

Appendix B: Revenue Report presented to Strategic Resources and Performance

For Information Only	
Public	
Report to:	Strategic Resources and Performance
Date of Meeting:	6th November 2019
Report of:	Chief Constable
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Agenda Item:	

Revenue Report for Period 5; Quarter 2 2019/20.

1. Purpose of the Report

- 1.1 The purpose of this report is to provide an update on the financial outturn position for revenue as at 31st August 2019 (Period 5, Quarter 2).

2. Recommendations

2.1 Recommendation 1

It is recommended that the contents of the report and virements approved under delegated arrangements for Period 5 2019 shown in Appendix B are noted.

2.2 Recommendation 2

That the Police and Crime Commissioner approve the virements of greater than £100k which have been recommended by the Chief Constable as set out in Appendix C. These virements will be reflected in the outturn position once fully approved.

2.3 Recommendation 3

That the Police and Crime Commissioner note the overspend position and consider any action that might be required as set out in Appendix D.

2.4 Background

The net revenue budget for 2019/20 is £206,283k. This is split between the Force £201,308k and the Office of the Police and Crime Commissioner (OPCC) £4,975k.

Finance in conjunction with the organisation has continued to review the outturn position. At the end of August 2019 the projected year end outturn is £206,886k, which represents an over spend of £603k against the budget, a reduction of £169k against period 4. Please also refer to section 8 of this report which identifies risk issues in respect of this report.

3. Reasons for Recommendations

- 3.1 To update the Chief Officer Team and the Office of the PCC on the Force's projected outturn position for 2019/20 and also to comply with good financial management and Financial Regulations.

4. Summary of Key Points

Executive Summary

- 4.1 The review during period 5 of revenue expenditure is forecasting an over spend in the Force budget of £603k; and an on budget position within the OPCC. Any underspends realised within the OPCC during the year will be transferred to OPCC's commissioning reserve.

In addition to the comments in the Period 4 report the reduction in over spend is mainly due to the monitoring on staff pay with a net in year saving of £305k (actual saving identified £503k, less the reversal of anticipated savings shown in income £225k) this is off-set with a further increase in estates costs, an expected redundancy payment due to recent restructures, overtime costs for Op Scorpion which are now starting to come through and a general increase in costs due to a rise in demand.

There are some mitigating factors that the organisation could consider to bring the force to a balanced outturn position which was reported in P4, however the £140k settlement fee reported last month will now be off-set against the insurance reserve contribution and income now reflects the secondment for Head of People Services. The remaining options total £753k.

Monitoring continues to be problematic and errors in the data continue to be reported. It should be noted that outturn monitoring in relation to staff pay has been attempted this month, however payroll and general ledger continue to be out of balance at the present time, accuracies between departments are also irreconcilable and inconsistent.

There is confidence that further savings could be found within the staff budgets and these are constantly being worked through, however until data in the system has been reconciled this will remain a risk. Officer and PCSO data has not been able to be completed to normal levels of assurance due to inconsistencies within the data.

The table below shows the projected Force (including externally funded and seconded officers/staff) variances against the 2019/20 budget plus approved virements (revised budget) as at the end of August 2019.

Variances greater than £10k are explained in more detail within section 4 of this report, unless there is no movement between last month's variance and this month's variance.

Data explaining the variance between original budget and revised budget can be found in appendix A. Data explaining the virements can be found in appendix B and appendix C.

Nottinghamshire Police Group Position as at the end of August 2019, by Department.

Over spends are shown as + numbers, whilst under spends are shown as () numbers. No adjustments have been made for rounding.

	Revised Budget £'000	Forecast Outturn £'000	FO-RB Variance £'000
Local Policing			
County	43,095	43,159	64
City	29,450	29,433	(17)
Contact Management	16,353	16,226	(127)
	88,898	88,818	(80)
Crime & Operational Services			
Public Protection	12,438	12,229	(209)
Operational Support	10,179	10,354	175
Intelligence	9,205	9,135	(70)
Serious & Organised Crime	7,313	7,250	(63)
Archive & Exhibits	1,078	1,086	9
Other	255	280	25
	40,468	40,334	(133)
Corporate Services			
Technical Accounting	12,449	12,456	6
Information Services	11,324	11,852	528
Estates	6,235	6,724	489
Fleet	3,234	3,346	112
People Services	1,742	1,881	139
PSD	1,633	1,580	(53)
Futures Board	1,083	962	(122)
Command	1,263	1,286	23
Corporate Development	1,080	915	(164)
Corporate Communications	833	642	(191)
Finance	671	794	123
Information Management	503	417	(87)
Other smaller budget departments	215	229	14
	42,267	43,085	818
Collaboration			
EMSOU Operations	13,534	13,827	293
EMCJS	9,066	9,023	(43)
EMSOU Services	4,169	4,354	185
MFSS	2,567	3,055	488
ESN	186	186	0
EMSCU	153	159	7
	29,675	30,605	930
Home Office Grants			
Knife Crime	0	(569)	(569)
ARV Uplift	0	(263)	(263)
Cyber Crime	0	(99)	(99)
	0	(931)	(931)
Force Total	201,308	201,911	603
OPCC	4,975	4,975	0
Group Total	206,283	206,886	603

4.2 Local Policing – under spend (£80k) an increase of (£80k) on last month.

The under spend position mainly represents a review of the staff position, along with an increase in overtime and general equipment costs, mainly due to Op Scorpion and an increase in income in Contact Management for recharging of police monitored alarms.

