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| For Information | |
| Public/Non Public* | Public |
| Report to: | Strategic Resources and Performance |
| Date of Meeting: | 8th November 2018 |
| Report of: | Chief Constable Guildford |
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| Agenda Item: | 12 |

Finance Revenue Budget Outturn for 2018/19 as at August 2018

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 August 2018 (Period 5).

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 for August 2018 are shown in Appendix B are noted.

2.2 Recommendation 2

That the Police and Crime Commissioner notes the forecast movements 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.

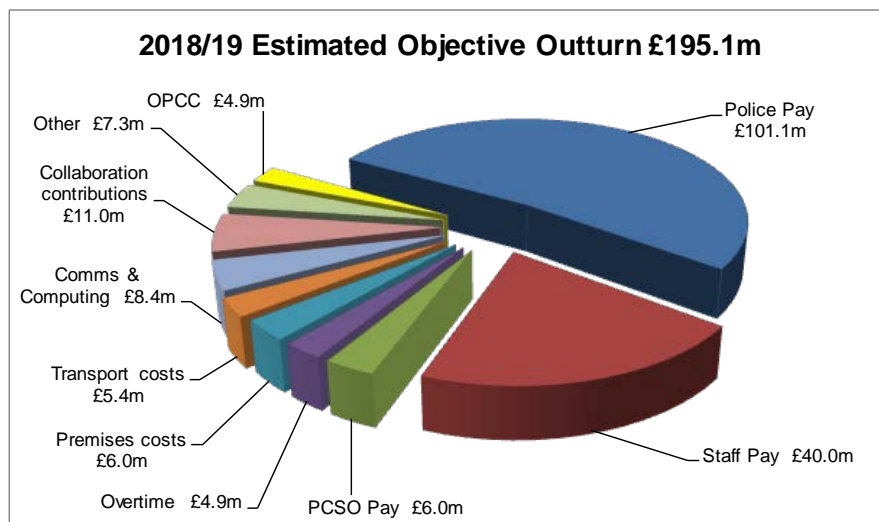
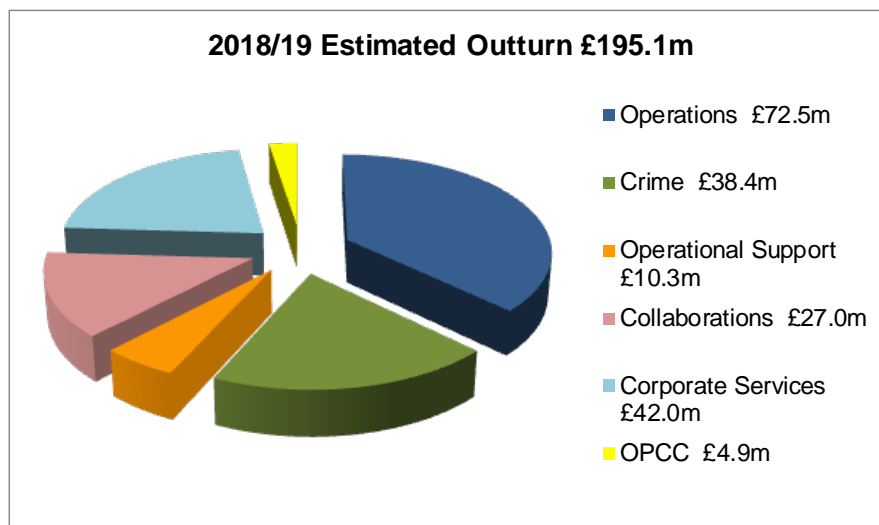
2.4 Background

The full year net revenue budget for 2018/19 is £193,100k. This is split the Force Budget £188,209k and the Office of the Police and Crime Commissioner (OPCC) £4,891k.

During August, Finance in conjunction with the organisation has continued to review the year end position (Appendix A (i)). At the end of August the projected year end outturn is £195,051k which is an increase of £1,078k from July:

| Entity | Budget £'000 | Forecast Outturn £'000 | Variance to Budget £'000 |
|--------|-----------------|------------------------------|--------------------------------|
| Force | 188,209 | 190,160 | 1,951 |
| OPCC | 4,891 | 4,891 | - |
| | 193,100 | 195,051 | 1,951 |

Analysis of the 2018/19 Estimated Outturn



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 2018/19 and complies with good financial management and Financial Regulations.

