



west midlands
police and crime
commissioner

Police & Crime Commissioner for the West Midlands

Consolidated Statement
of Accounts for

2023 - 2024

STATEMENT OF ACCOUNTS 2023-24

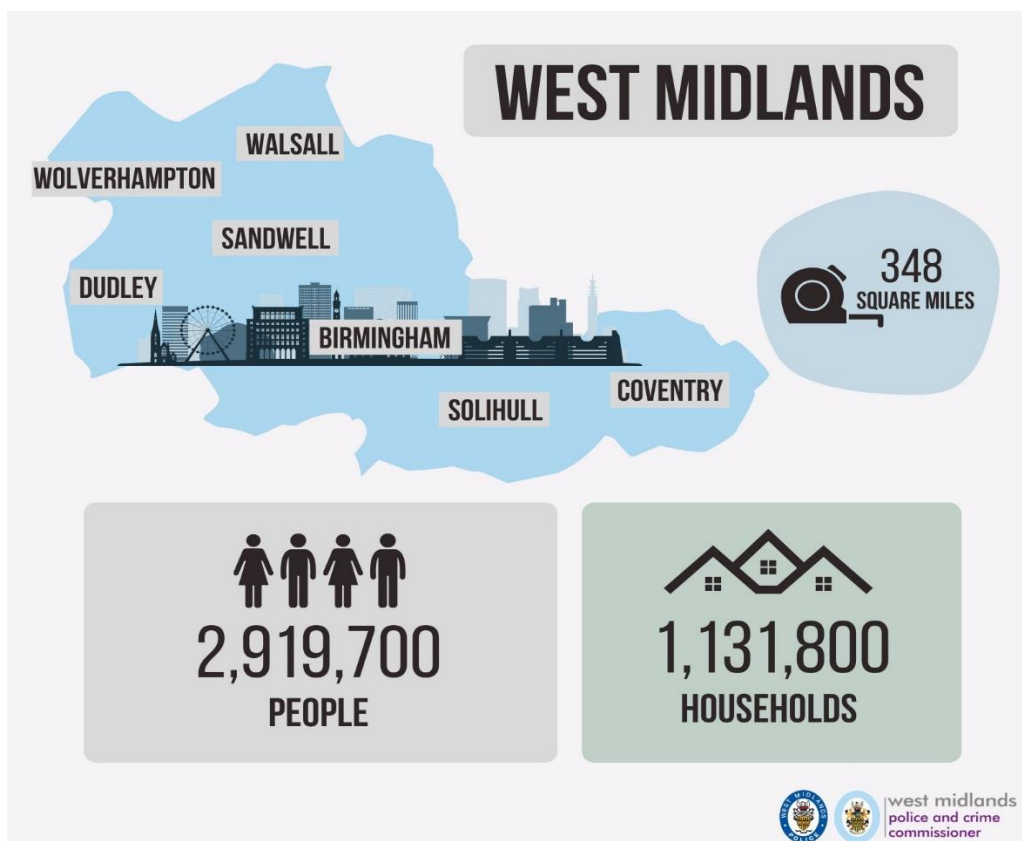
Contents

| | Page |
|---|------|
| Narrative Report | 2 |
| Annual Governance Statement | 17 |
| Statement of Responsibilities for the Statement of Accounts | 27 |
| Independent auditor's report to the Police and Crime Commissioner for the West Midlands | 29 |
| Comprehensive Income and Expenditure Statement - Group | 35 |
| Comprehensive Income and Expenditure Statement – PCC | 36 |
| Group Movement in Reserves Statement | 37 |
| PCC Movement in Reserves Statement | 38 |
| Group and PCC Balance Sheet | 39 |
| Group and PCC Cash Flow Statement | 40 |
| Notes to the accounts | 41 |
| Notes to the Comprehensive Income and Expenditure Statement | 45 |
| Notes to the Movement in Reserves Statement | 69 |
| Notes to the Balance Sheet | 74 |
| Notes to the Cash Flow Statement | 89 |
| Joint Operations | 90 |
| Police Pension Fund Account | 92 |
| Statement of Accounting Policies | 94 |
| Glossary of Terms | 105 |

NARRATIVE REPORT

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 boasts a thriving nightlife, centred around Birmingham City Centre. West Midlands hosts Premier League and Championship football clubs together with many others in the other leagues of the football pyramid.

The region is well served by rail and road links. Road and rail travel is 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.

Our Priorities

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

- **A service that works for local people**
Our new local policing model, which is built on seven Local Policing Areas, provides a local, visible police service, delivered in the heart of our diverse communities. People can expect to see more officers spending more time in their local community, understanding and preventing local problems and tackling the acquisitive and violent crime which has the greatest day to day impact on our communities. Each Local Policing Area has a Priority Crime Team as a proactive resource to address local issues and they also maintain a strong focus on serious and organised crime and exploitation to prevent the harm caused and bring more offenders to justice. This will build on our renewed investigative focus on key crimes including burglary, robbery, vehicle crime and domestic abuse which is already delivering better outcomes for the public we serve. Our specialist capabilities and teams including Operations, Intelligence, Force Criminal Investigations Department and Public Protection Unit (PPU) are an important part of West Midlands Police. They help to ensure that we are 'big enough to cope' with everything that is asked of us and perform to consistently high standards. Providing a service that works for local people also means ensuring the public can contact us easily and that we can respond quickly with the most appropriate resource. We are making a significant investment in Force Contact to ensure we can respond quickly and effectively when people need us.
- **Engaged communities**
Engaged communities are the key to building trust, public confidence and legitimacy. Our new local policing model is helping us to get better at listening to the diverse communities across the West Midlands to understand their issues and work with them to act on the areas they tell us matter to them. Ongoing investment in neighbourhood policing will drive problem solving around local issues to reduce crime and harm. We can't do this alone though. We will continue to work collaboratively with our partners, businesses and other agencies to make the best use of our shared resources and to invest in long term prevention for the benefit of the communities we serve. We will be transparent and accountable to communities about what we are doing and why, and we will continue to be open to scrutiny of the use of police powers.
- **Employer of choice.**
West Midlands Police continue to thrive on the outstanding work of our officers and staff. We will prioritise investment in our front-line police officers and staff because they are the ones that keep people and communities safe. As a major regional employer, we will continue to creatively attract and develop local talent from across the West Midlands, including its schools, colleges and universities to create jobs for local people. We will place a renewed focus on ensuring the force is representative of our local communities so we have the skills, cultural awareness and talents we need to serve the public as criminality changes and adapts across communities. This will mean investing in staff, their training, development, mobility, agility and providing supportive opportunities during a cost of living crisis.

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'.

Our Approach

Delivering a service for local people:

- A new 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:

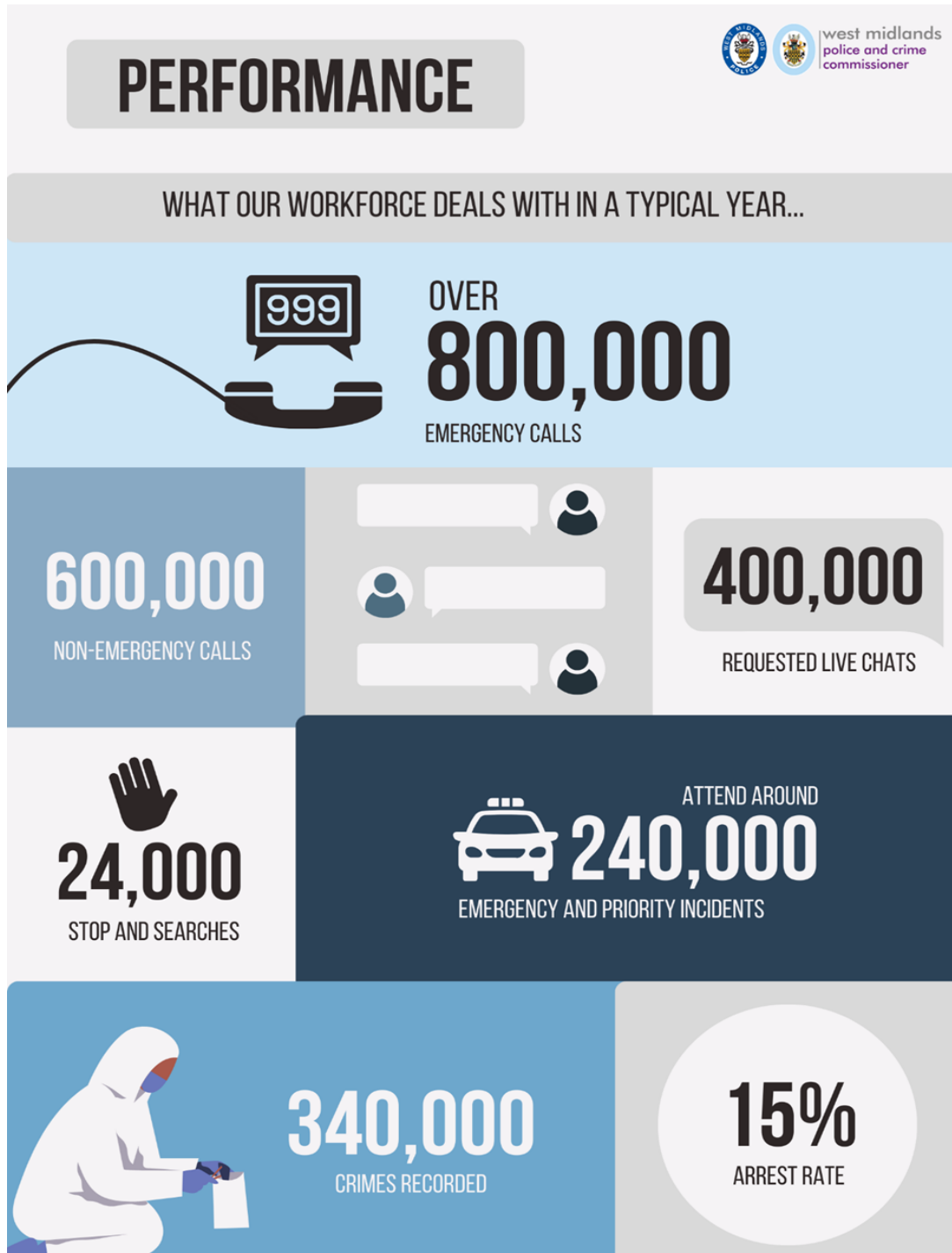
- The key to trust, legitimacy and confidence
- 'You said, we did'
- Be there in good times and the bad
- Creative in approach, open up WMP to the public
- Use of force, stop search, data and disproportionality
- Recruitment – intelligently together and representative
- Cohesion – WMP seen as a trusted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

Organisation Overview

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.



Roles of the West Midlands Police and Crime Commissioner and West Midlands Chief Constable

Role of Police and Crime Commissioner

There are now 37 Police and Crime Commissioners (PCCs) in England and Wales. There are 43 regional forces covering England and Wales. The governance of the Metropolitan Police Service is a duty of the Mayor of London and the City of London Corporation governs the City of London Police. In Greater Manchester, West Yorkshire, South Yorkshire, and York and North Yorkshire the elected Mayor combines the mayor role with that of Police and Crime Commissioner. Together with the Home Secretary and chief police officers, the Commissioner and Chief Constable are responsible for the management of policing in England and Wales.

The West Midlands Police and Crime Commissioner is the local governing body for policing in the West Midlands. The Commissioner has an over-arching duty to secure an effective and efficient police force. 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 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, an Internal Audit team, a Violence Reduction Partnership, a Media and Communications team and a Business Services team.

The Police and Crime Plan covering the period 2021 to 2025 was approved in November 2021. The plan 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

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. 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 PCC's police and crime plan, and they will help the PCC 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 its 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 is on our website at www.west-midlands.police.uk or can be obtained by contacting us, details at www.west-midlands.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. Information on West Midlands Police can be found at www.west-midlands.police.uk

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 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 PCCWM 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. Local Authorities and 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 PCCWM 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 PCCWM during the year showing the total comprehensive income and expenditure of the PCCWM.
- [Movement in Reserves Statement for the Group and Police and Crime Commissioner for the West Midlands](#) – These statements shows the movement in the 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 PCCWM 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. (For example, the Capital Receipts

Reserve may only be used to fund capital expenditure or repay debt). 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 PCCWM during the reporting period. 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.

6. Additional notes and disclosures

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

- [Expenditure and Funding Analysis](#) - The objective of the Expenditure and Funding Analysis is to demonstrate to Council tax payers how the funding available to the authority 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 31% 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 WMPCC 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.

Financial Review

Revenue Outturn for 2023-24

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

| Prior Year Actual | Revenue Expenditure | Budget | Actual | Variance |
|--------------------------------------|---|--------------|--------------|--------------|
| 2022-23 | | 2023-24 | 2023-24 | + (-) |
| £m | | £m | £m | £m |
| 576 | Employee costs | 633.8 | 627.9 | -5.9 |
| 23.7 | Premises costs | 30.6 | 26.2 | -4.4 |
| 5 | Transport costs | 10 | 10.4 | 0.4 |
| 54.6 | Supplies and Services | 59.3 | 56.3 | -3 |
| 17.4 | Collaborative working costs | 16.5 | 20.6 | 4.1 |
| 9.7 | Capital Financing | 11.8 | 7.9 | -3.9 |
| -62.8 | Income | -74.3 | -89.5 | -15.2 |
| 628.1 | Police Force (Excl. Change Programme) | 687.7 | 659.9 | -27.9 |
| 9.7 | Change Programme | 8 | 8.5 | 0.5 |
| 637.8 | Police Force (Incl. Change Programme) | 695.7 | 668.4 | -27.4 |
| Police and Crime Commissioner | | | | |
| 2.8 | Office for Police and Crime Commissioner | 3.2 | 2.9 | -0.3 |
| 5.7 | Commissioned Services | 8.7 | 5.3 | -3.4 |
| 8.5 | Police and Crime Commissioner | 11.9 | 8.2 | -3.7 |
| 22.1 | Regional and National Services | 22.4 | 22.2 | -0.2 |
| 668.4 | Net Cost Police Services | 729.9 | 698.8 | -31.1 |
| 2.3 | Other Contributions to (from) Reserve | 0 | 13.1 | 13.1 |
| 12.3 | Net Contribution to (from) Budget Reserves | -11.4 | 6.6 | 18 |
| 683 | Net Budget Requirement | 718.5 | 718.5 | 0 |
| | Statutory Accounting Adjustments: | | | |
| 345.5 | Net additional amount required by statute and non-statutory proper practices to be credited to the General Fund Balance | | 238.6 | |
| 1028.5 | Net Operating Expenditure (CIES) | | 957.1 | |

Overview of the year

The financial position of the Force was closely managed and reported throughout the year. Underspends in pay related expenditure were forecasted from the end of the first quarter and continued throughout the year particularly in police staff and PCSO pay where vacancies were most prevalent. Police Officer pay underspends were also noted and arose due to the timing of new recruits which were weighted towards the end of the financial year. The force also saw a significant overachievement on income principally via its support for Operation Safeguard and income received from short-term investments in a much-improved interest rate environment. Through diligent management, collaboration with wider colleagues and reductions in premises related expenditure via utility price reductions, the Force was able to realise a total revenue underspend of £27.3m which is 3.9% of the total budget of £695.7m. Employee costs include a £1.8m year-end adjustment for accumulated absences to 31 March 2024.

There were significant pressures at the start of 2023 due to demand factors across all policing portfolios. The new operating model introduced from April 2023 sought to alleviate some of these challenges which were most acutely felt in the Crime Portfolio as the force worked to improve the quantity and quality of its investigations and Force Contact where the force made significant improvements in call handling timeliness, both of which needed to be resourced effectively. This was achieved via underspends in pay and overachievement of income as well as robust budget setting (generating £10m of budget savings to ensure a balanced budget for 2024-25), careful management of staff and PCSO vacancies ensuring that operationally critical areas were prioritised and reviewing business as usual IT related expenditure through robust contract management. The underspend achieved in 2023-24 will support the embedding of the operating model in 2024-25 and help to smooth out the funding pressures that have been identified for future years in the medium-term financial plan.

In 2022-23 the Force exceeded its police officer recruitment target of 1,200 officers by 99 officers. In 2023-24 the Force continued to support the national police officer Uplift Programme by delivering a further 175 new police officer recruits. The associated costs in relation to this recruitment programme including recruitment campaigns, assessments centres and the purchase of vehicles and equipment, to support the uplifted officers in the workforce were claimed in relation to milestones for recruitment numbers throughout the year. The force's recruitment team worked tirelessly to ensure that our targets for additional officers were met by 31 March 2024. The Force ended the financial year with an officer headcount of 8,068, some 20 officers more than our target and what was needed to claim Home Office grant income for these posts.

For 2023-24 the total grant settlement for the West Midlands was £569.7m an increase of £10.3m on the 2022-23 settlement. This was consistent with the Commissioner's medium-term financial planning assumptions. This additional grant reflected the commitments made in the year to maintaining the police officer uplift programme and supportive officer and staff pay awards.

For the office of the Police and Crime Commissioner, the outturn position was favourable as increased income generated from partners to match fund expenditure and additional success in bidding for grants allowed overhead to be spread further across the available funding sources. The possibility of the transfer of functions to the Combined Authority led to some additional costs, however these were contained within an amount of earmarked reserve brought forward for that purpose, and the in-year Legal services budget.

