



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

## **Notice of Decision**

**Decision Title:** To approve the outturn and reserve transfers for 2021/22

**Decision Reference Number:** WPCC3-0061

**Lead Officer:** Sara Ansell, Treasurer

**If force business, date approved by Chief Officer:** N/A

**Date:** 7<sup>th</sup> July 2022

**Status:** Non confidential

*If confidential or partly confidential\*, rationale:*

(\* If partly confidential specify which parts are confidential)

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### **Decision summary:**

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.

The PCC is therefore asked to formally approve the following recommendations as included in the supporting report:

#### **2021/22 Outturn**

2.3 In light of the 2021/22 outturn position the following actions are recommended:

- General Reserve
  - i) Transfer £1.000m to the General Reserve to increase resilience.
- Earmarked Reserves:
  - ii) Transfer £0.774m to the Infrastructure Reserve to support the Capital Programme.

- Capital Programme
  - iii) Evolve Programme carry £0.742m into 2022/23 as a contingency and £1.628m is held within the Capital Programme ICT/DS affordability budget awaiting the development of the Operation Empower Tech workstream, which will be instrumental in developing applications, including power apps to drive out the return on the investment in ICT/DS.

The prior period recommendations previously approved by the PCC at the governance board meetings throughout the year are repeated here for information and are to be noted.

### Q3 Recommendations

- Earmarked Reserves (Revenue):
  - i) Whilst the Force is underspent it is not necessary to drawdown from the Pensions and Redundancy Reserve monies to meet the cost of change. Should the position revert to an overspend the decision taken in P5 v) & P7 i) detailed in this section, will be invoked.
  - ii) In light of the recovery in the CTB and surplus on the CF in 2022/23, the £0.339m budgeted contribution to the Collection Fund Reserve is no longer required to meet shortfalls over the next two years. Therefore, the £0.339m is to be transferred to the Budget & Transformation Reserve to support the revenue budget and one-off implementation costs of Operation Empower.
  - iii) The net underspend on the revenue budget, after other recommendations are actioned, is to be transferred to the Budget & Transformation Reserve.

### P7 Recommendations

- Earmarked Reserves (Revenue):
  - i) Transfer a further £0.010m from the Pension & Redundancy Reserve to meet the cost of redundancies and pension strain as a consequence of transitioning out of ICT and forensic services.  
**This is not required in light of the net underspend.**
  - ii) Transfer a further £0.068m from the SRP Reserve to fund PCC road safety initiatives.

### P5 Recommendations:

- Capital Programme
  - i) Transfer a further £1.848m (budget) to the Evolve Programme from slippage in Estates, ICT Replacement Programme, Vehicle Replacement and Plant & Equipment programmes as set out in column 8 of Table 5.1.

- ii) Increase the Capital Programme by up to £1.545m to complete the final phase of the Evolve Programme. In lieu of other sources of funding this will be financed by borrowing, as set out in column 5 Table 6.1.
- iii) Transfer £0.125m from the SRP Reserve to meet the cost of works required to accommodate the WSRU in Rugby in the event this move takes place. This drawdown will only be made once the costs have been incurred and there is a likelihood that the work will be delayed until 2022/23. The cost of works at outturn was £0.071m which will be transferred from the SRP Reserve.
- Earmarked Reserves (Revenue):
  - iv) Transfer **up to a maximum** of £1.895m required to underwrite the hosted ICT infrastructure and applications, with WM, until 31 March 2022 (£1.570m) and to meet the one-off revenue cost of the Evolve Programme over and above the £1m budget (£0.325m). Both of these transfers, **if required**, would be from the Budget & Transformation Reserve.

**This is not required in light of the net underspend.**
  - v) Transfer £0.223m from the Pension & Redundancy Reserve to meet the cost of redundancies and pension strain as a consequence of transitioning out of ICT and forensic services.

**This is not required in light of the net underspend.**

#### **Q1 Recommendations – Approved:**

- i) Capital Programme – transfer £4.165m (budget) to fund the Evolve Programme from slippage in the Estates, ICT Replacement Programme, Vehicle Replacement and Plant & Equipment programmes, as set out in column 5 Table 5.1.
- ii) SRP Reserves Transfer – Transfer £0.165m from SRP Reserve to fund PCC road safety initiatives.

The £0.105m (revenue) operating surplus on the WSRU is automatically transferred from the SRP Reserve and does not require approval. This will be used to support PCC road safety initiatives and, if approved, the implementation of the WRSU business case.

