



STRATEGIC POLICING AND CRIME BOARD
26th October 2021

Finance Monitoring 2021/22

PURPOSE OF REPORT

1. To provide members with details of the financial position as at the end of September 2021 (Period 6) and to provide a full year forecast outturn for 2021/22.

BACKGROUND

2. This report details the September forecast position for both revenue (paragraph 11) and capital (paragraph 18) for 2021/22. This report also contains specific updates on the Force position in relation to the Uplift Programme, Counter Terrorism Unit (CTU) expenditure and Regional and Organised Crime Unit (ROCU) expenditure. As per previous years, the WMP Change Programme is reported separately and monitored through the Force's Organisational Change Board (OCB).

HEADLINES

3. In summary the Force is currently forecasting a revenue outturn overspend of £1.48m (0.23% of budget). This compares to a forecast overspend of £0.4m as at the end of quarter 1. Over the second half of the year the Force will continue to look at and action potential levers to manage these pressures within the approved budget envelope. Also, in light of the current national issues around lorry driver shortages and anticipated increases in fuel prices, although we do not envisage any increases in costs in 2021/22 we will continue to monitor the situation closely for future planning.
4. £0.82m of the £1.48m forecast overspend relates to pay expenditure, with particular pressures on police & staff overtime and temporary staff budgets. As expected we have experienced significant increases in demand in the first 4-5 months of the year and whilst budgets were rebased in some of these areas, the actual increase in demand has been higher than anticipated.
5. Overtime pressures have been particularly acute in a number of areas including Force CID and Regional Investigation Teams. This is in response to high levels of demand and a significant number of police officer vacancies in these areas, which have recently been addressed via movements of officers from NPUs and additional temporary resources.
6. There are also pressures on overtime in the Regional Organised Crime Unit (ROCU) within the Confidential Unit and Undercover Operations. Force Contact has also seen overtime pressures in response to continued CoVID abstractions, managing additional back record conversion work for the Connect system and managing vacancies in the Crime Services Team.
7. £0.46m of the forecast overspend is non-pay related. This includes additional reactive maintenance costs for older properties which were due to be disposed. Also, there are additional equipment and professional services costs in response to increased Force demands. These are partly offset by underspends on transport, capital financing costs and a small over achievement of Force income. Further detail is provided in paragraph 11 below.
8. To address the current revenue overspend forecast finance colleagues are working closely with budget holders to robustly challenge planned expenditure for the rest of this year. Additionally, we have set out

a number of opportunities for cost reduction in the second half of the year, which are currently under consideration.

9. The capital expenditure forecast is £25.66m against a capital budget of £71.25m. The estates programme of work is being reviewed with some projects being paused or pending decisions while this review is taking place. The Force will borrow to fund these projects and aligns borrowing decisions to project timings. The impact of COVID 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, while some expected income from property sales has also been delayed.
10. The Force is well ahead of its target to recruit 360 additional officers as part of the Uplift Programme this year with 269 of 360 officers in place at the end of September 2021. We have claimed the full grant available to the Force for the first 6 months in relation to these posts (£3.05m).

The table below summarises the Forces revenue and capital position at September 2021.

	Budget £,000	Actuals to date £,000	Forecast £,000	Forecast Variance to Budget £,000	Variance %
Revenue					
Force	628,060	305,596	629,165	1,105	
Change Programme	10,920	2,508	11,298	379	
Sub Total Police Force	638,980	308,104	640,464	1,484	0.23%
Office of the PCC inc. Commissioned Services	11,517	954	11,381	-136	
Total Revenue before Reserves	650,497	309,058	651,845	1,348	0.21%
Net Use of Other Reserves	-5,875	0	-5,875	0	
Net Use of Budget Reserves	-3,531	0	-4,879	-1,348	
Total Revenue after Reserves	641,090	309,058	641,090	0	0.00%
Capital					
Force	15,889	2,053	14,409	-1,480	
Change Programme	1,059	616	1,761	702	
Estates Strategy	54,300	1,936	9,487	-44,813	
Total Capital	71,248	4,605	25,657	-45,591	-63.99%
Total Revenue before Reserves plus Capital	721,745	313,663	677,502	-44,243	-6.13%

REVENUE OUTTURN 2021/22

11. The revenue outturn for the Police Force (excluding WMP change programme costs) is a forecast overspend of £1.11m. (0.20% of total budget). The inclusion of the Force change programme brings the Force overspend to £1.48m. The inclusion of the OPCC costs including commissioned services then brings the forecast overspend to £1.35m. The detailed position is shown in the table below along with further explanations.

