



**Strategic Policing and Crime Board**

**28<sup>th</sup> February 2023**

**Police and Crime Plan Priority:** Regular item

**Title:** Finance Budget Monitoring 2022/23

**Presented by:** Mark Kenyon

**PURPOSE OF REPORT**

1. To provide members with details of the financial position as at the end of December 2022 (Period 9) and to provide a full year forecast outturn for 2022/23.

**BACKGROUND**

2. This report details the December 2022 forecast position for both revenue (paragraph 9) and capital (paragraph 16) for the 2022/23 financial year. This report also contains specific updates on the Force position in relation to the Uplift Programme, Counter Terrorism Unit (CTU) and Regional and Organised Crime Unit (ROCU) expenditure. As per previous years, the WMP Change Programme is reported separately and monitored through the programme and project boards.

**HEADLINES**

3. In summary the Force is currently forecasting a revenue outturn underspend of £10.0m (1.52% of budget). This compares to a forecast overspend of £5.1m as reported to this board at the end of period 4 in July. In summary, this is a result of a combination of agreed measures put in place to address the overspend position and some changes in funding. These measures included a freeze on all but operationally essential police staff recruitment, holding PCSO vacancies and a reduction in capital expenditure funded from revenue contributions. The funding changes related to the removal of the social care levy costs, for which full year funding had been provided in the base budget.
4. The principal areas of underspend at the end of the third quarter are pay related costs. Police Officer pay is forecast to underspend by £7.1m and Police Staff by £4.2m. These savings are offset in part by additional spends on overtime which is partially a result of delivering critical services with a significant number of vacant posts in some parts of the force, and partially demand led. This is explained in more detail in paragraph 8. Finance colleagues continue to work closely with business leads to manage the current pressures within the approved budget envelope.
5. The force targeted a reduction in overtime as part of the package of measures to reduce force expenditure. Finance colleagues have worked closely with budget holders in all policing and enabling functions to provide a richer dataset on which to base decisions and to ensure that adequate controls are in place within departments to manage and approve overtime. Despite this, police officer and staff overtime are forecast to be overspent by a combined £2.1m this year. Around 50% of this is a direct consequence of policing an additional public holiday following the death of HM Queen Elizabeth II in September.
6. In non-pay areas there is a forecast overspend of £3m on premises costs. This is mostly due to significant increases in the unit cost of gas and electricity in police buildings. Finance colleagues have

worked with teams in Corporate Asset Management to seek areas where usage can be reduced. Overspends of a more modest £0.3m are forecast on supplies and services. This relates to Forensic equipment, and some professional services costs. These overspends are offset by underspends on capital financing costs (due to higher returns on short term investments and reductions in revenue contributions to capital work) and a forecast increase in income, principally from Mutual Aid operations.

7. The capital expenditure forecast is a £2m underspend against the capital budget of £22.4m. The in-year estates programme is expected to cost £6.6m, the remaining capital budget for this year consists of £15.1m of business as usual IT and Digital and vehicle costs and £0.7m for specific technology projects. The underspend is expected in IT and Digital where planned data centre works will not be completed this year. Business as usual capital expenditure is funded through revenue budget contributions to capital. The forecasted funding gap for next has required us to revisit and consider the prioritisation of planned capital expenditure for future years.
8. The Force is on target to recruit 488 additional officers as part of the Uplift Programme this year, with 205 officers starting before recruitment activity paused briefly during the Commonwealth Games. We are on target to recruit all uplift officers by March 2023, with a net growth in officers of 334 between January and March 2023 and will claim for the full grant available from the Home Office.

The table below summarises the Forces revenue and capital position at 31 December 2022.

	Budget £,000	Outturn £,000	Outturn Variance to Budget £,000	Variance %
<b>Revenue</b>				
Force	651,332	641,416	-9,916	
Change Programme	7,699	7,606	-93	
<b>Sub Total Police Force</b>	<b>659,031</b>	<b>649,022</b>	<b>-10,010</b>	<b>-1.52%</b>
Office of the PCC inc. Commissioned Services	8,497	8,497	0	
Regional and National Services	22,125	21,421	-704	
<b>Total Revenue before Reserves</b>	<b>689,653</b>	<b>678,940</b>	<b>-10,713</b>	<b>-1.55%</b>
Net Use of Other Reserves	-7,497	-6,905	592	
Net Use of Budget Reserves	267	10,981	10,714	
<b>Total Revenue after Reserves</b>	<b>682,423</b>	<b>683,015</b>	<b>593</b>	<b>0.09%</b>
<b>Capital</b>				
Force	14,413	12,413	-2,000	
Change Programme	703	703	0	
Estates Strategy	6,619	6,619	0	
<b>Total Capital</b>	<b>21,735</b>	<b>19,735</b>	<b>-2,000</b>	<b>-9.20%</b>
<b>Total Revenue before Reserves plus Capital</b>	<b>711,388</b>	<b>698,675</b>	<b>-12,713</b>	<b>-1.79%</b>

