into the Capital Financing Requirement (CFR) calculation, as set out below.

Group and PCC	Land & Buildings	Plant & Equipment	Total
	£000	£000	£000
Balance as at 1st April 2026	**11,286**	**247**	**11,533**
Prior Period Correction - Addition	1,373	0	**1,373**
Additions / Re-measurement / Modification	140	0	**140**
Revaluations	2,352	0	**2,352**
Depreciation	(395)	(247)	**(642)**
Depreciation written out to the Revaluation Reserve	220	0	**220**
Balance as at 31st March 2026	**14,976**	**0**	**14,976**

Transactions under leases

The Group incurred the following expenses and cash flows in relation to leases:

2024/25	Group & PCC	2025/26
£'000		£'000
	CIES	
21	Interest expense on lease liabilities	116
350	Expense related to short-term leases	**435**
0	Expense relating to exempt leases of low-value ite	**0**
371		**551**
	Cash flow Statement	
371	Minimum lease payments	**551**

Maturity analysis of lease liabilities

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

2024/25	Group & PCC	2025/26
£000		£000
375	Less than one year	212
262	One to five years	809
56	More than five years	818
692	**Total PCC and Group**	**1,839**

11.7 Depreciation

In line with IAS16, depreciation is defined as the systematic allocation of the depreciable amount of an asset over its useful life. Depreciation is charged as follows:

- Buildings - straight-line allocation over 4 to 50 years
- Plant and Equipment – straight-line allocation over 4 years
- Vehicles – straight-line allocation over 4 to 10 years
- Intangibles – straight-line allocation over 4 years

12 FINANCIAL INSTRUMENTS

12.1 Categories of Financial Instruments

The definition of a financial instrument is 'any contract that gives rise to a financial asset of one entity and a financial liability, or equity instrument of another entity'. The term 'financial instrument' covers both financial assets and liabilities. The definition is broad and covers instruments used in treasury management including the borrowing and lending of money and making of investments. However it also extends to include such items as trade receivables (debtors) and trade payables (creditors). The following categories of financial instruments are carried in the Balance Sheets of the PCC and the Group:-

Long Term		Short Term			Long Term		Short Term	
PCC 31st March 2025	Group 31st March 2025	PCC 31st March 2025	Group 31st March 2025		PCC 31st March 2026	Group 31st March 2026	PCC 31st March 2026	Group 31st March 2026
£000	£000	£000	£000		£000	£000	£000	£000
				Investments				
0	0	4,000	4,000	Financial assets at amortised cost	0	0	0	0
0	**0**	**4,000**	**4,000**	**Total Investments**	**0**	**0**	**0**	**0**
				Assets at amortised cost				
0	0	21,281	21,281	Financial Assets at Amortised Cost	0	0	31,468	31,468
0	0	0	0	Fair Value through profit and Loss	0	0	0	0
0	**0**	**21,281**	**21,281**	**Total Cash and Cash Equivalents**	**0**	**0**	**31,468**	**31,468**
				Debtors				
0	0	77,816	78,246	Financial Assets at Amortised Cost	0	0	42,168	42,168
0	0	0	0	Non financial instrument debtors	0	0	24,205	24,644
0	**0**	**77,816**	**78,246**	**Total Debtors**	**0**	**0**	**66,373**	**66,812**
0	**0**	**103,097**	**103,527**	**Total all Assets**	**0**	**0**	**97,841**	**98,281**
				Borrowings				
0	0	(43,000)	(43,000)	Financial Liabilities at Amortised Cost	0	0	(37,000)	(37,000)
(116,811)	(116,811)	(12,660)	(12,660)	Financial Liabilities at Amortised Cost - PWLB	(103,548)	(103,548)	(13,264)	(13,264)
(116,811)	**(116,811)**	**(55,660)**	**(55,660)**	**Total Borrowing**	**(103,548)**	**(103,548)**	**(50,264)**	**(50,264)**
				Creditors				
0	0	(57,593)	(65,750)	Financial Liabilities at Amortised Cost	0	0	(39,731)	(39,731)
0	0	0	0	Non financial instrument creditors	0	0	(27,214)	(36,050)
0	**0**	**(57,593)**	**(65,750)**	**Total Short term Creditors**	**0**	**0**	**(66,945)**	**(75,781)**
(116,811)	**(116,811)**	**(113,253)**	**(121,410)**	**Total all Liabilities**	**(103,548)**	**(103,548)**	**(117,210)**	**(126,045)**

The following assets/liabilities are excluded from the financial instruments balances because they arise under legislation and are therefore statutory in nature rather than contractual:-

- Transferred debt arising from local government reorganisation in 1986 that is administered by Wirral MBC on behalf of the Group; and
- Amounts included within debtors and creditors for the Group's share of Council Tax debtors and overpaid/pre-paid Council Tax.

Prepayments are also excluded because they are contractual rights to receive goods or services rather than to receive cash or another financial asset.

The Fair Value of the PWLB loans is £84.595m (£100.518m 2024/25).

12.2 Financial Instruments Income and Expenses

The Comprehensive Income and Expenditure Statements of the Group and the PCC recognise £2.149m (£2.899m 2024/25) of interest income and £5.861m (£6.687m 2024/25) of interest expenses. These gains and losses have been incurred in relation to Financial Instruments held at amortised cost.

12.3 Fair Value of Assets and Liabilities carried at Amortised Cost

Financial liabilities and financial assets represented by loans and receivables are included in the Balance Sheets at amortised cost. For borrowings this means that the amount presented in the Balance Sheet is the outstanding principal repayment and the interest charged to the Comprehensive Income and Expenditure Statement is the amount payable in the year. Likewise, investments held are included in the Balance Sheet as the outstanding principal receivable and the interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable in the year.

Their fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments under the following assumptions:-

- No early repayment or impairment is recognised;
- Where an instrument will mature in the next 12 months, the Balance Sheet carrying amount is assumed to approximate fair value;
- The fair value of trade receivables and payables are assumed to be the invoiced or billed amount; and
- There is no expected impairment of the instrument from perceived future events.

The carrying value of current financial assets and liabilities is deemed to be a reasonable approximation of fair value because of the relatively short period to maturity, and therefore information about the fair values of those financial instruments has not been disclosed. The exception to this is the PWLB loan, which is disclosed at fair value. For loans from the PWLB a Net Present Value (NPV) approach has been followed to arrive at a calculated fair value, which provides an estimate of the value of future payments in today's terms. The discount rate used in the NPV approach is a redemption rate. Inputs to these measurement methods are those defined in IFRS13 as Level 2 – inputs that are observable for the asset or liability either directly or indirectly.

These balances are shown in **Note 12.1**.

12.4 Financial Instruments – Nature and Extent of Risks Arising

Knowsley MBC Treasury Management Section undertakes the Treasury Management function for the Group and the PCC. The Group's activities expose it to a variety of financial risks:-

Credit Risk

This is the risk that other parties may fail to pay amounts due and arises from the short term lending of surplus funds to banks and financial institutions as well as credit exposure to customers. The Group and the PCC have adopted CIPFA's Code of Practice for Treasury Management and this is enshrined in its Financial Regulations. This code includes key controls in respect of investment and borrowing in line with CIPFA's Prudential Code. The potential of impairment arising from future events has been considered for all classifications of Financial Assets and Liabilities, in line with the requirements of IFRS9; and any such impairments have been provided for explicitly within the Accounts.

The amounts owed to the Group and the PCC in respect of general trade debtors are kept continually under review and particularly in respect of the likelihood that some debts may not be repaid. The Group and the PCC

provide an allowance for expected credit losses each year, as at 31st March 2026 the allowance was £0.211m (2024/25 £0.200m).

The total value of trade debtors as at 31st March 2026 is £1.035m (2024/25 £1.244m) analysed as follows:-

2024/25	Group and PCC	2025/26
£000		£000
491	Current	628
517	Less than 12 months overdue	168
236	More than 12 months overdue	239
1,244	**Total**	**1,035**

Liquidity Risk

This is the risk that the Group or the PCC may not have funds available to meet its commitments to make payments. The Group produces cash flow projections on a regular basis to mitigate this risk. The projections allow for cash management including the repayment profile of any borrowings. Knowsley MBC Treasury Management Section is able to secure access to overdraft facilities and short term borrowing through Money Markets on behalf of the Group and the PCC.

The following table shows the borrowing outstanding at 31st March 2026.

31st March 2025		31st March 2026
£000		£000
	Analysis of Loans by Maturity	
(55,659)	Less than 1 year	(50,264)
(13,264)	Between 1 and 2 years	(7,451)
(9,870)	Between 2 and 5 years	(3,683)
(6,702)	Between 5 and 10 years	(6,900)
(86,975)	More than 10 years	(85,513)
(172,470)	**Total outstanding**	**(153,811)**

Market Risk

This is the risk that financial loss might arise as a result of changes in such measures as interest rates or stock market movements. Investments and borrowings held in the Balance Sheet are at fixed interest rates and therefore the Group and the PCC are not exposed to movements in interest payable/receivable on investments and borrowings. The Group and the PCC have no financial assets or liabilities denominated in foreign currencies, and therefore has no exposure to loss arising from movements in exchange rates.

13 DEBTORS

PCC 31st March 2025	Group 31st March 2025		PCC 31st March 2026	Group 31st March 2026
£000	£000		£000	£000
44,683	**44,683**	**Central Government Bodies**	**29,000**	**29,000**
48,300	48,300	Other Local Authorities and council tax debtors	55,635	55,635
(29,124)	(29,124)	Impairment allowance for council tax debtors	(31,756)	(31,756)
19,176	**19,176**	**Other Local Authorities and council tax debtors (net of impairment)**	**23,878**	**23,878**
8,144	8,144	Sundry debtors	7,722	7,722
(200)	(200)	Allowance for Expected Credit Losses	(211)	(211)
7,944	**7,944**	**Sundry debtors (net of impairment)**	**7,511**	**7,511**
6,012	**6,012**	**Prepayments**	**5,983**	**5,983**
0	**431**	**Short term accumulating absences**	**0**	**440**
77,816	**78,246**	**Total Debtors**	**66,373**	**66,812**

13.1 COUNCIL TAX DEBTORS

The past due but not impaired amount for local taxation (council tax and non-domestic rates) can be analysed by age as follows:

2024/25	Group and PCC	2025/26
£000		£000
9,893	Less than one year	11,211
6,770	One year to two years	7,754
24,306	More than two years	28,112
40,969	**Total**	**47,077**

14 CASH AND CASH EQUIVALENTS

Group and PCC 31st March 2025		Group and PCC 31st March 2026
£000		£000
29	Imprests	29
76	Bank current accounts	17,089
21,175	Short term investments	14,350
21,281	**Total Cash and Cash Equivalents**	**31,468**

As at 31st March 2026, the Group and the PCC held a total of £10.972m (2024/25 £11.256m) under the Proceeds of Crime Act 2002, representing cash seized by Police and retained as evidence in support of crimes or cash handed into the Police as found property awaiting claim by the owner or finder.

The amount is not under the ownership of the Group or the PCC which acts as steward on behalf of various parties, and as such does not form part of the accounts of the Group or the PCC.

Within the accounts of the Group and the PCC, there is £2.125m (2024/25 £1.367m) held under the Police Property Act 1997 which applies to property that is in the possession of police where the owner of the property cannot be identified and where no order of a competent court has been made. This amount is shown in **Note 7**, earmarked reserves, under the heading Police Property Act Fund. The Fund is used to meet expenses incurred in the conveyance, storage, safe custody and sale of the property and to make payments for charitable purposes.

15 CREDITORS

15.1 Short Term Creditors

PCC 31st March 2025	Group 31st March 2025		PCC 31st March 2026	Group 31st March 2026
£000	£000		£000	£000
(297)	(297)	Government departments	(0)	(0)
0	(7,410)	HM Revenue & Customs	0	(8,689)
(24,577)	(24,577)	Other local authorities	(31,296)	(31,296)
(23,702)	(25,309)	Non-Government organisations	(21,115)	(23,425)
0	(8,157)	Short term accumulating absences	0	(8,836)
(9,018)	0	Intra-group account	(10,998)	0
(57,593)	**(65,750)**	**Total External Creditors**	**(63,410)**	**(72,246)**

15.2 Long Term Borrowing

Group and PCC 31st March 2025		Group and PCC 31st March 2026
£000		£000
(100,532)	**Balance brought forward**	**(129,471)**
(30,000)	Borrowing in Year	0
1,061	Repayments in Year	12,659
(129,471)	**Balance carried forward**	**(116,812)**
(12,660)	Payable within one year	(13,264)
(116,811)	Payable in more than one year	(103,548)
(129,471)		**(116,812)**

16 DEFERRED LIABILITIES

The figure for deferred liabilities in the Group and the PCC Balance Sheets relates to inherited debt administered by Wirral Metropolitan Borough Council. Similar debts are administered on behalf of all Authorities comprising the former Merseyside County Council. As such it is not possible to provide an analysis of the amount outstanding for an individual Authority by lender category and maturity, the overall debt being managed as a single sum. However, in line with the Redemption of Debt Order (1986), the loans are being repaid on a straight line basis over 40 years.

