



STRATEGIC POLICING AND CRIME BOARD
28 June 2022

Title: Financial Outturn 2021/22
Presented by: Mark Kenyon, Chief Finance Officer

PURPOSE OF REPORT

1. To provide members with details of the financial outturn for 2021/22.

BACKGROUND

2. This report details the outturn position for both revenue (paragraph 8) and capital (paragraph 11) for 2021/22. As per previous years, the WMP Change Programme is reported separately and all projects are closely monitored through the Force's Organisational Change Board (OCB).

HEADLINES

3. The financial position of the Force was closely managed and reported throughout the year which resulted in a total revenue underspend of £5.5m which is 0.85% of the total budget of £641.7m. There were significant pressures in year due an increased demand in the Crime Portfolio (Homicide and PPU) and Operations Portfolio (Force Contact). However, interventions including: Priority Based Budgeting/ Zero Based Budgeting (ZBB) exercises, vacancy freeze on non-operationally critical staff posts; stopping non-essential spend; exploring recruitment options helped us manage this.
4. The majority of the underspend relates to expenditure now earmarked for 2022/23, within the capital programme. With smaller amounts relating to the Change Programme and activity approved by the Force Executive Team towards the end of the year.
5. The Police and Crime Commissioner Commissioned Services underspend of £2.4m will also be utilised in 2022/23. See details in paragraph 9.
6. The Force undertook a range of activity to deliver against the national police officer Uplift Programme delivering 360 new police officer recruits by February 2022. The associated costs met the criteria and conditions of the Home Office grant which was fully claimed for 2021/22. These costs included recruitment campaigns, assessments centres and the purchase of vehicles and equipment, to support the uplift in the workforce.
7. Capital investment in 2021/22 was £26.0m, delivering major estates projects including the C3 building at Park Lane. Force expenditure also included Business as Usual IT and fleet purchases as well as costs for the 'Our Data', Bodyworn Video and the Control Works projects in the Change Programme.

The table below summarises the revenue and capital outturn for 2021/22.

	Budget £,000	Outturn £,000	Outturn Variance to Budget £,000	Variance %
Revenue				
Force	630,595	625,410	-5,185	
Change Programme	11,051	11,843	793	
COVID-19	18	-1,053	-1,071	
Sub Total Police Force	641,664	636,200	-5,464	-0.85%
Office of the PCC inc. Commissioned Services	11,517	9,106	-2,411	
Total Revenue before Reserves	653,181	645,306	-7,875	-1.21%
Net Use of Other Reserves	-12,091	-4,216	7,875	
Net Use of Budget Reserves	0	0	0	
Total Revenue after Reserves	641,090	641,090	0	0.00%
Capital				
Force	14,409	15,145	736	
Change Programme	1,059	3,427	2,368	
Estates Strategy	9,176	7,400	-1,776	
Total Capital	24,644	25,972	1,328	5.39%
Total Revenue before Reserves plus Capital	677,825	671,278	-6,547	-0.97%

REVENUE OUTTURN 2021/22

8. The revenue outturn for the Police Force (excluding Change Programme project costs) was an underspend of £5.2m (0.82% of total budget). The Change Programme was overspent by £0.8m due to an underachievement of benefits that were expected from properties that were due to be sold in year. The detailed position is shown below along with further explanations.

	Budget £,000	Outturn £,000	Outturn Variance to Budget £,000
Police Force by Account			
Police pay including Overtime (A)	402,381	404,391	2,010
PCSO pay including Overtime (B)	15,162	14,852	-310
Police staff pay including Overtime (C)	154,974	156,020	1,046
Other employees expenses (D)	14,388	12,767	-1,621
Sub Total	586,904	588,030	1,126
Premises (E)	19,690	20,776	1,086
Transport (F)	8,640	10,817	2,177
Supplies and services (G)	49,994	51,293	1,300
Third Party Payment	22,617	22,419	-198
Capital Financing Costs (H)	22,611	17,539	-5,072
External income (I)	-79,861	-85,464	-5,603
Total Police Force (Exc. Change Programme & COVID-19)	630,595	625,410	-5,185
Change Programme (J)	11,051	11,843	793
Total Police Force (Inc. Change Programme)	641,646	637,253	-4,392
COVID-19 (K)	18	-1,053	-1,071
Total Police Force	641,664	636,200	-5,464

- A. The Force over achieved its target to recruit 360 additional police officers in 2021/22 by bringing in officers early to allow for a pause in recruitment in the run up to the Commonwealth Games. Police officer pay and allowances were largely on budget with an overspend variance of only £0.05m. Police overtime was overspent by £1.96m with demand pressures mainly in the crime, security and operations portfolio's resulting in an overall net overspend on police pay and overtime of £2.01m.

