



Report of the Chief Finance Officer of the PCC to the Police and Crime Commissioner for North Yorkshire

22nd May 2018

Status: For Information

Revenue and Capital Outturn 2017-18

1. Executive Summary

1.1 Purpose of the Report

In February 2017 the PCC agreed the revenue Budget for 2017/18 which was based on the receipt of income totalling £154,680k. This report is to provide the PCC with the final position of the financial performance against the budget for the financial year 2017/18. The financial information contained within the report could be subject to change as a result of the annual audit, if any changes are required an update will be provided to the PCC.

2. Recommendations

The PCC is asked to note:

- 2.1 The Office of the PCC's budget of £911k over spent by £64k.
- 2.2 The Corporate Services budget, originally set at £25,942k and revised to £21,653k under spent by £591k.
- 2.3 The Partnerships & Commissioning Budget of £3,966k under spent by £516k.
- 2.4 The PCC received £1,549k of additional income during the year that resulted in increased expenditure over and above that which was envisaged when the budget was set.
- 2.5 However the PCC received £2,181k less income in 2017/18 than was included within the revised budget. This resulted in an overall over spend of the same amount against income.
- 2.6 The Force over spent its revised budget of £126,824k by £1,980k.
- 2.7 The total over spend for 2017/18 was £1,819k, after allowing for changes to the use of reserves and the outturn on revenue projects.

3. Reasons

3.1 When setting the budget for the financial year 2017/18 the PCC allocated the income forecast to be received during the year, of £154,680k, into the following areas:

- £911k to run the Office of the PCC
- £3,641k for Commissioned Services
- £25,492k for Corporate Services
- £126,250k to the Police Force
- £3,885k to the Capital Programme
- £5,499k from Reserves

The following sections will look at the above areas in more detail and discuss the outturn for each area.

3.2 Income and Funding

The PCC set the budget based on receiving income and funding of £154,680k during 2017/18 from the areas summarised in the table below, the in-year changes, the actual levels of income received and variances are shown below. In addition to current year figures the comparator figures for 2015/16 and 2016/17 are also shown.

2015/16 Final Budget	2015/16 Outturn	Variance	2016/17 Revised Budget	2016/17 Outturn	Variance	Summary of Income to be Received by the PCC	2017/18 Budget	In Year Changes	2017/18 Revised Budget	2017/18 Outturn	Variance
£000s	£000s	£000s	£000s	£000s	£000s	Funding	£000s	£000s	£000s	£000s	£000s
(69,117)	(69,117)	0	(68,723)	(68,723)	0	Government Grants	(67,762)	0	(67,762)	(67,762)	0
(60,806)	(60,806)	0	(63,563)	(63,563)	0	Precept	(66,029)	0	(66,029)	(66,029)	0
(2,152)	(2,152)	0	(2,152)	(2,152)	0	Council Tax Freeze Grant	(2,152)	0	(2,152)	(2,152)	0
(5,746)	(5,746)	0	(5,746)	(5,746)	0	Council Tax Support Grant	(5,746)	0	(5,746)	(5,746)	0
(68,704)	(68,704)	0	(71,460)	(71,460)	0	Precept related funding	(73,927)	0	(73,927)	(73,927)	0
(3,296)	(3,452)	(156)	(2,928)	(3,309)	(381)	Specific Grants	(3,021)	(1,068)	(4,089)	(4,149)	(60)
(6,185)	(6,063)	122	(7,563)	(6,631)	932	Partnership Income/Fees and Charges/Misc Income	(9,970)	(481)	(10,451)	(8,210)	2,241
(9,481)	(9,515)	(34)	(10,491)	(9,940)	551	Other Funding	(12,991)	(1,549)	(14,540)	(12,359)	2,181
(147,302)	(147,336)	(34)	(150,674)	(150,123)	551	Total	(154,680)	(1,549)	(156,229)	(154,048)	2,181

3.3 In terms of overall income, the PCC received £154,048k during 2017/18 this was £3.9m, or 2.6% higher than 2016/17. (And £6.7m or 4.6% higher than 2015/16).

3.4 The total income received in 2017/18 was however £632k lower than the original 2017/18 budget and £2,181k lower than the revised budget. The

revised budget takes into account notifications of additional funding to be received during the year in addition to those expected at the start of the year, such as Transformation Funding Grants and Ministry of Justice Funding. It is therefore important to understand where the major variances arose and these are discussed below:

3.5 Specific Grants

Around £1,068k more in Specific Grants were received than originally budgeted for in 2017/18, which resulted in a £60k underspend.

3.6 These additional grants were for the following areas:

- Alcohol Campaign Grant - £93k
- Domestic Violence – A Whole System Approach - £343k
- Mobile Live Links - £117k
- National Citizens in Policing - £430k

3.7 The income was directly related to expenditure so the income was offset by additional expenditure. The projects enabled the delivery of services and the development of business cases and project proposals that would otherwise not have been delivered.

