



**STRATEGIC POLICING AND CRIME BOARD
18 June 2019**

Financial Outturn 2018/19

PURPOSE OF REPORT

1. To provide members with details of the financial outturn for 2018/19.

BACKGROUND

2. This report details the actual outturn position for both revenue and capital in 2018/19. As per previous years, the WMP2020 projects are reported separately and are closely monitored through the Force's Organisational Change Board (OCB).

HEADLINES

3. In summary the Force achieved a revenue outturn within 0.2% of budget. Capital investment was £31.7m which was an underspend of 6.6% compared to budget. Revenue (operational) costs were successfully delivered and £26.8m savings were achieved as set out in the original budget report for 2018/19.

	2018/19				2017/18		
	£,000	Budget	Actual	Variance	Variance %	Variance	Variance %
Revenue							
Force		532,209	531,621	-588	-0.2%	1,669	0.3%
WMP2020		30,424	17,044	-13,380	-44.0%	-10,152	-43.7%
Sub Total Police Force		562,633	548,665	-13,968	-2.5%	-8,483	-1.6%
Office of the PCC		2,357	2,318	-39	-0.1%	-11	-0.5%
Commissioned Services		11,110	6,636	-4,474	-40.3%	-3,120	-33.7%
Total Revenue before Reserves		576,100	557,619	-18,481	-3.2%	-11,614	-2.1%
Net Use of Reserves		-40,812	-22,331	18,481	-45.3%	11,614	-42.4%
Total Revenue after Reserves		535,288	535,288	0	0.0%	0	0.0%
Capital							
Force		13,136	8,042	-5,094	-38.8%	11,592	100.0%
WMP2020		9,238	12,278	3,040	32.9%	-17,254	-74.7%
Estates Strategy		11,600	11,424	-176	-1.5%	0	0.0%
Total Capital		33,974	31,744	-2,230	-6.6%	-5,662	-16.3%
Total Revenue plus Capital		569,262	567,032	-2,230	-0.4%	-5,662	-1.0%

BUDGET CHANGES IN 2018/19

4. The revenue and capital budget was revised in November 2018 to reflect the allocations of project budgets in line with Organisational Change Board (OCB) decisions and other in year changes since the original budget was set. Since the budget was revised a number of additional changes have occurred, a summary of these movements is shown in the table below:

	2018/19 Revised Budget £,000	2018/19 Budget £,000	2018/19 Movement £,000
Police Force – Expenditure (A)	565,939	568,388	2,449
Police Force – Income (B)	-35,781	-36,179	-398
WMP2020 Programme of Work (C)	31,776	30,424	-1,352
Office of the PCC	13,467	13,467	0
Contribution to / from Earmarked Reserves	-40,113	-40,812	-699
Total Revenue Budget	535,288	535,288	0
Total Capital Budget (D)	35,086	33,974	-1,112

- A. As reported to the February Board, a national decision has been made to delay the implementation of the Emergency Services Mobile Communications Programme (ESMCP). As a result of this delay the revenue and capital budget allocated to this programme has been re-provisioned to the Airwave – Mobility Refresh being managed by the Force’s Information and Technology Service. This has resulted in a budget transfer between the WMP2020 programme of work and the Police Force – Expenditure budget.
- B. The Police Force additional income of £398k is an increase in Home Office funding for the Cyber Crime team within the Regional Organised Crime Unit to fund the Dark Web Project and the Cyber Prevent and Protect work streams. This also increases the Police Force Expenditure to match the income.
- C. Within the WMP2020 programme of work there was a net decrease in budget of £1,352k. However, this includes a £699k increase in the Connect budget through the re-profiling of the Accenture work on the project. This resulted in an increase in use of the budget reserve of the same value.
- D. The capital budget has reduced as a result of an update to the Smarter Responding business case, replacing the need for a laptop with a miraxess devices which significantly reduced the cost.

REVENUE OUTTURN 2018/19

5. The revenue outturn for the Police Force (excluding WMP2020 project costs) was an underspend of £0.6m. Including WMP2020 project costs the revenue outturn was an underspend of £14.0m or 2.5% of the budget. The detailed position is shown below along with further explanations of the underspend:-

