



Introduction to the Police
and Crime Commissioner's
and Group Statement
of Accounts

2021/22

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OFFICE OF THE **POLICE & CRIME**
COMMISSIONER NORTH WALES





Introduction from the Police and Crime Commissioner

Following my election in May 2021, I prepared a new Police and Crime Plan with new priorities:

- Delivering Safer Neighbourhoods
 - Tackle and prevent rural and wildlife crime
 - Improve the efficiency and effectiveness of police officers and police staff
 - Improve road safety
- Supporting Victims and Communities
 - Tackle and prevent domestic abuse and sexual violence
 - Safeguard vulnerable people, including children
 - Tackle and prevent cybercrime
 - Establish a victims' panel
 - Tackle and prevent Hate Crime
- Fair and Effective Criminal Justice System
 - Introduce and North Wales Female Offender Strategy
 - Increase the use of Restorative Justice
 - Support and protect children and young people and divert them away from the Criminal Justice System
 - Address the root causes of offending and support the rehabilitation of people who have offended

Furthermore, the five further focus points in order to deal with the emergency situation in 2020-2021 remained relevant in 2021-2022. These were:

- Ensuring the Chief Constable has sufficient resources to respond to the emergency
- Ensuring, on behalf of our communities, that the police respond in ways that are necessary, sufficient, proportionate and ethical
- Facilitating effective partnership working among agencies and groups working in community safety and criminal justice
- Commissioning services, particularly for victims of crime, and providing grants for policing and harm reduction purposes
- Ensuring that the long-term health of North Wales Police is protected by monitoring the organisation's recovery planning and activity beyond the Covid-19 emergency

The net revenue budget for 2021-2022 of £173.365m was approved on 2 February 2021. This included an increase in government funding directed at increasing officer numbers for the final phase of Operation Uplift (the plan to increase officer numbers by 20,000 in England and Wales)

I am pleased to see that, despite the challenging conditions, budgets continue to be managed well. Once again savings were identified during the year, an achievement to be proud of given the significant savings already delivered over the last 10 years. These savings have been used to offset the additional expenditure, meaning that the Chief Constable and I can move forward with confidence, in the knowledge that the organisations we lead are financially as sound as they can be in a time of such uncertainty.

Andy Dunbobbin

Police and Crime Commissioner



Introduction from the Chief Finance Officer

The Code of Practice on Local Government Accounting in the United Kingdom 2021/22 (CIPFA/LASAAC) provides us with guidance on how we should prepare our accounts to comply with International Financial Reporting Standards, and also in line with legislation, which requires us to show the balance of taxpayers' funds (the usable reserves) at the end of the financial year.

While we must comply with these requirements in preparing our Statement of Accounts, for the purposes of setting council tax and monitoring income and expenditure, we can measure our financial performance in the year by comparing our budget with our outturn (actual income and expenditure within the year) and the impact on the usable reserves.

Due to the continued Covid-19 pandemic, and the resulting changes to demand and working practices, actual patterns of income and expenditure varied significantly from the budgets. Some of these variances represent genuine savings, while others relate to delayed activity. These underspends are being allocated to reserves which will enable us to achieve our aims as we deal with exceptionally high inflation rates at the current time, and also catch up on activities which had to be postponed due to the pandemic.

The Police and Crime Commissioner is the initial recipient of all income, regardless of whether the funding is used by the Office of the Police and Crime Commissioner or the Force. For this reason, in order to comply with the Code of Practice on Local Government Accounting, within the accounts you will see much higher amounts in the Police and Crime Commissioner's accounts than you would expect to see, based on the expenditure controlled by his office. Similarly, there are items which must feature on the Commissioner's balance sheet, because the Chief Constable is not allowed to own them, such as land and buildings, and surpluses and deficits on the pension funds. The group column on each of the statutory statements shows the overall position, after adjusting for transfers between the two bodies.

Kate Jackson
Chief Finance Officer

AT THE END OF THE FINANCIAL YEAR, THE POLICE AND CRIME COMMISSIONER TRANSFERRED £9.610M TO RESERVES:

Revenue Expenditure	Revised Budget 2021/2022	Outturn (Actual) 2021/22	Variance Over/(Under) spend
	£m	£m	£m
Employee costs	146.594	145.581	(1.013)
Police Pensions	3.281	3.513	0.232
Non staff costs (including contingencies)	38.370	35.710	(2.660)
Capital funding from revenue budget	4.354	4.694	0.340
Capital funding from reserves	0.564	0.564	-
Community Safety Fund and Partnerships	5.550	5.531	(0.019)
National Collaborations (hosted by North Wales Police)	3.366	3.366	-
Income	(30.648)	(33.922)	(3.274)
Net operating expenditure	171.431	165.037	(6.394)
Transfer historic grant from government grants deferred		(1.282)	(1.282)
Transfers to/(from) earmarked reserves (Revenue)	2.498	8.303	5.805
Transfers to/(from) earmarked reserves (Capital)	(0.564)	(0.564)	-
Transfers of historic grant to earmarked reserves (Revenue)		1.282	1.282
Transfer to/(from) general reserve	-	0.589	0.589
Total transfers to/(from) reserves	1.934	9.610	6.394
Net overall expenditure	173.365	173.365	-

The primary reasons for the £6.394m underspend are:

Employees – underspend £1.013m

Pay for officers and staff is the largest single item in the budget, so while the underspend on salaries of £1.285m was within 1% of the annual budget, this represents a large proportion of the overall variance. This underspend was due to agreed growth being implemented over the course of the year, where the budget allowed for staff and officers to be in place throughout the while period. Other variances included additional overtime due to mutual aid, and savings in training, allowances, and other staff costs.

