

SURREY POLICE - PAPER FOR PCC MANAGEMENT MEETING

Financial Report Month 5 – 2014/15

**1. Purpose**

**1.1.** This report presents the financial position for August 2014, or month 5 2014-15.

**2. Summary**

**2.1.** The gross revenue budget for the year is £207.268m, a reduction of £0.4m compared with last year. The year-end forecast position is for an underspend of £2.8m against the budget; this is predominantly due to vacancies in police staff as set out at paragraph 3.3.3. Within this total the Force budget is £204.730m with a forecast variance of £2.7m underspend, and the Police and Crime Commissioner's budget is £2.538m with a forecast variance of £0.1m underspend.

**2.2.** There has been an increase in the underspend due to three main factors: in light of future funding reductions in 2016/17 and beyond, decisions have been made in respect of freezing recruitment for specific posts; change projects delivering ahead of schedule; and, planned expenditure not required.

**2.3.** There are no known current cost pressures on the Force of such a size that will change the trajectory. Due to the Force taking decisions now to address future funding pressures the underspend will continue: plans are currently being considered to make effective use of the underspend with a view to enhancing in-year performance and service as well as developing options for bring forward and/or smoothing future spending requirements.

**2.4.** The capital budget is £10.1m including £2.2m carried forward from the previous year; expenditure for the year to date is £2.2m with orders outstanding of £2.7m.

**3. Revenue Budget Position**

**3.1.** The revenue budget forecast for the year is an underspend of £2.8m, predominantly due to police staff vacancies. Detailed at appendix A is a table that provides the Force and PCC budget by function and also by cost type. In addition at appendix B is a table identifying the most significant variances.

### 3.2. Summary position.

Year to Date			Annual		
Actual	Budget	Variance	Actual	Budget	Variance
£m	£m	£m	£m	£m	£m
84.2	86.9	(2.7)	204.5	207.3	(2.8)

### 3.3. Pay Budgets

- 3.3.1. Total pay is forecast to be £2.6m underspent.
- 3.3.2. Police officer pay is slightly under at £0.1m which reflects the establishment being maintained at an average just below the 1% vacancy rate.
- 3.3.3. Police staff pay is forecast to underspend by £3.7m with a vacancy rate of 11% against the planned 5%. This is due to the number of 'on-hold' posts in the Force as a result of on-going change programmes. Further posts are being held and the forecast position has produced an increased underspend from the previous month.
- 3.3.4. Police officer overtime is over spent by £0.1m which is predominantly on North Division however a budget review for the allocation of budget is due which could affect this variance.
- 3.3.5. Police staff overtime is expected to be £0.3m overspent; the largest variance is within Specialist Crime and is a consequence of the number of vacancies in the command.
- 3.3.6. The agency costs are exceeding the budget by £0.6m by year end, with ICT making up £0.4m of the total however the ongoing review of resources across Surrey and Sussex may see this forecast come down as the plans are put in place.
- 3.3.7. Other payroll overspend is mainly the increasing cost of ill health retirements; there has been an increase in the number officers leaving the force on ill health retirement in the last couple of years.

### 3.4. Non Pay Budgets

- 3.4.1. The non-pay underspends include premises and transport of £0.2m; the majority is from savings from fuel expenditure. There is a small underspend on premises which will allow some targeted improvements to be made; if they are agreed the saving will reduce to nil.
- 3.4.2. The non-pay overspends in supplies and services are forecast to be £0.8m. The largest proportion is in relation to additional expenditure supported by grants.
- 3.4.3. Income is forecast below budget for the year and deficit within fees and charges is the main item that creates this variance. Firearms training and Firearms licensing are both below the aspiration, plus the collaboration recharges are lower than planned due to lower expenditure in these areas. Whereas grant income is greater than budgeted arising from the Blue Light project funding with an equal overspend in supplies.

