



JOINT MANAGEMENT BOARD

DECISION : 2018/49	DATE: 13TH FEBRUARY 2019
TITLE: Financial position as at 30 September 2018	
REPORT BY: Steve Freeman, Chief Finance Officer	

Executive Summary

This report sets out the monitoring position for the Police and Crime budget as at 30 September 2018. The report sets out the position for the revenue budget and the capital programme and provides the current reserves position.

Recommendations

The Police and Crime Commissioner is asked to:

- Note the Revenue budget monitoring position for 2018/19 as at 30 September 2018.
- approve the following additions to the capital programme for 2018/19 totalling £1.239m:
 - £0.711m additions to the Vehicle Replacement Programme
 - £0.500m year two of the Forensic collaboration programme
 - £0.023m addition to the average speed camera programme
 - £0.005m replacement ANPR camera
- to approve the transfer of funds of £0.345m from the General Provision for Infrastructure and Security scheme to finance the additional expenditure on Northgate CONNECT.
- Note the revised capital programme position for 2018/19
- Approve the revised capital programme for 2018/19 at £18.433m reflecting forecast slippage and underspending across the programme during the year.
- Note the forecast year end position for reserves

Signature

Clive Curran

Police and Crime Commissioner

Date: 20 December 2018

JOINT MANAGER/EMERGENCY BOARD

DATE: 17 FEBRUARY 2018

LECTURE: 11/18

10/13/18 - 10/13/18

10/13/18 - 10/13/18

The Board has considered the report of the Joint Manager/ Emergency Board for the period 10/13/18 - 10/13/18. The Board has noted the Joint Manager/ Emergency Board's report and the Joint Manager/ Emergency Board's recommendations.

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PART I

1. 2018/19 Monitoring Position – As at 30th September 2018

1.1 The Commissioner receives regular reports which set out the latest position on income and expenditure and forecast out turn position for the revenue and capital budget. This report sets out the latest position including;

- The allocation of the PCC's revenue budget for 2018/19,
- An indication of potential cost pressures and savings in 2018/19
- The capital programme for 2018/19 and future years, and
- The position on the PCC's reserves

2. Revenue Budget

2.1 The 2018/19 revenue budget for the Police and Crime Commissioner was set at £267.755m in February 2018, following transfers from Constabulary DFM balances of £1.151m the revised budget for 2018/19 stands at £268.906m.

The forecast year end position for the revenue budget as at 30th September is as follows:

	Revised Budget	Forecast outturn	Forecast variance	
	£m	£m	£m	%
Constabulary:				
Staff costs	205.609	206.573	0.964	0.47
ACC Territorial Operations	10.322	11.614	1.292	12.52
ACC Specialist Operations	3.086	3.441	0.355	11.5
Deputy Chief Constable	4.638	4.681	0.043	0.93
Director of Resources	18.915	18.554	-0.361	-1.91
Head of Change	1.766	1.933	0.167	9.46
Sub Total	244.336	246.796	2.460	1.01
Non-DFM	17.709	19.231	1.522	8.59
Total Constabulary budget	262.045	266.027	3.982	1.52
PCC:				
Office of the PCC	1.398	1.398		
Communications	0.120	0.120		
Reducing Crime and Reoffending	0.837	0.837		
Community Safety	0.992	0.992		
Victim and Domestic Abuse services	0.181	0.181		
Sub Total	3.528	3.528	-	-
Non-DFM	3.333	2.633	-0.700	-21.00
Total PCC	6.861	6.161	-0.700	-10.20
TOTAL BUDGET	268.906	272.188	3.282	1.22

Constabulary

2.2 The constabulary is forecasting an overspend on their revenue budget of £3.982m (1.52%) at year end. The key elements of this forecast position are:

	£m	
Operation Manilla	2.6	Overspend Additional costs (as defined by Home Office - being all costs of the operation except officer time on 'normal duty') A claim has been made to Home Office to recover as much of this cost as possible, the Home Office has not provided any indication of what grant support might be provided although positive discussions with officers have taken place.
Overtime	1.2	Overspend Continued pressure on the overtime budget persists. The overtime spend forecast assumes the same level of demand for overtime to the end of the year as occurred in the first half of the year.. The budget proposal for 2019/20 includes an increase in the overtime budget to reflect the on-going requirement
Officer pay	0.7	Overspend Reflects the agreed over recruitment of officers to ensure establishment is fully met.
Organisational reviews	0.5	Overspend Costs incurred in the delivery of organisation reviews conducted through the futures programme. The majority of these costs reflect additional training and equipment costs to deliver the uplift in ARV officers (approx. 30 officers) and the costs of redundancies across reviews
PoCA Income	0.3	Income is expected to fall below the budget target
Divisional non-staff spending	0.3	Overspend on non-staff budgets held by divisions
Pension injury payments	0.2	Reflecting the current trend of increase in injury awards to officers retiring on ill-health grounds
Revenue consequences of capital programme	(0.3)	Reduction in spend reflects slippage in the capital programme
Non staff cost savings	(1.6)	Delivered through the annual 'zero based' budget approach
Total	3.9	Projected Overspend

The Constabulary will continue to examine revenue budgets to identify any further savings that can be realised to bring down the forecast overspend position as much as possible.

