

Decision Notice

To	Sussex Police & Crime Commissioner
From	Contact: Iain McCulloch, Chief Finance Officer Email: iain.mcculloch@sussex-pcc.gov.uk Tel: 01273 481582
Reference	018/2023
Subject	Revenue and Capital Outturn 2022/23, Reserves Transfers and Capital Financing (Subject to Audit)
Date	24 July 2023
Recommendation	That the Police & Crime Commissioner (PCC): <ul style="list-style-type: none"> • Notes the revenue and capital outturn for 2022/23. • Approves the capital financing. • Approves the budget virements. • Approves the carry forward requests. • Approves the transfers to/from reserves. • Approves the Joint Transport stock write off £0.131m <p>All figures are subject to audit.</p>
Is the decision of significant public interest?	Yes.
Summary of reasons for decision	Financial Regulations require that the Chief Finance Officer and Executive Director of Finance & Commercial Services prepare an outturn report and recommend for approval by the PCC the use or transfer of surplus/deficit on revenue and capital budgets in line with the Reserves Policy. Capital Financing of the capital programme should also be approved.
Consultation undertaken	N/A
Approved by legal adviser (if appropriate)	N/A
Approved by finance (if appropriate)	Finance Approved
Background papers	See following section.

Identified media issues	The policing budget and resources are of public interest.
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Introduction, background, and approvals

1 Revenue Budget

1.1 During the year the allocation of budget was adjusted through the approval of budget virements as set out below.

	Budget Original £m	Budget Virements £m	Budget Revised £m
Operational Delivery Budget	339.607	0.164	339.771
Office of the PCC	1.631	0.202	1.833
Community Safety	1.709	0.047	1.756
Victim Support, Restorative Justice	0.568	0.669	1.237
Video Enabled Justice	0.0	(0.017)	(0.017)
Other OPCC Financing Budgets including reserves transfers	7.017	(4.704)	2.313
Total Budget Requirement	350.532	(3.639)	346.893

1.2 The revenue outturn 2022/23 in summary is as follows:

Revenue Budget Outturn 2022/23

	To 31 March 2023			
	Actual	Budget	Variance	
	£m	£m	£m	%
Operational Delivery Budget	326.257	339.771	(13.514)	(4.0%)
Office of the PCC	1.689	1.833	(0.144)	(7.8%)
Community Safety	1.711	1.756	(0.045)	(2.5%)
Victim Support, Restorative Justice	1.985	3.229	(1.224)	(38.5%)
Other Grants	(1.992)	(1.992)	0.0	
Other OPCC Financing Budgets including reserves transfers	15.929	2.296	(13.634)	594.0%
Total Police Fund	345.580	346.893	(1.313)	(0.4%)
Funding	(348.700)	(346.893)	(1.807)	
Total including funding	(3.120)	0.0	(3.120)	(0.9%)

1.3 The draft (subject to audit) revenue outturn and appropriation of reserves as of 31 March 2023 is as follows:

1.4 There was a £3.1m (0.9%) underspend on the net revenue budget of £346.9m. Of this:

- £1.8m (0.5%) overachievement on funding relating to £1.5m Police Pay Award, £0.1m additional Precept and £0.2m for Operation Uplift grant for additional officers over target headcount.
- £13.6m (4.0%) underspent on the Operational Delivery Budget delegated to the Chief Constable.
- A variance of £12.2m on the budgets held by the Office of the Police and Crime Commissioner as follows;
 - (£0.1m) for the Office of the Police and Crime Commissioner
 - (£1.3m) additional grants for the budgets of the Community Safety, Victim Support
 - £13.6m on Financing and Reserves including revenue to capital contributions and a transfer to the cost of change reserve
- To maintain general reserves at 4% of the net revenue budget a further contribution of £2.4m will be made from the earmarked reserve to the General Reserves in 2023/24.

2 Capital Budgets

2022/23 Capital Outturn

2.1 The capital and investment programme outturn spend is £10.8m, against a budget of £18.4m, resulting in an overall variance including slippage of £7.6m.

Capital Budget Outturn 2022/23

	Actual £m	Revised Budget £m	Variance over/ (under)spend	
			£m	%
DDaT Strategy	2.7	5.1	(2.4)	(47%)
ERP project (SAP upgrade)	0.0	0.4	(0.4)	(100%)
Commercial & Financial Service	7.8	11.3	(3.5)	(31%)
Specialist Crime	0.0	1.0	(1.0)	(98%)
Operations	0.3	0.5	(0.2)	(41%)
Total	10.8	18.4	(7.6)	(41%)

3 Capital Financing Proposals

3.1 The capital and investment financing strategy are based on use of Home Office and other external funding plus revenue funding, capital receipts, borrowing and reserves in line with PCC approved Reserves Policy.

- 3.2 The PCC is requested to approve the financing of the capital outturn as set out in the following table.

