

For Information / Consideration / Comment / Decision (delete as appropriate)	
Public/Non Public*	
Report to:	Strategic Resources and Performance
Date of Meeting:	16th March 2017
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Agenda Item:	09

Finance Performance & Insight Report for 2016/17 as at January 2017

1. Purpose of the Report

- 1.1 The purpose of this report is to provide an update on the projected financial outturn position against the key financial performance headlines for Nottinghamshire Police as at 31st January 2017 (Period 10).

2. Recommendations

- 2.1 It is recommended that the contents of the attached report at Appendix A are noted.

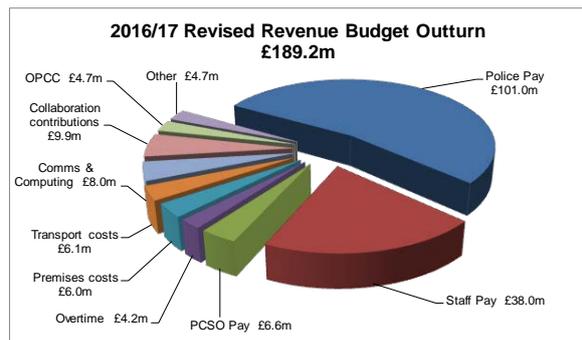
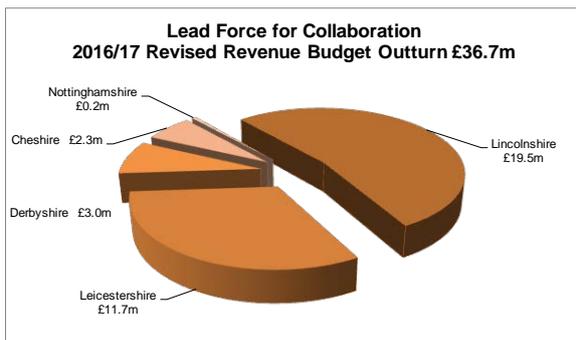
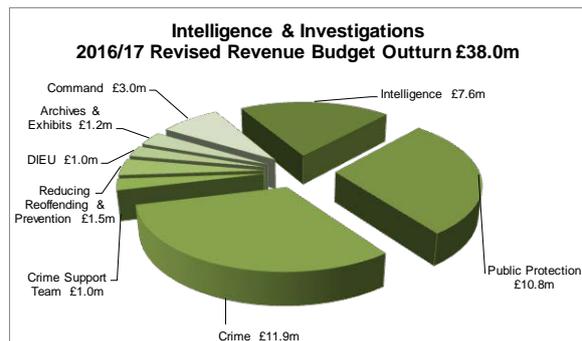
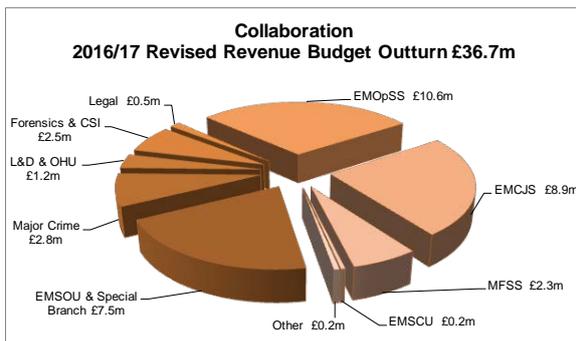
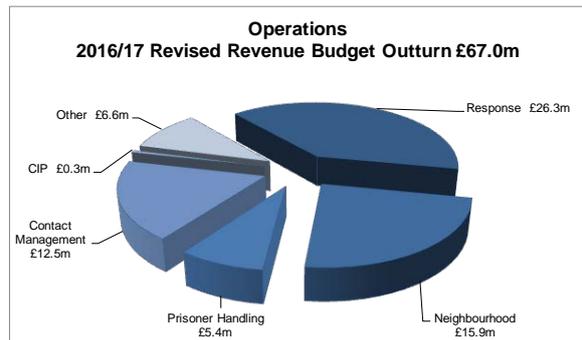
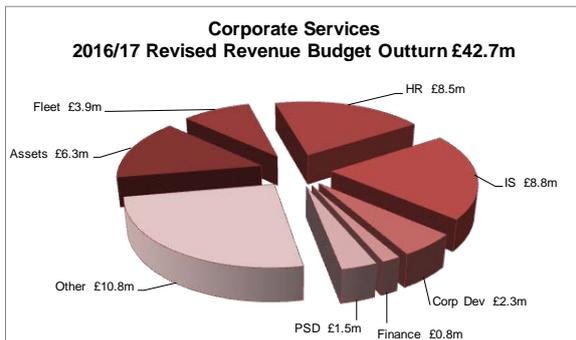
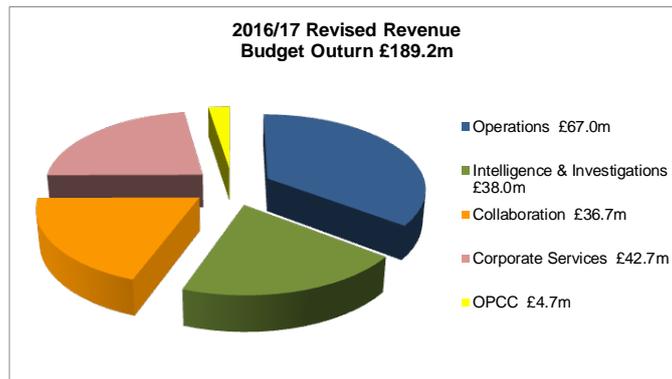
2.2 Background

The full year net revenue budget for 2016/17 is £191,166k (as below). This is split the Force Budget £185,438k and the Office of the Police and Crime Commissioner (OPCC) £4,729k.

