



STRATEGIC POLICING AND CRIME BOARD
16 September 2020

Finance Monitoring 2020/21

PURPOSE OF REPORT

1. To provide members with details of the force financial position at the end of July 2020 (P4) and to provide a full year forecast outturn for 2020/21.

BACKGROUND

2. This report details the July forecast position for both revenue (paragraph 6) and capital (paragraph 9) for 2020/21. As per previous years, the WMP2020 projects are reported separately and are monitored through the Force's Organisational Change Board (OCB).

HEADLINES

3. In summary the force is currently forecasting a revenue outturn overspend of £2.3m (0.38% of budget). The financial pressure placed on the force as a result of the COVID 19 pandemic is £9.1m and if not entirely reimbursed by the Home Office will require the force to utilise its dwindling budget reserves. This forecast is based on the information known at the time of writing this report and a series of assumptions. These assumptions include that the following amounts will be reimbursed by the Home Office; force PPE costs of £1.76m; national PPE costs of £4.24m and lost income of £2.31m. The forecast does not factor in any potential costs associated with a possible second peak of COVID 19. We continue to discuss the financial pressures we face with the Home Office and are hopeful that we will receive the financial support we need.
4. The capital investment forecast is £38.97m against a capital budget of £51.13m. The estates programme of work has been re-profiled as we were required to pause some projects during the first quarter of the year as a result of COVID 19. This has also meant that the timeline for planned disposals has changed and some revenue costs e.g. leases will continue to be paid for longer than originally planned.

	Budget £,000	Forecast £,000	Forecast Variance to Budget £,000	Variance %
Revenue				
Force	598,312	599,118	805	
Change Programme	9,533	9,335	-198	
COVID-19	0	1,712	1,712	
Sub Total Police Force	607,846	610,165	2,320	0.38%
Office of the PCC inc. Commissioned Services	12,383	12,383	0	
Total Revenue before Reserves	620,229	622,548	2,320	0.37%
Net Use of Other Reserves	-6,669	-6,669	0	
Net Use of Budget Reserves	-2,921	-5,241	-2,320	
Total Revenue after Reserves	610,639	610,639	0	0.00%
Capital				
Force	12,159	12,159	0	
Change Programme	4,161	4,161	0	
Estates Strategy	34,813	22,657	-12,156	
Total Capital	51,133	38,977	-12,156	-23.77%
Total Revenue before Reserves plus Capital	671,362	661,525	-9,837	-1.47%

BUDGET CHANGES IN 2020/21

5. The revenue and capital budget was approved by the Police and Crime Commissioner in February 2020 as part of the budget setting process. Since the budget was approved the following revisions have been made to reflect in year developments. These are detailed in table below:

	Decision Paper £,000	July Budget £,000	Movement £,000
Police Force – Expenditure (A)	649,784	657,005	7,221
Police Force – Income (B)	-53,276	-58,692	-5,416
Change Programme (C)	9,059	9,533	474
Office of the PCC	8,556	12,383	3,827
Contribution to / from Earmarked Reserves (D)	-3,484	-9,590	-6,106
Total Revenue Budget	610,639	610,639	0
Total Capital Budget (E)	49,020	51,133	2,113

Revenue Budget

- A. The Police Force Expenditure budget was increased due to:
- Extra external funding for overtime and supplies and services from the Police Surge Funding grant part of the £4.98m.
 - Additional police staff in enabling functions to support uplift in officers (£2.16m)
 - Additional funding for Police Now recruitment (£1.52m);
 - Funding for ROCU covert operations (£0.82m)
 - Criminal justice case progression and custody for additional staffing (£0.70m)
 - Temporary staff increases in IT and Digital (£0.50m)
- B. The income budget was increased to reflect the Police Surge Funding grant for 2020-21 of £4.98m. A further £0.44m of increased income for motorway policing and the economic crime unit.
- C. The revenue budget for WMP2020 change programme reflects additional purchases in the Taser replacement project (£0.34m) to be funded from the Home Office grant, increases in costs for Digital Forensics for training and IT (£0.10m) and additional IT licences required in the New Ways of Public Contact project (£0.03m)

D. The increase in reserves was as a result of carry forwards for WMP2020 projects and for the PCC's commissioned services.

Capital Budget

E. The Capital budget was increased to support expenditure on Counter Terrorism (CT) equipment, vehicles and buildings and is matched by the main CT grant, so will have a net nil impact on WMP force finances

REVENUE OUTTURN 2020/21

6. The revenue outturn for the Police Force (excluding WMP2020 project costs) is forecast to be an overspend of £0.81m (0.14% of total budget). WMP2020 is forecast to be £0.20m underspent in year, which will be re-profiled to 2021-22, bringing the net forecast overspend including the change programme to £0.61m. The impact of COVID 19 on the force is shown separately with forecast expenditure of £9.18m and income of £7.47m. The detailed position is shown below along with further explanations.

