

Report of the Chief Finance Officer of the PFCC to the Police, Fire and Crime Commissioner for North Yorkshire

7th November 2019

Status: For Information

Revenue and Capital Budget Monitoring 2019-20 – Update as at September 2019.

1. Executive Summary

1.1 Purpose of the Report

In February 2019 the PFCC agreed the revenue Budget for 2019/20 which was based on the receipt of income totalling £166,615k. This report is to provide the PFCC with the position to the end of September 2019, of the financial performance against the budget for the financial year 2019/20.

2. Recommendations

The PFCC is asked to note:

- 2.1 The Office of the PCC's budget is currently forecast to breakeven.
- 2.2 The Asset Management budget is forecast to underspend by £92k.
- 2.3 The Partnerships & Commissioning Budget, originally set at £3,655k and revised to £4,119k is forecast to breakeven.
- 2.4 There is a forecast over recovery on the Income budget of £155k which is expected to lead to a small under spend.
- 2.5 There are some delays recruiting to the Reinforcing the Frontline investment and therefore it is currently expected that there will be £680k to be invested elsewhere. There is also a risk that these delays increase as the year progresses.
- 2.6 The Force is forecasting an over spend of £2,537k, excluding projects which are funded via transfers from reserves, which is predominantly from delays in delivering the Transformation savings. There is also a risk that these savings may not just be delayed and could impact on future plans.

- 2.7 Given the forecast shortfall in the delivery of the savings plans then the ability to invest in priority areas from the Policing Priorities Fund is unlikely to be possible and therefore the £2,328k that is forecast to remain on this budget will need to not be spent and used to manage the pressures from elsewhere.
- 2.8 The total forecast after 6 months of the financial year is that there will be breakeven position by the end of the year which is as per the position reported in June; however the mechanism for delivering this breakeven position continues to be materially different from the plan in many areas.

3. Reasons

- 3.1 When setting the budget for the financial year 2019/20 the PFCC allocated the income forecast to be received during the year, of £166,615k, into the following areas:
- £1,080k to run the Office of the PCC
 - £3,655k for Commissioned Services and Community Safety Initiatives
 - £2,700k for Policing Priorities
 - £3,295k for Reinforcing the Front Line
 - £401k for Corporate Services/Asset Management
 - £154,577k to the Police Force
 - £2,342k to the Capital and Revenue Development Programme
 - £1,436k from Earmarked 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 PFCC set the budget based on receiving income and funding of £166,615k during 2019/20 from the areas summarised in the table below, the in-year changes, the actual levels of income forecast to be received and variances are shown below. In addition to current year figures the comparator figures for 2018/19 are also shown:

2018/19 Revised Budget	2018/19 Outturn	Variance	Summary of Income to be Received by the PCC	2019/20 Budget	In Year Changes	2019/20 Revised Budget	Variance
£000s	£000s	£000s	Funding	£000s	£000s	£000s	£000s
(67,762)	(67,762)	0	Government Grants	(69,185)	0	(69,185)	0
(69,661)	(69,661)	0	Precept	(77,298)	0	(77,298)	0
(2,152)	(2,152)	0	Council Tax Freeze Grant	(2,152)	0	(2,152)	0
(5,746)	(5,746)	0	Council Tax Support Grant	(5,746)	0	(5,746)	0
(77,559)	(77,559)	0	Precept related funding	(85,196)	0	(85,196)	0
(3,824)	(4,446)	(622)	Specific Grants	(4,105)	(148)	(4,253)	(190)
(9,139)	(10,547)	(1,408)	Partnership Income/Fees and Charges/Misc Income	(8,129)	(638)	(8,768)	35
(12,963)	(14,993)	(2,030)	Other Funding	(12,235)	(786)	(13,021)	(155)
(158,283)	(160,313)	(2,030)	Total	(166,615)	(786)	(167,401)	(155)

3.3 In Year Changes

Additional income of £786k has been recorded and increased the budget set in February. This is new income which has also resulted in additional expenditure budgets for the organisation.

3.4 Income Forecasts

As you would expect, the vast majority of the income the PFCC will receive during 2019/20 has already been agreed and little or no variances will be expected against the originally budgeted figures for Government Grant funding or Precept related funding.

3.5 The areas where variances may occur will predominantly be in relation to Partnership Funding, Fees and Charges and Miscellaneous Income with some minor variances possible against Specific Grants.

