

Resources, Risk & Estates Committee (RREC)

04/11/2022

Police Authority Board (PAB)

24/11/22

Q2 Revenue & Capital Budget Monitoring, 2022/23



A local service with a national role, trusted by our communities to deliver policing with professionalism, integrity and compassion

Q2 2022/23 Headlines

Revenue: A £0.5m overspend is forecast at Q2, Q1: £0.07m overspend

Key cost pressures include:

- The impact of officer and staff pay awards of £2.1m
- Insufficient budgetary provision for the Action Fraud (AF) contract extension costs of £1.25m; while the Business Rates Premium (BRP) increase included an element for additional AF costs these were erroneously under provided when reworking the budget against the new Target Operating Model and require correction through this forecast.
- Additional estate running costs of £0.8m allowing £0.12m of inflation on energy costs.
- Additional Overtime costs of 0.6m.

These are partially offset by:

- Net Pay, agency and employee related underspends of £3.0m due to profile of recruitment.
- Additional £0.5m of Home Office funding for the 2022/23 officer pay award.
- Equipment underspends of £0.6m.
- Potential additional Uplift funding of £0.12m.

The overspend position will be monitored across Q3 to see if this will reduce naturally or if additional interventions are required. Proceed of Crime Act (POCA) funding for specific asset recovery work may also provide some mitigation.



Q2 2022/23 Headlines

Police Uplift: Current projections indicate that the 986 Home Office officer headcount target will be met or exceeded by 31 March 2023. The Home Office is offering financial incentives for over achievement against the uplift target of £20,000 per officer over target, however, this may be subject to an overall headcount cap per force.

2022/23 Mitigations target = £6.1m

Current projections suggest that with substitute mitigations (POCA) the £6.1m target will be met although a £0.5m overtime savings risk has been identified.

Capital: 2022/23 budget = £6.936m inclusive of £3m Home office funding for the Next Generation Fraud and Cyber Crime Reporting and Analysis Service (FCCRAS). In year priorities include fleet replacement, body worn video equipment and horsebox replacement. It is expected that budget will be fully spent or committed in year.

Police Authority Board (PAB): Q2 underspend of £0.43m is forecast against a £1m budget.



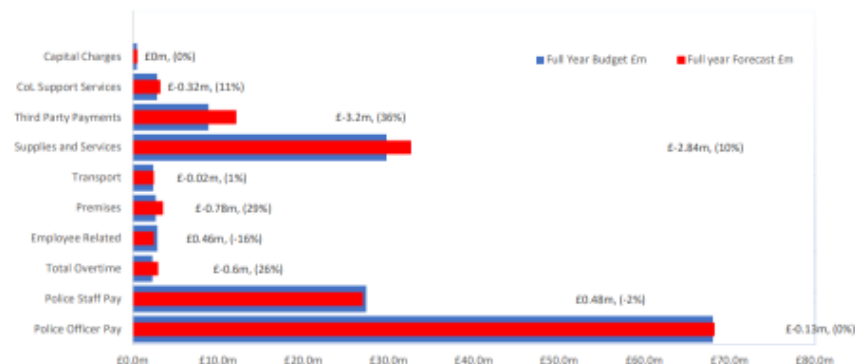
CoLP Workforce & Financial Dashboard 2022/23

September 2022

2022/23 Revenue Budget

	YTD			Outturn		
	Budget	Actual	Var	Budget	Forecast	Var
	£m	£m	£m	£m	£m	£m
Officers pay cost	34.01	30.71	-3.31	68.02	68.16	0.13
Staff Pay cost	13.69	12.86	-0.83	27.37	26.89	-0.48
Overtime	1.16	1.50	0.34	2.31	2.92	0.60
Other pay costs	16.66	16.44	-0.22	25.87	25.40	-0.46
Total pay costs	65.51	61.50	-4.02	123.57	123.36	-0.21
Non pay costs	21.81	21.19	-0.63	49.46	56.30	6.84
Total Exp	87.33	82.68	-4.64	173.03	179.66	6.63
Income	-41.95	-38.09	3.86	-76.44	-82.68	-6.23
Funding	-45.38	-45.38	0.00	-92.86	-92.86	0.00
Use of reserves	0.00	0.00	0.00	-0.50	-0.70	-0.20
Cap Fin & recharges	0.00	0.00	0.00	-3.23	-2.91	0.32
(Surplus)/ Deficit	-0.00	-0.79	-0.79	0.00	0.52	0.52