- B. PCSO pay costs were underspent by £0.4m due to an average of around 14 vacant PCSO posts throughout the year. Posts were filled in line with planned recruitment activity but more PCSO's left WMP in 2021 than was expected. This was offset in part by additional overtime worked by PCSO's which supported activity in Coventry during the City of Culture events and Knife Crime operations across the Local Policing portfolio.
- C. The £1.05m overspend on police staff pay and overtime was as a result of vacancies in a number of departments including Corporate Asset Management IT and Digital, Strategy and Direction, Business Transformation and Shared Services, being filled by a mix of overtime and the use of agency staff.
- D. Other employee expenses had an underspend of £1.6m as a result of training infrastructure costs being less than expected and a reduction in the cost of DHEP courses.
- E. Premises costs were overspent by £1.09m as a result of higher unit costs and increased demand for reactive maintenance particularly for some of the older force buildings, some of which were expected to be sold in the original estates plan. Additionally, higher utility costs were noted in the last quarter of the year.
- F. Transport costs were overspent by £2.18m which was due to two factors. Firstly, the force accrued for the cost of national historic claims from police dog handler's relating to backdated vehicle allowances. Secondly, significant increases were experienced in the cost of vehicle fleet insurance due to challenging market conditions. The force was largely protected from fuel cost increases as fuel is purchased several months in advance. This will have an impact on costs in 2022/23.
- G. Supplies and Services costs were overspent by £1.3m. This was due to a number of factors the most significant of which were spend on uniform and equipment over and above the budget for new Uplift officers, increased demand for Communications Intelligence Data Unit which relates directly to increases in serious violent crime and a growth in purchase of replacement equipment for motorway police teams. This item was offset by additional income received for roads policing.
- H. Revenue contributions to deliver the capital programme (called RCCO) were underspent by £5.1m. This was due to slippage in the capital programme – particularly the IT and D business as usual programme for infrastructure and network services which was impacted by the availability of raw materials and specialist resources. The force underspend will be earmarked to deliver the required revenue contributions to the capital programme in 2022/23.
- I. External Income was greater than budgeted by £5.6m, this is made up of:
- £2.6m Mutual Aid income from G7 and COP 26 deployments and the County Lines grip funding grant for roads policing.
 - £1.5m in the Regional Organised Crime Unit (ROCU). Income to West Midlands Police for the additional resources that WMP has provided to the ROCU across the year. This has a net zero impact as this income is matched to pay costs in WMP.
 - £0.5m additional grant received for Operation Guardian to continue to tackle knife crime issues.
 - £0.5m additional grant for 4 uplift officers for CTU
 - £0.5m additional Disclosure and Barring Service income due to increasing demand for employment security checks.
- J. The overspend on the Change Programme of £0.8m is mainly due to an under achievement of benefits in the Estates Programme, where sold properties would have

yielded reduction in utility and maintenance costs. Along with minor overspends on the Connect and Duty Management System project.

- K. The underspend on Covid-19 related costs relates to a credit of £0.7m which was provided in March 2022 against orders raised at the start of the pandemic where the order was not fulfilled by the supplier and a reduced need for the council tax support grant that was provided to support expected collection fund deficits.
9. The Office of the Police and Crime Commissioner's outturn was an underspend of £2.41m and this will be carried forward into 2022/23. A summary of the outturn is as follows:
- A. An underspend in office costs relating primarily to an underspend on supplies and services and salaries. The pandemic has affected a number of expenditure areas including travel expenses.
 - B. An underspend in Community Safety Funding relating to projects dealing with arrest referrals, alcohol related violence and domestic homicide reviews. Projects have been re-phased and will continue in 2022/23.
 - C. An underspend in External Commissioning relating to a number of crime reduction and prevention projects and these will be re-phased into 2022/23.
 - D. An underspend in the Active Citizens budget has occurred as a result of Covid-19 restrictions, which meant a number of projects carried forward from 2020/21 were unable to go ahead. The 2021/22 budget of £0.4m was fully allocated in the period and some of the planned spend will take place in 2022/23. From 2022/23 the Active Citizens fund has been renamed as the Helping Communities Fund.
 - E. The underspend on the Violence Reduction Unit relates primarily to legacy funds, which will be carried forward to 2022/23. This is for activities that are funded from general resources outside the grant received from the Home Office.

