

Executive Board

28th May 2024

Report of the Assistant Director of Resources (Finance Lead for Policing, Fire and Crime)

Budget Monitoring Outturn Report to the year ended 31st March 2024 – Police and Crime

1. Executive Summary

1.1 Purpose of the Report

1.2 On the 28th February 2023 the former PFCC agreed the revenue Budget for Policing for 2023/24 which was based on the receipt of income totalling £201,374k. In addition to the Revenue Budget the former PFCC also agreed a Capital Programme that was initially set at £12,991k for 2023/24.

1.3 This report is to provide the Mayor with the final position of the financial performance against both the Revenue and Capital budgets for the financial year 2023/24.

1.4 The financial information contained in the report could be subject to change as a result of the annual audit, if any changes are required an update will be provided to the Mayor.

2. Recommendations

The Mayor is asked to Approve:

2.1 That the Force provide a realistic assessment of what can actually be delivered in 2024/25 from their approved Capital Programme, and for this to be reported to the July Executive Board.

The Mayor is asked to **note**:

- 2.2 The **Office of the PFCC's** budget of £1,435k **underspent by £4k** during 2023/24.
- 2.3 The £6,131k budget to support **Commissioned Services** increased by £586k to £6,717k, as a result of the receipt of additional income during the year. Expenditure against this increased budget was £485k higher than the budget, resulting in an **over spend by £485k**. This overspend was funded from a Partnerships and Commissioning Earmarked Reserve.
- 2.4 The **Asset Management** budget of £640k **underspent by £14k**.
- 2.5 The **income budget** increased during the year by £8,033k to £209,407k, reflecting additional income that resulted in additional expenditure. The total income received in year was £3,052k higher than the revised budget, leading to an **under spend of £3,052k** in this area.
- 2.6 The budget allocated to the **Force** at the start of 2023/24 has increased by £7,260k to £198,335k. The reasons for this increase is linked to the additional income received in year. The Force are reporting an **over spend against this revised budget by £798k**, which is offset by higher 'Force' Income of £848k, resulting in a **net underspend of £50k for the Force**. Further details are set out in the report from the Force.
- 2.7 Planned, agreed or necessary **transfers to reserves** and to the Capital Programme were **£1,360k higher than the initial budget**.
- 2.8 **The total revenue outturn at the end of 2023/24 is that there has been an overall underspend of £426k which has been added to General Reserves.** This will ensure that the General Reserve is maintained slightly above 3% of the Net Budget Requirement, which is the minimum General Reserve balance that the organisation has set as part of its Reserves Strategy.
- 2.9 The original **Capital** budget of £12,991k, was increased by £3,447k to £16,438k during 2023/24, the reasons for this increase are included within the report from the Force. The Force has requested slippage of £7,676k into 2024/25 leaving a final budget of £8,762k for 2023/24. **There was an under spend of £467k against the significantly lower budget.**
- 2.10 Details of the performance against Capital is also included within a separate report from the Force.
- 2.11 Despite the approval to borrow £5,239k during 2023/24 to fund the Capital Programme **no external borrowing was undertaken** with £877k of Capital expenditure funded from internal cash balances
- 2.12 The Reserve Strategy approved in February 2023 forecast that there would be Reserves of £23,972k at the end of 2023/24. The **actual Reserves** at the end of 2023/24 was higher than this at **£26,684k**.

3. Reasons

3.1 When setting the budget for the financial year 2023/24 the former PFCC allocated the income forecast to be received during the year, of £201,374k, into the following areas:

- £1,435k to run the Office of the PFCC
- £6,131k for Commissioned Services and Community Safety Initiatives
- £640k for Asset Management Costs
- £191,075k to the Police Force
- £3,938k to the Capital Programme
- £845k from Earmarked Reserves
- £1,000k from General Reserves on the assumption that £1,000k from the 2022/23 underspend is added to General Reserves

The following sections will look at the above areas in more detail and discuss the outturn for each area.

3.2 Income and Funding

The former PFCC set the budget based on receiving income and funding of £201,374k during 2023/24 from the areas summarised in the table below, the in-year changes, the actual levels of income received and variances are shown below. In addition to current year figures the comparator figures for 2022/23 is also shown.

