

**SURREY POLICE AND CRIME PANEL**  
**3 February 2023**

**SURREY POLICE GROUP FINANCIAL REPORT  
FOR THE 8 MONTHS ENDED 30 NOVEMBER 2022**

**SUMMARY**

1. This report sets out the financial performance of the Surrey Police Group (i.e., OPCC and Chief Constable combined) as at the 30 November 2022 with a forecast to the 31 March 2023.
2. At the moment it is predicted that the Group will have a £2.5m Revenue underspend and £2.0m Capital underspend at the year end. Further details are given later on in this paper

**RECOMMENDATIONS**

3. The Police and Crime Panel is asked to note and comment on the report as appropriate.

**BACKGROUND INFORMATION/PAPERS/ANNEXES**

4. The attached report – Annexe A – sets out the results in more detail

**CONTACT INFORMATION**

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## Financial Report as at 30 November 2022

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### Introduction

5. The period to the 30 November 2022 covers more than half of the year and as such should be a reasonable indicator as to the outturn for the year. The revenue budget is predicted to be £2.5m underspent which is equivalent to 0.9% of the budget. The underspend has arisen mainly as a result of underspends in wages, driven by an increasing number of vacancies, coupled with additional income, from things such as operations and seconded staff. This has been offset in part with some increased costs in areas such as overtime, utilities, and transport.
6. Capital is predicted to be underspent by £2m. This is due to the rephasing of some projects, particularly in respect of ICT and Estates. The Force intends to ask the PCC to roll these budgets (and projects) forward in to 2023/24.
7. Finally, the Force remains confident that it will reach its uplift target of 104 officers (including 6 regional) by the 31 March 2023 and all the savings for 2022/23 have been achieved.

### Group Revenue Financial Performance as at the 30 November 2022

8. The Surrey Police Group, which consists of the Force and the OPCC, has a revenue underspend of £2.5m for the year as shown in the table below:

<b>Surrey</b>	<b>Total 2022/23 Budget £m</b>	<b>Total 2022/23 Outturn £m</b>	<b>Variance £m</b>
PCC Budget	3.2	3.1	(0.1)
Operational Delivery Budget	275.9	271.4	(4.5)
<b>Total 2022/23 Budget</b>	<b>279.1</b>	<b>274.5</b>	<b>(4.6)</b>
Funding	(279.1)	(277.0)	(2.1)
<b>Grand Total</b>	<b>(0.0)</b>	<b>(2.5)</b>	<b>(2.5)</b>

9. As can be seen in the table above the predicted actual operational underspend is £4.6m but it has been assumed that £2.1m will be used on Change projects rather than these being funded from reserves as was originally intended. This however is subject to PCC approval.

## Further detail on the Month 8 revenue budget

10. The table below sets out a breakdown of the estimated year end variance as at Month 8

Nov-22	Year to Date		Full Year	
	Actual £'000	Forecast £'000	Budget £'000	Variance £'000
Payroll	158,380	226,708	229,504	(2,796)
Premises Related Expenditure	7,185	12,472	12,015	457
Transport Related Expenditure	3,911	4,583	3,960	623
Supplies & Services	21,971	41,095	40,644	451
Capital financing and Financial Reporting	5,614	8,736	7,865	870
Grants & Income	(18,724)	(19,122)	(14,860)	(4,262)
<b>Total</b>	<b>178,337</b>	<b>274,471</b>	<b>279,127</b>	<b>(4,656)</b>

## Wages and Salaries

11. Payroll is the largest expense incurred by the Force and is broken down in the table below:

Nov-22	Year to Date		Full Year		
	Actual		Forecast	Budget	Variance
Cost Type	£m		£m	£m	£m
Police Officer Pay	96.9		131.0	135.6	(4.6)
Police Officer Overtime	4.2		6.9	5.5	1.4
Police Staff Pay	50.9		76.0	77.0	(1.0)
Police Staff Overtime	1.4		2.2	1.3	0.9
PO Injury, Ill Health & Death Pensions	1.5		2.1	2.3	(0.2)
Other Employee Expenses	2.1		3.3	3.1	0.2
Agency Staff	0.4		0.8	0.5	0.3
Professional & Organisational Development	0.9		4.3	4.2	0.1
<b>Total</b>	<b>158.4</b>		<b>226.7</b>	<b>229.5</b>	<b>(2.8)</b>

12. Police Officer pay is underspent mainly due to the phasing of officer numbers and recruitment compared to the budget. Average officer numbers up to November were 67 under budget giving a variance of 3% or just slightly over the 2% vacancy margin budgeted for.

