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SURREY POLICE

PAPER FOR POLICE AND CRIME COMMISSIONER Date: **18/9/13**

FINANCIAL REPORT MONTH 3 – 2013-14

1. Purpose

1.1.This report presents the financial position for June 2013, being quarter 1 of 2013/14.

2. Summary

2.1.The gross revenue budget for the year is £207.7m a reduction of £1.1m compared to last year. The current forecast is for a slight over spend against the budget, dependent on the funding of costs as a result of the decision to progress the collaboration of the Crime, Intel and Custody system.

2.2.The net capital budget is £17.4m including £6.4m carried forward from last year; expenditure for the year to date is £3.0m.

3. Introduction

3.1.The report contains the following;

- 3.1.1. The actual revenue expenditure year to date, with the forecast for the year against the annual budget, including an overtime analysis for officers and staff (appendix A).
- 3.1.2. The movement on the general balances and specific reserves (appendix A).
- 3.1.3. The capital expenditure against the annual budget (appendix A & B).
- 3.1.4. The balance sheet items that are termed as working capital, such as the cash position, accounts receivable and payable performance (appendix A).
- 3.1.5. Efficiency Plan (appendix C) incorporating the strategic savings graded as red, amber or green.

4. Revenue Budget Summary

4.1.The revenue budget for the year is £207.7m a reduction of £1.1m (0.5%) on last years. The budget incorporates a movement of £1.5m into general reserves.

4.2.The year to date actual revenue expenditure of £53.1m is £0.347m above the phased budget. The full year forecast is for a close to balanced budget position, with a small overspend of £0.066m.

4.3.The Force Summary at Appendix A provides the detail of expenditure against the budget for the cost type, pay, premises, supplies & services, transport and income as well as by business unit with narrative on the variances in section 5.

4.4.The flexibility levered from the budget allows for financial resources to be targeted by the Force which assist in the achievement of the PCCs Local Policing Plan targets.

5. Force Business Unit Variances

5.1.Detailed at appendix A is a table that provides the Force and PCC budget by function, this section of the report will provide a narrative on the forecast expenditure against these budget headings.

5.2.Response: Year to date the command is over spent by £205k with a forecast overspend of £550k for the year. The command is currently 10.5 officers over establishment and the staff vacancy rate is

only 4.5% which results in a payroll overspend. Non staff costs are under budget, assisted by a campaign to draw fuel from cheaper supermarket outlets. Income is also currently under budget but a recent order for dog training from Hong Kong is expected to rectify the position.

5.3. Investigation: Investigations Command is £125k above budget year to date with a forecast overspend for the year of £818k. The command currently has 17 Sergeants and 40PCs over establishment resulting in a major overspend which is partly offset by reduced staff costs resulting from the change programmes generating vacancies, as posts that are due to be removed become vacant they are not filled, there is also an under spend on non payroll costs and an above budget position on income.

5.4. Neighbourhoods: A modest over-spend generated by excess PC numbers in anticipation of a budget transfer from Human Resources probationer budget, but until confirmed, it results in a forecast overspend partly offset by vacancies in Police Community Support Officers. There is a risk in respect of maintaining the funding for the joint Drive Smart initiative.

5.5. Tasking & Co-Ordination: Tasking is within budget and are forecast to remain so, an over-spend on police officer overtime is offset by reduced police officer and staff costs.

5.6. Joint Command: The bilateral activities, Sussex and Surrey, are within budget with reduced staff and non-payroll costs in Scientific Support, but Regional Collaborations are currently above budget resulting in a slight over budget position year to date, which is forecast to recover to an under budget position by year end.

5.7. DCC Command: ACPO are £484k above budget largely due to the payments as a result the decision to progress the collaboration of the Crime, Intel and Custody system, which is carried forward to the year-end forecast. The Joint Emergency Services Interoperability Project is predominantly seen in agency costs but is funded by Home Office Grant. Professional Standards Department is within budget as a result of a refund of legal costs, the under spend is forecast to continue with a reduction in officer and staff numbers. Force Improvement is budgeting for staff and premises savings which have not so far materialised, it is also carrying officers previously charged to Enterprise and staff supporting change programmes resulting in a £74k overspend year to date which is forecast to increase to £373k. Strategic Planning and Diversity are within budget, a position which is forecast to continue.

