

## Appendix B: Revenue Report presented to Strategic Resources & Performance

<b>For Information Only</b>	
<b>Public</b>	<b>Public</b>
<b>Report to:</b>	<b>Strategic Resources &amp; Performance</b>
<b>Date of Meeting:</b>	<b>19<sup>th</sup> May 2021</b>
<b>Report of:</b>	<b>Chief Constable</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 4 2020/21 Provisional Revenue Outturn Report.

#### 1. Purpose of the Report

- 1.1 The purpose of this report is to provide the provisional 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 outturn position for 2020/21 as at the end of quarter 4 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 budget a £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 in full monthly this is to alleviate any cash flow issues that may have been caused through Covid-19.

At the end of Q4 the force has incurred additional costs of £1,381k and loss of income of £564k in relation to Covid-19, mainly off-set by special grants. Additional costs of £300k in relation to orders that because of Covid-19 were delayed into 2020/21, the cost of which should have been incurred during 2019/20.

Additional costs along with additional overtime spends and the net cost of exiting the Vehicles PFI, £8,018k off-set by a Home Office Grant of (£6,599k) would have resulted in a larger overspend position, however the considerable savings on vacant staff posts have off-set most of this.

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 an outturn position of £65k 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	Actual £'000	Variance Over/(Under) £'000
Employee	142,858	1,540	144,398	145,038	639
Pension	34,460	365	34,824	35,416	592
Agency & Contract Services	12,763	51	12,813	13,815	1,001
Supplies & Services	9,834	275	10,109	9,597	(512)
Comms & Computing	8,915	535	9,450	10,054	604
Capital Financing	8,482	1,000	9,482	16,015	6,533
Transport	6,144	(1)	6,143	7,363	1,220
Premises	6,118	(1)	6,117	6,501	383
Income	(13,054)	(3,729)	(16,784)	(27,180)	(10,396)
	216,519	35	216,554	216,618	65

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

The Actual shows an overspend position of £639k; this relates to an overspend on officer pay of £381k this overspend can be attributed to a higher number of transferees than planned, additional national insurance costs relating to overtime, an increase on bonus payments and general rephasing of starters and leavers throughout the year. An underspend on staff pay of (£773k) representing a high number of vacant posts; £55k saving on PCSO pay relating to reduced numbers during the year. £1,559k overspend on overtime this reflects costs of COVID deployments and is offset by Covid-19 grants.

External training course costs shows an underspend position of (£330k) 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 Actual shows an overspend position of £592k. This reflects £727k for contributions to the pensions schemes for employees and mirrors the overspend on pay above. There is a £135k saving as a result of fewer medical retirements.

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

The Actual is an overspend position of £1,001k. MFSS costs have reduced; (£703k) within this is a reduction in the GEN 2 costs, inflation and relative growth.

The charge from the region for EMSOU collaboration was £1,696k this will in part be offset by income, however there is an overall shortfall of £264k representing a shortfall of Officers supplied by the Force to the Collaboration being less than estimated.

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

Actual is an underspend position of (£512k); An increase in insurance premiums of £292k, was offset by a reduction in the contribution to the Insurance reserve (£588k) due to Covid-19 impact on insurance claims liabilities.

There was a (£130k) saving for firearms equipment.

A delay in IT investment spend of £554k in the year, due to Covid-19, has been transferred to reserves for use in the following financial year when this investment spend will now take place.

An increase in consultants' costs of £282k as a result of extensions to contracts for the extension of EMSCU resources to the end of September, this is largely offset with income.

£250k efficiency saving allocated here will be incurred in other areas. This has been achieved across the force as expected.

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

Actual is an overspend position of £604k and this relates to £396k higher than budgeted increase in the Home Office charges for nationally managed projects.

£157k of orders that were delayed due to Covid-19 and impacted on the 2020/21 financial year; £124k of costs in relation to an increase for consumables and breakages, most of this relate 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 be offset by income from Uplift.

Costs have been offset 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.

Actual position is £6,533k overspend. 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 offset by (£394k) transfer from general reserves and transfer of £6,668k to reserves which includes monies to offset the purchase of the vehicle fleet from Venson.

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

Actual is an overspend position of £1,220k. As at 22<sup>nd</sup> December 2020, the force ended the Vehicle PFI contract, this resulted in a net cost to the Force of £1,518k. The force has identified savings of (£353k) as a result of the change.

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

The Actual is an overspend position of £383k. The increase in premises costs is partly due to delays in selling buildings, increased costs for PPE and an increase in maintenance.

Increased costs of cleaning custody £32k due to COVID, along with additional PPE purchases, there is also an increase of £44k on furniture. This is offset by an increase in income (£315k); this relates to the charging out of regional buildings, and reimbursement from the Home Office for PPE purchases.

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

Actual is an increase of (£10,396k). (£6,500k) relates to income from the Home Office to off-set the Vehicles PFI exit costs. (£529k) reflects the income due to off-set the EMSCU charges. (£1,632k) reflects the income from EMSOU CID for officer contributions; (£536k) + (£1,035k) reflects the new grant for Covid-19 Enforcement; (£183k) off-sets costs of regional buildings; (£161k) additional income generated from investment interest, this is off-set by £273k loss of income for sporting events as a result of Covid-19 and a reduction in the PFI income of £317k following the Vehicles PFI exit

A reduction of £343k income from the Speed Camera Partnership, due to a decision not to replace vehicles are offset by reduced contribution to capital financing. There is also general 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.

## **11. Details of outcome of consultation**

11.1 The figures included in this report are presented to the Force Executive Board on monthly basis.

## **12. Appendices**

12.1 None

## **13. Background Papers (relevant for Police and Crime Panel Only)**

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.