

Auditor's Annual Report for the West Midlands Police and Crime Commissioner and West Midlands Police

2020-21

April 2022

Contents



We are required under Section 20(1)(a) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Police and Crime Commissioner and Chief Constable have made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the National Audit Office (NAO) requires us to report to you our commentary relating to proper arrangements.

We report if significant matters have come to our attention. We are not required to consider, nor have we considered, whether all aspects of the Police and Crime Commissioner and Chief Constable's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.



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The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect the Council or all weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

Executive summary



Value for money arrangements and key recommendations

Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to consider whether the Police and Crime Commissioner for the West Midlands and West Midlands Police have put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. The auditor is no longer required to give a binary qualified / unqualified VFM conclusion. Instead, auditors report in more detail on WMP's overall arrangements, as well as key recommendations on any significant weaknesses in arrangements identified during the audit.

Auditors are required to report their commentary on arrangements under specified criteria. As part of our work, we considered whether there were any risks of significant weakness in the PCC or WMP's arrangements for securing economy, efficiency and effectiveness in its use of resources. We identified no significant risks in respect of:

- Financial sustainability
- Governance
- Improving economy, efficiency and effectiveness

Criteria	Risk assessment	Conclusion
Financial sustainability	No risks of significant weaknesses identified	No significant weaknesses in arrangements identified.
Governance	No risks of significant weaknesses identified	No significant weaknesses in arrangements identified.
Improving economy, efficiency and effectiveness	No risks of significant weaknesses identified	No significant weaknesses in arrangements identified, but improvement recommendations made



Financial sustainability

The Police and Crime Commissioner for the West Midlands (the PCC) and West Midlands Police (WMP or the Force) are operating in an increasingly uncertain financial environment. In common with police and crime services across the country, the PCC and Chief Constable (CC) will need to continue to plan with little certainty over funding in the medium term.

Despite this uncertainty, and the challenges posed by COVID-19, the PCC and WMP have maintained a good financial position. WMP put forward a series of proposals which forecast a balanced budget for the next two years which the PCC has reviewed and approved. In addition, as at 31 March 2021, we note that the PCC and WMP held £57.7m of earmarked reserves, which could be used to help manage financial risks, of which £1.3m is specifically set aside as a budget.

This places the PCC and WMP in a strong financial position. Having planned its budgets for future years well in advance will enable sensible phasing of proposals to minimise the impact of the financial climate on services to residents.

Our work has not identified any significant weaknesses in arrangements to secure financial sustainability at the PCC or WMP. Further details can be seen on pages 6 to 8 of this report.



Governance

Our work this year has focussed on developing a detailed understanding of the governance arrangements in place at the PCC and WMP and the changes instigated as a response to the pandemic. We have also considered the impact of the transition to the new PCC, following his election in May 2021.

Our work on governance has not identified any significant weaknesses in arrangements or improvement recommendations in relation to governance. Further details can be seen on pages 9 & 10 of this report.



Improving economy, efficiency and effectiveness

The PCC and WMP has demonstrated a clear understanding of its role in securing economy, efficiency and effectiveness in its use of resources.

Our work has not identified any significant weaknesses in arrangements or improvement recommendations in relation to delivering economy efficiency and effectiveness. Further details can be seen on pages 11 & 12 of this report.

Executive summary (cont...)



Covid-19

The PCC and WMP successfully managed the covid pandemic by implementing a new governance framework including a Strategic Co-ordination Group working with local partners to delivering the regional response to the pandemic. A Covid Recovery Board was also put in place to capture key learning and facilitate the move back to operational business as usual. In doing so, policing and crime management in the west midlands continued to be delivered, despite challenges around regular changes to the lockdown enforcement requirements and higher levels of staff absences. The PCC and WMP managed the position so that the pandemic has had minimal financial impact.

Further details can be seen on page 13 of this report.

Our work has not identified any significant weaknesses in arrangements for managing the Covid-19 pandemic at WMP.

Election of the new PCC

We note the election of a new PCC for the West Midlands in May 2021 and have observed a relatively smooth and collaborative transition process, with the new Police and Crime plan coming into effect for the period 2021-25. It should be noted that the focus of this report relates to 2020/21 which was the final year of office of the former PCC and implementation of the Police and Crime Plan 2016-20.

