



To: Business Co-Ordination Board

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

Date: 1 March 2018

REVENUE AND CAPITAL BUDGET MONITORING OUTTURN MONTH 9 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 9 of 2017/18 and the projected full-year 2017/18 forecast outturn.

2. Recommendation

2.1 It is recommended that BCB:

- Note the month 9 revenue outturn and the projected full-year 2017/18 forecast outturn.
- Approve the use of reserves for the overspend:
 - £1.811m – Budget Assistance Reserve
 - £0.263m – General Reserve
 - £0.250m – Transformation Reserve
- Note the month 9 capital position and approve the changes in the funding from reserves, as set out in paragraph 6.3.

3. Month 9 and 2017/18 Forecast - Summary

3.1 The month 9 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 9 Year-To-Date (£'000)	Year-End Forecast (£'000)
Constabulary	1,266 overspend	2,337 overspend (2,345 month 6)
OPCC	48 overspend (48 month 6)	13 underspend (18 overspend month 6)
Use of reserves	N/A	
- General Reserve		263
- Budget Assistance Reserve		1,811
- Transformation Reserve		250

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 6 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 £1,824k (£1,811k month 6). This funding gap will be met by using the budget assistance reserve.

4.3 In addition, there is a further overspend on salaries in relation to the additional 1% pay award to police officers, paid in September 2017. As was reported in the month 6 budget monitoring report this will be funded from the General Reserve.

4.4 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.

4.5 Overall, employee related expenses (pay, overtime, pensions and other employee costs) are overspending by £1,035k.

4.6 Other significant projected variances include:

- Supplies and Services - £586k overspend, caused by a projected overspend of £294k on insurance as a result of a change in Government set discount rates used to calculate long-term claims, Clothing, uniforms and laundry £279k overspend and £132k overspend on computer costs.

- Projected overspends of £307k and £257k respectively on premises and transport costs.
- An overall overspend on collaboration units of £804k (£448k in Month 6) but included within this is a projected overspend in relation to Athena implementation of £250k, which will be funded from reserves at year-end.

Table 2 (all figures £'000)

Chief Constable's Revenue Budget end of December 2017/18									
M8 Variance £'000		Notes	Original OFYB £'000	Revised OFYB £'000	YTDB £'000	Actual £'000	Variance £'000	M9 Projection £'000	M9 Proj var £'000
	Local Policing Expenditure								
-681	Police Officer Pay & Allowances		44,366	44,319	33,195	32,437	-757	42,876	-1,442
94	Police Officer 1% non-consolidated award			0	0	126	126	104	104
389	Police Officer Overtime		808	808	572	1,000	428	1,318	510
-324	PCSO Pay & Overtime		4,965	4,969	3,719	3,316	-403	4,316	-653
-667	Police Staff Pay		13,039	13,307	9,967	9,386	-581	12,711	-596
55	Police Staff Overtime		143	143	95	151	57	204	61
5	Other Employee Expenses		5	5	4	11	7	21	16
8	Premises Costs		117	117	89	100	10	156	39
-21	Transport		342	342	268	218	-50	282	-59
-70	Supplies & Services		1,684	2,525	1,512	1,433	-79	2,418	-108
-1,210	Total Local Policing Expenditure		65,469	66,534	49,420	48,178	-1,242	64,407	-2,127
	Organisational Support Expenditure								
-447	Police Officer Pay & Allowances		2,251	2,251	1,686	1,169	-517	2,013	-238
1	Police Officer 1% non-consolidated award			0	0	2	2	159	159
-75	Police Officer Overtime		1,054	1,054	739	615	-124	920	-134
2,309	Police Staff Pay		1,109	1,267	754	3,405	2,651	4,530	3,263
15	Police Staff Overtime		8	8	5	23	18	39	31
166	Other Employee Expenses		101	121	96	241	145	287	166
129	Premises Costs		3,676	3,699	2,772	3,012	240	3,973	274
217	Transport		518	518	1,425	1,677	253	834	316
479	Supplies & Services		4,145	4,514	2,799	3,339	540	5,204	690
2,794	Total Organisational Support Expenditure		12,863	13,433	10,276	13,483	3,208	17,959	4,526
-191	Net Cost of Police Pensions		11,515	11,505	8,742	8,524	-218	11,292	-213
1,392	Gross Revenue Expenditure		89,846	91,472	68,438	70,186	1,748	93,658	2,186
-532	Income		-1,321	-1,471	-1,252	-1,904	-652	-2,300	-829
135	BCH Collaboration		33,792	33,025	24,307	24,432	125	33,363	338
0	ERP set up costs		0	0	351	351	0	0	0
78	Other Collaborations and Partnerships		3,973	4,317	2,344	2,389	46	4,783	466
86	Seconded Officers		0	0	127	127	0	0	0
0	Carry Forwards		0	-1,092	0	0	0	-1,092	0
0	RCCO							176	176
	Transfer to reserves							-263	-263
	Athena Implementation costs - to reserves							-250	-250
1,159	Policing Budget Delegated to Chief Constable	2.1	126,290	126,251	94,315	95,581	1,266	128,076	1,824
314	*Police Officer Overtime less Rechargeable Elements		1,862	1,862	1,310	1,574	264		
	<i>Note: Figures may not cast due to rounding</i>								

