

**STRATEGIC POLICING AND CRIME BOARD**  
**27<sup>th</sup> February 2024**

**Finance Monitoring 2023/24**

**PURPOSE OF REPORT**

1. To provide members with details of the financial position as at the end of January 2024 (Period 10) and to provide a full year forecast outturn for 2023/24.

**BACKGROUND**

2. This report details the January 2024 forecast position for both revenue (paragraph 12) and capital (paragraph 19) for the 2023/24 financial year. This report also contains specific updates on the Force position in relation to the Counter Terrorism Unit (CTU) and West Midlands Regional and Organised Crime Unit (WM 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 £20m (2.88% of budget). This compares to a forecast underspend of £16.7m as reported to this board at the end of period 5 in August 2023. In summary, the underspends relate to police staff and PCSO vacancies and the profiling of police officer recruitment, this is driving underspends on pay related expenditure of a combined £17.8m. In addition, the force has benefitted from Government funding by providing cells to alleviate national issues with prison capacity under Operational Safeguard. These underspends are offset in part by overspends on police officer and staff overtime, other employee expenses, premises, transport and revenue elements of the estates programme. The movement in forecast from that reported in period 5 is an increased underspend of £3.3m. The key reasons for this movement are explained in the following paragraphs.
4. The principal areas of underspend at the end of period 10 continue to be pay related. Police Officer pay is forecast to underspend by £6.3m, PCSO's by £3.8m and Police Staff by £7.7m. These savings are offset in part by additional spends on overtime – now showing an overspend of £3.8m which is partially a result of delivering critical services with a significant number of vacant posts in some parts of the force, which are challenging to fill and partially demand led. This is explained further in paragraph 12. Finance colleagues continue to work closely with business leads to manage any new pressures within the approved budget envelope.
5. Pay costs are also offset by overspend forecasts in temporary staff of £0.7m and other employee expenses of £0.9m. Temporary staff have been used to backfill some vacancies where these have been critical to address demand issues and have been carefully managed against specific pay underspends. Overspends on other employee expenses relates to increased employer's liability insurance premiums, and employee exit costs following service area reviews.
6. In non-pay cost areas there is a forecast overspend of £1.3m on premises costs. This is a combination of cost increases for reactive maintenance on the force estate, and increases in waste disposal costs as a result of legislation in relation to nitrous oxide being classified as a Class C drug. The significant volatility in utility costs that the force experienced last year has now largely subsided and we expect these costs to be matched to budget. Overspends of £0.9m are forecast on transport costs. Despite a reduction in fuel costs this relates to higher insurance costs for force fleet insurance and vehicle hire. These overspends

are offset by underspends on third party payments of £0.8m as a result of efficiencies in national initiatives that the force is required to contribute towards.

7. Capital financing costs are now expected to underspend by £0.2m. This compares to an underspend forecast of £2.5m as reported in period 5. The reduction in underspend in the last 5 periods is a result of revised revenue contributions to capital (RCCO) particularly in relation to fleet purchases and also in relation to IT equipment. Finance colleagues are working with the business to determine if current IT & D infrastructure plans will be delivered by the year-end. Future forecasts will be updated to reflect the outcome of this review. If this work cannot be completed by the end of this financial year, it will be carried forward to be delivered in 2024/25.
8. Income is expected to be over achieved by £8.9m this year. The majority of this (£6.6m) is derived from Operation Safeguard where we have made cells available to be used by the prison service to alleviate national capacity issues. We have also over achieved income in Motorway Policing via abnormal load recharges and disclosure income in our Public Protection Unit.
9. The capital expenditure forecast is a £2.5m underspend against the capital budget of £26.5m. The review and reprofiling of the estates programme means that the in-year spend has been limited to the acquisition of a building in Dudley at a cost of £3.5m. Projects at Stechford, Willenhall and Wolverhampton will now commence in 2024-25. The remaining capital budget for this year consists of £14.6m of business as usual IT & D and vehicle costs, £1.4m for specific technology projects and £2.9m for CTU and Firearms capital projects. The amendments to the estates programme have allowed for the IT & D capital programme to accelerate a roll out of over 3,000 laptop devices this year to police officers in local policing areas.
10. The Force is on target to maintain police officer numbers above the Home Office baseline of 7,909 officers as a condition of continued Uplift grant funding for this year. At the end of March 2023, the force recruited an additional 100 officers to assist the national target to deliver 20,000 officers. In line with the Chief Constable's ambition to recruit further officers this year, we have agreed to recruit a further 75 officers. This will mean that we will have an establishment of 8,084 officers by April 2024. We are currently on target to exceed the Uplift numbers by the end of the current financial year and to claim the full grant available from the Home Office.

