



West Midlands Police Authority

**Statement
of Accounts
1999 – 2000**

CATERING DSO

REVENUE ACCOUNT

The Catering DSO ceased operating on 1 August 1998 following the retendering of the service

DESCRIPTION	1998/99 £,000	1999/2000 £,000
INCOME		
Sales At Standard Meal Prices	525	
Subsidy from Police Authority	336	
	<u>861</u>	<u> </u>
EXPENDITURE		
Labour	491	
Provisions	313	
Other Direct Expenses and Overheads	18	
Change in respect of capital employed	1	
	<u>823</u>	<u> </u>
Gross Surplus/(Deficit)	38	
Transferred to Authority	(38)	
	<u>0</u>	<u> </u>
NET SURPLUS	0	
RESERVES STATEMENT		
Balance at the beginning of the year	20	
Contributions from balances in the year	(20)	
	<u>0</u>	<u> </u>
Balance at the end of the year	0	<u> </u>

NOTES TO

THE CASHFLOW STATEMENT

1. RECONCILIATION TO SUMMARY REVENUE ACCOUNT

	Year Ended		Year Ended	
	31 March 1999		31 March 2000	
	£,000	£,000	£,000	£,000
Surplus (Deficit) for the year		1,308		197
Increase (decrease) in Provisions		5,848		2,031
Other adjustments for non-cash movements		2,380		(764)
Items classified elsewhere in the Statement				
Capital Financing transaction	10,200		9,977	
(Increase) decrease Long Term Debtors	59		51	
		10,259		10,028
Adjustments for:				
(Increase)Decrease in stocks		(11)		82
(Increase)Decrease in debtors		(2,282)		2,879
Increase (Decrease) in creditors		230		194
Net Inflow (Outflow) from Revenue Activities		17,732		14,647

2. MOVEMENT IN LIQUID AND NON LIQUID RESOURCES

	Balance at	Movement	Balance at
	31 March 1999	in the year	31 March 2000
	£,000	£,000	£,000
Cash overdrown	(11,276)	2,492	(8,784)
Short term investments	75,050	4,950	80,000
	63,774	7,442	71,216

Liquid resources are assets which can be realised within 24 hours.

3. OTHER GOVERNMENT GRANTS RECEIVED

	1998/99	1999/2000
	£,000	£,000
Police Revenue Grant	190,264	191,316
Loan Charges Grant	1,054	894
	191,318	192,210

4. RECONCILIATION TO SUMMARY CAPITAL ACCOUNT

	1998/99	1999/2000
	£,000	£,000
Total Capital Expenditure	12,502	16,127
Other non cash transactions	-	(338)
	12,502	15,789
Total Capital Finance	12,502	15,789
Leasing Arrangements	-	-
Other non cash transactions	(9,747)	(9,794)
Capital Grant Unapplied	1,128	2,139
Other Capital Income	506	-
Cash capital receipts	2,499	(1,094)
	6,888	7,040

CASHFLOW STATEMENT

DESCRIPTION	Year Ended 31 March 1999		Year Ended 31 March 2000	
	£,000	£,000	£,000	£,000
REVENUE ACTIVITIES				
EXPENDITURE:				
Employer Costs	314,649		325,432	
Other Operating Costs	50,531		55,104	
	<u>365,180</u>		<u>380,536</u>	
INCOME:				
Rates Income	0		0	
Precept	(37,194)		(38,749)	
Non-domestic Rates	(51,374)		(54,967)	
Revenue Support Grant	(93,465)		(95,877)	
Other Government Grants	(191,318)		(192,301)	
Rents	(507)		(492)	
Other Income	(9,054)		(12,795)	
	<u>(382,912)</u>		<u>(395,183)</u>	
NET INFLOW FROM REVENUE ACTIVITIES		(17,732)		(14,647)
SERVICING OF FINANCE:				
Interest Paid	3,256		3,423	
Interest on Leases	2,818		2,033	
Interest Received	(4,658)		(4,121)	
		1,416		1,335
CAPITAL ACTIVITIES				
EXPENDITURE:				
Purchase of Fixed Assets	12,502		15,789	
INCOME:				
Sale of Fixed Assets	(2,499)		(3,139)	
Capital Grants	(3,883)		(3,901)	
Sale of Long Term Investments				
Other Income	(506)		-	
	<u>(6,888)</u>	5,614	<u>(7,040)</u>	8,749
NET (INFLOW) / OUTFLOW BEFORE FINANCING		(10,702)		(4,563)
FINANCING:				
Repayment of Amounts Borrowed	36,455		34,479	
Capital Element of Leases	77		153	
New Loans Raised	(36,350)	182	(37,511)	(2,879)
		(10,520)		(7,442)
(INCREASE) / DECREASE IN LIQUID AND NON LIQUID RESOURCES				
Cash		(180)		2,492
Investments		10,700		4,950
		<u>10,520</u>		<u>7,442</u>

NOTES TO THE BALANCE SHEET

20. SOURCES OF CAPITAL FINANCE

This table shows the sources of financing for the cash transactions on Capital expenditure. See also the Summary Capital Account on page 10.