3. Capital

3.1 The revised 2018/19 capital programme, approved by the PCC in July 2018, was £23.799m, during the period 1st July 2018 to 30th September 2018 a number of additions to the programme have been identified as follows:

Addition to capital programme	£m	Sources of funding
Vehicle replacement programme	0.711	£0.186m Lancs Road Safety Partnership £0.203m from revenue budget (replace hire vehicles) £0.028m from revenue for scientific support vehicle £0.288m from College of Policing (welfare vehicles) <u>£0.006m</u> NCTPHQ for a Ports vehicle £0.711m
Forensic Science programme (Yr 2)	0.500	£0.250m From UCLAN <u>£0.250m</u> from forensic academy reserves £0.500m
Addition to average speed camera programme	0.023	From Lancashire Road Safety Partnership
Replace stolen ANPR camera	0.005	Funded from insurance claim
Total	1.239	

3.2 This increases the revised capital programme in 2018/19 to £25.038m.

The Commissioner is ***recommended to approve the additions to the capital programme for 2018/19 at £1.239m.***

3.3 The Constabulary has produced a forecast for spend by the end of the financial year as follows:

	Revised Capital Programme 2018/19	Forecast spend in year	Slippage	(Under)/Over spend
	£m	£m	£m	£m
ICT	8.747	7.384	(0.943)	(0.420)
Accommodation	10.715	6.241	0	(4.474)
Other schemes	1.489	1.639	0	0.150
Vehicle replacement programme	4.087	3.169	(0.918)	0
TOTAL	25.038	18.433	(1.861)	(4.744)

3.4 **Slippage** in the capital programme of **£1.861m** is anticipated, the main elements being:

ICT Strategy

- ICCS upgrade (ESN) – (£0.677m)
The scheme will be delivered in two phases, with phase one at the Preston fallback site being complete in 2018/19. Phase 2 at the HQ site is planned for June 2019 and therefore there will be slippage for future stage payments.
- Replacement of external CCTV – (£0.300m)
A procurement process is underway to replace external CCTV equipment on PCC estate. It is anticipated approximately 50% of the planned work will be completed in 2018/19 with the remaining work completed in 2019/20.
- DMIU (Digital Media Investigation Unit) - £0.034
As part of the five year refresh programme work has been over committed costing £0.034m in 2018/19. The scheme will be re-phased as a first call on funding in 2019/20

Vehicle Replacement Programme – (£0.918m)

- Just over 170 vehicles will be replaced and commissioned in year. The replacement of a further 70 vehicles with low mileage have been delayed for replacement until future years to gain maximum use from the vehicles.

3.5 **Under spending** of **£4.744m** is forecast by the end of 2018/19, the main elements being:

ICT Strategy – (£0.420m)

- General Provision for Infrastructure and Security / Northgate Connect and Future Developments (£0.345m) / £0.345m– Phase 2 of CONNECT incorporating the Crime and Intel modules is due to go live in Autumn 2018. During the development stage, a number of additional functional requirements have been identified which will enhance the functionality of the product and the committed expenditure to date is £0.345m over the original budget. The PCC will be requested to approve the transfer of funds of £0.345m from the General Provision for Infrastructure and Security scheme to finance this additional expenditure.
- Blackberry Upgrade / Refresh (£0.030m) – A trial of the replacement devices is currently underway with the final rollout expected to complete in 2019/20.
- Communication Room CCTV £0.008m – Project complete with no further expenditure expected.
- Door Entry Alarms/Proximity/CCTV (£0.036m) – This is a rolling programme of work and there will be an underspend in 2018/19.
- Custody Infrastructure Refurbishment (£0.175m) – Only work at Burnley custody will be completed as a priority to allow the refurbishment of Skelmersdale Police Station to commence in 2019/20.
- Mass Auditing Replacement (£0.070m) – The contract for the system has been let and anticipated costs are £0.070m less than anticipated

- Health Services System (£0.050m) – the requirements for the system are currently being finalised prior to the procurement process. This scheme is likely to commence in 2019/20.
- Force Control Room Upgrade (£0.068m) – This is a three year scheme and future requirements will be built into the five year capital programme.
- Firearms Registry – Cyclops £0.001m – Project complete with no further expenditure expected.