4. Summary of Key Points

Overview

- 4.1 The review during August of revenue expenditure is forecasting an over spend in the Force budget of £1,951k with a projected revenue spend of £190,160k which is an increase of £1,078k from the previous outturn; and an on budget position within the OPCC of £4,891k. Appendix A (i) provides a more detailed position.

This over spend is predominately being driven by collaboration contributions, police officer and staff pay costs, overtime' other employee costs and other supplies & services. These have been partly offset by payroll savings from PCSO pay costs, forensics & investigative costs, capital financing and additional income.

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 2018/19 budget as at the end of August:

| Nottinghamshire Police Group Position Total: Budget Variance Analysis | | | | |
|--|---------------------------|--------------|--------------|-------------|
| | Variance to Budget | | | Note |
| | £'000 | £'000 | £'000 | |
| Pay & allowances | | | | 4.2 |
| Police officer | 238 | | | |
| Staff | 153 | | | |
| PCSO | (592) | | | |
| | | (201) | | |
| Overtime | | | | 4.3 |
| Police officer | 813 | | | |
| Staff | (16) | | | |
| PCSO | (12) | | | |
| | | 784 | | |
| Other employee expenses | | 210 | | 4.4 |
| Medical retirements | | 28 | | |
| Total pay costs | | 822 | | |
| Premises costs | 196 | | | 4.5 |
| Transport costs | 74 | | | 4.6 |
| Comms & computing | 196 | | | 4.7 |
| Clothing, uniform & laundry | 34 | | | |
| Other supplies & services | 873 | | | 4.8 |
| Custody costs & police doctor | (88) | | | 4.9 |
| Forensic & investigative costs | (89) | | | 4.10 |
| Partnership payments | 62 | | | 4.11 |
| Collaboration contributions | 1,355 | | | 4.12 |
| Capital financing | (393) | | | 4.13 |
| Total non-pay costs | | 2,221 | | |
| Income | | (1,092) | | 4.14 |
| Force overspend | | 1,951 | | |
| OPCC | | - | | |
| Group overspend | | 1,951 | | |

4.2 Pay & allowances – under spend £201k

Police officer pay – over spend £238k

Forecast for the year is £101,403k, which is a projected over spend of £238k against the original budget, an increase of £572k from the previous forecast. This partly reflects the decision to bring cohorts in early compared to the original budget phasing and additional transferees which were unbudgeted. The forecast takes into account the recruitment profile assuming 198 FTE's during

the year, to date 62 new recruits have started; includes the assumption of natural leavers rate at 7.5 FTE's per month and those officers reaching their 30 years' service will leave, unless otherwise advised by HR; whilst extending senior ranks has incurred additional costs. The forecast reflects a downward movement in externally funded and seconded officers of £696k which has been reflected by reduced income.

Police staff – over spend £153k

Forecast for the year is £39,987k, which is a projected over spend of £153k against the original budget, a reduction of £220k from the previous forecast. There has been savings of £180k from reduced PIO's, but has been offset by agency costs where the budget assumed only a small agency cost as vacancies were budgeted at their substantive cost, however whilst the continued use of agency staff provides flexibility, it does so at an increased cost. In addition the vacancy provision rate was calculated on 7.5%, this is proving to be an overly optimistic position; a 1% over provision will increase costs by around £400k.

All requests for additional staff over and above establishment needs to be challenged to assess the business impact.

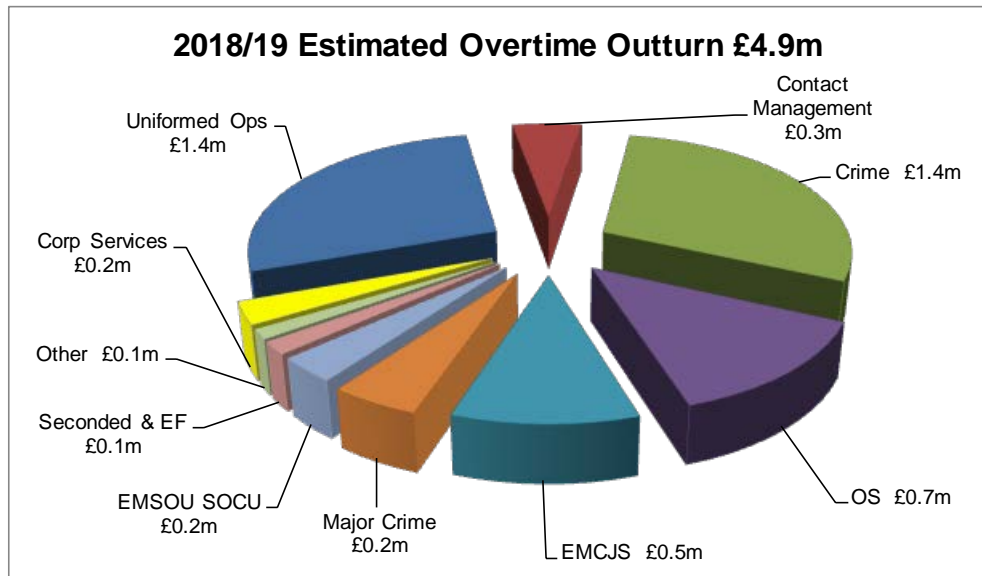
The forecast reflects a downward movement in externally funded and seconded staff of £17k which has been reflected by reduced income.

