

SURREY POLICE AND CRIME PANEL

24th NOVEMBER 2023

SURREY POLICE GROUP FINANCIAL REPORT FOR THE PERIOD TO 30th SEPTEMBER 2023

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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 2023 with a forecast to the 31st of March 2024.
2. In terms of revenue it is forecast that the Group will be £1.3m underbudget by the year. This will be used to deal with inflationary pressures as they arise. Capital is forecast to be £0.9m under budget at the year end. Further details are given later on in this paper,

RECOMMENDATIONS

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

BACKGROUND INFORMATION/PAPERS/ANNEXES

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

CONTACT INFORMATION

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Financial Report as at 30th September 2023**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 £1.3m for the year as shown in the table below:

Surrey Group	2023/24 Annual Budget £m	2023/24 Forecast Outturn £m	Variance £m
Total 2022/23 Budget	288.7	290.2	1.5
Funding	(288.7)	(291.5)	(2.8)
Grand Total	0.0	(1.3)	(1.3)

2. The £1.5m for the budget is broken down further as follows:

	As at 30th September 2023			
	2023/24 Year to date £m	2023/24 Annual Budget £m	2023/24 Forecast Outturn £m	Variance £m
Wages and Salaries	127.5	238.0	243.2	5.2
Premises	8.3	14.3	15.0	0.7
Transport	2.8	5.3	5.2	(0.1)
Supplies and Services	18.7	42.2	40.5	(1.7)
Capital Financing and Reserves	7.9	7.5	8.5	1.0
Grants and Income	(17.3)	(18.6)	(22.2)	(3.6)
TOTAL	147.9	288.7	290.2	1.5

3. Explanations for major variances are as follows:

Wages and Salaries

£3.6m of the adverse variance is due to the pay increase granted to Officers by the PRB but was not budgeted for. This is offset by an increase in funding to reflect

the Government grant received. A further £1.5m is a predicted overspend in overtime for both officers and staff. Even though above budget this assumes that the outturn for the year will be around £1m less than last year.

The staff vacancy margin was increased to 10% when the 2022/23 budget was set. This has meant that even though the actual vacancy rate is 12% this has reduced significantly the level of underspend in this area when compared to previous years.

Premises

Increased maintenance and utility costs have contributed to the variance.

Supplies and Services

There have been increases in the costs of holding seized animals, forensics, and legal costs. This has been offset by savings in software licenses, uniforms and central held costs.

Financing and Reserves

Transfers to insurance reserves, surrey camera partnership and cost of change make up most of the overspend.

Grants and income

This area is ahead of budget due to higher than budgeted interest rates, regional posting of officers, recharging of officers and £1.2m additional Victims grant for the OPCC.

4. Funding is over budget due to the £4.8m received from the Government for Police pay and overachievement on uplift. This has been offset by £2.1m used to fund the change and investment program.
5. The OPCC is forecast to be in budget for the year. £1.2m was awarded for Victim Services in the year and this is being allocated to services.

Projected Capital Financial Performance

6. The total budget for the year comprises the approved budget for 23/24 plus slippage from the previous year and adjustments in year. This is shown in the table below:

	2023/24 Budget £m	2023/24 Forecast £m	2023/24 Variance £m
ICT	5.5	5.5	0.0
Vehicles and Estates	15.5	14.5	(1.0)
Specialist Crime	0.8	0.9	0.1
Operations	0.5	0.4	(0.1)
Local Policing		0.1	0.1
TOTAL	22.3	21.4	(0.9)

7. Actual expenditure to date is £4.7m so there is a possibility of some slippage in to 2024/25 but this is being assessed. This has all been funded out of revenue and capital receipts. If the entire program was to be completed by the end of the year then borrowing may be required to fund it.

Delivery of Savings

8. The budget for 2023/24 included £1.6m of savings which were taken when the budget was set. Since then, an additional £0.4m of savings have been delivered giving £2m in total. 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 £15.6m	2023/24	2024/25	2025/26	2026/27	2027/28
	£m	£m	£m	£m	£m
Annual Savings Gap Requirement - 2023/24 Q1 MTFE	-1.6	-6.0	-4.5	-2.4	-2.7
Prior Year Overachieved Savings	0.0	0.4	0.0	0.0	0.4
Savings Confirmed	2.0	1.4	0.0	0.0	0.0
Savings Proposals	0.0	2.4	3.3	2.8	0.0
Savings Balance	0.4	-1.9	-1.2	0.4	-2.3

9. The requirement for savings has been driven by increases in pay and inflation which has outstripped anticipated increases in funding – even assuming Council Tax increases. Although there are some proposals for savings, as shown in the table above, there is still a lot of work that needs to be done to deliver these. The Force is also looking at ways to find further savings to cover any shortfalls.

Uplift

10. 22/23 was the final year for of the Government's Uplift program to recruit 20,000 new officers nationally. For 2023/24 £1.75m of grant funding as contingent on Uplift targets being maintained at the half year and full year monitoring points. As at 30th September this target had been achieved.
11. The Government also gave Forces the opportunity to access additional funding in 2023/24 if they committed to recruit above the Uplift total for 2022/23 at the rate of £45,000 per officer. Surrey recruited an additional 10 officers leading to an additional grant of £450,000 which forms part of the surplus on funding.

Reserves

12. All reserves are owned by PCC rather than the Force. At the 31st of March reserves stood at £30.8m of which £20.1m were earmarked reserves. Aside from budgeted transfers there have been no material changes in reserves in the year so far.
13. It is possible that reserves will be needed to temporarily address some of the financial pressures the Force is under in respect of the 2024/25 budget whilst a more sustainable solution is worked on. This will become clearer as the budget is finalised.

Audit

14. The audit for 2021/22 financial statements has been completed and the auditor has recently issued an unqualified audit report. There is no date set for the commencement of the 2022/23 audit.

Summary

15. The projected underspend of £1.3m is equal to less than 0.5% of the overall budget. The increase in the 2022/23 budget of the staff vacancy margin meant that these savings were reflected in the budget rather than coming through as an underspend. Most of the underspend has arisen as a result of the Government funding for the Police Officer pay rise being larger than the cost – sadly this is only a one-off benefit as only 6 months of the costs of the pay rise have fallen into 2022/23. For 2023/24 onwards the full annual cost will be incurred and so there will then be a shortfall against the Government grant provided to fund it.
16. Work is well underway to find the required savings to balance the budget for next year and beyond. These savings are substantial even assuming Council Tax increases. There is some uncertainty as to whether these will be delivered in time and hence reserves may have to be used to cover this budget gap in the short term.

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