

<b>For Decision</b>	
<b>Public/Non Public*</b>	<b>Public</b>
<b>Report to:</b>	<b>Strategic Resources and Performance</b>
<b>Date of Meeting:</b>	<b>7<sup>th</sup> March 2019</b>
<b>Report of:</b>	<b>Mark Kimberley</b>
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<b>Agenda Item:</b>	

## **Finance Revenue Budget Outturn for 2018/19 as at December 2018**

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

- 1.1 The purpose of this report is to provide an update on the projected financial outturn position for revenue against the key financial performance headlines for Nottinghamshire Police as at 31<sup>st</sup> December 2018 (Period 9).

### **2. Recommendations**

#### **2.1 Recommendation 1**

It is recommended that the contents of the attached report in Appendix A and virements approved under delegated arrangements for December 2018 are shown in Appendix B are noted.

#### **2.2 Recommendation 2**

That the Police and Crime Commissioner notes the forecast movements of less than £100k requiring Chief Constable approval as set out in Appendix C.

#### **2.3 Recommendation 3**

That the Police and Crime Commissioner approve the forecast movements greater than £100k requiring Chief Constable recommendation as set out in Appendix D.

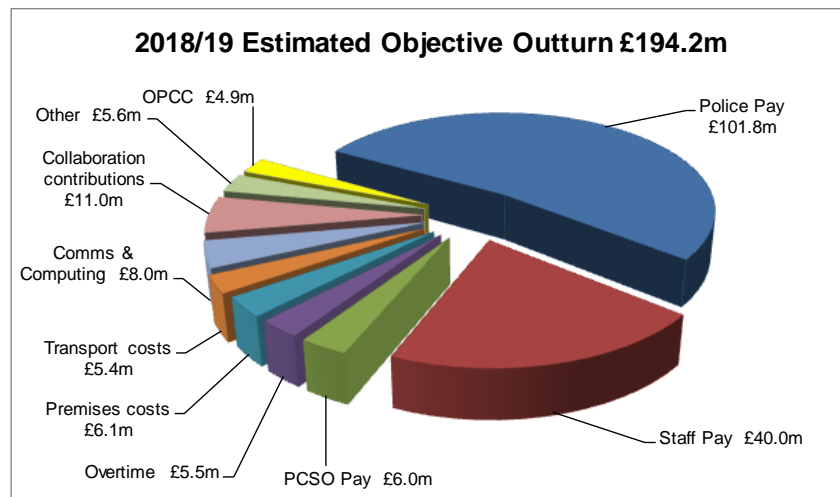
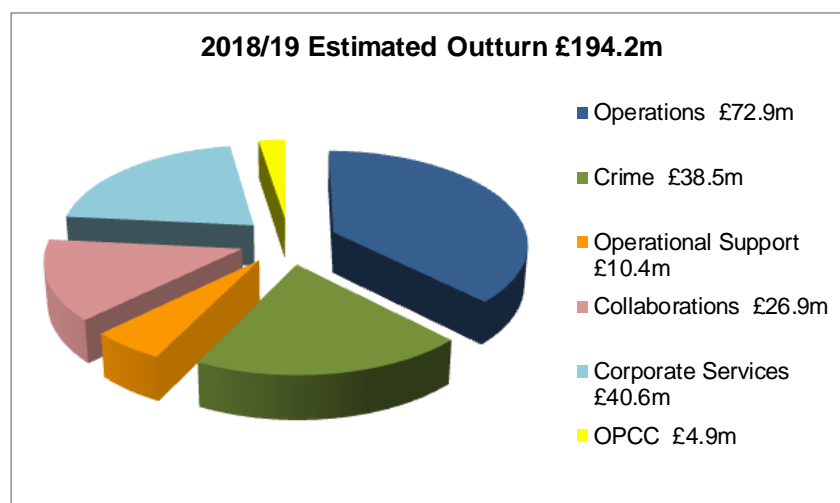
#### **2.4 Background**

The full year net revenue budget for 2018/19 is £193,100k. This is split the Force Budget £188,209k and the Office of the Police and Crime Commissioner (OPCC) £4,891k.

During December, Finance in conjunction with the organisation has continued to review the year end position (Appendix A (i)). At the end of December the projected year end outturn is £194,152k which is a reduction of £36k from November:

Entity	Budget £'000	Forecast Outturn £'000	Variance to Budget £'000
Force	188,209	189,260	1,052
OPCC	4,891	4,891	-
	<b>193,100</b>	<b>194,152</b>	<b>1,052</b>

## Analysis of the 2018/19 Estimated Outturn



### 3. Reasons for Recommendations

3.1 To update the Chief Officer Team and the Office of the PCC on the Force's budgetary position for 2018/19 and complies with good financial management and Financial Regulations.

#### 4. Summary of Key Points

##### Overview

- 4.1 The review during December of revenue expenditure is forecasting an over spend in the Force budget of £1,052k with a projected revenue spend of £189,260k which is a decrease of £36k from the previous outturn; and an on budget position within the OPCC of £4,891k. Appendix A (i) provides a more detailed position.