2022/23 Budget	In Year Changes	2022/23 Revised Budget	2022/23 Final Position	Variance	Summary of Income to be Received by the PFCC	2023/24 Budget	In Year Changes	2023/24 Revised and Final Budget	2023/24 Actual Income	Variance
£000s	£000s	£000s	£000s	£000s	Funding	£000s	£000s	£000s	£000s	£000s
(83,476)	(679)	(84,155)	(84,155)	0	Government Grants	(83,766)	0	(83,766)	(83,766)	0
(86,874)	0	(86,874)	(86,912)	(38)	Precept	(92,454)	0	(92,454)	(92,454)	0
(2,152)	0	(2,152)	(2,152)	0	Council Tax Freeze Grant	(2,152)	0	(2,152)	(2,152)	0
(5,746)	0	(5,746)	(5,746)	0	Council Tax Support Grant	(5,746)	0	(5,746)	(5,746)	0
(94,772)	0	(94,772)	(94,810)	(38)	Precept related funding	(100,351)	0	(100,351)	(100,351)	0
(6,114)	(4,084)	(10,197)	(10,723)	(525)	Specific Grants	(8,791)	(6,900)	(15,691)	(16,921)	(1,230)
(7,130)	(1,422)	(8,552)	(9,919)	(1,366)	Interest Receivable	(700)	0	(700)	(1,674)	(974)
(13,244)	(5,506)	(18,750)	(20,642)	(1,892)	Force allocated Income	(7,765)	(1,133)	(8,898)	(9,745)	(848)
					Other Funding	(17,256)	(8,033)	(25,289)	(28,341)	(3,052)
(191,492)	(6,185)	(197,677)	(199,606)	(1,930)	Total	(201,374)	(8,033)	(209,407)	(212,459)	(3,052)

3.3 In terms of overall income, the former PFCC received £212,459k during 2023/24, this was £12.9m, or 6.4%, higher than 2022/23.

3.4 The total income received in 2023/24 was also £11,085k (or 5.5%) higher than the original 2023/24 budget, and £3,052k higher than the revised budget.

3.5 This is a significant amount of additional income and therefore it is important to understand where it was received from and also how it was spent.

Specific Grants

- 3.6 The amount of Specific Grants received by the former PFCC was £8,130k higher than the budget set in February 2023. Of the increase £6,900k funded additional expenditure and has therefore been reflected in the Budget Changes below, while a further £1,230k was received that did not require any additional expenditure/budget and therefore is being reported as an under spend.

<u>Special Grant Movements</u>	<u>Budget Change</u>	<u>Underspend</u>
	£k	£k
Apprenticeship Levy Income	(2,086)	
Pay Award Grant	(2,710)	(502)
Additional Uplift Grant	(900)	(360)
Safer Streets Grant	(260)	
Serious Violence Duty Grant	(259)	
Protection Grant	(472)	
Software Licence Grant	0	(195)
Other Smaller Changes	(213)	(173)
Total Changes	(6,900)	(1,230)

Pay Award Grant

- 3.7 The Government agreed a 7% pay award for Police Officers and provided additional funding to P(F)CCs nationally to fund the difference between a 2.5% pay award and a 7% pay award for both Police Officers and Police Staff.
- 3.8 The funding was allocated via the Funding Formula mechanism which means that the former PFCC received £3,212k additional funding.
- 3.9 As the former PFCC has already provided the Force with sufficient funding for a 4% pay award then the Force calculated that £2,484k additional funding (out of the £3,212k) would be needed to fund the 7% pay award in 2023/24.
- 3.10 In addition to this the Force needed £236k towards the additional costs of collaboration as a result of the Pay award and higher costs in terms of overtime.
- 3.11 The specific grant income budget has therefore increased by £2,710k to reflect this additional allocation to the Force, with the remaining £502k showing as an 'underspend' (i.e. an overachievement of income versus the budget)
- 3.12 As with last year Apprenticeship Levy income (£2,086k) was reflected in the revised budget, along with the corresponding costs within the Training budget. This income is for the payments that will be made to the University for the delivery of the Police Officer training.
- 3.13 The Force were successfully in their initial request for increased Police Officer recruitment. The commitment was to have 20 additional Police Officers (above the Uplift Target of 1,644 (headcount)) at both the end of Sept-23 and March-24.
- 3.14 This was achieved and therefore the Home Office paid the former PFCC £900k more Uplift grant. This income was allocated to the Force to meet the additional costs incurred in the delivery of these additional recruits.

