

## **SURREY POLICE AND CRIME PANEL**

### **SURREY POLICE GROUP FINANCIAL REPORT FOR MONTH 12 FINANCIAL YEAR 2018/19 27 June 2019**

#### **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<sup>st</sup> March 2019, 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 2018 for the financial year 2018/19.

#### **1) Introduction**

The gross revenue budget for the year 2019/20 was £214.6 million (£212.6 million Surrey Police & £2.0 million OPCC) an increase of £1.6 million compared to the previous year's gross revenue budget of £213 million.

At the year end, the variance of total expenditure and income against budget was an under spend of £664 thousand (PCC £50 thousand underspent, Police Force £614 thousand underspent). These figures are subject to final ratification by the external auditors who have to sign off the accounts by the 31<sup>st</sup> July 2019. 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 then be reported to Panel members.

#### **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 £1.83 million at the year-end, chiefly as a result of police staff vacancies.

**2.2 PSD (Professional Standards Department):** Finished the year with an overspend of £513 thousand, primarily because of the need to take specialist legal advice on a number of cases and because of a number of salary increases within the Vetting Department.

**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 increases in Criminal Records Bureau income and staff vacancies, this budget ended the financial year with an under spend of £500 thousand.

**2.4 Change Programme:** This budget has achieved a saving of £956 thousand at the year end, as a direct result of the years Strategic Savings Target being fully achieved, with redundancy costs being less than were expected and additional savings being made in Digital Forensics and on the Specialist Crime Capability Programme.

**2.5 IT:** Ended the year with an underspend of £2.7 million, due to slippage across a range of projects, which included Body Worn Video, Niche, ARK and Office 365. The new Head of IT is currently carrying out a review across Surrey & Sussex of all applications to maximise the benefits that new technology can bring to the police service.

**2.6 People Services:** Underspent by £548 thousand at the year-end, predominantly due to income for staff seconded to other organisations being higher than budgeted.

**2.7 Insurance Services:** A year end overspend of £600 thousand on this budget, resulted from the collapse of the insurance market in providing motor insurance to police forces. The full annual increase in premium amounted to £1 million, which has been fully budgeted in 2019/20, but the part year charge of £600 thousand in 2018/19 was unbudgeted and this gave rise to the overspend on this budget.

**2.8 Central:** Underspent by £833 thousand, approximately half of this saving arises from collaboration income and the remainder derives from holding back spending on centrally held budgets, such as Shared Services and ICT Telephony, to offset overspends in other Force functions.

**2.9 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 £5.1 million, due to the fact that the Police Officer budgeted establishment at the commencement of

the year was 1,872 posts, when the actual number of Officers actually in post was 1,952. Police Officers cannot be made redundant so a reduction in numbers can only be achieved through natural wastage. The natural rate at which police officers left the force was lower than expected during the year, so that the actual number of police officers in post did not reach the budgeted establishment until March, which gave rise to this significant overspend. In addition the average cost of employing a police officer in Surrey increased due to salary drift during the year and this also increased the overspend on this budget.

### **3). Capital Position**

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

The PCC approved Capital Budget for 2018/19 was £10 million, with £8.4 million being carried forward from 2017/18, making a total Capital Budget of £18.4 million. Recent reviews of the capital programme resulted in schemes totalling £3 million being deferred to next year. In addition the 2018/19 Capital Budget has been increased by £18.9 million, brought forward from the 2019/20 capital budget to facilitate the Commissioners decision to approve the purchase of a site in Leatherhead, allowing Surrey Police to in due course build a new Headquarters to replace the current out dated HQ at Mount Browne Guildford. The total Capital Budget for 2018/19 therefore amounted to £34.4 million.

The cost of the purchase, which amounted to £21.6 million was funded by a loan from the Public Works Loans Board £15.6 million, a revenue contribution of £0.6 million and internal borrowing of £5.4 million.

Total Capital Expenditure for the year amounted to £30.1 million well within the revised budget of £34.4 million.

