



SURREY POLICE - PAPER FOR PCC MANAGEMENT MEETING

Force Financial Report Month 12 – 2014/15

1. Purpose

1.1. This report presents the Force's financial position for March 2015, or month 12 2014-15.

2. Summary

2.1. The gross revenue budget for the year is £207.3m a reduction of £0.4m compared to last year. This report provides the revenue and capital position for the Force with the Police and Crime Commissioner's (PCC) budget separated out and reported elsewhere. The Force revenue budget is £204.7m with an £1.5m under spend.

2.2. In light of future funding reductions in 2016/17 and beyond, decisions were made to freeze recruitment for specific posts. This is the main cause of the underspend that is derived from reduced police staff expenditure which, together with recruitment decisions being managed through a panel ensuring a consistent and legitimate approach, leads to a short delay in the recruitment time to replace employees. In addition there is an underspend in Police Officers pay as recruitment of officers slowed and fell below target. There was an increase in Grants which is partially matched by overspends in Police overtime, other payroll costs and agency costs.

2.3. During a period where the Force has to shrink and through the force making decisions in year to address future funding pressures the underspend has continued through to year end; plans were developed and agreed to make effective use of the under spend with a view to enhancing in year performance and service as well as developing options to bring forward and/or smooth future spending pressures. Funds have been earmarked to support the police staff pension scheme which will lessen the burden in future years and a reserves strategy that will protect front line service delivery in future years for the residents of Surrey.

2.4. The capital budget is £10.1m including £2.2m carried forward from the previous year; expenditure for the year was £5.7m with orders outstanding of £1.5m. Re-profiling of some schemes to the value of £5.1m into the 2015/16 financial year has been identified. A separate report with more detail on the capital plan is on the agenda.

3. Revenue Budget Position

3.1. The Force's revenue budget outturn for the year is an under spend of £1.5m. Detailed at appendix A is a table that provides the Force budget by function and also by cost type. In addition at appendix C is a table identifying the most significant variances.

3.2. Summary position.

Annual Month 11			Annual Month 12		
Forecast	Budget	Variance	Actual	Budget	Variance
£m	£m	£m	£m	£m	£m
203.9	204.7	(0.8)	203.2	204.7	(1.5)

3.3. The main factors for the movement in the variance are the removal of the employee provision of £0.5m which had been included. This was a prudent inclusion earlier in the year following an Employment Tribunal decision, however the national position is that the liability has been minimised by government action and to not make any provision at this stage.

3.4. The position on the Icelandic Banks has been settled and the debt has been auctioned resulting in a small windfall of £0.1m.

3.5. The Force has a provision for future restructure costs which has been refined based on known business cases resulting in £0.1m less being charged.

3.6. Pay Budgets

3.6.1. Total pay is underspent in the amount of £1.9m ;

3.6.2. Police officer pay is underspent at £4.2m which reflects the establishment being maintained at an average above the 1% vacancy rate over the year. Vacancy rate in month 11 was 4.1% with an increase to 4.2% in March 2015.

3.6.3. Police staff pay is underspent by £0.9m with the current vacancy rate of 10.0% against the target 5%. This is due to the number of on hold posts in the force arising from the ongoing change programmes which are being taken as savings. Additional posts are being held which, combined with a gateway process, gives oversight to recruitment decisions. Additionally, a payment into the Police Staff Pension scheme of £2.5m has been made which has reduced the under-spend.

3.6.4. Police officer overtime is overspent by £1.0m which is predominantly in North and West Divisions, Specialist Crime and Operations. This is reflected by the underspend in officer pay in the divisions and the overtime requirement in the collaborative Specialist Crime and Operations Commands.

3.6.5. Police staff overtime is £0.3m overspent with the largest variances being within Specialist Crime and is a consequence of the number of vacancies in the command and Contact & Deployment. The overtime reduced from the previous month because of an over forecast and reduced overtime being worked in Contact and Deployment.

3.6.6. The agency costs have exceeded the budget by £1.0m at year end, with ICT making up £0.4m of the total, with Specialist Crime £0.1m, PSD £0.1m account for the majority of this expenditure.