At the end of Quarter Three the revised outturn is:

Entity	Budget £'000	Q1	Q2	Latest	Variance to		
		Forecast Outturn £'000	Forecast Outturn £'000	Forecast Outturn £'000	Budget £'000	Q1 £'000	Q2 £'000
Force	185,438	184,797	184,920	184,488	(950)	(309)	(433)
OPCC	4,729	4,729	4,729	4,729	-	-	-
	190,166	189,526	189,649	189,216	(950)	(309)	(433)

Analysis of the 2016/17 Revised Revenue Budget Outturn



3. Reasons for Recommendations

3.1 To update the Chief Officer Team and the Office of the PCC on the Force's budgetary position for 2016/17 and complies with good financial management and Financial Regulations.

4. Summary of Key Points

Revenue

- 4.1 The Quarter Three review of revenue expenditure is forecasting an under spend in the Force budget of £950k with a projected revenue spend of £184,488k; and an on budget position within the OPCC of £4,729k. Appendix A provides a more detailed position.

It is assumed that any underspends within the OPCC will be transferred to OPCC's Commissioning reserve.

The table below shows the projected Force (including externally funded and seconded officers/staff) variances against the 2016/17 budget as at Quarter Three with analysis of the monthly movements and other potential changes to give a projected outturn position as at Period 10:

Nottinghamshire Police Total:				
Q3 Forecast Variance Analysis Against the Original Budget				
	Variance to Budget			
	£'000	£'000	£'000	Note
Pay & allowances				4.2
Police officer	(2,109)			
Staff	176			
PCSO	(1,112)			
		(3,045)		
Overtime				4.3
Police officer	62			
Staff	71			
PCSO	5			
		138		
Other employee expenses		25		
		(2,882)		
Premises costs	(3)			
Transport costs	(339)			4.4
Comms & computing	510			4.5
Clothing, uniform & laundry	(64)			
Other supplies & services	2,486			4.6
Collaboration contributions	1,253			4.7
Medical retirements	693			4.8
Capital financing	(703)			4.9
Other	920			4.10
		4,753		
Income		(2,821)		4.11
Provisional Q3 outturn		(950)		
Potential Period 10 changes		(100)		
Period 10 Projected Outturn		(1,050)		

The year to date saving of £2,669k against the forecast as shown in Appendix A is largely due to phasing of income from the Home Office, comms & computing and a reduction in the Venson's pence per mile (PPM) charges; externally funded and seconded officers of £1,831k; and undertaking monthly accruals in preparation for year end.

As at the end of January savings on staff pay & allowances, have largely been offset by overtime and savings across other lines of expenditure are phasing, although there are expected to be some reduced recharges in respect of Forensic charges therefore the expected outturn is an **Underspend of £1,050K**, this is slightly higher than the projected Quarter Three outturn; we remain on track to deliver the year end saving.

Period 10

4.2 Pay & allowances

Police officer pay forecast for the year is £100,965k, which is a projected under spend of £2,109k against the original budget. This saving is in part due to maintaining the assumption for natural leavers at 4.5 FTE's per month for the final quarter which is in line with HR data following a review of leaver rates over recent years. However this is a potential risk if the leaver rate starts to reduce. It has been assumed in the forecast that those officers reaching their 30 years' service will leave, unless otherwise advised by HR. The balance is in part reflecting actual savings made to date. This has been partly offset by the cost of new officers at c£240k being a Cohort 41 of 7 officers in November; Cohort 42 of 10 officers in January; and 10 officer transferees in February. This saving is over and above the efficiency savings target of £9,230k included in the original budget. The forecast for 31st March 2017 based on the latest review is 1,771.6 FTE's core funded police officers and 1,846.0 FTE's in total (including seconded and externally funded). This is 68.9 FTE's lower than the budget which is in part due to closing 2015/16 with a lower number of officers (c20 FTE's), combined with the higher levels of natural leavers since in 2016/17 than anticipated.

Police staff and PCSO pay combined forecast for the year is £44,551k, which is a projected under spend of £936k against the original budget. This is predominantly due to PCSO's where we have continued to see an increase in leavers, combined with savings generated due to closing 2015/16 with a lower number of FTE's than anticipated. On the current glide path it is forecasted that at the 31st March 2017 PCSO's will be at 184.0 FTE's.

Additional savings have been realised through Bear Scotland payments which had originally been budgeted at £500k for the Force. Now that we have had several months of actual costs, we are forecasting a saving across staff and officers of c£100k.

