



**Philip Seccombe
Police and Crime
Commissioner
for Warwickshire**

Decision Application WPC20137 2019/20 Outturn and Financing

Application Date:	27 th May 2020	Name of Applicant:	Sara Ansell, Treasurer
Application Decision Reference: WPC20137			
1. Summary of the application			
<p>Financial Regulations require a year end outturn report to be submitted for consideration and approval by the Police and Crime Commissioner (PCC). This should also include detail on the use/or transfer of any surplus/deficit on revenue budgets in line with the reserves strategy and the capital outturn and financing.</p> <p>The PCC is therefore recommended to approve:</p> <ul style="list-style-type: none">• the revised use of reserves set out in tables 3.2 & 6.1 of the attached supporting documentation, which uses £4.916m of reserves to balance the revenue budget, an increase of £0.181m, above the £4.735m as approved in the 2019/20 Budget and Medium Term Financial Plan (MTFP).• A further £2.272m of reserves to fund the Capital Programme,• the creation of a £0.500m covid-19 reserve to meet the direct costs of the pandemic should these not be reimbursed by the Home Office,• the inter reserve transfers and closing balances on earmarked reserves set out in Table 6.1 of the supporting documentation and reproduced within this decision notice,• the full outturn position and content of the attached report are noted• formal approval of the transfer (virement) of £0.100m from Police Staff Pay (underspending) to Police Overtime, following an earlier in year discussion• To approve the detailed capital financing in 2019/20 as included within this decision notice.• To approve the slippage on the capital programme against the 2019/20 capital budget.			

2. Background information:

The total 2019/20 revised revenue budget was £102.746m.

Government grants remained unchanged during the course of 2019/20 at £53.940m. The precept and collection fund surplus made up the vast majority of the remaining funding at £47.495m. This left a small approved draw down from reserve, of £1.311m to finance the 2019/20 budget. The approved budget report in February 2019 also allowed for a further draw down from reserves of £3.450m to finance transitional cost expenditure following the termination of the alliance with West Mercia, if required

The supporting Money Matters report outlines the full detail and variances regarding the outturn revenue and capital position, including reserve transfers and year end balances.

In summary the unaudited year end revenue position is as follows:

	Budget 2019/20 £'m	Actual 2019/20 £'m	Variance 2019/20 £'m
Total funding available	(101.435)	(101.435)	0.000
Total force and PCC expenditure	102.746	106.351	3.605
Contribution to/from reserves	(1.311)	(4.916)	(3.605)
Extraordinary item transferred to reserves	0.000	10.500	10.500

A net £10.5m was received from West Mercia as a cost settlement due to their decision to terminate the strategic alliance. This item is noted above and was transferred to reserves in 2019/20.

Much of the 2019-20 revenue overspend can be attributed to employee related costs, many associated with the transitional process of exiting the alliance and re-establishing services in Warwickshire. Other areas of variance notably include income and transport costs, but full detailed variance analysis is contained within the outturn report.

The required use of reserves to support the revenue and capital budget is shown in the table below. It also includes the anticipated reserve balances over the medium term financial plan period. Column 6 of the table below identifies the closing reserve balances at the end of 2019/20, totalling £20.999m.

RESERVES	Col 1	Col 2	Col 3	Col 4	Col 5	Col 6	Col 7	Col 8	Col 9	Col 10
	2018/19	2019/20				2019/20	2020/21	2020/21	2021/22	2022/23
	Closing Balance	Revenue	Capital	Settlement	Transfer	Closing Balance	Forecast Movement	Forecast Closing Balance	Forecast Closing Balance	Forecast Closing Balance
	Statement of Accounts	+/-	+/-	+/-	+/-		+/-			
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
General Reserves	5.000	0.000				5.000		5.000	5.000	5.000
Budget Reserve	0.639				1.068	1.707	-1.255	0.452	0.000	0.000
Transformation Reserve	0.862	-0.474	-0.367	10.500	-0.983	9.538	-9.538	0.000	0.000	0.000
Investment in Infrastructure	8.091	-3.363	-1.879		-1.684	1.165	-1.165	0.000	0.000	0.000
Safer Roads	1.596	0.020	-0.027			1.589	-0.500	1.089	1.089	1.089
PCC Grants and Initiatives	0.300	0.000				0.300	-0.300	0.000	0.000	0.000
Redundancy	0.400	-0.316			0.316	0.400	-0.200	0.200	0.000	0.000
Insurance & Legal	0.300	-0.283			0.283	0.300	-0.150	0.150	0.000	0.000
Income	0.500	-0.500			0.500	0.500	-0.250	0.250	0.000	0.000
covid-19	0.000	0.000			0.500	0.500	-0.500	0.000	0.000	0.000
Earmarked Reserves	12.688	-4.916	-2.273	10.500	0.000	15.999	-13.858	2.141	1.089	1.089
Total Reserves	17.688	-4.916	-2.273	10.500	0.000	20.999	-13.858	7.141	6.089	6.089

The 2019-20 capital outturn is £3.009m against a revised budget of £13.575m. £0.266m relates to underspending and the remainder £10.300m is slippage, and approval is sought to add this to the capital programme budget for 2020/21. The estates and ICT programmes account for the majority of the slippage into 2020/21, with further detail on specific projects provided within the outturn report.

The 2019-20 year end capital financing is as follows, and approval is sought for this from the PCC:

Capital receipts	£72,544.55
General Capita grants	£442,384.56
Specific grants	£174,636.73
Section 106 funding	£47,661.44

Earmarked reserves:

Safer Roads Partnership	£ 26,997.00
Infrastructure reserve	£1,878,557.48
Transformation reserve	£367,000.00

Total **£3,009,78.76**

The PCC and his staff have discussed and scutinised the 2019/20 outturn in detail with Chief Officers and the force finance team.

3. Whether additional information/report is attached to support this decision application

YES

List of additional information/report

- a) 2019/20 year end Money Matters report - exempt
b)

4. Expected benefits (non financial)

The outturn report outlines the final position and financing of the 2019/20 revenue and capital expenditure, the capital slippage into 2020/21 and the reserve transfers and year end balances. The budget supports the effective delivery of the policing service in Warwickshire, and its approval will ensure that the Local Government Capital Finance & Accounting Regulations (England) are complied with.

5. Impact of not approving the application

Compliance with the requirements under the Local Government and Accounting Regulations (England) would not be achieved.

6. Costs

The attached Money matters report outlines all the relevant revenue and capital costs and provides detail on the 2019/20 transfers to and from reserves and the resulting year end reserve balances.

This decision notice includes the details regarding the 2019/20 capital financing and the slippage from the 2019/20 capital programme into 2020/21.

7. Savings:

All savings achieved in 2019/20 are clearly identified within the attached supporting documentation.

8. Equality and Diversity Implications:

All relevant policies apply.

9. Treasurer's comments

All financial detail is included either within this decision notice in sections 1 and 2 or within the more detailed Money Matters report. The content of the supporting report has been scrutinised and it is essential that the recommendations are approved to ensure compliance with statutory financial regulations.

10. Legal/Monitoring Officer comments

The attached outturn report outlines the final position and financing of the 2019/20 revenue and capital expenditure, the capital slippage into 2020/21 and the reserve transfers and year end balances. The recommendations in this decision notice require approval by the PCC to ensure compliance with the requirements under the Local Government and Accounting Regulations (England) and compliance with statutory financial regulations.

Decision of the Police and Crime Commissioner

The PCC approves all the recommendations included within section 1 of this decision notice.



PCC Signature:

Date of Decision: 3rd June 2020