5. Month 6 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 6 year-to-date outturn is an overspend of £48k with the forecast year-end position being a £13k underspend. The main reasons for the variances are:
- Staffing - £69k underspend, due to staffing changes and vacancies
 - External Audit fees - £19k overspend due to additional one-off fees relating to additional audit requirements for the new finance system.
 - Consultant fees - £75k overspend due to one-off consultants costs for Fire Governance LBC and consultant costs associated with the Estates Commercialisation Strategy.
- 5.4 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 9 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 nine months ending 31st December 2017, and the financing of this, is shown at Appendix 2.
- 6.3 The capital programme shown in appendix 2 contains two amendments to the updated capital programme as at month 9.
- In-cell conferencing facilities are to be introduced to enable detained person reviews to be carried out remotely, as part of the tri-force Custody work that is being undertaken. An addition of £140k to the 2017/18 Capital Programme, being Cambs' share of the project cost, is to be proposed to the PCC this month, fully funded by a Home Office PTF capital grant.
 - Following discussions between the Constabulary's Director of Finance and Resources and the PCC's Interim Head of Finance, the following adjustments to the financing of the 2017/18 Capital Programme are to be proposed to the PCC:
 - £1,080k to be financed from the Estates Development Reserve;
 - £2,000k to be financed from the Capital Reserve;
 - Reduction in financing from the Budget Assistance Reserve of £3,080k.

7. Recommendation

- 7.1 It is recommend that BCB:
- Note the month 9 revenue outturn and the projected full-year 2017/18 forecast outturn.
 - Approve the use of reserves for the overspend:
 - £1.811m – Budget Assistance Reserve
 - £0.263m – General Reserve
 - £0.250m – Transformation Reserve

- Note the month 9 capital position and approve the changes in the funding from reserves, as set out in paragraph 6.3.