3.6 Specific Grants

3.7 Notice has been received of a cyber-crime grant of £155k awarded to support enhancements within Digital Forensics Unit, however as this was already an area of investment then this Grant is paying for existing posts within the establishment so no associated additional expenditure.

- 3.8 Partnership Funding, Fees and Charges and Miscellaneous Income
The small overspend in this area is as a result of a projected shortfall, against budget, of the income on Driver Training, of £460k. This has resulted from vacancies within the unit, which have been held due to the possible need for redeployment opportunities as part of the T2020 programme, resulting in lower deployment of the Safety Camera Vans. This under recovery will partly be offset by these staff vacancies.
- 3.9 Offsetting this pressure is a forecast receipt of £128k income on the provision of mutual aid, increased secondment income of £172k and higher interest received on balances of £85k.
- 3.10 The Office of the PCC
The 2019-20 budget for the PFCC is £1,080k and at this stage of the financial year the forecast is for the budget to break even however the development of the Complaints and Recognition team is yet to impact on the current expenditure and this may impact on the outturn.
- 3.11 Corporate Services/Asset Management
The Corporate Services budget is much reduced from previous years given the completion of the Stage 2 transfer of staff, to the employment of the Chief Constable on the 1st April 2019.
- 3.12 The Asset Management Budget has increased £405k to £661k to reflect that the budget for interest on loans has been transferred into this area. The revised budget is forecast to underspend by £92k as loans expected to be taken out during 2019/20 are not required from a cash flow perspective.
- 3.13 Commissioned Services
The PCC allocated a budget of £3,655k to invest in Commissioned Services including Community Safety Initiatives, Victims and Witnesses services and wider Partnership working during 2019/20. In line with clarity around additional funding and grants the budget has increased by £464k to £4,119k.
- 3.14 Spend to the end of September is £404k under budget, further work will be done on this area as the year progresses although as with previous years this is as a result of the timing of payments for Commissioned services to third parties.

3.15 Reinforcing the Front Line

3.16 The Neighbourhood Policing Survey undertaken in 2018/19 provided a timely reminder of the concerns that the public have about the erosion of local policing services in North Yorkshire.

3.17 In response to these concerns, and the strategic direction of the PFCC to deliver the 'Reinforcing the Front Line' goal set out in the Police and Crime Plan, the Force formulated plans to address the areas that were raised within this survey and proposed the following:

- Community Resilience Teams with a visible presence dedicated to prevention and facilitating multi agency working.
- Mental Health Coordinators to support our most vulnerable residents and reduce the need for emergency secondary interventions
- Increased and structured engagement with communities to understand what matters to the place with a focus on volume acquisitive crime and volume offenders. Subsequently this will reduce the fear of crime through increased traditional community presence and engagement. This would include:
 - Integrated Offender Management
 - Neighbourhood Teams focused on volume acquisitive crime and volume crime prevention and engagement
 - Bail Management
 - Creation of a Public Safety Officer across public sector organisations.
 - Online PCSOs to provide prevention advice and support investigations such as online crime
 - A City Task Force, focused on primary interventions to ensure that our more urban communities problems are being solved.

3.18 To deliver these proposals would result in an increase in both Police Officers (51 FTEs) and PCSO's (23.5 FTEs) and once fully implementing would cost in the region of £3.3m on an annual basis.

3.19 This investment was to be funded by the increase in Precept for 2019/20 and to ensure that the above funds would not simply be absorbed into the wider finances of the organisation, if delays in delivery of these additional posts occurred, then the PFCC committed that the remaining funds will be ring-fenced and spent in the following areas:

- Prevention activities which the Community Safety Partnerships can bid into.
- Road safety
- Commissioning (for example an expansion of the NYFRS Life courses and other such activities)
- Responding to the rural domestic abuse research that is currently underway.

