

<b>For Information</b>	
<b>Public</b>	<b>Public</b>
<b>Report to:</b>	<b>Strategic Resources &amp; Performance</b>
<b>Date of Meeting:</b>	<b>10<sup>th</sup> March 2021</b>
<b>Report of:</b>	<b>Mark Kimberley</b>
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<b>Agenda Item:</b>	

\*If Non Public, please state under which category number from the guidance in the space provided.

## Quarter 3 2020/21 Revenue Year to Date Position.

### 1. Purpose of the Report

- 1.1 The purpose of this report is to provide the forecast financial outturn position for revenue for the financial year 2020/21.

### 2. Recommendations

- 2.1 That the Force Executive Board and the Office of the Police and Crime Commissioner notes the outturn position as detailed in the report.

### 3. Reasons for Recommendations

- 3.1 To update the Office of the PCC on the Force's forecast outturn position for 2020/21 as at the end of quarter 3 and also to comply with good financial management and Financial Regulations.

### 4. Summary of Key Points (this should include background information and options appraisal if applicable)

#### 4.1 Summary

In the 2020/21 a budget £3m ring fenced Performance Grant in relation to the uplift of an extra 20,000 officers nationally was reported. The grant has been approved and the income is being received monthly this is to alleviate any cash flow issues that may have been caused through Covid-19.

At the end of Q3 the force has incurred additional costs/loss of income of £844k in relation to Covid-19 as well as £300k in relation to orders that have been delayed, the cost of which should have been incurred during 2019/20. These costs along with additional overtime spends would have resulted in a larger overspend position than that being reported, however the considerable savings on vacant staff posts have off-set much of those costs.

Added onto this for Q3 are the costs and income associated with the exit from the Venson Contract, a cost of £8,018k, largely off-set by a grant from the Home Office of (£6,500k). Towards the end of the financial year a further assessment

of costs will take place which will result in costs being transferred to capital and income being transferred to revenue contributions to capital, this information is being gathered. The force are already identifying savings as a result of the change, this is set to increase in the short to medium term.

- 4.2 The total net expenditure budget approved by the OPCC for 2020/21 was set at £221.6m; this is split between Police and OPCC as per the table below.

Net expenditure budget	Police £m	PCC £m	Total Base £m
Employee	142.9	0.9	143.7
Premises	6.1	0.0	6.1
Transport	6.1	0.0	6.2
Comms & Computing	8.9	0.0	8.9
Supplies & Services	9.8	-	9.8
Agency & Contract Services	12.9	5.6	18.4
Pension	34.5	0.1	34.6
Capital Financing	8.5	-	8.5
Income	(13.1)	(1.5)	(14.6)
<b>Grand Total</b>	<b>216.5</b>	<b>5.1</b>	<b>221.6</b>

- 4.3 Detail

The review of revenue expenditure shows a forecasted outturn position of £1,094k overspend for Police and an on budget position within the OPCC. This report will review each of the expenditure areas relating to the Police element of the budget.

Expenditure Type	Total Base £'000	Virements £'000	Revised Budget £'000	Q3 Outturn £'000	Variance Over/(Under) £'000
Employee	142,858	1,560	144,419	143,859	(559)
Pension	34,460	366	34,825	34,969	144
Agency & Contract Services	12,763	38	12,800	13,575	774
Supplies & Services	9,834	422	10,256	11,028	772
Comms & Computing	8,915	377	9,292	9,840	548
Capital Financing	8,482	1,000	9,482	9,265	(217)
Transport	6,144	2	6,146	13,925	7,779
Premises	6,118	(1)	6,117	6,657	540
Income	(13,054)	(3,729)	(16,784)	(25,471)	(8,688)
	<b>216,519</b>	<b>35</b>	<b>216,554</b>	<b>217,648</b>	<b>1,094</b>

Employee costs: includes pay, allowances and overtime but excludes pension contributions.

The current forecast shows an underspend position of (£559k); this relates to underspend on staff pay of (£676k) representing a high number of vacant posts; an underspend on officer pay of (£143k) reflecting an increase in retirees, an

adjustment to the start date of IPLDP officers and re-phasing of the fast track to detective constable cohort planned for March 2021.

Overtime is currently predicted to overspend by £596k, and is due to the costs associated with Covid-19 Enforcement; this is off-set with a grant recorded in income. Within this section are other employee expenses.

External training course costs shows an underspend position of (£249k) and is due to courses being cancelled due to Covid-19 issues, much of this will therefore be an added pressure in the 2021/22 budget as accredited training requirements are caught up. It is expected that a knock on effect will also increase spend pressures in 2022/23.

Pension costs include payments for employees along with pension's payrolls for ill health and injury pensions.

The forecast currently shows an overspend position of £144k. An accrual for £150k has been made in respect of pension remedy compensation claims, which is off-set by a saving on staff standard pension contributions reflecting the current vacant posts in the organisation.

A review of pension injury payments shows an increase in costs of £100k.

Agency and Contracted Services costs; includes collaboration charges, partnership costs and mutual aid charges.