	1998/99 £,000	1999/2000 £,000
Total Capital Expenditure	12,502	16,127
Less: Accruals	-	(337)
Capital Expenditure	<u>12,502</u>	<u>15,790</u>
Financing:		
Capital Grants in Year	2,122	3,901
Capital Grants b/f	633	1,094
Credit Approvals	2,072	2,395
Credit Approvals - Credit Arrangements	-	-
Capital Receipts	-	1,000
Operational Leases	-	-
Direct Revenue Financing	7,675	7,400
Total Financing	<u>12,502</u>	<u>15,790</u>

21. STATEMENT OF PHYSICAL ASSETS

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

	31 March 1999	31 March 2000
Operational Police Stations	65	109
Police Houses	279	215
Single Officers' Quarters	2	2
Radio Aerial Sites	1	4
Garages	1	2
Development Sites	2	1
Training Centres	2	3
Other Property	5	2

The above descriptions relate to the main function of each site. Several major sites occupied by the Authority are leased and have therefore been excluded from the above list.

Other minor assets include equipment and vehicles, although these are too numerous to list individually. In future years the numbers of such assets will diminish greatly, as present policy is to classify the majority of such items as revenue rather than capital.

22. POLICE PENSIONS

In 1999/2000 the cost of net pensions and other benefits amounted to £ 43.4m, representing 27.7% of pensionable pay. Using research information available, it is estimated that if the cost of pensions under the scheme had been determined in accordance with SSAP24 "Accounting for Pension Costs" the regular cost of the scheme would have been an annual £34.6m, representing 18.9% of pensionable pay, whilst the cost of spreading the unvalued accrued liability over 40 years would have been an additional annual £58.4m representing 31.9% of pensionable pay.

23. CONTINGENT LIABILITY

Other than liabilities which are covered by the Authority's normal insurance arrangements there are no known contingent liabilities.

NOTES TO THE BALANCE SHEET

17. CAPITAL FINANCING RESERVE

This account contains the amounts which are required by statute to be set aside from capital receipts for the repayment of external loans and the amount of capital expenditure financed from revenue and capital receipts. It also contains the difference between amounts provided for depreciation and that required to be charged to repay the principal element of external loans (minimum revenue provision), the balance on this reserve will reduce as loan debt is repaid.

	1998/99 £,000	1999/2000 £,000
Opening Balance	(40,292)	(46,243)
Capital receipts set aside in year	-	-
Capital financing in year		
• Capital receipts	-	(1,000)
• Revenue contribution to capital	(7,675)	(7,400)
• Capital Grants	(2,755)	(4,995)
• External Contributions	-	-
Minimum Revenue Provision (less depreciation)	5,062	4,591
Voluntary Revenue Provision	(506)	-
Finance Lease Payment	(77)	(153)
Closing Balance	<u>(46,243)</u>	<u>(55,200)</u>

18. FIXED ASSET RESTATEMENT RESERVE

The new system of capital accounting requires the establishment of this account. It represents the difference between the valuation of assets under the previous system of capital accounting and the revaluation as at 1 April 1994.

The reserve is adjusted with any surplus or deficits that may arise on the disposal of assets

	1998/99 £,000	1999/2000 £,000
Opening Balance	10,911	18,884
Adjustment to Opening Asset Values	-	(23,950)
Disposal of fixed assets	1,654	3,009
Repaid External Debt	(105)	(114)
Capital expenditure to maintain asset values	6,424	6,183
Closing Balance	<u>18,884</u>	<u>4,012</u>

19. PROVISION FOR CREDIT LIABILITIES - MEMORANOU M ACCOUNT

This reserve shows the balance set aside for the repayment of external debt in future years.

	1998/99 £,000	1999/2000 £,000
Opening Balance	(3,330)	(2,692)
Provision Made in Year		
• Capital receipts set aside	-	-
• Minimum Revenue Provision	(928)	(974)
• Voluntary Revenue Provision	(506)	-
Provision used in year		
• To repay external debt	-	-
• Adjustment	-	(2,586)
• To meet Credit Approvals (in lieu of external borrowing)	2,072	(414)
Closing Balance	<u>(2,692)</u>	<u>(6,666)</u>

NOTES TO THE BALANCE SHEET

12. DEFERRED LIABILITY

This represents the capital value of finance leases still outstanding in respect of assets financed in this way. It is written down annually as annual payments are made under the agreements.

	31 March 1999 £,000	31 March 2000 £,000
Balance outstanding	153	0

13. UNAPPLIED CAPITAL RECEIPTS

This is the element of capital receipts which the Authority has the discretion to use in the future either to finance capital expenditure or to use for the redemption of external debt. Receipts set aside in the course of the year, for debt redemption, including the statutory provision, have been transferred to "Provision for Credit Liabilities".

	1998/99 £,000	1999/2000 £,000
Opening Balance	(2,485)	(4,984)
Sales of Assets in Year	(2,499)	(3,139)
Receipts Applied to Finance Expenditure	-	1,000
Receipts Set Aside for Redemption of Debt	-	-
Closing Balance	(4,984)	7,123

14. EARMARKED RESERVES

Earmarked reserves totalling £2.499m as at 31 March 2000 are analysed as follows:

	Capital Reserve £,000	Protective Equipment Reserve £,000	Devalued Budget Reserve £,000	Conversion of Provisions £,000	Total £,000
Opening Balance	(1,000)	(460)	(1,788)		(3,248)
Transfers to Reserves	-	(450)	-		(450)
Transfers from Reserves	-	910	289		1,199
Conversion of Provisions	-	-	-	(10,620)	(10,620)
	(1,000)	-	(1,499)	(10,620)	(13,119)

15. CLEANING DSO RESERVES

	Cleaning DSO Reserve £,000
Opening Balance	(15)
Transfers to Reserves	-
Transfers from Reserves	15
Closing Balance	-

16. GENERAL RESERVE

The General Reserve represents the working balance of the Authority. It stands at £6.515m as at 31 March 2000 (£6.318m at 31 March 1999).