### REVENUE OUTTURN 2022/23

9. The revenue outturn for the Police Force (excluding WMP Change Programme costs) is a forecast underspend of £9.92m (1.52% of total budget). The inclusion of the Force Change Programme brings the Force underspend to £10.01m (1.52% of total budget). The detailed position is shown in the table below along with further explanations.

	Budget £,000	Forecast £,000	Forecast Variance to Budget £,000
<b>Police Force by Account</b>			
Police pay (A)	384,066	376,950	-7,117
Police Overtime (B)	17,045	18,709	1,664
PCSO Pay (C)	14,982	14,241	-741
PCSO Overtime	18	69	50
Police Staff Pay (D)	151,554	147,340	-4,214
Police Staff Overtime	1,589	2,079	490
Temporary Staff (E)	1,176	1,797	621
Other employees expenses	14,447	14,634	187
<b>Sub Total</b>	<b>584,877</b>	<b>575,817</b>	<b>-9,060</b>
Premises (F)	21,276	24,248	2,972
Transport	9,532	9,535	3
Supplies and services (G)	53,986	54,306	320
Third Party Payment	15,888	16,277	389
Capital Financing Costs (H)	21,231	17,606	-3,625
External income (I)	-55,457	-56,373	-916
<b>Total Police Force (Exc. Change Programme)</b>	<b>651,332</b>	<b>641,416</b>	<b>-9,916</b>
Change Programme	7,699	7,606	-93
<b>Total Police Force (Inc. Change Programme)</b>	<b>659,031</b>	<b>649,022</b>	<b>-10,010</b>

- A. Police officer pay is forecast to be £7.1m under budget this year. The underspend is due to a significant number of vacancies that existed in the first half of this year and impacted most prominently in the Operations and Crime Portfolios. The underspend is also impacted by a change to the recruitment profile since setting the current year's budget, a reduction in spend on police allowances and vacancies in regional posts.
- B. Police officer overtime is forecast to overspend by £1.7m. Over £1m of this relates to spend on the additional public holiday relating to the death of HM Queen Elizabeth II in September. Other overtime pressures have been experienced in the Crime Portfolio (Public Protection and Force CID), Security Portfolio (Force Intelligence) and Operations Portfolio (Force Contact and Force Support Unit). This overtime is driven by a combination of police officer vacancies set against a growing demand for service in these areas. Finance colleagues have worked closely with the business to provide detailed and timely information to help managers to better control overtime spend in year.
- C. PCSO pay is forecast to underspend by £0.74m. This underspend has grown steadily since we reported a £0.41m underspend in July. At February there were 63.5 FTE PCSO vacancies, recent cohorts of new starters have not been filled and a significant number of PCSO's have applied to become Police Officers in the most recent recruitment campaign. The current underspend will be revised pending decisions in relation to the number of recruitment cohorts that will be delivered during the rest of the year.
- D. Police staff pay is forecast to underspend by £4.21m. This represents a rise of over £3m since the last report where an underspend of £0.84m was forecast. This is mostly as a result of a decision made in September to freeze non-operational critical police staff recruitment. Vacancies are noted in enabling departments such as IT and Digital, Corporate Asset Management and Shared Services as well as the Strategy Delivery and Assurance department which underwent a major restructure in the summer.
- E. The use of temporary staff to fill essential posts or respond to increased demand have resulted in a forecast overspend of £0.62m. Finance have reviewed all temporary staff

posts against planned recruitment to permanent posts and challenged the business where temporary staff were not aligned to existing vacancies.

