

MONEY MATTERS – Outturn 2020/21**AUTHOR: Director of Finance****1. INTRODUCTION AND SUMMARY**

- 1.1 This report sets out the financial performance, against budget, of the PCC and Chief Constable for the 2020/21 financial year ending 31 March 2021.
- 1.2 The report is prepared using appropriate accounting conventions and includes income and expenditure for goods and services received on or before 31 March 2021. Figures presented in this report are integrated into the PCC's and Chief Constable's statement of accounts. The budget holder is responsible for forecasting outturn during the year and ensuring that proper practice is followed and goods and services are correctly receipted at year-end. In doing this they are supported by the Finance Business Partners who apply scrutiny and challenge. Intelligence acquired around demand for goods and services, contracts and ICT arrangements post transition out of the alliance will be used to inform and improve forecasts in 2021/22.
- 1.3 Many of the one-off costs in revenue relate to the Evolve Programme consisting of the transition of services out of the alliance with West Mercia Police and the transformation of the ICT infrastructure and applications.
- 1.4 As previously reported additional scrutiny was applied to the Evolve Programme and ICT costs for goods and services within the supplies & services category in Table 3.1. This is a complex area with various interdependencies, involving both capital and revenue, the ICT service relies on the shared arrangement with West Mercia Police, whilst also being in the process of transitioning to a Warwickshire standalone service. It is the case that the majority of the movement between the Q3 forecast and the outturn is a result of the accuracy of the shared ICT service forecasts to Q3.
- 1.5 Earmarked reserves are held to meet one-off revenue costs as well as to mitigate specific risks in the budget such as a shortfall in income. During the year it has become evident that there is a requirement to maintain and add to reserves to provide resilience, especially when entering a period of economic uncertainty such as that created by the pandemic and the potential impact this may have core funding over the medium term. Reserves can only be used once and are therefore closely monitored to ensure they are adequate and meet the criteria set out in the Reserves Strategy.
- 1.6 In addition expenditure related to the pandemic and day to day activity are also closely monitored, especially in light of the overspend on operational costs identified early in the year. However, the underlying causes of the overspend have been addressed in the PCC's 2021/22 Budget, primarily through the removal of £4m of savings on 1 April 2021, which in turn lays the foundations of a good and balanced budget.
- 1.7 This report and the figures contained within it are based on the governance arrangements in place for 2020/21. From the 1 April 2020 four areas of service are provided, for up to eighteen months, through two S.22 agreements with West Mercia Police; one for joint ICT and one for hosted services being Forensics, Transactional Services (HR and Finance) and Property Storage. The S.22 agreements set out the

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basis for charging for services, which reflect the 2020/21 share of the Net Revenue Expenditure (68.3% West Mercia 31.7% Warwickshire) including overheads.

1.8 This report needs to be considered alongside the PCC's 2021/22 Budget & Medium Term Financial Plan (MTFP).

1.9 The report contains the following:

- Section 2 Recommendations
- Section 3 2020/21 Revenue Budget Executive Summary
- Section 4 2020/21 Revenue Budget Detailed Analysis
- Section 5 Capital Programme position for 2020/21.
- Section 6 Reserves

2. RECOMMENDATIONS

2.1 The PCC is asked to note the contents of this report and approve the Q4 recommendations:

2.2 Q4 recommended transfers from /(to) reserves as follows:

- £0.487m from the Transformation Reserve to meet the costs of the Evolve Programme;
- £0.371m from the Redundancy Reserve to meet exit costs associated with change;
- £0.195m from the Insurance Reserve to meet a provision for legal costs and settlement.
- £0.046m from the Safer Roads Partnership Reserve to meet the costs of road safety initiatives undertaken by the PCC, and
- (£0.573m) transfer to a new National Commercial Vetting Reserve.

And

- Agree the Transfers between reserves in Table 6.1. Column 7.

2.3 Q3 Decisions agreed

- Capital Programme - amalgamate the £2.303m Technical Debt Project budget into the Evolve Programme, and
- Capital Programme - Transfer £2.100m of budgets mainly from the Estates Programme into the Evolve Programme.

2.4 Q2 Decisions agreed £3.417m transfer from reserves:

- £1.114m from the Budget Reserve to meet in year overspends in day to day operating costs;
- £2.244m from the Transformation Reserve to meet the revenue costs of the Evolve Programme, and
- £0.029m from the Redundancy Reserve to meet the cost of redundancies within Transactional Services

And

- that the planned revenue contribution of £0.320m to support the Capital Programme, in lieu of government grant, is not made in 2020/21 in light of the overspend,
- To replace reserves with borrowing as a source of capital finance to preserve reserves during a period of uncertainty and
- The corporate risk 'Good and Balanced Budget' is reviewed in light of this report. **(Complete score reduced in light of PCC 2021/22 Budget & MTFP).**

2.5 Q1 Decisions agreed up to £1.328m transfer from reserves:

- £0.500m from the Income Reserves to partially offset the shortfall in mutual aid income,
- £0.328m from the Safer Roads Partnership (SRP) to offset the shortfall in NDORS income and
- £0.500m from the COVID-19 Reserve to meet pandemic costs.

2.6 As at the 31 March 2021 it will only be necessary to drawdown £0.258m of the £1.328m above.

2.7 Transfers to and from reserves are explained in section 3 and set out in Table 3.2.

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REVENUE BUDGET: EXECUTIVE SUMMARY

Table 3.1 2020/21 Outturn as at 31 March 2021

	Budget	Budget Adjust	Revised Budget	Actual	Variance	Previous Forecast	Forecast to Actuals
	£m	£m	£m	£m	£m	£m	£m
Government Grant (Core Funding)	(57.592)	0.000	(57.592)	(57.592)	0.000	(57.592)	0.000
Council Tax Precept	(50.142)	0.000	(50.142)	(50.142)	0.000	(50.142)	0.000
Total Funding / Net Budget Requirement	(107.734)	0.000	(107.734)	(107.734)	0.000	(107.734)	0.000
Police Officers Pay	54.064	0.065	54.129	55.498	(1.369)	55.483	(0.015)
Police Officer Overtime	1.248	0.029	1.277	2.484	(1.207)	2.470	(0.014)
Police Staff Pay	28.524	0.907	29.431	29.547	(0.116)	29.685	0.138
Police Staff Overtime	0.290	0.019	0.309	0.432	(0.123)	0.437	0.005
PCSO Pay	3.057	0.000	3.057	2.901	0.156	2.908	0.007
Police Pensions	1.429	0.000	1.429	1.379	0.050	1.399	0.020
Other Employee Expenses	0.522	(0.002)	0.520	1.586	(1.066)	1.632	0.046
Premises	2.961	0.000	2.961	2.921	0.040	3.128	0.207
Transport	2.606	0.000	2.606	2.379	0.227	2.415	0.036
Supplies and Services	11.236	1.377	12.613	14.530	(1.917)	15.446	0.916
Third Party Payments	10.742	(2.105)	8.637	9.049	(0.412)	9.011	(0.038)
Capital Financing	2.472	0.035	2.507	1.658	0.849	1.687	0.029
Gross Expenditure	119.151	0.325	119.476	124.364	(4.888)	125.701	1.337
Income	(10.291)	0.002	(10.289)	(10.752)	0.463	(10.344)	0.408
Total Force	108.860	0.327	109.187	113.612	(4.425)	115.357	1.745
OPCC	1.049	0.000	1.049	0.964	0.085	1.008	0.044
PCC - Commissioners Grant Scheme	1.681	(0.072)	1.609	1.637	(0.028)	1.615	(0.022)
PCC - Business, Rural & Cyber Crime	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Total PCC	2.730	(0.072)	2.658	2.601	0.057	2.623	0.022
Net Force Budget / Expenditure / Variance	111.590	0.255	111.845	116.213	(4.368)	117.980	1.767
Receipts Applied							
S106	0.000	0.000	0.000	(0.100)	0.100	0.000	(0.100)
ESN Grant	0.000	0.000	0.000	(0.067)	0.067	0.000	(0.067)
Budget Contribution to/(from) Reserves	(3.856)	(0.255)	(4.111)	(8.312)	(4.201)	(10.246)	(1.934)
Budget Contribution to/(from) Reserves							
Budget Reserve	(1.255)	0.000	(1.255)	(2.399)	(1.144)		
Transformation Reserve	(2.486)	0.000	(2.486)	(5.217)	(2.731)		
Investment in Infrastructure	(0.115)	0.000	(0.115)	(0.115)	0.000		
Insurance Reserve	0.000	0.000	0.000	(0.195)	(0.195)		
COVID-19 Reserve	0.000	0.000	0.000	(0.201)	(0.201)		
Redundancy Reserve	0.000	0.000	0.000	(0.400)	(0.400)		
National Vetting Service	0.000	0.000	0.000	0.573	0.573		
Safer Roads Reserve (PCC agreed)	0.000	(0.255)	(0.255)	(0.301)	(0.046)		
Safer Roads Reserve (COVID-19 NDORS)	0.000	0.000	0.000	(0.057)	(0.057)		
Net Transfer From Reserves	(3.856)	(0.255)	(4.111)	(8.312)	(4.201)		

Note: The Safer Roads Reserve is ring-fenced by statute and therefore can only be used for the purpose of reducing harm on our roads.