NOTES TO THE BALANCE SHEET

- **Additional Pay Period** - this provision recognises that because police are paid on a 4 weekly basis that a situation develops in 2009 and 2002 where 14 pay periods arise in the financial year for pay and pensions respectively. This provision covers this additional demand and is increased annually.
- **Bad Debts Provision**- this provision is to meet the effect of debtors being unable to meet their obligation.
- **NATO Conference** - this relates to the costs of policing a major conference in 2000.
- **DSO Cleaning equipment** - the current contract requires the DSO to replace equipment and these costs will be met from the provision during the life of the contract.
- **Football Overtime** - this is to meet the costs of policing football matches.
- **Protective equipment and uniform** - this is to contribute towards the anticipated costs of equipping with protective equipment and the possible introduction of national uniforms.

11. LONG TERM BORROWING

Transactions undertaken during the year were as shown below:-

	31 March 1999	31 March 2000
	£,000	£,000
Opening Balance	(40,014)	(39,909)
External Loans Raised in Year	-	(3,146)
Loans Repaid in Year	105	114
	(39,909)	(42,941)
Closing Balance	(39,909)	(42,941)

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

	31 March 1999	31 March 2000
	£,000	£,000
Public Works Loan Board	(26,537)	(29,683)
Dudley Metropolitan Debt Administration Fund	(13,246)	(13,137)
Birmingham City Council	(126)	(121)
	(39,909)	(42,941)
	(39,909)	(42,941)

These borrowings are repayable as follows:-

	31 March 1999	31 March 2000
	£,000	£,000
Maturity within 5 years	-	4,025
Maturity within 6 to 10 years	5,000	7,012
Maturity within 10 to 15 years	4,987	2,525
Maturity in 15 or more years	29,922	29,379
	39,909	42,941
	39,909	42,941

NOTES TO THE BALANCE SHEET

9. CREDITORS

The majority of sums accrued relate to trade creditors, with the remainder being in respect of debts owed to other local authorities and Central Government. Due to the large volume of accruals, it is not considered practicable to quantify the total accrual (into categories).

(0. PROVISIONS

Provisions to meet specific items of future expenditure exist as follows:

	Balance at 31 March 1999 £,000	Income in Year £,000	Expenditure in Year £,000	Balance at 31 March 2000 £,000
* Helicopter Repairs	(198)	-	-	(198)
* Police Property Act Provision	(13)	(93)	72	(34)
* Drug Squad Contribution Provision	(27)	(9)	25	(11)
Police Pensions Provision	(13,303)	(11,600)	11,354	(13,549)
Police Pension Provisions - ill Health	(900)	-	-	(900)
* Insurance Liability Provision - Self Funding	(8,735)	(3,531)	3,067	(9,199)
Insurance Liability Provision - pre Self Funding	(1,497)	-	-	(1,497)
Provision for Additional Police pay day	(8,105)	(859)	-	(8,964)
Provision for Additional Police Pensions pay day	(2,950)	(507)	-	(3,457)
Millennium Provision	(1,200)	116	1,084	-
Provision for Doubtful debts	(200)	-	-	(200)
* NATO Conference	-	(116)	-	(116)
* Cleaning Equipment DSO	(28)	(3)	11	(20)
* Football overruns	-	(132)	-	(132)
* Protective equipment & uniform	-	(910)	-	(910)
* Conversion to Reserves	-	-	10,620	10,620
TOTAL	(37,151)	(17,644)	26,233	(28,562)

The 1998 Code of Practice on Local Authority Accounting in Great Britain defined a provision as 'an amount required for any liabilities or losses which are likely to be incurred, or certain to be incurred, but uncertain as to the amounts or dates on which they will arise.' It further states that 'provisions should be charged to the appropriate revenue account.'

This definition has been tightened through the application of F.R.S. (2 introduced this year. This change requires provisions to reflect a clear liability to a third party rather than an event or incident which has a potential future liability. This change requires that the provisions shown above and marked with an asterisk (*) are now to be treated as reserves. The balance on these provisions, totalling £(0.620 m) has therefore been transferred in total to earmarked reserves (see Note (4).

- **Helicopter Repairs Provision** - this provision is made to meet the cost of major unplanned repairs.
- **Police Property Act Provisions** - this provision relates to a liability in connection with funds received from the sale of stolen goods the net proceeds of which are eventually distributed to charities.
- **Drug Squad Contribution** - this provision relates to funds received from the Courts in relation to drug seizures which must be spent on drug related policing activities.
- **Pension Provision** - this provision is to ensure that all liabilities in respect of Police Pension lump sums can be met. In addition a further £1.3m has been provided to equalize revenue costs over the next five years when a high level of volatility on an annual basis is projected.
- **Millennium Provision** - this provision is made to meet the additional policing costs over the millennium period.
- **Pension Provision - (ill Health** - this provision relates to potential lump sum pension payments for officers retiring due to ill health.
- **Pre-Self funded (insurance** - this provision relates to potential liabilities arising from the demise of the Authority's former insurer MWI Ltd. While the Authority has satisfactory cover, MWI is liable for potential outstanding claims for which there is a finite pool of resources. It is considered prudent to maintain a reserve for any possible liabilities which cannot be met in full by that pool.
- **Self funded (insurance** - this provision reflects the anticipated cost of potential claims over and above previously estimated levels. It arises because of the delay in claims being made and the increasing costs of settlement.