- 3.15 Further to this, the Force was successful with a further funding bid for 15 additional officers. These officers were also delivered which resulted in the Home Office paying the former PFCC a further £360k for achieving a Head Count of (at least) 1,679 Officers at the 31st March 2024.
- 3.16 The Force did not incur any additional costs in delivering these Officers over and above the funding the former PFCC had already provided and therefore this income is reported as an underspend.
- 3.17 The final underspend on Specific Grants was £237k higher than the position reported at the end of December, this is predominantly in relation to the notification of an additional and unexpected grant of £195k from the Government, late in March 2024, in relation to 'Software Licence Grant'.
- 3.18 'Force' Allocated Income
- 3.19 Details relating to the increase in income budgets of £1,133k are referred to in the report from the Police, along with the £848k underspend.
- 3.20 Beyond this, despite increasing the **interest receivable** budget from £20k in 2022/23 to £700k for 2023/24 both the increases in interest rates and the high cash balances held during 2023/24 lead to interest receivable being £1,674k, and **£974k higher than budget.**
- 3.21 **The Office of the PFCC**
The 2023-24 budget of £1,435k for the **Office of the PFCC** was forecast to breakeven during the financial year and the final outturn was in line with this with a **£4k underspend.**
- 3.22 Asset Management
This budget area includes borrowing costs associated with the £6m of loans that the organisation currently has. The amount that is required to be set aside to repay this debt (referred to as minimum revenue provision) and other banking fees and charges.
- 3.23 A **small underspend of £16k** was expected and delivered against the original budget.

3.24 Commissioned Services

The former PFCC allocated an original budget of £6,131k to support Commissioning and Partnerships, as set out in the table below. Funding for the Serious Violence Duty (£259k) and further funding for Safer Streets (£260k) was added to the expenditure budget as per the below, with the final budget for 2023/24 being £6,717k.

	Original 2023/24	Mvmt	Revised 2023/24 Budget	Actual Spend in 2023/24	Over / (Under) Spend in 2023/24
Commissioning and Partnerships	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>
Supporting Victims	2,625		2,625	2,796	171
Community Safety	1,197	259	1,456	1,634	179
Street Triage and Mental Health Services	474		474	481	7
Youth Justice	375		375	375	0
Child Sexual Assault Services	315		315	297	(18)
Safeguarding Communities	246		246	246	0
SARC Services	191		191	195	3
Community Fund	250		250	305	55
Safer Streets	446	260	706	766	61
Staff Pay	582	67	649	751	102
Non-Pay	73		73	24	(49)
Total Costs	6,774	586	7,360	7,870	511
Income	(643)		(643)	(668)	(25)
Total Net Budget	6,131	586	6,717	7,202	485

3.25 Expenditure against this revised budget was however £485k higher resulting in an overspend as a result of the following:

- £138k Counselling Services
- £280k Foundation

3.26 **All of the over spend was funded from an earmarked reserve for Commissioned Services.**

4. Police Force

- 4.1 The vast majority of the funding available to the former PFCC was provided to the Police Force. The Force was initially allocated a budget of £191,075k for 2023/24, this was increased by £7,260k, to £198,335k as per the table below:

	Original 2023/24 Budget	Final and Revised 2023/24 Budget	Movement since original 2023/24 Budget
<u>Police Force Financial Summary</u>			
<u>Police Force Planned Expenditure</u>	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>
<u>Pay</u>			
Police Pay	96,951	99,902	2,951
Police Overtime	2,904	3,947	1,043
PCSO Pay (incl Overtime)	6,880	6,953	73
Staff Pay (incl Overtime)	44,875	46,291	1,416
Pay Total	151,610	157,092	5,482
<u>Non-Pay Budgets</u>			
Other Pay and Training	2,390	4,566	2,176
Injury and Medical Police Pensions	4,051	4,051	0
Premises	5,722	5,722	(0)
Supplies and Services	23,779	23,364	(415)
Transport	3,523	3,539	16
Non-Pay Total	39,465	41,243	1,778
Total Planned Force Expenditure	191,075	198,335	7,260