3.20 Update to the End of September

- 3.21 The £3,295k budget set for this area was allocated to the Force in line with the plans put forward, which included expectations of when each post would be filled. These plans set out the details of each new post created and the actual costs are being monitored in line with people being posted to these new roles.
- 3.22 This area has been set up to be monitored closely and independently of the wider funding provided to the Force.
- 3.23 The original plans from the Force expected that by the end of September that all posts would be filled.
- 3.24 At the end of June there were only 3 FTE Police Officers in these new posts and the PFCC sought assurances that these posts would be filled as a matter of urgency.
- 3.25 Significant work by the Force have been focussed on this area and some progress made in the last 3 months and by the end of September 36 of the 74.5 FTE posts have been filled and Police Officers have been identified for almost all of the 51 posts, but some are awaiting confirmed posting dates based on operational demand.
- 3.26 Of the 23.5 PCSO posts, 5 staff have been identified, but only 2 have yet been posted due to the shortage of PCSO's across the Force. A further expressions of interest campaign is being planned.
- 3.27 The Force are currently projecting as recruitment of students and transferees builds during 2019/20 all the officers will be in post by December and all 78.5 FTE posts will be filled by the end of February
- 3.28 The delays in postings into these roles have therefore reduced the forecast spend in this area from the originally proposed £3,295k to £2,615k.
- 3.29 The £680k that the Force are forecasting, currently, that they will not be able to spend in this area has been returned to the Reinforcing the Front Line budget code, under the control of the PFCC.
- 3.30 Policing Priorities Fund
A Policing Priorities fund was established in setting the 2018/19 budget, under investments in Service Improvements and Development to enhance the service important to the public of North Yorkshire. It was funded through the additional capacity that had been provided, in 2018/19, through the better than expected funding settlement and specifically the additional Precept funding that was received from the increase of £11.50 per year for a Band D property in 2018/19.
- 3.31 The decision was made to invest this money on a recurring basis in the Force Control Room and into Victims Commissioning. This has been done and is reflected in the budget allocated to these areas of service delivery.

3.32 Transform 2020

3.33 To both maintain this investment and provide the capacity to invest in priority areas in the future, aligned with an assessment of the Value for Money comparators of North Yorkshire Police, in comparison to Police Force's nationally, the PFCC has set the strategic challenge to the Force to deliver £10m of recurring efficiency savings across the period 2018/19 to 2021/22.

3.34 The Transform 2020 Programme is the mechanism for delivery of these savings.

3.35 The first £2.5m of savings were delivered in 2018/19 from holding vacancies while the Transformation Programme engaged with the business and delivered business cases that were ultimately approved for delivery.

3.36 These business cases, if successfully delivered, would meet the challenge of driving out efficiency savings of £10m across the Medium Term Financial Plan.

3.37 In setting the budget for 2019/20 I highlighted up the following:

3.38 The responsibility to deliver these Business Cases ultimately rests with the Chief Constable and it will therefore be vital that regular updates are provided so that the PFCC can be assured that the Chief Constable is delivering against this important area of work that will Transform a significant part of the way business is done within the Force and not only in those teams/areas that are directly impacted through a Business Case.

3.39 It is unlikely that the £5m savings included in the financial plans for 2019/20 will be delivered in time with the assumptions within the Financial Plan, purely from the Transformation work. The risks of this, on the overall budget, will be considered later in this report.

3.40 Later in that same report I highlighted the high level of staff vacancies as an expected source of mitigating the risk that these savings would not all be delivered from the Transformation work alone in 2019/20. I will consider this further later in the report.

3.41 Financial Assumptions for T2020 and the Current Position

3.42 The initial plan expected a net reduction in Police Staff roles of circa 104 FTEs, which expected to deliver £4m of savings by 2020/21, with £1.9m of this deliverable in 2019/20.

3.43 The remaining £6m of savings would be delivered from non-pay savings and efficiencies, with about £2.4m delivered in 2019/20.

3.44 The expectation was that the remaining £700k (Between the £5m included in the 2019/20 budget and the £4.3m to be delivered from the Transformation Programme) would be easily achievable as the Force had nearly 100 FTEs less staff employed, as at December 2018, than the 2019/20 budget position.

- 3.45 At the end of September reductions in budgets totalling £2,728k have been made that relate to the T2020 programme, which is around £1.6m less than expected.
- 3.46 I have therefore assumed, at this stage, that this £1.6m will not be delivered in 2019/20 and have added this to the £700k assumption with the budget that will need to be covered from savings/efficiencies/vacancies elsewhere within the budget.
- 3.47 The current forecast is therefore showing an overspend of £2,272k, against the £5m 'Savings and Efficiency' target that was included within the 2019/20 budget.
- 3.48 These forecasts, overall, are in line with those that were reported in June as they now include the DISG savings that I highlighted were at risk of not being delivered and I had included as part of the Supplies and Services overspend in that report.
- 3.49 The importance of this programme of work and the need for it to deliver the savings that were set out within the approved business cases is vital to enable investment in priority areas. With this in mind the PFCC requested a high level update on the progress of the overall programme setting out progress against the delivery of each business case, progress against the financial assumptions included within the business cases and a realistic assessment of what can be delivered in both the current financial year and up to 2021/22.
- 3.50 This resulted in a presentation to Executive Board which presented an updated financial picture which I have summarised into the below table:

Projected T2020 Savings	2019/20	2020/21	2021/22	2022/23	2023/24
	£m	£m	£m	£m	£m
Total Forecast Savings before Redundancy and Pension Costs	2.7	8.2	9.2	9.1	9.8
Of Which:					
Staffing	2.0	3.3	3.8	3.9	3.9
Third Party Spend	1.0	3.0	3.4	3.4	4.4
Phase 3		1.5	1.6	1.6	1.6
Capital, Income and Others	-0.3	0.3	0.5	0.2	-0.1
Total before redundancy/pension costs	2.7	8.2	9.2	9.1	9.8

- 3.51 There was recognition within the presentation that some of the savings in relation to Third Party Spend may prove difficult to deliver, an estimate for planning purposes were that around £1m may not be achieved on a recurring basis. This will be recognised in future financial plans to ensure that investments are only made as/when savings are delivered however the focus will remain on delivery of all savings set out with this transformation programme.

- 3.52 The redundancy and pensions costs are reported elsewhere for 2019/20 and any that are required in 2020/21 will be determined as part of Phases 2 and 3 of the programme.
- 3.53 Both the finances and delivery of the programme will continue to be monitored and reported on, so that the PFCC can track, scrutinise and hold the Force to account for delivery of the Transformation Programme.
- 3.54 Wider Policing Priorities Fund
- 3.55 The T2020 programme is predominantly a 'Save-to-Invest' programme with an expectation that the savings from this programme would then be used to establish an increasing Policing Priorities Fund beyond that which was initially established in 2018/19.
- 3.56 In setting the budget for 2019/20 the expectation was that the delivery of the £5m of savings and efficiencies, factored into the 2019/20 Budget, would provide £2.7m to invest into Priority areas.
- 3.57 After the costs of the allocations for both FCR and Commissioned Services were confirmed for 2019/20 this balance has reduced to £2.3m.
- 3.58 Given the challenges being experienced in delivery of the savings attributed to the T2020 programme, in 2019/20, there is no capacity, within the overall finances, to be able to spend any of this £2.3m budget on investing in priority areas.
- 3.59 This financial update assumes that none of this will be spent and an underspend of £2,328k is reported, to offset pressures elsewhere.

4. Police Force

4.1 The vast majority of the funding available to the PFCC has been provided to the Police Force. The Force was allocated a budget of £154,577k for 2019/20, this has increased by £3,984k, to £158,561k, to reflect the additional funding of £2,615k, provided by the PFCC, to invest in Reinforcing the Front Line, £815k from Reserves, for Projects that slipped at the end of 2018/19 as part of the CRDP programme. Other areas of increased budget result from the additional income that has been reported on elsewhere which has a corresponding impact on the expenditure budget.

4.2 The summary of how this is forecast to be spent, including spend to the end of September are included in the table below. The comparators to 2018/19 are also shown:

Revised 2018/19 Budget	2018/19 Final Spend	Over / (Under) Spend	Police Force Financial Summary	Original 2019/20 Budget	Revised 2019/20 Budget	Budget YTD	2019/20 Spend to Sept	Over / (Under) to date	2019/20 Forecast Outturn
£000s	£000s	£000s	Police Force Planned Expenditure Pay	£000s	£000s	£000s	£000s	£000s	£000s
73,541	70,748	(2,793)	Police Pay	75,929	77,598	38,646	38,247	(400)	0
2,182	1,909	(273)	Police Overtime	2,033	2,017	1,118	1,044	(75)	75
6,583	6,527	(56)	PCSO Pay (incl Overtime)	6,719	6,995	3,511	3,083	(427)	(300)
28,244	28,533	289	Staff Pay (incl Overtime)	38,548	37,189	18,661	18,622	(40)	(240)
110,550	107,717	(2,833)	Pay Total	123,229	123,798	61,937	60,996	(941)	(465)
			Non-Pay Budgets						
1,522	1,436	(87)	Other Pay and Training	1,648	1,807	904	658	(246)	0
3,699	3,640	(59)	Injury and Medical Police Pensions	3,700	3,700	1,850	1,822	(28)	100
76	83	7	Premises	4,519	4,401	2,322	2,362	40	(45)
11,762	14,109	2,347	Supplies and Services	22,848	22,716	11,171	10,803	(369)	660
1,894	1,876	(19)	Transport	2,643	2,604	1,302	1,313	11	15
18,954	21,143	2,189	Non-Pay Total	35,358	35,228	17,549	16,958	(591)	730
			Projects	991	1,806	905	2,266	1,361	0
			Efficiency and Savings Targets	(5,000)	(2,272)	(940)	0	940	2,272
129,504	128,860	(644)	Total Planned Force Expenditure	154,577	158,561	79,450	80,220	770	2,537

