

<b>For Information</b>	
<b>Public/Non Public*</b>	<b>Public</b>
<b>Report to:</b>	<b>Police and Crime Panel</b>
<b>Date of Meeting:</b>	<b>7 December 2015</b>
<b>Report of:</b>	<b>Update on Strategic Theme 7c2: Ensure the Force achieves a balanced budget and delivers the required efficiency savings</b>
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<b>Agenda Item:</b>	<b>6a</b>

## **UPDATE ON STRATEGIC THEME 7C2: ENSURE THE FORCE ACHIEVES A BALANCED BUDGET AND DELIVERS THE REQUIRED EFFICIENCY SAVINGS.**

### **1. Purpose of the Report**

- 1.1 This report sets out to highlight the Nottinghamshire Office of the Police and Crime Commissioner (NOPCC) and Nottinghamshire Police's current budgetary situation.

### **2. Recommendations**

- 2.1 It is recommended that the Panel notes the report.

### **3. Reasons for Recommendations**

- 3.1 No Panel action other than noting is requested at this stage.

### **4. Summary of Key Points**

#### **4.1 Overview of the 2015/16 Budgetary Position and impact on 2016/17**

- 4.1.1 The 2015/16 Budget of £191.2m was set on the premise that 11.14m of efficiency savings removed from the budget in advance of the year would be monitored and delivered during 2015/16 and relied on the use of £1.6m of reserves.
- 4.1.2 As of the end of October 2015, the force is expected to deliver £7.33m of these savings, leaving a shortfall of £3.68m. For financial planning purposes, this has been added back into the 2016/17 budget within commitments. During 2015/16 it became apparent that a number of commitments that should have been entered into the budget for 2015/16 were not present. These totalled £4.06m and included £1.71m of service charge costs for the Multi-Force Shared Service (MFSS) and £1.34m of IT charges for systems that were previously provided nationally.

4.1.3 The Force amended its MRP Policy and will thereby realise an in-year saving of £1.003m and generate a reserve of over £2m from the backdating of the policy change to 2008/09. With ongoing 2016/17 inflation and commitments, the budget deficit for 2016/17 is £23.74m. Nottinghamshire Police is working hard to minimise the impact of next year's budget pressures.

4.1.4 Summary of current estimated financial position:

<b>2015/16 Budget Pressures Carried Forward</b>		<b>£m</b>
<b>Additional 2016/17 Budget Pressures</b>		10.03
<b>2016/17 Budget</b>		
Pay and Prices		4.1
2016/17 Known Commitments		4.2
Formula Funding Reduction 5.1%		6.5
Council Tax 1.99%		(1.0)
<b>2016/17 Budget Deficit</b>		<b>23.73</b>
<b>2016/17 Savings</b>		
FYE of 2015/16 Savings		(0.6)
Asset Life Policy amendment in year MRP		(1.0)
Dtf Profile Officers		(5.4)
Police Business Services (PBS)		(1.4)
Identified Non Pay Savings		(2.9)
Temporary and Acting Up		(0.5)
PA/ Admin Review		(0.5)
<b>Required Savings from BC's</b>		<b>(8.4)</b>
Use of Reserves		(3.0)
<b>Remaining Saving</b>		<b>0.0</b>

## 4.2 Analysis of 2015/16 position as at 31 October 2015

4.2.1 The table below summarises the key revenue budgets for 2015/16 and the year-to-date expenditure position as at 31 October.

	Year to date			Full Year Budget £m
	Actual £m	Budget £m	B/(w) than Budget £m	
<b>Total pay &amp; allowances</b>				
Police pay & allowances	61.509	61.872	0.363	105.637
Police overtime	2.234	1.592	(0.642)	3.245
Police staff pay & allowances	29.838	29.124	(0.714)	48.673
Police staff overtime	0.476	0.345	(0.131)	0.632
Other employee expenses	0.829	0.460	(0.369)	0.787
	<b>94.886</b>	<b>93.394</b>	<b>(1.492)</b>	<b>158.974</b>
<b>Other operating expenses</b>				
Premises costs	4.005	3.760	(0.245)	5.960
Transport costs	3.875	3.472	(0.403)	5.854
Comms & computing	3.858	3.453	(0.405)	5.939
Clothing, uniform & laundry	0.335	0.200	(0.134)	0.447
Other supplies & services	4.350	2.812	(1.538)	4.612
Collaboration contributions	4.883	3.849	(1.034)	6.679
Other	10.464	11.192	0.728	14.567
	<b>31.770</b>	<b>28.738</b>	<b>(3.032)</b>	<b>44.059</b>
<b>Total expenditure</b>	<b>126.656</b>	<b>122.132</b>	<b>(4.524)</b>	<b>203.033</b>
<b>Income</b>	<b>(8.490)</b>	<b>(7.826)</b>	<b>0.663</b>	<b>(11.833)</b>
	<b>118.166</b>	<b>114.305</b>	<b>(3.860)</b>	<b>191.200</b>