HMICFRS Report 2021

We note that WMP continues to deliver a high quality service in line with the PCC's Police and Crime Plan. WMP was subject to an HMICFRS PEEL Review in 2021 and the outcome of the report was favourable. Specifically the report commented favourable on WMP's strategic planning, organisational management and delivery of value for money.

This supports our own assessment of VfM arrangements at WMP

Improvement Recommendations

We have not identified Significant Weaknesses or Key Recommendations. However, we have made a number of Improvement Recommendations based on our observations – these are set out on pages 14-16.



Opinion on the financial statements

We have already completed our audit of the Force's financial statements and plan to issue an unqualified audit opinion following the Audit & Standards Committee meeting in December 2021, in line with the national deadline of 1 March 2022. This report is produced separately to the main audit report as set out in our main audit report in December 2021.



Commentary on the PCC's and the CC's arrangements to secure economy, efficiency and effectiveness in their use of resources

All PCCs and Chief Constables are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness from their resources. This includes taking properly informed decisions and managing key operational and financial risks so that they can deliver their objectives and safeguard public money. The PCC's and CC's responsibilities are set out in Appendix A.

PCCs and CCs report on their arrangements, and the effectiveness of these arrangements as part of their annual governance statement. Under the Local Audit and Accountability Act 2014, we are required to be satisfied whether the PCC and CC have made proper arrangements for securing economy, efficiency and effectiveness in their use of resources. The National Audit Office's Auditor Guidance Note (AGN) 03, requires us to assess arrangements under three areas:



Financial sustainability

Arrangements for ensuring the PCC and CC can continue to deliver services. This includes planning resources to ensure adequate finances and maintain sustainable levels of spending over the medium term (3-5 years).



Governance

Arrangements for ensuring that the PCC and CC make appropriate decisions in the right way. This includes arrangements for budget setting and management, risk management, and ensuring the PCC and CC make decisions based on appropriate information.



Improving economy, efficiency and effectiveness

Arrangements for improving the way the PCC and CC deliver their services. This includes arrangements for understanding costs and delivering efficiencies and improving outcomes for service users.



Our commentary on each of these three areas, as well as the impact of Covid-19, is set out on pages 6 to 13. Further detail on how we approached our work is included in Appendix B.

Financial sustainability



How the PCC and Force ensures that it identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into them

We considered how the PCC and WMP:

- identifies all the significant financial pressures it is facing and builds these into its plans
- plans to bridge its funding gaps and identify achievable savings
- plans its finances to support the sustainable delivery of services in accordance with strategic and statutory priorities
- ensures its financial plan is consistent with other plans such as workforce, capital, investment and other operational planning
- identifies and manages risk to financial resilience, such as unplanned changes in demand and assumptions underlying its plans.

Overview of the Arrangements to ensure financial sustainability

The PCC and WMP have faced significant financial challenges in 2020/21 and these have continued through to 2021/22. Despite this, a sustainable financial position has been achieved, subject to the ongoing achievement of planned savings and the successful mitigation of the financial risks. WMP have demonstrated a good track record of delivering savings over the past 5 years and the PCC has established a sustainable level of reserves to help manage financial risks. This has been achieved in the context of Covid-19 cost pressures, the investment in infrastructure to support a growing police establishment.

Priority Based Budgeting (PBB) is in place as part of the business planning process. Panels of senior WMP Officers, chaired by the Deputy Chief Constable, assess business proposals against the PCC's Police and Crime Plan as well as the Force's vision, priorities, likely funding streams and demand. The process involves managers at all levels providing the maximum opportunity to capture internal and external changes. Services are reviewed on a rolling basis and re-baselined before being assessed for the impact of changes in a number of variables such as workload volumes, staffing numbers and service levels.

The Medium Term Financial Plan (MTFP) is embedded within the annual budget setting cycle to provide a longer term view of priorities and demand for services and is clearly presented in the Budget Proposal 2021/22 document. Precept assumptions are a key element of planning. The annual budget passes through a robust review and challenge process undertaken by the PCC and his team prior to approval.

