



**Gloucestershire
Constabulary**

Chief Constable for Gloucestershire Statement of Accounts 2025/26

DRAFT

Subject to audit

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STATEMENT OF ACCOUNTS 2025/26

NARRATIVE REPORT BY THE CHIEF CONSTABLE'S CHIEF FINANCE OFFICER

The purpose of this report is to provide a clear guide to the most significant matters reported in the accounts and to comment on the Constabulary's financial performance and economy, efficiency and effectiveness during the year.

The Police Reform and Social Responsibility Act 2011 established the Chief Constable for Gloucestershire and the Police and Crime Commissioner (PCC) for Gloucestershire as separate legal entities (corporations sole). The primary function of the Chief Constable is the exercising of operational policing duties under the Police Act 1996. The PCC's function is to hold the Chief Constable to account for the exercise of these duties, thereby securing the maintenance of an efficient and effective police force in Gloucestershire. The Chief Constable is accountable to the PCC.

Both the PCC and the Chief Constable are required to publish statements of accounts. For accounting purposes, the PCC and the Chief Constable together are known as the Group. A separate set of statutory accounts has been prepared and published for the PCC and Group, capturing the financial activity in support of policing services across Gloucestershire. The accounts which follow show the Chief Constable's financial results for 2025/26.

The Chief Constable holds office as a servant of the crown and is not an employee. They have a statutory responsibility for the control over officers and employs the majority of the staff.

The PCC is elected by the public every four years and holds the Chief Constable to account for the exercise of their functions and those of persons under their direction and control. The PCC has retained employment only of staff in the Office of the PCC (OPCC). The PCC has retained ownership of all assets, and all contracts are let in the name of the PCC. The PCC is responsible for establishing all reserves and controls the cash flow. Chris Nelson, the Conservative candidate, was re-elected as Police and Crime Commissioner (PCC) for Gloucestershire on 2nd May 2024 for a period of four years. It is Mr Nelson's second term in office following his election in 2021 (his first term was reduced to three years following the COVID-19 pandemic).

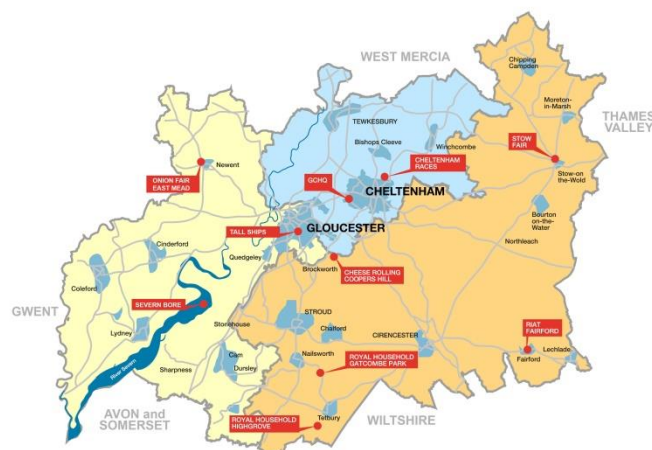
Organisational Overview and External Environment

Gloucestershire is a largely rural county encompassing the Cathedral city of Gloucester, the historic Spa town of Cheltenham, the Royal Forest of Dean and a number of picturesque Cotswolds villages. Gloucestershire's urban centres are diverse with a thriving night-time economy.

The County hosts a number of significant events throughout the year which attract national attention. These include the National Hunt Festival (Gold Cup) at Cheltenham Racecourse, the Royal International Air Tattoo at Fairford, the Tall Ships Festival at Gloucester Docks and the annual Cheese Rolling competition at Cooper's Hill.

There are a number of royal households including Highgrove, the residence of King Charles and Queen Camilla as well as Gatcombe Park, the home of Princess Anne, two small airports and two universities: the University of Gloucestershire and the Royal Agricultural University. GCHQ is one of the UK's leading intelligence agencies and as such a large employer in the county.

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The [Police and Crime Prevention Plan](#) for 2025/2029 was launched following the election of the PCC in May 2024 and is reviewed annually. Every PCC must set out the policing priorities for their area, which form the basis for the Police and Crime Prevention Plan. The PCC set six priorities:

- Creating safer communities
- Tackling violence against women and girls
- Strengthening your Constabulary
- Targeting the causes of crime
- Supporting victims and reducing reoffending
- Improving trust and confidence in policing

Governance

The Accounts and Audit Regulations 2015 require that the Annual Governance Statement accompanies the Statement of Accounts. The Chief Constable and the PCC have prepared a joint statement and have elected to publish the statement as a separate document. The Annual Governance Statement gives an assessment of the effectiveness of internal control procedures and should report any significant governance issues that have been identified. There are no significant governance issues.

Our approach to good governance:

- Governance of all ongoing operational matters is a Constabulary responsibility
- The Office of the Police and Crime Commissioner (OPCC) is represented effectively at all appropriate groups and boards
- Without prejudice to the operational independence of the Chief Constable and the specific duties of the Police and Crime Commissioner, governance is undertaken only once (where possible) on behalf of both legal entities
- Decision-making will take place at the most efficient and effective level in a style that is supportive and inclusive
- There is appropriate opportunity by relevant stakeholders to influence direction and key decisions
- Clear communication and visibility of decision making is available to staff and the public.

The Constabulary is subject to rigorous scrutiny and checks by a number of bodies to ensure that it is operating in accordance with its mandate. A number of these have statutory obligations including His

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Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) which makes judgments on various areas of the Constabulary's activity, identifies areas for improvement and makes recommendations

The force is headed by the Chief Constable who is supported by the Deputy Chief Constable, and the Assistant Chief Officer. Our policing style is clear and based upon a local presence through visible and accessible neighbourhood policing teams, together with teams who respond to emergencies, investigate serious crimes and tackle cybercrime as well as a range of other support units.

We work with our partners, local communities and those who come into contact with us as victims, witnesses, partners, volunteers and staff, so that we are clear on what it is we need to do to deliver our priorities and make improvements to our policing services.

Strategic Objectives

Our strategic objectives for the 2025/26 year were set out within our Gloucestershire Rapid Improvement Plan (GRIP):



Risks and Opportunities

Effective risk management is an essential element of the Constabulary's planning and accurate and timely identification; assessment and management of risks are key to our decision making. We ensure that there are appropriate structures and processes in place to identify and evaluate risks and that appropriate controls and mitigation techniques are developed to address them.

A revised approach to risk management across the organisation was developed during the year and to support this ownership and delivery of the risk management and the Strategic Risk Register (SRR) transferred to Corporate Development in Q4 2025/26.

The expectation is that departments maintain their own risk registers, capturing risks identified through team-level Organisational Risk Assessments (ORAs). These risks will highlight issues that may impact the department's ability to deliver strategic intent or represent emerging threats.

By exception, risks are escalated to a Command Risk Register, where accountability sits with Chief Superintendents and risks are owned by the relevant Assistant Chief Constable/Officer (ACC/O) or Deputy Chief Constable (DCC) across the four commands. A further escalation tier allows strategic risks to be elevated where reasonable and appropriate. At this level, accountability rests with members of the Chief Officer Group (COG), with ownership of risk held by the Chief Constable.

Oversight of SRR is through the Recommendations, Improvement and Learning Board (RIaL) and then Constabulary Governance Board monthly.

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Financial Performance

The resources put into policing are split into three separate areas: revenue, capital and pensions.

Revenue

Revenue budgets pay for the staffing and day to day running costs of the organisation and also allow for a prudent level of reserves to be set aside for future needs. This is funded from a combination of Central Government funding and Council Tax. The central government bodies (Home Office and the Ministry of Housing, Communities and Local Government) determine their contributions as part of the annual national funding settlements and the PCC makes the decisions each year about how much Council Tax, seeking approval from the Gloucestershire Police and Crime Panel for the level of precept increase. Central Government funds its contributions from all the taxes paid to HMRC, while Council Tax is collected by local authorities.

In February 2025, the PCC approved a revenue expenditure budget of £168.4m, funded by £88.2m grant from central government, £80.2m from Council Tax and £2.3m from reserves. The police element of the Band D Council Tax was set at £322.08, an increase of £14.00 (4.54%) on that set for 2024/25.

This revenue budget was split:

Constabulary budget	£165.0m
OPCC budget	£ 2.0m
PCC's Commissioning fund	£ 1.4m
Total	£168.4m

Shortly after the budget was produced, the Constabulary was awarded additional grant of £1.5m to support the delivery of the Government's Neighbourhood Policing Guarantee.

Pension Costs

The pensions costs for existing staff and officers which will need to be paid in the future are met from contributions from the revenue budget. Police pensions are paid by the local Policing Pensions Fund and then any costs in excess of current contributions are recovered from central government as a grant.

Police staff are eligible to be members of the Local Government Pension Scheme. Both the employee and Constabulary make contributions into the scheme which are invested into a pension fund administered by Gloucestershire County Council.

Financial Monitoring

Financial performance against the revenue and capital budgets were monitored throughout the year and reported to the Finance Panel, which is chaired the OPCC Chief Executive and are presented to the PCC Governance Board, which is attended by both the PCC and the Chief Constable, Chief Finance Officers from both the Constabulary and the OPCC, the Chief Executive of the OPCC and other senior officers and staff.

Revenue Outturn

The outturn for the year to 31 March 2026 shows an underspend of £1.8m, 1.0% of the Net Revenue Budget. This is split between OPCC (£0.9m) and Constabulary (£0.9m). This underspend resulted in a significant reduction in the budgeted drawdown from reserves, meaning only £0.5m of revenue reserves were used to balance the budget. This reduction in the net drawdown in reserves requirement protects our reserve balances as we go into 2026/27.

