

<b>For Information / Consideration / Comment / Decision (delete as appropriate)</b>	
<b>Public/Non Public*</b>	
<b>Report to:</b>	<b>Strategic Resources &amp; Performance</b>
<b>Date of Meeting:</b>	<b>25<sup>th</sup> May 2017</b>
<b>Report of:</b>	<b>Paul Dawkins – Director of Finance</b>
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<b>Agenda Item:</b>	<b>12</b>

## **Provisional Outturn Report for 2016/17**

### **1. Purpose of the Report**

- 1.1 The purpose of this report is to provide an update on the provisional financial outturn position against the key financial performance headlines for Nottinghamshire Police as at 31<sup>st</sup> March 2017 (Period 12).

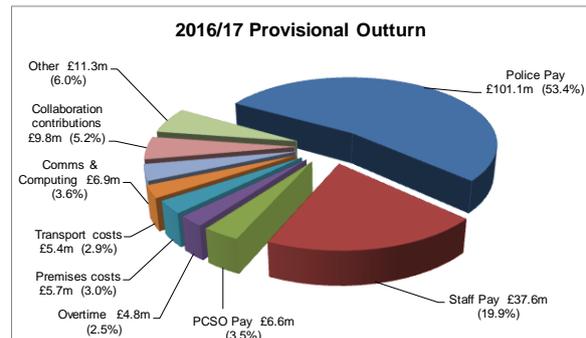
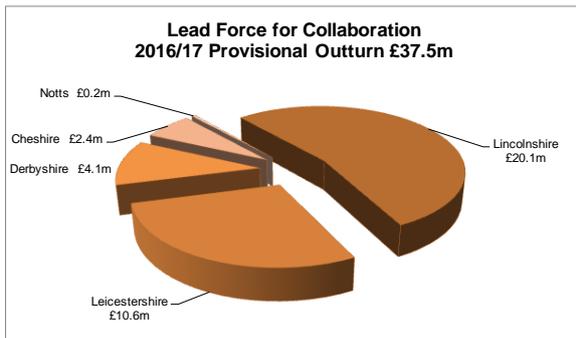
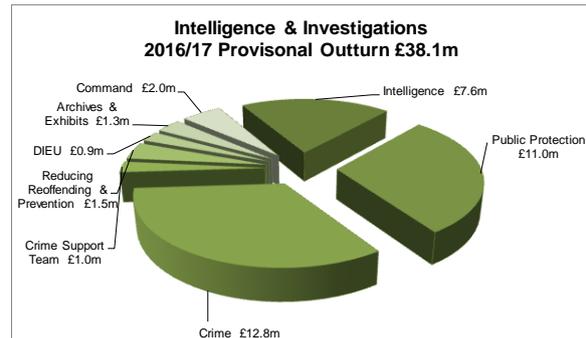
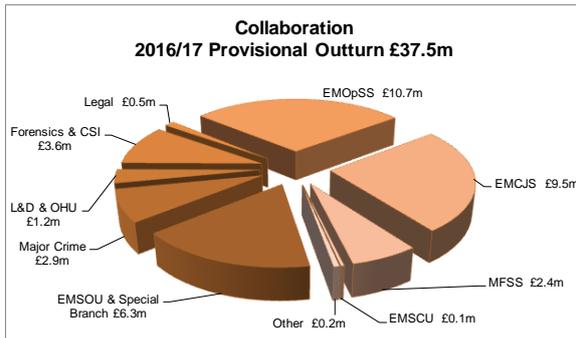
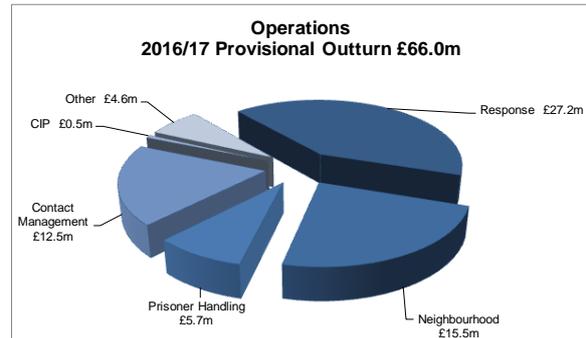
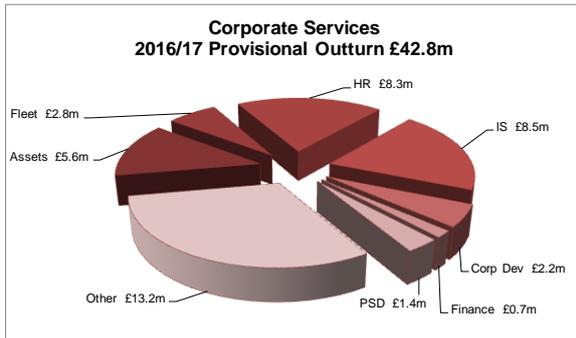
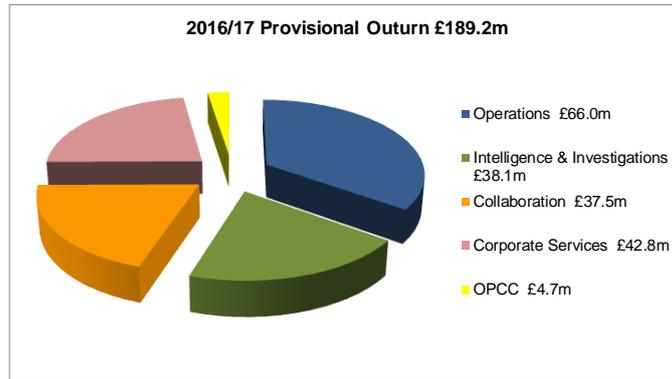
### **2. Recommendations**

