

SURREY POLICE AND CRIME PANEL**Surrey Police Financial Report****29th April 2014**

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Summary:

I am pleased to be able to report, that despite Surrey Police Force having to absorb inflationary increases and having a gross revenue budget that is £1.1 million lower than that set in the previous year, based on the third quarter figures the current financial forecast is for a slight underspend to be achieved at the year end.

To answer some of the concerns that the Panel have expressed previously regarding the financial information that I have supplied, I thought it would be useful for me to highlight those figures that I think the Panel will be most interested in examining.

The actual revenue expenditure to date of £155.846 million, is shown in Appendix A, split down by business unit and compared with the approved budget of £156.181 million, giving rise to an underspend of £335,000.

Appendix A also shows the current projection of expenditure to the year-end of £207.491 million, compared with an annual budget of £207.674 million which gives rise to a projected year-end forecast underspend of £183,000.

Our reserves position remains healthy, as demonstrated by the table in Appendix A, which shows both our specific reserves and our general reserve. Members of the Panel will note, that despite the financial pressures that the Force is dealing with, the balance on our General Reserve of £10.832 million shows an increase of £1.493 million over the course of this financial year. It should be noted that it is against the General Reserve that we will be charging the net cost of the additional expenditure incurred in financing Operation Franklin, which covers the additional police support that was given to flood areas affected by the winter storms, should the Government not meet in full the claim for reimbursement that we will be submitting to the Home Office. At the present time it is estimated that in excess of £600,000 has been spent on this operation.

Our summary capital expenditure and capital financing position is shown in Appendix A, with a more detailed breakdown over individual capital schemes being shown in Appendix B. The total capital budget for this year is £17.367 million and the current full year forecast expenditure is £17.383 million although some slippage in the programme is likely to be incurred before the year end.

In terms of the expected ups and downs that will be incurred across a total budget as large as that of Surrey Police the main individual variations against individual budget areas are:

North Division which is forecast to be underspent against its budget by £381,000 by the year end due primarily to an underspend on staff salaries and overtime.

East Division, which has a year-end forecast overspend of £706,000, because the number of officers within Investigations is higher than the budget allows.

West Division which has been experiencing reduced officer overtime and vacant PCSO posts giving rise to a year-end forecast of an underspend of £220,000.

ACPO budget, which is managed by the Deputy Chief Constable and is forecast to be overspent by £939,000 at the year-end, due primarily to the costs incurred in terminating the Siren case and custody IT system and replacing it with the Niche system which has now gone live.

In considering these variances, I would draw the attention of the Panel to the fact that the restructure of the Force, from a functional to a geographic model is only just being completed, so that individual business unit budgets may alter before the year end, which will smooth out some of the over and under spends that have been highlighted in this report.

The Panel have previously asked for details of the Force's Efficiency Plan, which is designed to offset the continuing loss of Government funding and Appendix C sets out the latest position regarding the Efficiency Plan.

Overall the 2013/14 financial position of Surrey Police looks sound, with adequate reserves having been put aside, the capital programme under control and the revenue budget heading for a small overspend, notwithstanding the financial pressures and reduced income that Surrey Police has had to contend with during a continuing period of financial austerity. I hope therefore that the Police & Crime Panel on reviewing my report will feel reassured that the financial plan that I outlined to you in February of last year remains very firmly on track and that the resources I gave to the Chief Constable at the beginning of the financial year remain well managed.

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