Group and PCC 31st March 2025		Group and PCC 31st March 2026
£000		£000
(470)	**Balance brought forward**	**(235)**
235	Repayment of principal	235
(235)	**Balance carried forward**	**0**
(235)	Payable within one year	0
0	Payable in more than one year	0
(235)		**0**

17 PROVISIONS

17.1 Insurance Provision

In 2025/26 the Group and the PCC made a contribution of £2.000m to the Insurance Provision, and a transfer of £0.928m was made into the provision from the Insurance Reserve. The contributions made each year are based upon best advice received from the Group's insurance brokers. This takes account of the previous claims history and the anticipated outcomes of known claims. Self-insurance currently substantially assumes the risk in respect of public, employer and motor liabilities. The level of the Insurance Provision is continually reviewed to ensure it is at an appropriate level.

17.2 Other Provisions

The Group and the PCC also hold a number of other provisions including a provision of £2.853m to provide for the potential claw back of claims paid by the Group's former insurance company Municipal Mutual Insurance Ltd.

Provisions	Balance as at 31st March 2024	Additional Provisions Made 2024/25	Amounts Used in 2024/25	Unused Amounts Reversed 2024/25	Balance as at 31st March 2025	Additional Provisions Made 2025/26	Amounts Used in 2025/26	Unused Amounts Reversed 2025/26	Balance as at 31st March 2026
	£000s	£000s	£000s	£000s	**£000s**	£000s	£000s	£000s	**£000s**
Insurance Provision	(4,639)	(2,208)	2,727	0	**(4,120)**	(2,928)	2,683	0	**(4,365)**
MMI Provision	(2,853)	0	0	0	**(2,853)**	0	0	0	**(2,853)**
Other Provisions	(1,068)	0	(398)	0	**(1,465)**	0	(276)	0	**(1,741)**
Total Provisions	**(8,560)**	**(2,208)**	**2,329**	**0**	**(8,438)**	**(2,928)**	**2,407**	**0**	**(8,959)**
Estimated to be payable within one year	(2,464)				**(3,207)**				**(4,342)**
Estimated to be payable in more than one year	(6,095)				**(5,231)**				**(4,617)**
Total Provisions	(8,560)				**(8,438)**				**(8,959)**

18 USABLE RESERVES

Movement in the Group's usable reserves are detailed in the Movement in Reserves Statement.

19 UNUSABLE RESERVES

PCC 2024/25	Group 2024/25		Note	PCC 2025/26	Group 2025/26
£000	**£000**			**£000**	**£000**
166,766	166,766	Revaluation Reserve	**19.1**	205,258	205,258
49,055	49,055	Capital Adjustment Account	**19.2**	38,428	38,428
0	(3,405,347)	Pensions Reserve	**19.3**	0	(3,345,266)
1,004	1,004	Collection Fund Adjustment Account	**19.4**	330	330
0	(7,727)	Accumulated Absences Account	**19.5**	0	(8,396)
216,825	**(3,196,249)**			**244,016**	**(3,109,646)**

19.1 REVALUATION RESERVE

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

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

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

2024/25	Group & PCC	2025/26	
£000		£000	£000
195,211	**Balance as at 1st April**		**166,766**
0	Upward revaluation of assets	48,288	
(21,693)	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	(2,101)	
(21,693)	Surplus on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services		**46,187**
(6,636)	Difference between fair value depreciation and historical cost depreciation	(4,126)	
(116)	Accumulated gains/loss on assets sold or scrapped	(3,569)	
(6,752)	**Amount written off to the Capital Adjustment Account**		**(7,695)**
166,766	**Balance at 31st March**		**205,258**

19.2 CAPITAL ADJUSTMENT ACCOUNT

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

2024/25	Group & PCC	2025/26	
£000		£000	£000
65,649	**Balance as at 1st April**		**49,055**
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
(22,519)	Charges for depreciation and impairment of non-current assets	(18,773)	
(8,334)	Revaluation losses / (gains) on Property, Plant and Equipment	(374)	
(2,403)	Amortisation of intangible assets	(996)	
(1,210)	Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(8,685)	
(34,465)			**(28,828)**
6,752	Adjusting amounts written out of the Revaluation Reserve		**7,695**
(27,713)	**Net written out amount of the cost of non-current assets consumed in the year**		**(21,133)**
	Capital financing applied in the year:		
636	Use of the Capital Receipts Reserve to finance new capital expenditure	273	
2,568	Transfer to Reserves Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	500	
6,067	Statutory provision for the financing of capital	6,593	
1,138	Capital expenditure charged against the General Fund balance	1,538	
711	Use of Earmarked Reserves to fund capital expenditure	1,601	
11,120			**10,505**
49,055			**38,428**

19.3 PENSIONS RESERVE

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Group accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the cost. However, the charge made against the precept is based upon the Group's contributions to pension funds in the financial year and retirement benefits paid to pensioners for which it is directly responsible.

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

PCC 2024/25	Group 2024/25		PCC 2025/26	Group 2025/26
£000	£000		£000	£000
(274)	(3,775,481)	**Balance as at 1st April**	0	(3,405,347)
226	422,442	Remeasurements of the net defined benefit liability	(106)	113,066
(172)	(220,225)	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive income and Expenditure Statement	(106)	(219,152)
220	167,917	Employer's pension contributions and direct payments to pensioners payable in the year	212	166,167
0	(3,405,347)	**Balance at 31st March**	0	(3,345,266)

19.4 COLLECTION FUND ADJUSTMENT ACCOUNT

The Collection Fund Adjustment Account manages the differences arising from the recognition of council tax income in the Comprehensive Income and Expenditure Statement as it falls due from taxpayers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

2024/25	Group & PCC	2025/26
£000		£000
(57)	**Balance as at 1st April**	1,004
1,061	Amount by which precept income credited to the Comprehensive Income and Expenditure Statement on an accruals basis is different remuneration chargeable in the year in accordance with statutory requirements	(674)
1,004	**Balance at 31st March**	330

19.5 ACCUMULATED ABSENCES ACCOUNT

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance for accruing for compensated absences earned but not taken in the year (e.g. annual leave entitlement carried forward at 31st March 2026). Statutory arrangements require that the impact on the General Fund Balance is neutralised and this charge is reversed out through an unusable reserve in the Movement in Reserves Statement so that accounting entries would not impact on the requirement to raise council tax.

PCC 2024/25	Group 2024/25		PCC 2025/26	Group 2025/26
£000	£000		£000	£000
0	(6,922)	**Balance as at 1st April**	0	(7,727)
0	6,922	Settlement or cancellation of accrual made at the end of the preceding year	0	7,727
0	0		0	0
0	(7,727)	Amount by which staff and officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	0	(8,396)
0	(7,727)	**Balance at 31st March**	0	(8,396)

20 OFFICERS' REMUNERATION

20.1 Remuneration Banding

The number of police officers and staff (excluding Senior Officers listed at Note 20.2) whose remuneration, excluding employer's pension contributions, was £50,000 or more in bands of £5,000 were:

PCC 2024/25	Group 2024/25				PCC 2025/26	Group 2025/26
2	838	£50,000	-	£55,000	0	850
0	552	£55,001	-	£60,000	3	725
1	394	£60,001	-	£65,000	0	415
0	308	£65,001	-	£70,000	1	322
0	90	£70,001	-	£75,000	1	194
0	45	£75,001	-	£80,000	0	68
0	31	£80,001	-	£85,000	0	37
0	22	£85,001	-	£90,000	0	12
0	12	£90,001	-	£95,000	0	16
0	13	£95,001	-	£100,000	0	14
0	3	£100,001	-	£105,000	0	11
0	3	£105,001	-	£110,000	0	3
0	2	£110,001	-	£115,000	0	2
0	0	£115,001	-	£120,000	0	3
0	0	£120,001	-	£125,000	0	1
0	1	£125,001	-	£130,000	0	1
3	2,314				5	2,674

Remuneration covers all amounts paid to, or receivable by, an employee and includes sums due by way of expenses allowance and the estimated money value of any other benefits received by an employee other than in cash. The table above also includes employees whose basic remuneration was below £50,000; however their total remuneration for the year exceeded £50,000 as a result of redundancy payments made.

20.2 Senior Officers Remuneration

The table below shows remuneration of defined senior and statutory officers for the years 2024/25. Expenses allowances disclosed are those chargeable under UK income tax.

Post Holder information	Notes	Salaries (incl. Fees and Allowances)	Bonuses	Expenses Allowances	Benefits in Kind	Total Remuneration excluding pension contributions 2024/25	Pension Contribution	Total Remuneration including pension contributions 2024/25
PCC		£	£	£	£	£	£	£
Police and Crime Commissioner - E Spurrell		88,600	0	0	0	88,600	15,505	104,105
Deputy Police and Crime Commissioner		39,731	0	0	0	39,731	6,858	46,590
Chief Executive and Monitoring Officer		107,486	0	0	0	107,486	18,647	126,133
Chief Finance Officer		94,890	0	0	0	94,890	16,606	111,495
Total PCC single entity statements		**330,707**	**0**	**0**	**0**	**330,707**	**57,616**	**388,323**
Chief Constable (CC)								
Chief Constable - S Kennedy	*Note 1 & 3*	218,647	0	19,422	1,127	239,196	76,429	315,625
Chief Constable - C Green	*Note 4*	171,172	0	0	0	171,172	58,922	230,094
Deputy Chief Constable - J Sims	*Note 5*	139,211	0	0	0	139,211	48,268	187,479
Assistant Chief Constable	*Note 1*	118,659	0	362	0	119,021	41,882	160,903
Assistant Chief Constable	*Note 6*	106,187	0	0	0	106,187	35,589	141,776
Assistant Chief Constable	*Note 9*	53,383	0	0	0	53,383	18,844	72,227
Assistant Chief Constable	*Note 7*	110,887	0	0	0	110,887	38,460	149,347
Assistant Chief Constable	*Note 1*	135,745	0	9,349	0	145,094	47,016	192,111
Assistant Chief Constable	*Note 8*	121,864	0	0	0	121,864	43,018	164,881
Assistant Chief Constable	*Note 2 & 10*	93,931	0	9,037	0	102,968	33,158	136,126
Director of Resources		133,170	0	0	0	133,170	23,305	156,475
Total CC single entity statements		**1,402,856**	**0**	**38,170**	**1,127**	**1,442,153**	**464,891**	**1,907,044**
Total Group		**1,733,563**	**0**	**38,170**	**1,127**	**1,772,860**	**522,507**	**2,295,367**

Detail
Note 1 - The expenses allowance paid to the Chief Constable, and indicated Assistant Chief Constables is a car allowance
Note 2 - The expenses allowance paid to ACC NWROCU is a relocation allowance
Note 3 - Chief Constable Seconded to College of Policing from 17/02/25
Note 4 - Deputy Chief Constable acting as Temporary Chief Constable from 17/02/25
Note 5 - Assistant Chief Constable PS acting as Temporary Deputy Chief Constable from 17/02/25
Note 6 - Temporary Assistant Chief Constable I&I Appointed from 17/02/25
Note 7 - Temporary Assistant Chief Constable PS Appointed from 17/02/25
Note 8 - Assistant Chief Constable LP,CJ&P moved to Temporary Assistant Chief Constable R&R&M 17/02/25
Note 9 - Assistant Chief Constable LP,CJ&P appointed 17/02/25
Note 10 - Assistant Chief Constable NWROCU appointed Jun-24*

** Costs fully recharged across six Regional Forces (Merseyside, GMP, Cheshire, Cumbria, North Wales and Lancashire)*

The table below shows remuneration of defined senior and statutory officers for the years 2025/26. Expenses allowances disclosed are those chargeable under UK income tax.

