

ORIGINATOR: CHIEF CONSTABLE

PAPER NO: AP16/54

**SUBMITTED TO: ACCOUNTABILITY AND PERFORMANCE PANEL
16 DECEMBER 2016**

SUBJECT: FINANCIAL MONITORING AS AT 31 OCTOBER 2016

SUMMARY:

1. This report covers the financial overview of the PCC Budget, Constabulary Revenue Budget, Capital Budget and Investments as at 31 October 2016.
2. The forecast revenue position provides a forecast year-end underspend of £0.232m for the Constabulary and an underspend of £74k for the OPCC.
3. The forecast capital position provides a forecast year-end under-spend of £0.122m.

RECOMMENDATION:

1. It is recommended that the Accountability and Performance Panel consider the content of this report.

1. OVERVIEW

1.1 Based on the position as at 31 October 2016, the Suffolk Group Revenue Budget is forecast to underspend by £0.306m at year end (Appendix A).

1.2 The split across the Group is as follows:

	(Over)/Under spend £000
Officer of the Police and Crime Commissioner for Suffolk	74
Chief Constable Operational Spending	232
Transfer to / (from) Reserves	0
Total	306

Constabulary Financial Context

1.3 The PCC's Medium Term Financial Plan (MTFP) 2016-17 to 2019-20 was developed following announcement of the improved police funding settlement for 2016-17, and also incorporated the PCC's decision to raise the precept by just under 2% following consultation with the public.

1.4 The precept increase raised recurring income of around £830k, which was ring-fenced for additional investment in the priority areas of protecting vulnerable people, supporting the county's cyber-crime investigations, and liaison with schools across the county.

1.5 The improved settlement, together with the delivery of the ambitious £5m planned savings programme in 2016-17, enabled a further £940k to be available for investment in priority areas.

1.6 Following agreement with the PCC on the areas for further investment, a comprehensive recruitment and training programme for the additional police officers, police staff and PCSOs commenced earlier in this financial year, which has resulted in non-recurring savings in police officer and PCSO pay during the period of recruitment and training.

1.7 In a number of key business areas it has been necessary to cover vacant posts through the use of overtime and employment of agency staff. In addition, deployment of additional resources has been necessary to maintain operational performance, which has resulted in additional overtime and agency cost being incurred.

1.8 The financial impact of the above is monitored on a monthly basis, and contributes to the assessment of the year-end forecast position contained within this report.

2. PCC REVENUE BUDGET

2.1 The Office of the PCC Budget for 2016/17 is £0.928m (Appendix A (i)). The projected year-end under-spend of £0.074m is primarily due to savings in pay and employment costs (£47k), and the currently uncommitted contingency reserve (£25k).

2.2 The PCC's Commissioning budget is £1.638m which includes a grant of £0.873m from the Ministry of Justice (Appendix A (ii)). The Ministry of Justice grant has been fully allocated to victim services including services for victims of childhood sexual abuse.

- 2.3 Grants totalling £1.516m have been awarded to date this year, including £300k to the Safer Suffolk Fund, which will continue to award grants during the year. The Accountability and Performance Panel will review the operational and financial performance of those grants approved by the PCC, at its meetings scheduled in 2016-17.

3. CONSTABULARY REVENUE BUDGET

- 3.1 The total Constabulary Revenue Budget (Appendix A(iii)) forecasts a year-end underspend of £0.232m as at month 7. The main variances producing the current forecast underspend are explained below.