NOTES TO THE BALANCE SHEET

5. INVESTMENTS

The Authority invests its surplus cash balances in order to generate income by earning interest. The balance sheet shows these investments at original cost, as summarised below:-

	31 March 1999 £,000	31 March 2000 £,000
• Short Term Investments (Banks, Building Societies)	75,050	80,000
• Long Term Investments	-	-
	<u>75,050</u>	<u>80,000</u>

Interest earned on investments has been credited to and is disclosed in the Summary Revenue Account.

6. LONG TERM DEBTORS

These are debtors which fall due for repayment after the forthcoming accounting year, and relate to police capital receipts managed by Birmingham City Council and loans advanced to employees under the assisted car purchase scheme.

	31 March 1999 £,000	31 March 2000 £,000
• Other Local Authorities	325	307
• Loans Advanced to Employees	119	86
	<u>444</u>	<u>393</u>

7. STOCKS

	31 March 1999 £,000	31 March 2000 £,000
• Vehicle Fuel	170	182
• Vehicle Parts	166	165
• Uniforms	492	484
• Stationery	178	97
• Catering Provisions	-	-
• Cleaning	4	-
	<u>1,010</u>	<u>928</u>

8. DEBTORS

An analysis of current debtors is shown below. A bad debts provision of £200k (£200k in 1998/99) has been made to provide for potentially uncollectable debts outstanding for more than one year.

	31 March 1999 £,000	31 March 2000 £,000
• Government Departments	2,204	3,952
• Other Local Authorities	3,146	510
• Employee Loans	269	163
• Sundry Debtors	3,425	1,540
	<u>9,044</u>	<u>6,165</u>

NOTES TO THE BALANCE SHEET

4. MOVEMENT OF FIXED ASSETS

	Land	Houses	Leased Property	Vehicles	IT	Helicopter	Equipment	Leased Vehicles	Leased Equipment	Total
	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000
Cost or Value at 31 March 1999	38,434	9,765	0	12,945	12,804	0	3,518	153	536	78,135
Additions in Year	7,054	0	1,756	2,289	1,891	2,870	266	0	0	16,126
Written Out in Year	0	0	0	(33)	(258)	0	(56)	0	0	(347)
Items Not Adding Value	(4,079)	0	(1,766)	0	0	0	0	0	0	(5,835)
Deposits in Year	0	(2,275)	0	(2,614)	0	0	(213)	(39)	(53.6)	(5,677)
Revaluations	7,770	8,435	7,525	0	0	0	0	0	0	23,950
Cost or Value at 31 March 2000	49,199	16,125	7,525	12,507	14,437	2,870	3,515	114	0	106,372
Depreciation at 31 March 1999	0	0	0	5,863	7,940	0	2,148	153	383	16,495
Depreciation in Year	0	0	0	2,591	2,205	0	693	0	76	5,565
Written out in Year	0	0	0	0	0	0	0	0	0	0
Deposits in Year	0	0	0	(2,029)	0	0	(141)	(39)	(459)	(2,668)
Revaluations	0	0	0	0	0	0	0	0	0	0
Depreciation at 31 March 2000	0	0	0	6,425	10,153	0	2,700	114	0	19,372
Net Book Value at 31 March 2000	49,199	16,125	7,525	6,162	4,284	2,870	815	0	0	84,980
Net Book Value at 31 March 1999	38,434	9,765	0	7,084	4,856	0	1,369	0	153	61,661

NOTES TO THE BALANCE SHEET

1. FIXED ASSET VALUATION

- Freehold and leasehold properties which the Authority includes in its property portfolio valued in 1999 by Gerald Eve in accordance with the statements of asset valuation practice and guidance notes of the Royal Institution of Chartered Surveyors. Properties inspected in the previous year in connection with rating appeals were not re-inspected. Property will be revalued at intervals no greater than 5 years.
- Plant and machinery is included in the valuation of the building in which it is located.
- I.T. equipment is valued, internally, at historic cost and written down to reflect an anticipated three year life.
- General equipment is valued, internally, at historic cost and written down to reflect an anticipated four year life.
- Vehicles are valued at cost and written down to reflect an anticipated four year life.

In view of the short life of vehicles and equipment it is expected that valuations will always be on a current basis and will not therefore require formal revaluation.

2. FUTURE CAPITAL COMMITMENTS

The following significant capital contracts had been entered into by the Authority at 31 March 2000, and the Authority is committed to make further payments, as detailed below:-

Lloyd House Refurbishment - £2.8m

Blaxwich Police Station - £2.2m

3. LEASING

Operating Leases

The cost of vehicles, furniture and equipment acquired during 1999/00 under operational leases is nil. (Nil in 1998/99). Rental payments on leases amounted to £2.191m (£2.944m in 1998/99). The Authority was committed on 31 March 2000 to meet future primary rental charges on leased items as follows:-

	31 March 1999 £,000	31 March 2000 £,000
2000/01	1,503	1,422
2001/02	288	287
2002/03	43	43
2003/04	Nil	Nil

Property Leases

The Authority leases several of the properties which it occupies. The capitalised value of leases which were entered into or renewed in 1999/2000 was nil.