Headline Figures

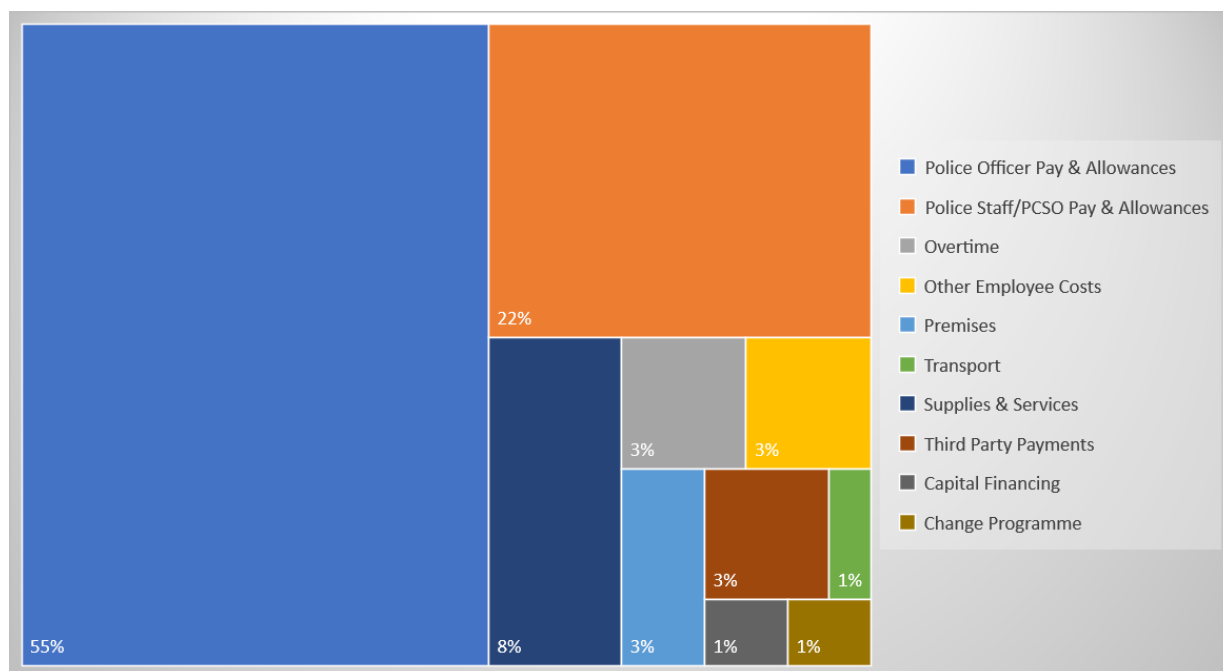
The force implemented a new operating model in April 2023 with a greater focus on local policing with local commanders being accountable for local investigations and response teams as well as local policing teams. Force budgets were aligned to address the operating model with improved investigations and call handling timeliness being high priorities and receiving additional resourcing. Following this investment - the time taken to answer 999 calls went from an average of 22 seconds in December 2022 to 3 seconds by December 2023 and this enhanced performance has been sustained since then.

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 Corporate Asset Management (CAM) department, a review of the force's training provision and location and an estates programme involving the purchase and refurbishment of a number of police buildings.

Other achievements in the 2023-24 year include:

- The delivery of £10m of savings across force departments to produce a balanced budget for 2024-25.
- £4.5m additional income (in comparison to budget) through the effective investment of cash balances on a short and medium-term basis
- A contribution of £12.1m, split between the general fund reserve and the budget reserve. The budget reserve will alleviate some of the pressures in the medium-term financial plan and enable the PCC and Force to ensure that additional Police Officer numbers have all the resources necessary to serve the people of the West Midlands.

The following chart shows how the expenditure of the force was distributed and managed between pay and non-pay costs.



Reserves

The general reserve balance as of the 31 March 2024 is £16.7m, an increase of £4.7m from the 31 March 2023 to ensure the balance remains above 2% of our net revenue funding as shown in the table below 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 2023 | 12.0 | 16.2 | 42.7 |
| Movement in Year | 4.7 | 7.4 | 7.4 |
| Reserves Balance 31 March 2024 | 16.7 | 23.7 | 50.1 |

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 the 31 March 2024 is £23.7m.

There are a few other transfers to earmarked reserves in 2023-24 taking the total of other earmarked reserves to £50.1m as of 31 March 2024. The increase is to support the forces Estates Strategy and the continued commitment to the green agenda and our move to a more sustainable force moving into the future. Along with 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.

Capital Programme

The capital programme for 2023-24 is summarised in the table below, with an investment of £23.6m during 2023-24.

| Capital Programme £m | Budget | Actual | Variance |
|---|-------------|-------------|--------------|
| | 2023-24 | 2023-24 | |
| Fleet | 4.1 | 6.4 | 2.3 |
| Body Worn Video | 1.4 | 1.4 | 0.0 |
| General Equipment | 0.0 | 0.8 | 0.8 |
| IT Laptops, Desktops and Infrastructure | 8.9 | 7.1 | (1.8) |
| CTU and Firearms Fleet and Equipment | 4.5 | 4.4 | (0.1) |
| Estates Strategy | 7.6 | 3.5 | (4.1) |
| Total Expenditure | 26.5 | 23.6 | (2.9) |
| Financial of Expenditure: | | | |
| Borrowing | 14.5 | 10.5 | (4.0) |
| Capital Receipts | 0.1 | 0.1 | 0.0 |
| Capital Grant | 4.3 | 4.3 | 0.0 |
| Revenue Contributions | 7.6 | 8.7 | 1.1 |
| Total Financing | 26.5 | 23.6 | 2.9 |

The table above shows the net capital position against the budget for 2023-24. 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. This is offset by an overspend in the purchase of fleet vehicles; representing some delayed expenditure from 2022-23.

The capital programme for 2023-24 was supported by a mix of short-term borrowing to fund our fleet replacement and IT development, long-term borrowing to fund our Estates Strategy and revenue contributions to capital.

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 flow balance as at 31 March 2024 was £28m which decreased by £38m in comparison to the prior year (£66m). This is due to the level of investments held. This is in line with our Treasury Strategy Statement whereby cash balances that are surplus to requirement are used for investments to generate a return where possible.

There has also been a payment of £18.7m in the year to the Public Works Loan Board, which is an early repayment of two outstanding loans, reducing the PCC's long-term borrowing.

During the year 2024-25, there will be payments in relation to the McCloud remedy, the value of these payments is currently unknown. This will impact upon the level of investments made and interest received over the next year.

There is a further risk that interest rates will reduce in the next year.

External Debt

Long-term borrowing has been utilised to finance the capital programme. As at 31 March 2024, the PCC had total external borrowing of £83.5m (£107.0m in 2022-23). This is still 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.

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 £215.3m into net liabilities of £5,892.5m.

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

| | 2022-23 | 2023-24 |
|-----------------|-----------|-----------|
| | £'000 | £'000 |
| Police Officers | 6,021,560 | 6,106,950 |
| Police Staff | 944 | 873 |
| PCC staff | 245 | - |
| | | |
| Total | 6,022,749 | 6,107,823 |

The actuarial gain on pension funds in 2023-24 totalled £43.9m and compared to actuarial gains in 2022-23 of £2,938.4m. The increase in the liability of £85m is due mainly to interest on the overall liability of 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 58 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 31% 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 £6.1bn 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.

How has the West Midlands Performed in 2023-24

Total recorded crime has reduced by 10.2% during 2023-24, which as a total volume is almost 40,000 fewer crimes when compared to 2022-23. Business crime has seen an increase, which follows the national position, however neighbourhood crime (personal robbery, residential burglary, theft from the person, theft of motor vehicle and theft from motor vehicle) have all seen reductions, with an overall reduction of 12.41% in 2023-24.

During 2023-24, there has been a renewed focus on securing positive outcomes for victim, finishing the year on 8.5% which is a 32% increase when compared to 2022-23.

Performance rated by PEEL assessment

On 22 December 2023, the inspection report relating to West Midlands Police (WMP), for the period 2023-25 was published by His Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS). Whilst the report was issued during 2023-24, the majority of the data that was used within the report was from 2022-23 period.

The performance of WMP was assessed across eight policing areas. The outcome of the assessment was that the force received an 'adequate' rating in two areas, 'requires improvement' in three areas, and 'inadequate' in the remaining three areas.

HMICFRS identified inadequate performance in the areas of crime investigation, managing offenders, and protection of vulnerable individuals. Adequate areas included police powers, public treatment and preventing crime. Ahead of the 2023-25 PEEL report's publication, HMICFRS took the decision to Engage WMP, highlighting four causes of concern.

The Engage concerns have become a standing agenda item, during weekly meetings with the PCC and Chief Constable and are a standing agenda item for discussion during the monthly meetings of the Strategic Policing and Crime Board, illustrating a commitment to transparency with the public. They have also appeared on Police and Crime Panel agenda and were the focus of an extraordinary Police and Crime Panel meeting. In addition, the Home Office provides oversight of the Force as it responds to the inspection results through the Police Performance Oversight Group, comprising members of the College of Police and Home Office, amongst others.

Changes to Accounting Policies

No new Accounting Standards have required adoption in the 2023-24 Accounts and the Accounting Policies for the group remain unchanged.

Future Outlook

The Force and PCC are in a good position to face the challenges of the future, and the trend in performance over the past year has shown that there were opportunities to deliver a more efficient and targeted service with the resources available. However, whilst the Police Uplift Programme, delivered additional headcount to WMP, 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 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 see significant movement in estates and disposals, which will be key to ensuring the deliverability of the medium term outlook.

The group retain low levels of reserves in relation to their turnover and the delivery of national capabilities. However, they are sufficient to meet need within the medium term. 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,

where cost savings can be made. An investment in the capability to deliver training inhouse and bring driver awareness training inhouse are expected to see increased margins and along with NPCC guidance all fees and charges will be uplifted in January of each year in future to ensure that the impact of any pay award is passed along in full to those receiving specialist policing services.

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 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 that in the event of a serious incident there would 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.

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.

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 2025, but the PCC is working closely with regional partners to ensure that as many projects as possible are sustainable 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.

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.

Police and Crime Commissioner West Midlands Annual Governance Statement

Position as of 31 March 2024 including plans for the financial year 2024-25

1 Introduction

This Annual Governance Statement demonstrates how the Police and Crime Commissioner for the West Midlands complies with a governance framework. This includes how the effectiveness of the framework is evaluated and monitored. This document also highlights any significant governance issues and any planned changes in the governance framework.

2 Scope of Responsibilities

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.

The Commissioner has adopted a Code of Corporate Governance, consistent with the principles of the CIPFA/SOLACE 2016 updated framework: *Delivering Good Governance in Local Government*, which can be obtained by contacting the Commissioner's office, details at www.westmidlands-pcc.gov.uk/contact.

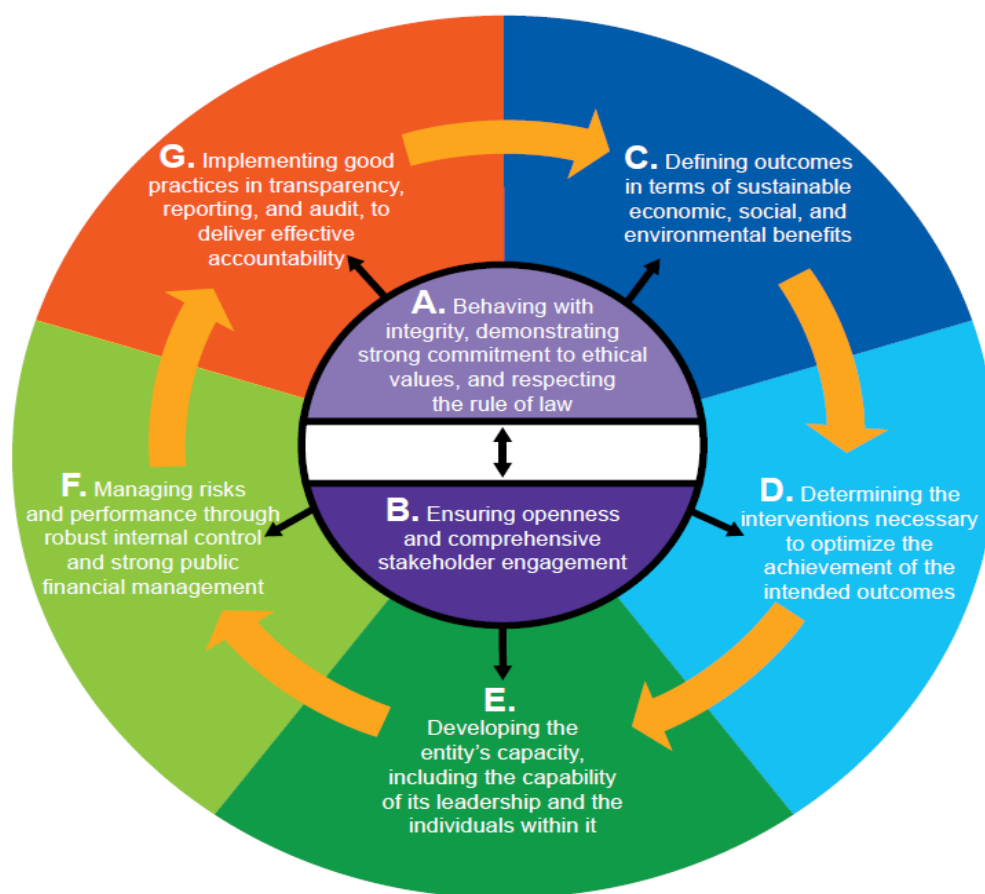
This statement explains how the Commissioner has complied with the Code and meets the requirements of the Accounts and Audit Regulations 2015 (amended 2020), regulation 6(1), which requires all relevant bodies to prepare an annual governance statement.

3 The Purpose of the Governance Framework

The governance framework comprises the systems and processes, and the culture and values by which the Commissioner directs and controls his activities and through which he is accountable to the community. It enables the Commissioner to monitor the achievement of his strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services, including achieving value for money.

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

The diagram below sets out the core principles of the Police and Crime Commissioner's Governance Framework.



4 The Governance Framework

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.

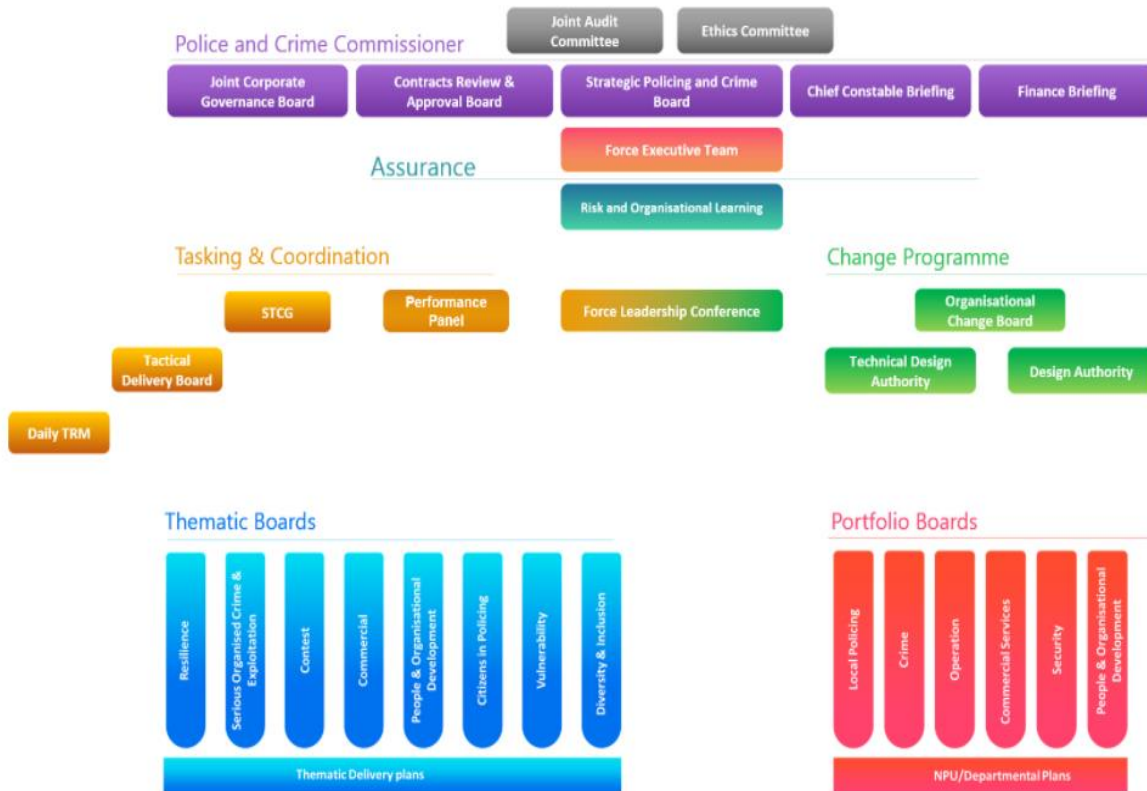
The Commissioner adopted a number of systems and processes to operate the governance arrangements, the key elements of which are detailed below:

- The West Midlands Police and Crime Plan 2021 – 2025 sets out the Commissioner's objectives for policing and community safety, the policing to be provided, the financial and other resources that will be available, how performance will be measured, what grants will be made and how the Chief Constable will be held to account.
- The operation of the Strategic Policing and Crime Board (SPCB) that assists in holding to account West Midlands Police. The SPCB meets monthly in public. The meetings are webcast.

