

<b>For Information</b>	
<b>Public</b>	
<b>Report to:</b>	<b>Strategic Resources &amp; Performance</b>
<b>Date of Meeting:</b>	<b>22<sup>nd</sup> January 2014</b>
<b>Report of:</b>	<b>ACO Monckton</b>
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<b>Agenda Item:</b>	<b>7</b>

## **Revenue Budget Management Report 2013-14: Year to November 2013**

### **1. Purpose of the Report**

- 1.1 The purpose of the report is to provide an update on the financial position against the 2013-14 Quarter Two Restated budget for the year to November 2013.

### **2. Recommendations**

- 2.1 That the report is noted.

### **3. Reasons for Recommendations**

- 3.1 The Chief Officer Team and the Officer of the PCC needs to ensure it understands the Force's budgetary position throughout the year.

### **4. Summary of Key Points**

- 4.1 The full year net revenue budget for 2013-14 is £196.998m. During September the Quarter Two forecast was undertaken which resulted in an agreed restated full year budget of £198.375m.

Actual net expenditure for the eight months to November 2013 was £132.284m against a restated budget of £131.932m. The resulting position against the restated budget was an over spend of £0.352m. The underlying over spend in the month was £0.470m due to a compensation received earlier than forecasted from Medacs for the Police surgeon contract of £0.118m (see note 4.11). This was anticipated to come in March at a higher estimate of £0.200m. Legal advice was that we were unlikely to receive a higher settlement by taking legal action against Medacs.

The month includes efficiency targets of £0.665m.

This report gives consideration to the significant variances against the restated budget and Appendix 1 sets out the position in detail.

- 4.2 Police pay and allowances expenditure was £69.135m year to date. This represented a £0.049m under spend against the restated budget. The under spend is largely down to phasing of the 18 new recruits who started towards the end of November differed to the assumptions in the forecast and savings on pensions. To date there are 114 new officers (67 new recruits and 47 transferees) which is 20 more than the agreed budget of 94 (63 new recruits and 31 transferees). The restated budget assumes a further 61 new officers (48 new recruits and 13 transferees) for the remainder of the financial year, compared to 63 in the budget.
- 4.3 Police officer overtime expenditure was £2.752m year to date. This represented a £0.030m under spend against the restated budget. This variance was mainly in Crime & Justice and Regional Operations, and is largely due to phasing. This was partly offset by OSD due to Operation Rubble, which has been recharged to Leicestershire Police as mutual aid (see note 4.11). The restated budget included an efficiency target of £0.250m for the full year, of which £0.050m was included within November.
- 4.4 Police staff pay and allowances expenditure was £32.491m year to date. This represented a £0.111m under spend against the restated budget. The majority of the variance is within County and City due to the delay in the recruitment of the civilianised investigators and PCSO's being below workforce plan. The restated budget included an efficiency target of £0.500m for the full year, of which £0.100m was included within November.
- 4.5 Police staff overtime expenditure was £0.525m year to date. This represented a £0.060m over spend against the restated budget. This over spend is largely attributable to a PCSO vacancy gap against the workforce plan.
- 4.6 Premises running costs were £4.427m year to date. This represented a £0.023m under spend against the restated budget. The under spend is predominantly due to the savings on utilities £0.043m, due to charge for Holmes House where the actual bill was lower than the estimated. The restated budget included an efficiency target of £0.242m for the full year, of which £0.048m was included within November.
- 4.7 Transport costs were £3.830m year to date. This represented a £0.023m over spend against the restated budget. The restated budget included an efficiency target of £0.800m for the full year, of which £0.160m was included within November. This has been partly achieved through savings on the Venson contract of £0.096m, unanticipated tyre income of £0.021m, and petrol and diesel savings of £0.023m.
- 4.8 Equipment, furniture and materials costs were £0.578m year to date. This represented a £0.095m over spend against the restated budget. The main areas of overspend are County £0.027m; City £0.022m; OSD £0.013m; and Estates £0.009m. The over spends in County and City was largely due to PSU equipment for newly trained officers. Tight control and a review of

discretionary spend is essential to manage this area for the remainder of the year.

