Unaudited Statement of Accounts 2025-26

The Chief Constable of Merseyside Police

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Narrative Statement by the Director of Resources

The Unaudited Statement of Accounts provide details of the Chief Constable's (CC) 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 its use of resources over the financial year. The structure of the statement is set out below:-

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

1. EXPLANATION OF THE CC AND GROUP

The Police Reform and Social Responsibility Act 2011 (PRSR Act) established two separate legal entities as 'corporations sole', i.e. the Police and Crime Commissioner for Merseyside (PCC) and the Chief Constable of Merseyside Police (CC). These accounts set out the overall financial position of the CC. The financial position of the PCC and of the consolidated Group of the PCC and CC are set out in the Statement of Accounts of the PCC.

The Police Reform and Social Responsibility (PRSR) Act 2011 created the post of directly elected PCC for Merseyside. In the election Emily Spurrell, Labour party, was re-elected. The next election is due to take place in 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.

This set of accounts focuses on those discrete activities which the CC is responsible for which includes all aspects of operational policing under the direction and control of the Chief Constable.

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 has 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 has been 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 HMICFRS 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 CC Budget for 2025/26 was constructed under the principle of financial devolution, which allows budget holders to better manage the resources at their disposal and improve accountability to the Chief Constable, and ultimately the PCC. The net revenue expenditure of the CC during 2025/26 was £572.315m. In broad terms the following narrative shows where the CC and the Group's money came from and how it was spent.

Where did our Money Come From?

The CC gets all of its funding from the PCC. The sources of that funding are detailed in the Statement of Accounts of the PCC and Group.

What did we spend the Money on?

Most money is spent on Employee Expenses, including Police Officers, Police Staff, including Police and Community Support and Traffic Officers, and Pensions. Other money is spent in various ways including forensics, uniforms and ICT. The table below shows where the money was spent in 2025/26.

	£m	%
Employee Expenses	456.001	79.7
Other	116.314	20.3
Total Net Operating Expenses	**572.315**	**100.0**

CC Balance Sheet

The Balance Sheet is a snapshot of the CC's assets, liabilities, cash balances and reserves at the balance sheet date. The following table shows the value as at the 31st March 2026 of the assets and liabilities recognised by the CC. The net assets of the CC (assets less liabilities) are matched by the reserves held by the CC. 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
Current Assets	11.438
Current Liabilities	(19.834)
Long term Liabilities	(3,345.266)
Net Assets and (Liabilities)	**(3,353.662)**
Represented by:-	
Unusable Reserves	(3,353.662)
Total Reserves	**(3,353.662)**

At 31st March 2026 the CC had negative net assets of £3,354m which implies that the CC is technically bankrupt. Fortunately this is not the case. The primary reason the CC had negative net assets is because of the net pension liabilities associated with the unfunded police officer pension scheme of £3,345m.

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 CC's Balance Sheet has net liabilities of £8.396m which is entirely explained by the existence of a short term accumulated absences liability, an accounting entry made to reflect the liability of the Force relating to leave owing to employees.

Loans and Investments

The PCC is directly responsible for loans, investments and for borrowing money as she holds the Police Fund. The CC is not able to borrow money.

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 and that of the CC 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 the 31st March 2026 the CC 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 Staff)	(0.570)
Total	**(3,345.266)**

In accordance with IAS 19 the CC'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 police officer pension scheme is a statutory scheme, as specified by Police Regulations, whereby the Group pays an employer's contribution of 31.0% 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.
- Police Staff are entitled to join the Local Government Pension Scheme (LGPS) as administered by Wirral Metropolitan Borough Council. In relation to the LGPS, the actuary calculated that the valuation resulted in a net asset for the Chief Constable's Scheme of £183m, 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.
- This calculation has been completed by the actuary, and an adjustment has been made to reflect the value of the asset ceiling; which results in disclosing a nil position for the funded benefits, and a £0.6m deficit for the unfunded benefits.

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 assumption 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

Annual Review of Governance Arrangements

The PCC and Chief Constable have approved and adopted a Joint Code of Corporate Governance, consistent with the principles of the CIPFA/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.

The CC and Chief Officers within the Force have conducted a review of the effectiveness of the Governance Framework, including the system of internal control and internal audit, and their findings are detailed within the Annual Governance Statement included within the Statement of Accounts. The overall conclusion based on the findings of the review undertaken and the assurances received is that the Governance Framework, including the system of internal audit and internal audit, is operating effectively and continues to be fit for purpose.

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 we 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.

5. PEOPLE

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

	Total FTE
Merseyside Police	
Police Officers	4,207
Police Staff	2,279
PCSOs	199
TOTAL Employees	**6,684**

6. EXPLANATION OF THE STATEMENT OF ACCOUNTS

The purpose of the Statement of Accounts is to provide details of the CC 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. 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 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 CC and highlights any significant features. The accounts that follow provide further detail of the financial affairs of the CC and are comprised of:-

- **Independent Auditor's Report**, this sets out the opinion of the external auditor, Forvis Mazars LLP, on whether the accounts presented give a 'true and fair view' of the financial position and operations of the CC for 2025/26;
- **Statement of Responsibilities for the Statement of Accounts**, this statement sets out the responsibilities of the CC and the CC's 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 CIES is reconciled to the net expenditure that is chargeable to taxation and rents in the Expenditure and Funding Analysis (EFA) contained in the notes to the accounts. The EFA shows how annual expenditure is used and funded in comparison with those resources consumed or earned in accordance with generally accepted accounting practices;
- the **Balance Sheet**, this statement shows the value as at the Balance Sheet date of the assets and liabilities recognised by the CC. The net assets of the CC (assets less liabilities) are matched by the reserves held by the CC;
- the **Movement in Reserves Statement**, this statement shows the movement in the year on the different reserves held by the CC 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 CC 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 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). Please note that occasionally minor differences occur between the primary statements detailed above and the notes to the accounts, this is due to unavoidable rounding discrepancies;
- the **Pension Fund Account**, which summarises the amounts received into and paid out of the police officer pension fund operated by the CC during the year;
- 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.

Events After the Reporting Period

The Unaudited Statement of Accounts were authorised for issue on the 30th June 2026. Events taking place after this date are not reflected in the 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 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.

7. 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.

8. 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.

Helen Stafford
Temporary Director of Resources for the Chief Constable of Merseyside Police
30th June 2026

Independent auditor's report to the Chief Constable of Merseyside Police

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Statement of Responsibilities for the Statement of Accounts

Director of Resources for the Chief Constable of Merseyside Police

The Chief Constable's Director of Resources is responsible for securing the preparation and production of the Statement of Accounts for the Chief Constable of Merseyside Police which, in terms of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom ('the Code'), is required to present a 'true and fair view' of the financial position of the Chief Constable of Merseyside Police at the accounting date and its Income and Expenditure for the year ended 31st March 2026.

In securing the preparation of the Statement of Accounts, the Director of Resources has:-

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

The Director of Resources 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 gives a true and fair view of the financial position of the Chief Constable of Merseyside Police at the accounting date and of the income and expenditure for the year ended 31st March 2026.

Helen Stafford
Temporary Director of Resources for the Chief Constable of Merseyside Police
30th June 2026

The 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. It summarises the resources that have been generated and consumed in providing policing and crime reduction services during the year. It includes all day to day expenses and related income on an accruals basis, as well as transactions measuring the value of property, plant and equipment actually consumed and the real projected value of retirement benefits earned by employees in the year.

2024/25					2025/26		
Gross Expenditure	Gross Income	Net Expenditure		Note	Gross Expenditure	Gross Income	Net Expenditure
£000	**£000**	**£000**			**£000**	**£000**	**£000**
502,103	(625,476)	(123,373)	Policing Services	**20**	497,372	(632,596)	(135,224)
502,103	**(625,476)**	**(123,373)**	**Cost of services**		**497,372**	**(632,596)**	**(135,224)**
453	0	453	Other operating expenditure	**7**	661	0	661
176,081	0	176,081	Financing and investment income and expenditure	**8**	180,710	0	180,710
678,637	**(625,476)**	**53,161**	**Deficit on Provision of Services**		**678,743**	**(632,596)**	**46,147**
(422,216)	0	(422,216)	Remeasurements of the net defined benefit liability	**21.15**	(105,558)	0	(105,558)
256,421	**(625,476)**	**(369,055)**	**Total Comprehensive Income and Expenditure**		**573,185**	**(632,596)**	**(59,411)**

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

The Balance Sheet

The Balance Sheet shows the value, as at the Balance Sheet date, of the assets and liabilities recognised by the CC. The assets and liabilities recognised relate to police officers and police staff under the direction and control of the CC. The net liabilities of the CC are matched by the reserves held. The unaudited accounts were issued on 30th June 2026.

