



**To:** Business Co-Ordination Board

**From:** Chief Finance Officer, OPCC and Chief Finance Officer, Constabulary

**Date:** 7 August 2017

## **REVENUE AND CAPITAL BUDGET MONITORING OUTTURN MONTH 3 2017/18**

### **1. Purpose**

1.1 This report provides the Business Co-ordination Board (“BCB”) with the Constabulary’s and the Office of the Police and Crime Commissioner’s (“OPCC”) revenue and capital outturn at month 3 of 2017/18 and the projected full-year 2017/18 forecast outturn.

### **2. Recommendation**

2.1 It is recommend that BCB:

- note the month 3 revenue outturn and the projected full-year 2017/18 forecast outturn.
- Note the month 3 capital position and approve the additions to the capital programme and delegated the Chief Finance Officer to make a decision on the Monks Wood adaptation scheme.

### **3. Month 3 and 2017/18 Forecast - Summary**

3.1 The month 3 outturn and projection to year-end for 2017/18 for the Constabulary and the OPCC, and the projected use of the budget assistance reserve are summarised in **Table 1** below.

Table 1

Revenue 2017/18	Month 3 Year-To-Date (£'000)	Year-End Forecast (£'000)
Constabulary	160 overspend	1,849 overspend
OPCC	50 overspend	(86) underspend
Use of reserves	N/A	2,208

3.2 Further detail on the Constabulary and OPCC revenue outturn and the capital outturn is presented in sections 4, 5 and 6 below, respectively.

#### 4. Month 3 Outturn and 2017/18 Forecast - Constabulary

4.1 The 2017/18 budget and 2018/19 to 2020/21 Medium Term Financial Plan was predicated on the implementation of the Local Policing Review. Whilst the early stages of the implementation of this may occur in late 2017/18, the majority of the savings this review will deliver will be over the financial years 2018/19 and 2019/20. The outcome of this phased delivery of the local policing review is a budget shortfall in 2017/18 which was planned to be met from a vacancy factor being applied to the budget.

4.2 It is anticipated that the Local Policing Review will meet the budget gap in future years, however, it is forecast that a gap will remain in the current financial year of £1,849k. This funding gap will be met by using the budget assistance reserve. A breakdown of this position is shown in **Table 2** below with a detailed subjective report at **Appendix 1**, together with notes giving a commentary on significant budget heads.

4.3 Overall, employee related expenses (pay, overtime, pensions and other employee costs) are overspending by £945k.

4.4 Other significant projected variances include:

- Supplies and Services - £960k overspend, primarily caused by a projected overspend of £511k on insurance as a result of a change in Government set discount rates used to calculate long-term claims.
- An overall underspend on collaboration units of £75k but included within this is a projected overspend in relation to Athena implementation of £282k, which will be funded from reserves at year-end.

Table 2 (all figures £'000)

