

<b>For Information</b>	
<b>Public</b>	<b>Public</b>
<b>Report to:</b>	<b>Strategic Resources &amp; Performance</b>
<b>Date of Meeting:</b>	<b>4<sup>th</sup> November 2020</b>
<b>Report of:</b>	<b>Mark Kimberley</b>
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<b>Agenda Item:</b>	<b>11</b>

\*If Non Public, please state under which category number from the guidance in the space provided.

## **Quarter 2 2020/21 Revenue Year to Date Position.**

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

- 1.1 The purpose of this report is to provide the forecast financial outturn position for revenue for the financial year 2020/21.

### **2. Recommendations**

- 2.1 That the Force Executive Board and the Office of the Police and Crime Commissioner notes the outturn position as detailed in the report.

### **3. Reasons for Recommendations**

- 3.1 To update the Office of the PCC on the Force's forecast outturn position for 2020/21 as at the end of quarter 2 and also to comply with good financial management and Financial Regulations.

### **4. Summary of Key Points (this should include background information and options appraisal if applicable)**

#### **4.1 Summary**

As reported in the 2020/21 budget £3m ring fenced Performance Grant in relation to the uplift of an extra 20,000 officers nationally was reported. The grant has been approved and the income is being received monthly this is to alleviate any cash flow issues that may have been caused through Covid-19.

At the end of Q2 the force has incurred additional costs/loss of income of £622k in relation to Covid-19 as well as £300k in relation to orders that have been delayed, the cost of which should have been incurred during 2019/20. These costs along with additional overtime spends would have resulted in a larger overspend position than that being reported, however the considerable savings on vacant staff posts have off-set much of those costs.

- 4.2 The total net expenditure budget approved by the OPCC for 2020/21 was set at £221.6m, this is split between Police and OPCC as per the table below.

Net expenditure budget	Police £m	PCC £m	Total Base £m
Employee	142.9	0.9	<b>143.7</b>
Premises	6.1	0.0	<b>6.1</b>
Transport	6.1	0.0	<b>6.2</b>
Comms & Computing	8.9	0.0	<b>8.9</b>
Supplies & Services	9.8	-	<b>9.8</b>
Agency & Contract Services	12.9	5.6	<b>18.4</b>
Pension	34.5	0.1	<b>34.6</b>
Capital Financing	8.5	-	<b>8.5</b>
Income	(13.1)	(1.5)	<b>(14.6)</b>
<b>Grand Total</b>	<b>216.5</b>	<b>5.1</b>	<b>221.6</b>

#### 4.3 Detail

The review of revenue expenditure shows a forecasted outturn position of £209k overspend for Police and an on budget position within the OPCC. This report will review each of the expenditure areas relating to the Police element of the budget.

Expenditure Type	Total Base £'000	Virements £'000	Revised Budget £'000	Q2 Outturn £'000	Variance Over/(Under) £'000
Employee	142,858	1,594	144,452	143,563	(889)
Pension	34,460	366	34,825	35,012	187
Agency & Contract Services	12,763	32	12,794	14,068	1,274
Supplies & Services	9,834	394	10,228	10,971	743
Comms & Computing	8,915	377	9,292	9,825	533
Capital Financing	8,482	1,000	9,482	9,171	(311)
Transport	6,144	2	6,146	6,310	164
Premises	6,118	(1)	6,117	6,495	378
Income	(13,054)	(3,729)	(16,784)	(18,653)	(1,870)
	<b>216,519</b>	<b>35</b>	<b>216,554</b>	<b>216,762</b>	<b>209</b>

Employee costs: includes pay, allowances and overtime but excludes pension contributions.

The current forecast shows an underspend position of (£889k); this relates to underspend on staff pay of (£480k) representing a high number of vacant posts; an underspend on officer pay of (£345k) reflecting an increase in retirees and an adjustment to the start date of IPLDP officers; and a slight overspend on PCSO pay of £8k. Overtime is currently predicted to overspend at around £99k; this is partly due to the 2 hours self-approval process not yet being removed from the system, this will take effect from 28<sup>th</sup> September. Within this section are other employee expenses, included in that area are external training course costs, this shows an underspend position of (£168k) and is due to courses being cancelled due to Covid-19 issues, much of this will therefore be an added pressure in the 2021/22 budget as accredited training requirements are caught up.