	2018/19 Budget	2018/19 Actual	2018/19 Variance to Budget
	£000	£000	£000
<u>Police Force</u>			
<i>Police pay including Overtime (A)</i>	348,741	344,944	-3,747
<i>Police Community Support Officers including Overtime (B)</i>	13,100	13,149	49
<i>Police staff pay including Overtime (C)</i>	119,099	121,060	1,961
<i>Other employees expenses (D)</i>	10,533	11,371	838
Sub Total	491,473	490,574	-899
<i>Premises (E)</i>	17,248	15,836	-1,412
<i>Transport (F)</i>	6,389	7,418	1,029
<i>Supplies and services (G)</i>	38,501	41,276	2,775
<i>Third Party Payment</i>	10,529	10,656	127
<i>Capital Financing Costs (H)</i>	4,249	6,129	1,880
<i>External income (I)</i>	-36,180	-40,268	-4,088
Sub Total Police Force (Exc. WMP 2020 project costs)	532,209	531,621	-588
WMP2020 project Costs (J)	30,424	17,044	-13,380
Sub Total Police Force (Inc. WMP2020)	562,633	548,665	-13,968

- A. The underspend on police officer pay arises due to the following reasons: higher than forecast number of leavers (31 FTE) and an over estimation on the amounts required to fund the non-consolidated pay award and incremental increases.
- B. PCSO pay is showing a small overspend due to the forecasted leavers being slightly lower than anticipated at revised budget.
- C. The police staff pay overspend is due to the lump sum pension payment of £2.9m, this was offset by reduction in staff FTE's primarily within Force Contact and Criminal Justice, where police staff transferred to police officers posts. There was also an agreed delay at the start of the year in advertising police staff recruitment to alleviate the initial pressures.
- D. There was a £838k overspend on other employee expenses, £453k relates to historic costs (a sanction charge) to HMRC, relating to 1987 Police Pension Scheme. The Scheme Sanction Charge is a 15% tax charge on the police pension scheme when member's take the 25% one off lump sum payment of their pension.

The balance of the overspend relates to an investment in our people within training courses and employee wellbeing. Work is ongoing to determine what budget levels should be required going forward.

- E. Rates rebates received during 2018/19 have generated a £1.4m underspend within premises costs.

- F. The £1m transport overspend is split between travel expenses (£268k), vehicle repairs and maintenance (£563k) and fuel (£206k).

A review of travel expenses will be carried out in 2019/20 to determine what is causing the expenditure to increase, understanding processes and behaviours.

Vehicle fuel prices have been increasing at a greater rate than anticipated, this has been addressed in the assumptions for the 2019/20 budget.

Vehicle repairs and maintenance budgets were reduced as a result of the driver behaviour project and the Efficiency and Effectiveness Review, data shows that 80% of savings are being achieved. The cost of vehicle parts has increased by around 7% over the year, and we have also increased the number of fleet vehicles we maintain, these increases are yet to be added into the budget.

- G. The supplies and services overspend of £2.8m is in 3 key areas:

- Additional uniform and equipment needs for new recruits, specials, police cadets and volunteers (£1.2m).
- The use of external legal services to support key cases.
- Force CID and Forensics additional demand has been placed on the coroner's and external forensic services budgets due to an increase in major investigations.

These overspends have been offset by a £0.5m ICT underspend in relation to landline charges, we received £350k worth of credit note for ceased lines late in the year. A decision was also taken to reduce the reliance on the IIP partner and transfer the work to other third party providers – which proved more cost effective.

- H. The £2m additional spend within Capital Financing is additional revenue contribution to capital (RCCO). This has occurred because budgeted revenue expenditure within the WMP2020 project costs, mainly within the Connect and Data Driven Insight has been reclassified as capital expenditure.

- I. Income – external income was greater than expected in the following areas:

- £2m additional income across both NABIS (£1m) and Regional Organised Crime Unit (ROCU) (£1m) in relation to additional grants received in year.
- £1m income has been generated for policing the gantries on motorways in partnership with Highways England and Kier Highways, in relation to closure of roads and rolling road blocks. This income is also offsetting expenditure across officer overtime and supplies and services, with a carry forward £250k into 2019/20 to fund ongoing ANPR maintenance.

J. The WMP2020 phasing of projects costs has been consistently over ambitious in delivery, these budgets will be carried forward into 2019/20 to continue the planned work.

6. The Office of the Police and Crime Commissioner is shown in the table below:

	2018/19 Budget	2018/19 Actual	2018/19 Variance to Budget
	£000	£000	£000
<u>PCC</u>			
Office of Police & Crime Commissioner (A)	2,357	2,318	-39
Community Safety Funding (B)	4,665	3,997	-668
Community Safety Funding Income	-737	-737	0
Active Citizens (C)	1,634	882	-752
Grant Expenditure (D)	5,683	2,627	-3,056
Grant Income	-135	-135	0
Victim Services Expenditure	3,330	3,332	2
Victim Services Income	-3,330	-3,330	0
Sub Total Office of the PCC	13,467	8,954	-4,513

- A. The minor underspend in the Office of the Police and Crime Commissioner relates to small variances in the staffing and supplies and services budgets.
- B. The underspend on Community Safety Funding is the phasing of projects between financial years and will be spent in 2019/20.
- C. In relation to the Active Citizens underspend, the uncommitted variance at 31 March 2019 was £392k. This is split across Neighbourhood Policing Units and is planned to be spent in 2019/20.
- D. The underspend on grant expenditure relates to a number of prevention projects and is due to phasing between financial years.

