

Police and Crime Commissioner for Surrey – Decision Making Record

Report Title: Revenue and Capital Outturn 2020/21, Reserves Transfers and Capital Carry Forwards (subject to audit)

Decision number: 027/2021

Author and Job Role: Kelvin Menon – Chief Financial Officer OPCC

Protective Marking: OFFICIAL

Executive Summary:

Financial Regulations require the Executive Director of Financial and Commercial Services prepare an outturn report and recommend for approval by the PCC the use/or transfer of surplus/deficit on revenue budgets in line with the reserves policy. The PCC is also asked to approve the carry forward of slippage within the 2021/22 Capital plan and any Capital Financing.

Background

Revenue Outturn for the year

1. A total revenue budget of £250m was approved by the PCC in February 2020
2. Government Grants increased by £9.1m to £112.2m as a result of additional funding for new officers and a general increase – the first for many years. The remaining £137.8m, reflecting an increase in the Precept was coming from local residents through the Collection fund
3. During the year a number of budget virements were approved between budgets were approved in line with Financial Regulations but these did not change the overall budget set.
4. The unaudited revenue outturn for the year 2020/21 was as follows

	To the 31 st March 2021			
	Actual	Budget	Variance	
	£m	£m	£m	%
Operational delivery budget	246.0	247.9	(1.9)	0.8
Office of the PCC	2.4	2.1	0.3	14.0
Total Police Fund	248.4	250.0	(1.6)	0.6%

5. For the Force savings have arisen in areas such as Police payroll (due to phasing of recruitment), premises, training and transport. Additional Covid costs were incurred of £6.6m but £4.2m of this was reimbursed leaving £2.4m as a cost for the year.
6. Although it appears that the OPCC has overspent this is not actually the case. During the year it was intended that the emergency Covid grants given out by the PCC totalling £445k to various 3rd sector organisations would be funded from the PCC operational reserve. However as a result of the overall underspend at the end of the year this transfer did not have to be made and so this has resulted in an apparent overspend. Had the transfer been done then the OPCC would in fact have been underspend by almost £100k
7. The savings target for the year was £1.4m although £0.5m of ICT savings were not achieved and have been moved to 21/22. This is reflected in the outturn.

Transfer to Reserves

8. As a result of the overall budget being underspend and other adjustments the PCC is asked to approve the following transfers to reserves:
 - £0.837m to General Reserve to cover risks around the delivery of savings in future years;
 - £0.400m to the Estates Strategy Reserve for future Estates costs;
 - £0.400m to the Cost of Change Reserves for future ERP costs;
 - £0.751m being a Government Covid grant received at the year end to the Covid 19 reserve to allow for future Covid costs;
 - £0.578m from the Ill Health reserve to reflect claims made in the year;
 - £1.732m from the Insurance reserve to reflect changes in the actuarial assessment of the level required in this reserve.
9. This will result in the unaudited reserves and provisions being as follows as at the 31st March 2021:

	Balance at 31 March 2020 £000	Transfers In £000	Transfers Out £000	Balance at 31 March 2021 £000
General Reserves				
General Fund	7,049	837		7,886
Chief Constables Reserve	1,071			1,071
Earmarked Funds				
OPCC Operational Reserve	1,000			1,000
PCC Estates Strategy Reserve	2,800	400		3,200
Cost of Change Reserve	1,564	400		1,964
Ill Health and Injury Reserve	1,638		(578)	1,060

Covid 19 reserve	1,000	751		1,751
Insurance Reserve	3,379	1,738	(3,470)	1,647
TOTAL RESERVES	19,501	4,126	(4,048)	19,579

2020/21 Capital Outturn

10. A Capital Budget of £10.5m was approved in February 2020 to which was added slippage from 2019/20 of £7.5m to give a total budget of £18m. During the year further slippage requests in to 2020/21 an additional capital spend were approved to give a budget as follows:

Capital Budget	2020/21 Original Budget (including 2019/20 Slippage) £'000	2020/21 Slippage Requests £'000	2020/21 Other Changes £'000	Revised 2020/21 Budget £'000
ICT Strategy	6,114	(1,088)	680	4,709
Enterprise Resource Planning	0			0
Commercial and Financial Services	5,032	(580)	82	4,794
Estates Strategy	4,047	(1,480)	(2,367)	(0)
Specialist Crime	326			326
Operations	624			824
Corporate Services	0		2,285	2,285
Contact	845		15	1,296
Unallocated Budget	1,056			0
Total Capital Budget	18,044	(3,149)	695	14,234

11. The table below shows the outturn and variances by area. Most of the variances relate to ICT and Estates projects that typically can span several years.

Capital Summary	2020/21 Total Budget £'000	2020/21 Actuals £'000	Variance £'000
ICT Strategy	4,709	3,096	(1,613)
Enterprise Resource Planning	0	1,918	1,918
Commercial and Financial Services	4,794	4,478	(316)
Specialist Crime	326	232	(94)
Operations	824	1,089	265
Corporate Services	2,285	1,627	(658)
Contact	1,297	886	(411)
Total Capital Budget	14,234	13,326	(909)

12. The PCC is asked to approved a total carry forward of £6.734m to the Capital Plan (as shown in the table below) for 2021/22 giving a total budget for the year of £25.95m.

Capital Summary	20/21 in-year slippage £'000	20/21 Slippage £'000	Total Slippage £'000
ICT Strategy	1,088	1,529	2,617
Commercial and Financial Services	733	325	1,058
Specialist Crime		186	186
Operations		297	297
Corporate Services	1,480	658	2,138
Contact		438	438
Total Capital Budget	3,301	3,433	6,734

Recommendation:

It is Recommended that the Police and Crime Commissioner:

- i. **Approves the following transfers to and from reserves as follows:**
 - £0.837m to General Reserve;
 - £0.400m to the Estates Strategy Reserve;
 - £0.400m to the Cost of Change Reserve;
 - £0.751m to the Covid 19 reserve;
 - £0.578m from the Ill Health reserve and; to reflect claims made in the year;
 - £1.732m from the Insurance reserve.

- ii. **Approves a carry forward of transfer of £6.734m from the 2020/21 Capital Budget to the 2021/22 Capital Budget**

Police and Crime Commissioner Approval

I approve the recommendation(s):

Signature: 

Date: 14/6/21.

All decisions must be added to the decision register.

Areas of consideration

Consultation

There is no requirement for Consultation on this matter

Financial implications

These are as set out in the report

Legal

The PCC must approve all transfer to reserves

Risks

As a result of the External Audit the figures may change. If this is the case then the decision may have to be amended to take account of any change.

Equality and diversity

No implications from this decision

Risks to human rights

No implications from this decision