4.3 Crime and Operational Services – under spend (£133k) an increase of (£192k) on last month.

The under spend position mainly represents a review of the staff position, along with an increase in overtime and general equipment costs, mainly due to Op Scorpion. This is slightly off-set by a general increase in specialist equipment, photographic materials and firearms and ammunition in OS.

4.4 Corporate Services – over spend £818k an increase of £109k on last month.

The review of the staff pay position resulted in a net saving of £267k across the area; other areas of variance are detailed below, Over establishment in People Services £130k some of which will relate to additional support in respect of MFSS.

4.4.1 Technical Accounting – over spend £6k a reduction of £136k.

An assessment of recent restructures has resulted in an expected increase for redundancies. The increase in income of £225k in respect of anticipated staff savings have now been reversed as these are now correctly shown against the respective department's vacancy reserves. The £140k settlement fee reported last month will now be off-set against the insurance reserve contribution.

4.4.2 Information Services – over spend £528k an increase of £30k

IS have realised £158k of savings over a number of contracts. £244k has been spent on NEP; £122k of this is off-set by the futures board.

4.4.3 Estates – Over spend £489k an increase of £256k.

£150k reflects a review of spend on planned and reactive maintenance. £15k reflects an increase in decontamination costs in custody, £50k an increase in uniform costs and a £20k reduction in fuel income (from solar panels).

4.4.4 Fleet – over spend £112k an increase of £17k

This increase reflects the purchase of a van for the NSART team and an increase in vehicle cleaning charges.

4.4.5 People Services – over spend £139k an increase of £145k

There has been an increase in the contract for Police Firearms Officers Association counselling service £11k.

4.5 Collaboration and Partnerships – over spend £930k a reduction of £6k

4.5.1 EMSOU Operations – over spend £293k an increase of £31k

This increase in overspend reflects an increase in the RART (Regional Asset Recovery Team) pension costs identified by region and an increase in the NABIS (National Ballistics Intelligence Service) charge for 2019-20.

4.5.2 EMCJS – under spend (£43k) a reduction of (£56k)

This reflects £86k staff pay saving due to the monitoring off-set by an increase in custody and laundry costs.

4.5.3 EMSOU Services (Legal, OHU, L&D) – over spend £185k an increase of £13k

This reflects an increase in the L&D staffing costs.

4.6 OPCC – on budget

The OPCC is projecting an on budget position, any underspends within the OPCC during the year will be transferred to the OPCC's reserve and OPCC's Grant and Commissioning reserve.

4.7 Grant Funding

This section of the reports shows grant funded projects for 2019/20. The use of grant to match expenditure in the outturn figures are shown as income in the tables reported under item 4.1 the detail of which is shown below. The Force has plans to spend the entire grant within the areas identified for each project. The tables now show the grant allocated against the forces core budget, see item 4.1. The tables also show actual year to date spend and committed spend.

4.7.1 Op Scorpion – Grant £1,540k

£569k has been allocated against spend included in the forces outturn position.

Home Office Knife Crime Surge Grant	Core	New/ un-committed	Total Grant	Actual spend YTD + Committed Spend	Balance
	£'000	£'000	£'000	£'000	£'000
Increased Resources	358	197	554	358	196
Surge Activity	212	447	658	400	258
Increased Capability	0	289	289	200	89
Preventative / Diversionary Initiatives	0	39	39	56	(17)
	569	971	1,540	1,014	526

4.7.2 ARV Uplift – Grant £263k

£263k has been allocated against spend included in the forces outturn position, this was set in place before the plans below were identified. Therefore, there would need to be a reduction in overtime spends of £181k to facilitate funds being available to purchase the remaining 5 items.

