

## Finance Update to the end of August 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 Panel with an update on progress in relation to the finances of the 'Policing' budget based on the position to the end of June 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 August 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 breakeven.
- The Asset Management revised budget of £591k is forecast to underspend by £15k.
- The Partnerships & Commissioning Budget, originally set at £5,531k and revised to £7,001k is forecast to breakeven.
- The Force was originally allocated a budget of £169,789k, which has increased by £1,260k to £171,048k. The Force is forecasting to underspend by £1,240k.

- The original income budget of £182,541 has increased by £2,230k to reflect known changes in the year.
- The revised income budget of £184,771k is forecast to be exceeded by £330k 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 £525k is being transferred from Earmarked Reserves to fund expenditure covered elsewhere within the budget forecasts,
- **An overall underspend of £2,110k is therefore forecast for 2021/22 at this relatively early stage of the financial year.**

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>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
<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)	(1,825)	(7,052)	(7,052)	0
Partnership Income/Fees and Charges/Misc Income	(7,266)	(405)	(7,671)	(8,001)	(330)
<b>Other Funding</b>	<b>(12,493)</b>	<b>(2,230)</b>	<b>(14,723)</b>	<b>(15,053)</b>	<b>(330)</b>
<b>Total</b>	<b>(182,541)</b>	<b>(2,230)</b>	<b>(184,771)</b>	<b>(185,101)</b>	<b>(330)</b>

### Specific Grants

The PFCC is now budgeting to receive £1,825k 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 - £430k

With further funding from the Government across a number of areas totalling £355k more than budget.

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

The extended Covid19 full lockdown into January and February 2021 has reduced some elements of income to date, through reduced speed awareness courses and the continued restrictions on large scale events after April has also removed the demand for Special Police Services. The effects of this has been completely offset by additional recharges for secondments, however the biggest driver of 'underspend' in this area relates to a forecast over recovery on the provision of mutual aid of £340k, which is predominantly related to the G7 Summit, leading to a **forecast underspend of £330k**.

### OPFCC Budget

There is the potential that an underspend will develop as the year progresses however with the planned recruitment and investment within the building being proposed a **forecast breakeven** is made at this early stage of the financial year.

### 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.
- £234k of partner contributions towards Community Safety commissioned services.
- £245k additional funding to Domestic Abuse services

At this stage **the budget is forecast to breakeven** but will be closely monitored as the year progresses.

## 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 £1,260k to £171,048k. 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 £1,240k** against this revised budget as set out in the summary below:

	<b>Original 2021/22 Budget</b>	<b>Revised 2021/22 Budget</b>	<b>Budget to August 2021</b>	<b>Spend to August 2021</b>	<b>Over / (Under) Spend to August</b>	<b>2021/22 Forecast Outturn</b>
<b>Police Force Financial Summary</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	35,429	34,876	(553)	(675)
Police Overtime	2,312	2,794	1,364	1,480	116	68
PCSO Pay (incl Overtime)	7,672	7,782	3,246	3,338	92	(101)
Staff Pay (incl Overtime)	37,963	38,511	16,007	15,762	(245)	(497)
<b>Pay Total</b>	<b>132,735</b>	<b>134,001</b>	<b>56,046</b>	<b>55,457</b>	<b>(589)</b>	<b>(1,205)</b>
<b>Non-Pay Budgets</b>						
Other Pay and Training	1,724	1,705	710	557	(154)	(87)
Injury and Medical Police Pensions	3,871	3,871	1,613	1,341	(272)	0
Premises	4,319	4,396	1,799	1,884	85	62
Supplies and Services	23,126	23,040	9,592	9,043	(550)	(897)
Transport	2,646	2,650	1,104	1,172	68	62
<b>Non-Pay Total</b>	<b>35,686</b>	<b>35,660</b>	<b>14,819</b>	<b>13,997</b>	<b>(822)</b>	<b>(860)</b>
<b>Projects</b>	<b>1,368</b>	<b>1,387</b>	<b>578</b>	<b>214</b>	<b>(363)</b>	<b>825</b>
<b>Total Planned Force Expenditure</b>	<b>169,789</b>	<b>171,048</b>	<b>71,442</b>	<b>69,668</b>	<b>(1,774)</b>	<b>(1,240)</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 September 2021 this has however increased to 1,550 FTEs.**

Revised recruitment plans have also been developed to recruit a further 112 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, which is leading to a **forecast underspend in this area of £675k.**

### 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 on average 3 greater than the original budget, at 224 FTE, however 3 lower than the revised budget, which if sustained is **forecast to lead to a £100k underspend in this area.**

### 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 August 2021 the Force employed 1,032 FTEs and based on current forecasts is expected to have around 25 more vacancies across the financial year than budgeted for. Given this a **forecast underspend of £750k 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. It is anticipated that these costs will continue to rise whilst the new structures are embedded, and due to a premium on agency staff will not be completely offset against staff salary underspends. This area is currently **forecast to overspend by £230k** however there continues to be a risk that some vacancies will continue to be filled by Agency staff and therefore this overspend may grow.

