

ORIGINATOR: ASSISTANT CHIEF OFFICER

PAPER NO: APP22/40

SUBMITTED TO: ACCOUNTABILITY AND PERFORMANCE PANEL – 16 SEPTEMBER 2022

SUBJECT: REVENUE AND CAPITAL MONITORING AS AT 31 JULY 2022

SUMMARY:

1. This report covers the financial overview of the PCC Budget, Constabulary Revenue Budget, Capital Budget and Investments and Reserves as at 31 July 2022.
2. The Group is forecasting a revenue underspend of £1.262m, comprising of underspends for the Constabulary of £0.591m and for the OPCC of £0.041m, and an over-achievement in Specific Grants of £0.630m.
3. The capital position is currently forecast to be on target.
4. The police officer pay award has been agreed at 5% compared to the budgeted assumption of 3%, which has reduced the forecast underspend. Police staff pay negotiations will be re-opened. Any changes to the staff pay award will be included in future forecast outturns.
5. Inflationary pressure in non-pay has been highlighted as a risk for the Constabulary. The impact on budgets is being monitored to manage accordingly.
6. This is a month 4 report presenting early outturn year-end forecasts that are subject to change during the financial year.

RECOMMENDATION:

1. The Police and Crime Commissioner is asked to consider the contents of this report.

1. OVERVIEW

1.1 Based on the position as at 31 July 2022, the Suffolk Group Revenue Budget is forecast to underspend by £1.262m at year end (Appendix A) and its capital budget is forecast to be on target at year end.

1.2 The high level summary is as follows:

	Budget 2022/23 £000	Full Year Forecast Outturn £000	(Over)/ Under Spend £000
Officer of the Police and Crime Commissioner for Suffolk	875	834	41
PCC Commissioning	860	860	-
Chief Constable Operational Spending	146,944	146,353	591
Transfer from Reserves (Constabulary)	(324)	(324)	-
Chief Constable Operational Spending (net)	146,620	146,029	591
Capital Financing	5,025	5,025	-
Transfer from Reserves	(1,417)	(1,417)	-
Capital Financing (net)	3,608	3,608	-
Specific Grants	(5,111)	(5,741)	630
Transfer from Reserves	2,750	2,750	-
Total Revenue	149,601	148,339	1,262
Capital Expenditure	6,141	6,141	-

1.3 The Constabulary assumed a 3% pay award for police officers in the current financial year, however the government has confirmed an overall 5% increase in pay to police officers from 1 September 2022 (£1,900 increase for each rank), resulting in an additional in-year cost pressure of approximately £0.9m. The Home Office have confirmed that £350m will be made available to forces over the next 3 years to support this increase, and that £70m will be allocated to forces in 2022/23 in line with the grant formula. This means Suffolk will receive approximately £0.6m. The net impact of the police pay award in the current year is therefore £0.3m.

1.4 Police staff have received a pay award of 2.1% from 1 April 2022 (equivalent to 3% from 1st September). However, as part of the settlement UNISON retained the right to re-open pay discussions should officers receive a pay award more than 3% this financial year. Should UNISON be successful in negotiating a 5% increase overall for police staff then this would equate to an increased cost of approximately £0.5m. As negotiations are ongoing this is not yet assumed in the forecast outturn – but remains a risk.

1.5 Due to a number of global factors, inflation is running at its highest level for many years with CPI having peaked at 9.4% in June. The force has made a provision of £1m in respect of non-pay inflation and in this report it is forecast that this is required and spent in full. Further detailed work is currently being undertaken by Heads of Department and Finance Business Partners to assess the impact of rising costs, particularly in respect of fuel, energy and significant contracts. A number of contracts are at fixed prices, so some of the rise in costs will be delayed until later in the year therefore mitigating some of the in-year impact. There is also an increased lead in time for some goods and this may also mitigate some level of spend in year. The budget setting process for 2023/24 will be analysing the full impact on budgets going forward.

2 PCC REVENUE BUDGET

2.1 The Office of the PCC Budget for 2022-23 is £0.875m (Appendix A (i)). The year-end position is forecast to be £0.041m underspent.

2.2 The Police and Crime Commissioner's (PCC) Commissioning budget is £2.4m which includes confirmed funding of £0.878m from the Ministry of Justice (Appendix A (ii)) for victim services, £204k for IDVAs and £188k for ISVAs. The PCC submitted a bid for Domestic Abuse and Sexual Violence funding and was awarded £263k from the Ministry of Justice. The MOJ have confirmed their funding is committed to per annum until 31 March 2025. The PCC budget of £860k supports crime and disorder reduction and additional victim services.

