



STRATEGIC POLICING AND CRIME BOARD
18 February 2020

Financial Outturn 2019/20

PURPOSE OF REPORT

1. To provide members with details of the forecasted financial outturn for 2019/20 as at the end of December 2019.

BACKGROUND

2. This report details the forecasted outturn position for both revenue (paragraph 6) and capital (paragraph 9) for 2019/20. 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 Police Force is currently forecasting a £5.3m underspend (equating to 0.9% of total budget), an increase of £2.0m that was reported to this Board in Quarter 2. The Force will look to protect this underspend in order to offset part of the shortfall in funding in 2020/21 following the recent announcement of the financial settlement. The Commissioned Services underspend of £1.4m will also now be utilised in 2020/21.
4. Capital investment in 19/20 will be £53.2m. Estates programme spend of £12.4m will be deferred to 20/21 as a result of reprofiling some of the Park Lane costs and reprioritising the timing of some of the smaller projects.

	Full Year Budget £,000	Full Year Forecast £,000	Forecast Variance to Budget £,000	Variance %
Revenue				
Force	555,275	551,026	-4,248	
WMP2020	26,136	25,124	-1,012	
Sub Total Police Force	581,410	576,150	-5,260	-0.9
Office of the PCC	2,440	2,440	0	
Commissioned Services	10,488	9,085	-1,403	
Total Revenue before Reserves	594,339	587,676	-6,663	-1.1
Net Use of Reserves	-24,491	-17,828	6,663	
Total Revenue after Reserves	569,848	569,848	0	0.00
Capital				
Force	22,410	22,410	0	
WMP2020 *	3,055	6,279	3,224	
Estates Strategy	36,913	24,511	-12,402	
Total Capital	62,378	53,199	-9,178	-14.7
Total Revenue before Reserves plus Capital	656,716	640,875	-15,841	-2.4

*This will be funded by a revenue contribution to capital at the end of the financial year, already reflected in the revenue forecast above.

BUDGET CHANGES IN 2019/20

5. Since the revised October budget was reported in November 2019 the following revisions have been made to reflect in year developments. These are linked to approved changes in the WMP2020 change programme and increased income through mutual aid and income generation. These are detailed in table below.

	October Budget £,000	December Budget £,000	Movement £,000
Police Force – Expenditure (A)	602,677	603,814	1,137
Police Force – Income (B)	-46,559	-48,540	-1,981
WMP2020 Programme of Work (C)	25,293	26,136	843
Office of the PCC	12,928	12,928	0
Contribution to / from Earmarked Reserves	-24,491	-24,491	0
Total Revenue Budget	569,848	569,848	0
Total Capital Budget (D)	61,160	62,378	1,218

Revenue Budget

- A. The Police Force Expenditure budget was increased due to known changes in the following areas:
- Transfer of budget from the WMP2020 change programme to fund the capital purchase of ANPR cameras of £800k.
 - Transfer of Contingency being held to funding accelerated recruitment to the WMP2020 Change Programme of £1.5m.
 - Increased expenditure on overtime and other non-pay areas due to additional income generation through mutual aid, Firearms training and collaboration with Warwickshire Police for the provision of Dog Kennelling totalling £448k.
 - Expenditure relating to the Uplift funding received from the Home Office of £1.5m.
- B. The income budget has been increased to reflect expected Uplift funding plus mutual aid provided during the year. Income generated through the provision of Firearms training courses and the provision of dog kennelling for Warwickshire Police increased.
- C. The WMP2020 change programme has increased due to a transfer of a contingency being held centrally to fund the accelerated recruitment plans. This has however been partially offset by revenue budget for ANPR transferring to Capital Financing within the Police Force Expenditure to fund a revenue contribution to capital.

Capital Budget

- D. The Capital budget has increased to fund the planned purchase of additional ANPR Cameras, via a revenue contribution to capital and to purchase additional vehicles via the Uplift Grant.

REVENUE OUTTURN 2019/20

6. The revenue outturn for the Police Force (excluding WMP2020 project costs) is currently a forecasted underspend of £4.2m (less than 1% of total budget). This forecast reflects slight delays in planned recruitment in Police Officers, Police Community Support Officers and Police Staff roles. WMP2020 spend forecast is a £1.0m underspend, and will be required to be carried forward on the Uplift and My Time projects. The detailed position is shown below along with further explanations. The explanations are consistent with those reported to the Board at Quarter 2.

	Full Year Budget £,000	Full Year Forecast £,000	Forecast Variance to Budget £,000
Police Force by Account			
Police pay including Overtime (A)	360,004	359,414	-590
PCSO pay including Overtime (A)	14,443	13,355	-1,088
Police staff pay including Overtime (A)	129,803	128,564	-1,238
Other employees expenses	11,515	11,560	46
Sub Total	515,763	512,893	-2,870
Premises (B)	18,357	18,287	-71
Transport	6,027	6,055	27
Supplies and services	42,962	42,963	2
Third Party Payment (C)	12,318	12,247	-70
Capital Financing Costs	8,387	8,388	1
External income (D)	-48,540	-49,807	-1,267
Total Police Force (Exc. WMP 2020 project costs)	555,275	551,026	-4,248
WMP2020 project Costs (E)	26,136	25,124	-1,012
Total Police Force (Inc. WMP2020)	581,410	576,150	-5,260