Post Holder information	Notes	Salaries (incl. Fees and Allowances)	Bonuses	Expenses Allowances	Benefits in Kind	Other Payments	Total Remuneration excluding pension contributions 2025/26	Pension Contribution	Total Remuneration including pension contributions 2025/26
PCC		£	£	£	£	£	£	£	£
Police and Crime Commissioner - E Spurrell		92,011	0	0	0	0	92,011	16,102	108,113
Deputy Police and Crime Commissioner		43,159	0	0	0	0	43,159	7,553	50,712
Chief Executive and Monitoring Officer		112,613	0	0	0	0	112,613	19,472	132,085
Chief Finance Officer		99,088	0	0	0	0	99,088	17,340	116,428
Total PCC single entity statements		**346,871**	**0**	**0**	**0**	**0**	**346,871**	**60,467**	**407,338**
Chief Constable (CC)									
Chief Constable - R Carden	*Note 3*	121,612	0	0	0	0	121,612	42,929	164,541
Chief Constable - S Kennedy	*Notes 1 & 4*	116,973	0	8,103	676	0	125,752	32,464	158,216
Deputy Chief Constable	*Notes 1 & 5*	87,933	0	980	0	0	88,913	29,984	118,897
Deputy Chief Constable	*Note 6*	150,745	0	0	0	0	150,745	5,324	156,069
Temporary Deputy Chief Constable	*Note 7*	62,440	0	0	0	0	62,440	21,658	84,098
Assistant Chief Constable		131,481	0	0	0	0	131,481	46,413	177,894
Assistant Chief Constable		134,894	0	0	0	0	134,894	47,617	182,511
Assistant Chief Constable		123,487	0	0	0	0	123,487	42,871	166,358
Temporary Assistant Chief Constable	*Notes 1 & 8*	109,674	0	1,865	0	0	111,539	38,374	149,913
Temporary Assistant Chief Constable	*Note 9*	116,305	0	0	0	0	116,305	40,369	156,674
Assistant Chief Constable		134,830	0	0	0	0	134,830	47,595	182,425
Assistant Chief Constable*	*Note 2*	137,078	0	12,780	0	0	149,858	45,686	195,544
Director of Resources	*Notes 10 & 11*	151,309	0	0	4,888	85,000	241,197	25,617	266,814
Temporary Director of Resources	*Notes 1 & 12*	108,722	0	2,440	0	0	111,162	19,026	130,188
Total CC single entity statements		**1,687,483**	**0**	**26,168**	**5,564**	**85,000**	**1,804,215**	**485,927**	**2,290,142**
Total Group		**2,034,354**	**0**	**26,168**	**5,564**	**85,000**	**2,151,086**	**546,394**	**2,697,480**

Detail	
Note 1 - The expenses allowance paid to indicated Snr Employees is a car allowance	Note 7 - Assistant Chief Constable retired September 2026
Note 2 - The expenses allowance paid to ACC NWROCU is a reloaction allowance	Note 8 - Temporary Assistant Chief Constable from February 2026
Note 3 - New Chief Constable appointed September 2025	Note 9 - Temporary Assistant Chief Constable until May 2025
Note 4 - Chief Constable retired September 2025	Note 10 - Director of Resources retired February 2026
Note 5 - New Deputy Chief Constable appointed December 2025	Note 11 - Other Payment relates to exit package costs
Note 6 - Deputy Chief Constable retired February 2026	Note 12 - Temporary Director of Resources from February 2026

** Costs fully recharged across six Regional Forces (Merseyside, GMP, Cheshire, Cumbria, North Wales and Lancashire)*

21 TERMINATION BENEFITS

21.1 TERMINATION BENEFITS - GROUP

Employee contracts terminated by the Group in 2025/26, the total number of exit packages with total cost per band and total cost of the compulsory and other redundancies are set out in the table below.

Exit Package cost band (including special	Number of compulsory		Number of other		TOTAL number of exit		TOTAL cost of exit	
	2024/25	2025/26	2024/25	2025/26	2024/25	2025/26	2024/25	2025/26
							£000	£000
Less than £20,000	0	0	3	1	3	1	12	7
£20,001 - £40,000	0	0	0	1	0	1	0	23
£80,001 - £100,000	0	0	0	1	0	1	0	85
Total	**0**	**0**	**3**	**3**	**3**	**3**	**12**	**115**

The total cost of £0.115m (£0.012m 2024/25) in the table above represents the charge for exit packages that have been agreed, accrued for, and charged to the Group Comprehensive Income and Expenditure Statement for the current year. There are no accrued costs for 2025/26 included above.

21.2 TERMINATION BENEFITS - PCC

There have been no costs charged or incurred in the PCC Comprehensive Income and Expenditure Statement for exit packages for 2024/25 or 2025/26.

22 AUDIT COSTS

PCC 2024/25	Group 2024/25		PCC 2025/26	Group 2025/26
£000	£000		£000	£000
115	178	Fees payable for external audit services	115	179
115	**178**	**Total**	**115**	**179**

23 RELATED PARTIES

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

The Chief Constable for Merseyside Police

The PCC has direct control over the Chief Constable's finances, including responsibility for funding of all pensions' liabilities, and is responsible for setting the Police and Crime Plan. The Chief Constable retains operational independence and operates within the budget set by the PCC, to deliver the aims and objectives set out in the Police and Crime Plan. Section 28 of the Police Reform and Social Responsibility Act 2011 requires that the local authorities covered by the police area must establish a Police and Crime Panel (PCP) for that area. The PCP scrutinises the decisions of the PCC, reviews the Police and Crime Plan and has a right of veto over the precept.

Central Government

Central Government has effective control over the general operations of the Group and the PCC – it is responsible for providing the statutory framework within which the Group and the PCC operate and provides

the majority of funding in the form of grants. Grants received from government departments are set out in **Note 10** Grant Income.

Senior Officers of the Chief Constable and the Police and Crime Commissioner

The Group and the PCC have considered transactions with:

- The PCC;
- The CC;
- Senior officers of the CC;
- Senior officers of the PCC; and
- Close family/household members of the above.

It has been concluded that there are no material transactions to disclose in this financial year, nor were there any in the prior year.

24 CAPITAL EXPENDITURE AND CAPITAL FINANCING

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

Group and PCC 31st March 2025		Group and PCC 31st March 2026
£000		£000
178,698	**Opening Capital Financing Requirement**	182,216
	Capital Investment	
13,533	Operational assets	16,983
1,104	Lease Additions (see note 11.6 - Leases)	0
	Sources of Finance	
(2,568)	Government grants and other contributions	(500)
(1,138)	Revenue financing	(1,538)
(711)	Use of reserves	(1,601)
(636)	Capital receipts	(273)
(5,832)	Minimum revenue provision	(6,358)
(235)	Repayment for inherited debt	(235)
182,216	**Closing Capital Financing Requirement**	188,693
	Explanation of Movements in Year	
1,104	Opening Balance in respect of Right-of-use Assets as explained in Note 11.6 - Leases	0
8,246	Increase in underlying need to borrow in respect of capital expenditure not financed by other means (and unsupported by government financial assistance, including new leases	12,836
(5,832)	Decrease in underlying need to borrow in respect of Minimum Revenue Provision for the year	(6,358)
3,517	**(Decrease) / Increase in Capital Financing Requirement**	6,478

25 CHARGE TO CC FOR ASSETS CONSUMED IN THE YEAR

The PCC charges the CC for operational assets consumed in the year. The annual depreciation charge, impairments and upward and downward valuations chargeable to the PCC's Comprehensive Income and Expenditure Statement are considered to be a reasonable proxy as the basis of the charge. The following charges have been made:-

2024/25		2025/26
£000		£000
22,519	Depreciation	18,773
8,334	Impairment and upward/downward valuations	374
2,403	Amortisation	996
33,255		**20,143**

26 JOINT ARRANGEMENTS

The Group is a part of several collaborative Joint Arrangements – such as the North West Regional Organised Crime Group, and The West Coast Collaboration – however none of these individual Joint Arrangements has a material impact upon the Group Accounts.

27 EXPENDITURE AND FUNDING ANALYSIS (EFA)

27.1 The Group Expenditure and Funding Analysis (EFA)

This Analysis takes the net expenditure that is chargeable to taxation and reconciles it to the Comprehensive Income and Expenditure Statement. The Expenditure and Funding Analysis shows how annual expenditure is used and funded from by the Group in comparison with those resources consumed or earned by the Group in accordance with generally accepted accounting practices. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

2024/25								2025/26					
	Adjustments between funding and accounting basis								Adjustments between funding and accounting basis				
Net Expenditure Chargeable to the General Fund Balance	Adjustments for Capital Purposes	Net change for Pensions Adjustments	Other differences	Total Adjustments	Net Expenditure in the Comprehensive Income and Expenditure Statement	Group	Note	Net Expenditure Chargeable to the General Fund Balance	Adjustments for Capital Purposes	Net change for Pensions Adjustments	Other differences	Total Adjustments	Net Expenditure in the Comprehensive Income and Expenditure Statement
£000	£000	£000	£000	£000	£000			£000	£000	£000	£000	£000	£000
514,842	33,252	(124,252)	804	(90,195)	424,647	Police Services		531,426	20,143	(136,000)	669	(115,187)	416,239
514,842	**33,252**	**(124,252)**	**804**	**(90,195)**	**424,647**	**Net Cost of Services**		**531,426**	**20,143**	**(136,000)**	**669**	**(115,187)**	**416,239**
(510,950)	**(9,929)**	**176,560**	**(1,061)**	**165,571**	**(345,379)**	Other Income and expenditure		(528,109)	(18,821)	188,985	674	170,838	(357,271)
3,892	**23,324**	**52,308**	**(256)**	**75,375**	**79,267**	**(Surplus) / Deficit**		**3,319**	**1,322**	**52,985**	**1,343**	**55,651**	**58,968**
(48,559)						**Opening General Fund Balance**	MiRS	**(44,686)**					
3,872						(Surplus)/Deficit on General Fund Balance		3,319					
(44,687)						**Closing General Fund Balance**		**(41,367)**					

27.2 The PCC Expenditure and Funding Analysis (EFA)

This Analysis takes the net expenditure that is chargeable to taxation and reconciles it to the Comprehensive Income and Expenditure Statement. The Expenditure and Funding Analysis shows how annual expenditure is used and funded from by the PCC in comparison with those resources consumed or earned by the PCC in accordance with generally accepted accounting practices. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

2024/25								2025/26						
	Adjustments between funding and accounting basis							Adjustments between funding and accounting basis						
Net Expenditure Chargeable to the General Fund Balance	Adjustments for Capital Purposes	Net change for Pensions Adjustments	Other differences	Total Adjustments	Net Expenditure in the Comprehensive Income and Expenditure Statement	PCC	Note	Net Expenditure Chargeable to the General Fund Balance	Adjustments for Capital Purposes	Net change for Pensions Adjustments	Other differences	Total Adjustments	Net Expenditure in the Comprehensive Income and Expenditure Statement
£000	£000	£000	£000	£000	£000			£000	£000	£000	£000	£000	£000
520,673	33,252	(74)	(5,832)	27,346	548,020	Police Services		537,784	20,143	(106)	(6,358)	13,679	551,463
520,673	**33,252**	**(74)**	**(5,832)**	**27,346**	**548,020**	**Net Cost of Services**		**537,784**	**20,143**	**(106)**	**(6,358)**	**13,679**	**551,463**
(516,781)	**(4,096)**	**26**	**(1,061)**	**(5,131)**	**(521,912)**	Other Income and expenditure		(534,466)	(12,462)	0	674	(11,789)	(546,255)
3,892	**29,156**	**(48)**	**(6,893)**	**22,215**	**26,107**	**(Surplus) / Deficit**		**3,318**	**7,681**	**(106)**	**(5,685)**	**1,890**	**5,208**
(48,559)						**Opening General Fund Balance**		**(44,685)**					
3,872						(Surplus)/Deficit on General Fund Balance	MiRS	3,318					
(44,687)						**Closing General Fund Balance**		**(41,367)**					

28 EXPENDITURE AND INCOME ANALYSED BY NATURE & DISAGGREGATION OF REVENUE

28.1 Expenditure and Income Analysed by Nature

This note takes the expenditure and income reported for the year in the Comprehensive Income and Expenditure Statement for the PCC and the Group, and further analyses it by nature.

PCC 2024/25	Group 2024/25		PCC 2025/26	Group 2025/26
£000	£000		£000	£000
1,457	382,656	Employees	1,452	390,027
32	13,419	Premises	31	13,061
0	8,882	Transport	0	9,513
244	50,224	Supplies & Services	219	52,137
24,921	24,921	Depreciation & Amortisation	19,769	19,769
8,334	8,334	Revaluation Losses	374	374
592	15,992	Other Services Expenses	605	14,814
625,476	0	Funding to the CC	632,613	0
661,056	**504,428**	**Gross Cost of Service**	**655,063**	**499,696**
(113,038)	(79,783)	Service Income	(103,601)	(83,457)
548,018	**424,645**	**Net Cost of Service**	**551,462**	**416,238**
571	571	(Profit)/Loss on Disposal of Assets	(8,598)	(8,598)
6,687	6,687	Interest Payable and Similar	5,861	5,861
(2,899)	(2,899)	Interest and Investment Income	(2,149)	(2,149)
21	176,102	IAS 19 Pension Net Interest	(7)	188,317
(80,566)	(80,566)	Pension Top Up Grant	(75,443)	(75,443)
5	458	IAS 19 Admin Fees	7	668
471,837	**524,998**		**471,134**	**524,895**
(170,771)	(170,771)	Police Main Grant	(181,837)	(181,837)
(103,112)	(103,112)	Precept Income	(112,201)	(112,201)
(1,061)	(1,061)	Deficit/Surplus on Collection Fund	674	674
(2,966)	(2,966)	Capital Grants and Contribution	(500)	(500)
(139,387)	(139,387)	Ex-DCLG formula funding	(144,551)	(144,551)
(12,795)	(12,795)	Pensions Grant	(11,870)	(11,870)
(1,538)	(1,538)	Council Tax Freeze Grant	(1,538)	(1,538)
(14,103)	(14,103)	Council Tax Support Funding	(14,103)	(14,103)
26,105	**79,266**	**Deficit / (Surplus) on Provision of Services**	**5,207**	**58,968**

28.2 Disaggregation of Revenue from Contracts with Customers

This note considers revenue from contracts with customers under IFRS15, and disaggregates revenue from these customers into primary product lines and timing of revenue recognition (i.e. goods transferred at a point in time or services transferred over time).

2024/25 Group & PCC Policing Services		2025/26 Group & PCC Policing Services
£000		£000
23,676	Services transferred over time	(22,451)

29 DEFINED BENEFIT PENSION SCHEMES

29.1 The Police Pension Scheme (Police Officers)

The Police Pension Scheme is a defined benefit scheme, governed by the Police Pensions Regulations 1987 and related regulations. It is an unfunded scheme meaning that there are no investment assets built up to meet the pension liabilities. Following the introduction of the new financial arrangements for police officer payments, a top up grant is received from the Home Office to meet the costs of pensions. The amounts remaining to be paid from the Police Grant are the notional employer contributions, charges for ill health retirements and injury awards.