3.8 Other Income Streams

In total the PCC received £2,241k less in terms of 'Other Funding' than was expected based on the revised budget.

3.9 The recharges made for speed awareness courses were responsible for the greatest single underachievement of income. The recharges generated £2.1m less income than was forecast. This was in part as a result of a delay in the procurement of new vans which resulted in all 12 Safety Camera Vans not being deployed until the middle of December. In addition to this the safety camera vans generated course referrals at a slower rate than was forecast and the rate of offences detected per hour has also decreased. Although this has a negative impact on the income received, it is perhaps an indication that the vans are having a positive impact of driver behaviour in the force area.

3.10 The third factor impacting on this under recovery was that the overall budget set for the income in this area was too optimistic. With this in mind the overall budget for driver training income has been re-assessed for 2018/19 and the budget has been set at £3.1m, which is £1m less than the budget set in 2017/18, but also £1m higher than the actual level of income received in 2017/18.

3.11 The income received in the first month of 2018/19 was £201k which was £30k less than the forecasted position. It is however early in the financial year and there are a number of factors that determine the timing of the receipts of income.

3.12 This area will be kept under very close review in 2018/19 to ensure that the levels of pressures seen in 2017/18 do not occur in 2018/19.

3.13 Other significant under achievements include the income derived from:

- Prosecution Costs - £190k

3.14 This is the second year in a row that the income from Prosecutions has been significantly below budget, this has been predominantly driven by staffing vacancies and workload elsewhere. The income budget for this area has been amended to reflect the lessons of the last 2 years, in terms of the income budget and therefore a pressure in this area should prove less likely in 2018/19.

3.15 The Office of the PCC

The 2017-18 outturn was expenditure of £974k versus the original budget of £911k, leading to an over spend of £64k. Further details of the performance against the budget are shown at Appendix A.

3.16 The primary reasons for the over spend relate to the costs incurred in paying for an Interim Chief Executive during a period of sickness for the substantive post holder. This resulted in costs of £137k being incurred that were not included within the original budget.

3.17 Corporate Services

The Corporate Services budget for 2017/18 was set at £25,492k as per the table below. There are a number of changes that occurred during the year as part of establishing the 'projects' budgets and at the end of the financial year to ensure the 'proper' accounting treatment for the Capital element of projects which impacts on the 'Revised 2017/18 Budget' in the table below.

Revised 2015/16 Budget	2015/16 Actual Spend	2015-16 Actual Over/(Under)	Revised 2016/17 Budget	2016/17 Actual Spend	2016-17 Actual Over/(Under)	Corporate Services Budget	Original 2017/18 Budget	Revised 2017/18 Budget	2017/18 Final Spend	Final (Under) / Over Spend
£000s	£000s	£000s	£000s	£000s	£000s	Category of Spend	£000s	£000s	£000s	£000s
8,016	6,972	(1,044)	6,928	6,542	(386)	Staff Pay	8,691	7,233	6,869	(364)
257	158	(99)	228	89	(139)	Other Non Salary	551	250	86	(164)
5,037	4,534	(503)	4,794	4,461	(333)	Premises	4,621	4,533	4,492	(41)
9,607	7,929	(1,678)	8,426	7,555	(871)	Supplies and Services	10,482	8,492	8,440	(52)
873	753	(120)	152	815	663	Transport	637	635	821	186
261	302	41	569	382	(187)	Asset Management	510	510	354	(156)
24,051	20,648	(3,403)	21,097	19,844	(1,253)	Total Budget	25,492	21,653	21,062	(591)

3.18 Corporate Services expenditure increased by £1.2m, or 6.1%, in 2017/18 in comparison to 2016/17, however this is 'only' 2.0% higher than it was in 2015/16. In a similar trend to both 2015/16 and 2016/17 almost all areas underspent. The exception was in relation to Transport where the expected savings from the delivery of MAUDs and Mobile Working have not yet materialised.

- 3.19 The learning from these underspends will need to be captured during 2018/19 and incorporated into the forecast position for 2018/19 and also the Medium Term Financial Plan. It is vital that these 'soft' budgets are fully understood and therefore can be reduced to the levels of expected expenditure.
- 3.20 The Corporate Services budget for 2018/19 was set at £22,018k and is therefore £956k, or 4.5%, higher than the 2017/18 outturn. While some of this results from higher asset management costs, as a result of borrowing and interest charges, and others from pay awards and general inflation, it would still appear that further savings can be made from within this area.