The table below summarises the outturn for the Office for the Police and Crime Commissioner.

	Budget £,000	Outturn £,000	Outturn Variance to Budget £,000
<u>Office of Police and Crime Commissioner</u>			
Office of Police and Crime Commissioner (A)	2,761	2,553	-208
<u>Commissioned Services</u>			
Community Safety Funding (B)	4,550	4,070	-480
External Commissioning (C)	3,338	2,193	-1,145
Active Citizens (D)	634	264	-370
Victim Services Expenditure	5,555	5,575	20
Victim Services Income	-5,555	-5,575	-20
Violent Crime Reduction Unit Expenditure (E)	6,773	6,565	-208
Violent Crime Reduction Unit Income	-6,540	-6,540	0
Total Commissioned Services	8,755	6,552	-2,203
Total Office of the Police and Crime Commissioner	11,516	9,105	-2,411

10. The table below details the contribution to / from reserves for 2021/22.

	Balance @ 31/03/2021	Transfer between Reserves	In year contribution to Reserves - earmarked	In year Use of Reserves earmarked	In year contribution to Reserves - Grants No Conditions	Balance @ 31/03/2022
Budget Reserve (A)	-1,283	-2,000	0	0	0	-3,283
Other Reserves:						
Change Programme (B)	-15,527	642	-2,407	3,345	0	-13,946
Carry Forward Reserve (C)	-12,550	265	-6,861	9,211	-5,893	-15,830
Uniform & Equipment Reserve (D)	-6,629	-642	-763	880	0	-7,155
Devolved Budget Reserve (E)	-7,221	-265	-908	3,779	0	-4,614
Major Incident Reserve	-2,000	2,000	0	0	0	0
PPA & POCA Income Reserve	-1,304	0	-793	400	0	-1,697
National contingency Reserve	-1,090	0	-322	121	0	-1,291
Council Tax Funding Reserve (F)	-1,164	0	-1,289	0	0	-2,452
Insurance Reserves (G)	-8,883	0	0	8,259	0	-623
Total Other Reserves	-56,367	2,000	-13,343	25,995	-5,893	-47,608
Total Earmarked Reserves	-57,650	0	-13,343	25,995	-5,893	-50,891

- A. The Budget Reserve has increased by £2.0m as a result of a transfer from the Major Incident reserve which will be closed down.
- B. The Change Programme has seen a net use of reserves of £0.9m due to a loss of benefits associated with properties that were expected to be sold within the original estates programme.
- C. Carry forward reserves have seen a net contribution to reserves of £3.3m. However, when excluding grants without conditions this position becomes a net use of reserves of £2.3m. The use of reserves relates to expenditure against the County Lines grant (£4m), PCC carry forwards used from 2020/21 (£2.6m), expenditure against the Covid grant (£1.5m) and business as usual carried forward from the previous year of £1m. Contributions to reserves include Capital financing for slippage in revenue contributions to the capital programme (£2.9m), PCC carry forwards in year (£2.4m) and business as usual carry forwards (£1.6m).
- D. The Uniform and Equipment reserve has seen a net use of reserves of £0.1m. A further £0.6m has been moved from the change programme reserve in relation to the provision of Bodyworn Video and Taser for new officers.
- E. The Devolved Budget Reserve has reduced from £7.2m to £4.6m. The net use of £2.6m of reserves is due to use of reserves in ROCU to fund enabling service functions and specialist equipment and movements in revenue grants without conditions attached between 2020/21 and 2021/22.
- F. Contributions to the Council Tax Funding Reserve of £1.3m have been made in year.
- G. The Insurance Reserves have materially been reduced by £8.3m. This is a result of a change to the accounting classification for expected and planned claims against this reserve, the majority of which are now shown as provisions in the Balance Sheet. The balance in this reserve now reflects only future potential claims which do not meet the criteria to be classified as a provision.

