

## **SURREY POLICE AND CRIME PANEL**

### **SURREY POLICE GROUP FINANCIAL REPORT FOR MONTH 12 FINANCIAL YEAR 2017/18 28 June 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 year-end 31 March 2018, 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 2017/18 is £213 million (£210.9 million Surrey Police & £2.1 million OPCC) an increase of £400 thousand compared to the previous year's gross revenue budget of £212.6 million.

At the year end, the variance of total expenditure and income against budget was an over spend against budget of £416 thousand (PCC £100 thousand under spent, Police Force £516 thousand overspent). These figures are subject to final ratification by the external auditors who have to sign off the accounts by the 31 July 2018. No alteration to the figures is expected, but should the auditors require any changes to the reported figures as a result of their audit these will be reported to Panel members.

The recommendations contained in the RSM Financial Governance Review regarding the accuracy of financial forecasts, which were presented to the Panel's December meeting are expected to be implemented in the early months of the 2018/19 financial year.

#### **2). 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 £586 thousand at the year-end, chiefly as a result of staff vacancies.

**2.2 PSD (Professional Standards Department):** Finished the year with an overspending of £1.8 million, 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 the disclosure of information to the Coroner in connection with requests for new inquests into the deaths of four army personnel at Deepcut Barracks in the 1990s/early 2000s.

**2.3 Service Quality:** This area of activity 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 ended the financial year with an under spend of £955 thousand.

**2.4 Change Programme:** This budget was over spent by £2.3 million at the year-end. The main reasons for the over spend were because of redundancy costs and pension strain costs being higher than expected. Plus to achieve further savings, new developments were commenced during the year which led to further unbudgeted costs being charged to the Change Programme budget.

**2.5 IT:** Overspent by £1.156 million at the year-end, this is a significant improvement on the position previously reported to the Panel. The causes of this residual overspending 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 People Services:** Underspent by £904 thousand at the year-end, predominantly due to staff vacancies across all sections of People Services and in addition more staff than expected were seconded to other forces leading to the departments income budget being over achieved by £200 thousand.

**2.7 Central:** This budget shows a saving of £2.9 million at the year end. 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 leaving the Force and 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.

**2.8 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 ended the year with an overspend of £1.07 million, due primarily to the success of the Force's recruitment drive, the average number of officers in post during 2017/18 averaging 36 above the funded establishment of 1921 officers.

### 3). Capital Position

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

The PCC approved Capital Budget for 2017/18 was £14.2 million, with £2.7 million being carried forward from last year making a total Capital Budget of £16.9 million. Recent reviews of the capital programme resulted in schemes totalling £5.9 million being deferred to next year. The capital budget for the year was therefore reduced to £11 million, of which £8.6 million was spent by the year end with a further £2.4 million being carried forward to 2018/19.

### 4). Summary

The year-end revenue overspend of £416 thousand is in line with the expected total level of expenditure on which the revenue budget was based in January 2017. 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 overall overspend is related to the Government's decision during the year to approve a pay award of 2% to 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 almost the entirety of the Surrey Police overspend. If the pay award had been funded there would have been no overspend.

David Munro  
Police & Crime Commissioner

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

None arising.

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APPENDIX A



FINANCIAL OVERVIEW AS AT MARCH 2018

**INCOME AND EXPENDITURE**

**PCC REVENUE BUDGET**

	Year to Date			Annual		
	Actual	Budget	Variance	Actual	Budget	Variance
	£'000	£'000	£'000	£'000	£'000	£'000
<b>PCC TOTAL</b>	<b>1,938</b>	<b>2,038</b>	<b>(100)</b>	<b>1,938</b>	<b>2,038</b>	<b>(100)</b>

**FORCE REVENUE BUDGET BY FUNCTION**

	Year to Date			Annual		
	Actual	Budget	Variance	Forecast	Budget	Variance
	£'000	£'000	£'000	£'000	£'000	£'000
North Division	4,545	3,837	709	4,545	3,837	709
East Division	5,006	4,217	789	5,006	4,217	789
West Division	5,434	5,182	252	5,434	5,182	252
Specialist Crime Local	8,409	10,289	(1,881)	8,409	10,289	(1,881)
Specialist Crime	5,427	6,263	(836)	5,427	6,263	(836)
Operations Local	302	(201)	503	302	(201)	503
Operations	3,817	4,355	(538)	3,817	4,355	(538)
Public Protection	3,213	2,802	411	3,213	2,802	411
Criminal Justice	6,781	7,438	(657)	6,781	7,438	(657)
Probationers	0	0	0	0	0	0
Contact Management	15,493	14,831	662	15,493	14,831	662
<b>Sub Total</b>	<b>58,428</b>	<b>59,013</b>	<b>(586)</b>	<b>58,428</b>	<b>59,013</b>	<b>(586)</b>

