

## ETAP Police Finance Panel – Summary Issues and Actions – March 2022

Issue	Panel Update	Actions/Recommendations
Monthly Financial Monitoring	<p>The Panel received the period 11 summary financial and capital expenditure performance report for 2021/22.</p> <p>The Group forecast is £220.8m for the year. This is a positive variance of £1.2m (0.56%) against the annual budget of £222.1m.</p> <p>Pay is underspent by £2.8m year to date and shows a forecast underspend of £2.2m. Whilst Police Officer pay is overspending (due to overtime), 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 £1.0m year to date. There is a forecast overspend of £0.9m at the year end, driven by additional revenue contributions to capital in year to reduce borrowing requirements.</p> <p>The revised Capital Programme for the year is £9.1m. The Group has actual spend and commitments of £6.9m on capital schemes to the end of period 11.</p> <p>The General Reserves are £7.1m, 3.2% of the 2021/22 net revenue budget.</p> <p>The Panel welcomed the consistently good picture that has been reported during the year and the relative strong financial management control that demonstrates. It particularly welcomed the opportunity taken to strengthen reserves this year. Overall reserves are forecast to increase from £27.8m last year to £31.2m by the end of this year. This stronger financial position has been recognised in CIPFA's resilience index. This looks at financial strength of LAs and police bodies. The Panel was given a verbal update that Staffordshire has been rated as the most financially resilient police body. The turnaround from the position some years ago was noted by the Panel.</p> <p>The Panel however was concerned about the level of staff vacancies and the need for market forces supplement payments to recruit to some posts. More positively the police officer numbers will be above the required uplift level at year end and Staffordshire's police officer turnover level is lower than the worrying levels reported in the national press in some Forces.</p>	<p>The Panel welcomed the consistency of the year-end forecasts and the strength of the financial reserves.</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>
Internal Audit	<p>The Panel received a verbal update on progress with the internal audit plan for the current year. The Panel had been disappointed to hear of the relatively poor level of assurance noted by internal audit in relation to IT governance in a verbal update at the last meeting. However it welcomed a verbal update on good progress on the 11 high risk recommendations since that draft report. It also welcomed verbal assurances that issues regarding IT infrastructure such as system outages had reduced since IT had been brought back inhouse.</p>	<p>The Panel will continue to monitor Internal Audit plans and key reports.</p>

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	<p>The Panel have requested a more detailed discussion of the IT governance final report at its next meeting.</p> <p>The draft Internal Audit plan for 2022/23 was also tabled at the meeting. It was pleasing to see an ICT user experience review in the plan as well as a review of the finance system upgrade – see below.</p>	
Finance system	<p>The Panel have long been concerned about the sustainability of the existing finance system and the lost potential benefits of closer working between police and fire in relation to financial management. Hence, it particularly welcomed an update on progress in relation to procurement of new systems for finance, HR and payroll. Preferred solutions have been identified and work is underway to finalise contracts by June. The current plan would see implementation by August 2023.</p> <p>The Panel welcomed this progress and requested a presentation at its next meeting on the project plan and risk register.</p>	The Panel will continue to monitor progress on implementation of these core financial systems.
External Audit	<p>The Panel was briefed on progress with the external audit for 2020/21 and the need for a special meeting on 14<sup>th</sup> April to review the Auditor's Report. The Panel noted that the new VFM review would then be completed in the following 3 months alongside the close down of the current year's accounts. The Panel was also briefed on the auditor's staffing and the Commissioner's response to the PSAA in relation to appointment of auditors for the coming years.</p>	The Panel will continue to respond to external audit annual reports.
Environmental, Social and Governance (ESG) Reporting	<p>The Panel received an update on procurement and welcomed the introduction of a 10% weighting in tender evaluations for social value. The Panel suggested that some reference to this and other ESG issues should start to be referenced in this year's annual reports.</p>	The Panel will continue to review ESG issues and their reporting.

**Alan Edwards**  
**ETAP Finance Panel Chair**