




<b>DECISION : 2021/23</b>	<b>DATE: 3 NOVEMBER 2021</b>
<b>TITLE: Financial position as at 30 September 2021</b>	
<b>REPORT BY: Steve Freeman, Chief Finance Officer</b>	
<b>Executive Summary</b> This report sets out the monitoring position for the Police and Crime budget as at 30 September 2021. The report sets out the position for the revenue budget and the capital programme.	
<b>Recommendations</b> The Police and Crime Commissioner is asked to: <ul style="list-style-type: none"><li>• Note the Revenue budget monitoring report as at 30 September 2021.</li><li>• Agree to changes in the capital programme as follows:<ul style="list-style-type: none"><li>○ £1.000m reduction to the Vehicle Replacement Programme</li><li>○ £0.018m increase cost for Skelmersdale refurbishment project</li><li>○ £0.050m increase to the HQ specialised equipment replacement programme</li><li>○ £0.002m increase to laptop replacement programme</li></ul></li><li>• Agree to a revised capital programme for 2021/22 of £24.112m</li><li>• Note the position for reserves</li></ul>	
Signature	
Police and Crime Commissioner	
Date:	3/11/21

## PART I

### 1. 2021/22 Monitoring Position – As at 30 September 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 2021/22 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 position for the 2021/22 revenue budget as at 30 September 2021 is:

Responsibility Area	Budget	Forecast	Variance	
	£m	£m	£m	%
<b>Constabulary:</b>				
Staff costs	250.771	250.854	0.083	0.03%
ACC Territorial Operations	12.060	13.163	1.103	9.15%
ACC Specialist Operations	3.521	4.193	0.673	19.12%
Deputy Chief Constable	0.988	0.930	- 0.058	-5.87%
Director of Resources	28.217	28.392	0.175	0.62%
<b>Sub Total</b>	<b>295.556</b>	<b>297.532</b>	<b>1.976</b>	<b>0.67%</b>
<b>Office of the PCC</b>				
Communications	1.226	1.226	-	0.00%
Reducing Crime and Reoffending	0.120	0.120	-	0.00%
Community Safety	0.675	0.675	-	0.00%
Victim and Domestic Abuse services	0.719	0.719	-	0.00%
<b>Sub Total</b>	<b>3.313</b>	<b>3.313</b>	<b>-</b>	<b>0.00%</b>
<b>TOTAL DFM BUDGET</b>	<b>298.869</b>	<b>300.845</b>	<b>1.976</b>	<b>0.66%</b>
<b>Non DFM</b>				
Constabulary	15.631	16.271	0.640	4.09%
Office of the PCC	4.890	4.890	-	0.00%
<b>TOTAL BUDGET</b>	<b>319.390</b>	<b>322.006</b>	<b>2.616</b>	<b>0.82%</b>

2.1. At this stage in the financial year the forecast of the year-end position is subject to potential change, however the position shown will inform action to be taken for the remainder of the financial year.

2.2. The OPCC is currently forecasting a break-even position at the end of the financial year.

2.3. The Constabulary has identified a forecast overspend of £2.616m for the year, the main elements making up this forecast are:

	Year-end Forecast
	£m
Overspend on pay due to early recruitment of additional officers for the uplift programme	5.000
Savings made on pension contributions through early payment	(2.400)
Reduced spend on vehicle replacement programme	(1.000)
2 months pause on recruitment reducing pay costs	(1.000)
Draw down from DFM reserve (Oracle Fusion consultancy)	(0.200)
Non-pay savings	(0.400)
Operation Talla (Covid related expenditure) – assumes no further government funding provided	1.100
Operation Narvik (assumes no government funding provided)	0.300
Other cost pressures – various non pay costs	1.200
	<b>2.600</b>

2.4. 'Other cost pressures' covers a number of relatively small elements across the non-pay budgets including:

	Year-end Forecast
	£m
Utilities – electricity, gas and water	0.085
Planned and reactive maintenance	0.203
Interpreters	0.084
Equipment	0.043
Hire of transport	0.141
Scientific support equipment and forensic costs	0.057
Telecom forensics	0.114
Vehicle parts/tyres	0.080
Other including contributions to national projects	0.242

2.5. If government funding is not received towards the costs of operations Talla and Narvik then then a contribution could be drawn down from the 'Operational Policing reserve' to meet this pressure on the budget (£1.4m).