Staff Pay – Corporate Services

- 3.21 The 2017-18 Budget was based on their being an average of 205 FTE Staff throughout the year. The outturn for the 2017/18 financial year resulted in an average of 182.5 FTEs being employed – this higher than expected level of vacancies has resulted in an under spend in this area of £539k.
- 3.22 This underspend has then been reduced by overspends on Agency staff, £149k, to fill some of these vacancies and small overspends on overtime, £8k and leavers costs of £18k – resulting in an overall underspend on 'Staff Pay' within Corporate Services of £364k.
- 3.23 The number of staff employed within this area at the end of 2017/18 puts Corporate Services collectively in a strong position to meet the financial challenges that were set for 2018/19 where efficiencies and vacancies mean that the budget for Corporate Services is based on 198 FTEs being employed within this area on average.
- 3.24 Details on the variances in this area are included within the commentary in section 4.
- 3.25 Commissioned Services
The PCC allocated an initial budget of £3,651k to invest in Commissioned Services including Community Safety Initiatives, Victims and Witnesses services and wider Partnership working during 2017/18. Additional funding expected for the Alcohol Abstinence project increased this to £3,966k.
- 3.26 Of this revised budget there was an under spend of £561k. This is summarised in the table below:

	2017/18	2017/18	Over/ (under)
	Revised Budget	Outturn	spend
Commissioning and Partnerships	£000s	£000s	£000s
Community Safety	382	281	(101)
Substance Misuse	236	236	(0)
Youth Justice	375	375	0
Alcohol Abstinence Pilot	375	189	(185)
Victims Services	1,025	1,033	8
Community Fund	250	208	(42)
SARC Services	293	295	2
Street Triage and Mental Health Services	449	336	(113)
Stop Hate	15	15	0
Alcohol Abstention Orders	0	0	0
Reviews and Evaluations	20	24	4
Staff and Non-Pay	547	459	(88)
Total Costs	3,966	3,450	(516)

3.27 Many of these areas of underspend, such as the Community Safety under spend, the Community Fund and the Partner funding relating to the Alcohol Abstinence Pilot has been earmarked for use in future years.

4. Police Force

4.1 The vast majority of the funding available to the PCC has been provided to the Police Force. The Force was allocated a budget of £126,250k for 2017/18, however in line with the receipt of additional income, in year decisions and some normal year end accounting adjustments, this has increased by £574k. The summary of how this was forecast to be spent, including actual outturns and over/(under) spends are included in the table below. The comparators to 2015/16 and 2016/17 are also shown:

Revised 2015/16 Budget	2015/16 Actual Outturn	2015-16 Actual Over/(Under)	Revised 2016/17 Budget	Actual Spend in 2016/17	2016/17 (Under)/Overspend		Original 2017/18 Budget	Revised 2017/18 Budget	2017/18 Final Spend	Over / (Under) Spend
£000s	£000s	£000s	£000s	£000s	£000s	Police Force Financial Summary	£000s	£000s	£000s	£000s
						Police Force Planned Expenditure Pay				
70,489	69,267	(1,222)	69,862	71,108	1,246	Police Pay	70,781	71,405	71,103	(302)
1,848	3,021	1,173	1,082	3,070	1,988	Police Overtime	2,005	1,850	3,392	1,542
5,832	6,074	242	6,326	5,906	(420)	PCSO Pay (incl Overtime)	6,717	6,717	6,287	(430)
25,409	25,646	237	27,050	25,829	(1,221)	Staff Pay (incl Overtime)	28,012	28,659	28,202	(457)
103,578	104,008	430	104,320	105,913	1,593	Pay Total	107,514	108,631	108,984	353
						Non-Pay Budgets				
940	695	(245)	930	1,166	236	Other Pay and Training	1,415	1,381	1,582	201
3,167	3,838	671	3,167	3,682	515	Injury and Medical Police Pensions	3,199	3,239	3,810	571
65	47	(18)	79	65	(14)	Premises	65	65	82	17
8,858	8,710	(148)	11,256	10,219	(1,037)	Supplies and Services	12,295	11,741	12,250	509
2,330	1,912	(418)	2,258	1,971	(287)	Transport	1,761	1,767	2,096	329
15,360	15,202	(158)	17,690	17,103	(587)	Non-Pay Total	18,735	18,193	19,820	1,627
118,938	119,210	272	122,010	123,016	1,006	Total Planned Force Expenditure	126,250	126,824	128,804	1,980

4.2 This is the third year in a row where the Force have over spent – and by an increasing amount each year. The total overspend over these 3 years has been in excess of £3m.