GENERAL FUND BALANCE SHEET

NOTE	DESCRIPTION AND NARRATIVE	As at 31 March 1999		As at 31 March 2000	
		£,000	£,000	£,000	£,000
4	FIXED ASSETS				
	● Land & Buildings - owned	38,434		49,199	
	● Land & Buildings - leased			1,525	
	● Police Horses	9,165		16,125	
	● Vehicle, Plant and Equipment - owned	13,309		11,261	
	● Helicopter	-		2,870	
	● Vehicle, Plant and Equipment - leased	153		-	
			61,661		86,980
	LONG TERM INVESTMENTS		-		-
6	LONG TERM DEBTORS		444		393
	CURRENT ASSETS				
1	● Stocks	1,010		928	
8	● Debtors	9,044		6,165	
5	● Short Term Investments	75,050		80,000	
		85,104		81,093	
	CURRENT LIABILITIES				
9	● Creditors	(10,907)		(11,438)	
	● Cash	(11,216)		(8,184)	
		(22,183)		(20,222)	
	NET CURRENT ASSETS		62,921		66,871
10	PROVISIONS	(31,151)		(28,567)	
11	CAPITAL LONG TERM BORROWING	(39,909)		(42,941)	
12	DEFERRED LIABILITY	(153)	(77,213)	-	(71,503)
	NET ASSETS		41,813		82,141
	BALANCES AND RESERVES:				
13	UNAPPLIED CAPITAL RECEIPTS		(4,984)	(7,123)	
14	FAIRMARKED RESERVES		(3,248)	(13,119)	
15	DSD RESERVES		(15)	-	
16	GENERAL RESERVES		(6,318)	(6,515)	
	UNAPPLIED CAPITAL GRANT		(5,889)	(4,195)	
11	CAPITAL FINANCING RESERVE		(46,243)	(55,200)	
18	FIXED ASSET RESTATEMENT RESERVE		18,884	4,011	
			(41,813)		(82,141)

SUMMARY CAPITAL ACCOUNT

1998/99 Out-turn £,000	DESCRIPTION	1999/2000 Budget £,000	1999/2000 Actual Expenditure £,000
2,547	Land and Buildings: ● New Police Buildings	4,300	4,748
4,135	● Improvements and Adaptations	4,017	4,062
	Vehicles and Equipment:		
2,437	● Vehicles	2,620	2,289
2,978	● TV/Radio Equipment	2,156	1,891
405	● Other Equipment	365	267
-	● Helicopter	2,870	2,870
	Credit Arrangements:		
-	● Property Leases	-	-
12,502	TOTAL	16,358	16,127
	FINANCING OF EXPENDITURE		
2,122	Capital Grants - In year	3,901	3,901
633	Capital Grants - b/fwd	1,725	1,094
2,072	Grant Approvals	2,732	2,732
-	Capital Receipts	1,000	1,000
7,675	Direct Revenue Financing	7,000	7,400
12,502	TOTAL	16,358	16,127

NOTES TO THE SUMMARY

REVENUE ACCOUNT

1. EXPENDITURE ON PUBLICITY

Expenditure on publicity in 1999/2000 as defined in Section 5 of the Local Government Act 1986 amounted to £1.206m (£1.069m in 1998/99).

2. AGENCY

Agency arrangement for the Midland Regional Crime Squad ceased on 31 March 1998 and is replaced by levy arrangements with the N.C.S. and H.C.I.S.

3. REVENUE BALANCES

On 31 March 2000 the non-earmarked General Fund Revenue Balances stood at £6.515m (£6.318m at 31 March 1999).

4. ASSET MANAGEMENT REVENUE ACCOUNT

This account shows the difference between the capital charges made to the revenue account and the actual external capital financing costs incurred. The net surplus on this account is carried to the Summary Revenue Account.

	1998/99 £,000	1999/2000 £,000
Income		
Capital Charges	(9,885)	(10,023)
Investment Income	(4,658)	(4,321)
	<u>(14,543)</u>	<u>(14,344)</u>
Expenditure		
External Interest	3,256	3,423
Interest on finance leases	45	154
Provision for depreciation	5,989	5,565
	<u>9,290</u>	<u>9,142</u>
Net Expenditure/(Income)	<u>(5,253)</u>	<u>(5,202)</u>

5. POLICE REVENUE GRANT

The accounts of the Authority are completed in accordance with current Home Office guidelines.

6. EMPLOYEE REMUNERATION

1998/99 TOTAL	EARNING BANDS 1999/2000	Police Officers	Monthly Civilians	TOTAL EMPLOYEES
11,360	Less than £39,999	7,432	3,697	11,129
248	£40,000 - £49,999	288	7	295
45	£50,000 - £59,999	35	1	36
6	£60,000 - £69,999	13	2	15
3	£70,000 - £79,999	3	-	3
-	£80,000 - £89,999	1	-	1
-	£90,000 - £99,999	1	-	1
1	£100,000 - £109,999	-	-	-
1	£110,000 - £119,999	-	-	-
-	£120,000 - £129,999	1	-	1
11,664	TOTAL	7,774	3,707	11,481

These earnings are based on actual **Gross Taxable Pay** paid by West Midlands Police in 1999/2000.

SUMMARY REVENUE ACCOUNT

This summary shows the revenue position after the application of capital charges referred to on Page 7.