4.3 A forecast overspend of £988k on Projects has been excluded from the above as this will be funded from a transfer from reserves and provided to the Chief Constable in line with expected plans.

4.4 The following sections consider the various areas of the budget and provide a commentary and analysis as required:

4.5 Police Pay

The Core Budget for Police Pay for 2019/20 was set based on delivering 1,400 FTE Police Officers throughout the year. This budget was then increased by just over £2m to reflect the phased recruitment of the additional 51 FTE Police Officer resources that were to be funded from the 2019/20 Precept increase to 'Reinforce the Front Line'

- 4.6 This was estimated to result in around 1,435 FTE Police Officers who would be 'employed' throughout 2019/20.
- 4.7 The budget also assumed that a Pay Award of 2% would be applicable from the 1st September 2019.
- 4.8 As at the end of September the Force had 1,436 FTEs, after the recruitment of 28 FTEs during September, which is only slightly lower than the forecast for this point of the year.
- 4.9 Plans are in place to recruit a further 83 FTEs over the remainder of the financial year with expectations that 54 FTEs will leave during the same period. This is forecast to result in a year end position of 1,465 FTEs, which, if delivered will put the Force in a very good position to deliver against the higher Establishment in 2020/21.
- 4.10 The ratio of Sgts to PC's is something that has been highlighted as part of the HMICFRS VfM analysis where North Yorkshire was an outlier in previous years. As at the end of September 2019 there was 1 Sgt for each 5.3PC's – the national average, in 2017/18, was 1 Sgt per 4.9 PC's
- 4.11 Based on current projections, the average number of Police Officers expected to be in place during 2019/20 is 1,431 FTEs, this would be around 5 FTEs under the budgeted figure and would be expected to result in a small underspend on Police Pay of circa £250k.
- 4.12 However as reported in June the Police Pay award has been agreed at 2.5% which was higher than the 2% included within the budget. This higher pay award has offset this expected underspend, resulting in an overall breakeven position on Police Pay.
- 4.13 Police Overtime
- 4.14 After a successful year in managing the Police Officer overtime budget in 2018/19 the same is expected in 2019/20 also. The Police Overtime budget was reduced by £165k for 2019/20.
- 4.15 As a result while spend to date is lower than budget the current forecast is that this is likely to slightly overspend, by £75k due to a number of pressures:
- Staff vacancies in some areas have resulted in the need for officers to do some overtime to provide statutory cover. Plans are in place to mitigate this situation as much as possible.
 - The Force has put a significant amount of policing resource into planning for and providing policing cover for the UCI World Cycling Championships. Harrogate was the host and destination town for each of the races between Saturday 21st and Sunday 29th September 2019, with over 1000 athletes competing across the 9 days. In addition, many of our towns featured throughout each day of racing adding to the

demand placed upon resources. The significant amount of planning carried out by a dedicated planning team ensured that this large scale event was a success and was managed within existing budgets. Overtime was kept to a minimum, but the UCI did contribute to a forecast total Police Overtime overspend of £75k.

