

For Decision	
Public/Non Public*	Public
Report to:	Strategic Resources & Performance
Date of Meeting:	4th September 2019
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Agenda Item:	15

Revenue Report for Period 3; Quarter 1 2019/20.

1. Purpose of the Report

- 1.1 The purpose of this report is to provide an update on the financial outturn position for revenue as at 30th June 2019 (Period 3, Quarter 1).

2. Recommendations

2.1 Recommendation 1

It is recommended that the contents of the attached report and virements approved under delegated arrangements for Quarter 1 2019 shown in Appendix B are noted.

2.2 Recommendation 2

That the Police and Crime Commissioner approve the virements of greater than £100k which have been recommended by the Chief Constables as set out in Appendix C. These virements will be reflected in the outturn position once fully approved.

2.3 Recommendation 3

That the Police and Crime Commissioner note the overspend position and consider any action that might be required as set out in Appendix D.

2.4 Background

The Revenue Budget 2019/20 was presented and approved at the Police and Crime Panel Meeting on 7th February 2019.

The net revenue budget for 2019/20 is £206,283k. This is split between the Force £201,308k and the Office of the Police and Crime Commissioner (OPCC) £4,975k.

Finance in conjunction with the organisation has continued to review the outturn position. At the end of June 2019 the projected year end outturn is £207,218k, which represents an over spend of £935k against the budget. Please also refer to section 8 of this report which identifies risk issues in respect of this report.

Actual spend to the end of June 2019 is £50,736k.

3. Reasons for Recommendations

- 3.1 To update the Chief Officer Team and the Office of the PCC on the Force's projected outturn position for 2019/20 and also to comply with good financial management and Financial Regulations.

4. Summary of Key Points

Executive Summary

- 4.1 The review during quarter one of revenue expenditure is forecasting an over spend in the Force budget of £935k; and an on budget position within the OPCC. It is assumed that any underspends within the OPCC during the year will be transferred to OPCC's commissioning reserve.

The over spend is predominately being driven by unexpected costs in information services for renewal of the data bundle contract and slow progress on realising the £300k efficiency saving. An over spend on MFSS relating to the extension of early life support and an increase on estates costs. Expectations were that Bingham, Worksop and Holmes House sales would be realised and the budget was reduced accordingly.

Monitoring has been exceptionally problematic during Quarter 1, with proven errors in the data recoded on the financial system. Whilst work is progressing to address these issues, it should be noted that outturn monitoring in relation to pay has not been able to be completed due to inconsistencies within the data. There is confidence that the budget set is robust and will be sufficient to manage known moves, changes, recruitment and leavers within Quarter 1 and those planned for the remainder of the year at this point in time.

The table below shows the projected Force (including externally funded and seconded officers/staff) variances against the 2019/20 budget plus virements (revised budget) as at the end of June 2019.

Variances greater than £10k are explained in more detail within section 4 of this report.

Data explaining the variance between original budget and revised budget can be found in appendix A. Data explaining the virements can be found in appendix B and appendix C.

Nottinghamshire Police Group Position as at the end of June 2019, by Department.

Over spends are shown as + numbers, whilst under spends are shown as () numbers. No adjustments have been made for rounding.

	Revised Budget (RB) £'000	Forecast Outturn (FO) £'000	FO-RB Variance £'000
Local Policing			
County	43,095	43,095	0
City	29,449	29,450	1
Contact Management	16,354	16,354	0
	88,899	88,899	1
Crime & Operational Services			
Public Protection	12,438	12,438	0
Operational Support	10,179	10,202	24
Intelligence	9,191	9,204	13
Serious & Organised Crime	7,313	7,313	0
Archive & Exhibits	1,078	1,078	0
Other	255	280	25
	40,454	40,515	61
Corporate Services			
Technical Accounting	12,455	12,357	(98)
Information Services	11,321	11,821	500
Estates	6,235	6,383	148
Fleet	3,228	3,229	1
People Services	1,742	1,735	(7)
PSD	1,636	1,635	(1)
Command	1,263	1,285	22
Futures Board	1,083	1,083	0
Corporate Development	1,080	1,080	0
Corporate Communications	833	833	0
Finance	671	671	0
Information Management	503	511	8
Other smaller budget departments	215	215	0
	42,267	42,839	573
Collaboration			
EMSOU Operations	13,548	13,566	18
EMCJS	9,066	9,066	0
EMSOU Services	4,169	4,182	13
MFSS	2,567	2,837	270
ESN	186	186	0
EMSCU	153	153	0
	29,689	29,990	301
Force Total	201,308	202,243	935
OPCC	4,975	4,975	0
Group Total	206,283	207,218	935

4.2 Crime & Operational Support – over spend £61k

4.2.1 Operational Support – Over spend £24k

The over spend reflects an additional charge in respect of the National Police Air Support of £24k.

