



*The draft 2022-23 Statement of Accounts is unaudited and as published may be subject to change*

# **Chief Constable of West Midlands Police: Statement of Accounts**

## **2022-23**



## STATEMENT OF ACCOUNTS 2022-23

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## **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 384 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. The majority 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 a number of universities located in Birmingham, Coventry, Walsall and Wolverhampton.

The West Midlands is the second most diverse population in the UK with a higher than average percentage of minority ethnic groups including Pakistani at 5.4%, Indian at 4.6% and Caribbean at 1.5%. It also had a lower than average White ethnic group at 77% and White British at 71.8%. Approximately 15% of the region's population were born outside the UK. Average earnings and the employment rate for the region are lower than the national average (as per the 2021 census).

There are seven local authorities within the area, Birmingham, Coventry, Dudley, Sandwell, Solihull, Walsall and Wolverhampton, each with a Community Safety Partnership. The area is also served by three Local Enterprise Partnerships (LEPs), Staffordshire and West Midlands Probation Trust and a number of NHS structures, adding complexity to the partnership landscape.

Local policing was delivered through eight neighbourhood policing units (NPU's). Due to its size Birmingham had two NPU's, whilst the other six NPU's are coterminous with local authority boundaries. Each NPU is headed by a Chief Superintendent and the local NPU work is supported by a number of specialist central and support departments.

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.



## Role of Chief Constable

The Chief Constable has overall responsibility 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 (PCC) 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](http://www.west-midlands.police.uk) or can be obtained by contacting us, details at [www.west-midlands.police.uk/contact-us](http://www.west-midlands.police.uk/contact-us). This statement explains how the Chief Constable has complied with the code and also meets the requirements of Accounts and Audit Regulations 2015 (Amended 2020), regulation 6(1), 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, a Director of Commercial Services and a Director of People and Organisational Development. Information on West Midlands Police can be found at [www.west-midlands.police.uk](http://www.west-midlands.police.uk)

## The Statement of Accounts

This Statement of Accounts sets out the overall financial position of the Chief Constable of West Midlands Police (CCWMP). 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 CCWMP consists of:

### 1. Chief Constable's Approval of the accounts

This includes the date and signature of the Chief Constable of West Midlands Police on the approval of the Statement of Accounts.

### 2. Annual Governance Statement

This statement describes how the Chief Constable of West Midlands Police 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 CCWMP 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

This brings together the key financial statements of the Chief Constable of West Midlands Police and accompanying notes. The financial statements consist of:

- **Comprehensive Income and Expenditure Statement for the Chief Constable of West Midlands Police**  
This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices. It summarises the resources that have been generated and consumed in providing policing services during the year. The statement has been prepared in accordance with the accounting principles set out in the CIPFA Code of Practice on Local Authority Accounting and highlights the financial consequences of policing activities in the West Midlands in 2022-23 under the direction and control of the Chief Constable.

- **Movement in Reserves Statement for the Chief Constable of West Midlands Police** – This statement shows the movement in the year on the reserves held by the Chief Constable.

- **Balance Sheet as at 31 March 2023**

The Balance Sheet shows the value, as at the Balance Sheet date of the assets and liabilities recognised by the Chief Constable. The Chief Constable recognises the Pension Liabilities of all Police Officers and staff who are deemed to be under his direction and control excluding those staff working in the Office for the Police and Crime Commissioner. The statement also recognises the cost of short term accumulated absences for police officers and police staff. The statement shows a reserve to match these liabilities.

- **Cash Flow Statement as at 31 March 2023**

The Cash Flow statement aims to show the effect of the cash based transactions between the PCCWM and the CCWMP. This demonstrates the effect of the income received from the PCCWM to enable the CCWMP to deliver a policing service for the force area.

Notes to the account include:

- **Police Pension Fund, Net Asset Statement and notes to the police pension fund scheme.**

The Police Pension Fund Account contains the contributions from the CCWMP at a rate of 31% of police officers' pay which are used to pay police pensions during the year. The deficit on this account is met by a top-up grant from the Home Office which is credited to the Chief Constables Comprehensive Income and Expenditure Statement.

- **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

## CHIEF CONSTABLE REVENUE OUTTURN 2022-23

The revenue outturn is based on the budget which is produced in setting council tax, but the accounts are prepared on the basis of a set of statutory regulations which permit some transactions to be either included or excluded so that they do not impact on the value of council tax that the Group is permitted to raise. Due to the Governance arrangements that result from two separate entities of the PCCWM and the CCWMP the budget setting view focuses mainly on the group position.

The outturn position of the Chief Constable is shown in the table below:

<i>Revenue Expenditure</i>	<i>Budget 2022-23 £m</i>	<i>Actual 2022-23 £m</i>	<i>Variation + (-) £m</i>
Financial Resources of the PCCWM consumed at the request of the Chief Constable			
Employee costs	586.0	576.0	(10.0)
Premises costs	21.5	23.7	2.2
Transport costs	9.6	9.5	(0.1)
Supplies and Services	54.5	54.6	0.1
Collaborative working costs	16.0	17.4	1.4
Capital Financing	12.4	9.7	(2.7)
Income	(59.1)	(62.8)	(3.7)
<b>Police Force (Excl. Change Programme &amp; COVID 19)</b>	<b>640.9</b>	<b>628.1</b>	<b>(12.8)</b>
Change Programme	8.0	9.7	1.7
COVID-19	0	0	0
<b>Police Force (Incl. Change Programme &amp; COVID 19)</b>	<b>648.9</b>	<b>637.8</b>	<b>(11.1)</b>
<b>Regional and National Services</b>	<b>22.1</b>	<b>22.1</b>	<b>0</b>

**Employee Costs:** The Force successfully exceeded the target to recruit 488 additional police officers in 2022-23 to deliver an uplift of 1,218 officers over a 3-year period. Notwithstanding this uplift in officer numbers; police officer pay underspent by £7.4. This was due to a combination of vacancies in the first half of the year and profiling of new recruits. Police staff underspends were £5.1m which were driven by holding non critical police staff vacancies, due to financial pressures in the first half of the year. PCSO underspends of £0.8m were due to vacant posts and the transition of PCSOs into police officer posts in the latter part of the year. Overall employee related expenditure was underspent by £10m where underspends on pay were slightly offset by overspends on overtime, temporary staff and other employee costs.

**Overtime:** Within an overall underspend on employee related expenditure the force did experience pressures on police and police staff overtime totalling £2.4m. Police officer overtime was overspent by £1.8m (9% of budget) and was driven in part by high demand for service across policing that was most acute in Force CID and Force Contact (call handling) where we invested to improve our service for callers to our emergency and non-emergency numbers. Overtime was also driven by our support for regional and national events such as the Funeral for HM Queen Elizabeth II in September 2022.



**Premises:** Premises costs were overspent by £2.2m This was in two key areas. The first was spend on utilities as a result of significant increases in wholesale energy prices being passed on through higher unit costs. Finance worked in collaboration with colleagues in Corporate Asset Management to minimise the impact of higher bills by reducing our use of energy in our police buildings. The second factor was an increase in expenditure on reactive maintenance. This is partly demand related due to the age of some force buildings but also driven by higher material and labour costs.

**Collaborative working:** Within this cost area we have increased provisions for insurance claims made against the force following a review of current open cases and professional advice in relation to the valuation of these cases.

**Capital Financing:** Revenue contributions to deliver the capital programme were underspent by £2.7m. This was due to slippage in the capital programme – particularly fleet vehicle purchase delays and the IT&D business as usual programme for infrastructure and network services which was impacted by the availability of raw materials and specialist resources. As a result, the capital financing required was lower than budgeted for. The underspend will be earmarked to deliver the required revenue contributions to the capital programme in 2023-24.

**External income:** Income was greater than budgeted for by £3.7m. This was due to a combination of factors. The force received an additional £1.2m income for agreeing to take an additional 60 police officers above the 1,200-uplift target by the end of the year and received £1m additional income from Central Government for opening up cell blocks to alleviate prisoner overcrowding. In addition, income was earned from mutual aid officers being deployed to other forces to support regional and national events

**Force change programme:** Overspends of £1.7m were experienced in relation to the remainder of the force change programme. The programme was largely on budget but costs in relation to one project were recategorised part way through the year from capital to revenue and hence putting a pressure on the revenue budget.

## HOW WEST MIDLANDS POLICE HAS PERFORMED IN 2022-23

The table below shows some key crime statistics for West Midlands Police for the year ended 31 March 2023 compared to the same time in the previous year.

	2021-22	2022-23	% change
Total recorded Crime	359,898	336,337	-7%
Business Crime	41,895	49,351	18%
Burglary	15,009	15,682	4%
Robbery	7,861	8,402	7%

Although total recorded crime has reduced, we are still seeing increased levels of certain crimes. Compared to the previous year Q1 saw the biggest increase as the 2021 quarter still contained lockdown restrictions as society hadn't fully opened up. Levels of burglary and robbery whilst increasing compared to the previous year are still some way below pre covid baselines. Throughout the year vehicle offences continued to increase, a trend that is seen nationally with all forces seeing upward trend associated with supply of vehicle parts. Towards the end of the year theft offences increased such as shoplifting to be highest for over 4 years potentially linked to the cost of living.

## Performance rated by PEEL assessment

In the last PEEL (Police effectiveness, efficiency and legitimacy) inspection of West Midlands Police, Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) found good practice in the following areas:





- Use of resources
- Recording crime
- Prioritising public safety
- Protecting people from serious harm
- Using problem solving and work with other organisations to prevent crime, anti-social behaviour and vulnerability.

HMICFRS also said West Midlands Police had made progress against many areas of national recommendation:

- Monitoring and analysing stop and search data and working to improve further
- Holding regular scrutiny panels, which examine body worn video footage
- Challenging how officers use stop and search powers to ensure a fairer service to the public.

The inspectorate also recognised ongoing efforts to make sure the workforce reflects the diverse communities it serves.

## **MATERIAL ASSETS ACQUIRED, LIABILITIES INCURRED AND FINANCING OF CAPITAL EXPENDITURE**

The Chief Constable does not have ownership of any capital assets or liabilities and therefore has no capital expenditure. The Chief Constable is charged for the revenue costs of buildings, transport and equipment as the consumption of these assets are deemed to be under his direction.

