

SURREY POLICE AND CRIME PANEL**SURREY POLICE GROUP UNAUDITED FINANCIAL REPORT FOR
2019/20****30 June 2020****1) Purpose of Report**

The purpose of this report is to inform the Police & Crime Panel of the Surrey Police Group (i.e. OPCC and Chief Constable combined) unaudited financial position as at the year-end 31st March 2020. The report compares the Group financial results with the budgets approved by me in January 2019 for the financial year 2019/20. A more detailed report on the OPCC financial performance for 2019/20 is included elsewhere on this agenda

2) Revenue Financial Performance for the Year

I am pleased to report that at the end of the year the Surrey Police Group had a total unaudited revenue underspend of £2.258m against a net budget of £235.128m. This will be used to increase reserves to meet with the potential costs of the Coronavirus

A detailed report of spending against individual budgets for 2019/20 is included in Appendix A to this report. This shows actual expenditure against budget both my portfolio and by cost centre and is before the £2m transfer to reserves which is explained later in this paper. The notes below are provided to give the Panel additional information on major cost centre variances:

a) Wages and Salaries

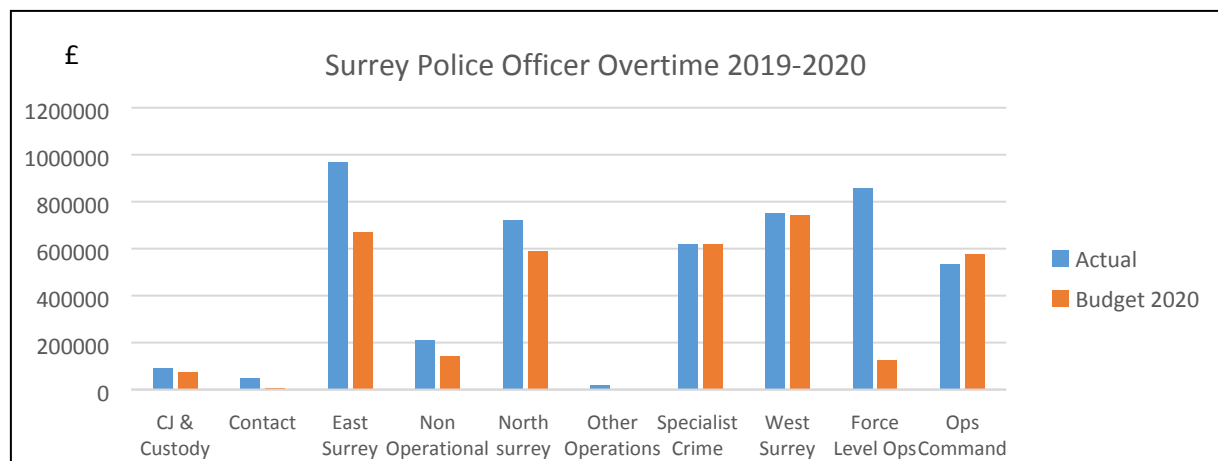
The variances for these areas have been summarised in the table below:

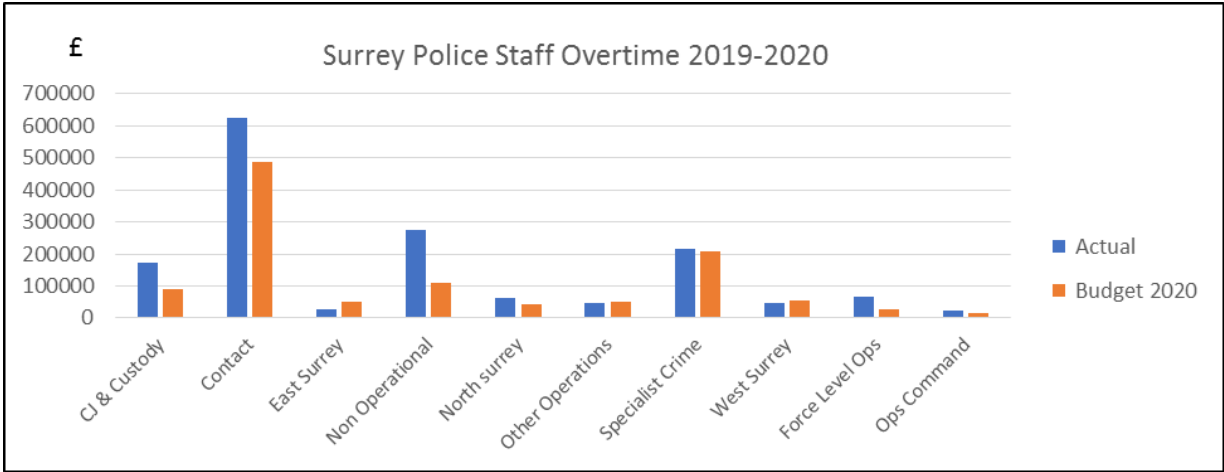
Mar-20	Full Year		
	Forecast	Budget	Variance
Police Officer Pay	110,979,134	110,802,030	177,104
Police Officer Overtime	4,826,055	3,554,030	1,272,025
Police Staff Pay	65,874,953	69,562,484	(3,687,531)
Police Staff Overtime	1,543,123	1,118,547	424,576
PO Injury, Ill Health & Death Pensions	2,103,715	2,081,105	22,610
Other Employee Expenses	2,236,911	2,055,415	181,496
Temporary or Agency Staff	1,987,263	1,399,437	587,826
Restructure, Training & Conference Costs	1,463,475	1,325,654	137,821
Total	191,014,629	191,898,702	(884,073)

The most significant variances relate to pay and overtime. Most of this is due to vacancies and the actual headcount numbers against budget are shown in the table below:

Average FTE's	Forecast of Employees (Strength)	Budgeted No. of Employees (Establishment)	Variance
Police Officers	1874	1921	(47)
Police Staff	1578	1734	(156)
PCSO's	113	118	(5)
Total	3564	3773	(209)

This shortfall in staffing has meant increase expenditure on overtime and agency staff. Overtime costs are monitored by the Overtime Working Group and the charts below show which areas had the greatest overtime spend





On a positive note I am pleased to report that the targets for the precept investment were exceeded at the end of the year. This can be seen in the table below

Expected increase at March 2020	Investment provided	Actuals 31/3/20
Employee Group	FTE	FTE
Police Officers – under strength	25	25
Police Officers - growth	64	53
Police Staff - growth	15	15
PCSO - growth	0	0
Investigator Officers - growth	0	16
Total	104	109

The 25 under strength police officers was achieved by June 2019. Sadly due to attrition rates being higher than anticipated the 64 New Officers were not all in place at the year end. However to offset this a number of temporary Investigative officers have been recruited and these will be reduced as police officer numbers increase.

b) Non-pay Budgets

The variances for these budgets are summarised in the table below:

Mar-20	Full Year		
	Forecast	Budget	Variance
Premises Related Expenditure	12,740,193	10,765,445	1,974,748
Transport Related Expenditure	6,104,513	5,121,951	982,562
Supplies & Services	27,318,899	30,591,103	(3,272,204)
Capital financing and contributions	7,025,928	4,057,180	2,968,748
Grants & Income	(12,555,638)	(9,423,965)	(3,131,673)
Total	40,633,896	41,111,714	(477,818)

The Premises overspend was driven by essential maintenance works at MTB together with additional costs related to the new HQ such as valuation fees and utilities. Some of these costs were offset by income from tenants.

The £1.0m overspend in Transport relates to the recovery of workshop costs and vehicle repairs within Operations Command Joint.

Supplies & Services underspend relates mainly to underspends in Equip (due to re-phasing), cost of change and ICT (Due to delays in regional projects such as ARK and EPM)

£1m of the overspend in Capital Financing and contributions relates to borrowing repayments for the new HQ and the remainder are revenue contributions to capital (as revenue was underspent) for Airwaves, Agile Working, Ops Equipment and the Camera Partnership.