- A. Police Officer, PCSO and police staff budgets allowed for earlier recruitment to roles. However, due to the length of time taken for vetting and medicals we are seeing these posts being filled slightly later than planned; along with additional leavers to those anticipated and minor amendment to recruitment plans for PCSO's.
- B. The premises underspend of £71k is as a result of a reduction in the space occupied by the Regional Organised Crime Unit (ROCU) in partner agencies and instead using Regional Force premises.
- C. Third Party Payments, are forecasted to have a net underspend of £70k, the majority of this is broken down as follows:
- A £250k underspend in the Regional Organised Crime Unit (ROCU) due to changes in the profile of regional forces spend. Staffordshire Police are putting in less workforce resources and will instead make a cash contribution;
 - An additional spend of £68k for the recruitment of an analyst into the National Ballistics Intelligence Service;
 - An additional spend of £21k for Homicide operations that have used officer/staff resources provided by West Mercia and Merseyside; and
 - An additional spend of £29k for research being carried out by the University of Warwick on digital prototyping techniques.
 - Increased contributions of £63k to the National Police Chief Council for various national projects.
- D. External Income is forecast an over achievement of income of £1.3m, this is broken down as follows:
- £525k additional ROCU income due to a change in the profile of regional forces expenditure resulting in West Midlands Police picking up additional expenditure to that originally planned, this is offset by additional reimbursed services income from the Regional Forces (this has a net zero impact).
 - Higher than budgeted income across Dogs, Firearms and Camera Enforcement within Operations of £385k.
 - Higher than budgeted income generated through Overseas Visitor Registration of £120k.
 - Increased income through the traffic process office and police led prosecutions due to changes in processes / software to support the functions, generating an additional £57.6k income.

E. The underspend on the WMP2020 programme of £1.0m is split between:

- £262k due to the 5 year MyTime support and maintenance contract being fully budgeted for in 2019/20, the underspend will need to be carried forward and re-profiled across 2020/21 to 2023/24.
- £650k for project Uplift for the purchase of Airwave and Radios, a commitment to buy with the supplier has been requested but will likely not start calling off on this commitment until 2020/21. This underspend will need to be carried forward into 2020/21.

7. The Office of the Police and Crime Commissioner's full year outturn is expected to be in line with the budget. External Commissioning will underspend by £1.4m, the phasing of expenditure has been revisited and funding will be carried forward into 2020/21. A breakdown is shown in the table below.

	Full Year Budget £,000	Full Year Forecast £,000	Forecast Variance to Budget £,000
<u>Office of Police and Crime Commissioner</u>			
Office of Police and Crime Commissioner	2,440	2,440	-
<u>Commissioned Services</u>			
Community Safety Funding	4,532	4,532	-
External Commissioning	4,803	3,400	-1,403
Active Citizens	1,153	1,153	-
Victim Services Expenditure	3,330	3,330	-
Victim Services Income	-3,330	-3,330	-
Violence Reduction Unit Expenditure	3,370	3,370	-
Violence Reduction Unit Income	-3,370	-3,370	-
Total Commissioned Services	10,488	9,085	-1,403
Total Office of the Police and Crime Commissioner	12,928	11,525	-1,403

8. The table below details the contribution to / from reserves based on the forecast outturn. In 19/20 there has been a reduced requirement to use reserves when compared to the revised budget, however there is still a requirement to utilise £17.8m. It is forecasted a to contribute £5.0m back into the budget reserve, with £650k earmarked for Carry Forward for the Uplift Project. Also on the back of the re-phasing of the OPCC external commissioning activities and the 5 year support contract in MyTime the related amounts (£1.4m and £0.3m respectively) will be deferred until 2020/21.

	Full Year Budget £,000	Full Year Forecast £,000	Forecast Variance to Budget £,000
<u>Use of Reserves</u>			
PCC Carry Forward	-4,513	-3,110	1,403
Project Carry Forward	-14,000	-13,738	262
Other Carry Forward	-562	-562	0
Contribution from POCA & PPA Reserve	-425	-425	0
Contribution from Devolved Budget Reserve	-1,474	-1,474	0
Contribution from Uniform and Equipment Reserve	-1,061	-1,061	0
Contribution from Budget Reserve	-2,457	2,541	4,998
Total Revenue Budget after use of reserves	-24,491	-17,828	6,663

CAPITAL OUTTURN 2019/20

9. The capital programme of £62.4m is forecast to underspend by £9.2m. A breakdown of the capital programme is detailed below.

	Full Year Budget £,000	Full Year Forecast £,000	Forecast Variance to Budget £,000
Business As Usual	22,410	22,410	0
Total WMP2020 (A)	3,055	6,279	3,224
Estates Strategy (B)	36,913	24,511	-12,402
Total Capital Programme	62,378	53,199	-9,178

- A. The forecasted overspend of £3.2m within WMP2020 is in relation to the Our Data Programme. The budgets for these project are all sat within revenue and will be moved to fund the capital expenditure via a revenue contribution to capital at the end of the financial year.
- B. The Estates Strategy underspend of £12.4m is due to agreed changes to the timeline for delivery of the programme of work and will be required to be carried forward into 2020/21.

FINANCIAL IMPLICATIONS

10. This report solely deals with financial issues.

LEGAL IMPLICATIONS

11. 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

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

Mark Kenyon
Chief Finance Officer to the PCC

Neil Chamberlain
Director of Commercial Services