Current forecast is an overspend position of £774k. MFSS costs have reduced; £789k of this is a reduction in the GEN 2 costs with inflation and relative growth being £312k lower than expected; also reflecting the latest forecast outturn as reported to the MFSS Management Board.

A charge from the region for EMSOU collaboration of £1,696k has been received, this will in part be off-set by income, however there will be an overall shortfall of £211k representing officer in kind payments.

Supplies and Services costs; includes all non-pay operational costs.

Current forecast is an overspend position of £772k; the majority of this reflects an increase in consultants costs of £350k as a result of extensions to contracts for EMSCU resources to the end of September, this is largely off-set with income.

An increase in insurance premiums of £310k, the contribution to the Insurance reserve will be reduced by a similar amount.

A fee of £219k was agreed by the PCC in respect of Avon and Somerset Police not on-boarding MFSS (Multi Force Shared Services) Collaboration.

£250k efficiency saving allocated here will be incurred in other areas, it is anticipated that this will be achieved in full across the force.

Communications and Computing costs includes the costs of the information technology estate incorporating call charges, software licences, upgrades, networking, airwave and postage costs.

Current forecast is an overspend position of £548k and this relates to £433k a 19% higher than budgeted increase in the Home Office charges for nationally managed projects.

£157k of orders that were delayed due to Covid-19 and now impact on the 2020/21 financial year; £124k of costs in relation to an increase for consumables and breakages, most of this relates to the airwave radios which are beyond end of life and are due to be replaced by ESN. £109k of cost has been incurred due to the increase in officer numbers, this will off-set by income from Uplift.

Costs have been off-set by income from the uplift performance grant and savings of (£557k) in relation to over 40 separate negotiated contract renewals which have delivered savings to the force. It includes an EE (£135k) re-negotiated deal providing better value for the increasing data usage and ESA £41k for licenses.

Capital Financing includes the transfers in and out of reserves, contributions to capital financing, MRP (Minimum Revenue Provision) charges and interest costs.

Current outturn position is (£217k) underspend. The MRP has been increased by £332k to reflect the shorter lifetimes of assets that have been funded by borrowing, capital receipt contributions are also expected to be lower. This is off-set by (£535k) transfer from general reserves.

A review of the Traffic Safety project shows that due to reduced income (£359k) will be required from reserves to off-set costs.

A review and removal of property stored on force premises resulted in (£147k) funding from the Property Act Fund.

Transport costs, includes the cost of running the force fleet and other travel costs.

Current forecast is an overspend position of £7,779k. As at 22<sup>nd</sup> December 2020, the force ended the contract with Venson, this resulted in a large payment to Venson largely off-set by a grant from the Home Office of (£6,500k), which is shown in income. The force are already identifying savings as a result of the change.

Premises costs include the running and upkeep costs of the estate.

The current forecast shows an overspend position of £540k. The overspend is due to retaining buildings for longer than expected, Worksop and Holmes House being the main costs at £120k. An additional £36k relates to cleaning costs due to Covid-19. As a result of the move from Venson the vehicle workshop at Chilwell now

becomes part of the force estate, this has increased the costs by £45k to the end of the year.

The force is now incurring costs for regional buildings which sit within our County, these costs are being recharged back to the region £233k and show as additional income.

Income includes grants, partnership funding, fee income and seconded officers' recharges.

Currently forecast to increase by (£8,688k). (£6,500k) relates to income from the Home Office to off-set the Venson exit costs. (£533k) reflects the income due to off-set the EMSCU charges. (£1,684k) reflects the income from EMSOU CID for officers in kind contributions; (£536k) reflects the new grant for Covid-19 Enforcement; (£214k) off-sets costs of regional buildings; (£159k) additional income generated from investment interest, this is off-set by £278k loss of income for sporting events as a result of Covid-19 and a reduction in the PFI income of £317k.

A reduction of £343k income from the Speed Camera Partnership, due to a decision not to replace vehicles are off-set by reduced contribution to capital financing. There is also reduction in income due to Covid-19.

## **5. Financial Implications and Budget Provision**

5.1 The financial information relating to this item is contained within item 4.

## **6. Human Resources Implications**

6.1 There are no immediate Human Resource implications arising from this report.

## **7. Equality Implications**

7.1 There are no equality implications arising from this report.

## **8. Risk Management**

8.1 Monitoring of the accounts is problematic and errors in the data continue to be reported.

## **9. Policy Implications and links to the Police and Crime Plan Priorities**

9.1 There are no policy implications arising from this report.

## **10. Changes in Legislation or other Legal Considerations**

10.1 There are no changes in legislation or other legal considerations that are relevant to this report.

<b>11. Details of outcome of consultation</b>
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- 11.1 The figures included in this report are presented to the Force Executive Board on monthly basis.

<b>12. Appendices</b>
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- 12.1 None

<b>13. Background Papers (relevant for Police and Crime Panel Only)</b>
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13. There are no background papers relevant to this report.

NB

See guidance on public access to meetings and information about meetings for guidance on non-public information and confidential information.