



OFFICE OF THE POLICE & CRIME COMMISSIONER FOR NORFOLK

ORIGINATOR: Chief Constable

REASON FOR SUBMISSION: For Information and Decision

SUBMITTED TO: Police Accountability Forum – 21 January 2015

SUBJECT: Budget Monitoring Report FY 2014/15 – as at end of November 2014

SUMMARY:

1. The Commissioner approved a revenue budget and capital programme for 2014/15 in February 2014.
2. This report presents the latest forecast of the outturn for the current year, based upon actual spending to the end November 2014 and known future commitments. Forecast information is provided on revenue spending, capital spending and movements in reserves.
3. Some changes to the revenue and capital budgets are presented for approval.

RECOMMENDATION:

It is recommended that the Commissioner notes the report and approves:-

- a) The additions to the Capital Programme set out in section 3, giving an amended Programme totalling £7.028m for 2014/15.

KEY ISSUES FOR CONSIDERATION:**REVENUE SPENDING****1. Overview**

- 1.1 The PCC approved the 2014/15 budget in January 2014. The budget includes a planned withdrawal from reserves of £2.403m. Based on the 30th November position, the total Revenue Budget is forecast to underspend by £0.855m (0.57%) at year-end, which means the planned withdrawal of reserves can be reduced by that amount.
- 1.2 A withdrawal of £1.548m from reserves is still required to balance the budget for 2014/15.

This underspend is split as follows;

	(Over) / Under Spend
	£000
Office of Police & Crime Commissioner for Norfolk	(9)
Chief Constable Operational Spending	833
Capital Financing	67
Transfer to / (from) Reserves	(36)
Total underspend	855

- 1.3 At month 7 the forecast underspend was £0.807m. The main reasons for the movement in forecast of £0.048m from the previous month are due to;
- Pension strain costs for redundancies has increased by £0.040m (paragraph 1.15)
 - External training costs have increased by £0.038m (paragraph 1.15)
 - Following detailed analysis of the Estates external works and maintenance the forecast spend has reduced by £0.193m (paragraph 1.16)
 - Vehicle fuel costs have increased by £0.030m (paragraph 1.17).
- 1.4 Further details are included in the body of the report and this forecast is also shown by Department (see Appendix B) with variations from budgets which are greater than £50k and 1% (see Appendix C). The main variances producing the current under-spend are explained below.
- 1.5 Every opportunity is being taken to scrutinise spending and to realise savings. One example is that every staff vacancy is being reviewed with recruitment undertaken only if absolutely necessary. This will minimise future redundancy costs and may bring savings on stream earlier than planned. The Constabulary continues to need to reduce its costs to meet the budget gaps projected through the period of the Medium Term Financial Plan. Through the Change Programme, business cases are developed that include reducing staffing numbers. The Constabulary has managed this process well, and has kept redundancy figures to a minimum but

some redundancies are unavoidable. An estimate for redundancy costs has been included in para 1.15. This estimate will be kept under review.

- 1.6 Options for additional spending, on an 'invest to save' basis are also being considered. Additional revenue contributions to capital may help fund the capital programme in year and reduce the revenue impact of capital financing in future years.
- 1.7 In the absence of any exceptional operational spending pressures, it is likely that the revenue budget will underspend this year.
- 1.8 The £0.250m budget for the Problem Solving Fund has been over committed but the actual spending is being closely monitored as there may be delays in completing some projects this financial year.
- 1.9 External estates and maintenance work for the replacement of flat roofs and car park resurfacing is due to be undertaken in the last quarter of the financial year. Should there be a spell of bad weather this may delay such outside work being completed.

