



West Midlands
Police Authority

STATEMENT OF ACCOUNTS
2000 - 2001

NOTES TO THE CASHFLOW STATEMENT

1. RECONCILIATION TO SUMMARY REVENUE ACCOUNT

	Year Ended 31 March 2000		Year Ended 31 March 2001	
	£,000	£,000	£,000	£,000
Surplus (Deficit) for the year		197		407
Increase (decrease) in Provisions		2,031		(4,832)
Other adjustments for non-cash movements		(764)		8,330
Items classified elsewhere in the Statement				
Capital Financing transaction	9,977		8,724	
(Increase) decrease in Long Term Debtors	51		58	
		<u>10,028</u>		<u>8,782</u>
Adjustments for:				
(Increase)Decrease in stocks		82		(26)
(Increase)Decrease in debtors		2,879		(2,951)
Increase (Decrease) in creditors		194		10,332
		<u>14,647</u>		<u>20,042</u>
Net Inflow (Outflow) from Revenue Activities				

2. MOVEMENT IN LIQUID AND NON LIQUID RESOURCES

	Balance at 31 March 2000	Movement in the year	Balance at 31 March 2001
	£,000	£,000	£,000
Cash overdrawn	(8,784)	5,748	(3,036)
Short term investments	80,000	11,900	91,900
	<u>71,216</u>	<u>17,648</u>	<u>88,864</u>

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

3. OTHER GOVERNMENT GRANTS RECEIVED

	1999/00	2000/2001
	£,000	£,000
Police Revenue Grant	191,316	198,298
Loan Charges Grant	894	1,026
	<u>192,210</u>	<u>199,324</u>

4. RECONCILIATION TO SUMMARY CAPITAL ACCOUNT

	1999/00	2000/2001
	£,000	£,000
Total Capital Expenditure	16,127	12,893
Other non cash transactions	(338)	(660)
	<u>15,789</u>	<u>12,233</u>
Total Capital Finance	15,789	12,233
Leasing Arrangements	(9,794)	(10,056)
Other non cash transactions	(1,094)	2,073
Capital Grant Unapplied	-	-
Other Capital Income	2,139	2,734
Cash capital receipts	<u>7,040</u>	<u>6,984</u>

CASHFLOW STATEMENT

DESCRIPTION	Year Ended 31 March 2000		Year Ended 31 March 2001	
	£,000	£,000	£,000	£,000
REVENUE ACTIVITIES				
EXPENDITURE:				
Employer Costs	325,432		342,791	
Other Operating Costs	55,104		46,955	
	<u>380,536</u>		<u>389,746</u>	
INCOME:				
Rate Income	0		89	
Precept	(30,749)		(41,547)	
Non-domestic Rates	(54,967)		(60,641)	
Revenue Support Grant	(95,879)		(94,165)	
Other Government Grants	(192,301)		(199,324)	
Rents	(492)		(1,408)	
Other Income	(12,795)		(12,592)	
	<u>(395,183)</u>		<u>(409,788)</u>	
		(14,647)		(20,042)
NET INFLOW FROM REVENUE ACTIVITIES				
SERVICING OF FINANCE:				
Interest Paid	3,423		3,355	
Interest on Leases	2,033		1,074	
Interest Received	(4,121)		(4,872)	
		1,335		(443)
CAPITAL ACTIVITIES				
EXPENDITURE:				
Purchase of Fixed Assets	<u>15,789</u>		<u>12,232</u>	
INCOME:				
Sale of Fixed Assets	(3,139)		(2,734)	
Capital Grants	(3,901)		(4,250)	
Sale of Long Term Investments	-		-	
Other Income	-		-	
	<u>(7,040)</u>		<u>(6,984)</u>	
		8,749		5,248
NET (INFLOW) / OUTFLOW BEFORE FINANCING		(4,563)		(15,237)
FINANCING:				
Repayment of Amounts Borrowed	34,479		125	
Capital Element of Leases	153		-	
New Loans Raised	(37,511)	(2,879)	(2,536)	(2,411)
		<u>(7,442)</u>		<u>(17,648)</u>
(INCREASE) / DECREASE IN LIQUID AND NON LIQUID RESOURCES				
Cash		2,492		5,748
Investments		4,950		11,900
		<u>7,442</u>		<u>17,648</u>

NOTES TO THE BALANCE SHEET

23. DISCRETIONARY PENSION PAYMENTS

The capitalised value of payments made during the year to former employees under the conditions of the Local Government Superannuation Scheme are set out below:

	Actual Payments £,000	Capitalised Value £,000
Payments made in respect of decisions made in the year	8	64
Payments made in respect of decisions made in previous years	113	2,030
Total	121	2,094

24. CONTINGENT LIABILITY

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

25. MEMBERS' ALLOWANCES

The cost of allowances paid to Members of the Police Authority in the year was £107,000 (£84,000 in 1999/2000).