2022/23 Revenue Expenditure Forecast



Officer Establishment FTE



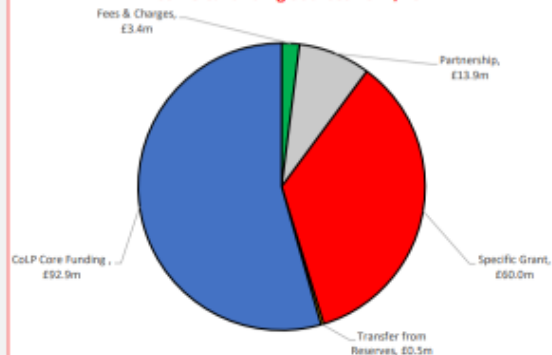
Year 3 Uplift Target (headcount)



Staff (FTE)



Income & Funding Sources 2022/23

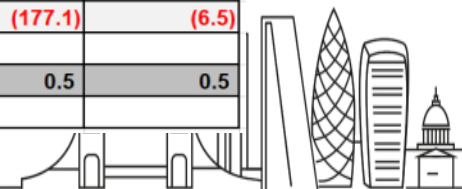


Annual and Cumulative Mitigations

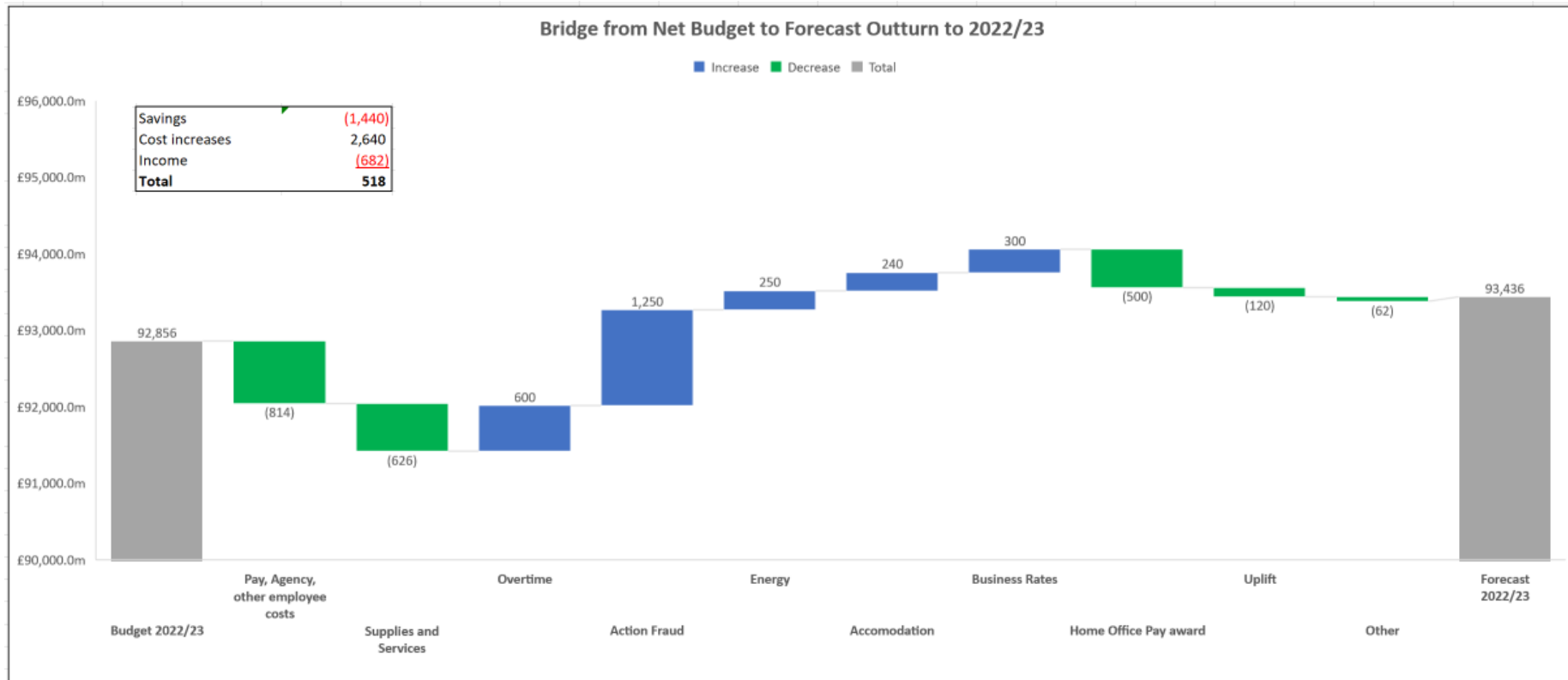


2022/23 Revenue Budget

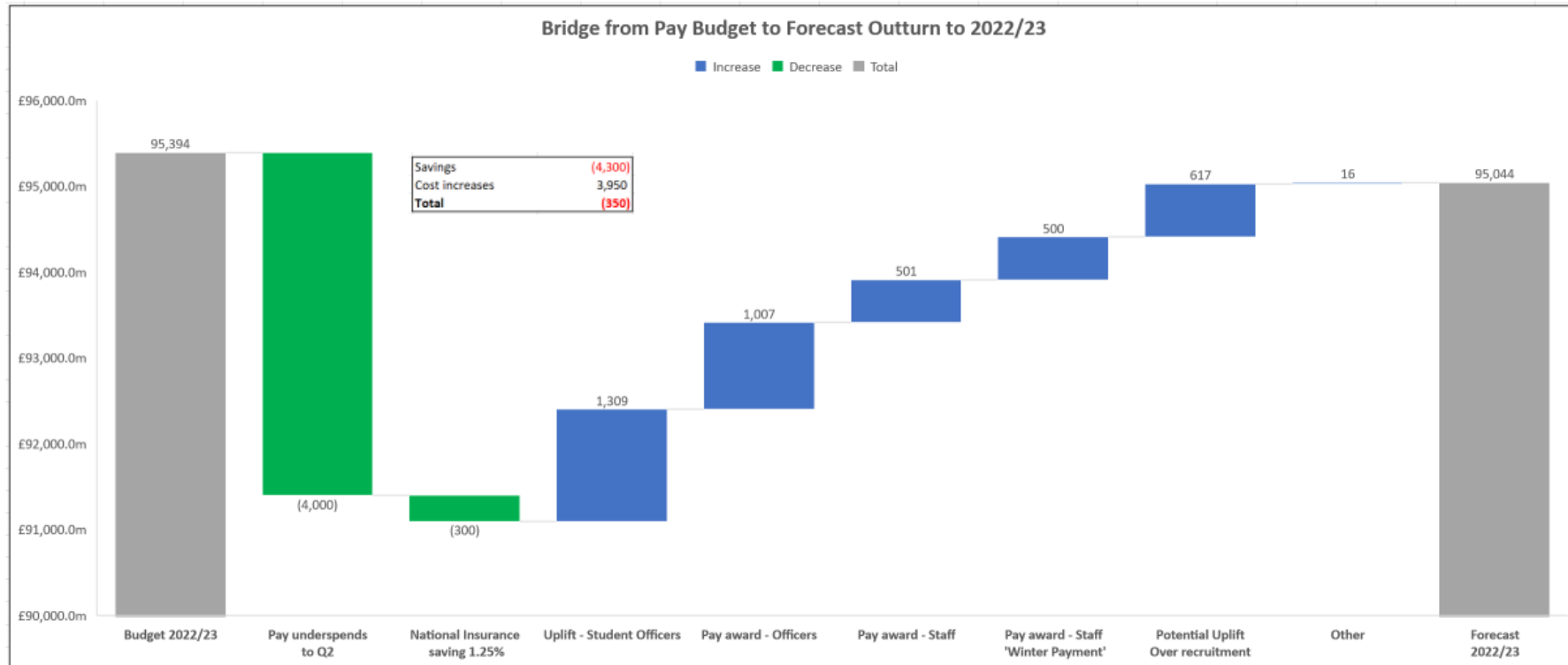
	22/23 Latest Budget £m	Budget YTD £m	Actual (Q1 YTD) £m	Variance YTD £m	Projected Outturn £m	Proj Variance £m
Pay						
Officers	68.0	34.0	30.7	(3.3)	68.2	0.1
Staff	27.4	13.7	12.9	(0.8)	26.9	(0.5)
Overtime	2.3	1.2	1.5	0.3	2.9	0.6
Agency	0.8	0.4	0.3	(0.0)	0.5	(0.3)
Police Officer Pension	23.0	15.2	15.2	0.0	23.0	
Indirect employee costs	2.1	1.1	0.9	(0.2)	1.9	(0.2)