- Worked with the Chief Constable to ensure there are processes and systems in place to deliver the Police and Crime Plan. This allows the Commissioner to be satisfied the Chief Constable has regard to the Police and Crime Plan through the strategic and operational plans of the Force.
- Measuring the quality of services, to ensure they are delivered in accordance with the Commissioner's objectives and represent the best use of resources and value for money.
- Defining and documenting the roles and responsibilities of the executive, non-executive, scrutiny and officer functions, with clear delegation arrangements and protocols for effective communication, in respect of the Commissioner and partnership arrangements.
- Ensuring effective arrangements are in place for the discharge of the head of paid service and monitoring officer functions.
- Ensuring the Commissioner's financial management arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Chief Finance Officer of the Police and Crime Commissioner and the Chief Finance Officer of the Chief Constable.
- Ensuring compliance with the Commissioner's statutory responsibilities, including:
 - Setting the budget and precept
 - Issuing a Police and Crime Plan
 - Publication of an Annual Report
 - Publication of specified information
 - Duties to consult with victims of crime, the population as a whole and ratepayers
 - Safeguarding of children and promotion of child welfare
 - Having regard to the Strategic Policing Requirement. This is demonstrated through an annual report to the SPCB
 - Duties relating to equality and diversity
- Procedure rules, policies and internal management processes are established for Financial Management, Procurement, Health and Safety, Confidential Reporting ("Whistleblowing"), Complaints Handling, Anti-Fraud, Bribery and Corruption and Records Management, including security of information and information sharing.
- Codes of conduct, defining the standards of behaviour for the Commissioner, Members of the Strategic Policing and Crime Board, Statutory Officers and Staff.
- The Joint Scheme of Corporate Governance sets out in detail the respective roles and functions of the Commissioner and Chief Constable, outlining all significant decisions which are consented or delegated and which are of a statutory, financial or management nature.
- A Joint Audit Committee (with the Chief Constable) is responsible for independent assurance on the adequacy of the risk management framework and the associated control environment, the independent scrutiny of the Chief Constable's and PCC's financial performance to the extent that it affects the Chief Constable and PCC's exposure to risk and weakens the control environment. The Joint Audit Committee has an independent Chair, as identified by the Home Office's Code of Practice for Financial Management and CIPFA's Audit Committee – Practical Guidance for Local Authorities and Police. A second independent member holds the position of Vice Chair of the Committee.
- An Ethics Committee which advises the Commissioner and Chief Constable on data science projects being proposed by the Force's Data Analytics Lab. The Lab is led by specially recruited data scientists and will develop programmes of work that use data more intelligently to help the Force prevent crime, allocate resources more efficiently and help it to do its job of keeping the public safe. The Ethics Committee has been set up to help ensure that ethics and people's rights are put at the heart of the Lab's work. Using the Committee's expertise, the Force will be in a better position to help people avoid crime and support the communities of the West Midlands.
- The PCC has a Corporate Risk Register, prepared and reviewed by senior management. The Joint Audit Committee is responsible for independent assurance on the adequacy of the risk management framework.
- Procedural rules, policies and internal management procedures are established for financial management.
- Oversight of the management of change and transformation within the Force.
- Ensuring the Commissioner's assurance arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Head of Internal Audit (2019) and, where they do not, explain why they deliver the same impact.

- An External Audit function reports to “those charged with governance” in respect of the Annual Accounts and Value for Money. The Commissioner provides information to External Audit to enable them to provide assurance and also ensures External Audit’s recommendations are implemented.
- Ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful.
- Identifying the development needs of members and senior officers in relation to their strategic roles, supported by appropriate training.
- Establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation.
- Developing good governance arrangements in respect of partnership and other joint working arrangements.

The diagram below details how the Commissioner’s current governance structure is aligned to the governance structure of West Midlands Police.



5 Review of Effectiveness

The Commissioner has responsibility for conducting, at least annually, a review of the effectiveness of the governance framework.

The review of effectiveness is informed by the work of the managers within the Commissioner's Office, who have responsibility for the development and maintenance of the governance environment, the Head of Internal Audit's Annual report, and also by comments made by the External auditors and other review agencies and inspectorates.

In maintaining and reviewing the effectiveness of the governance arrangements, the following roles are undertaken:

- **The Commissioner**

The Commissioner is responsible for the maintenance and review of the governance arrangements overall and has asked his Statutory Officers, together with the Head of Internal Audit to continue with the review of the corporate governance arrangements, designed to assess and monitor:

- Code of Corporate Governance
- Review of the System of Internal Control
- Performance / Assurance Protocols and associated information
- Production of the Annual Governance Statement

- **The Joint Audit Committee**

The Commissioner's and Chief Constable's Joint Audit Committee is responsible, on behalf of both Corporations Sole, to:

- Advise the Commissioner and the Chief Constable according to good governance principles.
- Provide independent assurance on the adequacy and effectiveness of the Commissioner's and Chief Constable's internal control environment and risk management framework.
- Oversee the effectiveness of the framework in place for ensuring compliance with statutory requirements.
- Independently scrutinise financial and non-financial performance to the extent that it affects the Commissioner's and Chief Constable's exposure to risks and weakens the internal control environment.
- Oversee the financial reporting process and consider the arrangements to secure value for money
- Ensure the Force is implementing agreed actions resulting from His Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) inspections.

The Terms of Reference of the Committee, encompasses and reflects these duties by defining that they:

- Be the conduit through which the Governance work is channelled.
- Provide assurance on risk management arrangements on behalf of the Commissioner.
- Recommend approval of the Statutory Accounts of the Commissioner and Chief Constable.

To ensure that it is ably qualified, assessments of its abilities in line with best practice are undertaken confirming that the Committee is well suited and equipped for such responsibilities. Members of the Committee undergo regular training to ensure the Committee is effective in its role in advising the Commissioner and the Chief Constable.

- **Internal Audit**

The system of Internal Audit is a primary tenet of corporate governance and is the joint responsibility of the Commissioner and Chief Constable. The provision and maintenance of an effective Joint Internal Audit

Service, has been delegated to the Chief Finance Officer (CFO). The Audit Committee oversees the provision of this service, reviewing associated plans and work outputs.

Every 5 years the standards of Internal Audit are assessed against the Public Sector Internal Audit Standards (PSIAS) and an external assessment of Internal Audit against the PSIAS standards was undertaken during 2022-23. The results of the assessment were positive with the service assessed as being fully compliant against the Standards. The service continues to undertake a self-assessment against the standards on an annual basis with the results reported to the Joint Audit Committee.

During 2023-24 Internal Audit continued the approach of concentrating on the major risks faced by the PCC and the Force. The approach has allowed the Commissioner to have increased confidence in the governance, risk management and control processes. A mid-year review of the Internal Audit Plan was undertaken to ensure the audits remained focussed on the key risk areas. Regular updates on progress against the audit plan and key findings arising are provided to the Commissioner.

In the construction of the Internal Audit Plan for the year ahead, consultation has taken place with senior managers to ensure the areas of greatest risk are prioritised, however, the plan will inevitably need to remain flexible and responsive to any change in the risk environment.

- **Police and Crime Panel**

The West Midlands Police and Crime Panel (WMPCP) scrutinises the work of the Commissioner. The Panel acts as a critical friend to the Commissioner - assisting him through independent challenge.

The Panel has a number of powers and responsibilities, including:

- Reviewing the draft Police and Crime Plan to ensure local priorities have been considered
- Scrutinising the Commissioner's Annual Report
- Scrutinising the decisions and actions of the Commissioner
- Reviewing, and potentially vetoing, the Commissioner's proposed policing precept (the part of Council Tax collected for policing)
- Holding confirmation hearings for the proposed appointment of a Chief Constable, Deputy Police and Crime Commissioner and senior support staff

- **Mapping of Governance Framework**

To review the effectiveness of the Commissioner's governance arrangements an assessment was undertaken using a governance dashboard and applying CIPFA's seven principles of good governance in policing. With the exception of managing data, all areas have a green RAG status. Managing Data remains amber due to the continued embedding of WMP's IT systems across the organisation.

6 Collaborative Working

The Commissioner has in place a number of collaborative arrangements to deliver services in conjunction with both national and neighbouring Police and Crime Commissioners. These include:

- A regional forces collaboration agreement for the counter-terrorism policing network that also includes responsibility for Special Branch services.
- The National Ballistics Intelligence Service (NABIS) where the West Midlands Police is the co-host force. The arrangement is also subject to a collaboration agreement and the Commissioner is represented on the NABIS governing board.
- The West Midlands Regional Organised Crime Unit (ROCU) which is a four-force collaboration agreement between Staffordshire, Warwickshire, West Mercia and West Midlands.
- The West Midlands Violence Reduction Partnership which involves WMP, health and education professionals working together to understand the causes of serious violence in the West Midlands and agreeing a co-ordinated response.

- A West Midlands wide Community Safety Partnership enabling crime reduction activities to be commissioned more effectively and efficiently.
- A Safer Travel Partnership with West Midlands Combined Authority, and WMP that continues to significantly reduce crime on all modes of transport across the region.
- A West Midlands Combatting Drugs & Alcohol Partnership has been established to co-ordinate activity to reduce drug harm in the local area.
- An agreement with Birmingham Airport for WMP to provide policing services to the airport.
- The Regional Criminal Justice Forum, which is a collaborative partnership between PCCs, forces and criminal justice colleagues across the West Midlands, designed to address cross cutting themes and issues that are affecting all four areas.
- A collaboration with Warwickshire PCC where WMP delivers Forensic Services to Warwickshire Police.
- The Staffordshire and WMP Joint Legal Services agreement which provides Legal Services to WMP, Staffordshire Police, the Police, Fire and Crime Commissioner for Staffordshire and the Police and Crime Commissioner for West Midlands.
- The Central Motorway Police Group collaboration between Staffordshire Police and WMP, which strives to ensure the safe travel of road users on the motorway network through the region.
- The Staffordshire Police and WMP firearms and explosives licensing collaboration.
- A new arrangement introduced in 2023-24 whereby WMP provide shared ANPR capabilities to Warwickshire.

For the arrangements detailed above, governance is conducted in compliance with the relevant collaboration agreements. Also, collaborative working is supported by the appointment of two Regional Policy Officers working with the four West Midlands regional forces.

Through working with the West Midlands Combined Authority, the Commissioner is collaborating on a wide range of issues this includes mental health and youth offending services.

The Commissioner is also in collaboration with other bodies this includes West Midlands Fire Service and local councils through the estates programme where policing is being delivered in shared buildings.

7 Review of CIPFA's FM Code

The CIPFA Financial Management Code (CIPFA FM Code) is designed to support good practice in financial management and to assist police organisations in demonstrating their financial sustainability. The CIPFA FM Code therefore sets the standards of financial management for PCCs and Forces. A key goal of the FM Code is to improve the financial resilience of organisations by embedding enhanced standards of financial management. There are also clear links between the FM Code and the Governance Framework, particularly with its focus on achieving sustainable outcomes.

A self-assessment compliance review of the CIPFA FM Code was completed during 2023-24 across the Force, with the majority of the assessment being RAG rated as green with no areas of concern. The largest single change to the assessment will be around the need to embed the new Procurement Act 2023 which begins to rollout from autumn 2024 as per the secondary legislation. In addition, areas for improvement identified through the work of internal audit have been referenced and identified as targets for focus and process redesign during 2024-25.

Notable improvements were made in 2023-24 in the timeliness of financial reporting, with stretching timescales from month end to reported forecast being achieved from late autumn onwards. Work will continue in 2024-25 to improve the quality of financial reporting in the OPCC and the flow of information between WMP and the OPCC.

8 Significant Governance Issues

Significant governance issues are defined as:

- An issue which has prevented or seriously prejudiced achievement of a principal objective
- An issue where additional funding has had to be sought in order to resolve it
- An issue which has resulted in a material impact on the accounts
- An issue which the Head of Internal Audit has specifically highlighted in the annual audit opinion
- An issue which has attracted significant public interest and has damaged the reputation of the Commissioner
- An issue which has resulted in formal action being taken by the Chief Finance Officer and/or the Monitoring Officer.

PCC and Chief Constable meetings during 2023-24 included a review of the Force's Corporate Risk Register and chapters of the Force Management Statement.

The Commissioner is sighted on any significant issues arising from the work of Internal Audit and will, where necessary, question the Chief Constable on any actions being taken to address the issues raised.

The Commissioner has continued to hold the Chief Constable to account where reductions in funding have had potential impact on business as usual activities of the Force. This will continue during 2024-25 as the Force faces significant budget pressures alongside implementing a new operating model.

During 2023-24 no audits were issued with minimal assurance by the Joint Internal Audit team.

During 2023-24 neither the Chief Finance Officer nor Monitoring Officer took formal action.

The PCC applied for and was successful in receiving additional funding through Special Grant to support the implementation of new workforce management ICT solutions in the Force Control Room.

The PCC continues to receive financial support from Home Office in relation to legal claims arising from the Hillsborough disaster. This is through the Special Grant scheme operated by the Home Office. This will continue into 2024-25, although the proposal is that less of the cost will be met by the Home Office, going forward.

In December 2023 HMICFRS announced that they were putting WMP into "Engage" status, following a PEEL inspection. There were four key areas of concern: online child sexual exploitation, management of sex offenders, multiagency risk assessment conferences and the investigations. The PCC reported to the Police and Crime Panel (18 December 2023, 15 January 2024 and 5 February 2024) to provide updates on PEEL findings and address any requests for further information or questions from panel members. In addition, the PCC and CC attended the Police Performance Oversight Group (PPOG) meeting held on 16 January 2024, which oversees the performance monitoring of WMP, whilst it is in Engage.

An employment tribunal involving a former West Midlands Police firearms officer, and ongoing associated activity, poses significant reputational risks to WMP. Ongoing action to address the issues raised by the case will need to demonstrate that the cultural and operational failings are dealt with effectively, thoroughly and sustainably.

During 2023-24 the West Midlands Mayor, enabled by the passing of the Levelling Up and Regeneration Act 2023, worked with government to seek the transfer of police and crime powers. The PCC challenged the Mayor's and Home Secretary's decisions via judicial review at the High Court. The judicial review was successful, finding the Home Secretary's decision to approve the transfer to be unlawful. The Appeal Court declined to hear an appeal by the Home Secretary and costs were awarded against the Home Office for both the judicial review and appeal. The process was very public and widely reported. While these events did not damage the reputation of the Commissioner, they created widespread public interest and delayed the publication of the notice of election in March 2024.

9 Delivering the Police and Crime Plan

During 2021-22 a new police and crime plan was developed covering the period up to 2025. A delivery plan was produced to ensure delivery of the plan. This assists the Commissioner to secure and maintain efficient and effective policing services across the West Midlands. The Commissioner will continue to work with West Midlands Police in the delivery of the Force's strategies and plans.

10 Issues Raised in Previous Year's Annual Governance Statements

Progress has been made on addressing the issues raised in the AGS for 2022-23. Internal Audit completed a follow up of Child Abuse recommendations during 2023-24 to establish progress on implementing the recommendations made within the 2022-23 audit. The original review identified significant risks within Force Contact in respect of the quality of THRIVE+ assessments and lack of compliance with escalation processes that should be used when target response times for calls look like they may not be achieved. The lack of trained and experienced officers coupled with high workloads per officer was also raised as a concern. The follow up concluded that all recommendations had progressed and are considered implemented. Supporting evidence was obtained to confirm implementation.

11 Future Developments

Looking forward there are several initiatives that will potentially impact on the role and remit of the Commissioner that may require governance arrangements to be amended. These include:

- Victims and Prisoners Bill 2023 which, if it becomes law, will introduce a duty to collaborate and make compliance with the Victims Code a statutory requirement.
- The implementation of new complaints processes against serving officers which will see WMP chair the hearings and legally qualified advisers in attendance but not in the chair.
- Further collaborative working with police forces in areas such as serious and organised crime, counter terrorism, roads policing and uniformed operations, with a concurrent requirement to develop effective collaborative governance arrangements based on formal collaboration agreements.
- The potential future implementation of a revised funding formula for policing, which will have implications on the level of resources available for policing services across the West Midlands.
- Monitoring and oversight of the new neighbourhood policing operating model to ensure effectiveness.
- Implementing changes arising from the Procurement Act 2023.
- The risks associated with maintaining the police officers recruited as part of the Uplift programme and ensuring the extra officers are deployed in priority areas across the Force.
- Impacts arising from continued reforms of the police recruitment framework.
- The continued implementation of the Estates Strategy approved by the Commissioner in October 2023, including the investment in new facilities and releasing vacant properties.
- The green agenda including, delivering and embedding WMP's environmental strategy launched during 2022.
- Continuing to embed the Combatting Drugs and Alcohol Partnership chaired by the Commissioner.
- Continuing to embed partnership working in key areas such as Ending Male Violence against Women and Girls, and supporting scrutiny panels such as the Custody Scrutiny Panel and Young people Scrutiny Panel for Stop and Search.
- Having regard to recent changes to the Strategic Policing Requirement which introduced an additional priority area around Violence Against Women and Girls.
- Ensuring compliance with the recently implemented Serious Violence Duty which aims to ensure relevant services work together to share information and collaborate on interventions to prevent and reduce serious crimes.
- Expectations arising from the wider use of novel technologies such a Live Facial Recognition (LFR) and Drone First Responders.
- A General Election in 2024.

12 Monitoring the Implementation of Actions

The systems that have been put in place to monitor the implementation of plans through delivery plan and the risk register will ensure activities detailed in this statement are implemented. Progress of the implementation of actions will be reported in next year's Annual Governance Statement.

Signed

Simon Foster
Police and Crime Commissioner West Midlands

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

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

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 2024.

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 2024 and its income and expenditure for the year then ended.

Jane Heppel

Chief Finance Officer, West Midlands Police and Crime Commissioner

Date:

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 xx 2024, 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 2023-24 or before have been reflected in the accounts.

