



**Lancashire  
Constabulary**  
police and communities together

## JOINT MANAGEMENT BOARD

<b>DECISION : 2019/31</b>	<b>DATE: 21<sup>ST</sup> NOVEMBER 2019</b>
<b>TITLE: Financial position as at 30 September 2019</b>	
<b>APPENDIX A REFERS</b>	
<b>REPORT BY: Steve Freeman, Chief Finance Officer</b>	

### Executive Summary

This report sets out the monitoring position for the Police and Crime budget as at 30 September 2019. The report sets out the position for the revenue budget and the capital programme and provides the current reserves position.

### Recommendations

The Police and Crime Commissioner is asked to:

- Note the Revenue budget monitoring position for 2019/20 as at 30 September 2019.
- Approve contributions from the Operational Policing Reserve to meet any unfunded costs of Operation Manilla and Operation Bermuda
- approve the following additions to the capital programme for 2019/20 totalling £1.056m:
  - £0.051 HQ operations specialised equipment replacement
  - £0.056m Average Speed Cameras
  - £0.030m Specialised equipment
  - £0.914m Vehicle replacement programme
  - £0.005m Solar Panels – HQ
- Approve the revised capital programme for 2019/20 at £16.634m reflecting the additions above and forecast slippage and underspending across the programme during the year.
- Note the forecast year end position for reserves

Signature

Police and Crime Commissioner

Date: 21 November 2019

**1. Links to the Police and Crime Plan**

Effective management of the revenue budget in conjunction with strong medium term financial planning including for investment in futures years is vital to enable the PCC to deliver the Police and Crime Plan

**2. Consultation**

**3. Implications**

**a. Legal**

There are no legal comments associated with this paper.

**b. Financial**

The financial implications are contained with the report.

**c. Equality considerations**

There are no Equality comments associated with this paper.

**4. Background Papers**

**5. Public access to information**

Information in this form is subject to the Freedom of Information Act 2000 and other legislation.

Part 1 of this form will be made available on the PCC website within 3 working days of approval. Any facts/advice/recommendations that should not be made available on request should not be included in Part 1 but instead on the separate Part 2 form.

Officer declaration	Date
LEGAL IMPLICATIONS – As above	
FINANCIAL IMPLICATIONS – As above	
EQUALITIES IMPLICATIONS – As above	
CONSULTATION – As above	
<p><b>Director to the Office of the Police and Crime Commissioner (Monitoring Officer)</b></p> <p>I have been informed about the proposal and confirm that financial, legal and equalities advice has been taken into account in the preparation of this report. I am satisfied that this is an appropriate request to be submitted to the Police and Crime Commissioner for Lancashire.</p> <p>Signature.....Date.....</p>	

**PART I****1. 2019/20 Monitoring Position – As at 30<sup>th</sup> September 2019**

1.1 The Commissioner receives regular reports setting out the latest position on income and expenditure and forecast out turn position for the revenue and capital budget. This report sets out the latest position including:

- The allocation of the PCC's revenue budget for 2019/20,
- An indication of potential cost pressures and savings in 2019/20
- The capital programme for 2019/20 and future years, and
- The position on the PCC's reserves

