

# Executive Board Report

February 2022



## Finance Update to the end of December 2021 - Police

### Introduction

In February 2021 the former PFCC agreed the revenue Budget for 'Policing' for 2021/22 which was based on the receipt of income totalling £182,541k. In addition to the Revenue Budget the former PFCC also agreed a Capital Programme that was initially set at £6,805k for 2021/22.

This report is to provide the Executive Board with an update on progress in relation to the finances of the 'Policing' budget based on the position to the end of December 2021. The report includes a forecast of the finances across the remainder of the financial year and considers any significant changes that have impacted during 2021/22 so far.

### Revenue Budget 2021/22

The £182,541k of revenue funding, that was forecast to be received by the PFCC in 2021/22, was allocated to the following areas:

- £1,175k to run the Office of the PFCC
- £5,531k for Commissioned Services and Community Safety Initiatives
- £660k for Asset Management Costs
- £169,789k to the Police Force
- £5,679k to the Capital Programme

This was to be supported with a transfer of £293k from Earmarked Reserves.

### Forecast Revenue Outturn as at the end of December 2021 for 2021/22

The following sections cover off the above areas in more detail however the summary position is as follows:

- The Office of the PCC's budget of £1,175k is forecast to underspend by £28k.
- The Asset Management revised budget of £591k is forecast to underspend by £13k.
- The Partnerships & Commissioning Budget, originally set at £5,531k and revised to £7,232k is forecast to underspend by £124k.
- The Force was originally allocated a budget of £169,789k, which has increased by £1,318k to £171,107k. The Force is forecasting to underspend by £2,059k.

- The original income budget of £182,541 has increased by £2,587k to reflect known changes in the year.
- The revised income budget of £185,127k is forecast to be exceeded by £886k leading to a forecast underspend in this area of the same amount.
- The transfer to the Capital Programme remains unchanged at £5,679k.
- The £293k planned transfer from Earmarked Reserves has increased by £430k to £723k as a result of reserves being used for their planned purpose. A further £492k is being transferred from Earmarked Reserves to fund expenditure covered elsewhere within the budget forecasts, which is therefore showing as a underspend of £492k on the reserves line.
- **An overall underspend of £3.6m is therefore forecast for 2021/22.**

**This £3.6m forecast underspend is factored into the Medium Term Financial Plan, with £2.6m planned to be transferred to the Capital Earmarked Reserve to help fund the Change Pipeline and the remaining £1m to be transferred to the Change Reserve to cover the costs of the investment into the Programme Management Office and wider Fixed Term contracts within the Enable Structure.**

An overall summary is provided at Appendix A.

## Income Budgets

The vast majority of the income that the PFCC will receive during 2021/22 is not expected to be subject to any variances and/or change and these are reflected in the overall forecast position shown in the table below:

<b>Summary of Income to be Received by the PFCC</b>	<b>2021/22 Budget</b>	<b>In Year Changes</b>	<b>2021/22 Revised Budget</b>	<b>2021/22 Forecast Outturn</b>	<b>Variance</b>
<b>Funding</b>	£000s	£000s	£000s	£000s	£000s
<b>Government Grants</b>	<b>(79,050)</b>	<b>0</b>	<b>(79,050)</b>	<b>(79,050)</b>	<b>0</b>
Precept	(81,945)	0	(81,945)	(81,945)	0
Council Tax Freeze Grant	(2,152)	0	(2,152)	(2,152)	0
Council Tax Support Grant	(6,901)	0	(6,901)	(6,901)	0
<b>Precept related funding</b>	<b>(90,998)</b>	<b>0</b>	<b>(90,998)</b>	<b>(90,998)</b>	<b>0</b>
Specific Grants	(5,227)	(2,132)	(7,359)	(7,392)	(33)
Partnership Income/Fees and Charges/Misc Income	(7,266)	(455)	(7,720)	(8,573)	(853)
<b>Other Funding</b>	<b>(12,493)</b>	<b>(2,587)</b>	<b>(15,080)</b>	<b>(15,966)</b>	<b>(886)</b>
<b>Total</b>	<b>(182,541)</b>	<b>(2,587)</b>	<b>(185,127)</b>	<b>(186,013)</b>	<b>(886)</b>