At present some of the costs associated with the Niche capital project are under review, with the possibility that some agency staff costs may be

charged back to revenue. If this occurs this will be a risk to delivering the Quarter Three forecast.

4.3 Overtime

Overtime is forecasted to be a combined forecast for the year of £4,169k, which is a projected over spend of £138k against the original budget and largely reflects the year to date actual performance. This overspend is mainly due to a number of operations being the Forest Fields murder and Op Vermicular; and also reflects the impact of losing officers and staff over the first half of the year.

4.4 Transport costs

Transport costs forecast for the year is £6,125k, which is a projected under spend by £339k against the original budget. This is largely due to a virement to realign insurance costs of £450k to Other Supplies & services; partly offset by the by the quarterly review of insurance cost resulting in an increase of £137k based on the past three years average.

4.5 Comms & Computing

Comms & computing forecast for the year is £8,026k, which is a projected overspend of £510k against the original budget. The main element of the variance is due a virement relating to costs associated with the Agile Working Project of £792k these costs have been offset within income with funding from EMOpSS; Police Innovation Funding (PIF); and Collaboration contributions for IT costs for £276k relating to the MFSS which should have been budgeted there in the original budget. The year to date small overspend is largely due to reversal of year end accruals and phasing due to not undertaking monthly accruals; this is not a risk to delivering the year end forecast.

4.6 Other Supplies & services

Other Supplies & services forecast for the year is £3,682k, which is a projected overspend of £2,486k against the original budget. This overspend was mainly due to the virement for the transfer of intruder alarms £159k and realignment of insurance costs £450k; professional fees in EMSCU of £371k which have been offset within income; consultancy fees within projects of £224k for Tri-Force; increased insurance costs of £105k; and ESN project team of £90k; combined with the realignment of costs with externally funded projects of £1,066k which has been offset within income. The year to date position is due to not undertaking monthly accruals and externally funded cost which will be matched by income; this is not a risk to delivering the year end.

4.7 Collaboration

Collaboration costs forecast for the year is £9,940k, which is a projected overspend of £1,253k against the original budget. This is mainly due to a

virement from comms & computing costs of £276k relating to the MFSS; increased costs from the MFSS and the delay of the payroll project £318k; the migration to Fusion (Oracle cloud based solution) £260k and DMS upgrades £36k; increased Forensic charges £248k; and £90k for costs in relation to Tri-Force collaboration project team.

Forensic charges for both DNA and home office are expected to be lower than estimate.

Period 10

4.8 Medical retirements

Medical retirements costs forecast for the year is £4,687k, which is a projected overspend of £693k against the original budget. This reflects the estimated number of officers that could be potentially retired this year at 18.3 FTE's, compared to 11 FTE's in the budget.

4.9 Capital financing

Capital financing forecast for the year is £3,947k, which is a projected under spend of £703k against the original budget. This is due to £159k from the Minimum Revenue Provision (MRP) being lower than budgeted largely due to the lower 2015/16 capital programme; combined with a reduction in the long term interest costs due to reduced borrowings than was originally anticipated.

4.10 Other

Other costs forecast for the year is £6,210k, which is a projected overspend of £920k against the original budget. Approximately £738k of this over spend is due to virements within the camera safety project and offsets underspends across other lines of expenditure and additional income. The remainder is largely due costs associated with Op Kinic (EDL march) at £230k; increased PNC costs £39k; office equipment £28k; and interpreters fees £15k. This has been partly offset by savings in Quarter Three within custody on appropriate adult fees £63k and interpreters fees £47k.

4.11 Income

Income forecast for the year is £15,194k, which is projected to be £2,821k above the original budget. Approximately £2,033k of this variance offsetting costs above through virements and movements within externally funded projects. The remainder relates to £118k additional income from EMSCU; £150k for GPS tagging from the Ministry of Justice; £100k of police lead prosecutions (PLP) income; £77k for the management fee from the camera/speed awareness programme; £63k to cover two analyst posts; a one-off transfer of £63k from externally funded projects for community protection vehicles and mental health; £59k from Tri-Force collaboration

towards staff costs; £47k from Hate Crime income; £36k from vehicle recovery income; and £35k of vetting income. Income is ahead of forecast year to date largely due to the timing of receipts from the Home Office.

4.12 Efficiencies

The 2016/17 efficiency target in order to achieve a balanced budget is £12.0m. Finance and the DtF team are constantly reviewing all efficiency projects with the organisation to identify any possible risks or opportunities to delivering the yearend target. At present we are on track to deliver the £12.0m, however tight control of costs still needs to be maintained and all expenditure challenged to ensure the best use of resources, as if these efficiencies are not delivered then there is a risk to the year end.

4.13 OPCC

The OPCC is forecasting an on budget performance with an outturn of £4,729k. It is assumed that any under spend that may arise during the year will be transferred to the OPCC's Commissioning reserve at year end.

5. Financial Implications and Budget Provision

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

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 Please see attached Appendix A.

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 a monthly basis.

12. Appendices

12.1 Appendix A – Revenue Report to January 2017

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

NB

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