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I confirm that my register of interests declaration is up to date and that none of my interests preclude me from making this decision.

Signature: Philip Seccombe

Date: 07.07.2022

## Supporting information

### 1. Background information

The 2021/22 year end net expenditure, after income, is £112.846m, which is £2.424m less than the £115.270m of core funding, consisting of government grant, including the one-off local council tax support grant and collection fund grant, as well as the precept. The £115.270m is £0.080m less than previously reported reflecting the actual grant, as opposed to being based on estimates, received from the government under the Tax Income Guarantee (TIG) scheme to cover a Collection Fund Deficit. This grant was paid despite the recovery in the local collection rates.

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. However, in summary, the outturn shows that an increased contribution to reserves was made of some £2.424m, at year end, being £1.540m above the budgeted level, due primarily to increased income from commercial vetting. This has proved to be a successful source of income, through work to commercialise the contractor vetting service, which has received accreditation and is undertaken on a national basis.

There have been a number of other variations, notably in police staff pay and transport which were both underspent in 2021/22 but were offset by increased officer pay and overtime costs and also increased direct revenue financing to fund capital costs. Income streams were healthy and included mutual aid income for support provided at the G7 and COP26 events, in addition to increased funding received for undertaking work on County Lines as part of the regional response.

The table below summarises the unaudited year end revenue position:

	<b>Budget 2021/22</b>	<b>Outturn 2021/22</b>	<b>Variance</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
Pay costs – officers, staff and PCSO's	87.974	88.263	0.289
Other employee expenses	0.711	1.055	0.344
Premises costs	3.065	3.166	0.101
Transport	2.754	2.417	(0.337)
Supplies & services	12.649	12.854	0.205
Third party payments	8.963	9.954	0.991
Capital financing	3.262	3.592	0.330
<b>Gross Expenditure</b>	<b>119.378</b>	<b>121.301</b>	<b>1.923</b>
Income - general	(6.605)	(8.276)	(1.671)
Vetting unit - net	(1.038)	(2.738)	(1.700)
OPCC - net	2.624	2.557	(0.067)

<b>Net force/PCC Budget</b>	<b>114.359</b>	<b>112.844</b>	<b>(1.515)</b>
Safer Roads - net	0.107	0.002	(0.105)
<b>Total net budget</b>	<b>114.466</b>	<b>112.846</b>	<b>(1.620)</b>
Contribution to/(from) reserves	0.884	2.424	1.540
<b>TOTAL</b>	<b>115.350</b>	<b>115.270</b>	<b>(0.080)</b>
<b>Funded by:</b>			
Core Govt grant	(62.188)	(62.108)	0.080
Council tax precept	(53.162)	(53.162)	0.000
<b>TOTAL FUNDING</b>	<b>(115.350)</b>	<b>(115.270)</b>	<b>0.080</b>

The transfers to reserves as a result of the underspend in 2021/22 are shown in the table below. It also includes the anticipated reserve balances over the medium term financial plan period. Column 8 of the table below identifies the closing reserve balances at the end of 2021/22, totalling £15.041m, which is an increase compared to previous forecast positions. Reserves are being held to manage future risks, known future costs and the ongoing transformation of Warwickshire Police.