PCSO – under spend £592k

Forecast for the year is £6,043k, which is a projected under spend of £592k against the original budget, a reduction of £108k from the previous forecast. This reflects current performance to date and the rephasing of one of the planned cohorts towards the end of the financial year.

4.3 Overtime – over spend £784k

Overtime forecast for the year is £4,895k, which is a projected over spend of £784k against the original budget, an increase of £278k from the previous forecast. The main drivers of the overspend are Op Palmitate at £130k; the number of firearms discharged experienced recently resulting in many people being called in at short notice; OS at £205k which is partly offset within income from the ARV uplift fund; seconded and externally funded officers/staff of £56k which has been offset by income; City and County at £191k driven by a lot of costs within CID, summer demand within response; and custody of £83k, however there now firm plans in place to get the sergeant numbers up to establishment by October so this will prevent this excessive overtime from continuing.



4.4 Other employee costs – over spend £210k

Other employee costs forecast for the year is £2,251k, which is a projected over spend of £210k against the original budget, an increase of £1k from the previous forecast. This is largely due to a general increase in training costs as advised by L&D; and virements to realign budgets account for £24k.

4.5 Premises costs – over spend £196k

Premises costs forecast for the year is £6,047k, which is a projected over spend by £196k against the original budget. This is mainly due to an increase in the dilapidations provision of £54k following a review by Estates (this is to provide for the costs required to bring properties to a good state of repair when the lease ends or the property is vacated); moves for Response resulting in £30k of revenue spend as a consequence of capital projects; £19k on utilities; rent reviews of £37k (mainly for Riverside); service charges £43k; business rates of £23k; and cleaning costs £48k, where elements of the Solo contract were under budgeted.

4.6 Transport costs – over spend £74k

Transport costs forecast for the year is £5,361k, which is a projected over spend by £74k against the original budget, an increase of £2k on the previous forecast. This is due to increased motor insurance of £16k; and public transport of £51k (where the forecast has been increased to reflect quarter one's current spend).

4.7 Comms & Computing – over spend £196k

Comms & computing forecast for the year is £8,449k, which is a projected over spend of £196k against the original budget, an increase of £19k on the previous forecast. Virements to realign budgets account for £44k of the over spend with the remainder due to additional costs for Niche of £150k; [REDACTED] purchase

which will reduce the need to send phones to Leicestershire for unlocking of £11k; and Signals for Noise software costs for the April to September of £17k which is being funded by not recruiting into a vacant post.

4.8 Other supplies & services – over spend £873k

Other supplies & services forecast for the year is £5,228k, which is a projected over spend of £873k against the original budget, an increase of £172k on the previous forecast. This is largely due to the reversing out of the £250k procurement efficiency challenge from the budget which will be delivered across numerous lines of expenditure; consultancy and professional fees of £334k largely for additional support to the command and control replacement project of £238k and supporting the Vensons review of £51k; an additional £207k due to the delay of the Fusion project until April 2019; vehicle recovery costs of £67k which is in line with recent activity and is more than offset through additional income (see note 4.14); legal costs of £49k (Vensons); increased Taser costs of £55k; and catering costs of £21k (mainly Op Palmitate).

4.9 Custody costs & police doctor – under spend £88k

Custody costs & police doctor forecast for the year is £1,349k, which is a projected under spend of £88k against the original budget. This is due to a new contract for the police doctor resulting in a saving of £120k; partly offset by increased costs for doctors statements of £17k and custody costs for meals, cleaning and other consumables.

