

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

2022/23

March 2024



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We are required under Section 20(1)(c) 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 their 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 those matters which came to our attention during the conduct of our normal audit procedures which are designed for the purpose of completing our work under the NAO Code and related guidance. Our audit is not designed to test all arrangements in respect of value for money. However, where, as part of our testing, we identify significant weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose all irregularities, or to include all possible improvements in arrangements that a more extensive special examination might identify. 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.

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# Executive summary



## Value for money arrangements and key recommendation(s)

Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to consider whether the Police and Crime Commissioner (PCC) and Chief Constable (CC) have put in place proper arrangements to secure economy, efficiency and effectiveness in their use of resources.

Auditors are required to report their commentary on the PCC and CC's arrangements under specified criteria and 2022/23 is the third year that we have reported our findings in this way. As part of our work, we considered whether there were any risks of significant weakness in the PCC and CC's arrangements for securing economy, efficiency and effectiveness in their use of resources. Our conclusions are summarised in the table below.

Criteria	2022/23 Risk assessment	2022/23 Auditor judgement on arrangements	2021/22 Auditor judgement on arrangements	Direction of travel
Financial sustainability	No risks of significant weakness identified	A No significant weakness but an improvement recommendation raised in relation to reserves levels and a prior year improvement recommendation has been rolled forward as it has not been actioned.	A No significant weaknesses in arrangements identified but two improvement recommendations made.	↔
Governance	No risks of significant weakness identified	R Significant weaknesses in arrangements identified as a result of the PEEL inspection and a key recommendation raised. An improvement recommendation has also been made.	A No significant weaknesses in arrangements identified but an improvement recommendation made.	↓
Improving economy, efficiency and effectiveness	No risks of significant weakness identified	R Significant weaknesses in arrangements identified as a result of the PEEL inspection and a key recommendation raised.	G No significant weaknesses in arrangements identified.	↓

- G** No significant weaknesses in arrangements identified or improvement recommendation made.
- A** No significant weaknesses in arrangements identified, but improvement recommendations made.
- R** Significant weaknesses in arrangements identified and key recommendations made.

# Executive summary (continued)



## Financial sustainability

Despite the challenging financial and operational environment, the PCC and CC's financial planning for the short and medium term, as evidenced in the arrangements for 2022/23, has demonstrated a focus on recurring and one-off savings to address its funding gaps. During 2022/23, the Force delivered almost all its planned savings, which contributed to an underspend of £11.1m in the 2022/23 outturn position. This approach ensures that the Force is better positioned to address the financial constraints that it faces. Whilst the Force has improved its position the reserves levels remain below the CIPFA guidance.

We have raised an improvement recommendation in relation to the reserves levels and rolled forward an improvement recommendation from prior year which have been accepted by Management. See pages 13 and 14 for more detail.



## Governance

Our review has identified several areas of good governance including effective arrangements for scrutiny of finances and performance. Key decisions are carried out in a structured and transparent manner. However, following the Peel inspection, the HMICFR has placed the Force into an enhanced level of monitoring 'Engage' stage, reflecting that the Force has not effectively addressed its concerns from previous inspections. Failure to address concerns raised by inspectorates or auditors is indicative of a significant weakness under the criteria specified by the NAO. We recognise that a change in leadership in the Force and implementation of a new operating model are intended to drive the changes that will address the concerns of the inspectorate, however in the year of audit we conclude that as sufficient progress had been made to convince the inspectors that their concerns were being addressed during 2022/23 then we conclude that there is a significant weakness in governance during the 2022/23 financial year.

We have raised a key recommendation which has been accepted by Management. See page 17 for more detail. We have also raised an improvement recommendation which has been accepted by Management. See page 19 for more details.



## Improving economy, efficiency and effectiveness

The Force has adopted a proactive approach to improving its economy, efficiency, and effectiveness. It has demonstrated a sophisticated approach to procurement and contract monitoring, along with regular performance monitoring with the use of rich data. The Force has also established appropriate arrangements to support its partnerships.

However, the recent Peel inspection considered the operational performance of the Force, based on data in the 2022/23 financial year, and concluded that performance of the Force was lacking in several key areas. The Inspectorate noted that steps are being taken to address the weakness but is seeking to see sustained improvement before it can conclude that its concerns are being adequately addressed. Management has cited several examples of data that demonstrates improved performance in the 2023/24 financial year, driven by the measures taken by the force. However, it is clear that operational performance during 2022/23 was inadequate as set out by HMICFR and therefore under the criteria specified by the NAO we conclude that there is a significant weakness in Improving economy, efficiency and effectiveness in 2022/23.

We have raised a key recommendation which has been accepted by Management. See page 21 for more detail.



## Financial Statements opinion

We have completed our audit of your financial statements and expect to issue an unqualified audit opinion in March 2024.





# Opinion on the financial statements and use of auditor's powers

We bring the following matters to your attention:

## Opinion on the financial statements

Auditors are required to express an opinion on the financial statements that states whether they : (i) present a true and fair view of the PCC and CC's financial position, and (ii) have been prepared in accordance with the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2021/22

We have completed our audit of your financial statements and anticipate issuing an unqualified audit opinion in March 2024.

## Statutory recommendations

Under Schedule 7 of the Local Audit and Accountability Act 2014, auditors can make written recommendations to the audited body which need to be considered by the body and responded to publicly

We did not issue any statutory recommendations.

## Public Interest Report

Under Schedule 7 of the Local Audit and Accountability Act 2014, auditors have the power to make a report if they consider a matter is sufficiently important to be brought to the attention of the audited body or the public as a matter of urgency, including matters which may already be known to the public, but where it is in the public interest for the auditor to publish their independent view.

We did not issue a public interest report.

## Application to the Court

Under Section 28 of the Local Audit and Accountability Act 2014, if auditors think that an item of account is contrary to law, they may apply to the court for a declaration to that effect.

We did not apply to the court on any matters.

## Advisory notice

Under Section 29 of the Local Audit and Accountability Act 2014, auditors may issue an advisory notice if the auditor thinks that the authority or an officer of the authority:

We did not issue any advisory notices.

- is about to make or has made a decision which involves or would involve the authority incurring unlawful expenditure,
- is about to take or has begun to take a course of action which, if followed to its conclusion, would be unlawful and likely to cause a loss or deficiency, or
- is about to enter an item of account, the entry of which is unlawful.

## Judicial review

Under Section 31 of the Local Audit and Accountability Act 2014, auditors may make an application for judicial review of a decision of an authority, or of a failure by an authority to act, which it is reasonable to believe would have an effect on the accounts of that body.

We did not apply for judicial review on any matters.

# Securing economy, efficiency and effectiveness in the PCC and CC's use of resources

All PCCs and CCs 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 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 delivers their services. This includes arrangements for understanding costs and delivering efficiencies and improving outcomes for service users.



Our commentary on the PCC and CC's arrangements in each of these three areas, is set out on pages 7 to 21. Further detail on how we approached our work is included in Appendix B.

# Key recommendations

## Key Recommendation

The Force needs to establish effective systems for monitoring and reporting on its performance. This will help to show that the recent changes in leadership and operations are leading to long-lasting improvements in services that address the concerns raised by HMICFR in the PEEL report.

## Identified significant weakness in arrangements

Insufficient action taken to sufficiently address the findings from previous inspections

Recent Peel inspection informed by performance data in relation to 2022/23 financial year has concluded that the Force's performance is weak in several areas resulting in the Force being put into enhanced monitoring arrangements.