This over spend is predominately being driven by collaboration contributions, police officer and staff pay costs, overtime, other employee costs and other supplies & services. These have been partly offset by payroll savings from PCSO pay costs, comms & computing, forensics & investigative costs, capital financing and additional income.

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 2018/19 budget as at the end of December:

<b>Nottinghamshire Police Group Position Total: Budget Variance Analysis</b>				
	<b>Variance to Budget</b>			<b>Note</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	
<b>Pay &amp; allowances</b>				4.2
Police officer	891			
Staff	142			
PCSO	(591)			
		<b>442</b>		
<b>Overtime</b>				4.3
Police officer	1,367			
Staff	1			
PCSO	1			
		<b>1,368</b>		
Other employee expenses		307		4.4
Medical retirements		126		4.5
<b>Total pay costs</b>		<b>2,243</b>		
Premises costs	218			4.6
Transport costs	75			4.7
Comms & computing	(292)			4.8
Clothing, uniform & laundry	(30)			
Other supplies & services	543			4.9
Custody costs & police doctor	(54)			4.10
Forensic & investigative costs	(140)			4.11
Partnership payments	(158)			4.12
Collaboration contributions	1,376			4.13
Capital financing	(350)			4.14
<b>Total non-pay costs</b>		<b>1,189</b>		
Income		(2,380)		4.15
<b>Force overspend</b>		<b>1,052</b>		
<b>OPCC</b>		-		
<b>Group overspend</b>		<b>1,052</b>		

#### 4.2 Pay & allowances – over spend £442k

##### Police officer pay – over spend £891k

Forecast for the year is £101,755k, which is a projected over spend of £891k against the original budget. This partly reflects the decision to bring cohorts in early compared to the original budget phasing and additional transferees

which were unbudgeted. The forecast takes into account the recruitment profile assuming a further 26 FTE's during the year, which includes 16 apprentices. To date 123 new recruits (including 31 apprentices) have started, plus 16 transferees; includes the assumption of natural leavers rate has been reduced to 5 FTE's which is 2.5 FTE's less per month than budgeted and those officers reaching their 30 years' service will leave, unless otherwise advised by HR; whilst extending senior ranks has incurred additional costs. The forecast reflects a downward movement in externally funded and seconded officers of £756k which has been reflected by reduced income.

**Police staff – over spend £142k**

Forecast for the year is £39,976k, which is a projected over spend of £142k against the original budget, a reduction of £50k from the previous forecast. There has been savings of £180k from reduced PIO's, but has been offset by agency costs where the budget assumed only a small agency cost as vacancies were budgeted at their substantive cost, however whilst the continued use of agency staff provides flexibility, it does so at an increased cost. In addition the vacancy provision rate was calculated on 7.5%, this is proving to be an overly optimistic position; a 1% over provision will increase costs by around £400k.

All requests for additional staff over and above establishment need to be challenged to assess the business impact.

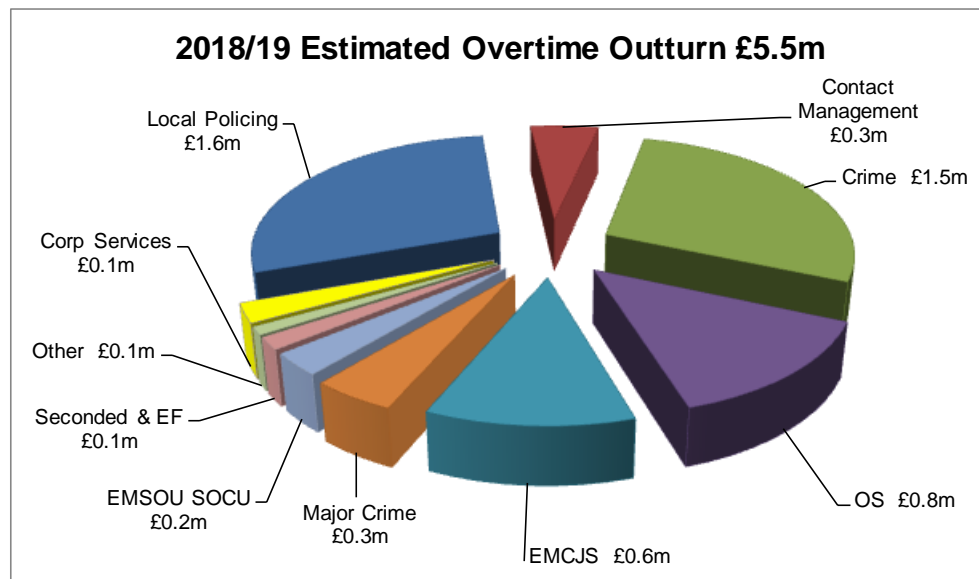
The forecast reflects a downward movement in externally funded and seconded staff of £22k which has been reflected by reduced income.

**PCSO – under spend £591k**

Forecast for the year is £6,044k, which is a projected under spend of £591k against the original budget. This reflects current performance to date and the rephasing of one of the planned cohorts towards the end of the financial year.