2.3 The Ministry of Justice grant will be used for victim services including Norfolk and Suffolk Victim Care and the Independent Domestic Violence Advice (IDVA) service.

2.4 As in previous years, £300,000 has been allocated to the PCC Fund, providing small grants to charities and voluntary sector organisations for crime and disorder reduction purposes.

3 CONSTABULARY REVENUE BUDGET

3.1 The total Constabulary Revenue Budget forecasts a year-end underspend of £0.591m as at month 4 (see detail in Appendix A (iii)). The main variances from budget producing the current forecast underspend are explained below.

	Budget 2022/23 £000	Full Year Forecast Outturn £000	(Over)/ Under Spend £000
Pay Related Costs	118,449	118,054	395
Other Employee Costs	1,357	1,383	(25)
Property Related Costs	9,497	9,540	(43)
Transport	2,544	2,633	(90)
Supplies and Services	12,443	12,370	73
Third Party Payments	2,048	2,063	(15)
Corporate including contingency and inflation	5,734	5,733	-
Income	(5,128)	(5,422)	295
Total	146,944	146,353	591

3.2 Pay Related Costs

3.2.1 The forecast underspend of £0.395m primarily relates to reduced officer costs based on the average officer FTE for the year, based on the planned recruitment and leavers profile, together with an underspend in police staff costs due to vacancies. This variance includes the impact of the recently announced police pay award resulting in additional cost of £0.883m, partially offset by Home Office funding of £0.630m (see para 5.1).

3.2.2 This forecast includes costs to uplift officer numbers as part of the government's commitment to increase police officers nationally by twenty thousand. The Home Office have confirmed in-year funding of £1.216m to cover the additional costs for an uplift of a further 72 officers for Suffolk Constabulary in 2022/23.

3.2.3 Recruitment of both officers and staff is under review in order to meet the target for the increase in officers and fill staff vacancies. It is anticipated that the strengthening of the recruitment pipeline will lead to an increase in officers and staff numbers, therefore narrowing the underspend through 2022/23.

3.3 Other Non-Pay Costs

3.3.1 The forecast overspend of £0.099m includes additional costs in medical costs, property (service charges), fuel and car allowances, offset by lower anticipated costs in supplies and services (equipment and operational expenses).

3.3.2 Specific areas of expenditure such as energy and fuel costs are under review and will be re-forecast and any impact will be proactively managed to ensure the Constabulary remains within budget in 2022/23.

3.4 Income

The forecast surplus of £0.295m includes additional income as a result of mutual aid in excess of expenditure and additional court fees.

4 SAVINGS

4.1 The total planned savings requirement for 2022/23 is £2.001m with budgets having been reduced in line with the agreed savings profiles set out in the MTFP. Delivery of these savings is on target.

5 SPECIFIC GRANTS

5.1 The budget of £5.111m relates to Home Office funding for PFI and other specific grants. It is anticipated that these grants will be received in full. The Constabulary has received additional income in-year of £0.630m from the Home Office to part-fund the police officer's 2022/23 pay award.

6 TRANSFER FROM RESERVES

6.1 The budgeted transfer from reserves is summarised in the table below.

Use of Reserves	Budget	Actual	Variance
	£000	£000	£000
Capital Programme Funding from Reserves	(1,417)	(1,417)	-
Constabulary:			
7 Force Collaboration Contribution	(120)	(120)	-
Carry Forward from 2019/20	(204)	(204)	-
Transfer from Reserves (Constabulary)	(324)	(324)	-
Capital Financing Reserve	1,453	1,453	-
General Reserve	200	200	-
Budget Reserve	1,097	1,097	-
Transfer to Reserves	2,750	2,750	-
Total transfer to / (from) Reserves	1,009	1,009	-

7 CAPITAL PROGRAMME

7.1 The capital budget for 2022/23 is £6.141m, comprising the current programme of approved schemes of £2.639m, slippage from 2021/22 of £2.570m and a transfer from Table B in respect of the Ipswich Town Centre Safer Neighbourhood Team premises of £0.932m. A summary of capital schemes is provided at Appendix B.