### **4). Summary**

The year-end revenue underspend of £664 thousand, represents a good financial result given it was achieved in a difficult year, where to balance the revenue budget, an in year savings target of £5.3 million had to be achieved and a significant unexpected increase in motor insurance costs for the vehicle fleet was experienced. While there are several budget headings that have overspends recorded against them and the Police Officer Budget was overspent by £5.1 million, these problems were recognised early in the year and were compensated for by controlling non-pay budgets more effectively and putting strict controls in place on the recruitment to police staff posts, allowing a good net financial outcome to be achieved.

David Munro

**EQUALITIES & DIVERSITY IMPLICATIONS:**

None arising.

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FINANCIAL OVERVIEW AS AT MARCH 2019

**INCOME AND EXPENDITURE**

**PCC REVENUE BUDGET**

	Year to Date			Annual		
	Actual	Budget	Variance	Forecast	Budget	Variance
	£'000	£'000	£'000	£'000	£'000	£'000
<b>PCC TOTAL</b>	<b>1,988</b>	<b>0</b>	<b>1,988</b>	<b>1,988</b>	<b>2,038</b>	<b>(60)</b>

**FORCE REVENUE BUDGET BY FUNCTION**

	Year to Date			Annual		
	Actual	Budget	Variance	Forecast	Budget	Variance
	£'000	£'000	£'000	£'000	£'000	£'000
North Division	3,844	3,663	181	3,844	3,662	182
East Division	4,067	4,073	(5)	4,067	4,072	(4)
West Division	4,913	5,012	(99)	4,913	5,011	(98)
Specialist Crime Local	3,487	3,567	(80)	3,487	3,566	(79)
Specialist Crime	10,552	11,481	(929)	10,552	11,480	(928)
Operations Local	(1,290)	(471)	(820)	(1,290)	(472)	(819)
Operations	4,029	4,138	(109)	4,029	4,137	(108)
Public Protection	3,196	2,852	345	3,196	2,851	346
Criminal Justice	7,201	7,474	(273)	7,201	7,473	(272)
Probationers	0	1	(1)	0	0	0
Contact Management	15,316	15,367	(51)	15,316	15,366	(50)
<b>Sub Total</b>	<b>55,315</b>	<b>57,157</b>	<b>(1,841)</b>	<b>55,315</b>	<b>57,146</b>	<b>(1,830)</b>

Chief Officers	607	852	(245)	607	851	(244)
DCC	1,125	1,219	(94)	1,125	1,218	(93)
PSD	2,944	2,432	512	2,944	2,431	513
Corporate Comms	1,152	1,239	(77)	1,152	1,238	(76)
Service Quality	2,028	2,487	(459)	2,028	2,486	(458)
Change Programme	763	1,721	(957)	763	1,720	(956)
<b>Sub Total</b>	<b>8,629</b>	<b>9,950</b>	<b>(1,320)</b>	<b>8,629</b>	<b>9,944</b>	<b>(1,314)</b>
IT	11,891	14,627	(2,736)	11,891	14,625	(2,735)
Finance	1,221	1,036	185	1,221	1,035	186
Estates & Facilities	11,269	10,354	915	11,269	10,353	916
Building the Future Estates	406	429	(23)	406	428	(22)
People Services	7,151	7,700	(549)	7,151	7,699	(548)
Insurance Services	2,195	1,590	605	2,195	1,589	606
Procurement Services	194	215	(21)	194	214	(20)
Transport Service	493	614	(121)	493	613	(120)
<b>Sub Total</b>	<b>34,819</b>	<b>36,565</b>	<b>(1,746)</b>	<b>34,819</b>	<b>36,556</b>	<b>(1,738)</b>
Central	7,305	8,139	(834)	7,305	8,138	(833)
Police Payroll	105,923	100,822	5,101	105,923	100,822	5,101
<b>FORCE TOTAL</b>	<b>211,992</b>	<b>212,632</b>	<b>(640)</b>	<b>211,992</b>	<b>212,606</b>	<b>(614)</b>