	Budget £,000	Forecast £,000	Forecast Variance to Budget £,000
Police Force by Account			
Police pay including Overtime (A)	376,583	375,418	-1,165
PCSO pay including Overtime (A)	14,948	14,843	-105
Police staff pay including Overtime (B)	144,459	144,008	-451
Other employees expenses	13,432	13,451	20
Sub Total	549,423	547,721	-1,702
Premises (C)	21,090	21,047	-42
Transport (D)	8,140	7,898	-242
Supplies and services (E)	50,706	50,227	-479
Third Party Payment	12,687	13,171	484
Capital Financing Costs	14,959	14,959	0
External income (F)	-58,692	-55,907	2,786
Total Police Force (Exc. Change Programme & COVID-19)	598,312	599,118	805
Change Programme (G)	9,533	9,335	-198
Total Police Force (Inc. Change Programme)	607,846	608,453	607
COVID-19 expenditure	0	9,184	9,184
COVID-19 income	0	-7,472	-7,472
Total Police Force	607,846	610,165	2,320

A. The Force continues to work hard in the current challenging environment to recruit against the recruitment target for 20/21. Given the impact of Covid-19 police officer recruits in the first quarter were less than expected although some of this has been caught up in July with 210 new officer recruits. The impact of this is a forecast underspend of £1.60m on police pay.

Work to identify the teams where uplift officers will be deployed has continued over the summer with panels reviewing the capacity and capability of future resources. The next stage is to present the findings of these reviews to the PCC and Force Executive with a formal report expected by 13 October and recommendations implemented by 31 December.

Police officer overtime is forecast to be £0.70m overspent. Underspends in response and operations functions are offset by expected overspends in force CID and custody and NPUs. These are principally due to additional demand in these areas, response to

large gatherings in the community and have been further exacerbated by a number of custody resources being isolated due to the pandemic.

- B. Police staff pay underspend is consistent with the current number of vacancies across the force.
- C. The minor premises underspend is due to reduced rent and rates in force.
- D. The forecast underspend in transport is expected following the significant reduction in business travel in the first 4 months of the year and the free fuel offer for police vehicles which was available to the force up to 8 June.
- E. The underspend in supplies and services results from a general underspend on interpreters, re-profiling of the timing of police now recruits and savings from leadership development which is working to a revised programme.
- F. External Income is expected to be £2.80m under budget, this largely relates to the impact of Covid-19 on force operations including Airport; roads policing; and sporting events; and criminal justice (police led prosecutions and traffic process office). The loss of income is under constant review and is subject to a potential 75% claim back from the Home Office. We await further details from the Home Office.
- G. The in-year underspend on the WMP2020 programme of £0.20m is split between the PEQF and New Ways of Public Contact projects. This will be carried forward to be spent in 2021-22

7. The Office of the Police and Crime Commissioner's outturn is currently forecast to be on budget with £2.78m expected to be spent on the Office for the Commissioner and £9.60m on a suite of commissioned services. This is detailed in the table below:

	Budget £,000	Forecast £,000	Forecast Variance to Budget £,000
Office of Police and Crime Commissioner			
Office of Police and Crime Commissioner	2,781	2,781	0
Commissioned Services			
Community Safety Funding	5,209	5,209	0
External Commissioning	3,664	3,664	0
Active Citizens / Community Initiative Funding	729	729	0
Victim Services Expenditure	3,347	3,347	0
Victim Services Income	-3,347	-3,347	0
Violence Reduction Unit Expenditure	3,370	3,370	0
Violent Reduction Unit Income	-3,370	-3,370	0
Total Commissioned Services	9,602	9,602	0
Total Office of the Police and Crime Commissioner	12,383	12,383	0

8. The table below details the contribution to / from reserves for 2020/21.

	Budget £,000	Forecast £,000	Forecast Variance to Budget £,000
Use of Reserves			
PCC Carry Forward (Net) (A)	-3,802	-3,802	0
Other Carry Forward (Net)	-1,696	-1,696	0
Change Programme (Net)	-462	-462	0
Contribution from POCA & PPA Reserve	-425	-425	0
Contribution from Devolved Budget Reserve (Net)	-284	-284	0
Contribution from Budget Reserve (B)	-2,921	-5,241	-2,320
Total Revenue Budget after use of reserves	-9,590	-11,910	-2,320

A. The underspend of £3.8m within the Office of the Police and Crime Commissioner in 2019-20 has been applied in 2020-21 to deliver commissioned services.

B. The forecast for an additional £2.3m use of budget reserves is largely the net impact of the forces response to Covid-19. The force has received confirmation that £1.76m of medical grade PPE purchases will be re-imbursed and will continue to lobby the Home Office and HM Treasury for additional funding support for those costs incurred by forces where no offer of re-imburement has yet been provided.

CAPITAL OUTTURN 2020/21

9. The capital programme is currently forecast with an underspend of £12.16m on the estates strategy, projects will be re-profiled due to COVID 19. The outturn for the capital programme is expected to be £38.98m against a budget of £51.13m. The programme for 2020-21 is summarised below.

	Budget £,000	Forecast £,000	Forecast Variance to Budget £,000
Business As Usual (A)	12,159	12,159	0
Total WMP2020 (B)	4,161	4,161	0
Estates Strategy (C)	34,813	22,657	-12,156
Total Capital Programme	51,133	38,977	-12,156

A. The BAU budget includes £7.4m for vehicles, £4.3m for IT equipment and services and £0.95m for CTU buildings. Most of the IT equipment capital spend was re-profiled to be delivered in the first quarter in response to supporting a large number of colleagues to work from home during and after the national lockdown.

B. The £4.16m WMP 2020 budget relates to the Connect project which is expected to go live in spring 2021.

C. The Estates Strategy is expected to underspend in year with a current forecast of £22.66m. This follows the impacts of Covid-19 on a number of building projects. We are also revisiting the Estates strategy to consider whether the estates needs remain the same.

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.

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