Home Office ARV Uplift Funding Grant	Core	New/ un-committed	Total Grant	Actual spend YTD + Committed Spend	
	£'000	£'000	£'000	£'000	Balance £'000
RAPT, TST, TAPT related overtime & staffing	236	(181)	55	55	0
Armoury Improvement	0	52	52	0	(52)
Armed team support vehicle	0	50	50	0	(50)
X2 Tasers for initial firearms courses	0	33	33	0	(33)
1 x duty planning staff	27	0	27	27	0
Targetry proposals	0	26	26	0	(26)
Method of entry rig and shelter	0	20	20	20	0
	263	0	263	102	(161)

4.7.3 Cyber Crime – Grant £111k

£99k has been allocated against spend included in the forces outturn position. There is a risk that the costs will over spend by £12k as requests are being made for IS to provide technology equipment. We have received verbal confirmation that this over spend will be met from additional grant, however as this isn't certain no provision for the additional income has been made.

Home Office Cyber Crime Grant	Core	New/ un-committed	Total Grant	Actual spend YTD + Committed Spend	
	£'000	£'000	£'000	£'000	Balance £'000
Employee costs	99	0	99	99	0
Crypto currency equipment	0	2	2	2	0
Technology Equipment	0	0	0	12	12
Travel & accommodation for Cyber Team	0	10	10	10	0
	99	12	111	123	12

4.8 Efficiencies

The 2019/20 efficiency target in order to achieve a balanced budget is £3,300k as per the table below:

Efficiencies Target for 2019/20		
	Target £'000	Outturn* RAG Assessment
Pay & Expenses		
Ongoing staff pay savings	1,500	Green
Overtime	500	Amber
	2,000	
Non Pay		
Procurement	300	Amber
Comms & Computing	300	Amber
Capital Financing	300	Amber
Supplies & Services	200	Red
Income	200	Green
	1,300	
Total Savings	3,300	(2,300) Amber

*Unable to assess due to MFSS quality issues.

The procurement saving was included within the Technical Accounting area 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. All other savings targets/achievements are captured in the outturn summary at 4.1.

Finance is constantly reviewing all efficiency targets with the organisation to identify any possible risks or opportunities to delivering the yearend target.

5 Financial Implications and Budget Provision

5.1 The financial information relating to this item is contained within item 4.1 and 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 Monitoring continues to be problematic and errors in the data continue to be reported. It should be noted that outturn monitoring in relation to staff pay has been attempted this month, however payroll and general ledger continue to be out of balance at the present time, accuracies between departments are also irreconcilable and inconsistent. From the monitoring that has been completed a reduction in outturn of £530k has been recognised, however this carries an element of risk due to the errors in the data.

8.2 Recent information relating to pay awards is not reflected in the outturn figures in this report in relation to officer and PCSO pay. An increase of 2% was identified in the budget. It is expected that the additional cost to the Force will be circa £343k assuming that staff will follow officers with a 2.5% approved increase in September 2019.

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 August 2019 CIPFA format.

12.2 Appendix B - Virements approved under delegated arrangements.

12.3 Appendix C – Virements greater than £100k requiring PCC approval.

12.4 Appendix D - Outturn movements.

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.

Nottinghamshire Police Group Position as at the end of August 2019, by CIPFA format.

The table shows the original budget and approved virements to represent the revised budget. Over spends are shown as + numbers, whilst under spends are shown as () numbers. No manual adjustments have been made for rounding.

	Budget £'000	Virements £'000	Revised Budget (RB) £'000	Forecast Outturn (FO) £'000	FO-RB Variance £'000
Pay & Allowances					
Police Officer	107,907	0	107,907	107,907	0
Police Staff	43,151	0	43,151	42,620	(530)
PCSO	5,723	0	5,723	5,723	0
	156,781	0	156,781	156,251	(530)
Overtime					
Police Officer	4,016	0	4,016	4,076	60
Police Staff	743	(3)	740	760	20
PCSO	60	0	60	60	0
	4,819	(3)	4,816	4,896	80
Other Employee Expenses					
Medical Retirements	4,929	0	4,929	4,929	0
Other Employee Expenses	2,156	19	2,175	2,227	52
	7,085	19	7,104	7,156	52
Total Pay & Allowances	168,685	16	168,701	168,302	(399)
Non Pay					
Collaboration Contributions	10,246	265	10,511	11,307	797
Comms & Computing	8,683	8	8,691	9,172	482
Other Supplies & Services	5,853	(76)	5,777	6,157	380
Premises	5,767	0	5,767	6,156	389
Transport	5,652	39	5,691	5,786	95
Capital Financing	4,335	0	4,335	4,528	193
Forensic & Investigative costs	2,090	0	2,090	2,144	54
Custody costs & Police Doctor	1,483	0	1,483	1,502	18
Partnership Payments	1,312	(251)	1,061	1,089	28
Clothing, Uniform & Laundry	527	0	527	597	70
Income	(13,325)	(1)	(13,326)	(14,830)	(1,504)
Total Non-Pay	32,623	(16)	32,607	33,609	1,002
OPCC	4,975	0	4,975	4,975	0
TOTAL GROUP POSITION	206,283	(0)	206,283	206,886	603

Nottinghamshire Police Group Position as at the end of August 2019, by Department.