Pension costs include payments for employees along with pension's payrolls for ill health and injury pensions.

The forecast currently shows an overspend position of £187k. An accrual for £150k has been made in respect of pension remedy compensation claims, which is off-set by a saving on staff standard pension contributions reflecting the current vacant posts in the organisation. A review of pension injury payments shows an increase in costs of £100k.

Agency and Contracted Services costs; includes collaboration charges, partnership costs and mutual aid charges.

Current forecast is an overspend position of £1,272k. MFSS costs have reduced; £342k of this is a reduction in the GEN 2 costs with inflation and relative growth being £312k lower than expected.

A charge from the region for EMSOU collaboration charges of £1,696k has been received, this will in part be off-set by income, however there will be an overall shortfall of £211k representing officer in kind payments.

There is likely to be a reduction in income generated by EMSCU of £210k.

Supplies and Services costs; includes all non-pay operational costs.

Current forecast is an overspend position of £743k; the majority of this reflects an increase in insurance premiums of £310k. As a result of increase insurance premiums the contribution to the Insurance reserve will be reduced by £310k. A fee of £219k has been incurred in respect of Avon and Somerset Police opting out of the MFSS (Multi Force Shared Services) Collaboration. £250k efficiency saving allocated here will be incurred in other areas, it is anticipated that this will be achieved in full across the force.

The force will incur an additional £230k of professional fees and consultant's fees re EMSCU which is off-set in income.

Communications and Computing costs includes the costs of the information technology estate incorporating call charges, software licences, upgrades, networking, airwave and postage costs.

Current forecast is an overspend position of £533k and this relates to £320k increase of costs from the Home Office, a rise of 19% on previous years. £157k of orders that were delayed due to Covid-19 and now impact on the 2020/21 financial year; £355k of costs in relation to increase in airwave, Niche, licence and air time costs reflecting the growth in officer numbers. These costs have been off-set by income from the uplift performance grant and savings of (£116k) in relation to closing of systems and phone/data lines no longer required. The balance of £172k relates to various contract renewals being higher than anticipated.

Capital Financing includes the transfers in and out of reserves, contributions to capital financing, MRP (Minimum Revenue Provision) charges and interest costs.

Current outturn position is (£311k) underspend. The MRP has been increased by £332k to reflect the shorter lifetimes of assets that have been funded by borrowing, capital receipt contributions are also expected to be lower. This is off-set by (£456k) transfer from general reserves. A review and removal of property stored on force premises resulted in (£147k) funding from the Property Act Fund.

Transport costs, includes the cost of running the force fleet and other travel costs.

Current forecast is an overspend position of £164k. The position reflects rising prices per litre for fuel, and an increase in contract charges for higher specification vehicles. There has been a higher number of written off vehicles, some of the cost of these will be recouped through insurance claims in due course.

The increase in costs are off-set in part by (£240k) relating to a decision by the Speed Camera Partnership not to replace some of the existing fleet, an opposite entry to reserves is shown in Capital Financing.

Premises costs include the running and upkeep costs of the estate.

The current forecast shows an overspend position of £378k. The overspend is due to retaining buildings for longer than expected, Worksop and Holmes House being the main costs at £110k. An additional £36k relates to cleaning costs due to Covid-19.

The force is now incurring costs for regional buildings which sit within our County, these costs are being recharged back to the region £208k and show as additional income.

Income includes grants, partnership funding, fee income and seconded officers' recharges.

Currently forecast to increase by (£1,870k). (£733k) reflects the income due to off-set the EMSCU charges. (£1,684k) reflects the income from EMSOU CID for officers in kind contributions; (£179k) off-sets costs of regional buildings; (£161k) additional income generated from investment interest, this is off-set by £418k loss of income for sporting events as a result of Covid-19. A reduction of £901k income from the Speed Camera Partnership, due to a decision not to replace vehicles which are off-set by reduced contribution to capital financing and a reduction in income due to Covid-19.

## **5. Financial Implications and Budget Provision**

5.1 The financial information relating to this item is contained within item 4.

## **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 Monitoring of the accounts is problematic and errors in the data continue to be reported.

## **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 monthly basis.

## **12. Appendices**

12.1 None

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

13. There are no background papers relevant to this report.

NB

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