## Summary findings

There has been insufficient progress made on the findings identified in previous PEEL inspections. HMICFR conclusions were based on performance data relating to the 2022/23 financial year, demonstrating that services are not adequate in several areas. The Force has been put into enhanced monitoring. Management has indicated that the changes implemented by the new Chief Constable are leading to improved performance during 2023/24 and this will be considered as part of our 2023/24 audit.

## Criteria impacted by the significant weakness



Governance



Economy, efficiency and effectiveness

## Auditor judgement

Based on the work undertaken, we are not satisfied that the Force has proper arrangements in place for governance and to secure economy, efficiency and effectiveness in its use of resources in 2022/23. We have therefore identified a significant weakness in arrangements.

## Management comments

The data that was used to inform the PEEL inspection was for the performance year 22/23. When HMICFRS were in force, they identified and referenced in their report, the recent changes to management that had improved scrutiny of performance. All areas of the force are monitored through the DCC's Force Performance Day assurance calendar. Performance monitoring across this performance year have shown sustained improved performance that are on the whole comparable if not better than forces within our Most Similar Groups. New governance structures put in place by the DCC when he arrived in force have improved compliance with addressing findings from previous reports, with 86 recommendations having being finalised since August 2023. Progress on the Causes of Concern raised in the latest PEEL report are tracked through both the HMICFRS meeting and performance day both chaired by the DCC and have dedicated governance structures in place with an ACC in charge.

Progressing the actions management has identified to address the recommendations made will support the Force in addressing the weaknesses identified from our work. We consider that the timescales provided by management are appropriate and encourage the Audit Committee to monitor progress of implementation to gain assurance over the arrangements in place.

# Financial sustainability



## We considered how the Force:

- identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds them 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 which may include working with other local public bodies as part of a wider system
- identifies and manages risk to financial resilience, such as unplanned changes in demand and assumptions underlying its plans.

## Medium Term Financial Plan (MTFS)

The Force presented its budget and MTFP in January 2023 and an updated MTFP in October 2023 to the Strategic Policing and Crime Board (SPCB) covering the period 2023/24 to 2027/28. The MTFP was built on the budget for 2023/24.

The MTFP included the following main assumptions:

- Pay award inflation includes 7% for 2023/24, assumed 2.5% for 2024/25 and returns to pre-elevated (2%) levels thereafter;
- Maintain officer numbers at the target uplift headcount of 7,909 plus the 100-stretch target throughout the 5-year period;
- Police Staff vacancy factor of 4% throughout the MTFP;
- Police Grant is as per Spending Review Settlement for 2023/24 and 2024/25 and then a percentage increase of 1.6% thereafter;
- Income inflated at 1% year on year.

The MTFP demonstrates the expected good characteristics of an MTFP. It includes clear objectives and priorities and clearly outlines how resources will be utilised to deliver the Force priorities, as per the Police and Crime Plan. The MTFP includes realistic financial projections that take into account the current and future economic conditions and likely funding allocations such as inflation and Police Grant assumptions. The MTFP has been developed in consultation with stakeholders, including the public with the Force having carried out a public consultation in which 70% of the consultation responses were supportive of the PCC budget and precept proposals. This is good practice as it will help to ensure that the plan is aligned with the needs and priorities of the community and that there is buy-in from all stakeholders.

The MTFP has also integrated risk management including a sensitivity analysis on its key income and expenditure streams to understand the significant financial pressures it is facing. The main sensitivities from 2023/24 onwards that may affect the assumptions and the impact of a 1% variance are performed on pay inflation, price inflation, core grant, precept tax base and £1 increase in the precept. 1% increase in pay inflation is the assumption most impacted by a 1% change of £7m.

The MTFP is cognisant of its conflicting priorities and the need to find a balance between delivering savings and focusing on its priorities of recruitment of a mix of police officer, police staff and PCSO, the creation of more cost efficient, flexible and modern roles through police officer modernisation and apprenticeships, funding to support the delivery of the Estates strategy and reserves being held at a level consistent with an organisation of its size, complexity and operational exposure.

From review of the MTFP and budget setting papers, it is evident that the Force has established appropriate financial planning arrangements. A review of financial performance reports demonstrates that financial risks in the Force are well understood and are currently being actively managed.

The PCC risk register includes a risk relating to the resources of the PCC not being sufficient to deliver the police and crime plan-for West Midlands Police, indicating awareness of the significant challenges faced and active management of financial sustainability. The Force is effectively managing its financial risks in the short term.



# Financial sustainability

## Managing Financial Pressures (continued)

In February 2023, the 2023/24 budget identified a £28.1m budget gap. The Force recognised that in the medium term there were significant cost pressures such as inflation and other cost pressures. The Force has managed the gap for 2023/24 as follows:

- One off short-term borrowing to fund capital programme of £7m
- One off use of the budget reserve of £5.6m
- One off surplus on collection fund of £3m
- PCC Office Savings of £0.3m
- Priority Based Budgeting (PBB) Savings of £12.2m

In the updated 2023/24 MTFP presented to the SPCB in October 2023, the Force acknowledges and details proposals to address the gap in 2024/25. To address the anticipated gap for 2024/25 of £20.7m, the Force plans to utilise £10.7 million from the underspend for 2023/24. This decision is intended to alleviate short-term pressures, whilst simultaneously the Force is pursuing £10m in savings through a review of non-pay expenditure and vacant positions across the Force. The focus of the savings as part of the PBB exercise in 2022/23 was frontline departments, the focus for savings in 2023/24 is on enabling departments such as HR and Finance.

The Force has significantly improved its forecast funding gap by the end of the MTFP. The MTFP for 2022/23 forecast a gap of £50.3m to the end of 2026/27 but the latest forecast has reduced this to £20.9, rising to £27.6m in 2027/28. This is being achieved through some use of reserves but predominantly through around £10m of savings planned to be delivered in each of the financial years, partly through service review savings identified through the Priority Based Budgeting annual process and other measures.

In 2022/23, the Force delivered £11.1m of savings, which is small shortfall of £0.2m against plan. This demonstrates that the Force can deliver its savings targets and is a positive result for the Force. To address the anticipated gap for 2024/25 of £20.7m, the Force plans to utilise £10.7 million from the underspend for 2023/24. This decision is intended to alleviate short-term pressures, whilst simultaneously the Force is pursuing £10m in savings through a review of non-pay expenditure and vacant positions.

	Budget 2023/24	MTFP 2024/25	MTFP 2025/26	MTFP 2026/27	MTFP 2027/28
Income	-718.5	-746	-764.7	-783.7	-802.9
Expenditure	729.7	773.5	794.1	815.6	841.8
Use of Reserves	-11.2	-6.8	-3.5	-0.4	-0.4
Utilise 2023/24 Underspend	0	-10.7	0	0	0
Target Permanent Savings	0	-10	-10.2	-10.5	-10.8
<b>Gap</b>	<b>0</b>	<b>0</b>	<b>15.6</b>	<b>20.9</b>	<b>27.6</b>

	Budget 2022/23	MTFP 2023/24	MTFP 2024/25	MTFP 2025/26	MTFP 2026/27
Income	-698.3	-719.6	-738.3	-758.9	-779.9
Expenditure	698.3	744.9	772.2	794.9	825.2
Revised Pay Uplift	0	4.6	4.7	4.8	5
<b>Gap</b>	<b>0</b>	<b>29.9</b>	<b>38.6</b>	<b>40.9</b>	<b>50.3</b>

# Financial sustainability

## Strategic Priorities

The Force ensures that its financial plan is consistent with other plans such as workforce, capital, investment, and other operational planning by adopting an integrated approach to planning. This involves aligning all plans and ensuring they work together cohesively to achieve the Force's strategic objectives.

