



BOARD REPORT

PCC Strategic Board– 29 October 2020

Report Title: 2020/21 Revenue Budget Monitoring Report

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Report for: PCC/CC

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1. Executive Summary

- 1.1 This report monitors the Police & Crime Commissioner's (PCC), Force and group, Revenue Budget for 2020/21. It explains how the budget was set, the variance to date and forecasts an **under spend estimated at £73,500** as the year end outturn position for the group. This estimated year position takes into account the recently awarded Special Police Grant of up to £2.890M, (the third year running we have been awarded this grant) along with a grant of £0.201M refunding Bedfordshire Police the costs incurred purchasing medical graded personal protective equipment purchased at the height of the Covid19 pandemic. This forecast does not include any income that may be received through the recently announced Covid19 Surge fund or the income loss recovery scheme.

2. Purpose of report

- 2.1 To provide an overview of the financial performance of the revenue budget during 2020/21.

3. Background/Supporting papers/Implications

- 2020/21 Revenue Budget Monitor – PCC Exec Board (July 2020)
- 2019/20 Revenue, Capital & Treasury Management Outturn Report – PCC Exec Board (June 2020)
- 2020/21 Budget Report – Police & Crime Panel (Feb 2020)

4. Contribution to the Police and Crime Plan

- 4.1 An effective internal financial control framework is an imperative for the Commissioner to ensure that she is ensuring value for money in the use of public monies and an important part of that framework is to review on a regular basis how the revenue budget is being utilised both in terms of under and over spends but also in conjunction with the Force performance to ensure that resources are being used to build a safer Bedfordshire

5. Recommendation

- 5.1 That the report is noted and that further budget monitoring work is undertaken to review current levels of spend on staff and officer overtime and covid19 related spend. Submissions will continue to be made to the Home Office outlining additional spend and lost income as a result of the Covid19 pandemic. Grant submissions will also be made to the Home Office in relation to Covid19 Surge Fund and the Income Loss Recovery Scheme.

6. Appendices or enclosures

- 6.1 Appendix A – Spend against budget & year-end Forecast as at 30 Sept 2020.
6.2 Appendix B – Reserves Projection 2020/21 Financial Year

7. 2020/21 Budget

- 7.1 The 2019/20 budget was presented to the Police & Crime Panel on 4 February 2020. The approved budget of **£120.485M**. This figure was achieved after taking £2.686M worth of savings out of the budget.
- 7.2 The increase in the size of the net revenue budget of £8.2M compared to the previous year reflects the PCC's commitment to increase officer numbers within Bedfordshire Police. This was made possible by the increase in Police Grant of £4.8M combined with the additional Council Tax receipts of £3.4M. The increase in Council Tax receipts was only possible because of an increase of £10 on the council tax figure and an increase in the tax base. The PCC was also awarded a ring-fenced grant of £1.515M to help support the planned national increase in police officers. The combination of these funds has meant the PCC can fund additional police officers enabling the budgeted establishment to increase by 56 officers in 2021/22 as well as replacing all of those that leave or retire during the years. This means that the Force are expected to recruit approximately 200 officers to achieve this.
- 7.3 This means that despite the increase in funding, inflationary pressures and pay awards are being met through budget reductions. Over the last two years this has primarily been achieved via the priority-based budgeting (PBB) programme reviewing all areas of the Force, examining the services they deliver and considering the way in which they can work more effectively along with the level of service they provide. The budget was set on the basis that there would be no use of reserves in 2020/21.
- 7.4 The PCC has also received funding from the Home Office in the last two financial years through the Special Police Grant administered by the Home Office. £4.571M was awarded in 2018/19 and £2.778M in 2019/20. While no account of this was made when setting the current budget there was an expectation that further grant will be awarded this year. This

has now come to fruition and while no claim will be submitted until nearer the year end we have been awarded **up to £2.89M** in this financial year. This is based on expected spend of £3.4M of which the Home Office have committed to fund 85%. There is an acceptance that Bedfordshire has not been appropriately funded to tackle the extraordinary activities it is faced with in relation to tackle gun, gang and knife crime in the Force area and the Special Police Grant has been awarded to fund this area.

- 7.5 What nobody could foresee when the budget was approved in February was the impact the global pandemic Covid19 would have on Bedfordshire Police and indeed all Local Authorities throughout the United Kingdom.
- 7.6 The group budget of £120.485M comprises of £1.822M for the PCC and £118.663M for the Force.

