

For Information / Consideration / Comment / Decision (delete as appropriate)	
Public/Non Public*	
Report to:	Strategic Resources and Performance Meeting
Date of Meeting:	15 March 2016
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Agenda Item:	05

*If Non Public, please state under which category number from the guidance in the space provided.

Finance Performance & Insight Report

1. Purpose of the Report

- 1.1 The purpose of this report is to provide an update on the financial position against the key financial performance headlines for Nottinghamshire Police as at 31st January 2016 (Period 10).

2. Recommendations

- 2.1 It is recommended that the contents of the attached report at Appendix A are noted.

2.3 Background

The full year net revenue budget for 2015-16 is £191,200k (as below). This is split Office of the Police and Crime Commissioner (OPCC) £4,725k and the Force Budget £186,475k.

Approved Revenue Budget Requirement 2015/16
Approved Contribution from Reserves

£'000
189,600
1,600
191,200

3. Reasons for Recommendations

- 3.1 To update the Chief Officer Team and the Office of the PCC on the Force's budgetary position for 2015-16.

4. Summary of Key Points (this should include background information and options appraisal if applicable)

- 4.1 Expenditure to date to 31st January 2016 was £166,359k, which was £6,109k worse than budget. The projected outturn is £7,765k worse than budget.

	£'000	£'000	£'000	Note
Approved revenue budget requirement 2015/16			189,600	
Approved contribution from reserves			<u>1,600</u>	
Approved net revenue budget 2015/16			<u>191,200</u>	
Pay & allowances				
Police officer	(187)			4.2
Staff	1,397			4.3
PCSO	<u>(102)</u>			4.3
		1,108		
Overtime				
Police officer	526			4.2
Staff	64			4.3
PCSO	<u>17</u>			4.3
		607		
Other employee expenses		<u>573</u>		
		2,288		
Premises costs	461			4.4
Transport costs	936			4.5
Comms & computing	1,559			4.6
Clothing, uniform & laundry	83			4.7
Other supplies & services	3,929			4.8
Collaboration contributions	1,637			4.9
Medical retirements	(8)			
Capital financing	(969)			4.10
Other	<u>117</u>			
		7,745		
Income		<u>(2,267)</u>		4.11
Projected outturn		<u>7,765</u>		
Additional approved transfer for efficiency shortfall			3,500	4.12
Funding gap			<u>4,265</u>	
			<u>7,765</u>	

- 4.2 Police officer pay year end forecast is £105,449k which is £187k better than budget largely due to pensions, allowances, unsocial hours payments and leavers/retirees being higher than budgeted. It is anticipated that savings will continue through the remainder of the year. £180k was included in the forecast for the Bear Scotland ruling and in December an additional payment to Constables and Sergeants of c£124k was made. Currently we are finalising the Bear Scotland payments for the final quarter of the financial year which is anticipated to be c£70k. The overtime year end forecast is £3,771k, which is £526k worse than budget, partly due to an £100k accrual for c4,500 hours of overtime awaiting authorisation in DMS on supervisors workbenches which is expected not to be required in full and will be used to offset the overtime rates issue; and a number of operations the main ones being Op

Drosometer at £260k which is externally funded and matched by income; mutual aid £105k, of which Op Tiffany is the largest contributor, major crime £121k; special services £56k which have been more than offset within income; and Op Melic being the missing persons.

- 4.3 Police staff pay year end forecast is £49,968k, which is £1,295k worse than budget, mainly due to agency costs; not achieving the budgeted vacancy rate; and efficiencies. The over spend trend is now starting to reduce due to the impact of the recruitment freeze apart from essential roles, although agency still remains high and is expected to continue for the remainder of the year, but could be mitigated if the use of agency is reduced. The overtime year end forecast is 713k, which is £81k worse than budget, we are not accruing in this area and this reflects the actual payments coming through from DMS. This is part due to externally funded activity £25k which is offset in income; special services £4k; and major crime at £32k.
- 4.4 Premises costs year end forecast is £6,421k which is £461k worse than budget which is largely due to the efficiency challenge.
- 4.5 Transport costs year end forecast is £6,790k which is £936k worse than budget which is largely due to the not achieving the efficiency target for the fleet review and Artemis; and additional insurance costs.
- 4.6 Comms & computing costs year end forecast is £7,498k which is £1,559k worse than budget. This largely due to IT costs from the Home Office £1,300k which were omitted as it was assumed these costs had been top sliced from the main government grant; costs for externally funded projects c£195k which will be matched in income; and additional systems costs not known at the point of budget but are offset by income. The year end outturn has been reduced to reflect that £856k of the IT costs from the Home Office related to PNC which is included within Other supplies and services (4.8).
- 4.7 Clothing, uniform & laundry costs year end forecast is £530k which is £83k worse than budget which is largely due to redundant stock which has been written off by our supplier Cooneen. There may be an opportunity at the year end to reduce this charge by capitalising the useful stock.
- 4.8 Other supplies & services year end forecast is £8,541k which is £3,929k worse than budget. This is primarily down to a under achievement of the efficiency challenges; professional fees; partnership and commissioning fees (PCC) which in part have been offset in income (see 4.11). The year end projected outturn has worsened by £856k due to the transfer of forecast for Home Office IT costs from Comms & computing (see 4.6 above).
- 4.9 Collaboration contributions year end forecast is £8,316k which is £1,637k worse than budget mainly due to the charge for the MFSS which was omitted from the budget.
- 4.10 Capital financing year end forecast is £3,773k which is a £969k better than budget mainly due to the Minimum Revenue Provision (MRP) due to the

2014/15 capital programme being lower than forecasted and a review of asset lives. This saving is being offset against the MFSS collaboration cost.