This left total general revenue reserves at 31 March 2026 at £20.4m, including a general fund reserve of £6.3m, 3.7% of the net expenditure budget.

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In producing this underspend, the Constabulary achieved its £12.3m savings target, with additional support through reduced ICT licence costs. Of the £12.3m total savings, £8.4m reflects a permanent reduction to the annual budget, while £3.8m arises from the continued holding of police staff vacancies. This is proportionally the most significant saving achieved by any force in 2025/26.

The OPCC underspent by £0.9m through holding staff vacancies and reducing commissioning spend.

The reserves of the Group are held by the PCC and are available for the Chief Constable to utilise in the performance of their duties, with approval by the PCC. Details of these reserves and their purposes are included in these financial statements. The PCC has a Reserves Strategy which is published on the OPCC website.

In reading these accounts, it should be noted that the Balance Sheet mainly reflects police pension scheme liabilities, which are underwritten by the PCC and that all bank accounts are held by the PCC and all income and funding is received by the PCC. As a result, the Cash Flow Statement for the Chief Constable does not show any figures.

Resource Allocation

The Constabulary received a £5.9m (7.0%) increase in government grant and £5.1m (4.5%) increase in precept funding for 2025/26 set against a £23.9m (15.0%) increase in net cost. Government grant funding now represents 53% of the total funding for Gloucestershire, compared to 66% in 2010.

The budget for 2025/26 provided the resources to deliver the Police and Crime Prevention Plan in year and over the medium term. Nearly 80% of budgeted expenditure is for the cost of officers and staff. This budget provided investment in staffing, ICT systems and equipment which will enable officers to carry out their core policing roles.

In order to develop the MTFP it is necessary to make a number of assumptions regarding funding and costs for 2025/26-2028/29. The assumptions for the 2025/26 MTFP were:

- A pay award of 2.0% for officers and staff in September 2025 of 2.0%, then 2.6%, 2.5% and 2.7% in the subsequent years. The pay award for the year was finalised at 4.2%, with partial funding received from Home Office to support the gap between assumptions and the agreed rate.
- Inflation assumptions are based upon the rates for the Consumer Price Index (CPI) projected by the Office for Budget Responsibility (OBR) and were noted as 2.0% for 2025/26 and 2.2%, for all subsequent years.
- Specific inflationary percentages were assumed in areas with significant variance from the CPI.
- Grant funding will increase in line with the assumed pay award inflation in subsequent years.
- There will be no formula funding review during the MTFP period.
- It is assumed that the tax base will increase by 1.0% per year for the next three years. For 2025/26 the tax base has increased by 2.19% due to the impact of the second homes levy.
- A Collection Fund surplus of £0.6m was confirmed during the budget process and was included within the budget. No surplus or deficit was assumed for subsequent years.
- The PCC will put the council tax up each year by the maximum flexibility. This was assumed at £10 in subsequent years.

Following the approval of the precept, budget and MTFP for 2025/26, the Constabulary was awarded £1.5m through the Neighbourhood Policing Guarantee. This is a government programme designed to restore public confidence and enhance visible policing in communities across England and Wales, as part of the [Safer Streets Mission](#). This will be achieved through the appointment of an additional 13,000 police officers, police community support officers (PCSOs) and special constables into neighbourhood policing roles, with the first 3,000 in place by spring 2026.

The Constabulary's share of this initial 3,000 was 23 officers and this was achieved by the end of March 2026, in line with the government target.

In order to balance the budget, £12.3m of savings were required. This target was split between a number of pay and non-pay workstreams

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Operational Performance

In the 12 months to March 2026, Gloucestershire Constabulary recorded 45,094 crimes. In the year prior, there were 45,827 crimes which is a 1.6% reduction. The Constabulary receives approximately 11,649 “101 calls” per month and 7,832 “999 calls” per month (based on a twelve-month average). Our officers arrive at the scene of an emergency incident on median average within 11 minutes, and at “priority” incidents within one hour. Our Force operational priorities are set based upon understanding the threat, harm and risk posed by criminality within the county. They are:

- Financial, Criminal and Sexual Exploitation for Gain
- Child Abuse
- Domestic Abuse

Each priority has an operational lead and has developed a plan to prevent crime, protect victims and pursue offenders.

Operational performance was monitored through the Force Performance Group, chaired by the Deputy Chief Constable.

In October 2024, the substantive Chief Constable was suspended, and an interim Chief Constable was appointed two weeks later, later being successfully appointed as temporary Chief Constable. This situation remained throughout 2025/26, ensuring leadership stability whilst the misconduct process was conducted.

Basis of Preparation and Presentation

The Statement of Accounts are prepared on a going concern basis, assuming that Gloucestershire Constabulary will continue in operation for the foreseeable future.

It is the purpose of the statement of accounts to demonstrate that the Chief Constable has accounted for public money properly and in accordance with all relevant financial standards. The accounts provide useful information to a wide range of users about the financial position, financial performance and cash flows of Gloucestershire Constabulary because they are in the same format as those prepared by others and therefore directly comparable. The accounts are, therefore, necessarily detailed and technical with explanatory notes.

The Chief Constable is required by statute to make funding decisions on a different basis from the way in which these decisions are reported within the Statement of Accounts. The Expenditure and Funding Analysis statement shows how the managed costs differ from the reported costs in these statements. This is because a number of adjustments are made in the statement of accounts to incorporate accounting adjustments in the areas of pensions, employee benefits and depreciation which are not funded by statute.

For accounting purposes, the concept of “substance over form” requires that the economic substance of transactions and events must be recorded in the financial statements rather than just their legal form, in order to present a true and fair view of the affairs of the entity. These accounts are produced in line with this concept.

The format and content of the Accounts are laid down by the Code of Practice on Local Authority Accounting in the UK 2025/26 (the ‘Code’) based on International Financial Reporting Standards, adopted by CIPFA, the professional body of public sector accountants. The accounting policies adopted by the Chief Constable comply with recommended accounting practices and are explained on pages 34 to 43.

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The Accounts reflect the current legislative framework as well as the local arrangements operating in practice. Key elements of this framework include:

- The Police Reform and Social Responsibility Act 2011
- The Home Office Financial Management Code of Practice for the Police Service of England and Wales
- Scheme of Delegation between the PCC and the Chief Constable
- Corporate Governance Framework for the Group.

These financial statements include the following:

- Statement of Responsibilities. This sets out the responsibilities of the Chief Constable and the Chief Finance Officer in respect of the Statement of Accounts
- Comprehensive Income and Expenditure Statement. This recognises the financial resources belonging to the PCC consumed at the request of the Chief Constable for the year to 31st March 2026 (as opposed to the overall cost of policing Gloucestershire as shown by the Group Accounts)
- Movement in Reserves Statement. This statement summarises the movements to and from the reserves for the year 2025/26. The only movements applicable to the Chief Constable accounts are those relating to pensions. All reserves are held by the PCC, not by the Chief Constable
- Balance Sheet as at 31st March 2026. The Balance Sheet shows the value of the assets and liabilities recognised by the Chief Constable. The Balance Sheet includes pension liabilities and assets. The net pension liability is underwritten by an intra-group debtor with the PCC
- Cash Flow Statement. This shows the changes in cash and cash equivalents of the Chief Constable during the accounting period. The Chief Constable does not manage any of these transactions and accordingly this statement does not show any figures. Movements of monies are included in the Accounts of the PCC
- Police Pension Fund Accounts. These comprise the Fund account, the Net assets Statement and the related notes, shown at the end of the Statement of Accounts.

Pension Schemes

The Group participates in two pension schemes: the Police Pension Scheme and the Local Government Pension Scheme (LGPS). Both schemes are categorised as ‘defined benefit’ schemes.

The Police Pension Scheme is an unfunded defined benefit scheme. There are no investment assets built up to meet pension liabilities, and cash has to be generated to meet actual pension’s payments as they fall due. Under the Police Pension Fund Regulations 2007, if the amounts receivable by the pension funds for the year are less than the amounts payable, the Group must annually transfer an amount required to meet the deficit to the pension fund. Subject to parliamentary scrutiny and approval, up to 100% of this cost is met by a central government top-up grant. The Group received a top up grant for 2025/26 of £21.9m for 100% of the deficit.

The Group is obliged to include the police pension accounts in their statement of accounts; see Note 8 and the Fund Account and Notes on pages 45 to 46.

In accordance with the requirements of International Accounting Standard No 19 – Employee Benefits (IAS19), as amended, the Chief Constable Statement of Accounts includes net pension liabilities and a pension’s asset in its Balance Sheet, and entries in the Comprehensive Income and Expenditure Statement to reflect movements in the assets and liabilities relating to the pension schemes.