In the process of setting the MTFP for 2023/24, the Force reviewed and incorporated various strategies, including the Reserves Strategy, Estates/IT/Vehicles Strategies, and the 2023/24 Budget. The Force ensured that the information across these strategies were aligned and consistent, thereby achieving a comprehensive and cohesive financial plan.

The MTFP also ensures that it is consistent with the PCC and Force Police and Crime Plan which clearly sets out the strategy for the Force and how it will aim to achieve its objectives. The PCC and Force's finances are closely aligned to this.

For example, the plan includes:

- Maintain officer numbers at the target uplift headcount of 7,909 plus the 100-stretch target throughout the 5-year period.
- Retaining the Police Community Support Officers (PCSO) at 464 FTE.

In the latest PEEL assessment, HMICFRS noted that the 'Force's financial plans, including its investment programme are affordable and will support it in meeting future demands'. HMICFRS also noted that "the Force has an effective strategic planning framework, making sure it tackles what is important locally and nationally."

## Change in Chief Constable

Initially, the Force undertook a lift and shift of response and investigation functions into local policing, while also merging the two Birmingham ac's to establish a single Birmingham Local Policing Area (LPA). Over the course of the year, the Force has successfully managed two additional overtime budgets in local policing investigations. This has been particularly crucial as the Force has been pushing low-level Domestic Abuse (DA) into those investigation teams. These budgets have been effectively managed within the year's allocated funds, and the Force has also included an element of growth in next year's budget. These have all been achieved while maintaining a balanced budget.

Considerable efforts have been invested in Force Contact, which is responsible for handling 999 and 101 calls, with the Force making short-term investments in overtime that were managed within the allocated budget for the year. Additionally, the Force has centralised operations to one location to enhance efficiency. Staffing changes have also been implemented, with the associated costs remaining within the existing financial envelope. One-off costs related to these changes have been factored into the budget for 2023/24. The estates strategy has been revised to be more cost-effective and to align with the new operating model.

Overall, the Force's financial plans have not significantly changed. The Force is managing the new operating model in their overall financial envelope, the change has been more about how the Force manages and coordinates its resources, giving local commander more autonomy to direct resources to best support their local communities.

# Financial sustainability

## 2022/23 Performance

### Finance

The revenue outturn position as at the end of 2022/23 was an underspend of £11.1m which was 2% of the total budget of £679.5m.

The overall underspend was because of various reasons including:

- Premises costs were overspent by £2.2m as a result of significant increases in wholesale energy prices being passed on through higher unit costs ;
- Overtime overspend of £2.4m for police staff and of £1.8m for police officers because of high demand for services across policing as well as support for regional and national events such as the funeral for HM Queen Elizabeth II in September 2022
- Pay underspend of £7.4m in police officer pay and an underspend of £5.1m in police staff pay which were driven by a strategy of holding police staff vacancies except for strategically key posts, due to financial pressures in the first half of the year.

### Capital

The capital outturn position as at the end of 2022/23 was £9.7m against a budgeted spend of £24.5m resulting in an underspend of £14.8m.

The overall underspend was because of various reasons including:

- An underspend of £8.0 million was recorded in relation to business-as-usual capital expenditure for fleet purchases, IT purchases, and IT infrastructure plans. The underspend were due to delays in the receipt of vehicles, which accounted for £1.4 million of the total, while the remaining £6.5 million was attributable to IT infrastructure and equipment. This was a deliberate action taken by the Force to reduce its revenue contribution to capital and facilitate the achievement of an underspend during the year.
- An underspend of £6.8 million was recorded against the capital programme, which had been primarily designated for the construction of a new police station in Coventry. This project was suspended while a thorough review of the Estates Strategy was conducted.

As part of the plan to finance the capital expenditure, the Force used all the capital grants budgeted of £2.0m, £7.1m direct revenue expenditure and £0.6m of capital receipts. The Force made use of no borrowing to fund any capital spend in 2022/23. Part of the underspend of the revenue expenditure 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 which resulted in a lower than anticipated budgeted capital financing required.

# Financial sustainability

## Reserves

The Force recognises the importance of a healthy reserves balance. In the MTFP as one its assumptions/principles, it has stated that it will 'maintain the General Fund Reserve at current levels'.

As part of the reporting of the MTFP, the Force also includes its Reserves Strategy. The Force holds reserves for the following reasons:

- Maintaining a working balance or general reserve to cover the effects of uneven cash flows and to avoid temporary borrowing;
- Reserves in place to provide flexibility in managing future year's budget reductions;
- Funding investment in the Estates Strategy;
- Earmarking specific funds to meet known or predicted requirements in the future (e.g. the Self-Funded Insurance Reserve); and
- Creating contingencies to cushion the impact of unexpected events or emergencies as part of the budget reserve.

Reserves £m	31st March 2023 Actual	31st March 2024 Forecast	31st March 2025 Forecast	31st March 2026 Forecast	31st March 2027 Forecast	31st March 2028 Forecast
<b>Funding for Planned Expenditure on Projects &amp; Programmes - Revenue</b>						
Regional / National Reserve	4.3	4.0	4.0	4.0	4.0	4.0
PPA / Misuse of Drugs Act	1.7	1.6	1.5	1.5	1.4	1.4
POCA (Proceeds of Crime Act) Reserve	0.9	0.9	0.9	0.9	0.9	0.9
Change Programme Reserve	2.6	2.6	2.6	2.6	2.6	2.6
Estates Strategy Reserve	11.2	9.9	3.5	1.1	1.1	1.1
Carry Forward Reserve	13.0	0.0	0.0	0.0	0.0	0.0
<b>Funding for Planned Expenditure on Projects &amp; Programmes - Capital</b>						
Useable Capital Receipts Reserve	3.5	6.0	0.0	22.3	30.7	30.7
Capital Grants Unapplied	0.8	0.8	0.8	0.8	0.8	0.8
<b>Reserves held in accordance with sound principles of good financial management</b>						
Uniform and Equipment Reserve	6.7	11.2	8.5	10.5	10.5	10.5
Budget Reserve	16.2	26.7	16.0	16.0	16.0	16.0
National Contingency Reserve	1.4	1.4	1.4	1.4	1.4	1.4
Council Tax Funding Reserve	0.8	0.0	0.0	0.0	0.0	0.0
<b>Total Earmarked Reserves</b>	<b>63.1</b>	<b>65.1</b>	<b>39.2</b>	<b>61.1</b>	<b>69.4</b>	<b>69.4</b>
General Fund Reserve	12.0	12.0	12.0	12.0	12.0	12.0
<b>Total Useable Reserves</b>	<b>75.1</b>	<b>77.1</b>	<b>51.2</b>	<b>73.1</b>	<b>81.4</b>	<b>81.4</b>
Provisions	13.0	9.7	10.0	10.2	10.5	10.7
<b>Total Useable Reserves &amp; Provisions</b>	<b>88.1</b>	<b>86.8</b>	<b>61.2</b>	<b>83.3</b>	<b>91.9</b>	<b>92.1</b>

The MTFP is showing that there is planned spending from reserves on projects and programmes of £23.7m over the period of the plan, contributing to an overall reduction in revenue reserves from £71m to £50m by 2028.