11. The table below summarises the Forces revenue and capital position at 31 January 2024.

	Budget £,000	Forecast £,000	Forecast Variance to Budget £,000	Variance %
<b>Revenue</b>				
Force inc. Change Programme	695,635	675,622	-20,013	-2.88%
Office of the PCC inc. Commissioned Services	11,919	11,867	-52	
Regional and National Services	22,342	22,240	-102	
<b>Total Revenue before Reserves</b>	<b>729,896</b>	<b>709,729</b>	<b>-20,167</b>	<b>-2.76%</b>
Net Use of Other Reserves	-8,817	-2,733	6,084	
Net Use of Budget Reserves	-2,560	11,523	14,083	
<b>Total Revenue after Reserves</b>	<b>718,519</b>	<b>718,519</b>	<b>0</b>	<b>0.00%</b>
<b>Capital</b>				
Force (IT and D and Fleet)	15,958	18,263	2,305	
CTU and firearms	2,917	2,249	-668	
Estates Strategy	7,617	3,507	-4,110	
<b>Total Capital</b>	<b>26,492</b>	<b>24,019</b>	<b>-2,473</b>	<b>-9.33%</b>
<b>Total Revenue before Reserves plus Capital</b>	<b>756,388</b>	<b>733,748</b>	<b>-22,640</b>	<b>-2.99%</b>

## REVENUE OUTTURN 2023/24

12. The revenue outturn for the Police Force (excluding WMP Change Programme costs) is a forecast underspend of £21.1m (3.01% of total budget). The inclusion of the Force Change Programme brings the Force underspend to £20.0m (2.88% 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)	417,643	411,373	-6,270
Police Overtime (B)	18,007	20,746	2,739
PCSO Pay (C)	15,287	11,457	-3,830
PCSO Overtime	19	84	65
Police Staff Pay (D)	165,626	157,968	-7,658
Police Staff Overtime (E)	1,819	2,820	1,001
Temporary Staff	562	1,256	694
Other employees expenses (F)	14,602	15,465	863
<b>Sub Total</b>	<b>633,565</b>	<b>621,169</b>	<b>-12,396</b>
Premises (G)	30,601	31,903	1,302
Transport (H)	9,988	10,866	878
Supplies and services (I)	56,598	55,675	-923
Third Party Payment	16,520	15,698	-822
Capital Financing Costs	11,951	11,755	-196
External income (J)	-74,139	-83,045	-8,906
<b>Total Police Force (Exc. WMP Change Programme)</b>	<b>685,084</b>	<b>664,021</b>	<b>-21,063</b>
Change Programme	10,551	11,601	1,050
<b>Total Police Force (Inc. Change Programme)</b>	<b>695,635</b>	<b>675,622</b>	<b>-20,013</b>

- A. Police officer pay is forecast to be £6.3m under budget this year. The underspend is due to the profiling of new officers being different to the budgeted profile. Effectively our recruitment plans are now such that more officers are being recruited in the last quarter of this financial year to enable the force to reach its target to recruit 175 additional uplift officers by 31 March 2024.
- B. Police officer overtime is forecast to overspend by £2.7m. Overtime pressures have been experienced in the Crime Portfolio (mainly Public Protection and Major Crime), Security Portfolio (Force Intelligence), Force Contact and Change Portfolio (Force Contact but set against a significant improvement in performance) and Operations Portfolio (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 £3.8m. This underspend is consistent with what we reported in Period 5. In December there were 158 FTE PCSO vacancies, a position which has been consistent for the last 2 quarters. At the start of the year a number of PCSO's successfully applied to become police officers and the number of vacant posts has held steady since the end of the first quarter. Local Policing Areas have built their service around this number of deployable resources and we don't expect the forecast to change by the end of the financial year.
- D. Police staff pay is forecast to underspend by £7.7m. This represents a rise of £0.8m since the last report where an underspend of £6.9m was forecast. There are currently 469 police staff vacancies and there have been over 400 vacancies throughout this financial year. This has created pressures in enabling departments such as IT & Digital, Corporate Asset Management and Shared Services where we have seen corresponding overspends in overtime and temporary staff to continue to provide services to the force. Vacancies have also been held in Strategy Delivery and Assurance, People and

Organisational Development and Corporate Asset Management pending service areas reviews which will take effect in the next few months.

