



west midlands
police and crime
commissioner



Police & Crime Commissioner for the West Midlands

Consolidated Statement
of Accounts for

2024 - 2025

STATEMENT OF ACCOUNTS 2024-25

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NARRATIVE REPORT

These accounts are for the Accounting Group of West Midlands Police and the West Midlands Police and Crime Commissioner (PCCWMP). The two entities are both corporation sole, however for the purpose of reporting to the public they have been consolidated.

Roles of the Police and Crime Commissioner and Chief Constable

Role of Police and Crime Commissioner

The West Midlands Police and Crime Commissioner (PCCWM) is the locally democratically elected governing body for policing in the West Midlands. The Commissioner has several statutory roles, which include:

- representing all those who live and work in the communities in their force area and identifying their policing needs
- setting priorities that meet those needs by agreeing a police and crime plan
- holding the Chief Constable to account for achieving the Commissioner's priorities as efficiently and effectively as possible
- setting the force budget and setting the precept
- hiring and, if necessary, dismissing the Chief Constable

To fulfil these roles, the Commissioner has a range of powers and responsibilities. The Commissioner:

- must produce a Police and Crime Plan
- must set the policing "precept", which is the part of local council tax that goes to policing
- appoints and, if necessary, dismisses the Chief Constable
- makes Crime and Disorder Reduction Grants
- has oversight of how complaints against the police are managed
- has duties relating to national criminal threats, safeguarding of children, and consulting the public
- must keep under review opportunities for collaboration
- has a role in ensuring the effectiveness of the wider criminal justice system

The Commissioner is supported in his work by an executive team who are collectively the Office of the Police and Crime Commissioner (OPCC). The OPCC is headed by the Chief Executive and Monitoring Officer. The team also has the Commissioner's Deputy Chief Executive, Chief Finance Officer, together with a Policy team, a Media and Communications team and a Business Services team. The OPCC hosts the Joint Internal Audit Team who work for the OPCC and WMP, and also the Violence Reduction Partnership which is a regional body supporting work with all relevant partners in the West Midlands to deliver the Serious Violence Duty.

The Commissioner is supported and scrutinised by a separate Police and Crime Panel. The Panel is made up of twelve councillors from across the West Midlands and two independent members. The Panel is set up under the provisions of the Police Reform and Social Responsibility Act 2011.

Further information on the work of the Commissioner and the statutory framework in which the Commissioner works can be found on the Commissioner's website www.westmidlands-pcc.gov.uk

Role of Chief Constable

The Chief Constable is responsible for the direction and control of West Midlands Police Force (WMP). Chief constables and their officers must answer to the courts and the law for how police powers are used. They must also answer to the Police and Crime Commissioner in terms of delivering efficient and effective policing, and the way resources and spending are managed. Chief constables will deliver the strategy and aims set

out in the PCCWM's police and crime plan, and they will help the PCCWM plan the force's budget and give them access to information, officers and staff whenever this is needed.

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

In discharging this overall responsibility, the Chief Constable is also responsible for putting in place proper arrangements for the governance of WMP's affairs and facilitating the exercise of its functions, which includes ensuring a sound system of internal control is maintained through the year and that arrangements are in place for the management of risk.

The Chief Constable has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE 2016 updated framework: *Delivering Good Governance in Local Government*, a copy can be obtained by contacting them via www.westmidlands.police.uk/contact-us. This statement explains how the Chief Constable has complied with the code and meets the requirements of Accounts and Audit Regulations 2015 (amended 2021), which requires all relevant bodies to prepare an annual governance statement.

The Chief Constable of the West Midlands is supported by a Deputy Chief Constable, five Assistant Chief Constables and a Director of Commercial Services.

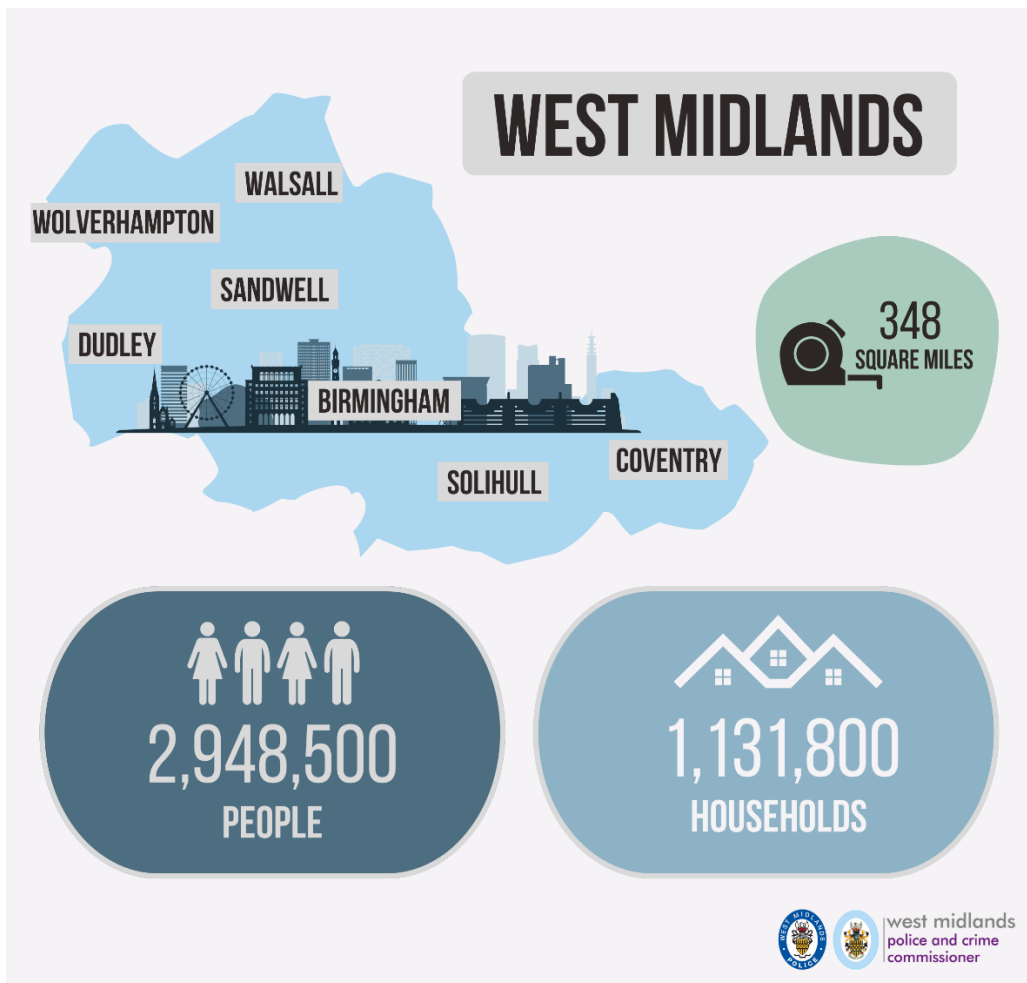
About the West Midlands and West Midlands Police

West Midlands Police is the second largest police force in the country after London's Metropolitan Police Service. It covers an area of 348 square miles and serves a population in the region of 3 million (over 1 million households). The region sits at the very heart of the country and covers the three major cities of Birmingham, Coventry and Wolverhampton. It also includes the busy and thriving districts of Dudley, Sandwell, Solihull and Walsall. Much of the area is densely populated but there are some rural areas.

The region's economy has diversified from its historic heavy industry roots of the Industrial Revolution. With the decline in traditional manufacturing, both the public and private sectors have rejuvenated the area. Birmingham now has a commercial and shopping area which is among the largest in Europe. This is complemented by a wide range of social amenities such as the National Exhibition Centre, Utilita Arena Birmingham, International Convention Centre, theatres, galleries and many large conference facilities. The area has a strong night time economy, centred around Birmingham City Centre. The area hosts a number of Premier League and Championship League football clubs, together with many others in all levels of the football pyramid.

The region is well served by rail and road links. Road and rail travel are supplemented by significant air traffic through Birmingham International and Coventry airports. The area is proud of its academic institutions, being home to several universities located in Birmingham, Coventry, Walsall and Wolverhampton.

There are seven local authorities within the area, Birmingham, Coventry, Dudley, Sandwell, Solihull, Walsall and Wolverhampton, each with a Community Safety Partnership. These work closely together through the Heads of Community Services group. They are supported by the Office of the Police and Crime Commissioner (OPCC) with resources to support their Multi-Agency Risk Assessment Conference (MARAC) work, their strategic needs assessments and community level engagement.



Police and Crime Commissioner and Chief Constable Priorities

Police and Crime Commissioner Priorities

The PCCWM sets his priorities in his Police and Crime Plan. The Police and Crime Plan covering the period 2021 to 2025 was approved in November 2021 and a new one was agreed in March 2025 covering the period 2025-2029.

The plan which is relevant to this accounting period includes the following priorities and ambitions over the medium term: -

- Rebuilding community policing
- Preventing and reducing crime
- Increased confidence in West Midlands Police
- Supporting the workforce, organisational change and new technology
- Combatting violence against women and girls and domestic abuse
- Prioritising the rights of victims
- An efficient and effective criminal justice system
- Improving community safety
- Reducing Violence
- Working together for children and young people
- Supporting a friendly, safe Commonwealth Games
- Safer Travel

Chief Constable Priorities

West Midlands Police has a reputation for continuous improvement, innovation and empowering leadership with a talent to continuously evolve and meet changing needs. The Force aims to deliver policing that is accessible and responds to the needs of local people. Neighbourhood policing provides a named team of local officers who can influence the policing priorities within their neighbourhood. They work with colleagues and partner agencies to address the concerns of their communities.

There are three strategic priorities for West Midlands Police. These are:

Delivering a service for local people:

- A local policing model which respects people, places and partners
- Protect the vulnerable, bear down on violent crime and increase visibility
- Clear ownership, affinity and pride in local teams to keep the public safe and pool our collective impact upon local criminality
- Answer the phone in good time, listen, be honest and support victims
- Ensure the IT investment continues to increase efficiency
- Think differently on estates – stay local by sharing at a reduced cost
- Keep investing in prevention and engagement with our partners, especially young people

Engaged Communities:

- The key to trust, legitimacy and confidence
- 'You said, we did'
- Be there in good times and the bad
- Creative in approach, open up WMP to the public
- Use of force, stop search, data and disproportionality
- Recruitment – intelligently together and representative
- Cohesion – WMP seen as a trusted arbiter

Employer of choice:

- A 'one team' listening approach
- Genuinely supportive, fair and organisationally just
- High standards
- Creative in practise, develop local talent
- Investing in officer and staff development
- Less 'checkers,' more 'doers'
- Understand the impact of cost of living on people

These strategic priorities underpin the forces vision, to be recognised as a police force that is big enough to cope with everything that is asked of us, while showing that we are small enough and care about the things that really matter to people and allow us to achieve our mission of 'working in partnership, making communities safer'.

The Statement of Accounts

The Police Reform and Social Responsibility Act 2011 established the Police and Crime Commissioner and the Chief Constable as separate entities (known as 'corporations sole'). As separate bodies, both the Commissioner and the Chief Constable are required to appoint their own Chief Finance Officers, each with statutory responsibilities, as being the person responsible for proper financial administration under the provisions of the Act. A consequence is also that each body is required to be subject to audit under the Audit Commission Act 1998 and are thus required to prepare a set of accounts. Additionally, the Commissioner, with his ultimate control over the Chief Constable's resources, must prepare group accounts.

This Statement of Accounts sets out the overall financial position of the Police and Crime Commissioner for the West Midlands (PCCWM) and the consolidated accounts of the corporation soles of Police and Crime Commissioner for the West Midlands and the Chief Constable of West Midlands Police (CCWMP). The Statement of Accounts has been prepared following the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom. This interprets the International Financial Reporting Standards on which the accounts of the PCCWM are required to be based. / The accounts have been prepared following the International Financial Reporting Standards on which the accounts of the Chief Constable are required to be based.

The primary function of the Office of Chief Constable of West Midlands Police is the exercise of operational policing duties under the Police Act 1996. The role of the Office for the Police and Crime Commissioner is to assist the PCC 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 the West Midlands.

The Statement of Accounts for the PCCWMP group consists of:

1. Police and Crime Commissioners Approval

The date and signature of the Police and Crime Commissioner on the approval of the Statement of Accounts.

2. Annual Governance Statement

This statement describes how the office for the Police and Crime Commissioner conducts its business in accordance with proper standards. The Annual Governance Statement does not form part of the Statement of Accounts but is shown here for reporting purposes.

3. Statement of responsibilities for the Statement of Accounts

This details the financial responsibilities of the PCC and his Chief Finance Officer in relation to the Statement of Accounts.

4. Auditors report

This is the External Auditors report and opinion on the accounts and any exceptions noted during their work on the arrangements in place for securing economy, efficiency and effectiveness in the use of resources.

5. The Statement of Accounts key financial statements

The Statement of Accounts brings together the key financial statements of the Police and Crime Commissioner. The consolidated financial statements consist of:

- **Comprehensive Income and Expenditure Statement for the Group and Police and Crime Commissioner for the West Midlands** – These statements show 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. The statement shows the net cost for the year of the functions for which the PCC is responsible and demonstrates how that cost has been financed from general Government grants and income from local taxpayers. The statement includes other recognised gains and losses of the PCC during the year showing the total comprehensive income and expenditure of the PCC.

- [Movement in Reserves Statement for the Group and Police and Crime Commissioner for the West Midlands](#) – This statement shows the movement in year of the different reserves held by the PCC, analysed into useable reserves (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves (sometimes called non-useable). The surplus or (deficit) on the Provision of Services line shows the true economic cost of providing the PCCWM services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance for council tax setting purposes. The Net Increase/Decrease before transfers to Earmarked Reserves line shows the statutory General Fund Balance before any discretionary transfers to or from Earmarked Reserves undertaken by the PCCWM.
- [Balance Sheet for the Group and Police and Crime Commissioner for the West Midlands](#) – The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the PCC and the Group. The net assets of the PCC (assets less liabilities) are matched by the reserves held by the PCC. Reserves are reported in two categories. The first category of reserves are useable reserves, i.e. those reserves that the PCC may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use. The second category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line “Adjustments between accounting basis and funding basis under regulations”.
- [Cash Flow Statement for the Group and Police and Crime Commissioner for the West Midlands](#) – The Cash Flow Statement shows the changes in cash and cash equivalents of the PCC during the reporting period. The statement shows how the PCC generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the PCC are funded by way of taxation and grant income or from the recipients of services provided by the PCC. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the PCC’s future service delivery. Cash flows from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the PCC.

6. Additional disclosures

Notes and other disclosures are included following the key financial statements detailing the accounting policies applied and disclosures relating to the statements. Significant statements include:

- [Expenditure and Funding Analysis](#) - The objective of the Expenditure and Funding Analysis is to demonstrate to local taxpayers how the funding available to the PCC for the year has been used in providing services in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. The Expenditure and Funding Analysis also shows how this expenditure is allocated for decision making purposes between the Group’s directorates. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.
- [Police Pension Fund and notes to the Police Pension Fund scheme](#) - These accounts are presented on an Agency basis. The Police Pension Fund Account which is funded through the Police Pension Grant from the Home Office, presents the income received in respect of employers’ and employees’ pension contributions with employers’ contributions made at a rate of 35.3% of police officers’ pay. It then presents the expenditure from the fund as police pensions paid during the year. The Police Pension Scheme is a national scheme that PCCWM administers at a local level. Any surplus or deficit on this account at the end of the year is paid to or claimed from the Comprehensive Income and Expenditure Statement of the Chief Constable within Financing and Investment Income and Expenditure.

Changes to Accounting Policies

The main change to the 2024-25 accounts is the adoption of the IFRS 16 Lease standard. Under the new standard, the prior distinction between operating and finance leases is removed for lessees, meaning those who are leasing the asset.

This means that, subject to certain exceptions, lessees must recognise all leases on their balance sheet as both a right of use asset, as well as a liability to make the lease payments. The balancing entry to these new postings, where the value of an asset is deemed higher or lower than the future rental payments due, is made to the capital adjustment account and therefore reflected in the capital financing requirement. This is sometimes called moving from 'off balance sheet' to 'on balance sheet'.

The exceptions include leases with a duration of under 12 months, or de minimis assets. For this purpose, de minimis has been set at £10,000 which brings it into line with the capitalisation threshold used for purchases.

There are no other new accounting standards incorporated into the Code of Practice for 2024-25.

Police Performance 2024-25

In 2024-25, WMP answered over 730,000 emergency 999 calls, achieving an average answer time of 3 seconds and a compliance rate of 95.5% for answering calls within the 10-second service level agreement.

Similarly, for non-emergency 101 calls, WMP answered over 710,000 calls with an average answer time of 36 seconds, maintaining a compliance rate of 92.7% for answering calls within the 3-minute target.

Emergency response times across the West Midlands have also improved this year. The median response time for emergency incidents is now 10 minutes and 49 seconds, which is 13.7% faster than the previous year, with a 70.7% compliance rate against the 15-minute target.

Priority response times have seen improvement as well, with the median response time for these incidents at 39 minutes and 11 seconds, which is 37.5% faster, achieving a compliance rate of 66.8% against the 1-hour target.

Total recorded crime has decreased by 5.8% during 2024-25, equating to almost 19,000 fewer crimes compared to 2023-24.

Business crime has increased by 8.4%, reflecting a national trend in rising shoplifting offences. However, neighbourhood crime, including personal robbery, residential burglary, theft from the person, theft of motor vehicle, and theft from motor vehicle, has seen an overall reduction of 17.2% in 2024-25.

Additionally, WMP has improved positive outcomes for victims, ending the fiscal year with an outcome rate of approximately 13.0%, which is a 5-percentage point increase compared to 2023-24.

Performance rated by PEEL assessment

Significant work has taken place throughout 2024-25 to address the four Causes of Concern raised by HMICFRS in the inspection report relating to West Midlands Police (WMP) that was published on 22nd December 2023.

WMP will not receive new ratings until the next PEEL assessment, anticipated to be in 2026, however in September 2024, HMICFRS made the decision to remove WMP from 'Engage' status having provided satisfactory evidence to address three of the four causes of concern.

Whilst the Cause of Concern relating to Investigations still exists, four of the six recommendations that made up this Cause of Concern have been addressed, and work continues to address the remaining two areas, with significant progress already being made.

Governance around HMICFRS activity remains strong; An oversight board chaired by the Deputy Chief Constable ensuring progress is being made against open recommendations and our preparedness for future inspections, A report providing updates for the Joint Audit Committee are completed every quarter and HMICFRS activity is subject of review on a weekly basis between the Chief Constable of the PCC.



PERFORMANCE

2024/25 END OF YEAR PERFORMANCE STATISTICS



OVER
730,000
EMERGENCY CALLS ANSWERED

OVER
710,000
NON-EMERGENCY
CALLS ANSWERED



107,300
SINGLE ONLINE HOME
SUBMISSIONS



26,500
STOP AND SEARCHES



ATTENDED AROUND
217,000
EMERGENCY, PRIORITY AND SCHEDULED APPOINTMENT INCIDENTS



TOTAL CRIME HAS REDUCED BY
19,000
CRIME COMPARED TO 2023/24

13%
OUTCOME RATE



Financial Review

Revenue Outturn for 2024-25

The outturn position for the Group is shown in the table below:

Prior Year Actual	Revenue Expenditure	Budget	Actual	Variance
2023-24 £m		2024-25 £m	2024-25 £m	+ / (-) £m
623.8	Employee costs	686.7	686.5	(0.2)
26.2	Premises costs	32.7	27.8	(4.9)
10.4	Transport costs	11.1	11.0	(0.1)
56.3	Supplies and Services	66.5	65.0	(1.5)
21.7	Collaborative working costs	17.0	22.4	5.4
7.9	Capital Financing	16.4	8.8	(7.6)
(89.5)	Income	(105.7)	(112.0)	(6.3)
656.8	Police Force (Excl. Change Programme)	724.7	709.5	(15.2)
8.5	Change Programme	12.1	9.3	(2.8)
665.3	Police Force (Inc. Change Programme)	736.8	718.8	(18.0)
	Police and Crime Commissioner			
2.9	Office for the Police and Crime Commissioner	3.3	3.3	0
5.3	Commissioned Services	6.3	6.4	0.1
8.2	Police and Crime Commissioner	9.6	9.7	0.1
22.2	Regional and National Services	18.0	17.6	(0.4)
695.7	Net Cost Police Service	764.4	746.1	(18.3)
14.6	Other Contributions to (from) Reserve	(10.1)	3.4	13.5
8.1	Net Contribution to (from) Budget Reserves	(0.9)	3.9	4.8
718.4	Net Budget Requirement	753.4	753.4	0
	Statutory Accounting Adjustments:			
229.4	Net additional amount required by statute and non-statutory proper practices to be credited to the General Fund Balance		192.9	
947.8	Net Operating Expenditure (CIES)		946.3	

Overview of the year

The original total grant settlement for 2024-25 for the West Midlands was £629.2m. This was consistent with the Commissioner's medium-term financial planning assumptions. Additional grant reflected the commitments made in the year to maintaining the police officer uplift programme and support officer and staff pay awards.

The financial position of the Force was closely managed and reported throughout the year. Through diligent cost management and collaboration with wider colleagues we were able to deliver the force priorities and realise a force revenue underspend of £18.0m which is 2.4% of the total budget of £736.8m. Underspends in

pay related expenditure were forecasted from the end of the first quarter and continued throughout the year particularly in police officer and police staff pay where vacancies were most prevalent especially in the first half of the year. The force benefitted from reduced pressures on utilities costs such that significant underspends were noted in premises related expenditure of £4.9m. The force also delivered £4.5m of additional income from proactive short-term investments in a much-improved interest rate environment.

Throughout the year we have been mindful of the future investments required, including the replacement of systems such as the Records Management System; decarbonisation plans; and the continued delivery of the estates programme and hence reserves have been earmarked for this purpose

Since the Force implemented the new operating model in April 2023, with a greater focus on local policing and local accountability for investigations and response teams, Force budgets have continued to be aligned to address the operating model with improved investigations and call handling timeliness being high priorities and receiving additional resourcing. In the second year since the operating model was launched resources have been directed to sustain and continue to improve performance levels.

Since April 2024 the Force has made significant improvements in arrests and detections.

- the number of arrests has increased by 8.5% building on the 24% increase that was achieved in 2023-24.
- Detection is now 12.7% of all crimes compared to 8.2% in the previous year.

The Force has also sustained the improvement in its call handling performance answering more than 710,000 calls from the public on 999 with the average call being answered in 3 seconds. A further 700,000 calls were answered on the non-emergency 101 line where the average time to answer is now roughly 30 seconds. This is among the best call handling performance in the country and more detail is given in the Performance section below.

The Force also sought to improve the quantity and quality of its investigations. All of these improvements have required a redirection of personnel and resources, and some investment, to achieve them.

All these areas were supported with additional investments in physical assets, people resources and overtime where necessary. However, a robust budget setting exercise which generated £24.5m of base budget and in-year savings has ensured a balanced budget for 2025-26. During the year, careful management of staff and PCSO vacancies has ensured that operationally critical areas were prioritised whilst a combination of reviewing business as usual expenditure and robust contract management have helped the Force to manage in-year financial pressures.

The Force has continued to support the national police officer Uplift Programme by maintaining Police Officer numbers in 2024-25. As such, the government expected the force to maintain uplift officer numbers at 8,086. The Force ended the year with a police officer establishment of 8,096 which was in excess of our additional recruitment target. Officer uplift funding was supported by Home Office grants which have been claimed to ensure that officers have all the uniform and equipment necessary for them to perform their roles effectively.

In addition, the Force continued to support a change programme which included a major redesign of Force Contact (emergency response centre for dispatchers who allocate officers to incidents), a restructure of the People Services Department, a review of the Force's public order training provision and an estates programme involving the sale, purchase and refurbishment of a number of police buildings.

The OPCC reviewed all of its commissioned services during the year, and used some of its resources to engage with the public in new ways to deliver the engagement required to develop the new Police and Crime Plan. Three of the largest OPCC contracts will be tendered in the coming year, which will ensure that costs are reviewed through the marketplace.

Reserves

The general reserve balance as of the 31 March 2025 remains at £16.7m and is held as resilience against major incidents or in-year emergencies that cannot be contained with the financial year's budget for the group.

Reserves £m	General Reserve	Budget Reserve	Other Earmarked Reserves
Reserves Balance 1 April 2024	16.7	25.2	51.7
Movement in Year	0	3.8	13.0
Reserves Balance 31 March 2025	16.7	29.0	64.7

The budget reserve is further held by the group to support future funding gaps arising in the Medium-Term Financial Plan. It also provides resilience against pricing risk and potential increases in inflation over and above those currently forecast in that plan. The budget reserve balance as of 31 March 2025 is £29.0m.