- 2.1 It is recommended that the outturn position for each legal entity and the net position for the Group is noted:

<b>Entity</b>	<b>Budget £'000</b>	<b>Actual £'000</b>	<b>Outturn Variance £'000</b>
Force	185,438	184,428	(1,010)
OPCC	4,729	4,731	2
<b>Group</b>	<b>190,166</b>	<b>189,159</b>	<b>(1,007)</b>

- 2.2 It is recommended that the Commissioner approves the transfer to the Medium Term Financial Plan (MTFP) reserve £1,010k from the above underspend; and the transfer from the Grants & Commissioning reserve of £2k to meet the above overspend.

# Analysis of the 2016/17 Provisional 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

### The Force

- 4.1 The provisional outturn for the Force is £184,428k which is an underspend of £1,010k against the original budget, and £59k better than reported at the Quarter Three review.

This is an excellent performance in a year which included an efficiency programme of £12.0m to achieve a balanced budget. It is recommended that this underspend is to be transferred to the MTFP reserve as a contribution to repay the reserves that were required to offset the overspend for the financial year ended 31<sup>st</sup> March 2016. Appendix A provides a more detailed position.

The provisional outturn for the OPCC is £4,731k which is an overspend of £2k against the original budget. The projected outturn assumed a balanced budget position, this overspend will be met from a transfer from the Grants & Commissioning reserve.

The figures in this report are subject to external audit by KPMG during June and will therefore remain provisional until the satisfactory conclusion of that audit.

<b>Nottinghamshire Police Group Position Total:</b>				
<b>Budget Variance Analysis</b>				
	<b>Variance to Budget</b>			<b>Note</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	
<b>Pay &amp; allowances</b>				4.2
Police officer	(2,014)			
Staff	(175)			
PCSO	(1,123)			
		<b>(3,312)</b>		
<b>Overtime</b>				4.3
Police officer	554			
Staff	168			
PCSO	8			
		<b>730</b>		
Other employee expenses		73		
		<b>(2,509)</b>		
Premises costs	(320)			4.4
Transport costs	(1,065)			4.5
Comms & computing	(620)			4.6
Clothing, uniform & laundry	(98)			
Other supplies & services	4,741			4.7
Collaboration contributions	1,124			4.8
Medical retirements	673			4.9
Capital financing	(286)			4.10
Other	882			4.11
		<b>5,030</b>		
Income		(3,531)		4.12
<b>Force underspend</b>		<b>(1,010)</b>		
<b>OPCC</b>		<b>2</b>		
<b>Provisional Group Position Outturn</b>		<b>(1,007)</b>		