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

Independent auditor's report to the Police and Crime Commissioner for the West Midlands
Report on the Audit of the Financial Statements

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.

| 2022-23 Gross Expenditure £'000 | 2022-23 Gross Income £'000 | 2022-23 Net Expenditure £'000 | GROUP | Note | 2023-24 Gross Expenditure £'000 | 2023-24 Gross Income £'000 | 2023-24 Net Expenditure £'000 |
|--|-------------------------------------|--|--|------|--|-------------------------------------|--|
| | | | Chief Constable | | | | |
| 784,466 | (62,975) | 721,491 | Policing Services | | 738,102 | (89,526) | 648,576 |
| 23,123 | (1,480) | 21,643 | Change Programme | | 8,978 | (142) | 8,836 |
| 183,811 | (140,077) | 43,734 | Regional & National Services | | 92,038 | (71,305) | 20,734 |
| | | | Police and Crime Commissioner | | | | |
| 3,418 | (103) | 3,315 | Office of the PCC | | 3,020 | (133) | 2,887 |
| 21,165 | (14,818) | 6,347 | Commissioned Services | | 20,601 | (15,093) | 5,508 |
| 1,015,983 | (219,453) | 796,531 | NET COST - GENERAL FUND SERVICES | | 862,740 | (176,199) | 686,541 |
| 0 | (161) | (161) | Net (Gain)/Loss on Disposal | | 0 | (393) | (393) |
| 0 | (161) | (161) | Other Operating Income & Expenditure | | 0 | (393) | (393) |
| 3,576 | 0 | 3,576 | Interest Payable & Similar Charges | | 3,502 | 0 | 3,502 |
| 0 | (3,155) | (3,155) | Interest & Investment Income | | 0 | (7,030) | (7,030) |
| | | | (Gain) or loss on Financial Instruments | | 0 | (1,340) | (1,340) |
| 231,671 | 0 | 231,671 | Net Interest on the Net Defined Benefit Liability | 18 | 275,842 | 0 | 275,842 |
| 235,247 | (3,155) | 232,092 | Financing and Investment Income & Expenditure | | 279,344 | (8,370) | 270,975 |
| 1,251,231 | (222,769) | 1,028,462 | NET OPERATING EXPENDITURE | | 1,142,084 | (184,962) | 957,122 |
| 0 | (156,103) | (156,103) | Council Tax Payer | | 0 | (168,897) | (168,897) |
| 0 | (312,599) | (312,599) | Police Grant | 13 | 0 | (329,544) | (329,544) |
| 0 | (216,818) | (216,818) | Formula Grant | 13 | 0 | (217,571) | (217,571) |
| 0 | (93,388) | (93,388) | Pension Top Up Grant Receivable | | 0 | (101,722) | (101,722) |
| 0 | (2,524) | (2,524) | Non-Specific Government Grants | | 0 | (4,327) | (4,327) |
| 0 | (781,432) | (781,432) | Taxation & Non-Specific Grant Income | | 0 | (822,062) | (822,062) |
| 1,251,231 | (1,004,201) | 247,030 | (SURPLUS)/DEFICIT FOR THE YEAR ON PROVISION OF SERVICES | | 1,142,084 | (1,007,023) | 135,061 |
| | | (13,056) | (Surplus)/Deficit on the Revaluation of Fixed Assets | | | | 317 |
| | | 862 | Movement in Pooled Investment Funds | | | | 104 |
| | | (2,938,373) | Remeasurement of the Net Defined Benefit Liability | 18 | | | (43,854) |
| | | (2,950,567) | Other Comprehensive Income & Expenditure | | | | (43,433) |
| | | (2,703,537) | Total Comprehensive Income & Expenditure | | | | 91,628 |

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT – PCC

| 2022-23 Gross Expenditure £'000 | 2022-23 Gross Income £'000 | 2022-23 Net Expenditure £'000 | PCC | Notes | 2023-24 Gross Expenditure £'000 | 2023-24 Gross Income £'000 | 2023-24 Net Expenditure £'000 |
|--|-------------------------------------|--|--|-------|--|-------------------------------------|--|
| 3,418 | (103) | 3,315 | Office of the PCC | | 3,020 | (133) | 2,887 |
| 21,165 | (14,818) | 6,347 | Commissioned Services | | 20,601 | (15,093) | 5,508 |
| 24,583 | (14,921) | 9,662 | Total Cost of Services | | 23,622 | (15,226) | 8,395 |
| 891,336 | (204,532) | 686,804 | PCC funding to the CC for financial resources consumed | | 886,149 | (160,973) | 725,176 |
| 915,919 | (219,453) | 696,467 | NET COST - GENERAL FUND SERVICES | | 909,771 | (176,199) | 733,571 |
| 0 | (161) | (161) | Net (Gain)/Loss on Disposal | | 0 | (393) | (393) |
| 0 | (161) | (161) | Other Operating Income & Expenditure | | 0 | (393) | (393) |
| 3,576 | 0 | 3,576 | Interest Payable & Similar Charges | | 3,502 | 0 | 3502 |
| 0 | (3,155) | (3,155) | Interest & Investment Income | | 0 | (7,030) | (7,030) |
| | | | (Gain) or loss on Financial Instruments | | 0 | (1,340) | (1,340) |
| 152 | 0 | 152 | Net Interest on the Net Defined Benefit Liability | 18 | 10 | 0 | 10 |
| 3,728 | (3,155) | 573 | Financing and Investment Income & Expenditure | | 3,512 | (8,370) | (4,857) |
| 919,647 | (222,769) | 696,879 | NET OPERATING EXPENDITURE | | 913,283 | (184,962) | 728,321 |
| 0 | (156,103) | (156,103) | Council Tax Payer | | 0 | (168,897) | (168,897) |
| 0 | (312,599) | (312,599) | Police Grant | 13 | 0 | (329,544) | (329,544) |
| 0 | (216,818) | (216,818) | Formula Grant | 13 | 0 | (217,571) | (217,571) |
| 93,388 | (93,388) | 0 | Pension Top Up Grant Receivable (paid to CC) | | 101,722 | (101,722) | 0 |
| 0 | (2,524) | (2,524) | Non-Specific Government Grants | | 0 | (4,327) | (4,327) |
| 93,388 | (781,432) | (688,045) | Taxation & Non-Specific Grant Income | | 101,722 | (822,062) | (720,339) |
| 1,013,035 | (1,004,201) | 8,835 | (SURPLUS)/DEFICIT FOR THE YEAR ON PROVISION OF SERVICES | | 1,015,005 | (1,007,023) | 7,982 |
| | | (13,056) | (Surplus)/Deficit on the Revaluation of Fixed Assets | | | | 317 |
| | | 862 | Movement in Pooled Investment Funds | | | | 104 |
| | | (5,946) | Remeasurement of the Net Defined Benefit Liability | 18 | | | (195) |
| | | (18,140) | OTHER COMPREHENSIVE INCOME & EXPENDITURE | | | | 226 |
| | | (9,305) | Total Comprehensive Income & Expenditure | | | | 8,208 |

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 2022 | (62,933) | (2,572) | (673) | (66,178) | 8,570,623 | 8,504,445 | 8,725,731 | (221,286) |
| Movements in Reserves during 2022-23 | | | | | | | | |
| Total Comprehensive Income & Expenditure | 247,030 | 0 | 0 | 247,030 | (2,950,567) | (2,703,537) | (2,694,232) | (9,305) |
| Adjustments between Accounting & Funding Basis under Regulation | (255,044) | (902) | (115) | (256,061) | 256,061 | 0 | 0 | 0 |
| Net Increase or Decrease before Transfer to Earmarked Reserves | (8,014) | (902) | (115) | (9,030) | (2,694,507) | (2,703,537) | (2,694,232) | (9,305) |
| Transfer to/from Earmarked Reserves | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Increase/Decrease during the year | (8,014) | (902) | (115) | (9,030) | (2,694,507) | (2,703,537) | (2,694,232) | (9,305) |
| Balance as at 31 March 2023 Carried Forward | (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 | 135,061 | 0 | 0 | 135,061 | (43,433) | 91,628 | 83,420 | 8,208 |
| Adjustments between Accounting & Funding Basis under Regulation | (154,641) | (3,029) | (25) | (157,695) | 157,695 | 0 | 0 | 0 |
| Net Increase or Decrease before Transfer to Earmarked Reserves | (19,580) | (3,029) | (25) | (22,633) | 114,261 | 91,628 | 83,420 | 8,208 |
| Transfer to/from Earmarked Reserves | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Increase/Decrease during the year | (19,580) | (3,029) | (25) | (22,633) | 114,261 | 91,628 | 83,420 | 8,208 |
| Balance as at 31 March 2024 Carried Forward | (90,528) | (6,502) | (813) | (97,843) | 5,990,379 | 5,892,536 | 6,114,919 | (222,383) |

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 39.

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 2022 | (11,637) | (50,891) | (62,528) | (2,571) | (673) | (65,772) | (155,514) | (221,286) |
| Movements in Reserves during 2022-23 | | | | | | | | |
| Total Comprehensive Income & Expenditure | 8,835 | 0 | 8,835 | 0 | 0 | 8,835 | (18,140) | (9,305) |
| Adjustments between Accounting & Funding Basis under Regulation | (17,254) | 0 | (17,254) | (902) | (115) | (18,271) | 18,271 | 0 |
| Net Increase or Decrease before Transfer to Earmarked Reserves | (8,420) | 0 | (8,420) | (902) | (115) | (9,437) | 132 | (9,305) |
| Transfer to/from Earmarked Reserves | 8,014 | (8,014) | 0 | 0 | 0 | 0 | 0 | 0 |
| Increase/Decrease during the year | (406) | (8,014) | (8,420) | (902) | (115) | (9,438) | 132 | (9,305) |
| Balance as at 31 March 2023 Carried Forward | (12,042) | (58,905) | (70,947) | (3,473) | (788) | (75,209) | (155,383) | (230,592) |
| Movements in Reserves during 2023-24 | | | | | | | | |
| Total Comprehensive Income and Expenditure | 7,982 | 0 | 7,982 | 0 | 0 | 7,982 | 226 | 8,208 |
| Adjustments between Accounting & Funding basis under Regulation | (27,562) | 0 | (27,562) | (3,029) | (25) | (30,616) | 30,616 | 0 |
| Net Increase or Decrease before Transfer to Earmarked Reserves | (19,579) | 0 | (19,579) | (3,029) | (25) | (22,634) | 30,842 | 8,208 |
| Transfer to/from Earmarked Reserves | 14,896 | (14,896) | 0 | 0 | 0 | 0 | 0 | 0 |
| Increase/Decrease during the year | (4,684) | (14,896) | (19,579) | (3,029) | (25) | (22,634) | 30,842 | 8,208 |
| Balance as at 31 March 2024 Carried Forward | (16,726) | (73,801) | (90,527) | (6,502) | (813) | (97,843) | (124,540) | (222,383) |

GROUP AND PCC BALANCE SHEET

| | Notes | PCC as at 31 March 2023 £'000 | Group as at 31 March 2023 £'000 | PCC as at 31 March 2024 £'000 | Group as at 31 March 2024 £'000 |
|--|-------|-------------------------------------|---------------------------------------|-------------------------------------|---------------------------------------|
| Property, Plant and Equipment: | | | | | |
| Land and Buildings | 27 | 180,284 | 180,284 | 157,374 | 157,374 |
| Vehicles, Plant, Furniture & Equipment | 27 | 29,984 | 29,984 | 36,330 | 36,330 |
| Assets Under Construction | 27 | 0 | 0 | 0 | 0 |
| Heritage Assets | 28 | 186 | 186 | 186 | 186 |
| Intangible Assets: (Software) | 31 | 18,516 | 18,516 | 14,351 | 14,351 |
| Intangible Assets under Construction | 31 | 0 | 0 | 0 | 0 |
| | | 228,970 | 228,970 | 208,241 | 208,241 |
| Long-term Investments | 34 | 4,394 | 4,394 | 4,271 | 4,271 |
| Long-term Debtors | 35 | 158 | 158 | 39 | 39 |
| Long-Term Assets | | 233,523 | 233,523 | 212,552 | 212,552 |
| Short term Investments | 34 | 10,124 | 10,124 | 45,734 | 45,734 |
| Inventory | 37 | 758 | 758 | 724 | 724 |
| Short Term Debtors | 38 | 124,550 | 124,550 | 129,690 | 129,690 |
| Assets held for Sale (< 1 year) | 40 | 2,270 | 2,270 | 1,000 | 1,000 |
| Cash and Cash equivalents | 39 | 66,055 | 66,055 | 30,661 | 30,661 |
| Current Assets | | 203,757 | 203,757 | 207,808 | 207,808 |
| Short-term Borrowing | 33 | (2,655) | (2,655) | (4,018) | (4,018) |
| Bank Overdraft | 39 | 0 | 0 | (2,783) | (2,783) |
| Short-term Creditors | 41 | (83,458) | (83,458) | (85,680) | (85,680) |
| Accumulated Absences | 43 | (4) | (8,999) | (49) | (7,145) |
| Provisions | 20 | (13,014) | (13,014) | (21,564) | (21,564) |
| Donated Inventories Account | 37 | (337) | (337) | (292) | (292) |
| Current Liabilities | | (99,467) | (108,463) | (114,386) | (121,482) |
| Capital Long-Term Borrowing | 33 | (106,976) | (106,976) | (83,591) | (83,591) |
| Pensions Liability | 18 | (245) | (6,022,749) | 0 | (6,107,823) |
| Long-Term Liabilities | | (107,221) | (6,129,725) | (83,591) | (6,191,414) |
| Net Assets | | 230,592 | (5,800,908) | 222,383 | (5,892,536) |
| Usable Reserves: | | | | | |
| Usable Capital Receipts Reserve | 25 | (3,473) | (3,473) | (6,502) | (6,502) |
| Other Earmarked Reserves | 26 | (42,660) | (42,660) | (50,144) | (50,144) |
| General Fund Reserves | 26 | (12,042) | (12,042) | (16,726) | (16,726) |
| Budget Reserve | 26 | (16,245) | (16,245) | (23,657) | (23,657) |
| Capital Grants Unapplied | 25 | (788) | (788) | (813) | (813) |
| Unusable Reserves: | | | | | |
| Capital Adjustment Account | 43 | (110,407) | (110,407) | (83,902) | (83,902) |
| Revaluation Reserve | 43 | (43,037) | (43,037) | (39,929) | (39,929) |
| Pensions Reserve | 18 | 245 | 6,022,749 | 0 | 6,107,823 |
| Deferred Capital Receipts | 35 | (158) | (158) | (39) | (39) |
| Financial Instruments Adjustment Acct | 43 | 633 | 633 | (564) | (564) |
| Collection Fund Adjustment Account | 43 | (2,662) | (2,662) | (155) | (155) |
| Accumulated Compensated Absences Account | 43 | 3 | 8,999 | 49 | 7,145 |
| Total Reserves: | | (230,592) | 5,800,908 | (222,383) | 5,892,536 |

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 2023 | | Notes | As at 31 March 2024 | |
|------------------------------------|-----------------|---|---------------------|-----------------|
| £'000 | £'000 | | £'000 | £'000 |
| <u>Operating Activities</u> | | | | |
| EXPENDITURE | | | | |
| 652,125 | | Cash Paid to & on behalf of Employees | 693,137 | |
| 227,698 | | Cash Paid to the Suppliers of Goods & Services | 162,274 | |
| 3,486 | | Interest Paid | 3,647 | |
| 883,309 | | Cash Outflows Generated from Operating Activities | 859,058 | |
| INCOME | | | | |
| (153,597) | | Council Tax Receipts | (171,405) | |
| (216,818) | | Non-domestic Rates | (217,571) | |
| (490,070) | | Other Government Grants | (460,752) | |
| (8) | | Rents | (103) | |
| (2,973) | | Interest Received | (6,990) | |
| (20,518) | | Other Receipts from Operating Activities | (38,678) | |
| (883,984) | | Cash Inflows Generated from Operating Activities | (895,499) | |
| | (675) | Net Cash Flows from Operating Activities | | (36,441) |
| <u>Investing Activities</u> | | | | |
| EXPENDITURE | | | | |
| 11,250 | | Purchase of Property, Plant & Equipment & Intangible Assets | 21,607 | |
| 135,000 | | Purchase of Short-term & Long-term Investments | 280,000 | |
| 146,250 | | Cash Outflows Generated from Investing Activities | 301,607 | |
| INCOME | | | | |
| (964) | | Proceeds from the Sale of Property, Plant & Equipment & Intangible Assets | (3,146) | |
| (165,027) | | Proceeds from Short & Long-term Investments | (244,402) | |
| (165,991) | | Cash Inflows Generated from Investing Activities | (247,548) | |
| | (19,741) | Net Cash Flows from Investing Activities | | 54,059 |
| <u>Financing Activities</u> | | | | |
| (7,000) | | Cash Receipts of Short & Long-term Borrowing | | 0 |
| 0 | | Other Receipts from Financing Activities | | (1,447) |
| 3,979 | | Repayments of Short & Long-term Borrowing | | 21,877 |
| 39 | | Other Payments for Financing Activities | | 129 |
| (2,982) | | Net Cash Flows from Financing Activities | | 20,559 |
| (23,398) | | Net (Increase)/Decrease in Cash & Cash Equivalents | 44 | 38,177 |
| 42,657 | | Cash & Cash Equivalents at the Beginning of the Reporting Period | 45 | 66,055 |
| 66,055 | | Cash & Cash Equivalents at the End of the Reporting Period | 45 | 27,878 |

| NOTES TO THE ACCOUNTS | PAGE REF |
|---|-----------------|
| 1. Accounting Standards that have been issued but have not yet been adopted | 43 |
| 2. Critical Judgements in Applying Accounting Policies | 43 |
| 3. Assumption made about the Future & Other Major Sources of Estimation Uncertainty | 44 |
| 4. Events after the Balance Sheet Date | 44 |
| | |
| NOTES TO THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT | |
| 5. Expenditure and Funding Analysis | 45 |
| 6. Note to the Expenditure and Funding Analysis | 46 |
| 7. Subjective Analysis of the Net Cost of Police Services | 48 |
| 8. Collaborative Working Expenditure | 48 |
| 9. Employee Remuneration | 49 |
| 10. Senior Officers Remuneration | 50 |
| 11. Termination Benefits | 53 |
| 12. External Audit Costs | 54 |
| 13. Grant Income | 54 |
| 14. Related Party Transactions | 55 |
| 15. Members Allowances | 56 |
| 16. Capital Expenditure & Capital Financing | 56 |
| 17. Leases | 57 |
| 18. Defined Benefit Pension Schemes | 58 |
| 19. Discretionary Pension Payments | 67 |
| 20. Provisions | 67 |
| 21. Contingent Liabilities & Assets | 67 |
| 22. Police Property Act Fund | 68 |
| 23. Trust Funds | 68 |
| 24. Proceeds of Crime Act 2002 Account | 68 |
| | |
| NOTES TO THE MOVEMENT IN RESERVES STATEMENT | |
| 25. Adjustments between Accounting Basis & Funding Basis under Regulations | 69 |
| 26. Transfers to/from Earmarked Reserves | 73 |
| | |
| NOTES TO THE BALANCE SHEET | |
| 27. Property, Plant & Equipment – Movement on Balances | 74 |
| 28. Heritage Assets | 76 |
| 29. Future Capital Commitments | 76 |
| 30. Statement of Physical Assets | 76 |
| 31. Intangible Assets | 77 |
| 32. Financial Instruments | 78 |
| 33. Long-term Borrowing | 79 |
| 34. Long & Short-term Investments | 80 |
| 35. Long-term Debtors | 81 |
| 36. Management of Risk associated with Financial Instruments | 81 |
| 37. Inventories | 83 |
| 38. Short-term Debtors | 83 |
| 39. Cash and Cash Equivalents | 84 |
| 40. Assets Held for Sale | 84 |
| 41. Short-term Creditors | 84 |
| 42. Usable Reserves | 84 |
| 43. Unusable Reserves | 85 |