## **PENSIONS**

Pension liabilities in respect of Police Officers and police staff whose costs have been recognised in the Chief Constable's Comprehensive Income and Expenditure Statement have been recognised in the Balance Sheet of the Chief Constable. As at 31 March 2023 the Chief Constable recognised net pension liabilities of £5,886m. Overall statutory arrangements for funding the deficit mean that the financial position of the Group remains healthy.

The actuarial gain on pension funds in 2022-23 totalled £3,068.8m and compared to actuarial gains in 2021-22 of £106.0m. This is shown in the CIES on page 29. The decrease in the liability of £2,830m is due mainly to an increase in the discount rate for future cash flows as well as decreases in assumed future salaries and in the rate of CPI inflation. It should be noted that actuarial gains and losses do change each year as can be seen from the defined benefit pension scheme notes starting on page 45 of the Statement of Accounts.

## **CHANGES TO ACCOUNTING POLICIES**

There have been no changes to Accounting Policies which affect the Chief Constable's Statement of Accounts in 2022-23.

## **FUTURE OUTLOOK**

During 2022-23 the force delivered on the 3-year commitment to uplift the number of police officers by an additional 1,218 as part of the government pledge to recruit an additional 20,000 police officers nationally by 2023. We are now looking to maintain this national uplift, and exceed this investment where affordability permits. This has provided us with significant opportunities to increase service levels in key areas.

As a result, as we move into 2023-24 we are changing how we operate to ensure we are delivering an effective and efficient service to the public which enshrines the principles of local neighbourhood policing. At the heart of this is the development of a new local policing model built on seven new Local Policing Areas (LPAs). These will provide a local, visible police service, delivered in the heart of our diverse communities. This is led by our desire to be recognised as an outstanding police service that is big enough to cope with everything that is asked





of us and small enough to care about the things that really matter to people. We have set our new vision for the force, which is built on three pillars:

- Delivering a service that works for local people
- Building engaged communities
- Being an employer of choice

## **FUTURE FUNDING LEVELS**

The Police and Crime Commissioner is funded through grants from central government, based on the police funding formula and the police precept component of local council tax. One-off funding in areas such as regional organised crime, firearms and violence make it extremely difficult to deliver on long term issues and exacerbates financial pressures for the force as they can end suddenly. Whilst work has started on revisiting the funding formula no specific completion date has been set, therefore there is an expectation that the current methodology will continue to be used in the short term. Any new funding formula introduced may pose a risk to funding levels and will be closely monitored, including the impact on the medium-term financial plan and the reserve strategy.

The medium-term financial plan of the PCC and Force includes a number of assumptions around resource levels and financial commitments. We will revisit these assumptions as we progress through 2023-24. Significant pay award and inflationary pressures identified leading up to setting the budget for 2023-24 materialised and a number of decisions were made to enable us to balance the budget. These decisions included a mix of one-off and permanent measures. Due to the one-off nature of some of the 2023-24 decisions and the ongoing inflationary pressures the financial landscape continues to be challenging and further efficiency savings will be need to be achieved through the Priority Based Budgeting process during 2023-24 leading into 2024-25.

The financial pressures are likely to continue until a funding review is carried out by government although this is unlikely to address all future financial pressures.

## **EVENTS AFTER THE REPORTING PERIOD**

There are no material events to report after 31 March 2023.



# Annual Governance Statement

Position as at 31st March 2023 including plans for the financial year 2023-24.

## 1. Introduction

This Annual Governance Statement (AGS) explains how the Chief Constable governs West Midlands Police Force through a system of internal controls. The Chief Constable has adopted a Code of Corporate Governance, consistent with the principles of the CIPFA/SOLACE 2016 updated framework: *Delivering Good Governance in Local Government*, a copy of which is on our website at [www.west-midlands.police.uk](http://www.west-midlands.police.uk) or can be obtained by contacting us, details at [www.west-midlands.police.uk/contact-us/index.aspx](http://www.west-midlands.police.uk/contact-us/index.aspx). This statement explains how the Chief Constable has complied with the code and also meets the requirements of the Accounts and Audit Regulations 2015, regulation 6(1), which requires all relevant bodies to prepare an annual governance statement.

## 2. Scope

The Chief Constable is responsible for ensuring the 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.

## 3. The Governance Framework

The governance framework comprises the systems, processes, culture and values by which the Chief Constable directs and controls activities through which it accounts and engages with the community. It enables the Chief Constable to monitor the achievement of 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 governance framework and is designed to manage risk. It cannot eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and 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 Chief Constable’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 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 Chief Constable is held to account for the exercise of those functions and those of the persons under his direction and control, by the Police and Crime Commissioner.

It therefore follows that the Commissioner must satisfy himself that the force has appropriate mechanisms in place for the maintenance of good governance. For these to operate in practice, the Commissioner and the Chief Constable 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.

*West Midlands Police Strategic Governance Structure:*



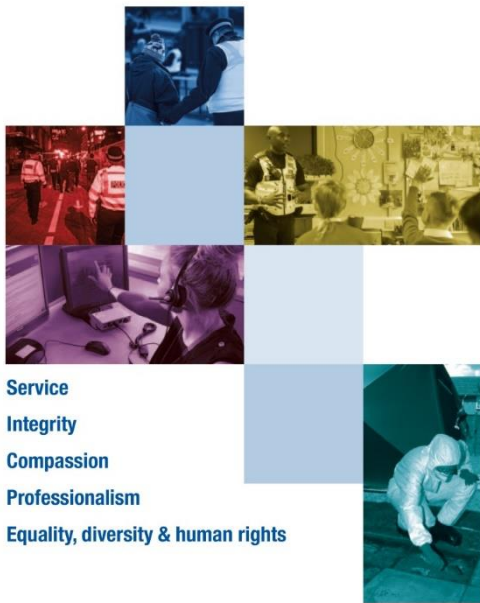
The ‘Delivering Good Governance standard for public services 2016’ sets out the seven good governance core principles. The key elements of the systems and processes that have been put in place for the force and how the force adheres to these seven principles is evidenced below.

**4. Principle A: Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law**

Evidence to demonstrate Principle A includes;



- ✓ The Chief Constable's Vision and Values, in conjunction with the Code of Ethics, define the standards expected of everyone working in policing and is communicated to all officers and staff.



- ✓ The Standards of Professional Behaviour reflect the expectations of the public and are governed by specific policies, procedural rules and internal management processes that cover the activities of the force:

- Financial Management
- Procurement
- Health and safety
- Gifts and Hospitality
- Business Interests
- 'Whistleblowing' – Confidential Reporting
- Complaints Handling
- Anti-Fraud, Bribery and Corruption
- Information Security
- Information sharing
- Data Protection
- General Data Protection Regulations

- ✓ At a national level, the force cooperates in the National Fraud Initiative which attempts to identify fraud by sharing and comparing employee data across the public sector.

- ✓ Within the force there are two formal codes of conduct, one for police officers and one for police staff. Both codes define the standards of personal behaviour expected. The officer code also sets out requirements in



terms of use of force, performance, execution of duties and other general conduct expectations. Certain staff, e.g. qualified accountants or solicitors, will have professional codes of conduct to which they are held to account.

- ✓ An Ethics Committee has been established which is responsible for providing the Chief Constable and PCC with independent advice around ethical issues arising from the data analytics projects.

## 5. Principle B: Ensuring openness and comprehensive stakeholder engagement

Evidence to demonstrate Principle B includes;

- ✓ The West Midlands Police web site includes the current Freedom of Information (FOI) publication scheme in its 'Your right to information' pages.
- ✓ The Office of the Police and Crime Commissioner sets the overall strategic direction for the Chief Constable and the force through the objectives contained in the Police and Crime Plan, setting the force budget and determining the precept, commissioning services, and holding the Chief Constable to account on behalf of the public. The Police and Crime Plan covers the period 2021-2025.
- ✓ The force website aids agile accessibility to the police service by providing advice, enabling a member of the public to report an incident, track their case and undertake live webchat to report all non-emergency crimes online.
- ✓ The force actively involves communities across the force geography. The approach involves public meetings including community forums, independent advisory groups, scrutiny panels and messaging via WMNOW.
- ✓ There is also active involvement with the full range of media such as press, TV, social media and public surveys.
- ✓ The force works closely with Independent Advisory Groups and independent scrutiny panels to increase levels of trust and understanding in our diverse communities, support the most vulnerable and make sure our engagement is targeted and meaningful.
- ✓ Governed by the Citizens in Policing Board, the force has a comprehensive Citizens in Policing programme which seeks to increase citizen participation in policing and community safety by developing the scale and variety of opportunities for volunteers, special constables, cadets and a number of watch schemes.
- ✓ The force engages and collaborates with a significant number of partners within the region. An example being the work of the *West Midlands Violence Reduction Unit* which is jointly chaired by an Assistant Chief Constable and Public Health Lead. *The WMVRU aims to bring together partners to work together with the*





*shared understanding that violence and its associated harms are preventable. The WMVRU is a member of the World Health Organisation Violence Prevention Alliance international network.*

- ✓ WMP regularly speaks to its communities and partners to share the experiences and develop ideas and practices. We use the Four Key Principles (Voice, Dignity and Respect, Trustworthy Motives and Neutrality) to ensure we all understand what we're doing. Understanding what people think of the Force's practices helps WMP to change and constantly improve what it does. With greater levels of citizen satisfaction comes an increase in trust and legitimacy.

## **6. Principle C: Defining outcomes in terms of sustainable economic, social and environmental benefits**

Evidence to demonstrate Principle C includes;

- ✓ The WMP strategy defines a number of economic, social and environmental outcomes to be delivered during the period 2020-2023. A new corporate strategy has been drafted to deliver the new Local Policing model.
- ✓ The Policing Vision 2025 highlighted trends most likely to impact policing by 2025 and the College of Policing's Future Operating Environment 2040 provides an insight into policing's operating environment as far as 2040, we consider the implications of these kind of trends, scenarios and future challenges on WMP as part of our annual strategic assessment within our strategy and business planning cycle.