- 4.11 Income year end forecast is £14,100k which is £2,267k better than budget. This is part due to externally funded projects; Home Office grants released by the PCC £491k which offsets commissioning/partnership payments within Other supplies and services (see 4.8); and income from special services and mutual aid £429k which offsets against overtime.
- 4.12 The OPCC year end forecast is £4,710k which is £15k better than budget. This is largely due to savings on salaries; phasing of training and audit fees; and phasing of Home Office grants and payments to partners such as the community safety grant. The OPCC expenditure for the year is expected to break even and any underspend on Commissioning will be retained within the Commissioning reserve.
- 4.13 The efficiency programme for 2015/16 was £11,014k and it is anticipated that there will be c£3,500k shortfall by the year end as detailed below. It has been agreed that this shortfall will be met from a contribution from reserves.

Efficiencies not being achieved in 2015/16	
	£'000
Hold on staff recruitment	630
Fleet review	531
EMSCU 5% saving on current spend	500
PBS	400
Income generation savings	340
Recharge of costs to region	200
Artemis	174
Closure of Central police station	117
Community Safety Grant	100
IS efficiency savings	100
EMOpSS restructure	100
PFI contract savings	60
Reduction in HR staff costs	60
Other	227
	3,539
Efficiency grouping:	
People	1,330
Transport	705
Estates	208
Commercial	1,196
Other	100
	3,539

As at the end of January the efficiencies achieved to date were £4,573k which was a shortfall of £2,491k against the target of £7,063k. The main elements of the shortfall being the fleet review £443k where savings are being realised through reduction in Vensons fleet, however legal issues within contract determine how many vehicles can be released and we will continue to reduce the fleet over the next two years; 5% procurement saving on current spend £440k; PBS £240k; hold on staff recruitment £525k, due to a challenging vacancy rate which for the first 6 months was not achieved, although signs are now that the recruitment freeze has really bedded in with the staff pay coming in line with budget; income generation opportunities £292k; Artemis £116k; and non-closure of police stations £70k.

- 4.14 The projected outturn position for 2015/16 has been reviewed and the full year expected spend is £198,965k which is an over spend of £7,765k versus budget. This would mean that the current funding gap is £4,265k as detailed below:

	£'000
Approved Revenue Budget Requirement 2015/16	189,600
Approved Contribution from Reserves	1,600
Approved Spend for 2015/16	191,200
Additional Approved Transfer for Efficiency Shortfall	3,500
Funding Gap	4,265
Forecasted Over spend	7,765
2015/16 Forecasted expenditure	198,965

This can be broken down as follows:

	£'000	Note
Budget 2015/16	191,200	
Shortfall in efficiencies	3,539	a
MRP rebase	(969)	b
MFSS Collaboration costs	1,776	c
IS Home Office costs	1,300	d
Bear Scotland	300	e
Redundancy and pension strain	376	f
Forensics - electronic analysis	208	g
Uniform - redundant stock	100	h
Additional HR staff for change programme	111	i
Increased agency staff	912	j
Increased insurance premiums	240	k
Other	(128)	
Projected 2015/16 outturn	198,965	
2015/16 projected over spend	7,969	

- (a) Shortfall in efficiencies as per analysis provided to the OPCC
- (b) Review of MRP charges and asset lives
- (c) MFSS collaboration costs omitted from the budget
- (d) The budget assumed these costs would be top sliced from the main grant funding
- (e) Estimated impact from the Bear Scotland decision that overtime and allowances should be taken into account when calculating holiday pay
- (f) Mainly PCSO's which the cost was unbudgeted
- (g) Analysis of electronic/mobile devices increased this year due threat/risk/harm analysis of what should be investigated
- (h) Potential upside if we move useful stock to the balance sheet at year end
- (i) Estimation from HR of the additional resource required to manage the change programme
- (j) Additional agency staff over and above the expected level at the time of budgeting. This is the gross amount as due to the methodology used for the 2015/16 staff budget is it difficult to evaluate the any savings where agency were used to backfill for established posts
- (k) Premiums higher than budgeted following contract re-negotiations

5. Financial Implications and Budget Provision

5.1 The financial information relating to this item is contained within Appendix A.

6. Human Resources Implications

6.1 There are no immediate Human Resource implications arising from this report.

7. Equality Implications

7.1 There are no equality implications arising from this report.

8. Risk Management

8.1 Please see attached Appendix A.

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

9.1 There are no policy implications arising from this report.

10. Changes in Legislation or other Legal Considerations

10.1 There are no changes in legislation or other legal considerations that are relevant to this report.

11. Details of outcome of consultation

11.1 The figures included in this report are presented to the Force Executive Board on a monthly basis.

12. Appendices

12.1 Appendix A – Revenue Report to January 2016

13. Background Papers (relevant for Police and Crime Panel Only)

NB

See guidance on public access to meetings and information about meetings for guidance on non-public information and confidential information.