8. Year End Forecast

- 8.1 The year-end forecast is made up of an estimated over spend of £31,300 for the Force, offset by an underspend of £104,800 for the OPCC resulting in a net underspend of **£73,500**. This is shown in detail at Appendix A which is presented at departmental level. There has been significant financial pressure on the Force as a direct result of the Covid19 pandemic. This has been experienced in the purchasing of personal protective equipment, ensuring our officers are protected as they can be while carrying out their normal duties and through the issue of ICT equipment to enable non-front-line staff to be able to work from home. In addition to this we have seen loss of income for the Force as a result of the virtual closure of Luton Airport. The award of the special police grant for the third year in a row has supported the PCC's assertion that Bedfordshire Police is not currently funded adequately to service the demand we experience and this award will cover the cost of our Boson team that was established to deal with gang related serious crime. The current forecast assumes that Covid19 related costs will reduce over the remainder of the financial year and where we can we will look to reduce spending trends. We have also applied for a grant of £201,400 to fund the outlay the Force incurred on medical graded personal protective equipment (PPE).
- 8.2 As we now moving into the second half of the financial year the forecast is predicated on a number of assumptions, listed a paragraph 8.3 below. As the year progresses the forecast should become more certain as the number of assumptions reduces. As a result of this while the group forecast is shown as an under spend of £73,500 within the appendix it would be more prudent consider the final outturn position to be **an under spend of £73,500** prior to any funding received from the recently announced Covid19 Surge Fund or the Income Loss Recovery Scheme.
- 8.3 The year end forecast is based on the following assumptions;
- That the force will continue to recruit to its target of approximately 200 officers and we will have an average of 12 officers leaving per month through natural attrition.
 - Included in the attrition rate is an assumption that some officers will transfer to collaborated units during the year.
 - All of the available Uplift Grant of **£1.515M** will be utilised in funding the costs of the 54 officers relating to Bedfordshire's share of the 6,000 uplift officers nationally, this being the first phase of the 20,000 uplift.
 - The FTTCG fund will have an approved over spend of £160K by year end

- A pay award of 2.5% will be awarded to officers and staff from September 2020.
- We will receive up to **£2.89M** special police grant funding Op Boson.
- We will receive **£0.201M** funding for the cost of medical graded PPE purchased during the year.
- No account has been taken of any further funding we may receive from the Home Office to support Covid19 related spend. Details have recently been published about a Covid19 Surge Fund that will provide **£0.270M** to Bedfordshire Police, this report assumes this grant will be fully utilised funding additional overtime costs of Covid Patrols across Bedfordshire.
- No account has been taken of the recently announced Income Loss Recovery Scheme that could provide further funding to compensate for lost income although a submission was made by the deadline of 21 October 2020.
- Serious Violence Grant of £0.908M will be spent in full with no impact on the revenue budget.
- No costs have been included for the Briggs Inquest, while some costs will be covered by Insurance we do expect an impact on the revenue account.

8.4 The only significant variance for the PCC's budget is an underspend of £0.148M relating to vacancies in the staff budget offset by £0.043M additional non-staff costs.

8.5 The projected year-end variances for the Force are summarised in the table below;

Table One – Estimated Year End Variances - Force

Area	£'000	Description
Police Pay	-526	The assumptions behind this forecast are listed at 8.2 above, the variance will change during the year if these assumptions do not come to fruition. Officer numbers have been budgeted for a full year but it will take a few months to get to full establishment.
Officer Overtime	653	This budget is being used to supplement the shortfall in officer numbers and additional spend has been incurred as part of our response to Covid19.
Staff Pay	-497	We have had vacancies within Crime & Investigation, Public Contact and Strategic Improvement plus others throughout the Force, some staff posts have been filled by Agency workers and recruitment is taking longer than normal due to Covid19.
Staff Overtime	483	This budget is being used to supplement the shortfall in staff numbers, issues within Athena and work backlog in intelligence.
Agency Staff	210	Agency staff are being used to fill some vacant staff posts due to recruitment delays.
Non-Staff Costs	496	We expect to see an overspend in the SARC project, costs are still being incurred maintaining Greyfriars, Op Tennis along with some additional ICT costs.
Externally Funded & Income	1,473	Budgeted Income is being lost from London Luton Airport and speed awareness courses, a reduction in the 2019/20 special police grant is reflected here and we expect a reduction in income from investments as the Bank of England Base Rate has reduced to an all-time low. We hope to recover circa 80% of lost income back through the lost income recovery scheme.
Collaboration	1,027	The significant increase in our share of the cost of the National Police Air Service is reflected here along with further lost income at Luton Airport suffered by the Armed Policing unit.

Grant Funding	-3,091	This relates to the Special Grant received for Op Boson @ £2.890M & the Medical Grade PPE Grant @ £0.201M
Contribution from Reserve	-197	Our final special grant claim in 2019/20 was reduced by £0.197M by the Home Office upon submission, based upon the actual spend of Boson, this reduction will be funded from the budget reserve as that is where the accrual was placed last financial year.
Total	31	

Forecast Outturn, Covid19 & Special Grant Application

- 8.6 While there are still uncertainties contained within this report we have a far better picture about support being offered to Bedfordshire Police when compared to our forecast in July. Based on our assumptions at 8.3 we are forecasting an **underspend of £73,500** as an outturn position.
- 8.7 We have continued to put resources into Op Boson and have been awarded a Special Grant of up to £2.89M as a contribution to these costs. This is the third year running that we have been awarded such a grant. We estimate our spend on Op Boson will be £3.4M and in awarding this grant the Home office expect 15% to be funded by Bedfordshire Police which is why the maximum claim we can make is £2.89M. Should our investment in Op Boson reduce then this will in turn reduce the amount of grant we can draw down.
- 8.8 Like all Forces in England & Wales we have incurred additional unplanned expenditure as a result of the Covid19 pandemic. The Home Office is monitoring these additional costs (and reduced income) via monthly returns we are submitting. Included in this forecast are costs estimated at £2.4M that are as a direct result of the Covid19 pandemic. These are summarised in Table Two below.