Matt Ulyatt FCPFA
Section 151 and Chief Constable’s Chief Finance Officer
Date:

STATEMENT OF ACCOUNTS 2025/26

RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS**The Chief Constable's Responsibilities**

The Chief Constable is required to:

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

The Chief Finance Officer's Responsibilities

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

In preparing this Statement of Accounts the Chief Constable's Chief Finance Officer has:

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

The Chief Constable's Chief Finance Officer has also:

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

STATEMENT OF ACCOUNTS 2025/26

**INDEPENDENT AUDITOR'S REPORT TO THE POLICE AND CRIME COMMISSIONER FOR
GLOUCESTERSHIRE**

Report on the Audit of the Financial Statements

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Chief Constable Comprehensive Income and Expenditure Statement for the year ended 31 March 2026

Gross Expenditure £000s	2024/25 Gross Income £000s	Net Expenditure £000s		Note Number	Gross Expenditure £000s	2025/26 Gross Income £000s	Net Expenditure £000s
152,618	0	152,618	Financial resources of the PCC consumed at the request of the Chief Constable				
			Policing Services		153,689	0	153,689
152,618	0	152,618	Total financial resources of the PCC consumed at the request of the Chief Constable	7	153,689	0	153,689
0	(152,618)	(152,618)	Intra-group funding		0	(153,689)	(153,689)
152,618	(152,618)	0	Net Cost of Service		153,689	(153,689)	0
49,359	0	49,359	Net Interest on the net defined benefit liability	8	48,856	0	48,856
0	(49,359)	(49,359)	Intra-group funding pensions interest costs		0	(48,856)	(48,856)
49,359	(49,359)	0	Total Financing and Investment Income and Expenditure		48,856	(48,856)	0
21,647	(21,647)	0	Police Pension Fund Top-Up Grant/Contribution		21,933	(21,933)	0
151,503	0	151,503	Intra-group funding (actuarial loss on police pensions)		7,445	0	7,445
173,150	(21,647)	151,503	Non-specific grant income and contributions		29,378	(21,933)	7,445
173,150	(21,647)	151,503	Surplus/deficit on provision of services		29,378	(21,933)	7,445
0	(151,503)	(151,503)	Remeasurement of the net defined benefit liability	8	0	(7,445)	(7,445)
0	(151,503)	(151,503)	Other Comprehensive Income and Expenditure		0	(7,445)	(7,445)
173,150	(173,150)	0	Total Comprehensive Income and Expenditure		29,378	(29,378)	0

The Comprehensive Income and Expenditure Statement above reflects the PCC financial resources consumed at the request of the Chief Constable for 2025/26. In practice all the respective costs are paid for by the PCC and the Comprehensive Income and Expenditure Statement includes the intra-group adjustments referred to below in the Notes to the Accounts (Note 2), resulting in a nil balance for Total Comprehensive Income and Expenditure.

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Movement in Reserves Statement for the Chief Constable for the year ended 31 March 2026

	General Fund Balance	Capital Receipts Reserve	Revenue Contribution to capital unapplied	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Reserves
	£000	£000	£000	£000	£000	£000	£000
Balance at 31 March 2025	-	-	-	-	-	-	-
<u>Movement in reserves during 2025/26</u>							
Total Comprehensive Expenditure and Income	(7,445)	-	-	-	(7,445)	7,445	-
Adjustments between accounting basis & funding basis under regulations	7,445	-	-	-	7,445	(7,445)	-
Increase or (decrease) in 2025/26	-	-	-	-	-	-	-
Balance at 31 March 2026 carried forward	-	-	-	-	-	-	-

These statements show only the remeasurement of the net defined benefit liability relating to pensions for the years ended 31 March 2025 and 31 March 2026. All reserves are held by the PCC. The financial consequences of the operational activities undertaken by the Chief Constable can be seen in the Comprehensive Income and Expenditure Statement.

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	General Fund Balance £000	Capital Receipts Reserve £000	Revenue Contribution to capital unapplied £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Unusable Reserves £000	Total Reserves £000
Balance at 31 March 2024	-	-	-	-	-	-	-
<u>Movement in reserves during 2024/25</u>							
Total Comprehensive Expenditure and Income	(151,503)	-	-	-	(151,503)	151,503	-
Adjustments between accounting basis & funding basis under regulations	151,503	-	-	-	151,503	(151,503)	-
Increase or (decrease) in 2024/25	-	-	-	-	-	-	-
Balance at 31 March 2025 carried forward	-	-	-	-	-	-	-

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Chief Constable Balance Sheet as at 31 March 2026

31 March 2025 £'000		Note Number	31 March 2026 £'000
937,700	Long Term Debtors - Intra group adjust	8	938,026
937,700	Total Long Term Assets		938,026
7,982	Short term Debtors	14	6,520
7,982	Total Current Assets		6,520
7,982	Short term creditors & provisions	14	6,520
7,982	Total Current Liabilities		6,520
937,700	Pension Liabilities	8	938,026
937,700	Total Long Term Liabilities		938,026
0	Net Assets		0
Financed by:			
0	Usable reserves		0
0	Unusable Reserves		0
0	Total Reserves		0

Matt Ulyatt FCPFA
 Chief Constable's Chief Finance Officer
 Date:

STATEMENT OF ACCOUNTS 2025/26**Chief Constable Cash Flow Statement for the year ended 31 March 2026**

2024/25		2025/26
£'000		£'000
	Operating Activities	
0	Cash inflows	0
0	Cash outflows	0
0	Net cash flows from operating activities	0
0	Investing Activities	0
0	Financing Activities	0
0	Net (increase)/decrease in cash and cash equivalents	0
0	Cash and cash equivalents at the beginning of the reporting period	0
0	Cash and cash equivalents at the end of the reporting period	0

This statement does not show any cash flows for the years ending 31 March 2025 and 2026 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 during the year. The financial consequences of the operational activities undertaken by the Chief Constable can be seen in the Comprehensive Income and Expenditure Statement

STATEMENT OF ACCOUNTS 2025/26

NOTES TO THE ACCOUNTS

1. Statement of accounting policies 2025/26

a. General principles

These financial statements have been prepared in accordance with the *Code of Practice on Local Authority Accounting in the United Kingdom 2025/26* ("Code of Practice").

Following the passing of the Police Reform and Social Responsibility Act 2011 the Gloucestershire Police Authority was replaced on 22nd November 2012 with two 'corporation sole' bodies, the Police and Crime Commissioner (PCC) for Gloucestershire and the Chief Constable for Gloucestershire. Both bodies are required to prepare separate Statement of Accounts. The accounting policies below reflect the powers and responsibilities of the Chief Constable as designated by the Act and the Home Office Financial Management Code of Practice for the Police Service, England and Wales 2012. The accounting policies defined here are consistent with local regulations and practice as well as the Group policies.

The Financial Statements included here represent the accounts for the Chief Constable. The Financial Statements cover the twelve months to 31st March 2026. All expenditure is paid for by the PCC, including the wages of police staff and officers, and no actual cash transactions or events take place between the two entities. Costs are however recognised within the Chief Constable's accounts to reflect the financial resources consumed at the request of the Chief Constable and the economic benefit this brings about. For example an economic benefit is recognised to reflect the utilisation of the PCC owned long term assets which mirrors depreciation of property, plant and equipment.

b. Estimation Techniques

Accounting policies and estimation techniques have been selected and exercised, having regard to the accounting principles and contents set out in IAS 8 and IPSAS 3 (*Accounting Policies, Changes in Accounting Estimates and Errors*), specifically:

- The qualitative characteristics of financial information
- Relevance
- Reliability
- Comparability
- Understandability
- Materiality
- Pervasive accounting concepts
- Accruals
- Going concern
- Primacy of legislative requirements

c. Accruals of expenditure & Income

Activity is accounted for in the year it takes place, not simply when cash payments are made. Supplies are recorded as expenditure when they are consumed and the provision of services (including services provided by employees) are recorded as expenditure when the service is received rather than when payments are made. All manual accruals with a value of £1,000 or more will be processed in the accounts.

d. Material Items

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

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e. Provisions

Provisions are made when an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Group becomes aware of the obligation and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

f. Grants and contributions

Grants and contributions, including donated assets, shall not be recognised until there is reasonable assurance that the Chief Constable will comply with the conditions attached to them and that the grants or contributions will be received. Grants and contributions shall be accounted for on an accruals basis and recognised immediately in the Comprehensive Income and Expenditure Statement as income, except to the extent that the grant or contribution has a condition that the Chief Constable has not satisfied.

g. Leases

From 1 April 2024 the Code requires the adoption of IFRS16, with an adjustment to the balance sheet for 2024/25.

For any new contracts entered into on or after 1 April 2024, the Group considers whether a contract is or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'.

To apply this definition the Group assesses whether the contract meets three out of four evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract
- the Group has the right to direct the use of the identified asset throughout the period of use.
- the Group assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Group also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate.

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Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or CIES if the right-of-use asset is already reduced to zero.

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in the Comprehensive Income and Expenditure Account on a straight-line basis over the lease term.

h. Overheads

The Chief Constable has a policy of not recharging support service overhead costs to front line service providing departments, they are reported separately. However, for the purposes of the preparation of the Comprehensive Income and Expenditure Statement the full cost of support service overheads are included in Policing Services under the Net Cost of Service.

i. Employee Benefits

Post employment benefits

As part of the terms and conditions for its officers and for staff employees, the Group offers retirement benefits. Although these benefits will not actually be payable until employees retire, the Group has a commitment to make payments that need to be disclosed at the time that employees earn their future entitlement. The Group participates in two separate pension schemes:

- o The Local Government Pension Scheme (LGPS) for staff employees, administered locally by Gloucestershire County Council. This is a funded defined benefit salary scheme, meaning that the Group and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets.
- o The Police Pension Scheme for police officers, comprising three separate elements:
 - a. Police Pension Scheme (PPS)
 - b. New Police Pension Scheme (NPPS)
 - c. 2015 CARE scheme (CARE)

These schemes (PPS, NPPS and CARE) are not viewed as materially different as each scheme provides benefits of a similar nature or character - a defined benefit index linked pension, payable from a retirement date. Each scheme also provides survivor benefits, a death in service benefit, injury pension and payment of an ill-health pension. The differences between the schemes are how the benefits are accrued - the accrual rate with which a member earns benefits and the salary used to calculate the pension (pension is linked to final salary or career average salary). These differences do not make the schemes materially different in nature or character. Each scheme is also subject to the same risks.