## **7. Principle D: Determining the outcomes necessary to optimise the achievement of the intended outcomes**

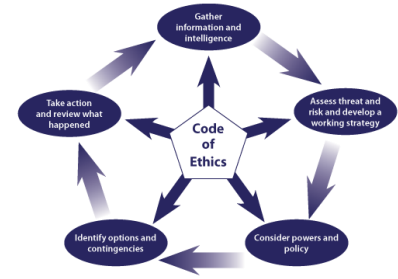
Evidence to demonstrate Principle D includes;

- ✓ Strategic governance is in place to monitor and track activity against WMP's strategy. This includes regular Chief Officer meetings, the monthly Force Leadership Conference and quarterly Strategic Tasking and Co-ordination group meeting which are in place to drive the key deliverables of the strategy.
- ✓ Force performance is scrutinised via both strategic and tactical force level governance structures, with the monthly Performance Day acting as the main oversight body. Portfolio and thematic boards are in place to manage performance within the portfolio areas and provide the necessary oversight and assurance.
- ✓ The force planning cycle incorporates an annual strategic assessment, annual Force Management Statement (FMS) and financial plans.



- ✓ The Medium Term Financial Plan (MTFP) has been updated which forms the basis of the annual budgets and provides a framework for the evaluation of future proposals.

- ✓ Decision-making at all levels of the force is undertaken within the framework of the National Decision Model, which has the Code of Ethics at its core.



- ✓ WMP continue to utilise the Threat Harm Risk Investigation Vulnerability Engagement (THRIVE) framework across functions. It underpins all decision making in the force and encourages flexible and adaptable risk management, while empowering staff and officers at all levels to have confidence in the decisions that they make.

### **Principle E: Developing the Force’s capacity, including the capability of its leadership and the individuals within it**

Evidence to demonstrate Principle E includes;

- ✓ As part of WMP’s corporate strategy, a people strategy was launched in 2021 outlining what WMP expects from its personnel and what people can expect, in return, from the organisation.
- ✓ The strategy incorporates a future facing leadership framework, with individuals aiming to be champions in the workplace; creating an environment which supports, challenges and enables WMP officers and staff to be the best they can be in order to bring the vision and values, as referenced under Principle A, to life.
- ✓ The Force Executive Team have clearly defined leadership roles and objectives; they are responsible for implementing strategy and managing the delivery of services within their respective portfolios.
- ✓ WMP Conversations continues to be delivered across the force as a way of engaging with the workforce and evidencing individual and team performance and capability. The relaunch was successful and retained a focus on measuring and improving our performance to meet the strategic objectives and drive personal, departmental and forcewide deliverables. In early 2022, a talent management framework was added to the WMP Conversations platform, enabling a consistent view across the force of areas of focus for talent development in future years and a ratings capability implemented.
- ✓ To build on capacity, collaboration arrangements are in place with neighbouring forces for significant service areas including CMPG, Forensics and Legal Services and future collaboration continues to be considered.





- ✓ Regional and national governance arrangements are in place in relation to national and regional programmes (Single Online Home, Specialist Capabilities, and Blue Light Commercial etc.)
- ✓ The innovative Data Driven Insight (DDI) project continues to drive the forcewide agenda in terms of data analytics. It delivers a single, cleansed and integrated data set which provides an enterprise wide search capability directly into the hands of our front line officers on their mobile devices, transforming data access, intelligence and tools. This system provides deep insight and analytics, creating the step change in how information drives our actions.
- ✓ As part of the HMICFRS Integrated PEEL Assessment (IPA), WMP's arrangement planning for future demand was graded as 'Good'.
- ✓ An in-house automation capability within IT&D continues to deliver forcewide capabilities.
- ✓ To build on the force's expertise, there are knowledge transfer arrangements in place as part of the previous five year strategy (WMP2020), along with numerous academic collaboration work streams.

## **9. Principle F: Managing risks and performance through robust internal control and strong public financial management**

Evidence to demonstrate Principle F includes;

- ✓ The force has an Organisational Risk Management Policy and Corporate Risk Register, prepared and reviewed by the Deputy Chief Constable and managed via the Force Executive Team Meeting and Risk and Learning Board. The Joint Audit Committee (with the PCC) is responsible for independent assurance on the adequacy of the risk management framework.
- ✓ The force ensures all decision-making processes are overseen by correct governance structures. Each member of the Force Executive Team (FET) leads a specific portfolio board and chairs thematic boards, all of which incorporate sub-groups for specific functions and themes. This oversight from the highest level ensures that there is no disconnect at any level of management in the continued delivery of force performance and ambitions. Risk is discussed as a regular agenda item within these portfolio and thematic boards. These meetings ensure risks are being managed and mitigated as well as providing the gateway for forcewide risks to be escalated through the force governance structures.
- ✓ Objectives are defined within the WMP Conversations of each executive team member and cascaded throughout the organisation's approach to performance management.



- ✓ Performance management forms part of the force governance arrangements. Performance information is scrutinised by the Force Executive Team via the boards they chair and the Quarterly Performance Reviews (QPRs) they hold. Deep dives of performance take place at the most senior level of the organisation at the monthly Performance Day meetings.
- ✓ An increasing number of readily available performance dashboards allow for detailed performance information to be available to supervisors.
- ✓ Her Majesty's Inspectorate of Constabulary and Fire and Rescue Service (HMICFRS) independently assesses operational policing processes and reports the performance of the force at a national level. The force tracks and monitors all recommendations and areas for improvement from HMICFRS via the force governance structures.
- ✓ Strong public financial management is evidenced through the following strategies and reports:
  - Medium Term Financial Plan
  - Annual Financial Strategy
  - Budget Monitoring reports
  - Annual Statement of Accounts
  - Treasury Management Strategy
  - Treasury Management Reports
  - Reserves Strategy
  - Benefit Realisation plans
  - HMICFRS Value for Money Profile
  - CIPFA Financial Management Capability Review
- ✓ 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.

The PCC and the Force are compliant with the principles of the FM code and work will continue in 2023/24 to improve and enhance financial accountability through reinforcement of roles and responsibilities, formalised training and enhanced financial reporting. The enhanced financial reporting will include data on policing performance and outcomes against financial information to enhance operational decision making.



## 10. Principle G: Implementing good practices in transparency, reporting and audit to deliver effective accountability

Evidence to demonstrate Principle G includes;

- ✓ A Joint Audit Committee 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 the 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 Scheme of Corporate Governance, updated in 2021, 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.
- ✓ All major change and transformation programmes and projects have their own project boards and adhere to consistent force change control processes which include addressing risk management and mitigation.
- ✓ An External Audit function reports to "those charged with governance" in respect of the Annual Accounts to ensure they are prepared in accordance with legislation, accounting standards and good practice. As well as issuing a statutory opinion on the accounts they also issue a statutory opinion on the Chief Constables arrangements for securing value for money, measured as economy, efficiency and effectiveness, which sits alongside the HMICFRS assessment work.
- ✓ This Annual Governance Statement is published alongside the Statement of Accounts.
- ✓ Regular publication (subject to confidentiality tests) of reports presented to the Strategic Policing and Crime Board.

## 11. Review of effectiveness

The Chief Constable has responsibility for an annual review of the effectiveness of the Governance Framework. The review of effectiveness is informed by the work of the Force Executive Team within West Midlands Police, who have responsibility for the development and maintenance of the governance environment, the Internal Audit 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 Force

The Chief Constable operates a system of strongly controlled arrangements for the delivery of operational policing in its communities, together with management and monitoring arrangements for:

- Performance management and associated reporting;
- Financial management;
- Standards of data quality that underpin key reporting requirements;
- The professional standards of police officers and staff in the force;
- Programme and project management.

These functions are organised within clear reporting structures in the force, designed to provide the Chief Constable and the Executive Team with assurances as to the effective delivery of operational policing and the Commissioner's Policing and Crime plan.

To increase understanding and improve transparency around force governance, a 'Governance and Knowledge' portal is available to all staff and officers for access to key governance documents such as board terms of references, actions and decisions and summaries of meetings.

## The Joint Audit Committee

The Commissioner and Chief Constable have established a Joint Audit Committee to be 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.
- Ensure the Force is implementing agreed actions resulting from HMICFRS inspections and thematic reviews/reports.



## Internal Audit

The system of Internal Audit is a primary tenet of corporate governance and is the responsibility of the Commissioner. The provision and maintenance of an effective shared Internal Audit service for the PCC and CC has been delegated to the PCC's Chief Finance Officer. The Audit Committee oversees the provision of this service, reviewing associated plans and work outputs.

## 12. Significant governance issues 2022/23

Over the last 12 months, force governance has returned to pre Covid operations with the return of face to face meetings. Thematic boards are have returned and operate as defined by governance structure. The introduction of Microsoft 365 has added a Teams capability which enables virtual attendance and increased opportunity to attend and participate in force governance.

Adhering to the force governance structure has ensured that the transition of leadership for both Chief Constable and Deputy Chief Constable has not impacted on operation of the organisation. Additional governance has been layered in to effectively manage the operating model changes. This has been seen as more frequent organisational change boards.

Full consultation with external partners continued to take place, this has included Independent Advisory Groups, consultation with Children and Adult Services and Key Individual Networks and engagement with the Multi Agency Public Protection Arrangement process.

Other significant structures continued including Misconduct Hearings by WMPs Professional Standards Department.



### 13. Conclusion and Commitment Statement

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

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

#### **Signed**

Craig Guildford  
Chief Constable of West Midlands Police

Peter Gillett, CPFA  
Director of Commercial Services West Midlands



## **STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS**

### **THE RESPONSIBILITIES OF THE CHIEF FINANCE OFFICER TO THE CHIEF CONSTABLE**

The Chief Finance Officer is responsible for the preparation of the Chief Constable of West Midlands Police 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 give a true and fair view of the financial position of the Force at the accounting date and its income and expenditure for the year ended 31 March 2022.

In preparing this Statement of Accounts, the Chief Finance Officer 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 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 CHIEF CONSTABLE OF WEST MIDLANDS POLICE 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 financial position of the Chief Constable of West Midlands Police as at 31 March 2023 and his income and expenditure for the year then ended.

P Gillett, CPFA

Chief Finance Officer to the Chief Constable of West Midlands Police

Date:





## **THE RESPONSIBILITIES OF THE CHIEF CONSTABLE OF WEST MIDLANDS POLICE**

The Chief Constable of West Midlands Police 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 entity that officer is the Chief Constable's Chief Finance Officer.
- to manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- to approve the Statement of Accounts.

## **CHIEF CONSTABLE OF WEST MIDLANDS POLICE CERTIFICATE**

I certify that the Statement of Accounts has been certified by the responsible financial officer and approved for issue by the Chief Constable of West Midlands Police on xxx 2023, 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 2022-23 or before have been reflected in the accounts.