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- 3.1 Table 3.1 summarises the outturn position 2020/21 for the Warwickshire PCC and Chief Constable as follows. Net expenditure, after income, is £116.213m (Q3 £118.020m Q2 £116.072m Q1 £114.167m), which, after applying £0.100m S.106 and £0.067m ESN receipts is £8.312m, (Q3 £10.286m Q2 £8.338m, Q1 £6.433m) more than the £107.734m core funding, consisting of government grant and the precept.
- 3.2 Section 4 of this report provides, for each of the categories in table 3.1, a consolidated and comprehensive explanation of the performance against budget. The remainder of section 3 sets out an Executive Summary drawing out the significant cross-cutting issues critical to Warwickshire's financial performance. The position is perhaps best summarised through the use of PCC's reserves as shown in Table 3.2.

Table 3.2 Use of Reserves to Support the Revenue Budget

	Original Budget £m	Expenditure £m	Variance £m
Budgeted Transfer From Reserves			
Transformation Reserve			
- Budget and Insurance & Legal Reserve	1.255	1.255	0.000
- Evolve Team	1.936	1.936	0.000
- West Mercia Police Service Overheads	0.550	0.550	0.000
- Infrastructure Reserve – KCOM	0.115	0.115	0.000
Total Budgeted Transfer from Reserves	3.856	3.856	0.000
PCC Budget Adjustment			
- Safer Roads Partnership -PCC agreed initiatives	0.000	0.255	(0.255)
Revised Budget	3.856	4.111	(0.255)
Use Reserves Approved Q1: up to £1.328m			
- COVID-19 Pandemic (net grant T/fer to reserves)	0.000	0.201	(0.201)
- Safer Roads Partnership (NDORS COVID-19)	0.000	0.057	(0.057)
Total Q1 Transfers	0.000	0.258	(0.258)
Use of Reserves Approved Q2:			
- Budget - day to day operating costs	0.000	1.144	(1.144)
- Transformation - Evolve Programme (incl. KCOM extension [OCC], SCC Platform, WMP Accenture and dual run costs)	0.000	2.244	(2.244)
- Redundancy	0.000	0.029	(0.029)
Total Q2 Transfers	0.000	3.417	(3.417)
Q4 Recommended Transfers:			
- Transformation – Evolve Programme Balance	0.000	0.487	(0.487)
- Redundancy	0.000	0.371	(0.371)
- Insurance – legal costs and settlement	0.000	0.195	(0.195)
- Safer Roads Partnership – PCC Initiatives	0.000	0.046	(0.046)
- National Commercial Vetting Service	0.000	(0.573)	0.573
Total Q4 Transfers	0.000	0.526	(0.523)
Total Use of Reserves	3.856	8.312	(4.456)

- 3.3 The total transfer from reserves in Table 3.1 is £8.312m made up as follows.

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- 3.4 £3.856m contribution from earmarked reserves was agreed by the PCC as part of the 2020/21 Budget and Medium Term Financial Plan (MTFP), which consists of:
- £1.255m is to meet the gap between funding and day to day operational costs and a short fall in income, this is in lieu of making further in year savings in what is a year of transition. It was originally intended to provide a window of two years (2020/21 & 2021/22) to make planned savings rather than simply top slicing budgets.
 - £1.936m was set aside to meet the one-off revenue costs of the Evolve Programme to build ICT infrastructure, data storage and transactional services as a standalone Force.
 - £0.550m was provided to pay for the overheads associated with the shared and hosted services provided via West Mercia Police.
 - £0.115m was earmarked to finance the extension of the KCOM contract up to the end of August 2020.
- 3.5 Early in the year the PCC agreed to transfer £0.272m from the Safer Roads Partnership (SRP) Reserves to meet the cost of various road safety initiatives undertaken by the PCC and the Force. These funds are delegated to Budget Holders and give authority to incur expenditure, therefore budget transfers have been completed and show in the Budget Adjustment column in Table 3.1. This has been reduced in Q4 with a final adjustment of £0.017m to total £0.255m for the actual spend.
- 3.6 At the end of Q1 the PCC agreed to a drawdown up to £1.328m of reserves to cover the cost of the pandemic and lost income. However, the position has improved during the year. Government funding, towards the £1.237m cost of the pandemic and lost income, has been forthcoming, the position is explained further in Appendix 1. Also income from the National Commercial Vetting Service has exceeded the target (budget) and more than compensated for lost income elsewhere. Therefore only £0.258m of the £1.328m will be required as follows:
- £0.201m from the Covid-19 Reserve to meet the cost of responding to the pandemic
 - £0.057m from the SRP Reserve to bridge the shortfall in income from driver awareness courses, again as a result of the pandemic.
- 3.7 At the end of Q2 the PCC agreed to transfer a further £3.417m from reserves to meet further in year overspends in day to day operating costs, revenue costs of the Evolve Programme and redundancies within Transactional Services, these are listed in Table 3.2.
- 3.8 In concluding the outturn position it has been necessary to make a final series of transfers to and from reserves as set out in Table 3.2 and which net out to a further £0.526m transfer from reserves. The position has improved in the last quarter of the year, the outturn compared to the previous forecast is £1.934m lower, which reflects the positive movement in ICT shared services, vetting income and operating costs for example premises. Therefore, the total transfer from reserves in Table 3.2 is less than it might have been, which will further aid our resilience over the medium term.
- 3.9 Picking up on key themes that these transfers seek to address. The Evolve Programme covers more than one year and has required significant revenue and capital support. It remains critical that costs are managed to budget and that projects are delivered on time to avoid cost over runs and dual running costs.

- 3.10 Table 3.2 contains a total transfer from the Transformation Reserve, to meet the costs of the Evolve Programme, of £5.217m, across the year, which is broken down in Table 3.3.

Table 3.3 Evolve Programme Costs 2020/21 (One-off revenue costs)

Description: eDST & PMO	Expenditure £m
Staff Pay, fixed Term Contracts and associated costs	0.830
Consultants	0.423
WMP Accenture Costs	1.097
SCC Platform, Communications & Computing	1.053
Change Board 28.04.21	3.403
KCOM Extension	0.753
ICT Dual Run Costs	0.510
West Mercia Police shared & hosted services premium	0.550
Total backed by Transformation Reserves	5.217

- 3.11 The Evolve Programme is a £20m programme to transition out of the alliance with West Mercia Police and transform ICT infrastructure and digital services to create a standalone Warwickshire Force. The cost consists of both revenue and capital and spans three years. The Programme is managed by the Change Team supported by consultants that bring specific skills. During transition the ICT Team have been combined with the Evolve Team and this relates to the dual run costs in Table 3.3. These one-off revenue costs are met from reserves, as set out earlier, whereas the capital costs, which result in the construction of an asset, are financed predominantly through borrowing as set out in the Capital Programme in section 5 of this report.
- 3.12 The standalone ongoing operational cost of Digital Services and capital financing is being assessed and reported to the Change Board. However, provision has been made in the MTFP for the increased revenue costs associated with a cloud based service rather than a capital heavy design, build and operate operating model.
- 3.13 With regard to the Capital Programme the increasing costs of the Evolve Programme have been recognised and an option to fund the revised capital programme to the tune of £15m has been provided for. This is within the bandwidth set out for the programme on separation from West Mercia and has been made possible by redirecting existing budgets from within the capital programme, as agreed by the PCC in Q3. The extent of capital financing and borrowing is within the Force's Prudential Indicators. However, the Evolve Team need to focus on cost control and timely delivery to avoid increases in cost and the need to identify further capital finance over and above what is provided for in the MTFP.
- 3.14 Table 3.2 contains significant support from earmarked reserves to meet the gap between day to day operating costs, including mutual aid income, and core funding, this has been addressed by removing £4m from the 2021/22 Budget on the 1 April 2021. After which the routine support of operating expenditure through the Budget Reserve will be removed. Despite an improved outturn position these savings are necessary and consist of savings that were originally planned to be achieved over the last two years under the alliance. These were deferred because the savings were to be delivered through the alliance operating model, which was being wound down and it was counterproductive to make savings during a period of transitioning out of the alliance.