26. RELATED PARTY TRANSACTIONS

	1999/00 £,000	2000/01 £,000
Major Government Grants Received		
Home Office	191,316	198,298
Police Grant	894	820
Loan Charges Grant		2,791
Crime Fighting Fund		1,291
Robbery Initiative	76	120
Burglary Initiative Grant		538
ONA Expansion Scheme	3,901	4,713
Capital Grant		
Department of Transport, Local Government and the Regions	95,879	94,165
Revenue Support Grant	54,967	60,841
National Non Domestic Rates		
Payments to the West Midlands Superannuation Fund	7,154	7,378

27. TRUST FUNDS

The Authority is Trustee to two Registered Charities:

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

The Charity supports a number of police service related initiatives within the West Midlands.

The balance on the funds accounts at 31 March 2001 was £115,000.

Alderman Guy Fund

This small charity makes small awards to selected officers whose performance it recognises as being of particular merit.

The balance on the funds accounts at 31 March 2001 was £2,000.

28. YEAR 2000 COSTS

There are no costs relating to the Millennium conversion that are outstanding or for which any provision is thought necessary.

29. EURO CONVERSION COSTS

At this stage the Authority have not evaluated potential costs that could be incurred in the event of the UK converting to the Euro. No provision is made in the accounts for 2000/01.

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.

	1999/00 £,000	2000/2001 £,000
Total Capital Expenditure	16,127	12,893
Accrual b/fd	-	337
Less: Accruals	(337)	(997)
Capital Expenditure	<u>15,790</u>	<u>12,233</u>
Financing:		
Capital Grants in Year	3,901	2,177
Capital Grants b/f	1,094	
Credit Approvals	2,395	1,876
Credit Approvals - Credit Arrangements	-	
Capital Receipts	1,000	
Operational Leases	-	
Direct Revenue Financing	7,400	8,180
Total Financing	<u>15,790</u>	<u>12,233</u>

21. STATEMENT OF PHYSICAL ASSETS

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

	31 March 2000	31 March 2001
Operational Police Stations	109	111
Police Houses	215	176
Single Officers' Quarters	2	2
Radio Aerial Sites	4	4
Garages	2	2
Development Sites	1	1
Training Centres	3	3
Other Property	2	3

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 2000/2001 the cost of net pensions and other benefits amounted to £47.2m, representing 24.5% 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 £37.0m, representing 19.2% of pensionable pay, whilst the cost of spreading the unfunded accrued liability over 40 years would have been an additional annual £61.9m representing 32.1% of pensionable pay.

NOTES TO THE BALANCE SHEET

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".

	1999/00	2000/2001
	£,000	£,000
Opening Balance	(4,984)	(7,123)
Sales of Assets in Year	(3,139)	(2,734)
Receipts Applied to Finance Expenditure	1,000	-
Receipts Set Aside for Redemption of Debt	-	-
Closing Balance	(7,123)	(9,857)

14. RESERVES

The movements and balances of Earmarked and the General Reserve are set out below:

	Balance at 31 March 2000 £,000	Transfer to Reserve £,000	Transfer from Reserve £,000	Balance at 31 March 2001 £,000
Uniform and Protective Equipment Reserve	(910)	(1,700)	0	(2,610)
Capital Reserve	(1,000)	(4,000)	0	(5,000)
Devolved Budget Reserve	(1,499)	0	623	(876)
Helicopter Repairs Reserve	(198)	0	98	(100)
Football Overtime Reserve	(132)	(71)	0	(203)
Insurance Liability Provisions - Self Funding	(9,199)	(2,907)	2,946	(9,160)
DSD Cleaning Equipment Reserve	(20)	0	20	0
NATO Conference Reserve	(116)	0	116	0
Initiatives Reserve	0	(3,500)	0	(3,500)
Police Property Act Reserve	(34)	(61)	95	0
Drya Squad Contribution Reserve	(11)	(14)	25	0
Earmarked Reserves	(13,119)	(12,253)	3,923	(21,449)
General Fund Reserve	(6,515)	(271)	(136)	(6,922)
Total Reserves	(19,634)	(12,524)	3,787	(28,371)

15. UNAPPLIED CAPITAL GRANT

	1999/00	2000/2001
	£,000	£,000
Opening Balance	(5,889)	(4,795)
Received in Year	(3,901)	(4,713)
Applied in Year	4,995	1,714
Grants Deferred in Year	-	463
Closing Balance	(4,795)	(7,331)

16. DEFERRED CAPITAL GRANT

This represents capital grant received and applied in respect of specific projects. The balance is written down over the life of the assets.

