



## Cumbria Office of the Police and Crime Commissioner Report

**Title:** Commissioner's Revenue Budget Monitoring 2021/22 Quarter 4 and Provisional Outturn 2021/22

**Date:** 23 June 2022

**Originating Officer:** Michelle Bellis – Deputy Chief Finance Officer

**Report of the Joint Chief Finance Officer**

### 1. Purpose of the Report

1.1. The purpose of this report is to provide information on the provisional revenue outturn for 2021/22. The figures quoted at this stage are reported as provisional as the final accounts are still subject to audit but it is not envisaged that there will be any significant changes. Total net expenditure amounts to £113.599m compared to an approved budget of £114.177m. This is a net variance of £578k (0.51%). The variance represents an underspend of £373k in relation to funding provided to the Constabulary and an underspend of £205k on budgets managed by the OPCC. The variation of £477k represents a reduction in the forecast expenditure of £679k compared to the £101k underspend reported as at 31 December 2021.

### 2. Recommendation

2.1. The Commissioner is asked to note the combined provisional outturn position of an underspend of £578k for the financial year 2021/22.

2.2. The combined provisional outturn position is for an underspend of £578k. After taking account a number of technical adjustments in relation to the movement from an insurance reserve to a provision for insurance liabilities this provides for a core underspend on the revenue budget of £1,010k. The Commissioner is asked to approve that this underspent balance is transferred to a reserve for "Support to the 2022/23 revenue budget and Covid recovery".

### 3. Revenue Expenditure

- 3.1. The provisional outturn for net expenditure amounts to £113.599m, and is £578k (0.51%) under the approved budget of £114.177m. The forecast underspend position is made up of an underspend of £205k in respect of budgets controlled by the Commissioner and an underspend of £373k in respect of Constabulary budgets.
- 3.2. The principal variances at the end of the financial year are outlined in the table below with comparative figures reported as at December 2021:

Description	Base Budget	Revised Budget	Forecast Expenditure / (Income)	Forecast (Under)/ Overspend	Forecast (Under)/ Overspend	Forecast Expenditure / (Income)	Change in Forecast DEC-
	2021/22 £'000s	2021/22 £'000s	2021/22 £'000s	2021/22 £'000s	2021/22 %	@ DEC-21 £'000s	21 to Mar-22 £'000s
Office of the Police and Crime Commissioner	847	977	937	(40)	-4.09%	(29)	(11)
Other PCC Budgets	(22,113)	(20,406)	(20,571)	(165)	0.81%	(61)	(104)
<b>Total PCC</b>	<b>(21,266)</b>	<b>(19,429)</b>	<b>(19,634)</b>	<b>(205)</b>	<b>1.06%</b>	<b>(90)</b>	<b>(115)</b>
Funding Provided to the Constabulary	136,981	133,606	133,233	(373)	-0.28%	(11)	(362)
<b>Net Expenditure</b>	<b>115,715</b>	<b>114,177</b>	<b>113,599</b>	<b>(578)</b>	<b>-0.51%</b>	<b>(101)</b>	<b>(477)</b>
Movements To / (From) Reserves	(603)	934	1,513	578	61.88%	0	578
External Funding	(115,112)	(115,112)	(115,112)	0	0.00%	0	0
<b>Total</b>	<b>0</b>	<b>(1)</b>	<b>0</b>	<b>0</b>	<b>0.00%</b>	<b>(101)</b>	<b>101</b>

A more detailed analysis of the figures in the above table (not rounded) is provided at **Appendix A**. Commentary on specific variances is provided in the paragraphs below.

- 3.3. The budget for the Office of the Police and Crime Commissioner came in under budget by £40k or 4.09% (previously £29k underspend at December). The underspend is largely as a result of reductions in staffing and other office running costs (£42k), transport cost (£3k) and additional income (£10k) offset by increases in training & conferences (£15k).
- 3.4. The Other PCC Controlled Budgets came in under budget by £165k or 0.81% (previously under budget by £61k at December). The main reasons for the underspend on other PCC budgets are estates premises costs of (£153k), capital financing of (£246k), a reduction in the bad debt provision of (£4k), reduction in the LGPS past service cost (£10k), grants & contributions of (£253k) offset by increased insurances (£52k) and contributions to provisions for insurance & legal liabilities (£447k).