- 3.15 The process of change to remove £4m from the budget incurred one-off exit costs of £0.952m. £0.371m of this plus the £0.029m incurred in Q1 (Table 3.2) will be met from the Redundancy Reserve, this transfer is less than previously planned as a result of the improved bottom line position in the last quarter.
- 3.16 A key issue in 2020/21 is that the number of police officers has increased significantly over the last two years, with the support of the PCC and will increase further under the Uplift Programme. This is a welcome investment to provide front line operational resilience. However, the need to recruit officers in advance of the increases in the budgeted establishment and the changing makeup of the workforce has created significant in year pressure on the police pay budget, this is discussed more fully in section 4. The growth in officers has subsequently placed pressure on non-pay infrastructure costs, including uniforms, equipment and vehicles, albeit the pandemic has had a downward pressure on travel costs following deployment of devices. The PCC has addressed this overspend in the 2021/22 Budget through the recruitment plans to support and fully utilise the uplift funding and balance the strength to the establishment.
- 3.17 Finally a target was set to increase income from the National Commercial Vetting Service (NCVS) by £1.5m over three years, 2020/21 to 2022/23. A Project Board was established under Evolve Programme to review the systems, processes, pricing, team structure and marketing. NCVS has exceed the 2020/21 income target and this makes up most of the Q3 movement in the income budget in Table 3.1. However, the operating costs have also increased, over the year, as a result of increasing the staffing required to process the additional volume of vets. The net position is that against the budget the NCVS has generated a net surplus of £0.588m, excluding overheads. Therefore, it is recommended that the majority of this surplus is transferred to a new NCVS Reserve to provide for potential exit costs. Without this 'commercial' approach to the NCVS it would be necessary to identify further savings to balance the budget, the commercialisation of vetting forms part of the financial strategy set out in the MTFP.
- 3.18 To conclude Table 3.2 contains significant support from earmarked reserves to support the 2020/21 Budget. This is required to meet one-off costs of transition and transformation as well as the gap between day to day operating costs and core funding. The latter has been addressed in the 2021/22 Budget and paves the way for an affordable and sustainable Force. It is necessary to maintain an appropriate level of reserves, especially entering a period of economic uncertainty post pandemic, therefore, recommendations were made to use borrowing to fund the capital programme and remove any direct revenue financing of capital expenditure. Reserves have been reconfigured in Table 6.1 to align to the 2021/22 Reserves Strategy and MTFP and provide greater resilience. Whilst the Evolve Programme surface final business cases for the individual projects it remains critical that the Programme is delivered to time and that costs are controlled. The risks associated with the programme are recognised in the Force Risk Register due to cost implications and the dynamic nature of the work.
- 3.19 The themes set out in this executive summary should be kept in mind when reading section 4 because they may feature in one or more of the categories.

4. REVENUE BUDGET DETAILED ANALYSIS

- 4.1 The following analysis includes services provided by West Mercia Police, either as hosted services, HR & Finance Transactional, Forensics and Detained Property or joint shared in ICT. The total value of these services to Warwickshire Police is in the region of £10.4m including non-pay costs and shared ICT and is spread across the various subjective headings below. Detailed costs are reported to the ICT Co-ordination Committee and Services Monitoring Group, however there is an underspend on the shared ICT service and this is commented on in this section under supplies and services.
- 4.2 Police Officer Pay – Overspend £1.369m (Q3 overspend £1.363m, Q2 overspend £0.885m, Q1 overspend £1.200m, 2019/20 £0.310m overspend)**
- 4.3 It is important to monitor police officers, PCSOs and police staff pay as these constitute 80% of the total Force budget. However, police pay alone makes up half of the Force Budget, therefore a change in events compared to the planning assumptions that underpin the budgeted establishment carries a greater financial impact. For this reason the actual strength and makeup of the workforce is monitored closely on an ongoing basis. The reason for the overspend is as follows.
- 4.4 The Force undertook extensive recruitment in 2019/20 to deliver the officers that the PCC had provided for through two years of precept increases. This put the Force in a good position to meet its allocation of the Uplift programme target to recruit 20,000 officers nationally by 2022/23. Police officer expenditure was on budget in 2019/20, delivering the maximum number of officers through effective planning of recruitment. At the start of 2020/21 the police officer establishment stood at 1,004 officers compared to 963 a year earlier, however the strength was at 1,022, which is 18 officers over the budgeted establishment.
- 4.5 This position was maintained throughout the year with the Force constantly operating at a strength which exceeded the budget establishment, the gap rising to 38 officers over by November 2020. This was exacerbated by the decision to transfer in 15 officers from other forces, these are experienced officers and therefore more costly than new recruits, however, they bring specialist capabilities for example firearms officers and detectives. Whilst a balance has to be struck between operation requirements and financing, the transferees have contributed to the overspend. There was also marginally less leavers; normal retirements, medical retirements, resignations and dismissals and officers returning from career breaks, then was budgeted for though turnover.
- 4.6 This position will rectify itself in 2021/22 because the budgeted establishment will increase, under the Uplift Programme, by 41 officers, rising to 1,045 officers on 1 April 2021. Despite removing the January 2021 intake of 24 recruits, the Force is will have an anticipated 1,051 officers in Force on 1 April 2021, which will taper to 1,044 officers as the year progresses.
- 4.7 The Force has met the 2020/21 Uplift Programme recruitment target, after validating and adjusting the baseline figure used by the Home Office, to measure progress. Performance will continue to be reported to the Home Office at regular intervals during 2021/22, which will in turn be used to justify the payment by the Home Office of the specific grant, which supports the Uplift programme recruitment targets.

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- 4.8 There has been a number of lesser variations in elements of police pay, for example in the employer's pension contributions following auto re-enrolment of officers into the pension scheme and allowances related to the increase in officer numbers.
- 4.9 The 2020/21 police pay budget supports the policing model, incorporating the issues set out above, with the intention of achieving the recruitment plan (capacity) and the required diversity and skills mix (capability). As part of the annual review of the police pay budget and in light of the changing workforce profile, an assessment is made to determine if the model and underlying assumptions that support the budget need to be adjusted over the life of the MTFP.
- 4.10 The overspend is partially offset by underspends elsewhere and forms part of the bottom line, which is met from the Budget Reserve.
- 4.11 Police Officer Overtime – Overspend £1.207m (Q3 overspend £1.071m, Q2 overspend £0.408m Q1 overspend £0.326m, 2019/20 overspend £0.678m)**
- 4.12 The Force has faced a series of major events and investigations this year, including four homicide or attempted homicides, which have required the use of overtime. Some of the additional costs have been recovered, for example through government funding of Covid-19 costs and mutual aid for services supplied to other Forces, including operation Cobb and HS2. Where income has been recovered this is included in income and shown later in this report. The police overtime covers the following un-planned events:
- COVID-19 response (not funded through government grant)
 - Four murder investigations
 - HS2 policing
 - OPU call out related to vacancies in the specialist units
 - Additional Bank Holiday, one day in 2020/21
 - Local Policing uplift to maintain operational safety
- 4.13 Whilst the operational activities such as this are primarily met from the £0.500m Operational Contingency Budget (OCON), for unforeseen operational events, the fact of the matter is the OCON budget had already been exceeded early in the financial year. However, it should be noted that the Force has achieved some good outcomes following investigation, which justifies the use of overtime. In 2020/21 The PCC has supplemented the Local Policing budget through the Problem Solving Fund, some of which has been used to meet overtime costs, the Problem Solving fund allocation will be reduced in 2021/22
- 4.14 However, The PCC has decided to increase the police overtime budget in 2021/22 to catch up with inflation increases in recent years and following an evaluation of the operational requirement as a standalone Force. Upcoming planned events and crime trends will continue to be monitored against capacity to determine the optimum balance between the officer strength and the use of overtime.
- 4.15 The overspend is partially offset by underspends elsewhere and forms part of the bottom line, which is met from the Budget Reserve.

- 4.15 Police Staff Pay – Overspend £0.116m (Q3 overspend £0.328m Overspend, Q2 overspend £0.630m, Q1 overspend £0.522m, 2019/20 overspend £0.911m)**
- 4.16 The staff pay position is complex due to the Force being in a state of transition from a single alliance staff budget in 2019/20 to which Warwickshire contributed 31%, to constructing a partially standalone and partially shared and hosted budget for ICT and transactional services respectively in 2020/21.
- 4.17 It was recognised in setting the budget that planned savings, under the alliance, would not be achieved, it was also acknowledged that there would be dual run costs for the ICT / Digital Services Team and that additional staff on fixed term contracts would be required to support the Evolve programme. Therefore, the PCC allocated £1.580m from earmarked reserves as part of the budgeted £3.856m, set out in first part of Table 3.2, to meet these costs.
- 4.18 Whilst the dual run costs and Evolve Programme costs are one-off the savings, which were not achieved, are an ongoing issue if they are not addressed. Therefore, the Force removed £4.0m from the budget on the 1 April 2021. The £4m of savings address not only overspends in staff pay but also operating expenditure overspends and income shortfalls (mutual aid).
- 4.19 There is and remains an expectation to achieve a turnover vacancy factor of around 3% on the staff pay budget. The turnover factor recognises the gap between a person leaving the Force and their replacement starting. It is reviewed every year and has been retained as a long-term planning assumption post transition out of the alliance. The reduction in the forecast overspend from Q1 to outturn, where it was believed that the turnover factor would not be achieve because of the recruitment drive to fill posts created post transition, has somewhat abated as turnover returns to normal levels.
- 4.20 Police Staff Overtime – Overspend £0.123m (Q3 overspend £0.133m, Q2 overspend £0.096m, Q1 overspend £0.024m, 2019/20 overspend £0.162m)**
- 4.21 The overspend can be attributed to supporting the unusually high number of operations set out earlier under Police Overtime and maintaining business as usual in those teams with excessive vacancy levels and or where demand outstrips capacity, including Disclosure Barring Service (DBS) Team, Learning & Development and ICT.
- 4.22 Some of the additional overtime costs are met by specific grant income, mutual aid and government reimbursement of the costs of policing the pandemic. Whilst overtime in relation to the Safer Roads Partnership Team will be met from the Safer Roads Partnership Reserve. The remaining net overspend met underspends elsewhere in the budget.
- 4.23 PCSO Pay – Underspend £0.156m (Q3 underspend £0.152m, Q2 underspend £0.119m, Q1 on target, 2019/20 underspend £0.181m)**
- 4.24 Turnover of PCSOs is relatively high, especially at times when the Force is actively recruiting police officers. At the start of the financial year the number of PCSOs was slightly higher than the budgeted establishment. However, in light of the forecast Force overspend at the end of Q1 a decision was taken not to recruit PCSOs in November 2020. The Force operated below establishment for the remainder of the

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year leading to the underspend, which has contributed to bottom line and address overspends elsewhere in the budget.