### **3.5.Delegated Budget Holders**

- 3.5.1. North Division: forecasting a small overspend of £0.1m derived from police officer overtime. The variance has improved as funding agreed for four sergeants has been transferred coupled with a reduction in the forecast for police officers.
- 3.5.2. East Division: the year-end forecast is for an overspend of £0.5m with the overspends occurring in employees, £0.2m in each of police officers and staff. There is a growing overspend within transport.
- 3.5.3. West Division: conversely forecasting an underspend from employees, with just under £0.7m underspend on police officers which on the face of it suggests police officer numbers need reviewing between the divisions. This work is underway currently. There is also a £0.6m underspend within police staff.
- 3.5.4. Specialist Crime: forecast underspend predominantly from police staff, £1.5m, due to the high level of vacancies within the command. These are tempered by overspends in staff overtime of £0.2m and the use of agency staff costing £0.1m. In addition there is a lower than planned recovery from the collaborated functions, Major Crime and Forensics, of £0.3m.
- 3.5.5. Operations: this report has not combined the two Forces as per the recent PCC agreement and only represents the Surrey part of the command which is forecast to underspend. On looking at the Sussex position for Operations there is no significant variation. The Operations underspend is from police officers' salaries (currently 10 PCs below budget,) which is reduced by the rate variance for the cost of each officer within Operations.
- 3.5.6. Contact and Deployment: an underspend for the year, the majority from police staff, of £0.5m, as a result of vacancies.
- 3.5.7. ACPO: this forecast overspend of £0.6m includes costs in relation to Op Heather which has authority to be funded from general reserves. However noting the Force position it may not be necessary to call on this facility. The forecast includes the cost of the temporary Assistant Chief Constable (ACC) overbudget and some Joint Emergency Services Interoperability Programme (JESIP) costs which will be fully recovered. The police staff costs are increasing which will require confirmation and the funding for the Chief Information Officer post to be resolved.
- 3.5.8. Communications and Service Quality: a small overspend of £0.1m arising from the police staff expenditure in Corporate Communications due to abstractions.
- 3.5.9. Professional Standards Department: a year end forecast of £0.6m with a significant overspend in police officers as there are 5.3 officers above the budget creating a £0.4m overspend along with pressure within the legal expenses budget due to the number of claims being handled.
- 3.5.10. Force Improvement: an underspend is predicted which is in line with the additional savings reported in the Strategic Change Board monthly report. Budget has been transferred to match the additional consultancy costs in

respect of the Target Operating Model, ERP System Review and Support Services design work.

- 3.5.11. Shared Business Service Centre: A small underspend from staff vacancies, lower recruitment expenditure and lower fees from CMG Logica payroll provider.
- 3.5.12. ICT: forecast for a significant underspend of £0.5m derived from police staff and offset by agency expenditure of £0.3m plus savings on mobile phones £0.1m (a tariff review has been carried out), a reduction in equipment purchases and contract savings of £0.2m along with a one-off credit which related to last year.
- 3.5.13. Finance and Services: An underspend of £0.1m expected arising from police staff and other small variances within transport and supplies and services.
- 3.5.14. Human Resources: the department is forecast to underspend by £0.2m derived from savings in police staff of £0.2m predominantly in Learning & Development. Within the probationer and secondments budget there is an overspend on police officer probationers and secondments of £0.5m however secondment costs are recovered and showing an over achievement against the income budget of £0.3m. The net position forecasts £0.1m overspend.

### 3.6.Savings

- 3.6.1. The latest Strategic Change Savings schedule is showing an over achievement of savings of £0.7m, the majority £0.6m is from the previous financial year.

<b>Financial Confidence RAG 2014-15</b>	
<b>Green</b> = on plan & saving will be achieved	5,391
<b>Amber</b> = Some movement to deadline or saving possible	1,555
<b>Red</b> = Saving figure or timing likely to be subject to change	77
<b>Total Savings Plan</b>	<b>7,023</b>
<b>Surplus / Deficit brought forward</b>	<b>600</b>
<b>Total Savings Plan including previous year's variance</b>	<b>7,623</b>
.	
<b>MTFP Period 4</b>	
<b>Savings Target MTFP</b>	6,938
<b>Variance between Savings Target &amp; Savings Plan</b>	<b>685</b>

## 4. Capital Budget Position

- 4.1. The approved capital programme for the year is £10.1m. Detail of the capital programme is provided in appendix B.
- 4.2. The significant capital projects are IT and Fleet replacement schemes, Digital Audio Interviewing and ICAD upgrade.
- 4.3. Expenditure for the year to date is £2.2m with orders committed of a further £2.7m. There are not any schemes signalling an overspend. Noting there is £3.6m un-allocated as at month 5, the rate of expenditure will have to increase in order to complete the schemes in year.

