



STRATEGIC POLICING AND CRIME BOARD
19th November 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 October 2019.

BACKGROUND

2. This report details the forecasted outturn position for both revenue (paragraph 6) and capital (paragraph 8) 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 Government announcement to deliver an additional 20,000 officers nationally by March 2022. The Force has been provisionally awarded £1.8m for 2019/20 and we are currently working through the detail, this funding will have a net zero effect. The Force also been provisionally notified of £0.26m additional funding for county lines.

HEADLINES

4. In summary the Police Force is currently forecasting a £3.3m underspend, this is be contributed to reserves to fund the accelerated recruitments plans for 2020/21. The Commissioned Services underspend of £1.4m will reduce the amount of carry forward used by the Office of the PCC in 2019/20; due to phasing the balance of the carried forward will now be utilised in 2020/21. Capital investment will be £63.6m.

	Full Year Budget £,000	Full Year Forecast £,000	Forecast Variance to Budget £,000	Variance %
Revenue				
Force	556,118	552,776	-3,342	
WMP2020	25,293	25,293	0	
Sub Total Police Force	581,410	578,069	-3,342	-0.57%
Office of the PCC	2,440	2,440	0	
Commissioned Services	10,488	9,085	-1,403	
Total Revenue before Reserves	594,339	589,594	-4,745	-0.80%
Net Use of Reserves	-24,491	-19,746	4,745	
Total Revenue after Reserves	569,848	569,848	0	0.00%
Capital				
Force	22,009	22,009	0	
WMP2020	2,238	4,690	2,453	
Estates Strategy	36,913	36,913	0	
Total Capital	61,160	63,612	2,453	4.01%
Total Revenue before Reserves plus Capital	655,498	653,206	-2,292	-0.35%

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

BUDGET CHANGES IN 2019/20

5. Since the Revised budget was reported in September 2019 the following revisions have been made to reflect in year developments. These are mainly loading the Commonwealth Games budget for 2019/20 and re-profiling the Leadership, Development and Performance budget across the next 4 years. These are detailed in table below:

	Revised Budget £,000	October Budget £,000	Movement £,000
Police Force – Expenditure (A)	602,198	602,677	478
Police Force – Income (B)	-44,581	-46,559	-1,978
WMP2020 Programme of Work	25,293	25,293	-
Office of the PCC	12,928	12,928	-
Contribution to / from Earmarked Reserves (C)	-25,991	-24,491	1,500
Total Revenue Budget	569,848	569,848	-
Total Capital Budget (D)	61,160	63,612	2,453

Revenue Budget

- A. (i) The Police Force Expenditure budget has increased to reflect Commonwealth Games budget of £2.4m. This increase has been offset by a reprofiling change of £1.5m for Leadership, Development and Performance budget across 2020-2023.
- B. The income budget has been increased to reflect £2.4m for the Commonwealth Games. There has also been a reduction in PEQF income of £0.4m due to a cap on income received from the Police Constable Degree Apprenticeship subcontract.
- C. The use of earmarked reserves has reduced by £1.5m due to re-profiling the Leadership, Development and Performance Budget across 2019/20 through to 2022/23.

Capital Budget

- D. The Capital budget has decreased after a review of the profiling of the estates strategy with costs being pushed back into 2020/21.

REVENUE OUTTURN 2019/20

6. The revenue outturn for the Police Force (excluding WMP2020 project costs) is currently a forecasted underspend of £3.3m. This forecast reflects delays in planned recruitment in Police Officers, Police Community Support Officers and Police Staff roles. WMP2020 spend forecast is line with the budget. The detailed position is shown below along with further explanations:-

	Full Year Budget £,000	Full Year Forecast £,000	Forecast Variance to Budget £,000
Police Force by Account			
Police pay including Overtime (A)	359,473	358,855	-618
PCSO pay including Overtime (A)	14,410	13,993	-417
Police staff pay including Overtime (A)	129,440	128,259	-1,181
Other employees expenses	11,228	11,232	5
Sub Total	514,550	512,339	-2,211
Premises (B)	18,112	17,998	-114
Transport (C)	6,029	5,969	-60
Supplies and services	44,154	44,139	-15
Third Party Payment (D)	12,295	12,183	-112
Capital Financing Costs	7,537	7,538	1
External income (E)	-46,559	-47,390	-831
Total Police Force (Exc. WMP 2020 project costs)	556,118	552,776	-3,342
WMP2020 project Costs	25,293	25,293	-
Total Police Force (Inc. WMP2020)	581,410	578,069	-3,342

A. Police Officer, PCSO and police staff budgets allowed for earlier recruitment to roles; due to the recruitment process including vetting and medicals we are seeing these posts being filled slightly later than planned.

