

For Information	
Public	
Report to:	Strategic Resources & Performance
Date of Meeting:	24th May 2018
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Agenda Item:	11

Provisional Outturn Report for 2017/18

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 31st March 2018.

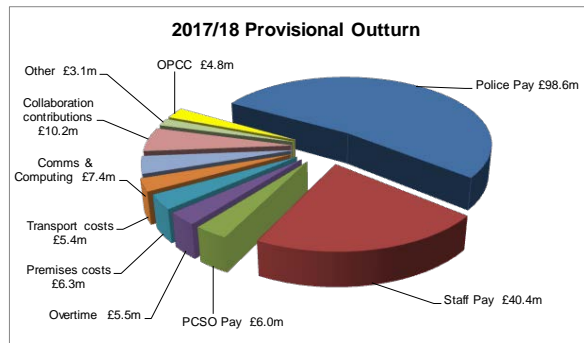
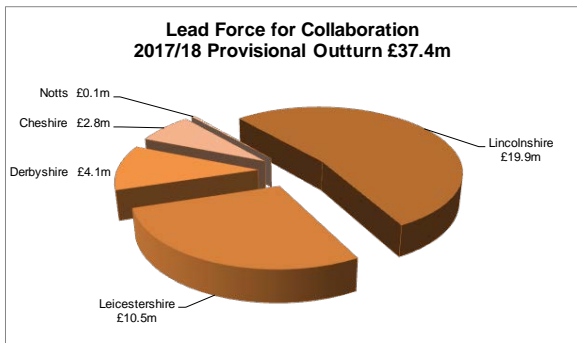
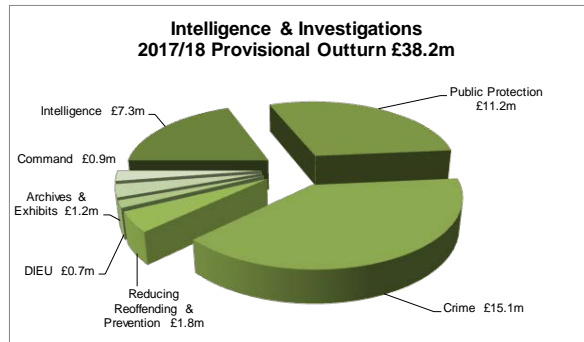
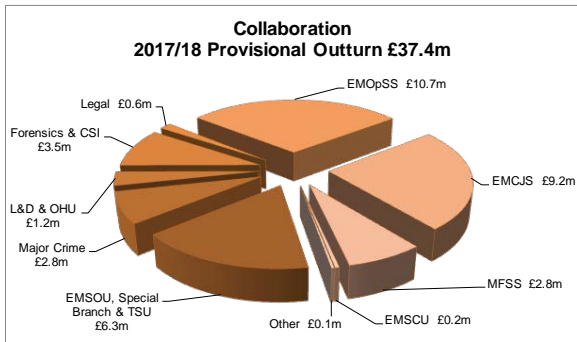
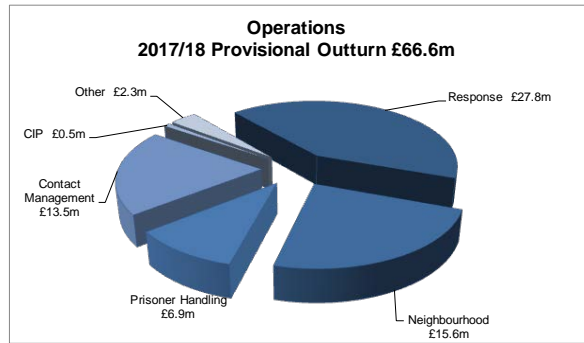
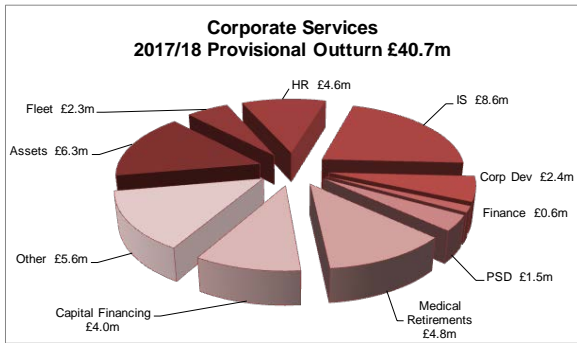
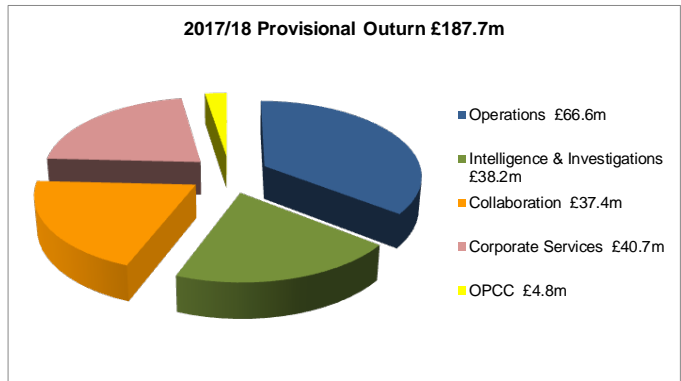
2. Recommendations