4.25 Police Pensions – Underspend £0.050m (Q3 underspend £0.055m Q2 overspend £0.028m, Q1 on target, 2019/20 overspend £0.179m)

4.26 This year we have been fortunate in that there has been less than the anticipated number officers retiring on the grounds of ill health, which has resulted in a net underspend in police pension costs. This is partially offset increases in injury pensions and injury gratuities and incorporates the work to address the findings of the Evans and Ashcroft case around deductions from injury pensions for ill health benefits. The injury pensions will be kept under review as part of the MTFP.

4.27 The net underspend will support overspends elsewhere in the budget.

4.28 Other Employee Expenses – Overspend £1.066m (Q3 overspend £1.127m, Q2 overspend £0.135m, Q1 overspend £0.008m, 2019/20 overspend £0.783m)

4.29 This overspend is mainly related to the redundancy costs and pension strain for police staff leaving the Force following the implementation of the Evolve 2 recommendations, which will in part be met from the Redundancy Reserve and in part from underspends elsewhere in the budget.

4.30 In addition there were overspends on learning and development applications (OneFile and ePortfolio) which are part of the pandemic response to enable remote access to learning. Also the cost of corporate training delivered through Cosford increased, in year this will be met from underspends elsewhere in the budget and has been built into the MTFP.

4.31 Premises – Underspend £0.040m (Q3 overspend £0.167m, Q2 underspend £0.035m, Q1 overspend £0.022m, 2019/20 underspend £0.003m)

4.32 The position has fluctuated during the year, alternating between under and over spending, which reflects the difficulty in obtaining reliable forecasts of expenditure. There are a number of variations across a range of activities, which suggest the utilities budgets need to be re-aligned in 2021/22. There has been an underspend on planned and reactive maintenance and this will be scrutinised as part of the estates strategy and understanding the backlog maintenance position. Therefore the underspend is perhaps a temporary pause rather than a shift in the requirement to undertake maintenance. It is acknowledged there is an increase in cleaning costs post PPL and this will be incorporated in the MTFP after a post PPL wind down review.

4.33 The marginal underspend will support overspends elsewhere in the budget.

4.34 Transport – Underspend £0.227m (Q3 underspend £0.175m, Q2 overspend £0.089m, Q1 overspend £0.156m, 2019/20 £0.211m overspend)

4.35 The position has improved during the year as the BP fuel saving and reduction in business travel as a result of the pandemic has filtered through. The vehicle hire charges were reported as being as high as £0.180m overspent in Q1, however these have been managed down to an overspend of £0.047m attributable the actions of the Fleet Manager and Chief Superintendents. Following a national test case there

has been a requirement to pay essential user allowances to Dog Handlers who are required to transport a police dog between home and work. Accident repairs also remains overspent, although the majority of this is offset by successful insurance claims against third parties.

- 4.36 The net underspend will support overspends elsewhere in the budget
- 4.37 Supplies & Services – Overspend £1.917m (Q3 overspend £2.828m, Q2 overspend £1.875m, Q1 underspend £0.623m, 2019/20 underspend £0.189m)**
- 4.38 The movement between the Q3 forecast overspend of £2.828m and the £1.917m outturn position is largely attributable to movements in ICT non-pay spend that is delivered through the shared ICT service with West Mercia Police. This consists of the operational hardware and software contracts, licences and maintenance costs of ICT. The operating model for ICT and digital services will change as the force transitions to separate ICT infrastructure and applications, away from West Mercia Police and the MTFP makes provision for the associated costs to increase over the next two years (2021/22 & 2022/23). Work will continue to establish the ongoing post alliance ICT and Digital Services operating costs, which will be reported to the Change Board and used to refine figures in the MTFP. Whilst the hardware and software budget appears to be underspent this year it is likely that some costs have been incorporated into the Evolve Programme.
- 4.39 The supplies and services overspend is attributable to the one-off non-pay cost of transition, transformation under the Evolve Programme. Whilst this was provided for in part in the PCC's budgeted transfers from reserves, at the time of setting the 2020/21 Budget, it has been necessary to make subsequent transfers from the Transformation Reserve during the year as set in Table 3.2. The costs of the Evolve programme, both pay and non-pay are set out in Table 3.3, and include non-pay costs recorded here under supplies and services of £3.837m. As well as the staff employed by the Force, reported early (under staff pay) the Evolve Programme engages consultants to deliver the new ICT infrastructure, migrate applications and build transactional services, costs also include, dual run costs of the SCC stack the continuation of the maintenance of the KCOM system beyond August 2020 to support the implementation of the OCC STORM system and the WMP / Accenture discovery work.
- 4.40 As you would expect there are a number of lesser variations across the wide range of goods and services captured under supplies and services. Some of the more significant ones are as follows. It has also been necessary to raise a provision in the accounts for legal costs and potential settlement of a legal claim, which will be met from the Insurance and Legal Reserve.
- 4.41 In response to the pandemic and ensuring a COVID safe workplace greater use was made of conference call facilities and this has significantly increased costs over and above the budget. In the future technologies such as Microsoft 365 will provide conference call facilities as part of the package and avoid additional cost.
- 4.42 The general equipment budget has overspent, which will include one-off costs of equipment purchased to re-establish the Warwickshire office space post transition. There are also operational equipment overspends for example on taser cartridges, however this is met from a specific grant recorded under the Income section of this report.

- 4.43 On a similar theme the external vetting checks paid for example to UKSV have exceeded the budget, however this is met by the increased income from vetting charges also recorded under Income.
- 4.44 The remainder of the budget includes all manner of items including uniform, forensics, force medical examiner, expert witness, recruitment costs, radios, postage and stationery and insurance, the list goes on. Whilst the variations on these budgets balance out work will continue to adjust and refine budgets so that they are appropriately aligned post transition, which builds on work done earlier in the year, under the DCC, to increase the understanding and apply scrutiny to the £11m expenditure on goods and services.
- 4.45 Third Party Payments Overspend £0.412m (Q3 overspend £0.363m, Q2 overspend £0.058m, Q1 overspend £0.159m, 2019/20 On target)**
- 4.46 The overspend is the net effect of several items. There is a £0.229m underspend on the contribution to ROCU related to the higher than anticipated number of vacancies within the ROCU. However, these underspends are more than offset by significant overspends elsewhere in third party costs.
- 4.47 The overspends relate to the MASH and the fact that the post alliance 31% share of the budget is not enough to meet the actual charges. There are further budget pressures created by the dog kennelling, S.22 Special Branch as well as the CTU vetting arrangement all with West Midlands Police and HO Charges for ICT services, these were omitted from the 2020/21 Budget and have been addressed in the 2021/22 Budget.
- 4.48 There is also a cost increase related to the National Police Air Service (NPAS), however it is anticipated that new charging arrangements come into force on 1 April 2021 will address this. There are other one-off minor overspend on insurance and mutual aid payments to other forces.
- 4.49 Capital Financing – Underspend £0.849m (Q3 underspend £0.820m, Q2 underspend £0.820m, Q1 underspend £0.500m, 2019/20 underspend £0.033m)**
- 4.50 At the time of setting the 2020/21 budget it was anticipated that Capital Expenditure in 2019/20 would be significantly higher than the final outturn position. The 2020/21 Budget was increased by £0.500m to meet the anticipated cost of financing the capital expenditure, related to the Evolve Programme, which will not be required this financial year due to slippage in the Capital Programme.
- 4.51 Due to the slippage in the Capital Programme and in light of the 2020/21 revenue budget position and the requirement to make significant transfers from reserves to support the budget, it was decided not to make the planned revenue contribution of £0.320m to support the Capital Programme, thereby alleviating the pressure on the bottom line. The intention is to reinstate this contribution in either 2021/22 or 2022/23 in lieu of recent reductions in government grant and maintain borrowing with prudential limits.
- 4.51 The capital programme is under constant review so as to inform the MTFP. The Estates and ICT Strategies will shape the future Capital Programme, the likely timings of major projects and the potential for slippage will influence the need to finance capital expenditure in line with the finance strategy.

