

For Information	
Public	
Report to:	Strategic Resources & Performance
Date of Meeting:	19th March 2014
Report of:	Business & Finance
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Agenda Item:	13

Revenue Budget Management Report 2013-14: Year to January 2014

1. Purpose of the Report

- 1.1 The purpose of the report is to provide an update on the financial position against the 2013-14 Quarter Two Restated budget for the year to January 2014.

2. Recommendations

- 2.1 That the report is noted.

3. Reasons for Recommendations

- 3.1 The Chief Officer Team and the Officer of the PCC needs to ensure it understands the Force's budgetary position throughout the year.

4. Summary of Key Points

- 4.1 The full year net revenue budget for 2013-14 is £196.998m. During December the Quarter Three forecast was undertaken which resulted in an agreed restated full year budget of £198.600m, which was an increase on the Quarter Two forecast of £0.225m.

Actual net expenditure for the ten months to January 2014 was £166.325m against a restated budget of £166.249m. The resulting position against the restated budget was an over spend of £0.077m.

The overspend was mainly due to the £0.800m efficiency challenge. Good progress was made during the month against the budget challenge, however the force benefitted from a number of one-off benefits, namely officer savings £0.126m (see note 4.2); release of training accrual £0.080m (see note 4.6); IS transformation £0.040m (see notes 4.11 and 4.14); and partnership funding £0.089m (see note 4.14). The underlying overspend is therefore £0.422m.

The efficiency target to date totals £0.800m which has been allocated to Miscellaneous expenses (see note 4.10), although actual savings will be recorded across all lines of expenditure. Therefore savings that have been achieved across individual lines of expenditure need to be offset against this efficiency target. The restated budget included an efficiency target of £3.017m for the full year, split £0.800m in January and February and £1.417m in March.

This report gives consideration to the significant variances against the restated budget and Appendix 1 sets out the position in detail.

- 4.2 Police pay and allowances expenditure was £86.423m year to date. This represented a £0.154m under spend against the restated budget. The under spend is largely down to new recruits starting in January. The forecast assumes they would start at the beginning of the month whereas they actually started mid month saving £0.035m and the transfer of officer costs to EMSOU and seconded officers £0.091m. There has been small savings on pensions £0.018m where some new officers have opted not to join the scheme at present. During January 16 new recruits and 11 transfers started, which was 2 less transferees than forecasted. To date there are 141 new officers (83 new recruits and 58 transferees) which is 15 more than the agreed budgeted recruitment profile of 126 (95 new recruits and 31 transferees). However this increase is due to the opening establishment being lower than expected and the additional officers being necessary to achieve the workforce plan. The restated budget assumes a further 32 new officers split equally between February to March, compared to 31 in the budget.
- 4.3 Police officer overtime expenditure was £3.870m year to date. This represented a £0.047m under spend against the restated budget. This variance was mainly in City, combined with a general reduction in overtime charged in the month across all areas. December was the first month we have seen the impact of officers electing to move their Bank Holidays entitlement under the Winsor reforms. Currently the numbers included for overtime worked over the Christmas and New Year period are a best estimate based on rostering information and the system used to record and authorise overtime. Additional payments to officers working over the Christmas and New Year period are currently being processed by the payroll and overtime teams with the majority of the amounts owing being paid to officers in February. This will give us a clearer picture as to the true cost of the Winsor reforms.
- 4.4 Police staff pay and allowances expenditure was £41.009m year to date. This represented a £0.091m under spend against the restated budget. The majority of the variance is due to a number of vacancies in Contact Management £0.071m. The restated budget assumed a number of vacancies would be recruited reaching full establishment by the end of March. Work continues with Adecco to resolve the issue of disputed agency invoices.

- 4.5 Police staff overtime expenditure was £0.665m year to date. This represented a £0.010m over spend against the restated budget. This over spend is largely to cover staff vacancies.
- 4.6 Other employee expenses were £0.936m year to date. This represented a £0.074m under spend against the restated budget. This under spend was due to the release of a training accrual £0.080m which was no longer required based on details provided by Training. This has been offset against the efficiency target in miscellaneous expenses (see note 4.10).
- 4.7 Transport costs were £4.707m year to date. This represented a £0.028m under spend against the restated budget. This under spend was due to savings on petrol and diesel where the actual cost per litre was below the forecasted and the pence per mile charge due to lower mileage in the month compared to forecast.
- 4.8 Equipment, furniture and materials costs were £0.657m year to date. This represented a £0.031m over spend against the restated budget. The main areas of overspend are Crime & Justice £0.015m due to Pre Crime unit and the purchase of GPS tracking units. The over spend in OSD £0.009m is due to firearms equipment. This leaves only £0.029m to spend to meet the revised target. Urgent management action is required to keep this discretionary spend on target.
- 4.9 Comms & computing costs were £4.987m year to date. This represented a £0.024m under spend against the restated budget. The under spend was largely due to savings on airwave, both rental and maintenance, and release of an accrual for Livescan based on information provided by the Home Office.
- 4.10 Miscellaneous costs were £2.116m year to date. This represented a £0.830m over spend against the restated budget. The over spend was largely due to the efficiency target of £0.800m for January, however it is expected that savings across other lines of expenditure would be used to offset this challenge. The balance of the over spend occurred on victim/witness alarms, informant expenses, and health and safety. The restated budget included an efficiency target of £3.017m for the full year.
- 4.11 Supplies and services costs were £3.109m year to date. This represented a £0.041m over spend against the restated budget. The over spend was largely due to the Deloitte charge in the Office of PCC £0.148m which has been offset by a release from reserves (see note 4.14). This has been partly offset by the release of a legal fees accrual for Eversheds £0.105m no longer required in Procurement relating to IS Transformation. An element of this release has been passed back to regional partners (see note 4.14).
- 4.12 Pension costs (injury awards and medical retirement) were £3.744m year to date. This represented a £0.076m under spend against the restated budget. Typically when an employee is accepted for medical retirement a one-off payment of around £0.075m is paid as the employer's contribution to pension scheme. At the 31st March 2013 we were aware of 9 employees who had