Signed Helen Stafford, Temporary Director of Resources for the Chief Constable of Merseyside Police

As at 31st March 2025		Note	As at 31st March 2026
£000			£000
	Current Assets		
9,448	Short-term debtors	10	11,438
9,448	**Total Current Assets**		**11,438**
	Current Liabilities		
(17,175)	Short-term creditors	11	(19,834)
(17,175)	**Total Current Liabilities**		**(19,834)**
	Long-term Liabilities		
(3,405,347)	Net Pension Liability	21.7	(3,345,266)
(3,405,347)	**Total Long-term Liabilities**		**(3,345,266)**
(3,413,074)	**Net Assets/(Liabilities)**		**(3,353,662)**
	Reserves		
(3,413,074)	Unusable reserves	MiRS	(3,353,662)
(3,413,074)	**Total Reserves**		**(3,353,662)**

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

The Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the CC during the reporting period. However as all payments were made from the Police Fund which is held by the PCC, and similarly all income and funding is received by the PCC, the CC does not have any cash flows from operating, investing or financing activities.
The opening and closing cash balances of the CC during the reporting period were nil.

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

This statement shows the movement in the 2024/25 and 2025/26 financial years on the different reserves held by the CC, analysed into 'usable' reserves (i.e. those that can be used to fund expenditure or reduce local taxation) and 'usable' reserves. At present, the only transactions shown in this statement relate to the pensions reserve and the accumulated absences account (reflecting movements relating to police officers and police staff under the direction and control of the CC). All other reserves are managed by the PCC. The financial consequences of the operational activities undertaken by the CC can be seen in the CIES.

		Usable Reserves	Unusable Reserves			
	Note	General Fund Balance	Pensions Reserve	Accumulated Absences Account	Total	Total Reserves
		£000	£000	£000	£000	£000
Balance as at 1st April 2024		**0**	**(3,775,207)**	**(6,922)**	**(3,782,129)**	**(3,782,129)**
Surplus or (deficit) on the provision of services		(53,161)		0	**0**	**(53,161)**
Other Comprehensive Income and Expenditure		0	422,216	0	**422,216**	**422,216**
Total Comprehensive Income and Expenditure	6	**(53,161)**	**422,216**	**0**	**422,216**	**369,055**
Actual amounts charged against the Pension Fund for the year		(167,697)	167,697	0	**167,697**	**0**
Reversal of pension costs on IAS19 basis		220,053	(220,053)	0	**(220,053)**	**0**
Difference in employee remuneration costs (between accounting and funding basis)		805	0	(805)	**(805)**	**0**
Adjustments between accounting basis and funding basis under regulations:		**53,161**	**(52,356)**	**(805)**	**(53,161)**	**0**
Net increase or (decrease)		**0**	**369,860**	**(805)**	**369,055**	**369,055**
Balance as at 31st March 2025 and 1st April 2025		**0**	**(3,405,347)**	**(7,727)**	**(3,413,074)**	**(3,413,074)**
Surplus or (deficit) on the provision of services		(46,147)		0	**0**	**(46,147)**
Other Comprehensive Income and Expenditure		0	105,558	0	**105,558**	**105,558**
Total Comprehensive Income and Expenditure		**(46,147)**	**105,558**	**0**	**105,558**	**59,411**
Actual amounts charged against the Pension Fund for the year		(165,955)	165,955	0	**165,955**	**0**
Reversal of pension costs on IAS19 basis		211,432	(211,432)	0	**(211,432)**	**0**
Difference in employee remuneration costs (between accounting and funding basis)		670	0	(670)	**(670)**	**0**
Adjustments between accounting basis and funding basis under regulations:	6	**46,147**	**(45,477)**	**(670)**	**(46,147)**	**0**
Net increase or (decrease)		**0**	**60,081**	**(670)**	**59,411**	**59,411**
Balance as at 31st March 2026		**0**	**(3,345,266)**	**(8,397)**	**(3,353,663)**	**(3,353,663)**

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 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 accounting convention adopted is historical cost. The Accounts have been prepared on the basis that the functions of the authority will continue in operational existence for the foreseeable future.

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 CC. The financial statements cover the 12 months to 31st March 2025. 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 CC 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 CC 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

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 Cost and Income Recognition

All expenditure is paid for by the PCC including the wages of police staff and officers and no cash transactions take place between the two entities. Costs are however recognised within the CC accounts to reflect the financial resources consumed at the request of CC and the economic benefit this brings about. For example an economic benefit is recognised to reflect the utilisation of the PCC assets which mirrors depreciation of property, plant and equipment, amortisation of intangible assets and impairment/revaluation losses. The PCC is the recipient of all funding related to police and crime reduction. The CC recognises the provision of funding and other resources from the PCC through the PCC funding in the Comprehensive Income and Expenditure Statement.

1.4 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. These benefits are recognised as an expense for services in the year in which the employee renders service to the CC. 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 the Comprehensive Income and Expenditure Statement 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 CC 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 CC 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 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 CC 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 Pension Fund on 1st April 2006 from which pensions payments are made and into which contributions from the PCC and employees are received. 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.

Police Staff

Police staff, subject to certain qualifying criteria, are eligible to join the Local Government Pension Scheme (LGPS), 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 Merseyside Police 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 CC are included at their fair value. Plan assets of the Police Pension Scheme 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 CC 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 CC 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 Comprehensive Income and Expenditure Statement along with any resulting the actuarial gains and losses (included in IAS19 remeasurements 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 CC believes that there is significant volatility and/or materiality in the level of long-term disability payments. Where the CC 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 CC rebuts the presumption above, and has accounted for those payments in the same way as other defined benefit post-employment benefits.

1.5 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.

1.6 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 CC's financial performance.

1.7 Jointly Controlled Operations

Jointly controlled operations are joint arrangements in which the CC 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 CC 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 (CIES) is debited with the CC's share of expenditure incurred. As the PCC receives all income and funding any income received from the structure of the arrangement will be credited to the CIES of the PCC. The PCC then credits the CC with an equivalent amount through the intra-group funding.

Assets and liabilities arising from the activities of the operation are held on the PCC's balance sheet.

1.8 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.

1.9 PCC Funding of the Chief Constable's Expenditure

As the Chief Constable has no resources with which to fulfil his 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.

1.10 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 CC'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.

1.11 Financial Assets and Liabilities

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.

All financial instruments are included in the Balance Sheet at amortised cost.

1.12 Provisions, Contingent Liabilities and Contingent Assets

Provisions

Provisions are made where an event has taken place that gives the CC 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 CC 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. The CC is funded for the provision through the intra-group funding from the PCC and the provisions are held on the PCC Balance Sheet.

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 in the Balance Sheet of the PCC and the CC will receive a credit back from the PCC (through the intra-group account) to the Comprehensive Income and Expenditure Statement.

Contingent Liabilities

A contingent liability arises where an event has taken place that gives the CC 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 CC. 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 CC. The CC 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.

1.13 VAT

The CC does not submit a VAT return and the PCC submits a single VAT return on behalf of the PCC Group. 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 Chief Constable.

3 CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

In applying the accounting policies set out in **Note 1**, the CC 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.

Balance Sheet (BS)	Recognised in PCC BS	Recognised in CC BS	Judgement
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.
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.
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

The Statement of Accounts contains estimated figures that are based upon assumptions made by the CC about the future or that are otherwise uncertain. Estimations are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The pension liability is recognised on the CC and Group 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 CC and the Group use an independent firm of actuaries to assess the Local Government Pension Scheme assets and liabilities and the Government Actuaries Department to assess the Police Scheme liabilities.

In relation to the LGPS, the actuary calculated that the valuation resulted in a net asset of £183m, 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.

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 life expectancy would decrease the pension liability by £93m. The effects on the net pensions liability of changes in individual assumptions are shown in **Note 21.10**. The CC recognises the cost of retirement benefits in the cost of services when the benefits 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. Any revisions to the estimation of the net liability to pay pensions would not impact upon the Revenue Account of the CC.

5 EVENTS AFTER THE REPORTING PERIOD

The Unaudited Statement of Accounts was authorised for issue by Helen Stafford, Temporary Director of Resources to the Chief Constable of Merseyside Police on 30th June 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 CC 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 CC to meet future capital and revenue expenditure. The following sets out a description of the reserves that the adjustments are made against.

6.1 General Fund Balance

The CC does not hold any General Fund Balances.