3.6.7. The Other payroll overspend of £1.1m arises mainly from a restructure provision of £1.0m and for the increasing cost of ill health retirements which has seen an increase in the number officers leaving the force on ill health grounds in the last few years. Also within this section is liability insurance, the renewal of which saw a significant increase in premium from October 2014 through to the year end.

3.7. Non Pay Budgets

- 3.7.1. The non-pay underspend is in supplies and services, where there are underspends in Specialist Crime Forensics and collaboration costs, and transport (£0.2m) the majority of which is from savings from fuel expenditure combined with reduced travel and running costs. Based upon analysis by the Joint Transport Service this is an area the Force has reduced the budget in 2015/16.
- 3.7.2. The non-pay overspends are in Premises and Financing where the largest proportion is in relation to ICT (£0.5m) which is a revenue contribution to capital and in PSD.
- 3.7.3. Income is under budget by £0.4m for the year however grant income is ahead of budget by £0.4m largely netting off grants and income.

3.8. Delegated Budget Holders

- 3.8.1. North Division: The division is showing an under-spend of £1.3m derived from police officer (£1.1m) and staff salary (£0.4m), with a £0.2m over-spend on officer overtime. The variance is due to a number of constable posts having remained vacant throughout the year in both TPT and Reactive Investigations. North was given additional police overtime budget (£0.1m) which contributed to the stabilising of the overtime budget.
- 3.8.2. East Division: the year-end shows an under spend of £0.3m with underspends occurring in officers and staff salaries totalling £0.3m. Officer and staff overtime has been marginally overspent by £0.1m but this was offset by underspend in Transport of £0.1m.
- 3.8.3. West Division: A large under-spend of £1.7m occurred in the Division arising predominantly from employees, with £1.0 under spend on police officers. Work on reviewing police officer numbers between the divisions is currently underway. There is also a £0.8m under-spend within police staff driven by the aforementioned hold on the recruitment of certain posts. The over spend in officer overtime (£0.2m) and underspend in transport accounts for the remainder.
- 3.8.4. Specialist Crime: The Command has achieved an under-spend of £0.3m, the most significant of which is from police staff, £1.1m, due to the strategic aim of retaining a high level of vacancies within the command. These are tempered by overspends in Police Officers £0.3m, staff overtime £0.2m, officer overtime £0.3m and the use of agency staff £0.1m.
- 3.8.5. Operations: This report represents the Surrey share of this collaborated in accordance with the PCC agreement. The non-collaboration element of Operations has been separated out. On the Surrey position for Operations there is no overall variation of significance, although there is an underspend in supplies with contra overspends in salaries and officer overtime. In the non-collaborated element spend for the year is slightly over budget.
- 3.8.6. Contact and Deployment: There is an under spend for the year of £0.1m. Police staff reflect an underspend of £0.3m as a result of vacancies whilst there is a shortfall in grant income £0.2m. The Bluelight project is incorporated in these figures and the expenditure is matched by grant funding.
- 3.8.7. ACPO: This over-spend of £0.4m includes costs in relation to Op Heather which has authority to be funded from general reserves and is forecast to cost £0.4m this year. However noting the Force position it has not been necessary to call on this facility. The amount includes the cost of the temporary ACC over budget and some JESIP costs which will be fully recovered.
- 3.8.8. DCC (Communications and Service Quality): An under-spend of £0.4m has been achieved. Some over spending occurring in, staff overtime and agency offset by under spends in transport, supplies and income (£0.4m), the latter from the data bureau fees.
- 3.8.9. PSD: The year-end position shows a variance of £0.6m over budget with a significant over spend in police officers of £0.2m as there were 5.3 officers above the budget for a period.

There is also pressure within legal expenses budget due to the number of claims being handled. This has tapered off as temporary arrangements have been made to cover for the departure of the Force Solicitor and a review to develop options takes place. An exception report was prepared and taken to the Financial Planning & Performance Board in February 2015.