- 4.3 As previously highlighted it is vital that this does not occur in 2018/19 as the PCC cannot afford for this to continue.
- 4.4 In overall terms the Force spent £5.8m, or 4.7%, more in 2017/18 than in 2016/17. This was also £2m more than budget. This additional expenditure, over 2016/17, was predominantly in the following areas:
- Staff Pay - £2.4m
 - PCSO Pay - £0.4m
 - Police Overtime - £0.3m
 - Other Pay and Training - £0.4m
 - Supplies and Services - £2.0m
- 4.5 It is also important to recognise that total spend in 2017/18 for the Force was £1m higher than the Budget for 2018/19.
- 4.6 In terms of performance against budget the following sections consider the various over and under spend during 2017-18.
- 4.7 Police Pay
The 2017-18 Budget was based on having an average of 1,370 FTE Police Officers throughout the year, as the Force moved toward having 1,400 FTE Police Officers.
- 4.8 There were 1,368 FTE Police Officers in place at the start of 2017/18 and 1,358 FTEs in place at the end of 2017/18, with the average number of Police Officers employed during 2017/18 as 1,342 FTEs
- 4.9 These additional 26 vacancies would generally be expected to result in an underspend of around £1,300k however as referenced last year the recruitment of 55 FTE transferees, instead of New Recruits, during 2016/17 had an impact on the overall average costs of PC's within the organisation, in comparison to previous forecasts. The knock on impact of this had not been completely captured yet in the 2017/18 budgets, as the average pay levels at the rank of PC were higher than expected.
- 4.10 These higher than average levels of pay, combined with a higher than expected mix of officers at higher ranks temporarily in the structure, to deliver Operation Kingfisher and the completion of Operational Mobile Working project has incurred costs that were not factored into the 2017/18.
- 4.11 In addition to this, and as reported during 2017/18, the higher than expected National Pay settlement for Police Officers created a pressure of around £300k - £350k in the year.
- 4.12 It is important to recognise therefore that while the final outturn on Police Pay for 2017/18 is £302k under spend that this has only been delivered due to

significant number of vacancies and that had all roles been filled throughout the year that this would have significantly increased the overspend.

- 4.13 The Police Pay budget for 2018/19 is £2.4m higher than the actual spend for 2017/18, in anticipation of pay awards and higher average levels of Officers in post throughout 2018/19 in comparison to 2017/18.
- 4.14 Police Overtime
Police overtime has overspent by £1,542k. This overspend includes overtime of £311k incurred in the policing of Operation KingFisher.
- 4.15 Included in the outturn is the mutual aid support provided to colleagues across the country in response to the terror attacks of May & June 2017 however this is fully offset by additional income received of £180k. The subsequent increased threat level from severe to critical resulted in the requirement to deploy firearms officers on extended shifts for a period of time which impacted upon overtime spend.
- 4.16 Project Servator was introduced in the summer in response to the terror attacks, aiming to provide a visible and covert police presence focusing on detecting and deterring crime and terrorist activities. Whilst the effects of this engagement have yet to be seen through the overtime spends, this proactive method of policing should help to prevent overtime costs in the future through reaction to fewer incidents.
- 4.17 There have been no other significant operations within the year which have placed additional pressure on the overtime budget and the remaining overspend is due to officers providing rest day working cover and extended tours of duty. However mid-way through the year, as a result of the latest forecast position, operational demand analysis was published and Heads of Function were tasked with bringing the predicted overtime spend down by at least £500k by reviewing approval limits for rest day working and opting for more efficient methods of meeting demand. In the final 5 months of the year overtime spend has significantly reduced and is expected to be maintained at a level which will align to the 2018-19 budget moving forward.
- 4.18 It is vital that this is adhered to during 2018/19 and beyond as the collective overspend on Police Overtime over the last 3 years has been over £4.5m although as referenced above some of this is mitigated by variances elsewhere within the overall budget.
- 4.19 The budget for 2018/19 has not been increased to reflect the over spends of the last 3 years and it is vital that this budget is tightly managed.
- 4.20 PCSO Pay
The average number of PCSOs employed throughout 2017/18 was lower than budget which has resulted in an overall under spend of £444k. While some allowance was made for vacancies in the financial profiling the actual level of

vacancies, which on average was 16 throughout 2017/18, was higher than expected.