4.10 Forensic & investigative costs – under spend £89k

Forensic & investigative costs forecast for the year is £1,996k, which is a projected under spend of £89k against the original budget, an increase of £137k from the previous forecast. Virements to realign budgets account for £11k of the under spend, with the remainder being due to savings the release of a £54k provision for of 2017/18 electronic analysis where actual costs came lower than estimations; and interpreters of £50k.

4.11 Partnership payments – over spend £62k

Partnership payments forecast for the year is £1,484k, which is a projected over spend of £62k against the original budget, a reduction of £36k from the previous forecast. This due to payments for seconded costs of an additional ACC for three months; and a contribution to the Minerva Niche national team of £30k.

4.12 Collaboration contributions – over spend £1,355k

Collaboration contributions forecast for the year is £10,977k, which is a projected over spend of £1,355k against the original budget, an increase of £400k from the previous forecast. This is due to the MFSS of £1,442k for business as usual and the delay of the Fusion project until April 2019; and £35k from AP training cost (OS) which is offset within income from Lincolnshire (see

note 4.14). This was partly offset by savings on Legal services of £67k which related to savings from 2017/18; and confirmation that the contribution to NPAS will be reduced by £55k for 2018/19. The PCC may consider additional support in respect of these costs if additional savings cannot be identified in future periods.

4.13 Capital financing – under spend £393k

Capital financing forecast for the year is £3,746k, which is a projected under spend of £393k against the original budget. This saving is due to lower interest charges of £207k as a result of reduced borrowing; and a reduction in the Minimum Revenue Provision (MRP) of £186k as a result of the actual 2017/18 capital spend being lower than budgeted assumption.

4.14 Income – additional income £1,092k

Income forecast for the year is £14,125k, which is projected to be £1,092k above the original budget, an improvement of £279k from the previous forecast. Virements to realign budgets account for £21k of the additional income; £236k offsetting overtime costs for EMSOU officers; £250k from the ARV uplift fund to offset OS overtime costs; £60k from training apprenticeships to be recharged to university; £500k miscellaneous income based on recent activity; £220k for anticipated mutual aid; £137k from investment interest; £100k of vehicle recovery which offsets the additional costs in Other supplies & services (see note 4.8); £59k from Lincolnshire for Niche collaboration for data centre, surge capacity and strategic delivery; £50k from the sales of non-slot vehicles; £35k of income from Lincolnshire to offset AP training costs (see note 4.12). This has been partly offset by a reduction in seconded officers/staff and externally funded projects income which offsets payroll costs of £655k.

4.15 Efficiencies

The 2018/19 efficiency target in order to achieve a balanced budget is £300k as per the table below:

| Efficiencies Target for 2018/19 | |
|--|--------------|
| | £'000 |
| Procurement | 250 |
| Forensics | 50 |
| | <u>300</u> |

The procurement savings was included within Other supplies & services for budget purposes and was been reversed out in the June forecast on the basis that the savings will be delivered across numerous lines of expenditure (see note 4.8).

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.

4.16 OPCC

The OPCC is projecting an on budget performance with an outturn of £4,891k. 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.

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 (i) & A (ii) – Revenue Report to August 2018
- 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

Appendix A (i)

