

THE POLICE & CRIME COMMISSIONER FOR CLEVELAND

DECISION RECORD FORM

REQUEST: For Approval

Title: Budget Monitoring Report to 31st January 2013

Executive Summary:

This report sets out the progress against delivery of the 2012/13 as inherited by the PCC and is part of the process to maintain prudent financial management. In line with Financial Regulations the Force can request the carry forward for budget into the following financial year providing they are agreed before the end of February and the PCC's CFO is in agreement

Decision:

The PCC is asked to note the contents of the report, which includes a forecast under spend of £300k for 2012/13, and agree the 2 carry forwards, totalling £132k, contained within the report

Implications:

Has consideration been taken of the following:	Yes	No
Financial	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Legal	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Equality & Diversity	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Human Rights	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Sustainability	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Risk	<input checked="" type="checkbox"/>	<input type="checkbox"/>

(If yes please provide further details on the next page)

Decision Required – Supporting Information

Financial Implications: (Must include comments of the PCC's CFO where the decision has financial implications)

I am content that the requests for carry forwards are reasonable in relation to both the amounts requested and the reasons for the request.

Legal Implications: (Must include comments of the Monitoring Officer where the decision has legal implication)

Equality and Diversity Implications

Human Rights Implications

Sustainability Implications

Risk Management Implications

OFFICER APPROVAL

Chief Executive

I have been consulted about the decision and confirm that financial, legal, and equalities advice has been taken into account. I am satisfied that this is an appropriate request to be submitted to the Police and Crime Commissioner.

Signature:



Date:

4/2/17

Police and Crime Commissioner:

The above request HAS / ~~DOES NOT HAVE~~ my approval.

Signature:



Date:

20/2/17

Report of the Chief Constable to the Police and Crime Commissioner
Date: 28th February 2013

Executive Officer: Mrs Ann Hall, Assistant Chief Officer (Finance & Commissioning)

Status: For Approval

Budget Monitoring Report to 31st January 2013

1. Purpose

1.1 At their meeting on 29th February 2012 Members approved a Net Budget Requirement (NBR) of £124,569k and budgeted revenue expenditure of £138,642k, the balance of expenditure being funded by specific grants, other income and transfers from reserves. The PCC inherited this budget on 22nd November 2012. This report sets out the progress against delivery of the budget and is part of the process to maintain prudent financial management.

2. Recommendations

- 2.1 The PCC is asked to note the contents of the report.
- 2.2 The PCC is asked to Approve the transfer of £132k to Earmarked Reserves from the 2012/13 budget in line with paragraph 3.29.

3. Reasons

- 3.1 Summary of the position to the end of January 2013
The forecast would suggest that the Force has some operational budget pressures against the expenditure plan for 2012/13 but with underspends to offset this pressure and provide a £300k forecast underspend.
- 3.2 As reported in September, further detailed work on pay forecasts has been completed along with detailed discussions regarding non pay budgets at budget clinics; as a result the position reported in September can now be updated to show a forecast £300k underspend. The position to date and the year-end forecast are shown at Appendix A; this reflects the £300k position. No material risks, other than those set out in the Risk Monitor at Appendix D, have been identified to this position.
- 3.3 Police Pay & Allowances
The Force set a budget based on an agreed establishment of 1,504 FTEs (average number of officers expected during the year) and an in-year vacancy

rate of 0%. The number of Police Officers employed at the 31st January was 1,476 FTEs; Appendix B refers.

- 3.4 The overall number of Police Officers will continue to reduce as we approach the end of the financial year. This continues to be possible due to the release of officers from back office roles thus releasing them to the frontline to sustain the number of frontline officers.
- 3.5 Officers are leaving as scheduled under Regulation A19 but we are also seeing some officers retiring earlier than this, at the age of 55. This is resulting in a slightly lower average number of officers over the year than budgeted and therefore an underspend of £400k.

As at the end of January the number of officers forecast at the end of the year is shown in the table below.