4.52 Income – Over Achievement of £0.463m (Q3 over achievement £0.162m, Q2 under achievement £1.114m, Q1 under achievement £1.283m, 2019/20 under achievement £0.613m)

4.53 Income presents a complex picture that has emerged during the year. Firstly it was identified in setting the 2020/21 budget that there was a risk associated with mutual aid income, which had been declining for the last two years. Therefore, £0.500m was identified as a transfer from earmarked reserves to support the budget (Table 3.2). Whilst the mutual aid income held up better than anticipated, largely due to policing operation Cobb, this problem still persisted and has been addressed in the MTFP.

4.53 At the start of the financial year it was unclear whether the costs incurred and income which was lost, as a result of the pandemic would be reimbursed and to what extent. It was only in the second half of the year that this became clear and the grants and surge funding could be recognised in the Force income projections, thereby significantly improving the headline position. Covid-19 related grants are specific one-off grants and are used to mitigate the additional costs arising elsewhere in the budget and reduce the pressure on reserves, however as set out in Table 3.2 support from reserves is still required to address pandemic related income loss.

4.54 The other significant development during the year is the over achievement of income from the National Commercial Vetting Service (NCVS). In recognition of the work that the Force does, as the national lead, in relation to vetting other Forces staff and those of companies working in and with the police service a review of the NCVS was undertaken with the aim of streamline processes, modernising systems and reviewing pricing so as to better meet increasing demand for services. Whilst the budget was increased by £0.500m at the start of the year this has been exceeded on the back of this work. However, it should be recognised that costs associated with generating vetting income, most notably staffing, has increased as reported elsewhere in this report. The increased level of income only became certain in the last weeks of the financial year and this has significantly improved the overall position in regard to reported income. It is recommended in section 2 that a NCVS Reserve is created to provide for potential exit costs because the Force does not have a monopoly in this area of business.

4.55 There have also been specific grants awarded to the Force in year, which were not known or budgeted for at the start of the financial year. Whilst they appear as an over achievement of income they are one-off, awarded for specific purposes and only serve to offset overspends elsewhere in the budget where the associated activity has taken place to execute our duties under the grant conditions. One such grant was awarded under the Uplift programme to undertake the NCVS system related work with the supplier of the CorVet (vetting) system.

4.56 Whilst there have been other improvements during the year in forecast levels of income including, the DBS vetting service, HADECS speed enforcement work, abnormal loads and vehicle recovery scheme. By way of contrast the firearms licence, secondments (including ROCU), vehicle sales income (revenue), interest on investments, is less than expected. The Force will explore the potential to increase the level of secondments in 2021/22 and continue to monitor income as part of the ongoing MTFP process.

4.57 As a consequence of the increased level of income identified late in the year it is not necessary to transfer any monies from the Income Reserve, over and above the £0.500m in the original budget. However, the underlying issues of the downward trend in mutual aid income still persists and will be kept under review, next year it is anticipated that the Commonwealth Games will require support and operation Cobb has been extended. The MTFP does provide for further reductions in mutual aid income and the Income Reserve is now higher than anticipated, therefore providing resilience against income fluctuations. However, it may be that continued growth of the NCVS may compensate for lost mutual aid income and avoid the need for further reductions in the income budget as a whole?

4.58 Net Position

4.59 The net of £8.312m requirement will be met from reserves as set out in Table 3.2, this is after applying £0.100m of S.106 receipts and £0.067m of ESN grant held on the Balance Sheet. Section 6 provides opening, closing balances and movements on reserves.

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5. CAPITAL OUTTURN 2020/21

5.1 Table 5.1 provides a summary of the 2020/21 capital expenditure, to 31 March 2021, compared to the Budget:

Table 5.1 Warwickshire 2020/21 Capital Programme

		Col 1	Col 2	Col 3	Col 4	Col 5	Col 6	Col 7	Col 8	Col 9	Col 10	Col 11	Col 12	Col 13	Col 14	Col 15	Col 16
	PROJECT	CAPITAL COSTS DELIVERED 31st Mar'21	Original MTFP Budget 2020-21 (Feb'20)	Deducted Estimated Slippage included in MTFP	Add Actual 2019-20 Slippage	Additional Budget Decisions 2020-21	Allocation of Funding Envelopes - transfers	Transfer forecasted underspends at Qtr3 to EVOLVE	RCCO's, External Funding and Reserves agreed Qtr2,3,4	Revised Working Budget 2020-21	2020-21 Variance overspend (underspend)	2020-21 Variance acceleration (slippage)	2021-22 Total budget Incl. Slippage	2022-23 Total budget MTFP	2023-24 Total budget MTFP	2024-25 Total budget MTFP	2025-26 Total budget MTFP
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
1	ESTATES PROJECTS	1,047	3,837	(3,074)	3,446	0	0	(1,083)	0	3,125	-	(2,079)	5,341	1,500	1,500	1,500	1,500
2	ICT "TECHNICAL DEBT"	95	1,979	(2,139)	2,558	0	(2,303)	0	0	95	0	-	-	-	-	-	-
3	ICT "EVOLVE PROJECT"	6,725	7,907	198	2,582	0	2,303	2,100	0	15,091	-	(8,366)	8,366	-	-	-	-
4	ICT PROJECTS - COMMENCED	705	993	(770)	1,100	0	0	(203)	0	1,121	85	(501)	501	2,400	2,236	1,000	1,000
5	ICT PROJECTS - PENDING	132	113	0	0	0	0	0	0	113	19	-	-	-	-	-	-
6	ICT REPLACEMENTS - COMMENCED	657	1,098	0	0	0	0	(373)	0	725	-	(68)	1,098	976	1,024	1,076	1,190
7	ICT & TRANSFORMATION PROJECTS	8,314	12,091	(2,711)	6,240	0	(0)	1,524	0	17,145	104	(8,935)	9,965	3,376	3,260	2,076	2,190
8	VEHICLE REPLACEMENTS	810	1,011	(61)	213	197	0	0	32	1,392	-	(581)	1,967	1,200	1,260	1,323	1,389
9	OTHER CAPITAL	29	469	(428)	400	17	0	(441)	0	17	12	-	500	500	500	500	500
10	TOTAL WARWICKSHIRE CAPITAL	10,200	17,409	(6,275)	10,299	213	(0)	(0)	32	21,679	116	(11,596)	17,773	6,576	6,520	5,399	5,579

5.2 Appendix 2 contains a full analysis of the capital projects. In Table 5.1

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- 5.3 Table 5.1 column 1 shows the forecast investment in assets; buildings, ICT, vehicles and equipment, to be £10.200m (Q3 £11.254m Q2 £15.214m Q1 £14.871m) compared to an annual budget in column 9 of £21.679m resulting in a variation of £11.479m, which is mainly slippage as shown in column 11.
- 5.4 £6.725m of total £10.299m Capital Programme spend has been on the Evolve Programme, which has been referred to throughout this report. The expenditure is analysed across the various Evolve programmes in Appendix 2. The total budget for the Evolve Programme over two years (2020/21 & 2021/22), is £15.091m Table 5.1 column 9 row 3), therefore £8.366m will slip into 2021/22. The reason for this slippage is twofold, firstly the original budget was merely held in 2020/21 awaiting re-profiling over the two years and this re-profiling has in effect been achieved through slipping the budget across years as shown in Table 5.1. However, decisions taken following discovery work has inevitably led to pausing and reconfiguration some of the projects and timelines, leading inevitably to delays, for example in relation to the transactional services and OCC projects. The programme has also been impacted by the pandemic.
- 5.5 Despite re-profiling the Evolve Programme there remains a potential pressure in capital to complete the programme. This will be validated and options explored to contain or accommodate the cost will be explored in 2021/22. The Evolve Programme represents a unique opportunity to overhaul the ICT infrastructure and deploy contemporary applications, however, it is a complex project with multi interdependencies and a reliance on West Mercia Police for the joint / shared elements of ICT.
- 5.6 There is also a need to manage expectations around application implementation and upgrades, which place a demand on the shared ICT resource, who are prioritising the transition work for both forces. There is also a limit on the load that can be placed on the existing aged ICT infrastructure. Therefore, the remaining ICT programme has been limited to essential work and mainly concerning the KCOM network, a few limited projects have been undertaken that do not rely on in-house ICT support such as ANPR installations. With regard to the ESN project this has been realigned to match the latest national timelines, which is beyond our control. The remainder of the ICT programme is taken up by the replacement of desktop and devices to meet the need for agile working created by the pandemic and to equip new recruits. Further details can be seen at Appendix 2.
- 5.7 Within the £1.047m Estates Programme work has been undertaken to bring Leek Wootton back up to operational standards to enable it to become the Warwickshire police HQ following transition out of the alliance. Work has been completed at Stratford (on the roof and car park), Atherstone SNT, Stuart Ross House and Grey's Mallory. The majority of the £2.079m slippage on the Estates programme, (Table 5.1 column 11 row 1) is in relation to Leek Wootton. Plans for further work on the estate is waiting the completion of the Estates Strategy, planned for 2021/22. In the meantime work to maintain the buildings in an operational condition will be undertaken.
- 5.8 £0.810m has been spent on replacement vehicles against a budget of £1.392m. Delivery dates for vehicles were very close to the 31 March 2021 and missing these would shift a significant number of vehicles into 2021/22. It would appear that this is the case and it is expected that around £0.495m of vehicles will be delivered in the

first quarter of 2021/22. The current lead times need to be built into the replacement cycle to ensure vehicles are delivered when planned and when required.