6.2 The 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. Statutory provisions require the police fund to be charged with the amount payable to pension funds in the year, not the amount calculated according to the relevant standards. This adjustment means that the accounting entries do not impact on the requirement to raise council tax. In the Movement in Reserves Statement therefore there are appropriations to and from an unusable pensions reserve to remove the notional debits and credits for retirement benefits and replaces them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

The negative balance that arises on the pension reserve therefore measures the beneficial impact to the police fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees. The negative balance also shows the substantial shortfall in the benefits earned by past and current employees and the resources set aside to meet them, and represents the Net Defined Benefit Obligation to the CC. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid (see pensions notes for details).

2024/25		2025/26
£000		**£000**
(3,775,207)	**Balance as at 1st April**	**(3,405,347)**
422,216	Remeasurements of the net defined benefit liability	105,558
(220,053)	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	(211,432)
167,697	Employer's pension contributions and direct payments to pensioners payable in the year	165,955
(3,405,347)	**Balance at 31st March**	**(3,345,266)**

6.3 The 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.

2024/25		2025/26
£000		£000
(6,922)	**Balance as at 1st April**	(7,727)
6,922	Settlement or cancellation of accrual made at the end of the preceeding year	7,727
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	(8,396)
(7,727)	**Balance at 31st March**	(8,396)

7 OTHER OPERATING INCOME AND EXPENDITURE

2024/25		2025/26
£000		£000
453	Administrative expenses	661
453		661

8 FINANCING AND INVESTMENT INCOME AND EXPENDITURE

2024/25		2025/26
£000		£000
176,081	Net pensions interest cost	180,710
176,081		180,710

9 FINANCIAL INSTRUMENTS

9.1 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). There were no such financial instruments carried in the Balance Sheets of the CC. The financial instrument reflected in the table below relates to accrued employee costs.

31st March 2025		31st March 2026
£000		£000
	Debtors	
1,608	Financial Assets at Amortised Cost	2,309
7,840	Non financial instrument debtors	9,128
9,448	**Total Debtors**	11,438
	Creditors	
(1,608)	Financial Liabilities at Amortised Cost	(2,309)
(15,567)	Non financial instrument creditors	(17,524)
(17,175)	**Total Creditors**	(19,834)

9.2 Financial Instruments Gains and Losses

The Comprehensive Income and Expenditure Statements of the Chief Constable recognise no gains and losses in relation to financial instruments in 2025/26 (2024/25 £nil).

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.

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. The balances are shown in **Note 9.1**.

9.3 Financial Instruments – Nature and Extent of Risks Arising

Credit Risk: Due to the nature of the Chief Constables Financial Instruments there is no credit risk.

Liquidity Risk: Due to the nature of the Chief Constables Financial Instruments there is no liquidity risk.

Market Risk: Due to the nature of the Chief Constables Financial Instruments there is no market risk.

10 DEBTORS

31st March 2025		31st March 2026
£000		£000
431	Short term accumulated absences	440
9,018	Intra-group account	10,998
9,448	**Total**	**11,438**

11 CREDITORS

31st March 2025		31st March 2026
£000		£000
(1,608)	Sundry creditors	(2,309)
(7,410)	HM Revenue and Customs	(8,689)
(8,157)	Short term accumulating absences	(8,836)
(17,175)	**Total**	**(19,834)**

12 PCC FUNDING FOR FINANCIAL RESOURCES CONSUMED

The Comprehensive Income and Expenditure Statement (CIES) summarises the resources that have been generated and consumed in providing policing and crime reduction services during the year. It includes all day to day expenses and related income on an accruals basis, as well as transactions measuring the value of property, plant and equipment assets actually consumed and the real projected value of retirement benefits earned by employees in the year.

The PCC provides funding to the CC for financial resources consumed. The funding provided covers the day-to-day expenses on an accruals basis as well as charges for operational assets consumed in the year. These transactions are reflected in the intra-group accounts of both entities.

The funding does not take account of:-

- Pension (IAS 19) charges/credits; or
- Compensated absences charges/credits.

These transactions, recorded in the Comprehensive Income and Expenditure Statement, are reversed in the Movement in Reserves Statement and charged/credited to the Pensions Reserve and Accumulated Absences Account in the Balance Sheet.

As the PCC funding does not take account of these charges or credits, the Comprehensive Income and Expenditure Statement has a surplus of £59.411m (2024/25 surplus of £369.055m).

2024/25			2025/26	
£000	**£000**		**£000**	**£000**
678,637		Expenditure to Deficit on Provision of Services	678,743	
(422,216)		Pension Remeasurements	(105,558)	
	256,421	**CIES Total Gross Expenditure**		573,185
625,476		PCC funding	(632,596)	
		Pension Remeasurements		
	(625,476)	**CIES Total Gross Income**		(632,596)
	(369,055)	**CIES Total Comprehensive Income and Expenditure**		**(59,411)**
		Pension (IAS 19) charges		
(167,697)		Employers pensions contributions paid in year	(165,955)	
43,513		Current service cost	30,051	
6		Past service cost	10	
453		Administrative expenses	661	
(422,216)		IAS 19 remeasurements	(105,558)	
176,081		Pensions interest cost and expected return on plan assets	180,710	
	(369,860)			**(60,081)**
		Compensated absences charges/(credits)		
881		Decrease in creditor for short term accumulated absences	679	
(76)		Decrease in debtor for short term accumulated absences	(9)	
	805			**670**
	(369,055)	**CIES Total Comprehensive Income and Expenditure**		**(59,411)**

13 OFFICERS' REMUNERATION

13.1 Remuneration Banding

The number of police officers and staff (excluding Senior Officers listed at Note 13.2) whose remuneration, excluding employer's pension contributions, was £50,000 or more in bands of £5,000 were:

2024/25				2025/26
836	£50,000	-	£55,000	850
552	£55,001	-	£60,000	722
393	£60,001	-	£65,000	415
308	£65,001	-	£70,000	321
90	£70,001	-	£75,000	193
45	£75,001	-	£80,000	68
31	£80,001	-	£85,000	37
22	£85,001	-	£90,000	12
12	£90,001	-	£95,000	16
13	£95,001	-	£100,000	14
3	£100,001	-	£105,000	11
3	£105,001	-	£110,000	3
2	£110,001	-	£115,000	2
0	£115,001	-	£120,000	3
0	£120,001	-	£125,000	1
1	£125,001	-	£130,000	1
2,311				2,669

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.

13.2 Senior Officers Remuneration

The table below shows remuneration of defined senior and statutory officers for the years 2024/25 and 2025/26.

Post Holder information	Notes	Salaries (incl. Fees and Allowances)	Bonuses	Expenses Allowances	Benefits in Kind	Other Payments	Total Remuneration excluding pension contributions	Pension Contribution	Total Remuneration including pension contributions
Chief Constable - S Kennedy	Note 1 & 3	218,647	0	19,422	1,127	0	239,196	76,429	315,625
Chief Constable - C Green	Note 4	171,172	0	0	0	0	171,172	58,922	230,094
Deputy Chief Constable	Note 5	139,211	0	0	0	0	139,211	48,268	187,479
Assistant Chief Constable	Note 1	118,659	0	362	0	0	119,021	41,882	160,903
Assistant Chief Constable	Note 6	106,187	0	0	0	0	106,187	35,589	141,776
Assistant Chief Constable	Note 7	53,383	0	0	0	0	53,383	18,844	72,227
Assistant Chief Constable	Note 6	110,887	0	0	0	0	110,887	38,460	149,347
Assistant Chief Constable	Note 1	135,745	0	9,349	0	0	145,094	47,016	192,111
Assistant Chief Constable	Note 6	121,864	0	0	0	0	121,864	43,018	164,881
Assistant Chief Constable	Note 2 & 8	93,931	0	9,037	0	0	102,968	33,158	136,126
Director of Resources		133,170	0	0	0	0	133,170	23,305	156,475
Total 2024/25		1,402,856	0	38,170	1,127	0	**1,442,153**	**464,891**	**1,907,044**
Chief Constable - R Carden	Note 9	121,612	0	0	0	0	121,612	42,929	164,540
Chief Constable - S Kennedy	Notes 1 & 10	116,973	0	8,103	676	0	125,751	32,464	158,216
Deputy Chief Constable	Notes 1 & 11	87,933	0	980	0	0	88,913	29,984	118,897
Deputy Chief Constable	Note 12	150,745	0	0	0	0	150,745	5,324	156,069
Temporary Deputy Chief Constable	Note 13	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 & 14	109,674	0	1,865	0	0	111,539	38,374	149,913
Temporary Assistant Chief Constable	Note 15	116,305	0	0	0	0	116,305	40,369	156,675
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 16 & 17	151,309	0	0	4,888	90,398	246,596	20,219	266,815
Temporary Director of Resources	Notes 1 & 18	108,722	0	2,440	0	0	111,163	19,026	130,189
Total 2025/26		1,687,483	0	26,168	5,564	90,398	**1,809,613**	**480,529**	**2,290,143**