**4.3 Overtime – over spend £1,368k**

Overtime forecast for the year is £5,479k, which is a projected over spend of £1,368k against the original budget, an increase of £400k from the previous forecast. The main drivers of the overspend are Op Palmitate at £171k; the number of firearms discharged experienced recently resulting in many people being called in at short notice; OS at £297k which is partly offset within income from the ARV uplift fund; seconded and externally funded officers/staff of £65k which has been offset by income; City and County at £318k driven by a lot of costs within CID, summer demand within response; and custody of £146k, however there are now firm plans in place to get the sergeant numbers up to establishment so this will prevent this excessive overtime from continuing from April 2019.



#### 4.4 Other employee costs – over spend £307k

Other employee costs forecast for the year is £2,348k, which is a projected over spend of £307k against the original budget, an increase of £178k from the previous forecast. The overspend is due to additional training needs in OS, off-set by funding from the ARV uplift grant, and redundancy payments for EMSOU indexers and control room managers.

#### 4.5 Medical retirements – over spend £126k

Medical retirements costs forecast for the year is £4,821k, which is a projected over spend of £126k against the original budget, an increase of £98k from the previous forecast. The over spend is largely due to the banding reviews which some resulted in backdated payments to several officers.

#### 4.6 Premises costs – over spend £218k

Premises costs forecast for the year is £6,069k, which is a projected over spend by £218k against the original budget, a reduction of £3k from the previous forecast.

#### 4.7 Transport costs – over spend £75k

Transport costs forecast for the year is £5,363k, which is a projected over spend by £75k against the original budget, an increase of £4k on the previous forecast.

#### 4.8 Comms & Computing – under spend £292k

Comms & computing forecast for the year is £7,961k, which is a projected under spend of £292k against the original budget, an increase of £92k on the previous forecast, this reflects a virements between supplies and services and comms & computing of Niche support costs.

#### **4.9 Other supplies & services – over spend £543k**

Other supplies & services forecast for the year is £4,898k, which is a projected over spend of £543k against the original budget, a reduction of £125k on the previous forecast. This is largely due to the reversing out of the £250k procurement efficiency challenge from the budget which will be delivered across numerous lines of expenditure; the movement in month reflects the opposite entry recorded noted in 4.8.

#### **4.10 Custody costs & police doctor – under spend £54k**

Custody costs & police doctor forecast for the year is £1,383k, which is a projected under spend of £54k against the original budget, an increase of £2k from the previous forecast.

#### **4.11 Forensic & investigative costs – under spend £140k**

Forensic & investigative costs forecast for the year is £1,945k, which is a projected under spend of £140k against the original budget, a reduction of £20k from the previous forecast, reflecting a reduction in interpreters charges.

#### **4.12 Partnership payments – under spend £158k**

Partnership payments forecast for the year is £1,264k, which is a projected under spend of £158k against the original budget, a reduction of £93k from the previous forecast, reflecting a reduction in the charge for EMCJS as Julia Debenham has changed roles and not been replaced.

#### **4.13 Collaboration contributions – over spend £1,376k**

Collaboration contributions forecast for the year is £10,998k, which is a projected over spend of £1,376k against the original budget, a small reduction from the previous forecast. This is due to the MFSS of £1,442k for business as usual and the delay of the Fusion project until April 2019; and £35k from AP training cost (OS) which is offset within income from Lincolnshire (see note 4.15). This was partly offset by savings on Legal services of £67k which related to savings from 2017/18; and confirmation that the contribution to NPAS will be reduced by £55k for 2018/19. The PCC may consider additional support in respect of these costs if additional savings cannot be identified in future periods.

#### **4.14 Capital financing – under spend £350k**

Capital financing forecast for the year is £3,789k, which is a projected under spend of £350k against the original budget. This saving is due to lower interest charges of £164k as a result of reduced borrowing; and a reduction in the Minimum Revenue Provision (MRP) of £186k as a result of the actual 2017/18 capital spend being lower than budgeted assumption.

#### 4.15 Income – additional income £2,380k

Income forecast for the year is £15,413k, which is projected to be £2,380k above the original budget, an increase of £48k from the previous forecast. Virements to realign budgets account for £21k of the additional income; the PCC has agreed a contribution from reserves of £1,400k to offset additional Fusion costs due to the project being delayed. This has been partly offset by a reduction in seconded officers/staff and externally funded projects income which offsets payroll costs of £712k.

#### 4.16 Efficiencies

The 2018/19 efficiency target in order to achieve a balanced budget is £300k as per the table below:

<b>Efficiencies Target for 2018/19</b>	
	<b>£'000</b>
Procurement	250
Forensics	50
	<u>300</u>

The procurement savings was included within other supplies & services for budget purposes and has been reversed out in the June forecast on the basis that the savings will be delivered across numerous lines of expenditure.

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.

#### 4.17 OPCC

The OPCC is projecting an on budget performance with an outturn of £4,891k. 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 Appendix A.



**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**

Appendix A (i) & A (ii) – Revenue Report to December 2018.

12.2 Appendix B – Virements approved under delegated arrangements.

12.3 Appendix C – Forecast movements less than £100k.