- 3.8.10. Force Improvement: There is an under-spend of £1.3m which is mainly due to the over achievement of saves and costs of implementation being lower than planned. The re-investment of pro-active saves which are in Specialist Crime have been set off by the raising of the redundancy provision (£1.0m). All the variances arise from the many change initiatives taking place.
- 3.8.11. Shared Business Service Centre: The small underspend of £0.2m arises mainly from staff vacancies and lower than anticipated recruitment expenditure.
- 3.8.12. ICT: The over-spend for the year is £0.5m, made up of an under spend of £0.4m derived from police staff which is offset by agency expenditure of an equal and opposite amount. In non-staff budgets there is an overspend £0.4m in financing which is a revenue contribution to capital for VDI projects. The recovery of ICT employee costs to be shared with Sussex (£0.1m) has been included within income.
- 3.8.13. Finance and Services: There is an over spend of £1.2m part of which is from the approved overspend on Building Maintenance for several project works. The majority is from the mis-allocation of costs for Fleet with corresponding underspends in fleet running costs across the Force. Measures are being taken to ensure this does not re-occur in 2015/16 financial year.
- 3.8.14. Human Resources: A net underspend of £1.4m is derived from savings in employee budgets. This is largely due to probationers which sit in HR prior to posting within command areas. The department is underspent within transport, training and supplies/services to the extent of £0.2m.

3.9. Savings

- 3.9.1. The Strategic Change Savings schedule for the year shows an over achievement of savings of £0.5m, as can be seen in the table below.
- 3.9.2. In summary there was a savings target of £6.9m and the outturn has been an over achievement by £0.5m. The level of confidence in those savings is graded either, red amber or green and the projects in red are zero, with £0.1m amber and the remainder in green.

Financial Confidence RAG	
Green = on plan & saving will be achieved	6,951
Amber = Some movement to deadline or saving possible	(97)
Red = Saving figure or timing likely to be subject to change	0
Purple = Estimates	0
Total Savings Plan	6,854
Surplus/ Deficit brought forward	600
Total Savings Plan including previous year's variance	7,454
Previous Forecast	7,420
Movement from previous month	34
MTFP Period 9	
Savings Target MTFP	6,938
Variance between Savings Target & Savings Plan	516

4. Capital Budget Position

- 4.1.** There is a separate paper on the capital plan for 2014/15 and looking forward to 2015/16 on the agenda, the following is a summary of 2014/15.
- 4.2.** The approved capital programme for the year was £10.1m. Detail of the capital programme is provided in appendix C.
- 4.3.** The significant capital projects are IT and Fleet replacement schemes, Digital Audio Interviewing, ICAD upgrade and the CC6 Telephony scheme.
- 4.4.** Expenditure for the year was £5.7m with orders committed of a further £1.5m. There are a couple of schemes that are signalling small over spends which will be addressed. There is £2.1m unallocated as of month 12 and a number of projects were not fully spent.
- 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. At present this 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 £11.1m and specific reserves stood at £8.3m. The budget incorporated a movement of £1.3m into the general reserve plus the income from the Home Office of £0.5m for recovery of costs to meet the additional costs of responding to the flooding earlier in the year. The Chief Constable Operational Reserve £1.0m and Operation Heather reserve £1.3m have been established from general reserves. Taking the year end variation of £1.7m into account the general reserves at the year-end are £12.3m.

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.
- 6.2.** The over spend within PSD is being addressed to understand the plan to stabilise expenditure and normalise for the next financial year.
- 6.3.** The work carried out by ICT to ensure resources are correctly aligned to the budget has provided increased confidence , although there were some one off costs arising from some change notices in respect of a few IT contracts which led to the over spend in this area.

7. Decision[s] Required

- 7.1.** The financial position is for information.