- 4.16 It is worth noting that policing for the UCI World Road Cycling Championships, demonstrated successful operational delivery alongside value for money and efficiency. This unprecedented sporting event (due to its size and length of time in our County) was delivered largely using existing core policing budgets. Planning of resources, logistics and kits requirements were carried out in detail involving key rendezvous points for transport to base locations and aiming to deploy officers close to their current base location where possible.
- 4.17 The forecast does not include any estimate of the impact of Brexit, or indeed of any other unplanned incidents during the year. However, current scenario planning suggests that NYP is more likely to be providing Mutual Aid to other forces (which will be funded by those forces) rather than incurring costs in North Yorkshire
- 4.18 PCSO Pay
The Core Budget for PCSO Pay for 2019/20 was set based on delivering 200 FTEs throughout the year. This budget was then increased by £550k to reflect the phased recruitment of the additional 23.5 FTE PCSO resources that were to be funded from the 2019/20 Precept increase to 'Reinforce the Front Line', resulting in a budget to support an average of 216 FTE PCSO throughout the year.
- 4.19 Recruitment plans are in place to bring this number to 239 by 31 March 2020, and the current forecast is that there will be, on average, 202 FTE PCSOs employed throughout 2019/20, approximately 14 less than budget.
- 4.20 £45k has been returned to the Reinforcing the Frontline budget from the PCSO Pay budget, and after taking this, the vacancies and an expected 2.5% pay award into account the PCSO Pay budget is expected to underspend by £300k.
- 4.21 Staff Pay - Force
The original budget for Staff Pay for 2019/20 was set based on 1,160 FTEs, after taking into account the completion of the Stage 2 Transfer.
- 4.22 After taking into account 6 FTE Project Posts and an allowance for 31 vacancies, the budget had sufficient funding to support a Core staff establishment of 1,123 FTEs.
- 4.23 Now that posts have started to be deleted as part of the Transformation Programme the Establishment now reflects a reduction to 1,109 FTEs and the budget has sufficient funding to support 1,078 FTEs (after allowing for 31 vacancies).

- 4.24 The Force currently employs 1,001 FTEs as at the end of September. Further reductions will occur across the rest of the financial year as part of the T2020 programme and factoring in some expected recruitment over the rest of the financial year it is currently forecast that the force will be on average significantly below the 1,074 net FTE budget throughout the 2019/20 financial year.
- 4.25 **These vacancies are forecast to lead to an underspend of £1.665m.**
- 4.26 The £1.665m underspend takes into account the higher Police Staff pension contribution rates that are being paid by the Chief Constable, for those staff who transferred employment from the PFCC, on the 1st April 2019.
- 4.27 As highlighted as part of the budget setting process and prior to this as part of the decision making process around the Stage 2 transfer process the Chief Constable as an employer within the Local Government Pension Scheme (LGPS) pays a contribution rate of 11.3%, where the PFCC pays a rate of 3.9%.
- 4.28 This difference leads to an additional cost of circa £580k that was not included within the budget.
- 4.29 These additional payments will be reflected in the valuation of the Pension Scheme that is undertaken during 2019/20 and future contribution rates will benefit from these payments.
- 4.30 As part of the T2020 programme a number of people have left, or plan to leave, the Force as a result of redundancy. The expected costs of these redundancies, including any statutorily required payments into the LGPS are forecast to total £1.4m.
- 4.31 The forecasts set out in this report also assume a 2.5% increase in both PCSO and Staff pay from 1st September 2019, which was higher than the 2% included within the original budget. This pay award has now been agreed by both Employers and Staff representatives.
- 4.32 Non – Pay Budgets
Work continues around non-pay budgets to drive out savings and also provide further reassurance around certain areas.
- 4.33 Injury and Medical Police Pensions
A recent court ruling suggests that NYP will incur some costs related to backdated pensions which would result in a small overspend in this area. Our pensions administrators XPS have been commissioned to review these pensions in the light of the court ruling.
- 4.34 Supplies and Services
Late adjustments to the 19-20 budget setting process and commitments in the

Collaboration costs, both within the YaTH region and within Evolve have continued to be an area of concern, with in year costs forecast to be £211k higher than the budget set partly as a result of collaboration budgets being agreed after the NYP budgets were agreed. Attempts are being made to get collaboration budgets across the Region monitored via NETIC and agreed earlier for 2020/21.