Other earmarked reserves were increased by £13.0m in year to reflect a number of known areas requiring investment, The increases are required to support the Estates Strategy, the continued commitment to the green agenda and some general carry forwards linked to delays in receiving goods and services.

As required by the Financial Management Code of Practice for Police Forces (2018) the Police and Crime Commissioner publishes a Reserves Strategy and this explains the purpose and intended usage of each reserve. This is published on the PCC's website.

Capital Programme

The capital programme for 2024-25 is summarised in the table below, showing an investment of £14.9m during 2024-25.

Capital Programme £m	Budget	Actual	Variance
	2024-25	2024-25	
Fleet	5.8	4.7	(1.1)
Body Worn Video	1.0	1.0	0
General Equipment	0.3	1.1	0.8
IT Laptops, Desktops and Infrastructure	5.5	3.1	(2.4)
CTU and Firearms Fleet and Equipment	3.5	4.1	0.6
Estates Strategy	7.4	0.9	(6.5)
Total Expenditure	23.5	14.9	(8.6)
Financial of Expenditure:			
Borrowing	0	0	0
Capital Receipts	8.0	1.0	(7.0)
Capital Grant	3.0	3.5	0.5
Revenue Contributions	12.5	10.4	(2.1)
Total Financing	23.5	14.9	(8.6)

The table above shows the net capital position against the budget for 2024-25. The shortfall against budget is attributable to slippage in the Estates Strategy whilst the new Chief Constable realigned the strategy to the Force's new operating model, along with delays in the Forces planned IT infrastructure developments.

The capital programme for 2024-25 was largely funded through revenue contributions, with more modest funding from capital grants and capital receipts.

Leases which commenced in year, and the corresponding liabilities are not shown in this table. The leases note is on page 50.

Treasury Management

The Joint Audit Committee approves a Treasury Management Strategy Statement before the start of each financial year and receives regular updates on treasury performance during the year.

Cashflow

The Group's cash balance as at 31 March 2025 was £37m which was an increase of £9m on the prior year (£28m). This is largely due to the timing of funds being held for payments due on 1 April 2025, such as the pensioner payroll and the bi-weekly BACS payment.

One loan to the Public Works Loan Board of £2.2m was repaid without taking on additional borrowing in year. Another £2m is due to reach maturity in 2025-26 which is again expected to be paid without taking on replacement borrowing.

During 2025-26, the pension top-up grant of £112m is due to be received in July as usual, which is the single largest transaction in the year and impacts on the timing of investments and amount of interest received.

Interest received in 2024-25 exceeded the budget by £4.6m, which is not expected to occur again in 2025-26 as interest rates are forecast to fall. However, they continue to fall more slowly than predicted which continues to offer opportunities to invest available cash for good returns.

The precept payment schedule which has been agreed with billing authorities for 2025-26 ensures that we bring forward payments as early as possible, thereby maximising the opportunity to invest balances and also reducing Treasury activity.

External Debt

Long-term borrowing has been utilised to finance the capital programme. As at 31 March 2025, the PCC had total external borrowing of £82.3m (£84.5m in 2023-24). This is within the authorised limit for external debt. Cash balances were used to pay off some external borrowing within the year to reduce the total level of borrowing held.

Details of borrowing are shown in Note 33 (page 72).

Pensions

The requirement to recognise the net pensions liability in the Balance Sheet has reduced the reported net worth of the Group, converting net assets of £275.5m into net liabilities of £5,231.8m.

The table below shows the estimated value of the Group's pension commitments should they be called upon now:

Pension Commitments (£m)	2023/24 £m	2024/25 £m
Police Officers	6,107	5,507
Police Staff	0.9	0.7
PCC Staff	-	-
Total	6,108	5,508

The actuarial gain on pension funds in 2024-25 totalled £708.6m and compared to actuarial gains in 2023-24 of £43.9m. The decrease in the liability of £601m is mainly due to changes in the financial assumptions, namely the discount rate and long-term salary projections for the Police pension scheme. Both of the Local Government schemes are subject to asset ceiling calculations preventing the recognition of an unrealisable surplus. It should be noted that actuarial gains and losses change each year as can be seen from the defined benefit pension scheme notes starting on page 51 of the Statement of Accounts.

Statutory arrangements for funding the deficit will impact the financial position of the group in the following way:

- The deficit on the local government scheme will result in increased contributions over the remaining working life of employees (i.e. before payments fall due), as assessed by the scheme actuary.
- The Police Officer pension scheme is a statutory scheme as specified by police regulations, whereby the Group pays an employer's contribution of 35.3% of pensionable pay for all serving police officers into the Police Pension Fund Account. If there are insufficient funds in the Pension Fund Account to meet expenditure commitments in any particular year, the Home Office will fund the deficit. In practice, therefore the significant liability of £5.5bn will be covered by future employer contributions and the receipt of Home Office grant monies. Ultimately, finance is only required to be raised to cover police pensions when the pensions are actually paid.

Future Outlook

During 2024-25 the Force delivered the successful insourcing of early officer training, public order training, driver awareness training, uniform services and forensics service provision. The Chief proposed, and the PCC approved, fees and charges guidance from the NPCC to ensure all fees and charges were uplifted in January so that the impact of any pay award was passed along in full to those receiving specialist policing services. The Force have delivered significant savings in the past and continue to focus on real efficiency improvements around back-office services and have further opportunities to do so which are not yet captured in the medium-term plan. There is also a focus on marginal income activity, taking opportunities to share costs and deliver services in partnership with others in the region.

The continued improvements in performance over the past year shows that there were opportunities to deliver a more efficient and targeted service with the resources available. However, whilst the Police Uplift Programme delivered some additional headcount to WMP, and the Neighbourhood Policing Grant will bring some more, it still does not have the officer numbers which it had in 2010. Therefore, the amount and quality of affordable resources in Policing remains a significant risk in the investigation and prevention of crime. For this reason, we will continue to call on government to renew its focus on a formula funding review and ensure that the West Midlands receives an appropriate level of funding commensurate with need.

The reduction in Estates spend, in an era of high utility costs, will enable the retention of headcount and investments in ICT, and this underpins the medium-term financial plan. Whilst a challenge in terms of delivering public confidence, the necessary reduction of the size of the policing estate is continuing, delivering real savings in running costs and reduced exposure in terms of maintenance backlogs. The coming year will continue to see significant movement in estates and disposals, which will be key to ensuring the deliverability of the medium-term outlook.

The speed at which criminals use new technologies to undertake new crimes remains a present threat to the future budget outlook of the Group, as the ability to invest in those new areas at the same speed as criminals, is outstripped by the resources available. The removal of capital funding sources and the need to bid for funding for specific projects which are not available to all in Policing, e.g. STAR funding, exacerbates this risk.

In order to counter these risks, the Force and PCC are investing in as much new AI based technologies as they can, to deal with speeding offences and call answering in the Contact centre. This will ensure that scarce and skilled human resource is targeted to highest need.

We anticipate a Police Reform Bill at some stage in the next Parliamentary year, alongside a Bill on Local Government Reform. Both Bills have the capacity to change the future role and operating model of the OPCC and WMP. This does not diminish the ongoing duty of either to deliver the services to victims of crime and those at risk of crime or criminality today. It is to be hoped that both Bills offer more opportunity to work with partners and stakeholders to reduce crime and deliver an effective policing and criminal justice response where crime cannot be prevented. The risk registers of both organisations are regularly updated and reported to Joint Audit Committee in relation to this risk.

The Violence Reduction unit continues to deliver significant results in relation to diversionary activities and reduction in gang membership amongst young people. This funding faces a cliff edge in March 2026, but the PCC is working closely with regional partners to ensure that the new Youth Prevention Panels and other changes being brought about ensure that the good work achieved to date is sustained through other sources of funding beyond that date, and that ways of working such as trauma informed practice, are embedded in business as usual by that date.

In the budget settlement for 2024-25 a significant amount of funding was removed from the Special Grant quantum, this places all Forces at increased risk, because in the event of a serious incident there may be insufficient funding available from government to cover that cost. It also places an additional specific strain on our future funding outlook given that the costs on ongoing legal settlements in relation to the Force's role in historic events are funded from this source, and the percentage of those costs being met by this funding source are being reduced in future.

The Group, the Force and PCC together, are jointly in a financially robust position to face the challenges of the future. Overall, the group retains a medium level of reserves in relation to its turnover and the delivery of national capabilities. However, these reserves are sufficient to meet need within the medium term.

The future outlook for interest rates is suggested to be a slow return to 2020 levels, however the continuing uncertainty in the world economy as a result of conflict and climate change pose a threat to that position. In response, we have reduced debt and therefore reduced exposure to interest rate threats, and we will use every opportunity in the upcoming implementation of the regulations in the Procurement Act 2023 to manage cost pressures with suppliers and deliver tangible social value benefits with cashable value to the local economy.

West Midlands Police and Crime Commissioner Annual Governance Statement

Position as of 31 March 2025 including plans for the financial years 2025-26 and 2026-27

Executive Summary

This statement explains how the Commissioner has complied with CIPFA/SOLACE 2016 updated framework: *Delivering Good Governance in Local Government* and meets the requirements of the Accounts and Audit Regulations 2015 (amended 2020), regulation 6(1), which requires all relevant bodies to prepare an annual governance statement.

It has been prepared in accordance with the recommendations of the consultation by CIPFA/SOLACE in January 2025 relating to improvements to the format and content of the statement. This document therefore positions the West Midlands Police and Crime Commissioner as an early adopter of the new standards.

The organisations remain well governed, with low turnover in the most senior roles and relationships between the parties working well. Where issues have arisen, they have been resolved within existing governance arrangements.

Summary of Key Conclusions

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

In discharging this overall responsibility, the Commissioner is also responsible for putting in place proper arrangements for the governance of his affairs and facilitating the exercise of his functions, which includes ensuring a sound system of internal control is maintained through the year and arrangements are in place for the management of risk.

Although, the Chief Constable is responsible for operational policing matters, the direction and control of police personnel, and for putting in place proper arrangements for the governance of the Force, the Commissioner is required to hold him to account for the exercise of those functions and those of the persons under his direction and control. The relationship between the Commissioner, the Chief Constable, the Police and Crime Panel and the Home Secretary is guided by the Policing Protocol Order 2023.

It therefore follows that the Commissioner must satisfy himself that the Chief Constable has appropriate mechanisms in place for the maintenance of good governance. For these to operate in practice, the Commissioner and the Chief Constable, as separate corporations sole, have separate but complimentary governance structures. These facilitate the achievement of effective governance arrangements, including the monitoring and assessment of performance in line with statutory responsibilities.

The scale of the change facing the OPCC, VRP and West Midlands Police remains extremely challenging, at a time when the demand and need for sustained and improved service to the public continues to increase. This will require firm leadership, careful management, innovation and robust governance.

The systems and processes which the PCC and Chief Constable jointly have in place to monitor the implementation of the Police and Crime Plan will ensure activities detailed in the statement are implemented. The governance arrangements of the PCC and the Chief Constable will remain under constant review in the forthcoming financial years.

In the opinion of those signing this statement, the governance was fit for purpose in 2024-25, that is to say that they were operating effectively to support the achievement of the authority's outcomes.

Areas of improvement in the forthcoming year are:

1. Financial reporting, its timeliness and content will continue to be improved, led jointly by the CFO and DFO.
2. Ongoing improvement activity is planned for Internal Audit during 2025-26 with the aim of reaching full compliance with new Global Internal Audit Standards in the UK Public Sector by the end of the financial year.
3. WMP and the OPCC will work together to ensure that oversight by the PCC of officer training and recruitment is strengthened in the coming year.
4. Internal audit have developed an understanding of key themes emerging from audits, which links to the root cause analysis approach, and which we will jointly continue to track and monitor with a view to ensuring that any changes required to the overall strategic governance framework are adopted where required.
5. Strengthening the transparency of governance arrangements by early adoption of the best practice issued by CIPFA/SOLACE.
6. Strengthening the links between the Financial Governance Board and Change Programme.

Signed

Simon Foster

Simon Foster
West Midlands Police and Crime Commissioner

Date: 30 October 2025

Jonathan Jardine

Jonathan Jardine
Head of Paid Service, West Midlands Police and Crime Commissioner

Date: 30 October 2025

Jane Heppel

Jane Heppel
Chief Finance Officer, West Midlands Police and Crime Commissioner

Date: 30 October 2025

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

THE RESPONSIBILITIES OF THE CHIEF FINANCE OFFICER TO THE POLICE AND CRIME COMMISSIONER

The Chief Finance Officer to the PCC is responsible for the preparation of the PCCWM Statement of Accounts and Group Accounts which, in terms of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in Great Britain ("the Code of Practice"), is required to give a true and fair view of the financial position of the PCCWM and Group at the accounting date and its income and expenditure for the year ended 31 March 2025.

In preparing this Statement of Accounts, the Chief Finance Officer to the PCC has:

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

The Chief Finance Officer to the PCC has also:

- ensured that proper accounting records were kept and are up to date; and
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

CHIEF FINANCE OFFICER TO THE POLICE AND CRIME COMMISSIONER'S CERTIFICATE

In accordance with regulation 9 of the Account and Audit Regulations 2015, I certify that the Statement of Accounts presents a true and fair view of the consolidated financial position of the Police and Crime Commissioner of the West Midlands as at 31 March 2025 and its income and expenditure for the year then ended.

Jane Heppel

Jane Heppel
Chief Finance Officer, West Midlands Police and Crime Commissioner
Date: 30 October 2025

THE RESPONSIBILITIES OF THE POLICE AND CRIME COMMISSIONER FOR THE WEST MIDLANDS

The PCCWM is required:

- to make arrangements for the proper administration of their financial affairs and to secure that one of their officers has the responsibility for the administration of those affairs. In the PCCWM that officer is the Chief Finance Officer to the PCC.
- to manage their affairs to secure economic, efficient and effective use of resources and safeguard their assets.
- to approve the Statement of Accounts.

POLICE AND CRIME COMMISSIONER'S CERTIFICATE

I certify that the Statement of Accounts has been certified by the responsible financial officer and approved for issue by the Police and Crime Commissioner for the West Midlands on 30 October 2025, in accordance with regulation 9 of the Accounts and Audit Regulations 2015. All known material events that have occurred up to and including this date which relate to 2024-25 or before have been reflected in the accounts.

Simon Foster

Simon Foster
Police and Crime Commissioner for the West Midlands
Date: 30 October 2025

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

Report on the Audit of the Financial Statements

Opinion on financial statements

We have audited the financial statements of the Police and Crime Commissioner for West Midlands (the 'Police and Crime Commissioner') and its subsidiary the Chief Constable (the 'group') for the year ended 31 March 2025, which comprise the Comprehensive Income and Expenditure Statement – Group, Comprehensive Income and Expenditure Statement - PCC, Group Movement in Reserves Statement, Pcc Movement in Reserves Statement, Group and PCC Balance Sheet, and Group and PCC Cash Flow Statement, notes to the financial statements, including material accounting policy information, and include the police pension fund financial statements comprising the Police Fund Account, Net Assets Statement and notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the group and of the Police and Crime Commissioner as at 31 March 2025 and of the group's expenditure and income and the Police and Crime Commissioner's expenditure and income for the year then ended;
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law, as required by the Code of Audit Practice (2024) ("the Code of Audit Practice") approved by the Comptroller and Auditor General. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Police and Crime Commissioner and the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the Chief Finance Officer's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Police and Crime Commissioner and group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Police and Crime Commissioner and the group to cease to continue as a going concern.

In our evaluation of the Chief Finance Officer's conclusions, and in accordance with the expectation set out within the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 that the Police and Crime Commissioner and group's financial statements shall be prepared on a going concern basis, we considered the inherent risks associated with the continuation of services provided by the Police and Crime Commissioner and the group. In doing so we had regard to the guidance provided in Practice Note 10 Audit of financial statements and regularity of public sector bodies in the United Kingdom (Revised 2024) on the application of ISA (UK) 570 Going Concern to public sector entities. We assessed the reasonableness of the

basis of preparation used by the Police and Crime Commissioner and group and the Police and Crime Commissioner and group's disclosures over the going concern period.

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Police and Crime Commissioner and the group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

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

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

We have nothing to report in this regard.

Other information we are required to report on by exception under the Code of Audit Practice

Under the Code of Audit Practice published by the National Audit Office in November 2024 on behalf of the Comptroller and Auditor General (the Code of Audit Practice) we are required to consider whether the Annual Governance Statement does not comply with the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 or is misleading or inconsistent with the information of which we are aware from our audit. We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

We have nothing to report in this regard.

Opinion on other matters required by the Code of Audit Practice

In our opinion, based on the work undertaken in the course of the audit of the financial statements, the other information published together with the financial statements in the Consolidated Statement of Accounts for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

Under the Code of Audit Practice, we are required to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or

- we make a written recommendation to the Police and Crime Commissioner under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014, in the course of, or at the conclusion of the audit.

We have nothing to report in respect of the above matters.

Responsibilities of the Police and Crime Commissioner and the Chief Finance Officer

As explained more fully in the Statement of Responsibilities for the Statement of Accounts, the Police and Crime Commissioner is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. That officer is the Chief Finance Officer. The Chief Finance Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25, for being satisfied that they give a true and fair view, and for such internal control as the Chief Finance Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chief Finance Officer is responsible for assessing the Police and Crime Commissioner's and the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have been informed by the relevant national body of the intention to dissolve the Police and Crime Commissioner and the group without the transfer of its services to another public sector entity

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Police and Crime Commissioner and the group and determined that the most significant which are directly relevant to specific assertions in the financial statements are those related to the reporting frameworks (the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25, the Local Audit and Accountability Act 2014, the Accounts and Audit Regulations 2015, the Accounts and Audit (Amendment) Act 2024 and the Local Government Act 2003 and the Police Reform and Social Responsibility Act 2011, Police Service Pensions Act 2013, Police Pension Fund Regulations 2006, and Police Pensions regulations 2015).
- We enquired of management and the Police and Crime Commissioner concerning the Police and Crime Commissioner and group's policies and procedures relating to:

- the identification, evaluation and compliance with laws and regulations;
 - the detection and response to the risks of fraud; and
 - the establishment of internal controls to mitigate risks related to fraud or non-compliance with laws and regulations.
- We enquired of management, internal audit and the Police and Crime Commissioner whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud.
 - We assessed the susceptibility of the Police and Crime Commissioner and group's financial statements to material misstatement, including how fraud might occur, by evaluating management's incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls. We determined that the principal risks were in relation to:
 - journals exposed to increased risk of management judgement and increased estimation uncertainty;
 - potential management bias in determining accounting estimates for the valuation of pension liabilities; and
 - potential management bias in determining accounting estimates for the valuation of land and buildings.
 - Our audit procedures involved:
 - evaluation of the design effectiveness of controls that management has in place to prevent and detect fraud;
 - journal entry testing, with a focus on manually posted journals, including those posted close to the reporting date which have a material impact upon the Comprehensive Income and Expenditure Statement;
 - challenging assumptions and judgements made by management in its significant accounting estimates in respect of pension liabilities and valuation of land and buildings in the balance sheet; and
 - assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item.:
 - These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.
 - We communicated relevant laws and regulations and potential fraud risks to all engagement team members, including management override of control. We remained alert to any indications of non-compliance with laws and regulations, including fraud, throughout the audit.
 - The engagement partner's assessment of the collective competence and capabilities of the group audit team members included consideration of:
 - understanding of, and practical experience with audit engagements of a similar nature and

complexity through appropriate training and participation

- knowledge of the police sector
- understanding of the legal and regulatory requirements specific to the Police and Crime Commissioner and group including:
 - the provisions of the applicable legislation
 - guidance issued by CIPFA/LASAAC and SOLACE
 - the applicable statutory provisions.
- In assessing the potential risks of material misstatement, we obtained an understanding of:
 - the Police and Crime Commissioner and group's operations, including the nature of its income and expenditure and its services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement.
 - the Police and Crime Commissioner and group's control environment, including the policies and procedures implemented by the Police and Crime Commissioner and group to ensure compliance with the requirements of the financial reporting framework.

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

Report on other legal and regulatory requirements – the Police and Crime Commissioner's arrangements for securing economy, efficiency and effectiveness in its use of resources

Matter on which we are required to report by exception – the Police and Crime Commissioner's arrangements for securing economy, efficiency and effectiveness in its use of resources

Under the Code of Audit Practice, we are required to report to you if, in our opinion, we have not been able to satisfy ourselves that the Police and Crime Commissioner has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2025.

We have nothing to report in respect of the above matter.

Responsibilities of the Police and Crime Commissioner

The Police and Crime Commissioner is responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

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

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

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in November 2024. This guidance sets out the arrangements that

fall within the scope of 'proper arrangements'. When reporting on these arrangements, the Code of Audit Practice requires auditors to structure their commentary on arrangements under three specified reporting criteria:

- Financial sustainability: how the Police and Crime Commissioner plans and manages its resources to ensure it can continue to deliver its services;
- Governance: how the Police and Crime Commissioner ensures that it makes informed decisions and properly manages its risks; and
- Improving economy, efficiency and effectiveness: how the Police and Crime Commissioner uses information about its costs and performance to improve the way it manages and delivers its services.

We document our understanding of the arrangements the Police and Crime Commissioner has in place for each of these three specified reporting criteria, gathering sufficient evidence to support our risk assessment and commentary in our Auditor's Annual Report. In undertaking our work, we consider whether there is evidence to suggest that there are significant weaknesses in arrangements.

Report on other legal and regulatory requirements – Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate for the Police and Crime Commissioner for the West Midlands for the year ended 31 March 2025 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice until we have received confirmation from the National Audit Office the audit of the Whole of Government Accounts is complete for the year ended 31 March 2025. We are satisfied that this work does not have a material effect on the financial statements for the year ended 31 March 2025.

Use of our report

This report is made solely to the Police and Crime Commissioner, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 85 of the Statement of Responsibilities of auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the Police and Crime Commissioner those matters we are required to state to the Police and Crime Commissioner in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Police and Crime Commissioner as a body, for our audit work, for this report, or for the opinions we have formed.

Laurelin Griffiths

Laurelin Griffiths
Key Audit Partner
for and on behalf of Grant Thornton UK LLP, Local Auditor

Birmingham

31 October 2025

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT - GROUP

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. Police and Crime Commissioners 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 on Reserves Statement. The statement shows the net cost for the year presented as this is reported internally and demonstrates how that cost has been financed from general Government Grants and income from local taxpayers. The statement includes other recognised gains and losses of the PCCWM during the year showing total Comprehensive Income and Expenditure of the PCCWM and Group. The PCCWM has produced a subjective analysis of the net cost of General Fund services in note 7 to the Accounts.