**4.4.**In response to the spend rate a review of the capital schemes will commence shortly to identify capital budget that can be phased into the next financial year.

**4.5.**Capital expenditure is financed from grants received from the Home Office £1.5m, capital receipts from the sale of assets £8.6m, revenue transfer funding and if necessary borrowing, which is not required due to the size of recent receipts from police buildings and house sales.

## **5. Reserves**

**5.1.**At the start of the year general reserves stood at £11.2m and specific reserves stood at £7.9m. The budget incorporated a movement of £1.3m into the general reserve. General reserves at the year-end are estimated at £12.5m plus the eventual variance on the revenue budget. Specific reserves have a reduction on the staff pension reserve to dampen the effect of the increase in employer's contribution rate.

## **6. Risks**

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

## **7. Summary**

**7.1.**In light of the anticipated revenue budget underspend proposals are being developed to employ this funding bearing in mind the level of general reserves. This includes:

7.1.1. Options to drive performance or support employees that could be deployed using one-off short-term funding.

7.1.2. To utilise the underspend to assist with any shortcoming in planned savings for 2015-16 and/or unforeseen changes to grant allocation due to government top slicing.

7.1.3. To support major organisational change by creating an investment reserve which would allow any significant future one-off expenditure to be catered for rather than utilising base budget.

## **8. Decision[s] Required**

**8.1.**The financial position is for information.

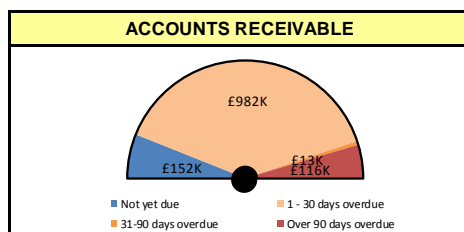


FINANCIAL OVERVIEW AS AT AUGUST 2014

INCOME AND EXPENDITURE							BALANCE SHEET			CAPITAL EXPENDITURE							
BUSINESS UNIT VARIANCES							BALANCES			CAPITAL EXPENDITURE							
	YEAR TO DATE			YEAR			31/03/14	1/07/14	VAR	£ 000							
	ACT	BUD	VAR	BUD	F/C	VAR	£ 000	£ 000	£ 000								
	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000											
North Division	8,572	8,752	(180)	21,075	21,198	124	2,080	1,080	(1,000)	Approved 14/15 Capital Budget 7,832							
East Division	9,913	9,695	218	23,444	23,952	508	2,970	3,291	399	Projects carried forward 2,233							
West Division	11,005	11,667	(662)	28,181	26,839	(1,345)	1,673	1,672	(71)	<b>Total 10,065</b>							
Specialist Crime	20,259	20,338	(78)	49,194	48,360	(833)	290	290	0	Spend to date 2,207							
Operations	7,188	6,990	198	16,805	16,547	(258)	900	900	0	Ordered 2,715							
Contact & Deployment	6,354	6,183	171	14,840	14,353	(487)	0	1,000	1,000	Un committed 5,482							
<b>Sub Total</b>	<b>63,291</b>	<b>63,624</b>	<b>(333)</b>	<b>153,539</b>	<b>151,249</b>	<b>(2,292)</b>	<b>11,193</b>	<b>11,453</b>	<b>260</b>	Revenue funded (339)							
ACPO	715	621	94	1,472	2,046	573	<b>TOTAL</b>	<b>19,106</b>	<b>19,686</b>	<b>588</b>	<b>Total 10,065</b>						
DCC	1,685	1,888	(203)	4,458	4,540	81	<b>CASH FLOW</b> Cash Headroom (Month End Balances) 										
PSD	1,304	1,013	292	2,435	3,005	570											
Diversity	76	92	(16)	220	200	(20)											
Strategic Planning	71	67	3	162	166	3											
Force Improvement	903	2,119	(1,216)	4,585	3,835	(751)											
<b>Sub Total</b>	<b>4,755</b>	<b>5,800</b>	<b>(1,044)</b>	<b>13,333</b>	<b>13,791</b>	<b>457</b>											
SBS	574	654	(80)	1,570	1,431	(139)											
ICT	5,509	5,193	316	10,734	10,189	(545)											
F & S	4,510	4,755	(244)	11,411	11,285	(127)											
HR/Fed	3,838	4,382	(544)	10,547	10,660	113											
<b>Sub Total</b>	<b>14,432</b>	<b>14,984</b>	<b>(552)</b>	<b>34,263</b>	<b>33,565</b>	<b>(697)</b>											
Corporate	978	1,597	(620)	3,594	3,462	(132)	<b>FINANCING</b> 										
<b>Sub Total</b>	<b>978</b>	<b>1,597</b>	<b>(620)</b>	<b>3,594</b>	<b>3,462</b>	<b>(131)</b>	Grant 1,460 Other funding 0 Receipts 19,247 Underspend (3,200) Borrowing (7,442) <b>Total 10,065</b>										
<b>Force Total</b>	<b>83,456</b>	<b>86,006</b>	<b>(2,549)</b>	<b>204,730</b>	<b>202,068</b>	<b>(2,662)</b>	MRP 11/12 357 12/13 719 13/14 706 14/15 706										
PCC	703	884	(181)	2,538	2,429	(109)											
<b>TOTAL</b>	<b>84,159</b>	<b>86,889</b>	<b>(2,730)</b>	<b>207,268</b>	<b>204,497</b>	<b>(2,771)</b>											