Table Two – Covid19 Pandemic, additional costs

Reserve	£'000	Description
Reduced Income, London Luton Airport	1,514	This includes both the Airport Unit and our share of the Armed Policing unit. The forecast takes into account increases over the summer but acknowledges that passenger numbers could fall during the winter.
Reduced Income, Camera, Tickets & Collisions	185	The cameras were set to a higher tolerance level during lockdown to ease demand impacting on income levels for the Force
Policing Football Matches	43	As games are still being played behind closed doors no policing presence is required.
Estate Cleaning	50	Deep cleaning throughout the Force Estate
Personal Protective Equipment (PPE)	400	An estimate of PPE spend to year end, the actual figure is likely to fluctuate depending on the impact of relaxing lockdown and the risk of a second wave of covid19 infection.
Overtime	100	An estimate of overtime spend to year end for Covid19 patrols, the actual figure is likely to fluctuate depending on the impact of relaxing lockdown.
Officer & Staff Costs	108	Officers & Staff dedicated to our response to the Covid19 Pandemic

	2,400	
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- 8.9 In addition to the above we have brought forward our investment in ICT equipment to enable the majority of the workforce to be able to work from home, this will impact on the capital programme.
- 8.10 Of this projected spend and lost income of £2.4M we have been awarded a grant to cover the spend to July on Personal Protective Equipment, this equated to £0.201M and is accounted for in this forecast.
- 8.11 The Home Office has recently announced two further grants that we will be applying for. The Covid19 Surge fund will be directing funds to Forces to help fund Covid related patrols, we expect to spend all of the £270,485 that is likely to be awarded to Bedfordshire on said patrols. The second grant relates to the income loss recovery scheme. The grant will pay 75% of lost income after 5% has been absorbed which in effect is 71.25p in the £1 before netting off any consequential savings. This grant has not been included in our forecast but based on our submission covering April 2020 to July 2020 we anticipate further receipts of up to £0.600M.

9. Use of Reserves

- 9.1 When setting the current revenue budget this was achieved without any planned use of reserves in 2020/21. Reserve levels increased by £0.079M during 2019/20 but are still far lower than in recent years and equate to £9.199M as at 31st March 2020, to illustrate this point the balance was £17.510M as at 31st March 2015. During this time reserves have mainly been used to support the capital programme along with one-off initiatives and investment costs associated with change programmes.
- 9.2 A potential forecast of reserve levels has been included at Appendix B to illustrate the small level that reserve balances are likely to fall by during the year. For illustrative purposes we have assumed that the small under spend currently forecast will be placed into the budget reserve. Based on our assumptions to date the reserve balances could increase by the amount of grant awarded via the lost income recovery scheme.

Table Three – Estimated Use of Reserves

Reserve	£'000	Description
Budget	124	Our final special grant claim in 2019/20 was reduced by £197K by the Home Office upon submission based upon the actual spend of Boson, this reduction will be funded from the budget reserve as that is where the accrual was placed last financial year. For illustrative purposes we have assumed that the projected underspend of £73K will also be placed into the budget reserve.
Road Safety	82	A bidding process will be held in the Autumn by the OPCC for road safety initiatives to supplement the £43K already awarded. This figure is for illustrative purposes only, £175K was awarded in 2019/20.
Earmarked	17	Underspend c/f from 2019/20 by the OPCC supplementing the community safety fund.

9.3 The figures in the table above represent our assumptions at this stage of the year based on the information we have to date. Should spend on these initiatives reduce or the special grant application is approved then our reliance on these reserves will also reduce.

10. Outturn Position

10.1 The current estimate of year end position is an under spend of approximately £73,500. This is based on the use of reserves as described at section 9 and the assumptions at 8.3.

10.2 The year end position will continue to be monitored and if during the year the forecast deteriorates the use of reserves will be reviewed to determine how this can be dealt with. In doing this the following points will be considered;

- The borrowing requirements of the PCC
- The investment required for collaboration
- The future reliance on the budget reserve built into the medium-term financial plan.
- The wish to fund expenditure originally planned from reserves from revenue underspends.
- The ability to fund one-off, non-recurring expenditure from year-end underspends
- The potential for additional funding for Covid19 related costs