Chief Constable's Revenue Budget end of June 2017/18						M3	M3
£'000	Notes	Revised OFYB £'000	YTDB £'000	Actual £'000	Variance £'000	Projection £'000	Proj var £'000
<b>Local Policing Expenditure</b>							
Police Officer Pay & Allowances		44,319	11,018	10,772	-246	43,442	-876
Police Officer Overtime		808	252	254	2	808	0
PCSO Pay & Overtime		4,969	1,234	1,161	-73	4,815	-153
Police Staff Pay		13,193	3,296	3,078	-218	12,395	-798
Police Staff Overtime		143	30	54	24	258	115
Other Employee Expenses		5	1	4	3	8	3
Premises Costs		117	28	21	-6	117	0
Transport		342	55	51	-4	412	70
Supplies & Services		1,816	443	548	105	2,627	812
<b>Total Local Policing Expenditure</b>		<b>65,711</b>	<b>16,358</b>	<b>15,944</b>	<b>-414</b>	<b>64,883</b>	<b>-827</b>
<b>Organisational Support Expenditure</b>							
Police Officer Pay & Allowances		2,251	539	406	-133	2,107	-144
Police Officer Overtime		1,054	303	303	0	1,054	0
Police Staff Pay		1,392	282	942	660	4,352	2,960
Police Staff Overtime		7	1	3	2	10	3
Other Employee Expenses		121	-8	17	25	176	55
Premises Costs		3,676	1,656	1,663	7	3,666	-10
Transport		518	250	323	74	752	234
Supplies & Services		5,224	840	1,037	197	5,373	149
<b>Total Organisational Support Expenditure</b>		<b>14,244</b>	<b>3,863</b>	<b>4,694</b>	<b>832</b>	<b>17,490</b>	<b>3,247</b>
Net Cost of Police Pensions		11,505	3,023	2,945	-77	11,295	-210
<b>Gross Revenue Expenditure</b>		<b>91,459</b>	<b>23,243</b>	<b>23,584</b>	<b>340</b>	<b>93,669</b>	<b>2,209</b>
Income		-1,471	-294	-314	-20	-1,476	-5
BCH Collaboration		33,054	9,188	9,029	-160	32,981	-73
ERP set up costs		0	-188	-188	0	0	0
Other Collaborations and Partnerships		4,337	545	544	-1	4,337	0
Seconded Officers		0	182	182	0	0	0
Carry Forwards		-1,092	0	0	0	-1,092	0
Athena Implementation costs - to reserves					0	-282	-282
<b>Policing Budget Delegated to Chief Constable</b>	2.1	<b>126,288</b>	<b>32,676</b>	<b>32,836</b>	<b>160</b>	<b>128,137</b>	<b>1,849</b>
*Police Officer Overtime less Rechargeable Elements		1,862	556	557	1		

Note: Figures may not cast due to rounding

## 5. Month 3 Outturn and 2017/18 Forecast - OPCC

5.1 The 2017/18 budget for the OPCC was set at £1,114k which was approved by the Police and Crime Commissioner (the "Commissioner") prior to the commencement of the financial year.

5.2 The month 3 year-to-date outturn is an overspend of £50k with the forecast year-end position being an £86k underspend. The main reasons for the variances are:

- Staffing - £36k underspend, due to staffing changes and vacancies
- Transport related costs - £14k
- Supplies and Services related expenditure - £12k underspend

- The reason for a year to date overspend of £50k is due to one-off consultants costs (£77k) associated with the Fire Governance LBC. These costs will be met from reserves at the year end.

5.3 2017/18 grant spending was budgeted at £1,276k for community safety grants and £986k for victim support grants and the forecast grant spend in 2017/18 remains in line with budget.

## **6. Month 3 Outturn and 2017/18 Forecast – Capital**

6.1 The 2017/18 capital programme comprise the original Capital Programme approved by the Police and Crime Commissioner (PCC) on 16th March 2017, with amendments for schemes brought forward from 2016/17 as approved by the PCC on 9th June 2017, and other changes subsequently approved by the Force Executive Board and/or the PCC.

6.2 A summary of spend against the 2017/18 Capital Programme for the three months ending 30<sup>th</sup> June 2017, and the financing of this, is shown at Appendix 2.

6.3 The capital programme shown in appendix 2 contains three amendments to the approved capital programme. The Estates management team have undertaken a thorough review of capital expenditure required across all sites and identified three urgent pieces of work required that are above and beyond the 2017/18 Major Repairs Planned allocation (£510k). The three proposed new schemes are as follows:

- HQ Lead Decontamination and Prevention – immediate remedial and preventative action was taken, following the discovery of lead dust from the Firing Range, in parts of the HQ site. The work was initially charged to revenue but is to be recognised as capital expenditure and a technical addition of £90k is proposed to the PCC, which is to be funded from the Capital Reserve.
- Thorpe Wood Adaptation for DFU – the increasing demand and importance of the work carried out by the Digital Forensics Unit is well understood. As a result the team is to be relocated to a building at Thorpe Wood and a significant adaptation, including the replacement of the mains power, is required. An addition of £350k is proposed to the PCC, which is to be funded from the Capital Reserve.
- Monks Wood Adaptation – as part of the move to better utilise the operational estate it is necessary to move a team to the Monks Wood site, which will require significant adaptation to accommodate them. An addition of £250k and this request is under review.

