



DECISION : 2020/40	DATE: 2 MARCH 2021
TITLE: Financial position as at 31 December 2020	
REPORT BY: Steve Freeman, Chief Finance Officer	

Executive Summary

This report sets out the monitoring position for the Police and Crime budget as at 31 December 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 31 December 2020.
- Agree to the increases in the capital programme as follows:
 - £0.495m Covid related equipment to enable working from home
 - £0.072m Handsets
 - £0.277m Set up costs for the Regional Forensics facility
 - £0.121m CCTV at Heysham Ports facility
 - £0.138m Specialist equipment
 - £0.018m Additional laptops (FMIT)
- Agree to a revised capital programme for 2020/21 of £29.708m
- Agree to the movement of £0.030m from the Vehicle Replacement programme in to the mobile ANPR programme.
- Note the position for reserves

Signature

Police and Crime Commissioner

Date: 8 March 2021

PART I

1. **2020/21 Monitoring Position – As at 31 December 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 forecast for the 2020/21 revenue budget as at 31 December 2020 is a break-even position at year-end:

	Budget	Forecast
	£m	£m
Constabulary:		
Staff costs	235.965	235.965
ACC Territorial Operations	11.399	11.399
ACC Specialist Operations	3.355	3.355
Deputy Chief Constable	1.401	1.401
Director of Resources	25.295	25.295
Sub Total	277.415	277.415
Office of the PCC	1.284	1.284
Communications	0.120	0.120
Reducing Crime and Reoffending	0.708	0.708
Community Safety	0.669	0.669
Victim and Domestic Abuse services	0.593	0.593
Sub Total	3.374	3.374
TOTAL DFM BUDGET	279.974	279.974
Non DFM		
Constabulary	18.367	18.367
Office of the PCC	3.035	3.035
TOTAL BUDGET	302.192	302.192

2.2 This position reflects offsetting pressures, savings and additional income within the budget delegated to the Chief Constable, the main elements being:

	Year-end Forecast
	£m

Operation Talla – Covid related activity	3.743
Covid Grant	-3.743
Operation Bermuda	0.900
Operation Colindale	0.500
Futures implementation costs	0.371
Overtime	1.145
Transition reserve (Futures implementation costs)	-0.371
ROCU saving	-0.278
Pension costs saving	-0.791
Additional Home Office funding	-1.476

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

3. **Capital**

3.1 The revised 2020/21 capital programme, approved by the PCC when agreeing the monitoring position as at 30 September 2020, is £28.587m,

3.2 In the period 1 October 2020 to 31 December 2020 further capital requirements (and associated funding) have been identified as follows:

- £0.495m Covid related equipment to enable working from home
 - Funded from Government grant
- £0.072m Handsets
 - Funded from Uplift grant
- £0.277m Set up costs for the Regional Forensics facility
 - Funded through contributions from regional forces
- £0.121m CCTV at Heysham Ports facility
 - Funded from Counter Terrorism funding
- £0.138m Specialist equipment
 - £0.032m revenue budget contribution
 - £0.106m through ATOM grant funding
- £0.018m Additional laptops (FMIT)
 - Funded through a contribution from the revenue budget

3.3 A budget of £0.030m has been transferred from vehicle replacement programme in to the mobile ANPR unit budget.

3.4 The Commissioner is ***recommended to approve the additions to the capital programme for 2020/21 as set out in 3.2 and the transfer of budget set out in 3.3*** increasing the programme to £29.708m.

3.5 The additions to the programme shown in 3.2 and transfer set out in 3.3, give a revised capital programme for 2020/21 as follows:

	2020/21 Revised capital programme
	£m
ICT Strategy	6.563
Accommodation Strategy	15.771
Other Schemes	3.219

Vehicle Replacement	4.155
Total	29.708

3.6 At 31 December 2020 the forecast expenditure on the capital programme for 2020/21 is:

	Revised capital programme	Forecast spend	Variance
	£m	£m	£m
ICT Strategy	6.563	5.586	-0.977
Accommodation Strategy	15.771	9.655	-6.116
Other Schemes	3.219	3.273	0.054
Vehicle Replacement	4.155	3.488	-0.667
Total	29.708	22.002	-7.706

3.7 The projected variance is made up of slippage into future years of £6.198m and underspending of £1.509m.

3.8 The main items of **slippage** are:

£1.1m Refurbishment of operating bases

Works to Fleetwood operating base not expected to commence until 2021/22

£2.6m Skelmersdale refurbishment

A number of issues have been encountered on site, including the identification for concrete treatment and the replacement of the electricals in the custody suite. These issues have caused unavoidable delays whilst the impact assessments were completed.

£1.1m ISO Accreditation – Bamber Bridge

Works required to ensure collision investigation unit will maintain ISO accreditation will not commence until 2021/22.

£0.7m Vehicle renewal programme

The impact of Covid has impacted upon the availability of vehicles.

3.9 The main items of **underspending** are:

£0.4m Blackburn Greenbank

This scheme is on hold pending the East accommodation review

£0.7m Burnley Police Station

This scheme is on hold pending the East accommodation review.

3.10 The Commissioner is ***recommended to note the forecast position on the capital programme for 2020/21.***

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 £25m of further savings being required by 2025/26. 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 level of general reserves is expected to remain at £10.066m at 31 March 2021 reflecting 3.3% of the revenue budget. At this level the general reserve is within the target range set out in the Commissioner's reserves strategy.

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.

Officer declaration	Date
LEGAL IMPLICATIONS – As above	
FINANCIAL IMPLICATIONS – As above	 1.3.21
EQUALITIES IMPLICATIONS – As above	
CONSULTATION – As above	

Director to the Office of the Police and Crime Commissioner (Monitoring Officer)

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.

A handwritten signature in black ink, appearing to be 'A. A.', written in a cursive style.

Signature

Date 2nd March 2021