



ORIGINATOR: CHIEF CONSTABLE

PAPER NO: AP16/34

**SUBMITTED TO: ACCOUNTABILITY AND PERFORMANCE PANEL
9 SEPTEMBER 2016**

SUBJECT: FINANCIAL MONITORING AS AT 31 JULY 2016

SUMMARY:

1. This report covers the financial overview of the PCC Budget, Constabulary Revenue Budget, Capital Budget and Investments as at 31 July 2016.
2. The forecast revenue position provides a forecast year-end underspend of £0.119m for the Constabulary and an underspend of £76k for the OPCC.
3. The forecast capital position provides a forecast year-end under-spend of £0.071m.

RECOMMENDATION:

1. It is recommended that the Police and Crime Commissioner considers the content of this report.

1. OVERVIEW

1.1 Based on the financial position as at 31 July 2016, the Suffolk Group Revenue Budget is forecast to underspend by £0.195m at year end (Appendix A).

1.2 The split across the Group is as follows:

	(Over)/Under spend £000
Office of the Police and Crime Commissioner for Suffolk	76
Chief Constable Operational Spending	119
Transfer to / (from) Reserves	0
Total	195

Constabulary Financial Context

1.3 The PCC's Medium Term Financial Plan (MTFP) 2016-17 to 2019-20 was developed following announcement of the improved police funding settlement for 2016-17, and also incorporated the PCC's decision to raise the precept by just under 2% following consultation with the public.

1.4 The precept increase raised recurring income of around £830k, which was ring-fenced for additional investment in the priority areas of protecting vulnerable people, supporting the county's cyber-crime investigations, and liaison with schools across the county.

1.5 The improved settlement, together with the delivery of the ambitious £5m planned savings programme in 2016-17, enabled a further £940k to be available for investment in priority areas.

1.6 Following agreement with the PCC on the areas for further investment, a comprehensive recruitment and training programme for the additional police officers, police staff and PCSO's commenced earlier in this financial year, which has resulted in non-recurring savings in police officer and PCSO pay during the period of recruitment and training.

1.7 In a number of key business areas it has been necessary to cover vacant posts through the use of overtime and employment of agency staff. In addition, deployment of additional resources has been necessary to maintain operational performance, which has resulted in additional overtime and agency cost being incurred.

1.8 The financial impact of the above is monitored on a monthly basis, and contributes to the assessment of the year-end forecast position contained within this report.

2. PCC REVENUE BUDGET

2.1 The Office of the PCC Budget for 2016-17 is £0.928m (Appendix A (i)). The projected year-end under-spend of £0.076m is primarily due to savings in pay and employment costs (£48k), and the currently uncommitted contingency reserve (£25k).

2.2 The PCC's Commissioning budget is £1.638m which includes a grant of £0.873m from the Ministry of Justice. The Ministry of Justice grant has been fully allocated to victim services including services for victims of childhood sexual abuse.

2.3 Grants totalling £1.519m have been awarded to date this year, including £300k to the Safer Suffolk Fund, which will continue to award grants during the year. The

Accountability and Performance Panel will review the operational and financial performance of those grants approved by the PCC, at its meetings scheduled in 2016-17.

3. CONSTABULARY REVENUE BUDGET

3.1 The total Constabulary Revenue Budget (Appendix A (iii)) forecasts a year-end underspend of £0.119m as at month 4. The main variances producing the current forecast underspend are explained below.

	In-year (Over)/Under spend £000
Pay Related Costs	651
Property Related Costs	20
Transport	185
Supplies and Services	(187)
Corporate	(365)
Income	(185)
Total	119

3.2 Pay Related Costs

The forecast underspend of £0.651m includes the following variances:

- Underspend in Police Pay (£1.469m) due to strength forecast to be lower than establishment by an average of 26 officers throughout the year (see para 1.6 above)
- Underspend in PCSO pay (£0.364m) due to strength being lower than establishment by an average of 12 FTE (see para 1.6 above)
- Overspend in police overtime (£0.446m) due to higher than budgeted expenditure within the Control Room, Neighbourhood Response Teams and Protecting Vulnerable People Directorate (see para 1.7 above)
- Higher than budgeted spend in staff pay due to agency costs (£0.294m) within Justice, ICT, and HR (see para 1.7 above)
- Overtime in staff pay (£0.208m) primarily within the Control Room, Justice and ICT. (see para 1.7 above)
- Higher than budgeted expenditure on injury pension liabilities (£0.238m)

3.3 Transport Related Costs

There is a forecast under-spend of £0.185m, which primarily relates to an underspend in vehicle fuel (£0.335m), based on price and usage for the four months, offset by overspends within vehicle spares and repairs (£0.150m).

3.4 Supplies and Services

The forecast overspend of £0.187m is due to additional costs projected based on information to dates within ICT (telephony costs - £0.097m), Forensic costs (pathologist fees - £0.041m) and legal costs (£0.049m).

3.5 Corporate

There are some legacy Corporate savings still to be identified that currently amount to £0.365m. However, reviews of one-off budgets are currently underway within

other corporate budgets that should mitigate this pressure. For example, a review is underway of the budget provision for national insurance as a result of the Single Tier Pension changes introduced by central government, a review of inflation requirements in-year compared to the budget set aside for this, and a review of revenue budget requirements to support the capital programme.

3.6 Income

There is a projected deficit of £0.185m in income, primarily due to a shortfall in sponsorship income and court fees.

4. SAVINGS

- 4.1 The total savings requirement for 2016/17 is £5.035m, as per the Medium Term Financial Plan (February 2016). The current savings projection is £5.038m the breakdown of which is provided within Appendix B.

5. CAPITAL

- 5.1 The Capital budget for 2016/17 is £4.112m, comprising the current programme (approved schemes) of £2.521m plus slippage from 2015/16 of £1.098m, plus approved schemes in-year including £0.095m for the Intranet project, £0.198m for CCR Telephony, £0.100m relating to the PHQ site and £0.100m for the TSU move to Halesworth.
- 5.2 A summary of capital schemes is provided at Appendix C(i) and C(ii). Actual and committed expenditure totals £2.100m as at the end of July. The overall forecast under-spend at year-end is £0.071m.

6. INVESTMENTS

- 6.1 At the end of July, investments totalled £23.562m, the breakdown of which is provided in Appendix D.

7. FINANCIAL IMPLICATIONS

- 7.1 As per the report.

8. OTHER IMPLICATIONS AND RISK

- 8.1 There are no other implications and risks. No changes are required to the PCC Risk Register.

ORIGINATOR CHECKLIST (MUST BE COMPLETED)	PLEASE STATE 'YES' OR 'NO'
Has legal advice been sought on this submission?	No
Has the PCC's Chief Finance Officer been consulted?	Yes
Have equality, diversity and human rights implications been considered including equality analysis, as appropriate?	N/A
Have human resource implications been considered?	N/A
Is the recommendation consistent with the objectives in the Police and Crime Plan?	N/A
Has consultation been undertaken with people or agencies likely to be affected by the recommendation?	N/A
Has communications advice been sought on areas of likely media interest and how they might be managed?	N/A
Have all relevant ethical factors been taken into consideration in developing this submission?	N/A