The Comprehensive Spending Review and Government Settlements are reviewed on an ongoing basis to try and model future resource envelopes that West Midlands will operate in. As for all police bodies, annual settlements and the lack of longer term assurances over funding make financial planning more short-term in its focus. Indications from central Government of a longer term funding settlement would help bring further clarity around these planning assumptions.

The PCC and WMP continue to work closely and effectively together on the consolidation and management of the police estate and the capital programme.

Our work has not identified any risk of significant weakness with regard to financial sustainability.

Financial sustainability

Key Financial Assumptions – Managing Funding and Cost Pressures

We have reviewed the key financial assumptions in the MTFP and found these to be reasonable. We note that the PCC implemented a precept increase of £15 as part of the 2021/22 budget setting process.

We are satisfied that the PCC and WMP have appropriately considered the key pressures that the bodies will face. For example, pay is typically the largest area of expenditure for WMP, and hence forms a significant portion of the budget allocation from the PCC. As part of the budget, following the Spending Review, there has been no pay increase in 2021/2022. Increases for 2022/2023 have been forecast at 1% and 2% per annum thereafter, which is in line with expectations and government announcements, at that time. The current climate of rising inflation, supply chain issues and potential pay increases will pose a challenge to the delivery of ongoing savings targets.

Savings Plans

The 2021/22 budget proposal, incorporating the Medium Term Financial Plan and the Capital Programme aimed to address the financial challenges of investing in key areas, whilst keeping Precept increases as low as possible. To achieve this the PCC and the Chief Constable have used a Priority Based Budgeting (PBB) approach to continually appraise and challenge their service budgets on a rolling programme. The process involves a re-baselining of each service including workload volumes, number of staff and service levels. These are then tested against varying levels of each and the impacts on the budget assessed before a revised budget is agreed. The budget is then monitored as part of the monthly financial monitoring regime

WMP has a good track record of savings delivery through its WMP2020 programme (completed in June 2020) and which had as a key part of it a rigorous benefits realisation framework and process. Within the benefits realisation framework there are established quarterly benefits reviews. The Finance Business partner (FBP), Programme Manager, SRO and Project Manager are all involved in these reviews and the benefits progress is discussed and challenged. There is a then a quarterly report to the Performance Panel which includes benefits updates.

As WMP transitions between its WMP2020 programme which is now complete and its business as usual continuous improvement approach there is a need to maintain governance around assessing proposals for savings schemes and business cases, and ensure these can be progressed at the necessary pace.

The end of the WMP2020 programme and the replacement of the Organisational Change Board (OCB) with the Strategy Board (SB) has led to less frequent reviews of savings proposals/business cases. There is a risk that without a suitably frequent review panel, benefits from proposals may not be realised as quickly as possible

To that end, there will be a need to be regular meetings to assess proposals coming forward to ensure these are subject to the necessary rigour and challenge. Current arrangements are more “ad hoc” than is ideal and there will be merit in re-instituting monthly savings proposals/business case approval meetings.

Improvement Recommendation

WMP will need to ensure that future savings proposals are reviewed on a suitably regular basis to allow the schemes to be taken forward promptly where they are approved.

Financial sustainability

Managing the funding gap and use of reserves

For the financial year 2020/21 the PCC and Force achieved an overall underspend on budget of £27m (4.13%). There was a net overall contribution to reserves of £9m.

Within the MTFP the Treasurer's Statement on the Soundness of the Budget and the Adequacy of Reserves outlines and checks compliance with the 7 key principles as set by CIPFA guidance, which includes a review of the adequacy of financial reserves.

Even with these increases, the budget plan assumes that the level of general reserves should stay above the recommended minimum level through to 2024/2025. The PCC has created earmarked revenue reserves and provisions in order to meet specific expenditure items and planned investments.

A potential pressure on the adequacy of the budget was the global pandemic in 2020. Whilst this undoubtedly caused financial challenges, potential negative effects were ameliorated by the provision of additional funding from central Government.

Corporate Strategic Priorities – Capital Programme

There is a significant capital programme mainly focused on the PCC and WMP Estates strategy. The strategy is currently being re-worked to take account of the uplift in officers and staff and reflections from the Covid-19 pandemic. Once finalised the Capital programme will be updated. In addition there is funding for the vehicle and plant replacement programme and investment in ICT, which factors in the uplift programme.

