



**STRATEGIC POLICING AND CRIME BOARD**  
**17<sup>th</sup> September 2019**

**Financial Outturn 2019/20**

**PURPOSE OF REPORT**

1. To provide members with details of the forecasted financial outturn for 2019/20 as at the end of August 2019.

**BACKGROUND**

2. This report details the forecasted outturn position for both revenue (paragraph 6) and capital (paragraph 9) for 2019/20. As per previous years, the WMP2020 projects are reported separately and are closely monitored through the Force's Organisational Change Board (OCB).
3. This report does not reflect the recent Government announcement to deliver an additional 20,000 officers and staff across the country by March 2022. The Force however are working through the details of planned recruitment activity, budgets and forecasts. Also income and expenditure relating to the Commonwealth Games is yet to be included.

**HEADLINES**

4. In summary the Force is currently forecasting a revenue outturn within 0.02% of budget with a capital investment of £79.3m.

|   | Full Year<br>Budget<br>£,000 | Full Year<br>Forecast<br>£,000 | Forecast<br>Variance<br>to Budget<br>£,000 | Variance<br>% |
|---|------------------------------|--------------------------------|--|---------------|
| <b>Revenue</b>                                    |                              |                                |  |               |
| Force   | 555,592                      | 555,495                        | -98  | -0.02%        |
| WMP2020   | 27,318                       | 27,318                         | 0  | 0.00%         |
| <b>Sub Total Police Force</b>                     | <b>582,910</b>               | <b>582,812</b>                 | <b>-98</b>                                 | <b>-0.02%</b> |
| Office of the PCC                                 | 2,440                        | 2,440                          | 0  | 0.00%         |
| Commissioned Services                             | 10,488                       | 10,488                         | 0  | 0.00%         |
| <b>Total Revenue before Reserves</b>              | <b>595,839</b>               | <b>595,741</b>                 | <b>-98</b>                                 | <b>-0.02%</b> |
| Net Use of Reserves                               | -25,991                      | -25,893                        | 98   | -0.38%        |
| <b>Total Revenue after Reserves</b>               | <b>569,848</b>               | <b>569,848</b>                 | <b>0</b>                                   | <b>0.00%</b>  |
| <b>Capital</b>                                    |                              |                                |  |               |
| Force   | 22,009                       | 22,009                         | 0  | 0.00%         |
| WMP2020   | 2,238                        | 4,037                          | *1,799                                     | 80.40%        |
| Estates Strategy                                  | 53,242                       | 53,242                         | 0  | 0.00%         |
| <b>Total Capital</b>                              | <b>77,489</b>                | <b>79,288</b>                  | <b>1,799</b>                               | <b>2.32%</b>  |
| <b>Total Revenue before Reserves plus Capital</b> | <b>673,328</b>               | <b>675,029</b>                 | <b>1,701</b>                               | <b>0.25%</b>  |

\*This will be funded by a revenue contribution to capital at the end of the financial year

## BUDGET CHANGES IN 2019/20

5. The revenue and capital budget was approved by the Police and Crime Commissioner in February 2019 as part of the budget setting process. Since the budget was approved the following revisions have been made to reflect in year developments. These are mainly the allocation of authorised carry forwards from the previous year and the allocation of additional funding and have a zero net value. These are detailed in table below:

|   | Budget<br>(PCC<br>Decision<br>Paper)<br>£,000 | Revised<br>Budget<br>£,000 | Movement<br>£,000 |
|---|---|----------------------------|-------------------|
| Police Force – Expenditure (A)                | 589,273                                       | 600,563                    | 11,291            |
| Police Force – Income (B)                     | -33,329                                       | -44,971                    | -11,642           |
| WMP2020 Programme of Work (C)                 | 10,848  | 27,318                     | 16,470            |
| Office of the PCC (D)                         | 8,356   | 12,928                     | 4,573             |
| Contribution to / from Earmarked Reserves (E) | -5,300  | -25,991                    | -20,691           |
| <b>Total Revenue Budget</b>                   | <b>569,848</b>                                | <b>569,848</b>             | <b>0</b>          |
| <b>Total Capital Budget (F)</b>               | <b>54,565</b>                                 | <b>77,489</b>              | <b>22,924</b>     |