	Budget £,000	Forecast £,000	Forecast Variance to Budget £,000
Police Force by Account			
Police pay	383,519	383,515	-3
Police Overtime (A)	18,091	18,998	907
PCSO Pay	15,148	14,929	-219
PCSO Overtime	14	27	14
Police Staff Pay (B)	151,060	151,471	411
Police Staff Overtime (C)	1,331	1,899	568
Temporary Staff	1,574	2,080	506
Other employees expenses (D)	14,482	13,126	-1,356
Sub Total	585,218	586,045	827
Premises (E)	19,548	20,032	484
Transport	8,665	8,387	-278
Supplies and services (F)	48,212	49,692	1,480
Third Party Payment	21,143	21,715	573
Capital Financing Costs (G)	22,604	21,030	-1,574
External income	-77,347	-77,574	-227
Total Police Force (Exc. Change Programme & COVID-19)	628,042	629,326	1,284
Change Programme (H)	10,920	11,298	379
Total Police Force (Inc. Change Programme)	638,962	640,625	1,663
COVID-19 Expenditure	3,750	3,795	45
COVID-19 Income	-3,732	-3,956	-224
Total Police Force	638,980	640,464	1,484

- A. Overall police overtime is forecast to be £0.9m over budget this year. The Force has experienced significant additional demand in the first 4-5 months of 2021/22 in serious and violent crime. This pressure has increased the use of overtime in Force CID, the Public Protection Unit (PPU) and also in Force Operations which provides support within the Force Support Unit (FSU) and Operational Support Unit (OSU).

Furthermore, the West Midlands ROCU has also experienced an increase in demand which has directly impacted on overtime in the Confidential Unit and Undercover Policing Units. There is a risk that continued demands on these services could result in this overspend increasing, however finance colleagues will work with heads of departments to minimise this risk.

- B. Police staff pay is forecast to overspend by £0.41m. Staff vacancies and forecasts have been reviewed in detail to understand the impact of changes to assumed vacancy factors and turnover rates. We have seen faster turnover rates in the first half of the year, however forecasts for staff pay are now in line with budgets for the rest of this year.
- C. The reasons behind police staff overtime overspend are consistent with those on police officer overtime, with demand causing overspends in Crime and Operations portfolios. Force Contact is also forecasting overspends due to continued staffing issues in Crime Services Team (CST) and dispatch. Demands on IT & D in relation to supporting the change programme and responding to COVID requirements have also resulted in overspend forecasts.
- D. The forecast underspend on other employee expenses is principally due to a reduced requirement (£1.3m) for a training budget from Uplift than expected. This relates to infrastructure costs rather than training courses.
- E. The overspend on premises costs relates to greater than planned spend on reactive maintenance on the Force's older buildings especially where these were expected to be sold per the original estates programme, however sales have been delayed due to

the COVID pandemic. In addition, we are forecasting higher than anticipated spend on premises in ROCU particularly in covert operations.

- F. The forecast overspend on supplies and services is £1.48m. The most significant budget pressures are within ROCU (CDIU and covert ops); L&D (assessment centres and training equipment); Response (Boarding Up); and FCID (Professional Fees for evidential presentation in complex cases). These are all predominantly demand related.
- G. Capital financing has seen a reduction in forecast and is now expected to be underspent by £1.57m. The forecast recognises a reduction in the revenue contribution to capital (RCCO) for the expected future capital costs in relation to the uplift programme.
- H. The change programme forecast overspend is as a result of delayed estates benefits. This forecast was based on the sale of premises and savings on running costs which will not be realised until these buildings are sold.

POLICE UPLIFT:

12. The budget for the uplift of police officers for 2021/22 is £25.3m. The funding will support the recruitment of 360 additional police officers. This consists of 343 officers as part of planned recruitment and a further 17 officers specifically for the Regional Organised Crime Unit. This funding includes a ring-fenced element of £6.1m which is only payable if the target numbers are achieved, at the time of writing this report we have recruited 269 uplift officers and have claimed for in full for the first 2 quarters of the ring-fenced grant. The budget is presented in the table below:

Uplift Funding	2021/22 £m
Officer Pay	13.1
Staff Pay	4.7
Total Pay	17.8
Non -Pay	7.4
Capital	0.1
Total	25.3

13. The majority of these budgets have been recognised within business as usual and are supporting all the items that our new officers require to discharge their duties such as uniform and IT. We have apportioned £0.5m of the non-pay budget to the uplift implementation programme to support expenditure required within the Corporate Asset Management portfolio to deal with the short-term impacts of these additional officers.

COUNTER TERRORISM UNIT OUTTURN 2021/22:

	Budget £,000	Forecast £,000	Forecast Variance to Budget £,000
CTU Revenue			
Main Grant	39,050	38,412	-638
Organisational Development Unit	2,627	2,815	188
Vulnerability Support Hub	684	633	-51
Castors	421	396	-25
CBRN	2,718	2,484	-234
CBRN PPE	600	600	0
Force Managed (SBC)	3,154	2,751	-403
Total Revenue	49,254	48,091	-1,163
CTU Capital			
Main Grant	2,373	2,348	-25
CBRN	451	451	0
CBRN PPE	2,400	2,400	
Total Capital	5,224	5,199	-25
Grand Total CTU	54,478	53,290	-1,188

14. Overall CTU revenue costs are forecast to be underspent by £1.19m. The variance on the main CTU grant is due to the impacts of COVID on overtime, travel expenses and training showing underspends of a combined £0.76m. The balance of the underspend is due to police officer vacancies.