The costs of retirement benefits are included in the Chief Constable Comprehensive Income and Expenditure Statement when they are earned by employees, rather than when the benefits are eventually paid as pensions. Accrued net pension liabilities have been assessed on an actuarial basis in accordance with IAS 19 Employee Benefits. The net liability and a pensions debtor for all schemes has been recognised on the Chief Constable Balance Sheet, as have entries in the Chief Constable Comprehensive Income and Expenditure Statement for movements in the asset/liability relating to the schemes. These are offset by an intra-group adjustment transferring costs to the PCC.

STATEMENT OF ACCOUNTS 2025/26

Actuarial gains and losses are recognised when changes in the net pension liability arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions.

Benefits payable during employment

Short term employee benefits are those due to be settled within 12 months of the year end. These include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits for current employees. The financial consequences of these benefits are recognised in the Chief Constable Comprehensive Income and Expenditure Statement in the year in which the employee renders service to the Chief Constable.

Compensated absences are periods during which an employee does not provide services to the employer, but benefits continue to be paid. Compensated absences may be accumulating e.g. annual leave and flexi-time, or non-accumulating e.g. sick leave and maternity leave. Accumulating absences are those that are carried forward and can be used in future periods if the current period entitlement is not used in full. Short-term (due to be settled within 12 months after the year end of the period in which the employee renders the service) accumulating compensated absences shall be:

- recognised when employees render services that increases their entitlement to future compensated absences.
- measured as the additional amount that the Chief Constable expects to pay as a result of unused entitlement that has accumulated at the Balance Sheet date including associated employers national insurance and pension contributions.

Termination benefits

Termination benefits are amounts payable as a result of a decision by the Chief Constable to terminate a member of staff's employment before their normal retirement date or their decision to accept voluntary redundancy. These are recognised in the Chief Constable Comprehensive Income and Expenditure Statement when the Chief Constable is demonstrably committed to the termination of the employment of an individual or group of employees or making an offer to encourage voluntary redundancy.

j. VAT

The Chief Constable does not submit a VAT return. The PCC submits a single VAT return on behalf of the Group. Expenditure in the Chief Constable Comprehensive Income and Expenditure Statement excludes any amounts relating to VAT as all VAT is remitted to /from HM Revenue & Customs.

k. Events after the Balance Sheet date

The Chief Constable will account for events after the reporting period in accordance with IAS 10 (Events after the Reporting Period), except where interpretations or adaptations to fit the public sector are detailed in the Code.

Two types of events after the Reporting Period can be identified:

- those that provide evidence of conditions that existed at the end of the reporting period (adjusting events), and
- those that are indicative of conditions that arose after the reporting period (non-adjusting events).

The Chief Constable will adjust the amounts recognised in its Comprehensive Income and Expenditure Statement to reflect adjusting events after the reporting period, but will not adjust its statements for non-adjusting events. However for material non-adjusting events the Chief Constable will disclose the nature of the event and provide an estimate of its financial effect.

STATEMENT OF ACCOUNTS 2025/26

2. Assumptions made about the future and other major sources of estimation uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Chief Constable about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates. The estimates and assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised.

The items in the Chief Constable 2025/26 Comprehensive Income and Expenditure Statement for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

- a. Pension scheme liabilities: Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Group with expert advice about the assumptions to be applied. The impact of the McCloud judgement and GMP are included as estimates in the pension schemes. The value of these pension scheme liabilities at 31st March 2026 was £938m (2024/25: £938m). A sensitivity analysis on the assumptions made is detailed in note 8.
- b. Pensions Asset Ceiling (LGPS): We have carried out a calculation in perpetuity under IFRIC 14 for the current year based on a discount rate of 6.3%, a salary increase rate of 3.5%, and projected service costs per annum of £4.4m. Any one or all of these factors could change over the next year before the next triennial revaluation. The value of the LGPS pension scheme asset as at 31 March 2026 before any asset ceiling adjustments was £88.47m, after the asset ceiling adjustment the asset value was reduced to £nil (31 March 2025: £nil). See further details in note 8.

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

The following standards have been issued but have not yet been adopted:

- Amendments to FRS 102 The Financial Reporting Standard (Amendments to Heritage assets)
- Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)
- Annual improvements to IFRS accounting standards – Volume 11
- Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7)

4. Critical Judgements in applying accounting policies

In applying the accounting policies set out earlier in this document, the Chief Constable 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:

- A judgement has been made of the expenditure allocated between the PCC and the Chief Constable to reflect the financial resources of the PCC consumed at the request of the Chief Constable. The Chief Constable is judged to incur all expenditure in the Net Cost of Service (£158.8m (2024/25: £159.1m)) apart from that generated directly by the Office of the Police and Crime Commissioner (£6.5m (2024/25: £5.1m)). All income is judged to be received by the PCC. The basis adopted for this allocation was determined by the Group in accordance with the standard set of activities for each corporate body identified in CIPFA's SeRCOP.

STATEMENT OF ACCOUNTS 2025/26**5. Expenditure and Funding Analysis**

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources by the Chief Constable in comparison with those resources consumed or earned by the Chief Constable 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.

Expenditure and Funding analysis

2024/25				2025/26		
Net expenditure chargeable to the General Fund £000s	Adjustments between the Funding and Accounting basis £000s	Net expenditure in the Comprehensive Income and Expenditure Statement £000s		Net expenditure chargeable to the General Fund £000s	Adjustments between the Funding and Accounting basis £000s	Net expenditure in the Comprehensive Income and Expenditure Statement £000s
183,525	(30,907)	152,618	Police services	194,940	(41,251)	153,689
(183,525)	30,907	(152,618)	Intragroup adjustment	(194,940)	41,251	(153,689)
0	0	0	Net Cost of Services	0	0	0
0	151,503	(151,503)	Other income & Expenditure	0	7,445	(7,445)
0	151,503	(151,503)	Surplus or deficit	0	7,445	(7,445)
0			Opening General Fund balance	0		
0			Less/plus surplus/deficit on general fund balance in year	0		
0			Closing General Fund balance at 31st March	0		

Note a – Net changes for the pensions adjustments

This column includes the removal of employer pension contributions as allowed by statute and the replacement with current service and past service costs on the net cost of services line. The net interest on the defined benefit liability charged to the Comprehensive Income and Expenditure Statement is included in the other income and expenditure line.

6. Expenditure and Income analysed by nature

The Chief Constable's expenditure and income is analysed as follows:

Expenditure and Income analysed by nature

	2024/25 £'000	2025/26 £'000
Expenditure		
Actuarial gain/loss on police pensions	151,503	7,445
Police Pension fund	21,647	21,933
Total Expenditure	173,150	29,378
Income		
Government grants & contributions	(21,647)	(21,933)
Total Income	(21,647)	(21,933)
Surplus/Deficit on the provision of services	151,503	7,445

STATEMENT OF ACCOUNTS 2025/26**7. Subjective analysis of spending**

2024/25 £000		2025/26 £000
	Financial resources of the PCC consumed at the request of the CC	
72,839	Police pay and allowances	79,498
47,595	Staff pay and allowances	47,335
3,716	Other employee expenses	2,483
19,257	Police pensions	21,352
(32,056)	IAS19 Pension costs	(41,085)
9,057	Premises	8,491
2,670	Transport	2,633
22,424	Supplies and services	25,467
1,666	Agency and contracted services	1,988
5,450	Depreciation	5,528
152,618	Total financial resources of the PCC consumed at the request of the CC	153,689
(152,618)	Intra group adjustment	(153,689)
0	Net Cost of Service	0

This table presents the Net Cost of Service expenditure detailed in the Comprehensive Income and Expenditure Statement in the form of a subjective analysis.

STATEMENT OF ACCOUNTS 2025/26

8. Pension costs

As part of the terms and conditions of employment of its officers and staff, the Group makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the Group has a commitment to make the payments (for those benefits) and to disclose them at the time that employees earn their future entitlement.

The Group participates in two separate pension schemes:

- o The Local Government Pension Scheme (LGPS) for police staff, administered locally by Gloucestershire County Council. This is a funded defined benefit salary scheme, meaning that the Group and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets. The defined benefit is based on a combination of final and average salary dependent on when the participant joined the scheme. The scheme is operated under the regulatory framework for the Local Government Pension Scheme and the governance of the scheme is the responsibility of the pensions committee of Gloucestershire County Council. Policy is determined in accordance with the Pension Fund Regulations.

The investment managers of the fund are appointed by the committee and consist of:

- Arcmont Asset Management Ltd.
 - Blackrock Investment Management (UK) Ltd.
 - Brunel Pension Partnership Ltd.
 - Golub Capital Partners International LP
 - Gresham House Specialist Investment
 - Octopus Investments
 - Resonance Impact Investment Ltd.
 - Schroders Greencoat Wessex Gardens LP
 - Technology Venture Partners LLP
- o The Police Pension Scheme, comprising three elements: Police Pension Scheme (PPS), the New Police Pension Scheme (NPPS) and the CARE scheme for police officers. These are unfunded defined benefit final salary schemes, administered by the Group, meaning that there are no investment assets built up to meet the pension liabilities and cash has to be generated to meet actual pensions payments as they eventually fall due. Under the Police Pension Fund Regulations 2007, if the amounts receivable by the pension fund for the year are less than the amounts payable, the Group must annually transfer an amount required to meet the deficit to the pension fund. Subject to parliamentary scrutiny and approval, up to 100% of this cost is met by central government pension top-up grant. If however the pension fund is in surplus for the year, the surplus is required to be transferred from the pension fund to the Group, which must then repay the amount to central government. The scheme is operated under the regulatory framework for the Police Pension Schemes and the governance of the scheme is the responsibility of the Chief Constable, who is the Scheme Manager for the Force. From April 2015 the Scheme Manager is assisted by a Pensions Board. There are no investment assets, so investment managers have not been appointed.