NOTES TO THE CASH FLOW STATEMENT

| | |
|--|----|
| 44. Reconciliation of Net Cash Inflow to the Movement in Net Funds | 89 |
| 45. Movement in Cash & Cash Equivalents | 89 |

JOINT OPERATIONS

| | |
|---|----|
| 46. Central Motorway Police Group | 90 |
| 47. West Midlands Regional Organised Crime Unit | 91 |

POLICE PENSION FUND ACCOUNT

92

Notes to the Police Pension Fund Account

93

STATEMENT OF ACCOUNTING POLICIES

94

GLOSSARY OF TERMS

105

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 2023-24 (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.

IFRS 16 Leases

The Code of Practice on Local Authority Accounting in the United Kingdom (Codes) has delayed the implementation of IFRS 16 to 1 April 2024.

The standard establishes a new accounting model for lessees in which all leases for assets for more than 12 months above a de minimis value will be accounted for by recognising a 'right to use' asset on the Balance Sheet, together with a liability for the present value of the lease payments. This means that leases currently accounted for as operating leases would be treated similarly to finance leases but recognising only a proportion of the assets value.

The impact of the standard is anticipated to include the introduction of a long-term lease liability in the region of £4m, with right of use assets of £5-6m.

2. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

In applying the accounting policies set out in the Statement of Accounts in 2023-24, 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.

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 2024 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 2024 is £6,108m (£6,023m in 2022-23). 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 65. |

4. EVENTS AFTER THE BALANCE SHEET DATE

There are no material events to report after 31 March 2024.

NOTES TO THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

5. EXPENDITURE AND FUNDING ANALYSIS

| 2022-23 Net Expenditure Chargeable to General Fund Balance £'000 | 2022-23 Adjustments between Funding & Accounting Basis £'000 | 2022-23 Net Expenditure in Comprehensive Income & Expenditure Statement £'000 | GROUP | 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 |
|---|--|--|--|---|--|--|
| | | | Chief Constable | | | |
| 627,621 | 93,870 | 721,491 | Policing Services | 663,418 | (14,842) | 648,576 |
| 9,726 | 11,917 | 21,643 | Change Programme | 8,495 | 341 | 8,836 |
| 28,492 | 15,242 | 43,734 | Regional & National Services | 22,183 | (1,449) | 20,734 |
| | | | Police and Crime Commissioner | | | |
| 2,818 | 497 | 3,315 | Office of the PCC | 2,894 | (7) | 2,887 |
| 5,922 | 425 | 6,347 | Commissioned Services | 5,516 | (8) | 5,508 |
| 674,579 | 121,951 | 796,530 | Net Cost of Services | 702,506 | (15,965) | 686,541 |
| (682,593) | 133,093 | (549,500) | Other Income & Expenditure | (722,086) | 171,908 | (550,178) |
| (8,014) | 255,044 | 247,030 | Surplus or Deficit | (19,580) | 155,943 | 136,363 |

| 2022-23 Net Expenditure Chargeable to General Fund Balance £'000 | 2022-23 Adjustments between Funding & Accounting Basis £'000 | 2022-23 Net Expenditure in Comprehensive Income & Expenditure Statement £'000 | PCC | 2023-24 Net Expenditure Chargeable to General Fund Balance £'000 | 2023-24 Adjustments between Funding and Accounting Basis £'000 | 2023-24 Net Expenditure in Comprehensive Income and Expenditure Statement £'000 |
|---|--|--|--|---|--|--|
| | | | Police and Crime Commissioner | | | |
| 2,818 | 497 | 3,315 | Office of the PCC | 2,894 | (7) | 2,887 |
| 5,922 | 425 | 6,347 | Commissioned Services | 5,516 | (8) | 5,508 |
| 665,433 | 21,371 | 686,804 | Funding to the CC | 694,095 | 31,081 | 725,176 |
| 674,173 | 22,293 | 696,466 | Net Cost of Services | 702,505 | 31,066 | 733,571 |
| (682,593) | (5,039) | (687,632) | Other Income and Expenditure | (722,085) | (2,202) | (724,287) |
| (8,420) | 17,254 | 8,834 | Surplus or Deficit | (19,580) | 28,864 | 9,284 |

| | Group | | PCC | |
|--|----------|----------|----------|----------|
| | 2022-23 | 2023-24 | 2022-23 | 2023-24 |
| Opening General Fund Balance | (62,934) | (70,948) | (62,528) | (70,948) |
| Less (Surplus)/Deficit on General Fund Balance in Year | (8,014) | (19,580) | (8,420) | (19,580) |
| Closing General Fund Balance at 31 March | (70,948) | (90,528) | (70,948) | (90,528) |

6. NOTE TO THE EXPENDITURE AND FUNDING ANALYSIS

| 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 | 27,786 | (40,729) | (1,899) | (14,842) |
| 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 | 31,081 | (45,192) | (1,854) | (15,965) |
| Other Income and Expenditure | (4,720) | 174,120 | 2,508 | 171,908 |
| Surplus or Deficit | 26,361 | 128,928 | 654 | 155,943 |

| 2022-23 | 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 | 6,564 | 87,478 | (172) | 93,870 |
| Change Programme | 11,864 | 53 | | 11,917 |
| Regional & National Services | 2,943 | 12,299 | | 15,242 |
| Police and Crime Commissioner | | | | |
| Office of the PCC | | 559 | (62) | 497 |
| Commissioned Services | | 425 | | 425 |
| Net Cost of Services | 21,371 | 100,814 | (234) | 121,951 |
| Other Income and Expenditure | (2,685) | 138,284 | (2,506) | 133,093 |
| Surplus or Deficit | 18,686 | 239,098 | (2,740) | 255,044 |

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 and Accumulated Absences adjustments

| 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 |
|--------------------------------------|--|---|----------------------------|--|
| PCC | £'000 | £'000 | £'000 | £'000 |
| Police and Crime Commissioner | | | | |
| Office of the PCC | | (30) | 23 | (7) |
| Commissioned Services | | (30) | 22 | (8) |
| Funding to the CC | 31,081 | | | 31,081 |
| Net Cost of Services | 31,081 | (60) | 45 | 31,066 |
| Other Income and Expenditure | (4,720) | 10 | 2,508 | (2,202) |
| Surplus or Deficit | 26,361 | (50) | 2,553 | 28,864 |

| 2022-23 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 | | 559 | (62) | 497 |
| Commissioned Services | | 425 | | 425 |
| Funding to the CC | 21,371 | | | 21,371 |
| Net Cost of Services | 21,371 | 984 | (62) | 22,293 |
| Other Income and Expenditure | (2,685) | 152 | (2,506) | (5,039) |
| Surplus or Deficit | 18,686 | 1,136 | (2,568) | 17,254 |

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 and Accumulated Absences adjustments

7. SUBJECTIVE ANALYSIS OF THE NET COST OF POLICE SERVICES

| 2022-23 PCC Outturn £'000 | 2022-23 Group Outturn £'000 | | 2023-24 PCC Outturn £'000 | 2023-2024 Group Outturn £'000 |
|------------------------------------|--------------------------------------|---|------------------------------------|--|
| 0 | 516,421 | Police Pay and Allowances | | 438,940 |
| 5,179 | 232,415 | Police Staff and PCSO Pay & Allowances | 4,645 | 200,241 |
| 59 | 11,078 | Other Employee Expenses | 97 | 19,310 |
| 5,237 | 759,914 | Sub Total Employee Costs | 4,742 | 658,491 |
| 0 | 29,982 | Premises Related Costs | 0 | 33,409 |
| 24 | 13,316 | Transport/Travel Costs | 101 | 12,384 |
| 769 | 81,981 | Supplies & Services | 852 | 75,691 |
| 18,553 | 98,626 | Collaborative working Expenses | 17,926 | 39,776 |
| 0 | 31,597 | Capital Financing Costs | 0 | 42,664 |
| 24,583 | 1,015,415 | TOTAL GROSS EXPENDITURE | 23,622 | 862,415 |
| (14,921) | (219,453) | External Income | (15,226) | (176,199) |
| 0 | 568 | Non-Distributed Costs | 0 | 325 |
| 9,662 | 796,531 | NET COST - GENERAL FUND SERVICES | 8,395 | 686,541 |

8. COLLABORATIVE WORKING EXPENDITURE

| | PCC 31 March 2023 £'000 | Group 31 March 2023 £'000 | PCC 31 March 2024 £'000 | Group 31 March 2024 £'000 |
|--|----------------------------------|------------------------------------|----------------------------------|------------------------------------|
| Levies | 0 | 7,223 | 0 | 7,289 |
| Government Departments | 114 | 46,808 | 16 | 266 |
| NHS Bodies | 180 | 343 | 79 | 160 |
| Academies | 4 | 4 | 1 | 1 |
| Other Police Forces | 312 | 20,122 | 0 | 6,135 |
| Other Local Authorities | 2,129 | 3,972 | 2,681 | 3,358 |
| All other bodies | 15,814 | 20,154 | 15,222 | 22,897 |
| Total Collaborative expenditure | 18,553 | 98,626 | 17,999 | 40,106 |

Collaborative expenditure is included within the net cost of policing services (see note 7) in the group accounts.

9. EMPLOYEE REMUNERATION

The following table shows the remuneration of employees of West Midlands Police 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 |
|-------------------------------|----------------------------|------------------|------------------|---------------------|-------------------------------|----------------------------|------------------|------------------|
| 2022-23 Police Officers | 2022-23 Police Staff | 2022-23 Total | 2022-23 Total | | 2023-24 Police Officers | 2023-24 Police Staff | 2023-24 Total | 2023-24 Total |
| 5,947 | 4,206 | 10,153 | 71 | Less than £49,999 | 5,496 | 4,007 | 9,503 | 62 |
| 901 | 118 | 1,019 | 5 | £50,000 - £54,999 | 1,107 | 187 | 1,294 | 5 |
| 558 | 72 | 630 | 0 | £55,000 - £59,999 | 571 | 65 | 636 | 1 |
| 266 | 28 | 294 | 2 | £60,000 - £64,999 | 415 | 52 | 467 | 2 |
| 75 | 6 | 81 | 1 | £65,000 - £69,999 | 165 | 21 | 186 | 3 |
| 40 | 12 | 52 | 1 | £70,000 - £74,999 | 42 | 6 | 48 | 1 |
| 20 | 2 | 22 | 0 | £75,000 - £79,999 | 27 | 5 | 32 | 0 |
| 12 | 6 | 18 | 0 | £80,000 - £84,999 | 15 | 4 | 19 | 1 |
| 11 | 3 | 14 | 0 | £85,000 - £89,999 | 16 | 4 | 20 | 0 |
| 12 | 1 | 13 | 0 | £90,000 - £94,999 | 18 | 1 | 19 | 0 |
| 13 | 4 | 17 | 0 | £95,000 - £99,999 | 4 | 3 | 7 | 0 |
| 4 | 3 | 7 | 2 | £100,000 - £104,999 | 14 | 5 | 19 | 2 |
| 3 | 0 | 3 | 0 | £105,000 - £109,999 | 2 | 1 | 3 | 0 |
| 1 | 1 | 2 | 0 | £110,000 - £114,999 | 1 | 0 | 1 | 0 |
| 1 | 0 | 1 | 0 | £115,000 - £119,999 | 0 | 0 | 0 | 0 |
| 2 | 1 | 3 | 1 | £120,000 - £124,999 | 3 | 0 | 3 | 0 |
| 0 | 0 | 0 | 0 | £125,000 - £129,999 | 2 | 1 | 3 | 1 |
| 0 | 0 | 0 | 0 | £130,000 - £134,999 | 2 | 0 | 2 | 0 |
| 0 | 0 | 0 | 0 | £135,000 - £139,999 | 2 | 0 | 2 | 0 |
| 0 | 0 | 0 | 0 | £140,000 - £144,999 | 1 | 1 | 2 | 0 |
| 0 | 0 | 0 | 0 | £145,000 - £149,999 | 2 | 0 | 2 | 0 |
| 0 | 0 | 0 | 0 | £150,000 - £154,999 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | £155,000 - £159,999 | 1 | 0 | 1 | 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 |
| 0 | 0 | 0 | 0 | £175,000 - £179,999 | 1 | 0 | 1 | 0 |
| 0 | 0 | 0 | 0 | £180,000 - £184,999 | 0 | 0 | 0 | 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 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | £220,000 - £224,999 | 1 | 0 | 1 | 0 |
| 7,866 | 4,463 | 12,329 | 83 | Totals | 7,908 | 4,363 | 12,271 | 78 |

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 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 | | 125.2 | 39.1 | 164.3 |
| 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 | | 1,210.2 | 337.1 | 1,547.3 |

* Benefits in kind will be added into the audited accounts

Notes:

- Deputy Chief Constable S Green commenced role on 17 April 2023
- ACC (2) joined the Force on 6 November 2023
- ACC (3) transferred to the Force permanently following secondment to the role of Assistant Chief Constable
- ACC (4) vacated role of Assistant Chief Constable on 16 April 2023
- ACC (5) vacated role of Assistant Chief Constable on 22 October 2023
- ACC (7) commenced role of temporary Assistant Chief Constable on 4 December 2023
- ACC (8) vacated role of Assistant Chief Constable on 1 January 2024
- ACC (9) covered the role of temporary Assistant Chief Constable from 18 September 2023 to end October 2023
- 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.

Senior Officers' remuneration in 2022-23

| 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 D Thompson | 1 | 145.8 | 0.5 | 146.3 | 0.0 | 146.3 |
| Chief Constable C Guildford | 2 | 72.5 | | 72.5 | 20.6 | 93.1 |
| Deputy Chief Constable V Jardine | 3 | 163.5 | 0.8 | 164.3 | 48.9 | 213.2 |
| Assistant Chief Constable (1) | 4 | 75.8 | 0.4 | 76.2 | 20.8 | 97.0 |
| Assistant Chief Constable (2) | | 122.4 | 0.7 | 123.1 | 37.3 | 160.4 |
| Assistant Chief Constable (3) | | 110.7 | | 110.7 | 28.8 | 139.5 |
| Assistant Chief Constable (4) | | 120.3 | 0.7 | 121.0 | 37.3 | 158.3 |
| Assistant Chief Constable (5) | 5 | 62.8 | | 62.8 | 16.9 | 79.7 |
| Assistant Chief Constable (6) | 6 | 102.3 | 0.1 | 102.4 | 28.4 | 130.8 |
| Assistant Chief Constable (7) | 7 | 62.8 | | 62.8 | 16.9 | 79.7 |
| Assistant Chief Constable (8) | 8 | 24.6 | | 24.6 | 6.0 | 30.6 |
| Director of Commercial Services (1) | 9 | 30.8 | 1.5 | 32.3 | 5.3 | 37.6 |
| Director of Commercial Services (2) | 10 | 97.6 | | 97.6 | 18.3 | 115.9 |
| Director of People & Organisation Development | | 106.4 | | 106.4 | 18.6 | 125.0 |
| Total: | | 1,298.3 | 4.7 | 1,303.0 | 304.1 | 1,607.1 |

Notes:

- Chief Constable D Thompson retired on 4 December 2022
- Chief Constable C Guildford commenced role on 5 December 2022
- DCC V Jardine vacated their role on 31 March 2023
- ACC (1) vacated role of temporary Assistant Chief Constable on 12 September 2022 before returning as Assistant Chief Constable on 16 January 2023
- ACC (5) commenced role of temporary Assistant Chief Constable on 30 August 2022
- ACC (6) vacated role of Assistant Chief Constable on 26 March 2023
- ACC (7) commenced role of temporary Assistant Chief Constable on 30 August 2022
- ACC (8) was seconded to the role of Assistant Chief Constable on 16 January 2023
- Director of Commercial Services (1) retired on 24 June 2022
- Director of Commercial Services (2) commenced role on 8 June 2022

| 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 | | 101.7 | 0 | 101.7 | 17.4 | 119.1 |
| West Midlands Office for Policing and Crime - Chief Executive | | 124.4 | 0 | 124.4 | 21.3 | 145.7 |
| West Midlands Office for Policing and Crime – Deputy Chief Executive | | 100.4 | 0 | 100.4 | 17.2 | 117.6 |
| West Midlands Office for Policing and Crime – Chief Finance Officer | | 96.4 | 0 | 96.4 | 16.5 | 112.9 |
| Total: | | 423.0 | 0 | 423.0 | 72.3 | 495.4 |

Notes:
None for 2022-23

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 | |
|-------------------|--------------------------------|-----------|--------------------------------|-----------|---|-----------|--|------------------|
| | 2022-23 | 2023-24 | 2022-23 | 2023-24 | 2022-23 | 2023-24 | 2022-23 £'000 | 2023-24 £'000 |
| £0 - £19,999 | 6 | 5 | 5 | 6 | 11 | 11 | 93 | 89 |
| £20,000 - £39,999 | 1 | 3 | 3 | 1 | 4 | 4 | 123 | 104 |
| £40,000 - £59,999 | 0 | 2 | 5 | 0 | 5 | 2 | 238 | 99 |
| £60,000 - £79,999 | 1 | 1 | 0 | 2 | 1 | 3 | 68 | 207 |
| £80,000 - £99,999 | 2 | 3 | 0 | 1 | 2 | 4 | 174 | 363 |
| £100,000 + | 0 | 11 | 4 | 2 | 4 | 13 | 455 | 2,241 |
| Total | 10 | 25 | 17 | 12 | 27 | 37 | 1,151 | 3,103 |

Two voluntary redundancy payments made in 2023-24 relate to departures on 31 March 23 which were omitted from the prior year.

