



## STRATEGIC POLICING AND CRIME BOARD 20th February 2018

### Financial Monitoring 2017/18

#### PURPOSE OF REPORT

1. This report presents the estimated revenue and capital outturn position for 2017/18.

#### BACKGROUND

2. This revenue and capital monitoring report shows the current forecast outturn position for 2017/18 after the third quarter of the financial year. As has been done in previous years the WMP2020 projects are being reported separately and are closely monitored via the Force's Organisational Change Board (OCB) meetings.

#### ESTIMATED OUTTURN 2017/18

3. At the Police Force level the estimated outturn (paragraph 13) shows an underspend of £2.2m or 0.4% of the total budget. There is an additional £6.4m underspend (detailed on paragraph 11), attributable to the WMP2020 projects which is likely to be carried forward into 2018/19 due to slippage within the change programme.
4. The forecast outturn on pay budgets shows a total overspend of £4.0m, however this is an in year position which is corrected through the budget setting process for 2018/19 which is shown in the 2018/19 budget column in paragraph 13.
5. The overspend on police staff pay is a combination of the following factors:-
  - An assumption that an additional 1% pay award (backdated to September 2017) will be agreed.
  - The use of temporary Police Staff Investigators whilst the recruitment into permanent police staff roles took place, enabling the return of Police Officers to frontline duties.
  - The use of temporary and agency staff to support the requirements of the WMP2020 change programme, particularly within the IT & Digital and Programme Management Office areas.

- An in year increase to the Police staff establishment which is not reflected in the budget until 2018/19 arising from changes agreed at OCB (not reducing Force Contact posts) and the creation of the new structure of the People & Organisation Development department.
  - Increased levels of overtime being incurred in areas such as Force Contact and Criminal Justice due to high vacancy levels for significant parts of the year.
6. The underspend on Police Officers arises from vacancies and changes to the budgeted profile of recruits. The expenditure on police pay is offset by additional income of £1.7m received in relation to the Firearms uplift, as referred to in the last report. The forecast underspend position is net of high spending on overtime in response to the terror attacks earlier in the year, for which no additional funding has been received.
  7. The underspend on PCSO pay is in line with the previous report and reflects the re-profiling of the planned recruitment.
  8. Within premises there is a forecast overspend of £0.8m, this is largely due to the fact that the 2017 rateable values for Oldbury and Perry Barr have increased significantly compared to their original values, meaning that the actual rates charges are £0.5m higher than budgeted. This will be corrected in the budget for 2018/19. The remaining overspend arises from changes in Estates plans within the Next Generation Enabling Services (NGES) project, as agreed by OCB.
  9. The forecast underspend on supplies and services is due to a number of areas underspending, some of which represent areas that have been reviewed within the Efficiency and Effectiveness Review process. The forecast underspends are predominantly within Forensic examinations £0.4m, due to fewer tests having been needed during the year, dog section £0.2m, from reductions in kennelling costs and interpreters £0.2m.
  10. An over achievement of external income of £5.7m is currently being forecast which has resulted from a number of sources including, the Firearms uplift of £2.7m (see paragraph 6), which offsets officer pay and supplies. There is also an additional £1.0m of additional firearms grant and £0.3m mutual aid income which offsets expenditure, mostly within pay. The remaining variance is due to over achievement of income within areas such as Police Led Prosecutions and Immigration Prisoner Fees, which have had income targets increased for 2018/19 as part of the Force savings within the Efficiency and Effectiveness Review.
  11. Project related costs are expected to underspend by £6.4m. This is principally due to delays and re-profiling within the Emergency Services Mobile Communication Programme (ESMCP) and the NGES programmes. Work is ongoing to assess how much of this underspend is due to slippage and will be required to carry over into 2018/19 and this will be reported to the Board in the final outturn report.
  12. Assuming that all forecast underspends on projects will be carried forward the Force position is estimated to be a reduction in the planned use of reserves of £2.2m during 2017/18.