Police FTE Forecast	
Number of Officers at P10	1476
A19 Retirements	7
Medical Retirements	6
Other Leavers	0
Forecast Outturn	1463

- 3.6 However, the rank mix is also differing from that budgeted which is creating a pressure of £400k. The Executive are aware and the detail behind this is being reviewed.
- 3.7 In addition, whilst payments for unsocial hours were budgeted on planned shift patterns, no budget was set for unsocial hours payments on overtime as this was never part of the original Winsor recommendation. This is exacerbated by additional overtime within the major incident budget as detailed later in this report. This is therefore creating a pressure of £150k.
- 3.8 As reported in July the pressure of £270k relating to Bank Holiday overtime includes £33k of National Insurance which forms part of the pay budget forecasts.
- 3.9 By the end of the year, Police Pay is therefore forecast at an overspend of £250k.
- 3.10 The forecast presented here assumes that the earmarked reserve for 12 medical retirements will be utilised in 2012/13. 6 were planned for September and 6 for March, but as can be seen from the above table, 6 medical retirements have already been made, leaving 6 for the rest of the year.

3.11 Police Community Support Officers

As at the 31st January, 161 FTE PCSOs were employed against an establishment of 166 FTEs and a vacancy rate of 0%; Appendix B refers. We are not forecasting any PCSO recruitment during the year and PCSO numbers will be below the budgeted number for the year; as such a £190k underspend is forecast in this area.

3.12 Staff Pay & Allowances

The number of staff in post at the end of January was 228 FTEs against an establishment of 257.7 FTEs and a vacancy rate of 1%; Appendix B refers.

3.13 This budget allowed for the cost of 21 roles to be civilianised under Plan B which has now been placed on hold. This will result in an underspend of £735k; however until the liability of the redeployment pool is resolved, this is offset by the anticipated charges for the pool.

3.14 The detailed review of pay that took place at the end of August has resulted in an expectation that staff pay will now have an additional underspend of £265k as there will be, on average, 6 fewer staff roles than budgeted for.

3.15 In order to consolidate and realise any potential underspends and minimise pressures, only urgent posts are to be advertised (and only with the authority of the Chief Constable) and robust monitoring of all staffing takes place through the Strategic Workforce Management Group (SWMG), chaired by the Chief Constable.

3.16 Overtime

Overtime budgets continue to be closely managed and monitored and Police Overtime is currently £543.3k overspent against budget to date, relating to several main reasons.

Firstly, Bank Holiday Overtime as a result of delayed implementation of Winsor 1. In terms of the overall forecast outturn, this pressure is presented within the Corporate budgets.

3.17 Given the late changes to Winsor 1, the Long Term Financial Plan overtime assumptions have been revisited and the update presented to members in September now assumes no savings on Bank Holiday overtime from the implementation of the Winsor recommendation in this area.

3.18 The overspend to date also includes £299.7k relating to Major Incident overtime (£83.2k), and overtime relating to the Olympics (£216.5k) which has been reclaimed via the Home Office. All budgets, including overtime, are robustly challenged as part of the monthly Budget Clinics and all overspends, outside of Bank Holiday relating to Winsor, will be managed within overall delegated budgets; Appendix C refers.

3.19 Service Units

Service Units continue to robustly manage their budgets and Appendix A illustrates a £969.3k forecast underspend for 2012/13. This is made up of several items:

- Districts are all underspending, predominantly within the forensics area; this represents an underspend of £230k.
- The Crime area will deliver an underspend of £160k resulting from income generation relating to training delivered for the NPIA and Partnership funding for the Football Intelligence officer post.
- Some detailed work has been done in relation to ICT retained contracts and as a result, £110k underspend is forecast in this area.
- An underspend of £90k in Project I relating to professional fees.
- An underspend of £70k relating to utility costs.
- Due to Cleveland Police joining the National Police Air Service (NPAS) on 1st April 2013, monies that would have been previously set aside to go into earmarked reserves for future significant repair costs are no longer anticipated to be required. Therefore, at this point, an underspend of £120k is forecast.