5.8. ACO Command: Shared Business Services is within budget due to reduced operational costs, a significant underspend is forecast due to reducing staff costs. ICT costs are well above budget due to an increase in supplier costs, increased demand on telephony and additional consultancy costs, some recovery is forecast but an overspend of £0.5m is forecast for the year. Finance and Services are £63k within budget and forecast to remain so with reductions in staff and premises costs. HR is under budget by £505k due to a reduced spend on officers payroll in relation to probationer numbers and reduced staff and non payroll costs, the forecast is for an underspend, part of which is planned to be given as savings this year.

6. Virements and Approvals

6.1. Virements (transfer of budget) are intended to enable the Chief Constable to manage budget flexibly within the overall policy framework determined by the PCC and, therefore to provide the opportunity to optimise the use of resources to emerging needs.

6.2.The Chief Constable will only be required to refer back to the PCC when virement would change the overall policy framework determined by the PCC or where a revenue virement might create a future year or continuing, commitment. There are no virements requiring approval.

7. Capital Position

7.1.The approved capital programme is for a total of £17.4m. Detail of the capital programme is detailed in appendix B.

7.2.The significant capital projects are Salfords Custody Suite, Niche RMS, Vehicle replacement programme, ICT Infrastructure renewal.

7.3.Expenditure for the year to date is £3.0m with orders committed of a further £3.7m. The forecast variance for the year is an under spend due to phasing of the schemes over more than one year.

7.4.Capital expenditure is financed from grants received from the Home Office, capital receipts from the sale of assets, revenue transfer funding and if necessary borrowing, but given the size of recent receipts from station sales none is currently forecast.

8. Reserves

8.1.At the start of the year all reserves, general and specific stood at £15.5m. The budget incorporated a movement of £1.5m into the general reserve which is phased over the year. General reserves will be £10.8m based on the current forecast at year end. Subject to approval a draw on reserves is planned to cater for additional costs arising from the decision to progress the collaboration of the Crime, Intel and Custody system. Some minor movements are expected on the specific reserves.

9. Accounts Receivable

9.1.Accounts receivable balance at month end was £0.9m includes £0.1m over 90 days old, being 12% of total debtors, 76% are under 30 days old.

9.2.Financial regulations sets out the limits for the write off of debt. Any individual debtor above £20k will require the Chief Finance Officer of the CC and the Chief Finance Officer of the PCC to approve the write off of the debt. No write off actions are currently recommended, but a customer has recently gone into liquidation and dependent on the progress by the administrator a write off against the bad debt provision may be required.

10.Accounts Payable

10.1. Accounts payable held 202 invoices and credit notes under query at month end of which 37 are for more than 120 days and another 20 are over 60 days. The total net value of outstanding invoices and credit notes being £462k. 49% of invoices have been held for less than 30 days with a further 22% held for less than 60 days.

11.Cash

11.1. Revenue receipts in the quarter of £63.6m exceeded expenditure of £61.9m, in addition there were capital receipts of £11.2m which exceeded capital expenditure of £3.0m, the cash balance thus increased by £9.9m in the quarter to £18.5m.

11.2. The balance is forecast to decrease by £6.1m over the year to £12.4m as precept is not received in July and December and capital receipts are used to support the capital programme through the year.

12. Efficiency Savings

12.1. The report at appendix C sets out the current position with respect to the Force's Efficiency Plan as at month 3 with savings of £3.7m on target in the current year.

12.2. The report categorises the savings plan into closed projects, operational performance, partnering, police collaboration and continuous improvement. Financial estimates are also included on future areas that have not been fully worked into an approved business case.

13. Risks

13.1. The inability to control financial expenditure and achieve value for money will impact on achieving performance objectives and attract negative attention that affects the Force's reputation.

14. Decision[s] Required

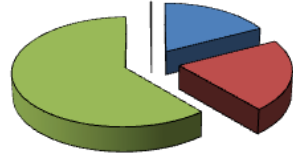
14.1. The financial position is for information.