- 4.9 Printing and stationery costs were £0.330m year to date. This represented a £0.076m over spend against the restated budget. This was due to backdated charges from Rioch relating to 2012/13. The restated budget included an efficiency target of £0.080m for the full year, of which £0.016m was included within November.
- 4.10 Miscellaneous costs were £1.359m year to date. This represented a £0.084m over spend against the restated budget. The over spend was largely due to the restated budget including an efficiency target of £0.300m for the full year, of which £0.060m was included within November. In addition there was an over spend of £0.016m in County largely due to informant expenses, victim alarms and stray/injured animals.
- 4.11 Supplies and services costs were £2.484m year to date. This represented a £0.073m over spend against the restated budget. The over spend was largely due to the restated budget including an efficiency target of £0.900m for the full year, of which £0.140m was included within November and consultancy spend £0.077m from Deloitte for IS Transformation, of which £0.057m was recharged to other forces (see note 4.13). This has been partly offset by compensation received from Medacs for the Police surgeon contract of £0.118m which was forecasted to be received in March and mobile phone interrogation charges.
- 4.12 Pension costs (injury awards and medical retirement) were £3.103m year to date. This represented a £0.298m over spend against the restated budget. Typically when an employee is accepted for medical retirement a one-off payment of around £0.075m is paid as the employer's contribution to pension scheme. At the 31<sup>st</sup> March 2013 we were aware of 9 employees who had requested medical retirement and a provision was made against these claims based on the likelihood of a claim being granted. Further to the end of the year another 17 claims have been advised and provided for. Of these 26 cases, 4 have been declined, 13 are ongoing and 9 have been paid at a cash cost to the force of £0.699m. During November two cases were settled which had been provided for in full in October.
- 4.13 Other income was £3.392m year to date. This represents £0.161m additional income to budget. This is due to a number of one off factors including sale of equipment £0.025m, mainly vehicles; income received from energy companies for electricity generated from solar panels £0.012m; contribution from other forces £0.064m (see 4.11 question above); contribution from reserves to offset transition costs in the Office of the PCC £0.023m; recharges to the UK Border Agency for immigration detainees £0.014m; and mutual aid £0.045m (see note 4.3). The restated budget included an efficiency target of £0.205m for the full year, of which £0.041m was included within November.
- 4.14 Externally Funded projects have a budgeted income of £5.330m for the full year. During September the Quarter Two forecast was undertaken which

resulted in an agreed restated full year budget of £5.176m. The £0.154m reduction from the budget is largely due to several projects within City and Crime & Justice that have been transferred to Derbyshire under a regional agreement. Appendix 2 shows the detail of the combined income and expenditure for these projects. Expenditure was £3.665m year to date, this represented a £0.013m over spend against the restated budget. The over spend is mainly due within Local Policing.

Income received was £3.569m year to date, which represented £0.071m more income to the restated budget. This was in OSD due to the Speed Camera project and Crime & Justice largely in the Police Incentivisation Scheme. Due to a change in accounting policy relating to income brought forward from prior years, currently we are showing a shortfall of £0.075m. This is not a risk to the year end and ongoing will be reviewed quarterly with a contribution from reserves being made to close the difference.

The main projects managed by the Force are:

- Speed Cameras - revenue comes from the Nottingham City and County Council, the Highways Agency, NDROS and AA Drivetech.
- SPOC Training – income generated from NPIA training courses.
- POCA Incentivisation - can be used “to further drive up performance on asset recovery and, where appropriate, to fund local crime preventing priorities for the benefit of the community”.
- Homicide Working Group – funding originated from the The Mayor’s Office for Policing and Crime (MOPC) which replaced the Metropolitan Police Authority.
- Offender Health Project - this is a fund (received in March 2013) from the Department of Health to assist with the transfer of commissioning of healthcare in custody suites to the NHS.
- Business Crime - this is from the Chamber of Commerce to fund the Business Crime Hub, based in the Chamber of Commerce offices.
- Community Neighbourhood Protection Service (CNPS) - this is a fund from Nottingham City Council to fund 22 police officers, 1 staff FTE, and 15 police vehicles to support Community Protection.