	2023	2028
	£m	£m
Funding for planned expenditure - revenue	33.7	10
Other Earmarked Reserves	25.1	27.9
General Fund	12	12
<b>Total</b>	<b>70.8</b>	<b>49.9</b>

In the same period capital reserves are anticipated to increase by £27m due to the significant impact of the revised estates strategy. This strategy is aiming to deliver £65m of capital receipts from the proposed site disposal programme, whilst also eliminating the backlog maintenance on these sites along with reducing the associated revenue costs. Over the 5-year MTFP, the Force has a £123m capital programme, of which £45.6m is associated with the investment in the Estates strategy. The programme is funded predominantly from revenue and anticipated capital receipts. Borrowing on the programme is limited to £14m in the first year of the plan.

CIPFA recommend that unallocated revenue reserves should be between 2% and 4% of revenue expenditure. We note that General Fund (GF) balances are maintained at £12m throughout the MTFP and the reserves strategy for 2023/24 to 2027/28 is silent on the rationale for maintaining the current level of GF balances. The £12m of GF reserves represent 1.7% of the revenue expenditure for the 2022/23 MTFP of £698.3m, as this is below the recommended guidance we propose an improvement recommendation.




# Improvement recommendations

<b>Improvement Recommendation 1</b>	The Force should review the potential for shared service opportunities for Back Office services as a way of achieving cost reductions
<b>Improvement opportunity identified</b>	The increased pressure on finances means that all options for cost reduction should be considered. With a new CFO who has experience of working in a shared services environment there is an opportunity for the Force.
<b>Summary findings</b>	Given the continuing financial pressures on the Force, the arrival of a Director of Commercial Services with experience of running a shared services, the Force should seek to maximise the potential of shared services opportunities.
<b>Criteria impacted</b>	 Financial sustainability
<b>Auditor judgement</b>	Our work has enabled us to identify a weakness in arrangements which we do not consider to be significant, but have raised a recommendation to support management in making appropriate improvements.
<b>Management comments</b>	The Force are actively exploring options to work in partnership with another force for both Fleet Maintenance/Management and Uniform Services.

Progressing the actions management has identified to address the recommendations made will support the Force in addressing the improvements identified from our work. We consider that the timescales provided by management are appropriate and encourage the Audit Committee to monitor progress of implementation to gain assurance over the arrangements in place. The range of recommendations that external auditors can make is explained in Appendix B.

# Improvement recommendations

<b>Improvement Recommendation 2</b>	The Force should increase the general fund balance to meet CIPFA's recommendation that unallocated revenue reserves should be between 2% and 4% of revenue expenditure.
<b>Improvement opportunity identified</b>	Increasing the level of unallocated revenue reserves will ensure that the Force is better equipped to deal with any unforeseen financial challenges that may arise in future years.
<b>Summary findings</b>	The amount of unallocated General Fund reserves falls slightly below the minimum amount that CIPFA suggests in their guidance.
<b>Criteria impacted</b>	 Financial sustainability
<b>Auditor judgement</b>	Our work has enabled us to identify a weakness in arrangements which we do not consider to be significant but have raised a recommendation to support management in making appropriate improvements.
<b>Management comments</b>	The balance of the General Fund has been assessed considering the financial risks included within the PCC and Force Risk Registers. Both the reserves strategy and reserve balances were reported to the Strategic Police and Crime Board in October 2023. The planned managed underspend for the current year (2023/24), in accordance with the approved financial plans, will help strengthen reserves going into 2024/25.

Progressing the actions management has identified to address the recommendations made will support the Force in addressing the improvements identified from our work. We consider that the timescales provided by management are appropriate and encourage the Audit Committee to monitor progress of implementation to gain assurance over the arrangements in place. The range of recommendations that external auditors can make is explained in Appendix B.

# Governance



## We considered how the Force:

- 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 effective processes and systems are in place to ensure budgetary control; communicate relevant, accurate and timely management information (including non-financial information); supports its statutory financial reporting; and ensures corrective action is taken where needed, including in relation to significant partnerships.
- ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency.
- monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of staff and member behaviour (such as gifts and hospitality or declaration of interests) and where it procures and commissions services.

## Monitoring and assessing risk

The Force has an established risk management framework (RMF) in place. The arrangements include the key components of a RMF including risk identification, risk assessment, risk management, roles responsibilities for risk, risk addressing activities, risk governance and reporting.

The Force has two risk registers, a Force risk register and a PCC risk register. The risk registers are reported to the Joint Independent Audit Committee (JIAC) on a quarterly basis.

The PCC risk register includes risks relating to the functions of the Police and Crime Commissioner. The risk register is clearly set out, showing the risk, the mitigations in place, unmitigated score, the scores of the previous two quarters, the current risk score, the direction of travel and risk owner.

The PCC's highest rated risk in March 2023 was:

- The resources of the PCC are not sufficient to deliver the police and crime plan and for West Midlands Police to operate which has a risk score of 20.

In response to the above risk, the Force has undertaken a series of actions to address the risk such as regular budget monitoring, assessment of effectiveness of internal audit function, PBB reviews, extra police officers being recruited (as part of the national 20,000), translating the Police and Crime Plan into individual team and staff members work programmes.

The Force's highest rated risk in March 2023 was:

- ORU Resilience. Due to the proportion of vacancies within the department and industry standard wage for resilience officer or resilience manager police staff roles not being matched. There is a risk of severe limitations to the Force's ability to meet statutory obligations under the Strategic Police and Crime Plan. The risk rating was rated as critical.

In response to this risk, the Force has ensured that utilisation of restricted officers to keep demand is kept at sufficient level, and the ORU has been allocated 2 additional sergeants and 6 PCs. Once the officers are in post this risk will be downgraded and once sufficiently trained the risk will be removed

The Force's risk register includes corporate level risks. The risk register is in an appropriate standard format and is clearly set out with a risk name, description, impact, key controls and activities to address the risk, quarter 1, 2, 3, 4 trending direction of the risk and a residual risk rating ensuring that monitoring and reporting of risk is communicated clearly.

Additionally, to enhance its monitoring and assessment and addressing of risk, the Force introduced a 'Risk and Learning Board' in 2022/23 with the purpose to evaluate the services it provides; to assess its performance and identify areas for improvement. The evaluation process involves a review of the services provided and any risks emerging.

The Force's approach to monitoring and assessing of risk includes several aspects which enable it to monitor and assess risk effectively through the use of risk management policies such as the established risk management framework and use of risk assessment tools such as the regular reporting and updating of its risk registers. The Force has also taken steps to improve its risk culture with the introduction of the 'Risk and Learning Board' ensuring open communication about risks and impact. The current processes the Force has in place demonstrate effective arrangements.

# Governance

## Internal Audit

The Force receives assurance on internal control and risk management processes from its Internal Audit function. The Head of Internal Audit's annual opinion has been produced in line with mandatory Public Sector Internal Audit Standards (PSIAS). The Internal Audit opinion for the 2022-23 was reasonable assurance, which is no change from the prior year.

A total of 19 audits were completed to enable the final report to be issued. The internal audit function has a target of 90% delivery against plan, the 19 audits represented 83% delivery against plan.

The assurance levels for the audits were as follows:

Substantial	Reasonable	Limited	Minimal
1	11	5	2

In addition to the 19 audits completed, 38 audits from previous periods were followed up during 2022/23 to establish progress made in implementing the 200 audit recommendations attributed to those audits. 82% of the recommendations were fully or partly implemented.

