

## SURREY POLICE AND CRIME PANEL

<b>SURREY POLICE GROUP FINANCIAL REPORT FOR MONTH 6 FINANCIAL YEAR 2018/19 28 November 2018</b>
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**SUMMARY**

The purpose of this report is to inform the Police & Crime Panel of the Surrey Police Group (i.e. Finances of both the Police & Crime Commissioner (PCC) and Chief Constable (CC)) financial position as at the 30 September 2018, comparing the expenditure and income incurred by both Surrey Police and the Office of the Surrey Police & Crime Commissioner (OPCC), with the revenue and capital budgets approved by the Police & Crime Commissioner in January 2018 for the financial year 2018/19.

**1) Introduction**

The gross revenue budget for the year is £214.6 million (£212.6 million Surrey Police & £2.0 million OPCC) an increase of £1.6 million compared to last year's gross revenue budget of £213 million.

At 30 September, the variance of total expenditure and income against budget was an under spend of £1.85 million (PCC £393 thousand overspent, Police Force £2.24 million underspent), with an end of year forecast that this figure will increase to an overspend of £1.214 million (PCC £71 thousand underspend, Police Force £1.285 million overspend).

**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 £1.58 million at the end of September chiefly as a result of police staff vacancies and some small underspends on supplies & services relating to specialist services such as medical and other expert statements for complex cases. Specialist Crime is underspending following the implementation of the Specialist Crime Capability Programme (further collaboration with Sussex Police). Operations are currently forecasting an underspend of £0.4 million, which relates to savings that will be delivered through a savings programme and Public Protection are forecasting an overspend of £400k because of police officer overtime payments and Contact Management is underspending on police staff salaries. The underspend on these budgets is expected to be maintained to the year-end.

**2.2 PSD:** Is currently underspending its budget by £300 thousand but by the end of the year because of salary increases within the Vetting Section and an increasing amount having to be paid out in legal fees, so that this Department is expected to have an overspend at the year end of £200k.

**2.3 Service Quality:** This budget at the end of September is underspent by £181k as a result of police staff vacancies, the situation is likely to continue for the remainder of the year so that the forecast is for a year-end underspend of £300k.

**2.4 Change Programme:** Currently underspent by £603 thousand, this underspend will reduce as the year progresses to a figure of £286k by the year end, which will represent the reduced costs incurred in achieving the 2018/19 Savings Plan.

**2.5 IT:** Is underspending by £551k, across a range of products including NICHE and Body Worn Video. It is anticipated that the underspend will reduce slightly over the remaining months of the year, but that IT will still underspend by £510k by the year-end.

**2.6 Insurance Services:** The Force's insurance contract for motor vehicles recently came to an end and because of the dangerous nature of police work only one bidder tendered for the new contract. The consequence of this was that the insurance premium for has risen by £1 million per year, with a half year cost falling into the current financial year giving rise to an end of year forecast overspend on this budget of £572k.

**2.7 Central:** This budget currently shows a saving of £3.52 million at the end of September, with a year-end forecast out-turn saving of £1.41 million. This saving has been primarily created as a result of holding income received from Sussex Police in respect of collaboration activities, which will in due course be transferred to individual budgets spread across the Force. The balance remaining at the end of the year can in part be accounted for by tax due to HM Revenue & Customs in respect of consultants and contractors which has not yet been billed to us.

**2.8 Police Payroll:** The number of police officers that were budgeted at the start of the financial year was 1870. It was known that the actual number of officers actually employed at the 1 April 2018 was higher than this number at 1952, but it was expected that over the year the number in post would reduce with the amount being expended on police salaries showing a commensurate reduction. Unfortunately the number of police officers employed by Surrey Police although dropping is now not expected to get down to the budgeted number of 1870 until the end of December. Although recruitment of police officers, with the exception of detectives has been stopped, the fact that it has taken longer than expected to bring the numbers down to the budgeted level given rise to an overspend on the police pay budget of £2.72 million at the end of September and although the rate of overspend will continue to decline over the next six months, the end of year overspend is still expected to increase to £4.08 million.

### 3). Capital Position

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

The PCC approved Capital Budget for 2018/19 is £10 million, with £8.4 million being carried forward from last year and £3 million being deferred into 2019/20 making a total Capital Budget of £15.4 million. The significant capital projects are ICT and Fleet replacement schemes, Digital Enablement, Building the Future, Agile Working and the Integrated Communication and Control System (ICCS). Total capital expenditure at the end of September amounts to £3.9m with committed orders not yet paid amounting to a further £2.7 million.

#### 4). Summary

With six months of the financial year having elapsed the end of year forecast is that there will be an overspend of £1.209 million (PCC underspend of £71k Surrey Police overspend of £1.285 million) against the approved budget. The two major reasons for this projected overspend, are that firstly the number of police officers currently employed by Surrey Police exceeds the budgeted level despite the Force's attempts to reduce recruitment and secondly the increase in the motor insurance premium has produced an in-year £500k overspend that was not foreseen at the time the budget was set.

David Munro  
Police & Crime Commissioner

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

None arising.

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