



STRATEGIC POLICING AND CRIME BOARD
16 June 2020

Financial Outturn 2019/20

PURPOSE OF REPORT

1. To provide members with details of the financial outturn for 2019/20.

BACKGROUND

2. This report details the outturn position for both revenue (paragraph 8) and capital (paragraph 11) 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).

HEADLINES

3. The financial position of the Force was closely managed and reported throughout the year which resulted in a total revenue underspend of less than 3.5% of the total budget of £580m. The Force underspend of £8.8m included an amount of £3.7m that was planned to support the funding shortfall for 2020/21, with the remainder being a contribution to the budget reserve to fund future pressures. A further £11.3m was underspent against the WMP2020 Change Programme which will be required to fund the completion of in-train projects in 2020/21.
4. As outlined in the Quarter 3 paper to this Board the Commissioned Services underspend of £3.8m will also be utilised in 2020/21.
5. The Force undertook a range of activity to deliver against the national police officer uplift programme and these costs met the criteria and conditions of the Home Office grant which was fully claimed for 2019/20, to fund work on recruitment campaigns and assessments centres. This also included the purchase of vehicles and equipment in preparation for the uplift in the workforce.
6. Capital investment in 2019/20 was £42.6m, delivering major estates projects including the Logistics Centre. Change Programme projects delivered in the year included Control Works Phase 1 and Data Driven Insights. In the last quarter of the year planned work was required to be reprioritised and further details are provided in paragraph 11.

	Budget £,000	Outturn £,000	Outturn Variance to Budget £,000	Variance %
<u>Revenue</u>				
Force	557,466	548,688	-8,778	
WMP2020	22,419	11,060	-11,359	
Sub Total Police Force	579,885	559,748	-20,137	-3.47%
Office of the PCC inc. Commissioned Services	12,928	9,126	-3,802	
Total Revenue before Reserves	592,813	568,874	-23,939	-4.04%
Net Use of Other Reserves	-20,629	-2,728	17,901	
Net Use of Budget Reserves	-2,337	3,701	6,038	

Total Revenue after Reserves	569,848	569,848	0	0.00%
Capital				
Force	20,327	13,486	-6,840	
WMP2020	7,777	6,612	-1,165	
Estates Strategy	39,030	22,467	-16,563	
Total Capital	67,134	42,565	-24,569	-36.60%
Total Revenue before Reserves plus Capital	659,947	611,440	-48,508	-7.35%

BUDGET CHANGES IN 2019/20

7. Since the Quarter 3 report the following revisions have been made to reflect in year developments. These are linked to approved changes in the WMP2020 change programme and increased income through mutual aid and income generation. These are detailed in the table below.

	December Budget £,000	Final Budget £,000	Movement £,000
Police Force – Expenditure (A)	603,814	607,071	3,257
Police Force – Income (B)	-48,540	-49,605	-1,066
WMP2020 Programme of Work (C)	26,136	22,419	-3,717
Office of the PCC	12,928	12,928	0
Contribution to / from Earmarked Reserves (D)	-24,491	-22,965	1,525
Total Revenue Budget	569,848	569,848	0
Total Capital Budget (E)	62,378	67,134	4,756

Revenue Budget

- A. The Police Force Expenditure budget was increased due to:
- Extra external funding for overtime and supplies and services;
 - Greater Mutual Aid;
 - Additional Accenture resources for the Warwickshire Collaboration, rechargeable to Warwickshire Police; and
 - Revenue Contribution to Capital funded by a transfer of budgets from WMP2020 Programme of Work to fund capital spend within projects originally planned as revenue.

This was offset in part by a reduction in use of the uniform and equipment earmarked reserve.

- B. The income budget was increased to reflect additional external funding during the final quarter of 2019/20 and reimbursed services in relation to the Warwickshire Collaboration (£458k).
- C. The revenue budget for WMP2020 change programme (Connect, Data Driven Insight, Ingestion and National Data Analytics Solution) has decreased as outlined in paragraph A.
- D. As outlined above the planned use of the uniform and equipment reserve has been delayed until 2020/21 to align to planned recruitment.

Capital Budget

- E. The Capital budget was increased via a Revenue to Capital contribution for the Our Data Programme as outlined above.

