



DECISION : 2021/32	DATE: 17 MARCH 2022
TITLE: Financial position as at 31 December 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 31 December 2021. The report sets out the position for the revenue budget and the capital programme.	
Recommendations The Police and Crime Commissioner is asked to: <ul style="list-style-type: none">• Note the Revenue budget and capital programme monitoring report as at 31 December 2021.• Approve the changes to the capital programme as set out in the report giving a revised capital programme for 2021/22 in the amount of £24.491m• Agree to draw down from the specific earmarked reserve set aside for the management of the impact of Covid to meet the cost of Op Talla.• Note the position for reserves	
Signature  Police and Crime Commissioner Date: 17.03.2022	

PART I

1. 2021/22 Monitoring Position – As at 31 December 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.

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 at 30 December 2021 is:

Responsibility Area	Budget	Forecast	Variance	
	£m	£m	£m	%
Constabulary:				
Staff costs	250.830	250.429	-0.401	
ACC Territorial Operations	7.738	8.655	0.917	
Deputy Chief Constable	0.321	0.371	0.050	
Director of Resources	27.500	27.631	0.131	
ACC Crime	3.520	4.251	0.731	
ACC Specialist Operations	5.658	5.984	0.326	
Sub Total	295.567	297.321	1.754	0.59%
Office of the PCC	1.690	1.745	0.055	
Communications	0.120	0.100	-0.020	
Crime and Reoffending	0.398	0.302	-0.096	
Community Safety	0.457	0.369	-0.089	
Victim and Domestic Abuse services	0.647	0.647	0	
Sub Total	3.313	3.163	-0.150	-4.53%
TOTAL DFM BUDGET	298.880	300.484	1.604	0.54%
Non DFM				
Constabulary	15.620	16.196	0.576	3.69%
Office of the PCC	4.890	4.678	-0.212	-4.34%
TOTAL BUDGET	319.390	321.358	1.968	0.62%

2.1.1. Constabulary are forecasting an overspend of £2.33m with the main elements being:

	£m
Op Talla (Covid related costs)	1.69
Pay	-0.10
Overtime	0.20
Utilities costs	0.20
Reactive Maintenance	0.20
Vehicle Hire	0.13
Telecom forensics	0.12
Backdated dog handler allowances	0.23

Contributions to national programmes	0.40
Vehicle parts	0.10
Op Urram surplus (COP 26)	-0.50
ICT underspend	-0.40
Ill-health retirements	-0.30

2.2. The overspend on Op Talla results directly from the impact of Covid on resourcing levels.

2.3. A specific earmarked reserve is set aside for the management of the impact of Covid and **it is recommended to draw down from this reserve to meet the cost of Op Talla** once finalised at year-end.

2.4. If reserves meet the cost of Op Talla then the forecast year-end position for Constabulary is an overspend of £0.640m. The Chief Constable will continue to examine opportunities to reduce the overspend position where possible by the end of the financial year.

2.5. The OPCC is forecasting an underspend of £0.362m at year-end.

2.6. The main elements of the underspend are:

	£m
Community Safety Partnerships	0.060
Crime and reoffending	0.090
Interest payable on borrowing	0.212

2.7. If the cost of Op Talla is met from earmarked reserves as recommended in 2.3, the forecast overall year-end position for the revenue budget 2021/22 is an overspend of £0.282m.

2.8. The Chief Constable and PCC will continue to identify further savings to reduce this position by the end of the financial year.

3. Capital

3.1. The 2021/22 revised capital programme was approved by the PCC in November 2021 at £24.112m.

3.2. During the period 1 October 2021 to 31 December 2021 the following changes to the capital programme have been identified:

£m	Addition to programme	Funding
0.009	Contribution to Regional Forensics Courier Service FY21/22	
0.047	Contribution to Regional Toxicology Lab FY21/22	
0.019	ANPR at Op Narvik sites	Grant
0.010	28 shields funded by Firearms Training	
0.044	200 Drager devices funded by NDORS	Road Safety Partnership
0.067	Radio Costs for 143 uplift officers	Uplift budget
0.100	Computer Costs related to uplift programme	Uplift budget
0.040	Additional dog runs	Uplift budget
0.031	Laptops for Digital Investigation	POCA
0.012	Driver Training vehicle	Road Safety Partnership

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

	2021/22 Revised capital programme
	£m
IT Strategy	7.223
Accommodation Strategy	11.429
Other Capital Schemes	1.608
Vehicle Replacement Programme	4.231
Total	24.491

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 31 December 2021 £19.210m of committed spend has been identified against the revised capital programme:

	Capital Programme	Forecast Spend	Slippage/ Re-profiling
	£m	£m	£m
IT Strategy	7.223	7.150	-0.072
Accommodation Strategy	11.429	7.572	-3.858
Other Capital Schemes	1.608	1.159	-0.449
Vehicle Replacement Programme	4.231	3.329	-0.902
Total	24.491	19.210	-5.281

3.6. The main forecast variations identified on the **accommodation** programme are:

3.6.1. £1.2m – Critical Police Infrastructure Programme, RIBA stage 3 design will continue in to early 2022/23 with works re-profiled into future years

3.6.2. £1.4m – Pendle Briefing Base, planning permission process has completed with works expected to commence in 2022/23

3.6.3. £0.9m – refurbishment of stations and briefing bases, spend re-profiled into future years to reflect programme delivery

3.6.4. £0.4m – Minor capital works (Accommodation) underspend realised in-year

3.7. The **vehicle replacement programme** is currently forecast to be **underspent by £0.9m** due to delay in delivery on the national supply contract.

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. 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 December 2021

	Opening balance 1/4/21 £m	Movement £m	Forecast 30/3/22 £m
<u>EARMARKED RESERVES</u>			
Transition reserve	6.048	-5.000	1.048
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
Total Earmarked Reserves	12.371	-5.073	7.298
Total General Reserves	11.727	-0.262	11.465

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

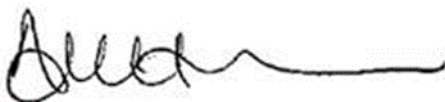
There are no Equality comments associated with this paper.

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.

Officer declaration	Date
LEGAL IMPLICATIONS – As above	
FINANCIAL IMPLICATIONS – As above	 17.03.2022
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. Signature  Date 17 th March 2022	