Craig Guildford  
Chief Constable of West Midlands Police  
Date:



# Independent auditor's report to the Chief Constable of West Midlands Police

## Report on the Audit of the Financial Statements











## COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT FOR THE CHIEF CONSTABLE

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. It summarises the resources that have been generated and consumed in providing policing and crime reduction services during the year.

2021-22 Gross Exp £'000	2021-22 Gross Income £'000	2021-22 Net Exp £'000	Note	2022-23 Gross Exp £'000	2022-23 Gross Income £'000	2022-23 Net Exp £'000
810,625	(61,650)	748,975	Financial Resources consumed	784,466	(62,975)	721,491
13,224	(3,807)	9,417	Change Programme	23,123	(1,480)	21,643
118,619	(77,825)	40,794	Regional and National Services	183,811	(140,077)	43,734
<b>942,468</b>	<b>(143,282)</b>	<b>799,186</b>	<b>Total Financial Resources consumed</b>	<b>991,400</b>	<b>(204,532)</b>	<b>786,868</b>
<b>0</b>	<b>(636,892)</b>	<b>(636,892)</b>	<b>PCC Funding for Financial Resources Consumed</b>	<b>0</b>	<b>(686,804)</b>	<b>(686,804)</b>
<b>942,468</b>	<b>(780,175)</b>	<b>162,293</b>	<b>NET COST - POLICING SERVICES</b>	<b>991,400</b>	<b>(891,336)</b>	<b>100,064</b>
172,205	0	172,205	Net Pension Interest Cost	231,519	0	231,519
<b>172,205</b>	<b>0</b>	<b>172,205</b>	<b>Financing and Investment income and expenditure</b>	<b>231,519</b>	<b>0</b>	<b>231,519</b>
0	(84,768)	(84,768)	Pensions Top Up Grant receivable from the PCC	0	(93,388)	(93,388)
<b>0</b>	<b>(84,768)</b>	<b>(84,768)</b>	<b>Other Operating income</b>	<b>0</b>	<b>(93,388)</b>	<b>(93,388)</b>
<b>1,114,673</b>	<b>(864,943)</b>	<b>249,731</b>	<b>(Surplus) or Deficit on Provision of Services</b>	<b>1,222,919</b>	<b>(984,724)</b>	<b>238,195</b>
		(106,019)	Re-measurements of the net defined benefit liability			(3,068,755)
		<b>(106,019)</b>	<b>OTHER COMPREHENSIVE INCOME AND EXPENDITURE</b>			<b>(3,068,755)</b>
		<b>143,712</b>	Total comprehensive Income and Expenditure			<b>(2,830,560)</b>

This Comprehensive Income and Expenditure Statement should be compared with the analysis within the PCC and Group accounts to compare the costs over which the Chief Constable has direction and control to the total costs of the PCC and the Group.

The PCC funding for financial resources consumed represents non-specific funding received by the PCC which is transferred to the Chief Constable to enable him to deliver effective police services.





## MOVEMENT IN RESERVES STATEMENT FOR THE CHIEF CONSTABLE

This statement shows the movement in the 2021-22 and 2022-23 financial years on the different reserves held by the Chief Constable. This is analysed into usable reserves (i.e. those that can be used to fund expenditure or reduce local taxation) and unusable reserves. At present, the only transactions shown in this statement relate to the pensions reserve and the accumulated absences account reflecting movements relating to police officers and staff under the direction and control of the Chief Constable. All other reserves are managed by the PCC. The financial consequences of the operational activities undertaken by the Chief Constable can be seen in the Comprehensive Income and Expenditure Statement.

	General Fund Balance (Useable)	Pensions Reserve	Accumulated Absences Account	Total Unusable Reserves	Total Reserves
	£'000	£'000	£'000	£'000	£'000
<b>Balance as at 01 April 2021</b>	<b>(815)</b>	<b>8,571,559</b>	<b>11,275</b>	<b>8,582,834</b>	<b>8,582,019</b>
<b>Total Comprehensive Income and Expenditure</b>	<b>249,731</b>	<b>(106,019)</b>		<b>(106,019)</b>	<b>143,712</b>
Actual Amounts charged against the pensions fund for the year	109,754	(109,754)		(109,754)	0
Difference in pension costs between accounting basis and funding basis	(361,184)	361,184		361,184	0
Difference in employee remuneration costs (between accounting and funding basis)	2,108		(2,108)	(2,108)	0
<b>Adjustments between accounting basis and funding basis under regulations</b>	<b>(249,322)</b>	<b>251,430</b>	<b>(2,108)</b>	<b>249,322</b>	<b>0</b>
Net increase or (decrease)	409	145,411	(2,108)	143,303	143,712
<b>Balance as at 31 March 2022 carried forward</b>	<b>(406)</b>	<b>8,716,970</b>	<b>9,167</b>	<b>8,726,137</b>	<b>8,725,731</b>
<b>Total Comprehensive Income and Expenditure</b>	<b>238,195</b>	<b>(3,068,755)</b>		<b>(3,068,755)</b>	<b>(2,830,560)</b>
Actual Amounts charged against the pensions fund for the year	112,607	(112,607)		(112,607)	0
Difference in pension costs between accounting basis and funding basis	(350,568)	350,568		350,568	0
Difference in employee remuneration costs (between accounting and funding basis)	172		(172)	(172)	0
<b>Adjustments between accounting basis and funding basis under regulations</b>	<b>(237,789)</b>	<b>237,961</b>	<b>(172)</b>	<b>237,789</b>	<b>0</b>
Net increase or (decrease)	406	(2,830,794)	(172)	(2,830,966)	(2,830,560)
<b>Balance as at 31 March 2023</b>	<b>0</b>	<b>5,886,176</b>	<b>8,995</b>	<b>5,895,171</b>	<b>5,895,171</b>



## BALANCE SHEET FOR THE CHIEF CONSTABLE

The Balance Sheet for the Chief Constable of West Midlands Police shows the value as at 31 March 2023 (the Balance Sheet date) of the assets and liabilities recognised by the CCWMP. The assets and liabilities recognised relate to the Police Officers and Police Staff under the direction and control of the Chief Constable. The net liabilities of the CCWMP are met by the reserves held by the entity.

	As at 31 March 2022	As at 31 March 2023	Notes
	£'000	£'000	
<b>Long Term Assets</b>	0	0	
<b>Total Long term Assets</b>	<u>0</u>	<u>0</u>	
<b>Current Assets</b>	0	0	
<b>Total Current Assets</b>	<u>0</u>	<u>0</u>	
<b>Current Liabilities</b>			
Short Term Creditors	(9,167)	(8,995)	15
<b>Total Current Liabilities</b>	<u>(9,167)</u>	<u>(8,995)</u>	
<b>Long term Liabilities</b>			
Liability relating to defined benefit pension scheme	(8,716,564)	(5,886,176)	16
<b>Total Long term Liabilities</b>	<u>(8,716,564)</u>	<u>(5,886,176)</u>	
<b>Net Liabilities</b>	<u>(8,725,731)</u>	<u>(5,895,171)</u>	
<b>Reserves</b>			
Usable Reserves	(406)	0	
Unusable Reserves	8,726,137	5,895,171	16
<b>Total reserves</b>	<u>8,725,731</u>	<u>5,895,171</u>	

The unusable reserves consist of a reserve for short term compensated absences of £9.0m and pension reserves of £5,886.2m.





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## NOTES TO THE ACCOUNTS

### 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 2022-23 (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 IASB issued IFRS 16 Leases in January 2016. The standard has an effective date of 01 January 2019 and was due to be adopted in the Code in the 2019-20 financial year. Following decisions taken at the meeting of the government's Financial Reporting Advisory Board (FRAB) on 22 November 2018 to defer implementation for the majority of rest of the public sector, the Local Authority Accounting Code Board has agreed to delay implementation until 1 April 2020. The CIPFA/LASAAC Local Authority Accounting Code Board (CIPFA/LASAAC) agreed in April 2020 to defer the implementation of IFRS 16 Leases for one year in-line with the government's Financial Reporting Advisory Board's proposals for central government departments, moving the effective date for implementation to 1 April 2021. The CIPFA LASAAC Local Authority Accounting Code Board agreed in late 2020 in response to pressures on council finance teams as a result of the COVID-19 pandemic to defer the implementation of IFRS 16 Leases in the Code of Practice on Local Authority Accounting in the United Kingdom (the code) until the 2022-23 financial year. This aligns with the decision at the Government's Financial Reporting Advisory Board to establish a new effective date of 1 April 2022 for the implementation of IFRS 16. CIPFA LASAAC put forward a consultation on emergency proposals for an update of the 2021-22 Code of Practice in February 2022 and following consideration by the government's Financial Reporting Advisory Board has made a formal decision to defer the implementation of IFRS 16 until 1 April 2024 (and therefore in the 2024-25 Code). However, both the 2022-23 and the 2023-24 Codes will allow for adoption as of 1 April 2022 or 2023.

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.

### 2. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

In applying the accounting policies set out in pages 59 to 62 the CCWMP has had to make certain judgements about complex transactions involving uncertainty about future events. The critical judgements made in the statement of accounts are:

- A judgement has been made about the split of cost to include 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 2 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 Constables 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. MAJOR SOURCES OF ESTIMATION UNCERTAINTY

The Statement of Accounts contains estimated figures that are based on assumptions made by the CCWMP 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 Chief Constables Balance Sheet as at 31 March 2023 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 in the pension scheme. The Chief Constable uses 2 firms of actuaries to provide expert advice about the assumptions to be applied to the Police Pension Schemes and the Local Government Pension Scheme.	The effect on the net pension liability of changes in individual assumptions can be measured but they interact in complex ways. The liability as at 31 March 2023 is £5,886m (£8,717m in 2021-22) so a small percentage change in the overall liability can have a material impact on the accounts

### 4. EVENTS AFTER THE BALANCE SHEET DATE

There are no material events to report after 31 March 2023.



