

## ANNEX 8g) – Budget Monitoring Report

To provide an update on the financial position at the end of November 2017 and the full year forecast compared with the revised budget.

### 1. NET REVENUE EXPENDITURE

- 1.1. Net Revenue Expenditure in the year to November was £80,030k which is 65% of the full year Revised Budget.
- 1.2. The Forecast for the full year is predicting a net overspend of £1,123k, after a planned increased transfer from reserves of £1,656k. (This compares with a forecast overspend of £1,048k in the Q2 report). Any overspend at the year-end will reduce General Balances. More detail is provided in Appendix 1.

NET REVENUE EXPENDITURE (NRE)	Spend to date £000's	2017/18 Revised Budget £000's	2017/18 Latest Forecast £000's	Variance (under) /over spend £000's
OPCC	1,361	2,582	2,582	0
FORCE	78,669	120,385	123,164	2,779
<b>Total NRE</b>	<b>80,030</b>	<b>122,967</b>	<b>125,746</b>	<b>2,779</b>
Reserves - transfers to / (from)	(1,195)	(1,710)	(3,366)	(1,656)
<b>TOTAL</b>	<b>78,835</b>	<b>121,257</b>	<b>122,380</b>	<b>1,123</b>

### 2. CAPITAL EXPENDITURE

- 2.1. The capital budget position is provided in Appendix 1, para 3.8

### 3. USABLE RESERVES

- 3.1. The latest forecast reserves are provided in the Budget and Medium Term Strategy report and are not repeated here.

### 4. OTHER FINANCE RELATED ISSUES

- 4.1. The Provisional Settlement was announced on 19<sup>th</sup> December and is discussed more fully in the Precept report elsewhere on this agenda.
- 4.2. The Reserves Policy has been reviewed and updated for 2018/19 and will be reported to the Independent Audit Committee in March. It is also included as an appendix to the Precept report.
- 4.3. The Treasury Management Strategy, including the Investment Strategy, Borrowing Strategy and prudential indicators will be reported to the Independent Audit Committee in March.

### 5. REPORT DEVELOPMENT

- 5.1. As previously reported the presentation of financial information to the Police and Crime Panel is under review, together with the underlying processes for the preparation of information with a view to ensuring the accuracy, timeliness and relevance of the information being provided.
- 5.2. Towards the objective of ensuring that financial reporting is not only accurate and timely but also comprehensive, consistent and comparable, the Joint Executive Board have agreed that changes will be made as follows:
  - Timetable of meetings will be revised to ensure that financial reports to the Police and Crime Panel have been reviewed by the appropriate internal boards first;
  - For internal reporting, a standard set of tables in excel, will be adopted, to ensure completeness, consistency and comparability; and
  - A budget decisions log will be maintained as one point of reference for changes from Original Budget.

## Annex 8g) Appendix 1: Financial Forecast 2017/18

1. The forecast outturn for 2017/18, as at the end of month 8 is shown in the summary table below. Overall Dorset Police are predicting an overspend of £1.1m (0.93%).

	Type	Original Plan £000's	Revised Plan £000's	Spend to date £000's	Forecast £000's	Adverse / (Favourable) £000's
<b>Office of the Police and Crime Commissioner</b>						
<b>Income</b>	Grants and other income	(898)	(898)	(449)	(898)	0
<b>Expenditure</b>	OPCC	1,267	1,130	653	1,130	0
	Commissioning & Partnerships	1,902	2,349	1,157	2,349	0
<b>OPCC NET SPENDING</b>		<b>2,271</b>	<b>2,582</b>	<b>1,361</b>	<b>2,582</b>	<b>0</b>
<b>Chief Constable</b>						
<b>Income</b>	Specific Government Grants	(7,217)	(7,217)	(4,789)	(6,848)	369
	Other income:					
	Partnership Funding	(561)	(451)	(421)	(632)	(182)
	Reimbursed Services - Other	(79)	(79)	(360)	(141)	(61)
	Reimbursed Services - Police Forces	(250)	(250)	(134)	(928)	(677)
	Reimbursed Services - Public Bodies	(1,777)	(1,790)	(3,326)	(2,218)	(428)
	Sales, Fees, Charges and Rents	(4,070)	(4,070)	(2,956)	(3,797)	273
	Special Police Services	(272)	(272)	(333)	(402)	(130)
<b>Total CC income</b>		<b>(14,227)</b>	<b>(14,130)</b>	<b>(12,320)</b>	<b>(14,965)</b>	<b>(835)</b>
<b>Expenditure</b>						
<b>Pay &amp; Employment Costs</b>	Officer Pay - Direct Costs	64,014	64,014	43,739	66,266	2,252
	Officer Overtime	2,489	2,527	2,394	3,503	976
	Injury / Ill Health Pensions	1,687	1,687	824	1,430	(257)
	Police Staff - Direct Costs	37,240	38,894	24,567	37,275	(1,619)
	Police Staff - Alliance recharges	(633)	(2,931)	(2,747)	(4,209)	(1,278)
	Temporary or Agency Staff	61	61	665	1,152	1,091
	Police Staff Overtime	345	340	430	674	334
	Other Employee Expenses	1,003	974	685	1,070	96
	Restructure & Training	619	628	618	856	228
		<b>106,826</b>	<b>106,193</b>	<b>71,176</b>	<b>108,016</b>	<b>1,823</b>
<b>Overheads</b>	Premises Related Expenditure	12,839	12,845	8,656	12,636	(210)
	Supplies and Services	3,978	3,814	3,639	5,129	1,315
	Communications & Computing	4,233	5,082	3,353	5,069	(13)
	Partnership and Collaboration	4,391	4,391	2,718	4,530	139
	Transport Related Expenditure	2,193	2,191	1,503	2,179	(11)
		<b>27,634</b>	<b>28,324</b>	<b>19,870</b>	<b>29,543</b>	<b>1,219</b>
<b>CHIEF CONSTABLE NET SPENDING</b>		<b>120,233</b>	<b>120,387</b>	<b>78,726</b>	<b>122,594</b>	<b>2,207</b>
<b>Financing and Investment Income and Expenditure</b>						
	Interest / Investment Income	(130)	(130)	(53)	(73)	57
	Capital Financing	128	128	(4)	643	515
<b>Net Financing and Investment Expenditure</b>		<b>(2)</b>	<b>(2)</b>	<b>(56)</b>	<b>570</b>	<b>572</b>
<b>NET REVENUE EXPENDITURE</b>		<b>122,501</b>	<b>122,967</b>	<b>80,030</b>	<b>125,746</b>	<b>2,779</b>