- 4.2.2 Expenditure was £3.860m worse than budget. This was largely due to efficiency challenge being behind target at £1.475m, overtime and staff agency costs.
- 4.2.3 Police officer pay was £61.509m, which was £0.363m better than budget largely due to pensions, allowances, unsocial hours payments and leavers/retirees being higher than budgeted, although the monthly saving has slowed down. Overtime was £2.234m, which was £0.642m worse than budget, partly due to an accrual for c4,500 hours of overtime awaiting authorisation in BOBO on supervisors' workbenches which is expected not to be required in full and will be used to offset the overtime rates issue; and a number of operations, the main ones being Op Drosometer at £0.274m which is externally funded and matched by income; mutual aid £0.093m, of which Op Tiffany is the largest contributor, and special services £0.042 which have been more than offset within income; and Op Melic being the missing persons search.
- 4.2.4 Police staff pay was £29.838m, which was £0.714m worse than budget, mainly due to agency costs; not achieving the budgeted vacancy rate; and the phasing of the overlay for PCSO restructuring which is expected to reverse over the coming months. The overspend trend is now starting to reduce due to the impact of the recruitment freeze apart from essential roles. Overtime was £0.476m, which was £0.131m worse than budget, we are not accruing in this area and this reflects the actual payments coming through from BOBO,

but is up considerably compared to this point last year where overtime was £0.190m.

- 4.2.5 Premises and transport costs were £0.245m and £0.403m worse than budget respectively. This was mainly due to the efficiency challenge included within the budget, such the Fleet review and Artemis; this has been partly offset from the benefit of the current low fuel prices.
- 4.2.6 Comms and computing were £0.405m worse than budget which is largely due to phasing and will be monitored closely; some unbudgeted costs for externally-funded projects c£0.195m which will be matched in income and additional systems costs not known at the point of budgeting.
- 4.2.7 The overspend in Other Supplies & Services is primarily down to an under achievement of the efficiency challenges and professional fees which in part have been offset in income.
- 4.2.8 Collaboration contributions were £1.034m worse than budget mainly due to the year-to-date charge for the MFSS which was omitted from the budget. This is being addressed in the forecast.
- 4.2.9 The underspend in Other was mainly due to the MRP being lower than budgeted due to the 2014/15 capital programme being lower than forecasted and a review of asset lives. This saving is being offset against the MFSS collaboration cost.
- 4.2.10 A re-forecast exercise is currently under way and will provide more clarity on the projected revenue outturn forecast.
- 4.2.11 The current Capital Expenditure position is summarised in the table below.