- 5.9 Capital funding is set out in Table 5.2, which shows a comparison between the final determinations and what was proposed in Q1, Q2 and Q3.

Table 5.2

Source of funding:	Outturn Proposed £m	Q3 Proposed £m	Q2 Proposed £m	Q1 Proposed £m
Capital Receipts	0.045	0.000	0.850	0.850
Capital Grants	0.114	0.113	0.113	0.113
Specific Grant - ESN	0.000	0.364	0.364	0.364
S.106	0.000	0.083	0.083	0.083
Revenue – Specials Vehicle PCC	0.032	0.000	0.000	0.320
Infrastructure Reserve	0.000	0.000	0.000	0.680
Transformation Reserve - Evolve	0.000	0.000	0.000	7.052
Borrowing (internal)	10.009	10.694	13.804	5.409
Total	10.200	11.254	15.214	14.871

It should be noted that all capital receipts for sale of land carry a risk until such time as the sale is complete.

- 5.10 In determining capital financing priority is given to exhausting capital receipts and non-specific capital grant. Specific grant is used to fund specific projects where the conditions of the grant have been satisfied. Where possible S.106 money awarded under planning regulations is used as and when the conditions attached to the award are fulfilled. The revenue contribution shown in Table 5.1 is to meet the cost of a vehicle for the Special constabulary, which is funded by the PCC. The remainder of the capital programme is normally financed through a combination of reserves and revenue contributions before considering the need to borrow, however due to the financial uncertainty, created by the pandemic, the use of reserves to fund capital has been suspended and replaced by borrowing, hence the changes between Q1 and outturn in Table 5.2. This means the majority of the 202/21 Capital Programme is funded by borrowing.
- 5.11 Overtime it is anticipated that a revenue stream will be used to provide £1m to finance the capital programme in lieu of recent reductions in government grant. Borrowing will remain the main source of capital funding in lieu of capital receipts, however capital receipts are one-off and can only be used once. At the same time borrowing must be affordable and sustainable as determined under the Prudential Code. The outcome of the estates strategy and the ICT strategy over the next 5 to 10 years will significantly influence the need to borrow.

6. RESERVES

6.1 Table 6.1 sets out the opening balances and closing balances including the movements in reserves. Starting with the agreed 2019/20 closing balances (column 1) as set out in the 2019/20 Statement of Accounts. It goes on to show the original budgeted use of reserves to support the 2020/21 revenue budget (column 2 & 3), followed by the agreed (by PCC) use of reserves (column 4 to 6), which was set out in detail in table 3.2. Further to this it is recommended that the transfers (column 7) are agreed to provide resilience in line with the PCC's approved 2021/22 Budget & MTFP and create a NCVS Reserve to provide resilience around potential exit vetting costs. The contributions to and from reserves agreed in the 2021/22 Budget are set out at column 9 and 10 and the anticipated closing balances for each of the earmarked reserves and the general reserve up to 2025/26 are also shown (column 11 to 15). It is anticipated the Budget Reserve will be used over 2022/23 to 2025/26 to support the budget subsequent to any adverse impact on government funding and precept as a consequence of any financial post pandemic recovery package. Therefore, the actual closing balances for 2022/23 onwards will be less than those shown in Table 6.1.

Table 6.1 Reserves

RESERVES	Col 1	Col 2	Col 3	Col 4	Col 5	Col 6	Col 7	Col 8	Col 9	Col 10	Col 11	Col 12	Col 13	Col 14	Col 15
	2019/20	2020/21	2020/21	2020/21	2020/21	2020/21	2020/21	2020/21	2021/22	2021/22	2021/22	2022/23	2023/24	2024/25	2025/26
	Closing Balance	Original Budget Movement	PCC Initiatives	Q1 Revenue Forecast Movement	Q2 Revenue Forecast Movement	Q4 Revenue Forecast Movement	Transfers Between Reserves	Closing Balance	MTFP Transfers	MTFP Budgeted Contribution to Reserves	Forecast Closing Balance	Forecast Closing Balance	Forecast Closing Balance	Forecast Closing Balance	Forecast Closing Balance
		+/-	+/-	+/-	+/-	+/-	+/-		+/-	+/-					
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
General Reserves	5.000							5.000			5.000	5.000	5.000	5.000	5.000
Budget Reserve & Transformation	1.707	-1.255			-1.144		3.759	3.067	0.367	0.781	4.215	4.042	3.554	3.286	3.345
Transformation Reserve	9.538	-2.486			-2.244	-0.487	-2.943	1.378	-1.378		0.000	0.000	0.000	0.000	0.000
Investment in Infrastructure	1.166	-0.115					-1.051	0.000			0.000	0.000	0.000	0.000	0.000
PCC Grants and Initiatives	0.300							0.300			0.300	0.250	0.200	0.150	0.100
Pensions & Redundancy	0.400				-0.029	-0.371	0.500	0.500	0.400		0.900	0.900	0.900	0.900	0.900
Insurance & Legal	0.300					-0.195	0.148	0.253	0.247		0.500	0.500	0.500	0.500	0.500
Income	0.500						-0.500	0.000	0.250		0.250	0.000	0.000	0.000	0.000
Covid-19	0.500			-0.201			0.087	0.386	0.114		0.500	0.000	0.000	0.000	0.000
Collection Fund	0.000							0.000		0.339	0.339	0.169	0.000	0.000	0.000
National Commercial Vetting Service	0.000					0.573		0.573			0.573	0.573	0.573	0.573	0.573
Safer Roads	1.589		-0.255	-0.057		-0.046		1.231			1.231	1.231	1.231	1.231	1.231
Earmarked Reserves	16.000	-3.856	-0.255	-0.258	-3.417	-0.526	0.000	7.688	0.000	1.120	8.808	7.665	6.958	6.640	6.649
Total Reserves	21.000	-3.856	-0.255	-0.258	-3.417	-0.526	0.000	12.688	0.000	1.120	13.808	12.665	11.958	11.640	11.649

- 6.2 Table 6.1 forecasts a reduction in reserves from an opening balance of £20.999m on 1 April 2020 to £12,687m as at the 31 March 2021. The transfers to and from reserves summarised in columns 2 to 6 are explained in detail in Table 3.2. Reserves have not been used to finance capital expenditure, in line with the in year decision, instead they have been directed to support one-off revenue costs of transition and transformation and the in year gap between operating costs and core funding so as to provide a glide path to a Good and Balanced Budget on 1 April 2021. Removing reserves as a source of capital funding will bring forward the need to borrow.
- 6.3 However, the reserves are nearly £2m higher than anticipated at the time of setting the 2021/22 Budget and MTFP. This has allowed the creation of an NVCS Reserve to protect against the risk of potentially exiting the vetting business. Also the Pension & Redundancy Reserve has been increased to underwrite the risk associated with the McCloud remedy, which is a national issue. The remedy deals the consequences of reinstating individual's pension rights following a claim for discrimination, which was upheld. The discrimination arose from the protections put in place on facilitate transition to new pension arrangements under the governments reforms to public sector pension schemes. In addition the outturn position has allowed the PCC to maintain earmarked reserves to meet other risks such as those related to insurance, legal costs and income. The transfers between reserves are shown in column 7 and are consistent with the 2021/22 Budget and Reserves Strategy.
- 6.4 The £5.000m of General Reserves is kept under review. The General Reserve is there to meet unplanned significant and unusual operational incidents that exceed the capacity of the day to day budget and in the event that Home Office Special Grant was not forthcoming. The Force is required to meet costs of significant incidents up to a sum equivalent to 1% of the Net Revenue Budget. If used, the General Reserve would require a plan to rebuild it back to £5.000m over a reasonable period. In the last year the Home Office have tightened up on the criteria to access Special Grant, increasing the likelihood that the General Grant may be used in the event of a significant incident.
- 6.5 Reserves are a limited source of funding for one-off specific issues and once spent they cannot be spent again. Reserves should not be used to continually fund revenue shortfalls. Therefore, the PCC and Chief Constable set out the strategic aim and associated plans to balance the budget by 1 April 2021. The Reserves Strategy is set out more fully in the 2021/22 Budget & MTFP.