	In-year (Over)/Under spend £000
Pay Related Costs	337
Property Related Costs	197
Transport	26
Supplies and Services	(229)
Third Party Payments	(84)
Corporate	0
Income	(15)
Total	232

3.2 Pay Related Costs

The forecast underspend of £0.337m includes the following variances:

- Underspend in Police Pay (£1.378m) due to strength forecast to be lower than establishment by an average of 30 officers throughout the year (see para 1.6 above).
- Underspend in PCSO pay (£0.362m) due to strength being lower than establishment by an average of 13 FTE (see para 1.6 above).
- Underspend in staff pay (0.143m) due to vacancies offset by agency costs and overtime (see below).
- Overspend in police overtime (£0.584m) due to high expenditure within the Control Room, Neighbourhood Response Teams and Protecting Vulnerable People directorate (see para 1.7 above).
- Higher than budgeted spend in staff pay due to agency costs (£0.318m) within Justice, ICT, Media & Comms and HR (see para 1.7 above).
- Higher than budgeted overtime in staff pay (£0.215m) primarily within the Control Room, Justice and ICT (see para 1.7 above).
- Higher than budgeted expenditure on injury pension liabilities (£0.192m).
- Overspend in other employee costs (£0.237m) due to higher than budgeted external training and assessment centres.

3.3 Property Related Costs

The forecast underspend of £0.197m relates to lower expenditure anticipated in building maintenance and utilities than budgeted.

3.4 Transport Related Costs

There is a forecast under-spend of £0.026m, which primarily relates to an underspend in vehicle fuel (£0.275m), based on price and usage for the seven months, offset by overspends within insurance (£0.130m), vehicle hire and car allowances (£0.071m) and vehicle spares and repairs (£0.048m).

3.5 Supplies and Services

The forecast overspend of £0.229m is due to additional costs projected based on information to date including ICT costs (£0.190m), Forensic costs (£0.049m) and Legal costs (£0.077m) offset by underspends within specialist equipment (£0.096m).

3.6 Third Party Payments

The forecast overspend of £0.084m primarily relates to additional ERSOU contributions than budgeted. This includes additional costs relating to last financial year.

3.7 Income

There is a projected deficit of £0.015m in income, which includes a shortfall in sponsorship income and court fees offset by additional income relating to recovery of costs and collaborative arrangements.

4. SAVINGS

- 4.1 The total savings requirement for 2016/17 is £5.035m, as per the Medium Term Financial Plan (February 2016). The current savings projection is £5.038m the breakdown of which is provided within Appendix B.

5. CAPITAL PROGRAMME

- 5.1 The Capital budget for 2016/17 is £4.792m, comprising the current programme (approved schemes) of £2.521m plus slippage from 2015/16 of £1.098m, plus approved schemes in-year including:
- £0.095m for the Intranet project;
 - £0.198m for Contact and Control Room (CCR) Telephony;
 - £0.100m relating to the Police Headquarters (PHQ) site;
 - £0.100m for the Tactical Support Unit (TSU) move to Halesworth;
 - £0.050m for PHQ Security and;
 - £0.630m for Estates downsizing schemes (Felixstowe £0.379m and Saxmundham £0.251m).
- 5.2 A summary of capital schemes is provided at Appendix C(i) and C(ii). Actual and committed expenditure totals £2.952m as at the end of October. The overall forecast under-spend at year-end is £0.122m.

6. INVESTMENTS

- 6.1 At the end of October, investments totalled £17.037m, the breakdown of which is provided in Appendix D.

7. FINANCIAL IMPLICATIONS

7.1 As per the report.

8. OTHER IMPLICATIONS AND RISK

8.1 There are no other implications and risks. No changes are required to the PCC Risk Register.

ORIGINATOR CHECKLIST (MUST BE COMPLETED)	PLEASE STATE 'YES' OR 'NO'
Has legal advice been sought on this submission?	No
Has the PCC's Chief Finance Officer been consulted?	Yes
Have equality, diversity and human rights implications been considered including equality analysis, as appropriate?	N/A
Have human resource implications been considered?	N/A
Is the recommendation consistent with the objectives in the Police and Crime Plan?	N/A
Has consultation been undertaken with people or agencies likely to be affected by the recommendation?	N/A
Has communications advice been sought on areas of likely media interest and how they might be managed?	N/A
Have all relevant ethical factors been taken into consideration in developing this submission?	N/A