OVERTIME	
£ 000	
<b>POLICE OFFICER</b>	<b>POLICE STAFF</b>
Actual %of total pay 4.28%	Actual %of total pay 2.57%
Forecast %of total pay 3.86%	Forecast %of total pay 2.18%

ACCOUNTS PAYABLE					
	0 - 30 days	31 - 60 days	61 - 120 days	Over 120 days	Total
Amount Due £ 000	185.9	(761.2)	448.8	7.6	(118.9)
%of Total Amount	156.3%	640.2%	(377.5%)	(6.4%)	100.0%
No of Invoices	106	38	35	251	430
%of Total Amount	24.7%	8.8%	8.8%	58.4%	100.0%



COST TYPE VARIANCES						
	YEAR TO DATE			YEAR		
	ACT	BUD	VAR	BUD	F/C	VAR
	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000
Police Payroll	39,903	41,733	(1,830)	101,092	101,016	(77)
Police Overtime	1,708	1,574	134	3,778	3,896	118
Staff Payroll	27,542	29,004	(1,462)	69,056	65,391	(3,665)
Staff Overtime	707	458	249	1,100	1,424	324
Agency	584	128	456	306	899	593
Training	289	493	(204)	1,086	1,035	(51)
Other Payroll Costs	1,808	1,851	(43)	4,049	4,223	174
<b>Sub Total</b>	<b>72,541</b>	<b>75,242</b>	<b>(2,700)</b>	<b>180,467</b>	<b>177,883</b>	<b>(2,584)</b>
Premises	3,189	3,035	154	7,549	7,501	(48)
Transport	1,138	2,519	(1,381)	5,866	5,701	(164)
Supplies & Services	11,319	9,859	1,460	22,204	22,977	773
Financing	286	289	(4)	696	706	10
<b>Sub Total</b>	<b>15,932</b>	<b>15,702</b>	<b>229</b>	<b>36,315</b>	<b>36,886</b>	<b>571</b>
Income	(2,602)	(3,117)	515	(7,568)	(7,035)	533
Grants	(1,713)	(938)	(774)	(1,946)	(3,236)	(1,291)
<b>Sub Total</b>	<b>(4,314)</b>	<b>(4,055)</b>	<b>(259)</b>	<b>(9,514)</b>	<b>(10,272)</b>	<b>(758)</b>
<b>TOTAL</b>	<b>84,159</b>	<b>86,889</b>	<b>(2,730)</b>	<b>207,268</b>	<b>204,497</b>	<b>(2,771)</b>