B. The premises underspend of £112k is as a result of a reduction in the space occupied by the Regional Organised Crime Unit (ROCU) in partner agencies and instead using Regional Force premises, hence a reduction in the premises charges.

C. We are forecasting an under spend of £60k on transport costs, this is broken down as follows:

- £186k under spend due to a reduction in the number of officers / staff taking up the managers lease scheme.
- £112k over spend forecast on short term hire vehicles. Work is ongoing with fleet services and a number of departments 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.

For both the above areas, the budgets will be revised in 2020/21.

D. Third Party Payments, we are forecasting an under spend of £112k, the majority of this is broken down as follows:

- A £228k under spend in the Regional Organised Crime Unit (ROCU) due to changes in the profile of regional forces spend. Staffordshire Police are putting in less workforce resources and will instead make a cash contribution;
- An additional spend of £68k for the recruitment of an analyst into the National Ballistics Intelligence Service;
- An additional spend of £21k for Homicide operations that have used officer/staff resources provided by West Mercia and Merseyside; and
- An additional spend of £29k for research being carried out by the University of Warwick on digital prototyping techniques.

E. External Income is forecast an under spend of £831k, this is broken down as follows:

- £430k additional ROCU income due to a change in the profile of regional forces expenditure resulting in force's picking up additional expenditure to that

originally planned, this is offset additional reimbursed services income from the Regional Forces.

- Over achieved income across Dogs, Firearms and Camera Enforcement within Operations £378k.

7. The Office of the Police and Crime Commissioner's full year outturn is expected to be in line with the budget. External Commissioning will underspend by £1.4m, this is due to phasing of expenditure and funding will be carried forward into 2020/21. A breakdown is shown in the table below:

	Full Year Budget £,000	Full Year Forecast £,000	Forecast Variance to Budget £,000
<u>Office of Police and Crime Commissioner</u>			
Office of Police and Crime Commissioner	2,440	2,440	-
<u>Commissioned Services</u>			
Community Safety Funding	4,532	4,532	-
External Commissioning	4,803	3,400	-1,403
Active Citizens	1,153	1,153	-
Victim Services Expenditure	3,330	3,330	-
Victim Services Income	-3,330	-3,330	-
Violet Crime Reduction Unit Expenditure	3,370	3,370	-
Violet Crime Reduction Unit Income	-3,370	-3,370	-
Total Commissioned Services	10,488	9,085	-1,403
Total Office of the Police and Crime Commissioner	12,928	11,525	-1,403

8. The table below details the contribution to / from reserves based on the forecast outturn. At October, due to forecast under spends within pay we are forecasting to contribute £0.9m back into the budget reserve. Due to phasing of external commissioning within the Office of the Police and Crime Commissioner we will not require the full amount of the PCC carry forward in this financial year, £1.4m will be deferred until 2020/21.

	Full Year Budget £,000	Full Year Forecast £,000	Forecast Variance to Budget £,000
<u>Use of Reserves</u>			
PCC Carry Forward	-4,513	-3,110	1,403
Project Carry Forward	-14,000	-14,000	-
Other Carry Forward	-562	-562	-
Contribution from POCA & PPA Reserve	-425	-425	-
Contribution from Devolved Budget Reserve	-1,474	-1,474	-
Contribution from Uniform and Equipment Reserve	-1,061	-1,061	-
Contribution from Budget Reserve	-2,457	885	3,342
Total Revenue Budget after use of reserves	-24,491	-19,746	4,745

CAPITAL OUTTURN 2019/20

9. The capital programme of £61.2m is forecast to overspend by £2.5m, this will be funded by a revenue contribution to capital at the end of the financial year. This has already been factored in the forecasted revenue outturn. A breakdown of the capital programme is detailed below:

	Full Year Budget £,000	Full Year Budget £,000	Forecast Variance to Budget £,000
Business As Usual	22,009	22,009	-
Total WMP2020 (A)	2,238	4,690	2,453
Estates Strategy	36,913	36,913	-
Total Capital Programme	61,160	63,612	2,453

A. The forecasted variance to budget within WMP2020 is in relation to Connect, Data Driven Insight and the National Data Analytics Solution. The budgets for these project are all sat within revenue and will be moved via a revenue contribution to capital at the end of the year.

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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