4.2.2 Intelligence – over spend £13k

The over spend represents a charge for fitting out one of the surveillance cars.

4.2.3 Other – Over spend £25k

Increase on interpreters contract to reflect an increase for rare and scarce languages £22k and £3k in respect of an increase in UKAS charges.

4.3 Corporate Services – over spend £573k

4.3.1 Technical Accounting – under spend (£98k)

The provision of savings expected through better contract negotiations of £250k has been released from this area of the budget, it is expected that the savings will show in the respective departments as they are realised. Additional income generation is expected of £344k in general as a result of reviewing the final outturn position for 2018/19.

4.3.2 Information Services – Over spend £500k

The over spend reflects an expected cost for replacement of the EE data bundle of £275k. The balance reflects slow progress to achieve the £300k efficiency saving.

4.3.3 Estates – Over spend £148k

Over spend of £128k relates to delays in the sale of Bingham, Holmes House and Worksop. £12k relates to an increase in the management fee for the uniform contract with Cooneen.

4.3.4 Command – over spend £22k

The majority of this over spend is an additional contribution towards the undercover policing public enquiry.

4.4 Collaboration and Partnerships – over spend £301k

4.4.1 EMSOU Operations – over spend £18k

£18k reflects an expected increase in UKAS inspection and accreditation fees.

4.4.2 EMSOU Services – over spend £13k

£13k reflects an additional cost for L&D equipment to facilitate training.

4.4.3 MFSS – over spend £270k

£20k reflects an extension of the local force costs to support the issues being experienced within the migration to Oracle Cloud. £250k reflects expected MFSS costs due to the extension of early life support. In addition reports are in progress to the Joint Oversight Committee requesting additional funding which could have further cost implications of up to an additional £450k.

4.5 OPCC – on budget

The OPCC is projecting an on budget performance with an outturn of £4,975k. 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.

4.6 Grant Funding

This section of the reports shows grant funded projects for 2019/20. The grant and outturn figures are not shown in the tables reported under item 4.1 and will be monitored separately.

4.6.1 Op Scorpion – Grant £1,540k

The spending plan against this grant is shown below. An update on spend against the grant will be shown in P4.

Home Office Knife Crime Surge Grant	£'000
Increased Resources	561
Surge Activity	651
Increased Capability	289
Preventative / Diversionary Initiatives	39
	1,540

4.6.2 ARV Uplift – Grant £263k

The spending plan against this grant is shown below. An update on spend against the grant will be shown in P4.

Home Office ARV Uplift Funding Grant	£'000
RAPT, TST, TAPT related overtime & staffing	55
Armoury Improvement	52
Armed team support vehicle	50
X2 Tasers for initial firearms courses	33
1 x duty planning staff	27
Targetry proposals	26
Method of entry rig and shelter	20
	263

4.6.3 Cyber Crime – Grant £111k

The spending plan against this grant is shown below. An update on spend against the grant will be shown in P4.

Home Office Cyber Crime Grant	£'000
Employee costs	99
Crypto currency equipment	2
Travel & accommodation for Cyber Team	10
	111

4.7 **Efficiencies**

The 2019/20 efficiency target in order to achieve a balanced budget is £3,300k as per the table below:

Efficiencies Target for 2019/20		
	Target £'000	Outturn £'000
Pay & Expenses		
Ongoing staff pay savings	1,500	
Overtime	500	
	2,000	Unable
Non Pay		to
Procurement	300	assess
Comms & Computing	300	due to
Capital Financing	300	MFSS
Supplies & Services	200	quality
Income	200	issues.
	1,300	
Total Savings	3,300	

The procurement saving was included within the Technical Accounting area for budget purposes and has been reversed out in the June forecast on the basis that the savings will be delivered across numerous lines of expenditure. All other savings targets/achievements are captured in the outturn summary on page 3.

