

Wiltshire Police and Crime Commissioner Record of Decision

Decision Detail	Provisional Revenue Outturn 2022 - 23
Business Area	Finance
Decision No:	027 - 2023
Date	31/05/2023
Protection marker	Official

Executive Summary

The proposal outlines the provisional revenue budget outturn for 2022-23. It then compares the outturn figures to the approved budget suggesting proposed movements in reserves in line with the reserves policy.

Decision:

The Commissioner is asked to authorise the Provisional Revenue Outturn 2022 – 23.

Implications

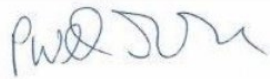
Please read appendix A in regard to this supporting information

Has considerations been taken following:	Yes	No
Financial	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Legal	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Equality and Diversity	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Sustainability	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Risk	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Additional comments

Police and Crime commissioner comments

I have read the documents and I confirm the decision to proceed as recommended.

Signed: 	Date: 31/05/2023
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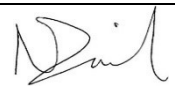
Financial Implications: (Must include comments of the PCC's Chief Finance Officer where the decision has financial implications)
Comments: A net requirement has been identified, which when compared to the budget of (the HO recognised budget excluding the specific Uplift) shows a favourable variance result.

Legal Implications: (Must include comments of the Monitoring Officer where the decision has legal implication)
Comments: There are no legal implications.

Equality and Diversity Implications
Comments: There are no Equality and Diversity implications.

Sustainability Implications
Comments: Reserves of £0.300m to assist in delivering a new Environmental Strategy are allocated. Predominantly allowing spending on the Fleet Telematic project helping understand and implement improvements to reduce its impact on the environment.

Risk Management
Comments: Monitoring of on-going costs from investments is required then identifying how they could lead to savings requirements in 2024-25. The risk of financial penalties for not maintaining police officer numbers set by the Home Office is new and requires management in Force.

Monitoring Officer Approval	
Signed: 	Dated: 31/05/2023

Public Access to Information: APPENDIX A Information in this form is subject to the Freedom of Information Act 2000 (FOIA) and other legislation. Part 1 of this form will be made available on the Commissioner's website within 2 working days of approval. Any facts / advice /
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recommendations that should not be made automatically available on request should not be included in Part 1 but instead on the separate Part 2 form.	
Is there a Part 2 form?	
If yes, for what reason: Disclosure of information in Part 2 Commercial sensitivity and may be a breach of terms of the Lease	

Appendix A:

Meeting	
Date	23 May 2023
Report Title	Provisional Revenue Outturn 2022-23
Report presented by	Clive Barker
Author	Clive Barker, Chief Finance Officer

PURPOSE OF REPORT

- 1 This paper reports the provisional revenue budget outturn for 2022-23. The paper then compares the outturn figures to the approved budget. The paper then suggests proposed movements in reserves in line with the reserves policy.

THE PROVISIONAL OUTTURN

- 2 Appendix A identifies a net requirement of £136.358m. When compared to the budget of £140.318m (the HO recognised budget excluding the specific Uplift), a favourable variance of £3.960m results.
- 3 Throughout the year an underspend has been forecast due to variances in mainly police officer and police staff pay. Both these areas are detailed later in the paper. The underspend of £3.960m is £0.273m more than that reported at Period 9. Whilst variances have fluctuated the simple explanation is the increase in investment income. The Period 9 forecast of £0.358m has risen to £0.615m (a £0.257m increase) due to better returns being received as the Bank of England Interest rate rose to 4.25% in March 2023 from 0.75% in March 2022. The table below summarises the variances.

Officer Pay Variance net of Overtime costs	£1.397m
Police Staff Variance net of Agency pay	£1.971m
PCSO Variance	£0.503m

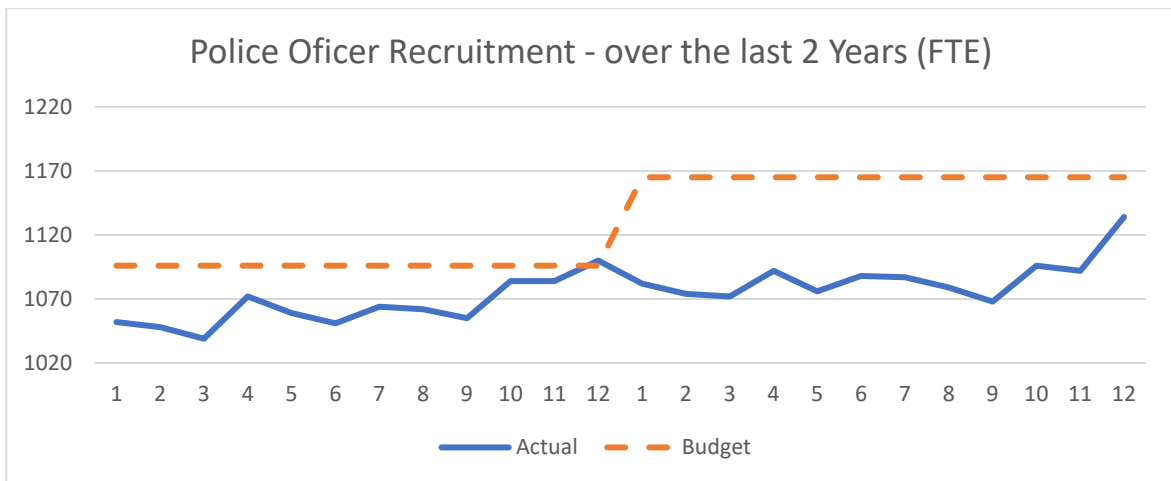
Investment Income received above budget	£0.615m
Total	£4.486m
Other net Variances	-£0.526m
Total Variance reports	£3.960m

