

ACCOUNTABILITY BOARD

Meeting to be held on 17 August 2022

Financial Position as at 30 June 2022

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EXECUTIVE SUMMARY

This report sets out the monitoring position for the Police and Crime budget as at 30 June 2022. The report sets out the position for the revenue budget and the capital programme.

RECOMMENDATION

The Police and Crime Commissioner is asked to:

- Note the Revenue budget monitoring report as at 30 June 2022.
- Note the position on the capital programme for 2022/23
- Note the position on reserves at 1 April 2022

1. 2022/23 Monitoring Position – As at 30 June 2022

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 2022/23,
- An indication of potential cost pressures and savings in 2022/23
- The capital programme for 2022/23 and future years, and
- The position on the PCC's reserves

2. Revenue Budget

2.1 The 2022/23 revenue budget for the Police and Crime Commissioner was set at £338.243m on 17 February 2022.

The 2022/23 revenue budget is allocated as follows:

Responsibility Area	Budget £m
Constabulary:	
Staff costs	265.290
ACC Territorial Operations	7.103
ACC Specialist Operations	5.707
Deputy Chief Constable	1.408

Director of Resources	28.099
ACC Crime	3.263
Sub Total	310.870
Office of the PCC	1.511
Communications	0.126
Fighting Crime	0.730
Victim and Domestic Abuse services	0.573
Sub Total	2.940
TOTAL DFM BUDGET	313.810
Non DFM	
Constabulary	15.633
Office of the PCC	8.800
TOTAL BUDGET	338.243

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 are pressures on the **constabulary overtime and agency staff** budgets due, in the main, to the impact of training extractions for newly recruited officers on the delivery of operational activity. At this stage this is being managed within the broader staff pay budget.

2.1.2. The Police Officer pay award has been agreed at an average rate of 5% which is considerably greater than the 3% increase included in the budget. The Government has provided £70m nationally to fund the additional pressure on pay budgets with Lancashire's share of this being £1.75m. It is forecast that this funding will meet the pressure for Lancashire in 2022/23 for Police Officer pay.

2.1.3. As a result of the Police Officer pay award, staff associations have requested that pay negotiations for police staff be reopened. The police Staff pay award for 2022/23 was the equivalent of 3% and it is widely expected that staff pay award could increase to 5% for 2022/23. If this is agreed there could be an additional pressure in 2022/23 of up to £1.3m. This situation will be closely monitored and reported during the year.

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

3. Capital

3.1. The revised 2022/23 capital programme was approved by the PCC in June 2022 at £28.782m.

3.2. During the first quarter of 2022/23 further capital requirements (and associated funding) have been identified giving a programme for monitoring purposes of £29.054m.

3.3. At 30 June 2022 £7.807m of committed spend has been identified representing 27% of the 2022/23 programme:

	2022/23 Revised capital programme	2021/22 Spend at 30.6.2021	
	£m	£m	%
ICT Strategy	7.022	2.478	35
Accommodation Strategy	14.967	3.068	20
Vehicle Replacement	5.588	1.978	35
Other Schemes	1.477	0.283	19
Total	29.054	7.807	27

3.4. At this early stage in the year the main area of risk identified for the capital programme is the delivery of the vehicle replacement programme. The global supply chain for vehicles is significantly disrupted and the 'lead' time for delivery of vehicles has increased considerably. This could cause slippage into future years.

3.5. 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 2022/23 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 2022/23 in respect of the Commissioner's reserves is set out in Annex 1. The PCC will review his reserves strategy for 2023/24 and future years during 2022/23.

Reserves position as at 1 April 2022

	£m
<u>EARMARKED RESERVES</u>	
Capital Financing Reserve	0.151
Employee/Public liability Reserve	0.685
Transition Reserve	4.748
Clothing Reserves	0.028
POCA Equalisation Reserve	0.547
PCCA/Drugs Forfeiture Reserve	0.286
VMU Reserves	0.008
Operational Policing Reserve	1.691
Forensic collaboration reserve	0.249
Regional collaboration reserve	0.462
Well-being reserve	0.017
Road Safety Reserves	2.633
Total Earmarked Reserves	11.505
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Total General Reserves	12.707
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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

None

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.