

**Report of:** West Midlands Police and Crime Commissioner

**Date:** 23 July 2018

### **Police and Crime Commissioner Provisional Revenue and Capital Outturn 2017/18**

#### **Purpose of report**

The Police and Crime Commissioner has published his provisional outturn position for revenue and capital expenditure for the financial year 2017/18. The report is attached at appendix A.

The Police and Crime Panel review the policing budget and precept in February. This report provides background information to those deliberations.

#### **Recommendation**

That Members discuss the content of the report with the Police and Crime Commissioner.



## Strategic Policing and Crime Board 19 June 2018

### Provisional Revenue and Capital Outturn 2017/18

#### PURPOSE OF REPORT

1. This report presents the provisional outturn position for Revenue and Capital expenditure for the financial year 2017/18, prior to scrutiny by the external auditors.

#### SUMMARY

2. The revenue outturn summary shown in Appendix 1 shows that the net underspend at outturn was £11.6m or 2.0% of the budget, which is made up of:
  - Force level budgets £1.6m overspend
  - WMP2020 projects £10.1m underspend
  - OPCC budgets £3.1m underspend
3. Appendix 1 also details the variances across spending areas, it should be noted that for 2017/18 there was no full scale revision of the original budget during the year (as would have happened in previous years). This was an agreed approach while the new financial system was implemented.
4. As would be expected with a change programme of the scale of WMP2020, there have been complexities in defining the financial years in which changes and expenditure will take place. Within the budgets allocated for projects there were underspends totalling £10.1m however, underspends will be carried forward from 2017/18 into 2018/19 to meet the project costs.
5. Within the Office of the PCC there was an underspend of £3.1m. This includes £2.3m relating to projects and £0.8m relating to the Active Citizens Fund. Given both these areas are ongoing, £3.1m has been allocated to be carry forward into 2018/19 to fund the respective areas.

6. The outturn position and the associated funding can be summarised as follows:

	<b>Budget 2017/18</b>	<b>Actual 2017/18</b>	<b>Variation to Budget</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
<i>Force</i>	518.7	520.3	1.6
<i>WMP2020</i>	23.2	13.1	-10.1
<i>OPCC</i>	11.4	8.3	-3.1
<b>Total</b>	<b>553.3</b>	<b>541.7</b>	<b>-11.6</b>
<u><i>Funded By:</i></u>			
<i>Budget Reserve</i>	-18.2	-20.0	-1.8
<i>Carry Forwards from 2016/17</i>	-9.2	-9.2	0.0
<u><i>Carry Forwards to 2018/19:-</i></u>			
<i>Projects</i>	0.0	10.2	10.2
<i>OPCC</i>	0.0	3.1	3.1
<i>Other (inc. ROCU)</i>	0.0	1.9	1.9
<i>Redundancy Reserve</i>	0.0	-1.3	-1.3
<i>Equipment Reserve</i>	0.0	-0.5	-0.5
<b>Total</b>	<b>525.9</b>	<b>525.9</b>	<b>0.0</b>

7. The capital outturn position is shown in Appendix 2.

### **REVENUE OUTTURN 2017/18**

8. Variances to the budget are detailed in Appendix 1, and are explained in the following paragraphs.
9. The Police Officer pay underspend of £5.1m is made up of reduced payments for ill health retirements (£2.2m) and, as previously reported, receipt of additional funding for the Firearms and officer vacancies (particularly in ROCU).
10. An underspend of £1.6m against PCSO pay reflects the position reported throughout the year and is a result of re-profiled recruitment plans.

11. The outturn position on police staff pay shows an overspend against budget of £16.3m. A number of factors make up this position and these are shown in the table below:-

<b>Area</b>	<b>£m</b>
<u>One off (2017/18 only):</u>	
Temporary Staff (PSIs and Projects)	3.7
Staff Retained within Projects	0.9
Overtime & Allowances	0.9
<u>Ongoing (factored into 2018/19 budget):</u>	
Next Generation Enabling Services (POD)	2.5
Force Contact	2.0
Smarter Responding	1.3
Agreed Changes to establishment (including workforce mix)	4.3
Additional 1% Pay Award	0.7
<b>Total</b>	<b>16.3</b>