	1999/00	2000/2001
	£,000	£,000
Opening Balance	-	-
Received in Year	-	(463)
Written Off in Year	-	-
Closing Balance	-	(463)

NOTES TO THE BALANCE SHEET

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DSD Cleaning Equipment Reserve	(20)	0	20	0
NATO Conference Reserve	(116)	0	116	0
Initiatives Reserve	0	(3,500)	0	(3,500)
Police Property Act Reserve	(34)	(61)	95	0
Drya Squad Contribution Reserve	(11)	(14)	25	0
Earmarked Reserves	(13,119)	(12,253)	3,923	(21,449)
General Fund Reserve	(6,515)	(271)	(136)	(6,922)
Total Reserves	(19,634)	(12,524)	3,787	(28,371)

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Closing Balance	-	(463)

NOTES TO THE BALANCE SHEET

- **Additional Pension Period** - this provision recognises that because pensions are paid on a 4 weekly basis that a situation develops in 2002 where 14 pay periods arise in the financial year for pensions. This provision covers this additional sum.
- **Bad Debts Provision**- this provision is to meet the effect of debtors being unable to meet their obligation. This is an ongoing provision with no specific date for its resolution. It is reviewed annually.

11. LONG TERM BORROWING

Transactions undertaken during the year were as shown below:-

	31 March 2000 £,000	31 March 2001 £,000
Opening Balance	(39,909)	(42,941)
External Loans Raised in Year	(3,146)	(2,536)
Loans Repaid in Year	114	125
Closing Balance	<u>(42,941)</u>	<u>(45,352)</u>

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

	31 March 2000 £,000	31 March 2001 £,000
Public Works Loan Board	(29,683)	(32,219)
Dudley Metropolitan Debt Administration Fund	(13,137)	(13,017)
Birmingham City Council	(121)	(116)
	<u>(42,941)</u>	<u>(45,352)</u>

These borrowings are repayable as follows:-

	31 March 2000 £,000	31 March 2001 £,000
Maturity within 5 years	4,025	4,125
Maturity within 6 to 10 years	7,012	7,112
Maturity within 10 to 15 years	2,525	2,625
Maturity in 15 or more years	29,379	31,490
	<u>42,941</u>	<u>45,352</u>

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. There are no outstanding finance lease liabilities.

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.

10. PROVISIONS

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

	Balance at 31 March 2000 £,000	Income In Year £,000	Expenditure In Year £,000	Balance at 31 March 2001 £,000
* Police Pensions Provision	(13,549)	(14,900)	10,199	(18,250)
* Provision for Additional Police pay day	(8,964)	(1,193)	10,157	0
* Provision for Additional Police Pensions pay day	(3,457)	(331)	0	(3,788)
* Provision for Doubtful debts	(200)	-	-	(200)
* Insurance Liability Provisions - pre Self Funding	(1,492)	-	-	(1,492)
Police Pensions Provision reserve - Ill Health	(900)	0	900	0
TOTAL	(28,562)	(16,424)	21,256	(23,730)

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.12 introduced in the year ended 31 March 2000. 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.

- 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 equalise revenue costs over the next five years when a high level of volatility on an annual basis is projected. The provision is an ongoing item in the accounts reflecting the non funded aspect of police pensions. The ill health provision has been consolidated into the general lump sum provision.
- Pre-Self funded Insurance** - this provision relates to potential liabilities arising from the demise of the Authority's former insurer (MMI) Ltd. While the Authority has satisfactory cover, MMI 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. There is no specific date at which this provision will be required. The position is reviewed annually.

