

For Information	
Public/Non Public	Public
Report to:	Strategic Resources & Planning Meeting
Date of Meeting:	7th September 2017
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Agenda Item:	8

Finance Performance & Insight Report for 2017/18 as at June 2017

1. Purpose of the Report

- 1.1 The purpose of this report is to provide an update on the projected financial outturn position against the key financial performance headlines for Nottinghamshire Police as at 30th June 2017 (Period 3).

2. Recommendations

- 2.1 It is recommended that the contents of the attached report at Appendix A & B are noted.

2.2 Background

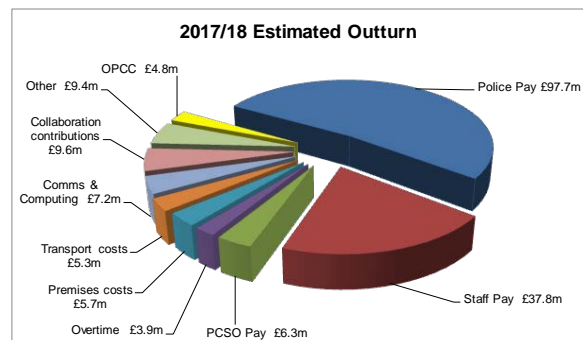
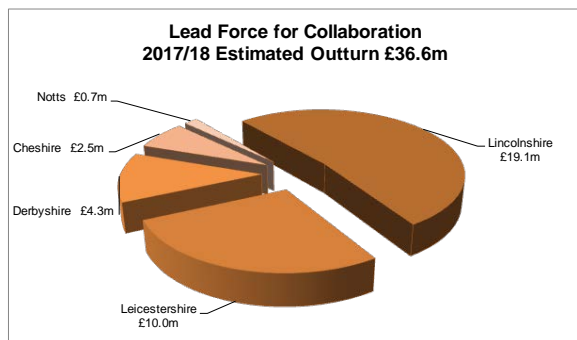
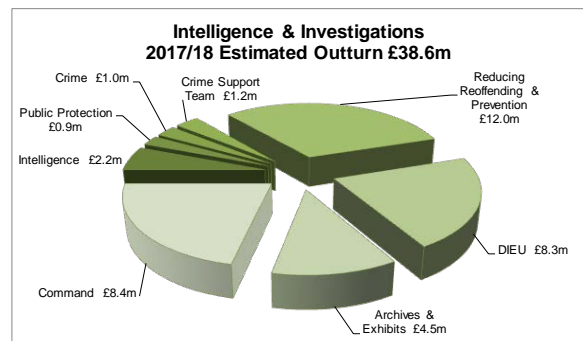
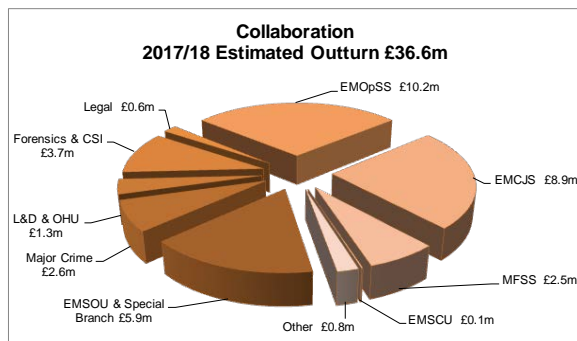
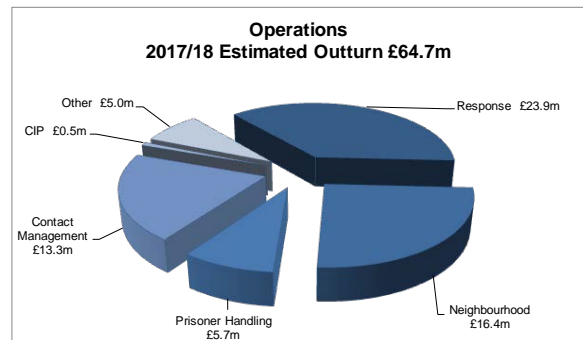
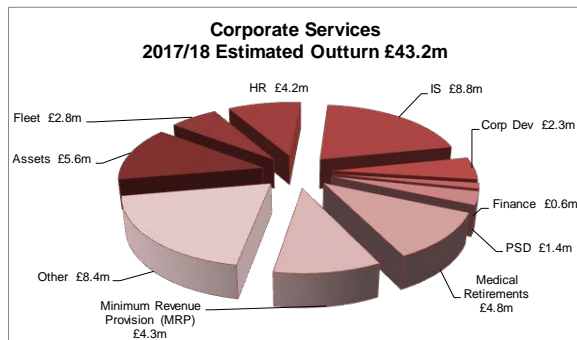
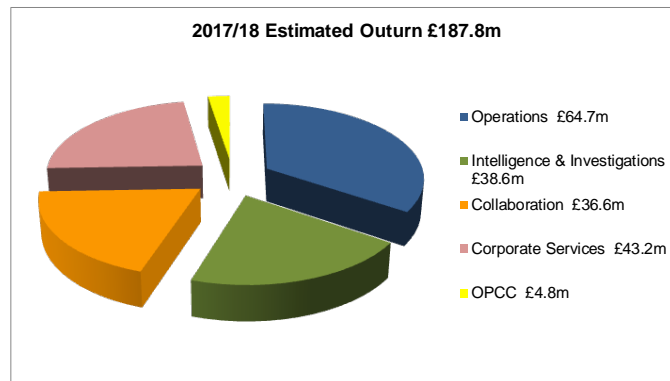
The full year net revenue budget for 2017/18 is £190,105k. This is split the Force Budget £185,347k and the Office of the Police and Crime Commissioner (OPCC) £4,758k. In addition the capital budget totals £13,100k including prior year carry forwards.