12. This financial year has seen a significant period of activity for the change programme where a number of the larger, more complex projects were due to realise financial benefits from police staff pay reductions. The budget set for 2017/18 took account of both the anticipated costs and savings from these projects. Whilst many projects have delivered the expected benefits, a change in demand or Force priorities has required some of the benefits from police staff pay to be temporarily delayed or reinvested. Examples of this were the significant re-investment into Force Contact and in People and Organisational Development. In these situations, formal approval was granted at the Organisational Change Board and these reductions in benefits have been reported throughout 2017/18 and have been included in the approved budget for 2018/19. It is anticipated that these services will be subject to future review to re-evaluate future benefits that might be delivered.
13. Within other employee expenses the overspend of £1.7m is largely offset by the contribution of £1.3m from the redundancy and equal pay reserve. This reserve has been earmarked to fund the planned redundancies arising as a result of the change programme. The remaining overspend is as a result of spending on external training which mostly links to changes in the organisational structure and increased numbers of staff being recruited.
14. Within premises the underspend is in line with the reporting throughout the financial year and as a result of savings on rates rebates, utility costs, building maintenance and property rentals.
15. The underspend within transport has also been reported throughout the year and comprises of savings on vehicle fuel as a result of the greater efficiency of vehicles, a reduction in miles travelled and the lower price of fuel.
16. The overspend that occurred within Supplies and Services is a result of higher than budgeted spend within IT & Digital where budgets particularly for telephony and

mobiles overspent by £1.3m, this was recognised through the Efficiency and Effectiveness Reviews process as planned savings from previous years were no longer achievable given other changes the Force has undergone. These budgets have been increased for 2018/19. In addition, Airwave has overspent by £0.5m due to the need to purchase new devices which it had previously been anticipated would be no longer required under the ESMCP national project. The slippage in the project has resulted in us needing to purchase these Airwave devices.

17. The budget for external income was exceeded by £10.0m and was largely due to increased levels of grant funding (£6.7m) for the Firearms uplift and ROCU. This is in line with the position previously reported and offsets spending in other areas of the budget, particularly pay. The remaining variance is due to over achievement of income within areas such as secondments, Central Motorway Policing Group (CMPG), Police Led Prosecutions and Immigration Prisoner Fees.
18. The change programme continues to be robustly monitored within the Organisational Change Board meetings. As expected with a programme of this size, a number of projects have experienced underspends in the current year due to minor delays. These underspends will be carried forward to fund the agreed project expenditure which will now take place in 2018/19, namely:
  - NGES (to deliver the Duty management system) £2.3m
  - ESMCP Airwave replacement £2.2m
  - Leadership development £1.8m
  - Body worn video £1.4m
  - Data driven insight £1.2m
  - Redesign of response £1.1m
19. As detailed in paragraph 5 the underspend within the Office of the PCC will be carried forward. The main cause of the underspend is the re-phasing of projects into 2018/19.

## **BUDGET RESERVE**

20. The budget for 2017/18 planned for the use of £18.2m from the Budget Reserve, the slight overspend in year has increase this usage to £20m. The Force is currently refreshing its Medium Term Financial Plan in line with the PCC's Police and Crime Plan, and will report its reserves strategy including investment opportunities to the Board in July 2018.

## **CAPITAL OUTTURN 2017/18**

21. The capital spend in year totalled £18.3m against a budget of £34.7m giving an underspend of £16.4m or 47.3%. The main reason for this underspend is slippage within the WMP2020 programme of work and mirrors the underspend seen in revenue.
22. The largest area of underspend within WMP2020 is the Connect project at £6.7m which is to delays experienced when new products changed the scope of the project. Through the governance of OCB and the Office of the PCC all changes have been agreed and this project will begin spending in 2018/19.

23. The New Ways of Investigating and New Ways of Responding projects account for £4.0m of the underspend which is £2.1m and £1.9m respectively. This is due to delays experienced in cyber crime, digital evidence services and the Bodyworn video phase 2 rollout. These areas are all expected to progress during 2018/19.
24. The remaining £6.5m underspend within the WMP2020 area are due to delays and interdependencies the projects have on other areas e.g. Connect and arise across the other projects as follows:-
- £2.6m – Data Driven Insights
  - £1.8m – Smarter Responding
  - £0.9m – Next Generation Enabling Services
  - £0.7m - ESMCP
  - £0.5m – other
25. The overspends on CTU and other grants of £1.1m arise from timing differences in when funding was actually received and the budget not have been updated. The sources of funding were: ROCU, College of Policing, West Midlands Casualty Reduction Partnership (WMCRP), CMPG, Firearms, and Chemical, Biological, Radioactive & Nuclear (CBRN).