FINANCIAL OVERVIEW AS AT JUN 2013

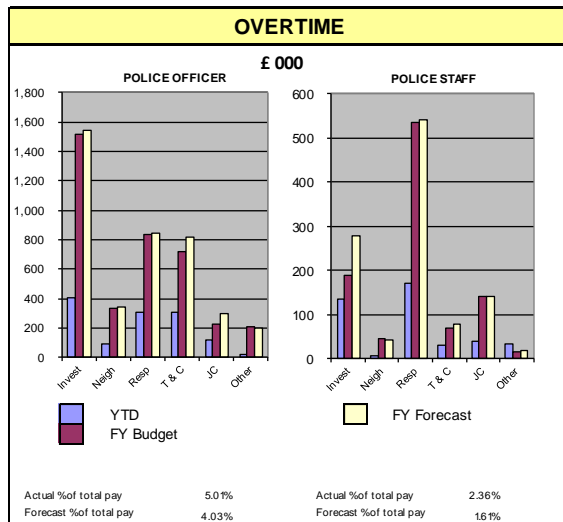
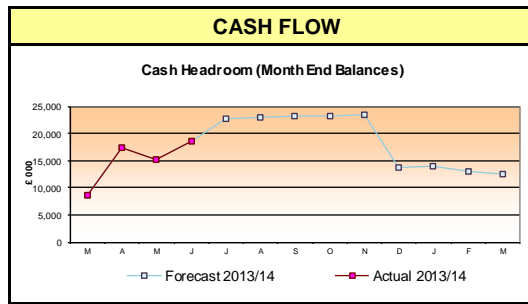
INCOME AND EXPENDITURE						
BUSINESS UNIT VARIANCES						
	YEAR TO DATE			YEAR		
	ACT	BUD	VAR	BUD	F/C	VAR
	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000
Response	11,768	11,563	(205)	46,065	46,615	(550)
Investigation	12,600	12,475	(125)	49,521	50,339	(818)
Neighbourhoods	6,900	6,843	(57)	27,203	27,375	(172)
Tasking	5,367	5,474	106	21,964	21,239	725
Joint Command	3,428	3,406	(23)	13,414	13,356	59
Sub Total	40,063	39,760	(303)	158,167	158,923	(756)
ACPO	1,194	710	(484)	2,845	3,424	(579)
PSD	527	589	63	2,364	2,211	153
Strategic Planning	36	40	4	162	159	3
Diversity	49	54	4	214	186	28
Force Improvement	329	255	(74)	678	1,051	(373)
Sub Total	2,134	1,647	(487)	6,264	7,031	(767)
SBS	521	560	39	2,240	2,094	146
ICT	3,330	2,660	(670)	10,665	11,144	(479)
F & S	3,580	3,643	63	12,538	12,389	149
HR/Fed	2,512	3,001	489	10,980	10,530	449
Sub Total	9,943	9,864	(79)	36,423	36,158	265
Corporate/Suspense	682	1,026	345	4,880	3,718	1,163
PCC	291	468	177	1,940	1,910	30
Sub Total	972	1,494	522	6,821	5,628	1,193
TOTAL	53,113	52,766	(347)	207,674	207,740	(66)

BALANCE SHEET			
BALANCES			
	31/03/13	30/06/13	VAR
	£ 000	£ 000	£ 000
Police Staff Pension Reserve			
Insurance Reserve	2,832	2,524	(308)
Ill Health Reserve	1,648	1,616	(32)
Healthcare Reserve	290	290	0
OPR Reserve	460	460	0
Employee Retention Reserve	900	900	0
General Balances	9,340	9,379	39
TOTAL	15,470	15,169	(301)

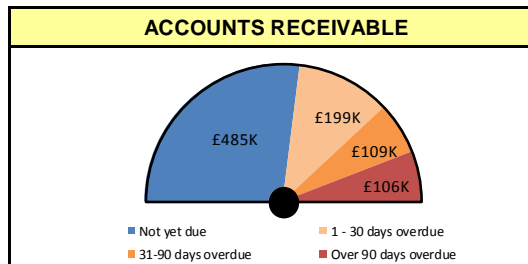
CAPITAL EXPENDITURE	
Approved 12/13 Capital Budget	£ 000 10,720
Projects carried forward	6,647
Total	17,367
Spend to date	3,026
Ordered	3,725
Un committed	10,642
Revenue funded	(26)
Total	17,367
Financing	
Grant	1,416
Other funding	0
Receipts	12,751
Underspend	3,200
Borrowing	0
Total	17,367