During June, Finance in conjunction with the business have undertaken a review of the year end revenue position for approval (Appendix A). At the end of Quarter One the projected year end outturn is:

Entity	Budget £'000	Q1 Forecast Outturn £'000	Variance to Budget £'000
Force	185,347	183,048	(2,299)
OPCC	4,758	4,758	-
	190,105	187,806	(2,299)

A similar, but less detailed review for capital has also been undertaken with details at appendix B, at this stage variations from budget has not been recommended although changes are expected in due course.

Analysis of the 2017/18 Estimated Outturn



3. Reasons for Recommendations

- 3.1 To update the on the Force's budgetary position for 2017/18 and complies with good financial management and Financial Regulations.

4. Summary of Key Points

Revenue

- 4.1 The Quarter One review of revenue expenditure is forecasting an under spend in the Force budget of £2,299k with a projected revenue spend of £183,048k; and an on budget position within the OPCC of £4,758k. Appendix A provides a more detailed position.

This under spend is predominately being delivered through payroll savings, however the forecast does not take into account any additional cost implications that could be incurred due to the recent Annual Departmental Assessments (ADA's), which will be monitored closely over Quarter Two as they are evaluated.

It is assumed that any underspends within the OPCC during the year will be transferred to OPCC's Commissioning reserve.

The table below shows the projected Force (including externally funded and seconded officers/staff) variances against the 2017/18 budget as at Quarter One:

Nottinghamshire Police Group Position Total: Budget Variance Analysis				
	Variance to Budget			
	£'000	£'000	£'000	Note
Pay & allowances				4.2
Police officer	(100)			
Staff	(1,893)			
PCSO	(316)			
	<u>(2,310)</u>			
Overtime				
Police officer	30			
Staff	-			
PCSO	-			
	<u>30</u>			
Other employee expenses		378		4.3
Medical retirements		416		4.4
		<u>(1,486)</u>		
Premises costs	(255)			4.5
Transport costs	(325)			4.6
Comms & computing	(718)			4.7
Clothing, uniform & laundry	240			4.8
Other supplies & services	647			4.9
Collaboration contributions	(219)			4.10
Capital financing	(200)			4.11
Other	478			4.12
	<u>(352)</u>			
Income		(461)		4.13
Force underspend		<u>(2,299)</u>		
OPCC		-		
Group underspend		<u>(2,299)</u>		

The year to date saving of £5,860k against the forecast is shown in detail in Appendix A.

The saving is split £5,368k for the Force and £492k for the OPCC. The underspend is largely due to staff payroll which have been reflected in the estimated outturn; phasing of expenditure within premises, transport and comms & computing which is mainly due to a delay in invoice processing by the MFSS; phasing of collaboration contributions; and capital financing where the budget assumed the Minimum Revenue Provision (MRP) of £2,857k would be accounted for in June, but this will now occur during Quarter Two. This has

been partly offset by income which is due to the phasing of recovering seconded officers/staff income.