FINANCIAL OVERVIEW AS AT MARCH 2015

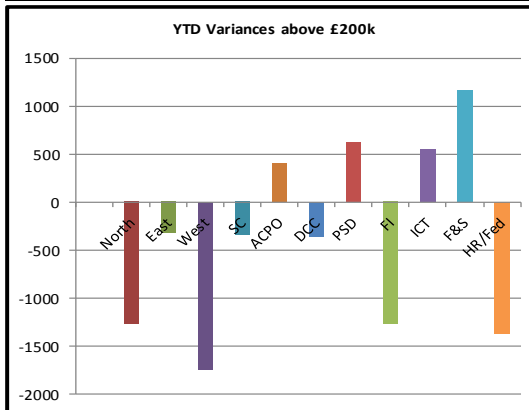
INCOME AND EXPENDITURE						
	YEAR TO DATE			YEAR		
	ACT	BUD	VAR	BUD	ACT	VAR
	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000
PCC TOTAL	2,314	2,539	(225)	2,539	2,314	(225)

BUSINESS UNIT VARIANCES						
	YEAR TO DATE			YEAR		
	ACT	BUD	VAR	BUD	ACT	VAR
	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000
North Division	20,194	21,454	(1,260)	21,454	20,194	(1,260)
East Division	23,490	23,810	(320)	23,810	23,490	(320)
West Division	26,445	28,189	(1,744)	28,189	26,445	(1,744)
Specialist Crime	48,714	49,057	(342)	49,057	48,714	(342)
Operations	15,917	15,889	28	15,889	15,917	28
Operations Non Collab	816	778	38	778	816	38
Contact & Deployment	14,527	14,624	(97)	14,624	14,527	(97)
Sub Total	150,104	153,801	(3,697)	153,801	150,104	(3,697)

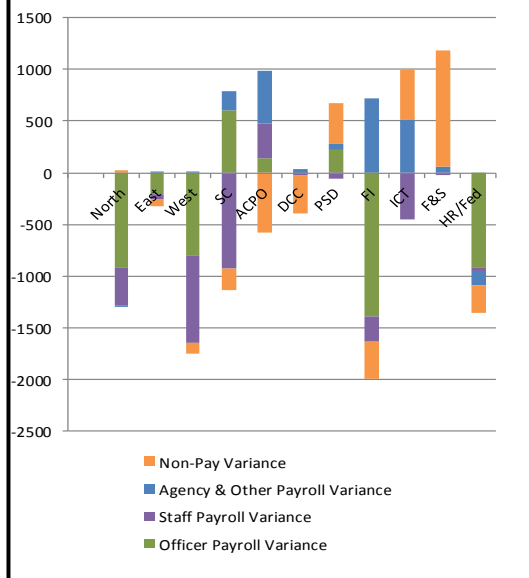
ACPO	1,843	1,440	403	1,440	1,843	403
DCC	4,052	4,409	(357)	4,409	4,052	(357)
PSD	2,987	2,362	625	2,362	2,987	625
Diversity	191	217	(26)	217	191	(26)
Strategic Planning	159	160	(1)	160	159	(1)
Force Improvement	3,364	4,629	(1,266)	4,629	3,364	(1,266)
Sub Total	12,596	13,217	(621)	13,217	12,596	(621)
SBS	1,399	1,563	(164)	1,563	1,399	(164)
ICT	11,237	10,687	550	10,687	11,237	550
F & S	12,420	11,258	1,162	11,258	12,420	1,162
HR/Fed	9,741	11,100	(1,359)	11,100	9,741	(1,359)
Sub Total	34,796	34,607	189	34,607	34,796	189
Corporate	5,684	3,104	2,581	3,104	5,684	2,581
BUSINESS UNIT TOTAL	203,181	204,729	(1,549)	204,729	203,181	(1,549)

COST TYPE VARIANCES						
	YEAR TO DATE			YEAR		
	ACT	BUD	VAR	BUD	ACT	VAR
	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000
Police Payroll	95,901	100,093	(4,193)	100,093	95,901	(4,193)
Police Overtime	4,757	3,778	979	3,778	4,757	979
Staff Payroll	67,544	68,462	(918)	68,462	67,544	(918)
Staff Overtime	1,592	1,300	292	1,300	1,592	292
Agency	1,335	306	1,028	306	1,335	1,028
Training	965	1,123	(158)	1,123	965	(158)
Other Payroll Costs	5,199	4,120	1,079	4,120	5,199	1,079
Sub Total	177,292	179,182	(1,890)	179,182	177,292	(1,890)
Premises	7,911	7,746	164	7,746	7,911	164
Transport	5,686	5,867	(181)	5,867	5,686	(181)
Supplies & Services	32,494	33,290	(795)	33,290	32,494	(795)
Financing	1,642	714	928	714	1,642	928
Sub Total	47,733	47,617	116	47,617	47,733	116
Income	(15,965)	(16,374)	408	(16,374)	(15,965)	408
Grants	(3,565)	(3,158)	(407)	(3,158)	(3,565)	(407)
Sub Total	(19,531)	(19,531)	1	(19,531)	(19,531)	1
FORCETOTAL	205,495	207,268	(1,773)	207,268	205,495	(1,773)