2023-24 Gross Expenditure £'000	2023-24 Gross Income £'000	2023-24 Net Expenditure £'000	GROUP	Note	2024-25 Gross Expenditure £'000	2024-25 Gross Income £'000	2024-25 Net Expenditure £'000
			Chief Constable				
728,776	(89,526)	639,250	Policing Services		756,739	(111,994)	644,745
8,978	(142)	8,836	Change Programme		10,390	(333)	10,057
92,038	(71,305)	20,734	Regional & National Services		99,422	(93,482)	5,940
			Police and Crime Commissioner				
3,020	(133)	2,887	Office of the PCC		3,420	(120)	3,300
20,601	(15,093)	5,508	Commissioned Services		21,480	(14,842)	6,638
853,414	(176,199)	677,214	NET COST - GENERAL FUND SERVICES		891,452	(220,772)	670,680
0	(393)	(393)	Net (Gain)/Loss on Disposal		0	(951)	(951)
0	(393)	(393)	Other Operating Income & Expenditure		0	(951)	(951)
3,502	0	3,502	Interest Payable & Similar Charges		2,943	0	2,943
0	(7,030)	(7,030)	Interest & Investment Income		0	(8,126)	(8,126)
0	(1,340)	(1,340)	(Gain) or loss on Financial Instruments		0	0	0
275,842	0	275,842	Net Interest on the Net Defined Benefit Liability	18	281,793	0	281,793
279,344	(8,370)	270,975	Financing and Investment Income & Expenditure		284,736	(8,126)	276,610
1,132,758	(184,962)	947,796	NET OPERATING EXPENDITURE		1,176,188	(229,849)	946,339
0	(168,897)	(168,897)	Council Tax Income		0	(180,736)	(180,736)
0	(329,544)	(329,544)	Police Grant	13	0	(351,111)	(351,111)
0	(217,571)	(217,571)	Formula Grant	13	0	(222,041)	(222,041)
0	(101,722)	(101,722)	Pension Top Up Grant Receivable		0	(106,853)	(106,853)
0	(4,327)	(4,327)	Non-Specific Government Grants		0	(3,516)	(3,516)
0	(822,062)	(822,062)	Taxation & Non-Specific Grant Income		0	(864,257)	(864,257)
1,132,758	(1,007,023)	125,735	(SURPLUS)/DEFICIT FOR THE YEAR ON PROVISION OF SERVICES		1,176,188	(1,094,105)	82,083
		317	(Surplus)/Deficit on the Revaluation of Fixed Assets				(19,865)
		104	Movement in Pooled Investment Funds				(82)
		(43,854)	Remeasurement of the Net Defined Benefit Liability	18			(708,626)
		(43,433)	Other Comprehensive Income & Expenditure				(728,573)
		82,302	Total Comprehensive Income & Expenditure				(646,490)

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT – PCC

2023-24 Gross Expenditure £'000	2023-24 Gross Income £'000	2023-24 Net Expenditure £'000	PCC	Notes	2024-25 Gross Expenditure £'000	2024-25 Gross Income £'000	2024-25 Net Expenditure £'000
3,020	(133)	2,887	Office of the PCC		3,420	(120)	3,300
20,601	(15,093)	5,508	Commissioned Services		21,480	(14,842)	6,638
23,622	(15,226)	8,395	Total Cost of Services		24,900	(14,962)	9,938
876,823	(160,973)	715,850	PCC funding to the CC for financial resources consumed		934,510	(205,809)	728,701
900,445	(176,199)	724,245	NET COST - GENERAL FUND SERVICES		959,410	(220,771)	738,639
0	(393)	(393)	Net (Gain)/Loss on Disposal		0	(951)	(951)
0	(393)	(393)	Other Operating Income & Expenditure		0	(951)	(951)
3,502	0	3502	Interest Payable & Similar Charges		2,943	0	2,943
0	(7,030)	(7,030)	Interest & Investment Income		0	(8,126)	(8,126)
0	(1,340)	(1,340)	(Gain) or loss on Financial Instruments		0	0	0
10	0	10	Net Interest on the Net Defined Benefit Liability	18	0	(34)	(34)
3,512	(8,370)	(4,857)	Financing and Investment Income & Expenditure		2,943	(8,160)	(5,217)
903,957	(184,962)	718,995	NET OPERATING EXPENDITURE		962,353	(229,882)	732,471
0	(168,897)	(168,897)	Council Tax Income		0	(180,736)	(180,736)
0	(329,544)	(329,544)	Police Grant	13	0	(351,111)	(351,111)
0	(217,571)	(217,571)	Formula Grant	13	0	(222,041)	(222,041)
101,722	(101,722)	0	Pension Top Up Grant Receivable (paid to CC)		106,853	(106,853)	0
0	(4,327)	(4,327)	Non-Specific Government Grants		0	(3,516)	(3,516)
101,722	(822,062)	(720,339)	Taxation & Non-Specific Grant Income		106,853	(864,257)	(757,404)
1,005,679	(1,007,023)	(1,344)	(SURPLUS)/DEFICIT FOR THE YEAR ON PROVISION OF SERVICES		1,069,206	(1,094,139)	(24,933)
		317	(Surplus)/Deficit on the Revaluation of Fixed Assets				(19,865)
		104	Movement in Pooled Investment Funds				(82)
		(195)	Remeasurement of the Net Defined Benefit Liability	18			196
		226	OTHER COMPREHENSIVE INCOME & EXPENDITURE				(19,751)
		(1,118)	Total Comprehensive Income & Expenditure				(44,684)

The PCC funding to the Chief Constable is shown as expenditure in the PCC's accounts and income in the Chief Constable's accounts as this represents the transfer of taxation and non-specific grant resources originally paid to the PCC to the Chief Constable to allow him to carry out effective police services.

GROUP MOVEMENT IN RESERVES STATEMENT

This statement shows the movement in the year of the different reserves held by the Group analysed into Usable Reserves (i.e. those that can be applied to fund expenditure or reduce local taxation) and Other Reserves. The (surplus)/deficit on the Provision of Services line shows the true economic cost of providing the Groups services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance for council tax setting purposes. The Net Increase/Decrease before transfers to Earmarked Reserves line shows the statutory General Fund Balance before any discretionary transfers to or from Earmarked Reserves undertaken by the Group.

	Revenue	Capital		Total Reserves				
	Total General Fund Balance £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied Reserve £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Group Reserves £'000	Group's Share of Reserves of CCWMP £'000	Total PCC Reserves £'000
Balance at 31 March 2023	(70,947)	(3,473)	(788)	(75,209)	5,876,116	5,800,908	6,031,499	(230,592)
Movements in Reserves during 2023-24								
Total Comprehensive Income & Expenditure	125,735	0	0	125,735	(43,433)	82,302	83,420	(1,118)
Adjustments between Accounting & Funding Basis under Regulation	(148,351)	(3,029)	(25)	(151,405)	151,405	0	0	0
Net Increase or Decrease before Transfer to Earmarked Reserves	(22,616)	(3,029)	(25)	(25,670)	107,972	82,302	83,420	(1,118)
Increase/Decrease during the year	(22,616)	(3,029)	(25)	(25,670)	107,972	82,302	83,420	(1,118)
Balance as at 31 March 2024 Carried Forward	(93,564)	(6,502)	(814)	(100,880)	5,984,089	5,883,210	6,114,919	(231,710)
Adjustment to opening balance per IFRS16 1 April 2024					(4,908)	(4,908)		(4,908)
Movements in Reserves during 2024-25								
Total Comprehensive Income & Expenditure	82,083	0	0	82,083	(728,573)	(646,490)	(601,806)	(44,684)
Adjustments between Accounting & Funding Basis under Regulation	(98,915)	(4,799)	22	(103,692)	103,692	0	0	0
Net Increase or Decrease before Transfer to Earmarked Reserves	(16,832)	(4,799)	22	(21,609)	(624,881)	(646,490)	(601,806)	(44,684)
Increase/Decrease during the year	(16,832)	(4,799)	22	(21,609)	(624,881)	(646,490)	(601,806)	(44,684)
Balance as at 31 March 2025 Carried Forward	(110,396)	(11,301)	(792)	(122,489)	5,354,300	5,231,811	5,513,113	(281,302)

The adjustments between accounting and funding basis under regulations are shown in detail in note 25.

The balances carried forward for usable and unusable reserves are shown on the lower half of the Balance Sheet on page 30.

PCC MOVEMENT IN RESERVES STATEMENT

This statement shows the movement in the year of the different reserves held by the PCC analysed into Usable Reserves (i.e. those that can be applied to fund expenditure or reduce local taxation) and Other Reserves. The (surplus) or deficit on the Provision of Services line shows the true economic cost of providing the PCC's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance for council tax setting purposes. The Net Increase/Decrease before transfers to Earmarked Reserves line shows the statutory General Fund Balance before any discretionary transfers to or from Earmarked Reserves undertaken by the PCC.

	Revenue			Capital		Total Reserves		
	General Fund	Earmarked Reserves	Total General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied Reserve	Total Usable Reserves	Unusable Reserves	Total PCC Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2023	(12,042)	(58,905)	(70,947)	(3,473)	(788)	(75,209)	(155,383)	(230,592)
Movements in Reserves during 2023-24								
Total Comprehensive Income & Expenditure	(1,344)	0	(1,344)	0	0	(1,344)	226	(1,118)
Adjustments between Accounting & Funding Basis under Regulation	(21,272)	0	(21,272)	(3,029)	(25)	(24,326)	24,326	0
Net Increase or Decrease before Transfer to Earmarked Reserves	(22,616)	0	(22,616)	(3,029)	(25)	(25,670)	24,552	(1,118)
Transfer to/from Earmarked Reserves	17,932	(17,932)	0	0	0	0	0	0
Increase/Decrease during the year	(4,684)	(17,932)	(22,616)	(3,029)	(25)	(25,670)	24,552	(1,118)
Balance as at 31 March 2024 Carried Forward	(16,726)	(76,838)	(93,564)	(6,502)	(814)	(100,880)	(130,830)	(231,710)
Adjustment to opening balance per IFRS16 1 April 2024							(4,908)	(4,908)
Movements in Reserves during 2024-25								
Total Comprehensive Income and Expenditure	(24,933)	0	(24,933)	0	0	(24,933)	(19,751)	(44,684)
Adjustments between Accounting & Funding basis under Regulation	8,101	0	8,101	(4,799)	22	3,324	(3,324)	0
Net Increase or Decrease before Transfer to Earmarked Reserves	(16,832)	0	(16,832)	(4,799)	22	(21,609)	(23,075)	(44,684)
Transfer to/from Earmarked Reserves	16,832	(16,832)	0	0	0	0	0	0
Increase/Decrease during the year	0	(16,832)	(16,832)	(4,799)	22	(21,609)	(23,075)	(44,684)
Balance as at 31 March 2025 Carried Forward	(16,726)	(93,670)	(110,396)	(11,301)	(792)	(122,489)	(158,813)	(281,302)

GROUP AND PCC BALANCE SHEET

	Notes	PCC as at 31 March 2024 £'000	Group as at 31 March 2024 £'000	PCC as at 31 March 2025 £'000	Group as at 31 March 2025 £'000
Property, Plant and Equipment	27	199,994	199,994	227,153	227,153
Heritage Assets	28	186	186	316	316
Intangible Assets	31	14,351	14,351	12,087	12,087
		214,531	214,531	239,556	239,556
Long-term Investments	34	4,271	4,271	4,346	4,346
Long-term Debtors	35	39	39	0	0
Long-Term Assets		218,842	218,842	243,902	243,902
Short term Investments	34	45,734	45,734	76,151	76,151
Inventory	37	724	724	2,027	2,027
Short Term Debtors	38	130,354	130,354	124,044	124,044
Assets held for Sale (< 1 year)	40	1,000	1,000	5,960	5,960
Cash and Cash equivalents	39	30,661	30,661	42,904	42,904
Current Assets		208,472	208,472	251,086	251,086
Short-term Borrowing	33	(4,018)	(4,018)	(3,861)	(3,861)
Bank Overdraft	39	(2,783)	(2,783)	(5,425)	(5,425)
Short-term Creditors	41	(85,680)	(85,680)	(89,276)	(89,276)
Accumulated Absences	43	(49)	(7,145)	(75)	(5,883)
Provisions	20	(7,631)	(9,136)	(5,261)	(6,075)
Intra-group Creditor	20	(1,504)	0	(815)	0
Short-term Lease Liability	32	0	0	(1,628)	(1,628)
Donated Inventories Account	37	(292)	(292)	0	0
Current Liabilities		(101,958)	(109,054)	(106,340)	(112,148)
Capital Long-Term Borrowing	33	(83,591)	(83,591)	(80,287)	(80,287)
Long-Term Provisions	20	(10,056)	(10,056)	(21,459)	(21,459)
Long-term Lease Liability	32	0	0	(5,600)	(5,600)
Pensions Liability	18	0	(6,107,823)	0	(5,507,305)
Long-Term Liabilities		(93,647)	(6,201,470)	(107,346)	(5,614,651)
Net Assets		231,710	(5,883,210)	281,302	(5,231,811)
Usable Reserves:					
Usable Capital Receipts Reserve	25	(6,502)	(6,502)	(11,301)	(11,301)
Other Earmarked Reserves	26	(51,651)	(51,651)	(64,696)	(64,696)
General Fund Reserves	26	(16,726)	(16,726)	(16,726)	(16,726)
Budget Reserve	26	(25,187)	(25,187)	(28,974)	(28,974)
Capital Grants Unapplied	25	(813)	(813)	(792)	(792)
Unusable Reserves:					
Capital Adjustment Account	43	(90,192)	(90,192)	(100,826)	(100,826)
Revaluation Reserve	43	(39,929)	(39,929)	(56,898)	(56,898)
Pensions Reserve	18	0	6,107,823	0	5,507,305
Deferred Capital Receipts	35	(39)	(39)	0	0
Financial Instruments Adjustment Acct	43	(564)	(564)	(502)	(502)
Collection Fund Adjustment Account	43	(155)	(155)	(663)	(663)
Accumulated Compensated Absences Account	43	49	7,145	75	5,883
Total Reserves:		(231,710)	5,883,210	(281,302)	5,231,811

The Balance Sheet above shows the value as at the Balance Sheet date of the assets and liabilities recognised by the PCCWM. The net assets of the PCCWM (assets less liabilities) are matched by the reserves held by the PCCWM. Reserves are reported in two categories. The first category of reserves is Usable Reserves, i.e. those reserves that the PCCWM may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use. The second category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations.

GROUP AND PCC CASH FLOW STATEMENT

The Cash Flow Statement shows the changes in cash and cash equivalents of the PCCWM during the reporting period. As the CCWMP does not handle cash transactions, the Group and PCCWM Cash flow statements include the same entries. The statement shows how the PCCWM generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the PCCWM are funded by way of taxation and grant income or from the recipients of services provided by the PCCWM. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the PCCWM's future service delivery. Cash flows from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the PCCWM.

As at 31 March 2024		Notes	As at 31 March 2025	
£'000	£'000		£'000	£'000
<u>Operating Activities</u>				
EXPENDITURE				
693,137		Cash Paid to & on behalf of Employees	754,208	
162,274		Cash Paid to the Suppliers of Goods & Services	177,623	
3,647		Interest Paid	2,912	
859,058		Cash Outflows Generated from Operating Activities	934,743	
INCOME				
(171,405)		Council Tax Receipts	(181,244)	
(217,571)		Non-domestic Rates	(222,040)	
(460,752)		Other Government Grants	(527,201)	
(103)		Rents	(11)	
(6,990)		Interest Received	(8,299)	
(38,678)		Other Receipts from Operating Activities	(51,978)	
(895,499)		Cash Inflows Generated from Operating Activities	(990,773)	
	(36,441)	Net Cash Flows from Operating Activities		(56,030)
<u>Investing Activities</u>				
EXPENDITURE				
21,607		Purchase of Property, Plant & Equipment & Intangible Assets	16,574	
280,000		Purchase of Short-term & Long-term Investments	525,000	
301,607		Cash Outflows Generated from Investing Activities	541,574	
INCOME				
(3,146)		Proceeds from the Sale of Property, Plant & Equipment & Intangible Assets	(5,804)	
(244,402)		Proceeds from Short & Long-term Investments	(494,590)	
(247,548)		Cash Inflows Generated from Investing Activities	(500,394)	
	54,059	Net Cash Flows from Investing Activities		41,180
<u>Financing Activities</u>				
0		Cash Receipts of Short & Long-term Borrowing	0	
(1,447)		Other Receipts from Financing Activities	0	
0		Cash payments for reduction of outstanding liabilities for finance leases	1,835	
21,877		Repayments of Short & Long-term Borrowing	3,385	
129		Other Payments for Financing Activities	30	
	20,559	Net Cash Flows from Financing Activities		5,250
	38,177	Net (Increase)/Decrease in Cash & Cash Equivalents	44	(9,600)
	66,055	Cash & Cash Equivalents at the Beginning of the Reporting Period	45	27,878
	27,878	Cash & Cash Equivalents at the End of the Reporting Period	45	37,478

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1. ACCOUNTING STANDARDS THAT HAVE BEEN ISSUED BUT HAVE NOT YET BEEN ADOPTED

The Code of Practice on Local Authority Accounting in the United Kingdom 2024-25 (the Code) and IAS 8 requires the PCCWM to disclose information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted by the Code for the relevant financial year. There are no amendments which are expected to have a material effect on the information provided in the financial statements.

Adaptations and interpretations of IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets include changes to the measurement of non-investment assets within the 2025-26 Code. These include setting out three revaluation processes for operational property, plant and equipment, requiring indexation for tangible non-investment assets and a requirement to value intangible assets using the historical cost approach. Changes to the valuation of non-investment assets as set out in the Code will be applied prospectively, with no restatement of prior year figures throughout the transition period (the first full revaluation cycle).

2. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

In applying the accounting policies set out in the Statement of Accounts in 2024-25, the PCC has had to make certain judgements about complex transactions which could significantly affect the amounts recognised in the financial statements. The critical judgements made in the statement of accounts are presented in the following paragraph:

- A judgement has been made about the split of cost to be included in the financial statements in relation to the Chief Constable and the impacts of this on the PCC and Group accounts.

Following the Stage 2 transfer of resources, which was interpreted based on the Scheme of Consents and Delegation between the two corporation soles, the Chief Constable controls and directs police officers, PCSOs and the majority of police staff (excluding those staff directly employed by the PCC to manage his office), therefore all pay and pensions costs associated with these staff groups are presented in the Chief Constable's accounts. The CFOs for the PCC and Chief Constable have determined that the non-pay costs attributable to the assets and liabilities of the PCC will also form part of the cost of the Chief Constable, since these are consumed under his direction. The carrying value of the assets and liabilities remain with the PCC as he has control of them.

Following the implementation of IFRS 16 from 1 April 2024, the substance of the arrangement between the Chief Constable and the PCC has been reviewed. IFRS 16 defines a lease as a contract, or part of a contract, that conveys the right to use an asset for a period of time. A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations. The Scheme of Consents and Delegation between the Chief Constable and the PCC sets out no legally enforceable rights or obligations and is not considered a contract between the parties. The arrangement under which the Chief Constable uses the assets of the PCC is not a lease between them under IFRS 16.

3. 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 Group 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 items in the PCCWM and Group Balance Sheet as at 31 March 2025 for which there are significant risks of material adjustment in the next financial year are detailed in the table below:

Item	Uncertainties	Effect if actual results differ from assumptions
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex actuarial judgements related to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and the expected rate of return on the assets invested by the pension scheme. The PCC uses two firms of actuaries to provide the Group with expert advice about the assumptions to be applied to the Police Pension Schemes and the Local Government Pension Scheme.	The effects on the net pension liability of changes in individual assumptions can be measured but they interact in complex ways. The overall pension liability as at 31 March 2025 is £5,507m (£6,108m in 2023-24). So, a very small percentage change in the overall liability can have a material impact on the accounts. Sensitivity analysis of the potential impact of changes is shown in Note 18 on page 58.

4. EVENTS AFTER THE BALANCE SHEET DATE

There are no material events to report after 31 March 2025.

NOTES TO THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

5. EXPENDITURE AND FUNDING ANALYSIS

2023-24 Net Expenditure Chargeable to General Fund Balance £'000	2023-24 Adjustments between Funding & Accounting Basis £'000	2023-24 Net Expenditure in Comprehensive Income & Expenditure Statement £'000	GROUP	2024-25 Net Expenditure Chargeable to General Fund Balance £'000	2024-25 Adjustments between Funding & Accounting Basis £'000	2024-25 Net Expenditure in Comprehensive Income & Expenditure Statement £'000
			Chief Constable			
660,382	(21,132)	639,250	Policing Services	714,789	(70,044)	644,745
8,495	341	8,836	Change Programme	9,427	630	10,057
22,183	(1,449)	20,734	Regional & National Services	7,437	(1,497)	5,940
			Police and Crime Commissioner			
2,894	(7)	2,887	Office of the PCC	3,367	(67)	3,300
5,516	(8)	5,508	Commissioned Services	6,711	(73)	6,638
699,470	(22,255)	677,215	Net Cost of Services	741,731	(71,051)	670,680
(722,086)	170,606	(551,480)	Other Income & Expenditure	(758,563)	169,965	(588,598)
(22,616)	148,351	125,735	Surplus or Deficit	(16,832)	98,915	82,083

2023-24 Net Expenditure Chargeable to General Fund Balance £'000	2023-24 Adjustments between Funding & Accounting Basis £'000	2023-24 Net Expenditure in Comprehensive Income & Expenditure Statement £'000	PCC	2024-25 Net Expenditure Chargeable to General Fund Balance £'000	2024-25 Adjustments between Funding and Accounting Basis £'000	2024-25 Net Expenditure in Comprehensive Income and Expenditure Statement £'000
			Police and Crime Commissioner			
2,894	(7)	2,887	Office of the PCC	3,367	(67)	3,300
5,516	(8)	5,508	Commissioned Services	6,711	(73)	6,638
691,060	24,791	715,850	Funding to the CC	731,653	(2,952)	728,701
699,470	24,776	724,246	Net Cost of Services	741,731	(3,092)	738,639
(722,085)	(3,504)	(725,590)	Other Income and Expenditure	(758,563)	(5,009)	(763,572)
(22,616)	21,272	(1,344)	Surplus or Deficit	(16,832)	(8,101)	(24,933)

	Group		PCC	
	2023-24	2024-25	2023-24	2024-25
Opening General Fund Balance	(70,948)	(93,564)	(70,948)	(93,564)
Less (Surplus)/Deficit on General Fund Balance in Year	(22,616)	(16,832)	(22,616)	(16,832)
Closing General Fund Balance at 31 March	(93,564)	(110,396)	(93,564)	(110,396)

6. NOTE TO THE EXPENDITURE AND FUNDING ANALYSIS

2024-25	Adjustment for Capital Purposes (Note 1)	Net Change for the Pensions Adjustment (Note 2)	Other Differences (Note 3)	Total Adjustments between Funding and Accounting Basis
GROUP	£'000	£'000	£'000	£'000
Chief Constable				
Policing Services	(7,577)	(61,323)	(1,144)	(70,044)
Change Programme	639	(9)		630
Regional & National Services	3,841	(5,338)		(1,497)
Police and Crime Commissioner				
Office of the PCC	(4)	(88)	25	(67)
Commissioned Services		(74)	1	(73)
Net Cost of Services	(3,101)	(66,832)	(1,118)	(71,051)
Other Income and Expenditure	(4,467)	174,940	(508)	169,965
Surplus or Deficit	(7,568)	108,108	(1,626)	98,915

2023-24	Adjustment for Capital Purposes (Note 1)	Net Change for the Pensions Adjustment (Note 2)	Other Differences (Note 3)	Total Adjustments between Funding and Accounting Basis
GROUP	£'000	£'000	£'000	£'000
Chief Constable				
Policing Services	21,496	(40,729)	(1,899)	(21,132)
Change Programme	342	(1)		341
Regional & National Services	2,953	(4,402)		(1,449)
Police and Crime Commissioner				
Office of the PCC		(30)	23	(7)
Commissioned Services		(30)	22	(8)
Net Cost of Services	24,791	(45,192)	(1,854)	(22,255)
Other Income and Expenditure	(4,720)	174,120	1,206	170,606
Surplus or Deficit	20,071	128,928	(648)	148,351

Note 1 – This column adds in depreciation, impairments and revaluation losses, it also adjusts for Capital disposals, Capital Grants and MRP

Note 2 – This shows which lines have been affected by the removal of pension contributions and replaced with IAS 19 transactions

Note 3 – This column includes adjustments for Collection Fund, Financial Instruments and Accumulated Absences adjustments

2024-25	Adjustment for Capital Purposes (Note 1)	Net Change for the Pensions Adjustment (Note 2)	Other Differences (Note 3)	Total Adjustments between Funding and Accounting Basis
PCC	£'000	£'000	£'000	£'000
Police and Crime Commissioner				
Office of the PCC	(4)	(88)	25	(67)
Commissioned Services		(74)	1	(73)
Funding to the CC	(3,097)		145	(2,952)
Net Cost of Services	(3,101)	(162)	171	(3,092)
Other Income and Expenditure	(4,467)	(34)	(508)	(5,009)
Surplus or Deficit	(7,568)	(196)	(337)	(8,101)

2023-24 PCC	Adjustment for Capital Purposes (Note 1) £'000	Net Change for the Pensions Adjustment (Note 2) £'000	Other Differences (Note 3) £'000	Total Adjustments between Funding and Accounting Basis £'000
Police and Crime Commissioner				
Office of the PCC		(30)	23	(7)
Commissioned Services		(30)	22	(8)
Funding to the CC	24,791			24,791
Net Cost of Services	24,791	(60)	45	24,776
Other Income and Expenditure	(4,720)	10	1,206	(3,504)
Surplus or Deficit	20,071	(50)	1,251	21,272

Note 1 – This column adds in depreciation, impairments and revaluation losses, it also adjusts for Capital disposals, Capital Grants and MRP

Note 2 – This shows which lines have been affected by the removal of pension contributions and replaced with IAS 19 transactions

Note 3 – This column includes adjustments for Collection Fund, Financial Instruments and Accumulated Absences adjustments

7. SUBJECTIVE ANALYSIS OF THE NET COST OF POLICE SERVICES

2023-24 PCC Outturn £'000	2023-24 Group Outturn £'000		2024-25 PCC Outturn £'000	2024-25 Group Outturn £'000
	438,940	Police Pay and Allowances		470,696
4,645	200,241	Police Staff and PCSO Pay & Allowances	4,922	210,989
97	15,168	Other Employee Expenses	115	10,648
4,742	654,349	Sub Total Employee Costs	5,037	692,333
0	33,409	Premises Related Costs	0	32,483
101	12,384	Transport/Travel Costs	89	12,584
852	75,691	Supplies & Services	768	89,205
17,926	40,882	Collaborative working Expenses	18,979	48,526
0	36,374	Capital Financing Costs	27	13,868
23,622	853,089	TOTAL GROSS EXPENDITURE	24,900	888,998
(15,226)	(176,199)	External Income	(14,962)	(220,772)
0	325	Non-Distributed Costs	0	2,454
8,395	677,214	NET COST - GENERAL FUND SERVICES	9,938	670,680

8. JOINT OPERATIONS AND OTHER COLLABORATIVE WORKING

CENTRAL MOTORWAY POLICE GROUP

The PCCWM and CCWMP were engaged in a joint operation with Staffordshire for the Policing of the Motorway network in the West Midlands area known as the Central Motorway Police Group. West Midlands Police provided the financial administration service for this joint operation.

