



STRATEGIC POLICING AND CRIME BOARD
22 February 2022

Finance Monitoring 2021/22

PURPOSE OF REPORT

1. To provide members with details of the financial position as at the end of December 2021 (Period 9) and to provide a full year forecast outturn for 2021/22.

BACKGROUND

2. This report details the December 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 underspend of £0.26m (0.04% of budget). This compares to a forecast overspend of £1.48m as reported at the end of quarter 2. Throughout quarter 3 the Force has addressed overspends in pay and overtime and taken actions to manage pressures in non-pay budgets to ensure that the Force remains within the approved budget envelope. A number of pressures have been highlighted in relation to utility costs and general inflation since the last report which although not impacting significantly on forecasts for this year will impact on budgets for 2022/23.
4. Pay related expenditure is now forecast to underspend by £0.33m this year – a downward movement of over £1m since the last report. In the first half of the year the Force experienced significant demand challenges particularly in the Crime Portfolio in Force CID and Custody. Demand has been more consistent with budget expectations in quarter 3 and finance colleagues have robustly challenged overspending departments so that overspends on overtime have reduced slightly. Savings have been identified in police and police staff pay following interventions to reduce police officer cohorts in quarter 4 from 48 to 36 recruits, with the Force still meeting its uplift recruitment target and freezing policing staff vacancies for a 3 month period from November to January.
5. Overtime pressures have been particularly acute in a number of areas including Force CID, Operational Support Teams, Criminal Justice and some capabilities in the Regional Organised Crime Unit. This is in response to high levels of demand in the first 2 quarters and a significant number of police officer vacancies in these areas. Some of the vacancies were addressed in quarter 3 via movements of officers from NPUs and the provision of additional temporary resources. 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.
6. Overall non-pay budgets are forecasted to underspend by £0.55m. Expected overspends on supplies and services are offset by savings on premises, transport and a forecast to achieve more income than budgeted. Pressures on supplies exist in commercial services due to higher uniform and equipment costs and reactive maintenance work requirements for older buildings that were expected to be sold in the original estates strategy, and in IT due to higher than expected licencing and data costs (partially for

additional laptops purchased to allow more colleagues to work remotely after Covid). Underspends exist on premises due to savings in the first half of the year on utilities, and on transport due to savings on use of fuel and reduced business travel. The force is expecting to achieve around £2.4m more income than budgeted. Further detail is provided in paragraph 11 below.

7. The capital expenditure forecast is £25.42m against a capital budget of £25.64m. The estates programme of work has been reviewed with some projects being paused or pending decisions while this review took 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.
8. 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 December 2021. The Force has claimed the full grant available for the first 9 months in relation to these posts (£4.57m) and expects to claim the full £6.15m grant for the year.
9. An underspend on the 2021/22 budget will reduce the requirement to support next year's revenue budget by means of reserves. We will continue to monitor all costs closely across the force to protect the underspend, without affecting services to the public, which will assist with known financial pressures in 2022/23.

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

	Budget £,000	Forecast £,000	Forecast Variance to Budget £,000	Variance %
Revenue				
Force	630,199	629,344	-855	
Change Programme	10,830	11,493	663	
COVID-19	18	-53	-71	
Sub Total Police Force	641,046	640,784	-262	-0.04%
Office of the PCC inc. Commissioned Services	11,581	11,381	-200	
Total Revenue before Reserves	652,627	652,165	-462	-0.07%
Net Use of Other Reserves	-5,875	-5,875	0	
Net Use of Budget Reserves	-5,662	-5,199	463	
Total Revenue after Reserves	641,090	641,090	0	0.00%
Capital				
Force	14,409	12,853	-1,556	
Change Programme and Commonwealth Games	1,281	1,281	0	
Estates Strategy	9,951	11,293	1,342	
Total Capital	25,641	25,427	-214	-0.83%
Total Revenue before Reserves plus Capital	678,268	677,592	-676	-0.10%