The principal risks to the Group of the pension schemes are:

- The longevity assumptions,
- Statutory changes to the schemes,
- Structural changes to the schemes (i.e. Large scale withdrawals from the scheme),
- Changes to inflation,
- Bond yields and the performance of the equity investments held by the LGPS.

These are mitigated to a certain extent by the statutory requirements to charge to the General Fund the amounts required by statute as described in the accounting policies note.

McCloud / Sargeant

Background

On 16 July 2020 HM Treasury published their Public service pension schemes consultation: changes to the transitional arrangements to the 2015 Schemes, which contained the proposed remedy regarding the McCloud/Sargeant.

STATEMENT OF ACCOUNTS 2025/26

On 4 Feb 2021 HM Treasury published their response to the consultation. This response confirmed: that the legacy schemes would be closed from 31 March 2022; a remedy would be introduced for the period 2015-2022 based on a deferred choice underpin basis; and, eligibility criteria for members to access the remedy.

On 19 July 2021 the Public Service Pensions and Judicial Offices Act 2022 was taken to the House of Lords. This got royal assent on 10 March 2022 and the Act came into force from 1 April 2022. HMT directions to accompany the act were published on 14th December 2022. The Act closed the legacy schemes from 31 March 2022 and brought the retrospective remedy into force from 1 October 2023.

Remedy

The Public Service Pensions and Judicial Offices Act 2022 (PSPJOA 2022) legislates for how the government will remove the discrimination identified by the courts in the way that the 2015 reforms were introduced for some members.

The main elements of the Act are:

- Changes implemented across all the main public service pension schemes in response to the Court of Appeal judgment in the McCloud and Sargeant cases:
- Eligible members of the main unfunded pension schemes have a choice of the benefits they wish to take for the “remedy period” of April 2015 to 31 March 2022.
- From 1 April 2022, when the remedy period ends, all those in service in main unfunded schemes will be members of the reformed pension schemes, ensuring equal treatment from that point on.
- Ensures there are no reductions to member benefits as a result of the 2016 cost control valuations.

Impact on pension liability

Allowing for all eligible members to accrue benefits from their legacy scheme during the remedy period would lead to an increase in the Police Pension Scheme liabilities. For Gloucestershire Constabulary, this affects 1,179 members. Scheme actuaries originally estimated the increase in scheme liabilities for Gloucestershire Constabulary to be £63.2m of pension scheme liabilities.

The impact of an increase in scheme liabilities arising from McCloud/Sargeant judgement will be measured through the pension valuation process, which determines employer and employee contribution rates.

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

Compensation Claims

In addition to the remedy, claimants have lodged claims for compensation for injury to feelings.

Claims are separated into two litigation cases; Aarons claims brought by Leigh Day representing individual officers in a group claim. Roderick and Slade, claims bought by Penningtons on behalf of the Police Federation. These claims were brought after the finding of discrimination by the Court of Appeal in McCloud and Sargeant.

Aarons

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 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.

STATEMENT OF ACCOUNTS 2025/26Penningtons

As at 31 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.

Transactions relating to post-employment benefits

The costs of retirement benefits are included in the Net Cost of Service when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge made against the council tax precept is based on the cash payable in the year, so the real cost of retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement.

The following transactions have been made in the Group and Chief Constable Comprehensive Income and Expenditure Statement and the Movement in Reserves Statement during the year:

	2024/25 £000	2025/26 £000
<u>Local Government Pension Scheme (LGPS)</u>		
Comprehensive Income and Expenditure Statement		
Net cost of services		
Current service cost	6,931	4,747
Past service costs (including curtailments)	0	366
Amount charged against the General Fund Balance for pensions in the year: Employers' contributions payable to the scheme	(7,287)	(7,198)
Financing and investment income and expenditure		
Net interest on the net defined benefit liability	8,944	9,328
Expected return on assets in the scheme	(10,785)	(13,772)
Remeasurement of the net defined benefit liability		
Actuarial (gains) / losses arising on changes in demographic assumptions	(320)	(3,855)
Actuarial (gains) / losses arising on changes in financial assumptions	(34,358)	(7,873)
Other experience (gains) / losses	(1,762)	15,255
IFRIC 14 Asset Ceiling	37,765	13,906
Return on plan assets (excluding the amount included in the net interest expense)	872	(9,878)
Net charge to the Comprehensive Income & Expenditure Statement	0	1,026
Movement in Reserves Statement		
Reversal of net charges made for retirement benefits in accordance with IAS19	0	(1,026)

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	2024/25	2025/26
	£000	£000
<u>Police Pension Schemes (PPS, NPPS & CARE)</u>		
Comprehensive Income and Expenditure Statement		
Net cost of services		
Current service cost	11,200	7,700
Past service costs (including curtailments)	200	100
Amount charged against the General Fund Balance for pensions in the year: Retirement benefits payable to pensioners	(43,100)	(46,800)
Financing and investment income and expenditure		
Net interest on the net defined benefit liability	51,200	53,300
Remeasurement of the net defined benefit liability		
Actuarial (gains) / losses arising on changes in demographic assumptions	(13,200)	6,900
Actuarial (gains) / losses arising on changes in financial assumptions	(154,400)	(29,700)
Expected pension increase order	(7,200)	7,800
Other experience (gains) / losses	21,100	0
Net charge to the Comprehensive Income & Expenditure Statement	(134,200)	(700)
Movement in Reserves Statement		
Reversal of net charges made for retirement benefits in accordance with IAS19	134,200	700

An intra-group adjustment transfers these costs from the Chief Constable accounts to those of the PCC.

STATEMENT OF ACCOUNTS 2025/26**Assets and liabilities in relation to retirement benefits**

Reconciliation of present value of the scheme liabilities:

	LGPS		Police Pension Schemes	
	2024/25	2025/26	2024/25	2025/26
	£000	£000	£000	£000
As at 1st April	(219,964)	(235,071)	(1,071,900)	(937,700)
Current service cost	(6,931)	(4,747)	(11,200)	(7,700)
Net interest on the net defined benefit liability	(8,944)	(9,328)	(51,200)	(53,300)
Contributions by scheme participants	(2,435)	(2,363)	(7,300)	(7,800)
Transfers (in)/out	0	0	100	100
<u>Remeasurement of the net defined benefit liability</u>				
- Actuarial (gains)/losses arising from changes in demographic assumptions	320	3,855	13,200	(6,900)
- Actuarial (gains)/losses arising from changes in financial assumptions	34,358	7,873	154,400	29,700
- Expected pension increase order	0	(1,471)	7,200	(7,800)
- Other experience	1,762	(11,138)	(21,100)	0
IFRIC 14 Asset Ceiling	(37,765)	(13,906)	0	0
Benefits paid	4,528	4,741	50,300	54,500
Past service cost (including curtailments)	0	(366)	(200)	(100)
As at 31st March	(235,071)	(261,921)	(937,700)	(937,000)

Reconciliation of fair value of the scheme assets:

	LGPS	
	2024/25	2025/26
	£000	£000
As at 1st April	219,964	235,071
Expected rate of return	10,785	13,772
Remeasurement of the net defined benefit liability		
- Return on assets	(872)	9,878
- Other experience	0	(2,646)
Employers contributions	7,287	7,198
Contributions by scheme participants	2,435	2,363
Benefits paid	(4,528)	(4,741)
As at 31st March	<u>235,071</u>	<u>260,895</u>

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

STATEMENT OF ACCOUNTS 2025/26Scheme History

	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000
Present value of liabilities						
- LGPS	(258,946)	(255,389)	(177,160)	(182,142)	(197,306)	(248,015)
- IFRIC14 Asset Ceiling	0	0	0	(37,822)	(37,765)	(13,906)
	(258,946)	(255,389)	(177,160)	(219,964)	(235,071)	(261,921)
- Police Pension Schemes	(1,657,400)	(1,574,200)	(1,083,300)	(1,071,900)	(937,700)	(937,000)
- Total	(1,916,346)	(1,829,589)	(1,260,460)	(1,291,864)	(1,172,771)	(1,198,921)
Fair value of assets in LGPS	176,993	193,889	193,711	219,964	235,071	260,895
Surplus/(deficit) in the scheme						
- LGPS	(81,953)	(61,500)	16,551	0	0	(1,026)
- Police Pension Schemes	(1,657,400)	(1,574,200)	(1,083,300)	(1,071,900)	(937,700)	(937,000)
- Total	(1,739,353)	(1,635,700)	(1,066,749)	(1,071,900)	(937,700)	(938,026)

The corporate bond yield (upon which the discount rate is derived) has risen over the period, which has led to a 0.50% increase in the discount rate used by the Constabulary's actuary to calculate pension fund assets and liabilities. This increased the overall LGPS pension results, before any asset ceiling adjustment, from a net surplus of £37.765m in 2024/25 to a net surplus of £12.880m in 2025/26.

The surplus position on funded liabilities is £13.906m before the asset ceiling adjustment, and a deficit of £938.026m on unfunded liabilities in 2025/26.