The two Police forces had an agreement in place for funding this unit with contributions to the agreed budget of 70% from West Midlands Police and 30% from Staffordshire.

The collaboration agreement was terminated by mutual consent with effect from 1 October 2024 following the determination that the collaboration no longer represented the most efficient operational means of providing effective motorway policing services across the force areas.

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

The revenue account for the Unit covers all operating costs. The details for 2024-25 up to the termination date are as follows:

2023-24 £'000		2024-25 (part year) £'000
	Funding provided to the pooled budget	
(4,882)	Contribution from West Midlands Police	(2,414)
(2,500)	Contribution from Staffordshire Police	(1,148)
(7,382)	Total funding provided to the pooled Budget	(3,562)
	Expenditure met from the pooled budget	
6,692	Pay and allowances	3,248
503	Transport costs	190
187	Supplies and Services	124
7,382	Total expenditure	3,562
	Income received to the Pooled budget	
0	Miscellaneous Income	0
0	External funding	0
0	Total income received	0
7,382	Total Net Expenditure	
0	Net surplus/(deficit) arising during the year	0
0	West Midlands Police share of 70% of the net surplus/(deficit) arising during the year	0

The funding provided by the pooled budget is adjusted between the Forces to ensure the agreed percentage split is applied to the final expenditure less any surplus. In 2024-25 the final contribution paid by the PCCWM was £2.53m.

WEST MIDLANDS REGIONAL ORGANISED CRIME UNIT

The West Midlands Regional Organised Crime Unit (WMROCU) is a collaboration between the police forces of Staffordshire, Warwickshire, West Midlands and West Mercia to fight organised crime across the region.

The aim of WMROCU is to reduce the impact and increase the disruption of serious and organised crime within the region and beyond. West Midlands Police acts as the lead force for this joint arrangement and provides the financial management service for this unit.

The unit is funded in part by force contributions and also by grants from the Home Office and the National Cyber Security Programme (NCSP). The revenue account for this unit covers all core operating costs defined in the annual model agreed by the forces. The details are as follows:

WMROCU 2023-24 £'000		WMROCU 2024-25 £000	W Mids split* 2024-25 £000
	Funding provided to WMROCU		
(16,545)	Contribution from West Midlands Police	(17,296)	(17,296)
(5,080)	Contribution from West Mercia Police	(5,310)	
(4,935)	Contribution from Staffordshire Police	(5,158)	
(2,467)	Contribution from Warwickshire Police	(2,579)	
(2,399)	WMROCU Grant	(2,399)	(1,367)
(280)	National Cyber Security Programme funding	(280)	(160)
(242)	Asset Confiscation Enforcement grant (ACE)	(252)	(144)
(275)	ROCU Reserves	(330)	(188)
(1,096)	UCOL Funding	(1,120)	(638)
(153)	ROCTA Funding	(236)	(135)
(256)	Disruption Team Funding	(256)	(146)
(250)	Dark Web Funding	(250)	(143)
(153)	Fraud Investigation	(142)	(81)
0	Development Assessment Review Team (DART)	(46)	(26)
(34,131)	Total funding	(35,654)	(20,323)
	WMROCU expenditure		
1,792	Regional Asset Recovery Team (RART)	1,555	1,364
243	RART – ACE team	260	260
880	Regional Cyber Crime Unit	912	573
797	Regional Fraud Team	605	550
1,429	Regional Prisons Intelligence Unit	1,472	1,058
78	Operational Security (OPSY)	67	67
22	Regional Government Agency Intelligence Network (GAIN)	74	74
1,429	Command Team	1,621	1,028
6,699	Regional Confidential Unit	6,776	5,219
694	TIDU – Technical Intelligence	694	551
456	Enabling Services	346	346
6,553	SOCU	5,899	2,906
8,657	Regional Surveillance Unit (FSU)	9,567	6,208
336	Threat Assessment Team (ROCTA)	428	317
288	Disruption Team	336	336
48	Dark Web	317	317
0	DART	321	276
3,730	Other Regional Operations	4,404	3,691
0	Contribution to/(from) Collaboration	0	(4,818)
34,131	Total expenditure	35,654	20,323
0	Total Net Expenditure	0	0

*West Midlands Police split is 57% of income and expenditure, however, as lead force, West Midlands may contribute to some teams outside the collaboration split of costs.

NATIONAL POLICE AIR SERVICE

The National Police Air Service (NPAS) is a national service that provides the police service with capability from the air that maximises the benefits of air support to the delivery of frontline services. Contributions are made by Policing Bodies receiving a service under a National Police Chief's Council (NPCC) funding formula to the West Yorkshire Combined Authority. Payments of £2.035m were made to NPAS in 24-25 (£2.009m in 23-24).

NATIONAL BALLISTICS INTELLIGENCE SERVICE

The mission of the National Ballistics Intelligence Service (NABIS) is to provide a national centre of excellence for forensic science, intelligence and knowledge around the use, supply, distribution and manufacture of illegal firearms and ammunition.

NABIS is primarily accountable to the NABIS Governance Board although West Midlands Police is responsible for the hosting of the organisation. The NABIS service is funded from contributions made by each Body receiving a service calculated according to ONS data of firearms discharges.

Those receiving a service have neither joint control of the overall activity nor rights to particular assets or obligations for particular liabilities. The lead force arrangement has been reviewed against IFRS 11 on Joint Arrangements and it has been determined that it falls outside the scope of a joint operation.

The following table shows the income and expenditure for NABIS.

Expenditure and income are included in the Comprehensive Income and Expenditure Statement as part of the Regional and National Services. Income and contributions are received by the PCCWM and are transferred to the Chief Constable as part of the funding transfer.

2023-24 £'000		2024-25 £'000
	Expenditure	
2,693	Pay and allowances	2,819
75	Other Employee costs	41
163	Premises costs	150
58	Transport costs	45
461	Supplies and Services	432
0	Direct Revenue Financing	85
3,450	Total expenditure	3,572
	Income	
(3,937)	Contributions	(3,972)
(137)	Other Income	(139)
(4,074)	Total income received	(4,111)
(624)	Deficit/(Surplus) in year	(539)
624	Transfer to Reserves	539

9. EMPLOYEE REMUNERATION

The following table shows the remuneration of employees of West Midlands Police with £5,000 banding for those whose remuneration is more than £50,000 per year. This includes all senior officers later disclosed in note 10.

Group			PCC	Earnings Band	Group			PCC
2023-24 Police Officers	2023-24 Police Staff	2023-24 Total	2023-24 Total		2024-25 Police Officers	2024-25 Police Staff	2024-25 Total	2024-25 Total
1,107	187	1,294	5	£50,000 - £54,999	1,248	228	1,476	3
571	65	636	1	£55,000 - £59,999	814	139	953	4
415	52	467	2	£60,000 - £64,999	498	72	570	1
165	21	186	3	£65,000 - £69,999	341	35	376	3
42	6	48	1	£70,000 - £74,999	117	17	134	2
27	5	32	0	£75,000 - £79,999	49	7	56	0
15	4	19	1	£80,000 - £84,999	28	9	37	1
16	4	20	0	£85,000 - £89,999	20	3	23	0
18	1	19	0	£90,000 - £94,999	23	1	24	0
4	3	7	0	£95,000 - £99,999	13	0	13	0
14	5	19	2	£100,000 - £104,999	5	3	8	2
2	1	3	0	£105,000 - £109,999	13	7	20	2
1	0	1	0	£110,000 - £114,999	2	1	3	0
0	0	0	0	£115,000 - £119,999	1	0	1	0
3	0	3	0	£120,000 - £124,999	0	0	0	0
2	1	3	1	£125,000 - £129,999	2	0	2	0
2	0	2	0	£130,000 - £134,999	3	1	4	1
2	0	2	0	£135,000 - £139,999	0	0	0	0
1	1	2	0	£140,000 - £144,999	0	0	0	0
2	0	2	0	£145,000 - £149,999	0	1	1	0
0	0	0	0	£150,000 - £154,999	0	0	0	0
1	0	1	0	£155,000 - £159,999	0	0	0	0
0	0	0	0	£160,000 - £164,999	0	0	0	0
0	0	0	0	£165,000 - £169,999	0	0	0	0
0	0	0	0	£170,000 - £174,999	0	0	0	0
1	0	1	0	£175,000 - £179,999	0	0	0	0
0	0	0	0	£180,000 - £184,999	1	0	1	0
0	0	0	0	£185,000 - £189,999	0	0	0	0
0	0	0	0	£190,000 - £194,999	0	0	0	0
0	0	0	0	£195,000 - £199,999	0	0	0	0
0	0	0	0	£200,000 - £204,999	0	0	0	0
0	0	0	0	£205,000 - £209,999	0	0	0	0
0	0	0	0	£210,000 - £214,999	0	0	0	0
0	0	0	0	£215,000 - £219,999	1	0	1	0
1	0	1	0	£220,000 - £224,999	0	0	0	0
2,412	356	2,768	16	Totals	3,179	524	3,703	19

10. SENIOR OFFICERS REMUNERATION

This note has been prepared in accordance Account and Audit Regulations 2015. This aims to provide greater transparency and accountability to local taxpayers in respect of the total remuneration package for the senior team charged with stewardship of the organisation. The regulations require that persons whose annual salary is more than £150,000 are identified by their job title and their name, and that senior employees and relevant police officers earning more than £50,000 (but less than £150,000) are identified by their job title.

Senior Officers' remuneration in 2024-25

Post holder information	Notes	Salary (inc fees and allowances)	Benefits in Kind	Total remuneration (Exc employer pension contributions)	Employers pension contributions	Total Remuneration (Inc. employers pension contributions)
		£'000	£'000	£'000	£'000	£'000
Chief Constable for West Midlands Police						
Chief Constable C Guildford	1	215.3		215.3	73.4	288.7
Deputy Chief Constable S Green	2	182.8		182.8	64.8	247.6
Assistant Chief Constable (1)	3	135.0	0.8	135.8	48.4	184.2
Assistant Chief Constable (2)		129.1		129.1	45.8	174.9
Assistant Chief Constable (3)		132.4		132.4	47.0	179.4
Assistant Chief Constable (4)	4	130.0		130.0	47.0	177.0
Assistant Chief Constable (5)	5	130.4		130.4	46.3	176.7
Assistant Chief Constable (6)	6	4.9		4.9	1.7	6.6
Director of Commercial Services		145.5		145.5	27.2	172.7
Total:		1,205.4	0.8	1,206.2	401.6	1,607.8

Notes:

1. Craig Guildford left on 15 November 2024 and rejoined on 16 December 2024
2. DCC Green covered the role of Chief Constable for the period above
3. ACC (1) covered the role of DCC for the period above
4. ACC (4) was a temporary ACC before promotion to full rank on 10 July 2024
5. ACC (5) was a temporary ACC before promotion to full rank on 20 June 2024
6. ACC (6) commenced role of temporary Assistant Chief Constable on 17 March 2025

Post holder information	Notes	Salary (inc fees and allowances)	Benefits in Kind	Total remuneration (Exc employer pension contributions)	Employers pension contributions	Total Remuneration (Inc. employers pension contributions)
		£'000	£'000	£'000	£'000	£'000
Office of the Police and Crime Commissioner						
Police and Crime Commissioner - Mr Simon Foster		101.9	0	101.9	19.8	121.7
Deputy Police and Crime Commissioner	1	65.5	0	65.5	0	65.5
West Midlands Office for Policing and Crime - Chief Executive		136.1	1.0	137.1	25.4	162.5
West Midlands Office for Policing and Crime – Deputy Chief Executive		109.3	0.7	110.0	21.2	131.2
West Midlands Office for Policing and Crime – Chief Finance Officer		106.0	0	106.0	20.6	126.5
Total:		518.8	1.7	520.5	87.0	607.5

Notes:

1. The Deputy Police and Crime Commissioner commenced their role on 13 May 2024

Senior Officers' remuneration in 2023-24

Post holder information	Notes	Salary (inc fees and allowances)	Benefits in Kind	Total remuneration (Exc employer pension contributions)	Employers pension contributions	Total Remuneration (Inc. employers pension contributions)
		£'000	£'000	£'000	£'000	£'000
Chief Constable for West Midlands Police						
Chief Constable C Guildford		222.5		222.5	66.6	289.1
Deputy Chief Constable S Green	1	157.8		157.8	49.0	206.8
Assistant Chief Constable (1)		125.2	0.1	125.3	39.1	164.4
Assistant Chief Constable (2)	2	49.2		49.2	15.3	64.5
Assistant Chief Constable (3)	3	125.4		125.4	39.1	164.5
Assistant Chief Constable (4)	4	24.9		24.9	1.7	26.6
Assistant Chief Constable (5)	5	71.3		71.3	21.4	92.7
Assistant Chief Constable (6)		123.0		123.0	35.5	158.5
Assistant Chief Constable (7)	6	39.6		39.6	12.3	51.9
Assistant Chief Constable (8)	7	90.9		90.9	22.9	113.8
Assistant Chief Constable (9)	8	13.4		13.4	4.2	17.6
Director of Commercial Services		144.3		144.3	25.8	170.1
Director of People & Organisation Development	9	22.7		22.7	4.2	26.9
Total:		1,210.2	0.1	1,210.3	337.1	1,547.4

Notes:

1. Deputy Chief Constable S Green commenced role on 17 April 2023
2. ACC (2) joined the Force on 6 November 2023
3. ACC (3) transferred to the Force permanently following secondment to the role of Assistant Chief Constable
4. ACC (4) vacated role of Assistant Chief Constable on 16 April 2023
5. ACC (5) vacated role of Assistant Chief Constable on 22 October 2023
6. ACC (7) commenced role of temporary Assistant Chief Constable on 4 December 2023
7. ACC (8) vacated role of Assistant Chief Constable on 1 January 2024
8. ACC (9) covered the role of temporary Assistant Chief Constable from 18 September 2023 to end October 2023
9. Director of People & Organisational Development vacated role on 7 June 2023 and the role was restructured and is no longer a Senior Officer role

Post holder information	Notes	Salary (inc fees and allowances)	Benefits in Kind	Total remuneration (Exc employer pension contributions)	Employers pension contributions	Total Remuneration (Inc. employers pension contributions)
		£'000	£'000	£'000	£'000	£'000
Office of the Police and Crime Commissioner						
Police and Crime Commissioner - Mr Simon Foster		101.9	0	101.9	19.8	121.7
West Midlands Office for Policing and Crime - Chief Executive		129.1	0	129.1	25.0	154.1
West Midlands Office for Policing and Crime – Deputy Chief Executive		103.9	0	103.9	20.2	124.1
West Midlands Office for Policing and Crime – Interim Chief Finance Officer	1	30.4	0	30.4	6.0	36.4
West Midlands Office for Policing and Crime – Chief Finance Officer	2	68.6	0	68.6	13.3	81.9
Total:		433.9	0	433.9	84.3	518.2

Notes:

1. The Interim Chief Finance Officer covered the role from 1 April 2023 until handover to the new post-holder.
2. The Chief Finance Officer commenced their role on 20 July 2023.

11. TERMINATION BENEFITS

This note discloses of the number and cost of agreed exit packages. It splits exit packages between those which relate to a compulsory redundancy and those which relate to other redundancy and departure costs.

Cost band	No. of compulsory redundancies		No. of other agreed departures		Total No. of exit packages by cost band		Total cost of exit packages in each band	
	2023-24	2024-25	2023-24	2024-25	2023-24	2024-25	2023-24 £'000	2024-25 £'000
£0 - £19,999	5	13	6	3	11	16	89	137
£20,000 - £39,999	3	2	1	1	4	3	104	100
£40,000 - £59,999	2	2	0	0	2	2	99	100
£60,000 - £79,999	1	1	2	0	3	1	207	66
£80,000 - £99,999	3	1	1	0	4	1	363	81
£100,000 +	11	6	2	4	13	10	2,241	1,627
Total	25	25	12	8	37	33	3,103	2,111

Two voluntary redundancy payments made in 2023-24 relate to departures on 31 March 23 which were omitted from the prior year, one within £60-80k and one above £100k.

12. EXTERNAL AUDIT COSTS

In 2024-25 the PCCWM incurred the following fees relating to external audit:

	Police and Crime Commissioner		Group	
	2023-24 £'000	2024-25 £'000	2023-24 £'000	2024-25 £'000
Fees payable to Grant Thornton UK LLP with regard to external audit services carried out by the appointed auditor	136	146	210	227
Fees payable to Grant Thornton UK LLP with regard to external audit services carried out by the appointed auditor for a prior year	1	3	5	3

The appointed auditor in 2024-25 was Grant Thornton UK LLP. The proposed fee payable by the PCCWM for the audit of the PCC and Group Accounts is £145,810. There is a further proposed fee of £81,522 for the Audit of the Chief Constable of West Midlands Police accounts making a total fee of £227,332 for the Group.

13. GRANT INCOME

The Group credited the following grants to the Comprehensive Income and Expenditure Statement. All non-specific grant income is credited first to the PCCWM before being forming part of the funding transferred to the CCWMP for financial resources consumed under his direction and control. The Police Services income received by the Chief Constable is income that is directly attributable to those services. It includes income for services provided such as events and airports but also specific grant income that is credited to the net cost of services rather than non-specific grant income.

	CCWMP 2023-24 £'000	PCCWM 2023-24 £'000	CCWMP 2024-25 £'000	PCCWM 2024-25 £'000
<i>Credited to Taxation and Non-Specific Grant Income</i>				
Police Grant	0	329,544	0	351,111
Formula Grant	0	217,571	0	222,040
Council Tax Support Grant	0	19,026	0	19,026
Pensions top up grant receivable	101,722	0	106,853	0
Capital Grants Received	0	4,327	0	3,516
Total	101,722	570,468	106,853	595,693
<i>Credited to Police Services</i>				
Loan Charges Grant	534	0	498	0
Counter Terrorism Grant	63,124	0	81,808	0
Victims' Support Grant	0	6,166	0	6,331
Serious Violence Grant	3,432	4,383	4,103	4,968
County Lines	7,000	0	7,000	0
ROCU Grants	7,402	0	4,882	0
Police Uplift Programme	22,685	0	29,644	0
Police Pensions Grant	6,965	0	21,095	0
Other Grants	6,855	4,231	12,844	3,382
	117,997	14,780	161,874	14,681

14. RELATED PARTY TRANSACTIONS

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

Central Government

The UK Government exerts significant influence over the operations of the PCCWM – it is responsible for providing the statutory operating framework and provides the majority of funding in the form of grants. Details of transactions with government departments are set out in note 13 above showing grant income credited to the Comprehensive Income and Expenditure Statement.

Pension Schemes and Precepts

The Local Government Pension Scheme is administered by Wolverhampton City Council and the PCCWM has made payments to them of £41.5m in 2024-25 (£38.5m in 2023-24). Payments we have received from other Local Authorities in the form of precept income from Council Tax payers are detailed within the Comprehensive Income and Expenditure Statement.

Members and Senior OPCC staff

Members of the Accountability & Governance Board have direct control over the PCC's financial and operating policies. The PCC, the Deputy PCC, Accountability & Governance Board members, Chief Officers within the Office for the PCCWM and Police Force Chief Officers have signed a declaration regarding related party interests.

Jonathan Jardine, Chief Executive, holds the post of Chair of the Association of Police and Crime Commissioners Chief Executives, which provides guidance and information to the PCCWM and the staff of his Office (as well as other local policing bodies and related organisations). The PCCWM pays an annual subscription fee and conference attendance fees to the Association of Police and Crime Commissioner Chief Executives. The nature and amount of any transactions between the above parties have been carried out in conjunction with the governance arrangements within the OPCC and do not have any material effect on the accounts.

The Chief Finance Officer, declared she is Chair of the West Midlands Police Pension Board and a co-opted Board member for RSVP (Rape & Sexual Violence Project) Birmingham which was the recipient of £708k in grant funding in 2024-25. This member had no involvement in the decision to award the grant.

The nature and amount of any transactions between the above parties have been carried out in conjunction with the governance arrangements within the OPCC.

Force Senior Officers

No Chief Officers of the Force have declared any related party interests in 2024-25.

Other public bodies (subject to common control by central government)

The PCCWM has a pooled budget arrangement for the joint operation of the Central Motorway Police Group in conjunction with his counterpart at Staffordshire. Transactions and balances in relation to this jointly controlled operation are detailed in note 8.

Transactions with related parties who are not Accountability & Governance Board members, PCCWM officers or Chief Officers are shown in the debtor and creditor balances in notes 38 and 41 respectively.

15. MEMBERS ALLOWANCES

Members of the Strategic Policing and Crime Board and the Joint Audit Committee are paid allowances and incidental expenses for their attendance at meetings and the work they do for these bodies throughout the year as designated by the Office for the Police and Crime Commissioner. A new Members Format, was introduced partway through the financial year 2024-25 which has reduced expenditure in this area.

	2023-24 £'000	2024-25 £'000
Allowances paid	166	45
Expenses	5	1

16. CAPITAL EXPENDITURE AND CAPITAL FINANCING

The total amount of capital expenditure incurred by the PCCWM in the year is shown in the table below, together with the resources that have been used to finance it.

2023-24 Outturn £'000		2024-25 Programme £'000	2024-25 Outturn £'000
	Property Plant and Equipment comprising:		
	Land and Buildings:		
3,507	New Police Buildings	909	909
383	Improvements and Adaptations	7,241	15
	Vehicles and Equipment:		
8,646	Vehicles	7,226	6,257
10,889	IT and Equipment	7,729	7,100
	Leases	0	1,008
160	Intangibles	425	621
23,585	TOTAL	23,530	15,910
	FINANCING OF EXPENDITURE		
4,301	Capital Grants	2,970	3,538
117	Capital Receipts	7,430	1,005
8,660	Direct Revenue Financing	13,130	10,362
10,507	Prudential Borrowing	0	0
	Lease Liability	0	1,005
23,585	TOTAL	23,530	15,910

The Capital Financing Requirement (CFR) at 31 March 2024 was £82.9m. This was adjusted to £90.9m following the implementation of IFRS 16 at 1 April 2024. The closing CFR was £86.5m. The movement in the CFR is made up of the Minimum Revenue Provision (MRP) representing a decrease in the underlying need to borrow offset by the use of borrowing to fund expenditure and the lease liability created for new leased assets.

17. LEASES

IFRS 16 Leases has been adopted by the Group with effect from 1 April 2024.

Transitional provisions were used for implementation of the standard and practical expedients applied. Lease liabilities are measured at the present value of the remaining lease payments at 1 April 2024, discounted by the Group's incremental borrowing rate. Right-of use assets are measured at the amount of the lease liability adjusted for prepayments and accrued costs at the transition date. Right-of-use assets for leases with a peppercorn or nominal lease payments have been recognised at fair value on 1 April 2024.

The weighted average of the incremental borrowing rates used to discount liabilities was 4.99%.

Difference between operating lease commitments in the 2023-24 financial statements, shown only for land & buildings, and lease liabilities recognised in the 1 April 2024 balance sheet are shown in this table:

	£'000
Operating lease commitments 31 March 2024	4,506
Exclude short term or low value leases	(126)
Discount lease liabilities to Present Value	(1,073)
Add in leases not previously included (inc Vehicles and equipment)	891
Adjust for leases held under assumed lease terms	3,306
Opening lease liabilities 1 April 2024	7,504

The Group's lease contracts comprise leases of operational land and buildings, vehicles and equipment. All of the leases are individually immaterial. The most significant asset valued at £3.6m is the training site with a corresponding liability of £0.3m.

Right-of-use assets

This table shows the change in the value of right-of-use assets held under leases by the Group.

	Land and Buildings £000	Vehicles, Furniture and Equipment £000	Total £000
Opening balance at 1 April 2024	13,373	609	13,982
Additions	604	404	1,008
Revaluations	529	0	529
Depreciation	(1,616)	(237)	(1,853)
Disposals	0	0	0
Balance at 31 March 2025	12,890	776	13,666

Transactions under leases

Rentals for short-term leases of 12 months or less and exempt leases of low-value items (value when new of less than £10,000) are expensed to the Comprehensive Income and Expenditure Statement.

The group incurred the following expenses and cash flows in relation to leases.

