

SURREY POLICE AND CRIME PANEL**QUARTERLY FINANCE UPDATE****10th September 2013****SUMMARY**

In March 2013, the Commissioner approved a total gross revenue budget for Surrey Police of £207.7m for 2013-2014 which included a requirement to make significant savings of £5.1m this year. As part of his statutory responsibility to ensure an efficient and effective police force, the Commissioner receives regular updates on Surrey Police's financial position and progress against savings targets at his bi-monthly management meetings.

RECOMMENDATIONS

Members of the Police and Crime Panel are asked to note the attached.

EQUALITIES AND DIVERSITY IMPLICATIONS

None arising.

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1. Purpose

- 1.1. This report presents the financial position for June 2013, being quarter 1 of 2013/14.

2. Summary

- 2.1. The gross revenue budget for the year is £207.7m a reduction of £1.1m compared to last year. The current forecast is for a slight over spend against the budget, dependent on the funding of costs as a result of the decision to progress the collaboration of the Crime, Intel and Custody system.
- 2.2. The net capital budget is £17.4m including £6.4m carried forward from last year; expenditure for the year to date is £3.0m.

3. Introduction

- 3.1. The report contains the following;
 - 3.1.1. The actual revenue expenditure year to date, with the forecast for the year against the annual budget, including an overtime analysis for officers and staff (appendix A).
 - 3.1.2. The movement on the general balances and specific reserves (appendix A).
 - 3.1.3. The capital expenditure against the annual budget (appendix A & B).
 - 3.1.4. The balance sheet items that are termed as working capital, such as the cash position, accounts receivable and payable performance (appendix A).
 - 3.1.5. Efficiency Plan (appendix C) incorporating the strategic savings graded as red, amber or green.

4. Revenue Budget Summary

- 4.1. The revenue budget for the year is £207.7m a reduction of £1.1m (0.5%) on last years. The budget incorporates a movement of £1.5m into general reserves.
- 4.2. The year to date actual revenue expenditure of £53.1m is £0.347m above the phased budget. The full year forecast is for a close to balanced budget position, with a small overspend of £0.066m.
- 4.3. The Force Summary at appendix A provides the detail of expenditure against the budget for the cost type, pay, premises, supplies & services, transport and income as well as by business unit with narrative on the variances in section 5.
- 4.4. The flexibility levered from the budget allows for financial resources to be targeted by the Force which assist in the achievement of the Police and Crime Commissioner's (PCC) Police and Crime Plan targets.

5. Force Business Unit Variances

- 5.1. Detailed at appendix A is a table that provides the Force and PCC budget by function, this section of the report will provide a narrative on the forecast expenditure against these budget headings.
- 5.2. Response: Year to date the command is over spent by £205k with a forecast overspend of £550k for the year. The command is currently 10.5 officers over establishment and the staff vacancy rate is only 4.5% which results in a payroll overspend. Non staff costs are under budget, assisted by a campaign to draw fuel from cheaper supermarket outlets. Income is also currently under budget but a recent order for dog training from Hong Kong is expected to rectify the position.
- 5.3. Investigation: Investigations Command is £125k above budget year to date with a forecast overspend for the year of £818k. The command currently has 17 Sergeants and 40PCs over establishment resulting in a major overspend which is partly offset by reduced staff costs resulting from the change programmes generating vacancies, as posts that are due to be removed become vacant they are not filled, there is also an under spend on non payroll costs and an above budget position on income.
- 5.4. Neighbourhoods: A modest over-spend generated by excess PC numbers in anticipation of a budget transfer from Human Resources probationer budget, but until confirmed, it results in a forecast overspend partly offset by vacancies in Police Community Support Officers. There is a risk in respect of maintaining the funding for the joint Drive Smart initiative.
- 5.5. Tasking & Co-Ordination: Tasking is within budget and are forecast to remain so, an over-spend on police officer overtime is offset by reduced police officer and staff costs.
- 5.6. Joint Command: The bilateral activities, Sussex and Surrey, are within budget with reduced staff and non-payroll costs in Scientific Support, but Regional Collaborations are currently above budget resulting in a slight over budget position year to date, which is forecast to recover to an under budget position by year end.
- 5.7. DCC Command: ACPO are £484k above budget largely due to the payments as a result the decision to progress the collaboration of the Crime, Intel and Custody system, which is carried forward to the year-end forecast. The Joint Emergency Services Interoperability Project is predominantly seen in agency costs but is funded by Home Office Grant. Professional Standards Department is within budget as a result of a refund of legal costs, the under spend is forecast to continue with a reduction in officer and staff numbers. Force Improvement is budgeting for staff and premises savings which have not so far materialised, it is also carrying officers previously charged to Enterprise and staff supporting change programmes resulting in a £74k overspend year to date which is forecast to increase to £373k. Strategic Planning and Diversity are within budget, a position which is forecast to continue.
- 5.8. ACO Command: Shared Business Services is within budget due to reduced operational costs, a significant underspend is forecast due to reducing staff costs. ICT costs are well above budget due to an increase in supplier costs,