During the year, 84 recommendations were agreed to address weaknesses in control, two of which were categorised as high, which related to the Child Abuse audit. All the recommendations made during the year were accepted by management. Budgetary controls received substantial assurance demonstrating good governance and a strong application of controls.

Every five years the standards of Internal Audit are assessed against the Public Sector Internal Audit Standards (PSIAS) and an external assessment of Internal Audit against the PSIAS standards was undertaken during 2022-23. The results of the assessment were positive with the service assessed as being fully compliant against the Standards.

## Minimal Assurance Opinions

The internal audit undertaken on child abuse investigation processes received a minimal assurance opinion. The internal audit was undertaken to review the arrangements in place to effectively investigate child abuse following the recommendations made from the Joint Targeted Inspection (JTAI) for Solihull and the National Child Safeguarding Practice review. The audit identified significant risks within Force Contact in respect of the quality of THRIVE+ assessments, the lack of compliance with escalation processes and the practice of downgrading logs to manage response times and performance. In addition to this, there was also a lack of trained and experienced officers and high workloads impacting the early identification of threat and risk and the progression of investigations.

The second audit, which received minimal assurance, was a follow-up audit on Rape and Serious Sexual Offence (RASSO) Investigations. The Force has been chosen as a pilot for Project Bluestone (OpSoteria), which aims to enhance the investigation and engagement of victims in rape and serious sexual offences. OpSoteria presented 62 recommendations, with efforts ongoing to implement these recommendations, and some similar themes were identified as those highlighted in the initial internal audit report. To evaluate the progress made in implementing the internal audit recommendations, a further follow-up review of RASSO is scheduled for 2023/24.

## Improvement recommendation

It is clear that the Force is taking proactive steps to address its recommendations with changes reflected in the June 2023 internal audit committee in which the Force highlights that follow up of audits thus far had represented an 85% implementation rate which while has continued to increase from prior committee meetings, we would expect the implementation to be close to 100% given that all recommendations are accepted by management.



# Governance

## Annual Budget Setting Process

The annual budget setting process begins for the Force in September lasting until November before being presented to the SPCB in February. During this time the Force outlines what the proposals are, what finance position the Force is trying to arrive at and what gaps there are, this approach is then presented to the governance boards in September/ October of each year. After this point, the Force engages with the department heads and the Assistant Chief Constables (ACC) to identify issues that the Force needs to consider and performs a horizon scanning exercise, savings and any areas of investment and growth. The Force aims to perform horizon scanning exercise for up to 18 months at a time in setting its budget for the year.

The Force takes a PBB approach to its budget setting process with the focus in 2022/23 being the key departments to drive any savings. During 2022/23 in period 4, the Force was showing an overspend of £5m as at the end of 2022/23. A 'Performance Day' is held at the Force every month where various performance issues, finance performance and KPI's are discussed, as part of this process the Force decided to undertake a rigorous PBB exercise with portfolio leads and a target was given for 8% or 12% savings to be delivered to each department. This exercise has been successful for the Force taking them to an £11m underspend as at the end of 2022/23.

In conversations with senior staff, Finance Management consider that that a cultural change has taken place in 2022/23. Staff members in various departments of the Force now feel accountable for achieving the financial objectives of the Force, instead of the Finance department being solely responsible for bridging the financial gap.

For 2023/24 the Force is focused on a PBB review for enabling departments which were not previously covered in the 2022/23 PBB review to drive savings in 2023/24.

## Budget Monitoring

The Force has a comprehensive budget monitoring process in place to ensure the effective management of its financial resources. The process involves regular monitoring and reporting of financial performance against budget.

The process of monitoring the budget involves the utilisation of a system known as Qlik, which was previously used by the Force for HR and Force Performance. However, the system is now also being used for finance data and was implemented during the 2022/23 period.

At the end of every month, the budget holder is able to view their monthly report in Qlik and a follow up meeting is held with the Head of Business Partnering to discuss the monthly position and forecasts can be adjusted in real time depending on factors such as any changes in budgets and recruitment. Previously the Force would send budget information via email and use excel to model forecasting information.

The finance reporting is then presented and discussed at monthly governance boards, which happen at a portfolio level. The Local Policing Commander (LPA) will be present during the meetings as well as the ACC and the performance partner, the business partner and HR partner.

In addition to this, the Force presents the financial information on a quarterly basis to the SPCB where a finance outturn report is shared, and any variances are explained and any developments in finance initiatives. The finance outturn position is also presented to the Force Executive Team where monthly single narrative slides are shared to summarise the key messages in relation to the Force position.

The Force also has in place a 'Performance day' on a monthly basis during which performance against budget is discussed amongst senior leaders. This ensures that senior leaders are updated frequently on the position against budget and any corrective action can be taken in timely manner. It is clear that the Force uses a risk-based approach to budget setting and monitoring, which involves identifying and assessing financial risks and opportunities that may impact the Force's financial position. The budget monitoring process also includes regular engagement with key stakeholders, including the Police and Crime Commissioner, to ensure transparency and accountability in financial management. This includes regular reporting on financial performance and an open and transparent dialogue around financial risks and opportunities.

# Governance

## Decision Making

The decision-making process at the Force at a strategic level is collaborative and Management consider it a positive relationship between PCC and the Force. The SPCB serves as the primary decision-making body, ensuring effective engagement, strategic direction, and accountability of the Force. SPCB meetings are conducted on a monthly basis where the scope of the agenda is broad and a range of areas are covered including but not limited to performance, finance monitoring, policing priorities, change programme, inspection reports. The meetings are held in a public setting, promoting transparency. Members of the public living and working in the West Midlands area are able to submit questions seven working days prior to the meetings as well as Board members, the questions are then addressed as part of the agenda. The SPCB also has a standing agenda item of 'SPCB actions and further lines of enquiry' to provide further accountability. The reports for senior management meetings, including SPCB and JIAC, follow a standard format that presents all relevant information for informed decision-making.

It is evident that decisions made are well-thought-out assessed in terms of their strategic implications, rather than just for the short-term. The decision-making process is transparent and there is extensive stakeholder engagement both internally and externally, which can be seen as positive indicators of an effective decision-making process.

## Standards

The Force has a range of measures to ensure appropriate standards are met. The decision making at the Force involves having established senior governance board with representation of senior leaders across the Force, key decisions are supported by data in the form of reports which provide analysis and option appraisals and updates from the different business areas across the Force. One of the key decisions for the Force is in relation to its financial resources, the MTFP covers a range of options that the Force has considered in terms of savings, a sensitivity analysis over its assumptions and involvement of key stakeholders demonstrating an effective process for decision making.

The Annual Governance Statement is a key document that outlines the extent to which the PCC and CC have complied with these standards. The governance framework includes a series of implementation measures, such as code of conduct policies, training, and formal governance structures, to ensure that appropriate standards are maintained. The effectiveness of the governance framework is reviewed annually to monitor its performance.

Any business interest are declared at the beginning of each meeting, guidance is provided for staff as to what constitute a business interest and the process for declaration in the form of a policy. The Force also has in place a gifts, gratuities and hospitality policy in place which provides guidance for employees and the controls in place when accepting/offering gifts and hospitality. In terms of handling any complaints there is a section on the website on which the public can provide feedback and complaints, this is further supported by a section on the website where the Force reports on the work regarding the complaints and reviews in relation to the PCC and CC. It is clear that the Force has appropriate arrangements in place to ensure the declaration of business interests, handling of complaints and gifts and hospitality controls.