REVENUE OUTTURN 2021/22

10. The revenue outturn for the Police Force (excluding WMP change programme costs) is a forecast underspend of £0.85m (0.14% of total budget). This compares to an overspend of £1.11m. (0.20% of total budget) as reported at the end of quarter 2. The inclusion of the Force Change Programme and Covid related costs brings the Force underspend to £0.26m (£1.48m. overspend in September). The inclusion of the OPCC costs including commissioned services then brings the forecast underspend to £0.46m (£1.35m. overspend in September). 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 (A)	383,144	384,013	869
Police Overtime (B)	19,045	19,801	756
PCSO Pay (A)	15,148	14,676	-472
PCSO Overtime	14	24	11
Police Staff Pay (A)	151,938	150,991	-947
Police Staff Overtime (B)	1,388	2,182	794
Temporary Staff	1,635	2,243	608
Other employees expenses (C)	14,549	12,601	-1,948
Sub Total	586,863	586,533	-330
Premises (D)	19,682	19,395	-288
Transport (E)	8,781	8,466	-314
Supplies and services (F)	49,516	53,138	3,622
Third Party Payment	22,617	22,949	333
Capital Financing Costs (G)	22,604	21,084	-1,520
External income (H)	-79,863	-82,222	-2,359
Total Police Force (Exc. Change Programme & COVID-19)	630,199	629,344	-855
Change Programme (I)	10,830	11,493	663
Total Police Force (Inc. Change Programme)	641,028	640,837	-191
COVID-19 Expenditure	3,750	4,176	426
COVID-19 Income	-3,732	-4,229	-497
Total Police Force	641,046	640,784	-262

- A. Overall pay costs across officers, PCSOs and staff are forecast to underspend by £0.55m. The overspend on police pay (partially impacted by Mutual Aid costs for G7 and COP26 deployments) is offset by expected underspends on PCSOs due to around 16 FTE vacancies since period 6, and police staff where significant numbers of vacancies exist in Business Transformation, IT and Digital, Force Contact and Criminal Justice departments. At the last report date pay forecasts were showing an overspend of £0.20m. Since then we have taken some actions to reduce expenditure such as a freeze on non-critical police staff roles for 3 months and reducing police officer cohorts between January and March 2022 by 48 officers in total.
- B. Police officer and staff overtime is forecast to be £1.6m over budget this year. The Force experienced significant additional demand in the first 4-5 months of 2021/22 especially in serious and violent crime. This pressure 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).

These demand issues also impacted on police staff overtime with pressures in Force Contact, Criminal Justice and Intelligence departments. Furthermore, enabling departments such as IT and Digital and Shared Services were also impacted by demand changes brought about by responding to the impacts of the Covid pandemic as well as managing the Change Programme. Finance colleagues have worked and will continue to closely work with heads of departments throughout the year to minimise these overspends and allow departments to manage demand effectively.

- C. The forecast underspend on other employee expenses is principally due to reduced requirements (£1.3m) from the training budget in the Police Officer Uplift Programme. This relates to infrastructure costs rather than training courses. The remaining underspend relates to Degree Holder Entry Programme (DHEP) police recruitment course costs being cheaper than budgeted for this year and savings against assessment centres due to a change in the method of delivering assessment centres in light of Covid restrictions.
- D. Premises costs are forecast to underspend by £0.29m. Pressures exist on reactive maintenance requirements on the Force's older buildings especially where these were expected to be sold per the original estates programme. However, these are offset by underspends in force managed CTU where rental costs are less than budgeted and in relation to minor building works expected to be required to house increased officer numbers from the Uplift programme.
- E. Transport costs are forecast to underspend by £0.31m. This is a combination of reduced business travel across the force as many colleagues were asked to work from home where possible and meetings have been held remotely, and a small reduction in mileage across the force fleet has reduced forecast spend on vehicle fuel and hire vehicles.
- F. The forecast overspend on supplies and services is £3.62m. The most significant budget pressures are within IT and Digital (MS stack cost increases), Corporate Asset Management (tbc), ROCU (Communications Data Investigations Unit and covert ops); L&D (training equipment and Police Now detective costs); 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 £1.52m. 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 force is forecasting to achieve £2.36m more income than budgeted. This is due to a combination of factors which include in excess of £1m from officers deployed to G7 and COP26 (offset by pay and overtime costs), additional secondment officer income of £0.6m, additional income from Proceeds of Crime of £0.6m due to greater activity in this area and additional income from Disclosure and Barring services within the Information Management Department.
- I. The Change programme forecast overspend of £0.66m 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. This is partly offset by underspends on the Digital Evidence Service, Digital Forensics and Command and Control projects.

POLICE UPLIFT PROGRAMME:

11. 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 in full for the first 3 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

12. 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
<u>CTU Revenue</u>			
Main Grant	39,257	37,070	-2,187
Organisational Development Unit	2,627	2,750	123
Vulnerability Support Hub	684	633	-51
Castors	421	394	-27
CBRN	2,836	2,728	-108
CBRN PPE	600	630	30
Force Managed (SBC)	3,154	2,746	-408
Total Revenue	49,579	46,951	-2,628
<u>CTU Capital</u>			
Main Grant	2,373	1,724	-649
CBRN	688	721	33
CBRN PPE	2,400	2,400	
Total Capital	5,461	4,845	-616
Grand Total CTU	55,040	51,796	-3,244

13. Overall CTU revenue costs are forecast to be underspent by £2.63m. The variance on the main CTU grant is principally due to officer and staff vacancies (£1.23m) premises and supplies and services (mainly IT equipment delays). The underspend on capital in the main grant relates to IT equipment and this is now planned to be purchased in the next financial year due to delays in other projects which need to be delivered in sequence before these items can be purchased.