- 4.2 This increase is predominantly as a result of the following:

- Of the £2,951k added to the Police Pay budget, £1,645k relates to the Pay Award and £900k relates to the additional Police Officer Uplift, with the remainder from secondment income.
- The Police Overtime Budget has increased from additional income and the higher pay award funding allocation.
- The PCSO budget has increased predominantly for the 7% pay award.
- The Staff Pay budget has increased by £1,416k, of which £735k relates to the 7% pay award.
- Most of the £2,176k increase in the Other Pay and Training budget is a result of £2,086k of Apprenticeship Levy income which has been used to increase the Training budget to fund the corresponding payments that will be made to the University for the delivery of the Police Officer training.

- 4.3 The summary of how this was spent, including over and under spends are included in the table below:

	Original 2023/24 Budget	Final and Revised 2023/24 Budget	Final 2023/24 Spend	Final 2023/24 Over / (Under) Spend
Police Force Financial Summary				
Police Force Planned Expenditure	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>
Pay				
Police Pay	96,951	99,902	100,408	506
Police Overtime	2,904	3,947	4,524	577
PCSO Pay (incl Overtime)	6,880	6,953	6,550	(403)
Staff Pay (incl Overtime)	44,875	46,291	45,534	(757)
Pay Total	151,610	157,092	157,015	(77)
Non-Pay Budgets				
Other Pay and Training	2,390	4,566	4,162	(405)
Injury and Medical Police Pensions	4,051	4,051	4,197	146
Premises	5,722	5,722	6,196	474
Supplies and Services	23,779	23,364	23,717	352
Transport	3,523	3,539	3,511	(28)
Non-Pay Total	39,465	41,243	42,118	875
Total Planned Force Expenditure	191,075	198,335	199,133	798

- 4.4 The details underpinning the Force financial performance are included within the report from the Force.
- 4.5 The £798k overspend on Expenditure is offset by an over-recovery on 'Force' income of £848k, resulting in a **net underspend position being shown by the Force of £50k**.
- 4.6 The overall Force outturn position is in line with the forecast of breakeven, it is however important that lessons are learnt from what was a very challenging start to 2023/24 in terms of financial decision making and planning.
- 4.7 As referred to in the report from the Force (at paragraph 4.1), the Force made significant decisions, which were not discussed/approved in advance with the former PFCC, that incurred costs, reduced income and/or did not deliver savings plans that totalled £2,345k.
- 4.8 In addition, the Force also pro-actively increased the Police Officer rank mix within the Force resulting in £700k of additional costs.
- 4.9 As a result, a repeat of 2022/23, when the Force overspent by £2,592k could have occurred, however;
- Through an element of good fortune (unexpected income from Operation Safeguard) - £512k,
 - Other areas of income over-recovery.
 - Significant levels of PCSO and Staff vacancies resulting in these areas underspending by £1,160k in total
 - And an unexpected underspend of £405k on training
- 4.10 Then the Force slightly underspent.

- 4.11 The Mayor may want to seek assurances that a more informed and planned approach to finances will be taken by the Force in 2024/25.
- 4.12 The Mayor may also want to seek some assurances from the Force across a number of areas in 2024/25, as highlighted by the below table which compares how much the Force actually spent in 2023/24 versus the Budget that has been set for 2024/25.

