



<b>Meeting Date</b>	<b>25 September 2023</b>
<b>Report of</b>	<b>Chief Finance Officer, OPCC</b>
<b>Subject</b>	<b>QUARTER 1 – CONSOLIDATED BUDGET MONITORING REPORT 2023/24</b>

## **EXECUTIVE SUMMARY**

This report sets out the consolidated financial position for the period 1 April 2023 to 30 June 2023. It shows the forecast the year end position as at 30 June 2023.

## **RECOMMENDATION(S)**

Members of the Panel are recommended to:

- a) Note the contents of this report and comment on any matters arising.

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Main Report – Consolidated report as at 30 June 2023

Appendix A – Force budget monitoring report as at 30 June 2023.

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# CONSOLIDATED BUDGET MONITORING REPORT 2023/24 AS AT 30 JUNE 2023.

## Purpose of the report

1. This report sets out the forecast financial position based on the period 1 April 2023 to 30 June 2023.

The report covers the budget managed by the Chief Constable (CC) of the South Yorkshire Police force (SYP) and budgets managed by the Office of the Police and Crime Commissioner (OPCC), such as partnerships and commissioning, capital financing charges and the office of the PCC, and presents a consolidated position of the current budget and expenditure.

## Background

2. On 27<sup>th</sup> February 2023, the PCC approved a revenue budget of £323.317m (£317.567m + £5.750m legacy costs). The PCC also approved a capital programme of £19.655m for 2023/24, anticipating that £18.454m borrowing would need to be undertaken in-the year to fund the programme. The programme was decreased to £17.35m in June 2023 to take account of slippage, re-phasing and adjustments. The PCC approved this revised programme on June 16<sup>th</sup> 2023.

## Consolidated Revenue Budget Position

3. The current budget position is as follows:

	£m	£m
Net approved budget 2023/24		323.317
Adjustments since approved budget		0.325
Comprising as at Jun 23:		
CC Budget	311.106	
PCC Budget	1.964	
Commissioning and Partnerships	3.343	
Capital Financing Costs	1.479	
Potential Legacy Costs	5.750	
<b>Total:</b>	<b>323.642</b>	<b>323.642</b>

The adjustment in the budget is the addition of grant funding. Based on what is known currently, the provisional outturn position for the revenue budget is an underspend of £1.734m. The breakdown is as follows:

	Approved Budget	Forecast out-turn 30.06.23	Projected (Under)/Overspend
	£000	£000	£000
Chief Constable's Budget	311.106	309.488	(1.618)
PCC and OPCC Budget	1.964	1.871	(0.093)
Commissioning and Partnerships	3.343	3.343	(0.000)
Capital Financing Costs	1.4790	1.456	(0.023)
Potential Legacy Cost issues	5.750	5.750	0.000
<b>Total:</b>	<b>323.642</b>	<b>321.908</b>	<b>(1.734)</b>

## 4. Explanation of Variances

### 4.1 Chief Constable Budget

At 30 June the projected year end outturn position is a £1.622m underspend on the Chief Constable's budget, net of external funding. A summary of each area is shown below, and full details are outlined in the Chief Constable's budget monitoring paper, which is attached as Appendix A.

	Full Year Budget £000	Full Year Projected Outturn £000	(Under) / Overspend £000	% of budget
Police Pay incl. Overtime	171,855	172,400	545	0.32%
PCSO Pay incl. Overtime	4,236	4,165	(71)	(1.68%)
Staff Pay incl. Overtime	91,100	90,536	(564)	(0.62%)
Other Employee Expenses	6,356	6,470	115	1.81%
Premises	13,856	12,690	(1,166)	(8.42%)
Transport	5,050	5,048	(3)	(0.05%)
Supplies and Services	23,694	24,373	679	2.86%
Agency	20,079	19,341	(738)	(3.68%)
Income	(15,689)	(16,108)	(419)	2.67%
Specific Grant Funding	(9,494)	(9,494)	0	0.00%
Capital Adjustments	64	64	0	0.00%
Grant Expenditure	2	2	0	0.00%
Net Expenditure Before Legacy	<b>311,110</b>	<b>309,486</b>	<b>(1,622)</b>	<b>(0.52%)</b>

### Key Points

- 4.1.1 The Force is currently projecting a £1.62m underspend which is 0.52% of the total budget before legacy costs. This reported position shows the force budget excluding all grants with the exception of Uplift and Pension Grants, which are part of funding.
- 4.1.2 Against the £1.62m underspend there are projected ring-fenced reserve movements at the end of the year, which reduce the net devolved budget underspend per below:

	£m
Over / (Under) Spend	(1.62)
Regional Procurement Surplus – SYP share	0.13
ARIS/POCA projected Surplus Income	0.33
Safety Camera Ticket Partnership projected Surplus Income	0.38
<b>Net devolved budget underspend after reserves</b>	<b>(0.78)</b>

- 4.1.3 The opening position for Police Officers as at 1st April 2023 was 2,955.43, against a budgeted position of 2,954.48 an increase of 0.95. Although a small variance, the workforce mix has changed, and this affects the financial projections. Further information can be found in the police officer section of the Appendix.
- 4.1.4 Overall, there are underspends projected against Gas & Electric costs of £1.24m. This is due to much more favourable prices than originally anticipated. Projections are based on the latest hedging estimations.