12. EXTERNAL AUDIT COSTS

In 2023-24 the PCCWM incurred the following fees relating to external audit:

| | Police and Crime Commissioner | | Group | |
|--|-------------------------------|------------------|------------------|------------------|
| | 2022-23 £'000 | 2023-24 £'000 | 2022-23 £'000 | 2023-24 £'000 |
| Fees payable to Grant Thornton UK LLP with regard to external audit services carried out by the appointed auditor | 63 | 136 | 99 | 210 |
| Fees payable to Grant Thornton UK LLP with regard to external audit services carried out by the appointed auditor for a prior year | 0 | 1 | 0 | 5 |

The appointed auditor in 2023-24 was Grant Thornton UK LLP. The proposed fee payable by the PCCWM for the audit of the PCC and Group Accounts is £135,794. There is a further proposed fee of £74,281 for the Audit of the Chief Constable of West Midlands Police accounts making a total fee of £210,075 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 2022-23 £'000 | PCCWM 2022-23 £'000 | CCWMP 2023-24 £'000 | PCCWM 2023-24 £'000 |
|---|---------------------------|---------------------------|---------------------------|---------------------------|
| <i>Credited to Taxation and Non-Specific Grant Income</i> | | | | |
| Police Grant | 0 | 312,599 | 0 | 329,544 |
| Formula Grant | 0 | 216,818 | 0 | 217,571 |
| Council Tax Support Grant | 0 | 19,026 | 0 | 19,026 |
| Pensions top up grant receivable | 93,388 | 0 | 101,722 | 0 |
| Capital Grants Received | 0 | 2,524 | 0 | 4,327 |
| Total | 93,388 | 550,967 | 101,722 | 570,468 |
| <i>Credited to Police Services</i> | | | | |
| Loan Charges Grant | 596 | 0 | 534 | 0 |
| Counter Terrorism Grant | 57,617 | 0 | 63,124 | 0 |
| Victims' Support Grant | 0 | 6,324 | 0 | 6,166 |
| Serious Violence Grant | 3,024 | 5,864 | 3,432 | 4,383 |
| County Lines | 5,211 | 0 | 7,000 | 0 |
| Commonwealth Games | 71,059 | 0 | 0 | 0 |
| ROCU Grants | 6,988 | 0 | 7,402 | 0 |
| Police Uplift Programme | 9,442 | 0 | 22,685 | 0 |
| Police Pensions Grant | 6,965 | 0 | 6,965 | 0 |
| Other Grants | 9,305 | 1,807 | 6,855 | 4,231 |
| | 170,207 | 13,995 | 117,997 | 14,780 |

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 £38.5m in 2023-24 (£35.6m in 2022-23). 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 Strategic Policing and Crime Board have direct control over the PCC's financial and operating policies. The PCC, his Assistant PCCs, Strategic Policing and Crime Board members, Chief Officers within the Office for the PCCWM and Police Force Chief Officers have signed a declaration regarding related party transactions.

Jonathan Jardine, Chief Executive, holds the post of Chair of the Association of Police and Crime Commissioner 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 a co-opted Board member for RSVP (Rape & Sexual Violence Project) Birmingham which was the recipient of £641k in grant funding in 2023-24. 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 and they do not have any material effect on the accounts.

Force Senior Officers

No Chief Officers of the Force have declared any related party transactions in 2023-24.

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 46.

Transactions with related parties who are not Strategic Policing and Crime 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.

| | 2022-23 £'000 | 2023-24 £'000 |
|-----------------|------------------|------------------|
| Allowances paid | 175 | 166 |
| Expenses | 3 | 5 |

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.

| 2022-23 Outturn £'000 | | 2023-24 Programme £'000 | 2023-24 Outturn £'000 |
|-----------------------------|---|-------------------------------|-----------------------------|
| | Property Plant and Equipment comprising: | | |
| | Land and Buildings: | | |
| 0 | New Police Buildings | 0 | 3,507 |
| 329 | Improvements and Adaptations | 8,000 | 383 |
| | Vehicles and Equipment: | | |
| 4,528 | Vehicles | 5,919 | 8,646 |
| 4,679 | IT and Equipment | 12,598 | 10,889 |
| 122 | Intangibles | 0 | 160 |
| 9,658 | TOTAL | 26,517 | 23,585 |
| | FINANCING OF EXPENDITURE | | |
| 2,409 | Capital Grants | 4,259 | 4,301 |
| 62 | Capital Receipts | 117 | 117 |
| 7,187 | Direct Revenue Financing | 7,641 | 8,660 |
| 0 | Prudential Borrowing | 14,500 | 10,507 |
| 9,658 | TOTAL | 26,517 | 23,585 |

The opening Capital Financing Requirement (CFR) at the start of the current reporting period was £74.2m and the closing CFR was £82.9m. 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.

17. LEASES

Operating Leases

The PCCWM leases several of the properties which it occupies. The amount paid in respect of property rentals in 2023-24 was £2.4m including service charges and insurance.

The future minimum lease payments payable under operating leases for land and buildings are summarised below:

| | 31 March 2023 £'000 | 31 March 2024 £'000 |
|----------------------------|------------------------|------------------------|
| Within one year | 920 | 714 |
| Within two to five years | 1,328 | 1,717 |
| After more than five years | 1,751 | 2,075 |
| Total | 3,999 | 4,506 |

Finance leases

The PCCWM does not have any finance leases in 2023-24.

18. DEFINED BENEFIT 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 defined benefit 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 defined benefit 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

| 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 Comprising:</u> | | | | | | | |
| Return on plan assets (excluding the amount included in the net interest cost) | (435) | (44,686) | 0 | 0 | 0 | 0 | (44,686) |
| 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) | 786 | 87,490 | | | | | 87,490 |
| Net charge to Comprehensive Income and Expenditure Statement | 401 | 28,584 | 207,890 | (520) | 11,380 | 63,610 | 310,944 |

| 2022-23 | 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 | 1,550 | 66,069 | 60 | 3,590 | 0 | 143,700 | 213,419 |
| Past service (cost)/ gain | 0 | 568 | 124,090 | 0 | 12,390 | (136,480) | 568 |
| Curtailments | | | | | | | |
| <u>Financing and Investing Income & Expenditure:</u> | | | | | | | |
| Net Interest cost | 152 | 12,421 | 179,150 | 2,900 | 10,590 | 26,610 | 231,671 |
| Total post-employment benefits charged to the surplus or deficit on the provision of Services | 1,702 | 79,058 | 303,300 | 6,490 | 22,980 | 33,830 | 445,658 |
| 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) | 363 | 39,758 | 0 | 0 | 0 | 0 | 39,758 |
| Actuarial gains and losses arising on changes in demographic assumptions | (208) | (33,474) | (61,220) | (300) | (16,440) | (56,800) | (168,234) |
| Actuarial gains and losses arising on changes in financial assumptions | (6,699) | (558,373) | (2,032,230) | (26,450) | (189,540) | (500,450) | (3,307,043) |
| Experience gains and losses arising on the pension liabilities | 598 | 49,666 | 393,250 | (4,740) | 6,010 | 35,250 | 479,436 |
| Other actuarial gains and losses (Asset ceiling adjustment) | | 17,710 | | | | | 17,710 |
| Net charge to Comprehensive Income and Expenditure Statement | (4,244) | (405,655) | (1,396,900) | (25,000) | (176,990) | (488,170) | (2,492,715) |

Pension transactions within the Movement in Reserves Statement

| 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 |

| 2022-23 | 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 | (1,702) | (79,058) | (303,300) | (6,490) | (22,980) | (33,830) | (445,658) |
| Actual amount charged against the General Fund balance for pensions in the year: | | | | | | | |
| Employer's contributions payable to the scheme | 540 | 23,909 | 0 | 0 | 0 | 0 | 23,909 |
| Retirement benefits payable to pensioners (net of employee contributions) | 0 | 0 | 209,620 | 3,710 | 1,850 | (31,590) | 183,590 |

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:

| 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 | 10,007 | 995,065 | | | | | 995,065 |
| Sub-total | 786 | 86,617 | (5,178,530) | (76,290) | (224,710) | (627,420) | (6,020,333) |
| Other movements in the liability | (786) | (87,490) | 0 | 0 | 0 | 0 | (87,490) |
| Net liability arising from the defined benefit obligation | 0 | (873) | (5,178,530) | (76,290) | (224,710) | (627,420) | (6,107,823) |

| 2022-23 | 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 | (8,616) | (875,897) | (5,196,450) | (80,630) | (215,710) | (528,770) | (6,897,457) |
| Fair value of plan assets | 8,371 | 892,418 | | | | | 892,418 |
| Sub-total | (245) | 16,521 | (5,196,450) | (80,630) | (215,710) | (528,770) | (6,005,039) |
| Other movements in the liability | 0 | (17,710) | 0 | 0 | 0 | 0 | (17,710) |
| Net liability arising from the defined benefit obligation | (245) | (1,189) | (5,196,450) | (80,630) | (215,710) | (528,770) | (6,022,749) |

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 2023-24 the LGPS scheme for the Chief Constable recognised a surplus of £104.4m (£17.7m in 2022-23) against the funded liability. In 2023-24 the LGPS scheme for the Police and Crime Commissioner recognised a surplus of £0.8m against the scheme liability.

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

| 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 | (786) | (87,490) | 0 | 0 | 0 | 0 | (87,490) |
| 31 March-24 | (10,007) | (995,938) | (5,178,530) | (76,290) | (224,710) | (627,420) | (7,102,888) |

| 2022-23 | 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 -22 | (12,925) | (1,325,426) | (6,802,960) | (109,340) | (394,410) | (984,130) | (9,616,266) |
| Current service cost | (1,550) | (66,069) | (60) | (3,590) | | (143,700) | (213,419) |
| Interest cost | (378) | (37,184) | (179,150) | (2,900) | (10,590) | (26,610) | (256,434) |
| Contributions by scheme participants | (239) | (8,263) | (30) | | | (35,600) | (43,893) |
| Transfers into the scheme | | | (10) | | (140) | (1,220) | (1,370) |
| Remeasurements of the net defined benefit liability/asset | 6,376 | 542,411 | 1,700,200 | 31,490 | 199,970 | 522,000 | 2,996,071 |
| Benefits paid | 100 | 19,202 | 209,650 | 3,710 | 1,850 | 4,010 | 238,422 |
| Curtailments | | | | | | | 0 |
| Past service costs | | (568) | (124,090) | | (12,390) | 136,480 | (568) |
| Asset Ceiling adjustment for economic benefit calculation | | (17,710) | | | | | (17,710) |
| 31 March-23 | (8,616) | (893,607) | (5,196,450) | (80,630) | (215,710) | (528,770) | (6,915,167) |

The total employer contributions expected to be made to the Local Government Pension Scheme by the Group in the year to 31 March 2025 is £28.5m. Expected contributions for the Police Pension Scheme in the year to 31 March 2025 are £85.2m.

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 | |
|---|--|---------------|--|----------------|
| | 2022-23 | 2023-24 | 2022-23 | 2023-24 |
| 01 April | 7,896 | 8,371 | 894,673 | 892,418 |
| Interest on plan assets | 226 | 416 | 24,763 | 42,747 |
| Return on plan assets excluding the amount included in the net interest expense | (363) | 435 | (39,758) | 44,686 |
| Other Actuarial gains (losses) | (67) | 0 | (230) | 0 |
| Employer contributions | 540 | 646 | 23,909 | 28,900 |
| Member contributions | 239 | 246 | 8,263 | 9,555 |
| Benefits paid | (100) | (107) | (19,202) | (23,241) |
| 31 March | 8,371 | 10,007 | 892,418 | 995,065 |

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 | |
|--|---------------------------------|---------|-----------------------|---------|
| | 2022-23 | 2023-24 | 2022-23 | 2023-24 |
| | Years | Years | Years | Years |
| Mortality Assumptions: | | | | |
| Longevity at 65 for current pensioners: | | | | |
| Men | 20.9 | 20.7 | 21.9 | 21.9 |
| Women | 23.7 | 23.5 | 23.5 | 23.6 |
| Longevity at 65 for future pensioners: | | | | |
| Men | 21.8 | 21.6 | 23.5 | 23.6 |
| Women | 25.4 | 25.2 | 25.0 | 25.1 |
| | % | % | % | % |
| Rate of CPI inflation | 2.95 | 2.75 | 2.60 | 2.60 |
| Rate of increase in salaries | 3.95 | 3.75 | 3.85 | 3.85 |
| Rate of increase in pensions | 2.95 | 2.75 | 2.60 | 2.60 |
| Rate for discounting scheme liabilities | 4.75 | 4.85 | 4.65 | 4.75 |

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 | 9,767 | 10,007 | 10,247 |
| Adjustment to long term salary increase | | +0.1% | 0% | -0.1% |
| | Present value of total obligation | 10,039 | 10,007 | 9,975 |
| Adjustments to pension increases and deferred valuations | | +0.1% | 0% | -0.1% |
| | Present value of total obligation | 10,218 | 10,007 | 9,798 |
| Adjustment to life expectancy assumptions | | + 1 year | No change | - 1 year |
| | Present value of total obligation | 10,376 | 10,007 | 9,638 |

| 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 | 976,398 | 995,938 | 1,015,478 |
| Adjustment to long term salary increase | | +0.1% | 0% | -0.1% |
| | Present value of total obligation | 998,682 | 995,938 | 993,194 |
| Adjustments to pension increases and deferred valuations | | +0.1% | 0% | -0.1% |
| | Present value of total obligation | 1,013,061 | 995,938 | 978,815 |
| Adjustment to life expectancy assumptions | | + 1 year | No change | - 1 year |
| | Present value of total obligation | 1,031,568 | 995,938 | 960,308 |

| Police Pension Scheme | Impact on the defined benefit obligation in the scheme |
|--|--|
| | £'000 |
| Longevity (decrease of 1 year) | 149,000 |
| Rate of increase in pensions / deferred revaluation (increase by 0.5%) | 468,000 |
| Rate of increase in salaries (increase by 0.5%) | 64,000 |
| Rate of discounting scheme liability (increase by 0.5%) | (479,000) |

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 2023 | 31 March 2024 | 31 March 2023 | 31 March 2024 |
| Asset category | Sub category | £'000 | £'000 | £'000 | £'000 |
| Cash and cash equivalents | All | 261.2 | 527.5 | 27,844.4 | 52,454.5 |
| Private Equity | Private | 643.4 | 758.3 | 68,588.7 | 75,404.7 |
| Debt Securities | UK Government | 385.4 | 1,223.0 | 41,084.6 | 121,608.0 |
| | Corporate Bonds | 440.6 | 528.7 | 46,973.2 | 52,573.9 |
| | Other Bonds | 892.9 | 1,169.0 | 95,188.6 | 116,238.8 |
| Real Estate | UK property | 587.4 | 673.9 | 62,624.2 | 67,012.9 |
| Investment Funds and Unit Trusts | Equities | 4,581.3 | 4,530.3 | 488,405.9 | 450,480.4 |
| | Infrastructure | 451.7 | 517.5 | 48,158.1 | 51,453.9 |
| | Other | 127.1 | 78.8 | 13,550.3 | 7,837.9 |
| Derivatives | Foreign Exchange | | | | |
| | Other | | | | |
| Total Assets held | | 8,371 | 10,007 | 892,418 | 995,065 |

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.

Impact on pension liability

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.

