

For Information	
Public	
Report to:	Strategic Resources & Performance
Date of Meeting:	23rd May 2014
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Agenda Item:	8

Revenue Budget Management Report 2013-14: Year to March 2014

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 ending March 2014.

2. Recommendations

- 2.1 It is recommended that the report is noted.

3. Reasons for Recommendations

- 3.1 To update members of the Strategic Resources and Performance Board on the Force's budgetary position for 2013-14.

4. Summary of Key Points

- 4.1 The full year net revenue budget for 2013-14 is £196.898m. During December the Quarter Three forecast was undertaken which resulted in an agreed restated full year budget of £198.600m, which was an increase on the Quarter Two forecast of £0.225m.
- 4.2 Actual net expenditure for the year ending March 2014 was £198.508m against a restated budget of £198.600m. The resulting position against the restated budget was an under spend of £0.092m and a £1.510m over spend versus the agreed budget. This under spend is within the Office of the Police and Crime Commissioner (OPCC) £0.306m which was partly offset by an over spend in the Office of the Chief Constable £0.214m.
- 4.3 Details of the under spend in the OPCC are in note 4.17. Under spends against the PCC budget are allocated to reserves earmarked for specific OPCC related expenditure.
- 4.4 The restated budget included an efficiency target of £3.017m which has been allocated to Miscellaneous expenses (see note 4.10), although actual savings have been recorded across all lines of expenditure. Excellent progress was

made in the final quarter to close the forecast gap through tighter controls on overtime and costs, but the Force has benefitted from a number of one-off's, the larger items being seconded officer savings £0.140m, timing of recruits and accrual releases in officer pay (see note 4.2); review of overtime accrual process c£0.400m (see note 4.3); transfer of IS staff to capital projects £0.282m; release of training accrual £0.167m; IS transformation £0.040m (see notes 4.11 and 4.16); forecast contingency of £0.100m no longer required (see note 4.11); release of estate agents fees £0.100m (see note 4.13); and partnership funding £0.089m (see note 4.16).

- 4.5 This report gives consideration to the significant variances against the restated budget for the Office of the Chief Constable and OPCC and Appendix 1 sets out the position in detail.
- 4.6 Police pay and allowances expenditure was £103.623m for the year. This represented a £0.758m under spend against the restated budget. The under spend is partly down to new recruits starting dates between January and March. The forecast assumed they would start at the beginning of the month whereas they actually started mid month hence saving c£0.060m; the transfer of officer costs to EMSOU and seconded officers £0.140m, of which £0.095m relates to two years of recharges for one officer as advised by Ministry of Defence; and more natural leavers than anticipated. Following a review there has been releases of aged accruals for unsocial hours, on-call allowances and officer bonuses which was c£0.300m. There has been small savings on pensions £0.042m where some new officers have opted not to join the scheme at present. An accrual was raised in March for £0.091m for the reinstatement of an officer. During March 16 new recruits started as forecasted. During the year 173 new officers have joined (115 new recruits and 58 transferees) which is 16 more than the agreed budgeted recruitment profile of 157 (126 new recruits and 31 transferees). However this increase is due to the opening establishment being lower than expected and the additional officers being necessary to achieve the workforce plan.
- 4.7 Police officer overtime expenditure was £3.792m for the year. This represented a £0.672m under spend against the restated budget. This variance was mainly in City, County and Crime & Justice, as a result of a general reduction in overtime charged in the month largely due to improved control of overtime by local teams and a review of accrual estimates for aged overtime. Following a review of the carrying value of overtime worked but unpaid a one off release of c£0.400m was actioned in March.
- 4.8 Police staff pay and allowances expenditure was £48.472m for the year. This represented a £0.757m under spend against the restated budget. The majority of the variance is due to a number of vacancies in Contact Management £0.195m, City £0.079m, Crime & Justice £0.065m, Business & Finance £0.136m and Information Services (IS) £0.282m. The restated budget assumed a number of vacancies would be recruited reaching full establishment in Contact Management by the end of March. The under spends in IS and Business & Finance have resulted from the transfer of staff costs to capital projects and Innovation Bid projects. Agency saving versus

restated budget is £0.047m due to the settlement of a number of issues with Adecco, however work continues with them to settle all disputed invoices.