Direct Pensions Costs – overspend £0.232m

This was due to additional Ill Health retirements, and higher than expected CPI, which had a knock-on effect on Injury Pension payments.

Non-Staff Running Costs

This comprises a number of headings, the main variances are:

Premises – underspend £0.646m

Major variances include an underspend of £0.288m due to planned maintenance works being delayed. Energy budgets were underspent by £0.187m due to both usage and price being lower than anticipated.

Transport – underspend £0.557m

Car and travel allowances were underspent by £0.235m as many officers and staff continued to work from home, with less or no requirement to travel to meetings. Vehicle running costs were underspent by £0.102m, the main contributors being reduced costs for fuel and accident repairs. The final element was the National Police Air Support costs being £0.220m underspent.

Information Technology – underspend £0.660m

This is due to some development projects which were not fully implemented.

Other non-staff (including contingencies) – underspend £0.797m

£0.652m of this underspend relates to contingencies – as many areas of expenditure were at or below budget, there was no need to allocate contingencies during the year. Additional costs due to Covid were funded from the reserve, leaving the contingencies available for other purposes had this been needed.

Capital Funding

An additional £0.340m was used to fund capital expenditure; this use of revenue underspend will reduce future borrowing.

Additional income was received, amounting to £3.274m. Significant items include:

- Income from secondments and other recharges was £0.407m in excess of the budget
- Other income was £1.842m in excess of the budget. A major contributor was Mutual Aid income, including deployments for G7 and CoP26. We also received income in respect of events, training and a one-off rates refund.
- Additional grant income amounted to £1.109m, much of which was received in the second half of the financial year. These included: Road Safety Partnership (£0.243m), Uplift (£0.084m), PCSO (£0.157m), Apprenticeships (£0.204m), POCA (£0.154m), Perpetrators (£0.078m) and Cyber (£0.049m); other smaller grants (£0.096m).

Also included in the above is the cost of the Office of the Police and Crime Commissioner. The revised budget for the year was £0.955m and the outturn was £0.885m. This underspend of £0.070m related mainly to staff vacancies. Other underspends were seen in travelling and office running costs, because most staff continued to work from home, and there was less requirement to travel to face-to-face meetings. There was a further underspend of £0.067m on Checkpoint, together with a £0.019m underspend on the Community Safety Fund.

The Office of the Police and Crime Commissioner is responsible for commissioning services to support the Police and Crime Plan, which amounted to £5.531m in 2021/22. These were funded from the Commissioner's Community Safety budget, and various grants including: Ministry of Justice to support victims of crime; and from Welsh Government to support the VAWDASV programme.

Collaborations

North Wales Police hosts the Forensic Collision Investigation Network (FCIN), which was formed to enable the accreditation of collision investigations on a national basis. All policing areas in England and Wales have signed a collaboration agreement, which includes the funding of the FCIM. 2021/22 was the second year for FCIN.

Of the total £8.328m transferred to revenue reserves at the end of the year, £1.048m related to partnerships and collaborations. These amounts are held on our balance sheet, but belong jointly to all participants in the collaboration.

A reconciliation between the outturn and the Income and Expenditure Statement is shown in the Group Expenditure and Funding Analysis, which appears on page 19 of the Statement of Accounts.

The revenue expenditure table includes the effect of capital expenditure during the year on the income and expenditure account and reserves. The capital programme comprises expenditure on assets with a useful life of more than one year, such as land, buildings, vehicles and some IT equipment. When assets are sold, receipts of more than £10,000 must be transferred to the Capital Receipts Reserve, and can be used only to fund the capital programme or to repay debt. (In contrast, the earmarked reserve called the Capital Reserve derives from revenue, and the Commissioner may transfer amounts between the general fund and any earmarked reserve as he sees fit; these reserves are reviewed regularly to ensure they are allocated suitably to deliver the Commissioner's plans.)

INTRODUCTION TO PCC'S & GROUP STATEMENT OF ACCOUNTS

The original capital programme for 2021/22 was £12.874m. Adding in slippage increased this to £15.794m. This programme was over-ambitious, considering the amount brought forward from the previous year, and the continued effect of the Covid pandemic. Largely due to Covid restrictions the programme was re-profiled, with the revised estimate at the end of quarter 3 being £8.325m. However, with challenges existing across all areas of capital expenditure, a further review took place during quarter 4, with the final revised estimate being £4.740m for 2021/22. The final outturn was £4.240m.