- F. The overspend on premises costs of £2.97m relates principally to the increased cost of gas and electricity in police buildings. Finance and CAM colleagues have worked together to identify levers to reduce energy usage. A smaller proportion of the overspend relates to greater than planned spend on reactive maintenance on the Force's older buildings.
- G. The forecast overspend on supplies and services is £0.32m down from £1.47m as reported at the end of period 4. This reduction in expected overspend is due to robust management of non-pay costs and contract renewals across the force as well as a review of budgeted uplift related costs that could be delivered within core business as usual budgets. Pressures remain in Forensics (serious crime submissions and outsource spend); IT and Digital (server and storage costs); Force CID (coroners costs); and Legal Services (external counsel fees). These are all predominantly demand related.
- H. Capital financing has seen a reduction in forecast and is now expected to be underspent by £3.63m. This is due to 2 factors. Firstly, the force expects to spend £2m less on revenue contributions to capital expenditure in IT & D this year. Secondly, increased interest rates have provided higher investment returns on short term investment.
- I. The force expects to achieve £0.92m of additional income this year. This is a combination of a higher achievement of income from Information Management checks Mutual Aid income from operations this year (including support to Met police with Operation London Bridge) and from Learning and Development relating to the Chancellors incentive scheme.

**POLICE UPLIFT:**

10. The budget for the uplift of police officers for 2022/23 is £28.1m. The funding will support the recruitment of 488 additional police officers. This consists of 462 officers as part of planned recruitment and a further 26 officers specifically for the Regional Organised Crime Unit. This funding includes a ring-fenced element of £8.24m which is conditional on the force delivering its recruitment target and is payable only when the target numbers are achieved. The force expects to reach this target in March 2023. The Uplift budget is presented in the table below:

Uplift Funding	2022/23 £m
Officer Pay	18.4
Staff Pay	3.5
<b>Total Pay</b>	<b>21.9</b>
Non -Pay	5.5
Capital	0.7
<b>Total</b>	<b>28.1</b>

- 11. The majority of these budgets are 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 £0.32m 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.
- 12. In January 2023 the force was offered the opportunity to take on further uplift officers to ensure that the national target of 20,000 officers could be met by March 2023. The force has agreed to take on 60

additional officers and will receive £20,000 income for each additional officer recruited through this process by 31 March 2023. This additional income is not included in the forecast in page 3 as this was completed before this decision was made.

#### COUNTER TERRORISM UNIT OUTTURN 2022/23:

	Budget £,000	Forecast £,000	Forecast Variance to Budget £,000
<b>CTU Revenue</b>			
Main Grant	39,578	38,374	-1,204
Organisational Development Unit	3,225	3,474	249
Vulnerability Support Hub	589	598	9
Castors	414	377	-37
CBRN	3,140	3,127	-13
CBRN PPE	450	440	-10
Force Managed and Regional (SBC)	3,527	3,320	-207
<b>Total Revenue</b>	<b>50,923</b>	<b>49,710</b>	<b>-1,213</b>
<b>CTU Capital</b>			
Main Grant	2,574	2,208	-366
Organisational Development Unit	17	11	-6
CBRN	406	227	-179
Regional SBC	0	51	51
<b>Total Capital</b>	<b>2,997</b>	<b>2,497</b>	<b>-500</b>
<b>Grand Total CTU</b>	<b>53,920</b>	<b>52,207</b>	<b>-1,713</b>

13. Overall CTU revenue costs are forecast to be underspent by £1.21m. This will not be carried forward but recognised in the amount of grant claimed. The variance on the main CTU grant is due to the impact of officer and staff vacancies and corresponding underspends on premises and IT costs.

14. The underspend forecast on Force Managed CTU (Special Branch - SBC) will mostly be recognised as an underspend to the CTU as most functions have been met by the CTU grant since April 2022, the only capability recognised in force are the CTU Vetting Team as the Overseas Visitor Registration Team was disbanded in September 2022.

#### ROCU OUTTURN 2022/23:

	Budget £,000	Forecast £,000	Variance to Budget £,000
Command Team	963	1,160	197
Enabling Services	390	417	27
Intelligence	5,480	5,984	504
Operations	5,882	5,659	-223
Covert Operations	2,383	2,873	490
Operations Support	5,828	5,424	-404
<b>Sub Total ROCU (WMP portion of joint capabilities)</b>	<b>20,926</b>	<b>21,517</b>	<b>591</b>
Covert Authorities Bureau	389	386	-3
Communications Data Investigation Unit	2,210	2,330	120
DSU	2,619	2,421	-198
<b>Sub total ROCU (WMP only capabilities)</b>	<b>5,218</b>	<b>5,137</b>	<b>-81</b>
<b>Total WMP ROCU</b>	<b>26,144</b>	<b>26,654</b>	<b>510</b>

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 £31.63m with a forecast spend of £30.70m. West Midlands Police would expect to receive 57% of

this overall underspend (currently £0.53m) based on the agreed split of resources across the region.