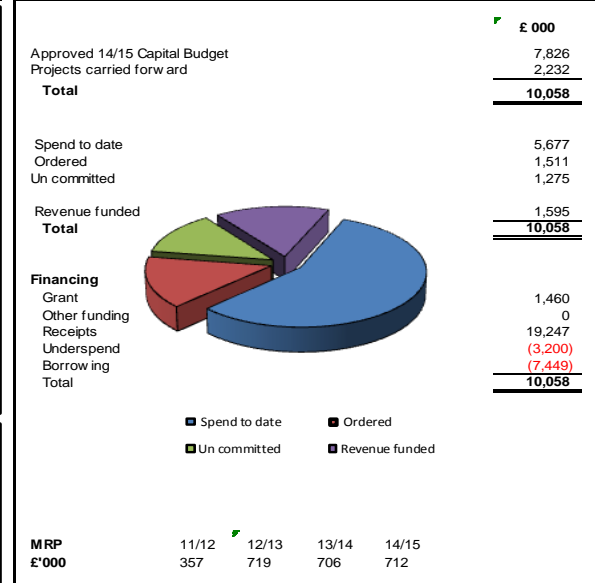
INCOME AND EXPENDITURE BUSINESS UNIT VARIANCES



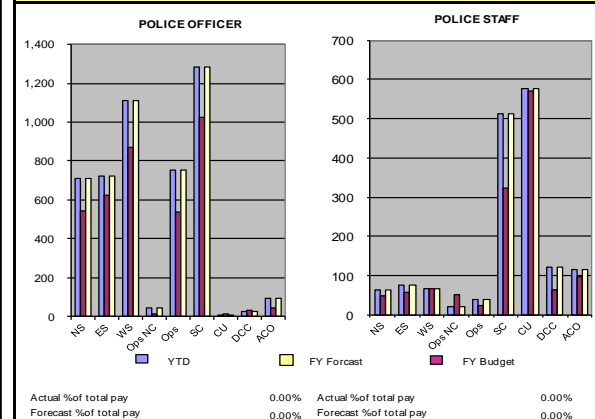
YTD Variance above £200k by Type



CAPITAL EXPENDITURE



OVERTIME

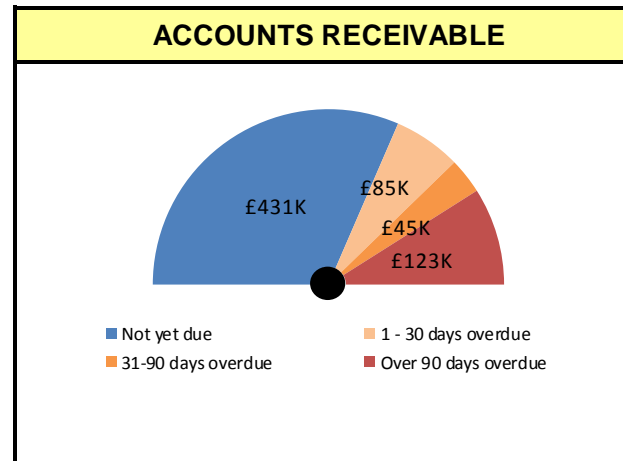
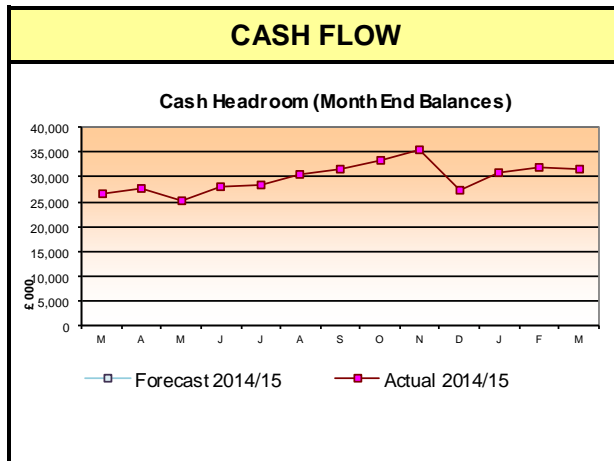