Income has overachieved mainly due to increased income from the Camera Partnership and Gatwick recharges from Sussex.

c) Delivery of Savings

The 2019/20 budget included a deduction of £2.848m of expected savings. I am pleased to report that all of these had been achieved by the end of the year.

3) Capital Financial Performance for the Year

A detailed Capital Report which includes spend against budget is attached as Appendix B to this report.

The Capital Budget for 2019/20 was £18.1m including carry forwards from the previous year. Of this only £9.4m has been spent and I have agreed that £7.4m of capital projects from 2019/20 is carried forward in to 2020/21. Many capital projects cover more than 1 year and so it is not unusual for spend to be carried over from one year to another.

Of the £7.4m being transferred from 2019/20 to 2020/21 £3.7m relates to delays with ICT schemes and £2.2m for the new HQ. This will bring the total Capital Budget for 2020/21 to £18m.

Capital has been funded using a combination of funding sources as set out in the table below:

Source of Funding	Draft Capital Financing £m	%
Home Office Capital Grant	0.637	7%
Other Grants and Income	0.000	0%
Capital Receipts	4.462	47%
Revenue Funding	3.712	40%
Internal Borrowing	0.596	6%
Total	9.407	100%

4) Reserves

As a result of the revenue underspend already reported I have agreed to the following specific transfers to reserves at the year-end:

- £1m to an earmarked Covid 19 reserves
- £0.5m to the Chief Constable reserve to deal with Covid issues
- £0.5m to the PCC reserve to deal with Covid issues

In addition a further transfer of £121,000 was made to the PCC reserves to reflect the underspend on the OPCC budget and grants I made to support the Voluntary sector through Covid. The remaining surplus of £259,000 has been transferred in to the General reserve. This reserve represents 3% of the Group's net budget and is at the lower end of reserves nationally. A table of the reserves and movements is shown below:

	Balance at 31 March 2019 £'000	Transfers In 2019-20 £'000	Transfers Out 2019-20 £'000	Balance at 31 March 2020 £'000
Provisions:				
Restructuring Provision	(109)	0	0	(109)
Legal Claims Provision	(721)	0	0	(721)
Total Provisions	(830)	0	0	(830)

	Balance at 31 March 2019 £'000	Transfers In £'000	Transfers Out £'000	Balance at 31 March 2020 £'000
General Fund				
General Fund	(6,812)	(259)	0	(7,071)
Earmarked Reserves:				
Chief Constable Reserve	(571)	(500)	0	(1,071)
OPCC Operational Reserve	(500)	(621)	0	(1,121)
PCC Estate Strategy Reserve	(2,800)	0	0	(2,800)
Estate Maintenance Reserve	(48)	0	48	0
Cost of Change Reserve	(1,443)	0	0	(1,443)
Local Reserve - Corporate Comms	(73)	0	73	0
Ill Health/Injury Reserve	(1,718)	0	0	(1,638)
Covid19 Reserve	0	(1,000)	0	(1,000)
Insurance Reserve	(3,288)	(1,643)	1,552	(3,379)
Total Reserves	(17,253)	(4,023)	1,673	(19,603)

5) Audit

The results as presented are unaudited and may be subject to change by the External Auditors. Due to Covid 19 situation they do not have to report the results of their audit until 30th November 2020. Although no significant changes to the results as reported are expected if there are any material changes then these will be reported to Panel members.

6) Equalities and Diversity Implications

There are none arising from this report

7) Summary

The £2.2m revenue underspend, albeit some of it due to timing, coupled with the achievement of £2.8m of savings and the delivery of the additional precept posts is in no small part due to the hard work of many people working together across both the Force and the OPCC. Whilst there are a number of areas that still need attention, such as overtime, police officer retention and ICT I believe this is a good result. It has enabled me to increase our reserves to try and address the very real financial challenges we face in 2020/21 and beyond as a result of Covid 19.

