

ACCOUNTABILITY BOARD

Meeting to be held on 29 August 2023

Financial Position 30 June 2023

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EXECUTIVE SUMMARY

This report sets out the monitoring position for the Police and Crime budget as at 30 June 2023. 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 for 30 June 2023.
- Note the position on the capital programme for 2023/24
- Note the position on reserves

1. 2023/24 Monitoring Position 30 June 2023

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 2023/24,
- An indication of potential cost pressures and savings in 2023/24
- The capital programme for 2023/24 and future years, and
- The position on the PCC's reserves

2. Revenue Budget

2.1 The 2023/24 revenue budget for the Police and Crime Commissioner was set at £347.529m on 15 February 2023.

The 2023/24 revenue budget is allocated as follows:

| Responsibility Area | Budget £m |
|------------------------------------|----------------------|
| Constabulary: | |
| Staff costs | 276.852 |
| ACC Territorial Operations | 8.082 |
| ACC Crime | 3.104 |
| ACC Specialist Operations | 4.314 |
| Deputy Chief Constable | 1.382 |
| Chief Operating Officer | 32.519 |
| Sub Total | 326.253 |
| Office of the PCC | 1.565 |
| Communications | 0.126 |
| Fighting Crime | 0.780 |
| Victim and Domestic Abuse services | 0.550 |
| Sub Total | 3.021 |
| TOTAL DFM BUDGET | 329.274 |
| Non DFM | |
| Constabulary | 11.333 |
| Office of the PCC | 6.922 |
| TOTAL BUDGET | 347.529 |

2.1. At this stage in the financial year a firm forecast of a year-end position is unrealistic however the PCC and Constabulary are confident that they will manage within budget in 2023/24

2.1.1. The recent announcement in respect of pay award for police officers and staff clearly impacts upon the budget in Lancashire

2.1.2. The increase of 7% from September 2023 is greater than the amount provided for in the revenue budget.

2.1.3. The Home Office have confirmed that they will provide additional grant funding to meet the pressure of the 7% pay award for all forces.

2.1.4. For Lancashire the amount of grant proposed will meet the additional pressure faced and therefore not cause an issue in meeting the budget in 2023/24

2.1.5. The government is expected to announce the specific grant allocation to PCCs shortly.

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.

2.3. In setting the 2023/24 budget savings of £7.785m were identified to be delivered during the 2023/24 financial year.

2.4. The forecast year-end position in respect of the delivery of these savings is currently:

| | Planned savings £m | Forecast £m |
|----------------------------|-----------------------|----------------|
| Departmental savings | 2.350 | 2.154 |
| Changes to Operating Model | 2.500 | 2.211 |
| Vacancy savings | 2.500 | 2.500 |
| Reduce establishment | 0.525 | 0.525 |
| Total | 7.875 | 7.390 |

2.5. The majority of planned savings are on track to be delivered in 2023/24. There are a small number of low-level savings that cannot be made as previously expected, however alternatives are being identified to attempt to meet the potential shortfall.

3. **Capital**

3.1. The revised 2023/24 capital programme was approved by the PCC in June 2023 at £44.614m.

3.2. During the first quarter of 2023/24 further capital requirements (and associated funding) have been identified as follows:

| £m | Description | Funded by: |
|--------------|-------------------------------|--|
| 0.024 | Oracle ERP – bulk data upload | Contribution from Constabulary DFM reserve |
| 0.008 | Screen replacement | Contribution from Constabulary DFM reserve |
| 0.004 | Custody screen replacement | Contribution from Constabulary DFM reserve |
| 0.036 | | |

3.3. The Commissioner is **recommended to approve these changes to the capital programme** giving a revised capital programme of **£44.651m** for 2023/24.

3.4. At 30 June 2023 £7.257m of committed spend has been identified representing 16% of the 2023/24 programme:

| | 2023/24 Budget | Spend at 30.6.2023 | |
|------------------------|---------------------------|-------------------------------|-----------|
| | £m | £m | % |
| ICT Strategy | 7.339 | 1.740 | 24 |
| Accommodation Strategy | 29.552 | 0.992 | 3 |
| Vehicle Replacement | 6.065 | 4.365 | 72 |
| Other Schemes | 1.695 | 0.161 | 10 |
| Total | 44.651 | 7.258 | 16 |

3.5. At this early stage in the year the main area of risk identified for the capital programme is the delivery of the accommodation programme. There are a number of major schemes expected to commence during 2023/24 however potential delays in respect of the planning process may push back start dates and therefore level of spend in the year. This could cause slippage into future years.

3.6. 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 general reserves (DFM and general fund) at 1 April 2023 are £18.695m and represent around 5.2% of the 2023/24 budget of £361.127m. Other earmarked reserves total £11.380m including £4.102m held in reserves that provide investment for the PCC's capital programme in 2023/24 and future years.

4.3. The 2023/24 revenue budget includes a contribution from general reserves of 3.011m which reduces the level of available general reserves in 2023/24 to £15.684m (4.3% of the 2023/24 revenue budget).

4.4. The Commissioner's reserves strategy is published here:
<https://www.lancashire-pcc.gov.uk/transparency/financial-information/financial-strategy/>

4.5. The opening position for 2023/24 in respect of the Commissioner's reserves is set out in Annex 1. The PCC will review his reserves strategy for 2024/25 and future years during 2023/24.

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.

Reserves position 30 June 2023

| | 1/4/23 | Committed | 30/6/23 |
|--|---------------|------------------|----------------|
| | £m | £m | £m |
| <u>Earmarked reserves</u> | | | |
| Capital Financing Reserve | 0.101 | | 0.101 |
| Employee/Public liability reserve | 0.685 | | 0.685 |
| LCTS Reserve | 2.356 | | 2.356 |
| Transition Reserve | 1.746 | | 1.746 |
| Clothing Reserve | 0.786 | | 0.786 |
| POCA Equalisation Reserve | 0.702 | | 0.702 |
| PCCA/Drugs Forfeiture Reserve | 0.389 | | 0.389 |
| VMU Reserve | 0.008 | | 0.008 |
| Operational Policing Reserve | 1.691 | | 1.691 |
| Forensic collaboration reserve | 0.084 | | 0.084 |
| LFSA operational reserve | 0.202 | | 0.202 |
| Regional Collaboration – Titan | 0.040 | | 0.040 |
| Regional Drugs Forensics collaboration | 0.120 | | 0.120 |
| NDORS course reserve | 0.922 | | 0.922 |
| Road Safety investment reserve | 1.548 | | 1.548 |
| Total | 11.380 | 0 | 11.380 |
| <u>General reserves</u> | | | |
| DFM | 6.555 | 1.240 | 5.315 |
| General Fund | 12.140 | 3.011 | 9.129 |
| Total General Reserves | 18.695 | 4.251 | 14.444 |