FINANCIAL OVERVIEW AS AT MARCH 2015



BALANCE SHEET			
BALANCES			
	31/03/14	31/03/15	VAR
	£ 000	£ 000	£ 000
Police Staff Pension Reserve	2,080	1,080	(1,000)
Insurance Reserve	3,331	3,322	(9)
Ill Health Reserve	1,673	2,011	338
Chief Constable Operational Reserve	0	1,000	1,000
General Balances	12,332	12,300	(32)
Operation Heather	0	1,300	1,300
TOTAL	19,416	21,013	1,597

ACCOUNTS PAYABLE						
		0 - 30 days	31 - 60 days	61 -120 days	Over 120 days	Total
Amount Due	£ 000	599.1	16.2	21.1	73.8	710.2
% of Total Amount		84.4%	2.3%	3.0%	10.4%	100.0%
No of Invoices		36	8	7	200	251
% of Total Amount		14.3%	3.2%	2.8%	79.7%	100.0%



C3 - Capital Report
Month 12 - March 2015



Surrey & Sussex
Policing Together

Code	Strand	Prior Year Re-Phasing C/f	Current Year Budget 2014/15	Total 14-15 Budget	Rev Cont / Special Grants	Actual Spend YTD Apr-14-Mar-15	Variance YTD	O/S Orders	Actual Spend YTD plus O/S Orders	Fc to Bud Variance	Scheme Slippage into 2015/16	% Spend	RAG
ICT Infrastructure Renewal / Business Continuity													
6021	DESKTOP REPLACEMENT PROGRAMME	0	224,400	224,400		205,772	(18,628)	31,576	237,348	(18,628)	0	95.49	
6022	LAPTOP REPLACEMENT PROGRAMME	0	0	0	14,447	23,544	9,097	0	23,544	9,097	0		
6024	NETWORKS/CABLING - ICAD UPGRADE	0	50,000	50,000		6,733	(43,268)	3,796	10,529	(43,268)	0	13.47	
6025	IP PHONES	0	0	0		(2,574)	(2,574)	10,608	8,034	(2,574)	0		
6026	IT PERIPHERALS - PRINTERS	0	0	0	29,317	29,317	0	1,825	31,142	0	0		
6027	HOMA	0	800,000	800,000		733,525	(66,475)	300	733,825	(66,475)	0	91.69	
6032	PLANNED SERVER REPLACEMENT	0	220,000	220,000		30,414	(189,586)	195	30,609	(189,586)	0	13.82	
6055	ICT IMPROVEMENTS	102,124	0	102,124		86,769	(15,355)	3,949	90,718	(15,355)	0	84.96	
	Sub-Total	102,124	1,294,400	1,396,524	43,764	1,113,500	(326,788)	52,249	1,165,749	(326,788)	0	77.31	
Fleet Annual Replacement Schemes													
6201	VEHICLE REPLACEMENT	31,789	1,890,000	1,921,789	129,450	2,099,084	47,845	205,248	2,304,332	47,845	47,845	102.33	
Specific Capital Schemes													
	UNALLOCATED - BUDGET ONLY	0	2,131,151	2,131,151		0	(2,131,151)	0	0	(2,131,151)	(2,131,151)		
6321	ANPR COUNTYWIDE - FIXED SITES	0	0	0	40,000	36,726	(3,274)	0	36,726	(3,274)	(3,274)	91.82	
6364	MOBILE DATA 2009/10	282,779	0	282,779	534,120	628,136	(188,763)	20,750	648,886	(188,763)	(76,250)	76.89	
6371	ENABLING NEIGHBOURHOOD POLICING BASES	35,421	0	35,421	(10,290)	0	(25,131)	7,049	7,049	(25,131)	(7,049)	0.00	
6377	SALFORD CUSTODY SUITE	36,413	0	36,413		1	(36,412)	0	1	(36,412)	0	0.00	