Total Pay	123.6	65.5	61.5	(4.0)	123.4	(0.2)
Non-Pay						
Premises Costs	2.7	1.3	2.7	1.4	3.5	0.8
Transport Costs	2.4	1.2	0.4	(0.8)	2.4	0.0
Supplies and Services	29.8	14.9	15.1	0.2	32.6	2.8
Third Party Payments	8.9	4.4	2.9	(1.5)	12.1	3.2
CoL Support Services	2.9	0.0	0.2	0.2	3.2	0.3
Capital Charges	0.5	0.0	0.0	0.0	0.5	0.0
Non-Pay	47.0	21.8	21.2	(0.6)	54.2	7.2
Total Expenditure	170.6	87.3	82.7	(4.6)	177.6	7.0
Income						
Specific Grant	(60.0)	(33.7)	(32.5)	1.2	(66.0)	(6.1)
Partnership	(13.9)	(6.7)	(4.2)	2.5	(13.3)	0.6
Fees & Charges	(3.4)	(1.5)	(1.4)	0.2	(4.2)	(0.8)
Transfer from Reserves	(0.5)	0.0	0.0	0.0	(0.7)	(0.2)
CoLP Core Funding	(92.9)	(45.4)	(45.4)	0.0	(92.9)	(0.0)
Total Income	(170.6)	(87.3)	(83.5)	3.9	(177.1)	(6.5)
Underlying Deficit	0.0	0.0	(0.8)	(0.8)	0.5	0.5