- 4.21 The number of PCSOs in post at the end of 2017/18 was 196 FTEs, which is higher than the 182 FTEs at the start of the financial year.
- 4.22 Staff Pay - Force
The 2017-18 Budget was based on the Force having an average of 908 FTE Staff throughout the year. The outturn for the 2017/18 financial year resulted in an average of 857 FTEs being employed – this higher than expected level of vacancies has resulted in an under spend in this area of £1,362k.
- 4.23 This underspend has then been reduced by overspends on Agency staff, £615k, to fill some of these vacancies and overspends on overtime, £254k and leavers costs of £36k – resulting in an overall underspend on 'Staff Pay' within the Force of £457k.
- 4.24 The number of staff employed within this area at the end of 2017/18 was 885 FTEs which puts the Force in a very challenging position to meet the financial challenges that were set for 2018/19, where efficiencies and vacancies mean that the budget for Police Staff is based on 838 FTEs being employed within this area on average, before the separately funded investment within the Force Control Room.
- 4.25 This is an area of keen focus for the Force and will need to be closely and robustly managed to ensure that overspends do not materialise within this area and if they do that other areas of the Force budget will need to be reduced to balance out any pressures.
- 4.26 Agency Staff
A number of civilian investigators have been recruited on an Agency basis to fill some Police officer vacancies, with the costs of these posts being included in the staff costs figures.
- 4.27 In terms of value for money it would be more cost effective to look to employ these Agency Staff on a full time basis and permanently remove these posts from the Police Officer establishment. The outputs to the public would remain the same; however the organisation and therefore the public would save money – which would allow savings to be re-invested into priority areas. This would however require a dialogue with the public to explain that while headline Police Officer numbers would reduce this is not at the expense of neither service nor those officers who operate in neighbourhoods.
- 4.28 In terms of Employment costs – it would be around £10-15k per annum less to employ Police Staff Investigators than Police Officers in the same role.
- 4.29 It is important to recognise that there is no separate budget for Agency Staff – and therefore nothing to separately fund the £615k expenditure that was

incurred in this area in 2017/18 – these people would generally be employed to fill vacancies and therefore any posts filled by Agency staff also need to be factored into the wider review of staffing within the Force.

4.30 In overall terms therefore the Force have started 2018/19 with nearly 50 more FTE staff in post than budgeted and a number of staff on Agency contracts – all of this will need to be clearly managed in 2018/19.

4.31 Injury and Medical Police Pensions

For the 3rd year in a row this area of the budget has overspent by in excess of £500k. In previous years this has predominantly been driven by a higher than budgeted level of Officers who were retired in year on the basis of Injury/Medical reasons. The overspend in 2017/18 was £571k.

4.32 The overspend was driven by 2 broad categories, the first is the award of over £300k of backdated injury and medical pension awards – some of which date back to 1995. These could not have been foreseen when the original budget was set.

4.33 The other area relates to decisions made during the year to retire Police Officers on the grounds of Injury or Medical reasons. The budget allows for 9 Medical Retirements during 2017/18 however 12 were made in the financial year and this has resulted in an overspend of £215k in this area.

4.34 The 2018/19 budget reflects the trends of the last 3 years and included an additional £500k within this budget, therefore the overspends of the last 3 years should not materialise in 2018/19.

4.35 Premises

Total premises costs have been maintained at just under £4.6m for the 3rd year running despite higher rates costs, general inflation and some overlap of running 2 Headquarters in 2017/18.

4.36 Against budget there was a small underspend of £24k in the year, as a result of lower energy costs, due to a variety of factors such as installation of new gas boilers to improve efficiency, no spend on oil costs for HQ in the final 2 quarters of the year plus a reduction on running costs of Alverton compared to Newby Wiske which was more favourable than had previously been budgeted. This has in part been offset by rating revaluations which took place in 2017-18 which affected some of our larger estate

4.37 Supplies and Services

There was an overspend of £271k in this area from the Force, before taking into account transfers to provisions and savings captured/intra group transfers of £238k, a contributing factor to this overspend was Operation Kingfisher and the requirement to purchase Mutual Aid, operational consumables/equipment and provide subsistence to those involved in Policing the operation – this has contributed to the force overspend by £233k.

- 4.38 In terms of year on year comparison, the overall spend on Supplies and Services by the Force was £2m higher than the previous year and £3.5m higher than 2016/17. Much of this relates to the way in which expenditure on Collaborations is accounted for, however these are significant increases and an area for review.
- 4.39 An under spend of £508k for Corporate Services was reported before accounting for transfers to provisions and savings captured/intra group transfers of £456k. The underspend has come from a number of areas some of which are mentioned below:
- 4.40 A significant underspend of £372k has arisen against the Digital Information Services Group (DISG) budget. Specific costs built within the budget have been able to be delivered through use of the Rolling Programme (£270k PSNP & Pen testing) and a reduction in data lines costs as a result of the move from Newby Wiske to Alverton has seen refunds delivered.
- 4.41 Successful negotiating in year has resulted in significantly lower insurance premiums for 2017-18 which have generated £110k underspends against budget.
- 4.42 In terms of year on year comparison, the overall spend on Supplies and Services by Corporate Service, despite the under spend, was nearly £0.9m higher than the previous year and over £0.5m higher than 2016/17. This is an increase of nearly 7% across 2 years which is a significant increase and therefore an area for review.
- 4.43 Transport
In overall terms there was an overspend of £515k in this area, on an overall budget of £2.4m, with an overspend of £186k on Corporate Services and £329k on the Force budgets.
- 4.44 The vast majority of the overspend was as a result of 2 factors, the first was that the budget anticipated that during the year the MAUDS and Mobile Working Projects would deliver transport savings by the more efficient utilisation of the Forces' assets. Whilst both projects are nearing completion no impact on savings has yet to be seen.
- 4.45 In addition to this, deploying force wide assets on Operation Kingfisher resulted in unbudgeted costs being incurred on vehicle hire. While the aim was to minimise these by utilising hires to transport large groups of officers at a time, it has still incurred costs of £69k.
- 4.46 The force overspend has been partly offset by an underspend on the National Police Air Service (NPAS). A change in the charging method also prevented further costs being incurred when the contract hours were exceeded.