Under IFRIC 14 a defined benefit liability is calculated as the net total of the present value of the defined benefit obligation minus the fair value at the end of the reporting date of the plan assets. If the fair value of the plan assets exceeds the calculated obligations (an "asset"), IAS 19 contains a restriction over the amount of the asset that can be recognised. In effect it requires a calculation of the 'Asset Ceiling', this being based on the future, current and past service costs less expected contributions. The Constabulary has commissioned the actuary to carry out this calculation and the result for 2025/26 is a restriction on the Surplus recognised, thus the net surplus on the LGPS scheme of £88.467m before the asset ceiling adjustment was reduced to £0 (£nil balance in 2024/25).

The Group has elected not to restate the fair value of scheme assets for previous periods as permitted by IAS19. The liabilities show the underlying commitments that the Group has to pay retirement benefits. The present value of the Defined Benefit Obligation and projected pension expense have increased as at 31st March 2026 due to:

- Change in financial assumptions – The net discount rate (discount rate net of CPI inflation) has increased compared to last year and places a lower value on the obligations. Note both the discount rate and CPI inflation expectations have increased compared to last year but the discount rate has gone up to a greater extent

The total liability of £938m has a substantial impact on the net worth of the Group as recorded in the Balance Sheet, resulting in a negative overall balance of £891m. However, statutory arrangements for funding the deficit mean that the financial position of the Group remains healthy.

The total contributions expected to be made to the LGPS by the Group in the year to 31st March 2027 is £5.639m and the projected current service cost is £4.410m. The projected current service costs for the Police Pension Schemes for 2026/27 are £6.8m. The current service cost represents the increase in the benefits earned by the employees in the current period based on their pay and length of service.

Lump sum commutation payments are based on the position at 28th February 2026 i.e. eleven months of actual data.

STATEMENT OF ACCOUNTS 2025/26

Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc. Both the Police Pension Schemes and the Local Government Pension Scheme have been assessed by Hymans Robertson LLP, an independent firm of actuaries. Estimates for the Local Government Pension Scheme have been based on the latest full valuation of the scheme as at 31st March 2025. Estimates for the Police Pension schemes are based on the latest full valuation of the scheme as at 31st March 2024. The principal assumptions used by the Actuary have been:

	LGPS		Police Pension Schemes	
	2024/25	2025/26	2024/25	2025/26
Long term expected rate of return on assets in the scheme:				
Equity investments	5.80%	6.30%	-	-
Bonds	5.80%	6.30%	-	-
Property	5.80%	6.30%	-	-
Cash	5.80%	6.30%	-	-
Mortality Assumptions:				
Longevity at 65 for current pensioners:				
Male	21.3	21.8	21.3	21.8
Female	24.0	24.5	24.2	24.4
Longevity at 65 for future pensioners:				
Male	21.8	22.5	23.1	23.8
Female	25.6	26.0	25.5	26.4
Rate of inflation	2.75%	3%	3.15%	3.30%
Rate of increase in salaries	3.25%	3.50%	3.15%	3.30%
Rate of increase in pensions	2.75%	3%	2.80%	3%
Expected return on assets	5.80%	6.30%	-	-
Rate for discounting scheme liabilities	5.80%	6.30%	5.80%	6.20%
Take-up of option to convert annual pension into retirement lump sum	50% all schemes	65% all schemes	90% all schemes	90% all schemes

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below, prepared by the actuary (Hymans Robertson LLP), have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The estimations in the sensitivity analysis have followed the accounting policies for the scheme i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

STATEMENT OF ACCOUNTS 2025/26**LGPS**

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

Change in financial assumptions at year ended 31st March 2026	Approximate % increase to Employer Liability	Approximate monetary amount (£000)
0.1% decrease in Real Discount Rate	2%	3,067
1 year increase in member life expectancy	4%	6,897
0.1% increase in the Salary Increase Rate	0%	137
0.1% increase in the Pension Increase Rate (CPI)	2%	2,931

Change in financial assumptions at year ended 31st March 2025	Approximate % increase to Employer Liability	Approximate monetary amount (£000)
0.1% decrease in Real Discount Rate	2%	3,313
1 year increase in member life expectancy	4%	6,379
0.1% increase in the Salary Increase Rate	0%	139
0.1% increase in the Pension Increase Rate (CPI)	2%	3,267

Police Pension Schemes

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

Change in financial assumptions at year ended 31st March 2026	Approximate % increase to Employer Liability	Approximate monetary amount (£000)
0.5% decrease in Real Discount Rate	9%	82,280
1 year increase in member life expectancy	3%	28,110
0.5% increase in the Salary Increase Rate	<1%	2,320
0.5% increase in the Pension Increase Rate (CPI)	7%	66,780

Change in financial assumptions at year ended 31st March 2025	Approximate % increase to Employer Liability	Approximate monetary amount (£000)
0.5% decrease in Real Discount Rate	9%	81,410
1 year increase in member life expectancy	3%	28,130
0.5% increase in the Salary Increase Rate	<1%	2,600
0.5% increase in the Pension Increase Rate (CPI)	7%	66,570

STATEMENT OF ACCOUNTS 2025/26Local Government Pension Scheme Assets

The Police Pension Schemes have no assets to cover their liabilities.

The Local Government Pension Scheme's assets consist of the following categories:

Asset Category	Fair value of scheme assets at 31 March 2025			Fair value of scheme assets at 31 March 2026		
	Quoted prices in active markets (£000)	Quoted prices not in active markets (£000)	Total (£000)	Quoted prices in active markets (£000)	Quoted prices not in active markets (£000)	Total (£000)
Cash & cash equivalents	3,092	-	3,092	5,732	-	5,732
Property						
UK	7,817	6,413	14,230	3,537	12,921.8	16,459
Overseas	-	4,376	4,376	-	4,213	4,213
Total Property	7,817	10,789	18,606	3,537	17,134.8	20,672
Private equity	-	6,731	6,731	-	7,464	7,464
Investment funds and Unit trusts						
Equities	-	143,009	143,009	-	158,545	158,545
Bonds	16,921	23,754	40,675	18,269	25,666	43,935
Other	-	22,785	22,785	-	23,407	23,407
Total Investment funds and Unit trusts	16,921	189,548	206,469	18,269	207,618	225,887
Derivatives						
Foreign exchange	174	-	174	1,141	-	1,141
TOTAL ASSETS	28,004	207,067	235,071	28,679	232,216	260,895

None of the property assets included in the scheme are occupied by the Police and Crime Commissioner for Gloucestershire. The LGPS year-end asset values are at bid value as required under IAS19.

Impact on the Group's cash Flows

The objectives of the schemes are to keep employers' contributions at as constant a rate as possible. With regards the LGPS the County Council has agreed a strategy with the scheme's actuary to use a balanced investment strategy to minimise long-term cash contributions from employers and meet the regulatory requirement for long-term cost efficiency. Funding levels are monitored on an annual basis. The latest triennial valuation for the LGPS was completed on 31st March 2025 and for the Police Pension schemes on 31st March 2024.

The LGPS scheme was amended from 1st April 2014 to become a career average scheme for benefits built up from that date. The Police pension scheme reforms came into place from 1st April 2015.

STATEMENT OF ACCOUNTS 2025/26

The weighted average durations of the defined benefit obligation for scheme members are detailed below:

	Weighted average duration as at 31st March 2025 (years)	Weighted average duration as at 31st March 2026 (years)
LGPS	21	18
Police pension schemes	16.4	16.6

9. Exit packages

The numbers of exit packages with total cost per band and total cost of the compulsory and other departures for the Chief Constable are set out below.

2025/26

Exit package cost band (£)	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages	Total cost of exit packages £000
1 – 19,999	3	6	9	62
20,000 – 39,999	3	1	4	123
40,000 – 59,999	2	0	2	98
60,000 – 79,999	1	0	1	75
80,000 – 99,999	1	0	1	84
100,000 – 149,999	2	0	2	253
150,000 – 199,999	1	0	1	156
	13	7	20	851

In 2025/26, the Force undertook a comprehensive staffing review to determine a more affordable and effective organisational structure. As part of the review, a number of posts were deleted, but 13 staff were made redundant and the force agreed a mutually agreed resignation (MARS) with one person. In addition, six other exit packages were agreed. The total cost of redundancies was £802k at an average cost of £61.7k. The average cost of the 20 exit packages was £42.5k (2024/25: £8.8k).

2024/25 Re - presented

Exit package cost band (£)	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages	Total cost of exit packages £000
1 – 19,999	1	47	48	372
20,000 – 39,999	0	2	2	70
	1	49	50	442

2024/25

Exit package cost band (£)	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages	Total cost of exit packages £000
1 – 4,999	0	13	13	43
5,000 – 9,999	1	9	10	67
10,000 – 19,999	0	25	25	262
20,000 – 39,999	0	2	2	70
	1	49	50	442

In 2024/25, Gloucestershire Constabulary introduced a Mutually Agreed Resignation Scheme (MARS) as part of its ongoing efforts to reduce costs and achieve a balanced budget. This scheme allowed police staff members, including PCSOs, to voluntarily resign from the organisation in exchange for a lump-sum payment of up to £10,000 (pro rata for part-time staff).

The scheme was not available to police officers.

As a result of MARS, 40 staff members left the force in 2024/25, at a total cost of £350k.

STATEMENT OF ACCOUNTS 2025/26**10. Remuneration of Senior Staff**

The Chief Constable is required, under the Accounts and Audit (England) Regulations 2014, to report the numbers of staff with pay and benefits in excess of £50,000 in multiples of £5,000. This includes the remuneration of senior employees and relevant police officers which are also disclosed individually.

