

For Information	
Public/Non Public*	Public
Report to:	Strategic Resources and Performance Meeting
Date of Meeting:	29th March 2018
Report of:	Chief Constable
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Agenda Item:	13

Finance Performance & Insight Report for 2017/18 as at December 2017 – Quarter 3

1. Purpose of the Report

- 1.1 The purpose of this report is to provide an update on the projected financial outturn position for revenue against the key financial performance headlines for Nottinghamshire Police as at 31st December 2017 (Period 9).

2. Recommendations

2.1 Recommendation 1

It is recommended that the contents of the attached report in Appendix A and virements approved under delegated arrangements cumulative to December are shown in Appendix B are noted.

2.2 Recommendation 2

That the Police and Crime Commissioner notes the virements of less than £100k requiring Chief Constable approval as set out in Appendix C.

2.3 Recommendation 3

That the Police and Crime Commissioner approves the forecast movements greater than £100k requiring Chief Constable recommendation as set out in Appendix D.

2.4 Recommendation 4

That the Police and Crime Commissioner approves the capital virements to the gross value of £2,286k; slippage to the value of £4,092k; underspends of £1,682k; and potential overspends of £14k as set out in Appendix E.

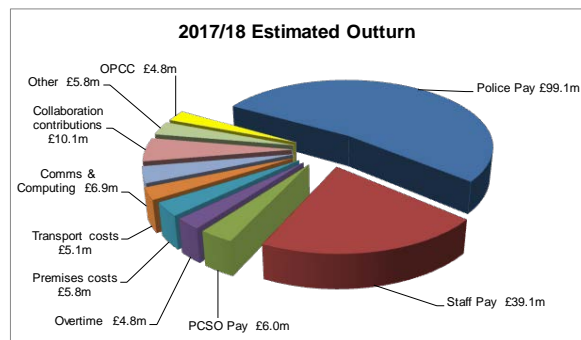
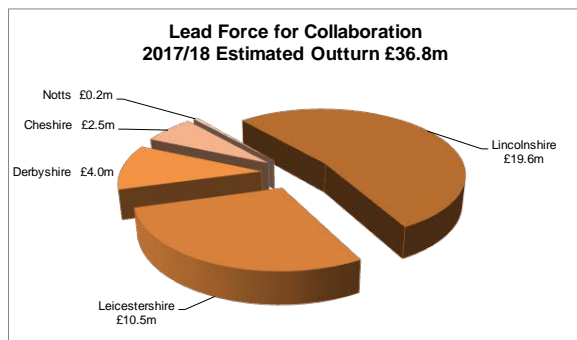
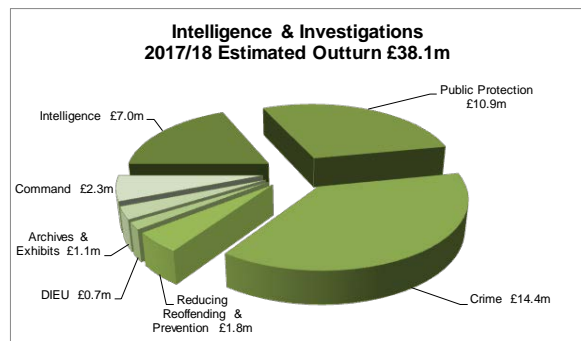
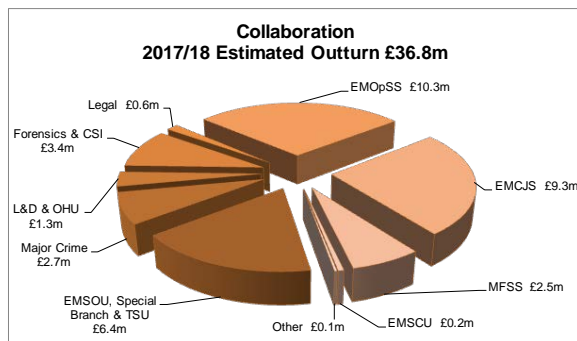
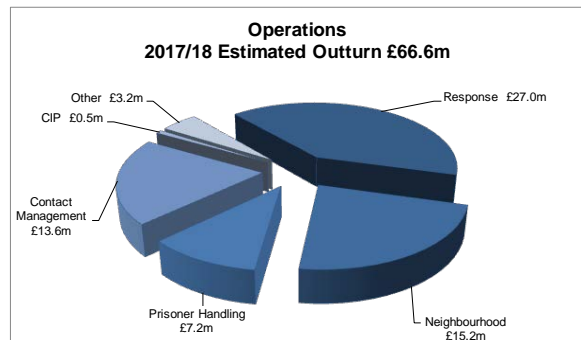
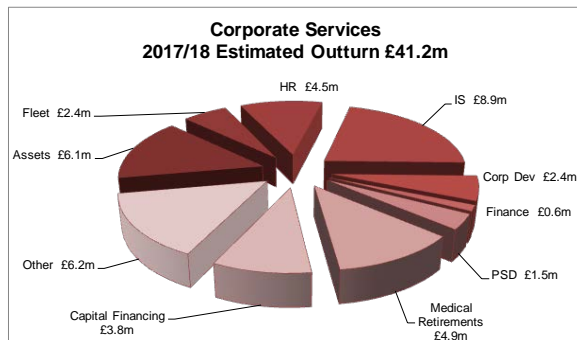
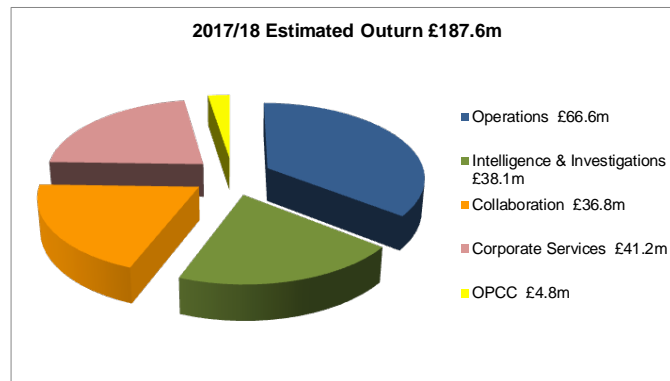
2.5 Background