The year to date saving within the OPCC is due to the phasing of payments relating to the community safety grant, which will reverse over the remainder of the financial year.

4.2 Pay & allowances

Police officer pay forecast for the year is £97,729k, which is a projected under spend of £100k against the original budget. This is based on the assumption of natural leavers at 4.5 FTE's per month which is in line with HR data following a review of leaver rates over recent years. 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, unless otherwise advised by HR. The forecast includes the revised officer recruitment profile.

Police staff and PCSO pay combined forecast for the year is £44,154k, which is a projected under spend of £2,210k against the original budget. This includes the additional PCSO cohorts compared to the original budget and natural wastage to take into account leavers and also those who may transfer with continued officer recruitment. The forecast does not take into account any additional cost implications that could be incurred due to the recent Annual Departmental Assessments (ADA's), which will be monitored closely over Quarter Two as they are evaluated.

Included above is additional savings of £38k that have been realised through Bear Scotland payments which is forecasted at £331k against the original budget of £369k.

4.3 Other employee costs

Other employee costs forecast for the year is £2,052k, which is a projected overspend by £378k against the original budget. Virements to realign budgets account for £242k of this over spend and the remainder is largely due to training costs for Tasers and kiosks within DIU.

4.4 Medical retirement

Medical retirement costs forecast for the year is £4,834k, which is a projected over spend of £416k against the original budget. This is due to the reversal of the efficiency included in the budget of £323k and the remainder due to additional payments made to pensioners where ESA had been incorrectly deducted.

4.5 Premises costs

Premises costs forecast for the year is £5,736k, which is a projected under spend by £255k against the original budget. Virements to realign budgets account for £179k of the under spend with the remainder due to the release of year end accruals for utilities; and new contracts for confidential waste and contract cleaning.

4.6 Transport costs

Transport costs forecast for the year is £5,312k, which is a projected under spend by £325k against the original budget. Virements to realign budgets account for £255k of the under spend with the remainder due to the savings on fuel from lower petrol costs as a result of having a smaller number of petrol vehicles in the fleet; and reflecting year to date savings from Vensons for vehicle daily slot charges (DSAF) and pence per mile (PPM) charges.

4.7 Comms & Computing

Comms & computing forecast for the year is £7,229k, which is a projected under spend of £718k against the original budget. Virements to realign budgets account for £246k of the under spend with the remainder due to the savings kiosks licences funded from the Niche under spend; savings on Holmes cloud where the budget included the full cost but it is now regional so we only pay a share; and an amendment to an inflation assumption.

Significant costs in IT for both revenue and capital expenditure are linked to the tri-force collaboration project which is in part funded by a Transformation Grant. This is therefore subject to the achievement of the objectives outlined in the grant application, and due to timeline constraints this is identified as a financial risk to the Force.

4.8 Clothing, uniform & laundry

Clothing, uniform & laundry forecast for the year is £722k, which is a projected over spend of £240k against the original budget. Virements to realign budgets account for £120k of the over spend with the remainder due to the additional recruits.

4.9 Other Supplies & services

Other Supplies & services forecast for the year is £3,591k, which is a projected over spend of £647k against the original budget. Virements to realign budgets account for £508k of the over spend with the remainder due to consultants fees; legal costs for employment tribunals; SARC forensic equipment; and outsourcing of DIU work due to capacity within the department.

4.10 Collaboration

Collaboration costs forecast for the year is £9,578k, which is a projected under spend of £219k against the original budget. Virements to realign budgets account for £172k of the under spend with the remainder due to a lower than anticipated contribution to NPAS.

4.11 Capital financing

Capital financing forecast for the year is £4,331k, which is a projected under spend of £200k against the original budget. This saving is from interest charges as a result of reduced borrowing.

4.12 Other

Other costs forecast for the year is £6,503k, which is a projected over spend of £478k against the original budget. Virements to realign budgets account for £251k of the over spend with the remainder due to increased forensics costs around electronic devices; shared staffing costs for strategic alliance; contribution to the police treatment centre; DIU internships; contribution towards a CP environmental health officer; and EMCJS command staff costs.

