

ORIGINATOR: CHIEF CONSTABLE

PAPER NO: AP18/47

SUBMITTED TO: ACCOUNTABILITY AND PERFORMANCE PANEL

SUBJECT: REVENUE AND CAPITAL MONITORING AS AT 31 JULY 2018

SUMMARY:

1. This report provides a financial overview of the PCC Budget, Constabulary Revenue Budget, Capital Budget and Investments and Reserves as at 31 July 2018. This report at month 4 of the financial year 2018-19 includes an early forecast of the indicative year-end position, with future forecasts being reviewed and refined over the remaining months of 2018-19.
2. Based on the financial position to 31 July, the overall revenue forecast year-end position is an underspend of £0.690m, comprising an underspend within the Constabulary Budget of £0.607m and an underspend within the OPCC budget of £0.083m.
3. Based on the financial position to 31 July, the forecast year- end capital position is an underspend of £0.960m.

RECOMMENDATION:

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

1. OVERVIEW

1.1 Based on the position as at 31 July 2018, the Suffolk Group Revenue Budget is forecast to underspend by £0.690m at year end (Appendix A).

1.2 The split across the Group is as follows:

	Budget 2018/19 £000	Full Year Outturn £000	(Over)/Under spend £000
Officer of the Police and Crime Commissioner for Suffolk	928	845	83
PCC Commissioning	815	815	0
Chief Constable Operational Spending	118,194	117,587	607
Capital Financing	1,081	1,081	0
PFI Grant	-2,734	-2,734	0
Transfer to / (from) Reserves	-1,654	-1,654	0
Total	116,630	115,940	690

Constabulary Financial Context

1.3 The Minister for Policing and the Fire Service, the Rt Hon. Nick Hurd outlined in the Police Grant report that the “Government intends to maintain the protection of a broadly flat police grant in 2019-20 and repeat the same flexibility of the precept, i.e. allowing PCCs to increase their Band D precept by a further up to £12 per annum in 2019-20”.

1.4 This approach to 2019-20 is dependent on the police delivering “clear and substantial progress against the agreed milestones on productivity and efficiency in 2018”.

1.5 As the Constabulary, and policing as a whole, is committed to delivering further efficiencies, the MTFP included the assumptions that the grant is maintained at the same level for 2018-19 and 2019-20 and the precept will be increased by just less than £12 per annum in 2019-20.

1.6 In common with other forces across the country, the Constabulary continues to face significant service pressures due to the changing nature of crime. Whilst Suffolk remains a safe county, the Constabulary is dealing with continuing increases in reports of domestic abuse, rape and serious sexual offences, adult and child abuse and allegations of cyber enabled fraud. These are some of the most complex and demanding investigations the service has to undertake and they require a highly skilled workforce. As a result, Suffolk Constabulary continues to face significant cost pressures arising from the abovementioned service pressures.

1.7 Other legislative changes and procedural changes, such as the changes to managing bail and the impact from the introduction of Virtual Courts have directly increased costs to the Constabulary.

1.8 The Constabulary continues to deal with the impact of the shortage in resources of other public sector partners, in particular mental health and ambulance services, resulting in the Constabulary having to absorb additional demand from these areas as the emergency service of last resort.

- 1.9 The funding context for the future continues to be challenging. In the MTFP, inflation is forecast at 2% for pay and 2.5% - 3% for non-pay, equating to over £2.5m of funding pressure each year, and this is before other pressures such as those outlined above are included.
- 1.10 Importantly, to remain as operationally efficient as possible, the Constabulary must continue to invest in and refresh technology that keeps the policing model fit-for-purpose and able to meet increasing demand and the changing nature of crime. This investment, including body worn video, is significant and has a direct impact on the budget.
- 1.11 As a result of these and other pressures, despite the government grant being maintained at 2017-18 levels and the PCC's decision to increase the precept by just under £12 per annum for a band D property in 2018-19, the Constabulary has had to put plans in place to deliver recurring savings of £4.424m over the period of the MTFP, with further savings to be identified of £0.5m in 2020-21, rising to £3.2m in 2021-22 in order to deliver a balanced budget in the four years 2018-19 to 2021-22.

2. PCC REVENUE BUDGET

- 2.1 The Office of the PCC Budget for 2018-19 is £0.928m (Appendix A (i)). The forecast year-end position is forecast to be £0.083m underspent due to staff vacancies.
- 2.2 The PCC's Commissioning budget is £1.681m which includes a grant of £0.866m from the Ministry of Justice (Appendix A (ii)). The Ministry of Justice grant has been fully allocated to victim services including Norfolk and Suffolk Victim Care, the Independent Domestic Violence Advice (IDVA) service and grants to support victims of sexual violence.
- 2.3 Grants totalling £1.666m have been awarded during 2018-19, including £300k to the PCC's Fund. The PCC is expecting to use £50k from the Crime and Disorder Reduction reserve to support commissioning this year. The Accountability and Performance Panel will review the operational and financial performance of large grants approved by the PCC at its meetings scheduled in 2018-19.

3. CONSTABULARY REVENUE BUDGET

- 3.1 The total Constabulary Revenue Budget (Appendix A(iii)) forecasts a year-end underspend of £0.607m as at month 4. The main variances producing the current forecast underspend are explained below.

	Budget 2017/18 £000	Full Year Forecast £000	In-year (Over)/Under spend £000
Pay Related Costs	95,925	95,682	243
Property Related Costs	8,729	8,645	84
Transport	1,941	1,915	26
Supplies and Services	9,534	9,500	34
Third Party Payments	1,722	1,747	-25
Corporate including contingency and inflation	4,111	3,811	300
Income	-3,768	-3,713	-55
Total	118,194	117,587	607

3.2 Pay Related Costs

The forecast underspend of £0.243m includes the following variances:

- Underspend in Police Pay (£0.300m underspend) due to average strength predicted to be 5 FTE under establishment.
- Underspend in PCSO pay (£0.250m) due to vacancies.
- Underspend in staff pay (0.202m) due to vacancies.
- Overspend in police overtime (£0.506m) due to high expenditure within CPC and Local Investigations.
- Forecast overspend of £0.003m in other employee costs includes additional expenditure in relation to assessment centres offset by a lower apprenticeship levy contribution than budgeted.

3.3 Property Costs

The forecast underspend of £0.084m relates to rent and rates where costs are anticipated to be lower than budgeted.

3.4 Corporate

At month 3, within corporate budgets, an underspend of £0.300m is forecast. This relates to a current underspend in the contingency reserve and non-pay inflation reserve.

4. SAVINGS

- 4.1 The total planned savings requirement for 2018-19 is £2.349m, which is as per the Medium Term Financial Plan (MTFP) (February 2018), with budgets having been reduced in line with the agreed savings profiles set out in the MTFP.

5. CAPITAL PROGRAMME

- 5.1 The Capital budget for 2018-19 is £7.329m, comprising the current programme (MTFP approved schemes) of £5.529m plus slippage from 2017-18 of £1.800m.
- 5.2 A summary of capital schemes is provided at Appendix B(i) and B(ii). The forecast under-spend at year-end is £0.960m, due to delays in Estates downsizing schemes.
- 5.3 Additional funding requirements will be addressed through planned capital monitoring meetings and reported to the next APP meeting.

6. INVESTMENTS

- 6.1 At the end of July, investments totalled £19.366m, the breakdown of which is provided in Appendix C.

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?	No
Have all relevant ethical factors been taken into consideration in developing this submission?	N/A