16. The underspend on the WMP capabilities is largely due to a change in shift pattern and additional controls on expenditure in the Dedicated Source Unit (DSU).

#### OFFICE FOR THE POLICE AND CRIME COMMISSIONER:

	Budget £,000	Outturn £,000	Outturn Variance to Budget £,000
<b>Office of Police and Crime Commissioner</b>			
Office of Police and Crime Commissioner	3,153	2,956	-197
<b>Commissioned Services</b>			
Community Safety Funding	4,343	4,343	0
External Commissioning	3,280	3,280	0
Helping Communities	770	770	0
Victim Services Expenditure	3,409	3,409	0
Victim Services Income	-3,409	-3,409	0
Violent Crime Reduction Unit Expenditure	3,579	3,579	0
Violent Crime Reduction Unit Income	-3,370	-3,370	0
<b>Total Commissioned Services</b>	<b>8,602</b>	<b>8,602</b>	<b>0</b>
<b>Total Office of the Police and Crime Commissioner</b>	<b>11,755</b>	<b>11,558</b>	<b>-197</b>

17. The Office of the Police and Crime Commissioner 's outturn is currently forecast to underspend by £0.2m against a budget of £3.15m due to some vacant posts. All Commissioned Services are currently forecast to deliver on budget.

#### RESERVES:

18. The table below details the in-year contribution to and use of reserves for 2022/23.

	Budget £,000	Outturn £,000	Outturn Variance to Budget £,000
<b>Use of Reserves</b>			
Contribution from Change Programme Reserve	-100	-100	0
Contribution from Carry Forward Reserves	-4,359	-4,359	0
Contribution from Council Tax Reserve	-1,640	-1,640	0
Contribution from U&E Reserve	-425	-425	0
Contribution from National Contingency Reserve	0	0	0
Contribution to Budget Reserves	692	692	0
Contribution to / from Budget Reserve	267	10,981	10,714
Grants No Conditions (RIA to Earmarked Reserve)	-1,073	-1,073	0
<b>Total Revenue Budget after use of reserves</b>	<b>-6,639</b>	<b>4,076</b>	<b>10,714</b>

19. The contribution from carry forward reserves reflects departmental carry forwards from the prior year.

20. The forecast for a net contribution to the budget reserve of £10.98m is reflective of the current in year underspend. This will be used to deliver a balanced budget in 2023/24 and to contribute towards budget challenges in future years.

## CAPITAL OUTTURN 2022/23

21. The capital programme position is a forecast to budget. The programme for 2022-23 is summarised below.

	Budget £,000	Outturn £,000	Outturn Variance to Budget £,000
<b>Business As Usual (A)</b>	14,413	12,413	<b>-2,000</b>
<b>Change Programme and CW Games</b>	703	703	<b>0</b>
<b>Estates Strategy (B)</b>	6,619	6,619	<b>0</b>
<b>Total Capital Programme</b>	<b>21,735</b>	<b>19,735</b>	<b>-2,000</b>

<b>Funded by:</b>		
Capital Grants		0
Revenue Contributions		16,847
Specific Revenue Contributions to Capital		2,888
Capital Receipts		0
<b>Total</b>		<b>19,735</b>

- A. The BAU budget includes £5m for vehicles and £9.4m for IT equipment of which £0.7m is associated with the uplift in police officers.
- B. £0.7m relates to major technology projects which is to fund body-worn cameras.
- C. The Estates Strategy has been revised and work reprogrammed over a 5-6-year delivery horizon. The majority of work taking place this year consists of improvement works taking place at Edgbaston, Stechford, and Wolverhampton and initial work to take place in relation to a new build at Dudley. Whilst this is forecast on budget at this time a detailed review of work will take place in the final quarter in light of supporting the new Operating Model for the force to commence in April 2023.

## FINANCIAL IMPLICATIONS

22. This report solely deals with financial issues.

## LEGAL IMPLICATIONS

23. 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

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

**Mark Kenyon**  
Chief Finance Officer to the PCC

**Peter Gillett**  
Director of Commercial Services