MRP £'000	11/12	12/13	13/14	14/15
	357	719	706	693



ACCOUNTS PAYABLE						
		0 - 30 days	31 - 60 days	61 - 120 days	Over 120 days	Total
Amount Due	£ 000	228.3	142.3	70.5	20.7	461.8
%of Total Amount		49.4%	30.8%	15.3%	4.5%	100.0%
No of Invoices		100	45	20	37	202
%of Total Amount		49.5%	22.3%	9.9%	18.3%	100.0%



COST TYPE VARIANCES						
	YEAR TO DATE			YEAR		
	ACT	BUD	VAR	BUD	F/C	VAR
	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000
Police Payroll	24,654	24,681	27	98,842	99,257	(415)
Unsocial Hours	270	316	46	1,263	1,193	69
Police Overtime	1,250	1,075	(174)	3,823	4,048	(224)
Staff Payroll	17,661	17,345	(316)	69,437	68,310	1,127
Staff Overtime	418	250	(168)	1,000	1,102	(102)
Agency	415	78	(338)	310	464	(154)
Other Payroll Costs	882	1,010	128	4,061	3,615	446
Sub Total	45,549	44,754	(795)	178,735	177,990	746
Premises	2,426	2,496	70	7,957	7,728	229
Supplies & Services	6,566	6,153	(413)	25,886	27,453	(1,567)
Transport	1,115	1,245	131	4,930	4,804	126
Financing	106	225	119	899	708	191
Sub Total	10,213	10,120	(93)	39,672	40,694	(1,022)
Income	(1,666)	(1,647)	20	(8,630)	(8,973)	343
Grants	(983)	(461)	522	(2,103)	(1,971)	(132)
Sub Total	(2,649)	(2,107)	542	(10,733)	(10,944)	211
TOTAL	53,113	52,766	(347)	207,674	207,740	(66)