The police officers make a contribution of between 12.88% and 14.22% of their salary (depending on which scheme they are in and their annual earnings). In total £24.690m in 2025/26 (2024/25 £23.500m) of members contributions have been netted off against retirement benefits payable to pensioners in the Group financial statements. The cost to the Group of employer's contributions for police officers was £75.684m in 2025/26 (2024/25 £72.589m). The PCC does not recognise the cost of employing police officers and therefore does not recognise any associated pension costs.

The fund is drawn up in accordance with the policies in the Statement of Accounting Policies. The fund's financial statements do not take into account liabilities to pay pensions and other benefits after the period end. The weighted average duration of the defined benefit obligation is estimated at around 13 years for the Old 1987 Police Pension Scheme, at around 25 years for the 2006 Police Pension Scheme and at around 28 years for the 2015 Police Pension Scheme.

As part of the terms and conditions of employment of its officers and other employees, the Group offers retirement benefits. Although these benefits will not actually be payable until employees retire, the Group has a commitment to make the payments which need to be disclosed at the time that the employees earn their future entitlement. Details of liabilities for police officers are shown at **Note 29.11**.

Contributions to the plan for the Financial Year 2026/27 are estimated to be £77.684m.

29.2 The Local Government Pension Scheme (Police Staff)

The Local Government Pension Scheme (LGPS) for police staff is administered by Merseyside Superannuation Fund. This is a defined benefit scheme, which is funded by a dedicated portfolio of assets to fund any liabilities of the scheme. The Group and employees pay contributions into a fund, calculated at a level intended to balance the pension liability with investment assets. In addition, the Group has made arrangements for the payment of added years to certain retired employees outside the provision of the scheme. The cost to the Group of employer's contributions for police staff was £14.837m in 2025/26 (2024/25 £14.177m) **Note 29.12**. Details of liabilities for Police Staff are shown at **Note 29.11**.

The duration of the defined benefit obligation for the Police Staff Pension Scheme is estimated at 15 years for the Group and 15 years for the PCC.

Contributions to the plan for the Financial Year 2026/27 are estimated to be £15.282m.

29.3 Sensitivity Analysis of Actuarial Assumptions

A sensitivity analysis has been included showing the possible impact on the net defined benefit obligation of changes in the actuarial assumptions (see **Note 29.9**). The sensitivity analysis has been calculated by assessing changes in the actuarial assumptions, including projected income and expenditure figures for the following year. No assessment has been allowed for the effects of changes in the yields on corporate bonds, as this would

have an immaterial effect on the figures. It is important to note that all figures provided are approximate only and would be expected to change were the figures fully recalculated.

29.4 Pensions Risk – Police Staff Pensions Scheme

Wirral Borough Council is the administering authority for Merseyside Pension Fund (MPF) (a Local Government Pension Scheme – LGPS) and has delegated responsibility and accountability for overseeing the fund to the Pensions Committee who have identified the following risks:-

Financial Risks

- Investment markets failing to perform in line with expectations;
- Market yields move at variance with assumptions;
- Investment Fund Managers fail to achieve targets; and
- Pay and price inflation is significantly more or less than anticipated.

Demographic Risks

- Longevity horizons continue to expand; and
- Deteriorating pattern of early retirements.

Regulatory Risks

- Changes to regulations; and
- Changes to national pension requirements and/or HMRC rules.

These risks are managed through the MPF Pensions Committee which meet 4 or 5 times a year and has set up an Investment Monitoring Working Party which meets at least 6 times a year to monitor investment performance and developments. The Committee has delegated powers to the Director of Finance of MPF for the day to day running of the fund.

Risks are actively monitored between the full triennial actuarial valuations and the funding strategy is reviewed between valuations if there are significant movements such as significant change in market conditions and/or deviation in the progress of the funding strategy, if there are significant changes to the Fund membership, or LGPS benefits, or other changes of circumstances.

29.5 Pensions Risk – Police Pensions Scheme

This situation is different for the Police Pension Scheme for which all future pensions obligations are effectively under-written in full by legislation in the form of the Police Pension Fund Regulations 2007, which commits the Government to funding all ongoing liabilities of the Police Pension Schemes 1987, 2006 and 2015 (through the reimbursement mechanism of the police top up grant).

29.6 Pension Costs Group

The Group recognises the cost of retirement benefits in the Cost of Services when employees earn them rather than when they are eventually paid as pensions. However, the charge required to be made against the precept is based on the cash payable in the year, so the real cost of retirement benefits is reversed out in the Movement in Reserves Statement. The following transactions have been made during the year:-

Group	Local Government Pension Scheme		Police Pension Scheme									TOTAL
	2024/25	2025/26	2024/25	2024/25	2024/25	2024/25	2024/25	2025/26	2025/26	2025/26	2025/26	2025/26
	LOCAL GOV'T SCHEME £000	LOCAL GOV'T SCHEME £000	1987 POLICE SCHEME £000	2006 POLICE SCHEME £000	2015 POLICE SCHEME £000	PPS TOTAL £000	GRAND TOTAL £000	1987 POLICE SCHEME £000	2006 POLICE SCHEME £000	2015 POLICE SCHEME £000	PPS TOTAL £000	GRAND TOTAL £000
Net Cost of Services												
Current service cost	13,829	10,067	2,370	100	27,360	**29,830**	**43,659**	1,470	170	18,450	**20,090**	**30,157**
Past service cost	6	10	0	0	0	**0**	**6**	0	0	0	**0**	**10**
Administrative expenses	458	668	0	0	0	**0**	**458**	0	0	0	**0**	**668**
Net Operating Expenditure												
Interest cost	28,506	35,474	151,320	7,300	17,770	**176,390**	**204,896**	161,260	7,250	20,210	**188,720**	**224,194**
Expected return on assets	(28,794)	(35,877)	0	0	0	**0**	**(28,794)**	0	0	0	**0**	**(35,877)**
Loss on curtailments	0	0	0	0	0	**1**	**1**	0	0	0	**0**	**0**
Net charge reflected in the Surplus or Deficit on Provision of Services	**14,005**	**10,342**	**153,690**	**7,400**	**45,130**	**206,221**	**220,226**	**162,730**	**7,420**	**38,660**	**208,810**	**219,152**
Experience gains and losses arising on the defined benefit obligation	**150**	**(17,876)**	**(1,100)**	**(820)**	**1,660**	**(260)**	**(110)**	**(92,300)**	**(55,810)**	**156,080**	**7,970**	**(9,906)**
Changes in financial assumptions underlying the present value of the defined benefit obligation	**79,777**	**55,772**	**309,270**	**32,400**	**75,370**	**417,040**	**496,817**	**87,920**	**8,260**	**13,390**	**109,570**	**165,342**
Changes in democratic assumptions underlying the present value of the defined benefit obligation	**1,574**	**4,419**	**3,200**	**500**	**1,770**	**5,470**	**7,044**	**0**	**0**	**0**	**0**	**4,419**
Effect of asset ceiling	**(81,309)**	**(46,789)**	**0**	**0**	**0**	**0**	**(81,309)**	**0**	**0**	**0**	**0**	**(46,789)**
Remeasurement of the net defined benefit liability	**192**	**(4,474)**	**311,370**	**32,080**	**78,800**	**422,250**	**422,442**	**(4,380)**	**(47,550)**	**169,470**	**117,540**	**113,066**
Net charge to the Comprehensive Income and Expenditure Statement	**14,197**	**5,868**	**465,060**	**39,480**	**123,930**	**628,471**	**642,668**	**158,350**	**(40,130)**	**208,130**	**326,350**	**332,218**
Movement in Reserves Statement												
Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post employment benefits in accordance with the Code	**(14,005)**	**(10,342)**	**(153,690)**	**(7,400)**	**(45,130)**	**(206,221)**	**(220,226)**	**(162,730)**	**(7,420)**	**(38,660)**	**(208,810)**	**(219,152)**
Actual amount charged against revenue for pensions in the year:												
Employers contributions payable to the scheme and retirement benefits payable to pensioners	**14,177**	**14,837**	**174,700**	**540**	**(21,500)**	**153,740**	**167,917**	**172,470**	**810**	**(21,950)**	**151,330**	**166,167**
IAS 19 remeasurements charged against other comprehensive income and expenditure	**192**	**(4,474)**	**311,370**	**32,080**	**78,800**	**422,250**	**422,442**	**(4,380)**	**(47,550)**	**169,470**	**117,540**	**113,066**

29.7 Pension Assets and Liabilities Recognised in the Balance Sheet

The liabilities show the underlying commitments that the Group has in the long-run to pay retirement benefits. The total net liability of £3,345m has a substantial impact on the net worth of the Group as recorded in the Balance Sheet, resulting in a Group net liability of £3,051m. However, statutory arrangements for funding the deficit means that the financial position of the Group remains healthy:-

- Any deficit on the Local Government Scheme will be made good by increased contributions over the remaining working life of employees, as assessed by the scheme actuary; and
- From 1st April 2006 the payments made in the year for police pensions are partly funded from a Home Office grant under new funding arrangements.

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc. The Local Government Scheme liabilities have been assessed by Mercer Ltd, an independent firm of actuaries. Estimates for the Local Government Scheme are based on the latest full valuation of the scheme as at 31st March 2025. The Police Scheme liabilities have been assessed by the Government Actuary's Department using data provided by Group.

Following the pensions valuation by the LGPS actuary, the Group determined that the fair value of its pension plan assets outweighed the present value of the plan obligations as at 31st March 2026; resulting in a pension plan asset. IAS19 Employee Benefits requires that, where a pension plan asset exists, it is measured at the lower of the surplus in the defined benefit plan, and the asset ceiling. The calculation has been completed by the actuary, and an adjustment has been made to reflect the asset ceiling value.

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

	Local Government Pension Scheme		Police Pension Scheme								Total	
	31st March 2025	31st March 2026	31st March 2025	31st March 2025	31st March 2025	31st March 2025	31st March 2026	31st March 2026	31st March 2026	31st March 2026	31st March 2025	31st March 2026
	LOCAL GOV'T SCHEME	LOCAL GOV'T SCHEME	1987 POLICE SCHEME	2006 POLICE SCHEME	2015 POLICE SCHEME	TOTAL	1987 POLICE SCHEME	2006 POLICE SCHEME	2015 POLICE SCHEME	TOTAL	GRAND TOTAL	GRAND TOTAL
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Gross Estimated liabilities in scheme	(479,467)	**(515,562)**	(2,938,356)	(128,710)	(337,690)	**(3,404,756)**	(2,932,996)	(182,870)	(228,830)	**(3,344,696)**	**(3,884,223)**	**(3,860,258)**
Gross Estimated assets in scheme	608,285	**698,825**	0	0	0	**0**	0	0	0	**0**	608,285	**698,825**
Effect of Asset Ceiling	(129,409)	**(183,833)**	0	0	0	**0**	0	0	0	**0**	(129,409)	**(183,833)**
Net liability	**(591)**	**(570)**	**(2,938,356)**	**(128,710)**	**(337,690)**	**(3,404,756)**	**(2,932,996)**	**(182,870)**	**(228,830)**	**(3,344,696)**	**(3,405,347)**	**(3,345,266)**

29.8 Asset Ceiling Reconciliation

Local Government Pension Scheme	31st March 2025	31st March 2026
	£000	£000
As at 1st April	**45,841**	**129,409**
Interest on asset ceiling	2,259	7,635
Change in asset ceiling (net of interest)	81,309	46,789
As at 31st March	**129,409**	**183,833**

29.9 Actuarial Assumptions

The main assumptions used in the calculations for the Group and the PCC have been:

	Local Government Pension Scheme - CC		Local Government Pension Scheme - PCC		Police Pension Scheme	
	31st March 2025	31st March 2026	31st March 2025	31st March 2026	31st March 2025	31st March 2026
Rate of inflation	2.6%	2.9%	2.6%	2.9%	2.7%	3.0%
Short term rate of increase in salaries	4.1%	4.4%	4.1%	4.4%	3.5%	3.7%
Long term rate of increase in salaries	n/a	n/a	n/a	n/a	3.5%	3.7%
Rate of increase in pensions	2.7%	3.0%	2.7%	3.0%	2.7%	3.0%
Rate for discounting scheme liabilities	5.9%	6.2%	5.9%	6.2%	5.7%	6.1%
Mortality Rates (in years)						
Longevity at 65 for future pensioners (Men)	22.1	21.8	22.1	21.8	23.3	23.4
Longevity at 65 for future pensioners (Women)	25.2	24.8	25.2	24.8	25.2	25.3
Longevity at 65 for current pensioners (Men)	20.8	20.6	20.8	20.6	21.9	22.0
Longevity at 65 for current pensioners (Women)	23.5	23.3	23.5	23.3	23.9	24.0

29.10 Actuarial Assumptions – Sensitivity Analysis

	2025/26				
	Local Gov't Pension Scheme	Police Pension Scheme			TOTAL
		1987 SCHEME	2006 SCHEME	2015 SCHEME	
Change in Actuarial Assumption	£000	£000	£000	£000	£000
Unadjusted deficit	(570)	(2,932,996)	(182,870)	(228,830)	**(3,345,266)**
+0.1% change in discount rate	7,059	36,000	4,200	5,600	**52,859**
+0.1% change in pay growth (salaries)	(1,344)	(3,400)	(2,000)	0	**(6,744)**
+0.1% change in inflation (pensions)	(7,444)	(36,000)	(2,600)	(6,800)	**(52,844)**
+1 year increase in life expectancy	(10,293)	(76,000)	(3,000)	(4,000)	**(93,293)**