6378	Digital Audio Interviewing (Collaboration with Sussex) - Phase 1	401,625	163,646	565,271	42,000	11,555	(595,716)	428,282	439,838	(595,716)	(595,716)	1.90	
6390	OPR ESTATE RESTRUCTURE	15,763	150,000	165,763		7,329	(158,434)	0	7,329	(158,434)	(158,434)	4.42	
6397	E-Business/Integration Technologies	0	0	0	109,520	84,837	(24,683)	0	84,837	(24,683)	(24,683)	77.46	
6404	Firearms Licensing Scanning	57,703	0	57,703		735	(56,968)	0	735	(56,968)	0	1.27	
6405	Police National Database	27,668	0	27,668		0	(27,668)	0	0	(27,668)	(27,668)	0.00	
6408	Niche RMS	209,024	0	209,024	15,482	24,685	(199,821)	2,876	27,561	(199,821)	0	11.00	
6409	Generator for Business Continuity	50,501	0	50,501	13,500	63,757	(244)	0	63,757	(244)	0	99.62	
6410	Reigate Custody Refurbishment	250,000	0	250,000		0	(250,000)	0	0	(250,000)	(250,000)	0.00	
6411	ICAD Upgrade	0	600,000	600,000		517,886	(82,114)	40,292	558,178	(82,114)	(82,114)	86.31	
6412	CHC Voice Recording	86,000	12,000	98,000		0	(98,000)	98,982	98,982	(98,000)	(98,000)	0.00	
6413	Burpham TFU Base	0	40,307	40,307	10,290	50,597	(0)	0	50,597	(0)	0	100.00	
6414	Information Architecture	326,250	0	326,250		118,750	(207,500)	24,700	143,450	(207,500)	(207,500)	36.40	
6415	Virtual Desktop Infrastructure	152,525	0	152,525	315,909	245,132	(223,302)	198,012	443,143	(223,302)	(223,302)	52.33	
6416	Apex application Migration	103,661	0	103,661		29,286	(74,375)	0	29,286	(74,375)	(74,375)	28.25	
6417	Checkpoint Firewall	0	80,000	80,000	140,346	80,000	(140,346)	0	80,000	(140,346)	(140,346)	36.31	
6418	eRecruitment	63,335	0	63,335		46,933	(16,402)	0	46,933	(16,402)	0	74.10	
6419	Apollo Infrastructure	0	185,000	185,000		26,462	(158,538)	0	26,462	(158,538)	(25,000)	14.30	
6420	Property Centralisation - Chertsey	0	0	0	99,500	70,395	(29,105)	43,055	113,450	(29,105)	(29,105)	70.75	
6421	Cyber Crime	0	64,042	64,042		0	(64,042)	0	0	(64,042)	(64,042)	0.00	
6422	iBase	0	100,000	100,000		0	(100,000)	0	0	(100,000)	(100,000)	0.00	
6423	Contact and Deployment Telephony (CC6)	0	990,000	990,000		278,543	(711,457)	389,647	668,190	(711,457)	(711,457)	28.14	
6424	Reigate Parking Improvement	0	75,000	75,000		0	(75,000)	0	0	(75,000)	(75,000)	0.00	
6427	Gazetteer	0	50,000	50,000		31,519	(18,481)	0	31,519	(18,481)	(18,481)	63.04	
	No specific Scheme	0	0	0	110,984	110,984	0	0	110,984	0	0		
	Specific Capital Schemes Sub-Total	2,098,668	4,641,146	6,739,814	1,421,361	2,464,247	(5,696,928)	1,253,646	3,717,893	(5,696,928)	(5,122,947)		
	Totals	2,232,581	7,825,546	10,058,127	1,594,575	5,676,831	(5,975,871)	1,511,143	7,187,974	(5,975,871)	(5,075,102)		