APPENDIX B



C3 - Capital Report Month 3 - Jun-13																
Surrey Police																
With you, making Surrey safer																
GLW105																
C3 - Capital Report																
Month 3 - Jun-13																
Strand																
Prior Year Re-Phasing C/f																
Current Year Budget 2013/14																
Total 13-14 Budget																
Rev Cont Sp Grants																
Actual Spend YTD (less capitalised) Apr-13-Jun-13																
Capitalised in Year																
Variance YTD																
O/S Orders																
Actual Spend YTD plus O/S Orders																
Bal of Year Forecast Jul-13-Mar-14																
Full Year Forecast																
Fc to Bud Variance																
% Spend																
RAG																
ICT Infrastructure Renewal / Business Continuity																
6021	DESKTOP REPLACEMENT PROGRAMME	ICT	0	225,000	225,000		90,119		134,881	154	90,273	82,146	172,265	52,735	63.49	
6022	LAPTOP REPLACEMENT PROGRAMME	ICT	0	0	0		12,496		-12,496	0	12,496	0	12,496	-12,496		
6023	ACCRUALS/FORCE SPEND	ICT	0	0	0		-1,289		1,289	9	-1,280	0	-1,289	1,289		
6024	NETWORKS/CABLING - ICAD UPGRADE	ICT	0	0	0		10,895		-10,895	2,841	13,736	0	10,895	-10,895		
6026	IT PERIPHERALS - PRINTERS	ICT	0	0	0		28,030		-28,030	2,571	30,601	0	28,030	-28,030		
6027	HOMA	ICT	0	700,000	700,000		797,109		-97,109	19,193	816,302	0	797,109	-97,109	113.87	
6028	HTCU/POLIT	ICT	0	0	0		2,603		-2,603	0	2,603	0	2,603	-2,603		
6029	ICCS	ICT	0	0	0		0		0	0	0	0	0	0		
6032	PLANNED SERVER REPLACEMENT	ICT	0	310,000	310,000		0		310,000	0	0	310,000	310,000	0	0.00	
6052	HARDWARE - FIREWALLS	ICT	0	0	0		0		0	0	0	0	0	0		
6055	ICT IMPROVEMENTS	ICT	0	500,000	500,000		0		500,000	0	0	402,891	402,891	97,109	0.00	
Sub-Total			0	1,735,000	1,735,000	0	939,963	0	795,037	24,767	964,730	795,037	1,735,000	-0	54.18	
Fleet Annual Replacement Schemes																
6201	VEHICLE REPLACEMENT	F&S	553,143	1,711,815	2,264,958		281,082	36,618	1,947,258	929,034	1,246,734	1,947,258	2,264,958	0	14.03	
Specific Capital Schemes																
6301	UNALLOCATED - BUDGET ONLY		0	2,922,019	2,922,019		0		2,922,019	0	0	2,922,019	2,922,019	0		
6364	MOBILE DATA 2009/10	DCC	315,001	0	315,001		3,034		311,967	3,675	6,709	311,967	315,001	0	0.96	
6371	IT WAN RE-STRUCTURE	DCC	0	0	0		176	2,311	-2,487	7,262	9,749	0	2,487	-2,487		
6377	SALFORD CUSTODY SUITE	DCC	4,559,177	0	4,559,177		1,343,585		3,215,592	2,355,002	3,698,587	3,142,908	4,486,493	72,684	29.47	
6378	DIGITAL AUDIO INTERVIEWING EQUIPMENT	ACC	425,000	0	425,000		0		425,000	23,415	23,415	425,000	425,000	0	0.00	
6390	OPR ESTATE RESTRUCTURE	DCC	43,719	0	43,719		9,375		34,344	600	9,975	34,344	43,719	0	21.44	
6395	MIDAS MOBILE FINGERPRINT ID	DCC	6,600	0	6,600		0		6,600	0	0	6,600	6,600	0	0.00	
6396	SUPPORT SERVICES IT DEVELOPMENTS	ACO	219,181	0	219,181		76,586		142,595	25,429	102,015	142,595	219,181	0	34.94	
6397	E-Business/Integration Technologies	DCC	57,060	0	57,060		18,211		38,849	24,336	42,547	38,849	57,060	0	31.92	
6399	Remote Access	DCC	107,988	0	107,988		0		107,988	6,425	6,425	107,988	107,988	0	0.00	
6404	Firearms Licensing Scanning	T&C	75,149	0	75,149		0		75,149	0	0	75,149	75,149	0	0.00	
6405	Police National Database	DCC	35,130	0	35,130		0		35,130	0	0	35,130	35,130	0	0.00	
6407	Internet Cafe	ACO	0	0	0	26,000	9,740		16,260	5,780	15,520	16,260	26,000	-0	37.46	
6408	Niche RMS	DCC	0	4,118,528	4,118,528		305,348		3,813,180	294,292	599,640	3,813,180	4,118,528	0	7.41	
6409	Generator for Business Continuity	ACO	0	232,360	232,360		0		232,360	25,360	25,360	232,360	232,360	0	0.00	
6410	Reigate Custody Refurbishment	ACO	250,000	0	250,000		0		250,000	0	0	250,000	250,000	0	0.00	
Specific Capital Schemes Sub-Total			6,094,005	7,272,907	13,366,912	26,000	1,766,055	2,311	11,624,546	2,771,576	4,539,942	11,554,349	13,322,715	70,197		
Totals			6,647,148	10,719,722	17,366,870	26,000	2,987,100	38,929	14,366,841	3,725,377	6,751,406	14,296,644	17,322,673	70,197		
NOTES																
										Scheme Closed						
										5% per month =						
										Less than 15% or more than 120% of budget spent						
										6.5% per month =						
										Less than 19.5% or more than 110% of budget spent						
										6.5% per month =						
										Greater than 19.5% or less than 110% of budget spent						
6371	This overspend will be covered by a 2013/14 budget which is currently 'agreed in principle'.															
6377	There will be residual payments in 2014/15, this variance is not a saving.															
6395	This scheme will complete in 2013/14 with a final payment of £6,600.															
6404	This scheme is ongoing from 2012/13 but a saving of £45,000 is likely.															