increased demand on telephony and additional consultancy costs, some recovery is forecast but an overspend of £0.5m is forecast for the year. Finance and Services are £63k within budget and forecast to remain so with reductions in staff and premises costs. HR is under budget by £505k due to a reduced spend on officers payroll in relation to probationer numbers and reduced staff and non payroll costs, the forecast is for an underspend, part of which is planned to be given as savings this year.

6. Virements and Approvals

- 6.1. Virements (transfer of budget) are intended to enable the Chief Constable to manage budget flexibly within the overall policy framework determined by the PCC and, therefore to provide the opportunity to optimise the use of resources to emerging needs.
- 6.2. The Chief Constable will only be required to refer back to the PCC when virement would change the overall policy framework determined by the PCC or where a revenue virement might create a future year or continuing, commitment. There are no virements requiring approval.

7. Capital Position

- 7.1. The approved capital programme is for a total of £17.4m. Detail of the capital programme is detailed in appendix B.
- 7.2. The significant capital projects are Salfords Custody Suite, Niche RMS, Vehicle replacement programme, ICT Infrastructure renewal.
- 7.3. Expenditure for the year to date is £3.0m with orders committed of a further £3.7m. The forecast variance for the year is an under spend due to phasing of the schemes over more than one year.
- 7.4. Capital expenditure is financed from grants received from the Home Office, capital receipts from the sale of assets, revenue transfer funding and if necessary borrowing, but given the size of recent receipts from station sales none is currently forecast.

8. Reserves

- 8.1. At the start of the year all reserves, general and specific stood at £15.5m. The budget incorporated a movement of £1.5m into the general reserve which is phased over the year. General reserves will be £10.8m based on the current forecast at year end. Subject to approval a draw on reserves is planned to cater for additional costs arising from the decision to progress the collaboration of the Crime, Intel and Custody system. Some minor movements are expected on the specific reserves.

9. Accounts Receivable

- 9.1. Accounts receivable balance at month end was £0.9m includes £0.1m over 90 days old, being 12% of total debtors, 76% are under 30 days old.

- 9.2. Financial regulations sets out the limits for the write off of debt. Any individual debtor above £20k will require the Chief Finance Officer of the CC and the Chief Finance Officer of the PCC to approve the write off of the debt. No write off actions are currently recommended, but a customer has recently gone into liquidation and dependent on the progress by the administrator a write off against the bad debt provision may be required.

10. Accounts Payable

- 10.1. Accounts payable held 202 invoices and credit notes under query at month end of which 37 are for more than 120 days and another 20 are over 60 days. The total net value of outstanding invoices and credit notes being £462k. 49% of invoices have been held for less than 30 days with a further 22% held for less than 60 days.

11. Cash

- 11.1. Revenue receipts in the quarter of £63.6m exceeded expenditure of £61.9m, in addition there were capital receipts of £11.2m which exceeded capital expenditure of £3.0m, the cash balance thus increased by £9.9m in the quarter to £18.5m.
- 11.2. The balance is forecast to decrease by £6.1m over the year to £12.4m as precept is not received in July and December and capital receipts are used to support the capital programme through the year.

12. Efficiency Savings

- 12.1. The report at appendix C sets out the current position with respect to the Force's Efficiency Plan as at month 3 with savings of £3.7m on target in the current year.
- 12.2. The report categorises the savings plan into closed projects, operational performance, partnering, police collaboration and continuous improvement. Financial estimates are also included on future areas that have not been fully worked into an approved business case.

13. Risks

- 13.1. The inability to control financial expenditure and achieve value for money will impact on achieving performance objectives and attract negative attention that affects the Force's reputation.

14. Decision[s] Required

- 14.1. The financial position is for information.

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