POLICE OFFICER PAY COSTS

4 Whilst we have achieved the Uplift target of 1,189 with 1,196 declared we are still 31 below the budget of 1,165 FTE. This is explained below

Uplift Strength reported	1,196
Strength to FTE conversion	-18
Secondments, Maternity and Career Breaks	-44
Total FTE Actual	1,134

5 The Graph below shows the upward trajectory in Police Officers over the last 2 years with the March 2023 FTE of 1,134 against the budget of 1,165 (31 below budget). Confirmation has been received from the Home Office that we have met their target and as such we receive the full £1.1m grant. Plans are in place for next year however already concerns exist, in 2023-24 £2.2m is at risk if do not maintain numbers.

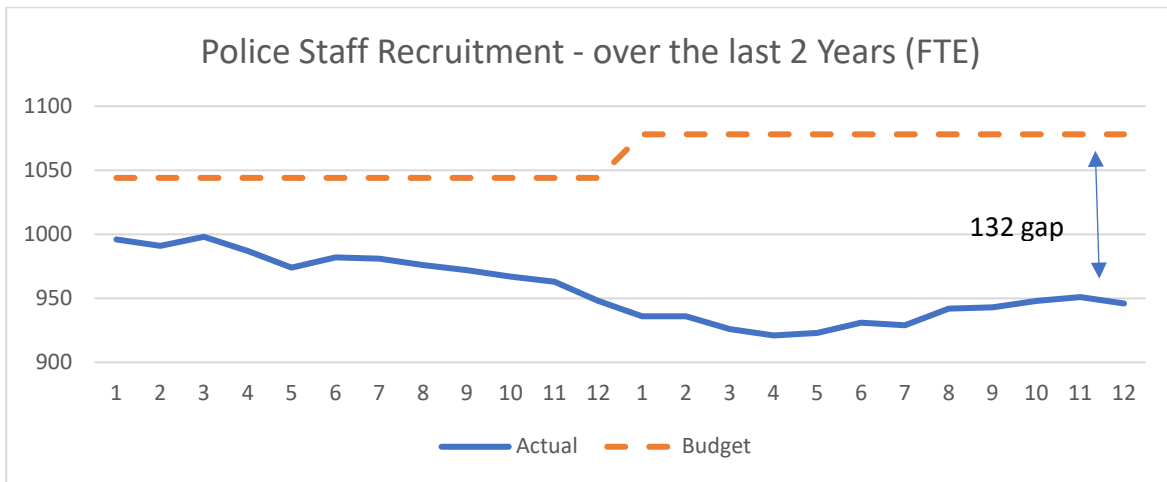


6 An underspend on Officer Pay of £1.397m is reported. This is net of a £1.163m overspend on overtime. Whilst overspends are spread across the force it should be noted that £0.511m is in County Hub, this is high due to a lack of resources to meet minimum staffing levels.

7 Underspends on pensions, NI and allowances totalled over £1m mainly due to the vacancies but also due to lower costs than forecast. In light of this and more new officers there has been a reduction in the 2023-24 baseline budget of £0.500m. The average number of officers paid this year was 1,087 (2021-22 average was 1,064).

POLICE STAFF

8 The accounts show a net underspend of £1.971m for Police Staff. Our ability to recruit and retain staff has deteriorated in 2022-23. The graph below shows the trend against budget over the last 24 months up to March 2023.



9 The year end gap of 132 (last year 96 at 31 March 2022) is the largest vacancy variance in recent history. In setting the budget for 2023-24 we have acknowledged this difficulty and increased the vacancy provision to 5% and decided to replace 20 LCI roles with Police Officers. This will result in a lower underspend next year even if we have the same number of vacancies.

10 Attracting new staff is a challenge with sizeable pay differentials starting to occur between us and competitors. This was recognised in the risk register in March 2022 with an intention to make positive changes however to date no significant action has occurred.

POLICE COMMUNITY SUPPORT OFFICERS (PCSOs)

11 An underspend of £0.503m has occurred with PCSOs. The ability to recruit new PCSOs has been limited this year due to the need to focus on Police Officers. The 2022-23 budget allowed for 122 PCSOs, the 31 March 2022 actual is 87 and the average over the 12 months 100.

12 Noting the variance and a desire to increase Police Officers it was agreed to reduce the PCSOs budget to 102. Even with this reduction it is envisaged we will still need 2 intakes during 2023-24.