June 2013
STRATEGIC CHANGE / SAVINGS PLAN
2013/14 TO 2017/18

MONTH 3		2013/14 In-Year Budgeted Saving	2013/14 In-Year Revised Forecast	2013/14 In-Year Variance	2014/15 Forecast Savings	2015/16 Forecast Savings	2016/17 Forecast Savings	2017/18 Forecast Savings
PROJECT	Variance	Full Year £000s	Full Year £000s	Full Year £000s	Full Year £000s	Full Year £000s	Full Year £000s	Full Year £000s
Closed Projects								
SSD Main Review	-	0	0	0	0	86	0	0
Crime Management Review	-	0	0	0	17	32	0	0
Estate Management	-	61	61	0	43	21	0	0
Corporate Communications	-	70	70	0	15	0	0	0
Senior Police Staff Leadership Review	-	25	25	0	0	0	0	0
Health & Safety Review	-	30	30	0	0	0	0	0
Diversity	-	1	1	0	3	0	0	0
Secretariat Review	-	41	41	0	11	0	0	0
ICT OSR review	-	57	57	0	55	0	0	0
Enterprise Programme - CMU	-	9	9	0	18	21	43	0
Functional Command Savings - Vehicle Recovery	-	(15)	(15)	0	15	0	0	0
Functional Command - CCTV - Walton	-	(2)	(2)	0	(2)	(2)	0	0
Functional Command - Offender Management	-	16	16	0	5	0	0	0
Functional Command - Switchboard	-	25	25	0	0	0	0	0
Service Quality Review Phase 3	-	19	19	0	0	0	0	0
Closed Projects Total		337	337	0	180	158	43	0

Operational Performance								
CID Project 2013	-	0	(328)	0	2,438	39	431	0
Operational Policing Total		0	(328)	0	2,438	39	431	0

Partnering								
Learning and Development Review	-	0	396	0	656	53	0	0
COG Initiative - Custody	-	0	285	0	677	0	0	14
Partnering Total		0	681	0	1,333	53	0	14

Police Collaboration								
Major Crime	-	386		0		0	0	0
Tactical Firearms	-	132		0		0	0	0
Forensics Investigation	-	487	588	0		0	0	0
Fleet Management Review	-	44	44	0	47	44	0	0
Collaboration - Insurance	-	16	16	0	14	0	0	0
Collaboration - Procurement	-	16	16	0	5	5	0	0
National Collaboration Air Support	-	200	200	0	0	0	0	0
Police Collaboration Total		1,281	864	0	66	49	0	0

Digital Justice								
Digital Justice Total		0	0	0	0	0	0	0

Continuous Improvement								
Estates Reconfiguration: Red	-	20	20	0	80	262	18	0
Estates Reconfiguration: Amber	-	386	386	0	285	48	0	0
Estates Reconfiguration: Green	-	319	319	0	3	(17)	(42)	0
Functional Command - Force Control Room	-	191	191	0	89	0	0	0
ACO 10 percent non staff saves	-	342	342	0	277	0	0	0
ACC 10 percent non staff saves	-	317	317	0	211	0	0	0
DCC 10 percent non staff saves	-	46	46	0	20	0	0	0
Support Services - The ONE Programme	-	115	136	21	2	0	0	0
Non staff costs - Overtime	-	297	297	0	0	0	0	0
Specials Review	-	0	11	11	(11)	0	0	0
HR Savings Plan					340	132	15	0
Finance Savings Plan					157	139	0	0
ICT Savings Plan					671	0	0	0
SBSC Structural & Skills Review	-	0	36	36	13	3	1	0
Non staff costs - Officer Allowances	-	30	30	0	0	0	0	0
Continuous Improvement Total		2,063	2,131	68	2,137	567	(8)	0

Total Savings		3,681	3,685	68	6,154	866	466	14
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Financial Confidence RAG

Green = on plan & saving will be achieved
 Amber = Some movement to deadline or saving possible
 Red = Saving figure or timing likely to be subject to change

Total Savings Plan

Surplus / Deficit brought forward

Total Savings Plan including previous year's variance

2,035	174	141	1	0
1,233	982	195	1	0
417	4,998	530	464	14
3,685	6,154	866	466	14
0	0	0	0	0
0	6,154	866	466	14

Financial Estimates of Outline Savings Proposals								
Workforce Mix - Neighbourhoods						460	1,040	
Prudent phasing adjustment					(1,200)	1,200		
Financial Estimates of Outline Savings Total		0	0	0	(1,200)	1,660	1,040	0