Keep Free

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Appendix 1

COVID-19 Returns	Appendix 1 Operation Readout (Force response to COVID-19 Pandemic)														
		Additional cost for month (£) APR	Additional cost for month (£) MAY	Additional cost for month (£) JUNE	Additional cost for month (£) JULY	Additional cost for month (£) AUGUST	Additional cost for month (£) SEPTEMBER	Additional cost for month (£) OCTOBER	Additional cost for month (£) NOVEMBER	Additional cost for month (£) DECEMBER	Additional cost for month (£) JANUARY	Additional cost for month (£) FEBRUARY	Additional cost for month (£) MARCH	TOTAL Additional cost (£)	
Police Pay	Overtime - Officers	1,910	12,659	8,624	20,375	4,632	- 605	623	4,326	1,542	-	3,162	314	57,562	
Police Staff Pay	Overtime - Staff	4,692	12,778	6,933	6,536	2,542	4,188	2,906	6,207	2,796	122	531	276	50,507	
Premises	Estate cleaning	7,487	7,487	7,487	8,059	7,487	6,189	8,205	7,922	7,020	6,839	8,914	6,838	89,934	
Supplies & Services ICT	IT/home working	44,380	403	46,490	9,394	6,788	6,743	6,750	30,044	1,640		63,902	24,971	241,505	
Supplies & Services	PPE	26,450	43,089	59,883	40,031	-	630	3,400			252			173,735	
Supplies & Services	Additional C19 Equip	18,617	81	588	-	839	323	4,830	1,059	127	67	84		26,615	
Supplies & Services	Other	85,741	31,592	292	-	201	1,002	334	-	18		1,597	21,630	142,407	
Income loss	CVRS	632	3,272	6,041	5,228	844	1,924	3,200	1,296	172		4,268		26,877	
	SUBTOTAL (£)	189,909	111,361	136,338	89,623	23,333	20,394	30,248	50,854	13,315	7,280	82,457	54,029	809,142	
Transport	Estates - Fuel	- 49,534	- 31,050	- 7,959	-	-	-	-	-	-	-	- 35,000	- 35,322	- 158,865	
	SUBTOTAL (£)	140,375	80,311	128,379	89,623	23,333	20,394	30,248	50,854	13,315	7,280	47,457	18,707	650,277	
Income loss	Income loss - NDORS	121,197	105,738	101,465	97,337	88,965	57,040	10,425	-	-	2,928	-	1,980	587,075	
	GRAND TOTAL (£)	261,572	186,049	229,844	186,960	112,298	77,434	40,673	50,854	13,315	10,208	47,457	20,687	1,237,352	
	Government Funding														
	- Medical Grade PPE													- 111,833	
	- Non Medical Grade PPE													- 131,451	
	- Surge Funding													- 205,897	
	- Income loss recovery (Apr-Jul)													- 308,921	
	- Income loss recovery (Aug-Nov)													- 146,201	
	- Income loss recovery (Dec-Mar)													- 75,360	
	- Unconditional govt funding (Feb 2021)													-	
	SUBTOTAL (£)													- 979,663	
	To be met from reserves													257,689	
	SUBTOTAL (£)											Transfer from SRP reserve for NDORS shortfall		56,593	
	SUBTOTAL (£)											Transfer to COVID-19 reserve for surplus grant		201,096	

PROTECT MANAGEMENT

Appendix 2 Capital Programme (Note figures in brackets are an underspend or slippage – opposite to main report)

Estates

		Col 1	Col 2	Col 3	Col 4	Col 5	Col 6	Col 7	Col 8	Col 9	Col 10	Col 11	Col 12	Col 13	Col 14	Col 15	Col 16
	PROJECT	CAPITAL COSTS DELIVERED 31st Mar'21	Original MTFP Budget 2020-21 (Feb'20)	Deducted Estimated Slippage included in MTFP	Add Actual 2019-20 Slippage	Additional Budget Decisions 2020-21	Allocation of Funding Envelopes - transfers	Transfer forecasted underspends at Qtr3 to EVOLVE	RCCO's, External Funding and Reserves agreed Qtr2,3,4	Revised Working Budget 2020-21	2020-21 Variance overspend (underspend)	2020-21 Variance acceleration (slippage)	2021-22 Total budget Incl. Slippage	2022-23 Total budget MTFP	2023-24 Total budget MTFP	2024-25 Total budget MTFP	2025-26 Total budget MTFP
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
	WARWICKSHIRE ESTATE:																
1	Stuart Ross House - OCC Building	138	109	- 109	112	-	26		-	138	-	0.0	90	-	-	-	-
2	Atherstone SNT Office	90	105	- 100	100	-	-		-	105	-	(15.0)	-	-	-	-	-
3	Grey's Mallory Patrol Base	21	-	-	-	-	21		-	21	-	0.0	-	-	-	-	-
4	Stratford Police Station & Courts	357	450	- 2,431	2,468	-	16		-	504	-	(147.0)	2,100	-	-	-	-
5	Bedworth Police Station	-	-	-	-	-	44		-	44	-	(44.0)	44	-	-	-	-
6	Rugby Police Station & Courts	-	-	-	-	-	50		-	50	-	(50.0)	50	-	-	-	-
7	Warwickshire Police Estate - non-site specific	-	240	-	-	-	157	- 83	-	-	-	0.0	150	1,500	1,500	1,500	1,500
8	Head Quarters - Leek Wootton	441	2,932	- 434	766	-	-	- 1,000	-	2,264	-	(1,823.0)	2,907	-	-	-	-
9	TOTAL ESTATE PROGRAMME:	1,047	3,837	- 3,074	3,446	-	-	- 1,083	-	3,125	-	(2,079.0)	5,341	1,500	1,500	1,500	1,500

PROTECT MANAGEMENT

Capital Programme cont...

Technical Debt & Evolve Programme

		Col 1	Col 2	Col 3	Col 4	Col 5	Col 6	Col 7	Col 8	Col 9	Col 10	Col 11	Col 12	Col 13	Col 14	Col 15	Col 16
	PROJECT	CAPITAL COSTS DELIVERED 31st Mar'21	Original MTFP Budget 2020-21 (Feb'20)	Deducted Estimated Slippage included in MTFP	Add Actual 2019-20 Slippage	Additional Budget Decisions 2020-21	Allocation of Funding Envelopes - transfers	Transfer forecasted underspends at Qtr3 to EVOLVE	RCCO's, External Funding and Reserves agreed Qtr2,3,4	Revised Working Budget 2020-21	2020-21 Variance overspend (underspend)	2020-21 Variance acceleration (slippage)	2021-22 Total budget Incl. Slippage	2022-23 Total budget MTFP	2023-24 Total budget MTFP	2024-25 Total budget MTFP	2025-26 Total budget MTFP
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
	ICT & TRANSFORMATION PROJECTS & REPLACEMENTS:																
1	TOTAL - ICT "TECHNICAL DEBT" - TRANSFORMATION	95	1,979	- 2,139	2,558	-	- 2,303	-	-	95	0	-	-	-	-	-	-
	"EVOLVE" & APPLICATION AND INFRASTRUCTURE MIGRATION - (AIM):																
2	AIM - HOSTING ENVIRONMENTAL SERVICES	1,239	1,605	-	185	-	- 440	-	-	1,350		(111)	111				
3	AIM - BUSINESS APPLICATION SERVICES	952	820		80	-	1,754	-	-	2,654		(1,702)	1,702				
4	AIM-SHARED APPLICATION SVCS	180	-		-	-	722	-	-	722		(542)	542				
5	AIM - OCC APPLICATION SERVICES	1,566	264	198	801	-	941	-	-	2,204		(638)	638				
6	AIM - INFRASTRUCTURE & NETWORK SERVICES	664	32	-	97	-	1,589	-	-	1,718		(1,054)	1,054				
7	EVOLVE - TRANSFORMATION TEAM	1,614	381	-	112	-	1,042	2,000	-	3,535		(1,921)	1,921				
8	EVOLVE - DIGITAL SERVICE EQUIPMENT	149	30	-	113	-	166	-	-	309		(160)	160				
9	EVOLVE - FORENSICS TRANSITION	268	900	-	40	-	739	-	-	200		68	68				
10	EVOLVE - TRANSACTIONAL SERVICES	92	3,855	-	400	-	2,120	-	-	2,135		(2,044)	2,044				
11	EVOLVE - PROJECT CONTINGENCY	-	20		755	-	611	100		264		(264)	264				
12	"EVOLVE" & APPLICATION AND INFRASTRUCTURE MIGRATION - (AIM):	6,725	7,907	198	2,582	-	2,303	2,100	-	15,091	-	(8,366)	8,366	-	-	-	-

PROTECT MANAGEMENT

Capital Programme cont...