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

Entity	Budget £'000	Actual £'000	Variance to Budget £'000
Force	185,347	182,920	(2,428)
OPCC	4,758	4,758	-
	190,105	187,678	(2,428)

- 2.2 It is recommended that the Commissioner approves the transfer to a new IT Investment & Replacement Fund £250k and £2,174 to the Medium Term Financial Plan (MTFP) reserve, being £2,428k in total, from the above underspend.

Analysis of the 2017/18 Outturn



3. Reasons for Recommendations

3.1 To update the Office of the PCC on the Force's budgetary position for 2017/18 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 £182,920k which is an underspend of £2,428k against the original budget, and £228k lower than reported at the end of February 2018. Year on year the Force expenditure has reduced by £1,508k or 0.8% from £184,428k

This is an excellent performance in a year which included an efficiency programme of £1,250k, as well as £5.5m in employee efficiencies, to achieve a balanced budget. It is recommended that this underspend is to be transferred to the reserves as a contribution to repay the reserves that were required to offset the overspend for the financial year ended 31st March 2016, as well as £250k towards the creation of an IT Investment and Replacement Fund. Appendix A provides a more detailed position.

The provisional outturn for the OPCC is £4,758k which is as per the original budget. Actual spend in the year was £3,738k and a transfer of £1,020k was made to 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.

**Nottinghamshire Police Group Provisional Total
2017/18 Budget Variance Analysis**

	Original Budget £k	Allocation of Efficiencies £k	Revised Budget £k	Actual £k	Variance £k	Note
Pay & allowances						4.2
Officer	97,829	-	97,829	98,605	776	
Staff	40,394	-	40,394	41,208	814	
PCSO	6,665	-	6,665	5,985	(681)	
	144,889	-	144,889	145,798	909	
Overtime						4.3
Officer	3,213	-	3,213	4,856	1,643	
Staff	611	-	611	628	17	
PCSO	35	-	35	44	9	
Police staff overtime	3,860	-	3,860	5,528	1,669	
Other employee expenses	1,683	-	1,683	2,150	467	4.4
Medical retirements	4,918	(500)	4,418	4,785	367	4.5
	155,349	(500)	154,849	158,261	3,412	
Other operating expenses						
Property related	6,012	-	6,012	6,317	304	4.6
Transport	5,658	-	5,658	5,457	(201)	4.7
Communications & computing	8,162	(200)	7,962	7,428	(535)	4.8
Clothing & uniforms	482	-	482	646	164	4.9
Other supplies & services	8,789	(250)	8,539	9,696	1,157	4.10
Custody costs & police doctor	1,326	-	1,326	1,317	(9)	
Forensic & investigative costs	2,231	-	2,231	2,075	(155)	4.11
Partnership payments	2,187	-	2,187	4,727	2,540	4.12
Collaboration contributions	9,797	-	9,797	10,204	407	4.13
Capital financing	4,831	(300)	4,531	4,026	(505)	4.14
Total expenditure	204,825	(1,250)	203,575	210,154	6,579	
Income						4.15
Seconded officers & staff income	(3,499)	-	(3,499)	(3,444)	55	
Externally funded projects income	(3,579)	-	(3,579)	(5,009)	(1,431)	
PFI grant	(1,858)	-	(1,858)	(1,858)	(0)	
OPCC	(1,319)	-	(1,319)	(621)	697	
EMSCU	(680)	-	(680)	(839)	(159)	
Investment interest	(64)	-	(64)	(104)	(40)	
Other	(2,471)	-	(2,471)	(10,601)	(8,129)	
	(13,470)	-	(13,470)	(22,476)	(9,007)	
Efficiencies						
Procurement	(250)	250	-	-	-	
Medical retirements	(500)	500	-	-	-	
Tri-Force	(200)	200	-	-	-	
Capital financing	(300)	300	-	-	-	
	(1,250)	1,250	-	-	-	
	190,105	-	190,105	187,678	(2,428)	

