

SURREY POLICE AND CRIME PANEL 2nd February 2024

SURREY POLICE GROUP FINANCIAL REPORT FOR THE 8 MONTHS ENDED 30th NOVEMBER 2023

SUMMARY

1. This report sets out the financial performance of the Surrey Police Group (i.e., OPCC and Force combined) as at the 30th November 2023 with a forecast to the 31st March 2024.
2. At the moment it is estimated that the Group Revenue Budget will be £1.1m under budget and capital £1.9m under budget at the year end. Further details are given later on in this paper.
3. It is intended that the revenue underspend will be used to cover anticipated inflationary costs arising in 2024/25 and also to fund the change program to deliver productivity and efficiency improvements. Although capital is under budget this is due to the timing of expenditure and so the budget is likely to be carried forward in to 2024/25.

RECOMMENDATIONS

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

BACKGROUND INFORMATION/PAPERS/ANNEXES

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

CONTACT INFORMATION

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Annexe A

Group Revenue Financial Performance as at the 30th of November 2022

6. The Surrey Police Group, which consists of the Force and the OPCC, has a revenue underspend of £1.1m for the year as shown in the table below:

Surrey	Total 2022/23 Budget £m	Total 2022/23 Outturn £m	Variance £m
PCC Budget	3.1	3.1	(0.0)
Operational Delivery Budget	289.7	287.0	(2.7)
Total 2022/23 Budget	292.8	290.1	(2.7)
Funding	(292.8)	(291.2)	(1.6)
Grand Total	(0.0)	(1.1)	(1.1)

Further detail on the Month 8 revenue budget

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

Nov-23	Year to Date		Full Year	
	Actual £'000	Forecast £'000	Budget £'000	Variance £'000
Payroll	169,864	243,525	242,801	724
Premises Related Expenditure	9,748	14,426	14,235	191
Transport Related Expenditure	4,299	5,181	5,251	(71)
Supplies & Services	23,572	41,869	42,909	(1,041)
Capital financing and Financial Reporting	7,850	8,039	7,375	664
Grants & Income	(19,384)	(22,939)	(19,790)	(3,149)
Total	195,948	290,100	292,782	(2,682)

8. More details on the larger variances are as follows:

Wages and Salaries

Staff salaries are £1.7m under budget due to the current vacancy rate of 12.3% being greater than the 10% vacancy margin. However, this has been offset by £1.9m overspend in overtime with further overspends in training and employee insurance. The underspend on staffing is less than the same period last year due to the vacancy margin being increased for the 2023/24 budget.

Premises

Overspends in utilities and maintenance.

Supplies and Services

There have been savings in the purchase of uniforms, software licences, SE resources and operations. In addition, savings have been overachieved and there are a number of centrally held budgets, such as for additional investigative officers and estates collaboration which may not be spent this year. This is offset by an increase in the costs of holding seized animals, pension remedy costs and officer and PCSO assessment centre costs.

Capital Financing and Financial Reporting

Almost all of this is due to an increase in the Insurance fund reserve following a professional assessment of potential liabilities.

Grants and Income

Income is doing particularly well and is higher than budget – however almost all of it has arisen in the year and could not have been predicted when the budget was set. Mutual aid and officers seconded to regional units has been higher than predicted. The rise in interest rates has resulted in higher interest receipts for surplus cashflow invested. The use of custody cells for convicted prisoners on a short-term basis, Operation Safeguard, has also generated further income.

Revenue Budget Funding

9. It was anticipated when the budget was set that £2.1m would be drawn down from reserves to fund the transformation and change programme. This is now not required as there has been some slippage and the remainder has been funded from in year underspends. In addition, the Force received an additional £0.5m grant for agreeing to recruit 10 officers above its Uplift target.

Delivery of Savings for 2023/24

10. Savings of £1.6m were deducted from the 2023/24 budget when it was set. In fact, savings of £2.0m have been achieved and the additional £0.4m will contribute to the savings target for 2024/25.

Uplift Maintenance

11. The Force is required to maintain its uplift baseline of 2,253 officers at two monitoring points in the year. If this is not done then grant is clawed back. At the first monitoring point on 30th September 2023 the target was met, and it is predicted that this will also be the case on 31st March 2024. As a result, it has been assumed that no grant will be withdrawn. In addition, the Force agreed to recruit 10 officers

over Uplift, for which is received a grant of £45k per officer and is predicted that these officers will be in place at the year end.

Capital Expenditure as at the 30th of November 2023

12. 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:

Capital Summary	2023/24 Total Budget £000	2023/24 Total Forecast £000	Variance £000
DDaT and ERP	5,468	5,345	(123)
Commercial and Finance Services	15,336	13,633	(1,703)
Specialist Crime	800	800	0
Operations	460	439	(22)
Corporate Services	-	-	-
Local Policing	37	-	(37)
Total	22,100	20,217	(1,883)

13. The Force runs a flexible programme managing schemes over a rolling 2-year period enabling schemes to be brought forward or deferred. Hence most of the variance is likely to be carried forward rather than being an underspend.

The main variances are as follows:

- DDaT – Delays with hardware and sever replacement.
- Commercial Services – Slippage in housing and estates projects as well as the replacement of vehicles. In addition, telematics equipment now being leased rather than purchased.

14. The Home Office provides no funding for Capital hence it has to be funded by revenue contributions, asset sales or PWLB borrowing. No external borrowing has been taken out during the year so far as there has been sufficient revenue set aside, coupled with assets sales, to fund the program. This should be sufficient for the rest of the financial year.

Conclusions and Challenges

15. Based on the forecast, the Surrey Police Group should finish the year under budget. The largest element of this by far is due to additional income and recharges which have arisen during the year and are mainly one-off. Although some areas have experienced budget pressures resulting in overspends these have been offset by savings elsewhere. Indeed, the Force has overachieved against its savings target for 2023/24 and this excess will be applied against the savings required for 2024/25.

16. Officer numbers continue to be maintained meaning that grant funding is not at risk. Staff recruitment still presents challenges, and this has resulted in overtime being above budget particularly for contact. The additional grants available for recruitment above Uplift have also contributed to the bottom line.
17. The underspend on capital is mainly due to the rephasing of projects rather than savings but this has meant that the program can currently be funded without resorting to external borrowing. Policing has a significant requirement for capital, particularly in driving productivity improvements and net zero, and funding this will become increasingly challenging in the future.

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