

## **SURREY POLICE GROUP FINANCIAL REPORT FOR MONTH 6 FINANCIAL YEAR 2016/17**

**1st December 2016**

### **SUMMARY**

The purpose of this report is to inform the Police & Crime Panel of the Surrey Police Group (i.e. Finances of both the PCC and Chief Constable) financial position up to Month 6 (September) for the 2016/17 financial year.

This report compares the expenditure and income incurred by both Surrey Police and the Office of the Surrey Police & Crime Commissioner, against the financial plan approved by the Police & Crime Commissioner in January 2016 for the financial year 2016/17, together with other relevant financial information.

Members of the Panel should note that Surrey and Sussex Police Forces have recently merged a large part of their respective finance functions and that information contained in the appendices to this report, has been substantially provided by a new Joint Finance Service. Inevitably merging two finance functions that deal with a combined annual budget of more than £460 million can lead to teething problems and while I am satisfied that the actual expenditure figures shown in the appendices are correct I have less confidence in the accuracy of some of the year end forecast calculations. My Treasurer is currently working with senior finance colleagues from both Surrey and Sussex to identify those issues that have affected the forecast figures to ensure that future reports will have the same degree of reliability as those presented to the Panel in the past.

### **1. Introduction**

The revenue out-turn position based on the information available at the end of Month 6 (September) is an under spend of £1.555 million against a year to date budget of £105.934 million, a variance of 1.5%.

The year-end forecast is for an underspend of £2.358 million against the total revenue budget of £212.62 million, a variance of 1.11%.

The main reason for the forecast year end underspend is that the number of Police Officers in post at the commencement of the year was lower than the 1,944 budgeted for at the beginning of the year and despite heavy recruiting throughout the year, the number of officers leaving the Surrey Force will ensure that this

underspend will only around 1870, a figure that will give rise to a £6.5 million underspend by the year end from a combination of vacancy savings and salary drift as it is higher ranked more experienced officers that are leaving compared with the intakes of large numbers of probationers.

The Police Staff Pay Budget is forecast to underspend by £1.5 million by the year end although it is likely that some of this underspend will be used to finance a number of one-off project costs. These projects include providing support for investigating historic abuse cases, providing information to the Goddard Inquiry (Child Sexual Exploitation), providing information to the Pitchford Inquiry (Undercover Policing), with Sussex Police spending more on mobile policing and networking more flexibly the product from body worn video, and providing more resources to the Sexual Offences Team to deal with an increasing work load.

The non-pay budgets are expected to be overspent at the year-end by around £1.7 million, predominantly in the areas of supplies and services, premises and transport costs.

The Income and Grant Income budget is expected to be exceeded by £206 thousand at the year end, with additional income being received from the Surrey Camera Safety Partnership and more income than expected arising from the secondment of officers and staff to other police organisations.

The strategic savings programme built into the 2016/17 revenue budget is expected to achieve 81% of the £10 million target that was set for this financial year. The remaining 19% of budgeted savings are proving more difficult to achieve than was originally thought and will not be achieved in the current financial year. This savings target shortfall will have to be re-profiled into the next financial year, as although the shortfall on the savings programme will not cause a problem in the current year, as the year end forecast for the Group is a significant underspend, the savings are still needed to balance the long term financial position and avoid the need to make cuts in service to make good the shortfall.

## 2). Individual Significant Revenue Budget Variances

A Financial Overview statement is provided at Appendix A to this report which shows individual business unit financial variances. The reasons for any significant variances are given below.

**2.1 North, East & West Division, Specialist Crime, Operations, Public Protection & Criminal Justice:** These budgets are collectively underspent by just over £6.5 million primarily for the reasons outlined above of budgeted staffing establishments not being currently fully recruited.

**2.2 IT:** Expensive short-term arrangements are having to be put in place to provide the extra resources needed to keep pace with the increasing demands falling on IT. The Force have established a Gold Group to manage the IT position and a “Making IT Better” project has been set up to identify and minimise cost leakage. The overspend on IT has decreased to £713 thousand at the end of September as a result of action being taken by the Force although by the year end the overspend is expected to amount to circa £900 thousand.

**2.3 Estates:** The Estates budget is overspent by £1.249 million at the end of September, the Force view being that this is because expenditure has been incurred at a different rate to the budget profile and not because of any known problems or difficulties. The expectation is that by the end of the financial year the Estates Budget will show a small underspend of circa £122 thousand.

**2.4 Change Programme:** As explained earlier in this report, the planned savings programme for the current year will not be fully achieved and a shortfall of £1.9 million against the 2016/17 savings target is expected to be the position at the year end.

**2.5 People Services:** With recruitment being increased and the implementation of PIYN having recently taken place, more training is being undertaken across the Force and this has led to a £1.055 million overspend at the end of September. As the year progresses the demand for training is expected to drop off and it is expected that by the year end this budget will only be overspent by circa £122 thousand.

### 3). Capital Position

A detailed Capital Report can be found at Appendix B of this report.

The previous PCC approved a capital budget for 2016/17 of £10.2m, which when combined with a carry forward from 2015/16 of an additional £6.5m gave a total capital budget of £16.7m for the current financial year. The new PCC recently approved a revised capital budget for 2016/17 of £12 million, with the remaining £4.7 million planned to be carried over to the following financial year. The PCC has also agreed to greater flexibility being applied to the future management of the capital programme, so that where appropriate, schemes can be brought forward into the programme if funding becomes available as a result of slippage on programmed schemes. Managing the capital budget more flexibly is designed to reduce the need to have to carry large funding sources over from one year to another.

Total capital expenditure at month 6 amounts to £2.9 million, with committed orders totalling £2.7m.

#### 4). Summary

The Month 6 figures show that Surrey Police despite having some budgetary issues to contend with, remains on target to achieve a year-end out-turn that complies with the budgetary targets set by the Police & Crime Commissioner in January of this year for both the revenue and capital budgets and it is very probable that a significant underspend will be incurred by the 31<sup>st</sup> March 2017.

#### **EQUALITIES & DIVERSITY IMPLICATIONS:**

None arising.

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