The capital programme will be financed by a combination of reserves, revenue contributions to capital, capital grants, capital receipts and additional borrowing as required. The cost of the programme is forecast to be £150m over the 4-year period of the MTFP.

Financial Plan – consistency with other key strategies.

In addition to the PCC and WMP Capital Strategy, WMP has a Workforce plan and alongside the Police and Crime Plan these are key strategies to which financial planning is aligned.

Arrangements for incorporating risks into financial plans

There is a risk register in place which details and outlines all of the financial risks. Risk is discussed as a regular agenda item within portfolio and thematic boards. These meetings ensure risks are being managed and mitigated as well as providing the gateway for force wide risks to be escalated through WMP governance structures and up to the PCC and his team. There are approved risk strategies in place, whereby the risks are managed through agreed risk processes. The risk registers are reviewed regularly, and the registers and risk strategy are scrutinised by the audit committee. The risk registers include all the risks, which are scored and RAG rated. Furthermore, actions and mitigations are described. There is also a target date in place to ensure that each risk is managed in a timely manner.

The PCC and WMP also use reserves prudently in its financial planning and the HMICFRS report commented favourably on this.

“WMP uses its reserves prudently and, despite significant cost pressures, can balance its budget. It continues to invest in its change programme to improve services and achieve savings.”

Governance



How the body approaches and carries out its annual budget setting process

We considered how the PCC and WMP:

- monitors and assesses risk and gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud
- approaches and carries out its annual budget setting process
- ensures effectiveness processes and systems are in place to ensure budgetary control
- ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency
- monitors and ensures appropriate standards.

Overview

We found that the former PCC and his team had worked well with the Chief Constable and WMP over 2020/21, and this had continued into 2021/22 throughout the transition to the new PCC, over what had been a challenging period taking into account the Covid-19 pandemic. For 2020/21 the former PCC had set a clear direction of policing and crime in the West Midland area and had taken a balanced approach to providing effective challenge to WMP in regard to financial and operational performance. The CC and WMP have reciprocated by maintaining open channels of communication and providing good quality financial and operational performance information to the PCC and his team. The PCC in turn has been held to account by the Police and Crime Panel. A good example of this has been the recent report into public confidence in policing that was commissioned in 2020. Although initiated under the former PCC, we note that the new PCC has welcomed the report and the recommendations are in the process of being followed up. We also note that public confidence in the police is a key strategic theme of the new Police and Crime Plan 2021-2025. Although the report reflects a number of challenges, we consider that this process is evidence of a healthy governance arrangements that effectively hold those charged with governance to account and facilitate constructive change.

Our work has not identified any risk of significant weakness with regard to governance.

Budget setting and monitoring

The PCC and WMP has demonstrated that they have an appropriate annual budget setting process in place. Key stakeholders are involved in the process, which includes timely approvals and budget reviews. The budget is underpinned by a robust and challenging PBB process which means that services are thoroughly reviewed on a rolling programme basis. The budget proposal includes a comprehensive medium term financial plan which is aligned with and supports the Police and Crime Plan.

Financial management and reporting

Financial plans are reviewed by budget holders as part of the PBB process. The financial monitoring process is carried out monthly and is facilitated by Finance Business Partners (FBPs) who support service departments and provide monthly reports to the central finance team, s151 officer and the Force executive Team (FET).

We note that WMP are moving towards a more collaborative approach to budget management and forecasting, with greater emphasis on the role of the budget holder. WMP is looking to develop a training solution for budget holders to help strengthen forecasting and monitoring.

Improvement Recommendation

Management should ensure that training on financial forecasting developed for WMP budget holders is given priority moving forward.

Governance

Arrangements in place to identify strategic risks

WMP manages its risks via its risk registers and risk is included as part of the financial monitoring process as WMP's financial plans are monitored monthly at Department level and reported on quarterly to WMP Executive Team. This ensures that the plans are robust and resilient and subject to detailed scrutiny and challenge. The PCC has its own risk register which brings through risks highlighted by the WMP process as appropriate.