Detail	
Note 1 - The expenses allowance paid to indicated Snr Employees is a car allowance	Note 10 - Chief Constable retired September 2025
Note 2 - The expenses allowance paid to ACC NWROCU is a relocation allowance	Note 11 - New Deputy Chief Constable appointed December 2025
Note 3 - Chief Constable Seconded to College of Policing from February 2025	Note 12 - Deputy Chief Constable retired February 2026
Note 4 - Deputy Chief Constable acting as Temp Chief Constable from February 2025	Note 13 - Assistant Chief Constable retired September 2026
Note 5 - Assisstant Chief Constable acting as Temp Deputy Chief Constable from February 2025	Note 14 - Temporary Assistant Chief Constable from February 2026
Note 6 - Temporary Assistant Chief Constable from February 2025	Note 15 - Temporary Assistant Chief Constable until May 2025
Note 7 - Assistant Chief Constable appointed February 2025	Note 16 - Director of Resources retired February 2026
Note 8 - Assistant Chief Constable appointed June 2025*	Note 17 - Other Payment relates to exit package costs
Note 9 - New Chief Constable appointed September 2025	Note 18 - Temporary Director of Resources from February 2026

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

14 TERMINATION BENEFITS

Employee contracts terminated by the CC in 2025/26, and 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 payments)	Number of compulsory redundancies		Number of other departures agreed		TOTAL number of exit packages by cost band		TOTAL cost of exit packages in each band	
	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	90
Total	**0**	**0**	**3**	**3**	**3**	**3**	**12**	**120**

The total cost of £0.120m (£0.012m 2024/25) in the table above represents the charge for exit packages that have been agreed, accrued for, and charged to the Comprehensive Income and Expenditure Statement for the current year. There are no accrued costs for 2025/26 included above.

15 AUDIT COSTS

2024/25		2025/26
£000		£000
63	Fees payable for external audit services	63
63	**Total**	**63**

16 RELATED PARTIES

The CC is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the CC or to be controlled or influenced by the CC. Disclosure of these transactions allows readers to assess the extent to which the CC 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 CC.

Police and Crime Commissioner

The PCC has direct control over the Group'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 significant influence over the general operations of the CC. It is responsible for providing the statutory framework within which the CC operates and provides the majority of funding in the form of grants to the PCC. Grants received from government departments are set out in the PCC Group and the PCC Statement of Accounts 2025/26.

Officers

The CC has considered transactions with senior officers of the Force and has concluded that there are no material transactions to disclose, nor were there any in the prior year.

17 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**

18 JOINT ARRANGEMENTS

The CC 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 Financial Accounts.

19 THE 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 CC in comparison with those resources consumed or earned by the CC 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 Adjustments between funding and accounting basis								2025/26 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		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**
0	0	(124,178)	805	(123,373)	(123,373)	Police Services		(0)	0	(135,894)	670	(135,224)	(135,224)
0	**0**	**(124,178)**	**805**	**(123,373)**	**(123,373)**	**Net Cost of Services**		**(0)**	**0**	**(135,894)**	**670**	**(135,224)**	**(135,224)**
0	**0**	**176,534**	**0**	**176,534**	**176,534**	Other Income and expenditure		0	0	181,371	0	181,371	181,371
0	**0**	**52,356**	**805**	**53,161**	**53,161**	**Surplus or Deficit**		**0**	**0**	**45,477**	**670**	**46,147**	**46,147**
(0)						**Opening General Fund Balance**		**0**					
(0)						Surplus/(Deficit) on General Fund Balance	**MiRS**	(0)					
(0)						Transfers to / (from) Earmarked Reserves		(0)					
(0)						**Closing General Fund Balance**		**(0)**					

20 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 CC, and further analyses it by nature.

2024/25		2025/26
£000		£000
381,199	Employees	388,575
13,387	Premises	13,030
8,882	Transport	9,513
49,980	Supplies & Services	51,901
33,255	Charges for Assets consumed	20,143
15,399	Other Services Expenses	14,209
502,103		**497,372**
(625,476)	Funding from the PCC	(632,596)
(123,373)	**Net Cost of Service**	**(135,224)**
176,081	IAS 19 Pension Net Interest	180,710
453	IAS 19 Admin Fees	661
176,534		**181,371**
53,161	**Deficit / (Surplus) on Provision of Services**	**46,147**

21 DEFINED BENEFIT PENSION SCHEMES

21.1 The Police Pension Scheme (Police Officers)

The Pension Fund Account records all the items of income and expenditure that is specified by regulations released on 1st August 2007. These regulations relate to police officer pensions. Police staff have a separate scheme which is described below.

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 £26.690m (2024/25 £23.500m) of members contributions have been netted off against retirement benefits payable to pensioners. The cost to the CC of employer's contributions for police officers was £75.684m (2024/25 £72.589m).

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 CC offers retirement benefits. Although these benefits will not actually be payable until employees retire, the CC 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 21.7**.

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

21.2 Police Staff Pensions

The Local Government Pension Scheme for police staff is administered by Merseyside Pension Fund (MPF). This is a defined benefit scheme which is funded by a dedicated portfolio of assets to fund any liabilities of the scheme. The CC and employees pay contributions into a fund, calculated at a level intended to balance the pension liability with investment assets. In addition, the CC has made arrangements for the payment of added years to certain retired employees outside the provision of the scheme. The cost of employer's contributions for police staff was £14.625m (2024/25 £13.957m) **Note 21.12**. Details of liabilities for police staff are shown at **Note 21.7**.

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

Contributions to the plan for the Financial Year 2026/27 are estimated to be £14.986m.

21.3 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 21.9**). 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.

21.4 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.

21.5 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).

21.6 Pension Costs

The CC recognises the cost of retirement benefits in the cost of services when employees earn them rather than when they are eventually paid as pensions. The following transactions have been made during the year:

	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	13,683	9,961	2,370	100	27,360	29,830	43,513	1,470	170	18,450	**20,090**	**30,051**
Past service cost	6	10	0	0	0	0	6	0	0	0	**0**	**10**
Administrative Expenses	453	661	0	0	0	0	453	0	0	0	**0**	**661**
Net Operating Expenditure												
Interest cost	28,334	35,284	151,320	7,300	17,770	176,390	204,724	161,260	7,250	20,210	**188,720**	**224,004**
Expected return on assets	(28,643)	(35,680)	0	0	0	0	(28,643)	0	0	0	**0**	**(35,680)**
Loss on curtailments	0	0	0	0	0	0	0	0	0	0	**0**	**0**
Net charge reflected in the Surplus or Deficit on Provision of Services	**13,833**	**10,236**	**153,690**	**7,400**	**45,130**	**206,220**	**220,053**	**162,730**	**7,420**	**38,660**	**208,810**	**219,046**
Experience gains and losses arising on the defined benefit obligation	**150**	**(16,629)**	(1,100)	(820)	1,660	(260)	(110)	(92,300)	(55,810)	156,080	**7,970**	**(8,659)**
Changes in financial assumptions underlying the present value of the defined benefit obligation	**79,216**	**54,405**	309,270	32,400	75,370	417,040	496,256	87,920	8,260	13,390	**109,570**	**163,975**
Changes in democratic assumptions underlying the present value of the defined benefit obligation	**1,565**	**4,380**	3,200	500	1,770	5,470	7,035	0	0	0	**0**	**4,380**
Effect of asset ceiling	**(80,965)**	**(46,524)**	0	0	0	0	(80,965)	0	0	0	**0**	**(46,524)**
Remeasurement of the net defined benefit liability	**(34)**	**(4,368)**	**311,370**	**32,080**	**78,800**	**422,250**	**422,216**	**(4,380)**	**(47,550)**	**169,470**	**117,540**	**113,172**
Net charge to the Comprehensive Income and Expenditure Statement	**13,799**	**5,868**	**465,060**	**39,480**	**123,930**	**628,470**	**642,269**	**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	**(13,833)**	**(10,236)**	**(153,690)**	**(7,400)**	**(45,130)**	**(206,220)**	**(220,053)**	**(162,730)**	**(7,420)**	**(38,660)**	**(208,810)**	**(219,046)**
Actual amount charged against revenue:												
Employers contributions and direct payments to pensioners payable in the year	**13,957**	**14,625**	**174,700**	**540**	**(21,500)**	**153,740**	**167,697**	**172,470**	**810**	**(21,950)**	**151,330**	**165,955**
IAS 19 Remeasurements charged against Other Comprehensive Income and Expenditure	**(34)**	**(4,368)**	**311,370**	**32,080**	**78,800**	**422,250**	**422,216**	**(4,380)**	**(47,550)**	**169,470**	**117,540**	**113,172**

21.7 Pension Assets and Liabilities Recognised in the Balance Sheet

The liabilities show the underlying commitments that the CC 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 CC as recorded in the Balance Sheet, resulting in a net liability of £3,354m. However, statutory arrangements for funding the deficit means that the financial position of the CC remains healthy:-

- The deficit on the Local Government Scheme will be made good by increased contributions over the 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 Actuaries Department using data provided by the CC.