2022/23 Budget to Forecast Outturn Bridge



2022/23 Pay Budget to Forecast Outturn Bridge



Overtime Analysis – Chargeable vs Non-Chargeable

	Budget £'000	Forecast £'000	Forecast Variance £'000
Bank Holiday Working	225	228	3
Chargeable	-	317	317
Non-Chargeable	2,087	2,366	279
Total	2,312	2,912	600

- “Chargeable” includes overtime recoverable from events such as the Queen’s Jubilee, the Commonwealth Games, the Queen’s funeral and overtime charged to the funded units which will be matched by a corresponding increase in income.
- The forecast for non-chargeable overtime includes cost associated with policing major crime such as Op Intervention and protest events in the City such as those organised by Extinction Rebellion (XR). Home Office funding for unexpected events is subject to the unexpected costs exceeding a threshold of 1% of core funding. In the case of XR for example £156,000 of overtime has been incurred to date but the Force would need to exceed £700,000 in this financial year for a bid for funding from the Home Office.
- Overtime reporting will continue to be developed and refined in future reporting periods including assessment of link between uplift numbers and overtime (noting large number of student officers who need to become fully fledged officers).



Business Area Summaries

Business Area	Latest Approved Budget 2022/23 £'000	Projected Outturn +Deficit / (Surplus) £'000	Variance from Latest Approved Budget 2022/23	
			£'000	%
Police Committee (City Fund)				
Local Policing	24,616	25,116	500	2%
Specialist Operations	25,455	24,951	(504)	-2%
National Lead Force	4,520	5,701	1,181	26%
Corporate Services	27,950	29,564	1,614	6%
Central Income & Expenditure	10,315	8,043	(2,272)	-22%
TOTAL POLICE COMMITTEE	92,856	93,374	518	1%

Local Policing: £0.5m overspend - largely due to insufficient budgetary provision for student officers (£1.2m) offset by savings on equipment purchase by the Tactical Firearms Group (£0.6m)

Specialist Operations: £0.5m underspend - mainly due to officer and staff vacancies (£1.2m) offset by overtime overspends (£0.6m) due to serious and violent crime.

National Lead Force: £1.2m overspend – largely due to insufficient budgetary provision for the Action Fraud contract extension costs.

Corporate Services: £1.6m overspend - mainly due to insufficient pay budgetary provision for officers (0.9m) and premises estate running costs estimated to be £0.8m above budget partly due to energy price inflation, accommodation costs for officers and an under provision of business rates for Bishopsgate Police Station.