	2024-25 £'000
<i>Comprehensive income and expenditure statement</i>	
Interest expense on lease liabilities	338
<i>Cash flow statement</i>	
Minimum lease payments	1,835

Maturity analysis of lease liabilities

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

	31 March 2025
	£'000
Less than one year	1,177
One to five years	3,184
More than five years	2,142
Total	6,503

18. PENSION SCHEMES

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

The Group participates in two post-employment schemes:

- The Local Government Pension Scheme for civilian employees (typically police support staff rather than front line officers), administered by West Midlands Pension Fund. This is a funded Career Average Retained Earnings scheme, meaning that the PCCWM and employees pay contributions into a fund, calculated at a level intended to balance the pension's liabilities with investment assets.
- The Police Pension Scheme (defined benefit) for police officers - this is an unfunded Career Average Retained Earnings scheme, meaning that there are no investment assets built up to meet the pensions liabilities, and cash has to be generated to meet actual pensions payments as they eventually fall due.

Police pensions operate under three schemes: The 1987 scheme which no new members can now join, the 2006 Police pension scheme which all officers joining a pension scheme since 1 April 2006 became a member of and the 2015 scheme which all new officers join and many 2006 members transferred to in 2015-16. In addition, the disclosures which follow also show the costs of police injury awards separately as the costs of injury pensions are material in their own right. Under the Police Pension Fund Regulations 2007, if the amounts receivable by the pensions fund for the year is less than amounts payable, the PCCWM 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 PCCWM which then must repay the amount to Central Government.

The PCC recognises the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against council tax is based on the cash payable in the year, so the real cost of retirement benefits is reversed out of the General Fund in the Movement in Reserves Statement.

The tables which follow show pension transactions that have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year. The statements which follow show transactions for the group as a whole. Police Officer pension's costs are disclosed in full in the accounts of the Chief Constable as all police officers are deemed to operate under the direction and control of the Chief Constable. Pension costs for Police Staff and PCSOs have been split to show the costs of providing pensions for those staff under the direction and control of the PCC separately from those under the direction and control of the Chief Constable. The staff under the direction and control of the PCC are those involved in running the Office for the Police and Crime Commissioner.

The Group has obtained an actuarial valuation for the pensions relating to the staff residing in the Office for Policing and Crime and these have been included separately in the accounts although their values are not material to the overall level of assets and liabilities in the Local Government Pension Scheme.

The following tables show the transactions have been recognised in the Comprehensive Income and Expenditure Statement, Movement in Reserves and Balance Sheet during the year

Pension transactions within the Comprehensive Income and Expenditure Statement

2024-25	Local Government Pension Scheme PCC element	Local Government Pension Scheme Group	1987 Police Pension Scheme	Police Injury Awards	2006 Police Pension Scheme	2015 Police Pension Scheme	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<u>Net cost of services:</u>							
Current service cost inc administration	507	26,338	(10)	1,810	0	49,900	78,038
Past service (cost)/ gain		2,454					2,454
Curtailments							
<u>Financing and Investing Income & Expenditure:</u>							
Net Interest cost	(34)	(4,327)	240,160	3,560	10,610	31,790	281,793
Total post-employment benefits charged to the surplus or deficit on the provision of Services	473	24,465	240,150	5,370	10,610	81,690	362,285
Other post-employment benefits charged to the Comprehensive Income and Expenditure Statement	0	0	0	0	0	0	0
<u>Remeasurements of the net defined benefit liability/asset Comprising:</u>							
Return on plan assets (excluding the amount included in the net interest cost)	329	31,746	0	0	0	0	31,746
Actuarial gains and losses arising on changes in demographic assumptions	(16)	(1,550)	(4,170)	(300)	(730)	(3,070)	(9,820)
Actuarial gains and losses arising on changes in financial assumptions	(2,353)	(166,812)	(530,390)	(5,810)	(45,990)	(129,200)	(878,202)
Experience gains and losses arising on the pension liabilities	(84)	(7,755)	8,290	(5,480)	210	(820)	(5,555)
Other actuarial gains and losses (Asset ceiling adjustment)	2,320	153,205					153,205
Net charge to Comprehensive Income and Expenditure Statement	669	33,299	(286,120)	(6,220)	(35,900)	(51,400)	(346,341)

2023-24	Local Government Pension Scheme PCC element	Local Government Pension Scheme Group	1987 Police Pension Scheme	Police Injury Awards	2006 Police Pension Scheme	2015 Police Pension Scheme	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<u>Net cost of services:</u>							
Current service cost inc administration	586	27,911	(10)	1,750	0	48,980	78,631
Past service (cost)/ gain		425	(100)				325
Curtailments							
<u>Financing and Investing Income & Expenditure:</u>							
Net Interest cost	10	(798)	236,440	3,700	9,980	26,520	275,842
Total post-employment benefits charged to the surplus or deficit on the provision of Services	596	27,538	236,330	5,450	9,980	75,500	354,798
Other post-employment benefits charged to the Comprehensive Income and Expenditure Statement	0	0	0	0	0	0	0
<u>Remeasurements of the net defined benefit liability/asset</u> <u>Comprising:</u>							
Return on plan assets (excluding the amount included in the net interest cost)	(266)	(27,349)	0	0	0	0	(27,349)
Actuarial gains and losses arising on changes in demographic assumptions	(52)	(5,456)	0	0	0	0	(5,456)
Actuarial gains and losses arising on changes in financial assumptions	(770)	(62,638)	(94,840)	(1,330)	(4,630)	(21,810)	(185,248)
Experience gains and losses arising on the pension liabilities	276	26,336	66,400	(4,640)	6,030	9,920	104,046
Other actuarial gains and losses (Asset ceiling adjustment)	617	70,153					70,153
Net charge to Comprehensive Income and Expenditure Statement	401	28,584	207,890	(520)	11,380	63,610	310,944

Pension transactions within the Movement in Reserves Statement

2024-25	Local Government Pension Scheme PCC element £'000	Local Government Pension Scheme Group £'000	1987 Police Pension Scheme £'000	Police Injury Awards £'000	2006 Police Pension Scheme £'000	2015 Police Pension Scheme £'000	Total £'000
Reversal of Net Charges for retirement benefits in accordance with IAS	(473)	(24,465)	(240,150)	(5,370)	(10,610)	(81,690)	(362,285)
Actual amount charged against the General Fund balance for pensions in the year:							
Employer's contributions payable to the scheme	669	33,427	0	0	0	0	33,427
Retirement benefits payable to pensioners (net of employee contributions)	0	0	247,900	4,640	2,810	(34,530)	220,820

2023-24	Local Government Pension Scheme PCC element £'000	Local Government Pension Scheme Group £'000	1987 Police Pension Scheme £'000	Police Injury Awards £'000	2006 Police Pension Scheme £'000	2015 Police Pension Scheme £'000	Total £'000
Reversal of Net Charges for retirement benefits in accordance with IAS	(596)	(27,538)	(236,330)	(5,450)	(9,980)	(75,500)	(354,798)
Actual amount charged against the General Fund balance for pensions in the year:							
Employer's contributions payable to the scheme	646	28,900	0	0	0	0	28,900
Retirement benefits payable to pensioners (net of employee contributions)	0	0	225,810	3,820	2,380	(34,350)	197,660

Assets and Liabilities in relation to Post-employment benefits

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

2024-25	Funded liabilities: Local Govt Pension Scheme PCC element £'000	Funded liabilities: Local Govt Pension Scheme Group £'000	Unfunded liabilities: 1987 Police Pension Scheme £'000	Unfunded liabilities: Injury Awards Pensions £'000	Unfunded liabilities: 2006 Police Pension Scheme £'000	Unfunded liabilities: 2015 Police Pension Scheme £'000	Total £'000
Present value of the defined benefit obligation	(8,493)	(861,286)	(4,644,510)	(65,430)	(186,000)	(610,620)	(6,367,846)
Fair value of plan assets	10,813	1,013,746					1,013,746
Sub-total	2,320	152,460	(4,644,510)	(65,430)	(186,000)	(610,620)	(5,354,100)
Other in year movements in the liability (Asset ceiling)	(2,320)	(153,205)	0	0	0	0	(153,205)
Net liability arising from the defined benefit obligation	0	(745)	(4,644,510)	(65,430)	(186,000)	(610,620)	(5,507,305)

2023-24	Funded liabilities: Local Govt Pension Scheme PCC element £'000	Funded liabilities: Local Govt Pension Scheme Group £'000	Unfunded liabilities: 1987 Police Pension Scheme £'000	Unfunded liabilities: Injury Awards Pensions £'000	Unfunded liabilities: 2006 Police Pension Scheme £'000	Unfunded liabilities: 2015 Police Pension Scheme £'000	Total £'000
Present value of the defined benefit obligation	(9,221)	(908,448)	(5,178,530)	(76,290)	(224,710)	(627,420)	(7,015,398)
Fair value of plan assets	9,838	977,728					977,728
Sub-total	617	69,280	(5,178,530)	(76,290)	(224,710)	(627,420)	(6,037,670)
Other in year movements in the liability (Asset ceiling)	(617)	(70,153)	0	0	0	0	(70,153)
Net liability arising from the defined benefit obligation	0	(873)	(5,178,530)	(76,290)	(224,710)	(627,420)	(6,107,823)

Under IFRIC 14, the pension surplus reported under IAS 19 is not fully realisable and a ceiling has been applied to the amounts recognised in the Balance Sheet, reducing the recognised surplus to nil. The methodology employed shows an excess of future service contributions payable above the value of future service costs which results in nil economic benefit available. In 2024-25 the LGPS scheme for the Chief Constable recognised a surplus of £238.1m (£87.2m in 2023-24) against the funded liability. In 2024-25 the LGPS scheme for the Police and Crime Commissioner recognised a surplus of £2.9m (£0.6m in 2023-24) against the scheme liability.

Reconciliation of the Asset Ceiling:

	Local Government Pension Scheme PCC Total Asset Ceiling £'000		Local Government Pension Scheme Group Total Asset Ceiling £'000	
	2023-24	2024-25	2023-24	2024-25
01 April	0	617	17,710	87,863
Effect of the Asset Ceiling	617	2,320	70,153	153,205
31 March	617	2,937	87,863	241,068

Reconciliation of present value of the scheme liabilities (defined benefit obligation):

2024-25	Funded liabilities: Local Govt Pension Scheme PCC element £'000	Funded liabilities: Local Govt Pension Scheme Group £'000	Unfunded liabilities: 1987 Police Pension Scheme £'000	Unfunded liabilities: Injury Awards Pensions £'000	Unfunded liabilities: 2006 Police Pension Scheme £'000	Unfunded liabilities: 2015 Police Pension Scheme £'000	Total £'000
1 April -24	(9,838)	(978,601)	(5,178,530)	(76,290)	(224,710)	(627,420)	(7,085,551)
Current service cost	(507)	(26,338)	10	(1,810)	0	(49,900)	(78,038)
Interest cost	(462)	(43,536)	(240,160)	(3,560)	(10,610)	(31,790)	(329,656)
Contributions by scheme participants	(257)	(10,361)	(10)	0	0	(40,520)	(50,891)
Transfers into the scheme	0	0	0	0	0	(70)	(70)
Remeasurements of the net defined benefit liability/asset	2,453	176,117	526,270	11,590	46,510	133,090	893,577
Benefits paid	118	23,887	247,910	4,640	2,810	5,990	285,237
Curtailments	0	0	0	0	0	0	0
Past service costs	0	(2,454)	0	0	0	0	(2,454)
Asset Ceiling adjustment for economic benefit calculation	(2,320)	(153,205)	0	0	0	0	(153,205)
31 March-25	(10,813)	(1,014,491)	(4,644,510)	(65,430)	(186,000)	(610,620)	(6,521,051)

2023-24	Funded liabilities: Local Govt Pension Scheme PCC element £'000	Funded liabilities: Local Govt Pension Scheme Group £'000	Unfunded liabilities: 1987 Police Pension Scheme £'000	Unfunded liabilities: Injury Awards Pensions £'000	Unfunded liabilities: 2006 Police Pension Scheme £'000	Unfunded liabilities: 2015 Police Pension Scheme £'000	Total £'000
1 April -23	(8,616)	(893,607)	(5,196,450)	(80,630)	(215,710)	(528,770)	(6,915,167)
Current service cost	(586)	(27,911)	10	(1,750)	0	(48,980)	(78,631)
Interest cost	(426)	(41,949)	(236,440)	(3,700)	(9,980)	(26,520)	(318,589)
Contributions by scheme participants	(246)	(9,555)	(10)	0	0	(38,590)	(48,155)
Transfers into the scheme	0	0	0	0	0	(690)	(690)
Remeasurements of the net defined benefit liability/asset	546	41,758	28,440	5,970	(1,400)	11,890	86,658
Benefits paid	107	23,241	225,820	3,820	2,380	4,240	259,501
Curtailments	0	0	0	0	0	0	0
Past service costs	0	(425)	100	0	0	0	(325)
Asset Ceiling adjustment for economic benefit calculation	(617)	(70,153)	0	0	0	0	(70,153)
31 March-24	(9,838)	(978,601)	(5,178,530)	(76,290)	(224,710)	(627,420)	(7,085,551)

The total employer contributions expected to be made to the Local Government Pension Scheme by the Group in the year to 31 March 2026 is £30.9m. Standard Contribution rates for the Police Pension Scheme in the year to 31 March 2026 are assessed at £73.4m.

As at the date of the most recent valuation, the duration of the Employer's funded obligations is 21 years for the Scheme for the Chief Constable and 25 years for the Scheme for the PCC staff.

Reconciliation of the movements in fair value of the scheme assets:

	Local Government Pension Scheme PCC assets £'000		Local Government Pension Scheme Group assets £'000	
	2023-24	2024-25	2023-24	2024-25
01 April	8,371	9,838	892,418	977,728
Interest on plan assets	416	496	42,747	47,863
Return on plan assets excluding the amount included in the net interest expense	266	(329)	27,349	(31,746)
Other Actuarial gains (losses)	0	0	0	0
Employer contributions	646	669	28,900	33,427
Member contributions	246	257	9,555	10,361
Benefits paid	(107)	(118)	(23,241)	(23,887)
31 March	9,838	10,813	977,728	1,013,746

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, and estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. The Police Scheme liabilities have been assessed by the Government Actuary's Department and the Police staff liabilities have been assessed by Hymans Robertson LLP, an independent firm of actuaries. The estimates for the West Midlands Pension Fund have been based on the last full valuation of the scheme as at 31 March 2022.

Under the projected unit method of estimating liabilities, the current service cost will increase as the members of that scheme approach retirement. This is more evident in schemes such as the 1987 Police pension scheme where the age profile of the active membership is significantly rising.

The principal assumptions in the calculations made are:

	Local Government Pension Scheme		Police Pension Scheme	
	2023-24	2024-25	2023-24	2024-25
	Years	Years	Years	Years
Mortality Assumptions:				
Longevity at 65 for current pensioners:				
Men	20.7	20.6	21.9	21.9
Women	23.5	23.4	23.6	23.9
Longevity at 65 for future pensioners:				
Men	21.6	21.5	23.6	23.3
Women	25.2	25.2	25.1	25.2
	%	%	%	%
Rate of CPI inflation	2.75	2.75	2.60	2.70
Rate of increase in salaries	3.75	3.75	3.85	3.45
Rate of increase in pensions	2.75	2.75	2.60	2.70
Rate for discounting scheme liabilities	4.85	5.80	4.75	5.65

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the above table. The sensitivity analyses below have been determined based on reasonably possible changes in the assumptions occurring at the accounting date and assumes for each change that the assumption analysed changes while other assumptions remain constant. It is noted that some assumptions are interrelated.

Local Government Pension Scheme PCC		Impact on the defined benefit obligation in the scheme		
Sensitivity analysis		£'000	£'000	£'000
Adjustment to the discount rate		+0.1%	0%	-0.1%
	Present value of total obligation	10,616	10,813	11,010
Adjustment to long term salary increase		+0.1%	0%	-0.1%
	Present value of total obligation	10,820	10,813	10,806
Adjustments to pension increases and deferred valuations		+0.1%	0%	-0.1%
	Present value of total obligation	11,009	10,813	10,617
Adjustment to life expectancy assumptions		+ 1 year	No change	- 1 year
	Present value of total obligation	11,128	10,813	10,498

Local Government Pension Scheme Group		Impact on the defined benefit obligation in the scheme		
Sensitivity analysis		£'000	£'000	£'000
Adjustment to the discount rate		+0.1%	0%	-0.1%
	Present value of total obligation	997,523	1,013,746	1,029,969
Adjustment to long term salary increase		+0.1%	0%	-0.1%
	Present value of total obligation	1,014,588	1,013,746	1,012,904
Adjustments to pension increases and deferred valuations		+0.1%	0%	-0.1%
	Present value of total obligation	1,029,572	1,013,746	997,920
Adjustment to life expectancy assumptions		+ 1 year	No change	- 1 year
	Present value of total obligation	1,044,683	1,013,746	982,809

Police Pension Scheme	Impact on the defined benefit obligation in the scheme
	£'000
Longevity (decrease of 1 year)	121,000
Rate of increase in pensions / deferred revaluation (increase by 0.5%)	394,000
Rate of increase in salaries (increase by 0.5%)	53,000
Rate of discounting scheme liability (increase by 0.5%)	(403,000)

The police pension scheme has no assets to cover its liabilities. Assets in the West Midlands Metropolitan Authorities Pension Fund covering police staff are valued at fair value, (the bid price of investments held). The Funds' assets have been split into assets relating to the PCC and those relating to the Group as a whole and these consist of the following categories by proportion of the total assets of the Fund:

		PCC Fair value of Assets Held		Group Fair value of assets held	
		31 March 2024	31 March 2025	31 March 2024	31 March 2025
Asset category	Sub category	£'000	£'000	£'000	£'000
Cash and cash equivalents	All	466.1	525.8	46,321.0	49,297.2
Private Equity	Private	724.2	672.1	71,972.6	63,009.7
Debt Securities	UK Government	1,284.1	1,450.7	127,617.1	136,010.6
	Corporate Bonds	508.4	907.4	50,528.8	85,070.0
	Other Bonds	1,550.0	1,971.4	154,045.0	184,819.8
Real Estate	UK property	629.6	733.1	62,571.3	68,726.5
Investment Funds and Unit Trusts	Equities	4,179.3	4,030.8	415,348.6	377,899.7
	Infrastructure	441.9	524.4	43,916.4	49,164.6
	Other	54.4	2.1	5,407.2	193.4
Derivatives	Foreign Exchange				
	Other		(4.8)		(445.5)
Total Assets held		9,838	10,813	977,728	1,013,746

Claims of age discrimination were brought in relation to the terms of transitional protection by groups of firefighters and members of the Judiciary in the McCloud/Sargeant legal case (referred herein as “McCloud”) and the Court of Appeal handed down its judgment on this claim on 20 December 2018, ruling that the transitional protection arrangements were discriminatory on the basis of age.

The Public Service Pensions and Judicial Offices Act 2022 (PSPJOA 2022) got royal assent on 10 March 2022 and the Act came into force from 1 April 2022. The Act 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 ended, 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.

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.

Contribution adjustments relating to the 1987 scheme were made for many officers in 2024-25 and this has been recorded as income into the fund. Contribution adjustments relating to the 2006 scheme were funded outside the Pension Fund from a Government grant. Annual pension payment adjustments, including arrears, will commence in 2025-26.

On 25 July 2024, the Court of Appeal dismissed the appeal in the case of Virgin Media Limited v NTL Pension Trustees II Limited and others. The appeal was brought by Virgin Media Ltd against aspects of the High Court's ruling handed down in June 2023 relating to the validity of certain historical pension changes due to the lack of actuarial confirmation required by law. The Court of Appeal upheld the High Court's ruling. The ruling may have implications for other UK defined benefit plans. HM Treasury is currently assessing the implications for all public service pension schemes. No further information is available at this stage.

19. DISCRETIONARY PENSION PAYMENTS

The table below shows the capitalised value of payments made during the year to former employees under the conditions of the Local Government Superannuation Scheme. The actual payments made reflect the employer spend on unfunded pension liabilities for the scheme.

	2023-24 Capitalised Value £'000	2024-25 Actual Payments £'000	2024-25 Capitalised Value £'000
Payments made in respect of decisions made in the year	0	0	0
Payments made in respect of decisions made in previous years	1,853	98	1,768
	1,853	98	1,768

20. PROVISIONS

	Insurance £'000	Legal compensation £'000	Employee provisions £'000	Internal reorganisation £'000	Total £'000
Balance at 1 April 2023	(9,481)	(325)	(3,208)	0	(13,014)
Additional Provisions made in year	(4,704)	(4,721)	(869)	(1,621)	(11,915)
Amounts used in year	2,529	0	3,208	0	5,737
Unused amounts reversed in year	0	0	0	0	0
Balance as at 31 March 2024 c/f	(11,656)	(5,046)	(869)	(1,621)	(19,192)
Additional Provisions made in year	(5,647)	(4,725)	(1,093)	(16)	(11,481)
Amounts used in year	1,173	385	76	561	2,195
Unused amounts reversed in year	0	0	0	944	944
Balance as at 31 March 2025	(16,130)	(9,386)	(1,886)	(132)	(27,534)

The Insurance provision includes Public and Employers Liability, Fire and Uninsured Losses.

The provision for legal compensation covers anticipated costs to 2028-29. It is anticipated funding will be received from the Home Office to offset some of these costs. There is a high degree of uncertainty about the future levels of funding for the PCC and the impact of future legacy costs such as civil claims in relation to the Hillsborough Inquests. If the funding levels reduce and/or withdraw, this would impact the amount required to be self-funded and ultimately impact on reserves.

The Chief Constable of West Midlands Police along with other Chief Constables had claims lodged against them in the County Courts. These claims are in respect of the Police Regulations 2003 in particular, failure to pay overtime, compensatory leave and other on call allowances to CHIS (Covert Human Intelligence Source) handlers. A provision was first made for known claims in the 2018-19 financial year, however since then further claims have been received from officers, including those in undercover roles.

Provisions are shown in the Balance Sheet according to when they are utilised. When they will be used within a year, they appear as Current Liabilities. Where provisions will not be used within a year, they will appear as Long-Term Liabilities. Short-Term Provisions amount to £6.0m and Long-Term Provisions £21.5m.

21. CONTINGENT LIABILITIES AND ASSETS

In respect of the McCloud Pension case, claimants have lodged claims for compensation under two active sets of litigation, Aarons and Penningtons. Government Legal Department settled the injury to feelings claims for Aarons on behalf of Chief Officers without seeking any financial contributions. The settlement of the injury to feelings claims for Aarons sets a helpful precedent, therefore no liability in respect of compensation claims is recognised in these accounts. Pecuniary loss claims remain stayed under advice from Counsel, but it is expected that most of these claims will be settled under the current compensation mechanism that is provided for under the Public Service Pensions & Judicial Offices Act (PSPJOA) 2022. As at 31 March 2025, 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.

22. POLICE PROPERTY ACT FUND

The Police Property Act requires us to set aside money received from the sale of stolen goods and property confiscations so that we can make payments to charities. Of the money received we are allowed to use up to 50% to fund property related administration. Transactions for the year are shown below.

	31 March 24 £'000	31 March 25 £'000
Balance as at 1 April	1,283	1,200
Income from confiscations and property auctions	317	424
Payments to charitable causes	(400)	(195)
Balance as at 31 March	1,200	1,429

Notes 23 and 24 contain details of accounts held by the Police and Crime Commissioner for the West Midlands which do not form part of the primary statements shown on pages 36 to 41.

23. TRUST FUNDS

The High Sheriff's Police Trust Fund for the West Midlands (Building Blocks)

Supported by the PCC, the Charity supports a number of police service related initiatives within the West Midlands. The balance on the funds accounts at 31 March 2025 was £101,455 (£78,369 at 31 March 2024).

The Alderman Guy Fund

Supported by the Police Force this small charity makes awards to selected officers whose performance it recognises as being of particular merit.

The balance on the funds accounts at 31 March 2025 was £1,793 (£1,768 at 31 March 2024).

These charities are not subject to external audit by our external auditor Grant Thornton UK LLP.

24. PROCEEDS OF CRIME ACT 2002 ACCOUNT

In addition, there are three bank accounts for the holding of 3rd party funds seized as suspected proceeds of crime in accordance with the Act. At 31 March 2025 the balance on these accounts was £16,244,476, \$31,410 and €27,432. At 31 March 2024 the balance on these accounts was £14,241,513, \$6,570 and €15,852.

NOTES TO THE MOVEMENT IN RESERVES STATEMENT

25. ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

This note details the adjustments within the Movement in Reserves Statement that are made to Total Comprehensive Income and Expenditure recognised by the PCCWM in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as available to the PCCWM to meet future capital and revenue expenditure.