Capital Financing

Source of Funding	Revenue Sources £m	Capital Sources £m	Total Financing £m	%
Home Office Capital Grant	0.0	0.0	0.0	0%
Other Grants and Income	0.0	0.3	0.3	3%
Capital Receipts	0.0	1.9	1.9	17%
Revenue Funding	5.7	0.0	5.7	53%
Reserves	0.1	0.0	0.1	1%
External Borrowing	0.0	0.0	0.0	0%
Internal Borrowing	0.0	2.8	2.8	26%
Total	5.8	5.0	10.8	100%

4 Budget Virements for Approval

Virements

- 4.1 Financial regulations provide the framework for financial management and states;
- 4.2 “Virements are intended to enable the Chief Constable (CC) to manage budgets flexibly within the overall policy framework determined by the Police and Crime Commissioner (PCC) and, therefore, to provide the opportunity to optimise the use of resources to emerging needs.
- 4.3 The CC is only required to refer back to the PCC when a proposed virement would change the overall policy framework determined by the PCC, where a revenue virement might create a future year or continuing commitment or exceeds the level set below. It must be noted that while revenue funds can be vired (transfer) to cover capital expenditure, revenue expenditure can only be funded from revenue funds.
- 4.4 The Chief Constable’s Executive Director of Commercial & Financial Services may transfer or move budgets between budget headings, on a permanent or temporary basis up to a value of £250,000, notifying the PCC through the agreed financial and budget reporting process. All proposed virements outside this limit must be reported to the PCC’s CFO for approval by the PCC.”

4.5 During the year the PCC approved virements as part of the quarterly budget monitoring:

- Delegated Budget Holder underspend to 2023/24 £6.7m to support the Medium Term Financial Plan
- Transfer to reserves for Transformation Programme £1.0m
- Transfer to reserves as a contingency for overtime in 2023/24 £1.3m
- Transfer to reserves for Op Pheasant £0.5m
- Revenue contribution to Capital £3.9m – Q4 approval requested

Revenue to Capital Transfers

4.6 During the year the PCC approved the following revenue to capital transfers:

- to the Capital and Investment reserve (£0.1m) in relation to fleet insurance write offs
- Capital budget relating to IT hardware (1.1m)
- Capital budget relating to Cost of Change (0.5m)

5 Capital and Investment Carry Forwards

5.1 The PCC is asked to approve the capital and investment carry-forward requests totalling £16.7m (£8.9m approved & vired during the year and £7.8m requested as part of the year-end process) to support the following capital projects:

Scheme	Year end £m	In Year £m	Total £m
DDaT Strategy	2.357	0.0	2.357
ERP project (SAP upgrade)	0.409	0.0	0.409
Commercial & Finance Services	3.828	8.758	12.586
Specialist Crime	0.973	0.0	0.973
Operations	0.223	0.104	0.327
TOTAL	7.790	8.862	16.652

6 Transfers to/from Reserves

6.1 A summary of all movements between and transfers to/from reserves based on the 2022/23 approved budget or otherwise approved by the PCC throughout the year and including the recommended transfers to reserves is shown in the following table:

	Balance at 31 March 2022 £m	Transfers In 2022-23 £m	Transfers Out 2022-23 £m	Balance at 31 March 2023 £m
General Fund	(13.719)	0.0	0.0	(13.719)
Earmarked Reserves:				
Insurance	(2.673)	0.0	0.103	(2.570)
Covid 19	(2.203)	0.0	0.435	(1.768)
Capital & Investment Reserve	(2.748)	(5.593)	5.650	(2.691)
Asset Seizures	(0.270)	(0.041)	0.0	(0.311)
Delegated Budget Holder	(3.691)	(8.142)	1.101	(10.732)
Change Management Reserve	(4.131)	(7.448)	0.0	(11.579)
Sussex Safer Roads Partnership	(2.735)	(0.545)	0.0	(3.280)
Earmarked Reserves	(18.451)	(21.769)	7.289	(32.931)
Capital Receipts	0.0	(1.915)	1.915	0.0
Total Reserves	(32.170)	(23.684)	9.204	(46.650)

6.2 The following movements to or from reserves based on the 2022/23 approved budget or otherwise are incorporated within the outturn report and are requested for approval by the PCC:

6.3 The PCC is asked to approve the final outturn underspend transfers to reserves:

- Transfer £0.146m to Delegated Budget Holder Reserve for 2023/24 projects; for refurbishing the force Contact Centre (£100k) and funding towards the Beachy Head extension (£46k)
- Transfer of £0.592m to the Change Management Reserve for change project underspends
- Transfer £2.382m to General Reserves in 2023/24

7 Stock Write Off


6.4 To write off obsolete vehicle telematics equipment of £0.131m.

Financial implications


Within the report.

Other implications and risks

Within the report.

Signed  _____ Date: 24 July 2023
Police and Crime Commissioner for Sussex

Signed  _____ Date: 24 July 2023
Chief Executive

Signed  _____ Date: 24 July 2023
Chief Finance Officer