



## **NORTHAMPTONSHIRE POLICE, FIRE & CRIME PANEL**

**20 APRIL 2023**

**NORTHAMPTONSHIRE POLICE, FIRE AND CRIME COMMISSIONER**

**POLICE - FINANCIAL UPDATE AS AT PERIOD 10 - JANUARY 2023**

**REPORT BY THE CHIEF FINANCE OFFICER**

### **Purpose and Context**

1. This report sets out at a high level the forecast financial outturn for the period 1 April 2022 to 31 March 2023.

### **Forecast Summary Revenue Outturn as at 31 March 2023**

2. The forecast is based on two months of estimated data, which, alongside high inflation levels and potential additional national funding for successfully exceeding the Northamptonshire police officer uplift, means it will be subject to change by year end.
3. At this point in the year, there is a forecast underspend of £1.073m (a 0.67% variance) across both the Chief Constable and PFCC managed budgets.
4. This underspend is much better than the previous forecast earlier in the year due to a number of factors including:
  - good financial controls in place and monitored by the PFCC, the Chief Constable, S151 Officers, senior officers and budget holders;
  - additional one off grant funding secured for over-achievement of uplift officers safer streets initiatives; and
  - additional grants from other operational mutual aid funded activities.

These are reflected prudently in the forecast.

5. The forecast is attached in detail as an Appendix and is summarised below:

Budget Heading	Budget £'000	Outturn £'000	Variance £'000
<b>Budgets Consented to the Chief Constable</b>	149,811	149,320	(491)
Force Investments and Savings	649	462	(187)
	<b>150,460</b>	<b>149,782</b>	<b>(678)</b>
<b>Managed by the Police Fire and Crime Commissioner</b>			
- PFCC Staff and Office Costs	1,154	1,149	(5)
- Commissioning and Delivery Services	5,462	5,486	24
- Victims and Witnesses Grants and Other Income	(999)	(1,431)	(432)
	<b>5,617</b>	<b>5,204</b>	<b>(413)</b>
Capital Financing Costs	3,849	3,867	18
Budgeted Transfer to Reserves	438	438	0
<b>Total Policing Forecast</b>	<b>160,364</b>	<b>159,291</b>	<b>(1,073)</b>
Anticipated Year end transfer to reserves to support future initiatives and priorities		1,073	1,073
<b>Anticipated Outturn</b>	<b>160,364</b>	<b>160,364</b>	<b>0</b>

6. The summary above reflects a projected Force underspend of £678k and a £413k underspend in the budgets managed by the PFCC, offset by capital financing costs higher than estimated.
7. The majority of the Policing budget is comprised of the Force budget which the PFCC consents to the Chief Constable annually. The conditions of this allocation are set out in a formal strategic outcomes letter from the PFCC to the Chief Constable each year. This letter sets out a number of requirements and expectations, including that the Chief Constable will manage the resources within his delegated budget and that any overspends would be discussed with the PFCC at an early stage.
8. Earlier in the year, the higher than budgeted impact of inflation had caused significant pressures on the Chief Constable's budget and an overspend had been forecast. However, following tight financial management supported by additional grant and mutual aid income during the year, it is envisaged that the Chief Constable's budget will be underspent at year end due to these one off benefits.
9. In line with accounting practice, any underspend at year end will be transferred to reserves. The S151 Officer and the PFCC have already started discussions with the Chief Constable to consider how the one off underspends could be ring fenced and used to support operational police priorities and initiatives.