1998/99 Out-turn After Capital Charges £,000	DESCRIPTION	1999/2000 Out-turn After Capital Charges £,000
	EXPENDITURE	
216,177	Police Pay and Allowances	224,119
53,691	Civilian Pay and Allowances	55,525
2,441	Other Employee Expenses	2,345
<u>272,309</u>		<u>281,989</u>
42,215	Police Pensions (net)	43,192
12,080	Premises Related Expenses	13,045
8,680	Transport/Travel Costs	7,717
21,777	Supplies & Services	23,409
10,087	Agency and Contracted Services	10,672
12,696	Capital Financing Charges	12,038
(9,541)	External Income	(9,086)
1,415	Crime Contingency	1,194
454	Disputes Contingency	321
<u>372,180</u>	NET COST - GENERAL FUND SERVICES	<u>384,491</u>
	Conversion of Provisions	(10,620)
(79)	Net DSO Surpluses	(80)
(5,253)	Transfer from Asset Management Account	(5,002)
(1,054)	Loan Charges Grant	(894)
<u>365,794</u>	NET OPERATING EXPENDITURE	<u>367,895</u>
	APPROPRIATIONS	
	Contribution to/(from) Restricted Balances	
	Commission of Provisions	10,620
1,200	To/(from) Devolved Budget Reserve	(288)
	To/(from) Closing DSO	(15)
1,000	To Capital Reserve	-
200	To Protective Equipment Reserve	(460)
	Contribution to/(from) Capital Reserves	
7,788	Financing of Capital Expenditure	7,400
(5,062)	Provision for Repayment of External Loans	(4,591)
77	Capital Element of Financial Leases	153
<u>370,989</u>	AMOUNTS TO BE MET FROM GOVERNMENT	<u>380,714</u>
	GRANTS AND LOCAL TAXATION	
	SOURCES OF FINANCE	
(37,194)	Council Tax Payers	(38,749)
	Central Government Grants	
(190,264)	Police Revenue Grant	(1,91,316)
(93,465)	Revenue Support Grant	(95,879)
(51,374)	Non-Domestic Rates	(54,967)
	Rating Adjustments (para 1.4.90)	
<u>(1,308)</u>	NET GENERAL FUND DEFICIT/(SURPLUS)	<u>(197)</u>
(5,010)	BALANCE ON GENERAL FUND BROUGHT FORWARD	<u>(6,318)</u>
<u>(6,318)</u>	BALANCE ON GENERAL FUND CARRIED FORWARD	<u>(6,515)</u>

SUMMARY REVENUE ACCOUNT

REVENUE OUT-TURN 1999/2000

The comparison shown in the table below is between the Revised Budget and the Out-turn before Capital Accounting Adjustments, to allow comparison to be made. The Capital Accounting Adjustments have no impact on the overall net expenditure. They are included in the Summary Revenue Account on Page 8.

1998/99 Out-Turn Before Capital Charges £,000	DESCRIPTION	1999/2000	
		Revised Estimate £,000	Out-Turn Before Capital Charges £,000
	EXPENDITURE		
216,177	Police Pay and Allowances	224,289	224,119
53,491	Civilian Pay and Allowances	56,069	55,525
2,441	Other Employee Expenses	2,628	2,345
<u>272,309</u>		<u>282,986</u>	<u>281,989</u>
42,215	Police Pensions (net)	42,437	43,192
12,080	Premises Related Costs	13,565	13,045
8,688	Transport/Travel Costs	8,407	7,717
21,777	Supplies & Services	23,045	23,409
10,087	Agency and Contracted Services	10,623	10,672
10,238	Capital Financing Charges	9,294	9,978
(9,541)	General Income	(8,790)	(9,086)
1,415	Citane Contingency	1,106	1,194
454	Operators Contingency	355	321
	General Contingency	193	
<u>369,722</u>	NET COST - GENERAL FUND SERVICES	<u>383,221</u>	<u>382,451</u>
(79)	Net DSO Surpluses	-	(80)
(1,054)	Loan Charges Grant	(962)	(894)
	Conversion of Provisions		(10,620)
<u>368,589</u>	NET OPERATING EXPENDITURE	<u>382,259</u>	<u>370,857</u>
	APPROPRIATIONS		
	Contribution to/(from) Exempted Balances		
	Conversion of Provisions		10,620
1200	To (from) Devalued Budget Reserve	(1,530)	(288)
	To (from) Clearing DSO		(15)
1000	To (from) Capital Reserve		
200	To (from) Protective Equipment Reserve		(460)
<u>370,989</u>	AMOUNTS TO BE MET FROM GOVERNMENT GRANTS AND LOCAL TAXATION	<u>380,729</u>	<u>380,774</u>
	SOURCES OF FINANCE		
(37,194)	Council Tax Payer	(38,749)	(38,749)
	Central Government Grants		
(190,264)	Police Revenue Grant	(191,316)	(191,316)
(93,465)	Revenue Support Grant	(95,879)	(95,879)
(51,374)	Non-Domestic Rates	(54,967)	(54,967)
	Rating Adjustments (see 1.4.90)		
<u>(1,308)</u>	NET GENERAL FUND DEFICIT/(SURPLUS)	<u>(182)</u>	<u>(197)</u>
<u>(5,010)</u>	BALANCE ON GENERAL FUND BROUGHT FORWARD	<u>(6,318)</u>	<u>(6,316)</u>
<u>(6,318)</u>	BALANCE ON GENERAL FUND CARRIED FORWARD	<u>(6,500)</u>	<u>(6,515)</u>

ACCOUNTING POLICIES

8. PROVISIONS AND RESERVES

The purpose and nature of provisions and reserves maintained by the Authority are disclosed in the notes to the Balance Sheet.