**REVENUE BUDGET BY COST TYPE**

	Year to Date			Annual		
	Actual	Budget	Variance	Forecast	Budget	Variance
	£'000	£'000	£'000	£'000	£'000	£'000
Police Payroll	105,923	100,822	5,101	105,923	100,822	5,101
Police Overtime	4,270	4,030	240	4,270	4,030	240
Staff Payroll	62,194	66,207	(4,013)	62,194	66,207	(4,013)
Staff Overtime	1,437	1,547	(110)	1,437	1,547	(110)
Agency	1,048	827	221	1,048	827	221
Training	1,169	1,413	(245)	1,169	1,413	(245)
Other Payroll Costs	4,225	3,638	588	4,225	3,638	588
<b>Sub Total</b>	<b>180,265</b>	<b>178,484</b>	<b>1,781</b>	<b>180,265</b>	<b>178,484</b>	<b>1,781</b>

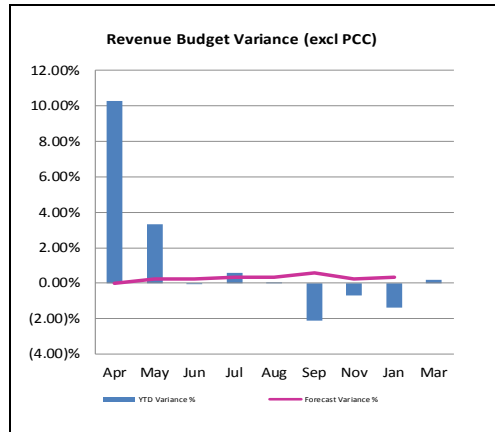
Premises	9,721	8,928	793	9,721	8,928	793
Transport	4,940	4,281	659	4,940	4,281	659
Supplies & Services	26,653	29,172	(2,518)	26,653	29,172	(2,518)
Financing	2,485	1,491	994	2,485	1,491	994
<b>Sub Total</b>	<b>43,800</b>	<b>43,872</b>	<b>(72)</b>	<b>43,800</b>	<b>43,872</b>	<b>(72)</b>

Income & Grants	(12,073)	(9,750)	(2,323)	(12,073)	(9,750)	(2,323)
<b>Sub Total</b>	<b>(12,073)</b>	<b>(9,750)</b>	<b>(2,323)</b>	<b>(12,073)</b>	<b>(9,750)</b>	<b>(2,323)</b>

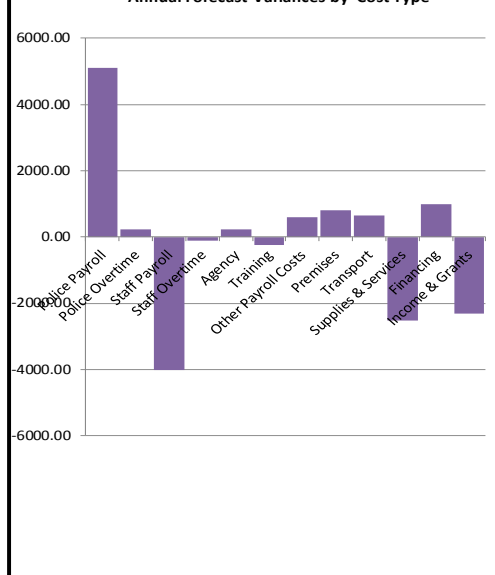
<b>FORCE TOTAL</b>	<b>211,992</b>	<b>212,606</b>	<b>(614)</b>	<b>211,992</b>	<b>212,606</b>	<b>(614)</b>
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**INCOME AND EXPENDITURE**

**REVENUE BUDGET VARIANCES**



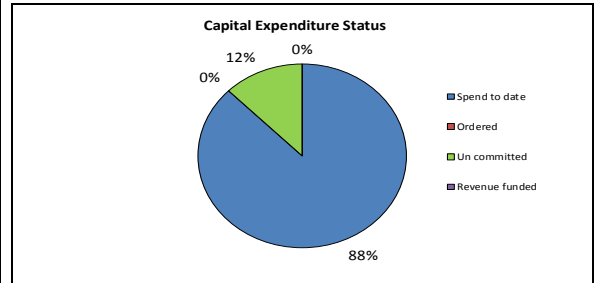
**Annual Forecast Variances by Cost Type**