Chief Officers	681	710	(30)	681	710	(30)
DCC	1,150	968	182	1,150	968	182
PSD	2,661	1,580	1,082	2,661	1,580	1,082
Corporate Comms	1,165	1,263	(99)	1,165	1,263	(99)
Service Quality	2,301	3,256	(955)	2,301	3,256	(955)
Change Programme	1,373	(966)	2,339	1,373	(966)	2,339
<b>Sub Total</b>	<b>9,331</b>	<b>6,812</b>	<b>2,519</b>	<b>9,331</b>	<b>6,812</b>	<b>2,519</b>

IT	12,204	11,048	1,156	12,204	11,047	1,156
Finance	1,057	1,036	21	1,057	1,036	21
Estates & Facilities	10,230	10,098	132	10,230	10,098	132
Building the Future Estates	140	120	20	140	120	20
People Services	5,913	6,817	(904)	5,913	6,817	(904)
Insurance Services	1,497	1,569	(72)	1,497	1,569	(72)
Procurement Services	200	215	(15)	200	215	(15)
Transport Service	682	592	90	682	592	90
<b>Sub Total</b>	<b>31,923</b>	<b>31,495</b>	<b>428</b>	<b>31,923</b>	<b>31,494</b>	<b>428</b>

Central	6,407	9,325	(2,918)	6,407	9,325	(2,918)
Police Payroll	105,368	104,296	1,072	105,368	104,296	1,072
<b>FORCE TOTAL</b>	<b>211,456</b>	<b>210,940</b>	<b>516</b>	<b>211,456</b>	<b>210,940</b>	<b>516</b>

**REVENUE BUDGET BY COST TYPE**

	Year to Date			Annual		
	Actual	Budget	Variance	Actual	Budget	Variance
	£'000	£'000	£'000	£'000	£'000	£'000
Police Payroll	105,368	104,296	1,072	105,368	104,296	1,072
Police Overtime	6,276	4,232	2,045	6,276	4,232	2,045
Staff Payroll	61,437	64,203	(2,766)	61,437	64,203	(2,766)
Staff Overtime	1,841	1,631	210	1,841	1,631	210
Agency	1,526	577	950	1,526	577	950
Training	1,462	1,741	(278)	1,462	1,741	(278)
Other Payroll Costs	4,103	3,536	567	4,103	3,536	567
<b>Sub Total</b>	<b>182,015</b>	<b>180,215</b>	<b>1,799</b>	<b>182,015</b>	<b>180,215</b>	<b>1,799</b>

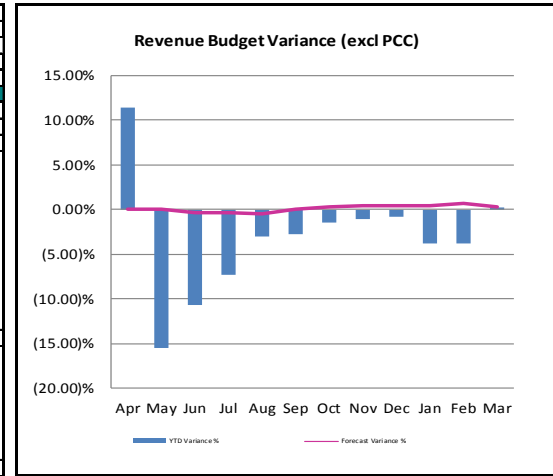
Premises	8,297	9,327	(1,030)	8,297	9,327	(1,030)
Transport	4,133	4,589	(457)	4,133	4,589	(457)
Supplies & Services	26,162	24,612	1,550	26,162	24,612	1,550
Financing	1,206	795	411	1,206	795	411
<b>Sub Total</b>	<b>39,798</b>	<b>39,324</b>	<b>473</b>	<b>39,798</b>	<b>39,324</b>	<b>473</b>

Income & Grants	(10,356)	(8,599)	(1,757)	(10,356)	(8,599)	(1,757)
<b>Sub Total</b>	<b>(10,356)</b>	<b>(8,599)</b>	<b>(1,757)</b>	<b>(10,356)</b>	<b>(8,599)</b>	<b>(1,757)</b>