9. INVESTMENTS

External investments are shown in the balance sheet at the lower of cost and NRV.

10. TREATMENT OF GRANTS

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

The financing cost of capital expenditure incurred from 1990/91 onwards no longer qualifies for revenue grants, due to a change of treatment by the Home Office. Instead, Capital grant, is received to finance capital expenditure up to a prescribed limit. The new Capital Accounting regulations require that this grant is taken to a Deferred Government Grants Account and brought into the Summary Revenue Account to offset the depreciation charge over the life of the asset. However, given that this grant is not scheme specific, and a significant part of capital expenditure does not (by its specialist nature) add value to fixed assets, the grant is written off to the Capital Financing Reserve in the year of application.

11. PENSIONS

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. See pensions provision (note 10 to the Balance Sheet).

Pension payments to former civilians are funded through an employer's contribution to the West Midlands Metropolitan Authorities Superannuation Fund. The rate of contribution in 1999/2000 was 10.6%, with no change in 2000/2001.

ACCOUNTING POLICIES

GENERAL PRINCIPLES

The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting published by the Chartered Institute of Public Finance and Accountancy (CIPFA). 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.

1. FIXED ASSETS

Fixed assets are shown in the balance sheet at current valuation. Details of valuation methods are disclosed in the notes to the Balance Sheet.

2. REDEMPTION OF DEBT

Under the Local Government Act 1985, outstanding loan debt relating to police services was transferred to WMPA from the West Midlands County Council on 1 April 1986. This debt is serviced by Dudley MBC within a Metropolitan Debt Administration Fund, and loan charges are reimbursed by the Police Authority 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 WMPA. Installments of principal are charged to revenue in accordance with the statutory minimum revenue provision, calculated at 4% of this debt, net of reserves set aside for debt redemption.

3. LEASING

The cost of assets which are purchased and subsequently financed by operational leases are shown in the summary capital account, but not in the balance sheet. Those financed by finance leases are shown in the balance sheet and the capital summary. Rental payments on these leases are charged to the revenue account, and associated future liabilities are disclosed in the notes. After 31 March 1990, finance leases have not been used.

4. CAPITAL RECEIPTS

In accordance with the Local Government and Housing Act 1989 a proportion of capital receipts has been set aside for the redemption of debt in future years, and transferred to the provision for credit liabilities account which now forms part of the Capital Financing Reserve. A separate PCL Memorandum account is required to be published. In this year the set aside proportion was nil.

5. DEBTORS AND CREDITORS

Debtors and creditors have been accrued when preparing the revenue accounts of the Authority, except for certain instances where a receipts and payments basis is adopted to simplify transactions (eg. utilities and police house rents receivable and inter account transfers in respect of certain expenses) contrary to the requirements of SSAP 2. This policy is applied consistently each year to reflect 12 months' charges, and consequently does not have any material effect on the accounts.

6. CAPITAL ACCRUALS

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

7. STOCKS AND STORES

Stocks and stores are maintained for such items as vehicle spares, vehicle fuel, uniforms, stationery and catering provisions. Stocks shown in the balance sheet are valued at latest invoice price.

AUDITOR'S REPORT TO

WEST MIDLANDS POLICE AUTHORITY

We have audited the statement of accounts on pages 5 - 24 which have been prepared in accordance with the accounting policies applicable to local authorities. The statement of accounts comprises the Authority's accounts on pages 7 - 24 which have been prepared in accordance with the accounting policies set out on pages 5 - 6.

RESPECTIVE RESPONSIBILITIES OF TREASURER AND AUDITORS

As described above on page 3 the Treasurer is responsible for the preparation of the statement of accounts. Our responsibilities as independent auditors are established by statute, the Code of Audit Practice issued by the Audit Commission and our profession's ethical guidance. We report to you our opinion as to whether the statement of accounts presents fairly the financial position and results of operations of the Authority.

BASIS OF OPINION

We carried out our audit in accordance with the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission, which requires compliance with relevant Auditing Standards. Our audit included an examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also included an assessment of the significant estimates and judgements made by or on behalf of the fund in the preparation of the financial statements and of whether the accounting policies are appropriate in the fund's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the statement of accounts.

OPINION

In our opinion the statement of accounts presents fairly the financial position of West Midlands Police Authority at 31 March 2000 and its income and expenditure for the year then ended.

CERTIFICATE

We certify that we have completed the audit of accounts in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.



W J Carr

Partner
KPMG Chartered Accountants
Birmingham

Date: 30 September 2000

STATEMENT OF ACCOUNTS

CAPITAL EXPENDITURE AND FINANCING

Capital expenditure in the year totalled £16.127m. The major element related to the improvement and adaptation of buildings, (£8.810m), with £2.289m expended on vehicle replacement and £2.158m on IT and other equipment. In addition a new helicopter was acquired at a cost of £2.87m. Details are shown on page 10 with the associated financing.