APPENDIX B



Surrey & Sussex  
Policing Together

GLW105																
C3 - Capital Report Month 5 - August -14																
Code	Strand	Prior Year Re-Phasing C/f	Current Year Budget 2014/15	Total 14-15 Budget	Rev Cont Sp Grants	Actual Spend YTD (Excl. capitalised) Apr-14-Aug-14	Capitalised in Year	Variance YTD	O/S Orders	Actual Spend YTD plus O/S Orders	Bal of Year Forecast Sep-14-Mar-15	Full Year Forecast	Fc to Bud Variance	% Spend	RAG	
<b>ICT Infrastructure Renewal / Business Continuity</b>																
6021	DESKTOP REPLACEMENT PROGRAMME	ACO	0	224,400	224,400	55,491	0	(168,909)	12,686	68,177	127,967	183,458	(40,942)	43.94		
6022	LAPTOP REPLACEMENT PROGRAMME	ACO	0	0	0	23,544	0	23,544	0	23,544	0	23,544	23,544	0		
6023	ACCRUALS/FORCE SPEND	ACO	0	0	0	0	0	0	0	0	0	0	0	0		
6024	NETWORKS/CABLING - ICAD UPGRADE	ACO	0	50,000	50,000	7,960	0	(42,040)	358	8,318	42,040	50,000	(0)	15.92		
6025	IP PHONES	ACO	0	0	0	166	0	166	28	194	0	166	166	0		
6026	IT PERIPHERALS - PRINTERS	ACO	0	0	0	21,088	0	17,232	2,113	23,201	0	21,088	17,232	0		
6027	HOMA	ACO	0	800,000	800,000	711,421	0	(88,579)	398	711,819	88,579	800,000	(0)	88.93		
6028	HTCU/POLIT	ACO	0	0	0	0	0	0	0	0	0	0	0	0		
6029	ICCS	ACO	0	0	0	0	0	0	0	0	0	0	0	0		
6032	PLANNED SERVER REPLACEMENT	ACO	0	220,000	220,000	4,006	0	(215,994)	994	5,000	215,994	220,000	0	1.82		
6052	HARDWARE - FIREWALLS	ACO	0	0	0	0	0	0	0	0	0	0	0	0		
6055	ICT IMPROVEMENTS	ACO	102,124	0	102,124	197,169	0	95,045	434,555	631,724	-95,045	102,124	0	193.07		
6083	PROJECT SUPPORT COSTS	ACO	0	0	0	0	0	0	0	0	0	0	0	0		
<b>Sub-Total</b>			<b>102,124</b>	<b>1,294,400</b>	<b>1,396,524</b>	<b>3,856</b>	<b>0</b>	<b>(379,535)</b>	<b>451,132</b>	<b>1,471,976</b>	<b>379,535</b>	<b>1,400,380</b>	<b>(0)</b>	<b>72.90</b>		
<b>Fleet Annual Replacement Schemes</b>																
6201	VEHICLE REPLACEMENT	JTS	31,789	1,890,000	1,921,789	31,446	507,531	122,057	(1,323,647)	1,182,054	1,811,642	1,323,647	1,953,235	0	32.23	
<b>Specific Capital Schemes</b>																
6301	UNALLOCATED - BUDGET ONLY		0	3,580,693	3,580,693	0	0	0	(3,580,693)	0	0	3,580,693	3,580,693	0		
6321	ANPR COUNTYWIDE - FIXED SITES		0	0	0	40,000	0	0	(40,000)	22,460	22,460	40,000	40,000	0	0.00	
6364	MOBILE DATA 2009/10	DCC	282,779	0	282,779	37,203	0	(245,576)	192,500	229,703	245,576	282,779	0	13.16		
6371	ENABLING NEIGHBOURHOOD POLICING BASES	DCC	35,421	0	35,421	0	0	(35,421)	0	0	0	35,421	0	0.00		
6377	SALFORD CUSTODY SUITE	DCC	36,413	0	36,413	0	0	(36,413)	279	279	36,413	36,413	0	0.00		
6378	DIGITAL AUDIO INTERVIEWING EQUIPMENT	ACC SC	401,625	0	401,625	0	0	(401,625)	11,562	11,562	401,625	401,625	0	0.00		