7.2 The forecast position at year end is currently on target.

	Budget 2022/23	Full Year Forecast Outturn	(Over)/ Under spend
	£000	£000	£000
Slippage from 2021/22	2,570		
Table A – schemes approved for immediate start 1 April 2022	3,571		
Total Capital Programme	6,141	6,141	-
Table B – schemes requiring a business case or further report to PCC(s) for approval	2,274		
Total	8,415		

8 INVESTMENTS AND PRUDENTIAL INDICATORS

8.1 At the end of July, investments totalled £37.6m, the breakdown of which is provided below.

OUTSTANDING AMOUNTS BY GROUP			
LIMITS		BALANCE	RATE
£10,000,000	Lloyds Bank	£5,625,778	1.16%
£10,000,000	Barclays Bank	£5,000,000	1.00%
£10,000,000	Santander UK	£1,000,000	0.55%
£10,000,000	Nationwide BS	£5,000,000	1.87%
£10,000,000	Coventry BS	£nil	-
£10,000,000	Goldman Sachs	£5,000,000	2.495%
	Goldman Sachs	£2,000,000	1.385%
£10,000,000	DBS Bank Ltd	£5,000,000	2.20%
	DBS Bank Ltd	£3,000,000	2.15%
£10,000,000 per LA	Local Authority	£nil	-
£10,000,000	CCLA	£6,000,000	1.22%
	TOTAL	£37,625,778	

8.2 Prudential Indicators

8.2.1 In line with the Prudential Code, the prudential indicators included within the Medium Term Financial Plan have been reviewed for the first quarter of 2022/23. The changes resulting from the final 2021/22 outturn and current 2022/23 forecasts include:

- Capital expenditure forecast has increased in 2022/23 due to the final approved slippage as part of the 2021-22 outturn.
- Deferment of the transition of right of use leases from 2022/23 to 2024/25 due to the decision to defer the implementation of IFRS 16.
- A minor reduction in the ratio of capital financing costs to net revenue budget.
- A reduction in the capital financing requirement, authorised limit and operational boundary limit for external debt in each year of the MTFP.

8.2.2 The Q1 projections do not alter the underlying need to borrow and currently there is no expectation to borrow throughout the periods 2022/23 to 2024/25, however these projections do not include changes to consumption of reserves that may arise as a consequence of the current economic crisis or future assumptions based on increasing inflation.

8.2.3 The operational boundary and the authorised limit set by the PCC still apply and the forecast movement on the capital financing requirement and associated indicators do not warrant a recommendation to the PCC to alter the limits originally set.

9. **FINANCIAL IMPLICATIONS**

9.1 As per the report.

10. **OTHER IMPLICATIONS AND RISK**

10.1 There are no other implications and risks. No changes are required to the PCC risk register.

Corporate Monitoring Report at 31st July 2022				
SUFFOLK GROUP				
FULL SUMMARY OF INCOME AND EXPENDITURE				
	Budget 2022/23	Actual Year to Date	Full year Forecast Outturn	(Over)/ Under Spend
	£000	£000	£000	£000
Pay and Employment Costs	119,177	38,911	118,753	423
Other Employee Costs	1,361	258	1,387	(25)
Property Related	9,499	2,022	9,542	(43)
Transport Related	2,555	981	2,644	(90)
Supplies and Services	14,618	6,760	14,545	73
Third Party Payments	2,048	565	2,063	(15)
Capital Financing	5,025	29	5,025	-
Contingencies	5,747	-	5,733	13
Movement to / from Reserves	1,009	-	1,009	-
TOTAL EXPENDITURE	161,038	49,527	160,701	338
Grant, Trading and Reimbursed Income	(11,437)	(3,046)	(12,362)	925
TOTAL INCOME	(11,437)	(3,046)	(12,362)	925
NET INCOME/EXPENDITURE	149,601	46,481	148,339	1,262

Appendix A (i)

Corporate Monitoring Report at 31 st July 2022 SUFFOLK PCC				
OPCC SUMMARY OF INCOME AND EXPENDITURE				
	Budget 2022/23	Actual Year to Date	Full year Forecast Outturn	(Over)/ Under Spend
	£000	£000	£000	£000
Pay and Employment Costs	728	217	699	29
Other Employee Costs	4	2	4	-
Property Related	2	-	2	-
Transport Related	11	-	11	-
Supplies and Services	117	24	117	-
Contingencies	13	-	-	13
Total OPCC	875	243	834	41
Movement to / from Reserves	1,009	-	1,009	-
TOTAL EXPENDITURE	1,884	243	1,843	41
TOTAL INCOME	(5,111)	(1,846)	(5,111)	-
NET INCOME/EXPENDITURE	(3,227)	(1,603)	(3,268)	41

Appendix A (ii)