Appendix 1

Chief Constable's Revenue Budget end of December 2017/18							FORECAST	
M8 Variance £'000		Note	Revised OFYB £'000	YTDB £'000	Actual £'000	Variance £'000	M9 Projection £'000	M9 Proj var £'000
	Employee Costs							
	Category							
-1,128	Police Officer Pay & Allowances	2	46,313	34,688	33,414	-1,275	44,633	-1,680
96	Police Officer 1% non-consolidated award	3	0	0	128	128	263	263
1	Police pay - Apprenticeship levy	4	257	192	193	1	257	0
314	Police Officer Overtime	5	1,862	1,310	1,614	304	2,237	375
-718	Sub-total Police Officers		48,432	36,191	35,349	-842	47,390	-1,043
-324	PCSO Pay & Overtime	6	4,969	3,719	3,316	-403	4,316	-653
1,582	Support Staff Pay	7	14,451	10,629	12,599	1,971	16,946	2,495
3	Police Staff - Apprenticeship levy	8	123	92	96	4	140	17
70	Support Staff Overtime		151	100	174	74	243	92
57	Agency Staff		0	0	96	96	156	156
1,712	Sub-total Police Staff		14,725	10,821	12,965	2,145	17,484	2,759
68	Training		20	0	71	71	117	97
103	Other Employee Allowances		106	99	181	81	193	87
171	Other Employee Costs		126	99	252	152	310	184
841	Total Employee Costs		68,252	50,830	51,882	1,052	69,500	1,248
	Police Pension Costs							
-230	Pensions - Notional Employer Contributions- Expenditure		9,195	6,887	6,627	-260	8,879	-316
38	Injury Pensions		2,210	1,855	1,897	42	2,263	53
0	Ill-Health Retirement Capital Charge - Expenditure		100	0	0	0	150	50
-191	Total Police Pension Costs	9	11,505	8,742	8,524	-218	11,292	-213

Variance £'000		Note	Revised OFYB £'000	YTDB £'000	Actual £'000	Variance £'000	M9 Projection £'000	M9 Proj var £'000
	Premises Costs							
-19	Building Repairs, Alterations & Maintenance		972	576	636	60	1,055	83
37	Utility Costs		925	581	618	37	990	64
134	Rent & Rates		1,298	1,313	1,458	145	1,460	162
8	Other Premises Costs		59	44	54	10	79	20
-33	Cleaning		563	347	335	-12	541	-22
127	Total Premises Costs	10	3,816	2,862	3,101	240	4,123	307
	Transport Costs							
140	Vehicle Running Costs		1,324	1,593	1,728	135	1,510	186
27	Hired Transport		12	9	39	30	45	34
30	Travel Expenses		391	305	343	38	428	37
0	Vehicle Recharges		-867	-214	-215	0	-867	0
196	Total Transport Costs	11	860	1,693	1,896	203	1,117	257
	Supplies & Services							
90	Computing Costs		629	143	234	91	762	132
1	Communications Costs		121	112	116	5	121	0
-204	Consultancy, Legal & Audit Costs		941	628	460	-168	717	-224
17	Forensic Science Service Costs		554	383	403	20	583	29
252	Insurance and Risk Management		1,102	849	1,096	247	1,395	294
24	Subscriptions & Contributions		248	159	165	6	258	9
34	Equipment & Materials		709	162	205	43	762	52
209	Clothing, Uniforms & Laundry		300	155	386	231	579	279
-10	Other Supplies & Services		187	-32	79	112	344	156
17	Printing, Stationery & General Office Expenses		197	123	131	8	215	18
-50	Interpreters		380	290	141	-149	189	-191
8	Informants, Identity Parades		110	80	80	0	110	0
-21	Catering		66	49	18	-31	29	-37
0	Police National Computer Charges		711	662	662	0	711	0
12	Conference & Seminar Costs		13	10	21	11	28	15
-8	Staff Subsistence Expenses		100	65	61	-4	94	-5
5	Doctors - Medicals and Prisoners		770	510	519	9	776	6
43	Mutual Aid		-100	-35	5	40	-48	52
419	Total Supplies & Services	12	7,039	4,311	4,782	471	7,625	586
1,392	GROSS REVENUE EXPENDITURE		91,472	68,438	70,186	1,748	93,658	2,186
	Income							
-346	Sales, Fees & Charges		-47	-35	-417	-383	-585	-539
-117	Other Grants & Contributions		-680	-661	-853	-192	-884	-204
34	Rental Income		-210	-188	-152	35	-151	59
0	Interest on Balances		-114	-49	-48	0	-114	0
-53	Charges for Police Services		-205	-189	-250	-61	-279	-74
-17	Other Income		-215	-131	-149	-17	-245	-30
-33	Costs Recovered		0	0	-34	-34	-41	-41
-532	Total Income	13	-1,471	-1,252	-1,904	-652	-2,300	-829
860	NET REVENUE EXPENDITURE		90,001	67,186	68,282	1,095	91,358	1,356