Income

- 1.10 Operational income is forecast to over achieve by £0.710m, the main reasons for the variance being as follows:
 - Additional income is forecast in relation to charges to other police bodies for training and mutual aid in the region of £0.167m.
 - Additional interest received of £0.067m is forecast due to further fixed term deposits.
 - Additional grants and partnership funding of £0.311m which is offset by expenditure.
 - The Home Office grant reimbursement for policing the NATO Summit will be £0.360m which will realise additional income of £0.234m.
 - Income from the Proceeds of Crime Act scheme is forecast to be under recovered by £0.104m. This is an extremely volatile income stream as it is dependent on crimes involving seizure of criminal assets, and there can be significant delay until income is received from central government.
 - Income from the servicing of private vehicles is forecast to be £0.088m under recovered.

Salary and Staffing Costs

- 1.11 Police officer pay and allowances is forecast to underspend by £0.579m. The main reasons are as follows:-

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- Appendix D shows the police officer strength projections, which take into account the planned recruitment and forecast leavers. The current projections provide an average strength of 1,561 FTEs (99.4% strength) compared to the budgeted average of 1,571 FTEs.

1.12 Police overtime is forecast to overspend by £0.768m due to:-

- Overtime incurred of £0.642m as part of recent major operations within County Policing Command, Safeguarding & Investigation and Protective Services Command.
- Overtime incurred of £0.126m for the NATO summit, this is reclaimable from the Home Office.

1.13 Police Pensions is forecast to overspend by £0.094m due to an additional ill-health retirement.

1.14 Police Staff pay is forecast to underspend by £1.257m. The main reasons are as follows:-

- The reduction in PCSO strength will result in a projected underspend of £0.515m at the year end. PCSOs have been invited to apply for roles as constables as part of the strategy to achieve the savings required in future years by reducing PCSO numbers. The budget assumed that the average strength would be 237 (i.e. reducing from 260 at the start of the year to 216 at the end. Actual resignations give a revised projection of average strength for the year of 224, with numbers projected to fall to 197 at the year end.
- A forecast underspend on staff salaries of £0.858m with the majority being in County Policing Command, Protective Services Command, Criminal Justice Department and Human Resources.
- A forecast overspend on staff overtime of £0.114m the majority being in County Policing Command, Protective Services Command, Criminal Justice Department and Transport.

1.15 Indirect Staff Costs are due to overspend by £0.367m. The main reason being that no base budget provision is made for redundancy costs and it is estimated that a further £0.200m will be required for payments arising from reducing staffing numbers.

Other Significant Variances on Expenditure

1.16 Premises - An underspend of £0.039m is forecast primarily in respect of the forecast spend for Estates external works and maintenance being reduced by £0.193m from the previous month.

1.17 Vehicle Fuel - An underspend of £0.174m is forecast primarily in respect of savings and efficiencies across a number of different operational headings.

- 1.18 Other Transport Costs - An overspend of £0.235m is forecast primarily in respect of long-term hired transport (£0.130m) for which expenditure was going to be reduced, and the budget has been removed accordingly, but for operational reasons has been required to be maintained during 2014/15. Mileage allowances and other hired transport are also forecast to overspend (£0.080m).
- 1.19 Supplies and Services - An overspend of £0.406m is forecast primarily in respect of uniform rationalisation (£0.100m), ERSOU contribution (£0.414m), forensic submissions (£0.091m) and Operational Equipment (£0.249m) offset by underspends due to the Evidence Based Policing Academia project (£0.225m) which now has part year savings and corporate contingency (£0.241m).

2. CAPITAL SPENDING

- 2.1 The Commissioner approved a capital programme of £3.103m for 2014/15.
- 2.2 In addition to this, £3.205m of slippage was approved to form part of the 2014/15 programme following a review of the 2013/14 outturn.
- 2.3 Additions to the Programme totalling £0.690m were approved previously.
- 2.4 The position is summarised below:-

	£m
Original approved Capital Programme 2014/15	3.103
Slippage brought forward from 2013/14	3.205
Additions already approved by PCC/CFO and PCC	0.690
Additions for which approval is now sought *	0.030
Contribution to reserves for one-off items	
Revised Capital Programme 2014/15	£7.028

