



POLICE AND CRIME PANEL: 22 SEPTEMBER 2017

2017/18 FINANCIAL REPORT – QUARTER 1

1. The forecast outturn for 2017/18, as at the end of the first Quarter is shown in the summary table below. Overall, Dorset Police is predicting an overspend of £885k (0.7%), with no variance to PCC budgets, at this stage.

	Revised Plan £000's	Spend to date £000's	Forecast £000's	(Under) / Over £000's
Dorset Police				
Pay & Employment Costs				
Officer Pay (including Alliance Recharges)	64,014	16,192	65,440	1,426
Officer Overtime	2,489	942	3,472	983
Injury / Ill Health Pensions	1,687	254	1,723	36
PCSO Pay	4,366	919	3,623	(742)
PCSO Overtime	20	4	19	(1)
Police Staff - Direct Costs	35,041	8,201	34,158	(883)
Police Staff - Alliance recharges	(3,148)	(891)	(4,077)	(929)
Temporary or Agency Staff	61	277	880	819
Police Staff Overtime	320	120	680	361
Other Employee Expenses	974	633	1,023	50
Training & Conference Costs	657	316	998	340
Pay & Employment Costs Total	106,481	26,966	107,940	1,460
Overheads				
Premises Related Expenditure	12,838	2,801	12,843	5
Supplies and Services	3,825	1,101	4,811	986
Communications & Computing	4,751	2,027	4,855	104
Partnership and Collaboration	4,386	1,335	4,437	51
Transport Related Expenditure	2,199	938	2,239	40
Capital Financing	128	(3)	128	0
Overheads Total	28,127	8,199	29,313	1,187
Income				
Specific Government Grants	(7,217)	(4,116)	(6,871)	346
Interest / Investment Income	(130)	(38)	(130)	0
Partnership Funding	(451)	(315)	(601)	(150)
Reimbursed Services - Other	(79)	(357)	(144)	(65)
Reimbursed Services - Police Forces	(250)	(37)	(911)	(661)
Reimbursed Services - Public Bodies	(1,770)	(2,750)	(1,938)	(168)
Sales, Fees, Charges and Rents	(4,070)	(1,359)	(3,841)	229
Special Police Services	(272)	(96)	(306)	(34)
Transfers from Reserves	(1,246)	0	(2,503)	(1,258)
Income & Reserves Total	(15,485)	(9,068)	(17,245)	(1,761)
Dorset Police Total	119,123	26,097	120,008	885
OPCC				
General	1,130	191	1,130	0
Victims Funding	898	198	898	0
Victims Funding (Grant Funding)	(898)	(449)	(898)	0
Local Innovation Fund	309	138	309	0
Community Safety Fund	695	188	695	0
OPCC Total	2,134	267	2,134	(0)
Grand Total	121,257	26,364	122,142	885

2. Locally Managed Budgets

- 2.1. The 2017/18 officer overtime budgets were frozen at the same level as the 2016/17 budget. Overtime across all commands was overspent at the end of 2016/17, with £3.4m spent against a budget of £2.5m. The Force is continuing to actively manage spend in this area in order to ensure spend is only incurred where entirely necessary.
- 2.2. Even though the Force is above establishment on overall officer numbers, a number of probationer officers are currently in initial training, and have not yet fed through to operational areas. In addition, officer abstractions, for example through sickness and training and support to major operations, also require overtime to maintain appropriate workforce levels.
- 2.3. The forecast for Major Operations income has increased by £373k to £748k.
- 2.4. The following table includes the anticipation of saving £200k overtime expenditure through continued proactive management of expenditure.

£000's	Revised Plan	Spend to date	Forecast	Variance
Alliance Operations Department	273	154	477	204
Territorial Policing	850	384	1,230	380
Crime and Criminal Justice	484	194	757	273
Major Operations	716	152	1,023	307
Other budgets	166	58	185	19
Sub-Total	2,489	942	3,672	1,183
Proactive management	0	0	(200)	(200)
Officer Overtime Forecast	2,489	942	3,472	983
Major Operations Income	(375)	(58)	(748)	(373)

3. Employee Costs

- 3.1. Overall employee costs are projecting an underspend of £1,460k. *It should be noted that this does not reflect any effect of the most recent government announcements, in relation to which the detail is still awaited. An oral update will be provided to the Panel.*
- 3.2. Police officer pay and on costs is currently predicting a net £1,426k overspend. The key reason for this is that there have been fewer than anticipated police officer leavers in 2016/17 and the current year, resulting in current officer numbers exceeding the budgeted level. The Force currently has 1,249 full time equivalent (FTE) officers, compared with a budget of 1,209 FTE officers. The future recruitment plan has been amended in recognition of this.
- 3.3. Police Community Support Officer (PCSO) pay is forecasting an underspend of £742k due to lower predicted year end numbers than budgeted; the predicted year end position is 130 FTE against a budgeted FTE of 145. PCSO recruitment has been temporarily suspended, pending the 2018/19 medium term financial strategy review.
- 3.4. The current police staff pay areas are predicting an underspend of £1,812k, which includes costs recharged to Devon and Cornwall as part of the Alliance arrangements. Across the Force and the Alliance, there are a number of vacancies, due in part to the restructure of departments that have only recently gone live in the Alliance.

Appendix C

3.5. Staff overtime, and temporary and agency staff budgets are utilised to fill critical gaps in some departments, notably including the control room, road safety and disclosure. These budgets are forecast to overspend by £819k which reflects the demands faced by these departments to maintain performance with fewer than budgeted staff, and the expenditure is financed by vacancies in police staff posts.

4. Overheads

4.1. The principle issues within the non-pay budgets are currently in relation to the supplies and services, including the requirement to achieve £500k of in year savings that was built into the base budget. These savings have yet to be fully identified and delivered, and although some further opportunities are anticipated, there is a risk that they will not be fully achieved.