Year to date: £4.155m Full year budget: £20.177m	Month			Year to date			Remaining Budget £m	Full Year Budget £m
	Actual £m	Budget £m	B/(w) than Budget £m	Actual £m	Budget £m	B/(w) than Budget £m		
<b>Estates</b>								
Access control improvement works	0.032	0.061	0.029	0.125	0.327	0.202	0.480	0.605
Broxtowe refurbishment	0.023	-	(0.023)	0.220	0.239	0.019	0.019	0.239
Byron House - central relocation	-	0.931	0.931	-	0.931	0.931	0.980	0.980
Custody improvements	(0.004)	-	0.004	0.179	0.052	(0.127)	(0.034)	0.145
DIU/Cyber	-	0.076	0.076	0.004	0.422	0.418	0.416	0.420
FHQ kennels	-	0.100	0.100	-	0.471	0.471	0.571	0.571
FHQ re-surfacing of roads & car parking	0.013	-	(0.013)	0.182	0.278	0.096	0.097	0.279
Oxclose Lane refurbishment	-	-	-	-	0.030	0.030	0.450	0.450
Relocation of Control Room	-	-	-	-	0.100	0.100	1.278	1.278
West Bridgford 1st floor refurbishment	-	0.090	0.090	-	0.300	0.300	0.300	0.300
Lucerne	0.386	-	(0.386)	1.086	-	(1.086)	(1.086)	-
Other	0.006	0.059	0.053	0.270	1.420	1.150	1.729	1.999
	<b>0.456</b>	<b>1.317</b>	<b>0.861</b>	<b>2.066</b>	<b>4.569</b>	<b>2.503</b>	<b>5.200</b>	<b>7.266</b>
<b>Information Systems</b>								
Desktop virtualisation	0.002	-	(0.002)	0.036	0.300	0.264	0.264	0.300
Enabling change	-	0.033	0.033	0.009	0.231	0.222	0.391	0.400
Essential hardware refresh	-	0.033	0.033	-	0.231	0.231	0.400	0.400
Mobile data various projects	(0.090)	0.167	0.257	(0.010)	1.660	1.670	1.669	1.659
Regional LAN desk merger development	-	-	-	-	0.255	0.255	0.255	0.255
Telephony project	0.001	-	(0.001)	0.073	0.571	0.498	0.984	1.057
Other	(0.079)	0.014	0.093	0.242	0.691	0.449	0.457	0.699
	<b>(0.166)</b>	<b>0.247</b>	<b>0.413</b>	<b>0.350</b>	<b>3.939</b>	<b>3.589</b>	<b>4.420</b>	<b>4.770</b>
<b>Other</b>								
Body worn video	-	-	-	-	1.667	1.667	1.667	1.667
EMOpSS	-	0.125	0.125	-	0.874	0.874	1.499	1.499
MAIT	-	0.046	0.046	-	0.321	0.321	0.550	0.550
MFSS	(0.085)	-	0.085	1.352	1.740	0.388	0.388	1.740
Niche	0.165	0.129	(0.037)	0.242	0.900	0.658	1.300	1.542
PBS	(0.166)	0.032	0.198	(0.163)	0.226	0.389	0.545	0.382
Other	0.229	0.205	(0.024)	0.308	0.885	0.377	0.453	0.761
	<b>0.143</b>	<b>0.537</b>	<b>0.394</b>	<b>1.739</b>	<b>6.413</b>	<b>4.674</b>	<b>6.402</b>	<b>8.141</b>
	<b>0.433</b>	<b>2.100</b>	<b>1.667</b>	<b>4.155</b>	<b>14.921</b>	<b>10.766</b>	<b>16.022</b>	<b>20.177</b>

The £10.766m under spend versus the budget is mainly due to the body worn video £1.667m, mobile data projects £1.670m, EMOpSS £0.874m, MFSS £0.388m and Niche £0.658m. The month reflects several year to date corrections for projects that are no longer capital projects.

Currently the projects within the capital programme are being reviewed with the organisation with the ambition of reducing the overall spend for the 2015/16 to c£6.000m.

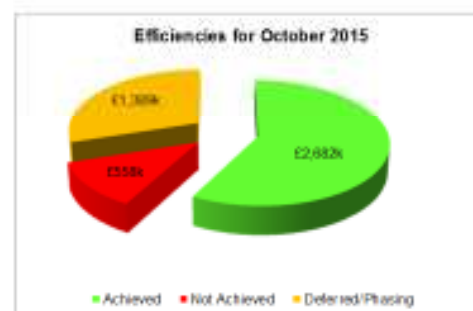
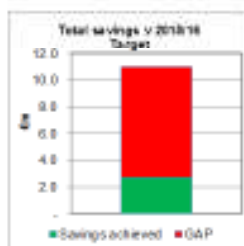
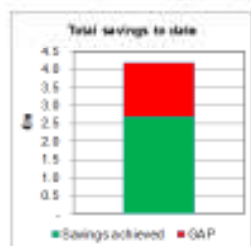
4.2.12 Efficiencies achieved to date are summarised below, although some of the assumptions around these are subject to further validation.

Year to date: £2.682m against a target of £4.157m (£1.475m adverse)  
Full year target: £11.014m

Month		
Actual £m	Budget £m	B/(W) then (Budget) £m
0.458	0.422	0.036
0.120	0.408	(0.288)
0.001	0.001	-
0.578	0.830	(0.252)

Operations  
Corporate Services  
OPCC

Year to date			Full Year Budget £m
Actual £m	Budget £m	B/(W) then (Budget) £m	
2.321	2.088	0.233	4.481
0.356	2.087	(1.711)	8.426
0.004	0.004	-	0.107
2.682	4.157	(1.475)	11.014



- Operations is ahead due to officer savings, partly offset by EMOpsSS restructure.
- Corporate Services was £1.711m behind target due to staff vacancy rate, fleet review, 5% procurement saving and income generation.
- OPCC is on target.
- Work is underway to assess what projects can be implemented to try and recover some of this position, but it is anticipated that efficiencies will be c£3.2m below target.

