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| <b>For Information / Decision</b> |  |
| <b>Public/Non Public*</b>         | <b>Non Public</b>                                      |
| <b>Report to:</b>                 | <b>Strategic Resources and Performance</b>             |
| <b>Date of Meeting:</b>           | <b>13<sup>th</sup> September 2016</b>                  |
| <b>Report of:</b>                 | <b>Paul Dawkins – Director of Finance</b>              |
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| <b>Agenda Item:</b>               | <b>10</b>  |

## 2016/17 Outturn Report - Quarter One Update

### 1. Purpose of the Report

- 1.1 The purpose of this report is to provide an update to the Police and Crime Commissioner on the forecast outturn position against the key financial performance headlines for Nottinghamshire Police for the year ending 31<sup>st</sup> March 2017.

### 2. Recommendations

- 2.1 It is recommended that the forecast outturn position for each legal entity and the net position for the Group is noted:

| <b>Entity</b> | <b>Budget<br/>£'000</b> | <b>Forecast<br/>Outturn<br/>£'000</b> | <b>Variance<br/>£'000</b> |
|---------------|-------------------------|---------------------------------------|---------------------------|
| Force         | 185,438                 | 184,797                               | (641)                     |
| OPCC          | 4,729                   | 4,729                                 | -                         |
|               | <b>190,166</b>          | <b>189,526</b>                        | <b>(641)</b>              |

- 2.2 It is recommended that the Police and Crime Commissioner agrees the forecast position for the financial year ending March 2017 and approve the budget virements, as at the end of Quarter One.

### 3. Reasons for Recommendations

- 3.1 This complies with good financial management and Financial Regulations.

## 4. Summary of Key Points

### 4.1 Background

The full year net revenue budget for 2016/17 is £190,166k. This is split the Force Budget of £185,438k and Office of the Police and Crime Commissioner (OPCC) of £4,729k. The Quarter one review of revenue expenditure is forecasting an under spend in the Force budget of £641k and an on budget position within the OPCC. It is assumed that any underspends within the OPCC will be transferred to OPCC's Commissioning reserve.

This report gives consideration to the significant variances against the budget position in detail.

| Nottinghamshire Police Group Total: |                 |                    |                                   |                                    |                             |                                |                |  |
|-------------------------------------|-----------------|--------------------|-----------------------------------|------------------------------------|-----------------------------|--------------------------------|----------------|--|
|                                     | Budget<br>£'000 | Virements<br>£'000 | Opportunities<br>/ Risks<br>£'000 | Seconded &<br>EF Projects<br>£'000 | Revised<br>Outturn<br>£'000 | Variance<br>to Budget<br>£'000 |                |  |
|                                     |                 |                    | Note                              | Note                               | Note                        |                                |                |  |
| <b>The Force:</b>                   |                 |                    |                                   |                                    |                             |                                |                |  |
| <b>Pay &amp; allowances</b>         |                 |                    |                                   |                                    |                             |                                |                |  |
| Police officer                      | 103,074         | -                  |                                   | (823) 4.4                          | (41) 4.10                   | 102,210                        | (864)          |  |
| Staff                               | 37,814          | -                  |                                   | 20                                 | (192)                       | 37,641                         | (172)          |  |
| PCSO                                | 7,673           | -                  |                                   | (800)                              | 30                          | 6,904                          | (770)          |  |
|                                     | <b>148,561</b>  | -                  |                                   | <b>(1,602)</b>                     | <b>(203)</b>                | <b>146,755</b>                 | <b>(1,806)</b> |  |
| <b>Overtime</b>                     |                 |                    |                                   |                                    |                             |                                |                |  |
| Police officer                      | 3,440           | -                  |                                   | (40)                               | -                           | 3,400                          | (40)           |  |
| Staff                               | 556             | -                  |                                   | -                                  | 15                          | 570                            | 15             |  |
| PCSO                                | 35              | -                  |                                   | -                                  | -                           | 35                             | -              |  |
|                                     | <b>4,031</b>    | -                  |                                   | <b>(40)</b>                        | <b>15</b>                   | <b>4,006</b>                   | <b>(25)</b>    |  |
| Other employee expenses             | 929             | -                  |                                   | (0)                                | -                           | 929                            | (0)            |  |
|                                     | <b>153,521</b>  | -                  |                                   | <b>(1,642)</b>                     | <b>(189)</b>                | <b>151,690</b>                 | <b>(1,831)</b> |  |
| Premises costs                      | 6,027           | (109) 4.2          |                                   | (20)                               | -                           | 5,898                          | (128)          |  |
| Transport costs                     | 6,464           | -                  |                                   | 7                                  | -                           | 6,471                          | 7              |  |
| Comms & computing                   | 7,516           | 813 4.3            |                                   | 165 4.5                            | (119)                       | 8,374                          | 858            |  |
| Clothing, uniform & laundry         | 466             | (16)               |                                   | (47)                               | -                           | 404                            | (63)           |  |
| Other supplies & services           | 1,196           | 165 4.2            |                                   | 789 4.6                            | 128                         | 2,277                          | 1,082          |  |
| Collaboration contributions         | 8,688           | -                  |                                   | 137 4.7                            | -                           | 8,824                          | 137            |  |
| Medical retirements                 | 3,994           | -                  |                                   | -                                  | -                           | 3,994                          | -              |  |
| Capital financing                   | 4,650           | -                  |                                   | -                                  | -                           | 4,650                          | -              |  |
| Other                               | 5,290           | (18)               |                                   | 76                                 | 534                         | 5,882                          | 592            |  |
|                                     | <b>44,290</b>   | <b>835</b>         |                                   | <b>1,107</b>                       | <b>543</b>                  | <b>46,775</b>                  | <b>2,485</b>   |  |
| Income                              | (12,373)        | (835) 4.3          |                                   | (105) 4.8                          | (354)                       | (13,668)                       | (1,295)        |  |
| <b>Force Total</b>                  | <b>185,438</b>  | -                  |                                   | <b>(641)</b>                       | -                           | <b>184,797</b>                 | <b>(641)</b>   |  |
| <b>OPCC</b>                         | <b>4,729</b>    | -                  |                                   | -                                  | -                           | <b>4,729</b>                   | -              |  |
| <b>Group Outturn Total</b>          | <b>190,166</b>  | -                  |                                   | <b>(641)</b>                       | -                           | <b>189,526</b>                 | <b>(641)</b>   |  |