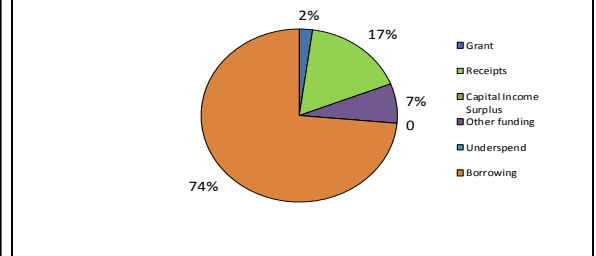
**CAPITAL EXPENDITURE**

**PORTFOLIO VARIANCES**

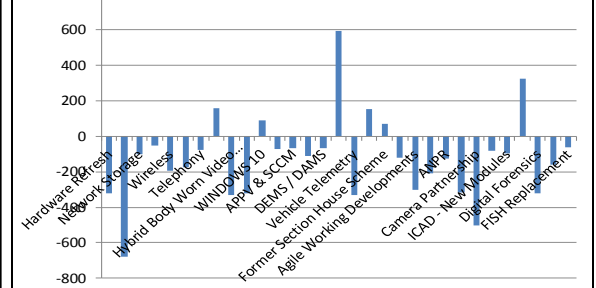
Summary Position	Year to Date			Annual		
	Actual	Budget	Variance	Forecast	Budget	Variance
	£'000	£'000	£'000	£'000	£'000	£'000
IT Strategy	903	3,454	(2,551)	903	3,454	(2,551)
Fleet Strategy	3,894	3,633	261	3,894	3,633	261
Estates Strategy	24,482	24,868	(386)	24,482	24,868	(386)
Other Specific	831	2,276	(1,445)	831	2,276	(1,445)
Unallocated	0	167	(167)	0	167	(167)
<b>Total</b>	<b>30,110</b>	<b>34,398</b>	<b>(4,288)</b>	<b>30,110</b>	<b>34,398</b>	<b>(4,288)</b>