Corporate Monitoring Report at 31 st July 2022 SUFFOLK PCC				
COMMISSIONING SUMMARY OF INCOME AND EXPENDITURE				
	Budget 2022/23	Actual Year to Date	Full Year Forecast Outturn	(Over)/ Under spend
	£000	£000	£000	£000
Supplies and Services	2,058	680	2,058	-
TOTAL EXPENDITURE	2,058	680	2,058	-
TOTAL INCOME	(1,198)	1	(1,198)	-
NET INCOME/EXPENDITURE	860	681	860	-

Corporate Monitoring Report at 31st July 2022				
Suffolk Constabulary				
CONSTABULARY SUMMARY OF INCOME AND EXPENDITURE				
	Budget 2022/23	Actual Year to Date	Forecast Outturn	(Over)/ Under Spend
	£000	£000	£000	£000
Pay and Employment Costs	118,449	38,694	118,054	395
Other Employee Costs	1,357	256	1,383	(25)
Property Related	9,497	2,022	9,540	(43)
Transport Related	2,544	982	2,633	(90)
Supplies and Services	12,443	6,056	12,370	73
Third Party Payments	2,048	565	2,063	(15)
Capital Financing	5,025	29	5,025	-
Contingencies	5,734	-	5,733	-
Movement to / from Reserves	-	-	-	-
TOTAL EXPENDITURE	157,096	48,603	156,800	296
Grant, Trading and Reimbursed Income	(5,128)	(1,201)	(5,422)	295
TOTAL INCOME	(5,128)	(1,201)	(5,422)	295
NET INCOME/EXPENDITURE	151,968	47,403	151,377	591

CONSTABULARY SUMMARY OF CAPITAL EXPENDITURE
Monitoring Summary 2022/23

	Slippage from 2021/22	Current Budget - Table A	Total Budget	Full Year Forecast Outturn	(Over)/ Under Spend
	£000	£000	£000	£000	£000
Estates	1,026	1,053	2,079	2,079	-
Information, Communication and Technology	13	400	413	413	-
Vehicles and Equipment	783	779	1,562	1,562	-
Joint Schemes	748	1,339	2,087	2,087	-
Total	2,570	3,571	6,141	6,141	-

SUFFOLK ONLY									
PROJECT	Requested Slippage (21/22)	Budget (Table A)	Budget (Table B)	Current Budget (Slippage & Table A)	Actual	Commitments	Outturn	Under/Over(-)	Approved Business Case
Carbon Management	100,000	100,000	-	200,000	23,642	32,263	200,000	-	-
PHQ Site	-	-	300,000	-	-	-	-	-	-
Halesworth Server Room	-	-	-	-	(24,798)	24,798	-	-	-
Estates Downsizing - Stowmarket	631,602	-	-	631,602	(1,102,376)	46,670	631,602	-	-
Estates Downsizing - Mildenhall Hub	80,000	-	-	80,000	1,407	98,051	80,000	-	700,000
Estates Downsizing - Sudbury	50,000	-	-	50,000	-	-	50,000	-	-
Estates Downsizing - Haverhill	-	-	111,572	-	-	-	-	-	-
Ipswich NE SNT - Heath Road and Gainsborough Clinic to Ransomes Fire Station.	150,000	-	-	150,000	-	-	150,000	-	-
Ipswich Town Centre SNT (Fire Station)	-	931,777	-	931,777	3,015	16,306	931,777	-	950,000
Martlesham PHQ - L&D Accommodation	14,312	-	300,000	14,312	25,828	116,202	14,312	-	-
Bury St Edmunds Car Park Extension	-	-	-	-	(21,532)	21,532	-	-	-
Bury St Edmunds Armoury	-	11,000	-	11,000	-	5,772	11,000	-	-
Bury St Edmunds Various	-	-	34,000	-	-	-	-	-	-
SALTO Renewals	-	10,000	-	10,000	-	-	10,000	-	-
	1,025,914	1,052,777	745,572	2,078,691	(1,094,814)	361,595	2,078,691	-	1,650,000
ICT									
ICT Replacements - Desktop Services	13,169	275,885	-	289,054	94,956	544	289,054	-	-
ICT Replacements - Communications	-	74,000	-	74,000	11,841	-	74,000	-	-
ANPR Vehicle Kit Refresh	-	50,000	-	50,000	-	-	50,000	-	-
Suffolk ESN (Emergency Services Network)	-	-	100,000	-	-	-	-	-	-
	13,169	399,885	100,000	413,054	106,797	544	413,054	-	-
Equipment & Vehicles									
Athena	-	64,038	-	64,038	-	-	64,038	-	-
Cameras- Static/Dual Lane/Fixed site	76,760	-	-	76,760	41,942	11,521	76,760	-	-
Vehicle Replacements	705,932	715,000	-	1,420,932	611,562	865,992	1,420,932	-	-
	782,692	779,038	-	1,561,730	653,504	877,514	1,561,730	-	-
Grant & Additional Revenue Funding									
	-	-	-	-	-	-	-	-	-
	1,821,775	2,231,700	845,572	4,053,475	(334,513)	1,239,653	4,053,475	-	1,650,000
Suffolk Capital Projects	1,821,775	2,231,700	845,572	4,053,475	(334,513)	1,239,653	4,053,475	-	
Suffolk Share of Joint Projects	748,274	1,338,914	1,429,097	2,087,188	(50,135)	108,074	2,087,188	-	
	2,570,049	3,570,614	2,274,669	6,140,663	(384,648)	1,347,726	6,140,663	-	
		8,415,332							