15. The underspend forecast on Force Managed CTU (Special Branch) will be recognised as an underspend to the Force. All other forecast variances will balance to nil at the year-end as actual expenditure will be matched with the grant income that can be claimed against this.

ROCU OUTTURN 2021/22:

	Budget £'000	Forecast £'000	Forecast Variance to Budget £'000
Command Team	941	985	44
Enabling Services	421	431	10
Intelligence	4,918	5,174	256
Operations	5,577	5,347	-230
Covert Operations	2,148	2,338	190
Operations Support	5,605	5,443	-162
Sub Total ROCU (WMP Portion of joint capabilities)	19,610	19,718	108
Covert Authorities Bureau	360	419	59
Communications Data Investigation Unit	2,471	2,865	394
DSU	2,421	2,579	158
Sub total ROCU (WMP only capabilities)	5,252	5,863	611
Total WMP ROCU	24,862	25,581	719

16. The above table includes only the WMP element of the capabilities that are managed as part of the Regional Organised Crime Unit. When taking the regional position into account the budget is £29.13m with a forecast of £27.46m. West Midlands Police would expect to receive 57% of this overall underspend (currently £0.95m) based on the agreed split of resources across the region.

The overspend on the WMP capabilities is largely due to additional demand in these units and relates to overtime and additional professional services costs for communications data analysis.

OFFICE FOR THE POLICE AND CRIME COMMISSIONER:

	Budget £,000	Forecast £,000	Forecast Variance to Budget £,000
Office of Police and Crime Commissioner			
Office of Police and Crime Commissioner	2,761	2,761	0
Commissioned Services			
Community Safety Funding	6,507	6,507	0
External Commissioning	1,849	1,713	-136
Active Citizens	400	400	0
Victim Services Expenditure	3,409	3,409	0
Victim Services Income	-3,409	-3,409	0
Violent Crime Reduction Unit Expenditure	3,370	3,370	0
Violent Crime Reduction Unit Income	-3,370	-3,370	0
Total Commissioned Services	8,756	8,620	-136
Total Office of the Police and Crime Commissioner	11,517	11,381	-136

17. The Office of the Police and Crime Commissioner's outturn is currently forecast on budget as £2.76m. The forecast for commissioned services will be reviewed in October in relation to additional funding provided from the County Lines grant of £0.14m

RESERVES:

The table below details the in-year contribution to and use of reserves for 2021/22.

	Budget £,000	Forecast £,000	Forecast Variance to Budget £,000
Use of Reserves			
PCC Carry Forward (Net)	0	0	0
Change Programme (Net)	-1,415	-1,415	0
Other Carry Forward (Net) (A)	-3,320	-3,320	0
Contribution from POCA & PPA Reserve	-400	-400	0
Contribution from Devolved Budget Reserve (Net)	0	0	0
Contribution to Reserves for Uplift	0	0	0
National Contingency	0	0	0
Contribution to / from Budget Reserve (B)	-3,531	-4,879	-1,348
Total Revenue Budget after use of reserves	-8,666	-10,014	-1,348

- The 'Other carry forwards' reflect departmental budgets carried forward from the prior year for projects in train.
- The forecast for an additional £1.35m use of budget reserves is the net impact of the current forecast overspend. We are confident that over the course of the remainder of the year that current forecast overspends can be brought back in line with budget so that this contribution will be smaller or not required.

CAPITAL OUTTURN 2021/22

18. The capital programme position is a forecast underspend of £44.59m. The programme for 2021-22 is summarised below.

	Budget £,000	Forecast £,000	Forecast Variance to Budget £,000
Business As Usual (A)	15,889	14,409	-1,480
Change Programme and CW Games (B)	1,059	1,761	702
Estates Strategy (C)	54,300	9,487	-44,813
Total Capital Programme	71,248	25,657	-45,591

- A. The BAU budget includes £4.67m for vehicles and £11.21m for IT equipment of which around £1m is associated with the uplift in police officers.
- B. £1.06m relates to the change programme which is to fund body worn cameras and the Control Works solution. The Commonwealth Games has grant funding from Birmingham City Council for capital purchases relating to vehicles and CTU equipment.
- C. The Estates Strategy is expected to underspend in year with a current forecast of £9.49m. This follows the impacts of COVID-19 which have paused a number of building projects. The PCC has asked the Chief Constable to review the estates strategy and make recommendations. Further details of this review will be presented to the SPCB later this year. It is now likely that much of the planned estate work for this financial year will take place in 2020/23 and 2023/24.

FINANCIAL IMPLICATIONS

19. This report solely deals with financial issues.

LEGAL IMPLICATIONS

20. 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

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

Mark Kenyon
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Neil Chamberlain
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