<b>NET REVENUE EXPENDITURE</b>		<b>122,501</b>	<b>122,967</b>	<b>80,030</b>	<b>125,746</b>	<b>2,779</b>
<b>MOVEMENTS IN RESERVES</b>						
	Transfers to Reserves	0	0	0	0	0
	Transfers from Reserves	(1,244)	(1,710)	(1,195)	(3,366)	(1,656)
<b>NET REVENUE EXPENDITURE AFTER USE OF RESERVES</b>		<b>121,257</b>	<b>121,257</b>	<b>78,835</b>	<b>122,380</b>	<b>1,123</b>

## **2. Office of Police and Crime Commissioner**

2.1. The forecast for the OPCC budget is currently under review with the expectation that there will be unspent commissioning funds to be carried forward at the year end. This will be managed through the budget management earmarked reserve.

## **3. Chief Constable**

### Employee Costs

3.1. Overall employee costs are projecting an overspend of £1,823k.

3.2. Police officer pay and on costs is currently predicting a net £2,252k overspend. The key reason for this is that officer numbers remain at a level well in excess of the 1,200 FTE establishment. Officer numbers as at November are 1,252 and are forecast to reduce to 1,241 by year end. The budget assumed that there would be 100 leavers in the current financial year; this was revised down to 74 this month. Leaver numbers continue to be lower than expected and the forecast to year end reflects this.

3.3. Police officer overtime is forecast to overspend by £976k.

3.4. Police Staff pay is predicting an underspend of £2,897k, 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 of the restructure of departments that have only recently gone live in the Alliance.

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 have overspent by £1,428k 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.

### Overheads

3.6. The principle issues within the non-pay budgets are in relation to the supplies and services, including the requirement to achieve £436k savings within the year. The Assistant Chief Officer has put in place specific controls over the purchase of supplies and services. The effects of these controls are now being seen with a reduction in the forecast this month.

### Capital Financing

3.7. The minimum revenue provision charge for 2017/18 is now reflected in the Accounts. This is to be funded from the Capital financing reserve in 2017/18 and has been built into the revenue budget from 2018/19.

### Capital Projects

3.8. The Dorset Police capital programme currently totals £9.7m. A review was recently undertaken of the programme which resulted in Dorset Police being able to remove £1.3m from the budget and transfer to the Capital financing reserve.

Capital Programme	Original Budget £000's	Brought Forward from 2016/17 £000's	Return to Reserve £000's	Total Budget £000's	Forecast Spend £000's	Variance Over/ (Under) £000's
Vehicle Replacement Programme	1,260	750	(400)	1,610	1,275	(335)
Minor Building Works	870	879	(700)	1,049	668	(381)
ICT						
<i>Smarter Systems Programme</i>	390	2,609	0	2,999	1,082	(1,917)
<i>Duty Management System</i>	0	730	0	730	300	(430)
<i>Other ICT</i>	1,330	850	0	2,180	603	(1,577)
Total ICT	1,720	4,189	0	5,909	1,985	(3,924)
Equipment	270	1,045	(210)	1,105	625	(480)
<b>Total</b>	<b>4,120</b>	<b>6,863</b>	<b>(1,310)</b>	<b>9,673</b>	<b>4,553</b>	<b>(5,120)</b>
<b>Funded By</b>						
Home Office Grant					412	
Capital Receipts & Asset Disposal					4,141	
Transfers to / (From) Reserve					0	
<b>Total</b>					<b>4,553</b>	

- 3.9. 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. The revised programme currently projects slippage of £5.1m which will be carried forward to fund ongoing programmes in 2018/19.
- 3.10. The main causes of the slippage relate to delays in implementation of ICT projects. The ESN programme has an annual allocation of £0.5m but due to delays in the national programme £1m will be carried forward to 2018/19. The earliest transition date for Dorset Police is expected to be Spring 2020.