**Capital Financing**



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



APPENDIX B

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LW105

C3 - Capital Report 2018/19  
Month 12  
March



Surrey & Sussex  
Policing Together

Scheme	Chief Officer	Total 18-19 Budget	Actual Spend YTD Apr-18-Mar-19	Full Year Budget YTD Variance	O/S Orders	Actual Spend YTD plus O/S Orders	Full Year Forecast	Forecast to Budget Variance	Total Budget for 2019/20	Total 2 Year Budget
<b>ICT Infrastructure Renewal / Business Continuity</b>										
Hardware Refresh	CIO	550,000	230,569	(319,431)		230,569	230,569	(319,431)	0	550,000
Laptop Replacement Programme	CIO	0	33,589	33,589		33,589	33,589	33,589	0	0
Networks / Cabling	CIO	887,071	207,735	(679,336)	5,178	212,913	207,735	(679,336)	0	887,071
Network Storage	CIO	100,000	0	(100,000)		0	0	(100,000)	0	100,000
Access Identity Management	CIO	50,000	0	(50,000)		0	0	(50,000)	0	50,000
Infrastructure & Networks	CIO	100,000	45,847	(54,153)		45,847	45,847	(54,153)	0	100,000
Wireless	CIO	215,000	23,089	(191,911)	12,000	35,089	23,089	(191,911)	0	215,000
<b>Sub-Total</b>		<b>1,902,071</b>	<b>540,829</b>	<b>(1,361,242)</b>	<b>17,178</b>	<b>558,007</b>	<b>540,829</b>	<b>(1,361,242)</b>	<b>0</b>	<b>1,902,071</b>
<b>Specific ICT Capital Schemes</b>										
Firewall and Security Devices	CIO	175,000	0	(175,000)		0	0	(175,000)	0	175,000
Telephony	CIO	125,000	49,129	(75,871)	50,477	99,606	49,129	(75,871)	0	125,000
IL4 Remediation (Collaboration)	CIO	0	0	0		0	0	0	68,000	68,000
Lync Federation and Edge Services	CIO	34,000	0	(34,000)		0	0	(34,000)	0	34,000
Mobile Data Terminals - Refresh	CIO	0	157,676	157,676	166,448	324,124	157,676	157,676	0	0
Hybrid Body Worn Video Infrastructure	CIO	331,000	0	(331,000)		0	0	(331,000)	0	331,000
Digital Enablement 2	CIO	321,000	0	(321,000)		0	0	(321,000)	0	321,000
WINDOWS 10	CIO	0	91,097	91,097		91,097	91,097	91,097	0	0
Confidential Environment	CIO	32,000	0	(32,000)		0	0	(32,000)	0	32,000
Protective Monitoring	CIO	45,000	0	(45,000)		0	0	(45,000)	0	45,000
Planned Server Replacement	CIO	75,000	3,520	(71,480)		3,520	3,520	(71,480)	0	75,000
ARK Infrastructure	CIO	25,000	0	(25,000)		0	0	(25,000)	0	25,000
APPV & SCCM	CIO	68,000	0	(68,000)		0	0	(68,000)	0	68,000
Private & Public Cloud	CIO	113,000	0	(113,000)		0	0	(113,000)	0	113,000
Enterprise Vault	CIO	80,000	49,328	(30,672)		49,328	49,328	(30,672)	0	80,000
Avtec Climate Monitoring	CIO	10,000	0	(10,000)		0	0	(10,000)	0	10,000
Exchange Backup (Altavault)	CIO	50,000	11,759	(38,241)		11,759	11,759	(38,241)	0	50,000
DEMS / DAMS	CIO	68,662	0	(68,662)		0	0	(68,662)	525,338	594,000
<b>Sub-Total</b>		<b>1,552,662</b>	<b>362,508</b>	<b>(1,190,154)</b>	<b>216,924</b>	<b>579,433</b>	<b>362,508</b>	<b>(1,190,154)</b>	<b>593,338</b>	<b>2,146,000</b>
<b>Fleet Annual Replacement Schemes</b>										
Vehicle Replacement	CFO	3,082,912	3,676,549	593,638	1,407,153	5,083,702	3,676,549	593,638	0	3,082,912
Fleet Equipment	CFO	0	0	0		0	0	0	0	0
Vehicle Telemetry	CFO	550,000	217,435	(332,565)		217,435	217,435	(332,565)	0	550,000
<b>Sub-Total</b>		<b>3,632,912</b>	<b>3,893,984</b>	<b>261,073</b>	<b>1,407,153</b>	<b>5,301,137</b>	<b>3,893,984</b>	<b>261,073</b>	<b>0</b>	<b>3,632,912</b>
<b>Specific Capital Schemes - Estates Strategy</b>										