The full year net revenue budget for 2017/18 is £190,105k. This is split the Force Budget £185,347k and the Office of the Police and Crime Commissioner (OPCC) £4,758k.

During December, Finance in conjunction with the organisation has continued to review the year end position (Appendix A). At the end of December the projected year end outturn is:

Entity	Budget £'000	Forecast Outturn £'000	Variance to Budget £'000
Force	185,347	182,797	(2,550)
OPCC	4,758	4,758	-
	190,105	187,555	(2,550)

Analysis of the 2017/18 Estimated Outturn



3. Reasons for Recommendations

- 3.1 To update the Chief Officer Team and the Office of the Police and Crime Commissioner (OPCC) on the Force's budgetary position for 2017/18 and to comply with good financial management and Financial Regulations.

4. Summary of Key Points

Revenue

- 4.1 The review during December of revenue expenditure is forecasting an under spend in the Force budget of £2,550k with a projected revenue spend of £182,797k which is an improvement of £186k from the previous forecast; and an on budget position within the OPCC of £4,758k. Appendix A provides a more detailed position.

This under spend is predominately being delivered through transport costs, communications & computing, capital financing and additional income. Payroll savings on staff and PCSOs are offsetting the additional officer recruitment. The forecast, however, does not take into account any additional cost implications that could be incurred due to the recent Annual Departmental Assessments (ADAs), which will be monitored closely over the forthcoming months as they are evaluated.

It is assumed that any underspends within the OPCC during the year will be transferred to OPCC's Commissioning reserve.

The table below shows the projected Force (including externally funded and seconded officers/staff) variances against the 2017/18 budget as at the end of December:

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Nottinghamshire Police Group Position Total: Budget Variance Analysis				
	Variance to Budget			
	£'000	£'000	£'000	Note
Pay & allowances				4.2
Police officer	1,280			
Staff	(637)			
PCSO	(636)			
		7		
Overtime				4.3
Police officer	862			
Staff	85			
PCSO	10			
		958		
Other employee expenses		484		4.4
Medical retirements		487		4.5
		1,935		
Premises costs	(154)			4.6
Transport costs	(508)			4.7
Comms & computing	(1,034)			4.8
Clothing, uniform & laundry	128			4.9
Other supplies & services	991			4.10
Collaboration contributions	279			4.11
Capital financing	(732)			4.12
Other	(298)			4.13
		(1,326)		
Income		(3,159)		4.14
Force underspend		(2,550)		
OPCC		-		
Group underspend		(2,550)		

A year to date under spend of £1,863k against the cash flow forecast is shown in detail in Appendix A. These differences represent timing differences between the agreed estimated spend profile and latest provisions. Overall this difference has no impact in outturn over and above that reported in the above table.