Central Income & Expenditure: £2.3m underspend due to a budgetary overprovision for pay costs of £1.8m in addition to the inclusion of £0.5m additional Home Office grant funding for the 2022/23 officer pay award.

N.B. The 2022/23 is the first budget prepared against the new Target Operating Model and a number of unallocated budgets were included in the Central Income and Expenditure which have been charged elsewhere in the budget. This will be refined for 2023/24.



2022/23 Mitigations

2022/23 Mitigations plan	Target £m	Forecast £m	Comments	RAG
Staff reductions / rank ratios through Corporate Services / Staff review	1.0	1.0	Risk of delay or failure to baseline an affordable and efficient staffing model through Corporate Services & Staff reviews is mitigated by holding staff vacancies where possible and appropriate. Staff costs remain below budget.	
Increase in Precept Grant from Home Office	0.8	0.8	Achieved as part of the 22/23 Home Office funding settlement	
Reduction in capital financing costs due to prior year underspends on capital	0.8	0.8	Large capital underspends in 20/21 & 21/22 should support achievement of this 'one off' Medium Term Financial Plan (MTFP) mitigation.	
Savings on consumables	0.6	0.6	Removed from budgets. Work is still required in Q3 to identify and assess the deliverability of this saving.	
Increased use of POCA reserve for appropriate areas of budget spend, supported by increase in seized assets	0.7	1.3	In line with other forces, the Chief Officer Team have agreed to the use of the POCA reserve to fund the cost of the Asset Recovery Team.	
Reduction in average pay costs due to probationer intake for Year 3 PUP	0.5	0.5	Removed from budgets. Potential for delivery risk depending on rank (and PC probationer vs transferee) mix of intakes. To be reviewed during Q3 following uplift officer joining the Force.	
Overtime reductions linked to Bank of England contract	0.5	0.0	Removed from budget. Overtime budgets are forecast to be overspent by £0.6m due to current operational demands, holding overtime costs to budget is not considered possible at this time.	
Agency staff	0.3	0.3	Removed from budgets. Forecast suggested that agency staff budgets will be underspent by £0.3m	
Professional fees	0.9	0.9	Removed from budgets. Spend to date suggests that this mitigation is deliverable. The position will be re-assessed at Q3	
Total	6.1	6.2		



2022/23 Reserves

The Police reserves is forecast to reduce from £14.6m at 1 April 2022 to 11.8m at 31 March 2023. The total reserves broken down between Earmarked Reserves and the General Reserve is summarised below:

	Opening Balance	Projected Spend	Projected Closing Balance
	£'m	£'m	£'m
Proceed of Crime Act (POCA)	(9.0)	2.8	(6.2)
General Reserve	(4.0)	0.0	(4.0)
Police Capital Financing Reserve	(1.3)	0.0	(1.3)
Emergency Services Mobile Technology	(0.3)	0.0	(0.3)
Total	(14.6)	2.8	(11.8)

Opening balance on the POCA reserve includes an unusually large receipt of £7.1m which was received at the end of 2021/22 from Operation Neutron.



2022/23 Reserves – continued

The £2.8m planned drawdown from the POCA reserve in 2022/23 includes the following projects which have been approved by the Chief Officer Team:

2022/23 POCA Reserve Drawdown	Asset Recovery £'000	Crime Reduction £'000	Community Projects £'000	Misc £'000	Total £'000	Description
Asset Recovery Team	1,300				1,300	Funding of Asset Recovery team for a period of three years. Total requirement = £3.9m.
Serious Organised Crime (SOC) Development		314			314	Development of driving and surveillance capabilities with the procurement of vehicles aligned with those capabilities. The total requirement is £604,805; 2022/23: £314,000 £137,000
District Attorney New York (DANY) / Homeland Ssecurity Investigations (HSI)	225				225	Secondment of 2 officers DI + DS for two years with partner agencies in New York City, USA - £225,000 per annum.
Covert Tasking Budget		75			75	Project to support proactivity across the force in tackling fraud and Serious Organised Crime. Total request £287,500.
Night Time Economy (NTE)		103			103	Multi-agency approach to NTE issues, focusing on early engagement, crime prevention and setting the policing
Streamlined Forensic Reporting				10	10	Project to provide streamlined forensic connection between CoLP and healthcare providers, for the purpose of attaining medical evidence more efficiently, for the prosecution of cases that include all forms of medical evidence. The total requirement was £33,000 with £10,000 remaining to be spent in 2022/23.
Derbyshire Financial Investigateion (FI) & Financial Recovery (FR)	100				100	Funding for financial investigation and financial recovery in 2022/23 transferred from Derbyshire. From 2023/24 an Economic Crime Levy will be ringfenced to pay for these posts.
PowerBI - data analytics		631			631	To improve analytics and data reporting capability to assist crime reduction and asset recovery.
Total	1,625	1,123	0	10	2,758	