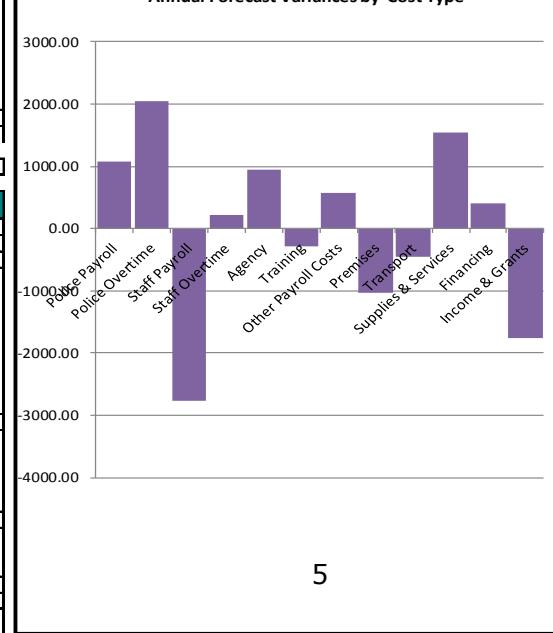
<b>FORCE TOTAL</b>	<b>211,456</b>	<b>210,940</b>	<b>516</b>	<b>211,456</b>	<b>210,940</b>	<b>516</b>
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**INCOME AND EXPENDITURE**

**REVENUE BUDGET VARIANCES**



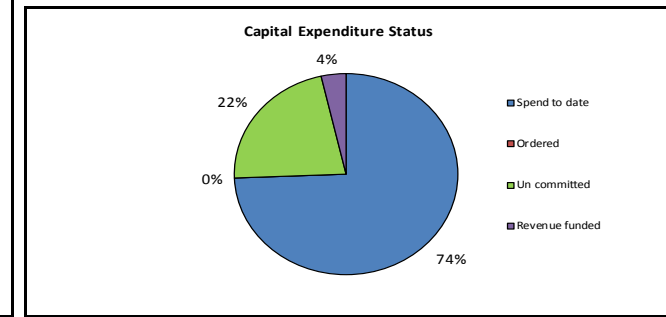
**Annual Forecast Variances by Cost Type**



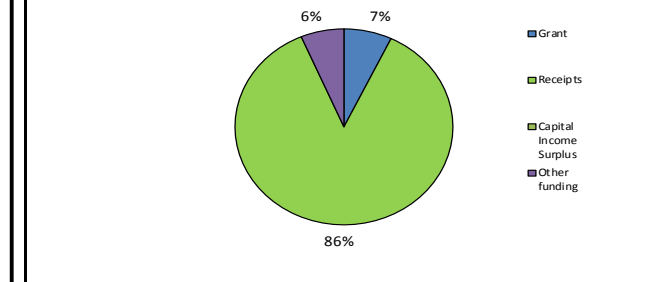
**CAPITAL EXPENDITURE**

**PORTFOLIO VARIANCES**

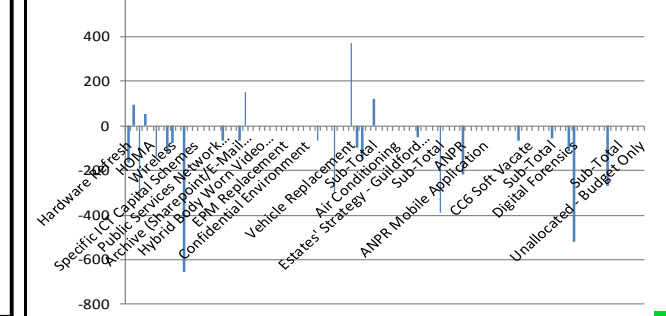
Summary Position	Year to Date			Annual		
	Actual	Budget	Variance	Actual	Budget	Variance
	£'000	£'000	£'000	£'000	£'000	£'000
IT Strategy	2,563	3,513	(950)	2,563	3,513	(950)
Fleet Strategy	3,316	3,197	119	3,316	3,197	119
Estates Strategy	1,557	1,946	(389)	1,557	1,946	(389)
Other Specific	1,165	2,375	(1,210)	1,165	2,375	(1,210)
<b>Total</b>	<b>8,601</b>	<b>11,031</b>	<b>(2,430)</b>	<b>8,601</b>	<b>11,031</b>	<b>(2,430)</b>