2024-25 Group	General Fund balance £'000	Capital Receipts reserve £'000	Capital Grants unapplied £'000	Movement in usable reserves £'000	Movement in unusable reserves £'000
ADJUSTMENTS PRIMARILY INVOLVING THE CAPITAL ADJUSTMENT ACCOUNT					
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement					
Charges for depreciation and impairment of non-current assets	(21,047)			(21,047)	21,047
Revaluation losses on Property, Plant and Equipment	9,828			9,828	(9,828)
Amortisation of intangible assets	(2,619)			(2,619)	2,619
Revenue expenditure funded from Capital under Statute	0			0	0
Capital grants and contributions applied	3,538			3,538	(3,538)
Amounts of non-current assets written off on disposal as part of the gain/loss on disposal to the CIES	(4,813)			(4,813)	4,813
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement					
Statutory provision for the financing of capital investment (MRP)	5,394			5,394	(5,394)
Capital expenditure charged against the general fund balance	10,359			10,359	(10,359)
Voluntary provision above MRP	1,185			1,185	(1,185)
ADJUSTMENTS PRIMARILY INVOLVING THE CAPITAL GRANTS UNAPPLIED ACCOUNT					
Capital grant and contributions unapplied credited to the CIES	3,516		(3,516)	0	0
Application of grants to capital financing transferred to the Capital Adjustment Account	(3,538)		3,538	0	0
ADJUSTMENTS PRIMARILY INVOLVING THE CAPITAL RECEIPTS RESERVE					
Transfer of cash sale proceeds credited as part of gain/loss on disposal to the Comprehensive Income and Expenditure Statement	5,765	(5,765)		0	0
Use of the Capital Receipts Reserve to finance new capital expenditure		1,005		1,005	(1,005)
ADJUSTMENTS PRIMARILY INVOLVING THE DEFERRED CAPITAL RECEIPTS RESERVE					
Transfer of deferred sale proceeds credited as part of gain/loss on disposal to the Comprehensive Income and Expenditure Statement		(39)		(39)	39
ADJUSTMENTS PRIMARILY INVOLVING THE FINANCIAL INSTRUMENTS ADJUSTMENT ACCOUNT					
Amount by which finance costs calculated in accordance with the Code are different from the amount of finance costs calculated in accordance with statutory requirements	(145)			(145)	145
ADJUSTMENTS PRIMARILY INVOLVING THE PENSIONS RESERVE					
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(362,285)			(362,285)	362,285
Employers pensions contributions and direct payments to pensioners payable in the year	254,177			254,177	(254,177)
ADJUSTMENTS PRIMARILY INVOLVING THE COLLECTION FUND ADJUSTMENT ACCOUNT					
Amount by which council tax income credited to the CIES is different from council tax income calculated for the year in accordance with statutory requirements	508			508	(508)
ADJUSTMENTS PRIMARILY INVOLVING THE ACCUMULATED ABSENCES ACCOUNT					
Amount by which officers' remuneration charged to the CIES on an accruals basis is different from the remuneration chargeable in the year in accordance with statutory requirements	1,263			1,263	(1,263)
TOTAL ADJUSTMENTS	(98,915)	(4,799)	22	(103,692)	103,692

2023-24 Group	General Fund balance £'000	Capital Receipts reserve £'000	Capital Grants unapplied reserve £'000	Movement in usable reserves £'000	Movement in unusable reserves £'000
ADJUSTMENTS PRIMARILY INVOLVING THE CAPITAL ADJUSTMENT ACCOUNT					
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement					
Charges for depreciation and impairment of non-current assets	(17,548)			(17,548)	17,548
Revaluation losses on Property, Plant and Equipment	(14,608)			(14,608)	14,608
Amortisation of intangible assets	(4,188)			(4,188)	4,188
Revenue expenditure funded from Capital under Statute	0			0	0
Capital grants and contributions applied	4,301			4,301	(4,301)
Amounts of non-current assets written off on disposal as part of the gain/loss on disposal to the CIES	(2,633)			(2,633)	2,633
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement					
Statutory provision for the financing of capital investment (MRP)	1,810			1,810	(1,810)
Capital expenditure charged against the general fund balance	8,666			8,666	(8,666)
Voluntary provision above MRP	1,077			1,077	(1,077)
ADJUSTMENTS PRIMARILY INVOLVING THE CAPITAL GRANTS UNAPPLIED ACCOUNT					
Capital grant and contributions unapplied credited to the CIES	4,326		(4,326)	0	0
Application of grants to capital financing transferred to the Capital Adjustment Account	(4,301)		4,301	0	0
ADJUSTMENTS PRIMARILY INVOLVING THE CAPITAL RECEIPTS RESERVE					
Transfer of cash sale proceeds credited as part of gain/loss on disposal to the Comprehensive Income and Expenditure Statement	3,027	(3,027)		0	0
Use of the Capital Receipts Reserve to finance new capital expenditure		117		117	(117)
ADJUSTMENTS PRIMARILY INVOLVING THE DEFERRED CAPITAL RECEIPTS RESERVE					
Transfer of deferred sale proceeds credited as part of gain/loss on disposal to the Comprehensive Income and Expenditure Statement		(119)		(119)	119
ADJUSTMENTS PRIMARILY INVOLVING THE FINANCIAL INSTRUMENTS ADJUSTMENT ACCOUNT					
Amount by which finance costs calculated in accordance with the Code are different from the amount of finance costs calculated in accordance with statutory requirements	1,302			1,302	(1,302)
ADJUSTMENTS PRIMARILY INVOLVING THE PENSIONS RESERVE					
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(354,798)			(354,798)	354,798
Employers pensions contributions and direct payments to pensioners payable in the year	225,870			225,870	(225,870)
ADJUSTMENTS PRIMARILY INVOLVING THE COLLECTION FUND ADJUSTMENT ACCOUNT					
Amount by which council tax income credited to the CIES is different from council tax income calculated for the year in accordance with statutory requirements	(2,508)			(2,508)	2,508
ADJUSTMENTS PRIMARILY INVOLVING THE ACCUMULATED ABSENCES ACCOUNT					
Amount by which officers' remuneration charged to the CIES on an accruals basis is different from the remuneration chargeable in the year in accordance with statutory requirements	1,854			1,854	(1,854)
TOTAL ADJUSTMENTS	(148,351)	(3,029)	(25)	(151,405)	151,405

2024-25 PCC	General Fund balance	Capital Receipts reserve	Capital Grants unapplied reserve	Movement in usable reserves	Movement in unusable reserves
	£'000	£'000	£'000	£'000	£'000
ADJUSTMENTS PRIMARILY INVOLVING THE CAPITAL ADJUSTMENT ACCOUNT					
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement					
Charges for depreciation and impairment of non-current assets	(21,047)			(21,047)	21,047
Revaluation losses on Property, Plant and Equipment	9,828			9,828	(9,828)
Amortisation of intangible assets	(2,619)			(2,619)	2,619
Revenue expenditure funded from Capital under Statute	0			0	0
Capital grants and contributions applied	3,538			3,538	(3,538)
Amounts of non-current assets written off on disposal as part of the gain/loss on disposal to the CIES	(4,813)			(4,813)	4,813
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement					
Statutory provision for the financing of capital investment (MRP)	5,394			5,394	(5,394)
Capital expenditure charged against the general fund balance	10,359			10,359	(10,359)
Voluntary provision above MRP	1,185			1,185	(1,185)
ADJUSTMENTS PRIMARILY INVOLVING THE CAPITAL GRANTS UNAPPLIED ACCOUNT					
Capital grant and contributions unapplied credited to the CIES	3,516		(3,516)	0	0
Application of grants to capital financing transferred to the Capital Adjustment Account	(3,538)		3,538	0	0
ADJUSTMENTS PRIMARILY INVOLVING THE CAPITAL RECEIPTS RESERVE					
Transfer of cash sale proceeds credited as part of gain/loss on disposal to the Comprehensive Income and Expenditure Statement	5,765	(5,765)		0	0
Use of the Capital Receipts Reserve to finance new capital expenditure		1,005		1,005	(1,005)
ADJUSTMENTS PRIMARILY INVOLVING THE DEFERRED CAPITAL RECEIPTS RESERVE					
Transfer of deferred sale proceeds credited as part of gain/loss on disposal to the Comprehensive Income and Expenditure Statement		(39)		(39)	39
ADJUSTMENTS PRIMARILY INVOLVING THE FINANCIAL INSTRUMENTS ADJUSTMENT ACCOUNT					
Amount by which finance costs calculated in accordance with the Code are different from the amount of finance costs calculated in accordance with statutory requirements	(145)			(145)	145
ADJUSTMENTS PRIMARILY INVOLVING THE PENSIONS RESERVE					
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(473)			(473)	473
Employers pensions contributions and direct payments to pensioners payable in the year	670			670	(670)
ADJUSTMENTS PRIMARILY INVOLVING THE COLLECTION FUND ADJUSTMENT ACCOUNT					
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	507			507	(507)
ADJUSTMENTS PRIMARILY INVOLVING THE ACCUMULATED ABSENCES ACCOUNT					
Amount by which officers' remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from the remuneration chargeable in the year in accordance with statutory requirements	(26)			(26)	26
TOTAL ADJUSTMENTS	8,101	(4,799)	22	3,324	(3,324)

2023-24 PCC	General Fund balance	Capital Receipts reserve	Capital Grants unapplied reserve	Movement in usable reserves	Movement in unusable reserves
	£'000	£'000	£'000	£'000	£'000
ADJUSTMENTS PRIMARILY INVOLVING THE CAPITAL ADJUSTMENT ACCOUNT					
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement					
Charges for depreciation and impairment of non-current assets	(17,548)			(17,548)	17,548
Revaluation losses on Property, Plant and Equipment	(14,608)			(14,608)	14,608
Amortisation of intangible assets	(4,188)			(4,188)	4,188
Revenue expenditure funded from Capital under Statute	0			0	0
Capital grants and contributions applied	4,301			4,301	(4,301)
Amounts of non-current assets written off on disposal as part of the gain/loss on disposal to the CIES	(2,633)			(2,633)	2,633
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement					
Statutory provision for the financing of capital investment (MRP)	1,810			1,810	(1,810)
Capital expenditure charged against the general fund balance	8,666			8,666	(8,666)
Voluntary provision above MRP	1,077			1,077	(1,077)
ADJUSTMENTS PRIMARILY INVOLVING THE CAPITAL GRANTS UNAPPLIED ACCOUNT					
Capital grant and contributions unapplied credited to the CIES	4,326		(4,326)	0	0
Application of grants to capital financing transferred to the Capital Adjustment Account	(4,301)		4,301	0	0
ADJUSTMENTS PRIMARILY INVOLVING THE CAPITAL RECEIPTS RESERVE					
Transfer of cash sale proceeds credited as part of gain/loss on disposal to the Comprehensive Income and Expenditure Statement	3,027	(3,027)		0	0
Use of the Capital Receipts Reserve to finance new capital expenditure		117		117	(117)
ADJUSTMENTS PRIMARILY INVOLVING THE DEFERRED CAPITAL RECEIPTS RESERVE					
Transfer of deferred sale proceeds credited as part of gain/loss on disposal to the Comprehensive Income and Expenditure Statement		(119)		(119)	119
ADJUSTMENTS PRIMARILY INVOLVING THE FINANCIAL INSTRUMENTS ADJUSTMENT ACCOUNT					
Amount by which finance costs calculated in accordance with the Code are different from the amount of finance costs calculated in accordance with statutory requirements	1,302			1,302	(1,302)
ADJUSTMENTS PRIMARILY INVOLVING THE PENSIONS RESERVE					
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(596)			(596)	596
Employers pensions contributions and direct payments to pensioners payable in the year	646			646	(646)
ADJUSTMENTS PRIMARILY INVOLVING THE COLLECTION FUND ADJUSTMENT ACCOUNT					
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	(2,508)			(2,508)	2,508
ADJUSTMENTS PRIMARILY INVOLVING THE ACCUMULATED ABSENCES ACCOUNT					
Amount by which officers' remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from the remuneration chargeable in the year in accordance with statutory requirements	(45)			(45)	45
TOTAL ADJUSTMENTS	(21,272)	(3,029)	(25)	(24,326)	24,326

26. TRANSFERS TO/FROM EARMARKED RESERVES

This note sets out the amount set aside from the General Fund in the PCC's Earmarked Reserves to provide financing for future expenditure plans and the amounts posted back from Earmarked Reserves to meet General Fund expenditure in 2024-25.

	Balance at 31 March 2023	Trf to reserves in 2023-24	Trf from reserves in 2023-24	Trf between reserves in 2023-24	Balance at 31 March 2024	Trf to reserves in 2024-25	Trf from reserves in 2024-25	Trf between reserves in 2024-25	Balance at 31 March 2025
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Self-funded insurance reserve	0				0				0
Devolved Budget reserve	(4,298)	(2,408)	1,141		(5,565)	(3,991)	898		(8,658)
Uniform and protective equipment reserve	(6,730)	(4,092)	5,753	(8,142)	(13,211)			1,564	(11,647)
PoCA income reserve	(932)				(932)		48		(884)
Change Programme (inc Risk) reserve	(13,796)	(8,971)	1,318		(21,449)	(3,898)	5,716	(1,529)	(21,160)
Carry Forward Reserve	(13,026)	(6,277)	4,884	8,142	(6,277)	(14,968)	4,117	11	(17,117)
Police Property and Misuse of Drugs Act reserve	(1,685)	(333)	400		(1,618)	(707)	195		(2,131)
National Contingency reserve	(1,381)	(1,506)	288		(2,599)	(500)			(3,099)
Council Tax Funding Reserve	(812)			812	0				0
Other Earmarked Reserves	(42,660)	(23,587)	13,784	812	(51,651)	(24,064)	10,973	45	(64,696)
Budget reserve	(16,245)	(8,168)	38	(812)	(25,187)	(3,741)		(45)	(28,974)
Total Earmarked Reserves	(58,905)	(31,755)	13,822	0	(76,838)	(27,805)	10,973	0	(93,670)

NOTES TO THE BALANCE SHEET

27. PROPERTY, PLANT AND EQUIPMENT – MOVEMENT ON BALANCES

Movements in 2024-25

	Land and Buildings £000	Vehicles, Furniture and Equipment £000	Right of Use £000	Assets under Construction £000	Total Property, Plant and Equipment £000
Cost or valuation at 31 March 2024	164,773	90,659	0	0	255,432
Adjustment to opening balance per IFRS16 1 April 2024	(1,255)		14,116		12,861
Additions in Year	925	13,357	1,008		15,290
Transfer to assets Held for Sale	(8,960)				(8,960)
Disposals in Year	(311)	(6,572)			(6,883)
Revaluation gains and losses recognised in the Revaluation Reserve	17,367		428		17,795
Revaluation gains and losses recognised in the surplus/deficit on the provision of services	8,114		(55)		8,059
Impairments in Year					
Cost or valuation at 31 March 2025	180,653	97,444	15,497	0	293,594
Accumulated Depreciation at 31 March 2024	1,109	54,330	0	0	55,439
Adjustment to opening balance per IFRS16 1 April 2024	(134)		134		0
Depreciation Charge in Year	3,855	15,339	1,853		21,047
Transfer between Categories					
Depreciation written out on Revaluation to Revaluation Reserve	(1,816)	0	(123)		(1,939)
Depreciation written out on Revaluation to surplus/deficit on the provision of services	(1,736)	0	(33)		(1,769)
Disposals in Year	(81)	(6,256)	0		(6,337)
Accumulated Depreciation at 31 March 2025	1,197	63,413	1,831	0	66,441
Net Book Value at 31 March 2025	179,456	34,031	13,666	0	227,153
Net Book Value at 31 March 2024	163,664	36,329	0	0	199,993

A desktop revaluation of the Property Portfolio was carried out in 2024-25 with an effective date of 31 March 2025. These assets were valued at Current Value based on Existing Use Value or Depreciated Replacement Cost for specialised buildings.

Revaluation Gains and Losses are comprised of a change in Asset value combined with a write out of previously charged depreciation.

Comparative Movements in 2023-24

	Land and Buildings £000	Vehicles, Furniture and Equipment £000	Assets under Construction £000	Total Property, Plant and Equipment £000
Cost or valuation at 31 March 2023	192,303	84,067	0	276,370
Additions in Year	3,890	19,535		23,425
Transfer to assets Held for Sale	(730)			(730)
Disposals in Year	(140)	(12,943)		(13,083)
Revaluation gains and losses recognised in the Revaluation Reserve	(7,299)			(7,299)
Revaluation gains and losses recognised in the surplus/deficit on the provision of services	(23,252)			(23,252)
Impairments in Year				
Cost or valuation at 31 March 2024	164,773	90,659	0	255,432
Accumulated Depreciation at 31 March 2023	12,019	54,083	0	66,102
Depreciation Charge in Year	4,792	12,756		17,548
Transfer between Categories				
Depreciation written out on Revaluation to Revaluation Reserve	(6,982)			(6,982)
Depreciation written out on Revaluation to surplus/deficit on the provision of services	(8,643)			(8,643)
Disposals in Year	(76)	(12,509)		(12,585)
Accumulated Depreciation at 31 March 2024	1,109	54,330	0	55,439
Net Book Value at 31 March 2024	163,664	36,329	0	199,993
Net Book Value at 31 March 2023	180,284	29,984	0	210,268

Valuations

	Land and Buildings £000	Vehicles, Furniture and Equipment £000	Right of Use £'000	Total £000
Carried at Historical Cost	1,678	97,393	8,225	107,296
Valued at current value as at:				
31 March 2025	178,760	0	79	178,839
31 March 2024 (1 Apr for ROU)	0	0	7,193	7,193
31 March 2023	0	0	0	0
31 March 2022	0	9	0	9
31 March 2021	0	20	0	20
31 March 2019	0	22	0	22
31 December 2018	215	0	0	215
Total cost or valuation	180,653	97,444	15,497	293,594

28. HERITAGE ASSETS

The heritage assets held by the PCCWM are separated into two categories; Museum collection and Statues and Sculptures.

The West Midlands Police Museum at Steelhouse Lane Lock Up contains collections of whistles, medals, photographs, uniform and police vehicles depicting the history of the Police Force in the Birmingham and West Midlands area over more than 100 years. The collection of artefacts held is valued at £280k which is an insurance valuation.

The PCCWM owns a sculpture in the grounds of Bilston police station entitled "Fingertip Search". This item has been valued at £36k.

In addition, the PCCWM owns a statue of Sir Robert Peel which is located at Tally Ho, in the grounds of the Learning and Development Resource Centre. This item does not have a carrying value as it was decided that the cost of obtaining a reliable value for the item was not commensurate with the item's materiality to the accounting statements.

29. FUTURE CAPITAL COMMITMENTS

Vehicles ordered but not yet delivered at 31 March 2025 totalled £2.3m (£1.3m at 31 March 2024).

30. STATEMENT OF PHYSICAL ASSETS

An analysis of major fixed assets owned by the PCCWM is shown below:

	31 March 24	31 March 25
Operational Police Stations	10	10
Beat Offices	41	42
Police Administrative Buildings	2	2
Police Houses	1	1
Standalone Radio Aerials	2	2
Training Centres	4	3
Other Property	35	31

The above descriptions relate to the main function of each site. Police Stations are those stations which satisfy the latest Home Office criteria (including having a counter open to the Public for at least part of the day).

Other minor assets include equipment and vehicles, although these are too numerous to list individually.

31. INTANGIBLE ASSETS

The PCCWM accounts for its software as intangible assets, where the software is not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment. The useful lives assigned to major software suites used by the Group are 3 years. Intangible software assets developed internally in conjunction with our Business Partner are expected to have an operational life of 10 years.

The movement on intangible asset balances during the year is as follows:

	2023-24			2024-25		
	Internally generated assets £'000	Other assets £'000	Total £'000	Internally generated assets £'000	Other assets £'000	Total £'000
<u>Balance at start of year</u>						
Gross carrying amounts	17,064	12,362	29,426	15,551	11,051	26,602
Accumulated amortisation	(4,384)	(6,526)	(10,910)	(5,042)	(7,209)	(12,251)
Net carrying amount at start of year	12,680	5,836	18,516	10,509	3,842	14,351
<u>Additions</u>						
Purchases	0	160	160	0	621	621
Net Disposals in the year	(134)	(3)	(137)	(267)	0	(267)
Amortisation for the period	(2,037)	(2,150)	(4,187)	(1,555)	(1,064)	(2,619)
Net carrying amount at the end of the year	10,509	3,842	14,351	8,687	3,399	12,087
<u>Comprising:</u>						
Gross carrying amounts	15,551	11,051	26,602	14,447	10,926	25,373
Accumulated amortisation	(5,042)	(7,209)	(12,251)	(5,760)	(7,526)	(13,286)
	10,509	3,842	14,351	8,687	3,399	12,087

No intangible assets are currently under construction.

A decision was taken in September 2022 to mothball a software system under development prior to Go Live. In 2023-24 a further decision was made to dispose of £8.5m of the fully impaired asset at nil value, and in 2024-25 the impaired asset was fully retired at nil value.

32. FINANCIAL INSTRUMENTS

The PCCWM borrowings and investments disclosed in the balance sheet are made up of the following categories of financial instruments

	Long Term at 31 March 2024 £'000	Long Term at 31 March 2025 £'000	Current at 31 March 2024 £'000	Current at 31 March 2025 £'000
Financial Liabilities at amortised cost	83,591	80,287	4,017	3,861
Total Borrowings	83,591	80,287	4,017	3,861
Financial Assets held at Amortised cost	0	0	76,055	118,766*
Financial assets held at fair value through profit and loss	4,271	4,346	0	0
Total Investments	4,271	4,346	76,055	118,766

*This figure includes £42.6m representing investments with a maturity of less than 1 month. These are classified as cash equivalents.

Additional Financial Instruments held at amortised cost include:

	31 March 24 £'000	31 March 25 £'000
Short Term Debtors	61,189	81,433
Long Term Debtors	39	0
Petty Cash	340	288
Short Term Creditors	(38,315)	(37,654)
Long Term Creditors	0	(5,600)
Bank Overdraft	(2,783)	(5,425)
Total	20,470	33,042

These financial instruments relate to the proportion of debtor, creditor and cash balances which fit the definition of financial instruments according to the CIPFA code of practice on local authority accounting. Examples are debtors and creditors which principally arise from contracts. The complete long and short-term debtor and creditor balances are disclosed in notes 35, 38 and 41 respectively.

Financial liabilities and financial assets (Investments) are carried in the Balance Sheet for the group mainly at amortised cost, with two investments to be held at fair value through profit and loss. One of these is an investment in a Pooled fund and is subject to a statutory override directing the movement in fair value through other comprehensive income and expenditure into an adjustment account. The fair values calculated for financial assets and liabilities are as follows:

	Carrying amount 2024 £'000	Fair value 2024 £'000	Carrying amount 2025 £'000	Fair value 2025 £'000
Financial Liabilities				
<i>Borrowings</i>				
Financial Liabilities (PWLB Loans)	85,119	53,715	82,884	46,211
Financial Liabilities (WMCC debt)	2,489	2,495	1,304	1,304
<i>Creditors</i>				
Lease Liabilities	0	0	7,228	0
Other financial liabilities	40,758	40,758	41,163	41,163
Financial Assets				
<i>Investments</i>				
Long Term investments	4,271	4,271	4,346	4,346
Short term Investments	76,055	76,073	118,766	118,766
<i>Debtors</i>				
Other receivables	61,228	61,228	81,433	81,433

The fair value hierarchy of financial liabilities that are not measured at fair value is set out below:

Recurring fair value measurement using:	Quoted prices in active markets for identical assets (Level 1) £'000	Other significant observable inputs (Level 2) £'000	Significant unobservable inputs (Level 3) £'000	Total £'000
Financial Liabilities				
Borrowings:				
Financial Liabilities (PWLB)		46,211		46,211
Financial Liabilities (WMCC debt)		1,304		1,304
Total		47,515		47,515

The fair value for financial liabilities that are not measured at fair value included in levels 2 and 3 in the table above have been arrived at by calculating the present value of the cash flows that will take place over the remaining term of the instruments, using the following assumptions:

Financial Assets	Financial Liabilities
Valuation of fixed term investments is made against comparable investments with the same or a similar lender for the remaining period of the deposit.	PWLB loans are shown here at fair value based on PWLB new loan certainty rates
For loans receivable, prevailing benchmark rates have been used to provide fair value	Non-PWLB loans would use PWLB rates as a proxy for the calculation of fair value
	Discount rates used in NPV calculations were obtained from the market on 31 March 2025

33. LONG TERM BORROWING

Transactions undertaken during the year were as shown below:

	31 March 24 £'000	31 March 25 £'000
Opening Balance	106,976	83,591
External Loans Raised in Year	0	0
Loans Repaid or transferred to Short Term in Year	(23,385)	(3,304)
Closing Balance	83,591	80,287

This includes the premature repayment of £20m PWLB loans in 2023-24 following an in-year review of the long-term borrowing position of the group and considering beneficial loan repayment rates available.