- 4.47 Despite the significant overspend reported against budget in this area for 2017/18 the actual expenditure in 2017/18 is 'only' 4.5% higher than 2016/17, which given the 'additional' expenditure that resulted from Operation Kingfisher is an even smaller increase in terms of recurring expenditure.
- 4.48 This is an area that will need to be closely monitored and managed in 2018/19 as the expected savings from both MAUDs and Mobile Working are built into the Transport budgets. The budget has been set at just under £2.3m across both Corporate Services and the Force which is £600k less than was spent in 2017/18.

4.49 Looking Forward to 2018/19

While there are likely to be over spends and under spends across various areas within the organisation there are 3 areas that the 2017/18 Outturn would immediately highlight up as requiring focus and attention, these are referenced in earlier paragraphs, and in summary are:

- Staff Pay within in the Force
- Police Overtime
- Transport budgets across both Corporate Services and the Force.

4.50 The following table summarises the finances of the PCC for 2017/18 showing the original budget, the revised budget, spend against the revised budget and ultimately the (under) and over spends against the revised budget. The table also shows the budget set for 2018/19 to show the direction of travel going forward.

4.51 In summary the table shows that in total there was a significant over spend in 2017/18 of £1,819k. This will be funded General Reserves

	Actual Spend in 2015/16	Actual Spend in 2016/17	Original Budget 2017/18	Final Budget 2017/18	Final Spend to March-18	Over/(Under) spend 17/18	2018/19 Budget
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Funding							
Funding for Net Budget Requirement	(137,821)	(140,183)	(141,689)	(141,689)	(141,689)	0	(145,320)
Specific Grants	(3,452)	(3,309)	(3,021)	(4,089)	(4,149)	(60)	(2,900)
Partnership Income/Fees and Charges	(6,063)	(6,631)	(9,970)	(10,451)	(8,210)	2,241	(8,702)
Total Funding	(147,336)	(150,123)	(154,680)	(156,229)	(154,048)	2,181	(156,923)
Office of the PCC Planned Expenditure							
Total Planned Expenditure	741	908	911	911	974	63	1,011
Commissioned Services							
Total Commissioned Services	2,808	3,348	3,651	3,966	3,450	(516)	3,979
Policing Priorities Fund							
Total Policing Priorities Fund							1,963
Corporate Costs							
Staff Pay	6,972	6,542	8,691	7,233	6,869	(364)	7,183
Other Non Salary	158	89	551	250	86	(164)	79
Premises	4,534	4,461	4,621	4,533	4,492	(41)	4,387
Supplies and Services	7,929	7,555	10,482	8,492	8,440	(52)	8,843
Transport	753	815	637	635	821	186	620
Asset Management	302	382	510	510	354	(156)	906
Total Corporate Costs	20,648	19,844	25,492	21,653	21,062	(591)	22,018
Police Force Planned Expenditure							
Pay							
Police Pay	69,267	71,108	70,781	71,405	71,103	(302)	73,540
Police Overtime	3,021	3,070	2,005	1,850	3,392	1,542	2,070
PCSO Pay (incl Overtime)	6,074	5,906	6,717	6,717	6,287	(430)	6,605
Staff Pay (incl Overtime)	25,646	25,829	28,012	28,659	28,202	(457)	26,280
Pay Total	104,008	105,913	107,514	108,631	108,984	353	108,495
Non-Pay Budgets							
Other Non Salary	695	1,166	1,415	1,381	1,582	201	1,535
Injury and Medical Police Pensions	3,838	3,682	3,199	3,239	3,810	571	3,699
Premises	47	65	65	65	82	17	54
Supplies and Services	8,710	10,219	12,295	11,741	12,250	509	12,321
Transport	1,912	1,971	1,761	1,767	2,096	329	1,660
Non-Pay Total	15,202	17,103	18,735	18,193	19,820	1,627	19,269
Total Planned Force Expenditure	119,210	123,016	126,250	126,824	128,804	1,980	127,764
(Surplus)/Deficit before Planned Reserves/Capital and Projects	(3,929)	(3,008)	1,624	(2,875)	242	3,117	(188)
Contribution to Capital Programme	2,045	3,452	3,885	3,970	2,970	(1,000)	1,492
Projects	0	3,327	0	4,335	5,045	710	2,219
Planned Transfers to/(from) Reserves	(99)	(3,508)	(5,509)	(5,430)	(6,438)	(1,008)	(3,524)
Final/Forecast Over/(Under) Spend	(1,983)	263	0	0	1,819	1,819	0