Police Force Financial Summary - Comparison of 2023/24 Expenditure versus 2024/25 Budgets	Final 2023/24 Spend	2024/25 Budget	2024/25 Budget vs 2023/24 spend	2024/25 Budget vs 2023/24 spend
Police Force Planned Expenditure Pay	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>	<u>%age</u>
Police Pay	100,408	106,717	6,309	6.3%
Police Overtime	4,524	2,613	(1,911)	-42.2%
PCSO Pay (incl Overtime)	6,550	6,770	220	3.4%
Staff Pay (incl Overtime)	45,534	47,390	1,856	4.1%
Pay Total	157,015	163,490	6,475	4.1%
Non-Pay Budgets				
Other Pay and Training	4,162	4,731	569	13.7%
Injury and Medical Police Pensions	4,197	4,475	278	6.6%
Premises	6,196	5,561	(635)	-10.3%
Supplies and Services	23,717	26,079	2,362	10.0%
Transport	3,511	3,114	(397)	-11.3%
Non-Pay Total	42,118	43,960	2,177	5.2%
Total Planned Force Expenditure	199,133	207,450	8,652	4.3%

- 4.13 Of interest, and concern, will be the budget for Police Overtime being £1.9m (42%) less than the actual spend in 2023/24.
- 4.14 While some of this spend was funded, and may not re-occur, it is nonetheless an area of concern, and one that it appeared that the Force had under more control given the concerns raised by previous PCCs, in relation to the overspends reported between 2015/16 and 2017/18, as shown in the table below:

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
Police Overtime - Over / (under) spend in £000s	1,173	1,988	1,542	(273)	21	345	391	1,643	577

- 4.15 In addition to overtime, the reduced budgets (in comparison to 2023/24 expenditure) for both Premises and Transport will need to be closely monitored for overspends.
- 4.16 In contrast to this, the Supplies and Services budget is 10% higher than the actual level of expenditure incurred in 2023/24, and with lower levels of inflation may be an area that could underspend in 2024/25.

- 4.17 Beyond the non-pay and overtime budgets, the Mayor may want to seek assurances from the Force on their plans for staffing for 2024/25.
- 4.18 The Force report having only 150 FTE PCSOs as at the 31st March 2024, the budget for 2024/25 is based on 163 FTEs. Similar underspends and gaps will occur during 2024/25, as they did in 2023/24, unless these are filled quickly.
- 4.19 The Force also report having only 1,106 FTE Staff as the 31st March 2024, the budget for 2024/25 is based on 1,203 FTEs. Starting the year with 97 additional vacancies (above an allowance for 100 vacancies already included within the budget) is likely to lead to significant underspends, and more importantly gaps in service provision given that the Force refers to these being in the following areas:
The vacancies materially sat within Enable (24 FTE at March 24), Customer Contact (38 FTE at March 24) and Criminal Justice (50 FTE at March 24).

5.0 Overall Financial Summary for 2023/24

5.1 The following table summarises the finances of the former PFCC for 2023/24 showing the original budget, the revised budget, spend against the revised budget and ultimately the (under) and over spends against the revised budget

	Original Budget	Final Budget	Final Spend	Final (Under)/ Over Spend
	2023/24	2023/24	2023/24	2023/24
Funding	£000s	£000s	£000s	£000s
Funding for Net Budget Requirement	(184,118)	(184,118)	(184,118)	0
Other Funding				
Specific Grants	(8,791)	(15,691)	(16,921)	(1,230)
Interest Receivable	(700)	(700)	(1,674)	(974)
Partnership Income/Fees and Charges	(7,765)	(8,898)	(9,745)	(848)
Total Funding	(201,374)	(209,407)	(212,459)	(3,052)
Office of the PCC Planned Expenditure	£000s	£000s	£000s	£000s
Total Planned Expenditure	1,435	1,435	1,431	(4)
Commissioned Services	£000s	£000s	£000s	£000s
Total Commissioned Services	6,131	6,717	7,202	485
Asset Management	£000s	£000s	£000s	£000s
Asset Management	585	640	626	(14)
Total Asset Management	640	640	626	(14)
Police Force Planned Expenditure	£000s	£000s	£000s	£000s
Pay				
Police Pay	96,951	99,902	100,408	506
Police Overtime	2,904	3,947	4,524	577
PCSO Pay (incl Overtime)	6,880	6,953	6,550	(403)
Staff Pay (incl Overtime)	44,875	46,291	45,534	(757)
Pay Total	151,610	157,092	157,015	(77)
Non-Pay Budgets				
Other Non Salary	2,390	4,566	4,162	(405)
Injury and Medical Police Pensions	4,051	4,051	4,197	146
Premises	5,722	5,722	6,196	474
Supplies and Services	23,779	23,364	23,717	352
Transport	3,523	3,539	3,511	(28)
Non-Pay Total	39,465	41,243	42,118	875
Total Planned Force Expenditure	191,075	198,335	199,133	798
(Surplus)/Deficit before Reserves and Capital	£000s	£000s	£000s	£000s
Planned Transfers to/(from) General Fund	(2,093)	(2,280)	(4,066)	(1,785)
Contribution to Capital Programme	(1,000)	0	0	0
Planned Transfers to/(from) Earmarked Reserves	3,938	4,359	3,428	(931)
	(845)	(2,080)	211	2,291
Final/Forecast Over/(Under) Spend	(0)	(0)	(426)	(426)

