

## Appendix D: Revenue Report presented to Strategic Resources & Performance

<b>For Information Only</b>	
<b>Public</b>	<b>Public</b>
<b>Report to:</b>	<b>Strategic Resources &amp; Performance</b>
<b>Date of Meeting:</b>	<b>14<sup>th</sup> September 2021</b>
<b>Report of:</b>	<b>Danny Baker</b>
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<b>Agenda Item:</b>	

\*If Non-Public, please state under which category number from the guidance in the space provided.

### Quarter 1 2021/22 Revenue Year to Date Position.

#### 1. Purpose of the Report

- 1.1 The purpose of this report is to provide the forecast financial outturn position for revenue for the financial year 2021/22.

#### 2. Recommendations

- 2.1 That the Force Executive Board and the Office of the Police and Crime Commissioner notes the outturn position as detailed in the report.

#### 3. Reasons for Recommendations

- 3.1 To update the Office of the PCC on the Force's forecast outturn position for 2021/22 as at the end of quarter 1 and to comply with good financial management and Financial Regulations.

#### 4. Summary of Key Points (this should include background information and options appraisal if applicable)

##### 4.1 Summary

In 2019 the government announced a commitment to achieve an uplift of 20,000 police officers over the period to 2022-23, this has been extended to 2023-24 following the latest spending review. The force is ahead of schedule and plans to recruit 100 officers this financial year.

The force is investing in technology which includes replacing the finance, HR, and payroll systems, looking to more cloud-based data storage solutions as well as continuing the process of becoming more agile which in turn will enable a reduction in estate costs.

This year will also witness the first full financial year of in-house vehicle management as the force moved away from the PFI (Private Finance Initiative) contractor. This change has already generated savings in excess of (£400k).

At the end of Q1 the outturn position is calculated as (£197k) underspend, this is driven by increases in income from additional grants for Knife Crime, Armed

Response and Cyber as well as income generation for training courses and the secondment of officers to other organisations. The MRP has been reduced by (£499k) reflecting longer lifetimes of assets and 2020-21 spend being lower than anticipated. Investment opportunities have increased as cashable savings are being realised, this is shown as an underspend, however with the ADA process commencing it is anticipated that some investment could be brought forward to the current financial year. The staff establishment shows several vacant posts which is also contributing to the underspend.

The main source of additional cost is in relation to police officer overtime.

- 4.2 The total net expenditure budget approved by the OPCC for 2021/22 was set at £233.3m, this is split between Police and OPCC as per the table below.

Net expenditure budget	Police £m	PCC £m	Total Base £m
Employee	151.1	0.9	152.0
Premises	7.0	0.0	7.0
Transport	6.7	0.0	6.7
Comms & Computing	8.8	0.0	8.8
Supplies & Services	10.3	0.2	10.5
Agency & Contract Services	15.7	6.4	22.1
Pension	37.0	0.1	37.2
Capital Financing	7.9	2.3	10.3
Income	(16.6)	(4.6)	(21.2)
<b>Grand Total</b>	<b>227.9</b>	<b>5.4</b>	<b>233.3</b>

- 4.3 Detail

The review of revenue expenditure shows a forecasted outturn position of (£197k) underspend for Police and an on-budget position within the OPCC. This report will review each of the expenditure areas relating to the Police element of the budget.

Expenditure Type	Total Base £'000	Virements £'000	Revised Budget £'000	Q1 Outturn £'000	Variance Over/(Under) £'000
Employee	151,995	537	152,532	154,117	1,585
Premises	6,986	354	7,340	7,456	116
Transport	6,728	(2,047)	4,681	4,295	(387)
Comms & Computing	8,836	184	9,019	9,722	703
Supplies & Services	10,483	(271)	10,211	10,866	655
Agency & Contract Services	22,075	1,395	23,470	23,312	(158)
Pension	37,177	70	37,247	37,215	(32)
Capital Financing	10,258	(2,043)	8,215	7,751	(465)
Income	(21,238)	1,821	(19,417)	(21,631)	(2,213)
<b>Grand Total</b>	<b>233,299</b>	<b>0</b>	<b>233,299</b>	<b>233,102</b>	<b>(197)</b>

Employee costs include pay, allowances and overtime but excludes pension contributions.

