



west midlands
police and crime
commissioner



AGENDA ITEM 09

**JOINT AUDIT COMMITTEE
26 June 2025**

STATEMENT OF ACCOUNTS 2024/25

1. PURPOSE OF REPORT

- 1.1 This report presents the statutory Statements of Accounts for the 2024/25 financial year, subject to external audit.

2. BACKGROUND

- 2.1 The draft Police and Crime Commissioner and Chief Constable Accounts have been completed in accordance with the Account and Audit Regulations 2015 and they have been checked by the Chief Finance Officers of the office for the Police and Crime Commissioner and the Chief Constable as representing a true and fair view of the accounts for the 2024/25 financial year. The accounts are presented to the Joint Audit Committee to demonstrate good governance and transparency in its scrutiny role. A copy of the draft accounts are attached. The Accounts are to be audited by Grant Thornton UK (LLP).
- 2.2 The Statement of Accounts for 2024/25 have been prepared following the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom. This interprets the International Financial Reporting Standards (IFRS) on which these accounts are required to be based.
- 2.3 Accounts are prepared for both the Police and Crime Commissioner (PCC) and Chief Constable. This report is based on the consolidated accounts of both entities referred to as the group accounts or the accounts of the PCCWM group.

3. STATEMENT OF ACCOUNTS 2024/25

3.1 The Statement of Accounts sets out the financial position of the PCC and the Chief Constable, in accordance with formal legal and technical guidelines and, in particular:

- (a) Those costs that are chargeable to the general fund (the taxpayer) and those costs which reflect statutory accounting adjustments required to deal with movements in reserves.
- (b) Includes a Comprehensive Income and Expenditure Statement (CIES) which shows the net cost for the year of the functions for which the Group is responsible and demonstrates how the costs have been financed.
- (c) Shows the re-measurements on the police and police staff pension schemes and the surplus or deficit on the revaluation of non-current assets as other Comprehensive Income and Expenditure within the CIES.
- (d) Presents a Balance Sheet which shows the assets and liabilities of the group and how these are financed from a mixture of useable and non-useable reserves.
- (e) Presents a Cash Flow Statement showing a net increase or decrease in cash and cash equivalents and how cash flows through the operating, investing and financing activities of the group.
- (f) Shows the net cost of Police Services has moved from a £125.7m deficit in 2023/24 to a £77.2m deficit in 2024/25.

Details of the financial outturn for 2024/25 are presented below.

Revenue Expenditure	Budget	Actual	Variance
	2024-25	2024-25	+ (-)
	£m	£m	£m
Employee costs	686.7	686.5	-0.2
Premises costs	32.7	27.8	-4.9
Transport costs	11.1	11.0	-0.1
Supplies and Services	66.5	65.0	-1.5
Collaborative working costs	17.0	22.4	5.4
Capital Financing	16.4	8.8	-7.6
Income	-105.7	-112.0	-6.3
Police Force (Excl. Change Programme)	724.7	709.5	-15.2
Change Programme	12.1	9.3	-2.8
Police Force (Incl. Change Programme)	736.8	718.8	-18.0
Office for Police and Crime Commissioner	3.3	3.3	0
Commissioned Services	6.3	6.4	0.1
Police and Crime Commissioner	9.6	9.7	0.1
Regional and National Services	18.0	17.6	-0.4
Net Cost Police Services	764.4	746.1	-18.3
Other Contributions to (from) Reserve	-10.3	7.7	18.0
Net Contribution to (from) Budget Reserves	-0.7	-0.4	0.3
Net Budget Requirement	753.4	753.4	0

3.2 As a result, the Comprehensive Income and Expenditure Statement (shown on page 26 of the Accounts) shows the Group with a deficit for the year on the provision of services of £77.2m. This is not a real cash deficit but an accounting view taking account of capital transactions (such as depreciation) and actuarial movements in pension liabilities.

3.3 In accounting terms, we are required to include in the Accounts the total cost of net Pension liabilities (i.e. the difference between total future pension liabilities and the current value of assets) which are:

2023/24 £m		2024/25 £m
6,106.9	Police Officers' Unfunded Scheme	5,506.6
0.9	Police Staff Funded Scheme	0.7
6,107.8	Total Net Liability	5,507.3

3.4 There has been a decrease in the pension liability of £601m. This actuarial adjustment is due mainly to changes of assumptions to calculate the overall liability of the Police pension scheme.

- 3.5 The significant liability on police officer pensions, reflects the fact that the Scheme is unfunded (the Home Office support this liability with a pension top up grant). The liabilities on both pension schemes reflect actuarial assumptions based on the current economic and demographic position.
- 3.6 There is a net asset position for police staff pensions, which is a funded scheme, however this is subject to asset ceiling calculations preventing the recognition of an unrealisable surplus. The surplus calculated using the current actuarial assumptions and asset position of the scheme for the funded liability is reduced to nil for presentation in the Group Balance Sheet. The accounts show the Local Government Pension Scheme split to show the assets and liabilities of the Office of the Police and Crime Commissioner separately from those of the Group.

4. INSPECTION AND AUDIT OF ACCOUNTS

- 4.1 The annual Audit of the accounts will start in June. The period during which local electors or their representative may formally ask questions of the PCCWM or the External Auditor will commence on 27 June 2025 following publication of the draft Accounts on 26 June 2025.

5. RECOMMENDATIONS

- 5.1 The Committee is asked to note the contents of the draft Statements of Accounts for 2024/25 which have been agreed by the Chief Finance Officer for each entity as representing a true and fair view of the financial position of the PCC and CC as at 31 March 2025 and the income and expenditure of each entity for the end of that financial year.

Jane Heppel
Chief Financial Officer
Police and Crime Commissioner

Pete Gillett
Chief Finance Officer
Chief Constable of West Midlands Police