- 2.5 * Schemes requiring approval this month as additions to the programme are as follows:
- £0.016m to be added for Vigilance Pro Project to be financed from the revenue budget in the current year.
 - £0.014m to be added for Live Link to be financed from the revenue budget in the current year.
- 2.6 The forecast spend for the year is £6.459m.
- 2.7 The main underspends forecast are:
- Estates work at North Walsham. This work is expected to slip by £0.200m into 2015/16.
 - Body Armour replacement of which £0.019m is no longer required.
 - PSU Training Facility. This project is expected to slip by £0.023m into 2015/16.
 - Work on enhancing the control room telephony is forecast to slip by £0.095m (joint £0.169m) into 2015/16.
 - Work on enhancing the joint electronic access system is forecast to slip by £0.233m (joint £0.412) into 2015/16.

2.8 Full information can be found in Appendix E.

3. SAFETY CAMERA PARTNERSHIP

3.1 The forecast year end position for the Partnership is a surplus of £0.808m. This is due primarily to a projected over-achievement in income of £0.980m, due to higher volumes of people going through the speed awareness courses than budgeted.

3.2 The Safety Camera Oversight and Scrutiny Board, on which the Constabulary and the OPCC are represented, has agreed options for spending the surplus from 2013/14. This incorporates driver education programmes in conjunction with the Road Casualty Reduction Partnership (RCRP) and improvements to the safety camera infrastructure, including the establishment of 5 new camera sites based on Norfolk County Council analysis and recommendations. This was reported to the RCRP meeting on 11th November 2014.

3.3 The financial position will be reviewed at the end of the current financial year, and any operating surplus will then be subject to consideration by the Oversight and Scrutiny Board for reinvestment in road safety.

3.4 The governance (and financial) arrangements for the Safety Camera Partnership (comprising Norfolk Constabulary/PCC and Norfolk County Council) have been reviewed and a Memorandum of Understanding (MOU) has been finalised.

4. FINANCIAL INDICATORS

4.1 The monitoring report includes a number of financial health indicators in addition to the detailed monitoring information presented. The indicators are detailed in Appendix F and measured against the targets previously agreed.

5 LINK BETWEEN FINANCIAL AND OPERATIONAL PERFORMANCE

5.1 The Commissioner should consider force performance and the extent to which the targets are being achieved when considering the budget position. There are no adverse impacts to report at this time.

6. FINANCIAL IMPLICATIONS:

6.1 As detailed in the report

7 OTHER IMPLICATIONS AND RISKS:

7.1 As detailed in the report

ORIGINATOR CHECKLIST (MUST BE COMPLETED)	STATE 'YES' OR 'NO'
Has legal advice been sought on this submission?	No
Have financial implications been considered?	Yes

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Have human resource implications been considered?	Yes
Have accommodation, ICT, transport, other equipment and resources, and environment and sustainability implications been considered?	Yes
Have value-for-money and risk management implications been considered?	Yes
Have equality, diversity and human rights implications been considered including equality analysis, as appropriate?	Yes
Is the recommendation consistent with the objectives in the Police and Crime Plan?	Yes
Has consultation been undertaken with people or agencies likely to be affected by the recommendation?	No
Has communications advice been sought on areas of likely media interest and how they might be managed?	No
In relation to all the above, have all relevant material issues been highlighted in the 'other implications and risks' section of the submission and have all the relevant officers/staff been consulted?	Yes

Officer Presenting Report

John Hummersone
Chief Finance Officer
OCC, Wymondham
01953 42(4484)
hummersonej@norfolk.pnn.police.uk

Contact Officer:

Linda Savory
Head of Accountancy Services
01953 425699 x2857
savoryl@norfolk.pnn.police.uk

Executive Officer:

John Hummersone
Chief Finance Officer
OCC, Wymondham
01953 42(4484)
hummersonej@norfolk.pnn.police.uk

Are there Background Documents?

Budget Report for 2014-15

Does the Report Contain Exempt Information?

No