13. The detailed outturn position is shown below:-

	<b>2017/18 Current Budget</b>	<b>2017/18 Forecast Outturn</b>	<b>2017/18 Variance to Current Budget</b>	<b>2018/19 Base Budget</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b><u>Police Force</u></b>				
Police pay	353,595	352,889	-706	352,481
Police Community Support Officers	13,249	11,292	-1,957	14,048
Support staff pay	98,233	104,857	6,624	108,002
Other employees expenses	3,381	3,479	98	1,805
<b>Sub Total</b>	<b>468,458</b>	<b>472,517</b>	<b>4,059</b>	<b>476,336</b>
Premises	17,155	17,909	754	17,308
Transport	7,902	7,636	-266	6,844
Supplies and services	42,791	41,407	-1,384	40,497
Agency	5,611	5,916	305	4,980
Capital Financing Costs	3,748	3,749	1	4,049
External income	-24,533	-30,208	-5,675	-27,734
<b>Sub Total Force (Before Projects)</b>	<b>521,132</b>	<b>518,926</b>	<b>-2,206</b>	<b>522,280</b>
<b><u>WMP2020</u></b>				
WMP2020 project costs	20,762	14,336	-6,426	17,550
<b>Sub Total Police Force</b>	<b>541,894</b>	<b>533,262</b>	<b>-8,632</b>	<b>539,830</b>
<b><u>PCC</u></b>				
Office of the PCC	2,132	2,132	0	2,357
PCC Initiatives (inc c/fwd)	2,100	2,100	0	800
CSF Expenditure (LA's)	3,863	3,863	0	3,863
Other Commissioning	3,300	3,300	0	1,288
<b>Sub Total Office of the PCC</b>	<b>11,395</b>	<b>11,395</b>	<b>0</b>	<b>8,308</b>
<b>Total Revenue Budget</b>	<b>553,289</b>	<b>544,657</b>	<b>-8,632</b>	<b>548,138</b>
Contribution from Budget Reserve	-18,184	-15,978	2,206	-12,850
2016/17 Agreed Carry Forward	-9,165	-9,165	0	0
2017/18 Project Carry Forward	0	6,426	6,426	0
<b>Total Revenue Budget</b>	<b>525,940</b>	<b>525,940</b>	<b>0</b>	<b>535,288</b>

## **CAPITAL OUTTURN 2017/18**

14. The current budget is £33.7m, and year to date spend totals £8.1m with a total spend of £21.7m being forecast.
15. The New ways of responding projects include Driver Behaviour and Mobility which are moving towards closure with the possibility of some capital savings, however, the levels of these are presently unknown. They are most likely to arise where the project expenditure has fallen as revenue rather than the capital as had originally been envisaged.
16. Detailed Business Cases for New ways of investigating projects are currently being finalised and approved. The capital spend in relation to these is expected to commence in the next financial year.
17. In line with the revenue position on projects the delays in the ESMCP programme are also seen in capital, where the profiled spend has been adjusted to reflect the slippage. As this is national programme the delays are difficult to control.
18. Within other WM2020 projects; the Connect project (previously Operational Policing Solution) is making progress and contracts with suppliers have now been signed. Also, work to further enhance the mobility of response officers has built on the knowledge captured following the deployment of devices, taking additional time to incorporate better decision making into the project direction.
19. With the exception of IT & Digital the business as usual capital expenditure is forecasting to mostly spend to budget. The IT & D overspend is due to a significant price increase on a three year licencing arrangement, however, this does still represent best value to the Force compared to paying the charge annually.
20. In line with the revenue position on WMP2020 it is assumed that all live projects with an underspend at the end of 2017/18 will be carried forward into 2018/19. This position may change once the closure and final distribution of capital and revenue spend for projects is known (see paragraph 15).

21. The in-year capital position is detailed below:-.

	<b>2017/18 Original Budget</b>	<b>2017/18 Adjs</b>	<b>2017/18 Current Budget</b>	<b>2017/18 Outturn Forecast</b>	<b>2107/18 Variance to Budget</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>WMP2020</b>					
<i>New ways of responding</i>	560	1,560	2,120	344	-1,776
<i>New ways of investigating</i>	2,100	0	2,100	0	-2,100
<i>ESMCP</i>	0	949	949	448	-501
<i>Data Driven Insight</i>	1,476	4,324	5,800	4,487	-1,313
<i>Next Generation Enabling Services</i>	0	2,366	2,366	1,500	-866
<i>Other WMP2020</i>	2,356	7,395	9,751	3,873	-5,878
<b>Total WMP 2020</b>	<b>6,492</b>	<b>16,594</b>	<b>23,086</b>	<b>10,652</b>	<b>-12,434</b>
<b>Business As Usual</b>					
<i>Fleet</i>	3,000	1,600	4,600	4,600	0
<i>ICT</i>	550	3,837	4,387	4,729	342
<i>Equipment</i>	200	97	297	351	54
<i>CTU</i>	0	1,160	1,160	1,160	0
<i>Other funded areas</i>	0	182	182	182	0
<b>Total Business As Usual</b>	<b>3,750</b>	<b>6,876</b>	<b>10,626</b>	<b>11,022</b>	<b>396</b>
<b>Total Capital Spend</b>	<b>10,242</b>	<b>23,470</b>	<b>33,712</b>	<b>21,674</b>	<b>-12,038</b>

## FINANCIAL IMPLICATIONS

22. This report solely deals with financial issues.

## LEGAL IMPLICATIONS

23. The production of the PCC's Accounts is governed by the Local Government Act 1982 and Regulations made under that Act. The Local Government Act 1988 requires the PCC to make arrangements for the proper administration of its financial affairs

## RECOMMENDATIONS

24. The Board is asked to note the contents of this report.

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Neil Chamberlain  
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