5. Capital and Revenue Development Programme

- 5.1 The 2017/18 CRDP budget was originally set at £14.4m, which increased by £10.2m, to £24.6m as a result of slippage from 2016/17 and then rationalised down to £22.9m.
- 5.2 This pattern of slippage also occurred in each of the 2 previous financial years and continued in 2017/18.
- 5.3 Against this £22.9m budget £5.1m of slippage was identified in the run up to the development of the 2018/19 budget setting process with a further £2.1m released as either no longer needed or underspends.
- 5.4 As at February 2018 this left a revised budget for 2017/18 of £15.7m as included within the February MTFP.
- 5.5 The final spend for 2017/18 was £13.7m which equates to a further £2m of slippage (£0.8m) and underspend (£1.2m) in the final month or so of the financial year. This once again provides concerns about the links between the schemes within the CRDP programme, the financial plans that underpin them and how this links to the delivery of the programme.
- 5.6 In terms of the impact on 2018/19, there will be additional slippage of £0.8m added to the originally agreed CRDP programme of £10.3m (which also included the previously identified £5.1m slippage from 2017/18).
- 5.7 An overall summary of the CRDP programme is set out below which in summary shows that the significant level and volume of changes that occurred throughout 2017/18, the result of which was:
- A programme that started at £14.4m
 - This increased to £24.6m as a result of slippage from the previous years and a review of the initial budget.
 - In year additions, deletions and underspends then reduced this to £22.9m
 - Of this £22.9m, £5.1m was then slipped into 2018/19 and £2.1m declared as at underspend.
 - Of the £15.7m budget remaining after this, a further £0.8m was asked to be slipped at the year end.
 - This left the final budget for 2017/18 at £14.9m against which spend totalled £13.7m and therefore a further £1.2m of underspends was identified and declared.
- 5.8 As can be seen from the above summary above and the table below, delivery against the overall plan has once again been very challenging with all areas incurring slippage/underspends, in financial terms.

5.9 In financial terms the budget in 2018/19 will however be the smallest in financial terms for a number of years and there will continue to be significant focus on this area as we move forward.

Capital and Revenue Programmes Summary	Original 2017/18 Budget	Amendments to Original Budget and Carry Forwards from 2016/17		Revised 2017/18 Budget	2017/18 New Approved Items and Reductions		Estimated Over/under spend	2017/18 Rationalised Budget	Estimated 2017/18 slippage	Initial Forecast Underspend	2017/18 as per 2018/19 MTFP review	Additional Slippage	Final 2017/18 Budget after Final Slippage	2017/18 Final Expenditure	Additional 2017/18 Underspend
	£'000's	£'000's	£'000's	£'000's	£'000's	£'000's	£'000's	£'000's	£'000's	£'000's	£'000's	£'000's	£'000's	£'000's	£'000's
Alverton Court	2,686	0	1,431	4,117	0	1,491	-583	5,024	-147	-208	4,669	0	4,669	3,957	-712
ICT	5,062	-673	3,411	7,800	348	191	0	8,339	-2,357	-1,877	4,105	-429	3,676	3,591	-85
Fleet	1,311	-84	481	1,708	0	0	0	1,708	-337	-0	1,371	86	1,456	1,457	1
Other Rolling Programmes	1,134	-73	41	1,103	0	-484	0	618	0	144	763	-36	727	728	1
Property & Facilities (Remedials)	2,782	-606	1,345	3,521	-200	-1,685	23	1,658	-762	1	897	-389	508	459	-49
Estates Strategy	27	606	2,300	2,933	0	-1,815	80	1,198	-1,015	0	183	0	183	178	-6
Other Projects	1,309	-281	2,284	3,312	252	-21	0	3,543	-505	-79	2,958	-26	2,933	2,751	-182
Externally Funded Projects	67	0	0	67	733	0	0	799	0	-67	733	0	733	552	-180
Capital - Summary above	10,668	-1,111	8,944	18,502	423	-2,294	-430	16,201	-3,349	-1,508	11,343	-866	10,477	8,585	-1,891
Revenue - Summary above	3,709	0	2,348	6,057	710	-30	-50	6,687	-1,774	-586	4,335	73	4,408	5,088	680
Total Capital and Revenue Above	14,377	-1,111	11,292	24,559	1,133	-2,324	-480	22,887	-5,123	-2,094	15,678	-794	14,885	13,673	-1,212