4.13 Income

Income forecast for the year is £12,612k, which is a projected to be £461k above the original budget. Virements to realign budgets account for £50k of the additional income with the remainder due to recharges of buildings (such as Arrow centre, Titan and Themis); recharge of expenses to CNPS; collaboration income; IS Transformation income; and EMSCU framework income.

4.14 Efficiencies

The 2017/18 efficiency target in order to achieve a balanced budget is £1,250k as per the table below:

Efficiencies Target for 2017/18	
	£'000
Procurement	250
Medical Retirements	500
Tri-Force	200
Capital Financing	300
	<u>1,250</u>

Finance and the change team are constantly reviewing all efficiency projects with the organisation to identify any possible risks or opportunities to delivering the yearend target.

4.15 Capital

Summary information on capital projects are detailed in appendix B, at this stage of the financial year a detailed review of schemes has not been undertaken, however the appendix does identify the current position for each scheme

4.16 OPCC

The OPCC is projecting an on budget performance with an outturn of £4,758k. 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.

5. Financial Implications and Budget Provision

5.1 The financial information relating to this item is contained within Appendices A and B.

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 attached Appendix A.

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 Appendix A – Revenue Report to June 2017
- 12.2 Appendix B – Capital Report to June 2017

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.

Appendix A

Nottinghamshire Police

Revenue Budget Monitoring as at June 2017



	2017/18 Approved Budget £'000	Virements £'000	Opportunities / Risks £'000	Seconded & EF Projects £'000	Revised Budget £'000	Year to Date Revised Budget £'000	2017/18 Expenditure £'000	Year to Date Variance £'000	Projected Over/ (Under)spend £'000	Movement £'000
Operations										
Uniformed Operations	51,156	-	(259)	-	50,897	12,728	12,589	(138)	(259)	(259)
Contact Management	12,873	(25)	453	-	13,301	3,185	3,318	133	429	479
Citizens in Policing	309	-	209	-	519	82	143	61	209	209
	64,338	(25)	403	-	64,717	15,994	16,051	56	379	429
Intelligence & Investigations	40,565	(50)	(1,964)	-	38,550	9,935	9,692	(243)	(2,014)	(2,023)
Collaboration - Operational										
EMOpSS	10,300	(172)	61	-	10,190	2,279	1,907	(372)	(111)	(111)
EMCJS	8,765	-	99	-	8,864	2,156	2,052	(104)	99	99
Forensics	2,565	41	50	-	2,657	347	2	(345)	91	50
CSI	1,125	-	(82)	-	1,043	278	250	(29)	(82)	(82)
Special Branch	759	-	97	-	857	189	219	31	97	97
Major Crime	2,588	-	57	-	2,646	591	577	(14)	57	57
EMSOU CID	2,888	-	-	-	2,888	45	55	10	-	-
TSU	615	-	(3)	-	612	2	51	50	(3)	(3)
EMSOU SOCU	2,306	-	(140)	-	2,166	573	612	39	(140)	(140)
	31,913	(131)	140	-	31,922	6,460	5,726	(735)	9	(32)
Corporate Services										
Assets	6,060	(149)	(291)	-	5,620	1,647	1,591	(56)	(440)	(440)
Fleet	2,913	(55)	(86)	-	2,772	708	130	(578)	(141)	(141)
Finance	727	-	(150)	-	578	175	201	26	(150)	(150)
Human Resources	4,266	164	(220)	-	4,210	1,033	1,102	69	(56)	(183)
Information Services	9,759	(235)	(716)	-	8,809	3,332	2,540	(792)	(950)	(824)
Corporate Development	2,659	20	(395)	-	2,283	693	564	(129)	(375)	(375)
Corporate Communications	703	-	(96)	-	606	192	186	(6)	(96)	(96)
Command	595	25	213	-	832	198	225	28	238	238
PSD	1,458	-	(93)	-	1,365	379	329	(49)	(93)	(93)
Procurement	701	120	111	-	933	175	223	49	231	231
Central Codes	12,798	109	704	-	13,611	6,027	2,135	(3,892)	813	813
Other	1,237	156	212	-	1,605	304	162	(142)	368	368
	43,875	155	(808)	-	43,223	14,861	9,389	(5,472)	(652)	(652)
Collaboration - Corporate Services										
MFSS	2,500	-	-	-	2,500	500	15	(485)	-	-
Learning & Development	781	-	-	-	781	-	13	13	-	-
EMSCU	173	-	(120)	-	53	81	195	114	(120)	(120)
Force Collaboration	143	-	-	-	143	-	(25)	(25)	-	-
Collaboration Contributions	-	-	(43)	-	(43)	-	(16)	(16)	(43)	(43)
IS Transformation	-	-	43	-	43	-	194	194	43	43
Legal	549	50	50	-	649	55	(17)	(72)	100	100
OHU	510	-	-	-	510	-	(8)	(8)	-	-
	4,656	50	(70)	-	4,636	636	350	(285)	(20)	(20)
Externally Funded	-	-	-	-	-	344	724	381	-	-
Seconded Officers	-	-	-	-	-	-	931	931	-	-
Force Total	185,347	(0)	(2,299)	-	183,048	48,231	42,863	(5,368)	(2,299)	(2,299)
OPCC	4,758	-	-	-	4,758	(90)	(582)	(492)	-	-
Group Position Total	190,105	(0)	(2,299)	-	187,806	48,141	42,281	(5,860)	(2,299)	(2,299)