ICT Projects

		Col 1	Col 2	Col 3	Col 4	Col 5	Col 6	Col 7	Col 8	Col 9	Col 10	Col 11	Col 12	Col 13	Col 14	Col 15	Col 16
	PROJECT	CAPITAL COSTS DELIVERED 31st Mar'21	Original MTFP Budget 2020-21 (Feb'20)	Deducted Estimated Slippage included in MTFP	Add Actual 2019-20 Slippage	Additional Budget Decisions 2020-21	Allocation of Funding Envelopes - transfers	Transfer forecasted underspends at Qtr3 to EVOLVE	RCCO's, External Funding and Reserves agreed Qtr2,3,4	Revised Working Budget 2020-21	2020-21 Variance overspend (underspend)	2020-21 Variance acceleration (slippage)	2021-22 Total budget Incl. Slippage	2022-23 Total budget MTFP	2023-24 Total budget MTFP	2024-25 Total budget MTFP	2025-26 Total budget MTFP
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
	ICT / TRANSFORMATION :- PROJECTS IN-FLIGHT																
1	WARKS OCC - STUART ROSS HOUSE ICT FIT-OUT	-	63	- 63	66					66	-	- 66	66				
2	ICT TELEPHONY PROJECT -	-			151			- 151		-	-	-	-				
3	BODY WORN VIDEO (II) - SPECIALS	74		-	128			- 52		76	-	- 2	2				
4	ATHENA SYSTEMS PROJECT - <i>PHASE 1</i>	-	-	-	13					13	- 13	-	-				
5	ATHENA SYSTEMS PROJECT - <i>PHASE 2</i>	9	22	-	-					22	- 14	-	-				
6	EMERGENCY SERVICES NETWORK - <i>ESN</i>	-	364	- 620	620					364	-	- 364	364	2,400	2,036	-	-
7	AIRWAVE REPLACEMENT EQUIP -	-	46							46	-	- 46	46				
8	K.COM TRANSITION PROJECT	1	-	-	-					-	1	-	-				
9	K-COM TRANSITION PROJECT - <i>31.7%</i>	610	497	- 87	90					500	110	-	-				
10	Future Major IT Project either locally or nationally led	-	-							-	-	-	-		200	1,000	1,000
11	ANPR FIXED SITES - <i>31.7%</i>	11			17					17	-	- 6	6				
12	DATA NETWORK REPLACEMENT RED FLAG - <i>31.7%</i>	-			11					11	-	- 11	11				
13	ORIGIN - UPGRADES & ENHANCEMENTS - <i>31.7%</i>	-			4					4	-	- 4	4				
14	BUSINESS OBJECT V11 - "BOXI" - <i>31.7%</i>	-			1					1	-	- 1	1				
15	ICT / TRANSFORMATION :- PROJECTS IN-FLIGHT - TOTAL	705	993	- 770	1,100	-	-	- 203	-	1,121	85	- 501	501	2,400	2,236	1,000	1,000

PROTECT MANAGEMENT

Capital Programme cont...

ICT Replacement Programme incl. desktop and devices

		Col 1	Col 2	Col 3	Col 4	Col 5	Col 6	Col 7	Col 8	Col 9	Col 10	Col 11	Col 12	Col 13	Col 14	Col 15	Col 16	
	PROJECT	CAPITAL COSTS DELIVERED 31st Mar'21	Original MTFP Budget 2020-21 (Feb'20)	Deducted Estimated Slippage included in MTFP	Add Actual 2019-20 Slippage	Additional Budget Decisions 2020-21	Allocation of Funding Envelopes - transfers	Transfer forecasted underspends at Qtr3 to EVOLVE	RCCO's, External Funding and Reserves agreed Qtr2,3,4	Revised Working Budget 2020-21	2020-21 Variance overspend (underspend)	2020-21 Variance acceleration (slippage)	2021-22 Total budget Incl. Slippage	2022-23 Total budget MTFP	2023-24 Total budget MTFP	2024-25 Total budget MTFP	2025-26 Total budget MTFP	
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
	ICT / TRANSFORMATION :- PROJECTS PRE-FLIGHT																	
1	REGIONAL MOTORWAY ANPR CAMERAS - REFCUS PAYMENT - HIGHWAYS ENGLAND	132	113							113	19	-	-					
2	TOTAL ICT / TRANSFORMATION :- PROJECTS PRE-FLIGHT	132	113	-	-	-	-	-	-	113	19	-	-	-	-	-	-	
	ICT REPLACEMETS - IN FLIGHT:																	
3	DESKTOP REPLACEMENT & GROWTH 31.7%	40	176					(96)		80	-	(40)	218	187	196	206	217	
4	MOBILE DEVICES - 31.7%	504	310							310	-	194	267	484	508	533	560	
5	SOFTWARE UPGRADES - 31.7%	-	78					(38)		40	-	(40)	80	42	44	46	49	
6	HTCU - REPLACEMENT (DESKTOP & SERVERS)	-	47					(47)		-	-	0	50	-	-	-	61	
7	NEW RECRUITS SET-UP - I.T. COSTS	73	80					(5)		75	-	(2)	102	106	111	116	122	
8	ALLIANCE SEPARATION - I.T. COSTS	38	250					(30)		220	-	(182)	232	-	-	-	-	
9	BUS SUPP\PL - IT EQUIP NEEDS	-	-					0		-	-	0	-	-	-	-	-	
10	CONSOLIDATION OF SMALL SYSTEMS	-	10					(10)		-	-	0	-	-	-	-	-	
11	REPL PRINTERS AND SCANNERS	-	9					(9)		-	-	-	10	11	11	12	12	
12	SERVER	-	62					(62)		-	-	-	40	42	44	46	49	
13	NETWORK	2	16					(16)		-	-	2	38	42	44	46	49	
14	SAN/BACKUP INFRASTRUCTURE	-	62					(62)		-	-	-	60	63	66	69	73	
15	TOTAL - ICT REPLACEMENT PROGRAMME:	657	1,098	-	-	-	-	(373)	-	725	-	-	68	1,098	976	1,024	1,076	1,190
16	ICT & TRANSFORMATION PROJECTS & REPLACEMENTS - TOTAL	8,314	12,091	(2,711)	6,240	-	-	1,524	-	17,145	104	-	8,935	9,965	3,376	3,260	2,076	2,190

PROTECT MANAGEMENT

Capital Programme cont...

Vehicle Programme

		Col 1	Col 2	Col 3	Col 4	Col 5	Col 6	Col 7	Col 8	Col 9	Col 10	Col 11	Col 12	Col 13	Col 14	Col 15	Col 16
PROJECT		CAPITAL COSTS DELIVERED 31st Mar'21	Original MTFP Budget 2020-21 (Feb'20)	Deducted Estimated Slippage included in MTFP	Add Actual 2019-20 Slippage	Additional Budget Decisions 2020-21	Allocation of Funding Envelopes - transfers	Transfer forecasted underspends at Qtr3 to EVOLVE	RCCO's, External Funding and Reserves agreed Qtr2,3,4	Revised Working Budget 2020-21	2020-21 Variance overspend (underspend)	2020-21 Variance acceleration (slippage)	2021-22 Total budget Incl. Slippage	2022-23 Total budget MTFP	2023-24 Total budget MTFP	2024-25 Total budget MTFP	2025-26 Total budget MTFP
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
	VEHICLE REPLACEMENTS:																
1	VEHICLE REPLACEMENTS - TOTAL	810	1,011	(61)	213	196.5	-	-	32.1	1,391.6	-	(581.2)	1,967.2	1,200.0	1,260.0	1,323.0	1,389.2

Equipment

		Col 1	Col 2	Col 3	Col 4	Col 5	Col 6	Col 7	Col 8	Col 9	Col 10	Col 11	Col 12	Col 13	Col 14	Col 15	Col 16
PROJECT		CAPITAL COSTS DELIVERED 31st Mar'21	Original MTFP Budget 2020-21 (Feb'20)	Deducted Estimated Slippage included in MTFP	Add Actual 2019-20 Slippage	Additional Budget Decisions 2020-21	Allocation of Funding Envelopes - transfers	Transfer forecasted underspends at Qtr3 to EVOLVE	RCCO's, External Funding and Reserves agreed Qtr2,3,4	Revised Working Budget 2020-21	2020-21 Variance overspend (underspend)	2020-21 Variance acceleration (slippage)	2021-22 Total budget Incl. Slippage	2022-23 Total budget MTFP	2023-24 Total budget MTFP	2024-25 Total budget MTFP	2025-26 Total budget MTFP
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
	OTHER CAPITAL PROJECTS:																
2	BODY ARMOUR REPLACEMENT -	-	441	(400)	400			(441)		-	-	-	-	-	-	-	-
3	OTHER EQUIPMENT	-								-	-	-	500	500	500	500	500
4	VERICOM ACCELEROMETERS	29	-	0	-	17				17	12	-	-				
5	COLLISION INVESTIGATION - LASER SCANNERS -	-	28	(28)	-					-	-	-	-				
6	OTHER - TOTAL	29	469	(428)	400	17	-	(441)	-	17	12	-	500	500	500	500	500

Total

		Col 1	Col 2	Col 3	Col 4	Col 5	Col 6	Col 7	Col 8	Col 9	Col 10	Col 11	Col 12	Col 13	Col 14	Col 15	Col 16
PROJECT		CAPITAL COSTS DELIVERED 31st Mar'21	Original MTFP Budget 2020-21 (Feb'20)	Deducted Estimated Slippage included in MTFP	Add Actual 2019-20 Slippage	Additional Budget Decisions 2020-21	Allocation of Funding Envelopes - transfers	Transfer forecasted underspends at Qtr3 to EVOLVE	RCCO's, External Funding and Reserves agreed Qtr2,3,4	Revised Working Budget 2020-21	2020-21 Variance overspend (underspend)	2020-21 Variance acceleration (slippage)	2021-22 Total budget Incl. Slippage	2022-23 Total budget MTFP	2023-24 Total budget MTFP	2024-25 Total budget MTFP	2025-26 Total budget MTFP
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
7	TOTAL WARWICKSHIRE CAPITAL PROJECTS	10,200	17,409	(6,275)	10,299	213	-	-	32.1	21,679	116	(11,596)	17,773	6,576	6,520	5,399	5,579