The cash flow forecast is split £993k for the Force and £870k for the OPCC. The cash flow under spend is largely due to capital financing, transport costs, staff and PCSO payroll changes which has a net reduction in cost that has been reflected in the estimated outturn; and phasing of collaboration

payments. This has been partly offset by charge for a loan repayment of £2.5m which will be adjusted in January.

The year to date reduction in cash flow forecasting within the OPCC of £870k is due to the phasing of payments relating to the community safety grant, which is expected to reverse over the remainder of the financial year.

4.2 Pay & allowances

Police officer pay forecast for the year is £99,109k, which is a projected over spend of £1,280k against the original budget. This is based on the revised assumption of natural leavers at 7.5 FTEs per month, which is in line with the recent trend. If this trend continues it may cause operational pressures. It has been assumed in the forecast that those officers reaching their 30 years' service will leave, unless otherwise advised by HR; and includes the revised officer recruitment profile of 162 FTEs between September and March, to date 36 have started. Officers are forecasted to be 1,923 FTEs at the end of March 2018, this includes 66 FTEs for externally funded and seconded officers. The forecast reflects £200k for the decision to increase the starting salary for new recruits and c£575k for the additional 1% non-consolidated pay award. The forecast reflects a movement in externally funded and seconded officers of £92k which has been offset by income.

Police staff and PCSO pay combined forecast for the year is £45,091k, which is a projected under spend of £1,273k against the original budget and is a result of the decision to invest in front line officers as opposed to the original budget intentions to increase the number of PIO's to front line. This includes the additional PCSO cohorts compared to the original budget (7 FTE's joined in August, 20 in October and 15 FTE's are planned for January) and natural wastage to take into account leavers and also those who may transfer with continued officer recruitment. PCSO's are forecasted to be 199 FTE's at the end of March 2018.

The costs of additional PIOs to achieve an over establishment of 10 FTEs and the recruitment of graduate PIO's have been included. The forecast does not take into account any additional cost implications that could be incurred due to the recent Annual Departmental Assessments (ADA's), which will be monitored closely over the forthcoming months as they are evaluated. The forecast reflects a movement in externally funded and seconded staff of £333k which has been offset by income.

Included above is additional savings of £37k that have been realised through Bear Scotland payments which is forecasted at £332k against the original budget of £369k.

4.3 Overtime

Overtime forecast for the year is £4,817k, which is a projected over spend of £958k against the original budget. This overspend is split officers of £862k,

staff of £85k and PCSO's of £10k. The main drivers of the overspend are EMOpSS where the outturn now reflects an additional £400k which is to be offset within income from the ARV uplift fund; additional overtime with custody; and seconded and externally funded officers/staff of £174k which has been offset by income.

4.4 Other employee costs

Other employee costs forecast for the year is £2,158k, which is a projected over spend of £484k against the original budget. Virements to realign budgets account for £264k of this over spend and the remainder is largely due to a general increase in training costs, recruitment costs and medical costs; offset by a release of the redundancy budget.

4.5 Medical retirement

Medical retirement costs forecast for the year is £4,905k, which is a projected over spend of £487k against the original budget due to more officers than expected receiving an ill health / injury pension.

4.6 Premises costs

Premises costs forecast for the year is £5,837k, which is a projected under spend by £154k against the original budget. Virements to realign budgets account for £196k of the under spend, combined with savings on utilities reflecting predicted annual spend. This has been partly offset by a charge from Gleeds for fees in respect of the proposed new build at FHQ which is not budgeted for and additional waste disposal costs from the closure of stations.

4.7 Transport costs

Transport costs forecast for the year is £5,129k, which is a projected under spend by £508k against the original budget. Virements to realign budgets account for £359k of the under spend with the remainder due to the savings on fuel from lower petrol costs as a result of having a smaller number of petrol vehicles in the fleet; essential mileage where the budget had been set at 65p per mile and actual is now 45p; an insurance rebate due to lower claims; and reflecting year to date savings from Vensons for vehicle daily slot charges (DSAF) and pence per mile (PPM) charges.

4.8 Comms & Computing

Comms & computing forecast for the year is £7,913k, which is a projected under spend of £1,034k against the original budget. Virements to realign budgets account for £231k of the under spend with the remainder due to the savings kiosks licences funded from the Niche provision; savings on Holmes cloud where the budget included the full cost but it is now regional so we only pay a share; savings on Artemis; reduction in various network and licence costs; an amendment to an inflation assumption; and £480k from ESN where

we have been advised by region that the spend will be unlikely this financial year.