## NOTES TO THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT FOR THE CHIEF CONSTABLE

### 5. EXPENDITURE AND FUNDING ANALYSIS

2021-22 Net Expenditure Chargeable to the General Fund Balance £'000	2021-22 Adjustments between Funding and Accounting Basis £'000	2021-22 Net Expenditure in the Comprehensive Income and Expenditure Statement £'000	Chief Constable	2022-23 Net Expenditure Chargeable to the General Fund Balance £'000	2022-23 Adjustments between Funding and Accounting Basis £'000	2022-23 Net Expenditure in the Comprehensive Income and Expenditure Statement £'000
<b>Chief Constable</b>						
609,104	139,871	748,975	Chief Constable	627,621	93,870	721,491
7,318	2,099	9,417	Change Programme	9,726	11,917	21,643
19,496	21,298	40,794	Regional & National Services	28,492	15,242	43,734
(635,508)	(1,384)	(636,892)	Funding from the PCC	(665,433)	(21,371)	(686,804)
<b>410</b>	<b>161,884</b>	<b>162,294</b>	<b>Net Cost of Services</b>	<b>406</b>	<b>99,658</b>	<b>100,064</b>
0	87,437	87,437	Other Income and Expenditure	0	138,131	138,131
<b>410</b>	<b>249,321</b>	<b>249,731</b>	<b>Surplus or Deficit</b>	<b>406</b>	<b>237,789</b>	<b>238,195</b>

	Chief Constable	
	2021-22	2022-23
<b>Opening General Fund Balance</b>	(815)	(406)
<b>Less Deficit on General Fund Balance in Year</b>	410	406
<b>Closing General Fund Balance at 31 March</b>	(406)	0

### 6. NOTE TO THE EXPENDITURE AND FUNDING ANALYSIS

2021-22 Net Change for the Pensions Adjustment (Note 1) £'000	2021-22 Other Differences (Note 2) £'000	2021-22 Total Adjustments between Funding and Accounting Basis £'000	Chief Constable	2022-23 Net Change for the Pensions Adjustment (Note 1) £'000	2022-23 Other Differences (Note 2) £'000	2022-23 Total Adjustments between Funding and Accounting Basis £'000
<b>Chief Constable</b>						
144,365	(4,494)	139,871	Chief Constable	87,478	6,392	93,870
65	2,034	2,099	Change Programme	53	11,864	11,917
19,562	1,736	21,298	Regional & National Services	12,299	2,943	15,242
(11)	(1,373)	(1,384)	Funding from the PCC	(21,371)	(21,371)	(21,371)
<b>163,981</b>	<b>(2,097)</b>	<b>161,884</b>	<b>Net Cost of Services</b>	<b>99,830</b>	<b>(172)</b>	<b>99,658</b>
87,437	0	87,437	Other Income and Expenditure	138,131	0	138,131
<b>251,418</b>	<b>(2,097)</b>	<b>249,321</b>	<b>Surplus or Deficit</b>	<b>237,961</b>	<b>(172)</b>	<b>237,789</b>

Note 1 – This shows which lines have been affected by the removal of pension contributions and replaced with IAS 19 transactions

Note 2 – This column includes adjustments for Accumulated Absences and capital adjustments from PCC funding





## 7. SUBJECTIVE ANALYSIS OF THE NET COST OF POLICE SERVICES

2021-22 £'000		2022-23 £'000
	Financial Resources of the PCCWM consumed at the request of the Chief Constable	
547,047	Police Pay and Allowances	516,421
229,622	Police Staff and PCSO Pay and Allowances	227,236
8,945	Other Employee Expenses	11,019
<b>785,614</b>	<b>Sub Total Employee Costs</b>	<b>754,676</b>
25,814	Premises Related Costs	29,981
13,495	Transport/Travel Costs	13,293
69,494	Supplies and Services	81,212
31,515	Collaborative Working Expenditure	80,073
16,435	Capital Financing Costs	31,597
(143,282)	Income	(204,532)
100	Non distributed costs	568
<b>799,186</b>	<b>Total Financial Resources of the PCCWM consumed at the request of the Chief Constable</b>	<b>786,868</b>
<b>(636,892)</b>	<b>PCC funding for financial resources consumed</b>	<b>(686,804)</b>
162,293	<b>Net Cost of Policing Services</b>	100,064
172,205	Financing and investment income and expenditure	231,519
(84,768)	Other Operating Income	(93,388)
<b>249,731</b>	<b>Deficit on the provision of services</b>	<b>238,195</b>
(100,942)	Other Comprehensive Income and Expenditure	(3,068,755)
<b>148,789</b>	<b>Net Comprehensive Income and Expenditure</b>	<b>(2,830,560)</b>



## 8. EMPLOYEE REMUNERATION

The following table shows the remuneration of employees under the direction and control of the Chief Constable of West Midlands Police whose remuneration is more than £50,000 per year. The values in this table exclude the staff of the Office for the Police and Crime Commissioner.

2021-22 Police Officers	2021-22 Police Staff	2021-22 Total	Earnings Band	2022-23 Police Officers	2022-23 Police Staff	2022-23 Total
6,022	4,259	10,281	Less than £49,999	5,947	4,135	10,082
699	91	790	£50,000 - £54,999	901	113	1,014
476	46	522	£55,000 - £59,999	558	72	630
223	23	246	£60,000 - £64,999	266	26	292
61	7	68	£65,000 - £69,999	75	5	80
37	9	46	£70,000 - £74,999	40	11	51
16	6	22	£75,000 - £79,999	20	2	22
9	4	13	£80,000 - £84,999	12	6	18
11	1	12	£85,000 - £89,999	11	3	14
12	1	13	£90,000 - £94,999	12	1	13
10	3	13	£95,000 - £99,999	13	4	17
7	1	8	£100,000 - £104,999	4	1	5
4	0	4	£105,000 - £109,999	3	0	3
0	0	0	£110,000 - £114,999	1	1	2
2	1	3	£115,000 - £119,999	1	0	1
0	0	0	£120,000 - £124,999	2	0	2
0	0	0	£125,000 - £129,999	0	0	0
0	0	0	£130,000 - £134,999	0	0	0
1	0	1	£135,000 - £139,999	0	0	0
0	0	0	£140,000 - £144,999	0	0	0
0	0	0	£145,000 - £149,999	0	0	0
0	0	0	£150,000 - £154,999	0	0	0
0	0	0	£155,000 - £159,999	0	0	0
1	0	1	£160,000 - £164,999	0	0	0
0	0	0	£165,000 - £169,999	0	0	0
0	0	0	£170,000 - £174,999	0	0	0
0	0	0	£175,000 - £179,999	0	0	0
0	0	0	£180,000 - £184,999	0	0	0
0	0	0	£185,000 - £189,999	0	0	0
0	0	0	£190,000 - £194,999	0	0	0
0	0	0	£195,000 - £199,999	0	0	0
0	0	0	£200,000 - £204,999	0	0	0
1	0	1	£205,000 - £209,999	0	0	0
<b>7,592</b>	<b>4,452</b>	<b>12,044</b>	<b>Totals</b>	<b>7,866</b>	<b>4,380</b>	<b>12,246</b>



## 9. 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. In respect of the CCWMP the information is reported for the senior command team of the police force. 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 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
<b>Chief Constable for West Midlands Police</b>						
Chief Constable D Thompson	1	145.8		145.8	0.0	145.8
Chief Constable C Guildford	2	72.5		72.5	20.6	93.1
Deputy Chief Constable V Jardine	3	163.5		163.5	48.9	212.4
Assistant Chief Constable (1)	4	75.8		75.8	20.8	96.6
Assistant Chief Constable (2)		122.4		122.4	37.3	159.7
Assistant Chief Constable (3)		110.7		110.7	28.8	139.5
Assistant Chief Constable (4)		120.3		120.3	37.3	157.6
Assistant Chief Constable (5)	5	62.8		62.8	16.9	79.7
Assistant Chief Constable (6)	6	102.3		102.3	28.4	130.7
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		30.8	5.3	36.1
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
<b>Total:</b>		<b>1,298.3</b>		<b>1,298.3</b>	<b>304.1</b>	<b>1,602.4</b>

\* Benefits in kind will be added into the audited accounts

#### 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



## Senior Officers' remuneration in 2021-22

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
<b>Chief Constable for West Midlands Police</b>						
Chief Constable D Thompson		207.5	0.8	208.3	0	208.3
Deputy Chief Constable V Jardine		160.1	0.9	161.0	48.6	209.6
Assistant Chief Constable (1)		109.6	0.5	110.1	28.4	138.5
Assistant Chief Constable (2)	1	86.6	0.6	87.2	23.2	110.4
Assistant Chief Constable (3)		118.0	0.9	118.9	36.6	155.5
Assistant Chief Constable (4)	2	101.9	0.0	101.9	31.6	133.5
Assistant Chief Constable (5)		116.6	0.8	117.4	35.8	153.2
Assistant Chief Constable (6)		111.8	0	111.8	26.5	138.3
Assistant Chief Constable (7)	3	61.6	0	61.6	9.5	71.1
Assistant Chief Constable (8)	4	52.6	0	52.6	14.2	66.8
Director of Commercial Services		119.2	0.5	119.7	22.4	142.1
Director of People & Organisation Development	5	127.4	0	127.4	20.5	147.9
<b>Total:</b>		<b>1,372.9</b>	<b>5.0</b>	<b>1,377.9</b>	<b>297.3</b>	<b>1,675.2</b>

### Notes:

11. ACC (2) vacated role of Assistant Chief Constable on 30th November 2021
12. ACC (4) vacated role of Assistant Chief Constable on 31<sup>st</sup> October 2021
13. ACC (7) commenced role of temporary Assistant Chief Constable on 31<sup>st</sup> August 2021
14. ACC (8) commenced role of temporary Assistant Chief Constable on 27<sup>th</sup> September 2021
15. Director of People & Organisational Development vacated their role on 28<sup>th</sup> February 2022



## 10. TERMINATION BENEFITS

The Code of Practice on Local Authority Accounting requires the disclosure of the number and cost of agreed exit packages. This note 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	
	2021-22	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22 £'000	2022-23 £'000
£0 - £19,999	7	6	3	5	10	11	48	93
£20,000 - £39,999	2	1	1	3	3	4	78	123
£40,000 - £59,999	0	0	0	5	0	5	0	238
£60,000 - £79,999	0	1	1	0	1	1	67	68
£80,000 - £99,999	0	2	0	0	0	2	0	174
£100,000 +	1	0	1	4	2	4	272	455
<b>Total</b>	<b>10</b>	<b>10</b>	<b>6</b>	<b>17</b>	<b>16</b>	<b>27</b>	<b>465</b>	<b>1,151</b>

Three compulsory redundancy payments made in 2021-22 relate to departures on 31 March 21 which were omitted from the prior year.