6.4 The Chief Finance Officer, after discussion at the Finance Sub Group has approved the capital programme additions for the Lead Decontamination work and the Thorpe Wood Adaptation but has requested further information on the Monks Wood adaptation. The Capital Reserve at the year-end stood at £3.2m.

**6. Recommendation**

6.1 It is recommend that BCB:

- note the month 3 revenue outturn and the projected full-year 2017/18 forecast outturn.
- Note the month 3 capital position and approve the additions to the capital programme and delegated the Chief Finance Officer to make a decision on the Monks Wood adaptation scheme.

## Appendix 1

Chief Constable's Revenue Budget end of June 2017/18						FORECAST	
	Note	Revised OFYB £'000	YTDB £'000	Actual £'000	Variance £'000	M3 Projection £'000	M3 Proj var £'000
<b>Employee Costs</b>							
<b>Category</b>							
Police Officer Pay & Allowances	2	46,313	11,513	11,135	-379	45,292	-1,021
Police pay - Apprenticeship levy	3	257	43	43	0	257	0
Police Officer Overtime		1,862	556	557	1	1,862	0
<b>Sub-total Police Officers</b>		<b>48,432</b>	<b>12,112</b>	<b>11,735</b>	<b>-377</b>	<b>47,411</b>	<b>-1,021</b>
PCSO Pay & Overtime	4	4,969	1,234	1,161	-73	4,815	-153
Support Staff Pay	5	14,460	3,595	4,037	442	16,625	2,165
Police Staff - Apprenticeship levy	6	123	21	21	1	123	0
Support Staff Overtime		151	31	58	26	268	118
Agency Staff		0	-38	-38	0	0	0
<b>Sub-total Police Staff</b>		<b>14,734</b>	<b>3,609</b>	<b>4,078</b>	<b>469</b>	<b>17,016</b>	<b>2,282</b>
Training		20	30	58	28	77	58
Other Employee Allowances		106	-37	-37	0	106	0
<b>Other Employee Costs</b>		<b>126</b>	<b>-7</b>	<b>21</b>	<b>28</b>	<b>184</b>	<b>58</b>
<b>Total Employee Costs</b>		<b>68,261</b>	<b>16,948</b>	<b>16,995</b>	<b>46</b>	<b>69,426</b>	<b>1,165</b>
<b>Police Pension Costs</b>							
Pensions - Notional Employer Contributions- Expenditure		9,195	2,286	2,210	-76	8,990	-205
Injury Pensions		2,210	737	735	-2	2,205	-5
Ill-Health Retirement Capital Charge - Expenditure		100	0	0	0	100	0
<b>Total Police Pension Costs</b>	<b>7</b>	<b>11,505</b>	<b>3,023</b>	<b>2,945</b>	<b>-77</b>	<b>11,295</b>	<b>-210</b>