Risk reporting

Risk is discussed as a regular agenda item within portfolio and thematic boards. These meetings ensure risks are being managed and mitigated as well as providing the gateway for Force wide risks to be escalated through WMP governance structures and through to the PCC. There are approved risk strategies in place, whereby the risks are managed through agreed risk processes. The risk registers mentioned above are reviewed regularly, and the registers and risk strategy are scrutinised by the audit committee. The risk registers include all the risks, which are scored and RAG rated. Furthermore, actions and mitigations are described. There is also a target date in place to ensure that each risk is managed in a timely manner.

Arrangements to review financial performance and resolve variances

WMP finance operate a Finance Business Partner (FBP) model where an FBP is assigned to each service department and supports them in the budget preparation, analysis and reporting. There is a monthly process of reporting up to Departmental Heads and a quarterly report is developed for the FET and the Police and Crime Board.

Monitoring and ensuring appropriate standards

There is a Force Policy Document which outlines the arrangements in place to monitor compliance with legislation and regulatory standards. We note that WMP have undertaken a self assessment using CIPFA's seven principles of good governance in policing as part of the process of developing the Annual Governance Statement. In our view this provides a comprehensive outline of the Force's arrangements and a robust case that CIPFA standards are being met.

Evaluating performance against priorities

Financial and non-financial information is reported in the quarterly reports on overall performance against the Police and Crime Plan at a number of levels from the SPCB (quarterly), WMP leadership Conference (monthly) and the Performance Panels (monthly).

We note that the HMIC report in Nov 2021 observed that:

"WMP applies a well-established system called priority-based budgeting to review different aspects of its operating model by considering threats and risks and allocating resources to its priorities. And it is integrating the preparation of its force management statement (FMS) with its annual business planning cycle. This is a positive step, because it will help it assess current and future demand."

Internal Audit

Internal Audit (IA) have confirmed that there are not any significant weaknesses in internal controls or processes which need to be highlighted. Despite the pressures of Covid good progress has been made by WMP in addressing the list of actions from IA reports in 2020/21 with 80%+ cleared at the time of our review.

Our work has not identified any risks of significant weakness in arrangements with regards to governance.

Improving economy, efficiency and effectiveness



We considered how the PCC and West Midlands Police:

- uses financial and performance information to assess performance to identify areas for improvement
- evaluates the services it provides to assess performance and identify areas for improvement
- ensures it delivers its role within significant partnerships, engages with stakeholders, monitors performance against expectations and ensures action is taken where necessary to improve
- ensures that it commissions or procures services in accordance with relevant legislation, professional standards and internal policies, and assesses whether it is realising the expected benefits.

Overview

During 2020/21 the Police and Crime Plan 2016-20 continued to provide the key source of strategic direction for policing and crime. Development of a revised plan was delayed pending the PCC elections which eventually took place in May 2021. We note that the new Police and Crime Plan is now in place under the new PCC.

Within this context, WMP continued to align its force strategy to the established priorities during 2020/21. We note that during 2021, WMP received good feedback from its PEEL inspection, indicating that in most areas and effective service was being provided aligned to a clear strategic direction set by the PCC. We did note a number for areas requiring improvement from the PEEL report and we also note that the recent report on Public Confidence in Police in the West Midlands has highlighted some areas to focus on in terms of improvement and that this will be a key area of focus for the new Police and Crime Plan in the period 2021-25.

Our work has not identified any risk of significant weakness with regard to economy Efficiency and effectiveness.

Performance monitoring

The PCC and WMP has demonstrated that they have a robust performance reporting regime in place that enables Chief Officers and the PCC to effectively monitor performance. Performance indicators for both financial and operational aspects are monitored at a variety of levels:

- **Monthly Performance Panel** - Chaired by the Deputy Chief Constable (D/CC) this panel comprises all the senior leadership team (SLT) and is presented over the year with the programme of work. There is a "deep dive" into portfolio areas on a cyclical basis
- **Force Leadership Conference** - This is a monthly meeting chaired by the Chief Constable and comprises the D/CC and the SLT (ACCs, Chief Superintendents and Directors of services). They are presented with performance information including financial performance on a cyclical basis
- **Strategic Police & Crime Board (SPCB)** - This Board meets quarterly and receives financial performance on a quarterly basis. This is a key means by which the PCC holds WMP to account for financial performance and delivery of its strategic objectives.
- At a lower level Finance Business partners attend and report to Portfolio Boards on financial performance information

Improving economy, efficiency and effectiveness

Service improvement

WMP has a good track record of service improvement. As noted in 2021 it was subject to an HMICFRS PEEL review. The outcome of the report was generally favourable and the report commented on WMP's strategic planning, organisational management and achievement of value for money. Their conclusion was that WMP is good at operating efficiently. Specifically they commented positively that:

"WMP's strategic planning processes are supported by effective governance arrangements and analysis. So resources are allocated to WMP's priorities", and that "WMP manages its finances well" and "WMP collaborates to improve services".