- E. Police staff overtime is forecast to overspend by £1m. This is a direct consequence of the number of staff vacancies that currently exist across the force.
- F. Other employee expenses are expected to overspend by £0.9m. Underspends on external training are offset by an increase in employer's liability insurance premiums and exit costs in relation to restructuring in force contact
- G. The overspend on premises costs of £1.3m relates to reactive maintenance (£0.6m) rates cost increases (£0.4m) and an increase in waste disposal costs of £0.3m. Reactive maintenance is a combination of increased demand alongside increased supplier costs. Rates costs were budgeted in relation to previous trends and inflationary pressures but rates increases on some police buildings have exceeded these parameters. Waste disposal costs have increased as a result of a legislative change with the banning of Nitrous Oxide cannisters in 2023. This requirement reflects the expected disposal cost of these items following their seizure.
- H. The forecast overspend on transport costs is £0.9m which compares to a balanced position as reported at the end of period 5. This relates to motor insurance premiums which renewed in November 2023 and is reflective of the vehicle insurance market in the UK at present.
- I. Supplies and Services costs are expected to be underspent by £0.9m. This is principally in IT & Digital where underspends are noted on support and maintenance costs for mobility devices and on desktop equipment. These have derived from effective price negotiation and a movement towards more mobile IT solutions.
- J. The force expects to achieve £8.9m of additional income this year. The majority of this (£6.6m) is derived from Operation Safeguard where we have made cells available to be used by the prison service to alleviate national capacity issues. We have also over achieved income in motorway policing, grants for additional uplift resources and disclosure income in our Public Protection Unit.

	Budget £,000	Forecast £,000	Forecast Variance to Budget £,000
<b>CTU Revenue</b>			
Main Grant	45,931	46,652	721
Organisational Development Unit	3,676	3,685	9
Vulnerability Support Hub	652	664	12
Castors	297	295	-2
CBRN	3,855	4,095	240
CBRN PPE	1,849	1,849	0
Force Managed	233	225	-8
<b>Total Revenue</b>	<b>56,493</b>	<b>57,465</b>	<b>972</b>
<b>CTU Capital</b>			
Main Grant	2,425	1,650	-775
Organisational Development Unit	47	47	0
CBRN	193	279	86
<b>Total Capital</b>	<b>2,665</b>	<b>1,976</b>	<b>-689</b>
<b>Grand Total CTU</b>	<b>59,158</b>	<b>59,441</b>	<b>283</b>

13. Overall CTU revenue costs are forecast to be overspent by £0.97m. The overspend forecast particularly against the main grant relates to increases in premises related costs. It is expected that the grant will be adjusted in the final quarter to provide funding for the CTU in full.

14. The underspend forecast on CTU capital in the main grant relates to some slippage on projects related to charging points for electric vehicles and uninterrupted power supply battery replacement works. These are now expected to be delivered in 2024-25.

#### ROCU OUTTURN 2023/24:

	Budget £,000	Forecast £,000	Forecast Variance to Budget £,000
Command Team	1,284	1,303	19
Enabling Services	427	387	-40
Intelligence	9,136	8,744	-392
Operations	9,930	10,409	479
Covert Operations	2,783	2,487	-296
Operations Support	8,499	8,573	74
<b>Total ROCU (regional capabilities)</b>	<b>32,059</b>	<b>31,903 -</b>	<b>156</b>

15. The above table summarises the capabilities that are managed regionally as part of the Regional Organised Crime Unit. The regional budget net of all sources of income is £32.06m with a forecast spend of £31.90m. The regional funding arrangement for the West Midlands ROCU means that West Midlands Police would expect to receive 57% of this underspend based on the agreed split of resources across the region.

