

RAG Status	
This Period	Last Period

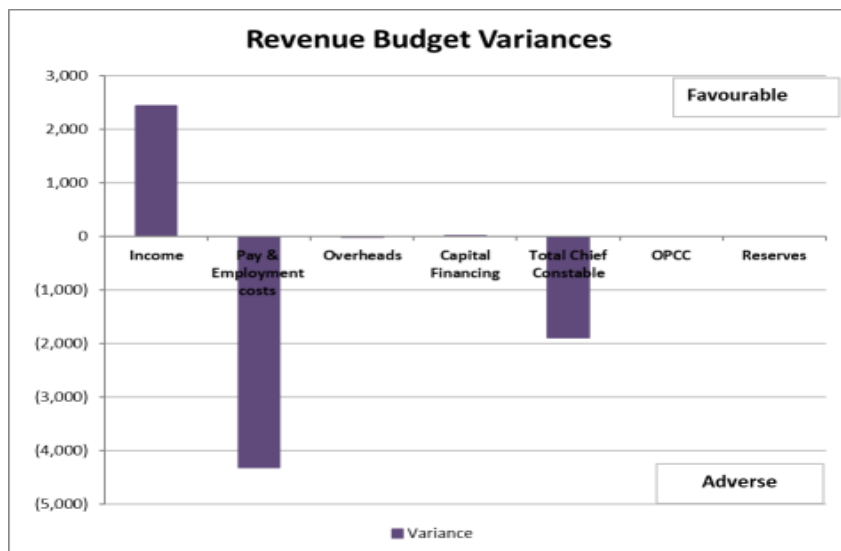


2023/24 QUARTER 2 FINANCIAL REPORT - OVERVIEW

The overall revenue spend is forecast to be £164.8m against a budget of £162.9m, an adverse variance of £1.89m or 1.16%, based on information up to 30 September 2023. This is an improvement on the Q1 forecast of £2.1m adverse variance, and now also reflects the impact of the police officer and staff pay award.

If the variance is still adverse at the year end this will reduce the General Fund Balance to £4.070m, equivalent to 2.50% of Net Revenue Expenditure. This would be below the minimum level of reserves therefore the Force is working to address the spend to bring the year end outturn back in line with the budget.

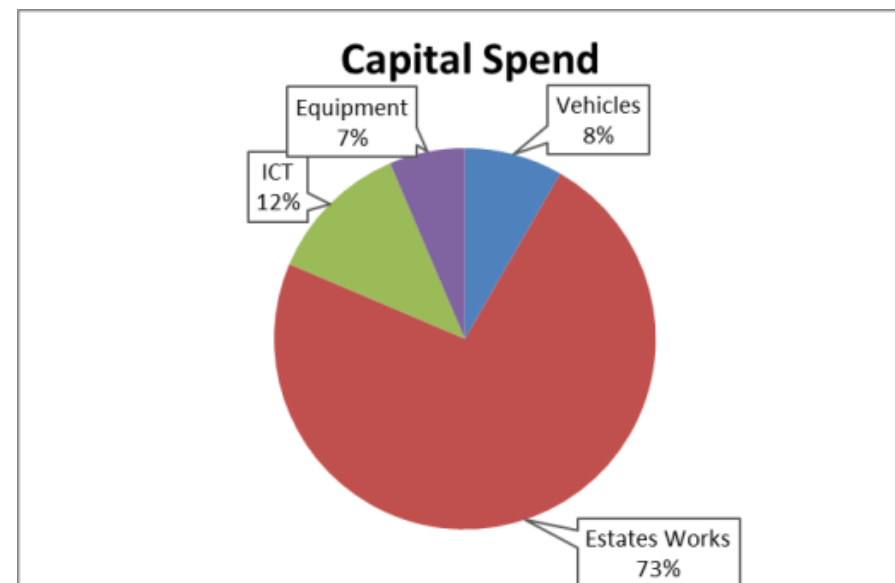
The graph below summarises the revenue variances for the year to 31 March 2024.



CAPITAL

The Capital Programme is currently predicting expenditure of £18.006m against a revised budget of £24.795m for the year. The variance of £6.789m is made up of slippage of £6.677m and forecast underspends of £0.112m. As a result, borrowing is forecast to be £6.789m less than budgeted. The slippage will now be removed from the revised budget and built into the base budget for 2024/25.

The graph below shows the current allocation of the forecast spend for 2023/24.



Further information on both the revenue budget, capital programme and reserves can be found on the following pages.

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REVENUE BUDGET MONITORING

2023/24	Original Budget	Revised Budget	Actual to Date	Forecast Outturn	Variance fav / (adverse)	Ref	Revenue Commentary
	£000's	£000's	£000's	£000's	£000's		
Chief Constable							
Income	(24,895)	(27,733)	(10,849)	(30,163)	2,430	R1	R1. Further additional income from Uplift as a result of the planned recruitment of an extra 10 officers (in addition to the previously agreed 17, i.e. 27 above uplift target), and additional interest receivable following increases in interest rates and more positive cashflow.
Pay & Employment costs	135,821	138,716	69,323	143,035	(4,319)	R2	R2. The additional costs of the extra 27 officers are forecast here, as well as the £1.2m savings built into the budget which have not yet been delivered. The impact of the pay award (net of the grant received) is also forecast here. Overtime budgets are still under pressure but not as much as in previous years.
Overheads	44,738	44,857	21,062	44,866	(9)	R3	R3. Increased costs of business rates have now been offset by reductions in utilities and some maintenance. Increased costs of equipment, body armour and pension administration fees are being offset by savings in IT licences and network costs, regional collaboration costs and fuel savings.
Capital Financing	4,649	4,649	228	4,641	8		R4. The forecast variance of £1.890m is equivalent to 1.16% of the total net budget. If this position were to be the final outturn position this would reduce the General Reserves to 2.5%, below the minimum level of 3%. The Force are therefore working hard to address the forecast variance. The position is monitored closely by the Resource Control Board each month.
Total Chief Constable	160,312	160,489	79,764	162,379	(1,890)		
OPCC	2,968	3,054	369	3,054	0		
Total Net Revenue Expenditure	163,280	163,543	80,133	165,433	(1,890)		
Reserves	(406)	(669)	(263)	(669)	0		
Net Budget	162,874	162,874	79,870	164,764	(1,890)	R4	