### Specific Grants

The PFCC is now budgeting to receive £2,132k more Specific Grants than was anticipated at the start of the financial year. These are predominantly in the relation to successful bids/allocations of money into the Partnership and Commissioning area for the following:

- Supporting Victims - £775k

- Domestic Abuse - £245k
- Safer Streets - £737k

With further funding from the Government across a number of areas totalling £375k more than budget.

#### Partnership Income/Fees and Charges/Misc Income

The extended Covid19 full lockdown into January and February 2021 had reduced some elements of income, through reduced speed awareness courses for instance and this continued into April which also removed the demand for Special Police Services. The effects of this has been completely offset by additional recharges for secondments (£295k more than budget) and a forecast over recovery on the provision of mutual aid of just over £800k, which is predominantly related to the G7 Summit and COP26, leading to a **forecast underspend of £853k**.

#### OPFCC Budget

As reported throughout the year there was the potential that an underspend may develop as the year progressed and we are now forecasting **a small underspend of £28k** on the overall budget.

#### Commissioned Services Budget

This budget has increased since the start of the year as a result of the following:

- £775k has been bid for from the Ministry of Justice and secured in relation to grant funding in relation to local commissioning of domestic violence and sexual violence services.
- £430k of Safer Streets funding was bid for and secured to protect individual homes and farms in parts of Selby close to the border with West, South and East Yorkshire, and also includes a focus on using ANPR cameras to deter and detect potential burglars.
- A further £300k of Safer Streets Funding was bid for and secured to improve the safety of public spaces in York and Scarborough. The schemes put forward across City of York Council and Scarborough District Council areas include:
  - improving the lighting and CCTV coverage of key walking routes where the public could be more at risk, making these feel safer
  - a programme of taxi wrapping to make authorised York hackney cabs more recognisable
  - training for local businesses on key routes out of the town and City centre to create safe spaces and raise the profile of the importance of working together to tackle violence against women and girls
- £234k of partner contributions towards Community Safety commissioned services.
- £245k additional funding to Domestic Abuse services

At this stage **the budget is forecast to underspend by £124k** and will continue to be closely monitored as the year concludes. The biggest contributor to the underspend is from staff vacancies, £110k.

## Police Force Budget

The vast majority of the funding available to the PFCC has been provided to the Chief Constable, this provides the budgetary constraints in which the PFCC expects the Force to work within, in delivering against the Police and Crime Plan. The initial budget allocation provided to the Force for 2021/22 was £169,789k which has increased by £1,318k to £171,107k. The increases in funds predominantly reflect the provision of additional funding to meet the costs of Newby Wiske, that have been met by the purchaser, the release of funding from Earmarked Reserves to support COVID patrols and the impact of additional funding referred to elsewhere.

**The Force are currently forecasting to underspend by £2,059k** against this revised budget, this is broadly in line with the September forecast, as set out in the summary below:

	<b>Original 2021/22 Budget</b>	<b>Revised 2021/22 Budget</b>	<b>Budget to Dec 2021</b>	<b>Spend to Dec 2021</b>	<b>Over / (Under) Spend to Dec</b>	<b>2021/22 Forecast Outturn</b>
<b>Police Force Financial Summary</b>						
<b><u>Police Force Planned Expenditure</u></b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
<b><u>Pay</u></b>						
Police Pay	84,788	84,914	63,721	63,477	(244)	417
Police Overtime	2,312	2,794	2,257	2,816	560	458
PCSO Pay (incl Overtime)	7,672	7,782	5,838	5,750	(88)	(217)
Staff Pay (incl Overtime)	37,963	38,517	28,915	28,332	(582)	(1,097)
<b>Pay Total</b>	<b>132,735</b>	<b>134,007</b>	<b>100,730</b>	<b>100,375</b>	<b>(355)</b>	<b>(439)</b>
<b><u>Non-Pay Budgets</u></b>						
Other Pay and Training	1,724	1,718	1,286	1,196	(90)	23
Injury and Medical Police Pensions	3,871	3,871	2,903	1,379	(1,524)	110
Premises	4,319	4,415	3,239	3,335	96	68
Supplies and Services	23,126	22,405	16,743	15,423	(1,320)	(1,972)
Transport	2,646	2,650	1,987	2,159	172	171
<b>Non-Pay Total</b>	<b>35,686</b>	<b>35,058</b>	<b>26,159</b>	<b>23,492</b>	<b>(2,667)</b>	<b>(1,600)</b>
<b>Projects</b>	<b>1,368</b>	<b>2,042</b>	<b>1,619</b>	<b>1,367</b>	<b>(252)</b>	<b>(20)</b>
<b>Total Planned Force Expenditure</b>	<b>169,789</b>	<b>171,107</b>	<b>128,507</b>	<b>125,233</b>	<b>(3,274)</b>	<b>(2,059)</b>

The main areas of spend for the Force are considered below:

### Police Pay

As part of the National Uplift programme, which aims to recruit an additional 20,000 Police Officers by March 2023, North Yorkshire Police has a target to reach 1,563 Officers by the end of March 2022.

Given the financial implications of not reaching this target, the budget for 2021/22 reflects the capacity to be able to exceed this number. The budget was set to be able to accommodate an average of 1,567 FTEs throughout 2021/22 (which would naturally be in excess of the Government Target based on Officer Numbers rather than FTEs).

Throughout the first quarter of 2021/22 the total number of FTE Police Officers within the Force has been lower than expected, with an average of around 1,500 FTEs in place.

**By the end of December 2021 this has however increased to in excess 1,550 FTEs.**

Revised recruitment plans have also been developed to recruit a further 84 FTE Police Officers by the end of March 2022. If this recruitment can be delivered and leavers/retirements are in line with forecast then the Force should have around 1,600 FTE Police Officers by the end of the 2021/22 financial year.

If this recruitment can be delivered this will ensure that the government target is met while putting the Force on a very good footing to deliver a further increase in Police Officer numbers in 2022/23.

From a financial perspective the Force is forecasting to have (on average) 1,540 FTEs in place throughout 2021/22, despite this being on average lower than the budgeted position, the Force is forecasting that the significant recruitment in the last quarter will turn a £244k underspend at the end of December, into a **£417k overspend by the end of March.**

### PCSOs Pay

The 2021-22 establishment for PCSO's was 221 FTEs, however this has now been increased to 227 FTEs and additional funding provided to invest in an Initial Enquiry Team. The actual forecast numbers for 2021/22 are expected to be circa 215 FTE on average, this is lower than the revised budget, which if sustained is **forecast to lead to a £217k underspend in this area.**

Current forecasts indicate that the Force will have circa 210 FTEs by the end of the financial year, which includes a recruitment in-take in February 2022. Further recruitment is therefore likely to be able to reach the expected budgeted establishment for 2022/23.

### Staff Pay

The original budget for Staff pay for 2021/22 was set based on 1,086 FTEs. An allowance was built in for around 30 vacancies meaning the budget has sufficient funding to support a core staff establishment of 1,056 FTEs.

At the end of December 2021 the Force employed 1,025 FTEs and based on current forecasts is expected to have around 35 more vacancies across the financial year than budgeted for. Given this a **forecast underspend of £1.4m is forecast for this area.**

### Agency Costs

This underspend is being offset however by additional agency costs that are being incurred within support functions, predominantly ICT, to support business critical vacancies. Due to a premium on agency staff costs will not be completely offset against staff salary underspends. This area is currently **forecast to overspend by £200k.**

The above 2 elements make up the majority of the **forecast £1,097k underspend on staff pay** that is included within the summary position.