- **Estates** – The underspend on estates arises from reductions in repair & maintenance of (£157k), utilities of (£110k), other premises costs of (£13k), offset by increases in rent & rates (£75k) and cleaning (£51k) largely as a result of enhanced covid-19 cleaning regimes.
- **Capital Financing** – this reduction of £246k reflects the unused balance of budgeted revenue contribution to capital in respect of uplift vehicles/equipment of £300k.
- **Bad Debt Provision** – a reduction in the amount set aside at the year-end for bad & doubtful debts from £14k as at 31/03/21 to £10k as at 31/03/22.
- **LGPS** – This relates to the deficit reduction payment in respect of the Constabulary of £22k which is offset by the refund due to the PCC of £9k which was not included in the base budget.
- **Grants & Contributions** – The underspend represents additional grant income from the Home Office (£197k) made up of Safer Streets £75k (representing a recovery of base budget funded items of expenditure), additional uplift grant £112k, and covid loss of income grant £20k, less a reduction in DBS grant of £10k. In addition, there is an underspend showing in respect of other Government grants in relation to the apprenticeship levy £56k, this reflects the amounts drawdown from the levy to fund training.
- **Insurances** – The overspend on insurances arises from the increases that were applied by insurance companies at renewal on 1 November 2021. The increases have been factored into the 2022/23 base budget. There will also be a full tender exercise in relation to insurances during 2022/23.
- **Provision of Insurance & Legal Liabilities** – This increase represents the increase needed to the balance sheet provision for insurance and legal liabilities as at 31/03/22 following the Director of Legal Services review of legal claims and an independent biennial actuarial review of insurance liabilities.

3.5. The Commissioner provides funding to the Chief Constable to operate the Constabulary under the terms of a funding arrangement. The Chief Constable has reported a provisional outturn position of an underspend against this budget of £373k or 0.28% (£11k at December). The forecast underspend is made up of an overspend on expenditure budgets of £716k (previously an overspend of £516k at December) and an increase in income of £1,089k (previously £528k at December).

The underspend at the year-end is largely as a result of reduced expenditure on police staff pay (£796k) and non-staff budgets such as supplies and services (£1,159k), Other employee costs (£166k), transport costs (£92k) and increased income of £1,089k. Much of this underspend is

attributable both directly and indirectly to the continuing impact of the Covid 19 pandemic on the Constabulary's during 2020/21, which meant that budgets set aside for Covid recovery activities weren't able to be utilised.

These underspends were partially offset by additional expenditure on police pay and overtime £2,514k as a result of the deliberate decision to recruit the Constabulary share of the operation uplift officers ahead of target and increased pressure on overtime budgets, PCSOs £35k and third part related costs of £380k.

The Chief Constable has provided a separate report elsewhere on this agenda which provides a specific update regarding funding provided to the Constabulary.

- 3.6. The combined provisional outturn position is for an underspend of £578k. After taking account a number of technical adjustments in relation to the movement from an insurance reserve to a provision for insurance liabilities this provides for a core underspend on the revenue budget of £1,010k. It is proposed that this underspent balance is transferred to a reserve for "Support to the 2022/23 revenue budget and Covid recovery". This reserve will be used to fund covid recovery activities following the pandemic and pressures arising from the current unprecedented high levels of inflation that cannot be accommodated from the base revenue budget for 2022/23.
  