Following the pensions valuation by the LGPS actuary, the CC 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 underlying assets and liabilities for retirement benefits attributable to the CC are 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
	£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	GRAND TOTAL £000
Gross Estimated liabilities in scheme	(476,617)	(511,172)	(2,938,356)	(128,710)	(337,690)	(3,404,756)	(2,932,996)	(182,870)	(228,830)	(3,344,696)	(3,881,373)	(3,855,868)
Gross Estimated assets in scheme	605,078	693,792	0	0	0	0	0	0	0	0	605,078	693,792
Effect of Asset Ceiling	(129,052)	(183,190)	0	0	0	0	0	0	0	0	(129,052)	(183,190)
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)

21.8 Asset Ceiling Reconciliation

	Local Government Pension Scheme	
	31st March 2025	31st March 2026
	£000	£000
As at 1st April	45,841	129,052
Interest on asset ceiling	2,246	7,614
Change in asset ceiling (net of interest)	80,965	46,524
As at 31st March	129,052	183,190

21.9 Actuarial Assumptions

The main assumptions used in the calculations have been:-

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

21.10 Actuarial Assumptions – Sensitivity Analysis

	2025/26				
	Local Gov't Pension Scheme	Police Pension Scheme 1987 SCHEME	Police Pension Scheme 2006 SCHEME	Police Pension Scheme 2015 SCHEME	TOTAL
	£000	£000	£000	£000	£000
Unadjusted deficit	(570)	(2,932,996)	(182,870)	(228,830)	**(3,345,266)**
+0.1% change in discount rate	6,999	36,000	4,200	5,600	**52,799**
+0.1% change in pay growth (salaries)	(1,328)	(3,400)	(2,000)	0	**(6,728)**
+0.1% change in inflation (pensions)	(7,380)	(36,000)	(2,600)	(6,800)	**(52,780)**
+1 year increase in life expectancy	(10,212)	(76,000)	(3,000)	(4,000)	**(93,212)**

21.11 Reconciliation of Present Value of Scheme Liabilities

	LGPS Funded Liabilities		Police Pension Scheme Unfunded Liabilities								TOTAL
	2024/25	2025/26	2024/25				2025/26				
			1987 SCHEME	2006 SCHEME	2015 SCHEME	TOTAL	1987 SCHEME	2006 SCHEME	2015 SCHEME	TOTAL	GRAND TOTAL
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
As at 1st April	**(540,077)**	**(476,612)**	(3,270,736)	(153,930)	(349,860)	**(3,774,526)**	(2,938,356)	(128,710)	(337,690)	**(3,404,756)**	**(3,881,368)**
Current service costs	**(13,683)**	**(9,961)**	(2,370)	(100)	(27,360)	**(29,830)**	(1,470)	(170)	(18,450)	**(20,090)**	**(30,051)**
Interest costs	**(26,088)**	**(20,056)**	(151,320)	(7,300)	(17,770)	**(176,390)**	(161,260)	(7,250)	(20,210)	**(188,720)**	**(208,776)**
Members contributions	**(5,903)**	**(6,198)**	0	0	(23,500)	**(23,500)**	0	0	(24,690)	**(24,690)**	**(30,888)**
IAS 19 remeasurements	**87,893**	**(19,810)**	311,370	32,080	78,800	**422,250**	(4,380)	(47,550)	169,470	**117,540**	**97,730**
Benefits paid	**21,252**	**21,480**	174,700	540	2,000	**177,240**	172,470	810	2,740	**176,020**	**197,500**
Past service costs	**(6)**	**(10)**	0	0	0	**0**	0	0	0	**0**	**(10)**
As at 31st March	**(476,612)**	**(511,167)**	**(2,938,356)**	**(128,710)**	**(337,690)**	**(3,404,756)**	**(2,932,996)**	**(182,870)**	**(228,830)**	**(3,344,696)**	**(3,855,863)**

21.12 Reconciliation of Present Value of Scheme Assets

	LGPS Funded Assets	
	2024/25	2025/26
	£000	£000
As at 1st April	**585,242**	**605,078**
Expected return on assets	**28,643**	**35,680**
Administrative expenses	**(453)**	**(661)**
IAS 19 remeasurements	**(6,962)**	**54,352**
Employers contributions	**13,957**	**14,625**
Members contributions	**5,903**	**6,198**
Benefits paid	**(21,252)**	**(21,480)**
As at 31st March	**605,078**	**693,792**

21.13 Fair Value of Plan Assets

The Police Pension Scheme has no investment assets to cover its liabilities. Assets in the Local Government Pension Scheme are valued at fair value – principally market value for investments, and consist of the following categories by proportion of the total asset:

0 0	Assets as at 31st March 2024/25		Assets as at 31st March 2025/26	
	£000	%	£000	%
Equity investments	330,446	54.6%	**360,979**	**52.0%**
UK Government bonds	6,416	1.1%	**14,570**	**2.1%**
Other bonds	28,291	4.7%	**61,539**	**8.9%**
Property	65,295	10.8%	**66,049**	**9.5%**
Cash/liquidity	11,496	1.9%	**35,176**	**5.1%**
Other	163,132	27.0%	**155,479**	**22.4%**
Total	**605,076**	**100.0%**	**693,792**	**100.0%**

The asset values in the Local Government Pension Scheme were calculated as at 31st March 2026. A deduction of 0.25% in respect of expenses is made in calculating the expected return for the year.

The expected return on assets represents the allowance made, calculated at the start of the accounting year for the anticipated investment return to be earned on assets during the year.

21.14 Scheme History

	2021/22	2022/23	2023/24	2024/25	2025/26
	£000	£000	£000	£000	£000
Present Value of Scheme Liabilities					
Local Government Pension Scheme	(772,873)	(550,116)	(585,923)	(605,669)	(694,362)
Police Pension Scheme	(5,090,286)	(3,751,486)	(3,774,526)	(3,404,756)	(3,344,696)
	(5,863,159)	**(4,301,602)**	**(4,360,449)**	**(4,010,425)**	**(4,039,058)**
Fair Value of Assets (LGPS)					
Local Government Pension Scheme	**570,999**	**550,116**	**585,242**	**605,078**	**693,792**
Surplus/(Deficit) in Scheme					
Local Government Pension Scheme	(201,874)	(0)	(681)	(591)	(570)
Police Pension Scheme	(5,090,286)	(3,751,486)	(3,774,526)	(3,404,756)	(3,344,696)
	(5,292,160)	**(3,751,486)**	**(3,775,207)**	**(3,405,347)**	**(3,345,266)**

21.15 Remeasurements of the Net Defined Benefit Liability

	2021/22		2022/23		2023/24		2024/25		2025/26	
Local Government Scheme	**£000**	**%**	**£000**	**%**	**£000**	**%**	**£000**	**%**	**£000**	**%**
Difference between the expected and actual return on assets	**37,480**	**7.2**	**(39,997)**	**(7.0)**	**8,670**	**1.5**	**(6,962)**	**(1.2)**	**54,352**	**7.8**
Differences between actuarial assumptions about liabilities and actual experience	**0**		**0**		**0**		**0**		**0**	
Changes in the demographic and financial assumptions used to estimate liabilities	**20,999**	**2.9**	**264,246**	**36.0**	**(8,251)**	**(1.4)**	**6,928**	**1.1**	**(58,720)**	**(8.5)**
	58,479		**224,249**		**419**		**(34)**		**(4,368)**	
Police Pension Scheme										
Difference between the expected and actual return on assets	**0**		**0**		**0**		**0**		**0**	
Changes in the demographic and financial assumptions used to estimate liabilities	**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	**101,459**		**1,654,289**		**34,809**		**422,216**		**113,172**	