The sources of long-term loans outstanding at the year-end are shown below:

	31 March 24 £'000	31 March 25 £'000
Public Works Loan Board	82,287	80,287
W.M.C.C. Debt	1,304	0
Total	83,591	80,287

The fair value of the Public Works Loan Board loans is £46m which compares the terms of these loans with the new borrowing rates available from the PWLB. It should be noted that the PCC has the ability to borrow at concessionary rates from the PWLB rather than from the markets, termed the PWLB Certainty interest rates, and these are used in this calculation. The measure of the fair value as a result of its PWLB commitments for fixed rate loans can also be calculated using PWLB redemption rates. If a fair value is calculated on the basis of premature repayment rates, the carrying amount of £80m would be valued at £53m.

The fair value of West Midlands County Council debt has been calculated as £1.3m as at 31 March 2025. The difference in valuation between what is shown in the above table and the fair value of the debt reflects transaction costs and purchasing loans other than at par. The fair value is the amount that the loan could be traded for in an arms-length transaction; it is generally higher than amortised cost as transaction costs are not included in fair value.

The sources of short-term borrowing are shown below:

	31 March 24	31 March 25
	£'000	£'000
PWLB accrued interest	632	557
PWLB principal repayment	2,200	2,000
W.M.C.C principal repayment	1,185	1,304
	4,017	3,861

These borrowings are repayable as follows:

	31 March 24	31 March 25
	£'000	£'000
Maturity within 5 years	14,321	10,861
Maturity within 6 to 10 years	0	0
Maturity within 11 to 15 years	0	0
Maturity in 15 or more years	73,287	73,287
Total	87,608	84,148

34. LONG AND SHORT-TERM INVESTMENTS

The PCCWM invests its surplus cash balances in order to generate income by earning interest. The balance sheet shows these investments as summarised below:

	31 March 24	31 March 25
	£'000	£'000
Short Term Investments at amortised cost	45,734	76,151
Long Term Investments at amortised cost	0	0
Long Term Investments at Fair Value	4,271	4,346
Total	50,005	80,497

The fair value of these investments has been calculated as £80.5 as at 31 March 2025 (£50.0m at 31 March 2024) which is the same as the amortised cost as a result of the short-term duration of the investments; the fair value is the amount that the investments could be traded for in an arms-length transaction. Interest earned on investments has been credited to the Comprehensive Income and Expenditure Statement.

35. LONG TERM DEBTORS

In 2013-14 a new long-term debtor was formed when the Force Helicopter was transferred to the National Police Air Service (NPAS). The PCCWM received payments for the Asset annually until 2024-25.

	31 March 24 £'000	31 March 25 £'000
NPAS	39	0
Total	39	0

36. MANAGEMENT OF RISK ASSOCIATED WITH FINANCIAL INSTRUMENTS

The PCCWM is exposed to several risks arising from the use of financial instruments which are assessed using IFRS 9:

Credit risk – the potential for other parties to not pay amounts due to the PCC.

Liquidity risk – the potential that the PCC might not have funds available to meet payment commitments as they fall due.

Refinancing risk – the potential that the PCC might need to renew a financial instrument on maturity at a disadvantageous interest rate or terms.

Market risk – the potential that financial loss might arise as a result of changes in interest rates or stock market movements.

Foreign Exchange risk – the potential that financial loss might arise as a result of changes in exchange rates because the PCC had foreign exchange exposure by using financial instruments denominated in a currency other than sterling. The PCCWM does not currently have any foreign investments.

The PCC regards the successful identification, monitoring and control of risk to be a measure of the effectiveness of Treasury Management. Risk management is carried out under policies approved by the PCCWM in the annual Treasury Management Strategy Report.

Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the PCC's customers. Deposits are not made with banks and building societies unless they are rated independently and meet the minimum credit rating criteria as set in the Treasury Management Strategy Report.

Individual limits for value and duration are applied to each approved counterparty based on their overall credit rating. Credit ratings are monitored on a daily basis via credit rating bulletins from the PCC's treasury management advisers. Any institutions that cease to meet the minimum credit rating criteria are immediately withdrawn from the list of approved counterparties.

There are no current indications that any losses will arise from non-performance by the PCC's current approved counterparties.

Liquidity Risk

As the PCCWM has ready access to borrowings from the Public Works Loans Board there is no significant risk that there will be an inability to raise finance to meet commitments under financial instruments. Instead the risk is that the PCC will be required to take up borrowing at a time of unfavourable interest rates (see market risk). The maturity analysis of financial liabilities is shown in note 33.

Refinancing and Maturity Risk

This risk relates to both the maturing of longer-term financial liabilities and longer-term financial assets. The approved treasury indicator limits for the maturity structure of debt and the limits placed on investments are the key parameters to address this risk. The maturity analysis of financial liabilities is set out in the table below with the maximum limits for fixed interest rate maturities in each period.

Maturity Structure of Fixed Rate Borrowing	Upper Limit	Lower Limit	Actual 31 March 2024	Actual 31 March 2025
	%	%	£'000	£'000
Under 12 months	25	0	2,200	2,000
12 months and within 24 months	25	0	2,000	7,000
24 months and within 5 years	50	0	7,000	0
5 years and within 10 years	75	0	0	0
10 years and above	100	25	73,287	73,287
Total			84,487	82,287

Market Risk

Interest Rate Risk

The PCC is exposed to risk in terms of exposure to interest rate movements on borrowings and investments. Movements in interest rates have a complex impact. For example, a rise in interest rates would have the following effects:

Borrowings at variable rates – the interest expense charged to the Comprehensive Income and Expenditure Statement will rise.

Borrowings at fixed rates – the fair value of the liabilities borrowings will fall.

Investments at variable rates – the interest income credited to the Comprehensive Income and Expenditure Statement will rise.

Investments at fixed rates – the fair value of the assets will fall.

The PCC has an active strategy for assessing interest rates exposure that feeds into setting the annual budget and which is used to update the budget during the year. This allows for any adverse changes to be accommodated.

Price Risk

The PCCWM does not invest in equity shares and has no shareholdings in joint ventures or local industry. There is therefore, no exposure to price risk.

Foreign Currency Risk

As at the 31 March 2025 the PCCWM has no financial assets denominated in foreign currencies. Income received will be banked immediately and converted using the exchange rate at the time of banking. The PCC has no other exposure to loss arising from movements in exchange rates.

37. INVENTORIES

The value of inventory held by the PCCWM is disclosed in the following table:

	Vehicle parts and fuel		Uniforms and Protective Equipment		Total	
	2023-24	2024-25	2023-24	2024-25	2023-24	2024-25
	£'000	£'000	£'000	£'000	£'000	£'000
Balance as at 01 April	309	286	449	437	758	723
Purchases/Donations	1,883	1,951	70	3,241	1,953	5,193
Recognised as an expense in year	(1,906)	(1,967)	(82)	(1,922)	(1,988)	(3,889)
Balance as at 31 March	286	270	437	1,757	723	2,027

Uniform stock returned to in-house provision from 1 April 2024.

38. SHORT TERM DEBTORS

	31 March 2024	31 March 2025
	£'000	£'000
Central Government Bodies	69,908	57,934
Other Local Authorities and PCCs	7,393	8,842
NHS Bodies	93	11
Public Corporations and Trading Funds	9	0
Other entities and individuals – Employees	16,794	1,191
Other entities and individuals – Collection Fund	20,837	23,081
Other entities and individuals – Other	15,320	32,984
Total	130,354	124,044

A proportion of short-term debtors are recognised as financial instruments. These have been disclosed in note 32.

Non-contractual debtors past due but not impaired

	Collection Fund 31 March 2024 £'000	Collection Fund 31 March 2025 £'000
Less than one year	8,839	9,490
One to two years	4,637	4,865
Two to six years	5,723	6,843
Over six years	1,638	1,883
Total	20,837	23,081

These debtors are net of the impairment allowance for doubtful debts provided by the regional Local Authorities for the Collection Fund (£22.9m for 2024-25, £19.6m for 2023-24).

39. CASH AND CASH EQUIVALENTS

The balance of Cash and Cash Equivalents held by the PCCWM is made up of the following elements:

	31 March 2024	31 March 2025
	£'000	£'000
Cash held by the PCCWM	340	288
Bank Current Accounts	(2,783)	(5,425)
Short term deposits with financial institutions	30,321	42,615
Total	27,878	37,478

The short-term deposits held with financial institutions recognised as cash equivalents have less than 1 month to maturity. A proportion of cash and bank balances are disclosed as financial instruments. These are disclosed in note 32.

40. ASSETS HELD FOR SALE

	Non-Current	
	2023-24	2024-25
	£'000	£'000
Balance outstanding at start of year	2,270	1,000
Assets newly qualified as held for sale:		
Property, plant and equipment	1,000	8,960
Revaluation losses	0	0
Revaluation gains	0	0
Assets declassified as held for sale:		
Property, plant and equipment	(270)	0
Assets sold	(2,000)	(4,000)
Total	1,000	5,960

41. SHORT TERM CREDITORS

	31 March 2024	31 March 2025
	£'000	£'000
Central Government Bodies	19,082	20,693
Other Local Authorities and PCCs	21,905	22,547
NHS Bodies	66	63
Public Corporations and Academies	0	4
Other entities and individuals – Employees	5,979	5,826
Other entities and individuals – Collection Fund	4,425	6,001
Other entities and individuals – Other	34,222	34,142
Total	85,680	89,276

A proportion of short-term creditor balances are disclosed as financial instruments. These are disclosed in note 32.

42. USABLE RESERVES

Movements in the Group's usable reserves are detailed in the Movement in Reserves Statement and Note 25.

43. UNUSABLE RESERVES

	31 March 2024 £'000	31 March 2025 £'000
Revaluation Reserve	(39,929)	(56,898)
Capital Adjustment Account	(90,192)	(100,826)
Pensions Reserve	6,107,823	5,507,305
Deferred Capital Receipts reserve	(39)	0
Collection Fund Adjustment Account	(155)	(663)
Financial Instruments Adjustment Account	(564)	(502)
Accumulated Absences Account	7,145	5,883
Total	5,984,089	5,354,300

Revaluation Reserve

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

- Revalued downwards or impaired and the gains are lost
- Used in the provision of services and the gains are consumed through depreciation, or
- Disposed of and the gains are realised

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

	2023-24 £'000	2024-25 £'000
Balance at 1 April	(43,037)	(39,929)
Upward revaluation of assets	(13,580)	(32,640)
Downward revaluation of assets and impairment losses not charged to the surplus or deficit on the provision of services	13,897	12,775
Surplus or deficit on revaluation of non-current assets not posted to the surplus or deficit on the provision of services	317	(19,865)
Difference between fair value depreciation and historical cost depreciation	1,349	914
Accumulated gains on assets sold or scrapped	1,442	1,982
Amount written off to the Capital Adjustment Account	2,791	2,896
Balance as at 31 March	(39,929)	(56,898)

Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancements of those assets under statutory provisions. The account is debited with the cost of acquisition, construction or enhancement as depreciation; impairment losses and amortisation are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to historical cost basis). The account is credited with the amounts set aside by the PCCWM as finance for the costs of acquisition, construction or enhancement.

The account contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, when the Revaluation Reserve was created to hold such gains.

Note 26 provides details of the source of all the transactions posted to the account, apart from those involving the Revaluation Reserve.

	2023-24 £'000	2024-25 £'000
Balance carried forward	(110,407)	(90,192)
Adjustment to opening balance per IFRS16 1 April 2024		(4,908)
<i>Reversal of items relating to capital expenditure or credited to the Comprehensive Income and Expenditure Statement:</i>		
Charges for depreciation and impairment of non-current assets	16,199	20,133
Revaluation losses on Property, Plant and Equipment	14,608	(9,828)
Amortisation of intangible assets	4,188	2,619
Revenue Expenditure funded from Capital under Statute	0	0
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposals to the Comprehensive Income and Expenditure Statement	1,191	2,831
	36,186	15,755
<i>Capital financing applied in year:</i>		
Use of the Capital Receipts Reserve to finance new capital expenditure	(117)	(1,005)
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(4,287)	(3,511)
Application of grants to capital financing from the Capital Grants Unapplied Account	(14)	(27)
Statutory provision for the financing of capital investment charged against the General Fund balance	(1,810)	(5,394)
Voluntary Provision for the repayment of debt	(1,077)	(1,185)
Capital expenditure charged against the General Fund balance	(8,666)	(10,359)
Balance as at 31 March	(90,192)	(100,826)

Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Group accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs.

However, statutory arrangements require benefits earned to be financed as the Group makes employer's contributions to pension funds, or eventually pay any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Group has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

	31 March 2024 £'000 Restated	31 March 2025 £'000
Balance at 1 April	6,022,749	6,107,823
Re-measurements of the net defined benefit liability or asset	(43,854)	(708,626)
Reversal of items related to retirement benefits debited or credited to the Surplus or Deficit on the provision of service in the Comprehensive Income and Expenditure Statement	354,798	362,285
Employers' pensions contributions and direct payments to pensioners payable in the year	(225,870)	(254,177)
Balance as at 31 March	6,107,823	5,507,305

Collection Fund Adjustment Account

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

	31 March 2024 £'000	31 March 2025 £'000
Balance at 1 April	(2,662)	(155)
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	2,508	(508)
Balance at 31 March	(155)	(662)

Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account recognises fair value gains and losses on Pooled Investment Funds held by the PCC which would otherwise be charged to a revenue account. The regulation mitigating the impact of these fair value movements ceases on 31 March 2029.

The account is also used to manage discounts received on the early redemption of loans. Discounts are credited to the Comprehensive Income and Expenditure Statement when they are received, but reversed out of the General Fund balance to the account in the Movement in Reserves Statement. Over time, the income is posted back to the General Fund balance in accordance with statutory arrangements.

	31 March 2024 £'000	31 March 2025 £'000
Balance at 1 April	633	(564)
Amount by which fair value of investment has moved in year.	104	(82)
Discounts received in the year and credited to the Comprehensive Income and Expenditure Statement	(1,302)	0
Proportion of discounts incurred in previous financial years to be credited against the General Fund balance in accordance with statutory requirements	0	145
Balance at 31 March	(564)	(502)

Accumulating Compensated Absences Adjustment Account

The Accumulating Compensated Absences Adjustment Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement and time owing balances carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the account. The Balances in the table below represent the liability of the Group to pay outstanding compensating absences.

Following the automatic carry forward up to 10 days of untaken annual leave between 2021-22 and 2023-24, a reduction to up to 5 days of untaken annual leave was carried forward automatically into 2024-25 and into 2025-26 to move gradually towards the original policy of only exceptional circumstances for carry forward of leave.

	2023-24 £'000	2024-25 £'000
Balance at 1 April	8,999	7,145
Settlement or cancellation of accrual made at the end of the previous year	(8,999)	(7,145)
Amounts accrued at the end of the current year	7,145	5,883
Amounts by which officers' remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory provisions	0	0
Balance at 31 March	7,145	5,883

NOTES TO THE CASH FLOW STATEMENT

44. RECONCILIATION OF NET CASH INFLOW TO MOVEMENT IN NET FUNDS

	Year ended 31 March 24	Year ended 31 March 25
	£'000	£'000
(Decrease) / Increase in cash	(38,177)	9,600
Cash flow from (decrease)/increase in liquid resources	35,486	30,492
Financing	23,385	3,304
Change in net debt resulting from cashflows	20,694	43,396
Net Debt as at 1 April	(26,402)	(5,708)
Net Debt as at 31 March	(5,708)	37,688

45. MOVEMENT IN CASH AND CASH EQUIVALENTS

	Balance at 31 March 24	Movement in the Year	Balance at 31 March 25
	£'000	£'000	£'000
Cash held by the PCC	340	(52)	288
Bank Current Accounts	(2,783)	(2,642)	(5,425)
Short term deposits with financial institutions	30,321	12,295	42,615
	27,878	9,600	37,478

Cash equivalents are short term deposits and investments held for less than 1 month.

POLICE PENSION FUND ACCOUNT

From 1 April 2006 the funding arrangements for the Police Pension Scheme were changed. This is an unfunded scheme, meaning that there are no investment assets built up to meet the pensions liabilities and that cash has to be generated to meet actual pensions payments as they eventually fall due. Each year the pension fund is balanced to nil by the transfer of top up grant to/from the Police Fund.

2023-24 £'000	Police Pension Fund Account	2024-25 £'000	£'000
	Fund Account		
	Contributions receivable:		
	From employer:		
(87,734)	Normal	(104,905)	
(2,662)	Ill Health Capital Sum	(4,199)	
(27)	AV contributions	0	
(90,423)		(109,104)	
(38,661)	From members	(41,199)	
(38,661)		(41,199)	
(781)	Transfers in	(70)	
(781)		(70)	
(129,865)	Total income into the Pension Fund		(150,373)
	Benefits payable:		
194,844	Pensions	210,525	
35,583	Lump sums	45,779	
261	Lump sum death benefits	153	
50	Benefits payable to other regional forces re earlier reorganisations	42	
230,738		256,499	
	Payments to and on account of leavers:		
676	Refunds of contributions	675	
173	Individual transfers out to other schemes	51	
0	Other	0	
849		727	
231,587	Total payments from the pension fund		257,226
101,722	Net amount payable for the year		106,853
(101,722)	Additional contribution received from the Home Office		(106,853)
0			0

Net Assets Statement

Net current assets and liabilities	2023-24	2024-25
	£'000	£'000
Current assets	0	0
Current liabilities	0	0
Total	0	0

Notes to the Police Pension Fund Account

1. The police pension fund account has been prepared in accordance with the Police Pension Regulations 2007 and the accounting policies detailed on page 85 of this Statement of Accounts.
2. The police pension fund is administered by the Chief Constable.
3. All benefits payable during 2024-25 have been accounted for within the pension fund account; however, liabilities that are due after the 31 March 2025 are not included. These liabilities are recognised within the Comprehensive Income and Expenditure Statement and are detailed in note 18.
4. The police pension fund scheme is an unfunded defined benefit scheme. This means that there are no assets to the scheme and that all benefits payable are funded by contributions from employers and employees. Any difference that arises in the year between the benefits payable and the contributions received is met by a top up grant received from the Home Office.
5. Employee and employer contributions into the scheme are based on percentages of pensionable pay set nationally by the Home Office and subject to a triennial revaluation by the Government Actuaries Department. During 2024-25 the contribution rates were as follows: -

Employers Contribution – 35.3% for the 2015 Police pension scheme

For tier 1 officers (salaries under £27,000 a year)

Employee Contribution - 12.44% for 2015 police pension scheme

For tier 2 officers (salaries between £27,000 and £60,000 a year)

Employee Contribution – 13.44% for 2015 police pension scheme

For tier 3 officers (salaries over £60,000 a year)

Employee Contribution – 13.78% for 2015 police pension scheme

STATEMENT OF ACCOUNTING POLICIES

General Principles

The Statement of Accounts summarises the Group and PCC's transactions for the 2024-25 financial year and its position at the year end of 31 March 2025. The Commissioner is required to prepare an Annual Statement of Accounts by the Accounts and Audit (England) Regulations 2015 which those regulations require to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2024-25 published by the Chartered Institute of Public Finance and Accountancy (CIPFA) and supported by International Financial reporting Standards. Guidance notes issued by CIPFA on the application of accounting standards to local authorities have in general been followed, and any exceptions to this are disclosed below. The policies below reflect the powers and responsibilities of the Police and Crime Commissioner as designated by the Police Reform and Social Responsibility Act 2011 and the Home Office Financial Management Code of Practice for the Police Service of England and Wales 2012.

a. Property, Plant and Equipment

Recognition

Assets that have physical substance and are held for use in the supply of police services, for rental to others or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment. These Non-Current Assets are disclosed in the Balance Sheet at current value based on valuation or depreciated historic cost. The cost of an item of Property, Plant and Equipment is recognised where it is probable that the future economic benefits or service potential associated with the asset will flow to the Group and the cost of the asset can be measured reliably.

Assets made up of a number of components with significantly different economic lives have been reviewed to identify if these components should be treated as separate assets and depreciated over their own useful economic lives per the requirements of the CIPFA code of practice on Local Authority Accounting in the United Kingdom 2024-25. It has been determined that such treatment does not make a material difference to the values of the Group's assets and component accounting of these assets has not been applied in 2024-25. This approach will be reviewed each year but is not expected to apply to buildings as replacement items are generally purchased from revenue budgets.

Items of capital expenditure with values below £10,000 which do not form part of a combined asset for a single purpose may be considered de minimis if there is limited benefit in classifying it as capital expenditure and will therefore not be recorded as a non-current asset if this is the case.

Measurement

All property, plant and equipment assets will be measured initially at cost, representing the costs directly attributable to acquiring or constructing the asset and bringing it to the location and condition necessary for it to be capable of operating in the manner intended by management. Where assets are still under construction at the Balance Sheet date these will be held at Historical Cost and will not be subject to depreciation.

Assets will be reviewed for impairment at the end of each reporting period.

Property assets included in the Balance Sheet at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their value at the year-end, but as a minimum every five years. Revaluation gains will be recognised in the Revaluation Reserve unless they reverse a previous Revaluation loss. All Revaluation losses on revalued assets will be recognised in the Revaluation Reserve up to the amount in the Revaluation Reserve for each respective asset. Thereafter revaluation losses will be recognised in the Surplus or Deficit on the provision of services in the Comprehensive Income and Expenditure Statement. No distinction will be made between losses due to the clear consumption of economic benefit and those due to a general fall in prices specific to the asset.

Where there is no active market because of the specialist nature of an asset, depreciated replacement cost is used as an estimate of current value.

Any surplus assets held by the Group will be valued at fair value, estimated at highest and best use from a market participant's perspective.

Impairment

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

Where impairment losses are identified, they are accounted for by:

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

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

Valuation

Freehold properties which the Group includes in its property portfolio were valued to 31 March 2024 by Avison Young in accordance with the statements of asset valuation practice and guidance notes of the Royal Institution of Chartered Surveyors. Desktop valuations of the freehold properties have been carried out by Sanderson Weatherall as at 31 March 2025. Property and the associated land will be revalued at intervals no greater than five years. Buildings are written down over their useful lives as provided at valuation. Revalued assets have been valued at current value based on Existing Use Value in accordance with International Financial Reporting Standards or Depreciated Replacement Cost for specialised assets.

Plant and machinery is included in the valuation of the building in which it is located. ICT and General Equipment is valued at depreciated historic cost as a proxy for current value. Vehicles are also valued at depreciated historic cost and lives are set when purchased new as between three and ten years to reflect the proposed use for the vehicle. Grant funded building works will have a shorter life than the building lives shown below. Right of Use assets are depreciated in line with the lease terms or assumed lease life.

Depreciation is provided for on all Property, Plant and Equipment assets by the allocation of their depreciable amounts over their useful lives with the exception of freehold land and assets under construction. Where land value is measured separately, it is deemed to have an indefinite life and is therefore not depreciated. Depreciation is calculated on a straight line allocation over the useful life of the property or equipment.

Asset category	Min Asset Life (years)	Max Asset life (years)
Buildings	10	50
Vehicles, IT & Equipment	2	25
Right of Use	1	118
Intangibles	2	10

b. Intangible Assets

Recognition

Intangible assets are non-monetary assets without physical substance which are capable of being sold separately from the rest of the Group's business or which arise from contractual or other legal rights where expenditure of at least £10,000 is incurred. They are recognised only where it is probable that future economic benefits will flow to, or service potential be provided to the Group and where the cost of the asset can be measured reliably.

Internally generated intangible assets

Internally generated goodwill, brands, publishing titles, mastheads and similar items are not capitalised as intangible assets.

Expenditure on development of an intangible asset will only be capitalised where all the following can be demonstrated:

- The project is technically feasible to the point of completion and will result in an intangible asset for sale or use;
- The Group intends to develop the asset and sell or use it;
- The Group has the ability to sell or use the asset;
- The asset will demonstrate probable future economic benefits or service benefits;
- Adequate financial, technical or other resources are available to the Group to complete the development and sell or use the asset; and
- The Group can reliably measure the expenses attributable to the asset during its development.

Software

Software which is integral to the operating system is capitalised as part of the relevant item of property, plant and equipment. Software which is not integral to the operation of hardware (e.g. application software) is capitalised as an intangible asset.

Measurement

Intangible assets are recognised initially at cost, comprising all directly attributable costs needed to create, produce and prepare the asset to the point where it is capable of operating in the manner intended by management. If an active market arises for any internally generated intangible assets these would then be valued at fair value.

