

SURREY POLICE AND CRIME PANEL

SURREY POLICE GROUP FINANCIAL REPORT FOR MONTH 8 FINANCIAL YEAR 2017/18 5th February 2018

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 as at the 30th November 2017, comparing the expenditure and income incurred by both Surrey Police and the Office of the Surrey Police & Crime Commissioner, with the revenue and capital budgets approved by the Police & Crime Commissioner in January 2017 for the financial year 2017/18.

1) Introduction

The gross revenue budget for the year is £213 million (£210 .9 million Surrey Police & £2.1 million OPCC) an increase of £400 thousand compared to last year's gross revenue budget of £212.6 million.

At the 30th November, the variance of total expenditure and income against budget was an under spend of £1.1 million (PCC £453 thousand overspent, Police Force £1.553 million underspent), with an end of year forecast that this figure will increase to an overspend of £746 thousand (PCC £140 thousand underspend, Police Force £886 thousand overspend).

The recommendations contained in the RSM Financial Governance Review which was presented to the December Panel meeting are now being actioned and this is expected in the next few months to eliminate the problems that have been experienced by the Surrey/Sussex Joint Finance Team in producing stable financial forecasts.

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, Probationers and Contact Management: These budgets are collectively under spent by £373 thousand at the end of November, chiefly as a result of staff vacancies, but by the end of the financial year it is forecast that these budgets will be

overspent by £1.072 million as the cost of increased police officer overtime is being charged to these budgets and non-pay spending is expected to also rise.

2.2 PSD (Professional Standards Department): Is currently overspending its budget by £497 thousand, primarily because of the need to take specialist legal advice on a number of cases and because of the increased information requirement from the Coroner's Office in respect of Operation Heather. Operation Heather is the work associated with requests for disclosure of information, hearings and new inquests associated with the deaths of four army personnel at Deepcut in the 1990s/early 2000s. By the year end the forecast is for an overspend of £916 thousand (£300 thousand Operation Heather, £600 thousand legal costs).

2.3 Service Quality: This comprises a number of teams who support the organisation on matters such as the review and audit of processes, systems and information; management of policies and procedures; information management; records management and archive functions. As a result of vacancies this budget is currently underspent by £578 thousand and it is expected that the current position will continue to the year-end giving rise to an end of year underspend of £916 thousand.

2.4 Change Programme: This budget is overspent by £171 thousand at the end of November. By the end of the financial year it is forecast that the overspend will increase to just over £2 million. The main reason for this is that an unbudgeted payment of £800 thousand to Deloitte for work done on the Targeted Operations Model (TOM) will have to be made and against this budget will also be charged £500 thousand of redundancy costs associated with the implementation of this years savings plan.

2.5 IT: Currently overspent by £1.693 million at the 30th November, this is a significant improvement on previous months and it is expected that as a result of the recent IT review this improvement will continue with the overspend reducing to just over £1 million by the year end. The causes of the residual overspend are related to increased expenditure on providing police officers with body worn video cameras and mobile data, plus developing public facing digital services.

2.6 Central: This budget currently shows a saving of £3.07 million at the end of November, with a year-end forecast out-turn saving of £5.048 million. This saving has been primarily created as a result of reducing the budget for police pay in order to remove the fortuitous saving that has arisen as a result of Surrey having lowered the average cost of employing a police officer. This has been achieved as a side effect of reorganising the service, which resulted in older police officers who left the Force, being replaced with new younger officers who are paid less than longer serving officers. Additional savings have also been made from the reductions in the cost of paying allowances.

2.7 Police Payroll: This budget has charged to it the payroll costs of employing all Surrey Police Officers, with the exception of overtime costs which are charged to the individual divisions and departments. This budget is currently in balance, but because of the success of the Force's recruitment drive, the average number of officers in post during 2017/18 is expected to average 31 in excess of the funded establishment of 1921 officers. As a result of this over recruitment, the year-forecast for this budget is an overspend of £1.21 million. Steps are being taken to reduce the over recruitment and it is expected that by the year end the excess number in post will have fallen to 9 officers helping to ensure that next years Police Payroll budget is achievable.

3). Capital Position

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

The PCC approved Capital Budget for 2017/18 is £14.2 million, with £2.7 million being carried forward from last year making a total Capital Budget of £16.9 million. A recent review of the capital programme has resulted in schemes totalling £5.3 million being deferred to next year. The capital budget for this year has therefore been reduced to £11.6 million, with capital expenditure at month 8 amounting to £4.2 million and committed orders totalling a further £2.9 million.

