

## **SURREY POLICE GROUP FINANCIAL REPORT FOR MONTH 9 FINANCIAL YEAR 2016/17**

**6th February 2017**

### **SUMMARY**

The purpose of this report is to inform the Panel of the Surrey Police Group's (i.e. Finances of both the PCC and Chief Constable) financial position up to Month 9 (December) 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 my predecessor 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, at the commencement of the financial year, merged a large part of their respective finance functions and that information contained in the appendices to this report, has been 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 did report to the Panel at its December meeting that I had some concerns about the validity of the year-end forecast calculations. I am pleased to report that while some work still needs to be done to make sure the year-end forecasts are as accurate as they can be, my Treasurer has informed me that the forecasts are considerably improved since my last financial report to the Panel and can now be relied on to a greater extent than was previously the case.

### **1. Introduction**

The revenue out-turn position based on the information available at the end of Month 9 (December) is an under spend of £6.254 million against a year to date budget of £158.934 million, a variance of 3.9%.

The year-end forecast is for an underspend of £3.243 million, against the total revenue budget of £212.64 million, a variance of 1.5%.

The main reasons for the forecast year end underspend, is that firstly 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 has ensured that the average number in post over the year will rise to only around 1870 by the year end, seventy-four officers below the budgeted figure. Secondly, because it is longer serving officers that are deciding to leave the Force and the recruitment intakes are primarily large numbers of probationers, who aspire to become new police constables, the average cost of employing police officers in Surrey is dropping, which further increases the underspend. Some of the underspend is being offset by the authorisation of additional overtime to cover Officer vacancies and the agency budget is overspent, as a result of additional PiYN mentors being placed within divisions to assist in training the Neighbourhood Officers, who now under the new arrangements carry out an investigative role in addition to their other duties. However, these measures will only help reduce the underspend in the current financial year and it is not expected that officers actually in post will match the budgeted establishment until the new financial year, when the impact of paying the non-funded South East Regional Allowance should have helped the recruitment situation.

The Police Staff Pay Budget is forecast to underspend by £2.3 million by the year end. The underspend would have been greater, but some of the saving on staff budgets has been 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), in conjunction 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 £1.9 million. Of this figure Supplies & Services represents £1.6 million, as additional costs have arisen from the outsourcing of Digital Forensics and the Operations Command have overspent in relation to the Surrey Camera Safety Partnership, although these costs will be offset by a consequent overachievement in income collected.

The strategic savings programme built into the 2016/17 revenue budget of £10 million is expected to realise only £8.3 million in the current financial year. The main reason for the £1.7 million shortfall having arisen, is because it has taken longer than expected to bring some of the savings programme to fruition. With more time the Force still expects to achieve nearly all the planned savings and £1.2 million of the shortfall has been re-scheduled to be achieved in 2017/18, so that the underlying financial position of Surrey Police is not appreciably weakened.

## 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 £10.7 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, a “Making IT Better” project has been set up to identify and minimise cost leakage and an IT strategic delivery model has been funded which will help normalise the operation of the IT function. The overspend on IT has decreased to £599 thousand at the end of December, as a result of the action being taken, although by the year end the overspend is expected to amount to circa £900 thousand.

**2.3 Estates:** The Estates budget overspend has reduced to £946 thousand at the end of December. The expectation is that by the end of the financial year the Estates Budget overspend will reduce further to circa £500 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 £1.7 million against the 2016/17 end of year savings target, accounts for about half of the year-end projected overspend on this budget. The remainder of the overspend is accounted for by the fact that the savings that the programme has achieved so far this year need to be moved from the individual functional budgets to this budget in order to offset the costs of change that have been incurred to facilitate the achievement of the individual savings projects, this transfer will be completed by 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 £1.620 million overspend at the end of December. 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 be underspent by circa £550 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 £6.5million, gave a total capital budget of £16.7m for the current financial year. I 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. I have 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 9 amounts to £4.3 million, with committed orders totalling £1.9 million.

### 4). Summary

The Month 9 figures show that Surrey Police despite having some budgetary issues to contend with, remains on target to achieve a year-end out-turn that will not exceed the budgetary targets, set by my predecessor in January of last year, for both the revenue and capital budgets and indeed it is very probable that a significant underspend will be incurred by the 31<sup>st</sup> March 2017. However, I would like to point out to Panel members that any year-end underspend is in the nature of a one off saving, as next year the Chief Constable is, with my support, fully determined to continue to increase recruitment and stabilise officer and staff turnover, so that the Surrey public have the right number of warranted police officers in post to deliver the operational policing service that the Surrey public both expect and deserve.

**David Munro Police & Crime Commissioner  
2017**

**6<sup>th</sup> February**

**EQUALITIES & DIVERSITY IMPLICATIONS:**

None arising.

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