- The DANY/HSI, Covert Tasking and NTE projects (£0.4m) may provide some mitigation to the Q2 forecast overspend.



Interim Capital Programme 2022/23

	2022/23 Project Budget £'000	Of which loan- funding £'000	Of which HO funding £'000	Commitments £'000	Forecast Spend 2022/23 £'000	Forecast Variance £'000
FCCRAS (including £3m Home Office funding)	5,200	2,200	3,000	0	5,200	0
Car Fleet Replacement	250	250	0	250	0	0
Horsebox	400	400	0	400	0	0
Motorbike Fleet replacement	236	236	0	236		0
Body Worn Video Equipment	300	300	0	0	300	0
Armoury Improvements	100	100	0	0	100	0
Forensics Networks & Storage	450	450	0	0	314	-136
Total	6,936	3,936	3,000	886	5,914	-136

FCCRAS: The contract for the new FCCRAS service is now in the final stages and a full business case will be submitted to the Home Office in Q3. Of the £6.0m 2022/23 FCCRAS budget, £1.5m has been spent to date, with the expectation that the full FCCRAS capital budget will be utilised by the end of the financial year.



Interim Capital Programme 2022/23 continued

Fleet Replacement: Tactical Fleet are currently assessing the vehicles which require replacement as part of the 2022/23 programme. A decision and recommendation on the options is expected in October 2022. An order for 10 replacement motorbikes has been placed at a cost of £0.165m. It is expected that the motorbikes will be delivered in Q2 2023.

Horsebox: A number of procurement options are being considered including a joint with other forces, however, with supplier lead times currently running at between 12-18 months irrespective of the procurement method it is very unlikely at this stage that the horsebox will be delivered in 2022/23.

Body Worn Video Equipment: The contract is being negotiated and it is expected that the equipment will be delivered, within budget and available for use on 1 March 2023.

Armoury Improvements: To date design fees of £12,045 have been incurred and the final specification is being prepared. Whilst the aim is deliver the improvements in 2022/23 a clearer picture of costs and timescales will be available once the specification is agreed and procurement commences.

Forensic Network & Storage: This project is to implement management software solution to remove tape storage. The project has commenced and it is expected that it will be completed by the end of the financial year. The forecast outturn is £314,000 which is an underspend of £136,000 against budget.



Police Authority Board Budget 2022/23

Police Authority Board	22/23 Latest Budget £m	Budget YTD £m	Actual (Q1 YTD) £m	Variance YTD £m	Projected Outturn £m	Proj Variance £m
Pay						
Staff	0.63	0.32	0.20	(0.11)	0.51	(0.12)
Total Pay	0.63	0.32	0.20	(0.11)	0.51	(0.12)
Non-Pay						
Supplies and Services	0.37	0.00	0.00	0.00	0.06	(0.31)
Total Non-Pay	0.37	0.00	0.00	(0.00)	0.06	(0.31)
Total Net Expenditure	1.00	0.32	0.20	(0.11)	0.57	(0.43)

Budget established in 2022/23 with £1m Business Rates Premium Funding.
2022/23 Forecast underspend of £0.43m



2022/23 Risk and Opportunities

- Failure to deliver the full £6.1m mitigations
- Inflation being in excess of assumptions applied in the budget
- New pressures or funding reductions emerging in-year
- Inability to deliver uplift levels - risk to 2022/23 ringfenced funding and future core funding, as well as operational risk
- Main financial opportunity = time lag in recruiting to Year 3 uplift target

The risk and opportunities assessment, with mitigations, will be further developed for Q3.