Internal Audit (IA) also plays a critical role in ensuring appropriate standards, conducting extensive testing of compliance arrangements. The findings of IA are documented in the report, and the Force is taking steps to address the recommendations. This demonstrates that IA is holding the PCC and the Force accountable for their standards and controls. Overall, these measures collectively demonstrate the police Force's commitment to ensuring appropriate standards are met and maintained.

## November HMICFRS Inspection

In November 2023, following the Peel inspection, the Regulator HMICFRS issued a letter to the CC, setting out the headline findings from the inspection and indicating that the Force would be subject to enhanced monitoring by being moved into the 'Engage' phase. Specifically, the concerning areas where services are not adequate for West Midlands Police as identified in the report are as follows:

- The Force needs to make sure it carries out effective investigations which lead to satisfactory results for victims.
- The Force needs to make sure the Multi-Agency Risk Assessment Conferences (MARAC) work effectively to keep vulnerable people safe.
- The Force does not manage the risk posed to the public by registered sex offenders effectively.
- The Force does not manage the risk posed by online child abuse offenders effectively.

# Governance

## November HMICFRS (continued)

The formal Peel inspection report was not issued until December 2023. The report summary indicates that a number of the concerns had been raised in previous inspection reports but despite this, performance has declined. The Report was based on data available for the 2022/23 financial year.

The HMICFRS report acknowledges that the Force has had a significant change in leadership, including the CC, Deputy Chief Constable and other senior leaders. On appointment to the Force, the CC has implemented a new operating model and a new performance framework and made other changes that seek to address the weakness in performance. HMIC indicate that as these changes have been implemented quite recently, it is unclear yet whether these will lead to sustainable improvements. Improvements will take time and it is too soon yet for HMIC to conclude on this.

The inspection findings are drawn from data that prior to the launch of the operating model in April 2023. Therefore, we consider the findings to be relevant to the 2022/23 year.

### Significant Weakness in Arrangements

Under our VFM code criteria set by the National Audit Office where sufficient progress has not been made on previous findings and recommendations raised as a result of an inspectorate or regulatory body, we must conclude that the Force has significant weakness in arrangements in governance.

See page 7 for further details.


## 2021/22 PEEL Inspection Findings

Outstanding	Good	Adequate	Requires improvement	Inadequate
	Preventing crime	Responding to the public	Investigating crime	
	Recording data about crime	Managing offenders	Supporting victims	
	Treatment of the public	Developing a positive workplace	Protecting vulnerable people	
	Disrupting serious organised crime			
	Good use of resources			

## 2023-25 PEEL Inspection Findings

Outstanding	Good	Adequate	Requires improvement	Inadequate
		Preventing crime	Responding to the public	Investigating crime
		Police powers and public treatment	Developing a positive workplace	Protecting vulnerable people
			Leadership and force management	Managing offenders

# Improvement recommendations

<b>Improvement Recommendation 1</b>	The Force must take steps to ensure that its recommendation implementation is at 100% or explained as to why recommendations have not been implemented.
<b>Improvement opportunity identified</b>	Failure to implement recommendations once they are accepted by management means the Force limits its opportunity for growth and service improvement and is failing to meet internal targets.
<b>Summary findings</b>	The Force's implementation rate has been close to 80% across previous periods, which means there is room for improvement in the timeliness of implementation.
<b>Criteria impacted</b>	 Governance
<b>Auditor judgement</b>	Our work has enabled us to identify a weakness in arrangements which we do not consider to be significant but have raised a recommendation to support management in making appropriate improvements.
<b>Management comments</b>	The Chief Internal Auditor considers that the Internal Audit follow up process is robust and there are escalation processes in place to JAC and the portfolio governance board. Whilst recommendations are agreed at the time of audit, structural changes, operating model changes etc. can result in recommendations becoming redundant, or decisions may be made to accept the risk, so unlikely that 100% will be implemented.

Progressing the actions management has identified to address the recommendations made will support the Force in addressing the improvements identified from our work. We consider that the timescales provided by management are appropriate and encourage the Audit Committee to monitor progress of implementation to gain assurance over the arrangements in place. The range of recommendations that external auditors can make is explained in Appendix B.



# Improving economy, efficiency and effectiveness



## We considered how the Force:

- 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 and engages with stakeholders it has identified, in order to assess whether it is meeting its objectives
- where it commissions or procures services assesses whether it is realising the expected benefits.

## Use of financial and performance information

The Force uses both financial and non-financial information to assess its performance and identify areas for improvement. The Force understands that a comprehensive approach to performance assessment is necessary to evaluate the effectiveness of the services it provides.

2022/23 saw a change in how risk and continuous improvement is discussed and implemented across the organisation. The various governance boards now have standing agenda items to discuss performance and risk providing them with more structure for discussion which it is hoped will provide a trickledown effect.

In addition to using financial data to assess its budgetary performance, financial data is used to assess the efficiency of operations and to ensure that resources are allocated appropriately with the aim to achieve maximum value for money. The Force benchmarks expenditure, funding, government grant, precept and savings/use of reserves with other Police Forces to understand its position and identify any areas of strength and weakness which can be used to improve performance.

Non-financial information is also used to assess performance. The Force uses benchmarking information with other Forces and its own historical performance on systems such as Qlik and Quanta Data as well as having access to the HMIC portal and the Home Office portal. The Force also uses various performance indicators, such as the number of crimes reported, response times to incidents, and satisfaction levels of stakeholders, to evaluate its performance against set targets. The data obtained from these indicators can help the Force identify areas that need improvement.

To gain assurance over the underlying data the Force uses or to break down the data in usable format, the Force has an established data quality working group to support it in its reporting of data.

The Force makes use of surveys from the public as part of its citizen satisfaction project which it has embedded into Force Contact and Force Response since February 2021, with the aim of giving an increased voice to the public about the service they have received which will help recognise any areas of improvement and any strengths and weaknesses in services provided.

The Force also uses external reviews, such as the Police Effectiveness, Efficiency, and Legitimacy (PEEL) assessments, to gain insight into its performance and identify areas for improvement. The Force also takes on board learnings from thematic PEEL inspections carried out on other Forces to ensure it is applying best practice. This is routinely reported to the JIAC.

Within the Force, a 'Performance day' is held monthly which is chaired by the Deputy Chief Constable, during which broader areas of performance are discussed, for example; the number of arrests, if there is enough training being provided to ensure that the Force can meet its' requirements.

# Improving economy, efficiency and effectiveness

## Partnerships

The Force works with a number of other Forces and organisations to provide services. The agreements are entered into with approval from the PCC and CC and the section 22 agreements are available to view on the Force's website detailing the nature and specifics of the collaborations.

The Force maintains several crucial collaborative arrangements, which include the Local Resilience Forum, West Midlands Combined Authority, Legal Services, Counter-Terrorism, CMPG. Of particular note is the key strategic partnership is the West Midlands Regional Organised Crime Unit (WMROCU) consisting of Staffordshire, West Midlands, West Mercia and Warwickshire Police to reduce serious and organised crime in the region.

The governance arrangements to facilitate the management of the partnership, the Force has a "Regional Governance Board" in place, which convenes every 2/3 months. The primary objective of the board is to monitor and address the performance of the ROCU Partnership. Currently, the board comprises of the PCC, CC, CEO covering the four partners of of the ROCU and the Head of the ROCU, Deputy CC, DoF, Assistant Director of Finance. The agenda items cover a range of items such as performance, financial and non-financial, strategic priorities.