## **5. Financial Implications and Budget Provision**

5.1 As explained in the body of the report.

## **6. Human Resources Implications**

6.1 Not applicable.

## **7. Equality Implications**

7.1 Not applicable.

## **8. Risk Management**

8.1 As explained in the body of the report.

## **9. Policy Implications and links to the Police and Crime Plan Priorities**

9.1 The report demonstrates good financial management and governance.

## **10. Changes in Legislation or other Legal Considerations**

10.1 Not applicable.

## **11. Details of outcome of consultation**

11.1 Not applicable.

## Appendix 1: Period 8 Year to Date Expenditure Against the Restated Budget

<b>November 2013</b>						
<b>Total Force</b>						
	<b>Full year</b>	<b>Full year</b>	<b>Year to Date</b>			
	Agreed Budget £m	Restated Budget £m	Restated Budget £m	Actual £m	Variance £m	<b>Note</b>
Police pay & allowances	104.562	104.487	69.184	69.135	(0.049)	4.2
Police overtime	3.286	4.302	2.783	2.752	(0.030)	4.3
Police staff pay & allowances	49.852	49.422	32.602	32.491	(0.111)	4.4
Police staff overtime	0.533	0.587	0.466	0.525	0.060	4.5
Other employee expenses	1.193	1.129	0.861	0.893	0.032	
<b>Total pay &amp; allowances</b>	<b>159.427</b>	<b>159.926</b>	<b>105.894</b>	<b>105.796</b>	<b>(0.098)</b>	
<b>Other operating expenses</b>						
Premises running costs	5.885	6.444	4.450	4.427	(0.023)	4.6
Transport allowances	0.763	0.739	0.482	0.478	(0.004)	
Transport costs	5.064	5.095	3.807	3.830	0.023	4.7
Equipment, furniture & materials	0.407	0.691	0.483	0.578	0.095	4.8
Expenses	0.109	0.164	0.113	0.128	0.015	
Clothing, uniform & laundry	0.520	0.584	0.371	0.352	(0.019)	
Printing & stationery	0.446	0.372	0.254	0.330	0.076	4.9
Comms & computing	5.994	5.960	3.971	4.010	0.040	
Miscellaneous expenses	1.580	1.741	1.275	1.359	0.084	4.10
Supplies & services	2.961	3.161	2.411	2.484	0.073	4.11
Collaboration contributions	6.189	6.685	4.237	4.229	(0.008)	
Partnership contributions	0.412	0.277	0.187	0.216	0.029	
Community support grant	3.500	3.613	1.954	1.954	-	
Agency/contract services	0.741	0.786	0.520	0.513	(0.007)	
Pensions	3.338	3.966	2.805	3.103	0.298	4.12
Capital financing	3.758	3.548	2.248	2.248	0.000	
Joint authorities	0.678	0.300	0.280	0.279	(0.001)	
	<b>42.345</b>	<b>44.125</b>	<b>29.846</b>	<b>30.518</b>	<b>0.671</b>	
<b>Total expenditure</b>	<b>201.772</b>	<b>204.051</b>	<b>135.741</b>	<b>136.314</b>	<b>0.573</b>	
<b>Other</b>						
Special services	(0.433)	(0.327)	(0.246)	(0.287)	(0.041)	
Fees, report & charges	(0.351)	(0.319)	(0.221)	(0.242)	(0.021)	
Other operating income	(0.190)	(0.179)	(0.112)	(0.110)	0.002	
Income	(3.800)	(4.850)	(3.231)	(3.392)	(0.161)	4.13
	<b>(4.774)</b>	<b>(5.676)</b>	<b>(3.809)</b>	<b>(4.030)</b>	<b>(0.221)</b>	
	<b>196.998</b>	<b>198.375</b>	<b>131.932</b>	<b>132.284</b>	<b>0.352</b>	

## Appendix 2: Period 8 Year to Date Expenditure Against the Restated Budget

<b>November 2013</b>		 <b>NOTTINGHAMSHIRE</b> <b>POLICE</b> <small>PROUD TO SERVE</small>			
<b>External Funded</b>					
	<b>Full year</b>	<b>Full year</b>	<b>Year to Date</b>		
	Agreed Budget £m	Restated Budget £m	Restated Budget £m	Actual £m	Variance £m
Police pay & allowances	2.146	1.736	1.157	1.178	0.021
Police overtime	0.264	0.339	0.325	0.351	0.026
Police staff pay & allowances	1.622	1.582	1.034	1.028	(0.006)
Police staff overtime	0.021	0.022	0.017	0.018	0.001
Other employee expenses	0.035	0.052	0.037	0.031	(0.006)
<b>Total pay &amp; allowances</b>	<b>4.088</b>	<b>3.731</b>	<b>2.569</b>	<b>2.605</b>	<b>0.037</b>
<b>Other operating expenses</b>					
Premises running costs	0.258	0.243	0.166	0.168	0.002
Transport allowances	0.008	0.012	0.008	0.007	(0.001)
Transport costs	0.210	0.169	0.141	0.110	(0.031)
Equipment, furniture & materials Expenses	0.080 0.011	0.125 0.060	0.114 0.051	0.080 0.037	(0.034) (0.015)
Clothing, uniform & laundry	0.006	0.004	0.003	0.004	0.002
Printing & stationery	0.017	0.020	0.014	0.015	0.001
Comms & computing	0.200	0.328	0.219	0.238	0.019
Miscellaneous expenses	0.100	0.143	0.099	0.127	0.027
Supplies & services	0.198	0.183	0.162	0.164	0.002
Collaboration contributions	-	-	-	-	-
Partnership contributions	-	-	-	-	-
Community support grant	-	-	-	-	-
Agency/contract services	0.154	0.152	0.102	0.104	0.002
Pensions	-	-	-	-	-
Capital financing	-	-	-	-	-
Joint authorities	-	0.006	0.006	0.006	0.000
	<b>1.243</b>	<b>1.446</b>	<b>1.083</b>	<b>1.059</b>	<b>(0.024)</b>
<b>Total expenditure</b>	<b>5.330</b>	<b>5.176</b>	<b>3.652</b>	<b>3.665</b>	<b>0.013</b>
<b>Other</b>					
Special services	-	-	-	-	-
Fees, report & charges	-	-	-	-	-
Other operating income	-	-	-	-	-
Income	(5.330)	(5.176)	(3.546)	(3.470)	0.075
	<b>(5.330)</b>	<b>(5.176)</b>	<b>(3.546)</b>	<b>(3.470)</b>	<b>0.075</b>
	<b>-</b>	<b>-</b>	<b>0.106</b>	<b>0.194</b>	<b>0.088</b>