Building the Future	CFO	21,589,769	21,589,769	0		21,589,769	21,589,769	0	0	21,589,769
Divisional Estates' Strategy	CFO	389,420	542,857	153,437		542,857	542,857	153,437	0	389,420
Air Conditioning	CFO	6,730	23,472	16,742		23,472	23,472	16,742	0	6,730
Former Section House Scheme	CFO	382,720	450,882	68,162	830	451,713	450,882	68,162	0	382,720
Estates' Strategy - Environmental	CFO	170,000	48,480	(121,520)		48,480	48,480	(121,520)	0	170,000
Estates' Strategy - Guildford and Staines Custody	CFO	471,908	483,838	11,930		483,838	483,838	11,930	0	471,908
Agile Working Developments	CFO	1,555,642	1,253,674	(301,968)	40,096	1,293,770	1,253,674	(301,968)	0	1,555,642
Electric Vehicle Infrastructure	CFO	95,000	89,007	(5,993)		89,007	89,007	(5,993)	0	95,000
Niche Evidential Property	CFO	206,338	0	(206,338)		0	0	(206,338)	0	206,338
<b>Sub-Total</b>		<b>24,867,527</b>	<b>24,481,979</b>	<b>(385,548)</b>	<b>40,926</b>	<b>24,522,905</b>	<b>24,481,979</b>	<b>(385,548)</b>	<b>0</b>	<b>24,867,527</b>
<b>Specific Capital Schemes - Operations</b>										
ANPR	ACC Op	368,666	243,287	(125,379)	51,365	294,652	243,287	(125,379)	0	368,666
Taser Replacement and Uplift	ACC Op	316,761	0	(316,761)		0	0	(316,761)	0	316,761
Drone Replacement	ACC Op	29,000	31,149	2,149		31,149	31,149	2,149	0	29,000
Camera Partnership	ACC Op	500,000	0	(500,000)		0	0	(500,000)	0	500,000
<b>Sub-Total</b>		<b>1,214,427</b>	<b>274,436</b>	<b>(939,991)</b>	<b>51,365</b>	<b>325,801</b>	<b>274,436</b>	<b>(939,991)</b>	<b>0</b>	<b>1,214,427</b>
<b>Specific Capital Schemes - Local Policing</b>										
ICCS	ACC Op	161,000	120,050	(40,950)	74,817	194,867	120,050	(40,950)	0	161,000
Digital Interview Recording Phase 1&2	ACC LP	50,000	0	(50,000)	40,628	40,628	0	(50,000)	0	50,000
ESN- Hardware & Infrastructure	ACC Op	0	0	0		0	0	0	500,000	500,000
ESN-Devices	ACC Op	0	0	0		0	0	0	500,000	500,000
CC6 Soft Vacate	ACC LP	81,000	0	(81,000)		0	0	(81,000)	0	81,000
Queue Buster 101	ACC LP	60,000	35,145	(24,855)	29,176	64,321	35,145	(24,855)	0	60,000
ICAD - New Modules	ACC LP	95,000	0	(95,000)		0	0	(95,000)	0	95,000
Storm-Surrey Contact Centre	ACC LP	0	6,943	6,943	244,175	251,118	6,943	6,943	0	0
<b>Sub-Total</b>		<b>447,000</b>	<b>162,138</b>	<b>(284,862)</b>	<b>388,796</b>	<b>550,934</b>	<b>162,138</b>	<b>(284,862)</b>	<b>1,000,000</b>	<b>1,447,000</b>
<b>Specific Capital Schemes - Specialist Crime</b>										
HTCU & POLIT Infrastructure Remediation	ACC SC	63,204	390,108	326,904	71,029	461,137	390,108	326,904	20,000	83,204
Digital Forensics	ACC SC	322,000	0	(322,000)		0	0	(322,000)	200,000	522,000
Specialist Crime Capabilities Programme	ACC SC	166,000	4,112	(161,888)		4,112	4,112	(161,888)	0	166,000
FISH Replacement	ACC SC	64,000	0	(64,000)		0	0	(64,000)	0	64,000
<b>Sub-Total</b>		<b>615,204</b>	<b>394,220</b>	<b>(220,984)</b>	<b>71,029</b>	<b>465,249</b>	<b>394,220</b>	<b>(220,984)</b>	<b>220,000</b>	<b>835,204</b>
<b>Total Schemes</b>		<b>34,231,802</b>	<b>30,110,094</b>	<b>(4,121,708)</b>	<b>2,193,372</b>	<b>32,303,465</b>	<b>30,110,094</b>	<b>(4,121,708)</b>	<b>1,813,338</b>	<b>36,045,140</b>
Unallocated - Budget Only	CFO	167,239	0	(167,239)		0	0	(167,239)	1,847,300	2,014,539
<b>Overall Total</b>		<b>34,399,041</b>	<b>30,110,094</b>	<b>(4,288,947)</b>	<b>2,193,372</b>	<b>32,303,465</b>	<b>30,110,094</b>	<b>(4,288,947)</b>	<b>3,660,638</b>	<b>38,059,679</b>