	Note	Revised OFYB £'000	YTDB £'000	Actual £'000	Variance £'000	M3 Projection £'000	M3 Proj var £'000
<b>Premises Costs</b>							
Building Repairs, Alterations & Maintenance		916	212	212	0	916	0
Utility Costs		928	184	184	0	928	0
Rent & Rates		1,329	1,185	1,183	-2	1,319	-10
Other Premises Costs		59	15	17	3	59	0
Cleaning		563	88	88	0	563	0
<b>Total Premises Costs</b>	<b>8</b>	<b>3,794</b>	<b>1,684</b>	<b>1,684</b>	<b>0</b>	<b>3,784</b>	<b>-10</b>
<b>Transport Costs</b>							
Vehicle Running Costs		1,324	223	273	50	1,524	200
Hired Transport		12	14	14	0	18	6
Travel Expenses		391	68	87	19	489	98
Vehicle Recharges		-867	0	0	0	-867	0
<b>Total Transport Costs</b>	<b>9</b>	<b>860</b>	<b>305</b>	<b>374</b>	<b>70</b>	<b>1,164</b>	<b>304</b>
<b>Supplies &amp; Services</b>							
Computing Costs		620	135	141	6	647	27
Communications Costs		121	-8	-7	0	121	0
Consultancy, Legal & Audit Costs		944	140	122	-19	865	-79
Forensic Science Service Costs		535	134	136	2	535	0
Insurance and Risk Management		1,102	276	494	218	1,613	511
Subscriptions & Contributions		242	93	93	0	243	1
Equipment & Materials		742	42	73	30	912	170
Clothing, Uniforms & Laundry		300	52	102	50	550	250
Other Supplies & Services		187	42	79	37	239	51
Printing, Stationery & General Office Expenses		197	28	29	1	200	3
Interpreters		380	95	79	-16	380	0
Informants, Identity Parades		110	18	27	9	110	0
Catering		66	17	2	-14	62	-4
Police National Computer Charges		711	0	0	0	711	0
Conference & Seminar Costs		13	3	5	2	13	0
Staff Subsistence Expenses		100	25	19	-6	129	30
Doctors - Medicals and Prisoners		770	196	196	0	770	0
Mutual Aid		-100	-4	-4	0	-100	0
<b>Total Supplies &amp; Services</b>	<b>10</b>	<b>7,040</b>	<b>1,284</b>	<b>1,585</b>	<b>302</b>	<b>8,000</b>	<b>961</b>
<b>GROSS REVENUE EXPENDITURE</b>		<b>91,459</b>	<b>23,243</b>	<b>23,584</b>	<b>340</b>	<b>93,669</b>	<b>2,210</b>
<b>Income</b>							
Sales, Fees & Charges		-47	-50	-50	0	-44	2
Other Grants & Contributions		-530	-84	-83	0	-530	0
Rental Income		-210	-53	-55	-3	-210	0
Interest on Balances		-114	11	11	0	-114	0
Charges for Police Services		-205	-65	-66	0	-205	0
Other Income		-365	-54	-69	-15	-373	-7
Costs Recovered		0	0	-2	-2	0	0
<b>Total Income</b>	<b>11</b>	<b>-1,471</b>	<b>-294</b>	<b>-314</b>	<b>-20</b>	<b>-1,476</b>	<b>-5</b>
<b>NET REVENUE EXPENDITURE</b>		<b>89,988</b>	<b>22,949</b>	<b>23,269</b>	<b>320</b>	<b>92,193</b>	<b>2,205</b>