**2. Revenue Budget**

2.1 The 2019/20 revenue budget for the Police and Crime Commissioner was set at £286.085m in February 2019.

2.2 The forecast year-end position for the revenue budget as at 30th September is as follows:

	<b>Revised Budget</b>	<b>Forecast outturn</b>	<b>Forecast variance</b>	
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>%</b>
<b>Constabulary:</b>				
Staff costs	219.502	217.295	-2.210	-1.01
ACC Territorial Operations	9.557	10.561	1.004	10.51
ACC Specialist Operations	3.100	3.621	0.521	16.81
Deputy Chief Constable	2.135	2.161	0.026	1.22
Director of Resources	22.440	22.882	0.442	1.97
Head of Change	1.326	1.423	0.097	7.32
<b>Sub Total</b>	<b>258.060</b>	<b>257.943</b>	<b>-0.120</b>	<b>-0.05</b>
Non-DFM	20.672	24.692	4.020	19.45
<b>Total Constabulary budget</b>	<b>278.732</b>	<b>282.635</b>	<b>3.903</b>	<b>1.40</b>
<b>PCC:</b>				
Office of the PCC	1.377	1.377	-	-
Communications	0.120	0.120	-	-
Reducing Crime and Reoffending	0.812	0.812	-	-
Community Safety	0.990	0.990	-	-
Victim and Domestic Abuse services	0.229	0.229	-	-
<b>Sub Total</b>	<b>3.528</b>	<b>3.528</b>	<b>-</b>	<b>-</b>
Non-DFM	3.825	3.825	-	-
<b>Total PCC</b>	<b>7.353</b>	<b>7.353</b>	<b>-</b>	<b>-</b>
<b>TOTAL BUDGET</b>	<b>286.085</b>	<b>289.988</b>	<b>3.903</b>	<b>1.36</b>

**PCC**

2.3 It is anticipated that the PCC will spend in line with the annual budget in 2019/20.

**Constabulary**

2.4 The constabulary is forecasting an overspend on their revenue budget of £3.904m (1.4%) at year-end. The main elements of this forecast position are:

	<b>£m</b>	
Operation Manilla	2.6	Overspend It is anticipated that the Home Office will provide funding for 85% of these costs requiring £0.390m to be taken from the Operational Policing reserve.
Operation Bermuda	1.2	Overspend It is expected that this overspend will be met from the Operational policing reserve
Overtime	1.1	Overspend Continued pressure on the overtime budget persists including: £0.329m Major Incidents – high number of homicides £0.253m CONNECT £0.175m Contact Management £0.119m Tac Ops
Officer pay	(2.0)	Underspend Reflects a number of vacancies during the year.
Agency Staff	0.9	Overspend Includes £0.5m for Assistant Investigator posts
Organisational reviews	0.4	Overspend Costs incurred in the delivery of organisation reviews conducted through the futures programme including: £0.138m Disestablishment costs £0.155m Equipment purchases
PoCA Income	0.3	Income is expected to fall below the budget target
Cleaning	0.3	Overspend on various elements of cleaning programme
Non staff cost savings	(0.9)	Delivered through the annual 'zero based' budget approach
<b>Total</b>	<b>3.9</b>	<b>Projected Overspend</b>

It is proposed that the following mitigations will reduce the forecast overspend position:

	<b>£m</b>	
Operation Manilla	2.2	Special Grant from Government
Operation Manilla	0.4	Contribution from Operational Policing reserve
Operation Bermuda	1.2	Contribution from Operational Policing reserve
<b>Total</b>	<b>3.8</b>	<b>Reduction in forecast Overspend</b>

- 2.5 This provides a forecast overspend of £0.1m and it is expected that further savings will be determined that will offset this position by the end of the year.
- 2.6 The **Commissioner is recommended to approve the use of the Operational Policing Reserve to meet any unfunded overspending on Operation Manilla and Operation Bermuda in 2019/20.**

### 3. **Capital**

- 3.1 The 2019/20 capital programme, approved by the PCC in February 2019, was £29.395m as follows:

	<b>2019/20 capital programme</b>
	<b>£m</b>
ICT Strategy	6.714
Accommodation Strategy	16.594
Vehicle Replacement	3.571
Other Schemes	2.516
<b>Total</b>	<b>29.395</b>

- 3.2 During the period 1st April 2019 to 30th September 2019 a number of additions to the programme have been identified as follows:

<b>Addition to capital programme</b>	<b>£m</b>	<b>Sources of funding</b>
HQ operations specialised equipment replacement	0.051	Grant funded Department of Transport – laser scanner for Collision Investigation Unit
Average Speed Cameras	0.056	£0.016m Blackburn Council £0.040m Lancashire Road Safety Partnership
Specialised equipment – DMIU	0.030	DMIU revenue budget contribution
Vehicle replacement programme	0.914	£0.466m College of policing for 6 welfare vehicles £0.069m Counter Terrorism grant – 4 replacement vehicles £0.227m Knife Crime Grant – 3 Youth Zone vans £0.152m Revenue Contribution for 9 Neighbourhood task force vehicles
Solar Panels – HQ	0.005	Contribution from Revenue Budget
<b>Total</b>	<b>1.056</b>	