In addition to governance meeting, the Force also conducts Internal audit reviews on segments of the ROCU's operations to gain assurance over its internal controls. The arrangements in place demonstrate that the Force has a good grasp over its key partners and convenes governance boards for its key partnerships as well as internal audits to ensure that partnership working is delivering against its objectives.

## Procurement

The procurement department is responsible for scoping, tendering, and contract awarding. Contract management is handled by the Supplier Manager for platinum and gold contracts and each department is responsible for low-value contracts. In 2022/23, the Force issued 25 direct award contracts with a total contract value of £8.9m. In 2021/22, the Force issued 24 direct award contracts with a total contract value of £19.4m. The reduction in value was due to a large value (£10m) consultancy contract in 2021/22. We have tested the process for 3 large value direct awards and note that the process is that a paper is presented to Contracts Review and Approval Board explaining the reasons and seeking approval which in these cases the reasons were appropriate. In addition to this, for any spend over £1m a request for approval is sent to the PCC and noted as a key decision.

In 2022/23, the procurement team struggled with filling a senior procurement advisor post, and the pandemic, Suez Canal blockage, and Ukraine and Russia conflict caused delays. However, these issues were effectively managed, and there was no significant impact on service delivery. The function has experienced growth in its maturity profile, launching a Procurement hub in 2022/23 to provide information and education on procurement to staff. Social value was embedded into 2022/23 contracts and assessed in performance monitoring. The Force's contract management process is comprehensive, with performance analysis carried out to ensure expected benefits are realized. Lean Linking, a data insight portal, provides the Force with information such as supplier surveys, client feedback, KPIs, and financial monitoring. A score is assigned to supplier, Force, and portfolio performance, with corrective measures in place for contracts below the target score of 3. The Force has increased its target score to 4 for 2023/24 contracts.

The Force records social value performance using a Social Value Portal for contracts over £0.1m. The Force is in the top 25% for 'Local Economic Value Added' compared to all Social Value Portal public sector members in England and Wales, demonstrating its commitment to driving and realizing the benefits of its social value policy.

The Force monitors contract performance through the Strategic Contracts Review Board (SCRAB), meeting twice a year to discuss and report on platinum and gold contracts. Monthly portfolio meetings provide updates on procurement activity and performance. The Force's arrangements for realising expected benefits are robust, with a proactive approach and a commitment to high quality and continuous improvement. Non-compliance or performance issues are picked up in a timely manner to ensure high standards and service delivery.

## Readiness for Procurement Bill

The Force is currently preparing for the new procurement bill through conducting a review of its procurement processes to identify areas that may be impacted by the new legislation and to ensure that it is fully compliant with the new regulations by adjusting processes where required. Additionally, the department is investing in new technology and tools to improve its procurement processes and to ensure that it is well-prepared for the new legislation. Training programme will be aligned with the requirements of the new bill, utilising the training of Blue Light Commercial to make best use of resources it has available to position itself for compliance with the new regulations.

# Improving economy, efficiency and effectiveness

## November HMICFRS Inspection

As referenced in the Governance section of this report, the Peel inspection took place over the summer of 2023, with initial feedback in November 2023 and a final report issued on 22 December 2023. In November, the Inspector determined that the Force would face enhanced oversight and supervision due to the range of concerns identified in the inspection.

The Report indicates that some of the concerns had been raised in the previous inspection in 2021-22, however performance had declined in some areas.

HMIC has put the Force into 'Engage' status due to concerns raised in the inspection.

The Report covers 8 themes and the Force has been judged as inadequate in three areas:

- investigating crime
- protecting vulnerable people
- managing offenders

It was assessed as 'requires improvement' in a further three areas and judged to be 'adequate' in two. No aspect of the Force's operation was assessed as 'good' or 'outstanding'.

The report references that the CC has taken significant actions since his appointment to address performance issues being faced by the Force, most significantly this has included the implementation of a new policing operating model. We note that the Inspector's conclusions are informed by data during 2022-23 (the year of audit). In her report, the inspector recognises the significant efforts being made to improve performance but concludes that it is too soon to be able to conclude that this is delivering sustained improvement in performance. The PCC has published recent data that indicates that there has been improvement in performance during 2023/24. ONS statistics showed a reduction in overall crime by 6% (22,573 offences), compared to the same period the previous year. They also showed decreases in the amount of violent crime, in particular violence against a person of 11% (17,949 offences) and most serious violence dropped by 10% (451 offences).

In view of the recent publication of an inspection report with poor performance over a range of assessment areas, coupled with the Force now being put into enhanced oversight, we consider that there is sufficient evidence to conclude that West Midlands Police has significant weakness in arrangements during 2022-23, the year to which the opinion relates. Without a follow up inspection, it is not possible for us to conclude otherwise.

## Significant Weakness

Under our VFM code criteria as set by the National Audit office Where a relevant inspectorate or regulatory body has identified weaknesses in terms of cost/effectiveness or service performance then we must conclude that the Force has significant weakness in its arrangements to secure economy efficiency and effectiveness in its arrangements.

[See page 7 for further details.](#)

# Follow-up of previous recommendations

	<b>Recommendation</b>	<b>Type of recommendation</b>	<b>Date raised</b>	<b>Progress to date</b>	<b>Addressed?</b>	<b>Further action?</b>
1	The Force to develop longer term strategy to focus on developing recurrent savings to replace the short term measures taken and then protect and rebuild reserves beyond 2023/24.	Improvement	April 2022	Both the completed operating model changes and the service reviews which are currently in progress will help identify a recurrent savings plan. This will be reflected in both future budgets and the MTFP.	Yes	No
2	The Force should review the potential for shared service opportunities for Back Office services as a way of achieving cost reductions.	Improvement	April 2022	This is not something we have prioritised this year, but will be considered as part of service area reviews where applicable.	No	Yes improvement recommendation has been rolled forward in 2022/23.
3	The Force should seek to reduce the time lag in the financial information presented to SPCB.	Improvement	April 2022	Our Qlik Finance Dashboard went live in June 2023, since Go live reporting to the SPCB has been more current. For example the report going to SPCB this month includes the end of January position.	Yes	No



# Opinion on the financial statements



## Grant Thornton provides an independent opinion on whether the PCC and CC's financial statements:

- give a true and fair view of the financial position of the PCC and CC as at 31 March 2023 and of its expenditure and income for the year then ended, and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2022/23

We conducted our audit in accordance with:

- International Standards on Auditing (UK)
- the Code of Audit Practice (2020) published by the National Audit Office, and
- applicable law