## Non-Pay Budgets

Most areas of the non-pay are broadly in line with budgets at this stage of the year.

### Premises Costs

Of the **£68k premises forecast overspend** £62k relates entirely to additional cleaning costs due to Covid19, with these ceasing from September.

### Supplies & Services

Projected **underspends in this area total £1,972k**, this includes a £400k lower forecast for transfers to provisions. The remaining 'real' underspends are attributable to many areas, the main ones of note being:

- IT Licences Budget underspend of £600k (22%)
- ICT Maintenance and Support Contracts Underspend of £170k (8%)
- Insurance Premiums Saving - £90k (10%)
- Contributions to Regional Collaborations lower by £230k (4%)
- Other Supplies and Service Contracts underspend of £170k (50%)
- National IT charges underspend of £175k (13%)

### Transport

Underspends realised within travel expenses, resulting from work from home arrangements, have been completely offset by additional expenditure on vehicle parts (£95k over budget) and outside contractors (£190k over budget). This has resulted in **a forecast overspend of £171k**.

## **Capital Budget 2021/22**

The Capital Budget for 2021/22 was originally set at £6,805k, however schemes that were not complete at the end of the previous financial year, and approved for carry forward, totalled £4,024k. This has resulted in a starting position for the Capital Budget for 2021/22 of £10,829k.

In terms of progress to date the summary table below sets out the expenditure to the **end of December** against the Capital Budget:

Details	Original 2021/22 Budget	Carry Fwds	New Schemes approved in year	Revised 2021/22 Budget	Spend to Dec 2021	Forecast Spend in 2021/22	Forecast Over / Under spend Slippage	%age of Budget Spent to Date
	£000	£000	£000	£000	£000	£000	£000	%
ICT	3,182	290	30	3,502	453	966	(2,537)	12.9%
Fleet Rolling Programme	1,177	1,286	0	2,463	891	1,200	(1,263)	36.2%
Estates Rolling Programme	1,823	1,636	147	3,606	832	1,765	(1,840)	23.1%
General Equipment Rolling Programme	590	352	67	1,009	41	132	(877)	4.0%
Other Schemes	33	460	0	493	15	113	(380)	3.0%
Externally Funded Schemes	0	0	0	0	10	90	90	
<b>Total</b>	<b>6,805</b>	<b>4,024</b>	<b>243</b>	<b>11,073</b>	<b>2,242</b>	<b>4,266</b>	<b>(6,807)</b>	<b>20.2%</b>

It is also worth reflecting that at this stage the Capital Programme does not reflect the addition of the following areas of expenditure:

- Investment in a new SARC and VRI
- Purchase of Land for Malton
- Contribution to the investment in Estates in Ripon

### Delivery against the Capital Budget

As can be seen from the above table, spend to the end of December reported by the Force is only £2,242k which is just over 20% of the overall budget for the year – it is also only £76k more than the Capital spend reported at the end of September of £2,166k. So only £76k of the Capital Programme, of over £11m, have been spent in the third quarter of the financial year.

The Force are currently forecasting that £2m will be spent in the final 3 months of the financial year, however even if this is delivered there will still be over £6.8m of the overall Capital Programme for 2021/22 that is not delivered and/or was not needed.

### Conclusion

An underspend of £3.6m within Revenue is currently forecast, this has been ultimately driven by higher levels of staff vacancies than expected and being lower than establishment for PCSOs. Significant levels of underspend have developed across Supplies and Services, the levels and size of some of these underspends would suggest that these budgets are not reflective of the expected level of expenditure that is due to occur in these areas as opposed to savings being made from either better procurement/contracts and/or business decisions.

The effect of this is that budgets are being absorbed in areas where they're not really needed as the expense of other areas where additional resources/investment is needed.

There is a risk that these underspend grow over the final 3 months of the financial year, this is especially the case on Medical and Injury Pensions, given the size of the underspend to date.