3.20 Core Budgets

Several pressures exist within this area for noting:

- The PCC still has a contractual obligation with regard to the redeployment pool; a solution to which is being negotiated. As part of the setting of the 2012/13 budget, Members approved the use of the Workforce Modernisation earmarked reserve and the £735k previously set aside for staff costs under Plan B civilianisation (highlighted under staff pay).
- During the year we are also forecasting additional costs of £135k in relation to charges as a result of contract change requests resulting from national outcomes relating to Winsor, Hutton etc; £90k of this can be met from an underspend on the Project I professional fees budget.
- The Roads Policing collaboration with Durham is targeting a total spend no greater than the £12m spent in 2011/12. However, in comparison to the budget which Cleveland has available to fund this venture, this presented a potential pressure of £120k in this area as at the end of October. Further detailed work has been undertaken during November and December and this pressure has now been updated to £345k as there was an error in Durham's Pay Forecast and there are ongoing discussions relating to the costs of the Camera Safety Partnership. A meeting was held in early February to discuss the costs of both forces to ensure a consistent approach, and resulting work may reduce the overspend currently forecast.
- The cashflow pattern of the organisation has required borrowing to be taken out earlier than anticipated and creates a pressure of £120k in this area.
- £238k relating to the pressure on Bank Holiday Overtime as a result of Winsor 1 is also presented here.

- Insurance was an area of pressure in 2011/12 and is forecast here to overspend at a similar level; £170k. This area of spend remains sensitive to both the levels of claims and the closure dates of any existing claims. More work has been completed by the Legal team to look at the potential number of claims and this work has been reviewed by the Head of Finance; the decision has been made to leave the overspend at £170k though this remains sensitive to the payment of claims up to the end of the financial year.
- £100k in relation to pension/added years' charges predominately for pensioners who have retired through injury.
- £45k in relation to external charges from the NPIA (now Home Office) for the use of several national ICT systems (PND, ANPR etc).
- The PCC is aware of Operation Sacristy and are presented with regular updates. Approval was granted for a special Home Office grant of which £1.6m was received at the beginning of August with £431k relating to 2012/13 costs received in October and £459k in February.

3.21 In order to offset the pressures above, there are also some areas of forecast underspend within core budgets:

- Cleveland Police's support to the Olympics cost the force a total of £805k for which we has been reimbursed by the Home Office. Of this £305k represents additional costs to the Force, particularly in terms of overtime, the remaining £500k is forecast as an underspend as we are being reimbursed for staff and officer time which had been budgeted and these positions were not backfilled.
- The level of seconded officers has marginally differed from the original budget and therefore £50k of additional income will be recovered.

3.22 Major Incidents

The first 10 months of the year saw a higher than expected level of spend and as at the end of January there was £826.0k spend against a year to date budget of £609.5k in this area (overspend of £216.5k); this is predominantly the result of the double murder in the early part of the year which accounts for c.£250k of the spend to date. It should be noted however that the budget is profiled evenly over the year, so the actual activity may vary significantly rather than incur cost at regular monthly intervals.

3.23 This means that the major incident contingency fund has spent £97.0k more than its entire yearly budget of £729.0k.

3.24 In order to try to mitigate this risk, the proactive operations budget is forecasting an underspend of £10.0k.

3.25 All expenditure against the Major Incident budget is actively monitored and reviewed at an Executive level; ACC Pickard scrutinises all expenditure taking action to contain expenditure and mitigate pressures.

- 3.26 The forecast therefore assumes an overspend of £290.0k for the Major Incident budget (inclusive of proactive operations); this area is also highlighted on the Risk Register in Appendix D, as this budget remains sensitive to operational requirements.
- 3.27 The £300k forecast underspend can therefore be summarised as shown in the table below.

Area	Detail
Total Pay	(855) Lower spend due to higher level of leavers across Police, Staff and PCSOs
Police Pay	400 Rank mix differing from that budgeted
Unsocial hours	150 Allowance payable on overtime which was only announced after the budget was set
Bank Holiday Overtime NI	33 National Insurance on Bank Holiday Overtime
Staff Pay	(735) Underspend relating to 21 Plan B roles
Steria Contract	735 Costs relating to Workforce Modernisation
Steria Contract	135 Costs relating to Winsor/Hutton change request
Project I	(90) Professional fees underspend
Service Units	(530) Districts and Crime underspends - predominantly Forensics and training income within Crime
Air Support	(120) Repairs and Maintenance budget not required due to joining NPAS
ICT	(110) Savings on retained contracts
Commissioning	(70) Underspend relating to utilities
Olympics	(500) Resulting from recharges for officers already budgeted for within Pay
Secondments	(50)
CDSOU	345 Potential pressure of joint budget, subject to further work
Major Incident Fund	290 Overspend now forecast in Major Incident Fund
Bank Holiday Overtime	237 Winsor saving not possible due to deferred implementation of recommendation on Bank Holiday nomination until 2013
Insurance	170 Based on costs so far in 2012/13, potential to overspend at 2011/12 levels, subject to further investigation.
Interest	120 Due to timing of borrowing compared to forecast
Pensions	100 Pensions / added years
External charges	45 Charges from NPJA/Home Office
	(300)