## 11. EXTERNAL AUDIT COSTS

In 2022-23 the Chief Constable incurred the following fees relating to external audit:

	2021-22 £'000	2022-23 £'000
Fees payable to Grant Thornton UK LLP with regard to audit services carried out by the appointed auditor	35	36
Fees payable to Grant Thornton UK LLP with regard to external audit services carried out by the appointed auditor for a prior year	13	0
Fees Refunded by PSAA with regard to a prior year	(3)	0

The appointed auditor in 2022-23 was Grant Thornton UK LLP. The proposed audit fee for the Chief Constable's accounts for the year is £35,744.



## 12. GRANT INCOME

The Chief Constable credited the following grants to the Comprehensive Income and Expenditure Statement. The Police Services income received by the Chief Constable is income that is directly attributable to the Chief Constable. It includes income for services provided such as events and airports but also grant income that is credited to the net cost of services rather than non-specific grant income.

	2021-22	2022-23
	£'000	£'000
<b>Credited to Other Operating Income</b>		
Pensions top up grant receivable	84,768	93,388
<b>Total</b>	<b>84,768</b>	<b>93,388</b>
<b>Credited to Police Services</b>		
Loan Charges Grant	601	596
Counter Terrorism Grant	49,043	57,617
Serious Violence Grant	3,440	3,024
County Lines	3,673	5,211
Commonwealth Games	15,568	71,059
ROCU Grants	7,731	6,988
Police Uplift Programme	6,602	9,442
Police Pensions Grant	6,965	6,965
Other Grants	11,517	9,305
	<b>105,140</b>	<b>170,207</b>

## 13. 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 Chief Constable or to be controlled or influenced by him. Disclosure of these transactions allows readers to assess the extent to which the Chief Constable 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 him.

### Central Government

The UK Government exerts significant influence over the operations of the Chief Constable – it is responsible for providing the statutory operating framework and provides the majority of funding in the form of grants which are paid to the PCCWM. It also prescribes the terms of many of the transactions that the PCCWM Group has with other parties. The grants received from Central Government to the PCCWM are set out in the PCCWM and Group Statement of Accounts.

### Pension schemes

The Local Government Pension Scheme is administered by Wolverhampton City Council and payments of £34.8m were made to them in 2022-23 (£33.6m in 2021-22)

### Officers

No Chief Officers of the Force have declared any related party transactions in 2022-23.



#### 14. COLLABORATIVE WORKING EXPENDITURE

	31 March 2022 £'000	31 March 2023 £'000
Levies	6,338	7,223
Government Departments	369	46,694
NHS Bodies	62	163
Academies	0	0
Other Police Forces	7,713	19,810
Other Local Authorities	985	1,843
All other bodies	16,048	4,340
<b>Total Collaborative expenditure</b>	<b>31,515</b>	<b>80,073</b>

Collaborative working expenditure is included within the net cost of policing services in the Chief Constable's accounts.



## NOTES TO THE BALANCE SHEET FOR THE CHIEF CONSTABLE

### 15. UNUSABLE RESERVES

The Chief Constable recognises two unusable reserves in his Balance Sheet. These relate to Police and Police staff pensions and accumulated compensated absences.

#### 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 CCWMP 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 CCWMP 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 CCWMP 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 2022 £'000	31 March 2023 £'000
Balance at 1 April	8,571,559	8,716,970
Remeasurements of the net defined benefit liability or asset	(106,019)	(3,068,755)
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	361,184	350,568
Employers' pensions contributions and direct payments to pensioners payable in the year	(109,754)	(112,607)
<b>Balance as at 31 March</b>	<b>8,716,970</b>	<b>5,886,176</b>

#### Accumulated Compensated Absences Account

The Accumulated Compensated Absences 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 CCWMP to pay outstanding compensating absences.

	2021-22 £'000	2022-23 £'000
<b>Balance at 1 April</b>	<b>11,275</b>	<b>9,167</b>
Settlement or cancellation of accrual made at the end of the previous year	0	0
Amounts accrued at the end of the current year	11,275	9,167
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	(2,108)	(172)
<b>Balance at 31 March</b>	<b>9,167</b>	<b>8,995</b>





Following the impact of the COVID-19 pandemic it was agreed that all staff would automatically carry forward up to 10 days of untaken annual leave from 2020-21 into 2021-22 which resulted in an increase in this balance at 31 March 2021. This policy exception was reassessed looking at the impact of the Commonwealth Games on leave opportunities and was repeated for 2022-23 and 2023-24 so up to 10 days of untaken annual leave was again carried forward automatically.

## 16. DEFINED BENEFIT PENSION SCHEMES

As part of the terms and conditions of employment of its officers and other employees, the Chief Constable offers retirement benefits. Although these will not actually be payable until employees retire, the Chief Constable, through the Group accounts 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, administered by West Midlands Pension Fund. This is a funded defined benefit final salary 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 final salary 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 pension scheme which all new officers join and many officers from the 2006 scheme have transferred into. 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 the amounts payable, the Group 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 Group which then must repay the amount to Central Government.

The costs of retirement benefits are recognised 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 Group Movement in Reserves Statement.

The tables which follow show pension transactions 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 Chief Constable is responsible for the pension payments for all Police Officers and Police staff with the exception of the staff of the Office for Policing and Crime. The statements which follow show transactions for the Chief Constable and the Group separately because the assets and liabilities in the Local Government pension Scheme are now disclosed separately by the group's actuary.

The following tables show how 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

2022-23	Local Government Pension Scheme CC element £'000	1987 Police Pension Scheme £'000	Police Injury Awards £'000	2006 Police Pension Scheme £'000	2015 Police Pension Scheme £'000	Total £'000
<u>Net cost of services:</u>						
Current Service Cost inc administration	(64,519)	(60)	(3,590)		(143,700)	<b>(211,869)</b>
Past service (cost) / gain	(568)	(124,090)		(12,390)	136,480	<b>(568)</b>
Curtailments	0					<b>0</b>
<u>Financing and Investing Income &amp; Expenditure:</u>						
Net Interest cost	(12,269)	(179,150)	(2,900)	(10,590)	(26,610)	<b>(231,519)</b>
<b>Total post-employment benefits charged to the surplus or deficit on the provision of Services</b>	<b>(77,356)</b>	<b>(303,300)</b>	<b>(6,490)</b>	<b>(22,980)</b>	<b>(33,830)</b>	<b>(443,956)</b>
Other post-employment benefits charged to the Comprehensive Income and Expenditure Statement	0	0	0	0	0	<b>0</b>
<b><u>Re-measurements of the net defined benefit liability/asset comprising:</u></b>						
Return on plan assets (excluding the amount included in the net interest cost)	(29,375)					<b>(29,375)</b>
Actuarial gains and losses arising on changes in demographic assumptions	33,266	61,220	300	16,440	56,800	<b>168,026</b>
Actuarial gains and losses arising on changes in financial assumptions	551,674	2,124,780	27,920	189,760	514,660	<b>3,408,794</b>
Experience gains and losses arising on the pension liabilities	(49,070)	(393,250)	4,910	(6,020)	(35,260)	<b>(478,690)</b>
Other actuarial gains and losses	0	0	0	0	0	<b>0</b>
<b>Net charge to CIES</b>	<b>429,139</b>	<b>1,489,450</b>	<b>26,640</b>	<b>177,200</b>	<b>502,370</b>	<b>2,624,799</b>



2021-22	Local Government Pension Scheme CC element £'000	1987 Police Pension Scheme £'000	Police Injury Awards £'000	2006 Police Pension Scheme £'000	2015 Police Pension Scheme £'000	Total £'000
<u>Net cost of services:</u>						
Current Service Cost inc administration	(71,957)	(7,580)	(4,550)	(1,030)	(188,530)	<b>(273,647)</b>
Past service (cost) / gain	(100)					<b>(100)</b>
Curtailments						
<u>Financing and Investing Income &amp; Expenditure:</u>						
Net Interest cost	(11,375)	(133,360)	(2,180)	(7,940)	(17,350)	<b>(172,205)</b>
<b>Total post-employment benefits charged to the surplus or deficit on the provision of Services</b>	<b>(83,432)</b>	<b>(140,940)</b>	<b>(6,730)</b>	<b>(8,970)</b>	<b>(205,880)</b>	<b>(445,952)</b>
Other post-employment benefits charged to the Comprehensive Income and Expenditure Statement	0	0	0	0	0	
<b><u>Re-measurements of the net defined benefit liability/asset comprising:</u></b>						
Return on plan assets (excluding the amount included in the net interest cost)	59,197					<b>59,197</b>
Actuarial gains and losses arising on changes in demographic assumptions	7,475	0	0	0	0	<b>7,475</b>
Actuarial gains and losses arising on changes in financial assumptions	114,595	81,980	1,100	8,100	17,000	<b>222,775</b>
Experience gains and losses arising on the pension liabilities	(2,868)	(177,750)	1,500	2,330	(6,640)	<b>(183,428)</b>
Other actuarial gains and losses	0	0	0	0	0	<b>0</b>
<b>Net charge to CIES</b>	<b>94,967</b>	<b>(236,710)</b>	<b>(4,130)</b>	<b>1,460</b>	<b>(195,520)</b>	<b>(339,933)</b>



## Pension transactions within the Movement in Reserves Statement

2022-23	Local Government Pension Scheme CC element £'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 19	77,356	303,300	6,490	22,980	33,830	<b>443,956</b>
<b>Actual amount charged against the General Fund balance for pensions in the year:</b>						
Employer's contributions payable to the scheme	(23,369)	0	0	0	0	<b>(23,369)</b>
Retirement benefits payable to pensioners (net of employee contributions)	0	(209,620)	(3,710)	(1,850)	31,590	<b>(183,590)</b>

2021-22	Local Government Pension Scheme CC element £'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 19	83,432	140,940	6,730	8,970	205,880	<b>445,952</b>
<b>Actual amount charged against the General Fund balance for pensions in the year:</b>						
Employer's contributions payable to the scheme	25,043	0	0	0	0	<b>25,043</b>
Retirement benefits payable to pensioners (net of employee contributions)	0	(195,170)	(3,070)	(1,250)	29,720	<b>(169,770)</b>

In the above table the reversal of net charges for retirement benefits in accordance with International Financial Accounting Standards excludes the pension top up grant (£93,388k in 2022-23) payable to the PCC and passed to the Chief Constable from the Home Office. This grant is included in the Movement in Reserves Statement on page 30 which shows the adjustments within the pensions reserve affecting the overall movement in reserves.