4.9 Clothing, uniform & laundry

Clothing, uniform & laundry forecast for the year is £611k, which is a projected over spend of £128k against the original budget. The over spend is due to the additional recruits.

4.10 Other Supplies & services

Other Supplies & services forecast for the year is £3,935k, which is a projected over spend of £991k against the original budget. Virements to realign budgets account for £649k of the over spend; additional costs of £298k for Grant Thornton consultancy fees relating the Fusion project; and vehicle recovery costs of £90k reflecting the increased costs seen in recent months. This has been partly offset by reduced insurance contributions of £200k as a result after additional payments made in 2016/17, and the release of numerous other budget savings.

4.11 Collaboration contributions

Collaboration contributions forecast for the year is £10,076k, which is a projected over spend of £279k against the original budget due to additional contributions for Op Encore; DMS upgrade; forensics; a charge for regional staff for the ESN project; and an additional contribution of £244k for the Fusion project. This has been partly offset by virements to realign budgets account for £273k.

4.12 Capital financing

Capital financing forecast for the year is £3,799k, which is a projected under spend of £732k against the original budget. This saving is due to lower interest charges of £300k as a result of reduced borrowing; and a reduction in the Minimum Revenue Provision (MRP) of £432k as a result of the actual 2016/17 capital spend being lower than budgeted assumption, combined with reduced borrowing.

4.13 Other

Other costs forecast for the year is £5,727k, which is a projected under spend of £298k against the original budget. This is largely due to savings from the release of budget relating to Tri-Force costs of £500k; forensics savings; savings from EMOpSS central charge; and photocopier charges. This has been partly offset by virements to realign budgets account of £62k; shared staffing costs for strategic alliance; contribution to the police treatment centre; DIU internships; contribution towards a CP environmental health officer; Op Elter contribution to the Met; and EMCJS command staff costs.

4.14 Income

Income forecast for the year is £15,310k, which is projected to be £3,159k above the original budget. Virements to realign budgets account for £50k of the additional income; along with £602k to offset payroll costs for seconded officers/staff and externally funded projects; £400k from the ARV uplift fund to offset EMOpsS overtime costs; Tri-Force revenue grant allocation of £206k; additional SPS income from football matches; recharges of buildings (such as Arrow centre, Titan and Themis); recharge of expenses to CNPS; collaboration income; IS Transformation income; recharges to the City Council which previously had been an externally funded project; additional monies from insurance claims; increased vehicle recovery income reflecting current trends; share of PTF fund income; recharges of EMSOU overtime; and EMSCU framework income.

4.15 Efficiencies

The 2017/18 efficiency target in order to achieve a balanced budget is £1,250k as per the table below:

Efficiencies Target for 2017/18	
	£'000
Procurement	250
Medical Retirements	500
Tri-Force	200
Capital Financing	300
	<u>1,250</u>

Finance and the change team are constantly reviewing all efficiency projects with the organisation to identify any possible risks or opportunities to delivering the yearend target. Overall the total savings are expected to be achieved.

4.16 OPCC

The OPCC is projecting an on budget performance with an outturn of £4,758k. It is assumed that any under spend that may arise during the year will be transferred to the OPCC's Commissioning reserve at year end.

4.17 Capital

The capital budget for 2017/18 is £13,181k. This is made up of slippage from 2016/17 of £6,012k and new budget allocation of £7,169k. There are currently 60 'live' capital projects, 11 of which are work streams under the Information Services Tri-Force collaboration.

After taking into account slippage of £4,092k into future years the projected outturn for 2017/18 is £9,089k. However if the projected under/over spends contained in Appendix E are approved by the OPCC this would reduce the outturn to £7,421k.

The slippage of £4,092k is largely due to ESN at £764k, Ring of steel ANPR cameras project at £366k, Building Management System (BMS) at £351k; automatic barriers £200k; mobile data platform £239k; Northern property store £200k; and Bridewell new build at £214k.

As at the end of December spend to date was £2,374k, which is analysed within Appendix E.

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 December 2017
- 12.2 Appendix B – Virements approved under delegated arrangements
- 12.3 Appendix C – Forecast movements less than £100k

- 12.4 Appendix D – Forecast movements greater than £100k
- 12.5 Appendix E – 2017/18 Capital Projects as at December 2017