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 2000 £,000	31 March 2001 £,000
• Short Term Investments (Banks, Building Societies)	80,000	91,900
• Long Term Investments	-	-
	80,000	91,900

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 2000 £,000	31 March 2001 £,000
• Other Local Authorities	307	283
• Loans Advanced to Employees	86	52
	393	335

7. STOCKS

	31 March 2000 £,000	31 March 2001 £,000
• Vehicle Fuel	182	178
• Vehicle Parts	165	170
• Uniforms	484	524
• Stationery	97	82
• Catering Provisions	-	-
• Cleaning	-	-
	928	954

8. DEBTORS

An analysis of current debtors is shown below. A bad debts provision of £200k (£200k in 1999/00) has been made to provide for potentially uncollectable debts outstanding for more than one year.

	31 March 2000 £,000	31 March 2001 £,000
• Government Departments	3,952	5,575
• Other Local Authorities	510	588
• Employee Loans	163	119
• Sundry Debtors	1,540	3,297
	6,165	9,579

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	£,000
Cost or Value at 31 March 2000	49,199	16,125	57,525	512,587	14,436	2,870	3,516	113	0	106,371
Additions in Year	5,727	0	1,751	2,712	2,482	0	221	0	0	12,693
Written Out in Year	0	0	0	(14)	0	0	0	0	0	(14)
Items Not Adding Value	(3,557)	0	(1,751)	0	(156)	0	(63)	0	0	(5,527)
Disposals in Year	0	(2,925)	0	(1,078)	0	0	0	(56)	0	(4,059)
Revaluations	1,050	0	0	0	0	0	0	0	0	1,050
Cost or Value at 31 March 2001	52,417	13,200	7,525	14,207	16,762	2,870	3,674	57	0	110,712
Depreciation at 31 March 2000	0	0	0	6,425	10,153	0	2,701	113	0	19,392
Depreciation in Year	1,073	358	173	2,468	2,349	410	385	0	0	7,236
Written out in Year	0	0	0	0	0	0	0	0	0	0
Disposals in Year	0	(65)	0	(1,020)	0	0	0	(56)	0	(1,141)
Revaluations	0	0	0	0	0	0	0	0	0	0
Depreciation at 31 March 2001	1,073	293	173	7,973	12,502	410	3,086	57	0	25,487
Net Book Value at 31 March 2001	51,374	12,907	7,352	6,334	4,260	2,460	588	0	0	85,225
Net Book Value at 31 March 2000	49,199	16,125	7,525	6,162	4,284	2,870	815	0	0	86,980

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. Two other properties were revalued in 2000.
 - Buildings are written down over a 45 year period.
 - 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.

The new requirements of FRS 15 came into force for accounts prepared this year. One of them requires a formal assessment of any change in value as a result of maintenance of or modification to fixed assets.

This has not been carried out in 2000/01, and to this extent the accounts do not comply fully with the reporting requirements.

2. FUTURE CAPITAL COMMITMENTS

The following significant capital contracts had been entered into by the Authority at 31 March 2001, and the Authority is committed to make further payments, as detailed below:-

Lloyd House Refurbishment - £0.8m
Blaxwich Police Station - £1.0m

3. LEASING

Operating Leases

The cost of vehicles, furniture and equipment acquired during 2000/01 under operational leases is nil. (Nil in 1999/00). Rental payments on leases amounted to £1.532m (£2.191m in 1999/00). The Authority was committed on 31 March 2001 to meet future primary rental charges on leased items as follows:-

	31 March 2000 £,000	31 March 2001 £,000
2001/02	287	881
2002/03	43	449
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 2000/2001 was nil.