5. Office of the Police and Crime Commissioner

5.1. The OPCC forecast outturn is currently on budget. A detailed review is underway and the results will be reflected in the next update report.

6. Capital Projects

6.1. The capital programme has a 2017/18 budget of £11,068k which includes £6,948k brought forward from previous years. The programme is currently predicting an underspend of £906k mainly due to slippage against ICT schemes.

	Original Budget £000's	Brought Forward from 2016/17 £000's	Total Budget £000's	Forecast Spend £000's	Variance Over/ (Under) £000's
Capital Programme					
Vehicle Replacement Programme	1,260	750	2,010	2,010	0
Minor Building Works	870	879	1,749	1,843	94
ICT					
<i>Smarter Systems Programme</i>	390	2,779	3,169	3,053	(116)
<i>Duty Management System</i>	0	730	730	730	0
<i>Other ICT</i>	1,330	765	2,095	1,095	(1,000)
Total ICT	1,720	4,274	5,994	4,878	(1,116)
Equipment	270	1,045	1,315	1,431	116
Total	4,120	6,948	11,068	10,162	(906)

Funded By					
Home Office Grant	474	0	474	474	0
Use of Capital Receipts	5,646	3,637	9,283	8,800	(483)
Funding Project Staff	(364)	0	(364)	(364)	0
Transfers (to) / From Reserve	(1,636)	3,311	1,675	1,252	(423)
Total	4,120	6,948	11,068	10,162	(906)

6.2. The long term nature of capital projects, with expenditure often incurred over two or more years, means that underspends resulting from slippage are to be expected. As an example, the duties management system is being progressed, but has numerous interdependencies with other systems that need to be carefully assessed before a new system is purchased. This budget is now expected to be spent in 2017/18, although given

the complexity of this system further slippage is possible. Similarly, expenditure on other major systems may ultimately fall beyond the end of the current financial year.

- 6.3. Dorset Police brought forward £2.2m of unfinanced capital expenditure at the end of 2016/17 into the current financial year. The consequential statutory provision for financing this capital expenditure (Minimum Revenue Provision) is not yet reflected in the revenue forecasts, pending discussions with our Treasury management advisers to ensure the most appropriate method is applied. It is anticipated that such an adjustment will be included in the second quarter figures.

7. Reserves

- 7.1. The projected level of reserves and balances over the five years to 31st March 2021 is shown below.

	31/03/17	31/03/18	31/03/19	31/03/20	31/03/21
	£m's	£m's	£m's	£m's	£m's
<u>Revenue reserves</u>					
For capital purposes	1.8	0.5	1.3	0.0	0.0
Major Operations Reserve	1.2	0.9	0.9	0.9	0.9
Change Management Reserve	2.7	1.8	0.9	0.0	0.0
Total Earmarked Reserves	5.7	3.2	3.1	0.9	0.9
General Balances	7.4	7.4	7.4	7.4	7.4
Total Revenue Reserves	13.1	10.6	10.5	8.3	8.3
Capital Receipts Reserve	3.9	3.9	1.1	0.5	0.0
Total Reserves & Balances	17.0	14.5	11.6	8.8	8.3

- 7.2. The above projection of reserves assumes that the current year projected revenue deficit is funded from savings in year, rather than funded from balances, and that savings are identified to offset forecast deficits in future years.

8. Changes in Budget from Original Budget to Quarter 1 Revised Budget

- 8.1. Below is a summary of changes from the original budget to the revised budget at the end of Quarter 1.
- 8.2. As part of the process of aligning budget management practices across both forces in the Alliance it has been necessary to reclassify a number of budgets to enable better monitoring, control and comparison.

Appendix C

Dorset Police	Original Plan £000s	Alliance Recharging £000s	Other minor adjustments £000s	Revised Plan £000s
Pay & Employment Costs				
Officer Pay (including Alliance Recharges)	64,014			64,014
Officer Overtime	2,489			2,489
Injury / Ill Health Pensions	1,687			1,687
PCSO Pay	4,366			4,366
PCSO Overtime	20			20
Police Staff - Direct Costs	33,020	2,021		35,041
Police Staff - Alliance recharges	(633)	(2,515)		(3,148)
Temporary or Agency Staff	61			61
Police Staff Overtime	325	(6)	1	320
Other Employee Expenses	1,003		(29)	974
Training & Conference Costs	619		38	657
Pay & Employment Costs Total	106,971	(500)	10	106,481
Overheads				
Premises Related Expenditure	12,838			12,838
Supplies and Services	3,978		(153)	3,825
Communications & Computing	4,233	500	18	4,751
Partnership and Collaboration	4,391		(5)	4,386
Transport Related Expenditure	2,193		6	2,199
Capital Financing	128			128
Overheads Total	27,761	500	(134)	28,127
Income				
Specific Government Grants	(7,217)			(7,217)
Interest / Investment Income	(130)			(130)
Partnership Funding	(561)		110	(451)
Reimbursed Services - Other	(79)			(79)
Reimbursed Services - Police Forces	(250)			(250)
Reimbursed Services - Public Bodies	(1,776)		6	(1,770)
Sales, Fees, Charges and Rents	(4,070)			(4,070)
Special Police Services	(272)			(272)
Transfers from Revenue and Capital Reserves	(1,246)			(1,246)
Income Total	(15,601)	0	116	(15,485)
Grand Total	119,131	0	(8)	119,123
OPCC				
General	1,122		8	1,130
Victims Funding	898			898
Victims Funding (Grant Funding)	(898)			(898)
Local Innovation Fund	309			309
Community Safety Fund	695			695
OPCC Total	2,126	0	8	2,134
Grand Total	121,257	0	0	121,257