Variance £'000		Note	Revised OFYB £'000	YTDB £'000	Actual £'000	Variance £'000	M9 Projection £'000	M9 Proj var £'000
	Collaboration and Partnerships							
0	Collaboration Set up costs	14	0	-16	-16	0	23	23
0	ERP set up costs	14	0	351	351	0	0	0
0	PTF Funding		0	-3	-3	0	0	0
164	Collaboration - Athena	15	163	0	185	185	413	250
-19	Collaboration - Athena AMO		148	115	117	2	156	8
-30	Change team	15	714	314	270	-45	667	-47
0	Collaboration - General	16	282	55	55	0	282	0
	Joint Protective Services							
86	Collaboration - Armed Policing Unit		2,267	1,695	1,783	88	2,404	137
-18	Collaboration - CT & DE		159	86	98	12	178	18
33	Collaboration - CT & DE Grants		504	582	635	54	577	73
-153	Collaboration - CTC		0	-3	-210	-207	-405	-405
18	Collaboration - Dogs		749	540	551	11	774	24
-185	Collaboration - Major Crime Unit		3,085	2,165	1,984	-181	2,831	-254
-2	Collaboration - Operational Planning		336	356	354	-2	327	-9
-146	Collaboration - RPU		4,517	3,096	2,939	-157	4,314	-204
-72	Collaboration - Scientific Services Unit/Visual Evidence		2,480	1,604	1,513	-91	2,388	-93
138	Collaboration - Protective Services Command		206	324	475	151	394	188
-2	Collaboration - Force Resilience		116	113	110	-3	110	-6
	Surplus generated by CTC - to reserves	17					405	405
	Organisational Support							
28	Collaboration - HR and L&D		4,555	3,647	3,668	22	4,592	37
23	Collaboration - IMD		813	643	647	4	816	3
0	Collaboration - ICT		6,644	5,661	5,821	160	6,848	204
-41	Collaboration - Procurement		294	419	380	-39	252	-42
39	Collaboration - Professional Standards Unit		1,072	522	503	-20	1,048	-24
	Operational Support							
-27	Collaboration - Firearms Licensing		199	138	107	-31	159	-40
-23	Collaboration - CJ phase 1&2		716	335	149	-186	678	-38
4	Collaboration - CJ/Custody SMT		235	135	164	30	273	38
295	Collaboration - Custody local		2,521	1,814	2,185	371	3,021	500
-1	Collaboration - Public Contact		364	91	91	0	364	0
7	Collaboration - LCJB		34	-9	-10	0	45	10
	Other Collaboration & Partnerships							
0	Collaboration - Air Support		489	323	323	0	489	0
-13	Collaboration - ERSOU		2,313	1,016	992	-24	2,277	-36
115	Collaboration - Kings Lynn PIC		964	605	676	71	1,042	78
0	Collaboration - Regional Collaboration		75	62	62	0	83	8
-5	SARC		329	226	223	-3	324	-5
213	Total Collaborated and Partnerships	18	37,342	27,001	27,173	171	38,146	804
	Holding Accounts and Hosted Services							
86	Seconded Officers Net Recharge		0	127	127	0	0	0
0	Carry Forwards		-1,092	0	0	0	-1,092	0
	Athena Implementation costs - to reserves						-250	-250
	RCCO						176	176
	Transfer to reserves						-263	-263
1,159	NET BUDGET REQUIREMENT		126,251	94,315	95,581	1,266	128,075	1,824
314	*Police Officer Overtime less Rechargeable Elements		1,862	1,310	1,574	264		
	<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 November 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 the Local Policing Review and Athena Implementation.
- 2 **Police Officer pay and allowances** is currently forecast as being £1.7m underspent. Strength is expected to be below establishment for the majority of the year. This figure excludes the 1% bonus payable to officers from September 2017.
- 3 **Police officer 1% non-consolidated award** the additional 1% non-pensionable, officer award will be paid from reserves in 2017/18
- 4 **Police Pay Apprenticeship Levy** is expected to be roughly in line with budget
- 5 **Police Officer Overtime** forecast is expected to be £375k overspent, primarily on Local Policing and Investigations, as a result of the current establishment being below strength
- 6 **PCSO pay and overtime** is forecast at £653k 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.
- 7 **Support Staff pay** is forecast at £2,495k overspent, this excludes all staff posts in the collaborated units. The reason for the overspend is that the budget has a £2.9m vacancy factor set against it. This will be informed by the two projects referred to in 1.1 above.
- 8 **Police Staff – Apprenticeship Levy** is expected to be in line with budget
- 9 **Police Pensions** are currently expected to underspend as a result of strength, per 2 above.
- 10 **Premises costs** is expected to be £307k overspent, primarily as a result of revaluation of rates on buildings.
- 11 **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 Chiltern Transport Consortium goes through the books is still being worked on.
- 12 **Supplies & Services** overall forecast overspend of £0.6m. Two main areas of overspend are insurance (claims handling and Insurance fund) and Clothing.