Scheme	Budget 2021/22 (reprofiled)	Expenditure 2021/22	Underspend/ slippage
	£m	£m	£m
Estates	1.159	1.133	(0.026)
Vehicles & equipment	1.080	0.889	(0.191)
IT & Communications	2.501	2.218	(0.283)
Total capital programme	4.740	4.240	(0.500)

The Police and Crime Commissioner is required to hold reserves. He is not allowed to set a budget which would leave the usable reserves overdrawn. A summary of the movement in reserves follows, and further information can be found within the Statement of Accounts.

Movement in Reserves 2021/22	Balance 1 April 2021 £m	Transfers out 2021/22 £m	Transfers in 2021/22 £m	Total Movement £m	Balance 31 March 2022 £m
General reserve	5.417	-	0.589	0.589	6.006
Earmarked Reserves:					
Capital reserve	3.002	(0.192)	1.000	0.808	3.810
Pensions ill health reserve	0.975	-	-	-	0.975
PFI reserve	3.106	(0.188)	-	(0.188)	2.918
Major incident reserve	2.435	-	-	-	2.435
Insurance reserve	1.173	-	0.388	0.388	1.561
Estates security and maintenance reserve	1.892	(0.288)	-	(0.288)	1.604
Management of change reserve	6.976	(0.653)	2.104	1.451	8.427

Training reserve	0.600	-	0.050	0.050	0.650
Uplift reserve	1.577	-	2.826	2.826	4.403
ESN reserve	0.158	-	0.750	0.750	0.908
Covid reserve	0.597	(0.313)	-	(0.313)	0.284
PEQF reserve	0.325	-	0.250	0.250	0.575
Energy reserve	-	-	0.800	0.800	0.800
Neighbourhood Policing reserve	-	-	1.282	1.282	1.282
*Partnerships Balances Reserve	0.733	(0.024)	0.243	0.219	0.952
*FCIN Reserve	1.080	(0.101)	0.636	0.535	1.615
* MINERVA	-	-	0.294	0.294	0.294
Commissioner's community safety fund reserve	0.508	-	0.073	0.073	0.581
Checkpoint (OPCC)	0.016	-	0.014	0.014	0.030
Legal reserve (OPCC)	0.106	-	-	-	0.106
Office of the Police and Crime Commissioner reserve	0.201	-	0.070	0.070	0.271
Total earmarked reserves	25.460	(1.759)	10.780	9.021	34.481
Total revenue reserves	30.877	(1.759)	11.369	9.610	40.487
Capital receipts reserve	2.084	(0.060)	0.326	0.266	2.350
Total usable reserves	32.961	(1.819)	11.695	9.876	42.837
PCC's Reserves:					
General Reserve	5.417	-	0.589	0.589	6.006
Earmarked Reserves	23.647	(1.634)	9.607	7.973	31.620
Capital Receipts Reserve	2.084	(0.060)	0.326	0.266	2.350
Total PCC's Reserves	31.148	(1.694)	10.522	8.828	39.976
*Reserves held for collaborations	1.813	(0.125)	1.173	1.048	2.861
Total Reserves	32.961	(1.819)	11.695	9.876	42.837

The usable reserves (shown above) represent the balance of taxpayer's funds that the Police and Crime Commissioner held on 31 March 2022. The balance sheet also includes unusable reserves, which are created from the transactions required for the accounting statements to comply with International Financial Reporting Standards.

The Covid-19 pandemic continued to have an impact during 2021/22, which necessitated some activities (such as training) being delayed. This delayed expenditure has been placed into earmarked reserves to ensure it can be used for its intended purpose in future, and there will be no need to increase council tax to pay for these items.

The ESN reserve was set up at the end of 2021/22. Allocating an amount each year to this reserve will reduce the amount we need to borrow for this purpose in future years.

The sum of £1.282m has been moved from creditors to reserves. This relates to a grant from the Home Office which related to PCSOs. As all the grant conditions have been fulfilled and no amount is now repayable to the Home Office, the sum has been transferred to the Neighbourhood Policing Reserve. This may be used to manage short notice changes to the current Police Community Support Officer Grants, or to fund other one-off Neighbourhood Policing requirements.

Although there were many and significant variations from the budget allocations for 2021/22, funding was managed well during the year, with delayed expenditure being placed into reserves at the year end. This will ensure that future years' budgets are not impacted by after-effects of the pandemic. Revenue reserves now stand at 22% of the annual net budget (18% at 31 March 2021) – the equivalent of around two and a half months' expenditure. While the value of reserves held is increasing, we face significant risks. £2.861m is held on behalf of collaborations and partnerships, and therefore is not exclusively for use in North Wales. Due to factors such as the after-effects of the Covid pandemic and the ongoing conflict in Ukraine, we are seeing inflation at much higher rates than we have experienced in recent years. With the need to fund ESN, and activities which were delayed during the pandemic, and continued uncertainty over future funding, these reserves will be key to our ability to continue to deliver services to the public in North Wales.