29.11 Reconciliation of Present Value of Scheme Liabilities Group

	LGPS Funded Liabilities		Police Pension Scheme Unfunded Liabilities								TOTAL
	2024/25	2025/26	2024/25				2025/26				
	£000	£000	1987 SCHEME £000	2006 SCHEME £000	2015 SCHEME £000	TOTAL £000	1987 SCHEME £000	2006 SCHEME £000	2015 SCHEME £000	TOTAL £000	GRAND TOTAL £000
As at 1st April	(543,412)	**(479,462)**	(3,270,736)	(153,930)	(349,860)	**(3,774,526)**	(2,938,356)	(128,710)	(337,690)	**(3,404,756)**	**(3,884,218)**
Current service costs	(13,829)	**(10,067)**	(2,370)	(100)	(27,360)	**(29,830)**	(1,470)	(170)	(18,450)	**(20,090)**	**(30,157)**
Interest costs	(26,247)	**(27,839)**	(151,320)	(7,300)	(17,770)	**(176,390)**	(161,260)	(7,250)	(20,210)	**(188,720)**	**(216,559)**
Members contributions	(5,985)	**(6,278)**	0	0	(23,500)	**(23,500)**	0	0	(24,690)	**(24,690)**	**(30,968)**
IAS 19 remeasurements	88,500	**(13,404)**	311,370	32,080	78,800	**422,250**	(4,380)	(47,550)	169,470	**117,540**	**104,136**
Benefits paid	21,517	**21,503**	174,700	540	2,000	**177,240**	172,470	810	2,740	**176,020**	**197,523**
Past service costs	(6)	**(10)**	0	0	0	**0**	0	0	0	**0**	**(10)**
As at 31st March	**(479,462)**	**(515,557)**	**(2,938,356)**	**(128,710)**	**(337,690)**	**(3,404,756)**	**(2,932,996)**	**(182,870)**	**(228,830)**	**(3,344,696)**	**(3,860,253)**

29.12 Reconciliation of Present Value of Scheme Assets Group

	LGPS Funded Assets	
	2024/25	2025/26
	£000	£000
As at 1st April	**588,303**	**608,285**
Expected return on assets	**28,794**	**35,877**
Administrative expenses	**(458)**	**(668)**
IAS 19 remeasurements	**(6,999)**	**55,719**
Employers contributions	**14,177**	**14,837**
Members contributions	**5,985**	**6,278**
Benefits paid	**(21,517)**	**(21,503)**
As at 31st March	**608,285**	**698,825**

29.13 Fair Value of Plan Assets Group

	Assets as at 31st March 2024/25		Assets as at 31st March 2025/26	
	£000	%	£000	%
Equity investments	332,198	54.6%	**363,598**	**52.0%**
UK Government bonds	6,450	1.1%	**14,676**	**2.1%**
Other bonds	28,440	4.7%	**61,985**	**8.9%**
Property	65,641	10.8%	**66,528**	**9.5%**
Cash/liquidity	11,557	1.9%	**35,431**	**5.1%**
Other	163,996	27.0%	**156,610**	**22.4%**
Total	**608,282**	**100.0%**	**698,828**	**100.0%**

29.14 Scheme History Group

Group	2021/22	2022/23	2023/24	2024/25	2025/26
	£000	£000	£000	£000	£000
Present Value of Scheme Liabilities					
Local Government Pension Scheme	(777,047)	(553,269)	(589,258)	(608,876)	(699,395)
Police Pension Scheme	(5,090,286)	(3,751,486)	(3,774,526)	(3,404,756)	(3,344,696)
	(5,867,333)	**(4,304,755)**	**(4,363,784)**	**(4,013,632)**	**(4,044,091)**
Fair Value of Assets (LGPS)					
Local Government Pension Scheme	**573,352**	**552,766**	**588,303**	**608,285**	**698,825**
Deficit in Scheme					
Local Government Pension Scheme	(203,695)	(503)	(955)	(591)	(570)
Police Pension Scheme	(5,090,286)	(3,751,486)	(3,774,526)	(3,404,756)	(3,344,696)
	(5,293,981)	**(3,751,989)**	**(3,775,481)**	**(3,405,347)**	**(3,345,266)**

29.15 Remeasurements of the Net Defined Benefit Liability Group

Group	2021/22		2022/23		2023/24		2024/25		2025/26	
Local Government Scheme	£000	%	£000	%	£000	%	£000	%	£000	%
Difference between the expected and	**37,626**	**7.2**	**(39,899)**	**(7.0)**	**8,714**	**1.5**	**(6,999)**	**(1.2)**	**55,719**	**8.0**
Differences between actuarial assumptions	**0**		**0**		**0**		**0**		**0**	
Changes in the demographic and financial	**21,135**	**(4.1)**	**265,604**	**(46.3)**	**(8,097)**	**1.4**	**7,191**	**(1.2)**	**(60,193)**	**8.6**
	58,761		**225,705**		**617**		**192**		**(4,474)**	
Police Pension Scheme										
Difference between the expected and	**0**		**0**		**0**		**0**		**0**	
Changes in the demographic and financial	**42,980**	**(0.9)**	**1,430,040**	**(30.0)**	**34,390**	**(0.9)**	**422,250**	**(12.4)**	**117,540**	**(3.5)**
	42,980		**1,430,040**		**34,390**		**422,250**		**117,540**	
Total IAS 19 Remeasurements	**101,741**		**1,655,745**		**35,007**		**422,442**		**113,066**	

29.16 Plan Asset Fair Value Disaggregation Group

Group	2024/25*			2025/26		
	£000	£000	£000	£000	£000	£000
Asset Classification	**Quoted Market price**	**No Quoted Market price**	**TOTAL**	**Quoted Market price**	**No Quoted Market price**	**TOTAL**
Equities						
UK	78,063	1,668	79,731	77,849	1,817	79,666
Global	155,056	97,411	252,467	171,841	112,091	283,932
	233,119	**99,079**	**332,198**	**249,690**	**113,908**	**363,598**
Bonds						
Overseas Government	2,802	0	2,802	10,133	0	10,133
Collateralized Bonds	28	0	28	0	0	0
UK Government	6,450	0	6,450	14,676	0	14,676
UK Corporate	3,609	0	3,609	8,176	0	8,176
UK Index Linked	15,571	0	15,571	35,640	0	35,640
Overseas Corporate	3,495	0	3,495	8,246	0	8,246
Derivative Contracts	0	2,935	2,935	0	(210)	(210)
	31,955	**2,935**	**34,890**	**76,871**	**(210)**	**76,661**
Property						
UK Direct Property	6,195	26,488	32,683	10,692	25,228	35,920
UK Property Managed	600	15,412	16,012	280	15,863	16,143
Global Property Managed	0	16,946	16,946	0	14,465	14,465
	6,795	**58,846**	**65,641**	**10,972**	**55,556**	**66,528**
Other						
UK Private Equity	2	32,226	32,228	5	32,985	32,990
Global Private Equity	398	25,554	25,952	624	21,315	21,939
UK Hedge Funds	0	66	66	0	70	70
Global Hedge Funds	0	16,146	16,146	0	15,654	15,654
Global Infrastructure	0	19,161	19,161	0	21,264	21,264
UK Infrastructure	0	34,148	34,148	0	33,455	33,455
UK Opportunities	0	8,540	8,540	0	9,504	9,504
Global Opportunities	934	26,821	27,755	490	21,244	21,734
	1,334	**162,662**	**163,996**	**1,119**	**155,491**	**156,610**
Cash						
Cash Accounts	0	3,203	3,203	0	3,215	3,215
Cash Instruments	8,354	0	8,354	32,216	0	32,216
	281,557	**326,725**	**608,282**	**370,868**	**327,960**	**698,828**

**2024/25 comparative figures have been restated, reclassifying £3.203m of 'Cash' assets from 'Unquoted' to 'Quoted'.*

Claims Arising from the Transitional Provisions in the Police Pension Regulations 2015

Claims of age discrimination were brought in relation to the terms of transitional protection by groups of firefighters and members of the Judiciary in the McCloud/Sargeant legal case (referred herein as "McCloud") and the Court of Appeal handed down its judgment on this claim on 20th December 2018, ruling that the transitional protection arrangements were discriminatory on the basis of age. As a result, the cost control element of the 2016 valuation was paused whilst the Government addressed the need to remedy this discrimination across all public service pension schemes. The cost cap mechanism for the 2016 valuation has since been un-paused and the calculations complete, with the outcome being no changes to benefits or contributions.

Legal Claims

In respect of the McCloud Pension case, claimants have lodged claims for compensation under two active sets of litigation, Aarons, and Penningtons.

- Government Legal Department settled the injury to feelings claims for Aarons on behalf of Chief Officers without seeking any financial contributions. The settlement of the injury to feelings claims for Aarons sets a helpful precedent, therefore no liability in respect of compensation claims is recognised in these accounts. Pecuniary loss claims remain stayed under advice from Counsel, but it is expected that most of these claims will be settled under the current compensation mechanism that is provided for under the Public Service Pensions & Judicial Offices Act (PSPJOA) 2022.
- As at 31st March 2026, it is not possible to reliably estimate the extent or likelihood of Penningtons claims being successful, and therefore no contingent liability in respect of compensation claims is recognised in these accounts.

29.17 Impact of High Court Ruling in the case of Virgin Media vs NTL Pensions Trustees

Background

In June 2023 the High Court ruled in the case of Virgin Media Limited v NTL Pension Trustees. The ruling was that certain pension scheme rule amendments were invalid if they were not accompanied by the correct actuarial confirmation. The High Court ruling was appealed, and in a judgment delivered on 25th July 2024, the Court of Appeal unanimously upheld the decision of the High Court. On 5th June 2025, the Government announced that it will 'introduce legislation to give affected pension schemes the ability to retrospectively obtain written actuarial confirmation that historic benefit changes met the necessary standards.' Once the legislation has been passed, affected pension schemes will be able to obtain written confirmation from an actuary about the benefit changes that were previously made and apply that confirmation retrospectively without making the plan amendments void, if the changes met the necessary standards.

Current Position

The latest position on PPS is that GAD has undertaken a review of historical rule amendments and confirmed that the correct actuarial confirmation is in place, and therefore concluded this judgement has no impact.
The latest position on LGPS is that GAD is in the process of reviewing historical rule amendments. In 2024 GAD has located the relevant certificates in respect of the 2014 reforms, and believes a certificate will have been prepared in respect of the 2008 reforms, but the initial electronic search for this has meant paper files would now need to be retrieved from archive storage to try and locate this. As at 30th June 2026 no update has been received as to whether the certificate in respect of the 2008 reforms has been located.

The legal case and its applicability to LGPS is currently too uncertain to recognise any impact; but management will continue to monitor developments.

30 CONTINGENT ASSETS & LIABILITIES

30.1 Contingent Assets

There are no contingent assets at 31st March 2026, nor were there any at the previous year-end.

30.2 Contingent Liabilities

Due to potential liabilities that the Force may face regarding the ongoing requirements to pay long standing claims against Municipal Mutual Insurance (MMI), it is prudent to identify a contingent liability in the statement of accounts. It is an unknown amount and has unknown longevity due to the nature if the claims.

31 RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

GROUP & PCC	Long-term borrowings	Short-term borrowings	Leases	Total liabilities from financing activities
	£000	£000	£000	£000
Balance As At 1st April 2024	**99,471**	**75,061**	**1,104**	**175,636**
Financing cash flows	18,433	(20,494)	0	(2,061)
Other non-financing cash flows	(1,092)	1,092	(410)	(410)
Balance As At 31st March 2025	**116,812**	**55,659**	**693**	**173,164**
Financing cash flows	0	(18,659)	0	(18,659)
Other non-financing cash flows	(13,264)	13,264	(551)	(551)
Balance As At 31st March 2026	**103,548**	**50,264**	**142**	**153,954**

PENSION FUND ACCOUNT

The CC is responsible for administering the Police Pension Fund in accordance with the Police Reform and Social Responsibility Act 2011. During the year all payments and receipts are made to and from the Police Fund. The Pension Fund Account reflects the pension arrangements from 1st April 2025 to 31st March 2026 and does not take account of liabilities to pay pensions or other benefits after the period end. The pension transactions are split between two separate accounts. The Pension Fund Account has no investment assets and all of its transactions are reimbursed by a contribution from the PCC that the PCC recoups from central Government through the Pensions Top-Up Grant. The remainder of Pensions expenditure resides within the Group, and can be found in the PCC, the CC and Group Statement of Accounts. The Pension Fund Account has been prepared in line with similar accounting policies to the PCC and Group. This statement does not form part of the PCC or Group Statement of Accounts. The long-term pension obligations of the Group are disclosed on the Balance Sheet.