The current forecast is an overspend of £1,585k. £1,073k relates to officer overtime of which £482k is offset with grant income, from analysis completed so far it would indicate that overtime is increasing and with the further easing of lock-down it is expected to continue to rise. An increase in the number of transferees to meet uplift forecast is expected £300k, this will help ensure more experienced officers are available as new uplift recruits become fully operational.

£207k of the overspend relates to police officer pay, which is offset with grant income.

£154k relates to other employee expenses, specifically Access to Work partly funded by the DWP (Department for Work & Pensions), medical costs, increased contributions to the apprenticeship levy reflecting the increase in payroll costs and occupational health costs.

The additional costs are offset with savings on staff salaries where the force has vacancies yet to be filled.

Premises costs include the running and upkeep costs of the estate.

The current forecast is an overspend of £116k. The overspend is due to retaining The Bridewell for longer than expected, also charges for the new fleet workshop and backdated rates charges for Castle Quay.

Cleaning costs continue to be higher due to additional COVID cleaning taking place.

Transport costs, includes the cost of running the force fleet and other travel costs.

Current forecast is an underspend of (£387k). (£340k) saving has been achieved from restructuring the Fleet department after taking on board the services previously provided by the fleet contractor. (£200k) reduction in expected costs as the Speed Camera Team rephase the replacement of their vehicles.

Additional costs have been incurred for vehicle insurance £87k, diesel and casual user mileage as COVID restrictions are lifted and people are moving about more freely.

Communications and Computing costs include the costs of the information technology estate incorporating call charges, software licences, upgrades, networking, airwave, and postage costs.

Current forecast is an overspend of £703k. £586k relates to various contract renewals being higher than anticipated, £70k increase in demand for mobile phone service and data storage.

Supplies and Services costs includes all non-pay operational costs.

Current forecast is an overspend of £655k, the majority of this reflects an increase in insurance premiums of £729k; anticipated investment in equipment of £241k for Armed Response which is offset with income. This is offset with a realignment of Futures Board (ADA) decisions across various expenditure categories.

Agency and Contracted Services costs includes collaboration charges, partnership costs and mutual aid charges.

Current forecast is an underspend of (£158k). (£300k) saving on contributions to regional staffing costs for the Emergency Services Network as region have identified sufficient funds from previous years to cover the cost. (£90k) general reduction in regional costs compared to budget. £179k increase in Home Office charges. £43k increase in charges to MINT (outsourced procurement facility).

Pension costs include payments for employees along with pensions payrolls for ill health and injury pensions.

The forecast currently shows an underspend of (£32k). This reflects the pension element of the salaries for staff and officers. Staff currently show an underspend due to vacancies.

Capital Financing includes the transfers in and out of reserves, contributions to capital financing, MRP (Minimum Revenue Provision) charges and interest costs.

Current outturn position is (£465k) underspend. The MRP has been reduced by (£499k) to reflect the longer lifetimes of assets that have been funded by borrowing and the 2020-21 spend being lower than anticipated, (£197k) reduction in interest paid. £232k increase in contributions to reserves.

Income includes grants, partnership funding, fee income and seconded officers' recharges.

Currently forecast to increase by (£2,213k). (£1,120k) relates to additional grant income for Knife Crime, Armed Response and Cyber Crime and is offset with expenditure. (£565k) additional income is expected for officers seconded to other forces/Home Office. (£250k) additional income in respect of loan charges. (£69k) additional income for vehicle recovery charges offset with expenditure; (£57k) additional income taking advantage of the government's incentive for apprentices.

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

5.1 The financial information relating to this item is contained within item 4.

## **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 of the accounts is problematic and errors in the data continue to be reported.

## **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 monthly basis.

## **12. Appendices**

12.1 None

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

13. There are no background papers relevant to this report.

NB

See guidance on public access to meetings and information about meetings for guidance on non-public information and confidential information.