	Note	Revised OFYB £'000	YTDB £'000	Actual £'000	Variance £'000	M3 Projection £'000	M3 Proj var £'000
<b>Collaboration and Partnerships</b>							
Collaboration Set up costs	12	0	-115	-115	0	0	0
ERP set up costs	12	0	-188	-188	0	0	0
Collaboration - Athena	13	163	0	64	64	445	282
Collaboration - Athena AMO		148	16	16	0	148	0
Change team	13	714	341	321	-20	635	-79
Collaboration - General	14	282	32	32	0	282	0
<b>Joint Protective Services</b>							
Collaboration - Armed Policing Unit		2,273	463	483	20	2,349	76
Collaboration - CT & DE		664	99	99	0	664	0
Collaboration - CT & DE Grants		0	245	245	0	0	0
Collaboration - CTC		0	230	115	-115	-482	-482
Collaboration - Dogs		749	174	174	0	749	0
Collaboration - Major Crime Unit		3,085	669	647	-22	2,997	-88
Collaboration - Operational Planning		336	113	113	0	336	0
Collaboration - RPU		4,543	988	963	-25	4,438	-105
Collaboration - Scientific Services Unit/Visual Evidence		2,483	513	489	-24	2,389	-94
Collaboration - Protective Services Command		206	80	101	21	290	84
Collaboration - Force Resilience		116	34	34	0	116	0
Surplus generated by CTC - to reserves	15					482	482
<b>Organisational Support</b>							
Collaboration - HR and L&D		4,555	1,067	1,052	-15	4,493	-62
Collaboration - IMD		813	255	256	1	813	0
Collaboration - ICT		6,644	2,830	2,760	-70	6,365	-279
Collaboration - Procurement		294	121	121	0	294	0
Collaboration - Professional Standards Unit		1,072	176	176	0	1,072	0
<b>Operational Support</b>							
Collaboration - Firearms Licensing		198	36	26	-10	160	-39
Collaboration - CJ phase 1&2		716	152	126	-26	631	-85
Collaboration - CJ/Custody SMT		235	36	40	4	251	16
Collaboration - Custody local		2,518	630	689	59	2,816	298
Collaboration - Public Contact		364	29	29	0	364	0
Collaboration - LCJB		34	-10	-10	0	34	0
<b>Other Collaboration &amp; Partnerships</b>							
Collaboration - Air Support		489	0	0	0	489	0
Collaboration - ERSOU		2,333	347	347	0	2,333	0
Collaboration - Kings Lynn PIC		964	89	89	0	964	0
Collaboration - Regional Collaboration		75	3	3	0	75	0
SARC		329	90	90	0	329	0
<b>Total Collaborated and Partnerships</b>	<b>16</b>	<b>37,394</b>	<b>9,545</b>	<b>9,385</b>	<b>-160</b>	<b>37,318</b>	<b>-75</b>
<b>Holding Accounts and Hosted Services</b>							
Seconded Officers Net Recharge		0	182	182	0	0	0
Carry Forwards		-1,092	0	0	0	-1,092	0
Athena Implementation costs - to reserves	17				0	-282	-282
<b>NET BUDGET REQUIREMENT</b>		<b>126,290</b>	<b>32,676</b>	<b>32,836</b>	<b>160</b>	<b>128,138</b>	<b>1,848</b>
*Police Officer Overtime less Rechargeable Elements		1,862	556	557	1		
<i>Note: Figures may not cast due to rounding</i>							

## Notes

### 1. Outturn Net Budget Requirement (NBR)

- 1.1 Outturn NBR to the end of June is forecast at £1.8m overspent for the financial year. This is subject to review and change during the year as two large projects finalise their operating models; that being Local Policing Review and Athena Implementation.



- 2 **Police Officer pay and allowances** is currently forecast as being £1.0m underspent. Strength is expected to be below establishment for the majority of the year. Additional intakes are being worked through for January 2018
- 3 **Police Pay Apprenticeship Levy** is expected to be in line with budget
- 4 **PCSO pay and overtime** is forecast at £153k underspent. This is the result of a shortfall in strength against establishment. Recruitment is on hold until the outcome of the Local Policing Review is known.
- 5 **Support Staff pay** is forecast at £2,165k overspent, this excludes all staff posts in the collaborated units. The reason for the overspend is that the budget has £2.9m vacancy factor set against it. This will be informed by the two projects referred to in 1.1 above.
- 6 **Police Staff – Apprenticeship Levy** is expected to be in line with budget
- 7 **Police Pensions** are currently expected to underspend as a result of strength
- 8 **Premises** costs are currently roughly in line with budget and include the expected costs of ongoing agile schemes.
- 9 **Transport Costs** currently forecast to overspend as a result of the move of fleet over to Chiltern Transport Consortium. This should see a corresponding underspend on capital but the finer detail of how CTC goes through the books is still being worked on.
- 10 **Supplies & Services** overall forecast overspend of £0.96m. The majority of this is Insurance (claims handling and Insurance fund)
- 11 **Income** – broadly expected to be in line with budget.
- 12 **Collaboration/ERP set up costs** – expected to be a net nil spend at this stage. Accruals/income in advance are still being worked through the system. We should have a clearer understanding of spend in month 4.
- 13 **Collaboration Change Team and Athena** spend are currently estimated to overspend as a result of the Athena additional costs, which will be covered by reserves as they are one-off costs. We are still working through the implications of this, both Capital and Revenue, and will have a greater understanding in month 4.
- 14 **Collaboration – General** this includes the Capital JPS budget and the 3 force Finance/RMU recharge.
- 15 **Surplus generated by CTC – to reserves** is shown separately as the forecast underspend on CTC is used exclusively to fund road safety schemes.