4.2 Pay & allowances

Police officer pay was £98,605k for the year which was an overspend of £776k against the budget, but a year on year reduction of £2,476k or 2.4%. This overspend was largely due to the decision to accelerate recruitment in line with

the 1,940 police officer model which saw 197 new officers starting during the year and 25 transferees. These additional cost were undertaken knowing that a decision to not employ 80 new PIO's had been agreed by the Chief Constable.

There was additional costs for the unbudgeted non-consolidated 1% bonus agreed as part of the September 2017 pay award and the decision to change the starting salary for new recruits to the next scale point.

This has been partly offset by natural leavers which averaged around 7.5 FTE's per month compared to the budget assumption of 4.5 FTE's; and the continuation of officers who have reached their 30 years' service leaving.

The budget assumed a closing position at the end of March 2018 of 1,788 FTE's (including 22 externally funded and 47 seconded FTE's), whereas at actual closing position was 1,908 FTE's (including 20 externally funded and 38 seconded FTE's) which was 120 FTE's above the original budget.

Police staff and PCSO pay combined pay was £47,193k for the year, which was an overspend of £133k against the budget; and £2,332k or 5.2% higher than last year. This was largely due to the transfer of agency staff from capital for the Tri-Force project of £1,548k, for which grant income was agreed to fund this as part of the Transformation Grant spending decisions.

A provision of £452k for the likely 2017-18 pay award was made, this effectively provides for a 2% increase as opposed to the budgeted increase of 1%.

After adjusting for these items there was an underspend of £1,867k against the budget which was mainly due to the timing of PCSO leavers from natural wastage and those transferring to become police officers; hold on vacancies; and the decision to use the budget for the planned PIO recruitment to fund the additional police officers.

During the year 52 new PCSO's were recruited, and at the end of March 2018 there was 184 FTE's which was 16 FTE's less than budgeted. Police staff at the end of March 2018 was 1,154 FTE's (including 71 externally funded and seconded FTE's) which was 22 FTE's below budget.

Additional savings have been realised through Bear Scotland payments of £41k against the original budget of £369k for the Force.

4.3 Overtime

Overtime was £5,528k for the year, which was an overspend of £1,669k against the budget; and an increase of £765k or 16.0% on last year. This is largely due to £146k for externally funded and seconded officers/staff which is offset within income; EMOpSS at £618k, which is partly offset within income from the ARV uplift fund; custody for both officers and detention officers due to running below establishment of £256k; EMSOU of £121k; and I&I at £181k; providing mutual aid assistance which is offset within income; and various operational demands.

4.4 Other employee costs

Other employee costs was £2,150k for the year, which was an overspend of £467k against the budget. This is mainly due to additional training and recruitment costs associated with the additional unbudgeted police officer recruits.

4.5 Medical retirements

Medical retirement costs was £4,785 for the year, which was an overspend of £367k against the budget. This is mainly due to an efficiency target in the budget of £500k which was not achieved, although overall efficiency targets were exceeded due to additional savings/reductions in other areas.

4.6 Premises costs

Premises costs was £6,317k for the year, which was an overspend of £304k against the budget. This was mainly due to spend on repairs and maintenance of £382k; grounds maintenance of £61k where we have had additional costs due for gritting to the snow; a charge from Gleeds for fees in respect of the proposed new build at FHQ which is not budgeted for; additional waste disposal costs from the closure of stations.

This was partly offset by savings on utilities due to the release of accruals from 2016/17 where actual bills were lower than estimations and costs being below budgeted inflation.

4.7 Transport costs

Transport costs was £5,457k for the year, which was an underspend of £201k against the budget. This was mainly due to vehicle insurance costs of £200k which were transferred to Other supplies & services (see note 4.10); and fuel savings of £146k where there has been a benefit from a lower cost per litre than anticipated, combined with having a smaller number of petrol vehicles in the fleet.

This was partly offset by an increase of £55k on the Vensons pence per mile (PPM) and daily slot charges (DSAF); and vehicle repairs and maintenance of £56k.