GENERAL FUND BALANCE SHEET

NOTE	DESCRIPTION AND NARRATIVE	As at 31 March 2000		As at 31 March 2001	
		£,000	£,000	£,000	£,000
4	FIXED ASSETS				
	● Land & Buildings - owned	49,199		51,324	
	● Land & Buildings - leased	7,525		7,352	
	● Police Horses	16,125		12,907	
	● Vehicle, Plant and Equipment - owned	11,261		11,182	
	● Helicopter	2,870		2,460	
	● Vehicle, Plant and Equipment - leased	-		-	
			86,980		85,225
	LONG TERM INVESTMENTS		-		-
6	LONG TERM DEBTORS		393		335
	CURRENT ASSETS				
7	● Stocks	928		954	
8	● Debtors	6,165		9,579	
5	● Short Term Investments	80,000		91,900	
		<u>87,093</u>		<u>102,433</u>	
	CURRENT LIABILITIES				
9	● Creditors	(11,438)		(22,430)	
	● Cash	(8,784)		(3,036)	
		<u>(20,222)</u>		<u>(25,466)</u>	
	NET CURRENT ASSETS		66,871		76,967
10	PROVISIONS	(20,562)		(23,730)	
11	CAPITAL LONG TERM BORROWING	(42,941)		(45,352)	
12	DEFERRED LIABILITY	-	(71,503)	-	(69,082)
	NET ASSETS		<u>82,741</u>		<u>93,445</u>
	BALANCES AND RESERVES:				
13	UNAPPLIED CAPITAL RECEIPTS		(7,123)		(9,857)
14	 earmarked RESERVES		(13,119)		(21,449)
15	UNAPPLIED CAPITAL GRANT		(4,795)		(7,331)
16	DEFERRED CAPITAL GRANT				(463)
14	GENERAL RESERVES		(6,515)		(6,922)
17	CAPITAL FINANCING RESERVE		(55,200)		(59,330)
18	FIXED ASSET RESTATEMENT RESERVE		4,011		11,907
			<u>(82,741)</u>		<u>(93,445)</u>

SUMMARY CAPITAL ACCOUNT

1999/00 Dev-Item £,000	DESCRIPTION	2000/2001 Programme £,000	2000/2001 Out-turn £,000
4,748	Land and Buildings: ● New Police Buildings	4,909	3,885
4,062	● Improvements and Adaptations	3,398	3,593
2,289	Vehicles and Equipment: ● Vehicles	2,727	2,712
1,891	● TI/Radio Equipment	2,932	2,482
267	● Other Equipment	432	221
2,870	● Helicopter	-	-
-	Credit Arrangements ● Property Leases	50	-
<u>16,127</u>	TOTAL	<u>14,448</u>	<u>12,893</u>
FINANCING OF EXPENDITURE			
3,901	Capital Grants - In year	4,760	2,177
1,094	Capital Grants - by Fund	365	-
2,732	Capital Approvals	2,536	2,536
1,000	Capital Receipts	-	-
7,400	Direct Revenue Financing	6,787	8,180
<u>16,127</u>	TOTAL	<u>14,448</u>	<u>12,893</u>

NOTES TO THE SUMMARY

REVENUE ACCOUNT

1. EXPENDITURE ON PUBLICITY

Expenditure on publicity in 2000/2001 as defined in Section 5 of the Local Government Act 1986 amounted to £1.595m (£1.206m in 1999/00).

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 N.C.I.S. Agency expenditure also includes payment made to the Forensic Science Service.

3. REVENUE BALANCES

On 31 March 2001 the non-earmarked General Fund Revenue Balances stood at £6.922m (£6.515m at 31 March 2000).

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.

	1999/2000 £,000	2000/2001 £,000
Income		
Capital Charges	(10,023)	(12,444)
	<u>(10,023)</u>	<u>(12,444)</u>
Expenditure		
External Interest	3,423	3,355
Interest on financial leases	154	8
Provision for depreciation	5,565	7,236
	<u>9,142</u>	<u>10,599</u>
Net Expenditure/(Income)	<u>(881)</u>	<u>(1,845)</u>

5. POLICE REVENUE GRANT

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

6. EMPLOYEE REMUNERATION

1999/00 TOTAL	EARNING BANDS 2000/2001	Police Officers	Monthly Civilians	TOTAL EMPLOYEES
11,129	less than £39,999	7,544	3,720	11,264
295	£40,000 - £49,999	408	13	421
36	£50,000 - £59,999	39	5	44
15	£60,000 - £69,999	26	2	28
3	£70,000 - £79,999	-	-	-
1	£80,000 - £89,999	4	-	4
1	£90,000 - £99,999	1	-	1
-	£100,000 - £109,999	-	-	-
-	£110,000 - £119,999	-	-	-
1	£120,000 - £129,999	1	-	1
11,481	TOTAL	8,023	3,740	11,763

These earnings are based on actual **Gross Taxable Pay** paid by West Midlands Police in 2000/2001.

REVENUE OUT-TURN 2000/2001

Under the Best Value Accounting Requirements the accounts are presented in a format which costs expenditure over a number of operational Service Headings. These costs include not only the direct cost involved but also apportioned costs in respect of Capital charges, centrally held costs and the costs of Administrative and Support Departments.

Operational costs in respect of levies paid to national agencies are shown separately as are other local unrecovered overhead costs.