4). Summary

With eight months gone, the end of year forecast is that there will be an overspend of £746 thousand against the approved budget. While there are several budget headings that have over or underspends recorded against them, on the whole these balance each other out. The main reason for the projected overspend is the Government's approval of a pay award of 2% for police officers, which saw the breaking of the 1% public sector pay cap and for which no central funding was provided. The cost to Surrey Police of the unbudgeted element of this pay award amounts to circa £500k, which accounts for the majority of the projected overspend. If the pay award had been fully funded the projected year-end overspend would have only been £246 thousand.

Steps are being taken by the Force to try to eliminate the projected deficit, with restrictions being placed on police staff recruitment and budget holders who have underspends on non-pay budgets being asked to maintain these to the year end, but it is unlikely that these measures will solve the problem completely.

David Munro
Police & Crime Commissioner

EQUALITIES & DIVERSITY IMPLICATIONS:

None arising.

Lead Officer: Ian Perkin, Treasurer & CFO

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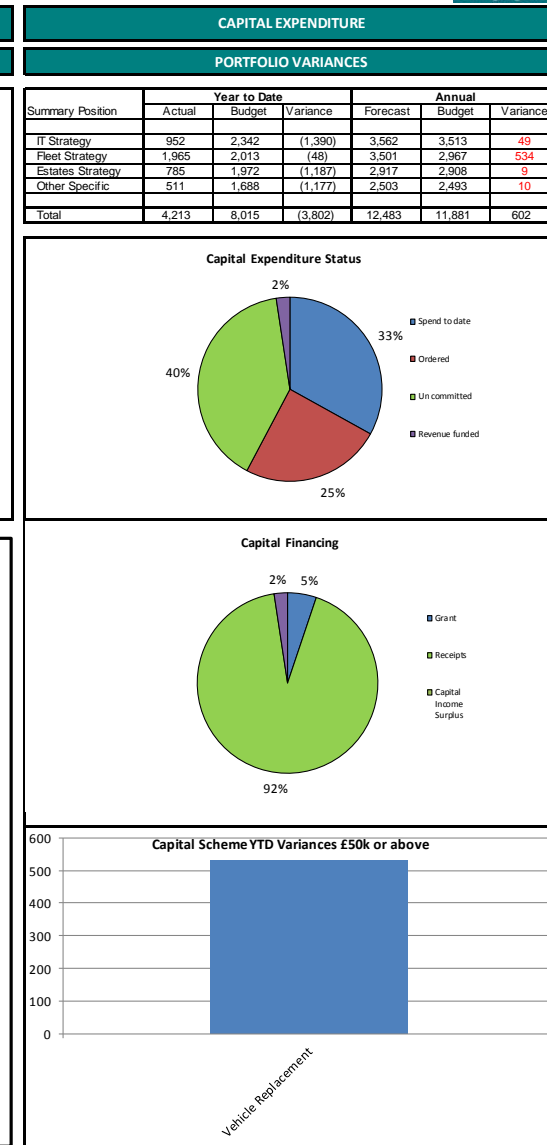
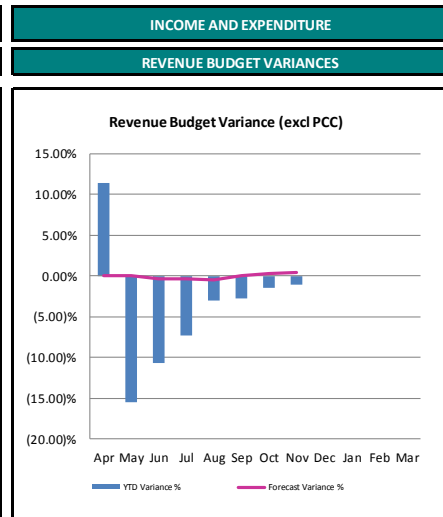
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FINANCIAL OVERVIEW AS AT NOVEMBER 2017