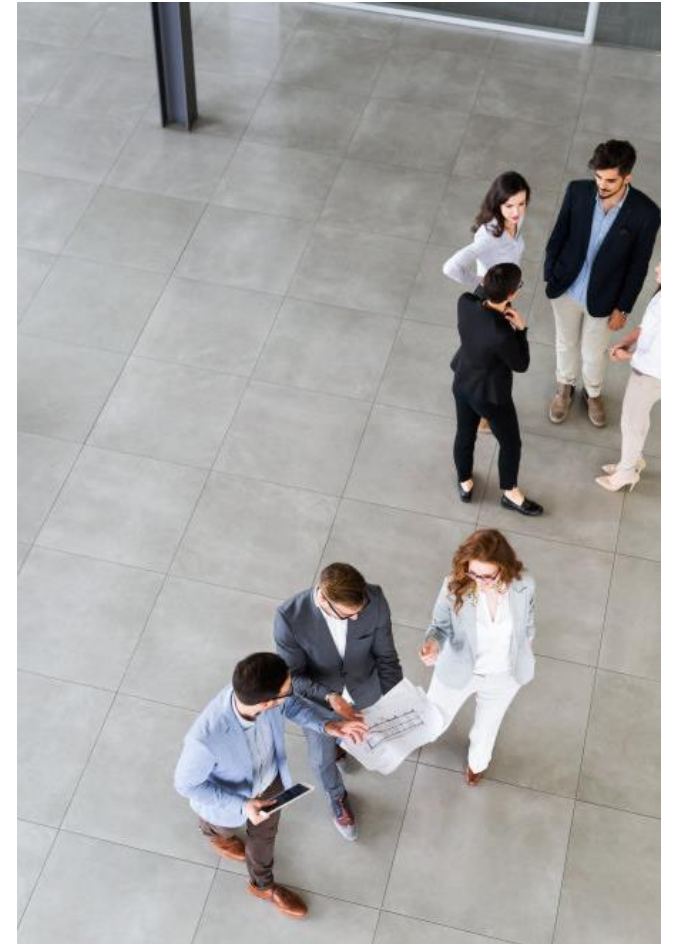
We are independent of the PCC and CC in accordance with applicable ethical requirements, including the Financial Reporting PCC and CC's Ethical Standard.

## Audit opinion on the financial statements

We plan to issue an unqualified opinion on the PCC and CC's financial statements in March 2024.

The full opinion will be included in the PCC and CC's Annual Report for 2022/23, which can be obtained from the PCC and CC's website.

Further information on our audit of the financial statements is set out overleaf.



# Opinion on the financial statements



## Timescale for the audit of the financial statements

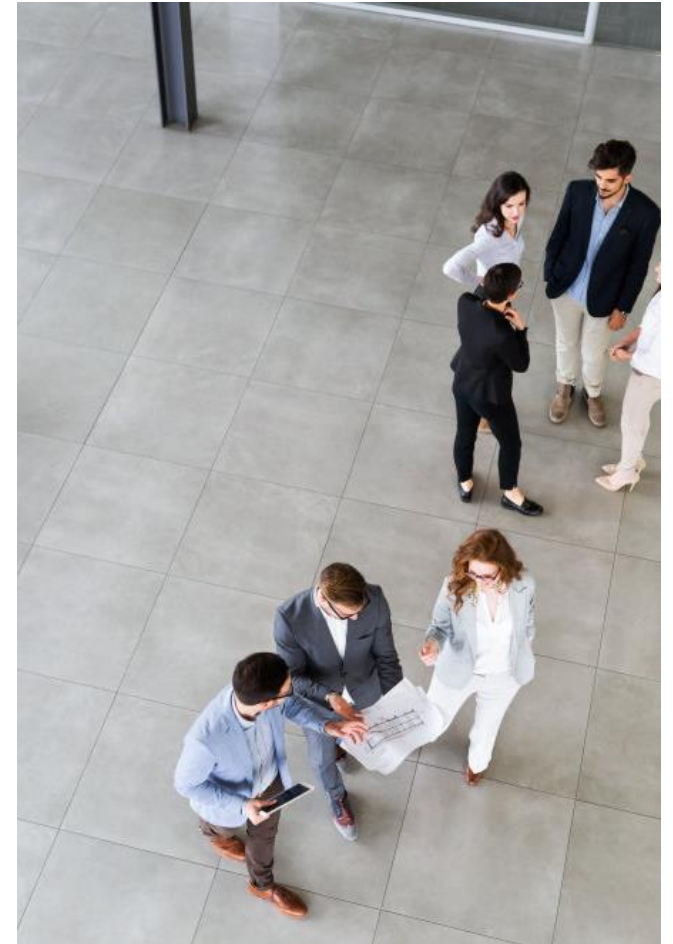
- The Plan was issued to the Joint Audit Committee in March 2023 the final visit
- The PCC and CC provided draft financial statements in line with the national timetable
- The majority of the audit was completed between July and September. The delay in finalisation of the audit has been due to resolving issues relating to the pension fund.
- We anticipate an unqualified opinion will be issued in March 2024.

## Findings from the audit of the financial statements

We identified the following significant risks which were addressed in the course of the audit

- Management override of control. We did not identify any material matters in relation to the processes, although we did make a recommendation in relation to a control weakness on journals authorisation.
- Valuation of land and buildings: no significant matters arising from our testing, the risk was mitigated
- Valuation of pension fund liability: following revision being made to the actuary report, material adjustments have been made to the accounts.

More detailed findings are set out in our revised Audit Findings Report, which will be presented to the PCC and CC's Joint Audit Committee in March 2024, the draft went to the September committee Requests for this Audit Findings Report should be directed to the PCC and CC.



# Other reporting requirements



## Other opinion/key findings

No other reporting matters

## Audit Findings Report

More detailed findings can be found in our AFR, which will be published and reported to the PCC and CC's Audit Committee in March 2024.

## Whole of Government Accounts

To support the audit of the Whole of Government Accounts, we are required to examine and report on the consistency of the Service's consolidation schedules with their audited financial statements. This work includes performing specified procedures under group audit instructions issued by the National Audit Office.

This will be completed by the issue of the opinion, when we have an agreed final draft of the accounts.



# Appendices

# Appendix A – Responsibilities of the Police and Crime Commissioner and Chief Constable

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) 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 and CC's ability to continue as a going concern 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 – Risks of significant weaknesses, our procedures and findings

As part of our planning and assessment work, we considered whether there were any risks of significant weakness in the PCC and CC's arrangements for securing economy, efficiency and effectiveness in their use of resources that we needed to perform further procedures on. The risks we identified are detailed in the table below, along with the further procedures we performed, our findings and the final outcome of our work:

Risk of significant weakness	Procedures undertaken	Findings	Outcome
Governance was identified as a potential significant weakness, see page 14 for more details, based on the findings of the recent Peel report.	We have considered the force's governance arrangements, including risk management, arrangements for financial reporting, internal audit considered the arrangements the force has in place for responding to recommendations.	We have concluded that overall governance arrangements are good, however we did note that the implementation of internal audit recommendations was below expectations. We also noted that HMICFRS had reflected the lack of progress in addressing their concerns from [previous inspections and this was a key consideration in the decision to put the Force into enhanced monitoring	Appropriate governance arrangements are not in place to address the concerns of internal audit and inspectors. We have made a key recommendation and one improvement recommendation (one overall key recommendation addressing governance and VFM from the Peel inspection)
Improving economy, efficiency and effectiveness was identified as a significant weakness, a more detailed review was undertaken see page 20 for further information	We have considered the Force's Use of Financial information, Partnership working, procurement arrangements and the outcome of the November HMICFRS inspection.	We have concluded that the underlying arrangements for improving economy, efficiency and effectiveness are sound in many areas. We do however recognise that the Peel inspection identified several areas of inadequate performance.	Appropriate arrangements are not in place to secure economy efficiency and effectiveness as reflected in the recent Peel report . We have made one key recommendation. (one overall key recommendation addressing governance and VFM from the Peel inspection)



# Appendix C – 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.	No	N/A
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'.	Yes	7
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 and CC's arrangements.	Yes	13, 14 and 20