21.16 Plan Asset Fair Value Disaggregation

	2024/25*			2025/26		
Asset Classification	£000 Quoted Market price	£000 No Quoted Market price	£000 TOTAL	£000 Quoted Market price	£000 No Quoted Market price	£000 TOTAL
Equities						
UK	77,651	1,659	79,310	77,288	1,804	79,092
Global	154,239	96,897	251,136	170,603	111,284	281,887
	231,890	**98,556**	**330,446**	**247,891**	**113,088**	**360,979**
Bonds						
Overseas Government	2,787	0	2,787	10,060	0	10,060
Collateralized Bonds	28	0	28	0	0	0
UK Government	6,416	0	6,416	14,570	0	14,570
UK Corporate	3,590	0	3,590	8,117	0	8,117
UK Index Linked	15,489	0	15,489	35,383	0	35,383
Overseas Corporate	3,477	0	3,477	8,187	0	8,187
Derivative Contracts	0	2,920	2,920	0	(208)	(208)
	31,787	**2,920**	**34,707**	**76,317**	**(208)**	**76,109**
Property						
UK Direct Property	6,162	26,348	32,510	10,615	25,046	35,661
UK Property Managed	597	15,331	15,928	278	15,749	16,027
Global Property Managed	0	16,857	16,857	0	14,361	14,361
	6,759	**58,536**	**65,295**	**10,893**	**55,156**	**66,049**
Other						
UK Private Equity	0	32,056	32,056	0	32,747	32,747
Global Private Equity	398	25,419	25,817	624	21,161	21,785
UK Hedge Funds	0	66	66	0	69	69
Global Hedge Funds	0	16,061	16,061	0	15,541	15,541
Global Infrastructure	0	18,981	18,981	0	21,022	21,022
UK Infrastructure	0	34,047	34,047	0	33,302	33,302
UK Opportunities	0	8,495	8,495	0	9,436	9,436
Global Opportunities	929	26,680	27,609	486	21,091	21,577
	1,327	**161,805**	**163,132**	**1,110**	**154,369**	**155,479**
Cash						
Cash Accounts	**0**	**3,186**	**3,186**	**0**	**3,192**	**3,192**
Cash Instruments	**8,310**	**0**	**8,310**	**31,984**	**0**	**31,984**
	280,073	**325,003**	**605,076**	**368,195**	**325,597**	**693,792**

**2024/25 comparative figures have been restated, reclassifying £3.186m of 'Cash' assets from 'Unquoted' to 'Quoted'.*

21.17 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

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.

21.18 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 25 July 2024, the Court of Appeal unanimously upheld the decision of the High Court. On 5 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 30 June 2025 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.

22 CONTINGENT ASSETS & LIABILITIES

22.1 Contingent Assets

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

22.2 Contingent Liabilities

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

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 pensions 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 CC Statement of Accounts. The long-term pension obligations of the CC 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
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
Merseyside Police

1. Scope of Responsibilities

1.1 The Chief Constable of Merseyside Police is responsible for maintaining the King's Peace and has direction and control over the officers and staff operating within the Merseyside Police Service. The Chief Constable of Merseyside holds office[1] under the Crown and is appointed by the Police and Crime Commissioner of Merseyside (PCC).

1.2 The Chief Constable of Merseyside Police is accountable to the law for the exercise of police powers, and to the PCC for the delivery of efficient and effective policing, management of resources and expenditure by the police force. At all times the Chief Constable, police officers and staff, remain operationally independent in the service of the communities that they serve. In discharging overall responsibilities, the Chief Constable of Merseyside is responsible for establishing and maintaining appropriate governance arrangements, risk management processes and ensuring that there is a sound system of internal control, which facilitates the effective exercise of these functions.

1.3 The Chief Constable and the PCC have approved and adopted a Joint Code of Corporate Governance, consistent with the principles of the CIPFA/SOLACE Framework: Delivering Good Governance in Local Government 2016, which sets out the shared approach to integrating the core good governance principles into the conduct of the business and sets out the arrangements for reviewing their effectives. A copy of the Code is available on Merseyside Police's website at www.merseyside.police.uk.

1.4 This statement explains how Merseyside Police has complied with the code and also meets the requirements of Accounts and Audit (England) Regulations 2015 (Regulation 6 and 10), which requires all relevant bodies to review their internal control system and prepare an Annual Governance Statement.

2. The Purpose of the Governance Framework

2.1 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.

2.2 The system of internal control is a significant part of the overall governance 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 absolute, assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the force'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.

2.3 The Chief Constable needs to be assured that the force's systems, policies and people are operating in a way that is driving the delivery of agreed corporate objectives, are focused on the key risks to the delivery of those objectives and are economic, efficient and effective.

[1] Definition of Office of Constable – "an independent and impartial officer, the holder of whom operates within and is accountable to the rule of law. Any holder of the office of constable is tasked with upholding and enforcing the law".

3. The Governance Framework

3.1 The governance framework comprises the systems, processes, culture and values by which the Chief Constable is directed and controlled. The Chief Constable of Merseyside Police is responsible for operational policing matters, the direction and control of police officers and staff, and for putting in place proper arrangements for the governance of the force. The Police and Crime Commissioner for Merseyside is required to hold the Chief Constable to account for the exercise of those functions, and to hold the Chief Constable to account for the performance of the force's officers and staff. It therefore follows that the PCC must satisfy themselves that the force has appropriate mechanisms in place for the maintenance of good governance, and that these operate in practice.

3.2 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.

3.3 The core principles that underpin the governance framework are outlined below. Examples of the behaviours and outcomes are provided against each principle that demonstrate that the relevant principle was in place during the year:

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

Compliance with the Corporate Governance Framework and the Home Office Financial Management Code of Practice ensured that good governance principles were embedded within the way the Office of the Police and Crime Commissioner 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 Chief Constable's Force Solicitor is the non-statutory Monitoring Officer for the Chief Constable and ensured that the Chief Constable and the force's officer and staff act within the law at all times.

The Force Strategy 2020 – 2025 set out the vision for Merseyside Police – 'working as one team, we will put the needs of our communities first in everything that we do.' This commitment is consistent with the seven Nolan Principles, which are applicable to all who hold public office, and serve to ensure that those who hold public office act in the public interest.

Central to the Strategy was a commitment to upholding standards and values – expressed through the Force's Leadership Framework, which was underpinned by 'Just' - Just Talk, Just Think, Just Lead and Just Listen. 'Just' is a brand that has been used to effectively communicate expectations regarding standards and values to all staff, in a bespoke Merseyside way. The key messages embedded within 'Just' are consistent with the Police Service Code of Ethics, which is applicable to all forces in the discharge of their duties.

In January 2026, Merseyside Police launched a new Force Strategy 2025 – 2030, which includes the following vision – 'to deliver an outstanding policing service that builds trust and confidence.' To help achieve this, the Strategy identifies four objectives – referred to as the 4 C's: Community First; Compassion for Victims; Contempt for Criminality; and Care for Colleagues. Delivery of these objectives is underpinned by standards and values which has four key elements: Public Service; Integrity; Inclusion; and Industry.

The new Force Strategy, and in particular the culture it seeks to embed, is also consistent with the Nolan Principles and the Police service Code of Ethics. A commitment to put the needs of our communities at the heart of everything Merseyside Police does and to do so in a spirit of public service, with integrity, by being inclusive and through industry (hard work) demonstrates a strong commitment to ethical values and respect for the rule of law.

The Force continued to adopt new, and amended Authorised Professional Practice developed by the College of Policing as guidance regarding various aspects of policing professional practice.

The Professional Standards Department managed complaints and dissatisfaction regarding the service provided to the public. They also investigated discipline matters where the Standards of Professional Behaviour were alleged to have been breached. More serious matters are dealt with by the Independent Office for Police Conduct, who, with the Office of Police and Crime Commissioner, oversee the complaint system to maintain independent accountability.

In accordance with Police Regulations regarding reflective practice, a common-sense use of conduct procedures has been promoted, reserving them for the most serious of cases. When it is appropriate to do so, local leaders are encouraged to lead and resolve issues locally, supported by appropriate actions and learning. This instils a learning and ethical culture.

A register of interests for Chief Officers and their respective staff has been maintained . All police officers and police staff must declare and have approved any external business interest.

Police officers and police staff are required to report any offer – whether accepted or declined - of a gift or gratuity, which arise during, or in connection with their employment for Merseyside Police. These registers are published on the force's website.

Police officers and police staff are subject to a formal, annual Professional Development Review (PDR), which is interspersed throughout the year with regular 1 to 1's with line managers. The PDR also requires consideration of any secondary business interests and notifiable associations.