INCOME AND EXPENDITURE						
PCC REVENUE BUDGET						
	Year to Date			Annual		
	Actual	Budget	Variance	Forecast	Budget	Variance
	£'000	£'000	£'000	£'000	£'000	£'000
PCC TOTAL	1,812	1,359	453	1,898	2,038	(140)
FORCE REVENUE BUDGET BY FUNCTION						
	Year to Date			Annual		
	Actual	Budget	Variance	Forecast	Budget	Variance
	£'000	£'000	£'000	£'000	£'000	£'000
North Division	2,902	2,528	373	4,489	3,837	653
East Division	3,521	2,812	709	5,013	4,217	795
West Division	3,654	3,449	205	5,442	5,182	261
Specialist Crime Local	5,862	6,832	(970)	9,282	10,293	(1,011)
Specialist Crime	3,507	4,179	(672)	5,643	6,268	(625)
Operations Local	268	(585)	854	347	(201)	548
Operations	2,628	2,904	(276)	3,991	4,355	(364)
Public Protection	1,927	1,871	56	3,083	2,754	329
Criminal Justice	3,791	4,959	(1,168)	7,303	7,438	(135)
Probationers	5	0	5	5	0	5
Contact Management	10,396	9,887	509	15,446	14,831	615
Sub Total	38,462	38,835	(373)	60,045	58,973	1,072
Chief Officers	586	473	113	779	710	69
DCC	596	645	(49)	860	968	(108)
PSD	1,550	1,053	497	2,496	1,580	916
Corporate Comms	740	842	(103)	1,322	1,263	58
Service Quality	1,540	2,118	(578)	2,261	3,177	(916)
Change Programme	(419)	(590)	171	1,204	(895)	2,099
Sub Total	4,593	4,542	51	8,920	6,803	2,117
IT	9,059	7,365	1,693	12,133	11,047	1,086
Finance	682	691	(9)	1,124	1,036	88
Estates & Facilities	7,650	7,449	202	10,301	10,098	204
Building the Future Estates	8	41	(33)	8	120	(112)
People Services	5,045	4,558	487	6,883	6,836	47
Insurance Services	488	1,046	(558)	1,602	1,569	33
Procurement Services	129	143	(14)	205	215	(10)
Transport Service	453	395	58	792	592	199
Sub Total	23,513	21,688	1,825	33,049	31,513	1,535
Central	3,178	6,249	(3,071)	4,325	9,373	(5,048)
Police Payroll	69,773	69,759	14	105,487	104,276	1,210
FORCE TOTAL	139,520	141,073	(1,553)	211,827	210,940	886
REVENUE BUDGET BY COST TYPE						
	Year to Date			Annual		
	Actual	Budget	Variance	Forecast	Budget	Variance
	£'000	£'000	£'000	£'000	£'000	£'000
Police Payroll	69,773	69,759	14	105,487	104,276	1,210
Police Overtime	4,277	2,821	1,456	6,688	4,232	2,456
Staff Payroll	40,543	42,639	(2,095)	61,997	64,154	(2,158)
Staff Overtime	1,110	1,087	23	1,689	1,631	58
Agency	1,168	484	684	1,510	577	934
Training	1,350	1,167	183	1,451	1,741	(290)
Other Payroll Costs	2,047	2,357	(310)	3,897	3,536	361
Sub Total	120,269	120,315	(46)	182,719	180,147	2,572
Premises	6,152	6,935	(784)	8,705	9,327	(623)
Transport	2,428	3,065	(637)	4,290	4,598	(308)
Supplies & Services	16,455	16,817	(362)	24,749	24,731	18
Financing	62	530	(469)	502	795	(294)
Sub Total	25,096	27,347	(2,251)	38,246	39,452	(1,206)
Income & Grants	(5,846)	(6,589)	744	(9,138)	(8,658)	(480)
Sub Total	(5,846)	(6,589)	744	(9,138)	(8,658)	(480)
FORCE TOTAL	139,520	141,073	(1,553)	211,827	210,940	886