2024/25	Pension Fund Account	2025/26
£000		£000
	Income	
	Contributions Receivable	
(61,635)	Police employers pension contribution income	(64,741)
162	Employees pension contributions (Police Pension Scheme 1987)	0
0	Employees pension contributions (Police Pension Scheme 2006)	0
(23,286)	Employees pension contributions (Police Pension Scheme 2015)	(24,447)
(120)	Employees pension contributions McCloud Remedy	(104)
	Other	
(211)	Police transfer value receivable	(241)
(1,873)	Capital equivalent income - ill health pensions	(1,424)
(86,964)	**Total Income**	**(90,956)**
	Expenditure	
	Benefits Payable	
148,743	Police pensions	152,406
2,148	Police ill health commutations	1,589
16,554	Police ordinary commutations	11,522
86	Police death in service grant	232
	Other	
0	Refunds of contributions	133
0	Police transfer value payable	516
167,530	**Total Expenditure**	**166,399**
80,566	**Net Amount Payable/(Receivable) before top-up grant**	**75,443**
(80,566)	Additional contribution from the PCC	(75,443)
(0)	**Net Amount Payable/(Receivable)**	**0**

31st March 2025	Net Assets Statement	31st March 2026
£000	**Net Current Assets and Liabilities**	£000
	Creditors/Receipts in Advance	0
0	Unpaid pension benefits	0
0	Employers contributions received in advance	0
0	Employees contributions received in advance	0
0	Amount to be reimbursed to PCC for refund of pension benefits	0
	Debtors/Prepayments	
0	Owed to pension fund from PCC for unpaid pension benefits	0
0	Refund of pension benefits	0
0	**Total Net Assets**	**0**

Annual Governance Statement

1. Scope of Responsibilities

The Police and Crime Commissioner for Merseyside ('the PCC') is responsible for ensuring that its business is conducted in accordance with the law and proper standards, that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The PCC also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

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

The PCC and Chief Constable have approved and adopted a Joint Code of Corporate Governance, consistent with the principles of The Chartered Institute of Public Finance and Accountancy (CIPFA)/ The Society of Local Authority Chief Executives (SOLACE) Framework: Delivering Good Governance in Local Government 2016, which sets out the PCC's and Chief Constable's shared approach to integrating the core good governance principles into the conduct of the business, and sets out the arrangements for reviewing their effectiveness. A copy of the Code is available on the PCC's website at www.merseysidepcc.info.

This statement explains how the PCC has complied with the Code and also meets the requirements of Regulation 6 and 10 of the Accounts and Audit regulations 2015 in relation to the review of the internal control system and the publication of the Annual Governance Statement.

In drafting the PCCs Annual Governance Statement reliance has been placed on the governance processes within the Merseyside Police Service, as reflected in the Chief Constable's Annual Governance Statement which is published alongside the accounts of the Chief Constable.

2. The Purpose of the Governance Framework

Governance comprises the arrangements put in place to ensure that the intended outcomes for stakeholders are defined and achieved. To deliver good governance in the public sector, both governing bodies and individuals working for public sector entities (e.g., the PCC and Chief Constable) must try to achieve their entity's objectives while acting in the public interest at all times. Acting in the public interest implies primary consideration of the benefits for society, which should result in positive outcomes for service users and other stakeholders.

Although the Chief Constable is responsible for operational policing matters, the direction and control of police personnel, and for putting in place proper arrangements for the governance of the Force, the PCC is required to hold them to account for the exercise of those functions, and those of the persons under their direction and control. It therefore follows that the PCC must satisfy herself that the Force has appropriate mechanisms in place for the maintenance of good governance, and that these operate in practice.

3. The Governance Framework

The Governance Framework comprises the systems, processes, culture and values by which the PCC is directed and controlled, and the activities through which she accounts to and engages with the community. It enables the PCC to monitor the achievement of her strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services, including achieving value for money.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable and foreseeable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide a reasonable, and not an absolute, assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of the PCC's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them effectively, efficiently and economically.

Financial management arrangements conform to the CIPFA Statement on the Role of the Chief Financial Officer of the Police and Crime Commissioner and the Chief Financial Officer of the Chief Constable (2014). The Joint Corporate Governance Framework makes specific references to the CIPFA statement in the Role of Chief Financial Officer of the Police and Crime Commissioner and the Chief Financial Officer of the Chief Constable (2014) in a number of sections including setting out the key responsibilities, implementing good practices in transparency, reporting, and audit, to deliver effective accountability, and outlining the corporate processes, which underpin this commitment.

The core principles that underpinned the governance framework are detailed below, as well as examples of the behaviours and outcomes that demonstrated recognition that the relevant principles were in place during the year.

A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.

The PCC and the Deputy PCC both signed a personal code of conduct on how they would act when fulfilling their roles and to abide by the seven Nolan principles, as well as treat all people with fairness and respect at all times.

In addition, details of their financial and other interests other than as a PCC and Deputy PCC were published on the PCCs web site.

The PCC also disclosed details of all expenses claimed and gifts and hospitality received or given on the PCCs web site. Procedures were also in place to enable any conflicts of interest to be recorded if required.

The PCCs Chief Executive acted as Monitoring Officer to ensure that the PCC and the Office of the Police and Crime Commissioner (OPCC) act within the law at all times. The PCC has established policies and procedures for dealing with complaints against the Chief Constable and the PCC and her staff. During the year there were no reports to the Monitoring Officer with regard to illegal or inappropriate conduct.

Compliance to the Corporate Governance Framework and the Home Office Financial Management Code of Practice ensured that the good governance principles were embedded within the way the OPCC for Merseyside and Merseyside Police operated. As such, the PCC and Chief Constable set the tone for their respective organisations by creating a climate of openness, support, and respect.

The PCC continued to operate Merseyside Independent Custody Visiting Scheme which is designed to make sure people who are detained by the police are held in accordance with the law. There are 24 custody visitors, and they undertook 183 unannounced visits and observed, commented, and reported back to the PCC on the conditions under which people were detained in Force custody Suites.

The PCC also operated an animal welfare scheme, engaging volunteers to make unannounced animal welfare visits to observe and report upon the conditions in which Merseyside Police dogs and horses are housed, trained, and transported.
In 2025/26 there were 7 volunteers, and they undertook 20 unannounced visits to the Mounted and the Dog Sections, making 100 and 91 checks on the horses and dogs, respectively.

B. Ensuring openness and comprehensive stakeholder engagement.

The PCC was fully compliant with the Elected Local Policing Bodies (Specified Information) Order 2011 which sets out the information all Police and Crime Commissioners must make public. This information was published on the PCCs web site. In addition, during the course of the year the PCC published 42 key and other decisions on her website. All the key decisions were scrutinised and endorsed by the Police & Crime Panel.

In January 2026, the PCC commissioned an independent research company to undertake a robust and representative telephone survey to ask the general public whether they would support increasing the precept by £15. A majority of residents (59%) across Merseyside say they are willing to contribute an extra 19p a week (for a Band A property) over the next year in their council tax precept to help protect officers and police staff jobs and help Merseyside Police to keep communities safe. However, 31% did not support the increase and a small percentage were unsure (10%). Those who were not willing to pay the additional precept mainly cited financial constraints influenced by affordability and cost of living pressures, alongside the perception that council tax is already high. The Police & Crime Panel were notified of the proposal to increase the precept and following consideration of the evidence presented, the Panel *"unanimously AGREED to endorse the Commissioner's proposal for a £15 increase in the precept."* Consequently, the precept was increased to the maximum allowable without the need to hold a referendum.

The Independent Scrutiny Panel Members continued to support the PCC in scrutinising and challenging the overall performance of the force including against the priorities agreed within the Police and Crime Plan. The panel members act as a critical friend and support the PCC in holding the Chief Constable to account, provide an independent voice to the PCC's public scrutiny meetings on behalf of the community of Merseyside.

The PCC continued to provide opportunities for the general public to raise issues with her. This has involved inviting the public to submit questions on policing and community safety which she then puts to the Chief Constable and her team during the Public Scrutiny meetings.

In addition, the PCC holds regular advice surgeries to ensure that members of the public have the opportunity to speak to her and raise issues of policing and community safety that she can then use to inform her scrutiny of the Chief Constable and to feed more generally into the priorities established in her Police and Crime Plan. Last year, three of the surgeries took place in person, in different Local Authority areas, while the fourth one was held virtually to increase the availability and accessibility for residents. There are no prescribed topics for advice surgeries and, as such, the public can attend with a host of topics which they may feedback to the PCC or seek help with, all with the aim of further increasing public trust and confidence in policing in Merseyside.

Due to the retirement of the Chief Constable, the PCC undertook an open and transparent recruitment process for a new Chief Constable. Consequently, the PCCs preferred candidate was Rob Carden. The appointment was then subject to a confirmation hearing by the Police & Crime Panel as a means of confirming the candidate's suitability. The Panel were unanimous in its satisfaction that the candidate, met the standards required to fulfil the responsibilities of the post and consequently, recommended that appointment should be supported.

C. Defining outcomes in terms of sustainable service and economic benefits.

The PCC is required by law to produce a Police and Crime Plan for Merseyside. The Plan sets out the clear priorities on which the PCC and her partners will focus their work and the ways in which Merseyside Police will use its resources to deliver excellent policing for the communities of Merseyside. In October 2025, the PCC published the Police and Crime Plan covering 2025 to 2029. The plan sets out three clear priorities which will set the strategic direction for the PCC's work during her second term of office and how she will continue to work with Merseyside Police and partners to deliver your policing and community safety priorities. The Plan focuses on three key priority areas:-

- Fighting Crime and Anti-Social Behaviour;
- Supporting Victims; and
- Preventing Harm.

At the time of writing the PCC was drafting the 2025/26 Annual Report for consideration by the Police & Crime Panel. The report will detail the extensive work conducted by the PCC over the last financial year and give the public the chance to review and appraise her progress in delivering her police and crime priorities. It will also cover the PCC's work to engage with the communities of Merseyside, including her campaigns and the work she conducts in partnership with Merseyside's community safety organisations and the progress of her Victim Care Merseyside service.

The PCC also submitted progress reports to the Police and Crime Panel on each priority during the year.

The PCC, after careful consideration of the options available to her regarding the precept, increased the precept to the referendum threshold, the level at which the PCC could without the need to hold a referendum. Despite maximising the precept, the Force still faced a budget deficit of £8.9m in 2026/27. To bridge this funding gap the Chief Constable an equivalent level of savings thus enabling a balanced budget to be set. With regard the medium term, the assumptions underpinning the financial strategy have been updated and it is now estimated that over the medium term an overall savings requirement of £9.025m will be required.

D. Determining the interventions necessary to optimise the achievement of the intended outcomes.

The Corporate Governance Framework was reviewed and amended to reflect best practice.

The PCC and the Chief Constable maintained and reviewed the Medium-Term Financial Strategy which formed the basis of the annual budget and will provide a framework for evaluating future proposals. The Medium-Term Financial Strategy highlighted the significant financial and operational challenges facing the PCC and the Force over the next five years to balance its budget and achieve the Police and Crime Plan objectives.

The PCC also reviewed the OPCC Risk Register ensuring that all key strategic risks had been identified and controls were put in place to mitigate the potential risks identified. The PCC also had oversight of the Forces Risk Register and strategies to reduce the risks identified.

The Estate Strategy continued to be implemented, and a number of key decisions were taken during the year including the disposal of Canning Place, the old Police Headquarters, and the construction and opening of a new community police station in Newton Le Willows.

The PCC Change Governance Group met on several occasions to consider detailed savings and reinvestment proposals from the Chief Constable and endorsed a number of significant changes within the new Chief Constable implementing a new Force Operating Model.

E. Developing the entity's capacity, including the capability of its leadership and the individuals within it.

The performance development review processes ensured that effective arrangements were in place for reviewing performance and agreeing action plan(s) which included any training and development needs.

Training and awareness sessions, both internal and external, were held for the members of the Joint Audit Committee.

The PCC was an active member of the national Association of Police and Crime Commissioners (APCC) and was elected as Chairperson in September 2024 for a two-year period.
The OPCC Chief Executive and Chief Finance Officer are represented on their national bodies, Association of PCC Chief Executives (APACE) and Police and Crime Commissioners Treasurers Society (PACCTS) respectively.

The PCC has a Deputy PCC who supports the PCC in carrying out her role and provides greater resilience to her office.

F. Managing Risks and Performance through Robust Internal Control and Strong Public Financial Management.

The PCC holds the Chief Constable to account for the performance of the Force against her key priorities. The Forces performance was monitored through the PCCs quarterly Force Public Scrutiny meetings. The Police & Crime Panel and the and Her Majesty's Inspectorate of Constabularies and Fire & Rescue Service (HMICFRS) also monitored the performance of the PCC and the Force, respectively.

The PCCs scheme of corporate governance defined the parameters for key roles in the corporations' sole including schemes of delegations and/or consents from the PCC or Chief Constable, financial regulations and contract standing orders.

The Joint Audit Committee oversaw the completion of the work of Internal and External Audit during the year and ensured that actions arriving from their work had been addressed.

The OPCC manages its data within the bounds of legislation governing the protection of data, ensuring that all data was appropriately stored and shared where necessary. The OPCC utilised the Force IT system to store electronic data and complied with the Forces policies and procedures relating to ICT Acceptable Use and Record Management to safeguard the confidentiality, integrity, and availability of its information. Physical data within the OPCC was held securely with appropriate office and cabinet security provided. In addition, information was provided to members of the public under the Freedom of Information Act, with requests and responses published on the PCC's website, the Accounts and Audit Regulations and the Local Audit and Accountability Act 2014.