13. For Police staff the underspend is as a result of vacancies. Overall, there were 238 vacant posts, giving a variance of 12% which is in excess of the 8% vacancy margin included within the original budget. As a result of these vacancies overtime is predicted to be over budget with the biggest spend in Neighbourhood Policing and contact.

## Non-Pay Budgets

14. The current actuals and projected outturn for these budgets are summarised in the table below:

Nov-22	Year to Date	Full Year		
	Actual £'000	Forecast £'000	Budget £'000	Variance £'000
Premises Related Expenditure	7,185	12,472	12,015	457
Transport Related Expenditure	3,911	4,583	3,960	623
Supplies & Services	21,971	41,095	40,644	451
Capital financing and Financial Reporting	5,614	8,736	7,865	870
Grants & Income	(18,724)	(19,122)	(14,860)	(4,262)
<b>Total</b>	<b>19,957</b>	<b>47,763</b>	<b>49,623</b>	<b>(1,860)</b>

15. The main reasons for significant variances are as follows:

- Premises costs reflects an overspend on Utilities
- Transport costs are over budget due to increasing fuel and maintenance costs
- Supplies and Services variance is made up of a number of items of which the largest is an increase in PSD legal costs.
- Financing variance includes a transfer to the insurance and Ill health reserves following a review
- Income is above budget due to additional grants received for areas such as victim services, secondments for officers posted to regional units and reimbursement of mutual aid operations such as London Bridge

### **Delivery of Savings for 2022/23**

16. Savings of £2.9m were included in the 2022/23 budget and these have all been achieved during the year.

### **Uplift Investment**

17. 2022/23 marked the last year in a 3-year national program to recruit an additional 20,000 police officers. The allocation for Surrey for 2022/23 was an increase of 98 local officers and 6 regional officers. Given this is a net increase the numbers actually recruited are significantly higher as they need to replace officers retiring or leaving the service. The Force is focussed on achieving the Uplift target by the 31 March 2023 and has a recruitment stream in place. As a result, it is predicted that the target will be achieved and there will be no clawback of grant as a result.

## Capital Expenditure as at the 30 of November 2022

18. At the beginning of the year a capital budget of £7.4m was agreed together with carry forward of £10.8m from 21/22 giving a total of £18.2m. During the year the budget was increased by £2.0m for Change and other Projects but there has also been slippage in to 2023/24, mainly for estates, of £5.3m giving a budget of £14.9m.

19. Details of actual and estimated spend against budget are shown in the table below:

Capital Summary	2022/23 Total Budget £000	2022/23 Total Forecast £000	Variance £000
DDaT Strategy	4,011	3,006	(1,004)
ERP	740	740	-
Commercial and Finance Services	5,965	5,751	(214)
Specialist Crime	1,006	988	(18)
Operations	397	315	(81)
Corporate Services	2,298	1,548	(750)
Local Policing	466	486	20
Total	14,882	12,835	(2,047)

20. The Force runs a flexible programme managing schemes over a rolling 2-year period enabling schemes to be brought forward or deferred.

The main variances are as follows:

- ICT – Delays in the delivery of projects such as Surrey DCS upgrade and the Joint Service Management Platform.
- Commercial Services – Slippage in replacement of vehicles, Caterham roof and change projects.
- Corporate Services – Rephasing of the Estates strategy including the purchase of agile hardware. This will slip into next year.

21. The Home Office provides no funding for Capital hence it has to be funded by revenue contributions, asset sales or borrowing. Although no additional external borrowing has been taken out to date this may be required to fund the remainder of the capital program.

## Conclusions and Challenges

22. Based on the forecast made the Surrey Police Group should finish the year under budget. This will enable the change program to be funded from revenue and also provide a one-off surplus to put against the budget gap for 2023/24 whilst more sustainable options are considered. Although the underspend is financially beneficial it does have an impact in terms of posts not filled. Indeed Police staff

posts in particular have not been deliberately kept vacant but rather the Force is unable to attract staff to posts at the rates of pay it can afford to pay in such a buoyant labour market. Whilst this has not had the same impact on officer recruitment the pool of potential recruits is certainly getting smaller although it should not impact the achievement of Uplift for this year.

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23. The underspend on capital is mainly due to the rephasing of projects rather than savings but this could reduce the level of potential future borrowing. Policing has a significant requirement for capital in terms of vehicles, facilities, IT etc and funding this will become increasingly difficult in the future.
24. Risks remain for this year in terms of inflation, utility and fuel costs. Estimates have been made in the projected outturn for these however this actual impact may be different. This will only become apparent at the year end.