### Revenue Budget

- A. (i) Police Force Expenditure has increased to reflect: amounts carried forward from 2018/19; additional expenditure matched with additional income received (point B below); additional planned use of reserves (Point E below) and benefit applied from WMP2020 (Point C below).
- (ii) To build on modernisation initiatives in previous years a proportion of the police officer pay budget, circa 126 FTE, has been vired to police staff pay to enable further police staff roles to be created in a range of disciplines including public contact and investigations. The purpose of this initiative is to maximise the use of officers in warranted roles whilst also quickly increasing the forces police staff strength in operational roles to meet current and future demands.
- (iii) Other virements include funding redundancy payments and the pension scheme sanctioned charges relating to 1987 Police Pension Scheme. The Scheme Sanction Charge is a 15% tax charge on the police pension scheme when member's take the 25% one off lump sum payment of their pension.
- B. Since setting the budgets the force has received additional funding for Serious Violence of £7.6m, and other smaller amounts.
- C. The movement in the WMP2020 Programme of Work is £14m carry forward from 2018/19 and a transfer of the recurring benefits against the relevant Police Force Expenditure lines. These were held on the project codes at budget setting awaiting confirmation that the benefits could be achieved.
- D. The movement in the Office of the Police and Crime Commissioner budget is the allocation of the carry forward from 2018/19. The Office of the Police and Crime Commissioner has also been awarded an additional £3.4m grant for the Violence Reduction Unit (net movement is nil as expenditure balances off against income).
- E. The use of earmarked reserves is as follows:
- Office of Police and Crime Commissioner carry forward from 2018/19 (£4.5m);
  - Project carry forwards from 2018/19 (£14.0m);
  - Other carry forwards from 2018/19 (£0.6m);

- Additional use of Devolved Budget Reserve within Regional Organised Crime Unit and National Ballistic Intelligence Service (£0.6m);
- Planned use of Uniform and Equipment reserve to fund the revenue element of laptop and devices replacement and the cold weather and tunic uniform to be rolled out to officer this financial year (£1.1m).

## Capital Budget

F. The Capital budget has increased due to the following approved changes:

- The Airwave and mobility devices replacement due to the delay in the implementation of the Emergency Services Mobile Communication Programme (£8.1m);
- Laptop and devices refresh to ensure our ICT estate is compatible with Office 365 (£2.7m);
- Increase in ICT Business as Usual requirements (£1.8m);
- Increase in fleet vehicle replacement programme (£0.5m);
- Counter Terrorism Unit Capital grant confirmation (£1.9m);
- Re-profile of capital spend within WMP2020 (£7.8m).

## REVENUE OUTTURN 2019/20

6. The revenue outturn for the Police Force (excluding WMP2020 project costs) is a forecasted underspend of £0.1m. This forecast reflects the increase for the pay award from the planned 2.0% to 2.5% agreed for police officers and staff. WMP2020 spend forecast is line with the budget. The detailed position is shown below along with further explanations:-

|   | Revised<br>Budget<br>£,000 | Full Year<br>Forecast<br>£,000 | Forecast<br>Variance<br>to<br>Budget<br>£,000 |
|---|----------------------------|--------------------------------|---|
| <b>Police Force by Account</b>                          |                            |                                |   |
| Police pay including Overtime                           | 358,896                    | 358,910                        | 14  |
| Police Community Support Officers including Overtime    | 15,660                     | 15,662                         | 2   |
| Police staff pay including Overtime                     | 129,000                    | 129,000                        | 0   |
| Other employees expenses (A)                            | 11,217.7                   | 11,294                         | 77  |
| <b>Sub Total</b>  | <b>514,775</b>             | <b>514,866</b>                 | <b>92</b>                                     |
| Premises (B)  | 17,732                     | 17,637                         | -94   |
| Transport (C)   | 6,908                      | 7,024                          | 115   |
| Supplies and services (D)                               | 41,654                     | 41,349                         | -306  |
| Third Party Payment (E)                                 | 11,958                     | 12,058                         | 100   |
| Capital Financing Costs                                 | 7,537                      | 7,538                          | 1   |
| External income   | -44,971                    | -44,976                        | -5  |
| <b>Total Police Force (Exc. WMP 2020 project costs)</b> | <b>555,592</b>             | <b>555,495</b>                 | <b>-98</b>                                    |
| WMP2020 project Costs                                   | 27,318                     | 27,318                         | 0   |
| <b>Total Police Force (Inc. WMP2020)</b>                | <b>582,910</b>             | <b>582,812</b>                 | <b>-98</b>                                    |

A. Firearms have identified additional training requirement needs during 2019/20 to those planned:

- Training of 4 close protection officers to increase resilience due to an increased requests for mutual aid and other operational issues;
- The introduction of the Specialist Firearms Officer pathway training has required the force to ensure all our Armed Response Vehicle officers are trained to the Specialist Firearms Officer level.