The PCC had a number of arrangements in place to minimise the possibility of fraud, these included having a whistleblowing policy and procedure in place and taking part in the National Fraud Initiative, which is a national exercise that matches electronic data within and between public and private sector bodies, such as payroll, pensions, and benefits data.

G. Implementing Good Practices in Transparency, Reporting, and Audit to Deliver Effective Accountability.

The PCC has a well-established web site on which all key decisions made during the year were published, along with the Annual Report. The Police and Crime Panel scrutinised and endorsed all the key decisions taken, as well as the Annual Report. All the information required under the Elected Local Policing Bodies (Specified Information) Order 2011 was also published on the web site.

The PCCs Force Public Scrutiny meetings were held during the year in order to hold the Chief Constable to account and the agenda's, Force presentations and minutes from the meetings were published on the PCCs web site.

The Joint Audit Committee oversaw the completion of the work of Internal and External Audit during the year and ensured that actions arriving from their work was addressed. The Unaudited Annual Statement of Accounts have also been produced and published.

In accordance with the Accounts and Audit Regulations 2015 the Annual Statement of Accounts includes a Narrative Statement. The statement provides information on the financial and non-financial performance, as well as the economy, efficiency, and effectiveness in its use of resources over the financial year.

In accordance with the Police Act 1996 the PCC is required to formally comment on the HMICFRS inspection reports that relate to their Force. During the year, the PCC made and published comments on 7 reports received from the HMICFRS on the PCC's web site. These included responses to the national reports on the inspection of the police response to the public disorder in July and August 2024 and the effectiveness of police and law enforcement bodies' response to group-based child sexual exploitation. These inspection reports form part of the PCCs scrutiny meetings, particularly regarding the progress against the implementation of recommendations and areas for improvement.

4. Review of Effectiveness

The PCC has responsibility for conducting, at least annually, a review of the effectiveness of the Governance Framework, including the system of internal control and internal audit. The Chief Officers within the OPCC have undertaken these reviews by reviewing the Assurance Framework, in particular taking into account the work of the Joint Audit Committee and Shared Internal Audit Service MIAA. Reports and comments made by the External Auditors Forvis Mazars, the Police and Crime Panel and HMICFRS have also informed this review, as well as observations and evidence from the PCC Governance meetings.

Assurance Framework

The PCC has an Assurance Framework, which is a structured means of identifying and mapping the key sources of assurance within the OPCC and comprises of evidence to support the Annual Governance Statement. The key assurances are:-

(i) OPCC Chief Officers Annual Assurance Statements

The PCC has appointed two Statutory Officers, i.e., the Chief Executive (who also acts as the Monitoring Officer) and Chief Finance Officer, to support the PCC in ensuring compliance.

Chief Executive – is the Head of Paid Service and undertakes the responsibilities of Monitoring Officer. The Monitoring Officer is responsible for ensuring that, at all times, the PCC acts within its legal powers.

Chief Finance Officer - similarly, in accordance with Section 151 of the Local Government Act 1972, the Chief Finance Officer is the Officer responsible for ensuring the proper administration of the PCC's financial affairs. In addition, the PCC's financial management arrangements conformed to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer of the Police and Crime Commissioner and the Chief Finance Officer of the Chief Constable (2014).

There is a requirement for both statutory Officers to complete an annual assurance statement confirming the effectiveness of the governance arrangements that were in place during the past year. Both Chief Officers have completed their annual assurance statements certifying that they are confident that the systems of internal control that existed during 2025/26 enabled the PCCs objectives to be met. In addition, during the year there have been no reports from the Monitoring Officer with regard to illegal or inappropriate conduct.

(ii) Shared Internal Audit Service

The primary role of Internal Audit is to give assurance to the PCC and Chief Constable, through the Joint Audit Committee, on the effectiveness of the controls in place to manage risks. To this end the Head of Internal Audit delivers an annual opinion on the effectiveness of the Governance, Risk Management arrangements and internal control environment reviewed by the Shared Internal Audit Service (SIAS). This annual opinion is one of the key sources of evidence in support of the Annual Governance Statement. Any issues identified during an audit were dealt with initially in the relevant audit report, with any major control weaknesses initially being reported to the Chief Finance Officers. Significant governance failures identified through general audit work are referred to the Joint Audit Committee.

The Head of Internal Audit is responsible for the day-to-day management of the SIAS and reports directly to the Chief Finance Officers. Direct access to the PCC, Chief Constable and the Chair of the Joint Audit Committee is also sanctioned if considered appropriate. The Head of Internal Audit plays a critical role in delivering the PCCs, and Chief Constables, strategic objectives which conforms to the CIPFA Statement on the Role of the Head of Internal Audit (2010). This is through objectively assessing and providing an opinion on the adequacy of governance and management of existing risks and commenting on responses to emerging risks and proposed developments.

The terms of reference for the SIAS require that work be conducted in accordance with Global Internal Audit Standards [UK Public Sector]. It is noted that the Global Internal Audit Standards [UK Public Sector] which came into effect from 1st April 2025 [previously the Public Sector Internal Audit Standards (PSIAS) which were effective from 1st April 2013 to 31st March 2025]. In addition, Internal Audit work is subject to review by the External Auditor, the findings of which are reported through their Annual Audit Letter.

Internal Audit's plans and performance are reported annually to the Joint Audit Committee. The Internal Audit plan for 2025/26 included a review of Treasury Management processes and procedures and a review of the management and utilization of the violence reduction partnership and serious violence duty grants.

On the basis of the internal audit work undertaken in 2025/26, including the outcomes of follow up work on actions agreed with management, the Head of Shared Internal Audit Service is satisfied that sufficient assurance work has been carried out to allow him to form a reasonable conclusion on the adequacy of risk management, governance and internal control. In his opinion the PCC for Merseyside's and the Chief Constable's risk management, governance and control arrangements are reasonable, and audit testing has confirmed that controls are generally working effectively in practice. Where SIAS work has identified scope for improvements, the management response has been appropriate and action plans have been agreed.

In accordance with the Accounts and Audit Regulations 2015 the PCC once again conducted a review of the effectiveness of its system of Internal Audit. Consequently, the Head of Shared Internal Audit Service undertook a self-assessment of compliance against the Local Government Application Note to the Public

Sector Internal Audit Standards (PSIAS) developed by CIPFA, using the checklist detailed within the Appendix of the note to form the basis of the judgment.

The Global Internal Audit Standards also require that all internal audit functions be subjected to an external quality evaluation every 5 years. A peer review was last undertaken in 2022/23 and was undertaken by the Internal Audit Manager of Greater Manchester Police & the Greater Manchester Mayor's PCC functions. The principal objectives of the assessment were:-

- To review SIAS conformance with Public Sector Internal Audit Standards;
- To evaluate the effectiveness of SIAS internal audit activity; and
- To identify opportunities to enhance management and work processes.

In the opinion of the assessor the internal audit activity undertaken at the time "Generally Conforms" with the Definition of Internal Auditing, the Code of Ethics and the PAIAS as revised in 2017. In making assessments the peer group adopted The Institute of Internal Auditor's (IIIA) Quality Assessment Manual ratings: "Generally Conforms," "Partially Conforms," and "Does Not Conform." "Generally Conforms" means that an internal audit activity has a charter, policies, and processes that are judged to be in conformance with the Standards. A number of minor recommendations were made from the review and were incorporated into the Quality Assurance Improvement Programme.

(iii) External Audit

The PCC's governance arrangements and the system of internal financial control are subject to external audit review, via the audit of the PCC's statements of accounts and the outcome of its work to assess the PCC's arrangements for securing value for money in its use of resources.

Forvis Mazars are the appointed external auditor in respect of the financial years 2023/24 to 2027/28 for both the PCC and the Chief Constable.

The external auditors plans and reports, including the Audit Strategy Memorandum, the Audit Completion Report, and Annual Audit Letter, are considered by the PCC and the Joint Audit Committee at appropriate times during the annual cycle of meetings.

Forvis Mazars published its Joint Audit Completion Report and Auditors Annual Report relating to 2024/25 in November 2025. They gave an unqualified opinion on the Group, PCC, and Chief Constables financial statements.

In addition, Forvis Mazars also published their assessment of the PCC's and Chief Constable's arrangements to secure economy, efficiency, and effectiveness in their use of resources. Under the National Audit Office guidance, external auditors are required to assess the arrangements under three areas, financial sustainability, Governance and improving economy, efficiency, and effectiveness. Forvis Mazars did not identify any significant weaknesses in the arrangements identified.

(iv) Joint Audit Committee

The PCC and Chief Constable have established a Joint Audit Committee. Its role is to provide an independent review of the effectiveness of governance, risk management and control frameworks, financial reporting and annual governance processes, internal and external audit, and treasury management.

CIPFA recommends that Audit Committees report regularly on their work and, at least annually, assess their performance. To this end the Committee produced its annual report setting out how the Committee

fulfilled its responsibilities in 2025/26. The Committee's overall conclusions on the PCC's and Chief Constable's governance arrangements are that it has received assurances on the operation of the systems of governance, risk management, financial reporting, financial management, value for money and annual governance statements preparation. Its work has not identified any significant control risks, and the Committee concludes that the arrangements reviewed remain adequate and effective.

In accordance with the CIPFA's guidance to Police Audit Committees, the Audit Committee reviewed its own performance against good practice and Members believe that it has been effective. There are opportunities to develop further through training, and an attached action plan has been developed to address the areas identified. In implementing this plan and identifying fresh "Champion" roles, the Committee aims to continue to be effective during 2026/27.

The Committee recognises the significant challenges facing the PCC and the Chief Constable, and that they must also continue to meet savings requirements from the medium-term financial strategy in the face of continuing risks and uncertainties. The Committee looks forward to continuing to support the PCC and the Chief Constable in developing governance arrangements as they address these challenges.

(v) Merseyside Police and Crime Panel

In accordance with the Police Reform and Social Responsibility Act 2011 each police area has to have a Police and Crime Panel (PCP). Consequently, Merseyside PCP has been established. The PCP is made up of ten elected representatives from the local authorities within the Merseyside police force area plus two independent co-opted members. Knowsley MBC is the host authority.

The Panel's responsibilities include:-

- Reviewing the PCC draft Police and Crime Plan (or a variation of it) and submit a report/recommendation on it;
- Reviewing the PCC Annual Report and submit a report /recommendation on it (this requires the Panel to have a public meeting at which it will question the PCC on the content of the document);
- Reviewing the PCC proposed precept for the financial year and submit a report/recommendation on it – this includes the Panel having the power of veto;
- Holding confirmation hearings for the following:-
  - the PCC proposed appointment of a Chief Executive and Chief Finance Officer (two separate statutory roles);
  - the appointment of a new Chief Constable (this includes the Panel having a power of veto over the PCC initially proposed candidate); and
  - the PCC proposed appointment of a Deputy PCC; and
- Reviewing or scrutinising decisions made, or other action taken, by the PCC in connection with the discharge of the PCC functions;

During 2025/26 the Police and Crime Panel approved the 2025/26 precept proposed by the PCC and endorsed all the key strategic decisions taken by the PCC.

(vi) Her Majesty's Inspectorate of Constabulary & Fire and Rescue Services (HMICFRS)

Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) independently assesses and reports on the efficiency and effectiveness of police forces and policing. HMICFRS aims to provide authoritative information to allow the public to compare the performance of their force against others, and to drive improvements in the service to the public.

HMICFRS is independent of Government and the police service:-

- HM Inspectors of Constabulary are appointed by the Crown – they are not employees of the police service or government.
- HM Chief Inspector of Constabulary reports to Parliament on the efficiency and effectiveness of police forces in England and Wales.
- HM Inspectors have powers to seek information from police forces and to access their premises.

HMICFRS decides on the depth, frequency and areas to inspect based on judgements about what is in the public interest; at the direction of the Home Secretary; or by invitation of a Police and Crime Commissioner. In making these judgements, HMICFRS considers the risks to the public, the risks to the integrity of policing, service quality, public concerns, the operating environment, the burden of inspection and the potential benefits to society from the improvements that might arise from the inspection.

During the year, Merseyside Police was subject to an HMICFRS PEEL Assessment. HMICFRS inspectors were in Force throughout 2025/26 with the PEEL Assessment process starting in August 2025 through to March 2026. The Force will not receive HMICFRS judgements until mid-2026, after which they can be included in the final Annual Governance Statement.

HMICFRS judgements can be one of the following: Outstanding; Good; Adequate; Requires Improvement; and Inadequate.

HMICFRS published a number of thematic inspection reports relating to the following:-

- Response to the public disorder in July and August 2024: Tranche 2.
- Improving the response to organised immigration crime.
- Joint case building by the police and Crown Prosecution Service: final report.
- How effectively do the police record crime?
- The effectiveness of diverting children from the criminal justice system: meeting needs, ensuring safety, and preventing reoffending.
- Inspection of the effectiveness of police and law enforcement bodies' response to group-based child sexual exploitation: A progress report

The above reports drew on information provided by Forces including Merseyside, and in some cases involved Merseyside being subject to an onsite inspection. Each report includes recommendations and areas for improvement to which all forces must have regard. In keeping with this, progress made by the Force in addressing these issues is monitored via ongoing governance arrangements exercised by the Deputy Chief Constable. In addition, regular updates are provided to HMICFRS via their online portal and through personal briefings, until such time as either or both the HMICFRS and the Deputy are satisfied they can be discharged.