- 4.1.5 Work is currently taking place to assess the full financial impact of the Police Pay award announced during early July, this will be reflected in the next monitoring report. It is anticipated that this will be fully funded by the Home Office in the current financial year, however, early indications are that this will be a cost pressure next year and beyond.

## 4.2 PCC and OPCC budget

The PCC approved a budget of £1.964m for the OPCC in February 2023. The forecast outturn position is an underspend of £93k, based on information as at 30 June 2023.

Details of forecast variances from the budget are as follows:

2023/24	Full year budget £000	Forecast out turn £000	Projected (Under)/Overspend £000
<b>OPCC</b>			
Employees	1,398	1,311	(87)
LCJB	122	122	0
Premises	0	0	0
Transport	8	8	0
Supplies & Services	474	483	9
VRU (net)	0	0	0
External Funding	(38)	(53)	(16)
<b>Overall OPCC Total</b>	<b>1,964</b>	<b>1,883</b>	<b>(93)</b>
<b>P'ships and Commissioning (net)</b>	<b>3,343</b>	<b>3,343</b>	<b>0</b>
<b>Capital Financing Costs</b>	<b>1,479</b>	<b>1,456</b>	<b>(23)</b>

### Key points are as follows:

- 4.2.1. Employee Costs - £87k forecast underspend, relating mainly to vacancies, pension contribution amendments and a reduction in assurance panel NI costs. The impact of the staff pay award will be reported once settled and the situation is being monitored.
- 4.2.2. Supplies & Services – a net £9k forecast overspend due to bank charges amendments resulting from a revised contract, increased appeals and tribunals expenditure, and a decrease in internal audit fees, the service for which has recently been re-tendered.
- 4.2.3. External Funding - £16k forecast over recovery of income. There have been difficulties national with external audit provision, with costs increasing significantly over the last two years. We have been granted an additional £16k from the Home Office towards these costs.
- 4.2.4. Commissioning and Partnerships - The Partnerships & Commissioning team, has carried out horizon scanning and research activity to identify external funding opportunities. The team has secured income (£5.019m) in this financial year, for use within South Yorkshire. Successful bids submitted so far in 2023/24, excluding core funding, amount to £1.7m (£1.3m for 2023/24, and £342k for 2024/25).

This amount includes £1.050m for the testing of the new Anti-Social Behaviour (ASB) hotspot response pilots, rolled out by the government. The funding will pay for additional patrols or other presence in specific areas, at times when ASB is most prevalent.

Further bids are being pursued, in line with strategic objectives.

**4.3 Capital Financing Costs** - £23k underspend forecast. The improved cashflow, and favourable interest rates have contributed to the projected outturn. This area is under review due to capital programme slippages from the previous financial year. If borrowing is not needed further underspends will materialise. All treasury action is in line with the approved treasury management strategy, balancing borrowing against need whilst being cognisant of economic circumstances.

**4.4 Capital Programme**

The PCC approved the revised £17.35m capital programme in June 2023 to take account of slippage, re-phasing and adjustments. Expenditure to date amounted to £2.2m, it is anticipated that the full budget will be spent by year end. This position is being monitored.

**5 Reserves Position – including Legacy Costs Impact**

At 31 March 2023, the overall level of revenue reserves available was £73.084m. This included general reserves of £43.49m, earmarked, and insurance reserves of £25.57m and £4.01m respectively. The movement in year, based on the end of March 2023, is shown in the table below.

Legacy issues are currently projecting full year outturn to budget. This position is likely to change however throughout the course of the year, depending on the legal position. This is monitored closely by the two CFOs. It should be noted that legacy payments are funded through reserves, and therefore, underspends caused by timing differences are returned to the specific legacy reserves for use in future years.

The draft and forecast reserves position is as follows:

	<b>Opening Balance at 31/3/23 £'000</b>	<b>Movement in year £'000</b>	<b>Closing balance at 31/3/24 £'000</b>
General Reserves	43,493	1,669	45,162
Earmarked Reserves	25,579	-5,748	19,831
<b>Total Revenue Reserves</b>	<b>69,072</b>	<b>-4,079</b>	<b>64,993</b>
Insurance Reserve	4,012	0	4,012
<b>Total Insurance Reserve</b>	<b>4,012</b>	<b>0</b>	<b>4,012</b>
<b>Total Reserves</b>	<b>73,084</b>	<b>-4,079</b>	<b>69,005</b>

## 6 Risks and Uncertainties

There are a number of risks and uncertainties in the reported financial position, some of which are long standing and have been reported several times before - the uncertainty in the economy which could impact on capital financing costs, pay and inflation, and in the medium term employer contributions to the pension fund (due to fluctuations in actuarial valuations). There are also difficulties within the employment market in terms of staff recruitment and retention, as well as risk around the McCloud pensions ruling and associated funding, emergency services network (ESN) progression and national charges.

Other risks include the impact of the 2023 pay award, which is yet to be settled, and potentially the move towards a mayoral model. Work is also still taking place on the review of the national funding formula with progress being made around the methodology to be used. Next steps and timescales haven't yet been communicated by the Home Office.

Risks are consistently monitored by the OPCC and Force leadership teams, and respective Finance teams, and discussed at the appropriate senior leadership groups.

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