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.

| | 2022-23 Capitalised Value £'000 | 2023-24 Actual Payments £'000 | 2023-24 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 | 1,642 | 103 | 1,853 |
| | 1,642 | 103 | 1,853 |

20. PROVISIONS

| | Insurance £'000 | Legal compensation £'000 | Employee claims £'000 | Internal reorganisation £'000 | Total £'000 |
|--|--------------------|--------------------------------|-----------------------------|-------------------------------------|-----------------|
| Balance at 1 April 2022 | (8,259) | 0 | (1,609) | 0 | (9,868) |
| Additional Provisions made in year | (3,677) | (325) | (1,667) | 0 | (5,669) |
| Amounts used in year | 2,455 | 0 | 68 | 0 | 2,523 |
| Unused amounts reversed in year | 0 | 0 | 0 | 0 | 0 |
| Balance as at 31 March 2023 c/f | (9,481) | (325) | (3,208) | 0 | (13,014) |
| Additional Provisions made in year | (4,704) | (2,951) | (869) | (5,763) | (14,287) |
| Amounts used in year | 2,528 | 0 | 3,208 | 0 | 5,736 |
| Unused amounts reversed in year | 0 | 0 | 0 | 0 | 0 |
| Balance as at 31 March 2024 | (11,656) | (3,276) | (869) | (5,763) | (21,564) |

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

The provision for legal compensation has been increased to cover anticipated costs to 2027-28.

The provision for historic mileage claims in respect of dog handlers (£0.7m) was settled in June 2023.

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 made for known claims in the 2018-19 financial year, however since then further claims have now been received from officers, including those in undercover roles. These claims have now been quantified and as such the provision for the impact of these claims has been increased and is shown in the Balance Sheet.

Major items included in provisions for internal reorganisation are £5.65m for exit costs and pension strain.

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. Pecuniary loss claims have been stayed until the remedy is bought into force from 1 October 2023. 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. As at 31 March 2024, it is not possible to reliably estimate the extent or likelihood of Penningtons claims being successful, and therefore no liability in respect of compensation claims is recognised in these accounts.

There is a contract between the Home Office and Motorola (trading as Airwave Solutions Ltd) to provide forces with Mobile Radio Network Services (Airwave). There is currently a dispute regarding the indexation of charges under the framework agreement. Forces have been advised by the Home Office to pay invoices and account for credit notes received but there is a potential liability risk for the possibility that charge control reductions may need to be repaid if Motorola is successful in any further appeal. Management believe this is unlikely to result in a charge to the Force and therefore, no liability in this respect has been recognised in the 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 23 £'000 | 31 March 24 £'000 |
|---|----------------------|----------------------|
| Balance as at 1 April | 1,326 | 1,283 |
| Income from confiscations and property auctions | 357 | 317 |
| Payments to charitable causes | (400) | (400) |
| Balance as at 31 March | 1,283 | 1,200 |

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 35 to 40.

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 2024 was £78,369 (£78,227 at 31 March 2023).

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 2024 was £1,768 (£1,745 at 31 March 2023).

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 2024 the balance on these accounts was £14,241,513, \$6,570 and €15,852. At 31 March 2023 the balance on these accounts was £14,045,452, \$6,512 and €15,608.

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.

| 2023-24 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 | (17,548) | | | (17,548) | 17,548 |
| Revaluation losses on Property, Plant and Equipment | (20,898) | | | (20,898) | 20,898 |
| 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 | (154,641) | (3,029) | (25) | (157,695) | 157,695 |

| 2022-23 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 | (27,437) | | | (27,437) | 27,437 |
| Revaluation losses on Property, Plant and Equipment | (845) | | | (845) | 845 |
| Amortisation of intangible assets | (3,276) | | | (3,276) | 3,276 |
| Revenue expenditure funded from Capital under Statute | 0 | | | 0 | 0 |
| Capital grants and contributions applied | 2,409 | | | 2,409 | (2,409) |
| Amounts of non-current assets written off on disposal as part of the gain/loss on disposal to the CIES | (605) | | | (605) | 605 |
| Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement | | | | | |
| Statutory provision for the financing of capital investment (MRP) | 2,020 | | | 2,020 | (2,020) |
| Capital expenditure charged against the general fund balance | 7,187 | | | 7,187 | (7,187) |
| Voluntary provision above MRP | 979 | | | 979 | (979) |
| ADJUSTMENTS PRIMARILY INVOLVING THE CAPITAL GRANTS UNAPPLIED ACCOUNT | | | | | |
| Capital grant and contributions unapplied credited to the CIES | 2,524 | | (2,524) | 0 | 0 |
| Application of grants to capital financing transferred to the Capital Adjustment Account | (2,409) | | 2,409 | 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 | 766 | (766) | | 0 | 0 |
| Use of the Capital Receipts Reserve to finance new capital expenditure | | 62 | | 62 | (62) |
| 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 | | (198) | | (198) | 198 |
| ADJUSTMENTS PRIMARILY INVOLVING THE PENSIONS RESERVE | | | | | |
| Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement | (445,658) | | | (445,658) | 445,658 |
| Employers pensions contributions and direct payments to pensioners payable in the year | 206,560 | | | 206,560 | (206,560) |
| 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 | 2,506 | | | 2,506 | (2,506) |
| 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 | 234 | | | 234 | (234) |
| TOTAL ADJUSTMENTS | (255,044) | (902) | (115) | (256,061) | 256,061 |

| 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 | (20,898) | | | (20,898) | 20,898 |
| 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 | (27,562) | (3,029) | (25) | (30,616) | 30,616 |

| 2022-23 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 | (27,437) | | | (27,437) | 27,437 |
| Revaluation losses on Property, Plant and Equipment | (845) | | | (845) | 845 |
| Amortisation of intangible assets | (3,276) | | | (3,276) | 3,276 |
| Revenue expenditure funded from Capital under Statute | 0 | | | 0 | 0 |
| Capital grants and contributions applied | 2,409 | | | 2,409 | (2,409) |
| Amounts of non-current assets written off on disposal as part of the gain/loss on disposal to the CIES | (605) | | | (605) | 605 |
| Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement | | | | | |
| Statutory provision for the financing of capital investment (MRP) | 2,020 | | | 2,020 | (2,020) |
| Capital expenditure charged against the general fund balance | 7,187 | | | 7,187 | (7,187) |
| Voluntary provision above MRP | 979 | | | 979 | (979) |
| ADJUSTMENTS PRIMARILY INVOLVING THE CAPITAL GRANTS UNAPPLIED ACCOUNT | | | | | |
| Capital grant and contributions unapplied credited to the CIES | 2,524 | | (2,524) | 0 | 0 |
| Application of grants to capital financing transferred to the Capital Adjustment Account | (2,409) | | 2,409 | 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 | 766 | (766) | | 0 | 0 |
| Use of the Capital Receipts Reserve to finance new capital expenditure | | 62 | | 62 | (62) |
| 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 | | (198) | | (198) | 198 |
| ADJUSTMENTS PRIMARILY INVOLVING THE PENSIONS RESERVE | | | | | |
| Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement | (1,702) | | | (1,702) | 1,702 |
| Employers pensions contributions and direct payments to pensioners payable in the year | 566 | | | 566 | (566) |
| 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 | 2,506 | | | 2,506 | (2,506) |
| 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 | 62 | | | 62 | (62) |
| TOTAL ADJUSTMENTS | (17,254) | (902) | (115) | (18,271) | 18,271 |

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 2023-24.

| | Balance at 31 March 2022 | Trf to reserves in 2022-23 | Trf from reserves in 2022-23 | Trf between reserves in 2022-23 | 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 |
|---|--------------------------------|----------------------------------|------------------------------------|---|-----------------------------------|----------------------------------|------------------------------------|--|-----------------------------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Budget reserve | (3,283) | (12,154) | | (808) | (16,245) | (6,638) | 38 | (812) | (23,657) |
| Self-funded insurance reserve | (623) | | 623 | | 0 | | | | 0 |
| Devolved Budget reserve | (4,614) | (1,592) | 1,908 | | (4,298) | (2,408) | 1,141 | | (5,565) |
| Uniform and protective equipment reserve | (7,155) | | 425 | | (6,730) | (4,092) | 5,753 | (8,142) | (13,211) |
| PoCA income reserve | 0 | (932) | | | (932) | | | | (932) |
| Change Programme (inc Risk) reserve | (13,946) | | 150 | | (13,796) | (8,971) | 1,318 | | (21,449) |
| Carry Forward Reserve | (15,830) | (13,026) | 15,022 | 808 | (13,026) | (6,277) | 4,884 | 8,142 | (6,277) |
| Police Property and Misuse of Drugs Act reserve | (1,697) | (388) | 400 | | (1,685) | (333) | 400 | | (1,618) |
| National Contingency reserve | (1,291) | (90) | | | (1,381) | | 288 | | (1,093) |
| Council Tax Funding Reserve | (2,452) | | 1,640 | | (812) | | | 812 | 0 |
| Earmarked Reserves | (50,891) | (28,182) | 20,168 | 0 | (58,905) | (28,719) | 13,823 | 0 | (73,802) |
| General Fund Reserves | (12,042) | 0 | 0 | 0 | (12,042) | (4,684) | | | (16,726) |

NOTES TO THE BALANCE SHEET

27. PROPERTY, PLANT AND EQUIPMENT – MOVEMENT ON BALANCES

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 between Categories | (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 | (29,542) | | | (29,542) |
| Impairments in Year | | | | |
| Cost or valuation at 31 March 2024 | 158,482 | 90,659 | 0 | 249,141 |
| 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 | 1,110 | 54,330 | 0 | 55,440 |
| Net Book Value at 31 March 2024 | 157,372 | 36,329 | 0 | 193,701 |
| Net Book Value at 31 March 2023 | 180,284 | 29,984 | 0 | 210,268 |

A Full revaluation of the Property Portfolio was carried out in 2023-24 with an effective date of 31 March 2024. 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 2022-23

| | 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 2022 | 184,692 | 81,588 | 944 | 267,224 |
| Additions in Year | 509 | 9,207 | (181) | 9,535 |
| Transfer between Categories | (487) | | (763) | (1,250) |
| Disposals in Year | (150) | (6,278) | | (6,878) |
| Revaluation gains and losses recognised in the Revaluation Reserve | 10,916 | | | 10,916 |
| Revaluation gains and losses recognised in the surplus/deficit on the provision of services | (3,177) | | | (3,177) |
| Impairments in Year | | | | 0 |
| Cost or valuation at 31 March 2023 | 192,303 | 84,067 | 0 | 276,370 |
| Accumulated Depreciation at 31 March 2022 | 11,531 | 48,041 | 46 | 59,618 |
| Depreciation Charge in Year | 4,955 | 12,500 | | 17,455 |
| Transfer between Categories | 46 | | (46) | 0 |
| Depreciation written out on Revaluation to Revaluation Reserve | (2,140) | | | (2,140) |
| Depreciation written out on Revaluation to surplus/deficit on the provision of services | (2,332) | | | (2,332) |
| Disposals in Year | (41) | (6,458) | | (6,499) |
| Accumulated Depreciation at 31 March 2023 | 12,019 | 54,083 | 0 | 66,102 |
| Net Book Value at 31 March 2023 | 180,284 | 29,984 | 0 | 210,268 |
| Net Book Value at 31 March 2022 | 173,161 | 33,547 | 898 | 207,606 |

Valuations

| | Land and Buildings £000 | Vehicles, Furniture and Equipment £000 | Total £000 |
|--------------------------------|----------------------------|---|----------------|
| Carried at Historical Cost | 6,505 | 90,608 | 97,113 |
| Valued at current value as at: | | | |
| 31 March 2024 | 151,362 | 0 | 151,362 |
| 31 March 2023 | 0 | 0 | 0 |
| 31 March 2022 | 0 | 9 | 9 |
| 31 March 2021 | 0 | 20 | 20 |
| 31 March 2019 | 0 | 22 | 22 |
| 31 December 2018 | 215 | 0 | 215 |
| 31 March 2018 | 0 | 0 | 0 |
| 1 April 2017 | 0 | 0 | 0 |
| 1 April 2016 | 0 | 0 | 0 |
| 1 April 2015 | 0 | 0 | 0 |
| 1 April 2014 | 400 | 0 | 400 |
| Total cost or valuation | 158,482 | 90,659 | 249,141 |

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 £156k 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 its cost of £30k.

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 2024 totalled £1.3m (£5.0m at 31 March 2023).

30. STATEMENT OF PHYSICAL ASSETS

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

| | 31 March 23 | 31 March 24 |
|---------------------------------|-------------|-------------|
| Operational Police Stations | 10 | 10 |
| Beat Offices | 43 | 41 |
| Police Administrative Buildings | 2 | 2 |
| Police Houses | 3 | 1 |
| Standalone Radio Aerials | 2 | 2 |
| Training Centres | 4 | 4 |
| Other Property | 33 | 35 |

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:

| | 2022-23 | | | 2023-24 | | |
|---|--------------------------------------|-----------------------|----------------|--------------------------------------|-----------------------|----------------|
| | Internally generated assets £'000 | Other assets £'000 | Total £'000 | Internally generated assets £'000 | Other assets £'000 | Total £'000 |
| Balance at start of year | | | | | | |
| Gross carrying amounts | 16,519 | 14,844 | 31,363 | 17,064 | 12,362 | 29,426 |
| Accumulated amortisation | (2,496) | (8,067) | (10,563) | (4,384) | (6,526) | (10,910) |
| Net carrying amount at start of year | 14,022 | 6,777 | 20,799 | 12,680 | 5,836 | 18,516 |
| Additions | | | | | | |
| Internal Development | 0 | 0 | 0 | 0 | 0 | 0 |
| Purchases | 0 | 125 | 125 | 0 | 160 | 160 |
| Net Disposals in the year | (225) | 0 | (225) | (134) | (3) | (137) |
| Amortisation for the period | (2,210) | (1,066) | (3,276) | (2,037) | (2,150) | (4,187) |
| Transfer from Under Construction | 1,093 | 0 | 1,093 | 0 | 0 | 0 |
| Net carrying amount at the end of the year | 12,680 | 5,836 | 18,516 | 10,509 | 3,842 | 14,351 |
| Comprising: | | | | | | |
| 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) |
| | 12,680 | 5,836 | 18,516 | 10,509 | 3,842 | 14,351 |

| | 2022-23 Assets under Construction £000 | 2023-24 Assets under Construction £000 |
|---|--|--|
| Cost or valuation at start of year | 11,078 | 0 |
| Additions in Year | (3) | |
| Capitalised in Year | (1,093) | |
| Disposals in Year | | (8,514) |
| Impairments in Year | (9,982) | 8,514 |
| Cost or valuation at end of year | 0 | 0 |

A decision was taken in September 2022 to mothball a software system under development prior to Go Live.

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 2023 £'000 | Long Term at 31 March 2024 £'000 | Current at 31 March 2023 £'000 | Current at 31 March 2024 £'000 |
|---|--|--|--------------------------------------|--------------------------------------|
| Financial Liabilities at amortised cost | 106,976 | 83,591 | 2,655 | 4,017 |
| Total Borrowings | 106,976 | 83,591 | 2,655 | 4,017 |
| Financial Assets held at Amortised cost | 0 | 0 | 75,569 | 76,055* |
| Financial assets held at fair value through profit and loss | 4,394 | 4,271 | 0 | 0 |
| Total Investments | 4,394 | 4,271 | 75,569 | 76,055 |

*This figure includes £30.3m 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 23 £'000 | 31 March 24 £'000 |
|----------------------|----------------------|----------------------|
| Short Term Debtors | 52,686 | 61,189 |
| Long Term Debtors | 158 | 39 |
| Short Term Creditors | (34,353) | (38,315) |
| Cash | 610 | (2,443) |
| Total | 19,101 | 20,470 |

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 being 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 2023 £'000 | Fair value 2023 £'000 | Carrying amount 2024 £'000 | Fair value 2024 £'000 |
|------------------------------------|----------------------------------|-----------------------------|----------------------------------|-----------------------------|
| Financial Liabilities | | | | |
| <i>Borrowings</i> | | | | |
| Financial Liabilities (PWLB Loans) | 106,065 | 77,744 | 85,119 | 53,715 |
| Financial Liabilities (WMCC debt) | 3,566 | 3,590 | 2,489 | 2,495 |
| <i>Creditors</i> | | | | |
| Other financial liabilities | 34,353 | 34,353 | 40,758 | 40,758 |
| Financial Assets | | | | |
| <i>Investments</i> | | | | |
| Long Term investments | 4,394 | 4,394 | 4,271 | 4,271 |
| Short term Investments | 75,569 | 75,569 | 76,055 | 76,073 |
| <i>Debtors</i> | | | | |
| Other receivables | 53,454 | 53,454 | 61,228 | 61,228 |

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) | | 53,715 | | 53,715 |
| Financial Liabilities (WMCC debt) | | 2,495 | | 2,495 |
| Total | | | | |

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 2024 |

33. LONG TERM BORROWING

Transactions undertaken during the year were as shown below:

| | 31 March 23 £'000 | 31 March 24 £'000 |
|---|----------------------|----------------------|
| Opening Balance | 104,854 | 106,976 |
| External Loans Raised in Year | 7,000 | 0 |
| Loans Repaid or transferred to Short Term in Year | (4,878) | (23,385) |
| Closing Balance | 106,976 | 83,591 |

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

| | 31 March 23 £'000 | 31 March 24 £'000 |
|-------------------------|----------------------|----------------------|
| Public Works Loan Board | 104,487 | 82,287 |
| W.M.C.C. Debt | 2,489 | 1,304 |
| Total | 106,976 | 83,591 |

The fair value of the Public Works Loan Board loans is £54m 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 £82m would be valued at £63m.