## 4.2 Pay & allowances

Police officer pay was £101,060k for the year which was an underspend of £2,014k against a budget that included an efficiency overlay of £3,334k. This underspend was largely due to additional leavers during the year combined with starting the year at a lower position than the budget assumed (c20 FTE's); and the transfer of costs to Other (see note 4.11). The budget assumed a closing position at the end of March 2017 of 1,915 FTE's (including 30 externally funded and 40 seconded FTE's), whereas at actual closing position was 1,844 FTE's (including 22 externally funded and 50 seconded FTE's) which was 71 FTE's below budget, despite having unplanned recruitment of c17 officers during the second half of the year.

Police staff and PCSO pay combined pay was £44,190k for the year, which was an underspend of £1,298k against the budget that included an efficiency overlay of £5,646k. This underspend is largely due to the full year impact of the restructuring programme introduced in the latter half of 2015/16 and from

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.

Additional savings have been realised through Bear Scotland payments of c£100k against the original budget of £500k for the Force.

#### **4.3 Overtime**

Overtime was £4,762k for the year, which was an overspend of £730k. This has been in part due to the impact of reduced officer and staffing levels; custody for both officers and detention officers due to running below establishment; increase in EMOpSS overtime although this has been offset by the contribution from the ARV uplift grant; providing mutual aid assistance which is offset within income; and operational demands such as Forest Fields murder and Op Vermicular.

#### **4.4 Premises costs**

Premises costs was £5,707k for the year, which was an underspend of £320k. This was mainly due to savings on utilities of £456k following a year end review and release of accruals; contract cleaning of £63k where the budget reflected an increase for the cost of living; partly offset by an overspend on repairs & maintenance of £163k.

#### **4.5 Transport costs**

Transport costs was £5,399k for the year, which was an underspend of £1,065k. This was mainly due to vehicle insurance costs of £600k which were transferred to Other supplies & services (see note 4.7); fuel savings of £219k where we benefitted from a lower cost per litre than anticipated; and £275k on the Vensons pence per mile (PPM) and daily slot charges (DSAF) as a result of the combination of lower mileage, continued reduction in vehicle numbers and a lower inflationary increase of 1.7% compared to the budgeted 3.0%.

#### **4.6 Comms & Computing**

Comms & computing was £6,896k for the year, which was an underspend of £620k. This was largely due to an underspend on the camera safety project of £103k on the Startraq system; £273k on mobile phones resulting from the move to EE from Vodafone and Agile Working, the majority of this will be a one-off saving as income from Innovation has offset some of the spend; Airwaves £47k; savings on the following due their replacement by Niche - Capital SRS support of £75k, NSPIS £32k and Memex £33k; and a reduction in Home Office IT charges of £44k.

#### **4.7 Other Supplies & services**

Other Supplies & services was £5,937k for the year, which was an overspend of £4,741k. Approximately £2,388k of the overspend has been offset within income. The overspend was largely due to insurance costs of £1,185k, where £600k was a transfer of insurance costs from Transport (see note 4.5) and the remainder being the decision to make an additional payment based on current liabilities; efficiency challenge of £512k which have been achieved across a number of areas of expenditure; legal costs of £148k; professional and consultancy fees of £169k mainly in Agile Working and Tri-Force; partnership grants of £124k; vehicle recovery costs of £84k; specialist operational equipment of £92k; and witness expenses £51k. The following overspends have been offset within income - partnership payments of £1,968k relating to externally funded projects; consultancy fees of £331k in EMSCU; and Licence fees of £89k within externally funded projects.