OFFICE FOR THE POLICE AND CRIME COMMISSIONER:

	Budget £,000	Forecast £,000	Forecast Variance to Budget £,000
<b>Office of Police and Crime Commissioner</b>			
Office of Police and Crime Commissioner (A)	2,936	2,883	-53
PCC and Board Costs	309	314	5
<b>Commissioned Services</b>			
Community Safety Funding (B)	4,693	4,784	91
Intervention and Prevention	2,756	2,776	20
Helping Communities Fund (C)	918	807	-111
Victim Services Expenditure (inc restorative justice)	3,421	3,419	-2
Victim Services Income (inc restorative justice)	-3,409	-3,409	0
Violent Crime Reduction Unit Expenditure	3,665	3,663	-2
Violent Crime Reduction Unit Income	-3,370	-3,370	0
<b>Total Commissioned Services</b>	<b>8,674</b>	<b>8,670</b>	<b>-4</b>
<b>Total Office of the Police and Crime Commissioner</b>	<b>11,919</b>	<b>11,867</b>	<b>-52</b>

16. The Office of the Police and Crime Commissioner 's outturn is currently forecast to have a modest underspend of £0.05m against a budget of £3.24m due to the time lag in recruiting to vacant posts. Commissioned Services are currently forecast to be delivered with a very small underspend of £0.004m.

#### RESERVES:

17. The table below summarises the in-year contribution to and use of reserves for 2023/24.

	Budget £,000	Forecast £,000	Forecast Variance to Budget £,000
<b>Use of Reserves</b>			
Uniform and Equipment	-3,678	-3,678	0
PCC Carry Forward (A)	-2,950	-2,950	0
Police Property Act Fund	-400	-400	0
Estates Strategy Reserve (B)	-1,247	6,253	7,500
Change Programme Reserve	-72	-72	0
Contribution to Regional and National Reserves	-234	-234	0
Contribution to / (from) Budget Reserve (C)	-2,560	10,628	13,188
<b>Total Earmarked Reserves</b>	<b>-11,141</b>	<b>9,547</b>	<b>20,688</b>
Grants With No Conditions	-235	-756	-521
<b>Total Reserves</b>	<b>-11,376</b>	<b>8,791</b>	<b>20,167</b>

18. The principal areas to note in relation to the use of reserves are:

A: The Police and Crime Commissioner has a carry forward £2.95m from last year which is expected to be used to continue to deliver commissioned services in the next year

B It is expected that there will be a transfer to the estate's strategy reserve of a net £6.25m to deliver elements of the estates strategy which were originally planned to commence in 2023-24 and for works within Custody, Learning and Development and at our Operations premises in Aston.

C: The balance of the in-year forecast underspend will allow us to contribute £10.6m to the budget reserve which will alleviate budget pressures identified in the force Medium Term Financial Plan.

## CAPITAL OUTTURN 2023/24

19. The capital programme position shows an underspend of £2.5m. The programme for 2023-24 is summarised below.

	Budget £,000	Forecast £,000	Forecast Variance to Budget £,000
<b>Business As Usual Fleet and IT (A)</b>	14,553	16,858	2,305
<b>CTU and Firearms Fleet and IT</b>	2,917	2,249	-668
<b>Specific Technology Projects (B)</b>	1,405	1,405	0
<b>Estates Strategy (C)</b>	7,617	3,507	-4,110
<b>Total Capital Programme</b>	<b>26,492</b>	<b>24,019</b>	<b>-2,473</b>

<b>Funded by:</b>	
Capital Grants	2,293
Revenue Contributions	11,520
Borrowing	10,206
Capital Receipts	0
<b>Total</b>	<b>24,019</b>

- A. The BAU budget includes £4.1m for vehicles and £10.5m for IT equipment. This is forecast to be £2.3m overspent due to the acquisition of additional vehicles (some of which are externally funded) and a focus on providing laptops to over 3,000 additional police officers. This is set against the expected underspend in the estates strategy described at point C below.
- B. £1.4m relates to funding for the next generation of body-worn cameras to replace existing equipment
- C. The Estates Strategy has been revised and work reprogrammed over a new delivery horizon. The forecast capital cost for this year is now limited to the purchase of a building in Dudley to be repurposed as the local policing site for this area. The underspend will be carried forward in reserves.

## FINANCIAL IMPLICATIONS

20. This report solely deals with financial issues.

## LEGAL IMPLICATIONS

21. 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

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

**Jane Heppel**  
**Chief Finance Officer to the PCC**

**Peter Gillett**  
**Director of Commercial Services**