Some of our Capital projects have not proceeded as quickly as I would have liked and this is reflected in the level of carry forward requested. However I am pleased to report that our largest project – Building the Future – for the new Police HQ is proceeding at pace.

There is no doubt that we are entering a period of financial uncertainty across the whole public sector and that this may have an impact on budgets and services going forward. However due to the prudent management of the finances over this last year I believe that we are as well placed as we can be to try and meet these future challenges.

David Munro
Police & Crime Commissioner

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Revenue Budget and Outturn for 2019/20



Surrey Corporate Report			
Mar-20	Year to Date		
	Actual	Budget	Variance
Portfolio			
Local Policing	36,845,821	35,228,683	1,617,138
Operations	3,654,008	4,697,992	(1,043,984)
Specialist Crime	18,118,167	19,592,445	(1,474,278)
Corporate Services Sussex	1,281,848	1,269,065	12,783
Corporate Services Surrey	6,759,630	9,141,216	(2,381,586)
Information & Communication Technology	13,677,567	14,976,080	(1,298,513)
People Services	5,978,103	6,261,705	(283,602)
Equip	1,912,449	3,570,017	(1,657,568)
Commercial and Finance Services	30,441,798	27,471,183	2,970,615
<i>Non-Delegated</i>	<i>110,979,134</i>	<i>110,802,030</i>	<i>177,104</i>
Operational Policing Total	229,648,524	233,010,416	(3,361,892)
PCC for Surrey Police	2,097,465	2,117,933	(20,468)
Total Police Fund	231,745,990	235,128,349	(3,382,359)
Funding	(234,004,913)	(235,128,349)	1,123,436
Grand Total	(2,258,924)	-	(2,258,924)
Cost Type PCC			
PCC for Surrey Police	2,097,465	2,117,933	(20,468)
PCC Total	2,097,465	2,117,933	(20,468)
Cost Type			
Police Officer Pay	110,979,134	110,802,030	177,104
Police Officer Overtime	4,826,055	3,554,030	1,272,025
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Transport Related Expenditure	6,104,513	5,121,951	982,562
Supplies & Services	25,318,899	30,591,103	(5,272,204)
Capital financing and contributions	7,025,928	4,057,180	2,968,748
Grants & Income	(12,555,638)	(9,423,965)	(3,131,673)
Total Force	229,648,524	233,010,416	(3,361,892)
Funding	(234,004,913)	(235,128,349)	1,123,436
Grand Total	(2,258,923)	-	(2,258,923)