#### **4.8 Collaboration**

Collaboration costs was £9,811k for the year, which was an overspend of £1,124k. This was mainly due to the MFSS of £690k as a result of increased costs, the delay of the payroll project and the migration to Fusion (Oracle cloud based solution); Forensics of £248k; EMSOU of £62k; and Legal services £32k.

#### **4.9 Medical retirements**

Medical retirements was £4,667k for the year, which was an overspend of £673k. This reflects the increased number of officers who have left during the year and a review of the accrual to reflect the number of officers currently under review.

#### **4.10 Capital financing**

Capital financing was £4,364k for the year, which was an underspend of £286k. This was mainly slippage in the 2016/17 capital programme which has delivered lower interest charges of £877k. This has been partly offset by the Minimum Revenue Provision (MRP) of £591k where an additional in year contribution of £750k was made which will reduce the MRP charge in future years. This demonstrates the significant impact on the revenue budget that variances in capital expenditure can have, emphasising the need for greater accuracy in forecasting of project expenditure. Poor forecasting of capital expenditure has the potential to affect treasury management decisions and could result in significant long term treasury management inefficiencies.

#### **4.11 Other**

Other costs was £6,172k for the year, which was an overspend of £882k. This is largely due to partnership payments of £1,543k which includes:

- The EMOpSS central management charge £210k

- Mutual aid costs of £240k of which Op Kinic (EDL march) was the main element
- Efficiency challenge of £75k
- Body Worn Video of £89k offset by a Home Office grant within income
- Within Command £113k which is the charge for ACC Prior from Leicestershire and is offset within officer pay
- Transfer from the Community Protection (CP) externally funded project of £242k where the partner only funds 80% of the project, but the charge was budgeted for in officer pay
- Various externally funded projects of £455k which is offset within income

This has been partly offset by underspends on:

- Forensic costs of £460k which is mainly due to savings on forensic analysis of electronic devices of £315k and DNA sampling costs of £92k
- Custody costs of £71k mainly consumables such as clothing, blankets, etc
- Investigative expenses of £97k
- Photocopiers of £69k

#### **4.12 Income**

Income for the year was £15,904k, which was £3,531k above budget. This is broken down as follows approximately:

- £1,253k of additional income
- £3,478k of income offsetting costs above
- Offset by a £1,200k in year contribution to reserves

The £1,253k of additional income was largely due to:

- Police Lead Prosecution (PLP) income £131k
- Various income from I&I of £167k
- IS transformation of £100k
- Insurance monies received of £149k
- Vehicle recovery of £58k
- Rental of aerial masts of £54k
- IT services of £293k
- PSD income, such as vetting, of £64k
- Contact Management of £51k
- EMSOU and Major crime recharges of £73k
- Recharge of a TSU officer of £62k
- Certificates and other fees such as firearms licences of £73k
- Recharges of a number of buildings such as the Arrow Centre of £42k

The £3,478k of income that offsets costs above is largely due to:

- Recharges for seconded officers and staff of £777k
- Numerous externally funded projects of £1,745k

- EMSCU (including Police ICT) of £147k
- Innovation funding income of £711k, which was split over Agile Working of £560k, Body Worn Video of £83k and Mental Health of £68k
- Income from mutual aid of £98k which offsets against overtime.

#### 4.13 Efficiencies

The 2016/17 efficiency target in order to achieve a balanced budget was £12,012k, which was broken down as follows:

<b>Efficiencies included in the 2016/17 Budget</b>		<b>£'000</b>
Police officer pay		3,334
Police officer overtime		200
Police staff pay		5,646
Police staff overtime		50
Other employee expenses		24
Premises costs		173
Transport costs		162
Comms & computing		575
Other supplies & services		512
Capital financing		1,062
Other		175
Income		100
		<b>12,012</b>

In 2016/17 £9,254k (77.0%) of the efficiency savings were to delivered through employee costs, with the year end position being that further £2,509k were delivered. This additional saving, combined with underspends across other lines of expenditure enabled the Force to make an in year contribution to reserves of £1,200k and £750k capital payment into MRP to reduce future liabilities.

#### **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 March 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.