OTHER COSTS

- 13 The £0.525m other overspend is made up of a number of variances shown in more detail in Appendix A.
- 14 The highest overspend of £0.243m relates to Transport. With delays in receiving the ordered fleet (over 50 vehicles are outstanding at a cost of £1.5m) we have made some decisions to outsource work and bring in 5 new vehicles (which were available at short notice) above budget to improve availability. These decisions with inflationary increases have led to an overspend on Vehicle Equipment of £0.152m. Vehicle Hire and mileage is also £0.077m over budget. A large portion of this is related to the closure of Melksham custody leading to additional costs in transferring staff and detainees to Swindon. Reserve funding is set aside for this in 2023-24.
- 15 With the focus on improvement and in the knowledge of a staff underspend we have overspent on Training (£0.232m). £0.078m has been on leadership and supervisor courses. A further £0.056m was spent on Collision Investigation and ICT training, these are new requirements due to enhanced requirements and the return of the function, they are now included in the 2023-24 budget. The majority of the remaining overspend was spent in Public Protection (£0.049k overspend) with CIET and CAIT training being the largest expenditure.
- 16 There has also been an overspend on Ill Health where 2 additional officers retired. Alongside higher monthly payments than budget this led to an overspend of £0.185m.
- 17 These costs have been funded via a number of underspends across the budget. With lower spends on Uniform (£0.190m) and Collaborations (£0.107m).

RESERVES

- 18 The Reserves Policy was agreed in the Medium-Term Financial Strategy (MTFS). Appendix B shows proposed reserve movements at year end

	Opening 31/3/2021	In year movement	Year End Variance	Closing 31/3/2022
Rev. Reserves	£12.001m	-£0.507m	+£1.846m	£13.340m
Cap Grant unused	£0.492m	+£0.030m		£0.522m
Capital Reserves	£3.817m	+£0.226m	+£2.114m	£6.157m
Total Reserves	£16.310m	-£0.251m	+£3.960m	£20.019m

19 In closing the accounts, the reserves have been reviewed in line with the MTFS. In undertaking this some reserves have been reduced, removed, or added.

20 The most significant issues are:

- The use of £2.114m for Capital which is in line with the MTFS.
- Increasing General and Operational reserves in line with the policy to have these at 2.5% of whole budget and 1% of CC budget (£0.147m total)
- Setting aside £0.500m in the Transformation Reserve to pump prime investments linked to the Police and Crime Plan.
- Setting aside £0.184m to fund overtime costs surrounding the Coronation.
- Setting aside £0.200m to fund temporary and agency staff to assist in driving the standards of investigations up.
- Setting aside £0.390m to fund the ERP Employee Lifecycle project which involves improving the system to meet every day use for Officers and staff with a focus on effectiveness and efficiency.
- Setting aside £0.353m to finance one off revenue costs incurring due to the whole force use of Swindon custody during the Melksham refurbishment.
- Setting aside £0.695m to finance the refurbishment of the Learning and Development Office facilities to improve the student experience.

21 Appendix B also shows the reserves plan for the next 4 years. This shows reserves reducing year on year to £6.087m by 31 March 2027.

22 It is the Chief Financial Officers responsibility to ensure the PCC holds adequate reserves. With the 2 large incidents on the horizon (Stonehenge/Inquiry) I have had to consider whether 2.5% is still appropriate. In the knowledge that there is a Major Incident Reserve of £1.7m to help fund these known issues I am content, considering the whole of the reserves held by the PCC, that a 2.5% level of general reserves is adequate. It is important to note that the allocation of reserves now is required to produce the Statement of Accounts. Later in the year the PCC, if desired, can redistribute the reserves in discussion with the Chief Financial Officer.

RISK ASSESSMENT

23 It is unlikely that the figures will change significantly from those set out in this paper. However, this is a provisional revenue out-turn and is subject to external Audit.

- 24 With a General Reserve of 2.5% and an Operational Reserve of 1% the PCC has the ability to manage one off issues. The £0.500m Transformation Reserve provides flexibility to finance critical investment now, we do however need to be aware of on-going costs from these investments and how they could lead to savings requirements in 2024-25.
- 25 The risk of not meeting the Officer numbers required via Uplift is significant (as per paragraph 6) with the £2.2m grant dependent on numbers at the end of September 2023 and March 2024. Increased focus is occurring however this could result in us failing to deal with the uses surrounding Police Staff. Paragraph 10 notes the attraction issue and that we have failed to deal with that in 2022-23 due to the focus on Officer numbers, this could occur again in 2023-24.

ENVIRONMENTAL IMPACT

- 26 Included with the reserves is £0.300m to assist in delivering a new Environmental Strategy. The majority of this is earmarked for a Fleet Telematic project which will help understand how the fleet is used and implement improvements to reduce its impact on the environment and cost.

DIVERSITY

- 27 No diversity impacts have been identified.

RECOMMENDATIONS

- 28 The PCC is asked to;
- a) note the budget variance of £3.960m, and;
 - b) approve the reserves included in Appendix B as at 31 March 2022 of £20.019m, and;
 - c) note the reserves plan which shows total reserves reducing to £6.087m by the 31 March 2027.