Nottinghamshire Police Revenue Budget Monitoring as at August 2018



| | 2018/19 Approved Budget £'000 | Virements £'000 | (Opportunities) / Risks £'000 | Seconded & EF Projects £'000 | Revised Budget £'000 | Year to Date Revised Budget £'000 | 2018/19 Expenditure £'000 | Year to Date Variance £'000 | Projected Over/ (Under)spend £'000 | Movement £'000 |
|---|-------------------------------------|--------------------|-------------------------------------|------------------------------------|----------------------------|---|---------------------------------|-----------------------------------|--|-------------------|
| Local Policing | | | | | | | | | | |
| Uniformed Operations | 56,635 | - | 1,161 | - | 57,795 | 23,278 | 23,785 | 507 | 1,161 | 349 |
| Contact Management | 14,132 | - | (155) | - | 13,977 | 5,870 | 5,783 | (87) | (155) | 235 |
| Citizens in Policing | 242 | - | 460 | - | 702 | 100 | 298 | 197 | 460 | 2 |
| | 71,009 | | 1,465 | | 72,474 | 29,248 | 29,866 | 618 | 1,465 | 585 |
| Crime & Operational Support | | | | | | | | | | |
| Crime | 38,698 | (164) | (164) | - | 38,370 | 15,960 | 15,880 | (81) | (328) | (257) |
| Operational Support | 10,165 | - | 181 | - | 10,346 | 4,163 | 4,301 | 138 | 181 | 370 |
| | 48,863 | (164) | 18 | | 48,716 | 20,123 | 20,181 | 57 | (147) | 113 |
| Collaboration - Operational | | | | | | | | | | |
| EMCJS | 8,974 | - | (495) | - | 8,479 | 3,634 | 3,415 | (219) | (495) | 89 |
| Forensics | 2,336 | - | 17 | - | 2,353 | (1) | 28 | 29 | 17 | 137 |
| CSI | 1,249 | - | (108) | - | 1,140 | 517 | 485 | (32) | (108) | (50) |
| Special Branch | 867 | - | (88) | - | 780 | 360 | 354 | (5) | (88) | (39) |
| Major Crime | 2,715 | - | 115 | - | 2,831 | 1,008 | 1,219 | 211 | 115 | 48 |
| EMSOU CID | 2,918 | - | - | - | 2,918 | 2 | 1,440 | 1,438 | - | - |
| TSU | 612 | - | 9 | - | 621 | 10 | 309 | 300 | 9 | 16 |
| EMSOU SOCU | 2,412 | - | (242) | - | 2,170 | 1,004 | 917 | (87) | (242) | 66 |
| | 22,083 | | (790) | | 21,292 | 6,534 | 8,168 | 1,634 | (790) | 267 |
| Corporate Services | | | | | | | | | | |
| Assets | 5,684 | - | 236 | - | 5,920 | 2,545 | 2,470 | (75) | 236 | (19) |
| Fleet | 1,902 | - | (87) | - | 1,816 | 1,001 | 711 | (290) | (87) | (34) |
| Finance | 662 | - | (86) | - | 576 | 274 | 221 | (54) | (86) | 0 |
| People Services | 3,813 | - | (99) | - | 3,714 | 736 | 640 | (96) | (99) | 57 |
| Information Services | 10,039 | 164 | 282 | - | 10,485 | 3,850 | 6,247 | 2,397 | 446 | 56 |
| Corporate Development | 2,177 | (5) | (186) | - | 1,987 | 904 | 843 | (60) | (191) | (58) |
| Corporate Communications | 821 | - | (58) | - | 763 | 349 | 311 | (38) | (58) | (41) |
| Command | 1,025 | (95) | 164 | - | 1,094 | 466 | 488 | 22 | 69 | (7) |
| PSD | 1,626 | - | (102) | - | 1,523 | 695 | 619 | (77) | (102) | 22 |
| Procurement | 737 | - | 11 | - | 748 | 260 | 287 | 27 | 11 | (4) |
| Central Codes | 12,581 | 100 | (490) | - | 12,192 | 7,268 | 6,288 | (980) | (390) | (221) |
| Other | 993 | - | 206 | - | 1,199 | 1,160 | 262 | (898) | 206 | (97) |
| | 42,063 | 164 | (209) | | 42,018 | 19,509 | 19,386 | (123) | (44) | (346) |
| Collaboration - Corporate Services | | | | | | | | | | |
| MFSS | 2,155 | - | 1,441 | - | 3,596 | 539 | 632 | 93 | 1,441 | 400 |
| Learning & Development | 788 | - | - | - | 788 | - | 393 | 393 | - | 0 |
| EMSCU | 150 | - | 93 | - | 243 | 128 | 465 | 337 | 93 | 58 |
| Force Collaboration | - | - | - | - | - | - | - | - | - | - |
| Collaboration Contributions | - | - | - | - | - | - | - | - | - | - |
| IS Transformation | - | - | - | - | - | - | - | - | - | - |
| Legal | 606 | - | (67) | - | 539 | 73 | (9) | (81) | (67) | - |
| OHU | 492 | - | - | - | 492 | - | 234 | 234 | - | - |
| | 4,192 | | 1,467 | | 5,658 | 740 | 1,715 | 975 | 1,467 | 458 |
| Externally Funded | | | | | | | | | | |
| | - | - | - | - | - | 984 | 454 | (530) | - | - |
| Seconded Officers | | | | | | | | | | |
| | - | - | - | - | - | 492 | 476 | (15) | - | - |
| Force total | 188,209 | | 1,951 | | 190,160 | 77,630 | 80,246 | 2,616 | 1,951 | 708 |
| OPCC | 4,891 | | | | 4,891 | 1,319 | 85 | (1,234) | | |
| Group position total | 193,100 | | 1,951 | | 195,051 | 78,949 | 80,331 | 1,382 | 1,951 | 1,078 |