In accordance with the Police Act 1996 the PCC is required to formally comment on the inspection reports that relate to their Force. The PCC comments and the Force's responses are published on the PCC web site.

(vii) Corporate Governance Group

The Corporate Governance Group completed its annual review of the Governance framework and recommended that, subject to changes that were made as part of good housekeeping, the existing framework is retained. Consequently, the Corporate Governance Framework for 2026/27 was approved by the PCC and Chief Constable. The Corporate Governance Group also developed this Annual Governance Statement.

(viii) Crime Data integrity

Merseyside Police employ a Force Crime Registrar, who has oversight of the Crime Audit Team, who carry out audits and dip samples on crime recording data ensuring compliance with crime recording standards and conversation rates. Crime Data Integrity has been subject of robust scrutiny by HMICFRS since 2016.

Conclusion

Based on the findings of the review undertaken above and the assurances received it is concluded that the Governance Framework, including the system of internal audit and internal audit, is operating effectively and continues to be fit for purpose.

5. Significant Governance Issues

The following table details the progress made against the significant governance issues identified in last year's Annual Governance Statement.

Governance Issue	Action
Failure to implement and maintain the Neighbourhood Policing Guarantee. The Government is committed to increasing policing visibility to protect communities and restore confidence in policing. To this end the Home Office have allocated £200m nationally towards the Neighbourhood Policing Guarantee in 2025/26, of which Merseyside Police have received £6.665m. This grant will allow the Force to recruit 36 new police officers and 61 Police Staff, to enable the same number of Police Officers to be redeployed in Neighbourhoods.	Merseyside successfully achieved the NPG target in 2025/26. The Home Office has provided further funding to deliver its NPG in 2026/27. The PCC will continue to hold the Chief Constable account for the delivery of the NPG and the agreed delivery plan.
Implementation of changes to Police Governance, e.g. devolution. The Government have indicated that were geographies align with PCC's, Mayors will, by default, be responsible for those services. At present the PCCs boundary is not coterminous with the Liverpool City Region boundary.	The PCC continues to monitor the current situation and assess the impact of the Government's proposals. In addition, the PCC has committed to working with the Liverpool City Region Mayor to collaborate were appropriate.

The following have been identified as significant governance issue for the PCC in 2026/27 and beyond.

Governance Issue	Action
Police Reform - **Police Governance** – PCC's to be replaced with directly elected mayors, and where mayors do not yet exist, with Policing and Crime Boards made up of local council leaders, by May 2028.	The PCC has committed to working with the Liverpool City Region Mayor to ensure a smooth transition of PCC functions. Initial discussions have taken place between the OPCC and the LCR. However, awaiting publication of the draft bill before taking further detailed local action.
Police Reform – National Police Service – a new National Police Service (NPS) to be created to handle all national policing responsibilities, and to focus on tackling serious and organised crime and threats to national security. At the same time, the new force will lift the burden of delivering national responsibilities from local forces, ensuring that their focus is entirely on policing their streets. The NPS will bring together existing national bodies, including the National Police Chiefs' Council (NPCC), the College of Policing, the National Crime Agency (NCA) and Counter Terrorism Policing (CTP), as well as the nationally focused capabilities within the Regional Organised Crime Units (ROCU) into a single organisation with a clear mandate and the powers to get things done.	Awaiting publication of the draft bill before taking further detailed local action.
Police Reform - Police Landscape – Over this Parliament and the next the Government plan to radically reform the structure of policing in England and Wales, significantly reducing the number of police forces. Consequently, an independent review of Police Force Structures has commenced and is due to report to the Home Secretary in the summer.	The PCC and Chief Constable are both currently engaging in the review and are planning to respond to the call for evidence from the review body.

Over the coming year the action identified will be undertaken to address the issues above in order to further enhance the PCC's governance arrangements. We are satisfied that these steps will address the need for the improvements which were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.



Emily Spurrell

Police & Crime Commissioner
Office of the Police and Crime Commissioner for Merseyside
10th November 2026



Susan McTaggart MBE

Chief Executive Officer
Office of the Police and Crime Commissioner for Merseyside
10th November 2026



John Riley

Chief Finance Officer
Office of the Police and Crime Commissioner for Merseyside
10th November 2026

Glossary of Terms

ACCOUNTING POLICIES
Accounting policies are the specific principles, bases, conventions, rules and practices applied by an entity in preparing and presenting financial statements.

ACCRUALS BASIS
The accruals basis of accounting requires the non-cash effects of transactions to be reflected in the financial statements for the accounting period in which those effects are experienced and not in the period in which any cash is received or paid.

AMORTISATION
An annual charge to reflect the extent to which an intangible asset has been worn out or consumed during the financial year.

ASSET CEILING
The asset ceiling is an upper limit on what is allowed to be recognised as a defined benefit asset broadly depending on whether the employer reporting entity can either get refunds from the outside/'third party' pension scheme or a reduction in future contributions to the outside/'third party' pension scheme.

BALANCE SHEET
The Balance Sheet represents a summary of the assets, liabilities, funds and reserves of the PCC and Group.

BILLING AUTHORITY
This is an Authority which is responsible for the collection of Council Tax on behalf of Precepting Authorities, and maintains a Collection Fund for this purpose.

CAPITAL EXPENDITURE
This is expenditure on the acquisition of a fixed asset, or expenditure that adds to the value, or extends the useful life of an existing asset. Capital expenditure is not usually a direct charge to the Comprehensive Income and Expenditure Statement, being normally met by loan, grant, external contribution or capital receipts.

CAPITAL RECEIPTS
Income from the sale of assets, which can only be used to finance new capital expenditure or repay outstanding debt on assets, financed from loans.

CASH
Comprises cash on hand and demand deposits.

CASH EQUIVALENTS
Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

CHIEF CONSTABLE OF MERSEYSIDE POLICE (CC)
The Chief Constable of Merseyside Police is a separate corporation sole which was established on 22nd November 2012.

THE CODE (The Code of Practice on Local PCC Accounting in the United Kingdom 2025/26)
The Code defines proper accounting practices for local authorities in England, Wales, Scotland and Northern Ireland and applies to accounting periods commencing on or after 1st April 2025.

COLLECTION FUND
An amount received from or paid to a Billing Authority based on the actual amount of council tax collected by the Billing Authority above or below the expected collection levels.

COMPONENTISATION
Identifying and depreciating the components of an asset separately if they have differing patterns of benefits relative to the total cost of the asset.

THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT
The account which summarises the income and costs of all the functions for which the PCC/ Group is responsible. It also includes notional depreciation charges for assets and the notional cost of retirement benefits earned by employees in the year.

CREDITORS
Individuals or organisations to whom the PCC/Group owes money at the end of the financial year.

CURRENT SERVICE COST (PENSIONS)
This measures the increase in the present value of pensions liabilities generated in the financial year by employees. It is an estimate of the true economic cost of employing people in the financial year, earning service that will eventually entitle them to the receipt of a lump sum and pension when they retire.

CURTAILMENTS & SETTLEMENTS
Curtailment arises as a result of the early payment of accrued pensions on retirement on the grounds of efficiency, redundancy or where the employer has allowed employees to retire on unreduced benefits before they would otherwise have been able to do so.

DEBTORS
Individuals or organisations who owe the PCC/Group money at the end of the financial year.

DEFERRED LIABILITY
Liabilities, which by arrangement are payable over a period of time.

DEPRECIATED REPLACEMENT COST
Depreciated replacement cost is a method of valuation which provides the current cost of replacing an asset with its modern equivalent asset less deductions for all physical deterioration and all relevant forms of obsolescence and optimisation.

DEPRECIATION
An annual charge to reflect the extent to which a tangible asset has been worn out or consumed during the financial year.

DERECOGNITION
An asset is derecognised in the Balance Sheet when it is disposed of or where no future economic benefits or service potential are expected from its use.

EXPECTED RATE OF RETURN ON PENSIONS ASSETS
This is the measure of the average rate of return expected on investment assets held by the Scheme for the year. It is not intended to reflect the actual realised return on the Scheme, but a longer-term measure, based on the fair value of the assets at the start of the year and an expected return factor. Plan assets comprise:-

- Assets held by a long-term employee benefit fund; and
- Qualifying insurance policies (not relevant for Police).

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

FINANCE LEASES AND OPERATING LEASES
A Finance lease transfers all of the risks and rewards of ownership of a non-current asset to the lessee. Where the Group is the lessee, the assets acquired are included within the non-current assets in the balance sheet as a right-of-use asset. Under IFRS 16, operating leases only apply where the Group is a lessor: the ownership of the asset remains with the Group and the annual rental income is credited to the revenue account.

FINANCIAL INSTRUMENT
This is any contract that gives rise to a financial asset of one entity and a financial liability of another. The term covers both financial assets such as loans receivable and liabilities such as borrowings.

FINANCIALLY ACCOUNTABLE UNIT
A Financially Accountable Unit (FAU) is a unit of the Devolved Financial Management structure to which Budgets are allocated, and against which Income and Expenditure is charged. Each FAU has a Budget Holder responsible for managing that Budget.

FINANCING ACTIVITIES (CASH FLOW)
Financing activities are activities that result in changes in the size and composition of the principal, received from or repaid to external providers of finance.

IMPAIRMENT
A reduction in the value of a fixed asset below its carrying amount on the balance sheet.

INDEXATION
An accounting technique that adjusts the historical cost and accumulated depreciation of fixed assets to reflect inflation or changing market conditions, involving multiplying the original cost of an asset by a standardized government or statistical index

INTANGIBLE FIXED ASSETS
These are fixed assets such as software licences that do not have physical substance but are identifiable and controlled through legal or custody rights.

INTRA-GROUP FUNDING
Funding provided by the PCC to the CC to enable the CC to undertake day-to-day policing.

INVESTING ACTIVITIES (CASH FLOW)
Investing activities are the acquisition and disposal of long-term assets and other investments, not included in cash equivalents.

LESSEE
An organisation which holds a property by lease.

LESSOR
An organisation which lets a property by lease.

MATERIAL
Omissions or misstatements of items are considered material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements.

NON DISTRIBUTED COSTS (PENSIONS)
This covers past services costs settlements and curtailments in respect of IAS19 pension costs. It also covers costs associated with unused assets.

OPERATING ACTIVITIES (CASH FLOW)
Operating activities are the activities of the entity that are not investing or financing activities.

PAST SERVICE COSTS (PENSIONS)
These costs represent the increase in liabilities arising from decisions taken in the current year to improve retirement benefits, but whose financial effect is derived from service earned in earlier years.

POLICE AND CRIME COMMISSIONER FOR MERSEYSIDE (PCC)
The Police and Crime Commissioner for Merseyside is a separate corporation sole which was established on 22nd November 2012.

PRECEPT
This is the amount of Council Tax income which County Councils, Police and Crime Commissioners, the Greater London Authority, Parish Councils and some Fire Authorities need to provide their services. The amounts for all Local Authorities providing services in an area appear on one Council Tax bill, which comes from the Billing Authority.

PRECEPTING AUTHORITY
This is any body which sets a precept to be collected by billing authorities through the Council Tax bill. County councils, Police and Crime Commissioners, the Greater London Authority, some Fire Authorities and Parish Councils are all precepting authorities.

PRESENT VALUE OF DEFINED BENEFIT OBLIGATION
The present value of a defined benefit obligation is the present value, without deducting any plan assets, of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

PROPERTY PLANT AND EQUIPMENT
Tangible assets (i.e. assets with physical substance) that are held for use in the production or supply of goods and services, for rental to others, or for administrative purposes, and expected to be used during more than one financial year.

RELATED PARTY
Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions or if the related party entity and another entity are subject to common control.

REMEASUREMENTS
Previously called actuarial gain and losses, remeasurements represent changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because actuaries have updated their assumptions, and include actuarial gains or losses, expected rate of return on plan assets and effect on the asset ceiling.

RESERVES
Monies set aside for specific future costs (e.g. Estate Strategy) or generally held to meet unforeseen or emergency expenditure (e.g. General Balances).

RESIDUAL VALUE
The residual value of an asset is the estimated amount that an entity would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

REVENUE ACCOUNTS
The day-to-day expenditure and income of the PCC on such items as salaries and wages of employees, running costs of services, and the purchase of consumable materials and equipment, together with the financing costs of capital assets.

REVENUE SUPPORT GRANT
A General Government Grant that supports Police and Crime Commissioners' expenditure.

SHORT TERM EMPLOYEE BENEFITS
Short-term employee benefits are employee benefits (other than termination benefits) that fall due wholly within 12 months after the end of the period in which the employees render the related service.

SPECIFIC GRANTS
Targeted or ring-fenced grants are sometimes referred to as specific grants.

SPECIFIC POLICE GRANT
A specific revenue grant that Police and Crime Commissioners' receive from the Home Office.

TERMINATION BENEFITS
Termination benefits are employee benefits payable as a result of either:-

- An entity's decision to terminate an employee's employment before the normal retirement date, or
- An employee's decision to accept voluntary redundancy in exchange for those benefits.

USEFUL LIFE
The period which an asset is expected to be available for use by an entity.

UK GAAP (Generally Accepted Accounting Principles)
Compliance with UK company law, UK accounting standards and best practice.