Finance is constantly reviewing all efficiency targets with the organisation to identify any possible risks or opportunities to delivering the yearend target.

5 Financial Implications and Budget Provision

- 5.1 The financial information relating to this item is contained within item 4.1 and Appendix A.

6 Human Resources Implications

- 6.2 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 Monitoring has been exceptionally problematic during Quarter 1, with proven errors in the data recoded on the financial system. Whilst work is progressing to address these issues, it should be noted that outturn monitoring in relation to pay has not been able to be completed due to inconsistencies within the data.
- 8.2 There is concern on the number of instances where force governance is not being fully complied with. This can create a risk where by the outturn position is understated.
- 8.3 Recent information relating to pay awards is not reflected in the outturn figures in this report. An increase of 2% was identified in the budget. It is expected that the additional cost to the Force will be circa £470k assuming that staff will follow officers with a 2.5% approved increase in September 2019.

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

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

12. Appendices

- 12.2 Appendix A - Revenue Report to June 2019 CIPFA format.
- 12.3 Appendix B - Virements approved under delegated arrangements.
- 12.4 Appendix C – Virements greater than £100k requiring PCC approval.
- 12.5 Appendix D - Forecast movements.

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.

Nottinghamshire Police Group Position as at the end of June 2019, by CIPFA format.

The table shows the original budget and approved virements to represent the revised budget. Over spends are shown as + numbers, whilst under spends are shown as () numbers. No manual adjustments have been made for rounding.

	Budget £'000	Virements £'000	Revised Budget RB £'000	Forecast Outturn FO £'000	FO-RB Variance £'000
Pay & Allowances					
Police Officer	107,907	0	107,907	107,907	0
Police Staff	43,151	0	43,151	43,151	0
PCSO	5,723	0	5,723	5,723	0
	156,781	0	156,781	156,781	0
Overtime					
Police Officer	4,016	0	4,016	4,016	0
Police Staff	743	0	743	743	0
PCSO	60	0	60	60	0
	4,819	0	4,819	4,819	0
Other Employee Expenses					
Medical Retirements	4,929	0	4,929	4,929	0
Other Employee Expenses	2,156	18	2,174	2,167	(8)
	7,085	18	7,103	7,096	(8)
Total Pay & Allowances	168,685	18	168,703	168,695	(8)
Non Pay					
Collaboration Contributions	10,246	265	10,511	10,785	274
Comms & Computing	8,683	5	8,688	9,188	500
Other Supplies & Services	5,853	(70)	5,783	6,129	346
Premises	5,767	0	5,767	5,905	138
Transport	5,652	33	5,685	5,678	(7)
Capital Financing	4,335	0	4,335	4,335	0
Forensic & Investigative costs	2,090	0	2,090	2,112	22
Custody costs & Police Doctor	1,483	0	1,483	1,488	5
Partnership Payments	1,312	(251)	1,061	1,088	27
Clothing, Uniform & Laundry	527	0	527	537	10
Income	(13,325)	0	(13,325)	(13,697)	(372)
Total Non-Pay	32,623	(18)	32,605	33,548	943
OPCC	4,975	0	4,975	4,975	0
TOTAL GROUP POSITION	206,283	(0)	206,283	207,218	935

Nottinghamshire Police Group Position as at the end of June 2019, by Department.

The table shows the original budget and approved virements to represent the revised budget. Over spends are shown as + numbers, whilst under spends are shown as () numbers. No manual adjustments have been made for rounding.