Amortisation

Intangible assets are amortised over their expected useful economic life in a manner consistent with the consumption of economic or service benefits. The amortisation periods for intangible assets are, in general, three years for software licences and ten years for internally developed software.

c. Assets Held for Sale

Non-current assets held for sale will be measured at the lower of their carrying value and fair value less costs to sell at initial reclassification and at the balance sheet date each year. Assets held for sale from 1 April 2009 (transition to IFRS) must satisfy strict criteria to be classified as held for sale. That is, the asset must be available for immediate sale in its present condition, the sale must be highly probable and the asset must be actively marketed for sale at a reasonable price in relation to its current fair value. Usually the sale should be expected to be completed within one year and the assets will be reclassified as Current Assets within the Balance Sheet. Depreciation will not be charged on Assets held for sale.

d. Intra-group funding arrangements and cost recognition

The Chief Constable recognises the costs of salaries of police officers, police community support officers and police staff with the exception of those staff working in the Office for Policing and Crime (OPCC). There is no transfer of real cash between the PCC and Chief Constable and the latter does not have a bank account into which monies can be received or paid from. Costs are recognised in the Chief Constable's Accounts to reflect the PCC's resources consumed in the direction and control of day-to-day policing at the request of the Chief Constable. The Accounts reflect the ownership of the assets by the Police and Crime Commissioner. The Chief Constable recognises the employment and post-employment costs and liabilities of all staff under his direction and control in his Accounts. The PCC recognises the employment and post-employment costs of the staff under his direction and control in his accounts. To fund these costs and liabilities the Chief Constable's Accounts show as income a transfer of resources from the PCC to the Chief Constable for the cost of policing services. The Chief Constable will exercise sections 21 and 22 of the Local Government Act 2003. The Chief Constable will disclose the pension liability and a corresponding pension reserve for all staff under his direction and control in his Balance Sheet. The Chief Constable will also disclose the police pensions top-up grant in his accounts to reflect income received to offset the cost of pensions paid in year.

e. Redemption of Debt

Under the Local Government Act 1985, outstanding loan debt relating to police services was transferred to the former West Midlands Police Authority (WMPA) from the West Midlands County Council on 1 April 1986. This debt is serviced by Dudley Metropolitan Borough Council within a Metropolitan Debt Administration Fund, and loan charges are reimbursed by the PCCWM to that fund, and are unaffected by the minimum revenue provision applicable under the Local Government and Housing Act 1989.

Loan debt incurred from 1 April 1986 is directly administered by PCCWM. Instalments of principal are charged to revenue in accordance with the statutory minimum revenue provision as set out in the Treasury Management Strategy Statement.

f. Leasing

The PCCWM has adopted IFRS 16 from 1 April 2024 as required by the code. The main impact of the requirements of IFRS 16 is that, for arrangements previously accounted for as operating leases, a Right of Use asset and a lease liability are now included on the Balance Sheet from 1 April 2024. Exemptions apply to short term leases with a duration of less than 12 months from transition or inception and also to low value assets with a value of below £10,000 when new. A contract is, or contains a lease, if the contract conveys the right to control the use of an identified asset for a period of time.

Right of Use property assets will be held at valuation where lease payments do not reflect market value. Valuation of these leasehold assets were made by Avison Young as at 1 April 2024 and have been carried out by Sanderson Weatherall as at 31 March 2025.

g. Debtors and Creditors

Debtors and creditors have been accrued when preparing the revenue accounts of the Group. Police and police staff overtime paid in arrears is accrued for the final period to align the overtime year with the financial year.

The outstanding debt owing to the PCCWM is analysed at the end of each year. This analysis has historically highlighted that there is a very low risk of non-payment of debts. Therefore, the PCC has historically not provided for expected credit losses on trade debtors but may do so should circumstance change. However, it does recognise a proportion of Billing Authority impairment allowance for expected credit losses for non-payment of council tax in its Balance Sheet. The overall position regarding collection fund balances is shown in the collection fund adjustment account.

Capital expenditure is included in the accounts on an accruals basis.

h. Inventories and long-term contracts

Inventories are maintained for such items as vehicle spares, vehicle fuel and uniforms.

Inventories shown in the balance sheet are valued at the lower of cost or net realisable value.

Any long-term contracts where staged payments are not made will be accounted for on the basis of charging the Surplus or Deficit on the Provision of Services with the value of works and services received under the contract during the financial year.

i. Reserves

The PCCWM sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against council tax for the expenditure.

The purpose and nature of reserves (split between useable and unusable reserves) maintained by the PCC are disclosed in the Movement in Reserves Statement with a detailed breakdown of useable and unusable reserves provided in the notes to the Movement in Reserves Statement and to the Balance Sheet.

j. Provisions

Provisions are made where an event has taken place that gives the PCC/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 obligation.

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

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

Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income if it is virtually certain that the reimbursement will be received if the PCC/Group settles the obligation. All insurance claims will be included in the balance sheet as provisions where it meets the criteria set out above.

The provision for expected credit losses (previously termed bad and doubtful debts) is likely to remain at nil on the basis of the very low risk of non-payment of debts. However, the group does acknowledge that it holds a portion of Billing Authority impairment allowances for bad debts for non-payment of council tax in its Balance Sheet.

k. Contingent Liabilities and Contingent Assets

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

Contingent liabilities are not recognised in the Balance Sheet but are disclosed as notes to the accounts.

A contingent asset arises where an event has taken place that gives the Group a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Group.

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

I. Financial Liabilities

Financial liabilities are recognised in the Balance Sheet when the Group becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and carried at their amortised cost. Annual charges to the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

The amount presented in the Balance Sheet as borrowing is the outstanding principal repayable plus accrued interest payable. Interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year in the loan agreement.

Discounts and premiums on the repurchase or early settlement of borrowing will be credited and debited to Net Operating Expenditure in the Comprehensive Income and Expenditure Statement in the year of repurchase/settlement should they arise with any premium amortised through the Financial Instruments Adjustment Account over the shortest period allowed. If repurchase takes place as part of a restructuring of the loan portfolio and involves the modification or exchange of instruments, the premium or discount will be deducted or added to the amortised cost of the new or modified loan. The writing down to the Comprehensive Income and Expenditure Statement will then be spread over the life of the loan by adjusting the effective interest rate on the loan.

Lease liabilities recognised under IFRS 16 will be calculated using the PWLB borrowing rate on transition or at the commencement of the lease if the effective interest rate of the lease cannot be readily determined.

m. Financial Assets

The financial assets of the Group are classified by identifying the cash flow characteristics associated with the asset and the Business model reasoning for holding the asset. This will classify the value of the asset to be disclosed in the accounts which will be either Amortised cost, Fair value through Other Comprehensive Income or Fair value through Profit or Loss.

Investments with other Local Authority Bodies, Banks and Building Societies will be carried at their amortised cost. Annual credits to the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. This means that the amount of loans presented in the Balance Sheet is the outstanding principal receivable plus accrued interest receivable. The interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

Assets are assessed for impairment due to the likelihood arising from a past event that payments due under the contract will not be made. If the value of the potential impairment is material to the investment, the asset is written down and a charge made to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate. Otherwise the risk is disclosed within the Accounts, but the carrying amount is not adjusted.

Other Financial Assets held not solely for payment of principal and interest which don't achieve their Business model through collecting contractual cash flows will be classified as Fair Value through Profit or loss. For these assets, gains and losses in Fair value will be applied to the Surplus and Deficit on the Provision of Services in the year they arise. Where statutory regulations exist for Pooled Investment Funds, gains and losses on these assets are held in an unusable reserve for the duration of the regulation or until the asset is derecognised.

n. Treatment of Grants

Net revenue expenditure is expressed before deducting government grants in support of the overall expenditure of the PCC/Group i.e. police grant and revenue support grant. Other revenue grants are smaller and specific to particular aspects of the Group's functions and have been shown as income in arriving at net expenditure.

Where capital grants are received in the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure it is posted to the Capital Grants Unapplied Account.

Since the Group accounts have been completed on an IFRS basis, revenue and capital grants and contributions will be accounted for on an accruals basis and recognised immediately as income in the Comprehensive Income and Expenditure Statement, except to the extent that the grant or contribution has a condition attached which the Group has not yet satisfied. Such grants and contributions will be recognised initially in the relevant grants and contributions received in advance account. Capital grants that do not have any conditions imposed upon them and which are not spent at the year-end will be transferred to the Capital Grants Unapplied Account.

The police pensions top-up grant – although received by the PCC will be disclosed in the Chief Constable's accounts on the basis that all police pension related costs are disclosed in the Chief Constable's accounts. This grant offsets the difference between the cost of police pensions in the year and the funding for those pensions.

o. Employee Benefits

Benefits payable during employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees and these benefits are recognised as an expense in the year in which the employee renders service to the Group.

IAS 19 Employee Benefits requires the Group to account for short term compensating absences which include time owing and annual leave accrued by accruing for the benefits which have accumulated but are untaken by the Balance Sheet date. The amount will be recognised as a creditor in the general fund balance in the Comprehensive Income and Expenditure Statement but reversed out to a short term accumulated compensated absences account in the Balance Sheet. The balance on this account will be adjusted at each Balance Sheet date to account for any increase or decrease in the balance of accumulating short term absences. The cost of annual leave entitlement and time off in lieu earned but not taken at the end of the period is recognised in the financial statements to the extent that employees are permitted to carry forward leave into the next period.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Group to terminate a member of staff's employment before their normal retirement date or their decision to accept voluntary redundancy. These are charged as an expense in the Surplus or Deficit on the Provision or Services in the Comprehensive Income and Expenditure Statement when the Group can no longer withdraw the offer of those benefits or when the Group recognises costs for restructuring.

Post-employment benefits

The Police Pensions Scheme is unfunded and therefore net pension payments are charged against the year in which they are made, rather than being provided for by means of a pension fund. All receipts and payments relating to the 2015 Police Pensions Regulations are generally receivable into and payable out of the pensions fund and specific provision is made for officers' contributions and inward transfer values to be paid into the fund and for awards payable and outward transfer values to be paid out of the fund. Transfers into and out of the fund are recognised as income to (or expenditure from) the Police Pension fund account in the year in which the transfer occurs.

Pension payments to former police staff are funded through an employer's contribution to the West Midlands Pension Fund (the LGPS), administered by Wolverhampton City Council. This is accounted for as a defined benefit scheme:

- The rate of contribution in 2024-25 was 19.8% for the Force staff and 19.4% for the PCC staff.
- The liabilities of the scheme attributable to the Group are included in the balance sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates etc., and projections of future earnings for current employees.
- Liabilities are discounted to their value at current prices, using an appropriate discount rate set by the Actuary (usually based on the indicative rate of return on AA rated corporate bonds of appropriate duration).
- The assets of the fund attributable to the Group are included in the Balance Sheet at their bid value.
- The change in the net pensions liability is analysed into the following components:
 - i. *Current service cost* – the increase in liabilities as a result of years of service earned this year
 - ii. *Past service cost* – the increase in liabilities as a result of a scheme curtailment or amendment whose effect relates to years of service earned in earlier years – this is debited to the surplus or deficit on the provision of services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs
 - iii. *Net interest on the net defined benefit liability (asset)* – net interest expenses for the Group – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement.
 - iv. *Gains or losses on settlements and curtailments* – the result of actions to relieve the Group of liabilities or events that reduce the expected future service or accrual of benefits of employees. This is debited or credited to the surplus or deficit on the provision of services in the Comprehensive Income and Expenditure Statement as part of Non-Distributed Costs.
 - v. *Re-measurements* – this comprises of (1) the return on plan assets excluding the amount included in net interest on the net defined pension liability (asset) charged to the Pension Reserve as Other Comprehensive Income and Expenditure and (2) actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions. These are charged to the Pensions Reserve as Other Comprehensive Income and Expenditure
 - vi. *Contributions paid to the pension fund* - cash paid as employers' contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Group to the pension fund in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them

with debits for the cash paid to the pension fund and any amounts payable to the fund but unpaid at the year-end.

The PCC will recognise the cost of police staff pensions for those staff under his direction and control as these costs are provided separately by the actuary.

The PCC recognises the cost of police staff pensions only for those staff under his direction and control which are deemed to be the staffing of the Office for Policing and Crime. All other police and police staff pensions' costs are recognised in the accounting statements of the Chief Constable.

The PCC recognises actuarial gains and losses only to the extent that these relate to the staff of the Office for Policing and Crime.

An allowance for the McCloud adjustment is included within the pension liability. The McCloud adjustment came about as a result of the Government reformed public service pension schemes in 2014 and 2015 in which they introduced protections for older members. In December 2018, the Court of Appeal ruled that younger members have been discriminated against because the protections do not apply to them. The Government has confirmed that there will be changes to all main public sector schemes, including the LGPS, to remove this age discrimination.

p. Interest

The payment / receipt of external interest is debited / credited directly to Net Operating Expenditure in the Comprehensive Income and Expenditure Statement.

q. Council Tax Income

The council tax precept income included in the Comprehensive Income and Expenditure Statement is the accrued income for the year. This income reflects the debtors for council tax due but not paid by council taxpayers and creditors for council taxpayers who have overpaid their council tax.

The difference between the council tax precept income included in the Comprehensive Income and Expenditure Statement and the amount required by regulation is included in the Collection Fund Adjustment Account and as a reconciling item in the Movement in Reserves Statement. The Collection Fund Adjustment Account is shown as part of the unusable reserves in the Balance Sheet.

The collection of council tax by the billing authorities is in substance an agency arrangement and the cash collected by the billing authorities from council tax debtors belongs proportionately to the billing authorities and the PCCWM. There will therefore be a debtor/creditor position between the billing authorities and the PCCWM since the net cash paid to the PCCWM in the year will not be its share of cash collected from council taxpayers. The PCCWM also recognises in its Balance Sheet, its share of council tax debtor and creditor balances and impairment allowances from each of its billing authorities collection funds.

r. Cash and Cash Equivalents

The PCC/Group is required to account for short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant risk of change in value as cash equivalents. The PCC/Group has determined that cash equivalents are best determined as short term investments with one month or less to maturity from their date of acquisition.

s. Revenue Recognition

Revenue will be recognised to depict the transfer of promised goods or services to the service recipient in an amount that reflects the consideration to which the PCC/Group expects to be entitled in exchange for those goods or services. This will occur when a performance obligation is satisfied by transferring a promised good

or service to a service recipient either at the time of transfer, for obligations satisfied at a point in time, or over time, using accruals where necessary to recognise revenue in the financial year the obligation has been met.

Revenue from interest, royalties' dividends and non-exchange transactions will be recognised when it is probable that the economic benefits of service potential associated with the transaction will flow to the Group and this amount can be measured reliably.

t. Value Added Tax

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

VAT payable is included as an expense where it is not recoverable from HRMC, although this relates only to a very small proportion of the Group's overall expenditure.

u. Events after the Balance Sheet date

Events which occur between the end of the reporting period (31 March) and the date when the Statement of Accounts are authorised for issue are known as post-Balance Sheet events. Two types of events can be identified:

- Those that provide evidence of conditions that existed at the end of the reporting period – these are known as adjusting events and the Statement of Accounts is adjusted to reflect these events
- Those that are indicative of conditions that arose after the reporting period – these are known as non-adjusting events and the Statement of Accounts is not adjusted to reflect such events. However, where the event would have a material effect on the accounts, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events which appear after the date of authorisation for issue are not reflected in the Statement of Accounts.

v. Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- Revenue from the sale of goods is recognised at the time of transfer to the purchaser and when it is probable that economic benefits or service potential associated with the transaction will flow to the Group
- Revenue from the provision of services is recognised when the Group can measure reliably the performance obligations of the transaction which are completed and it is probable that economic benefits or service potential associated with the transaction will flow to the Group.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption; they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for retrospectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet.

w. Prior period adjustments, changes in accounting policies and estimates and errors

Prior period adjustments may arise as a result of a change in accounting policy or to correct a material error. Changes in accounting estimates are accounted for in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Authority's financial position or financial performance.

Where a change is made, it is applied retrospectively by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied. Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparable amounts for the prior period.

x. Joint Operations

Joint operations are arrangements where the parties have joint control of the arrangement have rights to the assets and obligations for the liabilities relating to the arrangement. The PCC has two joint operations. These are the Regional Organised Crime Unit (ROCU) and the Central Motorway Police Group (CMPG). The activities undertaken by the Group in conjunction with other joint operators involve the use of the assets and resources of the joint operators. In relation to its interest in a joint operation, the group recognises:

- Its assets, including its share of any assets held jointly
- Its liabilities, including its share of any liabilities incurred jointly
- Its revenue from the sale of its share of the output arising from the joint operation
- Its share of the revenue from the sale of the output by the joint operation
- Its expenses, including its share of any expenses incurred jointly

GLOSSARY OF TERMS

ACCRUAL – The recognition, in the correct accounting period, of income and expenditure as it is earned or incurred, rather than as cash is received or paid.

ACCRUED BENEFITS – The benefits for service up to a given point in time, whether vested rights or not.

ACCUMULATED COMPENSATED ABSENCES - Compensated absences are periods during which an employee does not provide services to the employer, but benefits continue to be paid. Accumulated compensated absences are those that are carried forward and can be used in future periods if the current period entitlement is not used in full. Examples include annual leave and time off in lieu.

ACTUARIAL GAINS AND LOSSES – For a defined benefit scheme, the changes in actuarial deficits or surpluses that arise because events have not coincided with the actuarial assumptions made for the last valuation (experience gains or losses) or the actuarial assumptions have changed.

ACTUARIAL VALUATION – A valuation of assets held, an estimate of the present value of benefits to be paid, and an estimate of required future contributions, by an actuary, on behalf of a pension fund.

AGENCY SERVICES – The provision of services by an authority (the agent) on behalf of another authority, which is legally responsible for providing those services. The responsible authority reimburses the authority providing the service.

AMORTISED COST - This is a mechanism that sees through contractual terms to measure the real cost that an authority bears each year from entering into a financial liability. The carrying amount of some assets and liabilities in the Balance Sheet will be written down or up via the Comprehensive Income and Expenditure Statement over the term of the instrument.

APPROPRIATIONS – Amounts transferred to or from revenue or capital reserves.

ASSET – An item owned by the PCC, which has a value, for example, land & buildings, vehicles, equipment, cash.

BEST VALUE ACCOUNTING CODE OF PRACTICE – A CIPFA guide to accounting for best value which provides a consistent and comparable calculation of the total costs of services. This was replaced in 2011 with the Service Reporting Code of Practice (SERCOP).

BUDGET – A statement of the PCC's plans in financial terms. A budget is prepared and approved by the PCCWM before the start of each financial year and is used to monitor actual expenditure throughout the year.

CAPITAL ADJUSTMENT ACCOUNT – An account which accumulates the write-down of the historical cost of fixed assets as they are consumed by depreciation and impairments or written off on disposal. It also accumulates the resources which have been set aside to finance Capital expenditure.

CAPITAL EXPENDITURE – Expenditure on new assets or on the enhancement of existing assets so as to prolong their life or enhance market value.

CAPITAL FINANCING CHARGES – The repayment of loans and interest to pay for capital projects.

CAPITAL GRANT – Grant from Central Government used to finance specific schemes in the capital programme. Where capital grants are receivable, these are used, as far as possible, to finance capital expenditure to which they relate in the year that the grant is received.

CAPITAL RECEIPTS – The proceeds from the sale of an asset, which may be used to finance new capital expenditure or to repay outstanding loan debt, as laid down within rules set by Central Government.

CAPITAL RESERVE – Created to provide an alternative source of financing capital expenditure, and to ensure some stability in the level of capital programmes that can be financed.

CASHFLOW STATEMENT – This statement summarises the inflows and outflows of cash.

CIPFA – The Chartered Institute of Public Finance and Accountancy. This is the professional body for accountants working in the public services.

CONTINGENCY – a sum of money set aside to meet unforeseen expenditure or a liability.

COUNCIL TAX – The local tax levied on householders, based on the relative market values of property, which helps to fund local services.

CREDITORS – Individuals or organisations to whom the PCC owes money at the end of the financial year. Under IFRS creditors may also be known as “Trade and other payables”

CURRENT ASSETS AND LIABILITIES – Current assets are items that can be readily converted into cash. Current liabilities are items that are usually payable within one year of the balance sheet date.

CURRENT SERVICE COSTS (PENSIONS) – The increase in the present value of a defined benefit scheme’s liabilities expected to arise from the employee service in the current period.

DEBTORS – Individuals or organisations who owe the PCC money at the end of the financial year. Under IFRS debtors may also be known as “Trade and other receivables”

DEFINED BENEFIT SCHEME – a pension scheme which defines the benefits independently of the contributions payable, and the benefits are not directly related to the investments of the scheme.

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

DISCRETIONARY BENEFITS – Retirement benefits which the employer has no legal, contractual or constructive obligation to award and which are awarded under the authority’s discretionary powers.

EARMARKED RESERVES – These reserves represent monies set aside that can only be used for a specific purpose.

EXPECTED RATE OF RETURN ON PENSION ASSETS – For a funded defined benefit scheme, the average rate of return, including both income and changes in fair value but net of scheme expenses, expected over the remaining life of the related obligation on the actual assets held by the scheme.

FAIR VALUE – This is the amount for which an asset could be exchanged or a liability settled by knowledgeable parties in an arm’s length transaction. For many financial instruments fair value will be the same as the outstanding principal amount.

FINANCE AND OPERATING LEASE – A Finance lease transfers all of the risks and rewards of ownership of a fixed asset to the lessee. If these leases are used, the assets acquired have to be included within the fixed assets in the balance sheet at the market value of the asset involved. With an operating lease the ownership of the asset remains with the leasing company and an annual rent is charged to the revenue account.

FINANCIAL INSTRUMENT - A financial instrument is any contract that gives rise to a financial asset in one entity and a financial liability or equity instrument in another entity.

FINANCIAL YEAR – The period of twelve months for the accounts commencing 1 April and ending on 31 March the following year.

GOVERNMENT GRANTS – Assistance by government and inter-government agencies and similar bodies, whether local, national or international, in the form of cash or transfers of assets to an authority in return for past or future compliance with certain restrictions and/or conditions relating to the activities of the PCC.

IAS 19 RETIREMENT BENEFITS – An accounting standard that requires the recognition of long-term commitments made to employees in respect of retirement benefits in the year in which they are earned

INTEREST INCOME – The money earned from the investment of surplus cash.

INTEREST COSTS (PENSIONS) – For a defined benefit scheme, the expected increase during the period in the present value of the scheme liabilities because the benefits are one period closer to settlement.

INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) – The standards developed by the International Accounting Standards Board (IASB) and supported by interpretations of the International Financial Reporting Interpretations Committee (IFRIC) on which the accounts of the PCC are based.

INVENTORY – The term used under IFRS to refer to stock.

MEDIUM TERM FINANCIAL PLAN (MTFP) – A document looking to pull together one place all known factors affecting the financial position and financial sustainability of an organisation over the medium term. The MTFP balances the financial implications of objectives and policies against constraints in resources and provides the basis for decision making.

MINIMUM REVENUE PROVISION (MRP) – The statutory minimum amount which an authority is required to set aside on an annual basis as a provision to redeem debt.

NET BOOK VALUE – The amount at which fixed assets are included in the balance sheet, i.e. their historical cost or current value less the cumulative amounts provided for depreciation.

NON-CURRENT ASSETS – Tangible assets that yield benefits to the PCC and the services it provides for a period of more than one year.

NON DISTRIBUTED COSTS – This is where overheads are not charged or apportioned to activities within the Service Expenditure Analysis.

NON DOMESTIC RATES – The non-domestic rate in the pound is the same for all non-domestic rate payers and is set annually by the Government. Income from non-domestic rates goes into a Central Government pool that is then distributed to local authorities according to resident population.

OUTTURN – The actual amount spent in the financial year.

PAST SERVICE COST – For a defined benefit 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.

PAYMENTS IN ADVANCE – These represent payments made prior to 31 March for supplies and services received after 1 April.

PENSION FUND – A fund which makes pension payments on retirement of its participants.

POLICE AND CRIME COMMISSIONER – this refers to the post of the Police and Crime Commissioner and may also be referred to in the Statement of Accounts as the Commissioner.

PCCWM – The Police and Crime Commissioner for West Midlands. This is the entity which is a Local Authority for accounting purposes and which holds the police fund.

PROVISION – An amount set aside to provide for a liability that is likely to be incurred but for which the exact amount and the date on which it will arise are uncertain.

RECEIPTS IN ADVANCE – These represent income received prior to 31 March for supplies and services provided by the PCC after 1 April.

REMEASUREMENTS – These are re-measurements of the net defined pension liability which comprise of returns on pension plan assets (excluding an amount including in net interest) and changes in actuarial gains and losses. These are shown on the Comprehensive Income and Expenditure Statement as other Comprehensive Income and Expenditure.

RESERVES – Monies set aside by the Authority that do not fall within the definition of provisions.

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.

REVALUATION RESERVE – The reserve records the accumulated gains on the fixed assets held by the Authority arising from increases in value. It is debited with the part of the depreciation charge for the asset relating to the revaluation. Any balance on this account is written back to the Capital Adjustment Account upon disposal of the asset.

REVENUE EXPENDITURE AND INCOME – Day to day expenses mainly salaries and general running expenses.

REVENUE CONTRIBUTIONS – Contribution from the Revenue account to finance capital expenditure and thus reduce the requirement to borrow.

SCHEME LIABILITIES – The liabilities of a defined benefit scheme for outgoings due after the valuation date. Scheme liabilities measured using the projected unit method reflect the benefits that the employee is committed to provide for service up to the valuation date