

SURREY POLICE AND CRIME PANEL

28th NOVEMBER 2024

SURREY POLICE GROUP FINANCIAL REPORT FOR THE PERIOD TO 30th SEPTEMBER 2024

SUMMARY

1. This report sets out the financial performance of the Surrey Police Group (i.e., OPCC and Chief Constable combined) as at the 30th of September 2024 with a forecast to the 31st of March 2025.
2. In terms of revenue it is forecast that the Group will be £0.8m underbudget by the end of the year. This is due to the efforts made by the Force to keep driving ongoing savings and efficiency measures and will be used to mitigate the increase in base costs caused by continuing pay and non-pay inflation.
3. Capital is forecast to be £2.5m under budget at the year end. Further details are given later on in this paper,

RECOMMENDATIONS

4. The Police and Crime Panel is asked to note the content of the report and comment as appropriate.

BACKGROUND INFORMATION/PAPERS/ANNEXES

5. The attached report – Annexe A – sets out the performance in more detail.

CONTACT INFORMATION

Name: Kelvin Menon
Title: Chief Financial Officer – Surrey OPCC
Email: kelvin.menon@surrey.police.uk

Financial Report as at 30th September 2024**Projected Group Revenue Financial Performance for the Year**

1. The Surrey Police Group, which consists of the Force and the OPCC, is projected to be underbudget by £0.8m for the year as shown in the table below:

Surrey Group	2024/25 Annual Budget £m	2024/25 Forecast Outturn £m	Variance £m
Total 2024/25 Budget	310.3	310.5	0.2
Funding	(310.3)	(311.3)	(1.0)
Grand Total	0.0	(1.3)	(0.8)

2. The £0.8m projected underspend is broken down further as follows:

	2024/25 Year to date £m	2024/25 Annual Budget £m	2024/25 Forecast Outturn £m	Variance £m
Wages and Salaries	136.3	257.9	259.6	1.7
Premises	8.0	15.1	15.9	0.8
Transport	3.0	5.1	5.0	(0.1)
Supplies and Services	16.7	36.0	35.7	(0.3)
Capital Financing and Reserves	6.8	9.6	11.0	1.4
Grants and Income	(12.2)	(16.8)	(20.1)	(3.3)
OPCC	3.7	3.4	3.4	(0.0)
TOTAL	162.3	310.3	310.5	(0.2)

3. Explanations for major variances over £0.5m are as follows:

Wages and Salaries

Included within this area is overtime which is predicted to be £2.6m overspent by the end of the year. Some of this is offset by other costs leading to an overall overspend for wages of £1.7m. A Force overtime group is looking at ways of reducing this spend and most of the expenditure is incurred in Local Policing.

At the half year point the actual vacancy rate compared that budgeted is shown in the table below:

Employees	Average of Employees FTE	Average Budget of Employees FTE	Average Variance FTE	Variance %	Budget Vacancy %	Vacancy Factor FTE
Police Officers	2,222	2,241	- 19	(0.8)%	(1.0)%	(22)
Police Staff	1,796	2,003	- 207	(10.4)%	(10.0)%	(200)
Total	4,018	4,244	- 226	(5.3)%		(223)

The Force is confident that it will meet the requirements for the Uplift grant.

Premises

The overspend is in the main due to additional costs relating to the move from Reigate to Wray Park necessitated by the presence of RAAC within Reigate Police station.

Financing and Reserves

This relates to unbudgeted transfers to insurance reserves, surrey camera partnership and additional capital contributions.

Grants and income

This area is ahead of budget due to additional grant and income not budgeted for. These relate to hotspot policing (£0.8m), Mutual aid (£0.7m), SEROCU and CTPSE secondment income (£1.3m) and Investment Income (£0.4m). Some of this income is offset by costs in other areas.

4. Funding is over budget due to money received from Government to fund the pay award (£2.1m) offset by a planned transfer from the Change Reserve which is no longer required this year. This money in the reserve can now be used on new

change projects which may come forward this year or towards next year's program.