14. The underspend forecast on Force Managed CTU (Special Branch) will be recognised within the overall force position. 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	Forecast	Forecast Variance to Budget
	£'000	£'000	£'000
Command Team	941	945	4
Enabling Services	421	301 -	120
Intelligence	4,918	5,056	138
Operations	5,577	5,280 -	297
Covert Operations	2,148	2,484	336
Operations Support	5,605	4,955 -	650
Sub Total ROCU (WMP Portion of joint capabilities)	19,610	19,021 -	589
Covert Authorities Bureau	360	374	14
Communications Data Investigation Unit	2,471	2,802	331
DSU	2,421	2,607	186
Sub total ROCU (WMP only capabilities)	5,252	5,783	531
Total WMP ROCU	24,862	24,804 -	58

15. 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 £27.69m. West Midlands Police would expect to receive 57% of this overall underspend (currently £0.82m) based on the agreed split of resources across the region.

The overspends detailed in the table above for WMP capabilities are largely due to additional demand in these units and relates to overtime and additional professional services costs for the analysis of telcoms data.

OFFICE FOR THE POLICE AND CRIME COMMISSIONER:

	Budget	Forecast	Forecast Variance to Budget
	£,000	£,000	£,000
<u>Office of Police and Crime Commissioner</u>			
Office of Police and Crime Commissioner	2,761	2,761	0
<u>Commissioned Services</u>			
Community Safety Funding	4,550	4,550	0
External Commissioning	3,338	3,096	-242
Active Citizens	634	634	0
Victim Services Expenditure	5,555	5,555	0
Victim Services Income	-5,555	-5,555	0
Violent Crime Reduction Unit Expenditure	6,773	6,773	0
Violent Crime Reduction Unit Income	-6,539	-6,539	0
Total Commissioned Services	8,756	8,514	-242
Total Office of the Police and Crime Commissioner	11,517	11,275	-242

16. The Office of the Police and Crime Commissioner's outturn is currently forecast on budget as £2.76m. The forecast for commissioned services is an underspend of £0.24m which relates to external commissioning and is due to the phasing of expenditure. Where any underspends occur between period 9 and the year-end these values will be carried forward to provide services in 2022/23.

RESERVES:

17. 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			
Contribution from Change Programme Reserve	-3122	-3122	0
Contribution from Carryforward Reserve	-6704	-6704	0
Contribution from POCA & PPA Reserve	-400	-400	0
Contribution to/from Devolved Budget Reserve (A)	-873	-411	-462
Contribution to/from Uniform and Equipment Reserve (Net)	-117	-117	0
National Contingency	-321	-321	0
Contribution to / from Budget Reserve	0	0	0
Total Revenue Budget after use of reserves	-11,537	-11,075	-462

- The forecast contribution from the devolved budget reserve is reduced in line with the forecast underspend for the Force and OPCC.

CAPITAL OUTTURN 2021/22

18. The capital programme position is a forecast underspend of £0.21m. The programme for 2021-22 is summarised below.

	Budget £,000	Forecast £,000	Forecast Variance to Budget £,000
Business As Usual (A)	14,409	12,853	-1,556
Change Programme and CW Games (B)	1,281	1,281	0
Estates Strategy (C)	9,951	11,293	1,342
Total Capital Programme	25,641	25,427	-214

- A. The BAU budget includes £4.67m for vehicles and £9.73m for IT equipment of which around £1m is associated with the uplift in police officers. This underspend is due to delays in the supply of ordered vehicles due to international component shortages and to some IT delays impacting on infrastructure (migration of internet sites and structural redesign) and network services (e.g. wifi rollout, and switch replacement linked to delays in the estates strategy)
- B. £1.28m relates to the change programme which is to fund body worn cameras and the Control Works solution. The Commonwealth Games has grant funding of £0.26m from Birmingham City Council for capital purchases relating to vehicles and CTU equipment.
- C. The Estates Strategy is expected to overspend slightly in year against a significantly revised budget, with a current forecast of £11.29m. This overspend relates to additional requirements for security equipment at the Park Lane redevelopment. The original budget for the capital programme in addition to business as usual and the Change Programme was £54.30m. This has been reduced to £9.95m following a pause in the programme to deal with the impacts of building delays due to the Covid pandemic and a review of the estates strategy commissioned by the PCC, which recommended amendments to the scale and

timing of the strategy. Therefore, much of the planned estate work for this financial year will now take place over the next 2-3 financial years as we work through the details of the revised programme.

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
Chief Finance Officer to the PCC

Neil Chamberlain
Director of Commercial Services