4.8 Comms & Computing

Comms & computing was £7,428k for the year, which was an underspend of £535k against the budget. This was largely due to £480k for the ESN project where costs have been deferred into future years; Holmes cloud £98k where the budget included the full cost but it is now regional so we only pay a share; and a reduced amount of inflation compared to budget of £225k.

This has been partly offset by various hardware and software purchases of £281k.

4.9 Clothing & Uniforms

Clothing, uniform & laundry was £646k for the year, which was an overspend of £164k against the budget. The over spend is due to the additional recruits.

4.10 Other Supplies & Services

Other supplies & services was £9,696k for the year, which was an overspend of £1,157k against the budget.

The overspend was largely due to insurance costs of £388k, where £200k was a transfer of insurance costs from Transport (see note 4.7) and professional and consultancy fees of £779k mainly payments to Grant Thornton for £413k which was spent on supporting the Fusion project, EMSCU (offset within income see note 4.15) and Tri-Force.

Office equipment was overspent by £143k which was mainly stationery and new furniture for the control room; vehicle recovery costs increased by £112k due to greater volumes of activity, this was more than offset through additional income (see note 4.15).

The overspend has also been partly offset by savings underspends on grants and commissioning within the OPCC of £640k which was transferred to reserves within income (see note 4.15) and the efficiency challenge of £250k which was achieved across a number of areas of expenditure.

4.11 Forensics & Investigative Costs

Forensics & investigative costs was £2,075k for the year, which was an underspend of £155k against the budget. This was largely due to savings on DNA sampling costs and translators.

4.12 Partnership Payments

Partnership payments was £4,727k for the year, which was an overspend of £2,540k against the original budget.

This relates mainly to the EMOpSS central management fee of £2,098k which has been offset by £2,308k of income (see note 4.15) to get a net saving of £210k against the budget. There was also savings in the OPCC of £148k.

A MOJ GPS tagging project costing £606k was externally funded and matched by income.

4.13 Collaboration Contributions

Collaboration contribution costs was £10,204k for the year, which was an overspend of £407k against the budget.

This was mainly due to increased MFSS costs of £273k as a result of the delay of the project to migrate to Fusion (Oracle cloud based solution), and £181k relating to regional costs for the ESN project.

4.14 Capital financing

Capital financing was £4,026k for the year, which was an underspend of £505k against the budget.

This saving is due to lower interest charges of £323k as a result of reduced borrowing; and a reduction in the Minimum Revenue Provision (MRP) of £182k as a result of the actual 2016/17 capital spend being lower than budgeted assumption, combined with reduced borrowing.

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.

4.15 Income

Income for the year was £22,476k, which was £9,007k above budget. This is broken down as follows approximately:

- £1,810k of additional earned income
- £8,321k of income offsetting costs above
- Offset by a £1,124k contribution to reserves namely £1,020k to the OPCC Grants & Commissioning reserve and £104k to externally funded projects reserves

The £1,810k of additional earned income was largely due to:

- NICHE income of £328k
- OPCC of £323k
- Vehicle recovery of £304k
- Recharges of a number of buildings such as the Arrow Centre of £234k
- Various partnership funding of £156k
- Insurance monies received of £113k
- IT services of £105k
- Charges for police services (SPS) of £87k
- Certificates and other fees such as firearms licences and vetting of £72k
- IS transformation of £64k
- Release of Drugs Fund reserve of £51k
- EMCJS DEMP project of £44k
- Investment interest of £40k

The £8,321k of income that offsets costs above is largely due to:

- Tri-Force income £3,202k
- EMOpSS of £2,308k (see note 4.12)
- Numerous externally funded projects of £1,535k
- ARV uplift fund to offset overtime of £456k
- Recharges of various officers and staff of £400k
- EMSCU (including Police ICT) of £159k
- Body worn video of £134k
- Income from mutual aid of £127k which offsets against overtime

4.16 Efficiencies

The 2017/18 efficiency target in order to achieve a balanced budget was £1,250k, which was broken down as follows:

Efficiencies	£k	
Procurement	(250)	Allocated to Other Supplies & services
Medical retirements	(500)	Allocated to Medical retirements
Tri-Force	(200)	Allocated to Comms & computing
Capital financing	(300)	Allocated to Capital Financing
	(1,250)	

The procurement savings were achieved over numerous lines of expenditure, along with the £500k originally allocated to medical retirements, once it became apparent that this saving would not be met.

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 2018