REVENUE OUTTURN 2019/20

8. The revenue outturn for the Police Force (excluding WMP2020 project costs) was an underspend of £8.8m (3.5% of total budget). WMP2020 was £11.4m underspent, and will be carried forward into 2020/21. The detailed position is shown below along with further explanations.

	Budget £,000	Outturn £,000	Outturn Variance to Budget £,000
Police Force by Account			
Police pay including Overtime (A)	361,242	359,776	-1,466
PCSO pay including Overtime (A)	14,528	13,253	-1,275
Police staff pay including Overtime (A)	128,980	126,724	-2,256
Other employees expenses (B)	11,612	10,117	-1,494
Sub Total	516,362	509,870	-6,492
Premises (C)	18,357	18,528	170
Transport	6,038	5,984	-54
Supplies and services (D)	42,906	40,877	-2,029
Third Party Payment	13,042	13,060	18
Capital Financing Costs (E)	10,366	12,865	2,498
External income (F)	-49,605	-52,495	-2,890
Total Police Force (Exc. WMP 2020 project costs)	557,466	548,688	-8,778
WMP2020 project Costs (G)	22,419	11,060	-11,359
Total Police Force (Inc. WMP2020)	579,885	559,748	-20,137

- A. The Force has been working hard to recruit against the challenging recruitment target for 19/20. While positive progress has been made in building a positive attraction and inclusion offer which has driven significant numbers of candidates to apply for our police officer campaign, the number of appointments has been less than anticipated.

The forces Uplift Project has been developed and is driving a rigorous improvement plan to streamline and speed up internal practices, build more effective relationships with Staffordshire University and the College of Police in relation to their role in the process, and identified pain points and bottlenecks in the candidate journey.

The Force is focused on addressing these issues and is committed to catching up and delivering against our police officer recruitment target for 20/21

- B. Other Employee Expenses costs were lower than expected in relation to office ill health retirement capital payments and lower contributions to the apprenticeship levy.
- C. The premises overspend was as a result of additional premises costs for Commonwealth Games, Uplift, ROCU and Disclosure & Barring Services that were not factored in the budget setting but were covered by external income, resulting in a net nil effect.
- D. The Supplies and Services is a net underspend achieved through contract savings, re-profiling of ICT projects and a general underutilisation of professional services and equipment budgets. The significant variance are broken down as follows:
- £821.7k within IT and Digital relating to:
 - a. £524k contract savings on the Virgin Landline Contract achieved by the Mobility Team;
 - b. £191k contract price reductions on some of our licence costs;

c. £106k on the covert Airwave radios, where purchasing of the radios has been carried forward into 2020/21.

- £713.4k underspend was due to the reduced requirement of ICT and assessment centre costs for 2019/20, however most of this will be delivered in 2020/21 and onwards.
- £459.3k within NaBIS, holding back on ICT related spend and creating a reserve to fund the Integrated Ballistic Identification Services (IBIS) upgrade in future years.

In response to the pandemic and government guidance we have purchased a number of protective equipment items (circa £1m) to support the measures taken by the force to protect our officers and staff.

E. Capital Financing overspend of £2.5m was due to additional Revenue Contribution to Capital to fund the capital programme, which in turn lessened the requirements for external borrowing.

F. External Income was greater than budgeted by £2.9m, this largely relates to:

- £1.3m in Regional Organised Crime Unit Funding settlement between forces has resulted in additional charges to West Mercia, Warwickshire and Staffordshire than anticipated due to spend profiles.
- £1.0m anticipated income to cover the PPE spend in relation to COVID-19.
- £0.2m additional gantry income within CMPG that will be carried forward into 2020/21.

G. The underspend on the WMP2020 programme of £11.4m is split between:

- £4.7m in the Our Data Programme due to re-profiling the Connect programme and deferring Control Works Phase 2 and Ingestion;
- £2.4m underspend on the planned works on the estates programme, in line with agreed changes to the timeline for delivery of the programme of work;
- £1.8m deferred to 20/21 in the New Ways of Responding project including Smarter Responding and Taser. Due to timing of the Home Office grant for additional Tasers and the testing of the mira books;
- £0.9m of delays across smaller projects, due to prioritising larger projects;
- £0.5m deferred in the Digital Evidence Store, delivery of this has been deferred to 2020/21;
- £0.3m in MyTime as phase 2 is deferred to 20/21; and
- £0.8m contingency within the WMP2020 portfolio.