As this is a new initiative for 2001 no comparable figures are shown for the previous year.

1999/00 Out-turn £,000	DESCRIPTION	2000/01 Out-turn £,000
	SERVICE DIVISIONS	
	Call Handling	25,352
	Crime Investigation and Reduction	102,555
	Traffic and Road Safety	15,886
	Public Order and Assurance	4,882
	Community Involvement	7,940
	Panel	158,152
	Custody and Court Preparation	28,188
	Leasing Charges	477
	Cost of Local Service	344,032
	Levies to National Service	9,096
	Total Operational Costs	353,128
	Exceptional Items	
	Conversion of Provisions	(10,157)
	Leasing Charges refund	(477)
	Unrecovered Overhead Costs	
	Corporate and Democratic Core costs	767
	Secondments	419
	Perstows	47,209
	Interest on Balances	(4,872)
	Transfer from Asset Management Account	(1,845)
	Total Costs	384,172
	Appropriations	
	Funding of Capital Expenditure	8,180
	Provision for Repayment of External Loans	(6,371)
	To (from) Earmarked Reserves	8,374
	AMOUNTS TO BE MET FROM GOVERNMENT GRANTS AND LOCAL TAXATION	394,359
	Council Tax Payer	(41,547)
	Government Grants	
	● Police Grant	(198,298)
	● Revenue Support Grant	(94,165)
	Non-Domestic Rates	(60,841)
	Subsidy payments	89
	Total External Funding	(394,762)
	Net Deficit (Surplus)	(407)
	General Reserve Balance Brought Forward	(6,515)
	General Reserve Balance Carried Forward	(6,922)

SUMMARY REVENUE ACCOUNT

REVENUE OUT-TURN 2000/2001

1999/00 Out-Turn Before Capital Charges £,000	DESCRIPTION	2000/2001	
		Latest Budget 2000/01 £,000	Outturn 2000/01 £,000
	EXPENDITURE		
224,119	Police Pay and Allowances	237,017	237,157
55,525	Civilian and Traffic Warden Pay and Allowances	58,471	57,836
2,345	Other Employee Expenses	2,945	2,829
<u>261,989</u>	Sub Total Employee Costs	<u>298,433</u>	<u>297,822</u>
43,192	Police Pensions (net)	43,888	47,209
13,045	Premises Related Costs	12,399	11,752
7,717	Transport/Travel Costs	8,023	7,492
23,409	Supplies & Services	25,863	25,811
10,672	Agency Expenses	12,597	12,974
12,038	Capital Financing Costs	8,531	14,112
(9,086)	External Income	(15,211)	(16,302)
1,515	Crime and Operations Contingency	1,630	1,510
<u>384,491</u>	NET COST - GENERAL FUND SERVICES	<u>396,153</u>	<u>402,389</u>
(80)	Net DSO Surpluses	(38)	(37)
(881)	Transfer from Asset Management Account		(1,845)
(4,121)	Interest Received		(4,872)
(894)	Loan Charges Grant	(748)	(820)
<u>374,515</u>	NET OPERATING EXPENDITURE	<u>395,367</u>	<u>394,886</u>
	EXCEPTIONAL ITEMS		
	Lease Reimbursements		(477)
(10,620)	Conversion of Provisions		(10,157)
	APPROPRIATIONS		
10,620	Conversion of Provisions		
7,400	Financing of Capital Expenditure		8,180
(4,591)	Provision for Repayment of External Loans		(6,371)
153	Capital Element of Finance Leases		
(763)	To (from) External Reserves	342	8,374
<u>388,714</u>	AMOUNTS TO BE MET FROM GOVERNMENT GRANTS AND LOCAL TAXATION	<u>395,025</u>	<u>394,355</u>
	SOURCES OF FINANCE		
(38,749)	Council Tax Payer	(41,547)	(41,547)
	Central Government Grants		
(191,316)	Police Revenue Grant	(198,298)	(198,298)
(95,879)	Revenue Support Grant	(94,165)	(94,165)
(54,967)	Non-Domestic Rates	(60,841)	(60,841)
	Subsidy Payments	89	89
<u>(388,911)</u>	TOTAL EXTERNAL FUNDING	<u>(394,762)</u>	<u>(394,762)</u>
(197)	NET GENERAL FUND DEFICIT/(SURPLUS)	263	(407)
(6,318)	GENERAL RESERVE BALANCE BROUGHT FORWARD	(6,515)	(6,515)
<u>(6,515)</u>	GENERAL RESERVE BALANCE CARRIED FORWARD	<u>(6,252)</u>	<u>(6,922)</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 2000/2001 was 10.6%, with no change in 2001/2002.