## Chief Constable Budgets

10. Pressures on the Chief Constable's budget have mainly arisen from inflation and the impact of the re-opened staff pay award negotiations and tight financial management has enabled these pressures to be contained where possible or one off savings identified.
11. However, these pressures have been more than offset by additional uplift grant income being anticipated and additional mutual aid income for operational activities.
12. Key highlights are as follows:
  - i. The Police Pay budget is forecast to underspend due to the lower cost of overtime on bank holidays together with additional national police officer grant uplift and operational mutual aid funding. The additional one-off uplift funding has been provided to forces whose police officer recruitment is above the recruitment profile.
  - ii. Given the timing of PCSO intakes, the PFCC had agreed with the Chief Constable that any PCSO underspends in the year will be transferred to reserves in order that funding can be ring fenced for neighbourhoods. It is currently anticipated that £593k will be transferred to reserves. This transfer to reserves has already been accounted for in the forecast.
  - iii. The Force Control Room is underspent due to timing of staff vacancies.
  - iv. One of the most significant variances relates to Enabling Services with an overspend of £541k. This budget heading has been most affected by the inflationary pressures in estates (utilities), digital and transport (fuel and supply chain parts). Underspends in HR and Finance due to timing of staff vacancies have offset some of these pressures.
  - v. Central Budgets are forecast to overspend mainly due to the pressure of the staff pay award as set out earlier.

## PFCC Office and Delivery Budgets

13. The PFCC budgets have also been impacted by the additional costs of the pay award. However, underspends from the timings of recruitment mean that this can be absorbed within the Office and Delivery teams overall envelopes.
14. In 2021/22, the PFCC ring fenced the sum of £292k in reserves to meet the costs of priorities in the office and delivery areas which were not completed within that year and were moved to a 2022/23 implementation.
15. Mindful of the future financial climate, the PFCC is now planning to meet these costs from within the overall 2022/23 Office and Delivery team budgets and does not intend to draw this funding down from reserves.
16. Key headlines are:
  - i. The pressures in the PFCC Staffing, and Complaints budgets mainly relate to the higher than anticipated pay award. Underspends in the office budget such as travel and subsistence and printing have mitigated these costs.
  - ii. It is envisaged the Police, Fire and Crime Plan Delivery Fund will be slightly overspent at the end of the year. This includes the work the PFCC commissioned on community engagement and consultation, with a particular focus on women's views to get a broader understanding of what would make them feel safer in Northamptonshire.
  - iii. The OPFCC delivery budgets are underspent in the area of Early Intervention, and Youth Provision due to staff vacancies.
  - iv. The Victims and Witnesses costs and the income received mainly from MOJ are now detailed separately, rather than netted off in previous reports to clearly reflect this level of investment.

During the year significant additional funding was made available from the Ministry of Justice (MOJ) for two years to provide grants to local organisations supporting victims and additional funding provided by the MOJ for Voice ensuring that additional costs are met by additional grant income.

The PFCC has allocated all the additional MOJ funding as grants and also provided additional funding for these important areas.

- v. The Commissioning budget is forecast to overspend due to the extension of the Operation Alloy scheme which supports Mental Health provision in the Force Control Room.

- vi. Savings have been released in Reducing Reoffending and Crime Prevention budgets to reflect the priority of delivering Safer Streets initiatives. Additionally, contributions to the Female Offender Strategy and Integrated Offender Management are lower than originally envisaged. It is possible that further underspends will be released in this area in the coming months.
  - vii. Work on the IPSOS MORI survey for staff , stakeholders and the wider public is well progressed. Following the outcome of the staff survey for OPFCC, Fire and Police, the Monitoring Officer has commissioned further follow up work by IPSOS. Once complete, this information will be considered and used to inform actions for the three organisations to take forward both internally and externally in the future.
17. The PFCC scrutinises the budget monitoring regularly throughout the year and receives regular detailed updates on Force performance at the Accountability Board.
  18. Furthermore, the PFCC receives an annual update on the internal control framework which forms the head of internal audit's annual audit opinion and is set out within the annual governance statement in the annual statement of accounts.
  19. Whilst all internal audit reports have not yet been received for the year, the S151 Officer has received assurances from the reports received to date following the implementation of the new financial systems for Policing on 1 April 2023 and compliance with the policies and procedures in place. These reports and progress against recommendations are considered by the Joint Independent Audit Committee (JIAC) and go some way towards informing the assessment on the control environment in the Annual Governance statement by those charged with governance.
  20. The PFCC takes all opportunities to secure additional funding for Northamptonshire. Since 2016/17, almost £13m has been received for additional funding. Furthermore, in recent weeks, further national funding has been promised to support operational policing in the county.

### **Recommendation**

21. That the Police, Fire and Crime Panel considers the financial update and forecast outturn.