In addition to the forecast revenue underspend, the trends of slippage and delivery challenges on the Capital Programme, which have been seen in previous years, have continued into 2021/22 and is an area that really needs to be addressed in 2022/23 and beyond. To have only spent 20% of the annual budget by the end of 3 quarters of the financial year is a concern. It is also worthy of note that over £4m of expenditure plans were carried forward from 2020/21 and clearly significant levels of these remain undelivered/unspent by December 2021.

As with the commentary around the supplies and services budgets, it would appear that budgets are being absorbed in this area, when schemes are not being delivered, and this is likely to be at the expense of needed investment elsewhere.

## Appendix A

	Original Budget	Current Budget	Budget to December	Spend to December	(Under)/ Over Spend	Forecast (Under)/ Over spend
	2021/22	2021/22	2021	2021	to Dec	at Year End
	£000s	£000s	£000s	£000s	£000s	£000s
<b>Funding</b>						
<b>Funding for Net Budget Requirement</b>	<b>(170,048)</b>	<b>(170,048)</b>	<b>(127,536)</b>	<b>(127,536)</b>	<b>0</b>	<b>0</b>
<b>Other Funding</b>						
Specific Grants	(5,227)	(7,359)	(5,214)	(4,086)	1,128	(33)
Partnership Income/Fees and Charges	(7,266)	(7,720)	(5,391)	(6,665)	(1,275)	(853)
<b>Total Funding</b>	<b>(182,541)</b>	<b>(185,127)</b>	<b>(138,140)</b>	<b>(138,287)</b>	<b>(146)</b>	<b>(886)</b>
<b>Office of the PCC Planned Expenditure</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
<b>Total Planned Expenditure</b>	<b>1,175</b>	<b>1,175</b>	<b>878</b>	<b>903</b>	<b>24</b>	<b>(28)</b>
<b>Commissioned Services</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
<b>Total Commissioned Services</b>	<b>5,531</b>	<b>7,232</b>	<b>4,974</b>	<b>4,599</b>	<b>(375)</b>	<b>(124)</b>
<b>Corporate Costs</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
<b>Asset Management</b>	<b>660</b>	<b>591</b>	<b>443</b>	<b>432</b>	<b>(11)</b>	<b>(13)</b>
<b>Police Force Planned Expenditure</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
<b>Pay</b>						
Police Pay	84,788	84,914	63,721	63,477	(244)	417
Police Overtime	2,312	2,794	2,257	2,816	560	458
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<b>Pay Total</b>	<b>132,735</b>	<b>134,007</b>	<b>100,730</b>	<b>100,375</b>	<b>(355)</b>	<b>(439)</b>
<b>Non-Pay Budgets</b>						
Other Non Salary	1,724	1,718	1,286	1,196	(90)	23
Injury and Medical Police Pensions	3,871	3,871	2,903	1,379	(1,524)	110
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Transport	2,646	2,650	1,987	2,159	172	171
<b>Non-Pay Total</b>	<b>35,686</b>	<b>35,058</b>	<b>26,159</b>	<b>23,492</b>	<b>(2,667)</b>	<b>(1,600)</b>
<b>Projects</b>	<b>1,368</b>	<b>2,042</b>	<b>1,619</b>	<b>1,367</b>	<b>(252)</b>	<b>(20)</b>
<b>Total Planned Force Expenditure</b>	<b>169,789</b>	<b>171,107</b>	<b>128,507</b>	<b>125,233</b>	<b>(3,274)</b>	<b>(2,059)</b>
<b>(Surplus)/Deficit before Reserves and Capital</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
Contribution to Capital Programme	5,679	5,746	4,309	4,309	0	0
Planned Transfers to/(from) Earmarked Reserves	(293)	(723)	(541)	(277)	264	(492)
<b>Final/Forecast Over/(Under) Spend</b>	<b>0</b>	<b>(0)</b>	<b>431</b>	<b>(3,088)</b>	<b>(3,519)</b>	<b>(3,602)</b>