



**DECISION : 2021/12**

**DATE: 11 AUGUST 2021**

**TITLE: Financial position as at 30 June 2021**

**REPORT BY: Steve Freeman, Chief Finance Officer**

### **Executive Summary**

This report sets out the monitoring position for the Police and Crime budget as at 30 June 2021. The report sets out the position for the revenue budget and the capital programme.

### **Recommendations**

The Police and Crime Commissioner is asked to:

- Note the Revenue budget monitoring report as at 30 June 2021.
- Agree to increase the 2021/22 capital programme to £42.514m as set out in the report
- Approve the reallocations within the 2021/22 capital programme as set out in the report
- Note the position on the capital programme for 2021/22

Signature

Police and Crime Commissioner

Date:

11/8/21

## PART I

1. 2021/22 Monitoring Position – As at 30 June 2021

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 2021/22,
- An indication of potential cost pressures and savings in 2021/22
- The capital programme for 2020/21 and future years, and
- The position on the PCC's reserves

2. Revenue Budget

2.1 The 2021/22 revenue budget for the Police and Crime Commissioner was set at £319.391m in February 2021.

The 2021/22 revenue budget is allocated as follows:

<b>Responsibility Area</b>	<b>Budget £m</b>
Constabulary:	
Staff costs	247.156
ACC Territorial Operations	11.779
ACC Specialist Operations	3.518
Deputy Chief Constable	0.985
Director of Resources	28.155
<b>Sub Total</b>	<b>291.593</b>
Office of the PCC	1.323
Communications	0.120
Reducing Crime and Reoffending	0.708
Community Safety	0.608
Victim and Domestic Abuse services	0.647
<b>Sub Total</b>	<b>3.406</b>
<b>TOTAL DFM BUDGET</b>	<b>294.999</b>
<b>Non DFM</b>	
Constabulary	18.502
Office of the PCC	5.890
<b>TOTAL BUDGET</b>	<b>319.391</b>

2.1. 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

2.1.1. There is a pressure on the **constabulary pay** budget due to the early recruitment of additional police officers in line with the 'Uplift' programme. This activity means that the anticipated savings during the year that occur due to natural turnover in staff also known as 'vacancy allowance' are not being generated causing a pressure on the budget.

- 2.1.2. It is not clear if funding will be provided for the support being provided for '**Operation Narvik**'. If no additional funding is received there will be a pressure on the revenue budget for these costs.
- 2.1.3. A pressure is being shown in the first quarter in the year for the **overtime** budget despite the increase made to the budget for 2021/22.
- 2.1.4. It is assumed that additional costs arising in 2021/22 in respect of the **Covid** pandemic will continue to be met by the government, however if full funding is not provided there will be a consequential impact for the revenue budget position.
- 2.1.5. The constabulary are working with Lancashire County Council on an upgrade to the financial systems and the introduction of '**Oracle Fusion**', There may be additional costs for this which are not reflected in the existing budget.
- 2.1.6. To mitigate these potential pressures the following have been identified
- There is a saving on Local Government **Pension Fund costs** due to revised payment profile introduced in 2020/21 that can offset overspending that arises from cost pressures
  - A saving could be realised through a reduced contribution to the **vehicle replacement programme** to reflect the reduced number of purchases required during 2021/22
  - **Non pay costs** could provide a saving to contribute to meeting the pressures identified
  - Management action to be taken to bring **overtime** spending back in line with the budget by the end of the year

2.2. 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 2021/22 capital programme was approved by the PCC in February 2021 at £36.947m. The Commissioner subsequently revised the programme for 2021/22 in June 2021 to £42.496m.
- 3.2. During the first quarter of 2020/21 a further capital requirement (and associated funding) has been identified as follows:
- 3.2.1. Skelmersdale Refurbishment £0.018m – A number of changes to the original scope have been instructed as part of the Police Uplift Programme. This additional cost has been funded by a revenue contribution from the Police Uplift budget
- 3.3. The Commissioner is **recommended to approve the addition to the capital programme for 2021/22 as set out in 3.2 increasing the programme to £42.514m.**
- 3.4. The 2021/22 programme has been reviewed and a number of reallocations have been identified as required to meet the operational needs of the service. The proposed reallocations are:

- (£0.300m) Reduce general provision for IT infrastructure and security
- £0.020m Increase replace Forensic Science platform
- £0.050m Increase replace Vetting system (Corevet)
- £0.050m Increase Facilities Management case management system
- £0.090m Increase ESN/Airwave replacement
- £0.090m Increase Process Automation
- (£0.449m) Reduce Adaptations Blackburn Greenbank
- £0.449m Increase Skelmersdale refurbishment
- (£0.080m) Reduce Critical Policing Infrastructure Programme
- £0.080m Increase Smarter working project
- (£0.259m) Reduce DMIU Platform expansion
- £0.259m Increase Storage uplift

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 2021/22 as follows:

	<b>2020/21 Revised capital programme</b>
	<b>£m</b>
ICT Strategy	7.066
Accommodation Strategy	28.786
Vehicle Replacement	5.231
Other Schemes	1.431
<b>Total</b>	<b>42.514</b>

3.7. At 30 June 2021 £8.044m of committed spend has been identified representing 21% of the 2020/21 programme. A summary of this spending is:

	<b>2021/22 Revised capital programme</b>	<b>2021/22 Spend at 30.6.2021</b>	
	<b>£m</b>	<b>£m</b>	<b>%</b>
ICT Strategy	7.066	3.434	49
Accommodation Strategy	28.786	2.957	10
Vehicle Replacement	5.231	1.157	22
Other Schemes	1.431	0.495	35
<b>Total</b>	<b>42.514</b>	<b>8.044</b>	<b>21</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.

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 Commissioner has an established reserves strategy (published here: <https://www.lancashire-pcc.gov.uk/transparency/financial-information/financial-strategy/> ) that has made available a significant amount of funding for investment in the capital investment programme in 2021/22 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.

4.3. The opening position for 2021/22 in respect of the Commissioner's reserves is set out in Annex 1. The PCC will review his reserves strategy for 2022/23 and future years during 2021/22.

**Reserves position as at 1 April 2021**

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	Position as at 1/4/21 £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><u>12.502</u></b>
<b>Total General Reserves</b>	<b><u>10.066</u></b>

**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**

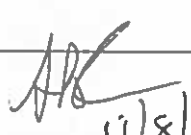

There are no Equality comments associated with this paper.

**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>	 11/8/21
<b>EQUALITIES IMPLICATIONS – As above</b>	
<b>CONSULTATION – As above</b>	
<b>Director to the Office of the Police and Crime Commissioner (Monitoring Officer)</b>  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.	
Signature..  ..Date... 11/8/21 ..	