- 3.28 The Force continues to look at all areas of spend in order to drive out savings and spend is actively monitored and challenged through Budget Clinics (with Business Partners).
- 3.29 The PCC is asked to approve adding the following to earmarked reserves:
- £32k comprising £20k from the P&D uniform budget and £3k from each district in order to fund the recruitment of specials which, due to the time taken for the process, will not be able to be completed within the current financial year.
 - £100k from the Project I professional fees budget. As previously highlighted funds may be required to mitigate against risks related to contract novation and therefore, if approved, these funds will be utilised to set up a Risk Reserve.

4. Implications

4.1 Finance

There are no financial implications other than those mentioned above.

4.2 Diversity & Equal Opportunities

Diversity and equal opportunities considerations are kept under constant review in line with Force policies and 'Putting People First'. There are no issues arising from the content of this report to bring to the PCCs attention.

4.3 Human Rights Act

There are no Human Rights Act implications arising from the content of this report.

4.4 Sustainability

This report is part of the process to establish sustainable annual and medium term financial plans and maintain prudent financial management.

4.5 Risk

A risk analysis of the 2012/13 budgets is attached at Appendix D for the PCCs attention.

5. Conclusions

- 5.1 The position to date and the year-end forecast are shown at Appendix A. No material risks, other than those set out in the Risk Monitor at Appendix D, have been identified to that forecast.

Jacqui Cheer
Chief Constable

Budget Monitoring Statement to 31st January 2013					APPENDIX A	
INCOME & EXPENDITURE ACCOUNT						
	Original Budget	Budget to January	Actual to January	Variance Over/(Under)		Forecast Over/(Under)
	£000s	£000s	£000s	£000s	%	£000s
FUNDING						
Formula Funding & Precept	(124,568.9)	(103,807.4)	(103,807.4)	0.0	(0.0)	0.0
Special Grants	(9,328.7)	(7,839.6)	(7,828.0)	11.6	(0.1)	0.0
Partnership Funding	(248.0)	(206.7)	(749.8)	(543.1)	262.8	0.0
TOTAL FUNDING	(134,145.6)	(111,853.7)	(112,385.2)	(531.6)	0.5	0.0
EXPENDITURE						
Centralised Pay & Allowances						
Police Pay & Allowances	75,166.5	63,220.7	63,369.8	149.1	0.2	288.0
PCSO Pay & Allowances	5,049.7	4,208.1	4,062.5	(145.6)	(3.5)	(190.0)
Staff Pay & Allowances	9,007.5	7,589.9	6,809.1	(780.9)	(10.3)	(995.0)
Total Centralised Pay & Allowances	89,223.7	75,018.8	74,241.4	(777.3)	(1.0)	(897.0)
Devolved Budgets						
Total Operational Units	4,545.4	5,150.5	5,216.8	66.3	1.3	(576.0)
Total Central Support Services	6,840.6	8,209.5	7,076.1	(1,133.4)	(13.8)	(393.3)
Total Corporate Budgets	35,614.9	29,405.1	31,289.2	1,884.1	6.4	1,566.3
Total Devolved Budgets	47,000.9	42,765.1	43,582.1	817.0	1.9	597.0
TOTAL EXPENDITURE	136,224.6	117,783.9	117,823.5	39.7	0.0	(300.0)
(SURPLUS)/DEFICIT BEFORE RESERVES	2,079.0	5,930.2	5,438.3	(491.9)	(8.3)	(300.0)
Transfers to/(from) Reserves	(2,079.0)	(3,602.0)	(3,614.5)	(12.5)	0.3	0.0
(SURPLUS)/DEFICIT	0.0	2,328.2	1,823.8	(504.4)	0.0	(300.0)