## **FINANCIAL IMPLICATIONS**

26. This report solely deals with financial issues.

## **LEGAL IMPLICATIONS**

27. The production of the Police and Crime Commissioners (PCC) accounts is governed by the Local Government Act 1982 and Regulations made under that Act. The Local Government Act 1988 requires the Commissioner to make arrangements for the proper administration of its financial affairs.

## **RECOMMENDATIONS**

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

**Mark Kenyon**  
**Chief Finance Officer**  
**Services**  
**Police and Crime Commissioner**

**Neil Chamberlain**  
**Director of Commercial**  
**West Midlands Police**

## Appendix 1

## Provisional Revenue Outturn Summary for 2017/18

	<b>2017/18 Current Budget</b>	<b>2017/18 Provisional Outturn</b>	<b>2017/18 Variance to Current Budget</b>	<b>2018/19 Original Budget</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b><u>Police Force</u></b>				
Police pay	354,210	349,059	-5,151	352,481
Police Community Support Officers	13,249	11,678	-1,571	14,048
Police staff pay	98,233	114,491	16,258	108,002
Other employees expenses	2,104	3,759	1,655	1,805
<b>Sub Total</b>	<b>467,796</b>	<b>478,987</b>	<b>11,191</b>	<b>476,336</b>
Premises	17,168	16,816	-352	17,308
Transport	8,001	6,786	-1,215	6,844
Supplies and services	41,221	42,908	1,687	40,497
Agency	14,697	14,675	-22	4,980
Capital Financing Costs	3,749	4,140	391	4,049
External income	-33,945	-43,956	-10,011	-27,734
<b>Sub Total Police Force (Exc. WMP 2020 project costs)</b>	<b>518,687</b>	<b>520,356</b>	<b>1,669</b>	<b>522,280</b>
WMP2020 project costs	23,229	13,077	-10,152	17,550
<b>Sub Total Police Force (Inc. WMP 2020 project costs)</b>	<b>541,916</b>	<b>533,433</b>	<b>-8,483</b>	<b>539,830</b>
<b><u>PCC</u></b>				
Office of the PCC	2,132	2,121	-11	2,357
PCC Initiatives (inc c/fwd)	3,999	1,778	-2,221	1,288
CSF Expenditure (LA's)	3,928	3,863	-65	3,863
Active Citizens	1,336	502	-834	800
<b>Sub Total Office of the PCC</b>	<b>11,395</b>	<b>8,264</b>	<b>-3,131</b>	<b>8,308</b>
<b>Total Revenue Budget Before Carry Forward</b>	<b>553,311</b>	<b>541,697</b>	<b>-11,614</b>	<b>548,138</b>
Contribution from Uniform & Equipment Reserve	0	-518	-518	0
Contribution from Redundancy & Equal Pay Reserve	0	-1,258	-1,258	0
Carry Forwards into 18/19	0	15,179	15,179	0
Contribution from 16/17 Carry Forwards	-9,165	-9,165	0	0
Contribution from Budget Reserve	-18,206	-19,995	-1,789	-12,850
<b>Total Revenue Budget After Carry Forward</b>	<b>525,940</b>	<b>525,940</b>	<b>0</b>	<b>535,288</b>

## Provisional Capital Programme Outturn for 2017/18

	<b>2017/18 Revised Budget £000</b>	<b>2017/18 Actual Spend £000</b>	<b>2017/18 Variance to Revised Budget £000</b>
<i>Fleet</i>	4,600	4,471	-129
<i>ICT</i>	5,535	4,878	-657
<i>Equipment</i>	297	823	526
<i>CTU</i>	1,160	1,619	459
<i>WMP 2020</i>	23,086	5,832	-17,254
<i>Other Grant</i>	0	632	632
<b>Total</b>	<b>34,678</b>	<b>18,255</b>	<b>-16,423</b>