5.2 The overall underspend after required/planned/approved reserves transfers was £426k.

5.3 This has been added to General Reserves to maintain this reserve at 3% of Net Budget Requirement, which is lowest level the Reserves Strategy recommends.

6.0 Capital

- 6.1 The Force put forward a Capital Programme for the former PFCC to approve, that was **initially set at £12,991k** for 2023/24.
- 6.2 Subsequent to this, additional year-end **slippage from 2022/23, of £1,453k was added** to the 2023/24 budget.
- 6.3 In addition to this the PFCC **approved a £2,021k increase** in-year to the Capital budget relating to the following:
- £800k increase to the Victim's Centre Estates budget
 - £632k for Body Worn Video
 - £60k for Work Force Management Tool
 - £144k for Telematics
 - £385k for Northallerton VRI
- 6.4 After some small minor amendments, **this provided an overall Capital budget for 2023/24 of £16,438k.**
- 6.5 A full report on the performance against the Capital Programme is provided in a separate report from the Force however of significant note within the report is:
- Only £8,295k, or **just over 50%, of the budget was spent in year.**
 - **£7,676k of spend and schemes have been requested for carry forward** into 2024/25.
 - **Only 13% of the Estates** Capital budget was spent in year.
- 6.6 The revised budget, after slippage, for 2023/24 was £8,762k and there was an **under spend of £467k against this.**
- 6.7 Concerns about the delivery of the Capital Programme were raised throughout 2023/24 and those concerns continue into 2024/25.
- 6.8 **Moving into 2024/25**
- 6.9 The Force put forward plans for 2024/25 for a Capital Programme of £12,017k, the performance at the end of 2023/24, and the additional slippage requested means that a further £2,410k of slippage will be added to this programme.
- 6.10 **The Capital Programme for 2024/25 is therefore expected to start the year at £14,427k.**
- 6.11 This is therefore a significant programme that history suggests will be impossible for the Force to deliver.
- 6.12 It is recommended that the Mayor requests a realistic assessment from the Force as to what can actually be delivered in 2024/25, and for this to be reported to the July Executive Board.

7.0 Reserves

The approved 2023/24 budget was to be supported by £1,845k from Reserves. This was made up of the following transactions:

- £1,000k from the General Reserve
- £243k from the Commissioning Reserve
- £225k from the Council Tax Reserve
- £175k from the Cost of Change Reserve
- £173k from the Training Reserve
- £30k from the Firearms Licence Reserve

7.1 In addition to this, £3,938k was to be used to support the Capital Programme during 2023/24.

7.2 When setting the 2023/24 Budget in February 2023 it was forecast that **Total Reserves as at the end of 2023/24** would be £23,972k, **the actual outturn position is £26,684k.**

7.3 Total Reserves at the end of 2023/24, of £26,684k, are also slightly higher than forecast when setting the budget in February 2024, of £25,876k.

7.4 It is important to recognise that while reserves are higher than forecast this does not provide the organisation with any additional funds to spend. The higher reserves are predominantly as a result of the slippage and delays in delivering the Capital Programme.