Projected Capital Financial Performance

5. The total budget for the year comprises the approved budget for 24/25 plus slippage from the previous year and adjustments in year. This is shown in the table below:

	2024/25 Budget £m	2024/25 Forecast £m	2024/25 Variance £m
ICT	3.7	2.8	(0.9)
Vehicles and Estates	7.8	7.8	0.0
Specialist Crime	0.3	0.9	0.6
Estates	25.6	24.2	(1.4)
Operations	0.7	1.1	0.4
Change program	1.2	0	(1.2)
TOTAL	39.3	36.8	(2.5)

6. Actual expenditure to date is £5.0m with Surrey Estates, principally the redevelopment of MTB, being behind plan – the budget for this for the year is £21m but only £0.3m has been spend so far. Hence there is a possibility that the some of the Capital plan will need to be reprofiled into 2025/26 which will also move the borrowing requirement into that year as well. As neither the Force nor PCC receive any funding for capital all of the current program so far has been funded out of capital receipts and revenue.

Delivery of Savings

7. The budget for 2024/25 included £3.8m of savings which were taken when the budget was set. Since then, an additional £1.2m of savings have been identified, meaning that the transfer from the cost of change reserves for transformation costs can be smaller leading to fund being available for further projects as identified. The £1.2m of early identified savings can also contribute to the savings required for 2025/26.

8. The Medium-Term Financial Strategy indicates that at least £15.6m in savings will be required to balance the budget from 2023/24 to 2027/28 as follows:

Forecast Funding Gaps - SURREY £23.5m	2024/25	2025/26	2026/27	2027/28	2028/29	Four Year TOTAL
	£m	£m	£m	£m	£m	
Annual Savings Gap Requirement - 2024/25 Q1.1 MTFF	-3.8	-10.2	-5.5	-3.5	-4.2	-23.5
Achieved Savings	3.8					0.0
Overall Funding Gap	0.0	-10.2	-5.5	-3.5	-4.2	-23.5
Tactical Savings	1.1	0.2	0.0	0.0	0.0	0.2
Business Development Workshops	0.0	0.1	0.0	0.0	0.0	0.1
Joint Force Change Programmes	0.1	2.1	3.3	0.1	0.0	5.5
Change Delivery Projects	0.0	0.0	0.0	0.0	0.0	0.0
Prior Year Over Achievement	0.0	1.2	0.0	0.0	0.0	1.2
Total Savings Proposals	1.3	3.6	3.3	0.1	0.0	7.1
Additional Savings Required	1.2	-6.6	-2.2	-3.4	-4.2	-16.4
Additional Savings Required	0.0	-6.6	-2.2	-3.4	-4.2	-16.4

9. The ongoing need to deliver savings is driven primarily by increases in pay and inflation which are rising faster than anticipated increases in funding – even with Council Tax increases. Although some savings initiatives have been identified there is work to do to deliver these and close the gap completely.

Audit

10. The audit for 2022/23 financial statements will be disclaimed in February as a result of legislation passed by the Government and not due to any decisions made by the PCC or CC. The 2023/24 audit is currently underway.

Summary

11. The projected underspend of £0.8m is equal to 0.25% of the overall budget. There are a number of areas that need attention, such as overtime and forensics, but overall, the performance against budget for this year looks to be on track.
12. Furthermore, there has been a strategic finance approach to drive more savings in-year over and above those required when the budget was set in order to reduce the operating base cost in the following year. This so far has delivered an additional £1.2m of savings.
13. Work is well underway to find the required savings to balance the budget for next year and beyond – indeed some savings have already been found in advance of 2025/26. There is still a long way to go, and the force will need to maintain a

reserve specifically to cover the requirement to balance the budget in the short term. How much this will be will depend on the funding settlement (and in particular how the additional NI is funded) and the level of Council Tax increase precepted.