- 13 **Income** – overall forecast underspend of £829k. This is due to increased immigration detainee income and greater than expected charges for police services as well as DBS income unbudgeted in 1718 (collaborated in 1819).
- 14 **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 towards the end of the financial year.
- 15 **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. We are still working through the implications of this, both Capital and Revenue, and will have a greater understanding towards the end of the financial year.
- 16 **Collaboration – General** this includes the Capital JPS budget and the 3 force Finance/RMU recharge.
- 17 **Surplus generated by CTC – to reserves** is shown separately as the forecast underspend on CTC is used exclusively to fund road safety schemes.
- 18 **Collaboration and Partnerships** these are the final collaborated budgets, which have been updated since the PCC approved the budget

APPENDIX 2

Summary of Capital Expenditure and Financing at 30th December 2018

	B/Fwd from previous years	Original 2017/18 Capital Programme	Previously Authorised Programme Amendments	Proposed Programme Amendments	Revised 2017/18 Capital Budget	Actual & Committed YTD	%	Expected Outturn 2017/18	Expected Outturn % of Revised Capital Budget	Predicted C/Fwd 2017/18	Estimated Year End Position
All figures £'000											
Capital Payments:-											
Land & Buildings	590	555	1,175	-	2,320	1,808	77.9%	1,966	84.7%	315	2,281
IT & Communications	209	1,571	(215)	-	1,565	735	46.9%	1,168	74.6%	400	1,568
Fleet	378	1,889	-	-	2,267	1,895	83.6%	2,267	100.0%	-	2,267
Collaboration	427	692	321	140	1,580	1,988	125.8%	2,028	128.3%	125	2,153
Schemes approved subject to further business case	-	3,594	-	-	3,594	-	0.0%	-	0.0%	-	-
TOTAL	1,604	8,301	1,281	140	11,326	6,425	56.7%	7,429	65.6%	840	8,269
Capital Financing:-											
Capital Grants	-	506	25	140	671	380	56.6%	706	-	-	706
ESMCP Grant (RCCO)	-	263	-	-	263	-	0.0%	263	-	-	263
Budget Assistance Reserve	-	3,881	1,080	(3,080)	1,881	*	-	2,239	-	-	2,239
Estates Development Reserve	-	-	-	1,080	1,080	*	-	1,021	-	15	1,036
Capital Reserve	-	-	-	2,000	2,000	*	-	1,600	-	400	2,000
Carry Forward Reserve	1,604	-	-	-	1,604	*	-	1,274	-	425	1,699
Capital Receipts	-	-	-	-	-	723	-	-	-	-	-
Vehicle Receipts (RCCO)	-	150	-	-	150	29	19.0%	150	-	-	150
RCCO - approved in-year by Chief Constable	-	-	176	-	176	*	-	176	-	-	176
Borrowing	-	3,500	-	-	3,500	*	-	-	-	-	-
TOTAL	1,604	8,301	1,281	140	11,326	1,132	10.0%	7,429	-	840	8,269

Note: figures may not cast due to roundings

* year end adjustments