Scheme	Chief Officer	Total 17-18 Budget (incl. Special Grant & Cont.)	Actual Spend YTD Apr-17-Nov-17	Full Year Budget YTD Variance	O/S Orders	Total 2 Year Budget
ICT Infrastructure Renewal / Business Continuity						
Hardware Refresh	CIO	551,000	33,803	(517,197)		551,000
Laptop Replacement Programme	CIO	0	0	0	93,728	0
Networks / Cabling	CIO	1,350,000	0	(1,350,000)		1,800,000
IT Peripherals - Printers	CIO	0	36,580	36,580		0
HOMA	CIO	661,000	660,909	(91)		661,000
Access Identity Management	CIO	150,000	10,800	(139,200)		200,000
NetApp Storage Refresh	CIO	113,000	151,854	38,854		113,000
Infrastructure & Networks	CIO	123,000	0	(123,000)		123,000
Wireless	CIO	75,000	0	(75,000)		200,000
Sub-Total		3,023,000	893,945	(2,129,055)	93,728	3,648,000
Specific ICT Capital Schemes						
Firewall and Security Devices	CIO	50,000	0	(50,000)		75,000
Public Services Network Upgrade (Collaboration)	CIO	0	(146)	(146)		0
IL4 Remediation (Collaboration)	CIO	68,000	0	(68,000)		68,000
Technical IA Controls	CIO	0	0	0		68,000
Lync Federation and Edge Services	CIO	34,000	0	(34,000)		34,000
Archive (Sharepoint/E-Mail data)	CIO	68,000	0	(68,000)		68,000
Mobile Data Terminals - Refresh	CIO	37,000	46,352	9,352		37,000
Niche to PND Photo Upload	CIO	20,000	0	(20,000)		20,000
Hybrid Body Worn Video Infrastructure	CIO	0	0	0		291,000
Sharepoint - Corporate Knowledge	CIO	25,000	0	(25,000)		50,000
Digital Enablement 2	CIO	0	0	0		321,000
Application Rationalisation & Renewal	CIO	0	0	0		100,000
EPM Replacement	CIO	0	0	0		45,000
Safecom - Ricoh	CIO	0	0	0		25,000
SNOW	CIO	0	0	0		157,000
Windows 10	CIO	11,000	12,100	1,100		11,000
Confidential Environment	CIO	32,000	0	(32,000)		32,000
Office 365 Planning & Pre-implementation	CIO	32,000	0	(32,000)		32,000
APPSense	CIO	68,000	0	(68,000)		68,000
Protective Monitoring	CIO	45,000	0	(45,000)		45,000
Sub-Total		490,000	58,306	(431,694)	0	1,547,000
Fleet Annual Replacement Schemes						
Vehicle Replacement	CFO	2,867,184	1,964,608	(902,576)	1,436,080	2,762,000
Vehicle Telemetry	CFO	100,000	0	(100,000)		350,000
Sub-Total		2,967,184	1,964,608	(1,002,576)	1,436,080	3,112,000
Specific Capital Schemes						
Divisional Estates' Strategy	CFO	993,774	264,349	(729,425)	320,378	894,000
Air Conditioning	CFO	412,000	405,297	(6,703)	16,304	412,000
Former Section House Scheme	CFO	172,000	0	(172,000)		172,000
Estates' Strategy - Environmental	CFO	309,000	114,970	(194,030)	20,100	309,000
Estates' Strategy - Custody Compliance	CFO	0	0	0		30,000
Estates' Strategy - Guildford and Staines Custody	CFO	196,000	0	(196,000)		554,000
ICT Workshop Refit	CFO	50,000	0	(50,000)	28,250	75,000
Agile Working Developments	CFO	775,000	0	(775,000)	4,997	1,000,000
Sub-Total		2,907,774	784,617	(2,123,157)	390,029	3,446,000
Specific Capital Schemes - Operations						
ICCS	ACC Op	314,000	185,232	(128,768)	319,204	475,000
ANPR	ACC Op	369,750	145,061	(224,690)	45,753	290,700
Taser Replacement and Uplift	ACC Op	208,000	16,641	(191,359)		404,000
ESN- Hardware & Infrastructure	ACC Op	0	0	0		500,000
ESN-Devices	ACC Op	0	0	0		500,000
Firearms Vehicle Uplift	ACC Op	150,000	0	(150,000)		150,000
Sub-Total		1,041,750	346,934	(694,816)	364,957	2,319,700
Specific Capital Schemes - Local Policing						
Digital Interview Recording Phase 1&2	ACC LP	163,000	358	(162,642)	138,890	163,000
Contact and Deployment Telephony (CC6)	ACC LP	0	10,597	10,597		0
CC6 Soft Vacate	ACC LP	0	0	0		81,000
ICAD - New Modules	ACC LP	0	0	0		95,000
Sub-Total		163,000	10,955	(152,045)	138,890	339,000
Specific Capital Schemes - Specialist Crime						
HTCU & POLIT Infrastructure Remediation	ACC SC	300,000	0	(300,000)	508,752	300,000
Digital Forensics	ACC SC	522,000	0	(522,000)		522,000
Altia Data Exploitation	ACC SC	45,000	0	(45,000)		45,000
Sub-Total		867,000	0	(867,000)	508,752	867,000
Specific Capital Schemes						
ERP Enterprise Resource Planning (Collaboration)	ACO	421,000	152,777	(268,223)		1,626,000
Sub-Total		421,000	152,777	(268,223)	0	1,626,000
Total Schemes		11,880,708	4,212,142	(7,668,566)	2,932,435	16,904,700
Unallocated - Budget Only	CFO	0	0	0		16,300
Overall Total		11,880,708	4,212,142	(7,668,566)	2,932,435	16,921,000