JOINT								
PROJECT	Requested Slippage (21/22)	Budget (Table A)	Budget (Table B)	Current Budget (Slippage & Table A)	Actual	Commitments	Outturn	Under/Over(-)
ICT								
Joint ICT Replacements - Servers	76,752	621,700	-	698,452	29,681	41,928	698,452	-
ICT Replacements - Network	485,000	888,000	-	1,373,000	352,659	213,772	1,373,000	-
Microwave Refresh	21,000	37,500	-	58,500	-	22,595	58,500	-
ANPR Cameras	-	75,000	-	75,000	-	-	75,000	-
Telematics	-	-	-	-	-	2,250	-	-
CCR Telephony	76,587	-	-	76,587	-	53,736	76,587	-
Genie/Clearcore	-	-	100,000	-	-	450	-	-
Video Conferencing	56,356	-	-	56,356	(62,504)	63,911	56,356	-
Digital Recording/Streaming	100,777	-	-	100,777	-	13,689	100,777	-
Mobile Device Replacement Programme	200,942	255,000	-	455,942	-	209,280	455,942	-
BWV Device Replacement Programme	-	865,909	-	865,909	318,247	510,911	865,909	-
Windows 10	-	-	-	-	-	1,000	-	-
Mobile Workflow (OPTIK)	136,275	260,000	-	396,275	50,364	113,823	396,275	-
DAMS (Digital Asset Management)	-	-	332,055	-	-	-	-	-
Airwave Handset Replacement	-	-	-	-	(41,166)	41,166	-	-
Covert Airwave Upgrade	-	-	-	-	(8,980)	8,980	-	-
ERP Upgrade Project	164,721	-	-	164,721	(3,584)	62,270	164,721	-
Sailpoint ERP	124,178	-	-	124,178	-	-	124,178	-
DMS Upgrade	95,050	-	-	95,050	3,183	67,125	95,050	-
ERP - Skills Module	-	-	110,000	-	-	-	-	-
ESN	-	-	106,242	-	23,799	125,948	-	-
eRecruitment Oleo	129,210	-	-	129,210	8,773	46,860	129,210	-
E-PDR	-	50,000	-	50,000	-	-	50,000	-
Modern Workplace	-	-	100,000	-	-	-	-	-
ERP Projects Server	-	-	30,000	-	-	-	-	-
Digital Forensics - Data Centre	-	-	526,448	-	-	-	-	-
Efficiency Initiatives Various	-	-	1,028,000	-	-	-	-	-
CDG Phase 2 - Data Warehousing	-	-	75,000	-	-	-	-	-
O365 Exploitation	-	-	50,000	-	-	-	-	-
Equipment & Other								
L&D Training & Taser Equipment	-	-	-	-	-	54,529	-	-
Rifle Capability	49,374	17,796	-	67,170	-	-	67,170	-
Radio Frequency Capacity	-	-	237,000	-	-	-	-	-
Firearms Various	-	-	227,000	-	-	-	-	-
Camera equipment refresh for CSI & FCIU	-	-	90,000	-	-	-	-	-
PSU Training Premises	-	-	100,000	-	-	-	-	-
Forensic Case Management System	-	-	166,000	-	-	-	-	-
Grant & Additional Revenue Funding								
TOTAL	1,716,222	3,070,905	3,277,745	4,787,127	670,472	1,654,221	4,787,127	-
Joint Capital Projects Norfolk	967,948	1,731,991	1,848,648	2,699,939	720,607	1,546,148	2,699,939	-
Joint Capital Projects Suffolk	748,274	1,338,914	1,429,097	2,087,188	(50,135)	108,074	2,087,188	-
	1,716,222	3,070,905	3,277,745	4,787,127	670,472	1,654,221	4,787,127	-
		4,787,127						