7. The table below details the contribution to / from reserves based on the final outturn of £18.9m underspend and will result in an underutilisation of the budget reserve of £0.8m.

	2018/19 Budget	2018/19 Actual	2018/19 Variance to Budget
	£000	£000	£000
Total Police Force (inc. WMP2020)	562,633	548,665	-13,968
Office of the Police and Crime Commissioner	13,467	8,954	-4,513
Total Revenue Budget before use of reserves (A)	576,100	557,619	-18,481
<u>Use of Reserve</u>			
PCC Invest to Save	-2,039	-2,039	0
PCC Carry Forward from 2017/18	-3,120	-3,120	0
WMP2020 Carry Forwards from 2017/18	-10,200	-10,200	0
Other Carry Forwards from 2017/18 (B)	-1,410	-1,995	-585
Contribution from Uniform and Equipment Reserve (C)	-706	-1,269	-563
Contribution from National Contingency Reserve (D)	0	-910	-910
Contribution from Budget Reserve	-23,337	-22,962	375
<u>Contribution to Reserves</u>			
PCC Carry Forwards to 2019/20	0	4,513	4,513
WMP2020 Project Carry Forwards to 2019/20	0	14,000	14,000
Other Carry Forwards to 2019/20	0	1,651	1,651
Total Revenue Budget after use of reserves	535,288	535,288	0

- A. The office of the PCC and WMP2020 project costs underspend will be carried forward to fund approved spend which will now fall into 2019/20. There are also a number of other force related project costs that will be supported in 2019/20 through a carry forward.
- B. The £585k related to an additional use of reserves by ROCU to fund unplanned demand.
- C. The additional use of uniform and equipment reserve is funding additional unplanned issues within year.
- D. The National Contingency Reserve is being brought into 2018/19 to fund potential national employee related disputes.

CAPITAL OUTTURN 2018/19

8. The capital programme of £34.0m under spent by £2.2m. The detail of the capital programme outturn is below:

	2018/19 Budget	2018/19 Actual	2018/19 Variance to Budget
	£000	£000	£000
<u>WMP2020</u>			
Connect (A)	2,521	3,426	905
ESMCP	125	354	229
Data Driven Insight (A)	1,736	1,967	231
New Ways of Investigating	284	44	-240
New Ways of Responding	1,214	1,103	-110
Next Generation Enabling Services	345	170	-175
Command and Control	1,831	1,747	-84
ANPR	811	717	-94
Robotics / Automation	0	23	23
National Data Analytics Solution (B)	0	2,356	2,356
Taser Replacement	371	371	0
Total WMP2020	9,238	12,278	3,040
<u>Business as Usual</u>			
Fleet	3,598	3,687	89
Property Services	0	178	178
IT & Digital inc. Airwave Replacement – Mobility (C)	6,804	1,580	-5,224
Equipment (D)	1,200	138	-1,062
ROCU	0	94	94
NaBIS	0	382	382
Firearms	0	229	229
CTU	1,534	1,754	220
Total Business as Usual	13,136	8,042	-5,094
<u>Estates Strategy</u>			
Logistics Centre	10,000	10,435	435
Park Lane Phase 1	1,600	989	-611
Total Estates Strategy	11,600	11,424	-176
Total Capital Programme	33,974	31,744	-2,230

A. Costs associated with the Connect and Data Driven Insight projects (£905k and £205k respectively) were reclassified during the year from revenue to capital, however the associated budget was not moved.

- B. The National Data Analytics Solution project was not included in the original capital programme and grant income fully funds this expenditure.
- C. IT and Digital underspend is in relation to the Airwave – Mobility refresh. Delays have occurred in sourcing the mobility devices and the budget will be carried forward into 2019/20.
- D. The equipment budget included a budget for general improvements to the Force estate and the budget will be carried forward into 2019/20.

FINANCIAL IMPLICATIONS

- 9. This report solely deals with financial issues.

LEGAL IMPLICATIONS

- 10. The production of the PCC's Accounts is governed by the Local Government Act 1982 and Regulations made under that Act. The Local Government Act 1988 requires the PCC to make arrangements for the proper administration of its financial affairs

RECOMMENDATIONS

- 11. The Board is asked to note the contents of this report.

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