- 4.35 Eurofins as the main forensic provider to the YaTH Forensic collaboration experienced some problems in June 2019 which has resulted in forensics being conducted by other suppliers. Whilst the issue was resolved there are no indications yet as to how this realignment of demand to other suppliers will affect the charge to NYP.
- 4.36 Budget & forecast adjustments for the ICT 5 year roadmap review as part of T2020 Phase 1 have now been incorporated into the figures and will continue to be monitored closely to ensure the spend is aligned to the predicted plans.
- 4.37 In overall terms a small forecast overspend on supplies & services of £80k is expected. Added to the Supplies and Service line, from a forecast spend perspective, is an estimate of the amount that will be required to be added to the Legal and Insurance provision at the end of the year to replace the spend expected to be charged to the provision this year and to ensure sufficient funds are in place to meet future costs. This is currently forecast at £580k and is therefore providing a significant forecast overspend in this area.
- 4.38 An actuarial review of the area will take place before the end of the current financial year which should help inform this area further and also help set a recurring budget for this volatile area in future years.

4.39 Overall Summary as at September 2019

At the end of September 2019 the follow table summarises the finances of the PFCC, including forecasts of the expected outturn in each area and shows that at this stage of the financial year an overall forecast breakeven being projected.

	Original Budget 2019/20	Current Budget 2019/20	Budget to Sept 2019	Spend to Sept 2018	(Under)/ Over Spend to Sept	Forecast (Under) / Over Spend by Year End
	£000s	£000s	£000s	£000s	£000s	£000s
Funding						
Funding for Net Budget Requirement	(154,380)	(154,381)	(77,190)	(73,057)	4,133	0
Specific Grants	(4,105)	(4,253)	(2,126)	(2,738)	(611)	(190)
Partnership Income/Fees and Charges	(8,129)	(8,768)	(4,515)	(4,865)	(350)	35
Total Funding	(166,615)	(167,401)	(83,832)	(80,660)	3,172	(155)
Office of the PCC Planned Expenditure						
Total Planned Expenditure	1,080	1,080	541	407	(133)	0
Commissioned Services						
Total Commissioned Services	3,655	4,119	2,060	1,656	(404)	0
Policing Priorities Fund						
Investment Fund	2,700	2,365	1,206	0	(1,206)	(2,328)
Reinforcing the Frontline	3,295	680	32	0	(32)	0
Total Policing Priorities Fund	5,995	3,045	1,238	0	(1,238)	(2,328)
Corporate Costs						
Asset Management	401	661	331	279	(52)	(92)
Total Corporate Costs	401	661	331	279	(52)	(92)
Police Force Planned Expenditure						
Pay						
Police Pay	75,929	77,598	38,646	38,247	(400)	0
Police Overtime	2,033	2,017	1,118	1,044	(75)	75
PCSO Pay (incl Overtime)	6,719	6,995	3,511	3,083	(427)	(300)
Staff Pay (incl Overtime)	38,548	37,189	18,661	18,622	(40)	(240)
Pay Total	123,229	123,798	61,937	60,996	(941)	(465)
Non-Pay Budgets						
Other Non Salary	1,648	1,807	904	658	(246)	0
Injury and Medical Police Pensions	3,700	3,700	1,850	1,822	(28)	100
Premises	4,519	4,401	2,322	2,362	40	(45)
Supplies and Services	22,848	22,716	11,171	10,803	(369)	660
Transport	2,643	2,604	1,302	1,313	11	15
Non-Pay Total	35,358	35,228	17,549	16,958	(591)	730
Projects	991	1,806	905	2,266	1,361	0
Efficiency and Savings Targets	(5,000)	(2,272)	(940)	0	940	2,272
Total Planned Force Expenditure	154,577	158,561	79,450	80,220	770	2,537
(Surplus)/ Deficit before Planned Reserves/	(907)	64	(213)	1,903	2,116	(38)
Contribution to Capital Programme	2,342	477	237	(1,129)	(1,366)	0
Planned Transfers to/(from) Earmarked Reserves	(1,436)	(541)	(271)	(194)	77	38
Final/Forecast Over/(Under) Spend	(0)	(0)	(247)	580	826	0

5. Capital and Revenue Development Programme (CRDP)

- 5.1 The last 5 years have seen both significant slippage and underspending against the Capital and Revenue Development Programme and 2018/19 was no exception to this.
- 5.2 In setting the CRDP programme for 2019/20 the PFCC approved a programme of £9.5m that included over £2.5m of slippage from 2018/19.
- 5.3 As reported in the Outturn report to the June Executive Board the finance level of slippage and underspend increased significantly across the final 3 months of 2019/20 which resulted in a reported underspend of over £1.1m and slippage of £5.4m.
- 5.4 Taking into account this level of slippage the proposed CRDP for 2019/20 would then stand at £13.0m.
- 5.5 Experience would suggest that this is not deliverable and therefore I have asked that £5m be slipped immediately to future years in terms of financial plans.
- 5.6 Significant work has since been undertaken across ICT and the Force now have an approved 5 year 'Road Map' in place for this vital area of work. This resulted in £1.25m being added to the programme, making the total programme for the year £9.286m
- 5.7 As a result the revised CRDP being worked to for 2019/20 is as per the below:

MTFP - CRDP Base Budget for 2019/20 (V59) - Actuals as at			30/09/2019						
Details	2019/20 Original Estimate As Per MTFP 31/03/2019	Additional Slippage from 2018/19	2019/20 New approved Items	2019/20 Slippage / carry forward to future years	2019/20 Revised Estimate	2019/20 Year to date budget	2019/20 Actual spend as at Sept-19	2019/20 Under / Overspend comparison to year to date budget	2019/20 Forecast as at 30/9/2019
	£000	£000	£000	£000	£000	£000	£000	£000	£000
ICT	1,200	2,823	1,253	-1,540	3,735	1,420	1,773	-352	3,715
Fleet Rolling Programme	1,915	270	0	-954	1,231	616	565	51	1,231
Estates Rolling Programme	2,279	1,578	0	-1,640	2,217	1,108	876	232	2,217
General Equipment Rolling Programme	954	222	0	-490	687	343	71	272	644
Other Schemes	1,292	499	0	-375	1,416	708	961	-250	1,444
Externally Funded Schemes	0	0	0	0	0	0	0	0	-
Total	7,640	5,392	1,253	-5,000	9,286	4,195	4,246	-48	9,252

5.8 Spend to date at £4,246k is in line with budget and represented just over half of the revised CRDP spend, before the addition of the amendment for the ICT Road Map.

5.9 A similar performance in terms of spend in the second half of the year should result in an outturn that is much closer to the revised programme however much of this will have resulted from the £5m carry forward and it is vital that the way in which Change, Projects and Business Cases are managed, delivered and planned is improved upon as part of the wider Force Transformation Programme.

5.10 Reserves

On finalisation of the 2018/19 Statement of Accounts the reserves held by the PFCC were as follows:

	Balance at 31 March 2019 £000
Revenue Initiatives	238
Capital Reserve	154
Firearms Licence Reserve	590
PCC Community Fund Reserve	511
Commissioned Services Reserve	543
Total Reserves within current MTFP	2,036
Confiscated Monies Reserve	103
Cost of Change Reserve	220
Total Reserves beyond current MTFP	323
Insurance Reserve	511
Pay and Pensions Reserve	1,587
Major Incident Reserve	1,114
Total General Contingency Reserves	3,212
Total Earmarked Reserves	5,571
General Reserves	5,974
Total Usable Reserves	11,545
Capital Receipts Reserve	1,912

5.11 There are no plans to use any of the General Fund balances within either the current financial year nor the Medium Term Financial Plan. At just under £6m this is expected to be just under 4% of the annual budget and therefore a reasonable level of reserves to be held at this stage.

5.12 As has been seen this year there are a number of risks around both Pensions and Pay and therefore the reserve in place currently, of £1,587k, should enable the PFCC to manage any unforeseen/unplanned and short notice changes in these area that ultimately account for around 80% of the expenditure.

5.13 A full analysis and profile of the plans for all reserves will be incorporated into a revised and updated Reserves Strategy as part of the budget setting process and available to the PFCC in February 2020.

5.14 At this stage of the current financial year there are not expected to be any draws on reserves that were not planned.

6. Conclusion

6.1 2019/20 was always going to be a challenging year in terms of transformation, change, and delivery of investment in Front Line. As at the end of the second quarter some of these challenges have started to become clearer in terms of the impact that they are having within the overall finances of the organisation.

6.2 While the overall forecast is for the organisation to breakeven, the way that this is currently being delivered is significantly different from the plans that were approved at the start of the year.

6.3 Much progress has been made during the second quarter in those areas highlighted by the PFCC for areas requiring progress from the Force. These were specifically around the appointments into the Reinforcing the Front Line roles and the expected financial impact from delivery of the T2020 programme.

6.4 There is still however further work to be undertaken in both areas to fully deliver both in the current financial year and for the medium term and the focus and oversight from the PFCC on these areas will need to remain.

Michael Porter
PCC Chief Finance Officer