requested medical retirement and a provision was made against these claims based on the likelihood of a claim being granted. Further to the end of the year another 21 claims have been advised and provided for. Of these 30 cases, 6 have been declined, 15 are ongoing and 9 have been paid at a cash cost to the force of £0.698m. During January we received notification an officer previously treated as a medically retired had actually resigned due to a ongoing medical condition.

- 4.13 Special services income was £0.356m year to date. This represents £0.028m additional income to restated budget. This is due to a number of additional football fixtures.
- 4.14 Other income was £4.627m year to date. This represents £0.274m additional income to the restated budget. This is due to a number of one off factors including a release of a grant in the Office of the PCC to offset cost incurred years to date £0.089m; mutual aid income £0.071m; contribution from reserves to offset the charge from Deloitte (see note 4.11); and recovery of uninsured losses £0.015m. This was partly offset by the refund to regional partners for the release of a legal fees accrual £0.068m for Eversheds which was no longer required in Procurement relating to IS Transformation (see note 4.11).
- 4.15 Externally Funded projects have a budgeted income of £5.330m for the full year. During December the Quarter Three forecast was undertaken which resulted in an agreed restated full year budget of £6.185m. The £0.854m increase from the budget is largely due to OSD £1.226m relating largely to Speed Camera projects for overtime and purchase of new speed cameras; County £0.074m across several projects; and Contact Management £0.019m. This has been partly offset by City £0.220m and Crime & Justice £0.254m where several projects have been transferred to Derbyshire under a regional agreement. Appendix 2 shows the detail of the combined income and expenditure for these projects.

Expenditure was £4.478m year to date, this represented a £0.032m under spend against the restated budget.

Income received was £4.478m year to date, which represented £0.031m more income to the restated budget. This was in OSD due to the Speed Camera projects and Crime & Justice largely in the NPIA SPOC training. Due to a change in accounting policy relating to income brought forward from prior years, currently we are showing a shortfall of £0.056m. This is not a risk to the year end and ongoing will be reviewed quarterly with a contribution from reserves being made to close the difference.

The main projects managed by the Force are:

- Speed Cameras - revenue comes from the Nottingham City and County Council, the Highways Agency, NDROS and AA Drivetech.
- SPOC Training – income generated from NPIA training courses.

- POCA Incentivisation - can be used “to further drive up performance on asset recovery and, where appropriate, to fund local crime preventing priorities for the benefit of the community”.
- Homicide Working Group – funding originated from the The Mayor’s Office for Policing and Crime (MOPC) which replaced the Metropolitan Police Authority.
- Offender Health Project - this is a fund (received in March 2013) from the Department of Health to assist with the transfer of commissioning of healthcare in custody suites to the NHS.
- Business Crime - this is from the Chamber of Commerce to fund the Business Crime Hub, based in the Chamber of Commerce offices.
- Community Neighbourhood Protection Service (CNPS) - this is a fund from Nottingham City Council to fund 22 police officers, 1 staff FTE, and 15 police vehicles to support Community Protection.