CAPITAL OUTTURN 2021/22

11. The capital programme outturn was £26.0m against a budget of £24.6m, (an overspend of £1.3m). It is important to note the capital budget was reduced during 2021/22. A summary of the outturn for the capital programme is detailed below. The budget reflects the reductions made during the year.

	Budget £,000	Outturn £,000	Outturn Variance to Budget £,000
Business As Usual (A)	14,409	15,145	736
Change Programme (B)	1,059	3,427	2,368
Estates Strategy (C)	9,176	7,400	-1,776
Total Capital Programme	24,644	25,972	1,328

Funded by:	
Capital Grants	660
Specific Revenue Contributions to Capital	11,720
Specific Grants	7,105
Capital Receipts	6,487
Total	25,972

- A. £0.7m overspend within the BAU budgets relates to the estates expenditure outside the estates strategy and to underspends on vehicle purchases where supply chain issues have disrupted the timing of vehicles in 2020/21 and 2021/22.
- B. £2.4m overspend within the Change Programme is in relation to the National Data Analytics Solution (NDAS) work which was budgeted as a revenue cost originally. The expenditure on the project matches the income provided from the grant. As the expenditure was capitalised a revenue contribution to capital was completed.
- C. The Estates Strategy underspend of £1.8m is mainly due to delays in commencing work on the Eastern Custody build and some underspends in the final stages of the Park Lane redevelopment.

COVID-19 RELATED EXPENDITURE AND INCOME

12. The force response to Covid -19 and the costs involved in managing the impacts of the pandemic continued to be reported to governance boards regularly throughout 2021/22 until the conclusion of enforcement work at the end of the summer.

The table below summarises the income and expenditure in relation to Covid –19 in 2021/22:

	Budget £,000	Outturn £,000	Outturn variance to Budget £,000
Covid-19			
Expenditure (A)	3,750	2,620 -	1,130
Income (B)	-	3,674	58
Total	18 -	1,054 -	1,072

- A. Budgeted expenditure comprised of continued enforcement patrols leading into the summer of 2021, funding to support expected collection funds deficits and additional estates costs to provide enhanced levels of cleaning and to continue to make police buildings Covid secure. Actual

expenditure was lower as the amounts needed to fund collection fund deficits were less than expected by £0.7m and due to some refunds from suppliers for PPE purchased at the start of the pandemic.

B. Budgeted income comprised of funding carried forward from 2020/21 to continue to deliver enforcement patrols and funding to support expected collection funds deficits. Actual income was largely as planned.

The Home Office has not made available any further funds to police forces in 2021/22 for the loss of income or continued expenditure in relation to Covid. Budgets in Corporate Asset Management have been augmented to provide additional cleaning materials and a standardisation of more robust cleaning regimes requiring additional cleaning staff.

POLICE OFFICER UPLIFT SUMMARY

13. The table below provides a summary of the budget and the outturn for the revenue and capital elements of the Police Officer Uplift Programme:

Officer Uplift	Budget £,000	Outturn £,000	Outturn variance to Budget £,000
Revenue	24,284	24,866	582
Capital	1,031	599	-432
Total Officer Uplift	25,315	25,465	150

The Uplift settlement for 2021/22 was £25.3m as indicated in the table above. The Force had a commitment to recruit 360 additional officers in 2021/22 which was achieved by the end of September 2021. The force brought forward recruitment to avoid recruitment in the run up to the Commonwealth games. Actual increased officer numbers in 2021/22 were 569 against the 360 officer target. This was achieved in spite of challenges in the recruitment market in the aftermath of the pandemic.

The overspends against the revenue elements of the Uplift budget of £0.58m were due to front end recruitment of additional officers to avoid recruitment in the run up to the Commonwealth Games. This was partly offset by underspends on attraction campaigns, assessment centres and building alterations to accommodate additional officers. These were funded by the use of core budgets.

The capital budget was underspent in year by £0.43m as a result of international supply issues affecting the purchase of police vehicles and IT equipment. Older equipment was retained in service to ensure front line operations were not affected.

FINANCIAL IMPLICATIONS

14. This report solely deals with financial issues.

LEGAL IMPLICATIONS

15 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

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

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