

ORIGINATOR: CHIEF FINANCE OFFICER

PAPER NO: AP17/14

**SUBMITTED TO: ACCOUNTABILITY AND PERFORMANCE PANEL
28 APRIL 2017**

SUBJECT: FINANCIAL MONITORING AS AT 28 FEBRUARY 2017

SUMMARY:

1. This report covers the financial overview of the PCC Budget, Constabulary Revenue Budget, Capital Budget and Investments as at 28 February 2017.
2. The forecast revenue position provides a forecast year-end overspend of £0.317m for the Constabulary and an underspend of £70k for the OPCC.
3. The forecast capital position provides a forecast year-end under-spend of £1.046m.

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 28 February 2017, the Suffolk Group Revenue Budget is forecast to overspend by £0.247m 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	70
Chief Constable Operational Spending	(317)
Transfer to / (from) Reserves	0
Total	(247)

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 Most recently, there has been the need to secure mutual aid from neighbouring forces in support of on-going major operations.

1.9 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 £0.070m is primarily due to savings in pay and employment costs (£36k), 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 £1.568m 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 overspend of £0.317m as at month 11. The main variances producing the current forecast underspend are explained below.

	In-year (Over)/Under spend £000
Pay Related Costs	(168)
Property Related Costs	587
Transport	119
Supplies and Services	(845)
Third Party Payments	(472)
Capital Financing	142
Income	320
Total	(317)

3.2 Pay Related Costs

The forecast overspend of £0.168m includes the following variances:

- Underspend in Police Pay (£1.261m) due to strength forecast to be lower than establishment by an average of 30 officers throughout the year (£1.445m) (see para 1.6 above) offset by an overspend of £0.184m due to additional payments required to be made following a national legal case (Fulton v Bear Scotland) that has had an implication for all forces and many other organisations.
- Underspend in PCSO pay (£0.307m) due to strength being lower than establishment by an average of 13 FTE (see para 1.6 above).
- Underspend in staff pay (0.626m) due to vacancies offset by agency costs and overtime (see below).
- Overspend in police overtime (£0.894m) 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 (£0.365m) within Justice, ICT, Media & Comms and HR (see para 1.7 above).
- Higher than budgeted overtime in staff pay (£0.199m) primarily within the Control Room, Justice and ICT. (see para 1.7 above)
- Higher than budgeted expenditure on injury pension liabilities (£0.207m) and ill health lump sums (£0.462m)
- Overspend in other employee costs (£0.235m) due to higher than budgeted external training and assessment centres.

3.3 Property Related Costs

The forecast underspend of £0.587m includes £0.353m relating to a refund in Business Rates due to the reduction in the rateable value for PHQ and the PIC (2010 – 2016), together with lower expenditure anticipated in building maintenance and utilities than budgeted (£0.234m).

3.4 Transport Related Costs

There is a forecast under-spend of £0.119m, which includes offsetting variances, primarily an underspend in vehicle fuel (£0.286m), based on price and usage for the seven months, offset by overspends within vehicle hire and car allowances (£0.112m) and vehicle spares and repairs (£0.055m).

3.5 Supplies and Services

The forecast overspend of £0.845m is due to additional costs projected based on information to date including additional expenditure in relation to ICT costs (£0.193m), Insurance Costs (£0.345m), Forensic costs (£0.054m), Legal costs (£0.115m), Clothing and Uniforms (0.114m) and Interpreters Fees (£0.024m).

3.6 Third Party Payments

The forecast overspend of £0.472m relates to additional costs in relation to mutual aid for recent operations, plus additional ERSOU contributions over and above those budgeted. The latter includes additional costs relating to last financial year.

3.7 Capital Financing

The forecast underspend of £0.143m primarily relates to a reduced revenue provision (£80k resulting in a reduced requirement to transfer from reserves) and lower interest payments than budgeted.

3.8 Income

There is a projected surplus of £0.320m in income, which includes additional income relating to recovery of costs and partnership arrangements offset by a shortfall in sponsorship income.

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 £5.235m, 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 CCR Telephony;
- £0.100m relating to the PHQ site;
- £0.100m for the TSU move to Halesworth;
- £0.050m for PHQ Security and;

- £0.630m for Estates downsizing schemes (Felixstowe £0.379m and Saxmundham £0.251m).
- £0.432m for Body Worn Video
- £0.011m for ERP

5.2 A summary of capital schemes is provided at Appendix C(i) and C(ii). Actual and committed expenditure totals £3.998m as at the end of February. The overall forecast under-spend at year-end is £1.046m, primarily due to slippage within joint schemes including ANPR Cameras and CCR Telephony, Intranet, Body Worn Video and WAN contract renewal.

6. INVESTMENTS

6.1 At the end of February, investments totalled £15.9m, the breakdown of which is provided in Appendix D.

7. FINANCIAL IMPLICATIONS

7.1 The financial consequences of mutual aid provided by neighbouring forces (para 1.8 and 1.9) are being closely monitored, with the estimated year-end position being reflected in the Constabulary's overall monthly out-turn projection.

7.2 It is likely that there will be a requirement to access those specific reserves (e.g. recruitment and training costs) approved by the PCC (Decision 35-2016), dated 16 August 2016, in order to achieve a break-even position for the year ending 31 March 2017.

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