



<b>DECISION : 2020/15</b>	<b>DATE: 24 AUGUST 2020</b>
<b>TITLE: Financial position as at 30 June 2020</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 June 2020. The report sets out the position for the revenue budget and the capital programme, and reports the current reserves position.

### **Recommendations**

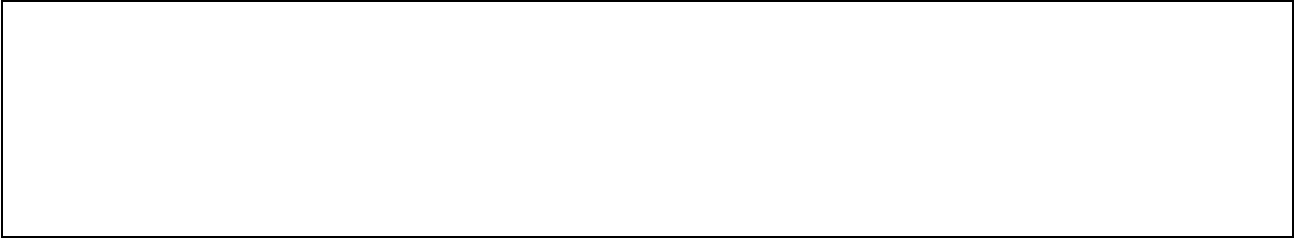
The Police and Crime Commissioner is asked to:

- Note the Revenue budget monitoring report as at 30 June 2020.
- Agree to the increases in the capital programme as follows:
  - £0.441m Heysham STRAP accommodation
  - £0.012m HQ accommodation
  - £0.235m Taser uplift
  - £0.032m Vehicle ramps
  - £0.168m Vehicle replacement programme
- Approve the reallocations within the capital programme as set out in the report
- Note the position on the capital programme for 2020/21
- Note the position for reserves

Signature

Police and Crime Commissioner

Date: 24 August 2020



## PART I

1. **2020/21 Monitoring Position – As at 30 June 2020**

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 2020/21,
- An indication of potential cost pressures and savings in 2020/21
- The capital programme for 2020/21 and future years, and
- The position on the PCC's reserves

2. **Revenue Budget**

2.1 The 2020/21 revenue budget for the Police and Crime Commissioner was set at £302.192m in February 2020.

The 2020/21 revenue budget is:

<b>Responsibility Area</b>	<b>Budget £m</b>
Constabulary:	
Staff costs	235.821
ACC Territorial Operations	11.451
ACC Specialist Operations	3.206
Deputy Chief Constable	1.296
Director of Resources	24.826
<b>Sub Total</b>	<b>276.600</b>
Office of the PCC	1.284
Communications	0.120
Reducing Crime and Reoffending	0.708
Community Safety	0.669
Victim and Domestic Abuse services	0.593
<b>Sub Total</b>	<b>3.374</b>
<b>TOTAL DFM BUDGET</b>	<b>279.974</b>
<b>Non DFM</b>	
Constabulary	19.183
Office of the PCC	3.035
<b>TOTAL BUDGET</b>	<b>302.192</b>

2.2 At this stage in the financial year a firm forecast of a year-end position is unrealistic however the Constabulary has identified a number of potential cost pressures even at this early point in the year

	<b>Year-end Forecast</b>
	<b>£m</b>
Operation Bermuda	0.800
Operation Colindale	0.519

Baton Replacement	0.310
Overtime	1.000
Estates, Fleet & FM additional pressure related to uplift	0.330
ICT additional pressure related to uplift	0.393
Non-Pay Efficiencies Target in Budget	1.088
<b>Total less Covid-19</b>	<b>4.440</b>

2.3 Covid costs of £1.921m spend to date this year are excluded from the analysis above. The current understanding is that government will fund all costs incurred relating to Covid activity, therefore a net nil impact on the budget for 2020/21 is the current assumption.

2.4 The above analysis identifies a potential pressure on the budget (excluding Covid) of £4.440m in 2020/21, the Constabulary have also identified potential savings and mitigations to meet this pressure including:

- The use of £1.599m of earmarked reserves for specific elements of cost.
- Savings of £0.907m in the cost of pension contributions.
- £1.839m of the core grant provided for the uplift programme is set aside to meet various elements of the pressures identified in 2.2.

2.5 These proposals are broken down as follows:

	£m
Use of reserves:	
Operational Policing Reserve – Op Bermuda and Colindale	0.800
Overtime Reserve – Overtime & Op Colindale	0.519
Protective Clothing Reserve – Baton costs	0.280
Savings:	
Reduced annual cost of pension deficit (ex-employees)	0.646
Saving from upfront pension payment (current employees)	0.261
Uplift Monies:	
Uplift Overtime/Unsocial Hours	0.358
Uplift Estates Allocation	0.250
Uplift Fuel Allocation	0.080
Uplift ICT Allocation	0.151
Uplift Revenue Contributions to 'Capital'	1.000
<b>Total</b>	<b>4.345</b>

2.6 At this stage it is anticipated that the OPCC will spend in line with the budget.

2.7 As subsequent monitoring reports are presented during the year the forecast year-end position will be revised and the factors impacting upon it will be explained in further detail.