The capital expenditure is financed as follows:

	£'m
Capital Grants	3,901
B/fd grants	1,094
Credit Approvals	2,732
Direct Revenue financing	7,400
Capital Receipts	<u>1,000</u>
TOTAL	<u>16,127</u>

BORROWING

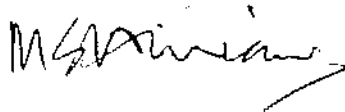
Borrowing totals at £42.941m, details being shown in note 11 to the Balance Sheet.

PROVISIONS

Provisions are defined as an amount required to meet any liabilities or losses which are likely or certain to be incurred in the future but uncertain as to the dates on which they will arise. For the financial year 1999/2000 FRS 12 introduced a new definition of provisions, which has affected their accounting treatment in the year. The accounts have been prepared in accordance with this definition.

FUTURE OUTLOOK

For the year 2000/2001 the Police Authority set a budget of £394.6m. Which after allowing for other external financing required a gross precept of £41.6m. This reflected a series of reductions from the original base budget to meet increasingly severe financial constraints. These constraints represent the second of a nationally driven three-year programme to reduce expenditure and to improve efficiency within the service.



M S Williams CPFA
Treasurer to the Authority
Date: 30 September 2000

THE RESPONSIBILITIES OF THE TREASURER

The Treasurer is responsible for the preparation of the Authority's Statement of Accounts which, in terms of the CIPFA/IASAAC Code of Practice on Local Authority Accounting in Great Britain ("the Code of Practice"), is required to present fairly the financial position of the Authority at the accounting date and its income and expenditure for the year ended 31st March 2000.

In preparing this Statement of Accounts, the Treasurer has:

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

The Treasurer has also:

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

THE RESPONSIBILITIES OF THE AUTHORITY

The Authority is required:

- to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Authority that officer is the Treasurer.
- to manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.

STATEMENT OF ACCOUNTS

EXPLANATORY FOREWORD

The Statement of Accounts brings together the key financial statements of the Police Authority.

- **The Revenue Account:** The annual expenditure incurred in operating the Force.
- **The Capital Summary:** The investment in capital assets during the year and their financing.
- **The Balance Sheet:** The Authority's liabilities and assets at the end of the year including reserves.
- **Cash Flow Statement:** The movement of cash through the year to show the source and application of funds.
- **DSO Trading:** The trading performance of Direct Service Organisations operating within the Force.

REVENUE OUT-TURN 1999/2000

The revenue outturn set out in summary form reflects the position after additional costs of £2.0m were approved. These involved £1.5m additional pension provision and £0.5m converting the protective equipment reserve to a provision. Carry forward of revenue expenditure under the devolved budget scheme amounts to £1.5m which will be met from the earmarked reserve.

The position is summarised in the following table:

Actual 19/99	REVENUE EXPENDITURE	Revised Estimate	Actual	Variation + (-)
£m		£m	£m	£m
368.6	Net expenditure (including loan charges grant)	382.2	370.9	(11.3)
2.4	Transferred to (from) reserves	(1.5)	(0.8)	0.7
	Conversion of provisions	-	10.6	10.6
1.3	Transferred to (from) balances	0.2	0.2	-
<u>372.3</u>	Balance to be financed	<u>380.9</u>	<u>380.9</u>	-
<u>283.7</u>	Grant Income	<u>287.2</u>	<u>287.2</u>	-
51.4	M.H.B.R.	55.0	55.0	-
<u>37.2</u>	Receipt Income	<u>38.7</u>	<u>38.7</u>	-

Major variations identified are as follows:-

	£m
Employee Related Costs	(1.3)
Police Pensions	1.0
Premises	(0.6)
Transport	(0.5)
Supplies and Services	0.6
Agency Expenses	-
Capital Financing	0.5
Income Loan Charges Grant	(0.1)
DSO Surplus	(0.1)
Contingencies	(0.2)
Conversion of Provisions	(10.6)
Variation in planned expenditure	(11.3)
Movement in Reserves:	
Devolved Budget	1.2
Conversion of Provisions	10.6
Protective Equipment	(0.5)
General Reserve	
Variation in planned use of reserves	11.3

EARMARKED AND GENERAL RESERVES

Earmarked reserves amount to £13.1m, DSO reserves are £0.001m and the general reserve is £6.5m. Details are shown in notes 14, 15 and 16 to the Balance Sheet.

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CLEANING DSO

REVENUE ACCOUNT

The Cleaning DSO commenced operations under a four year contract from 1 October 1996.

DESCRIPTION	1998/99 £,000	1999/2000 £,000
INCOME		
Specified Cleaning	1,330	1,450
Additional Cleaning	51	17
	<u>1,381</u>	<u>1,467</u>
EXPENDITURE		
Labour	1,242	1,277
Cleaning Materials	20	23
Other Direct Costs	99	67
	<u>1,361</u>	<u>1,367</u>
Gross Surplus/(Deficit)	20	80
Transferred to Authority	(20)	(80)
NET SURPLUS	-	-
RESERVES STATEMENT		
Balance at the beginning of the year	15	15
Movements in year	-	(15)
	<u>15</u>	<u>-</u>
Balance at the end of the year		

AUDIT OPINION (DSO)

We have reviewed the statement set out above and the related accounts and records of the Authority. We have carried out the audit tests set by the Audit Commission and such other tests and obtained such explanations as we consider necessary.

In our opinion, the statement has been completed in accordance with the Local Government Act 1988 and the Specifications thereunder, and the prescribed financial objective has been met.



W J Carr

Partner
RPMG Chartered Accountants
Birmingham

Date: 30 September 2000