### Request for Virements

- 4.2 The main element of the virement within Premises costs is the transfer of the budget for intruder alarms of £159k to Other Supplies & services; and a virement for income being received from Derbyshire Police to cover premises costs for Lucerne House of £44k.

- 4.3 The main element of the virement within Comms & Computing relates to costs associated with the Agile Working Project of £792k these costs have been offset within income with funding from EMOpSS and Police Innovation Funding (PIF). The balance of the movements reflects reallocation of budgets to match where costs have actually been charged.

### **Opportunities & Risks**

- 4.4 Police officer pay forecasted outturn is a saving of £823k. This saving is in part due to changing the assumption for natural leavers which was budgeted at 2 FTE's per month to 4.5 FTE's which is in line with HR data following a review of leaver rates over recent years. Over the remaining months this generates a saving against the budget of £393k; however this is a potential risk if the leaver rate starts to reduce. It has been assumed in the forecast that those officers reaching their 30 years' service will leave. The balance is in part due to officers which have transferred to externally funded projects or become seconded; and the savings against budget for Quarter One. This saving is over and above the efficiency savings target of £9,230k included in the original budget. The forecast for 31<sup>st</sup> March 2017 is 1,840.9 FTE's core funded police officers and 1,914.9 FTE's in total (including seconded and externally funded).

Police staff and PCSO pay combined forecasted outturn is a saving of £780k. This is predominantly due to PCSO's where we have continued to see an increase in leavers, combined with savings generated due to closing 2015/16 with a lower number of FTE's than anticipated.

- 4.5 Comms & Computing outturn is forecasted to overspend by £165k against the budget mainly due to the Airwave move to ESN project costs of £299k; and Business Objects & Vision upgrades of £47k. This has been partly offset by savings on mobile phones through moving to EE from Vodafone and O2 of £194k through the Agile Working Project.
- 4.6 Other supplies & services outturn is forecasted to overspend by £789k against the budget mainly due to professional fees in EMSCU of £371k, of which £157k has been partly offset within income, see note 4.8; consultancy fees within projects of £224k; increased insurance costs of £105k; ESN project team of £90k; set-up costs for ELVIS within Contact Management of £74k which has been fully offset by an underspend on intruder alarms where we have been actively reducing and removing alarms in circulation of £76k.
- 4.7 Collaboration contributions outturn is forecasted to overspend by £137k against the budget mainly due to the charges from the MFSS for the delay in the payroll project of £114k; an unexpected 15/16 quarter four increase of £10k; and a charge from Kier for pension payroll administration of £12k.
- 4.8 Income is forecasted to increase versus the budget by £105k mainly due to £157k from EMSCU which partly offset costs in note 4.6; year to date insurance monies received of £17k; partly offset by lower income than

expected from CIC and Special Branch which reflects lower income in the first quarter.

- 4.9 The non-pay efficiencies target of £2,782k is still included within the projected outturn. Tight control of costs still needs to be maintained and all expenditure challenged to ensure the best use of resources, as if these efficiencies are not delivered then there is a risk to the year end.

### **Seconded Officers & Staff and Externally Funded Projects**

- 4.10 There has been a review of the outturn for externally funded projects and seconded officers/staff which has resulted in the transfer of some additional officers from core activities to the MOJ and regional ARIS project work; some additional costs due to contributions to the City and Council councils for various projects in relation to speed awareness; combined with the realignment of several budgets. These additional costs are not a risk to delivering the year end and are fully funded through income.

## **5. Financial Implications and Budget Provision**

- 5.1 The financial information relating to this item is contained within table in note 4.1.

## **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 table in note 4.1.

## **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 N/A