Capital Budget and Outturn for 2019/20

Scheme	Chief Officer	Total 19-20 Budget (incl. Conts)	Actual Spend Apr-19-Mar-20	Full Year Budget Variance	Slippage	2020-21 Budget Allocated	Total 20-21 Budget
IT Renewal & Upgrades							
End User Devices							
Hardware Refresh Desktop & Laptops	CIO	810,000	524,315	285,685	285,685	621,000	906,685
Windows 10	CIO	986,000	57,025	928,975	928,975	0	928,975
Agile hardware (Estates)	CIO	300,000	0	300,000	300,000	300,000	600,000
Infrastructure							
Telephony	CIO	150,000	31,221	118,779	46,779	72,000	118,779
Office 365 Planning & Pre-implementation	CIO	371,000	5,108	365,892	-5,108	371,000	365,892
Infrastructure & Networks	CIO	450,000	166,289	283,711	283,711	945,000	1,228,711
Datacentre Improvements	CIO	30,000		30,000	30,000	0	30,000
Planned Server Replacement	CIO	461,250	16,958	444,292	196,211	0	196,211
IL4 Remediation (Joint)	CIO	0	0	0	0	0	0
Firewall & Security Devices	CIO	1,000	5,795	-4,795		0	0
IDAM	CIO	360,000	1,379	358,621	358,621	0	358,621
Airwave Upgrade	CIO	225,000	230,621	-5,621	0	0	0
Process							
Network Monitoring Tool	CIO	200,475	0	200,475	200,475	225,000	425,475
Digital							
DEMS / DAMS	CIO	659,000	0	659,000	659,000	0	659,000
Body Worn Video Infrastructure	CIO	183,600	0	183,600	183,600	0	183,600
Mobile data Terminals - Refresh	CIO	108,000	(19,897)	127,897	127,897	225,000	352,897
Joint Intranet	CIO	55,000	0	55,000	55,000	0	55,000
Sub-Total		5,350,325	1,018,814	4,331,511	3,650,846	2,759,000	6,409,846
Fleet Annual Replacement Schemes							
Vehicle Replacement	CFO	2,305,437	2,875,095	-569,658	-569,658	2,627,000	2,057,342
Fleet Equipment	CFO	479,000	0	479,000	479,000	134,000	613,000
Vehicle Telemetry	CFO	632,565	424,627	207,938	207,938	460,000	667,938
Operations Command Equipment	CFO	225,000	224,717	283	0	0	0
Automatic Number Plate Recognition	CFO				0	540,000	540,000
18-22 Fleet Purchases	CFO		50,952	-50,952	0	0	0
Sub-Total		3,642,002	3,575,391	66,611	117,280	3,761,000	3,878,280
Specific Capital Schemes - Estates Strategy							
Building the Future	CFO	2,230,000	1,315,329	914,671	914,671	1,800,000	2,714,671
Divisional Estates' Strateg (Incl Chertsey Gun Store)	CFO	200,000	118,201	81,799	81,799	0	81,799
Air Conditioning	CFO	200,000	0	200,000	200,000	0	200,000
Former Section House Scheme	CFO	300,000	(666)	300,666	300,666	0	300,666
Estates' Strategy - Environmental	CFO	121,520	4,318	117,202	117,203	0	117,203
Agile Working Developments	CFO	571,968	86,447	485,521	485,521	0	485,521
Electric Vehicle Infrastructure	CFO	5,993	0	5,993	0	0	0
Niche Evidential Property	CFO	206,338	155,194	51,144	51,144	0	51,144
Custody Centre Improvements	CFO	0	0	0	0	685,000	685,000
Sub-Total		3,835,819	1,678,823	2,156,996	2,151,004	2,485,000	4,636,004
Specific Capital Schemes - Operations							
ANPR	ACC Op	206,379	157,496	48,883	48,883	150,000	198,883
Taser Replacement and Uplift	ACC Op	400,761	165,634	235,127	235,127	0	235,127
Drone Replacement	ACC Op	8,851	(19,460)	28,311	57,311	0	57,311
Camera Partnership	ACC Op	500,000	367,428	132,572	132,572	0	132,572
Ops Command Equip & Replacement	ACC Op	0	0	0	0	0	0
Sub-Total		1,115,991	671,098	444,893	473,893	150,000	623,893
Specific Capital Schemes - Local Policing							
ICCS	ACC Op	40,950	0	40,950	0	0	0
ESN-Devices	ACC Op	0	0	0	0	1,325,000	1,325,000
Queue Buster 101	ACC LP	24,855	32,460	-7,605	0	0	0
Storm-Surrey Contact Centre	ACC LP	2,500,000	1,204,088	1,295,912	845,000	0	845,000
Sub-Total		2,565,805	1,236,548	1,329,257	845,000	1,325,000	2,170,000
Specific Capital Schemes - Specialist Crime							
HTCU & POLIT Infrastructure Remediation	ACC SC	20,000	72,761	-52,761	0	0	0
Digital Forensics	ACC SC	337,020	0	337,020	226,336	0	226,336
Specialist Crime Capabilities Programme	ACC SC	75,203	0	75,203	0	0	0
SEROCU Western Hub	ACC SC	1,154,215	1,154,215	0	0	0	0
POLIT Workstations	ACC SC	100,000	0	100,000	100,000	0	100,000
Sub-Total		1,686,438	1,226,976	459,462	326,336	0	326,336
Overall Total		18,196,380	9,407,650	8,788,730	7,564,359	10,480,000	18,044,359

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