	Budget £'000	Virements £'000	Revised Budget RB £'000	Forecast Outturn FO £'000	FO-RB Variance £'000
Local Policing					
County	43,081	15	43,095	43,095	0
City	29,450	(1)	29,449	29,450	1
Contact Management	16,479	(125)	16,354	16,354	0
	89,010	(111)	88,899	88,899	1
Crime & Operational Services					
Public Protection	12,438	0	12,438	12,438	0
Operational Support	10,156	23	10,179	10,202	24
Intelligence	9,191	0	9,191	9,204	13
Serious & Organised Crime	7,313	0	7,313	7,313	0
Archive & Exhibits	1,078	0	1,078	1,078	0
Other	(47)	302	255	280	25
	40,129	325	40,454	40,515	61
Corporate Services					
Technical Accounting	12,776	(321)	12,455	12,357	(98)
Information Services	11,272	49	11,321	11,821	500
Estates	6,235	0	6,235	6,383	148
Fleet	2,876	352	3,228	3,229	1
People Services	1,715	27	1,742	1,735	(7)
PSD	1,635	1	1,636	1,635	(1)
Futures Board	1,280	(197)	1,083	1,083	0
Command	1,235	28	1,263	1,285	22
Corporate Development	1,628	(548)	1,080	1,080	0
Corporate Communications	833	0	833	833	0
Finance	671	0	671	671	0
Information Management	0	503	503	511	8
Other smaller budget departments	215	0	215	215	0
	42,372	(105)	42,267	42,839	573
Collaboration					
EMSOU Operations	13,781	(232)	13,548	13,566	18
EMCJS	9,066	0	9,066	9,066	0
EMSOU Services	4,195	(27)	4,169	4,182	13
MFSS	2,418	150	2,567	2,837	270
ESN	186	0	186	186	0
EMSCU	153	0	153	153	0
	29,798	(109)	29,689	29,990	301
Force Total	201,308	0	201,308	202,243	935
OPCC	4,975	0	4,975	4,975	0
Group Total	206,283	0	206,283	207,218	935

Virements Quarter 1 - Approved under delegated arrangements

Expenditure Type	Description	Amount £
Other Employee Costs	Overspend on Xpert HR licences, is to be funded from saving on External Assessment Centres	(1,300.00)
	Staff Survey - Uni of Durham costs - to be funded from saving on External Assessment Centres	(7,500.00)
	Counselling Service saving from collaboration to off-set local costs of new contract	26,580.00
	TOTAL	17,780.00
Supplies & Services	Drone costs realigned under Air Support from Specialist Operational Equipment	(32,700.63)
	Realignment of funds to support the EMRICC charge for 19/20	(40,972.00)
	Overspend on Xpert HR licences, is to be funded from saving on External Assessment Centres	1,300.00
	Staff Survey - Uni of Durham costs - to be funded from saving on External Assessment Centres	7,500.00
	TOTAL	(64,872.63)
Third Party Payments	Realignment of funds to support the EMRICC charge for 19/20	40,972.00
	Counselling Service saving from collaboration to off-set local costs of new contract	(26,580.00)
	TOTAL	14,392.00
Transport Related	Drone costs realigned under Air Support from Specialist Operational Equipment	32,700.63
	TOTAL	32,700.63
OVERALL MOVEMENT		-

Virements Quarter 1- Requiring PCC approval.

Expenditure Type	Description	Amount £
Grant, Trading & Reimb Income	Additional Income generated & expected to be generated over several areas	(371,724.85)
Other Employee Costs	Overall reduction in Assessment Centre requirements	(7,520.00)
Property Related	Increase in forecast to reflect utility & rates charges for Holmes House, Worksop and Bingham	137,952.00
Supplies & Services	Additional Inflation costs and uplift in UKAS Accreditation fee and NPFDPU uplift, change to translation contract.	197,475.85
Third Party Payments	NPAS additional charge; contribution to undercover policing enquiry; contribution to Op Elter.	50,997.00
Transport Related	2018/19 Year end adjustment (release of accrual)	(7,180.00)
OVERALL FORECAST MOVEMENT		-

Forecast Movements Quarter 1- 2019/20

Expenditure Type	Description	Amount £
Supplies & Services	Increase in Hotel Accommodation costs, primarily due to overnight stays in Cheshire	21,179.69
	50% Alicen Puntin from Towers Holt - one-off, in respect of MFSS	10,000.00
	PS TAX advice for EMSCU becoming an independent legal entity	6,650.00
	Overspend in Information services for EE data bundle and not achieving efficiency saving	397,407.14
	Release of expected savings through contract negotiations	250,000.00
	TOTAL	685,236.83
Third Party Payments	Contingency for extension in early life support MFSS	250,000.00
	TOTAL	250,000.00
OVERALL FORECAST MOVEMENT		935,236.83