5. Financial Implications and Budget Provision

5.1 As explained in the body of the report.

6. Human Resources Implications

6.1 Not applicable.

7. Equality Implications

7.1 Not applicable.

8. Risk Management

8.1 As explained in the body of the report.

9. Policy Implications and links to the Police and Crime Plan Priorities

9.1 The report demonstrates good financial management and governance.

10. Changes in Legislation or other Legal Considerations

10.1 Not applicable.

11. Details of outcome of consultation

11.1 Not applicable.

12. Appendices

- 12.1 Appendix 1 - Business & Finance Jan 2014
- Appendix 2 - Business & Finance Jan 2014 Externally Funded

Appendix 1: Period 10 Year to Date Expenditure Against Budget

January 2014

Total Force



	Full year	Full year	Year to Date			Note
	Agreed Budget £m	Restated Budget £m	Restated Budget £m	Actual £m	Variance £m	
Police pay & allowances	104.562	104.381	86.577	86.423	(0.154)	4.2
Police overtime	3.286	4.464	3.917	3.870	(0.047)	4.3
Police staff pay & allowances	49.852	49.854	41.100	41.009	(0.091)	4.4
Police staff overtime	0.533	0.723	0.655	0.665	0.010	4.5
Other employee expenses	1.193	1.158	1.010	0.936	(0.074)	4.6
Total pay & allowances	159.427	160.581	133.259	132.903	(0.356)	
Other operating expenses						
Premises running costs	5.885	6.609	5.652	5.651	(0.001)	
Transport allowances	0.763	0.734	0.598	0.583	(0.015)	
Transport costs	5.064	5.637	4.735	4.707	(0.028)	4.7
Equipment, furniture & materials	0.407	0.686	0.626	0.657	0.031	4.8
Expenses	0.109	0.174	0.148	0.146	(0.002)	
Clothing, uniform & laundry	0.520	0.655	0.507	0.502	(0.006)	
Printing & stationery	0.446	0.523	0.426	0.421	(0.005)	
Comms & computing	5.994	6.042	5.011	4.987	(0.024)	4.9
Miscellaneous expenses	1.580	(0.528)	1.287	2.116	0.830	4.10
Supplies & services	2.961	3.843	3.068	3.109	0.041	4.11
Collaboration contributions	6.189	6.806	5.399	5.398	(0.001)	
Partnership contributions	0.412	0.481	0.348	0.355	0.007	
Community safety grant	3.500	3.613	2.783	2.783	-	
Agency/contract services	0.741	0.775	0.643	0.642	(0.002)	
Pensions	3.338	4.376	3.820	3.744	(0.076)	4.12
Capital financing	3.758	3.365	2.771	2.771	-	
Joint authorities	0.678	0.296	0.284	0.284	-	
	42.345	44.090	38.107	38.856	0.749	
Total expenditure	201.772	204.671	171.366	171.759	0.393	
Other						
Special services	(0.433)	(0.366)	(0.328)	(0.356)	(0.028)	4.13
Fees, report & charges	(0.351)	(0.351)	(0.296)	(0.305)	(0.009)	
Other operating income	(0.190)	(0.174)	(0.140)	(0.145)	(0.005)	
Income	(3.800)	(5.179)	(4.353)	(4.627)	(0.274)	4.14
	(4.774)	(6.071)	(5.117)	(5.434)	(0.316)	
	196.998	198.600	166.249	166.325	0.077	

Appendix 2: Period 10 Year to Date Expenditure Against Budget

January 2014
External Funded



	Full year	Full year	Year to Date		
	Agreed Budget £m	Restated Budget £m	Restated Budget £m	Actual £m	Variance £m
Police pay & allowances	2.146	1.785	1.481	1.457	(0.024)
Police overtime	0.264	0.437	0.428	0.413	(0.015)
Police staff pay & allowances	1.622	1.573	1.302	1.316	0.014
Police staff overtime	0.021	0.030	0.029	0.032	0.003
Other employee expenses	0.035	0.033	0.030	0.029	(0.001)
Total pay & allowances	4.088	3.859	3.271	3.247	(0.024)
Other operating expenses					
Premises running costs	0.258	0.241	0.209	0.210	0.001
Transport allowances	0.008	0.010	0.009	0.009	0.000
Transport costs	0.210	0.145	0.132	0.131	(0.002)
Equipment, furniture & materials	0.080	1.014	0.084	0.081	(0.003)
Expenses	0.011	0.039	0.038	0.043	0.005
Clothing, uniform & laundry	0.006	0.006	0.006	0.006	0.000
Printing & stationery	0.017	0.021	0.018	0.017	(0.001)
Comms & computing	0.200	0.332	0.286	0.287	0.001
Miscellaneous expenses	0.100	0.180	0.148	0.126	(0.022)
Supplies & services	0.198	0.173	0.172	0.173	0.002
Collaboration contributions	-	-	-	-	-
Partnership contributions	-	-	-	-	-
Community safety grant	-	-	-	-	-
Agency/contract services	0.154	0.159	0.131	0.141	0.010
Pensions	-	-	-	-	-
Capital financing	-	-	-	-	-
Joint authorities	-	0.006	0.006	0.007	0.001
	1.243	2.326	1.239	1.231	(0.008)
Total expenditure	5.330	6.185	4.510	4.478	(0.032)
Other					
Special services	-	-	-	-	-
Fees, report & charges	-	-	-	-	-
Other operating income	-	-	-	-	-
Income	(5.330)	(6.185)	(4.380)	(4.404)	(0.024)
	(5.330)	(6.185)	(4.380)	(4.404)	(0.024)
	-	-	0.130	0.074	(0.056)