Appendix A

Nottinghamshire Police Revenue Budget Monitoring as at June 2017



	2017/18 Approved Budget £'000	Virements £'000	Opportunities / Risks £'000	Seconded & EF Projects £'000	Revised Budget £'000	Year to Date Revised Budget £'000	2017/18 Expenditure £'000	Year to Date Variance £'000	Projected Over/ (Under)spend £'000	Movement £'000
Pay & Allowances										
Police Officer	97,829	(137)	37	-	97,729	24,644	24,484	(159)	(100)	(100)
Staff	39,698	(83)	(1,811)	-	37,805	10,219	9,706	(513)	(1,893)	(1,902)
PCSO	6,665	-	(316)	-	6,349	1,595	1,465	(130)	(316)	(316)
	144,193	(220)	(2,090)	-	141,883	36,457	35,655	(802)	(2,310)	(2,319)
Overtime										
Police Officer	3,213	-	30	-	3,243	792	1,245	453	30	30
Staff	611	-	-	-	611	151	208	58	-	-
PCSO	35	-	-	-	35	9	14	5	-	-
	3,859	-	30	-	3,889	952	1,467	516	30	30
Other Employee Expenses	1,675	242	136	-	2,052	321	387	66	378	241
Medical Retirements	4,418	-	416	-	4,834	1,121	980	(141)	416	416
	154,145	22	(1,508)	-	152,659	38,851	38,490	(361)	(1,486)	(1,632)
Premises costs	5,990	(179)	(76)	-	5,736	1,530	1,193	(338)	(255)	(245)
Transport costs	5,637	(255)	(70)	-	5,312	1,610	976	(634)	(325)	(125)
Comms & computing	7,947	(246)	(472)	-	7,229	2,880	2,517	(362)	(718)	(591)
Clothing, uniform & laundry	482	120	120	-	722	132	162	30	240	240
Other supplies & services	2,944	508	139	-	3,591	886	403	(483)	647	406
Collaboration contributions	9,797	(172)	(48)	-	9,578	414	89	(326)	(219)	(219)
Capital Financing	4,531	-	(200)	-	4,331	3,276	253	(3,023)	(200)	(200)
Other	6,025	251	227	-	6,503	1,122	525	(597)	478	478
	43,353	28	(380)	-	43,002	11,849	6,118	(5,731)	(352)	(256)
Total Expenditure	197,498	50	(1,888)	-	195,660	50,700	44,607	(6,093)	(1,838)	(1,888)
Income	(12,151)	(50)	(411)	-	(12,612)	(2,469)	(1,744)	725	(461)	(411)
Force	185,347	(0)	(2,299)	-	183,048	48,231	42,863	(5,368)	(2,299)	(2,299)
OPCC	4,758	-	-	-	4,758	(90)	(582)	(492)	-	-
Group Position Total	190,105	(0)	(2,299)	-	187,806	48,141	42,281	(5,860)	(2,299)	(2,299)

Capital Update Quarter 1 2017/18

The capital budget for 2017/18 is £13.1m, this is made up of slippage from 16/17 of £6m and new budget allocation of £7.1m. There are currently 70 'live' capital projects, 12 of which are work streams under the Information Services Tri-Force Collaboration.