The above 2 elements make up the majority of the **forecast £497k 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

The **£62k premises forecast overspend** relates entirely to additional cleaning costs due to Covid19. The Covid19 requirements post-19th July restrictions lifting are not yet known, with the forecast anticipating a return to normal from September. Potential savings in utility costs from new staff agile arrangements are not yet reflected.

## Supplies & Services

Projected **underspends in the area total £897k** and are attributable to several areas. The mains areas are lower than expected National IT charges and IT Licences leading to a forecast £450k underspend and a forecast lower than expected transfer to the Insurance provision of £400k

## Transport

Underspends realised within travel expenses, resulting from work from home arrangements, have been completely offset by additional expenditure on vehicle parts and outside contractors. This has resulted in **a forecast overspend of £62k**.

## **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 August** against the Capital Budget:

Details	Original 2021/22 Budget	Carry Fwds	Revised 2021/22 Budget	Spend to August 2021	Forecast Spend in 2021/22	Forecast Over / Under spend
	£000	£000	£000	£000	£000	£000
ICT	3,182	290	3,472	394	3,472	0
Fleet Rolling Programme	1,177	1,286	2,463	765	2,463	0
Estates Rolling Programme	1,823	1,636	3,459	262	3,067	-392
General Equipment Rolling Programme	590	352	942	26	942	0
Other Schemes	33	460	493	21	613	120
<b>Total</b>	<b>6,805</b>	<b>4,024</b>	<b>10,829</b>	<b>1,467</b>	<b>10,557</b>	<b>-272</b>

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

- £198k additional expenditure on Body Worn Video
- Investment in Visual Recording Interview (VRI) suites - £175k
- Investment in a new SARC and VRI
- Contribution to the investment in Estates in Ripon - £512k

## **Conclusion**

An underspend of just over £2m within Revenue is currently forecast, this has been ultimately driven by higher levels of staff vacancies than expected, Police Officers leaving earlier than expected in the first half of the year and a continued squeeze to reduce the amount of money spent across supplies and services. These forecasts currently assume a pay freeze in 2021/22 which is not yet an agreed position.

APPENDIX A						
	Original Budget	Current Budget	Budget to August	Spend to August	(Under)/ Over Spend	Forecast (Under)/ Over spend
	2021/22	2021/22	2021	2021	to August	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>(70,853)</b>	<b>(70,853)</b>	<b>0</b>	<b>0</b>
<b>Other Funding</b>						
Specific Grants	(5,227)	(7,052)	(2,678)	(3,353)	(674)	0
Partnership Income/Fees and Charges	(7,266)	(7,671)	(2,999)	(3,755)	(756)	(330)
<b>Total Funding</b>	<b>(182,541)</b>	<b>(184,771)</b>	<b>(76,531)</b>	<b>(77,961)</b>	<b>(1,430)</b>	<b>(330)</b>
<b>Office of the PCC Planned Expenditure</b>	£000s	£000s	£000s	£000s	£000s	£000s
<b>Total Planned Expenditure</b>	<b>1,175</b>	<b>1,175</b>	<b>485</b>	<b>481</b>	<b>(4)</b>	<b>0</b>
<b>Commissioned Services</b>	£000s	£000s	£000s	£000s	£000s	£000s
<b>Total Commissioned Services</b>	<b>5,531</b>	<b>7,001</b>	<b>2,734</b>	<b>2,612</b>	<b>(122)</b>	<b>0</b>
<b>Corporate Costs</b>	£000s	£000s	£000s	£000s	£000s	£000s
<b>Asset Management</b>	<b>660</b>	<b>591</b>	<b>265</b>	<b>240</b>	<b>(25)</b>	<b>(15)</b>
<b>Police Force Planned Expenditure</b>	£000s	£000s	£000s	£000s	£000s	£000s
<b>Pay</b>						
Police Pay	84,788	84,914	35,429	34,876	(553)	(675)
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<b>Non-Pay Budgets</b>						
Other Non Salary	1,724	1,705	710	557	(154)	(87)
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<b>(Surplus)/Deficit before Reserves and Capital</b>	£000s	£000s	£000s	£000s	£000s	£000s
Contribution to Capital Programme	(5,386)	(4,956)	(1,605)	(4,961)	(3,356)	(1,585)
Planned Transfers to/(from) Earmarked Reserves	5,679	5,679	2,366	2,366	0	0
	(293)	(723)	(406)	(285)	121	(525)
<b>Final/Forecast Over/(Under) Spend</b>	<b>0</b>	<b>(0)</b>	<b>355</b>	<b>(2,880)</b>	<b>(3,235)</b>	<b>(2,110)</b>