- 3.7. The Commissioner maintains the police property act fund. This fund has been accumulated over a period of time as a result of the disposal of property coming into the possession of the police under the Police Property Act 1987 and the Powers of Criminal Courts Act 1973. On a quarterly basis community groups or individuals can submit applications for funding to the Commissioner, the proposals should support priorities within the Commissioner's Police and Crime Plan, have an impact on community safety and crime reduction or contribute to the delivery of the Constabulary youth strategy (e.g. diversionary activities for young people). At 31 March 2022, the fund amounted to £49k. During 2021/22 awards to successful applicants totalling £67k were made. Details of these can be found on the Commissioner's website [Successful Applicants/Grant Agreements - Cumbria Police and Crime Commissioner \(cumbria-pcc.gov.uk\)](https://www.pcc.gov.uk/SuccessfulApplicants/GrantAgreements-CumbriaPoliceandCrimeCommissioner)

## Appendix A

## Revenue Budget Monitoring 2021/22 – Provisional Outturn

Description	Base Budget	Revised Budget	Provisional Outturn	Provisional (Under)/Overspend	Provisional (Under)/Overspend	Forecast Expenditure/(Income) @ DEC-21	Change in Forecast DEC-21 to Mar-22
	2021/22	2021/22	2021/22	2021/22	2021/22	@ DEC-21	21 to Mar-22
	£	£	£	£	%	£	£
<b>Office of the Police and Crime Commissioner</b>	<b>846,580</b>	<b>977,227</b>	<b>937,106</b>	<b>(40,121)</b>	<b>-4.11%</b>	<b>(28,941)</b>	<b>(11,180)</b>
Other PCC Budgets							
Commissioned Services Budget	1,999,128	2,768,325	2,768,516	191	0.01%	0	191
Sexual Assault Support Services	216,654	(2,639)	(2,641)	(2)	0.08%	0	(2)
Estates	4,569,451	4,582,040	4,429,017	(153,022)	-3.34%	(62,813)	(90,209)
Insurances	803,217	812,146	863,953	51,807	6.38%	56,844	(5,037)
LGPS Past Service Cost	22,300	22,300	13,000	(9,300)	-41.70%	(9,300)	0
Provisions for Insurance & Legal Liabilities	105,500	105,500	552,858	447,358	424.04%	0	447,358
Technical Accounting	86,505	82,358	78,327	(4,031)	-4.89%	0	(4,031)
Capital Financing	5,213,416	4,552,954	4,307,079	(245,875)	-5.40%	0	(245,875)
Grants & Contributions	(35,118,495)	(33,318,669)	(33,572,060)	(253,392)	0.76%	(54,000)	(199,392)
Interest/Investment Income	(10,000)	(10,000)	(8,889)	1,111	-11.11%	8,000	(6,889)
	<b>(22,112,324)</b>	<b>(20,405,685)</b>	<b>(20,570,840)</b>	<b>(165,156)</b>	<b>0.81%</b>	<b>(61,269)</b>	<b>(103,887)</b>
<b>Total Police &amp; Crime Commissioner Directly Controlled</b>	<b>(21,265,744)</b>	<b>(19,428,458)</b>	<b>(19,633,734)</b>	<b>(205,277)</b>	<b>1.06%</b>	<b>(90,210)</b>	<b>(115,067)</b>
Constabulary Funding	142,239,662	139,798,497	140,514,816	716,319	0.51%	516,416	199,903
Constabulary Income	(5,258,701)	(6,192,399)	(7,281,866)	(1,089,468)	17.59%	(527,677)	(561,791)
<b>Total Constabulary Funding</b>	<b>136,980,961</b>	<b>133,606,098</b>	<b>133,232,950</b>	<b>(373,149)</b>	<b>-0.28%</b>	<b>(11,261)</b>	<b>(361,888)</b>
<b>Total Approved Budget</b>	<b>115,715,217</b>	<b>114,177,641</b>	<b>113,599,215</b>	<b>(578,425)</b>	<b>-0.51%</b>	<b>(101,471)</b>	<b>(476,954)</b>
Transfers To/(From) Earmarked Revenue Reserves	(353,196)	934,380	1,518,741	584,361	62.54%	(0)	584,361
Transfers To/(From) Capital Reserves	(250,000)	0	0	0	0.00%	0	0
Transfers To/(From) General Revenue Reserves	0	0	(5,934)	(5,934)	0.00%	0	(5,934)
Aggregated External Financing	(115,112,021)	(115,112,021)	(115,112,022)	(1)	0.00%	0	(1)
<b>Net Requirement</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(0)</b>		<b>(101,471)</b>	<b>101,471</b>