Accommodation Strategy (£4.474m underspend)

- Rationalisation of HQ (£1.853m) – At present, only the purchase of the land is anticipated in this financial year at a cost of around £0.868m. Any further costs will be built into the requirements for 2019/20.
- HQ Facilities at West overspend of £1.003m – the new HQ building is now fully operational. The overspend against the original planned expenditure has been incurred in the following areas:

	£m
Site purchase	0.200
Building Works (including contingency)	0.494
Fees (including design)	0.142
Other	0.167
	1.003

- Remedial work at Skelmersdale (£3.624m) – plans are being finalised and only enabling work at Ormskirk Police Station will be completed in 2018/19.

Other Schemes (£0.150m overspend)

- OR Implementation costs £0.071m – This is mainly due to creating a new armoury at Blackpool to accommodate the growth in Armed Response officers.
- HQ Ops Specialised Equipment Replacement £0.079m – There is a requirement for new vehicular gun safes following the upgrade of weaponry in 2017/18.

3.6 The impact of forecast slippage and underspending results in a forecast spend at year end of £18.433m.

It is **recommended that the Commissioner agree a revised capital programme for monitoring purposes of £18.433m for 2018/19** as set out below:

	Revised capital Programme 2018/19
	£m
ICT	7.384
Accommodation	6.241
Other schemes	1.639
Vehicle replacement programme	3.169
TOTAL	18.433

4. Reserves

- 4.1 Reserves and provisions have been set aside to manage the financial risks within the financial strategy and to provide funding to support the Commissioner's capital investment programme.
- 4.2 The financial outlook for 2019/20 and beyond indicates that potentially more than £18m of further savings are required by 2021/22. In assessing the appropriate level of reserves to hold it is essential that the challenges ahead are taken into consideration and that there is sufficient resource available to meet any financial risks that may arise in addition to the support being provided to the capital investment programme.
- 4.3 The Commissioner has an established reserves strategy that has made available a significant amount of funding for investment in the capital investment programme in 2018/19 and future years. This investment is key to the delivery of improvements in IT equipment and infrastructure that will in turn improve the productivity and efficiency of the force. The Commissioner's strategy also sets aside funding within his reserves to meet any one-off costs of downsizing the organisation that includes the costs of voluntary redundancy and exit from the force.
- 4.4 The forecast position for 2018/19 in respect of the Commissioner's reserves is set out in Annex 1. The PCC will review his reserves strategy for 2019/20 and future years during 2018/19.

Reserves position as at 30 September 2018

	Position as at 1/4/18	Forecast use in 2018/19	Forecast position at 31.3.19
	£m	£m	£m
<u>EARMARKED RESERVES</u>			
Transition Reserve	16.177		16.177
PCC Strategic Investment reserve	5.998	(5.998)	0
Clothing Reserves	0.471		0.471
POCA Equalisation Reserve	0.640		0.640
PCCA/Drugs Forfeiture Reserves	0.266		0.266
VMU Reserves	0.040		0.040
Operational Policing Reserve	0.364		0.364
Forensic collaboration reserve	0.332		0.332
LFSA operational reserve	0.074		0.074
Well-being reserve	0.025		0.025
Road Safety Reserves	1.779	(0.332)	1.447
Total Earmarked Reserves	26.166	(6.330)	19.836
<u>GENERAL RESERVES</u>			
DFM	2.515	(1.151)	1.364
General Fund	9.267		9.267
Total General Reserves	11.782	(1.151)	10.631

1. Links to the Police and Crime Plan

Effective management of the revenue budget in conjunction with strong medium term financial planning including for investment in futures years is vital to enable the PCC to deliver the Police and Crime Plan

2. Consultation

3. Implications

a. Legal

There are no legal comments associated with this paper.

b. Financial

The financial implications are contained with the report.

c. Equality considerations

There are no Equality comments associated with this paper.

4. Background Papers

5. Public access to information

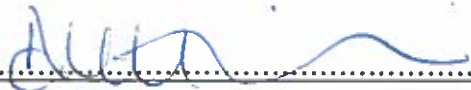
Information in this form is subject to the Freedom of Information Act 2000 and other legislation.

Part 1 of this form will be made available on the PCC website within 3 working days of approval. Any facts/advice/recommendations that should not be made available on request should not be included in Part 1 but instead on the separate Part 2 form.

Officer declaration	Date
LEGAL IMPLICATIONS – As above	
FINANCIAL IMPLICATIONS – As above	
EQUALITIES IMPLICATIONS – As above	
CONSULTATION – As above	

Director to the Office of the Police and Crime Commissioner (Monitoring Officer)

I have been informed about the proposal and confirm that financial, legal and equalities advice has been taken into account in the preparation of this report. I am satisfied that this is an appropriate request to be submitted to the Police and Crime Commissioner for Lancashire.

Signature  Date 13.2.2019