6390	OPR ESTATE RESTRUCTURE	DCC	15,763	150,000	165,763	7,329	0	(158,434)	0	7,329	158,434	165,763	0	4.42		
6397	E-Business/Integration Technologies	DCC	0	0	0	238,000	556	0	(237,444)	0	556	237,444	238,000	(0)	0.23	
6404	Firearms Licensing Scanning	ACC Op	57,703	0	57,703	735	0	(56,968)	3,988	4,723	56,968	57,703	(0)	1.27		
6405	Police National Database	DCC	27,668	0	27,668	0	0	(27,668)	0	0	27,668	27,668	0	0.00		
6407	Internet Cafe	ACO	0	0	0	10,480	0	0	(10,480)	0	0	10,480	10,480	0	0.00	
6408	Niche RMS	DCC	209,024	0	209,024	15,482	0	(118,729)	5,057	110,834	118,729	224,506	0	47.12		
6409	Generator for Business Continuity	ACO	50,501	0	50,501	55,001	0	4,500	14,596	69,597	0	55,001	4,500	108.91		
6410	Reigate Custody Refurbishment	ACO	250,000	0	250,000	0	0	(250,000)	0	0	250,000	250,000	0	0.00		
6411	ICAD Upgrade	ACC LP	0	600,000	600,000	194,221	0	(405,779)	358,400	552,621	405,779	600,000	0	32.37		
6412	CHC Voice Recording	ACC LP	86,000	12,000	98,000	0	0	(98,000)	98,982	98,982	98,000	98,000	0	0.00		
6413	Burpham TFU Base	ACC Op	0	40,307	40,307	39,722	0	(585)	10,228	49,950	585	40,307	(0)	98.55		
6414	Information Architecture	ACO	326,250	0	326,250	37,050	0	(289,200)	64,300	101,350	289,200	326,250	0	11.36		
6415	Virtual Desktop Infrastructure	ACO	152,525	0	152,525	32,030	0	(120,495)	109,650	141,680	120,495	152,525	(0)	21.00		
6416	Apex application Migration	ACO	103,661	0	103,661	15,693	0	(87,968)	110,173	125,866	87,968	103,661	0	15.14		
6417	Checkpoint Firewall	ACO	0	80,000	80,000	0	0	(80,000)	80,000	80,000	80,000	80,000	0	0.00		
6418	eRecruitment	ACO	63,335	0	63,335	31,273	0	(32,062)	0	31,273	32,062	63,335	0	49.38		
6419	Apollo Infrastructure	ACO	0	185,000	185,000	0	0	(185,000)	0	0	185,000	185,000	0	0.00		
<b>Specific Capital Schemes Sub-Total</b>			<b>2,098,668</b>	<b>4,648,000</b>	<b>6,746,668</b>	<b>303,962</b>	<b>556,591</b>	<b>0</b>	<b>(6,494,039)</b>	<b>1,082,175</b>	<b>1,638,766</b>	<b>6,498,540</b>	<b>7,055,131</b>	<b>4,501</b>		
<b>Totals</b>			<b>2,232,581</b>	<b>7,832,400</b>	<b>10,064,981</b>	<b>339,264</b>	<b>2,084,967</b>	<b>122,057</b>	<b>(8,197,221)</b>	<b>2,715,361</b>	<b>4,922,385</b>	<b>8,201,722</b>	<b>10,408,746</b>	<b>4,501</b>		
<p>6201 Vehicle Replacement</p> <p>Does not include £44,552 additional spend made directly by Sussex</p>																
									5% per month =							
									6.5% per month =	Scheme Closed						
									6.5% per month =	Less than 25% or more than 120% of budget spent						
										Less than 32.5% or more than 110% of budget spent						
										Greater than 32.5% or less than 110% of budget spent						