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 WYAPA 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 WYAPA. 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 Memoranda 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 the lower of costs or net realisable value.

AUDITOR'S REPORT TO

WEST MIDLANDS POLICE AUTHORITY

We have audited the statement of accounts on pages 5 - 23 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 - 23 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 to 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 2001 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: 20 September 2001

STATEMENT OF ACCOUNTS

CAPITAL EXPENDITURE AND FINANCING

Capital expenditure in the year totalled £12.9 (£16.1m 1999/2000) compared to a planned programme of £14.4m. The main reasons for the shortfall relate to delays in the building programme and the implementation of IT schemes.

Detailed analysis of the capital programme and its financing are set out in the capital accounts on page 10.

BORROWING

Borrowing totals of £45.4m, 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. Details are set out in Note 10 to the Balance Sheet.

FUTURE OUTLOOK

For the coming year 2001/2002 the Police Authority set a budget of £411.2m. This resulted in a precept requirement of £43.3m. The budget included a series of £2.5m of growth and development items principally directed at increasing the numbers of police officers and support staff in Operational Command Units.



M S Williams CFFA
Treasurer to the Authority
Date: 20 September 2001

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/LASAAC 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 31 March 2001.

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 2000/2001

The position is summarised in the following table:

Actual 99/00	REVENUE EXPENDITURE	Revised Estimate	Actual	Variation + -
£m		£m	£m	£m
370.9	Net expenditure (including loan charges grant)	395.4	396.2	0.8
10.6	Major changes in provisions	-	(10.2)	(10.2)
(10.8)	Appropriations (from)/to Reserves	(0.3)	8.4	8.7
0.2	Appropriations (from)/to Balances	(0.3)	0.4	0.7
<u>380.9</u>	Total Net Requirements	<u>394.8</u>	<u>394.8</u>	<u>0.0</u>
	Financed by:			
(287.2)	Police Grant	198.3	198.3	0.0
	Revenue Support Grant	94.2	94.2	0.0
(55.0)	M.H.R.R.	60.8	60.8	0.0
	Subsidy Payments	(0.10)	(0.10)	0.0
(138.7)	Precept Income	41.6	41.6	0.0
<u>(380.9)</u>	Total financing	<u>394.8</u>	<u>394.8</u>	<u>0.0</u>

The main variations between estimated and actual expenditure are set out below:

	£m
Traffic Warden Costs	(0.2)
Civilian Pay Costs	(0.5)
Other Employee related costs	(0.1)
Pensions Provision Contributions	3.3
Premises Costs	(0.6)
Transport	(0.4)
Supplies and Services	(0.1)
Agency Expenses	0.4
Income	(1.2)
Loan Charges Grant	0.1
Other Variations	<u>0.1</u>
Variation in expenditure	0.8
Variation in Provisions	<u>(10.2)</u>
Variation in net expenditure	<u>(9.4)</u>
Devolved Reserve	0.9
Capital Reserve	4.0
Uniforms Reserve	0.5
Initiatives Reserve	3.5
Other Reserves	(0.2)
Variation in Appropriations	8.7
Variation in Balances	<u>0.7</u>
Total	<u>9.4</u>

EARMARKED AND GENERAL RESERVES

Earmarked reserves amount to £21.4m, and the general reserve is £6.9m. Details are shown in notes 14, 15 and 16 to the Balance Sheet.

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CLEANING DSO

REVENUE ACCOUNT

The Cleaning DSO.

DESCRIPTION	1999/08 £,000	to 30 September 2008 £,000
INCOME		
Specified Cleaning	1,450	751
Additional Cleaning	17	11
	<u>1,467</u>	<u>762</u>
EXPENDITURE		
Labour	1,277	669
Cleaning Materials	23	13
Other Direct Costs	87	43
	<u>1,387</u>	<u>725</u>
Gross Surplus/(Deficit)	80	37
Transferred to Authority	(80)	(37)
	<u>-</u>	<u>-</u>
NET SURPLUS	-	-
RESERVES STATEMENT		
Balances at the beginning of the year	15	-
Movements in year	(15)	-
	<u>-</u>	<u>-</u>
Balance at the end of the year	<u>-</u>	<u>-</u>