B. Ensuring openness and comprehensive stakeholder engagement.

The Force Strategy 2020 – 2025 included strategic policing objectives to 'provide visible and accessible neighbourhood policing,' and to 'support victims and vulnerable people.' It also included reference to standards and values expressed through the Force's Leadership Framework, which was underpinned by 'Just' - Just Talk, Just Think, Just Lead and Just Listen. Implicit within these commitments is a willingness to engage with our local communities where they reside. This is endorsed through the Force Vision which puts the needs of our communities first.

In January, the Force launched a new Force Strategy 2025 – 2030. This includes four objectives – referred to as the 4 C's. Two of the 4 C's refer to community first (putting the needs of our communities at the heart of everything we do), and compassion for victims (ensuring dignity, care and professionalism for those affected by crime). It also includes reference to the culture of the Force with its emphasis on public service and inclusion. Implicit within these commitments is a willingness to engage with local communities. This is integral to helping the Force achieve its vision – to deliver an outstanding policing service that builds trust and confidence.

Prior to the launch of a new operating model on the 29th March 2026, the Force actively engaged with key stakeholders. This included meeting with locally elected representatives and senior officials from each of the five local authorities in Merseyside. In addition, a stakeholder event was held in Force to which key representatives were invited.

During 2025 – 2026, two significant policing operations – 'Operation Vanguard' – were held. These operations bring together the totality of policing resources working as one team to target specific areas and criminality based on an assessment of threat, harm and risk. Whilst maintaining the integrity of the operation, civic leaders have been fully engaged, the local media invited to observe, and His Majesty's Inspectorate of Constabulary were invited to observe also.

In December 2025, the Force commissioned Social and Market Research (SMSR Ltd), an independent research agency, to conduct surveys with residents using Computer Aided Telephone Interviewing and on-street using Computer Aided Personal Interviewing. A sample of residents across all 5 authorities within Merseyside were invited to participate in an interviewer led survey using random quota sampling. A further sample of residents who live, work or otherwise engage in areas of higher serious violent crime were invited to participate in the research. The feedback received will help to inform future service delivery.

The Community Engagement Unit continue to undertake engagement activities with the many diverse communities across Merseyside.

The Merseyside Independent Advisory Group (MIAG) have been active throughout the year and have been involved in several scrutiny panels regarding the appropriate and legitimate use of police powers relating to Stop and Search and use of force. They have also provided independent scrutiny of the way in which complaints made by members of the public are handled by the Force, which includes reviews of body worn video footage, statements, use of force forms and officer's complaint responses.

A well-developed social media capability, including Twitter, Facebook and Instagram, provides for the two-way exchange of up-to-date information with the communities of Merseyside.

The Force's website is regularly updated to ensure timely information is available to members of the community. The force also has an up-to-date Freedom of Information publication scheme.

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

The Force Strategy 2025 – 2030 has a clearly defined:-

- Vision - 'to deliver an outstanding policing service that builds trust and confidence'
- Objectives – community first; compassion for victims; contempt for criminality; and care for colleagues.
- Focus – working as one team; delivering excellence in the basics; improving performance; and being innovative and efficient.
- Culture – public service; integrity; inclusion; and industry.

The new Force Strategy is more concise than the 2020 – 2025 Force Strategy, but still retains the clarity required to define the outcomes and areas of focus for the Force.

The Force Strategy is consistent with, and supports delivery of, the Police and Crime Plan.

The performance framework that supports delivery of the Strategy reflects common sense measures that assess effectiveness at putting the community first, making quality decisions, and getting it right first time. During the year, the performance framework has evolved to monitor outcomes against National Crime and Policing Outcomes, and the Criminal Justice Dashboard suite of measures. This has been reflected in a 3-tiered performance framework based on the following criteria.

- Tier 1: Critical to delivery of public confidence, performance, and threat, harm and risk, that may also be related to statutory service delivery for policing.
- Tier 2: Areas that may have a large impact on our local communities, performance, and / or are important to statutory delivery.
- Tier 3: Monitoring of national performance; internal business as usual performance metrics as set by Strand / Department senior leadership teams; initiative / project performance management monitoring; and local area priorities.

For tier 1 and tier 2 key performance indicators, targets were set for solved outcomes and crime reductions (including reductions in the number of people killed and serious injured on the roads, and in the number of firearms discharges). Targets were also set for performance relating to Calls and Response.

Organisational risks have been identified and assessed with regards to the extent to which they have an impact on delivery of the Force Strategy. Risks have been prioritised reflective of the risk assessment and action is being taken to mitigate risks to service delivery, the achievement of outcomes and value for money. The organisational risk register has informed decisions regarding investment of additional resources, change programmes, or the reallocation of existing resources.

The force collaborates with other agencies to manage demand and reduce costs. The force's rationale for collaborating with others is to improve services for local communities and make savings wherever possible. This includes blue light collaboration opportunities.

The force regularly assesses its demand. In accordance with the requirements of HMICFRS, the Force completed an annual Force Management Statement. This Statement involves each function and strand giving consideration to their ability to meet current and future anticipated demand and to make an assessment of their ability to meet desired outcomes. Specifically, the Force Management Statement requires consideration of the sustainability and serviceability of assets, including people.

The Force remains committed to strengthening its sustainability credentials, embedding them into everyday operations. The Force's Net Zero Strategy establishes a target of achieving Net Zero by 2040. The strategy covers vehicles and estate with current efforts focused on buildings. A government grant has funded a number of Heat Decarbonisation Plans, prioritising the removal of gas heating, building fabric improvements, solar energy, heating controls, heat pumps, and efficiency measures. Activities are prioritised by financial return, from quick wins like solar installations to high-cost measures such as insulation, requiring a whole-building approach. An integrated programme aligned with the estate strategy, maximising existing funds, pursuing new funding opportunities, and monitoring regional grant changes will be developed. The Force's Sustainability Strategy action plan integrates eight priority United Nations Sustainable Development Goals. These priorities were identified following engagement workshops with officers and staff to ensure a collaborative approach.

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

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

The Chief Constable and PCC have maintained and reviewed the Medium-Term Financial Strategy, which forms the basis of the annual budget and provides a framework for evaluating future proposals. The Medium-Term Financial Strategy highlights 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

For most of the year, the Community First Transformation Board and the Savings and Efficiencies Board provided governance, guidance and decision making to ensure programmes of work are delivered to required timescales and specifications and that anticipated savings are realised. These respective Boards ensured that the programmes achieve their objectives in delivering business benefits including an examination of budget and resourcing. Towards the end of the year, these two Boards were combined to form the Futures Board

Following the appointment of a new Chief Constable in September, a review of the Force operating model was commissioned. Whilst this sought to address a number of identified issues linked to performance, fundamentally, it sought to mitigate the two highest organisational risks identified by the Force: response to calls for service, particularly priority calls; and investigative capability and capacity linked to outcomes. Implementation of the new operating model at the end of March has provided the intervention necessary to improve performance outcomes.

The Strategic Performance Board considers key strategic performance issues and risks, determines how each portfolio is contributing to priorities and identifies and resolves cross portfolio issues.

During the year a number of Programme Boards supported delivery of the Chief Constable's priorities. These Boards, together with strand level governance meetings coordinate activity at a Force level to ensure the Force Strategy and the Chief Constable's priorities are delivered.

The Benefits Management Strategy aims to ensure benefits arising from change programmes, projects, initiatives, investments are clearly identified, categorised, quantified and valued at the outset, and linked to one or more of the objectives set out in the Force Strategy. During the course of the year, the Force's approach to Benefits Realisation has been recognised as innovative by the College of Policing and nationally by National Police Chiefs' Council.

The Force strategic planning cycle establishes the relationship between the key parts of the planning cycle and the periods during which they should be undertaken and completed to support delivery of the Medium-Term Financial Strategy and Annual Budget.

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

During 2025 / 2026, the Leadership Framework defines what is expected of all officers and staff in terms of how they behave as a role model for the Force's standards and values, when leading others, and when leading a department or strategy.

In support of the Leadership Framework:

- A First Line Leaders Programme - developed by the Force reflective of College of Policing standards - has been rolled out across the Force for first line leader development. The programme targets all sergeants and police staff with first line management responsibilities and has continued to be delivered to new first line leaders. This has been revised to meet the amended College of Policing standards and includes practical training around management practices and core policing. A Second Line Leaders Programme has also been implemented.
- CPD events have been held for Ch/Inspectors and police staff equivalents.
- CPD events have been held for senior leaders above Ch/Inspector and police staff equivalent.
- Coaching for Managers training has also been established. This provides managers with the tools to manage through using a coaching style of leadership. This is part of ongoing training to enhance the leadership training offer

The Academy continued to deliver training requirements which in turn supported the development of the Force's capability across a range of policing disciplines, including leadership. Work is ongoing to ensure that the skills and capability within roles across the Force are recorded and that officers and staff in post hold all relevant skills. This will support an increased focus of training delivery to assist in long term strategic planning.