- 3.3 This increases the revised capital programme in 2019/20 to £30.451m as follows:

	<b>2019/20 capital programme</b>
	<b>£m</b>
ICT Strategy	6.670
Accommodation Strategy	16.643

Vehicle Replacement	4.485
Other Schemes	2.653
<b>Total</b>	<b>30.451</b>

The Commissioner is **recommended to approve the additions to the capital programme for 2019/20 at £1.056m.**

3.4 The Constabulary has produced a forecast for spend by the end of the financial year as follows:

	Revised Capital Programme 2019/20	Forecast spend in year	Slippage	(Under)/Over Spend
	£m	£m	£m	£m
ICT	6.670	6.222	(0.127)	(0.321)
Accommodation	16.643	5.142	(3.889)	(7.612)
Other schemes	2.653	1.510	(1.156)	0.012
Vehicle replacement programme	4.485	3.760	(0.725)	0
<b>TOTAL</b>	<b>30.451</b>	<b>16.634</b>	<b>(5.897)</b>	<b>(7.921)</b>

3.5 **Slippage in the capital programme of £5.897m** is anticipated, the main elements being:

ICT Strategy

3.5.1 Mobile Handheld Smart Device Programme/ Blackberry Refresh re-phasing forward of expenditure £0.604m

The Constabulary is undertaking a full replacement in one year, with costs of £1.953m creating a requirement for re-phasing additional cost in to 2019/20. This requirement will be the first call on 2020/21 resources.

3.5.2 DMIU Platform Expansion (£0.164m)

The contract for the scheme is scheduled to be let in quarter 3 with the final stage payments falling into 2020/21.

3.5.3 Future Developments (COTS) (£0.209m)

Due to capacity issues, no further COTS are scheduled to be implemented in 2020/21.

3.5.4 Storage Array Replacement (£0.220m)

The statement of requirements for the replacement will be completed in 2019/20 with the scheme being implemented in 2020/21.

3.5.5 Centralised Access System (£0.192m)

The main system has been purchased and is currently being commissioned. Rollout of the new system will be implemented in 2020/21.

### Accommodation Strategy

#### 3.5.6 Skelmersdale Refurbishment (£2.143m)

The designs for the refurbishment are currently being finalised. The work will commence in 2019/20 and complete in quarter 3 2020/21. Overall costs for the scheme are still being finalised but may come in higher than the current provision.

#### 3.5.7 Adaptations Blackburn Greenbank (£0.500m)

Scoping of the project is under way. Options are being considered for relocating operational staff, including partnership staff, to allow the works to take place.

#### 3.5.8 CSIs ISO Accreditation work (£1.000m)

A report on the required works to achieve ISO accreditation will be presented shortly. This report will outline the requirement to complete the works in 2020/21.

#### 3.5.9 Minor Capital Works and Refurbishments (£0.226m)

Work is underway with new schemes being identified through the estates department's triage process. There will be some slippage into the next financial year due to capacity issues within the Estates department as the new structure is implemented.

### Other Capital Schemes

#### 3.5.10 ANPR – Fixed Cameras & NAS (£0.156m)

Completion of Phase 3 additional cameras and replacement of the legacy site cameras is scheduled for the end of the financial year. The replacement of the cameras at Motorway sites will commence in quarter 4 but will be completed in 2020/21.

#### 3.5.11 Force Control Room Upgrade – POD Working (£1.000m)

Work is underway to prepare the decant locations for the staff. Decant from the main control room will commence in quarter 4. Work will not commence on the main room until the decant process is complete and all temporary rooms are fully operational. The stage payments for the work on the main control room will fall into 2020/21.

### Vehicle Replacement Programme (£0.725m)

#### 3.5.12 Almost 200 vehicles will be replaced and commissioned during the year. The replacement of a further 70 vehicles with low mileage have been delayed for replacement until future years to gain maximum use from the vehicles.

### 3.6 **Under spending of £7.921m** is forecast by the end of 2019/20, the main elements being:

#### ICT Strategy

#### 3.6.1 Telephony System and Infrastructure - overspend £0.144m

The scheme is due to complete in quarter 4 and some additional professional services have been required to assist with the roll-out.