CAPITAL BUDGET MONITORING

2023/24	Original Budget	Revised Budget	Actual to Date	Forecast Outturn	Variance Fav / (Adverse)
	£000's	£000's	£000's	£000's	£000's
Capital Investment					
Vehicles	924	1,121	283	1,499	(378)
Estates Works	15,123	18,046	4,044	13,158	4,888
ICT	3,537	4,612	549	2,195	2,417
Equipment	637	1,365	279	1,154	211
Slippage	(500)	(349)	0	0	(349)
Unallocated	0	0	0	0	0
Total Capital Programme	19,721	24,795	5,155	18,006	6,789

Capital Programme Commentary

Some manufacturers are now forecasting improved lead times and some 2024/25 vehicles are now predicting to be delivered before the year end. Whilst early order prices have been honoured, new orders being placed are seeing significant increased costs, some as high as 24%.

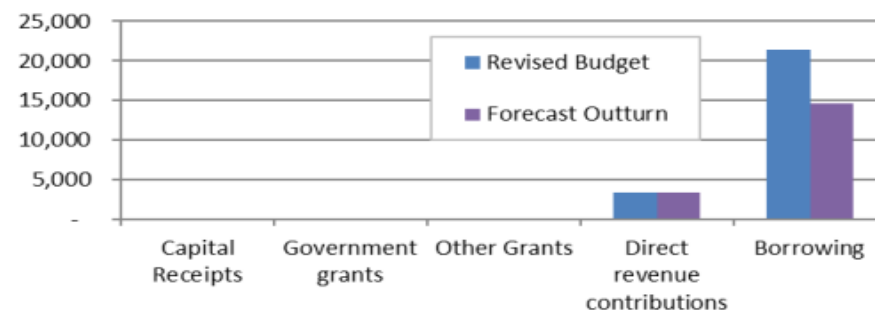
In addition to slippage forecast at Q1, there have been further delays to the Firing Range project which is now not expected to start until March 2024, works on Ferndown Gym have been delayed and there has been further slippage in the Extended futures programme.

Further slippage in IT projects has been identified in Q2, particularly relating to core ICT replacements where a new comprehensive approach is being developed, the ERP system upgrade is progressing, but the main work is now planned for 2024/25 and there are delays to other projects following longer procurement processes. No spend is forecast on ESN so this has been offset against the slippage allowance.

The equipment variance relates to ongoing slippage in the digital cameras project and small items of equipment which are not required this year.

CAPITAL FINANCING

Sources of Finance					
Capital Receipts	-	-	-	-	0
Government grants	-	-	-	-	0
Other Grants	23	72	23	72	0
Direct revenue contributions	3,288	3,288	1,088	3,288	0
Borrowing	16,410	21,435	4,044	14,646	6,789
Total Capital Funding	19,721	24,795	5,155	18,006	6,789



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USABLE RESERVES

2023/24	Opening Balance at 1/4/23	Budgeted transfer to/(from) reserves	Commitments to transfer to/(from) reserves	Actual Transfer to/(from) reserves	Forecast Closing Balance at 31/3/24
Reserve	£000's	£000's	£000's	£000's	£000's
Budget Management Fund	1,616	(569)	(306)	(263)	1,047
Police and Crime Plan Reserve	1,028	0	0	0	1,028
OPCC Legal Reserve	220	0	0	0	220
OPCC Reserve	377	0	0	0	377
Regional Collaboration Reserve	34	0	0	0	34
Forensic Capability Reserve	256	0	0	0	256
Workforce Change Reserve	643	0	0	0	643
Uplift Reserve	549	(200)	(200)	0	349
Learning & Development Reserve	46	0	0	0	46
PEQF Reserve	375	0	0	0	375
Total Earmarked Reserves	5,144	(769)	(506)	(263)	4,375
General Fund Balance	5,860	100	100	0	5,960
Total Revenue Reserves	11,004	(669)	(406)	(263)	10,335
Capital Receipts Reserve	379	0	3,033	0	3,412
Total Usable Reserves	11,383	(669)	2,627	(263)	13,747

Reserves Commentary

- The Budget Management Reserve holds the underspend from 22/23 of £706,000, the Innovation Fund Balance and the unspent carry forward requests which may be required in 2023/24. These will be transferred from the reserve as they are required.
- At this early stage of the year no other transfers have been made to or from earmarked reserves
- The General Fund Balance is budgeted to increase to £5.960m at 31 March 2024, equivalent to 3.66% of Net Revenue Expenditure. This would be above the minimum level of reserves, but below the maximum of 5%, however this does not factor in the current forecast position. If this variance is still present at the year end the General Fund Balance would be reduced to 2.5% and would need to be addressed as part of the budget for 2024/25
- The capital receipt from the sale of Bargates has now been received. No commitments have yet been made on what these receipts should be used for.