6. Conclusion

- 6.1 The overall outturn of a £1,819k overspend has created more of a challenging financial position for the organisation that was expected 12 months ago. The overspend was however in line with what was included within the MTFP, that was approved in February 2018, and therefore providing this is not replicated in 2018/19 the organisation focus on what needs to be delivered in terms of its overall plans.
- 6.2 This report, in the same way as last year, highlights areas that are likely to create financial pressures if they are either not managed appropriately and/or mitigating changes are not put in place to offset these pressures.
- 6.3 It is vital that the financial performance in 2017/18 is not replicated in 2018/19 otherwise the financial stability of the organisation will be put at risk and the PCC and Chief Constable will need to make reactive decisions to address this issue.
- 6.4 The slippage/underspend on the Capital and Revenue Development Programme was again significant and continues to be an area that requires significant improvement and work will need to continue to be concentrated on this area during 2018/19.

Michael Porter
PCC Chief Finance Officer

APPENDIX A

PRIVATE OFFICE FOR POLICE AND CRIME COMMISSIONER (OPCC) 2017/18				
Actuals 2016/17		Budget 2017/18	Actuals 2017/18	(Under)/ Overspend
Mar-17			Mar-18	
	PCC Direct Costs			
78,596	PCC Salary costs including pension and NI contributions	79,000	79,734	734
11,079	PCC Travel and Subsistence e.g. mileage	9,500	11,356	1,856
378	PCC Telephone and Communications	400	435	35
	Deputy PCC Direct Costs			
21,945	Deputy PCC Salary costs including pension and NI contributions	57,489	55,567	(1,922)
116	Deputy PCC Travel and Subsistence e.g. mileage	0	6,931	6,931
160	Deputy PCC Telephone and Communications	0	675	675
	OPCC - Staffing Costs			
234,472	Private Office Staffing	306,187	266,783	(39,404)
7,545	Other staffing costs - Travel	9,000	10,136	1,136
0	Other staffing costs - Subsistence	500	6	(494)
0	Other staffing costs - Employee Conferences	4,500	2,239	(2,261)
1,898	Other staffing costs - Recruitment	5,000	2,490	(2,510)
	OPCC - Premises and Office Activities			
(3,138)	Non Employee Advertising	0	0	0
8,342	Running Costs - Office Expenses	9,570	7,111	(2,459)
34,261	Accommodation - Premises Costs	32,840	31,971	(869)
34,356	Communications and IT Costs	10,000	13,325	3,325
				0
430,010	PCC Private Office Total	523,986	488,759	(35,227)
	STATUTORY OFFICER FUNCTIONS			
49,920	Chief Finance Officer - Salary & travel costs	50,500	51,302	802
100	CFO - Subscription	0	0	0
128,600	Chief Executive Officer (CEO - J Carter)	145,723	139,196	(6,527)
103,305	Chief Executive Officer (Temp CEO - Fraser Sampson WYP)	0	143,680	143,680
900	CEO - APCCCE subscription	1,000	900	(100)
2,935	CEO - Travel & Subsistence	2,500	2,063	(437)
171	CEO & CFO - Communication	500	130	(370)
250	Courses and Conferences	1,000	0	(1,000)
2,522	Miscellaneous incl PATS Subscriptions	3,000	2,583	(417)
0	Independent Audit Committee Travelling	1,500	1,235	(265)
234	Independent Panel Members (Honoraria)	1,500	760	(740)
7,788	Custody Visitors	8,500	8,171	(329)
34,116	External Audit	32,430	32,421	(9)
33,742	Internal Audit	34,000	33,742	(258)
22,494	APCC subscription	23,000	22,845	(155)
387,077	Statutory Officer Functions Total	305,153	439,028	133,875
	SERVICES TO THE COMMUNITY			
764	Community Engagement - Hire of Premises	2,000	1,134	(866)
410	Community Engagement - Public Relations incl Web Site	10,000	1,029	(8,971)
1,196	Community Engagement - Conferences that the PCC organises	2,500	0	(2,500)
84,865	Community Engagement - Public Engagement	62,932	43,670	(19,262)
2,000	Community Engagement - Community Projects	2,000	0	(2,000)
512	Community Engagement - Interpreters for meetings	1,000	0	(1,000)
443	CAP - Honoraria	500	777	277
365	CAP - Travel	500	124	(376)
0	Community Engagement - Organisational Refreshments	0	11	11
90,555	Services to the Community Total	81,432	46,745	(34,687)
907,642	TOTAL PRIVATE OFFICE FOR POLICE AND CRIME COMMISSIONER	910,571	974,532	63,961
-2,929	Under / Overspend in 2016/17			