Chief Officers attended a number of CPD days to further hone their leadership skills. This includes using a coaching style of leading and reflective practice and through attendance at CPD events run with the support of the College of Policing and National Police Chiefs Council.

A Culture Board chaired by ACC People Services has been established. Meeting quarterly, the Board includes senior representation from across the Force and considers matters relating to the culture and leadership of the Force.

The Force has introduced Operational and Organisational Pacesetter meetings. The Operational Pacesetter meets daily, bringing together senior leaders from across the operational areas, providing an opportunity to address issues, by exception, more expeditiously than would otherwise be the case. The Organisational Pacesetter meets twice a week, bringing together senior leaders in the enabling functions to perform a similar role. Bothe meetings are chaired by the deputy Chief Constable, providing opportunity for clear leadership and more dynamic decision making.

In January, the Force introduced a senior leadership visibility schedule, applicable to Chief Inspectors, police staff equivalents and above. The schedule encourages senior leaders from across the Force to attend, observe and listen to operational briefings, providing an opportunity to clarify and address emerging issues.

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

The force developed a strategic understanding of the threats and risks by crime type which pose the greatest harm to local communities by using the 'management of risk in law enforcement' (MoRiLE) process. This tool assesses the types of crimes which most threaten communities, and highlights where the force does not currently have the capacity or capability to tackle them effectively.

Organisational risks have been identified and assessed with regards the extent to which they have an impact on delivery of the Force Strategy. Risks have been prioritised reflective of the risk assessment and action is being taken to mitigate risks to service delivery, the achievement of outcomes and value for money. The organisational risk register has informed decisions regarding investment of additional resources, change programmes, or the reallocation of existing resources.

Strategic financial updates are provided at the force's Strategic Management Board on a monthly basis.

The Savings and Efficiencies Programme, led by the Deputy Chief Constable, focuses on delivering the required savings whilst minimising the impact on service delivery and staff. The programme remains agile and flexible to the changing economic climate and MTFS requirements, and has been the subject of an independent audit by MIAA which has given a high level of programme assurance around systems and controls. Towards the end of the year, the Savings and Efficiencies Programme became part of the newly formed Futures Board. The Futures Board exercises governance of the Force's change programme and the achievement of the savings target.

During the course of the year, the Force implemented a revised approach – Priority Based Budgeting - to the way in which it allocates its resources, both people and finances, to ensure better alignment with, and delivery of, our strategic objectives whilst providing value for money services. The Priority Based Budgeting Approach identified potential savings, efficiencies and investment opportunities. Although a decision was taken in the latter part of the year to discontinue with this approach, the business intelligence it provided has, and will continue to be used, to support a number of organisational reviews – including a major review of the Force's operating model – as part of the Futures Programme of activity. This will support strong public financial management and the delivery of efficient and effective policing services.

The Joint Audit Committee has overseen the completion of the work of the internal and external audit during the year and ensured that actions arising from their work have been addressed. The Committee received presentations regarding the Force Organisational Risk Register and bespoke inputs from chief officers that provided assurance regarding the identification of key risks within their respective portfolios and implementation of appropriate governance arrangements to ensure mitigating actions are tracked and delivered.

The Force's Strategic Performance Board, which highlights key strategic performance issues and risks, determines how each portfolio is contributing to priorities and identifies and resolves cross portfolio issues.

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

The force has a number of Board Level meetings, designed collectively to ensure that strategic decisions are well informed through extensive consultation. These meetings are recorded and actions published to provide a record of decision-making.

The force has a dedicated department to deal with complaints. The force publishes the outcomes of disciplines on its website, along with the outcome of misconduct hearings.

The force has effective arrangements in place to monitor force performance, which is reported to the PCC via the PCC's Scrutiny meeting. The relevant data is published on the PCC's website.

The Audit and Inspection Oversight Board provides the Deputy Chief Constable with an opportunity to hold chief officers to account for the progress of recommendations, areas for improvement arising from HMICFRS inspections, independent audits, and the findings of regulatory and various other agencies.

4. Review of Effectiveness

4.1 The Chief Constable of Merseyside 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.

4.2 The review of effectiveness 2025/26 has been informed by the work of senior managers within the force, who have responsibility for the development and maintenance of the governance environment; the Head of Internal Audit's annual report; and also, by comments made by external auditors and other review agencies and inspectorates. The review also comprises:

- An annual review of the key documents within the Chief Constable's corporate governance framework e.g., Financial Regulations. This provides assurance around potential vulnerability to fraud or breaches of financial regulations.

- An overarching review of the governance arrangements in place to support each of the core principles. As part of the review, the Chief Constable's Code of Corporate Governance is updated to reflect changes to the governance framework and the implementation of the prior year's AGS development plan.

- A review of what has happened during the past year to evidence how the governance framework has been complied with. The process includes consideration of the questions and challenges raised within the CIPFA Good Governance Guidance Note for Police and a discussion on how well existing arrangements meet the good practice guidance within the guidance.

4.3 **Assurance Framework** – this is a structured means of identifying and mapping the key sources of assurance in the organisation and comprises evidence to support the Annual Governance Statement. The key assurances are:-

(i) 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 the procedures and controls in several areas of Force business.

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 Head of the Shared Internal Audit Service has completed the self-assessment and there are no issues to report.~~

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.

(ii) 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 the Annual Audit Letter, are considered by the PCC and the 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.

(iii) 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.

(iv) Force Evaluation Team

The force has its own Evaluation Team who are responsible for providing assurance to the Deputy Chief Constable (DCC) in relation to areas of risk for the force. Areas, functions and processes at risk are identified from a number of sources including the force's identified risks and priorities. Reviews and inspections are undertaken and a level of assurance of compliance, fitness for purpose and risk is reported back to individual Chief Officers and action plans monitored via appropriate governance meetings.

(v) His Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS)

His 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. We 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:

- An inspection of the police 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.

(vi) Force decision making processes

Policy and decision making within the force ultimately rests with the Chief Constable. A number of key Board Level meetings exist to support the Chief Constable in this process, including the Strategic Management Board and Strategic Performance Meeting.

(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 that 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. The most recent inspection of Crime Data took place as part of the PEEL assessment in August 2025 in which the force was rated good. 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 external 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
The on-going identification and achievement of the savings identified in the Medium-Term Financial Strategy to ensure a balanced Budget over the period.	The budget for 2025/26 included identified savings of £2.225m with a requirement for the Chief Constable to make additional savings of £3.573m to balance the budget. It is estimated that at the end of the year, overall savings of £3.774m will be achieved, with excess savings of £0.201m against this additional savings target. Looking ahead, there will be a requirement to identify further savings of £9.025m over the MTFS period.

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

Governance Issue	Action
The on-going identification and achievement of the savings identified in the Medium-Term Financial Strategy to ensure a balanced Budget over the period.	To address the savings challenge over the MTFS period the Chief Constable has established the Futures Programme. The Futures Programme is a strategic, organisation-wide initiative led by the Deputy Chief Constable. The programme is designed to help the Force respond to changing demands, improve performance, and ensure long-term financial sustainability. At its heart, the programme focuses on a review of the Forces Target Operating Model, including the Force Operational Review, and addressing the Force's savings challenge

Over the coming year the action identified will be undertaken to address the issues above in order to further enhance the Chief Constable'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.

Signed

Helen Stafford
Temporary Director of Resources for the Chief Constable of Merseyside Police
30th June 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 CC.

CREDITORS
Individuals or organisations to whom the CC 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 CC money at the end of the financial year.

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

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

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 CC 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 CC is a lessor: the ownership of the asset remains with the CC 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.

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.

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.

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 service costs settlements and curtailments in respect of IAS19 pension costs. It also covers costs associated with unused assets.

THE 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 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 2024.

THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT
The account which summarises the costs of all the functions of the CC. It also includes notional charges for the fair use of assets and the notional cost of retirement benefits earned by employees in the year.

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.

POLICE REFORM AND SOCIAL RESPONSIBILITY ACT 2011 (PRSR Act)
The Police Reform and Social Responsibility Bill was given Royal Assent on 13th September 2011. The Act changed Police accountability and governance and replaced Police Authorities with directly elected Police and Crime Commissioners.

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 gains and losses, remeasurements are changes in the net pensions liability that arise because events have no 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).

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 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.

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