- B. Premises is forecast an under spend of £94k. Since setting the budget Regional Organised Crime Unit has been through a number of changes to their model and the budgets. The premises budget will be updated once this work has been completed
- C. Transport is forecast an over spend of £115k, this is split between travel expenses (£62k) and short term vehicle contract hire (£47k). The accountancy team are currently undertaking a deep dive exercise to understand the drivers behind this increased expenditure. This will be completed by the end of September and the necessary actions taken. We are working with fleet and a number of department to determine what is driving the need for short term vehicle hire and what we can do to mitigate the use by utilising our fleet vehicles more effectively.
- D. Supplies and Services is forecast an under spend of £306k, this includes:
- Changes in service providers the price of interpreters used by the Criminal Justice team has fallen (£73k);
  - A review of the requirements for 2019/20 firearms equipment budget has been carried out and surplus funds have been re-diverted to fund other areas within firearms (£88.2k).
- E. Third Party Payments is forecast an over spend of £100k, this is broken down as:
- National Ballistics Intelligence Service have recruited an analyst from Metropolitan Police, this role was previously a West Midlands Police analyst (£55k);
  - 2 Homicide operations have had work provided by West Mercia and Merseyside (£20.4k);
  - The University of Warwick are carry out a piece of research to show that digital prototyping techniques can be used to significantly enhance the criminal justice process (£29.2k).

7. The Office of the Police and Crime Commissioner's full year outturn is expected to be in line with budget. A breakdown is shown in the table below:

|  | Revised<br>Budget<br>£,000 | Full Year<br>Forecast<br>£,000 | Forecast<br>Variance<br>to<br>Budget<br>£,000 |
|--|----------------------------|--------------------------------|---|
| <b><u>Office of Police and Crime Commissioner</u></b>    |                            |                                |   |
| Office of Police and Crime Commissioner                  | 2,440                      | 2,440                          | 0   |
| <b><u>Commissioned Services</u></b>                      |                            |                                |   |
| Community Safety Funding                                 | 4,532                      | 4,532                          | 0   |
| Targeted Initiatives                                     | 4,803                      | 4,803                          |   |
| Active Citizens  | 1,153                      | 1,153                          | 0   |
| Victim Services Expenditure                              | 3,330                      | 3,330                          | 0   |
| Victim Services Income                                   | -3,330                     | -3,330                         | 0   |
| Violet Crime Reduction Unit Expenditure                  | 3,370                      | 3,370                          | 0   |
| Violet Crime Reduction Unit Income                       | -3,370                     | -3,370                         | 0   |
| <b>Total Commissioned Services</b>                       | <b>10,488</b>              | <b>10,488</b>                  | <b>0</b>                                      |
| <b>Total Office of the Police and Crime Commissioner</b> | <b>12,928</b>              | <b>12,928</b>                  | <b>0</b>                                      |

8. The table below details the contribution to / from reserves based on the forecast outturn of £0.1m and will result in an underutilisation of the budget reserve.

|   | Revised Budget<br>£,000 | Full Year Forecast<br>£,000 | Forecast Variance to Budget<br>£,000 |
|---|-------------------------|-----------------------------|--------------------------------------|
| <b>Use of Reserves</b>                            |                         |                             |                                      |
| PCC Carry Forward                                 | -4,513                  | -4,513                      | 0                                    |
| Project Carry Forward                             | -14,000                 | -14,000                     | 0                                    |
| Other Carry Forward                               | -562                    | -562                        | 0                                    |
| Contribution from POCA & PPA Reserve              | -425                    | -425                        | 0                                    |
| Contribution from Devolved Budget Reserve         | -1,474                  | -1,474                      | 0                                    |
| Contribution from Uniform and Equipment Reserve   | -1,061                  | -1,061                      | 0                                    |
| Contribution from Budget Reserve                  | -3,957                  | -3,859                      | 98                                   |
| <b>Total Revenue Budget after use of reserves</b> | <b>-25,991</b>          | <b>-25,893</b>              | <b>98</b>                            |

## CAPITAL OUTTURN 2019/20

9. The capital programme of £77.5m is forecast to overspend by £1.8m, this will be funded by a revenue contribution to capital at the end of the financial year. A breakdown of the capital programme with detail of the over spend is detailed below:

|                                | Full Year Budget<br>£,000 | Full Year Forecast<br>£,000 | Forecast Variance to Budget<br>£,000 |
|--------------------------------|---------------------------|-----------------------------|--------------------------------------|
| Business As Usual              | 22,009                    | 22,009                      | 0                                    |
| WMP2020 (A)                    | 2,238                     | 4,037                       | 1,799                                |
| Estates Strategy               | 53,242                    | 53,242                      | 0                                    |
| <b>Total Capital Programme</b> | <b>77,489</b>             | <b>79,288</b>               | <b>1,799</b>                         |

- A. The forecast overspend with the WMP2020 is in relation to the Connect Project, Data Driven Insight and the National Data Analytics Solution. The budgets for these project are all sat within revenue.

## FINANCIAL IMPLICATIONS

10. This report solely deals with financial issues.

## LEGAL IMPLICATIONS

11. 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

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

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Neil Chamberlain  
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