The fair value of West Midlands County Council debt has been calculated as £2.5m as at 31 March 2024. 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 23 | 31 March 24 |
|-----------------------------|--------------|--------------|
| | £'000 | £'000 |
| PWLB accrued interest | 778 | 632 |
| PWLB principal repayment | 800 | 2,200 |
| W.M.C.C principal repayment | 1,077 | 1,185 |
| | 2,655 | 4,017 |

These borrowings are repayable as follows:

| | 31 March 23 | 31 March 24 |
|--------------------------------|----------------|---------------|
| | £'000 | £'000 |
| Maturity within 5 years | 16,344 | 14,321 |
| Maturity within 6 to 10 years | 0 | 0 |
| Maturity within 11 to 15 years | 0 | 0 |
| Maturity in 15 or more years | 93,287 | 73,287 |
| Total | 109,631 | 87,608 |

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 23 | 31 March 24 |
|--|---------------|---------------|
| | £'000 | £'000 |
| Short Term Investments at amortised cost | 10,124 | 45,734 |
| Long Term Investments at amortised cost | 0 | 0 |
| Long Term Investments at Fair Value | 4,394 | 4,271 |
| Total | 14,518 | 50,005 |

The fair value of these investments has been calculated as £50.0m as at 31 March 2024 (£14.5m at 31 March 2023); 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 will receive payments for the Asset annually until 2024-25.

| | 31 March 23 £'000 | 31 March 24 £'000 |
|--------------|----------------------|----------------------|
| NPAS | 158 | 39 |
| Total | 158 | 39 |

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 2023 | Actual 31 March 2024 |
|---|--------------------|--------------------|-----------------------------|-----------------------------|
| | % | % | £'000 | £'000 |
| Under 12 months | 25 | 0 | 800 | 2,200 |
| 12 months and within 24 months | 25 | 0 | 2,200 | 2,000 |
| 24 months and within 5 years | 50 | 0 | 9,000 | 7,000 |
| 5 years and within 10 years | 75 | 0 | 0 | 0 |
| 10 years and above | 100 | 25 | 93,287 | 73,287 |
| Total | | | 105,287 | 84,487 |

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 2024 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 | |
|--|------------------------|------------|-----------------------------------|------------|------------|------------|
| | 2022-23 | 2023-24 | 2022-23 | 2023-24 | 2022-23 | 2023-24 |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Balance as at 01 April | 247 | 309 | 591 | 449 | 838 | 758 |
| Purchases/Donations Recognised as an expense in year | 1,308 | 1,883 | 62 | 70 | 1,370 | 1,953 |
| | (1,245) | (1,906) | (205) | (82) | (1,450) | (1,988) |
| Balance as at 31 March | 309 | 286 | 449 | 437 | 758 | 723 |

The donated inventories account balance was £292k at 31 March 2024 and this relates to PPE provided by Central Government following COVID-19.

38. SHORT TERM DEBTORS

| | 31 March 2023 | 31 March 2024 |
|--|----------------|----------------|
| | £'000 | £'000 |
| Central Government Bodies | 67,569 | 69,244 |
| Other Local Authorities and PCCs | 7,638 | 7,393 |
| NHS Bodies | 41 | 93 |
| Public Corporations and Trading Funds | 25 | 9 |
| Other entities and individuals – Employees | 16,613 | 16,794 |
| Other entities and individuals – Collection Fund | 19,121 | 20,837 |
| Other entities and individuals – Other | 13,543 | 15,320 |
| Total | 124,550 | 129,690 |

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 2023 | Collection Fund 31 March 2024 |
|--------------------|----------------------------------|----------------------------------|
| | £'000 | £'000 |
| Less than one year | 8,496 | 8,839 |
| One to two years | 3,859 | 4,637 |
| Two to six years | 5,176 | 5,723 |
| Over six years | 1,590 | 1,638 |
| Total | 19,121 | 20,837 |

These debtors are net of the impairment allowance for doubtful debts provided by the regional Local Authorities for the Collection Fund (£19.6m for 2023-24, £17.0m for 2022-23).

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 2023 | 31 March 2024 |
|---|---------------|---------------|
| | £'000 | £'000 |
| Cash held by the PCCWM | 340 | 340 |
| Bank Current Accounts | 270 | (2,783) |
| Short term deposits with financial institutions | 65,445 | 30,321 |
| Total | 66,055 | 27,878 |

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 | |
|---|--------------|--------------|
| | 2022-23 | 2023-24 |
| | £'000 | £'000 |
| Balance outstanding at start of year | 1,020 | 2,270 |
| Assets newly qualified as held for sale: | | |
| Property, plant and equipment | 1,250 | 730 |
| Revaluation losses | 0 | 0 |
| Revaluation gains | 0 | 0 |
| Assets declassified as held for sale: | | |
| Property, plant and equipment | 0 | 0 |
| Assets sold | 0 | (2,000) |
| Total | 2,270 | 1,000 |

41. SHORT TERM CREDITORS

| | 31 March 2023 | 31 March 2024 |
|--|---------------|---------------|
| | £'000 | £'000 |
| Central Government Bodies | 24,580 | 19,082 |
| Other Local Authorities and PCCs | 19,738 | 21,905 |
| NHS Bodies | 91 | 66 |
| Public Corporations and Academies | 0 | 0 |
| Other entities and individuals – Employees | 4,677 | 5,979 |
| Other entities and individuals – Collection Fund | 4,326 | 4,425 |
| Other entities and individuals – Other | 30,046 | 34,222 |
| Total | 83,458 | 85,680 |

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 2023 £'000 | 31 March 2024 £'000 |
|--|---------------------------|---------------------------|
| Revaluation Reserve | (43,037) | (39,929) |
| Capital Adjustment Account | (110,407) | (83,902) |
| Pensions Reserve | 6,022,749 | 6,107,823 |
| Deferred Capital Receipts reserve | (158) | (39) |
| Collection Fund Adjustment Account | (2,662) | (155) |
| Financial Instruments Adjustment Account | 633 | (564) |
| Accumulated Absences Account | 8,999 | 7,145 |
| Total | 5,876,116 | 5,990,379 |

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.

| | 2022-23 £'000 | 2023-24 £'000 |
|---|------------------|------------------|
| Balance at 1 April | (31,219) | (43,037) |
| Upward revaluation of assets | (14,291) | (13,580) |
| Downward revaluation of assets and impairment losses not charged to the surplus or deficit on the provision of services | 1,235 | 13,897 |
| Surplus or deficit on revaluation of non-current assets not posted to the surplus or deficit on the provision of services | (13,056) | 317 |
| Difference between fair value depreciation and historical cost depreciation | 1,205 | 1,349 |
| Accumulated gains on assets sold or scrapped | 33 | 1,442 |
| Amount written off to the Capital Adjustment Account | 1,238 | 2,791 |
| Balance as at 31 March | (43,037) | (39,929) |

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.

| | 2022-23 £'000 | 2023-24 £'000 |
|---|------------------|------------------|
| Balance at 1 April | (128,675) | (110,407) |
| <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 | 26,232 | 16,199 |
| Revaluation losses on Property, Plant and Equipment | 845 | 20,898 |
| Amortisation of intangible assets | 3,276 | 4,188 |
| 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 | 572 | 1,191 |
| | 30,925 | 42,476 |
| Adjusting amounts written out | 0 | 0 |
| Net written out amount of the cost of non-current assets consumed in the year | 30,925 | 42,476 |
| <i>Capital financing applied in year:</i> | | |
| Use of the Capital Receipts Reserve to finance new capital expenditure | (62) | (117) |
| Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing | (2,409) | (4,287) |
| Application of grants to capital financing from the Capital Grants Unapplied Account | 0 | (14) |
| Statutory provision for the financing of capital investment charged against the General Fund balance | (2,020) | (1,810) |
| Voluntary Provision for the repayment of debt | (979) | (1,077) |
| Capital expenditure charged against the General Fund balance | (7,187) | (8,666) |
| | (110,407) | (83,902) |
| Balance as at 31 March | (110,407) | (83,902) |

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 2023 £'000 Restated | 31 March 2024 £'000 |
|--|---|------------------------------------|
| Balance at 1 April | 8,722,024 | 6,022,749 |
| Re-measurements of the net defined benefit liability or asset | (2,938,373) | (43,854) |
| 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 | 445,658 | 354,798 |
| Employers' pensions contributions and direct payments to pensioners payable in the year | (206,560) | (225,870) |
| Balance as at 31 March | 6,022,749 | 6,107,823 |

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 2023 £'000 | 31 March 2024 £'000 |
|--|------------------------------------|------------------------------------|
| Balance at 1 April | (156) | (2,662) |
| 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 | (2,506) | 2,508 |
| Balance at 31 March | (2,662) | (155) |

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 2025.

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 2023 £'000 | 31 March 2024 £'000 |
|---|---------------------------|---------------------------|
| Balance at 1 April | (228) | 633 |
| Amount by which fair value of investment has moved in year. | 862 | 104 |
| Discounts received in the year and credited to the Comprehensive Income and Expenditure Statement | | (1,302) |
| Balance at 31 March | 633 | (564) |

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 to move gradually towards the original policy of only exceptional circumstances for carry forward of leave.

| | 2022-23 £'000 | 2023-24 £'000 |
|--|------------------|------------------|
| Balance at 1 April | 9,233 | 8,999 |
| Settlement or cancellation of accrual made at the end of the previous year | (9,233) | (8,999) |
| Amounts accrued at the end of the current year | 8,999 | 7,145 |
| 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 | 8,999 | 7,145 |

NOTES TO THE CASH FLOW STATEMENT

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

| | Year ended 31 March 23 | Year ended 31 March 24 |
|--|---------------------------|---------------------------|
| | £'000 | £'000 |
| Decrease/ (Increase) in cash | (23,398) | 38,177 |
| Cash flow from decrease/(increase) in liquid resources | 30,890 | (35,486) |
| Financing | 2,123 | (23,385) |
| Change in net debt resulting from cashflows | 9,614 | (20,694) |
| Net Debt as at 1 April 2023 | (16,788) | (26,402) |
| Net Debt as at 31 March 2024 | (26,402) | (5,708) |

45. MOVEMENT IN CASH AND CASH EQUIVALENTS

| | Balance at 31 March 23 | Movement in the Year | Balance at 31 March 24 |
|--|---------------------------|-------------------------|---------------------------|
| | £'000 | £'000 | £'000 |
| Cash held by the PCC | 340 | 0 | 340 |
| Bank Current Accounts | 270 | (3,053) | (2,783) |
| Short term deposits with financial institutions | 65,445 | (35,124) | 30,321 |
| | 66,055 | (38,177) | 27,878 |

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

JOINT OPERATIONS

46. CENTRAL MOTORWAY POLICE GROUP

The PCCWM is 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. The PCCWM provides the financial administration service for this joint unit.

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

The two Police forces have 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 same proportions are used to meet any deficit or share any surplus arising on the pooled budget at the end of each financial year.

The revenue account for the Unit covers all operating costs. The details for 2023-24 are as follows:

| 2022-23 £'000 | | 2023-24 £'000 |
|------------------|--|------------------|
| | Funding provided to the pooled budget | |
| (5,121) | Contribution from West Midlands Police | (4,882) |
| (2,468) | Contribution from Staffordshire Police | (2,500) |
| (7,589) | Total funding provided to the pooled Budget | (7,382) |
| | Expenditure met from the pooled budget | |
| 6,882 | Pay and allowances | 6,692 |
| 461 | Transport costs | 503 |
| 246 | Supplies and Services | 187 |
| 7,589 | Total expenditure | 7,382 |
| | Income received to the Pooled budget | |
| 0 | Miscellaneous Income | 0 |
| 0 | External funding | 0 |
| 0 | Total income received | 0 |
| 7,589 | Total Net Expenditure | 7,382 |
| 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 2023-24 the final contribution paid by the PCCWM was £5.17m.

47. 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 operating costs. The details are as follows:

| WMROCU 2022-23 £'000 | | WMROCU 2023-24 £000 | PCCWM split* 2023-24 £000 |
|----------------------------|--|---------------------------|---------------------------------|
| | Funding provided to WMROCU | | |
| (16,284) | Contribution from West Midlands Police | (16,545) | (16,545) |
| (4,683) | Contribution from West Mercia Police | (5,080) | 0 |
| (4,549) | Contribution from Staffordshire Police | (4,935) | 0 |
| (2,274) | Contribution from Warwickshire Police | (2,467) | 0 |
| (2,399) | WMROCU Grant | (2,399) | (1,367) |
| (280) | National Cyber Security Programme funding | (280) | (159) |
| (238) | Asset Confiscation Enforcement grant (ACE) | (242) | (138) |
| (26) | ROCU Reserves | (275) | (157) |
| (1,096) | UCOL Funding | (1,096) | (625) |
| (122) | ROCTA Funding | (153) | (87) |
| (72) | Disruption Team Funding | (256) | (145) |
| (250) | Dark Web Funding | (250) | (142) |
| (129) | OSPY Income | 0 | 0 |
| (164) | Fraud Investigation | (153) | (87) |
| (442) | Illicit Cash Team | 0 | 0 |
| (33,008) | Total funding | (34,131) | (19,452) |
| | WMROCU expenditure | | |
| 1,415 | Regional Asset Recovery Team (RART) | 1,792 | 1,611 |
| 244 | RART – ACE team | 243 | 243 |
| 696 | Regional Cyber Crime Unit | 880 | 646 |
| 292 | Regional Fraud Team | 797 | 644 |
| 1,301 | Regional Prisons Intelligence Unit | 1,429 | 918 |
| 91 | Operational Security (OPSY) | 78 | 78 |
| 45 | Regional Government Agency Intelligence Network (GAIN) | 22 | 22 |
| 1,417 | Command Team | 1,429 | 883 |
| 6,596 | Regional Confidential Unit | 6,699 | 5,105 |
| 275 | Posts created from underspend | 0 | 0 |
| 781 | TIDU – Technical Intelligence | 694 | 579 |
| 417 | Enabling Services | 456 | 456 |
| 5,791 | SOCU | 6,553 | 3,661 |
| 8,421 | Regional Surveillance Unit (FSU) | 8,657 | 5,456 |
| 283 | Threat Assessment Team (ROCTA) | 336 | 228 |
| 72 | Disruption Team | 288 | 288 |
| 262 | Dark Web | 48 | 48 |
| 442 | Illicit Cash Team | 0 | 0 |
| 4,167 | Other Regional Operations | 3,730 | 3,355 |
| 0 | Contribution to/(from) Collaboration | 0 | (4,769) |
| 33,008 | Total expenditure | 34,131 | 19,452 |
| 0 | Total Net Expenditure | 0 | 0 |

* PCCWM split is 57% of income and expenditure, however, as lead force, PCCWM has contributed to some teams outside the collaboration split of costs.

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.

| 2022-23 £'000 | Police Pension Fund Account | 2023-24 £'000 | £'000 |
|------------------|--|------------------|------------------|
| | Fund Account | | |
| | Contributions receivable: | | |
| | From employer: | | |
| (81,582) | Normal | (87,734) | |
| (2,539) | Ill Health Capital Sum | (2,662) | |
| (23) | AV contributions | (27) | |
| (84,144) | | (90,423) | |
| (35,711) | From members | (38,661) | |
| (35,711) | | (38,661) | |
| (1,529) | Transfers in | (781) | |
| (1,529) | | (781) | |
| (121,384) | Total income into the Pension Fund | | (129,865) |
| | Benefits payable: | | |
| 176,686 | Pensions | 194,844 | |
| 36,484 | Lump sums | 35,583 | |
| 547 | Lump sum death benefits | 261 | |
| 47 | Benefits payable to other regional forces re earlier reorganisations | 50 | |
| 213,764 | | 230,738 | |
| | Payments to and on account of leavers: | | |
| 693 | Refunds of contributions | 676 | |
| 315 | Individual transfers out to other schemes | 173 | |
| 0 | Other | 0 | |
| 1,008 | | 849 | |
| 214,772 | Total payments from the pension fund | | 231,587 |
| 93,388 | Net amount payable for the year | | 101,722 |
| (93,388) | Additional contribution received from the Home Office | | (101,722) |
| 0 | | | 0 |

Net Assets Statement

| Net current assets and liabilities | 2022-23 | 2023-24 |
|------------------------------------|----------|----------|
| | £'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 94 of this Statement of Accounts.
2. The police pension fund is administered by the Chief Constable.
3. All benefits payable during 2023-24 have been accounted for within the pension fund account; however, liabilities that are due after the 31 March 2024 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 2023-24 the contribution rates were as follows: -

Employers Contribution – 31.0% 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 2023-24 financial year and its position at the year end of 31 March 2024. 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 2023-24 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 2023-24. 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 2023-24. 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. 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 fair value as the assets are written down to give a useful life of less than five years. Vehicles are also valued at depreciated historic cost and lives are set when purchased as between three and ten years to reflect the proposed use for the vehicle.

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 | 5 | 75 |
| Vehicles, IT & Equipment | 3 | 10 |
| Intangibles | 2 | 20 |

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 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.

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, calculated at 2.5% of this debt for historical debt and in line with depreciation for borrowing since 2008, net of reserves set aside for debt redemption.

f. Leasing

Rental payments on operating leases are charged to the revenue account on a straight line basis over the term of the lease, generally meaning that rentals are charged when they become payable. For finance leases where the Group is a lessee the Group recognises finance leases as assets and liabilities at the present value of the minimum lease payments. The Group's incremental borrowing rate on PWLB loans is used to determine the interest rate implicit in the lease. Any initial indirect costs of the lease are added to the value of the asset. In 2023-24 the PCCWM has not recognised any finance leases, however a review takes place each year to determine if any finance leases exist.

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, uniforms and Personal protective equipment.

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 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. 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.

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 2023-24 was 19.8% on average.
- 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 fair value:
 - Quoted securities – current bid price
 - Unquoted securities – professional estimate
 - Unitised securities – current bid price
 - Property – market 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