**Capital Financing**




**Capital Scheme YTD Variances £50k or above**





APPENDIX B

GLW105						
C3 - Capital Report 2017/18						
Month 12						
March						
						
Scheme	Chief Officer	Total 17-18 Budget	Actual Spend Apr-17-Mar-18	O/S Orders Carry/fwd	Actual Budget Variance	Total 2 Year Budget
<b>ICT Infrastructure Renewal / Business Continuity</b>						
Hardware Refresh	CIO	551,000	387,093		(163,907)	551,000
Laptop Replacement Programme	CIO	0	95,738		95,738	0
Networks / Cabling	CIO	1,350,000	1,012,929		(337,071)	1,800,000
IT Peripherals - Printers	CIO	0	51,940		51,940	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	148,169	5,470	35,169	113,000
Infrastructure & Networks	CIO	123,000	0	47,010	(123,000)	123,000
Wireless	CIO	75,000	0		(75,000)	200,000
<b>Sub-Total</b>		<b>3,023,000</b>	<b>2,367,577</b>	<b>52,480</b>	<b>(655,423)</b>	<b>3,648,000</b>
<b>Specific ICT Capital Schemes</b>						
Firewall and Security Devices	CIO	50,000	0		(50,000)	75,000
Public Services Network Upgrade (Collaboration)	CIO	0	3,089		3,089	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	187,552	855,514	150,552	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	5,498		(5,502)	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
<b>Sub-Total</b>		<b>490,000</b>	<b>196,139</b>	<b>855,514</b>	<b>(293,861)</b>	<b>1,547,000</b>
<b>Fleet Annual Replacement Schemes</b>						
Vehicle Replacement	CFO	2,947,136	3,316,475	1,654,327	369,339	2,762,000
Vehicle Telemetry	CFO	100,000	0		(100,000)	350,000
Firearms Vehicle Uplift	ACC Op	150,000	0		(150,000)	150,000
<b>Sub-Total</b>		<b>3,197,136</b>	<b>3,316,475</b>	<b>1,654,327</b>	<b>119,339</b>	<b>3,262,000</b>
<b>Specific Capital Schemes</b>						
Divisional Estates' Strategy	CFO	961,774	671,580	162,534	(290,194)	981,000
Air Conditioning	CFO	412,000	405,297	16,304	(6,703)	412,000
Former Section House Scheme	CFO	30,000	27,280	22,273	(2,720)	172,000
Estates' Strategy - Environmental	CFO	167,000	135,070		(31,930)	309,000
Estates' Strategy - Guildford and Staines Custody	CFO	85,000	33,092	413,090	(51,908)	505,000
ICT Workshop Refit	CFO	29,000	29,997		997	29,000
Agile Working Developments	CFO	261,000	254,358	521,877	(6,642)	1,013,000
<b>Sub-Total</b>		<b>1,945,774</b>	<b>1,556,674</b>	<b>1,136,077</b>	<b>(389,100)</b>	<b>3,421,000</b>
<b>Specific Capital Schemes - Operations</b>						
ICCS	ACC Op	314,000	292,166	212,271	(21,834)	475,000
ANPR	ACC Op	369,750	153,656	45,753	(216,095)	290,700
Taser Replacement and Uplift	ACC Op	208,000	211,641		3,641	404,000
ESN- Hardware & Infrastructure	ACC Op	0	0		0	500,000
ESN-Devices	ACC Op	0	0		0	500,000
ANPR Mobile Application	ACC Op	31,808	34,375		2,567	0
Cleartone Connectivity Upgrade	ACC Op	0	24,875		24,875	0
<b>Sub-Total</b>		<b>923,558</b>	<b>716,713</b>	<b>258,023</b>	<b>(206,845)</b>	<b>2,169,700</b>
<b>Specific Capital Schemes - Local Policing</b>						
Digital Interview Recording Phase 1&2	ACC LP	163,000	98,620	40,628	(64,380)	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
<b>Sub-Total</b>		<b>163,000</b>	<b>109,217</b>	<b>40,628</b>	<b>(53,783)</b>	<b>339,000</b>
<b>Specific Capital Schemes - Specialist Crime</b>						
HTCU & POLIT Infrastructure Remediation	ACC SC	300,000	186,796	323,395	(113,204)	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
<b>Sub-Total</b>		<b>867,000</b>	<b>186,796</b>	<b>323,395</b>	<b>(680,204)</b>	<b>867,000</b>
<b>Specific Capital Schemes</b>						
ERP Enterprise Resource Planning (Collaboration)	ACO	421,000	152,777		(268,223)	1,626,000
<b>Sub-Total</b>		<b>421,000</b>	<b>152,777</b>	<b>0</b>	<b>(268,223)</b>	<b>1,626,000</b>
<b>Total Schemes</b>		<b>11,030,468</b>	<b>8,602,368</b>	<b>4,320,443</b>	<b>(2,428,100)</b>	<b>16,879,700</b>
Unallocated - Budget Only	CFO	0	0		0	41,300
<b>Overall Total</b>		<b>11,030,468</b>	<b>8,602,368</b>	<b>4,320,443</b>	<b>(2,428,100)</b>	<b>16,921,000</b>