2.6. In addition, further non-pay savings have been identified that could be used to reduce the overspend position by a further £0.5m.

2.7. This would leave an overspend position of £0.7m at the end of the financial year.

2.8. Action is being taken to reduce this forecast overspend position further by the end of the financial year, subsequent monitoring reports will identify the progress made.

### 3. Capital

3.1. The 2021/22 revised capital programme was approved by the PCC in August 2021 at £42.514m.

3.2. During the period 1 July 2021 to 30 September 2021 the following changes to the capital programme have been identified:

- **(£1.000m) Reduce** the vehicle replacement programme and reduce the revenue contribution to the capital programme accordingly
- **£0.018m Increase** the Skelmersdale refurbishment project funded by an increased contribution from the revenue budget relating to cost of the Uplift programme
- **£0.050m Increase** the HQ Crime specialised equipment replacement programme funded by an increased contribution from the revenue budget
- **£0.002m Increase** the laptop replacement programme funded by an increased contribution from the revenue budget relating to Counter Terrorism spending

3.3. These changes give a revised capital programme for 2021/22:

	<b>2020/21 Revised capital programme</b>
	<b>£m</b>
ICT Strategy	7.055
Accommodation Strategy	28.800
Vehicle Replacement	4.231
Other Schemes	1.480
<b>Total</b>	<b>41.566</b>

3.4. The Commissioner is **recommended to approve the changes to the capital programme for 2021/22 as set out in 3.2.**

3.5. At 30 September 2021 £24.112m of committed spend has been identified against the revised capital programme:

	<b>Capital Programme</b>	<b>Forecast Spend</b>	<b>Slippage</b>	<b>(Under)/Over spend</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
ICT Strategy	7.055	7.014	(0.042)	0
Accommodation Strategy	28.800	11.390	(15.267)	(2.143)
Vehicle Replacement	4.231	4.231	0	0
Other Schemes	1.480	1.477	0	(0.003)
<b>Total</b>	<b>41.566</b>	<b>24.112</b>	<b>(15.309)</b>	<b>(2.146)</b>

3.6. It is **recommended that the Commissioner approve a revised capital programme of £24.112m** for 2021/22 to reflect the latest forecast for the financial year.

3.7. The main elements of **slippage** identified are:

3.7.1. £5.9m – Critical Police Infrastructure Programme, RIBA stage 3 design will take place in the second half of 2021/22 with works re-profiled into future years

3.7.2. £5.7m – Pendle Briefing Base, planning permission delay has reprofiled activity in to 2022/23

3.7.3. £0.7m – Burnley Police Station, delay in land purchase has slipped works in to 2022/23

3.7.4. £0.7m – Bamber Bridge refurbishment. Works reprofiled across 2021/22 and 2022/23

3.7.5. £2.2m – ISO accreditation works reprofiled into future years

3.8. The main elements of **underspending** are:

3.8.1. £1.6m – Planned refurbishment programme to police stations (various)

3.8.2. £0.6m – Fleetwood Police Station refurbishment

3.9. The vehicle replacement programme is currently forecast to be spent in full however there is some delay in delivery on the national supply contract they may subsequently cause slippage. This is being closely monitored and will be reported in future reports to the Commissioner.

#### 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 current 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 30 September 2021**

	Opening balance 1/4/21 £m	Movement £m	Position as at 30/9/21 £m
<b><u>EARMARKED RESERVES</u></b>			
Transition reserve	6.048	0	6.048
Capital Financing reserve	0.175	0.060	0.235
Employee/Public Liability reserves	0.685	0	0.685
Clothing reserves	0.223	-0.061	0.162
POCA Equalisation reserve	0.547	0	0.547
POCA/Drugs Forfeiture reserves	0.423	-0.050	0.373
VMU reserves	0.008	0	0.008
Operational Policing reserve	1.691	0	1.691
Forensic collaboration reserves	0.132	0	0.132
Well-being reserve	0.017	0	0.017
Regional collaboration reserve	0.022	-0.022	0
Road Safety reserves	2.400	0	2.400
<b>Total Earmarked Reserves</b>	<b>12.371</b>	<b>-0.073</b>	<b>12.298</b>
<b>Total General Reserves</b>	<b>11.727</b>	<b>-0.262</b>	<b>11.465</b>

5. Links to the Police and Crime Plan

6. Consultation

7. 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.

8. Background Papers

9. 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>	
<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..... <u>3-11-21</u> .....	