This concurs with our own observations and provides good evidence that WMP and the PCC are actively engaged in effective service improvement.

However, we also note that the PEEL report highlighted that improvement was needed in regard to Investigating Crime, Supporting Victims and Protecting Vulnerable people.

Improvement Recommendation

We recommend that WMP continue to actively engage with HMICFRS in regard to the 2021 PEEL report and continue to work towards completing the outstanding actions yet to be addressed in regard to Investigating Crime, Supporting Victims and Protecting Vulnerable People.

Procurement and Commissioning

There is a Joint Procurement Strategy in place between with PCC and WMP. WMP also procure via various national framework agreements and other collaborative procurement processes. As a result procurement is quite tightly managed. WMP is in the process of rolling out a new supplier relationship management (SRM) framework. This SRM approach provides a clear framework, to manage procurement across different service functions and ensure that a consistent approach is taken to the dialogue with suppliers.

Working with key partners and stakeholders

The Strategic Policing and Crime Board chaired by the PCC, brings together a range of partners including a number of local authorities, to help shape policing and crime strategy in the West Midlands.

WMP also works with a number of partners including other police forces and local authorities across a range of areas, including safeguarding partnership groups in each local authority. We note that the HMICFRS PEEL report comments positively on the Force's collaborative approach in a number of areas including working with neighbouring forces and other organisations to address Strategic Policing Requirement (SPR) threats. It also plays a prominent role in the local resilience forum (co-chair) and co-ordinates the region's response to public order, firearms and chemical, biological, radiological and nuclear matters.

The Force understands its responsibilities to the regional information and co-ordination centre. These are activated when resources must be mobilised, for example, in response to a large-scale public order incident. It has worked with its neighbouring forces to ensure that each force's planned contributions to mutual aid are based on accurate information. This means each can continue to operate effectively. There are good systems to identify and mobilise officers if they are needed urgently.

The PCC engaged in extensive consultation over the Police and Crime Plan and WMP has also undertaken consultation with the public over its 3-year strategy "This Work Matters". The strategic priorities are aligned to those in the PCC's Police and Crime Plan and the strategy is also designed around public feedback and reinforces the importance of understanding the concerns of people and the policing needs of communities.

COVID-19 arrangements



Since March 2020 COVID-19 has had a significant impact on the population as a whole and how police services are delivered.

We have considered how arrangements have adapted to respond to the new risks you are facing.

Financial sustainability

The PCC and WMP have managed finances such that the pandemic has had minimal financial impact. **Our work has not identified any significant weaknesses in arrangements for managing the financial position during the Covid-19 pandemic.**

Governance

The PCC and WMP managed the Covid pandemic by implementing a new governance framework. WMP's contribution included chairing the Strategic Co-ordination Group which worked with the PCC and a range of external partners, to deliver the regional response to the pandemic. A Covid Recovery Board was also put in place to ensure WMP continued to operate and was ready to move back to business as usual.

Economy, Efficiency and Effectiveness

The PCC and WMP have continued to deliver effective police and crime services throughout the pandemic, made a significant contribution in supporting local communities and protecting residents by enforcing lockdown requirements to prevent the spread of the virus. The PCC and the Force was able to effectively manage the regular changes to the enforcement of lockdown legislation during 2020/21 and 2021/22. In addition, both WMP and the office of the PCC successfully managed service continuity in challenging conditions, including high levels of staff absence.