## 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:

2022-23	Funded liabilities: LGPS CC element £'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	(867,281)	(5,103,900)	(78,990)	(215,500)	(514,570)	<b>(6,780,241)</b>
Fair value of plan assets	894,065					<b>894,065</b>
<b>Sub-total</b>	<b>26,784</b>	<b>(5,103,900)</b>	<b>(78,990)</b>	<b>(215,500)</b>	<b>(514,570)</b>	<b>(5,886,176)</b>
Other movements in the liability	0	0	0	0	0	<b>0</b>
Net liability arising from the defined benefit obligation	<b>26,784</b>	<b>(5,103,900)</b>	<b>(78,990)</b>	<b>(215,500)</b>	<b>(514,570)</b>	<b>(5,886,176)</b>

2021-22	Funded liabilities: LGPS CC element £'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	(1,312,501)	(6,802,960)	(109,340)	(394,410)	(984,130)	<b>(9,603,341)</b>
Fair value of plan assets	886,777					<b>886,777</b>
<b>Sub-total</b>	<b>(425,724)</b>	<b>(6,802,960)</b>	<b>(109,340)</b>	<b>(394,410)</b>	<b>(984,130)</b>	<b>(8,716,564)</b>
Other movements in the liability	0	0	0	0	0	<b>0</b>
Net liability arising from the defined benefit obligation	<b>(425,724)</b>	<b>(6,802,960)</b>	<b>(109,340)</b>	<b>(394,410)</b>	<b>(984,130)</b>	<b>(8,716,564)</b>



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

<b>2022-23</b>	<b>Funded liabilities: Local Govt Pension Scheme (CC element) £'000</b>	<b>Unfunded liabilities: 1987 Police Pension Scheme £'000</b>	<b>Unfunded liabilities: Injury Awards Pensions £'000</b>	<b>Unfunded liabilities: 2006 Police Pension Scheme £'000</b>	<b>Unfunded liabilities: 2015 Police Pension Scheme £'000</b>	<b>Total £'000</b>
1 April -22	<b>(1,312,501)</b>	<b>(6,802,960)</b>	<b>(109,340)</b>	<b>(394,410)</b>	<b>(984,130)</b>	<b>(9,603,341)</b>
Current service cost	(64,519)	(60)	(3,590)		(143,700)	(211,869)
Interest cost	(36,806)	(179,150)	(2,900)	(10,590)	(26,610)	(256,056)
Contributions by scheme participants	(8,024)	(30)			(35,600)	(43,654)
Transfers into the scheme	0	(10)		(140)	(1,220)	(1,370)
Re-measurement of the defined benefit obligation	536,035	1,792,750	33,130	200,180	536,200	3,098,295
Benefits paid	19,102	209,650	3,710	1,850	4,010	238,322
Curtailments						
Past service costs	(568)	(124,090)		(12,390)	136,480	(568)
Other movements in the liability						
31 March-23	<b>(867,281)</b>	<b>(5,103,900)</b>	<b>(78,990)</b>	<b>(215,500)</b>	<b>(514,570)</b>	<b>(6,780,241)</b>

<b>2021-22</b>	<b>Funded liabilities: Local Govt Pension Scheme (CC element) £'000</b>	<b>Unfunded liabilities: 1987 Police Pension Scheme £'000</b>	<b>Unfunded liabilities: Injury Awards Pensions £'000</b>	<b>Unfunded liabilities: 2006 Police Pension Scheme £'000</b>	<b>Unfunded liabilities: 2015 Police Pension Scheme £'000</b>	<b>Total £'000</b>
1 April -21	<b>(1,342,818)</b>	<b>(6,761,210)</b>	<b>(108,280)</b>	<b>(397,010)</b>	<b>(758,510)</b>	<b>(9,367,828)</b>
Current service cost	(71,957)	(7,580)	(4,550)	(1,030)	(188,530)	(273,647)
Interest cost	(27,449)	(133,360)	(2,180)	(7,940)	(17,350)	(188,279)
Contributions by scheme participants	(8,749)	(2,090)	0	(270)	(32,030)	(43,139)
Transfers into the scheme	0	(210)	0	(110)	(380)	(700)
Re-measurement of the defined benefit obligation	119,202	(95,770)	2,600	10,430	10,360	46,822
Benefits paid	19,370	197,260	3,070	1,520	2,310	223,530
Curtailments	0	0	0	0	0	0
Past service costs	(100)	0	0	0	0	(100)
Other movements in the liability	0	0	0	0	0	0
31 March-22	<b>(1,312,501)</b>	<b>(6,802,960)</b>	<b>(109,340)</b>	<b>(394,410)</b>	<b>(984,130)</b>	<b>(9,603,341)</b>



## Reconciliation of fair value of the scheme assets:

	Local Government Pension Scheme CC Element £'000	
	2020-22	2022-23
1 April	797,084	886,777
Interest on plan assets	16,074	24,537
Return on plan assets excluding the amount included in the net interest expense	59,197	(29,375)
Other actuarial gains and (losses)	0	(165)
Employer contributions	25,043	23,369
Member contributions	8,749	8,024
Benefits paid	(19,370)	(19,102)
31 March	<b>886,777</b>	<b>894,065</b>

The total value of the liability for the pension schemes disclosed in the Chief Constables Balance Sheet excludes the PCC element of the Local Government Pension Scheme and is thus £5,886m.

The liabilities show the underlying commitments that the CCWMP has in the long run to pay post-employment (retirement) benefits. The total liability of £5,886m within the Chief Constable's Balance Sheet has a substantial impact on the net worth of the Group recorded in the Group Balance Sheet, resulting in a negative overall balance of £5,664m. Statutory arrangements for funding the deficit mean that the financial position of the pension deficit will always be funded:

- The deficit on the local government scheme will be made good by increased contributions over the remaining working life of employees (i.e. before payments fall due), as assessed by the scheme actuary.
- Finance is only required to be raised to cover police pensions when the pensions are actually paid.

## 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.

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: -



	Chief Constable Portion of Local Government Pension Scheme		Police Pension Scheme	
	£'000		£'000	
	2021-22	2022-23	2021-22	2022-23
	Years	Years	Years	Years
Mortality Assumptions:				
Longevity at 65 for current pensioners:				
Men	21.2	20.9	22.1	21.9
Women	23.6	23.7	23.8	23.5
Longevity at 65 for future pensioners:				
Men	22.9	21.8	23.8	23.5
Women	25.4	25.4	25.4	25.0
	%	%	%	%
Rate of CPI inflation	3.15	2.95	3.00	2.60
Rate of increase in salaries	4.15	3.95	4.75	3.85
Rate of increase in pensions	3.15	2.95	3.00	2.60
Rate for discounting scheme liabilities	2.75	4.75	2.65	4.65

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the above table. The sensitivity analyses below have been determined based on reasonably possible changes in the assumptions occurring at the end of the reporting period 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 Chief Constable	Sensitivity analysis	Impact on the defined benefit obligation in the scheme		
		£'000	£'000	£'000
<b>Adjustment to the discount rate</b>	Present value of total obligation	<b>+0.1%</b>	<b>0%</b>	<b>-0.1%</b>
		848,600	867,281	885,962
<b>Adjustment to long term salary increase</b>	Present value of total obligation	<b>+0.1%</b>	<b>0%</b>	<b>-0.1%</b>
		870,157	867,281	864,405
<b>Adjustments to pension increases and deferred valuations</b>	Present value of total obligation	<b>+0.1%</b>	<b>0%</b>	<b>-0.1%</b>
		883,338	867,281	851,224
<b>Adjustment to life expectancy assumptions</b>	Present value of total obligation	<b>+ 1 year</b>	<b>No change</b>	<b>- 1 year</b>
		901,972	867,281	832,590

Police Pension Scheme	Impact on the defined benefit obligation in the scheme £'000
Longevity (decrease of 1 year)	145,000
Rate of increase in pensions / deferred revaluation (increase by 0.5%)	445,000
Rate of increase in salaries (increase by 0.5%)	63,000
Rate of discounting scheme liability (increase by 0.5%)	(459,000)





The police pension scheme has no assets to cover its liabilities. Assets in the West Midlands Metropolitan Authorities Pension Fund relating to the Chief Constable are valued at fair value. The Fund assets consist of the following categories by proportion of the total assets of the Fund:

		Fair value of assets held	
		31 March 2022	31 March 2023
Asset category	Sub category	£'000	£'000
Cash and cash equivalents	All	34,824.2	31,170.4
Private Equity	Private	59,542.6	70,049.1
Debt Securities	UK Government	54,887.6	40,348.2
	Corporate Bonds	51,585.7	47,001.6
	Other Bonds	92,670.4	94,249.1
Real Estate	UK property	63,602.0	65,121.6
Investment Funds and Unit Trusts	Equities	478,241.1	481,114.7
	Infrastructure	35,733.4	48,209.4
	Other	15,182.3	16,800.9
Derivatives	Foreign Exchange	394.1	0
	Other	113.6	0
<b>Total Assets held</b>		<b>886,777</b>	<b>894,065</b>

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 ends, 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 next Police Pension valuation is due to be reported in 2023-24, although this timetable is subject to change.



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.

## 17. 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.

	2021-22 Capitalised Value £'000	2022-23 Actual Payments £'000	2022-23 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	1,683	91	1,642
	<b>1,683</b>	<b>91</b>	<b>1,642</b>

## 18. 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 paused until the remedy is brought 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 2023, 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.



## JOINT OPERATIONS

### 19. 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. Operational activities are under the direction of the Chief Constables.