Remuneration band	Number of Employees	
	2024/25	2025/26
£50,000 - £54,999	226	258
£55,000 - £59,999	143	196
£60,000 - £64,999	104	83
£65,000 - £69,999	63	65
£70,000 - £74,999	13	32
£75,000 - £79,999	14	6
£80,000 - £84,999	7	6
£85,000 - £89,999	6	6
£90,000 - £94,999	3	6
£95,000 - £99,999	2	4
£100,000 - £104,999	2	3
£105,000 - £109,999	1	0
£110,000 - £114,999	1	1
£115,000 - £119,999	0	0
£120,000 - £124,999	2	1
£125,000 - £129,999	0	0
£130,000 - £134,999	1	2
£135,000 - £139,999	1	1
£140,000 - £144,999	1	0
£145,000 - £149,999	0	1
£150,000 - £154,999	0	1
£155,000 - £159,999	0	0
£160,000 - £164,999	0	0
£165,000 - £169,999	0	0
£170,000 - £174,999	1	0
£175,000 - £179,999	0	0
£180,000 - £184,999	0	1
£185,000 - £189,999	0	1
	591	674

The Chief Constable is required, under the Accounts and Audit (England) Regulations 2014, to disclose individual remuneration details for senior employees and relevant police officers. Details for 2024/25 and 2025/26 are as follows:

STATEMENT OF ACCOUNTS 2025/26

<u>2025/26</u>							Total Remuneration excluding pension contributions 2025/26 £	Total Remuneration including pension contributions 2025/26 £
Post holder information	Salary (including fees & allowances) £	Bonuses £	Expense allowances £	Compensation for loss of office £	Benefits in Kind £	Expenses/ Other Payments £		Employers pension contributions £
R Hansen Chief Constable (see Note 1)	184,433	0	780	0	18,523	0	203,736	65,105 268,841
M Blyth Temporary Chief Constable	184,433	0	0	0	0	0	184,433	0 184,433
K Barrow-Grint Deputy Chief Constable from 01/04/2025	152,355	0	780	0	0	0	153,135	53,781 206,916
ACC - Crime, Justice and Vulnerability	138,844	0	761	0	492	0	140,097	49,012 189,109
ACC - Operations and Local Policing (see note 2)	133,877	0	5,500	0	5,459	0	144,837	47,259 192,095
ACC - Temporary - Misconduct and Legitimacy (see Note 3) from 08/01/24 to 10/11/2025	74,736	0	0	0	287	0	75,022	26,382 101,404

STATEMENT OF ACCOUNTS 2025/26

<u>2025/26</u> Post holder information								Total Remuneration excluding pension contributions 2025/26 £	Total Remuneration including pension contributions 2025/26 £
	Salary (including fees & allowances) £	Bonuses £	Expense allowances £	Compensation for loss of office £	Benefits in Kind £	Expenses/ Other Payments £			
ACC - Local Policing, Operations & Contact (see Note 3) from 10/11/2025	58,239	0	0	0	205	0		58,443	20,558 79,002
ACO - Director of People and Business Services	139,136	0	6,405	0	0	0		145,541	26,158 171,698
CC Chief Finance Officer	124,152	0	0	0	0	0		124,152	23,341 147,493

Notes:

1. Chief Constable Rod Hansen was suspended on 07/10/2024. He was unsuspended on 8/01/2025 and took a position at the National Police Chiefs Council (NPCC). He was then re suspended on 20/05/2025.
2. The ACC - Operations and Local Policing was suspended on 27/02/2026.
3. The ACC - Temporary - Misconduct and Legitimacy took on the role of ACC - Temporary - Local Policing, Operations & Contact on 10/11/2025.
4. The expense allowances includes the taxable value of payments made.
5. The benefits in kind entries do not refer to cash payments made to the officers but to the notional value of the benefit provided instead of cash payments. The benefits refer to the provision of vehicles.

STATEMENT OF ACCOUNTS 2025/26

<u>2024/25</u>								Total Remuneration excluding pension contributions 2024/25 £	Total Remuneration including pension contributions 2024/25 £
Post holder information	Salary (including fees & allowances) £	Bonuses £	Expense allowances £	Compensation for loss of office £	Benefits in Kind £	Expenses/ Other Payments £			Employers pension contributions £
R Hansen Chief Constable (see Note 1)	169,435	0	780	0	711	0	170,926		59,810 230,737
M Blyth Temporary Chief Constable (see Note 6) from 22/10/24	77,149	0	0	0	0	0	77,149		0 77,149
Deputy Chief Constable Leaver 21/6/24	33,312	0	0	34,532	0	0	67,844		11,759 79,603
ACC - Crime, Justice and Vulnerability	134,400	0	6,037	0	0	0	140,436		47,260 187,696
ACC - Temporary - Misconduct and Legitimacy	120,332	0	4,821	0	0	0	125,153		42,388 167,541
ACC - Temporary - Operations and Local Policing	120,694	0	48,142	0	0	0	168,836		42,605 211,441

STATEMENT OF ACCOUNTS 2025/26

<u>2024/25</u> Post holder information							Total Remuneration excluding pension contributions 2024/25 £	Total Remuneration including pension contributions 2024/25 £
	Salary (including fees & allowances) £	Bonuses £	Expense allowances £	Compensation for loss of office £	Benefits in Kind £	Expenses/ Other Payments £		
ACO - Director of People and Business Services	132,900	0	6,405	0	0	0	139,305	25,650 164,954
CC Chief Finance Officer (see Note 3) from 7/10/24	54,940	0	0	0	0	0	54,940	10,663 65,603

Notes:

1. Chief Constable Rod Hansen was suspended on 07/10/24.
2. From 11/11/24, the role of Deputy Chief Constable was undertaken through a secondment from Thames Valley Police. The total cost of this from 11/11/24 to 31/03/25 was £85,372
3. From 22/05/24 the role of PCC Chief Finance Officer was undertaken on a part time basis by CIPFA through a contract for services. The cost of this from 22/05/24 to 31/03/25 was £100,148, which includes a management charge to CIPFA.
4. The expense allowances includes the taxable value of payments made.
5. The benefits in kind entries do not refer to cash payments made to the officers but to the notional value of the benefit provided instead of cash payments. The benefits refer to the provision of home security alarms and vehicles.
6. Temporary Chief Constable Maggie Blyth was appointed Interim CC on 22/10/2024 and Temporary CC on 1/01/2025.

STATEMENT OF ACCOUNTS 2025/26

11. Related Party Transactions

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

The Chief Constable for Gloucestershire Police is part of the Police and Crime Commissioner for Gloucestershire's Group and as such the Police and Crime Commissioner has significant influence over the Chief Constable. To get a full understanding of Gloucestershire Police as a whole these accounts should be viewed alongside the Group Statement of Accounts (published separately).

His Majesty's Government has significant influence over the general operations of the Chief Constable. It is responsible for providing the statutory framework within which the Chief Constable operates and provides a significant proportion of the main funding (57% (2024/25 57%)) in the form of grants which are paid to the PCC. It also prescribes the terms of many of the transactions that the Group has with other parties. Grants received from His Majesty's Government by the PCC are set out in the PCC and Group Statement of Accounts 2025/26.

Officers and staff – during 2025/26 there were no financial material declared related party transactions to disclose.

12. Payments to External Auditors

The following fees were paid to external auditors during the year:

	2024/25 £000	2025/26 £000
External Audit services – Chief Constable Scale Fee	54	55

These costs are included in the Agency and Contracted section of the subjective analysis (Note 7). Additional fees of £3.3k have been billed for the CC in relation to the 2024/25 statutory audit.

13. Short term debtors/creditors

	2024/25 £000	2025/26 £000
<u>Debtors</u>		
Police pension fund Home Office grant	3,313	2,089
Amounts due from PCC	4,669	4,431
Total	7,982	6,520
<u>Creditors</u>		
Short term compensated absences	4,167	4001
March pay paid in April	502	325
Ill health lump sum	0	105
Amounts due to PCC	3,313	2089
Total	7,982	6520

14. Post Balance Sheet Events

There are no adjusting or non-adjusting post balance sheet events.

STATEMENT OF ACCOUNTS 2025/26

15. Contingent Liabilities

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 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 31 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.

No other known contingent liabilities.

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STATEMENT OF ACCOUNTS 2025/26

Gloucestershire Police Pension Fund Account		
For the year ended 31 March 2026		
2024/25 £'000		2025/26 £'000
	Contributions receivable	
	From employer	
19,232	- basic contributions at 35.3% of pensionable pay	20,509
915	- other (maternity/paternity/sickness, remedy, capital charge ill health & the 30+ scheme)	1,725
<u>20,147</u>		<u>22,234</u>
7,408	From members	8,066
	Transfers in	
46	Individual transfers in from other schemes	54
32	Transfer from Avon & Somerset Constabulary	37
<u>78</u>		<u>91</u>
<u>27,633</u>		<u>30,391</u>
	Benefits payable	
(42,144)	Pensions	(43,618)
(6,934)	Commutations and lump sum retirement benefits	(8,490)
<u>(49,078)</u>		<u>(52,108)</u>
	Payments to and on account of leavers	
(202)	Individual transfers out to other schemes	(216)
<u>(49,280)</u>		<u>(52,324)</u>
(21,647)	Sub-total for the year before transfer from the PCC of amount equal to the deficit	(21,933)
21,647	Additional funding payable by PCC to meet deficit for the year	21,933
<u>0</u>	Net amount payable for the year	<u>0</u>

STATEMENT OF ACCOUNTS 2025/26**Gloucestershire Police Pension Fund Net Assets Statement****as at 31 March 2026**

2024/25		2025/26
£'000	Current Assets	£'000
3,314	Funding to meet deficit receivable from PCC	2,088
3,561	Other current assets – Pensions prepaid	3,722
<u>6,875</u>		<u>5,810</u>
	Current Liabilities	
(6,875)	Other current liabilities	(5,810)
<u>0</u>	Net Assets	<u>0</u>

Notes to the Gloucestershire Police Pension Fund Accounts**1. General Description of Fund's Operations**

The Police Officer Pension Fund is administered by the Chief Constable in accordance with the Police Pensions Act 1976, as amended by the Police Reform and Social Responsibility Act 2011. This is administered from a separate local police pensions account, rather than direct from the Comprehensive Income and Expenditure Statement. The pensions account is topped up by the Group if the contributions are insufficient to meet the cost of pension payments. The Group receives a Police Pension Top Up Grant from the Home Office for an amount equal to the deficit on the Police Pension Fund Account.