Budget Monitoring Statement to 31st January 2013										APPENDIX B
<u>EMPLOYEE NUMBERS</u>										
	Initial FTE Budget	Agreed Changes	Current FTE Budget	Actual 1 April	Starters	Leavers	Actual 31st January	Variance		
	FTEs	FTEs	FTEs	FTEs	FTEs	FTEs	FTEs	FTEs		
Police Officers	1,504	0	1,504	1,530	0	(54)	1,476	(28)		
PCSOs	166	0	166	169	0	(8)	161	(5)		
Staff	258	0	258	233	11	(16)	228	(30)		
TOTAL	1,928	0	1,928	1,932	11	(78)	1,865	(63)		

BUDGET MONITORING STATEMENT 31st JANUARY 2013						APPENDIX C
POLICE OVERTIME STATEMENT						
SERVICE UNIT	ANNUAL BUDGET £000s	BUDGET TO DATE £000s	ACTUAL TO DATE £000s	VARIANCE £000s	%	P10 FORECAST OUTTURN £000s
Hartlepool BCU	105.5	91.4	106.7	15.3	16.7%	33.6
Redcar & Cleveland BCU	141.2	122.8	163.2	40.4	32.9%	67.6
Middlesbrough BCU	202.5	174.9	200.9	26.0	14.9%	56.6
Stockton BCU	146.6	128.0	177.8	49.8	38.9%	53.4
Community Justice	49.6	43.7	46.4	2.7	6.1%	13.6
Crime Operations	64.1	54.4	52.1	(2.3)	(4.2%)	8.5
Control Room	0.0	0.0	12.8	12.8	0.0%	20.4
Specialist Operations	95.4	83.2	182.5	99.4	119.5%	18.2
Legal Services	0.9	0.7	0.2	(0.4)	(65.3%)	0.0
Personnel & Organisational Development	0.9	0.7	0.1	(0.7)	(93.0%)	(0.6)
Executive	0.0	0.0	0.0	0.0	0.0%	0.0
Professional Standards	2.3	1.9	2.6	0.7	35.6%	1.4
Corporate Planning	0.0	0.0	0.0	0.0	0.0%	0.0
Major Incident Contingency	395.3	331.4	414.6	83.2	25.1%	45.0
Core	0.0	0.0	216.5	216.5	0.0%	0.0
TOTAL	1,204.2	1,033.2	1,576.5	543.3	52.6%	317.8
Hartlepool Partnerships	0.0	0.0	21.0	21.0	0.0%	0.0
Middlesbrough Partnerships	0.0	0.0	13.9	13.9	0.0%	0.0
Redcar & Cleveland Partnerships	0.0	0.0	3.1	3.1	100.0%	0.0
Stockton Partnerships	0.0	0.0	45.3	45.3	0.0%	0.0
Crime Operations Partnerships	0.0	0.0	13.2	13.2	0.0%	0.0
Specialist Operations Partnerships	0.0	0.0	0.0	0.0	0.0%	0.0
Mutual Aid/Partnership/Funded Overtime	0.0	0.0	96.4	96.4	0.0%	0.0
Whilst the above mutual aid/partnership/funded budget appears overspent this expenditure is offset by unbudgeted Income from Partners/Secondments/Mutual Aid etc						

FINANCIAL RISK MONITOR

Risk	Likelihood of Impact	Budget	Potential Impact £000s	Mitigation Proposals
Operation Sacristy	High	£0	£2,200k	Costs to end of December 2012 are £1,533k with total expected costs for 2012/13 of £2.2m. The original mitigation proposal around this was for the costs to be funded from reserves, however it has been announced that Cleveland Police will receive a special grant from the Home Office - £1.6m of which was received at the beginning of August, with further funds to be received at a later date to cover current year costs.
Redeployment Pool	Low	£0	£1,190k	The Authority still has a contractual obligation with regard to the redeployment pool; Members have approved the use of the Workforce Modernisation earmarked reserve (£435k) and the £735k previously set aside for staff costs under Plan B civilianisation to mitigate this risk. Cleveland Police Authority have informed Steria that after a consultation period, they will no longer pay for the redeployment pool.
Major Incident Fund finances incidents which are unpredictable in cost and frequency e.g. a murder investigation. As such it is not possible to set a budget for a planned level of activity.	Medium	£729k	£290k	Expenditure against the fund is tightly managed at Service Unit level and rigorously monitored at corporate level. Should activity outstrip available resource virement from other budget head will be sought and, if unavailable, the Authority will be asked to consider support from the General Fund.