### 3. Capital

3.1 The 2020/21 capital programme, approved by the PCC in February 2020, was £41.722m, The year-end position reported to the Commissioner in June increased the programme in 2020/21 by £4.250m to £45.971m reflecting slippage from the 2019/20 programme.

- 3.2 During the first quarter of 2020/21 further capital requirements (and associated funding) have been identified as follows:
- **£0.441m** Heysham STRAP accommodation  
The provision of new accommodation at Heysham port funded by National Counter Terrorism Policing.
  - **£0.012m** HQ accommodation  
Works to allow relocation of Prevent staff to HQ, funded by a grant from National Counter Terrorism Policing.
  - **£0.235m** Taser uplift  
Funded by specific grant from government.
  - **£0.032m** Vehicle ramps  
Replacement of vehicle ramps in VMU, funded from the vehicle workshop reserve
  - **£0.168m** Vehicle replacement programme  
£0.028m grant from College of Policing for welfare vehicles  
£0.060m revenue contribution for Roads Policing vehicles  
£0.080m revenue contribution from uplift core grant for driver training vehicles
- 3.3 The Commissioner is **recommended to approve the additions to the capital programme for 2020/21 as set out in 3.2 increasing the programme to £46.860m.**
- 3.4 The 2020/21 programme has been reviewed and a number of reallocations within the IT programme have been identified as required to meet the operational needs of the service. The proposed reallocations are:
- **(£0.450m) Reduce** general provision for IT infrastructure and security
  - **£0.054m Increase** telephony system and infrastructure
  - **£0.008m Increase** Digital evidence management and transfer
  - **£0.318m Increase** Office 365 migration
  - **£0.070m Increase** ICCS upgrade (ESN)
  - **(£0.009m) Reduce** IT Networks improvement
  - **£0.009m Increase** WiFi rollout
  - **(£0.013m) Reduce** 'future developments'
  - **£0.013m Increase** Body Worn Video
  - **(£0.250m) Reduce** ESN Airwave replacement
  - **£0.250m Increase** Telephony system and infrastructure
- 3.5 The Commissioner is **recommended to approve the reallocations of the capital programme for 2020/21 as set out in 3.4**
- 3.6 The additions to the programme shown in 3.2 and the reallocations detailed in 3.4 give a revised capital programme for 2020/21 as follows:

	<b>2020/21 Revised capital programme</b>
	<b>£m</b>
ICT Strategy	5.765
Accommodation Strategy	34.007
Vehicle Replacement	2.906
Other Schemes	4.182

<b>Total</b>	<b>46.860</b>
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- 3.7 At 30 June 2020 £11.145m of committed spend has been identified representing 24% of the 2020/21 programme. A summary of this spending is:

	<b>Revised Programme £m</b>	<b>Committed Expenditure £m</b>	<b>% Committed</b>
IT Strategy	5.765	2.997	52%
Accommodation Strategy	34.007	5.584	16%
Other Capital Schemes	2.906	0.539	19%
Vehicle Replacement Programme	4.182	2.025	48%
<b>TOTAL CAPITAL PROGRAMME</b>	<b>46.860</b>	<b>11.145</b>	<b>24%</b>

- 3.8 At this early stage in the year it is recognised that some schemes are likely to slip into the next financial year but it is too early to state the value of such slippage with certainty. A specific item however is the significant programme for the redesign of the Headquarters which is being re-evaluated as a result of changing working practices that have been adopted during the Covid pandemic. This programme will definitely slip as a result of this re-evaluation and a current estimate of £2.4m of slippage has been made.
- 3.9 Future monitoring reports will identify slippage across the full programme with greater certainty and report to the Commissioner any required action.

#### **4. Reserves**

- 4.1 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.
- 4.2 The financial outlook for 2021/22 and beyond indicates that significant savings will be required with potentially more than £20m of further savings being required by 2023/24. In assessing the level of reserves it is essential that the challenges ahead are taken into consideration and that there is sufficient available to meet any financial risks that may arise in addition to the support being provided to the capital investment programme.
- 4.3 The Commissioner has an established reserves strategy (published here: <https://www.lancashire-pcc.gov.uk/our-money/financial-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.

4.4 The opening position for 2020/21 in respect of the Commissioner's reserves is set out in Annex 1. The PCC will review his reserves strategy for 2021/22 and future years during 2020/21.

**Reserves position as at 1 April 2020**


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	Position as at 1/4/20 £m
<b><u>EARMARKED RESERVES</u></b>	
Transition Reserve	7.149
Clothing Reserves	0.301
POCA Equalisation Reserve	0.547
PCCA/Drugs Forfeiture Reserves	0.372
VMU Reserves	0.040
Operational Policing Reserve	1.691
Forensic collaboration reserve	0.222
Regional collaboration reserve	0
Well-being reserve	0.017
Road Safety Reserves	2.163
<b>Total Earmarked Reserves</b>	<b>12.502</b>
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<b>Total General Reserves</b>	<b>10.066</b>
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**1. Links to 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.

<b>Officer declaration</b>	<b>Date</b>
<b>LEGAL IMPLICATIONS – As above</b>	
<b>FINANCIAL IMPLICATIONS – As above</b>	
<b>EQUALITIES IMPLICATIONS – As above</b>	
<b>CONSULTATION – As above</b>	
<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>	