The table shows the original budget and approved virements to represent the revised budget. Over spends are shown as + numbers, whilst under spends are shown as () numbers. No manual adjustments have been made for rounding.

	Budget £'000	Virements £'000	Revised Budget £'000	Forecast Outturn £'000	FO-RB Variance £'000
Local Policing					
County	43,081	15	43,095	43,159	64
City	29,450	0	29,450	29,433	(17)
Contact Management	16,479	(126)	16,353	16,226	(127)
	89,010	(111)	88,898	88,818	(80)
Crime & Operational Services					
Public Protection	12,438	0	12,438	12,229	(209)
Operational Support	10,156	23	10,179	10,354	175
Intelligence	9,191	14	9,205	9,135	(70)
Serious & Organised Crime	7,313	0	7,313	7,250	(63)
Archive & Exhibits	1,078	0	1,078	1,086	9
Other	(47)	302	255	280	25
	40,129	339	40,468	40,334	(133)
Corporate Services					
Technical Accounting	12,776	(327)	12,449	12,456	6
Information Services	11,272	53	11,324	11,852	528
Estates	6,235	0	6,235	6,724	489
Fleet	2,876	358	3,234	3,346	112
People Services	1,715	27	1,742	1,881	139
PSD	1,635	(2)	1,633	1,580	(53)
Futures Board	1,280	(197)	1,083	962	(122)
Command	1,235	28	1,263	1,286	23
Corporate Development	1,628	(548)	1,080	915	(164)
Corporate Communications	833	0	833	642	(191)
Finance	671	0	671	794	123
Information Management	0	503	503	417	(87)
Other smaller budget departments	215	0	215	229	14
	42,372	(105)	42,267	43,085	818
Collaboration					
EMSOU Operations	13,781	(246)	13,534	13,827	293
EMCJS	9,066	0	9,066	9,023	(43)
EMSOU Services	4,195	(27)	4,169	4,354	185
MFSS	2,418	150	2,567	3,055	488
ESN	186	0	186	186	0
EMSCU	153	0	153	159	7
	29,798	(123)	29,675	30,605	930
Home Office Grants					
Knife Crime	0	0	0	(569)	(569)
ARV Uplift	0	0	0	(263)	(263)
Cyber Crime	0	0	0	(99)	(99)
	0	0	0	(931)	(931)
Force Total	201,308	0	201,308	201,911	603
OPCC	4,975	0	4,975	4,975	0
Group Total	206,283	0	206,283	206,886	603

Virements Period 5 - Approved under delegated arrangements

Expenditure Type	Description	Amount £
Supplies & Services	Purchase of van for NSART Team	(6,000.00)
Transport Related	Purchase of van for NSART Team	6,000.00
OVERALL MOVEMENT		-

Virements Period 5 - Requiring PCC approval.

Expenditure Type	Description	Amount £
Custody & Police Doctor	General Increase in demand	13,432.00
Forensic & Investigation Costs	General Increase in demand	31,570.00
Other Employee Costs	Contract changes for PFOA counselling	11,000.00
	Potential for additional redundancies due to restructures	55,880.00
	TOTAL	66,880.00
Other Income	Reversal of anticipated staff pay income to off-set revised monitoring	225,000.00
Pay & Employment Costs	Review of staff outturn position	(530,162.48)
	Increase in overtime mainly due to Op Scorpion	79,900.00
	TOTAL	(450,262.48)
Property Related	Increase in demand (incl. DBS)	170,320.00
Seconded Officers & Staff Income	Additional DBS Income	(101,711.96)
Supplies & Services	Increases in demand DBS and MFSS	44,772.44
TOTAL		-

Outturn Movements Period 5- 2019/20

Expenditure Type	Description	Amount £
Clothing & Uniform	Increase in demand, laundry in custody and general uniform costs	60,000
Collaboration	RART Pension costs and Op Advenus reflection in latest figures from region	30,260
Comms & Computing	Savings due to reduction in demand of some lines / systems	(33,328.00)
	Contract changes, Vuleio to PR Gloo (Corp Comms)	7,929.00
	TOTAL	(25,399.00)
Other Income	Increase in Income for monitored alarms, EMSCU Income generation & fingerprint income	(54,500.00)
Partnership Payments & Grants to external organisations	Mainly minor contract savings	4,144.00
Supplies & Services	Reduction in contribution to Insurance Reserves	(140,000.00)
	Changes in demand across several areas	(45,433.64)
	TOTAL	(185,433.64)
Transport Related	Increase in demand	2,100.00
OVERALL OUTTURN MOVEMENT IN P5		(168,828.64)
PREVIOUS OUTTURN MOVEMENT IN Q1 & P4		772,051.36
TOTAL OUTTURN MOVEMENT		603,222.72