Appendix A (i)

Nottinghamshire Police Revenue Budget Monitoring as at August 2018



| | 2018/19 Approved Budget £'000 | Virements £'000 | (Opportunities) / Risks £'000 | Seconded & EF Projects £'000 | Revised Budget £'000 | Year to Date Revised Budget £'000 | 2018/19 Expenditure £'000 | Year to Date Variance £'000 | Projected Over/ (Under)spend £'000 | Movement £'000 |
|--------------------------------|-------------------------------------|--------------------|-------------------------------------|------------------------------------|----------------------------|---|---------------------------------|-----------------------------------|--|-------------------|
| Pay & Allowances | | | | | | | | | | |
| Police officer | 100,864 | - | 934 | (696) | 101,103 | 41,899 | 41,949 | 49 | 238 | 572 |
| Staff | 39,834 | (19) | 189 | (17) | 39,987 | 16,906 | 16,767 | (140) | 153 | (220) |
| PCSO | 6,635 | - | (595) | 3 | 6,043 | 2,719 | 2,505 | (213) | (592) | 108 |
| | 147,333 | (19) | 529 | (710) | 147,133 | 61,524 | 61,221 | (303) | (201) | 460 |
| Overtime | | | | | | | | | | |
| Police officer | 3,418 | (1) | 759 | 55 | 4,230 | 1,320 | 2,126 | 806 | 813 | 283 |
| Staff | 642 | - | (17) | 0 | 626 | 270 | 268 | (3) | (16) | 9 |
| PCSO | 51 | - | (12) | 1 | 39 | 21 | 23 | 2 | (12) | (13) |
| | 4,111 | (1) | 729 | 56 | 4,895 | 1,612 | 2,416 | 805 | 784 | 278 |
| Other employee expenses | 2,041 | 24 | 186 | - | 2,251 | 716 | 641 | (76) | 210 | 1 |
| Medical retirements | 4,695 | - | 28 | - | 4,723 | 1,952 | 1,527 | (425) | 28 | 49 |
| | 158,180 | 4 | 1,472 | (654) | 159,001 | 65,805 | 65,805 | 0 | 822 | 789 |
| Premises costs | 5,851 | - | 196 | - | 6,047 | 2,458 | 2,333 | (126) | 196 | (1) |
| Transport costs | 5,287 | - | 87 | (13) | 5,361 | 2,469 | 2,007 | (462) | 74 | 2 |
| Comms & computing | 8,253 | 44 | 152 | - | 8,449 | 3,096 | 5,327 | 2,231 | 196 | - |
| Clothing, uniform & laundry | 612 | - | 34 | - | 646 | 207 | 258 | 51 | 34 | - |
| Other supplies & services | 4,354 | (16) | 883 | 7 | 5,228 | 1,908 | 1,650 | (258) | 873 | 172 |
| Custody costs & police doctor | 1,437 | - | (88) | - | 1,349 | 599 | 506 | (93) | (88) | - |
| Forensic & investigative costs | 2,085 | (11) | (78) | - | 1,996 | 384 | 198 | (186) | (89) | 137 |
| Partnership payments | 1,422 | - | 57 | 5 | 1,484 | 546 | 328 | (218) | 62 | (36) |
| Collaboration contributions | 9,622 | - | 1,355 | - | 10,977 | 665 | 3,247 | 2,582 | 1,355 | 400 |
| Capital financing | 4,139 | - | (393) | - | 3,746 | 3,242 | 2,575 | (667) | (393) | (107) |
| | 43,062 | 17 | 2,205 | (1) | 45,283 | 15,575 | 18,429 | 2,854 | 2,221 | 569 |
| Total expenditure | 201,242 | 21 | 3,677 | (655) | 204,285 | 81,380 | 84,234 | 2,854 | 3,043 | 1,357 |
| Income | (13,033) | (21) | (1,726) | 655 | (14,125) | (3,750) | (3,988) | (238) | (1,092) | (279) |
| Force | 188,209 | - | 1,951 | - | 190,160 | 77,630 | 80,246 | 2,616 | 1,951 | 1,078 |
| OPCC | 4,891 | - | - | - | 4,891 | 1,319 | 85 | (1,234) | - | - |
| Group position total | 193,100 | - | 1,951 | - | 195,051 | 78,949 | 80,331 | 1,382 | 1,951 | 1,078 |