Assets. £4m budget, 31 projects, 8 of which are now complete.

Working with Assets, it is recommended that we vire money between projects as detailed below:

Activity Code	Project Name	Slippage 16/17	Budget 17/18	Vire 17/18	Total Available
30006	CB - Custody Improvements	6,000	170,000	(176,000)	-
30022	CB - Bridewell Major Refurbishment	588,000	-	(588,000)	-
30034	CB - Oxclose Lane Refurbishment	82,000	-	30,000	112,000
30041	CB - Radford Rd Lift	14,000	-	(14,000)	-
30050	CB - Bridewell New Build	-	162,000	588,000	750,000
30053	CB - Mansfield Lift Replacement	55,000	-	29,000	84,000
30054	CB - Mansfield Create open plan space	700,000	-	(15,000)	685,000
30055	CB - Southern Public Protection Refurb	30,000	-	(30,000)	-
30069	CB - Bridewell Custody Improvements - Retention	-	25,000	176,000	201,000

Projects 30006 & 30069. It makes sense to combine these projects into one, both for custody improvements, predominantly for the Bridewell, this will only be spent on essential improvements to keep our head above water until the new build is complete.

Projects 30022 & 30050. The Bridewell major refurbishment has been put on hold pending the new build, £162k will not be sufficient to purchase land and this expected to happen in the latter part of 17/18, £750k will put us in a better position for purchasing land, although current research would say this requirement will be between £1m and £2m. Once land has been sourced an additional request will be made to bring budget forward from 18/19 in order to purchase the land.

Projects 30041, 30053 & 30054. The RR lift project is complete and has an underspend balance of £14k; The Mansfield open plan space is currently on hold and is doubtful that this project will be required to the extent that was originally planned, it is felt that a virement of £15k could be made to support the Mansfield lift replacement where costs are more than expected due to the complexities of work that needs to be carried out.

Projects 30034 & 30055. The Southern protection hub project is complete, however the plans to refurb Oxclose Lane are more complex than originally planned, £30k should be sufficient to see this project through to conclusion.

Information Services £8.1m budget, 30 projects, 2 of which are complete.

Working with Assets, it is recommended that we vire money between projects as detailed below:

Activity Code	Project Name	Slippage 16/17	Budget 17/18	Vire 17/18	Total Available
30414	CIT - Regional Lan Desk Merger	450,000	-	(34,500)	415,500
30419	CIT - Storage Solutions	77,000	-	34,500	111,500
30449	CIT - ANPR Camera Replacement	-	100,000	(100,000)	-
30450	CIT - Ring of steel ANPR cameras	202,000	-	100,000	302,000

Projects 30414 & 30419. The Head of IS is concerned that current storage solutions will not be sufficient to support current needs, and has identified capacity within the regional lan desk project to free up funds to support this project.

Projects 30449 & 30450. There a couple of ANRP projects in existence that seem to make sense to merge into one project, pending the review of ANPR forcewide.

Tri-Force Collaboration, £3m, there are 12 work streams within this area.

These projects are being led by Tim Chesworth and it is anticipated that all projects will fully spend by the end of the year. There is a joint finance and IT meeting in September between all 3 forces to better understand budget positions and on-going commitments to this collaboration.

There are a significant additional number of IT capital projects in support of the tri-force, it is highly likely at the point of writing this report that these projects will slip into 18/19 to fund further development work with the tri-force once the Home Office funding expires at the end of March 18

Fleet £0.5m, 1 project.

This project is in respect of non-slot vehicle replacements and it is anticipated that this project will fully spend by year end.

C&IC £0.3m, 3 projects, 1 of which is complete.

These projects are all in connection with storage of the Archive and Exhibits Department, it is currently expected that these projects will be fully spent by year end.

Local Policing £0.1m, 2 projects

These projects are in respect of taser deployment and firearms cabinets, it is expected that these projects will be fully spent by year end.

Currently an in depth review of all the capital projects is being undertaken to establish the resource implications required to deliver them and to scope when that might be and also to ensure the projects are still required as some have slipped for a number of years. This will enable us to report to FEB and OPCC on the current anticipated value of slippage, overspend and capital monies no longer required.