7.5 **The plans of the organisation would still see the overall level of reserves reduce to around £10-12m in 3 years' time – therefore there is no scope to draw further on these reserves without a plan to replenish them.**

7.6 Overall reserves have reduced by £2,679k during 2023/24 as per the summary included below, which shows all reserves held by the Mayor for Police and Crime:

	Balance at 31 March 2023 £000	Tranfers In 2023/24 £000	Tranfers Out 2023/24 £000	Balance at 31 March 2024 £000
Funding for planned expenditure on projects and programmes over the period of the current financial year				
PFCC Reserve	471	168	(165)	475
Capital Reserve	9,051	4,203	(7,419)	5,835
Firearms Licence Reserve	539		(99)	440
Investments Reserve	219		(132)	87
Training Reserve	265		(173)	92
Council Tax Reserve	217		(36)	181
ESMCP	739			739
Commissioned Services Reserve	861		(342)	519
Total Reserves within current MTFP	12,362	4,371	(8,365)	8,368
Funding for specific projects and programmes beyond the current planning period.				
Confiscated Monies Reserve	565	207	(306)	465
Cost of Change Reserve	1,397		(1,224)	173
Total Reserves beyond current MTFP	1,961	207	(1,531)	638
As a general contingency or resource to meet other expenditure needs held in accordance with the Financial Management Plan				
Insurance Reserve	0	638		638
Pay and Pensions Reserve	950	900		1,850
Major Incident Reserve	432			432
Total General Contingency Reserves	1,383	1,537	0	2,921
Total Earmarked Reserves	15,707	6,116	(9,896)	11,927
General Reserves	5,602	426		6,028
Total Usable Reserves	21,309	6,542	(9,896)	17,955
Capital Receipts Reserve	8,053	675		8,728
Total Reserves	29,363			26,684
Movement	4,031			(2,679)

8.0 Conclusion

Revenue Budget

- 8.1 The final underspend of £3,052k on income, was in line with forecasts and was largely driven by higher funding for the Pay Award, additional Uplift funding and continued increases in interest rates. All of these would have been difficult to predict when setting the 2023/24 budget.
- 8.2 While £3,052k is a significant amount of money it represents less than 1.5% of the overall income that was received by the former PFCC in 2023/24. This additional income did provide an opportunity, as approved in the June report, to replace some of the reserves that were unexpectedly used at the end of 2022/23 as a result of the overspend by the Force.
- 8.3 It also provided the opportunity to add £775k to the Capital Reserve in line with the decision made by the former PFCC during 2023/24.
- 8.4 **The overall underspend after these agreed reserves transfers was £426k,** this has been transferred to General Reserves to maintain the General Reserve balance just above 3% of the Net Budget Requirement, which is the minimum level the organisation has established it will operate with as part of its Reserves Strategy.
- 8.5 The overall Force position net of 'Force' Income was an under spend of £50k which was in line with the breakeven position reported during the year. This is a considerably better position than the financial performance over the last 3 years, and while there are still areas for development and improvement, which has been referred to in this report, the outturn does not create any additional challenges as we move into 2024/25.
- 8.6 The 2023/24 Revenue Outturn position from the Force, is also the first time for 3 years that there has not been a material change in the financial performance of the Force versus the position that was reported at the end of the 3rd quarter.

Capital Budget

- 8.7 As with revenue there was also an under spend on the Capital Programme and this totalled £476k.
- 8.8 As with Revenue, this underspend was also in line with the position that was reported at the end of the 3rd quarter too, and therefore this is also a welcome improvement from previous years.
- 8.9 The level of overall slippage for 2023/24, of £7,676k, and the additional slippage that occurred in the last quarter of the financial year alone, of £2,410k, is the continuation of a problem and one that needs to be addressed.
- 8.10 The Force continues to be unrealistic in what it can deliver in terms of its Capital Programme, as well as overly optimistic about the timelines for delivery of the Programme.
- 8.11 The revised Capital Programme for 2024/25, to include slippage from 2023/24 would indicate the Force have plans to deliver a Capital Programme over £14m in 2024/25.

- 8.12 History would suggest that this will be impossible to deliver and therefore as I have recommended in the previous 3 years there needs to be a realistic assessment of the Force's Capital Programme to determine how much it can realistically deliver during 2024/25 before any additional items are added to this programme.
- 8.13 It is recommended that this realistic assessment be presented at the July Executive Board.

Michael Porter
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