Improvement recommendations



Financial Sustainability

01	Recommendation	Management should ensure that savings proposals/business cases are reviewed on a timely basis so that they can be progressed at the necessary pace to ensure the benefits are realised as soon as is possible.
	Why/impact	Ensuring regular (monthly) reviews of potential savings proposals will lead to benefits being realised timeously.
	Summary Findings	The end of the WMP2020 programme and the replacement of the Organisational Change Board (OCB) with the Strategy Board (SB) has led to less frequent reviews of savings proposals/business cases. There is a risk that without a suitably frequent review panel, benefits from proposals may not be realised as quickly as possible.
	Management comment	The Strategy Board was set up in 2021/22 and started as a monthly meeting. This meeting was moved to quarterly in Q3 21/22. Where the quarterly rotation of Strategy Board does not fit the need to review/decide upon new proposals/change requests an extraordinary OCB is convened to ensure timely oversight and decision-making.

The range of recommendations that external auditors can make is explained in Appendix C.

Improvement recommendations



Governance

02 Recommendation	Management should ensure that training on financial forecasting developed for WMP budget holders is given priority moving forward.
Why/impact	Improved financial forecasting at budget holder level will significantly improve the financial management of WMP.
Summary Findings	Ensuring that WMP budget holders are able to produce sufficiently robust financial forecasts and take greater responsibility for their budgets will help to ensure the financial sustainability of the organisation in future.
Management comment	The finance department will continue to roll out the finance training for budget holders as planned.

The range of recommendations that external auditors can make is explained in Appendix C.

Improvement recommendations



Improving economy, efficiency and effectiveness

03	Recommendation	We recommend that WMP continue to actively engage with HMICFRS in regard to the 2021 PEEL report and continue to work towards completing the outstanding actions yet to be addressed in regard to Investigating Crime, Supporting Victims and Protecting Vulnerable People.
	Why/impact	Addressing the actions identified in the most recent HMICFRS will improve the performance of WMP and impact upon the findings of the next scheduled HMICFRS inspection.
	Summary findings	The most recent HMICFRS inspection of West Midlands was in 2020/21 was generally favourable, but highlighted a number of areas that required improvement.
	Management comment	This is part of the business as usual HMICFRS liaison function that exists within the Strategy & Direction team. We intend to increase our resource levels in the HMICFRS liaison team this year to ensure that our engagement with HMICFRS and resolution of identified actions is as efficient and effective as possible.

The range of recommendations that external auditors can make is explained in Appendix C.

Appendices

Appendix A - Responsibilities of the PCC and CC



Role of the Chief Financial Officer (or equivalent):

- Preparation of the statement of accounts
- Assessing the PCC's and CC's ability to continue to operate as going concerns

Public bodies spending taxpayers' money are accountable for their stewardship of the resources entrusted to them. They should account properly for their use of resources and manage themselves well so that the public can be confident.

Financial statements are the main way in which local public bodies account for how they use their resources. Local public bodies are required to prepare and publish financial statements setting out their financial performance for the year. To do this, bodies need to maintain proper accounting records and ensure they have effective systems of internal control.

All local public bodies are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness from their resources. This includes taking properly informed decisions and managing key operational and financial risks so that they can deliver their objectives and safeguard public money. Local public bodies report on their arrangements, and the effectiveness with which the arrangements are operating, as part of their annual governance statement.

The Chief Financial Officer (or equivalent) is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Chief Financial Officer (or equivalent) determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Chief Financial Officer (or equivalent) or equivalent is required to prepare the financial statements in accordance with proper practices as set out in the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom. In preparing the financial statements, the Chief Financial Officer (or equivalent) is responsible for assessing the PCC's and CC's ability to continue as going concerns and use the going concern basis of accounting unless there is an intention by government that the services provided by the PCC and CC will no longer be provided.

The PCC and CC are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in their use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.



Appendix B - An explanatory note on recommendations

A range of different recommendations can be raised by the PCC’s and CC’s auditors as follows:

Type of recommendation	Background	Raised within this report	Page reference
Statutory	Written recommendations to the PCC and CC under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014. A recommendation under schedule 7 requires the PCC and CC to discuss and respond publicly to the report.	Yes or no	
Key	The NAO Code of Audit Practice requires that where auditors identify significant weaknesses as part of their arrangements to secure value for money they should make recommendations setting out the actions that should be taken by the PCC and CC. We have defined these recommendations as ‘key recommendations’.		
Improvement	These recommendations, if implemented should improve the arrangements in place at the PCC and CC, but are not a result of identifying significant weaknesses in the PCC’s and CC’s arrangements.		