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 2022-23 are as follows:

2021-22 £'000		2022-23 £'000
	<b>Funding provided to the pooled budget</b>	
(5,083)	Contribution from West Midlands Police	(5,121)
(2,379)	Contribution from Staffordshire Police	(2,468)
<b>(7,462)</b>	<b>Total funding provided to the pooled Budget</b>	<b>(7,589)</b>
	<b>Expenditure met from the pooled budget</b>	
6,688	Pay and allowances	6,882
441	Transport costs	461
333	Supplies and Services	246
<b>7,462</b>	<b>Total expenditure</b>	<b>7,589</b>
	<b>Income received to the Pooled budget</b>	
0	Miscellaneous income	0
0	External funding	0
<b>0</b>	<b>Total income received</b>	<b>0</b>
<b>7,462</b>	<b>Total Net Expenditure</b>	<b>7,589</b>
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 2022-23 the final contribution paid by the PCCWM was £5.31m.



## 20. 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 collaboration is agreed between the PCCs for the forces with the operational activity under the direction of the Chief Constables.

The aim of the 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 2021-22 £'000		WMROCU 2022-23 £000	PCCWM split* 2022-23 £000
	<b>Funding provided to WMROCU</b>		
(14,500)	Contribution from West Midlands Police	(16,284)	(16,284)
(3,970)	Contribution from West Mercia Police	(4,683)	
(3,857)	Contribution from Staffordshire Police	(4,549)	
(1,928)	Contribution from Warwickshire Police	(2,274)	
(2,399)	WMROCU Grant	(2,399)	(1,367)
(365)	National Cyber Security Programme funding	(280)	(160)
(224)	Asset Confiscation Enforcement grant (ACE)	(238)	(136)
(1,156)	ROCU Reserves	(26)	(15)
(1,096)	UCOL Funding	(1,096)	(625)
(122)	ROCTA Funding	(122)	(70)
(155)	Disruption Team Funding	(72)	(41)
(250)	Dark Web Funding	(250)	(143)
(67)	OSPY Income	(129)	(74)
	Fraud Investigation	(164)	(93)
	Illicit Cash Team	(442)	(252)
<b>(30,089)</b>	<b>Total funding</b>	<b>(33,008)</b>	<b>(19,258)</b>
	<b>WMROCU expenditure</b>		
1,172	Regional Asset Recovery Team (RART)	1,415	1,267
237	RART – ACE team	244	244
827	Regional Cyber Crime Unit	696	512
389	Regional Fraud Team	292	229
1,211	Regional Prisons Intelligence Unit	1,301	819
71	Operational Security (OPSY)	91	91
62	Regional Government Agency Intelligence Network (GAIN)	45	45
1,400	Command Team	1,417	1,065
5,660	Regional Confidential Unit	6,596	4,997
93	Posts created from underspend	275	228
841	TIDU – Technical Intelligence	781	678
312	Enabling Services	417	417
4,780	SOCU	5,791	3,220
7,710	Regional Surveillance Unit (FSU)	8,421	5,451
194	Threat Assessment Team (ROCTA)	283	148
160	Disruption Team	72	72
259	Dark Web	262	262
	Illicit Cash Team	442	302
3,808	Other Regional Operations	4,167	3,823
902	Additional Contribution to Reserves	0	0
	Contribution to Collaboration	0	(4,612)
<b>30,089</b>	<b>Total expenditure</b>	<b>33,008</b>	<b>19,258</b>
<b>0</b>	<b>Total Net Expenditure</b>	<b>0</b>	<b>0</b>

\* West Midlands Police split is 57% of income and expenditure, however, as lead force, West Midlands Police 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.

2021-22 £'000	Police Pension Fund Account	2022-23 £'000	£'000
	<b>Fund Account</b>		
	Contributions receivable:		
	From employer:		
(79,460)	Normal	(81,582)	
(2,291)	Ill Health Capital Sum	(2,539)	
(20)	AV contributions	(23)	
(81,771)		(84,144)	
(34,388)	From members	(35,711)	
(34,388)		(35,711)	
(698)	Transfers in	(1,529)	
(698)		(1,529)	
<b>(116,856)</b>	<b>Total income into the Pension Fund</b>		<b>(121,384)</b>
	Benefits payable:		
168,331	Pensions	176,686	
32,415	Lump sums	36,484	
247	Lump sum death benefits	547	
60	Benefits payable to other regional forces re earlier reorganisations	47	
201,053		213,764	
	Payments to and on account of leavers:		
401	Refunds of contributions	693	
170	Individual transfers out to other schemes	315	
0	Other	0	
571		1,008	
<b>201,624</b>	<b>Total payments from the pension fund</b>		<b>214,772</b>
<b>84,768</b>	<b>Net amount payable for the year</b>		<b>93,388</b>
(84,768)	Additional contribution received from the Home Office		(93,388)
<b>0</b>			<b>0</b>



## Net Assets Statement

Net current assets and liabilities	2021-22	2022-23
	£'000	£'000
Current assets	0	0
Current liabilities	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

## 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 59 of this Statement of Accounts.
2. The police pension fund is administered by the Chief Constable of West Midlands Police.
3. All benefits payable during 2022-23 have been accounted for within the pension fund account; however, liabilities that are due after the 31 March 2023 are not included. These liabilities are recognised within the Comprehensive Income and Expenditure Statement and are detailed in note 16.
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 2020-21 the contribution rates were as follows :-

Employers Contribution – 31% for the 1987 2006 & 2015 Police pension schemes

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 Force's transactions for the 2022-23 financial year and its position at the year end of 31 March 2023. The Chief Constable is required to prepare an Annual Statement of Accounts by the Accounts and Audit Regulations 2015. The regulations require the Statement of Accounts 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 2022-23 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 Chief Constable of West Midlands Police 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. Operating Costs

Costs are recognised within the Chief Constable's accounts to reflect the resources consumed by activities under his direction and control.

All expenditure within the group accounts is paid for by the PCCWM as the Office for the Police and Crime Commissioner holds all the funds and controls the bank accounts for the Group. Hence an intra-group adjustment is made to account for the resources consumed by the Chief Constable so that the net cost of police services for the Chief Constable are transferred to the PCC/Group.

#### b. Treatment of Grants

The Chief Constable recognises specific revenue grants which relate to particular aspects of the Force's functions and have been shown as income in determining net expenditure. These include the Counter Terrorism Grant and other non-material Home Office grants. The Chief Constable also recognises the Police pensions top-up grant in other operating income in the Comprehensive Income and Expenditure account.

#### c. 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 CCWMP.

IAS 19 Employee Benefits requires the CCWMP to account for short term compensating absences which include time owing and annual leave accrued by accruing for the benefits which have accumulated but have not been taken by the Balance Sheet date. The amount will be recognised in the Comprehensive Income and Expenditure Statement in the period in which officers gain entitlement to the benefit. 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 Organisation 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 Comprehensive Income and Expenditure Statement when the Chief Constable can no longer withdraw the offer of those benefits and when the Chief Constable recognises costs for a restructuring within the scope of IAS 37 involving the payment of such benefits.

## 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 1987, 2006 and 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.

The Police Pension Scheme note includes a separate disclosure of the 1987 Police Pension Scheme liabilities, the 1987 Police Pension Scheme injury awards liabilities the 2006 Police Pension Scheme liabilities and the 2015 Police Pension Scheme liabilities. This disclosure reflects the material nature of all four schemes in operation. Scheme liabilities are shown on the Balance Sheet following the requirements of the code and IAS 19.

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

- a. The rate of contribution in 2022-23 was 18.8%.
- b. The liabilities of the scheme attributable to the Chief Constable 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.
- c. 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).
- d. The assets of the fund attributable to the Group are included in the Balance Sheet at their fair value:
  - i. Quoted securities – current bid price
  - ii. Unquoted securities – professional estimate
  - iii. Unitised securities – current bid price
  - iv. Property – market value
- e. The change in the net pension liability is analysed into the following components:
  - i. *Current service cost* – the increase in liabilities as a result to years of service earned this year
  - ii. *Past service cost* – the increase in liabilities arising from current year decisions 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)* – the net interest expenses for the organisation. This is debited to the financing and investing income and expenditure line in 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. *Remeasurements* – this comprises of (1) the return on plan assets excluding the amount included in net interest on the net defined benefit liability (asset) charged to the Pensions Reserve as Other Comprehensive Income and Expenditure and (2) actuarial gains and losses changes – 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 Chief Constable 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 Chief Constable recognises pension costs for all police officers in these accounts. The Chief Constable also recognises the costs of police staff pensions to the extent that the staff are under his direction and control. The staff of the Office for Policing and Crime are not recognised by the Chief Constable as they are deemed to be under the direction and control of the Police and Crime Commissioner. All other staff are deemed to be under the direction and control of the Chief Constable.

The value of actuarial gains and losses and overall pensions liability within the Local Government Pension Scheme has been split by the actuary between the Chief Constable and PCC.

#### **d. Value Added Tax**

The Chief Constable is not registered for VAT as an entity. The PCCWM submits a single VAT return to HM Revenue and Customs on behalf of the Group. 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.

#### **e. Events after the end of the Reporting Period**

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. The Operating cost statement of the Chief Constable will reflect any adjustments where appropriate.
- 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.



#### **f. 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 by the PCCWM. 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 CCWMP.
- Revenue from the provision of services is recognised when the CCWMP 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 CCWMP.
- 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.

#### **g. 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 Chief Constable of West Midlands Police'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.

#### **h. 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. Two joint operations are ongoing. These are the Regional Organised Crime Unit (ROCU) and the Central Motorway Police Group (CMPG). The activities undertaken by CCWMP in conjunction with other joint operators involve the use of the assets and resources of the joint operators. Agreements for these joint operations are between the PCCs for the Forces. In relation to its interest in a joint operation, the Force 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.

**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.

**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 PCC before the start of each financial year and is used to monitor actual expenditure throughout the year.

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

**CCWMP** – Chief Constable of West Midlands Police. This is the name of the entity which has direction and control over the police force and is headed by the Chief Constable.

**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.

**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.

**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.

**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 a PCC in return for past or future compliance with certain restrictions and/or conditions relating to the activities of the PCC.

**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 these accounts are based.

**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.

**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 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 and Police and Fire bodies 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.

**PCCWM** – This stands for Police and Crime Commissioner for West Midlands. This is the entity which is headed by the Police and Crime Commissioner and whose role is to hold the Chief Constable to Account, to agree the Policing and Crime Plan, and to agree the budget for the Police Force.

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

**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 PCC 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.

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

**SeRCOP** – Service Reporting Code of Practice. This replaced the BVACOP as a method of providing a consistent and comparable total cost of services in Local Authority Accounting.