16 **Collaboration and Partnerships** these are the final collaborated budgets, which have been updated since the PCC approved the budget

17 **Athena implementation one-off costs to reserves**

## APPENDIX 2

Scheme by Scheme Budgetary Control Report to 30<sup>th</sup> June 2017

A	B	C	D	E	F	G	H	I	J	K
Notes at Para.	Scheme Title	Job Code	Budget B/Fwd	Original Capital Programme as amended*	Proposed Programme Amendments	Revised Capital Budget 2017/18 (D+E+F)	Actual YTD	Commitments YTD	Committed & Spent YTD (H+I)	Variance (J-G)
			£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
	<b>Land &amp; Buildings</b>									
	Vehicle Workshop	C8018	121	-	-	121	1	10	11	(110)
	Wisbech Fire Station Ext for Police Purposes	C8068	395	-	-	395	-	-	-	(395)
	Major Repairs Planned	Various	74	510	-	584	79	544	623	39
4.2 (i)	HQ Lead Decontamination and Prevention	TBC	-	-	90	90	-	-	-	(90)
4.2 (ii)	Thorpe Wood Adaptation for DFU	TBC	-	-	350	350	-	-	-	(350)
4.2 (iii)	Monks Wood Adaptation	TBC	-	-	250	250	-	-	-	(250)
	<b>Land &amp; Buildings Total</b>		<b>590</b>	<b>510</b>	<b>690</b>	<b>1,790</b>	<b>80</b>	<b>554</b>	<b>634</b>	<b>(1,156)</b>
	<b>ICT &amp; Communications</b>									
	Specialist Equipment Renewal	C8022	-	50	-	50	-	4	4	(46)
	Mobilisation	C8027	1	-	-	1	-	38	38	37
	Athena	C8035	-	161	-	161	3	-	3	(158)
	Custody Virtual Courts	C8049	10	-	-	10	-	22	22	12
	Rolling Replacement Mobile Technology	C8051	4	350	-	354	4	51	55	(299)
	Digital Forensic Unit Additional Software Licences	C8057	-	-	-	-	(2)	-	(2)	(2)
	Digital Forensic Unit Kiosk Technology	C8058	-	-	-	-	1	1	2	2
	Switchboard Resilience	C8069	70	-	-	70	-	70	70	0
	Demand Management Software	C8097	56	-	-	56	32	15	47	(9)
	Workforce Management Software Upgrade	C8098	44	-	-	44	-	44	44	-
4.1	Digital Forensic Unit Storage Risk Mitigation	C8103	-	-	40	40	35	-	35	(5)
	Mobile VPN Technology	TBC	24	-	-	24	-	-	-	(24)
	Replacement of SAN (ICT area network)	TBC	-	60	-	60	-	-	-	(60)
4.1	ICT consolidated workstreams	TBC	-	850	(40)	810	-	181	181	(629)
	Replacement of UPS	TBC	-	70	-	70	-	4	4	(66)
	Website	TBC	-	30	-	30	-	-	-	(30)
	<b>ICT &amp; Communications Total</b>		<b>209</b>	<b>1,571</b>	<b>-</b>	<b>1,780</b>	<b>73</b>	<b>431</b>	<b>504</b>	<b>(1,276)</b>