This overspend will be contained within the overall capital programme through off-setting underspends on the following schemes which have been completed or are nearing completion and no further expenditure is anticipated :

- Northgate CONNECT and Future Developments (£0.054m)
- Replacement PLANET duties planning system (£0.041m)
- Chronicle Skills Management & Armouries (£0.036m)
- Evidence Replacement Property (KIM) System (£0.025m)
- Mass Auditing Replacement (£0.010m)
- Health Services Systems (£0.058m)
- Replacement of Trueview Network Monitoring Tool (£0.045m)

### 3.6.2 Digital Evidence Management and Transfer (£0.100m)

This scheme will not commence in 2019/20 and has been included in future years in the capital programme.

### 3.6.3 ABE Suite Technical Refresh (£0.097m)

The ICT kits has been purchased in 2018/19 with the update of the L&D kit taking place in 2019/20.

#### Accommodation Strategy

### 3.6.4 HQ Rationalisation (£4.900m)

Recruitment of the project team was only completed at the end of quarter 2. The team will produce a Business Case prior to proceeding with any works. Contracts will not be let in 2019/20.

### 3.6.5 Pendle Briefing Base (£2.924m)

Work is underway to obtain outline planning permission prior to purchase of the land. At present, only the planning permission, purchase of the land and some pre-construction surveys are anticipated in this financial year. Any further costs are likely to fall into 2020/21.

### 3.7 The impact of forecast slippage and net underspending results in a forecast spend at year-end of £16.634m.

### 3.8 It is **recommended that the Commissioner agree a revised capital programme for monitoring purposes of £16.634m for 2019/20** as set out below:

	Revised capital Programme 2019/20
	<b>£m</b>
ICT	6.222
Accommodation	5.142
Other schemes	1.510
Vehicle replacement programme	3.760
<b>TOTAL</b>	<b>16.634</b>

#### **4 Reserves**

- 4.3 Reserves and provisions have been set aside to manage the financial risks within the financial strategy and to provide funding to support the Commissioner's capital investment programme.
- 4.4 The financial outlook for 2020/21 and beyond indicates that potentially more than £18m of further savings are required by 2021/22. Assessing the appropriate level of reserves to hold means that it is essential the challenges ahead are taken into consideration and that there is sufficient resource available to meet any financial risks that may arise in addition to the support being provided to the capital investment programme.
- 4.5 The Commissioner has an established reserves strategy that has made available a significant amount of funding for investment in the capital investment programme in 2020/21 and future years. This investment is key to the delivery of improvements in IT equipment and infrastructure that will in turn improve the productivity and efficiency of the force. The Commissioner's strategy also sets aside funding within his reserves to meet any one-off costs of downsizing the organisation that includes the costs of voluntary redundancy and exit from the force.
- 4.6 The forecast position for 2019/20 in respect of the Commissioner's reserves is set out in Annex 1. The PCC will review his reserves strategy for 2020/21 and future years during 2019/20.

## Reserves position as at 30 September 2019

	Position as at 1/4/19	Forecast use in 2019/20	Forecast position at 31.3.20
	£m	£m	£m
<b><u>EARMARKED RESERVES</u></b>			
Transition Reserve	14.783	(9.000)	5.783
Clothing Reserves	0.384		0.384
POCA Equalisation Reserve	0.547		0.547
PCCA/Drugs Forfeiture Reserves	0.299		0.299
VMU Reserves	0.040		0.040
Operational Policing Reserve	1.915	(1.600)	0.315
Forensic collaboration reserve	0.181		0.181
Regional collaboration reserve	0.056		0.056
Well-being reserve	0.016		0.016
Road Safety Reserves	1.974	(0.040)	1.934
<b>Total Earmarked Reserves</b>	<b>20.195</b>	<b>(10.640)</b>	<b>9.555</b>
<b><u>GENERAL RESERVES</u></b>			
DFM	1.111		1.111
General Fund	9.064		9.064
<b>Total General Reserves</b>	<b>10.175</b>		<b>10.175</b>