	Col 1	Col 2	Col 3	Col 4	Col 5	Col 6	Col 7	Col 8	Col 9	Col 10	Col 11	Col 12
	2020/21	2021/22	2021/22	2021/22	2021/22	2021/22	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
	Closing Balance	MTFP Feb 2021 Transfers	Contribution to Finance Capital	MTFP Budgeted Contribution to Reserves	PCC Initiatives	Movement to and (from) Reserves Table 3.1	Forecast Closing Balance	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
<b>General Reserves</b>	<b>5.000</b>					<b>1.000</b>	<b>6.000</b>	<b>6.000</b>	<b>6.000</b>	<b>6.000</b>	<b>6.000</b>	<b>6.000</b>
Budget & Transformation	3.067	0.367		0.778			4.212	3.945	3.945	3.945	3.595	3.595
Pay Reserve	0.000						0.000	0.500	0.500	0.500	0.500	0.500
Transformation Reserve	1.378	-1.378					0.000	0.000	0.000	0.000	0.000	0.000
Investment in Infrastructure	0.000					0.774	0.774	0.774	0.774	0.774	0.774	0.774
Pensions & Redundancy	0.500	0.400					0.900	0.667	0.667	0.667	0.667	0.667
Insurance & Legal	0.253	0.247					0.500	0.500	0.500	0.500	0.500	0.500
Income	0.000	0.250					0.250	0.250	0.250	0.250	0.250	0.250
Covid-19 & Operational	0.386	0.114					0.500	0.500	0.500	0.500	0.500	0.500
Collection Fund	0.000			0.339		-0.339	0.000	0.000	0.000	0.000	0.000	0.000
Sustainability Reserve	0.000						0.000	0.250	0.250	0.250	0.250	0.250
PCC Grants and Initiatives	0.300						0.300	0.300	0.300	0.300	0.300	0.300
National Commercial Vetting Service	0.573						0.573	0.573	0.573	0.573	0.573	0.573
Safer Roads	1.231		-0.071		-0.233	0.105	1.032	0.782	0.632	0.532	0.432	0.332
<b>Earmarked Reserves</b>	<b>7.688</b>	<b>0.000</b>	<b>-0.071</b>	<b>1.117</b>	<b>-0.233</b>	<b>0.540</b>	<b>9.041</b>	<b>9.041</b>	<b>8.891</b>	<b>8.791</b>	<b>8.341</b>	<b>8.241</b>
<b>Total Reserves</b>	<b>12.688</b>	<b>0.000</b>	<b>-0.071</b>	<b>1.117</b>	<b>-0.233</b>	<b>1.540</b>	<b>15.041</b>	<b>15.041</b>	<b>14.891</b>	<b>14.791</b>	<b>14.341</b>	<b>14.241</b>

The capital programme is an important element of the total budget to enable the ongoing transformation of the force. During 2021/22, £15.974m of investment in our assets was made across ICT, vehicles, estates, plant, and equipment. The majority was spent on digital services under the Evolve programme which included the extensive replacement of ICT infrastructure and devices, in effect accelerating the ICT replacement programme, which has allowed access to contemporary ICT sooner than anticipated.

There has been some slippage with estates and vehicle investment, partly due to supply chain issues affecting the supply of materials and vehicles, but also due to some pausing of work pending the outcome of the internal estates review. These areas of work will begin to progress more swiftly once the national supply chain and local strategic issues are resolved.

Funding of the capital investment in 2021/22 is mainly through borrowing but also through capital receipts from the sale of excess land at Leek Wootton and also from revenue contributions, capital grants and some Section 106 funding (funding paid by developers for community infrastructure projects). Sustainable capital financing in the medium term will be essential to ensure capital investment in services is secured given that central government capital grant funding from 2022/23 has been removed, and this will be a focus of future budget setting work.

The PCC and his staff have discussed and scrutinised the 2021/22 outturn in detail with Chief Officers and the force finance team at the force governance board and throughout the year at the weekly holding to account meetings.

## **2. List of additional information attached as appendices**

Money Matters Outturn report 2021/22

## **3. Expected benefits**

The outturn report outlines the final position and financing of the 2021/22 revenue and capital expenditure, the capital slippage into 2021/22 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.

## **4. Impact of not approving the application**

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

## **5. Costs (including any identified savings)**

The attached Money Matters outturn report outlines all the relevant revenue and capital costs and provides detail on the 2021/22 transfers to and from reserves and the resulting year end reserve balances. Approval for these is required from the PCC.

## **6. Equality implications**

All relevant policies apply to all aspects of the budget and spending

## **7. Legal comments**

The PCC is required to set a balanced budget and requires the force to operate within it. The 2021/22 outturn is one of underspending and increased transfers to

reserves are therefore recommended at year end. Governance arrangements are in place to ensure that the PCC is informed of the financial position regularly throughout the year, and previous recommendations have been approved at the governance board meetings.

## **8. Publication**

Information in this form is subject to the Freedom of Information Act 2000 (FOI Act) and other legislation. Unless the information provided is covered by an exemption and stated to be either confidential or partly confidential, the information contained in the form will be published on the OPCC website.

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### **Comments from the Treasurer**

All financial detail is included either within this decision notice or within the more detailed Money Matters report, which supports this decision. 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.

### **Comments from the Chief Executive and Monitoring Officer**

The attached outturn report outlines the final position and financing of the 2021/22 revenue and capital expenditure, the capital slippage into 2022/23 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.