

Issue	Panel Update	Actions/Recommendations
Monthly Financial Monitoring	<p>The Panel received summary financial and capital expenditure performance report for the periods 5 and 6.</p> <p>The Group's financial performance to the end of September shows an underspend of circa £3m against the profiled 2020/21 budget.</p> <p>The forecast outturn for the year at £212.2m is £189k below the original budget. This forecast is largely unchanged from the previous month. The Panel noted forecasting is becoming more consistent and welcomed the more detailed analysis in the monthly reporting pack.</p> <p>Pay is underspent by £2.1m year to date. Whilst Police Officer pay is in line with budget, there are underspends in Police Staff costs (partly offset by agency staff costs) and PCSOs.</p> <p>Non-Pay, including contracted and capital financing costs, is underspent by £0.7m, within this figure is £0.470m spend relating to the national procurement of PPE which is being reimbursed and reflected in the income forecast. The Panel noted the detailed analysis of Covid related costs and grant income.</p> <p>The Group savings target for the year is £3.4m with £2.9m (86%) already delivered through budgets. There is high confidence of delivery against all remaining savings, or alternative mitigations being put in place. The Panel welcomed the early delivery of most of the savings projects.</p> <p>The Group has actual spend and commitments of £8.3m on capital schemes to the end of period 6. Included in this spend is payment for NICHE go-live and the costs of a planned programme to replace eighty vehicles, the life of which have exceeded seven years. The remaining capital programme for the year is £9.7m.</p> <p>The General Reserves remain at £6.4m, 3% of the 2020/21 net revenue budget. During the year, the forecast is to increase specific reserves by £3.7m. This was welcomed by the Panel given the significant emerging uncertainties.</p>	<p>The Panel welcomed the clarity of the analysis of the Group's financial performance.</p> <p>Looking ahead the Panel will continue to closely monitor the underlying financial performance, the revenue reserves position and the demands of the capital programme.</p>
MTFS update	<p>The Panel received an advanced copy of the paper being delivered to the Police, Crime and Fire Panel which updates members on the medium-term financial issues facing the Group.</p> <p>The paper illustrates the potential financial gap facing the Commissioner in the next three years. For 2021/22 this gap is currently forecast to be in the range of £5.5m to £8.7m compared to the January MTFS forecast of £0.5m. Similar increases in the revenue gap are forecast for future years. This significant shift in the current forecasted financial position is partly the result of additional cost pressures of</p>	<p>The Panel will continue to monitor the impact of the current crisis on the medium-term financial position.</p>

	<p>circa £2.2m pa. Many of these pressures are the result of national project implications for the Force eg Airwave, other national IT costs and the national Police Air Service or follow on from the Uplift programme to increase police officer numbers.</p> <p>However, the most significant shift in the financial forecast reflects the impact of the pandemic on local Council Tax income projections. At this stage there is no indication that any central funding will be available to offset this loss. As a result, the Group are looking at new cost reduction projects that could fill the forecast budget gaps in future years.</p> <p>The update also covers the capital programme. There are two possible significant changes to the previously agreed plan. The development of a new Home Office Emergency Services Network (ESN) is creating uncertainty with regard to central and local funding for the substantial investment required. There is also uncertainty about options in relation to the Force HQ accommodation and the potential provision of firearms training facilities. The scale of the impact of these developments will be investigated as part of the development of the full MTFS in early 2021.</p> <p>The Panel discussed this much more uncertain environment and the implications for the Force and the Commissioner's Office. We recognised that there are a range of ways of addressing the revenue gap and the capital uncertainties. These include</p> <ul style="list-style-type: none"> - Seeking additional government funding - Adopting more positive assumptions about inflation and pay awards - Developing a robust change programme and revenue savings plan - Maximising precept increase opportunities - Utilising revenue and earmarked reserves - Delaying capital spending and borrowing. <p>The Panel looks forward to assisting with the exploration of these options as the MTFS is finalised.</p>	
External audit	<p>The Panel received a verbal update from the new lead auditor from EY. She explained the latest position regarding completion of the audit and updated the Panel on their emerging conclusions with regard to the financial statement audit and the VFM assessment.</p> <p>The Panel was updated on the difficulties for both teams in undertaking an audit remotely particularly at a time when there is pressure on audit firms to increase the quality of public sector audit. Note the Panel reviewed and</p>	The Panel will continue to monitor the impact of the current crisis and the wider regulatory changes on the audit market.

	<p>welcomed the conclusions of the Redmond Review of the public sector audit market in September.</p> <p>EY explained that with a “fresh set of eyes” they had identified three reporting changes that required restatement of the prior year’s figures. The Panel noted that the reporting in each case had been adopted over many years and accepted by EY.</p> <p>The Panel discussed the timing of the final audit report and urged EY to complete their work in time for the following week’s ETAP meeting.</p>	
Data quality	<p>The Panel received a verbal update on progress with data cleansing after the implementation of Niche. The data team are on track to complete the elimination of duplicate addresses by the end of November and the duplication of people in early 2021.</p> <p>The Panel noted the importance of this work and the positive progress in absolute terms and in comparison with other Forces. It is particularly good to hear that data quality is being seen as an important part of business as usual.</p>	The Panel looks forward to receiving a post implementation review of Niche.

Alan Edwards

ETAP Finance Panel Chair