The amounts will be carried forward to meet the costs in 2020/21.

9. The Office of the Police and Crime Commissioner's outturn was a underspend of £3.8m and will be fully carried forward into 2020/21. A summary of the outturn is as follows:

- A. The underspend in the Office of the Police and Crime Commissioner relates to small variances in the staffing and supplies and services budgets.
- B. The underspend on Community Safety Funding is the phasing of projects between financial years and will be spent in 2020/21.
- C. The underspend on External Funding expenditure relates to a number of prevention projects and is due to phasing between financial years.

D. In relation to the Active Citizens underspend, the uncommitted variance at 31 March 2020 was £66k. This is split across Neighbourhood Policing Units and is planned to be spent in 2020/21.

	Budget £,000	Outturn £,000	Outturn Variance to Budget £,000
<u>Office of Police and Crime Commissioner</u>			
Office of Police and Crime Commissioner (A)	2,500	2,350	-151
<u>Commissioned Services</u>			
Community Safety Funding (B)	4,532	3,186	-1,346
External Funding (C)	4,743	2,767	-1,977
Active Citizens (D)	1,153	824	-329
Victim Services Expenditure	3,347	3,347	0
Victim Services Income	-3,347	-3,347	0
Violet Crime Reduction Unit Expenditure	3,370	3,370	0
Violet Crime Reduction Unit Income	-3,370	-3,370	0
Total Commissioned Services	10,428	6,776	-3,652
Total Office of the Police and Crime Commissioner	12,928	9,126	-3,802

10. The table below details the contribution to / from reserves for 2019/20.

	31st March 2019 £,000	In year contribution to Reserves £,000	In year Use of Reserves £,000	31st March 2020 £,000
Budget Reserve	-5,220	-3,701	0	-8,922
Other Reserves				
Devolved Budget Reserve	-3,637	-1,014	1,129	-3,522
Police Property Act / POCA Income Reserve	-1,201	0	425	-776
Carry Forward Reserve - Change Programme	-13,999	-12,359	13,999	-12,359
Carry Forward Reserve - PCC	-4,512	-3,802	4,512	-3,802
Carry Forward Reserve - Other	-563	-726	563	-726
Other Earmarked Reserves	-17,086	0	0	-17,086
Total Other Reserves	-40,999	-17,901	20,629	-38,271
Total Earmarked Reserves	-46,219	-21,602	20,629	-47,192

A. The underspend of £3.8m within the Office of the Police and Crime Commissioner, and £11.3m on WMP2020 will be carried forward into 2020/21.

B. The use of the devolved budget reserve was reduced due to the under spend on supplies and services within NaBIS. This relates to a decision to delay ICT expenditure ahead of the ICIS upgrade.

C. Other carry forward due to delays in planned expenditure during 2019/20, £0.7m has been approved as general carry forwards into 2020/21.

D. The budget reserve will increase by £3.7m due to the general underspend within the Police Force budgets and will be utilised to offset part of the funding shortfall in 2020/21.

CAPITAL OUTTURN 2019/20

11. The capital programme outturn was £42.6m against a budget of £67.1m, (an underspend of £24.6m). A summary of the capital programme is detailed below.

	Budget £,000	Outturn £,000	Outturn Variance to Budget £,000
Business As Usual (A)	20,327	13,237	-7,089
Total WMP2020 (B)	7,777	6,861	-916
Estates Strategy (C)	39,030	22,467	-16,563
Total Capital Programme	67,134	42,565	-24,569

Funded by:	
Grants	11,562
Revenue Contribution to Capital	8,572
Borrowing	22,397
Capital Receipts	34
Total	42,565

- A. £7.1m underspend within the BAU budgets are all re-profiled planned ICT work and will now be carried out in 2020/21.
- B. £0.9m underspend within WMP2020 is in relation to Control Works, the final capital payment is now due in 2020/21 due to delays in the implementation of the system.
- C. The Estates Strategy underspend of £16.6m is due to agreed changes to the timeline for delivery of the programme of work and will be required to be carried forward into 2020/21. On the back of the lessons learnt dealing with the COVID 19 we will revisit the Estate Strategy to consider whether the programme needs to be reshaped or resized.

FINANCIAL IMPLICATIONS

12. This report solely deals with financial issues.

LEGAL IMPLICATIONS

13. 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

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

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Neil Chamberlain
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