### 4.3 Update on anticipated savings through Designing the Future (DtF)

4.3.1 Nottinghamshire Police is committed to identifying efficiencies and working effectively; part of that commitment can be demonstrated through the Delivering the Future (DTF) Programme. A report regarding the DTF Programme was presented to the Police and Crime Panel on 7<sup>th</sup> September 2015 - your attention is drawn to that report. The detail below provides specific updates on various sections of the DTF report.

#### 4.3.2 Response Model

- § The refurbishment work of the response workspace within Radford Road and Broxtowe Police Stations is complete.
- § Response hubs have been established at Mansfield and Hucknall; the response hub for Bassetlaw, Newark and Sherwood is outstanding and is subject to agreement regarding Ranby.
- § By the end of 2015 response will be working with its agreed establishment of 20 Inspectors, 65 Sergeants and 510 Constables operating from 8 response hubs. One response hub for Bassetlaw Newark and Sherwood will come online in 2016 – it is proposed that the base will be at Ranby.

#### 4.3.3 Neighbourhood Policing

- § Regarding Phase 1 – compulsory redundancy of PCSOs is complete. The current PCSO establishment is 236 FTE; there have been 34.79 FTE leave through compulsory redundancy; with 40.93 FTE natural leavers and 6.9 FTE have been redeployed to other roles.

#### 4.3.4 Control Room Accommodation Relocation

- § This work has been put on hold pending the outcome of the decision on progressing the Strategic Alliance (see 4.6).

### 4.4 Update on PBS and MFSS

- 4.4.1 Movement towards PBS has been halted as Nottinghamshire Police and the NOPCC together with their counterparts in Northamptonshire and Leicestershire work on scoping the viability of a three-Force Strategic Alliance. The PBS Delivery Team had planned to reduce establishment by 67 in the initial integration stage to 1<sup>st</sup> April 2016 with a further reduction of 33 posts to be realised by 1<sup>st</sup> April 2017. The Strategic Alliance will continue to reduce the establishment numbers, although not at the stated rate.

- 4.4.2 MFSS continues to embed within the Force. The systems functionality has now stabilised but challenges remain around data extraction. This situation is expected to improve in the coming weeks so that the full benefits of MFSS are realised.

### 4.5 Update on the CSR and Settlement

- 4.5.1 Future savings will be challenging and the precise savings requirement for 2016/17 will not be known until the outcome of the Comprehensive Spending Review (CSR) is made available on 25 November and subsequent Settlement announcement on 15 December.

### 4.6 Update on Strategic Alliance

- 4.6.1 The Force continues to work in partnership with both Leicestershire and Northamptonshire Police with regard to developing a business case around the merits of the three Forces coming together to form a three-Force Strategic Alliance. The aim is to sustain and improve where possible the provision of policing services to the communities we serve and to drive out substantial efficiency savings through economies of scale, which will go some way to mitigating the austerity challenge posed by the forthcoming CSR and subsequent Settlement. Exiting collaborations involving Nottinghamshire Police and other East Midlands Police Forces and partner agencies will continue.

## **4.7 Stakeholder Workshop**

- 4.7.1 The Commissioner is hosting a Stakeholder Event on the Budget and Police and Crime Plan 2016/17 on 14 December. Stakeholders will have the opportunity to be updated on all matters contained within this report, and to consider with the Commissioner, opportunities for refreshing the Police and Crime Plan for 2016/17.

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

- 5.1 As detailed in report.

## **6. Human Resources Implications**

- 6.1 None.

## **7. Equality Implications**

- 7.1 None known.

## **8. Risk Management**

- 8.1 None.

## **9. Policy Implications and links to the Police and Crime Plan Priorities**

- 9.1 This is an update on a strategic priority in the current plan.  
9.2 Also links to Strategic Theme 7c1: *Support the implementation of the new policing model 'Designing the Future', including introducing prison handling teams*

## **10. Changes in Legislation or other Legal Considerations**

- 10.1 None known.

## **11. Details of outcome of consultation**

- 11.1 Not Applicable

## **12. Appendices**

- 12.1 None.

## **13. Background Papers (relevant for Police and Crime Panel Only)**

13. None.