- 4.9 Police staff overtime expenditure was £0.707m for the year. This represented a £0.016m under spend against the restated budget. Additional overtime worked to cover vacancies was offset by the change in calculating the carrying value of unpaid overtime discussed above.
- 4.10 Premises costs were £6.463m for the year. This represented a £0.105m under spend against the restated budget. This under spend was largely due to cutting back repairs and maintenance to essential items only. This has been offset against the efficiency target in Miscellaneous expenses (see note 4.10).
- 4.11 Transport costs were £5.515m for the year. This represented a £0.122m under spend against the restated budget. This under spend was largely due to a reclassification of insurance claims £0.180m between motor & other claims and is offset in Miscellaneous expenses (see note 4.10); and savings on tyres, petrol and diesel where the actual cost per litre was below the forecasted amount. This has been partly offset by accident damage costs £0.101m which is largely accounted for by 7 vehicles (4 in County, 2 in OSD and 1 in City) being written off over the last three months and increases in the contracted pence per mile charge.
- 4.12 Clothing & uniform costs were £0.573m for the year. This represented a £0.082m under spend against the restated budget. The under spend was largely due to releases of historic accruals now that Cooneen are billing clothing issued by them to the Force's clothing hubs on a timely basis. This has been offset against the efficiency target in Miscellaneous expenses (see note 4.10).
- 4.13 Comms & Computing costs were £5.931m for the year. This represented a £0.089m under spend against the restated budget. The under spend was largely due to savings on airwave rental and maintenance, savings on new equipment and criminal justice systems. This has been offset against the efficiency target in Miscellaneous expenses (see note 4.10).
- 4.14 Miscellaneous costs were £2.805m for the year. This represented a £3.478m over spend against the restated budget. The over spend was largely due to the efficiency target of £3.017m, however savings across other lines of expenditure have offset this challenge. The balance of the over spend is due to a reclassification of insurances claims £0.379m following a review which is partly offset by a £0.180m saving in Transport costs (see note 4.7).

The insurance policies were taken out on a 3 year long term agreement with an option to extend for a further 2 years. That option break point was 30th April 2014 and the decision to extend for 11 months at pro rata prices very close to the previous year was taken. This decision has put the renewal date in line with many other Commissioners and will be helpful in securing savings

by collaboratively tendering with partners. EMSCU are actively considering what best options would be available.

- 4.15 Supplies and services costs were £3.556m for the year. This represented a £0.227m under spend against the restated budget. The under spend was largely due to a forecast contingency of £0.100m that was not required and release of legal fees accrual for Eversheds £0.105m no longer required in Procurement relating to IS Transformation. An element of this release has been passed back to regional partners (see note 4.16).
- 4.16 Collaboration contributions were £6.711m for the year. This represented a £0.095m under spend against budget. This is the cash contribution made to other forces who are leading the collaboration activity. This variance is largely due to the regional savings that have been passed back to the forces. This has been offset against the efficiency target in Miscellaneous expenses (see note 4.10).
- 4.17 Agency & contract service costs were £0.486m for the year. This represented a £0.100m under spend against the restated budget. This is due to a release of an aged accrual for estate agents fees. This has been offset against the efficiency target in Miscellaneous expenses (see note 4.10).
- 4.18 Pension costs (injury awards and medical retirement) were £4.277m for the year. This represented a £0.099m under 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 31st 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 34 claims have been advised and provided for. Of these 43 cases, 26 have been declined, 8 are ongoing and 9 have been paid at a cash cost to the force of £0.698m. At March we have a provision of £0.616m for the full cost of the 8 ongoing cases.
- 4.19 Capital Financing was £3.531m for the year. This represented a £0.166m over spend against the restated budget. This is due to the forecast not including accrued interest charges.
- 4.20 Other income was £5.395m for the year. This represents £0.260m additional income to the restated budget. This is due to a number of one off factors including recharges to regional collaboration partners £0.122m for operations and staff recharges; mutual aid income £0.098m; income in respect of the Tom Ball Hall settlement £0.086m; recovery of uninsured losses £0.024m; and radio mast income £0.020m. This was partly offset by the refund to regional partners for the release of a legal fees accrual £0.068m for Eversheds which was no longer required in Procurement relating to IS Transformation (see note 4.11).
- 4.21 The OPCC costs were £4.411m for the year. This represents £0.306m under spend against the restated budget. This is largely due to under the transfer

Proceeds of Crime Act (POCA) income to fund community partnership payment £0.113m; and the release of several aged accruals, most notably for publicity and financial services. This was partly offset by staff salaries due to additional staff required to provide sickness cover.

- 4.22 Externally Funded projects have a budgeted income of £5.330m for the full year. During December the Quarter Three forecast was undertaken which resulted in an agreed restated full year budget of £6.185m. The £0.854m increase from the budget is largely due to OSD £1.226m relating largely to Speed Camera projects for overtime and purchase of new speed cameras; County £0.074m across several projects; and Contact Management £0.019m. This has been partly offset by City £0.220m and Crime & Justice £0.254m where several projects have been transferred to Derbyshire under a regional agreement. Appendix 2 shows the detail of the combined income and expenditure for these projects.
- 4.23 Expenditure was £5.774m for the year, this represented a £0.411m under spend against the restated budget.
- 4.24 Income received was £5.319m for the year, which represented £0.123m less income to the restated budget reflecting the lower expenditure and the transfer from POCA £0.113m to the OPCC. In the year £0.384m of income brought forward from prior years was utilised. Due to a change in accounting policy the brought forward income of several specific projects are held as reserves and £0.071m will be transferred to offset the remaining balance.
- 4.25 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.

4.26 For the year ended March 2014 the number of returns submitted totalled 39 against a target of 46, which represented 84.8% achieved. There was no impact on approving or circulation of reports as a result of this shortfall.

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.

12. Appendices

12.1 Appendix 1 - Business & Finance March 2014
Appendix 2 - Business & Finance March 2014 Externally Funded

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

13. Not applicable.

NB

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