It should be noted that the Police Pension Fund has no investment assets, and pensions are paid from employer and employee contributions, plus additional funding from the Group. Employer contributions are based on percentages of pensionable pay set nationally by the Home Office and subject to triennial revaluation by the Government Actuary's Department. For the year ended 31st March 2026 the percentage Employer contribution was 35.3% (35.3% for the year ended 31st March 2025). Under IAS19 the Police Pension Scheme is classed as a defined benefit scheme. Therefore the risk of shortfall remains with the Group. Accordingly, the Group has obtained an actuarial valuation for the scheme.

2. Accounting Policies

- a. The Accounts have been prepared to meet the requirements of Regulation 7(1) (d) of the Accounts and Audit (England) Regulations 2014 which states that the Group is obliged to include the police pensions account in its statement of accounts. They also meet the requirements of the Code of Practice on Local Authority Accounting in the United Kingdom 2025/26.
- b. The Accounts have been prepared on an accruals basis.
- c. The Accounts do not take account of liabilities to pay pensions and other benefits in the future. This is reported upon separately in the Actuary's statement, details of which can be found in note 11 of the main statement of accounts.
- d. There are no significant estimation techniques employed in the production of the pension fund accounts.

STATEMENT OF ACCOUNTS 2025/26

JOINT ANNUAL GOVERNANCE STATEMENT

The Accounts and Audit Regulations 2015 require that the Annual Governance Statement accompanies the Statement of Accounts. The Chief Constable and the PCC have prepared a joint statement and have elected to publish the Joint Annual Governance Statement as a separate document to the Statement of Accounts.

The Annual Governance Statement is a statutory document, which explains the governance processes and procedures in place to enable the Chief Constable and the PCC to carry out his functions effectively. The Statement is available on the Constabulary website.

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STATEMENT OF ACCOUNTS 2025/26

GLOSSARY OF ACCOUNTING TERMINOLOGY

ACCOUNTING PERIOD

The period of time covered by the accounts, usually a full year, which for this Group runs from 1st April to 31st March.

ACCOUNTING POLICIES

Those principles, bases, conventions, rules and practices applied by an entity that specify how the effects of transactions and other events are to be reflected in its financial statements through:

- recognising
- selecting measurement bases for, and
- presenting assets, liabilities, gains, losses and changes to reserves.

Accounting policies define the process whereby transactions and other events are reflected in financial statements.

ACCRUALS

The concept that income and expenditure are recognised as they are earned or incurred, not as money is received or paid. For example, expenditure accruals relate to the value of goods/services/works received or carried out, but not necessarily paid for, in the period.

AGENCY SERVICES

Services provided by one body (the agent) on behalf of, and generally with payment from, the responsible body.

ANNUAL GOVERNANCE STATEMENT

The Annual Governance Statement comprises mainly a policy statement; recognition of core principles of good governance; the corporate governance arrangements; and an annual governance review. The Annual Governance Statement is a self-contained statement which is submitted to the Audit Committee for review.

AUDITOR'S OPINION

The opinion required by statute from the Chief Constable's external auditors, indicating whether the statement of accounts presents fairly the financial position of the Chief Constable.

BALANCE SHEET

This statement sets out the financial position of the Chief Constable at year-end 31 March. It shows a summary of non-current assets held, the current assets employed, the balances and reserves of the Chief Constable and the Chief Constable's financial liabilities.

BUDGET

The PCC's plan for providing resources to meet his service obligations. The PCC has most recently set an annual budget within a four year financial strategy covering the period 2026/27 to 2029/30.

CASH FLOW STATEMENT

This statement summarises the Chief Constable's inflows and outflows of cash and cash equivalents arising from transactions with third parties during the year, for revenue and capital purposes.

CHIEF CONSTABLE FOR GLOUCESTERSHIRE

The Chief Constable is a separate corporation sole, which was established on 22 November 2012 under the Police Reform and Social Responsibility Act 2011.

CIPFA

The Chartered Institute of Public Finance and Accountancy. This is the main professional body for accountants working in the public sector.

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT (CIES)

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

STATEMENT OF ACCOUNTS 2025/26

CURRENT SERVICE COST (PENSIONS)

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

CURTAILMENT (PENSIONS)

For a defined benefit pension scheme, an event that reduces the expected years of future service of present employees or reduces for a number of employees the accrual of defined benefits for some or all of their future service. Curtailments include:

- (a) termination of employees' services earlier than expected, and
- (b) termination or amendment to the terms, of a defined benefit scheme, so that some or all future service by current employees will no longer qualify for benefits or will qualify only for reduced benefits.

DEFINED BENEFIT SCHEME

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

DEFINED CONTRIBUTION SCHEME

A pension or other retirement benefit scheme into which an employer pays regular contributions fixed as an amount or as a percentage of pay and will have no legal or constructive obligation to pay further contributions if the scheme does not have sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

DEPRECIATION

The measure of the wearing out, consumption, or other reduction in the useful economic life of a fixed asset.

ESTIMATION TECHNIQUES

The methods adopted to arrive at estimated monetary amounts, corresponding to the measurement bases selected, for assets, liabilities, gains, losses and changes to reserves. These implement the measurement aspects of the accounting policies, and include selecting methods of depreciation and making provision for bad debts.

EVENTS AFTER THE BALANCE SHEET DATE

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

GROUP

The term Group refers to the Police and Crime Commissioner for Gloucestershire and the Chief Constable for Gloucestershire.

INTERNATIONAL ACCOUNTING STANDARD 19 (IAS 19)

IAS 19 prescribes the accounting treatment of short-term employee benefits, post-employment benefits, other long-term employee benefits and termination benefits.

INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

International Financial Reporting Standards (IFRS) replaced the annual Statement of Recommended Practice (SoRP) based on GAAP, for all local authorities in the UK from the financial year commencing 1st April 2010.

MOVEMENT IN RESERVES STATEMENT (MIRS)

This statement shows the movement in the year on the different reserves held by the CC, analysed into 'usable reserves' (including the General Fund Balance), and other (unusable) reserves.

PAST SERVICE COST (PENSIONS)

For a defined benefit pension scheme, the increase in the present value of the scheme liabilities related to employee service in prior periods arising in the current period as a result of the introduction of, or improvement to, retirement benefits.

STATEMENT OF ACCOUNTS 2025/26**POLICE AND CRIME COMMISSIONER FOR GLOUCESTERSHIRE (PCC)**

The PCC is a separate corporation sole, which was established on 22 November 2012 under the Police Reform and Social Responsibility Act 2011.

POST BALANCE SHEET EVENTS

Events arising after the balance sheet date which provide additional evidence of conditions that existed at the balance sheet date and are of a material nature.

PROVISION

An amount set aside in the accounts for anticipated future liabilities or specific losses that are reasonably certain to be incurred, but which cannot be quantified accurately at the balance sheet date (are uncertain in amount and date). Provisions have been recognised in the accounts when there is a legal or constructive obligation to transfer economic benefits that can be estimated with a degree of certainty as a result of a past event. Any provision is intended to represent the best estimate at the Balance Sheet date of expenditure required to settle the present obligation; and, later, should only be applied to the precise purpose for which the provision was recognised. Provisions are shown in a note in the full Statement of Accounts.

RELATED PARTY TRANSACTIONS

A related party transaction is the transfer of assets or liabilities or the performance of services by, to or for a related party irrespective of whether a charge is made. Two or more parties are related parties when at any time during the financial period:

- (i) One party has direct or indirect control of the other party, or
- (ii) The parties are subject to common control from the same source, or
- (iii) one party has influence over the financial and operational policies of the other party to an extent that the other party might be inhibited from pursuing at all times its own separate interests, or
- (iv) The parties, in entering a transaction, are subject to influence from the same source to such an extent that one of the parties to the transaction has subordinated its own separate interests.

REMUNERATION

All sums paid to or receivable by an employee and sums due by way of expenses allowances (as far as those sums are chargeable to UK income tax) and the money value of any other benefits received other than in cash. Pension contributions payable by the employer are excluded.

RETIREMENT BENEFITS

All forms of consideration given by an employer in exchange for services rendered by employees that are payable after the completion of employment. Retirement benefits do not include termination benefits payable as a result of either (i) an employer's decision to terminate an employee's employment before the normal retirement date or (ii) an employee's decision to accept voluntary redundancy in exchange for those benefits.

SHORT-TERM ACCUMULATING COMPENSATED ABSENCES

Absences earned but not taken by the end of the financial year e.g. annual leave entitlement.

TERMINATION BENEFITS

Termination benefits (e.g. redundancy payments), whether they are resulting from a decision by the Group to terminate an employee's employment before normal retirement date or an employee's decision to accept voluntary redundancy, are charged to the relevant service line in the Operating Cost Statement.

THIRD PARTY PAYMENTS

Payments made to outside contractors and other bodies who provide specialist or support services for the Chief Constable.