



## Joint Independent Audit Committee



### DETAILS

<b>Agenda Item No:</b>						
<b>Date:</b>	<b>18 March 2019</b>					
<b>Title of Paper:</b>	<b>2018/19 Budget Monitoring – to end of January 2019</b>					
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<b>Portfolio Area:</b>	<b>Resources</b>					
<b>Chief Officer Lead:</b>	<b>Nancie Shackleton</b>					
<b>Please indicate:</b>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="text-align: center;"><b>For Decision</b></td> <td style="width: 20px;"></td> <td style="text-align: center;"><b>For Information</b></td> <td style="text-align: center;"><b>x</b></td> <td style="text-align: center;"><b>For Discussion</b></td> </tr> </table>	<b>For Decision</b>		<b>For Information</b>	<b>x</b>	<b>For Discussion</b>
<b>For Decision</b>		<b>For Information</b>	<b>x</b>	<b>For Discussion</b>		

### EXECUTIVE SUMMARY

<b>Summary</b>	At the close of the 2018/19 financial year the Force is anticipating an underspend of £162k against its Revenue Budget. The table below summarises the forecast outturn by Chief Officer area.				
	<b>Chief Officer</b>	<b>Full Year Budget £000s</b>	<b>Year to Date Actual £000s</b>	<b>Forecast Outturn £000s</b>	<b>Forecast Variance £000s</b>
	Communities	74,012	60,285	74,040	(28)
	Crime & Operations	61,376	47,159	61,565	(189)
	Resources	37,334	30,929	36,928	405
	DCC	7,662	6,075	7,689	(27)
	OPCC	4,998	3,172	4,998	0
	<b>Total</b>	<b>185,382</b>	<b>147,620</b>	<b>185,220</b>	<b>162</b>

### Strategic Outcomes – Plan on a Page

<b>This paper addresses the following aims of our Plan on a page:-</b>	
<b>PEOPLE – The key to our success is our People.</b> We will ensure Humberside Police is a great place to work; attract, recruit and retain the right people; develop our people; manage our resources effectively.	<b>x</b>
<b>RESOURCES – To enable us to perform well we will</b> improve the effectiveness of our Processes; improve our Planning and Decision Making; use technology and data effectively; make evidence based decisions.	<b>x</b>
<b>CONNECTED – To deliver the right services we will be</b> accessible and engaging; understand and prioritise the needs and demands in our communities; collaborate in effective partnerships.	<b>x</b>
<b>COMMUNITIES – To serve our communities to make them safer and stronger by</b> keeping people safe and protecting vulnerable people; tackling and investigating crime and ASB; developing place-based teams which work with partners in their local areas; building trust and confidence so people feel safe	<b>x</b>

## SUMMARY REPORT

### 1. MATTER FOR CONSIDERATION

- 1.1 On the 7th February 2018, the PCC approved the Medium Term Resource Strategy (MTRS) for 2018 – 2023, including an annual budget of £185.423m for 2018/19. This was increased to £185.765 following approval by the PCC to the carry forward of underspends from 2017/18. As a result of the mid-year review a further £1.521m was requested to be drawn down from reserves though partnership funding of £1.905m will no longer be required in 2018/19. The current approved budget is £185,382.
- 1.2 The 2018/19 budget allowed for a further uplift in police officer numbers to 1925 at March 2019, PCSO numbers of 258 (including 30 funded from reserves), and a staff Target Operating Model of 1174. It included a savings target of £1.343m to be met primarily from Information Services contracts, estates rationalisation and overtime, along with a contingency of £500k known as the Force Performance Fund.
- 1.3 The Mid Year financial review was reported to COG in November and this identified pressures and offsetting savings both totalling £2.9m. It also identified the need to draw down reserves previously approved by the PCC of £1.521m (though £1,905k of reserve funded partnership activity will now slip into 2019/20). These changes were approved by the PCC and the budgets have been realigned to reflect the pressures and savings identified in the mid year review and this reports shows performance against the realigned budgets.
- 1.4 The capital programme for the five year period of MTRS 2018/19 – 2022/23 is £51m, of which £22.8m falls into the current financial year.

### 2. ADDITIONAL DETAIL

- 2.1 Appendices A and B provide detail of budget, actual expenditure to date, and that forecast for the year by Command and expenditure spend type respectively. Appendix C shows expenditure against the current approved capital programme and Appendix D shows the level of reserves updated for the recently approved MTRS 2019/20 to 2023/24.
- 2.2 The current forecast revenue underspend for the year is £162k which is a reduction from the forecast underspend of £393k at period 9. The reduction in underspend is primarily as a result of the update to NRE rates for collaboration recharges which has eliminated the forecast HR underspend at period 9. The capital programme is forecast to underspend by £5.3m, primarily from slippage on estates schemes (Beverley £1.7m, Scunthorpe £1.4m, Priory £500k), and body worn video (£445k).

#### ACC - Communities

- 2.3 The analysis of the areas falling under Communities is shown in Table 1 overleaf.

ACC Communities	Full Year Budget £000s	Year to Date Actual £000s	Forecast Outturn £000s	Forecast Variance £000s
LOCAL POLICING	0	23	0	0
CRIMINAL JUSTICE	6,376	4,188	6,319	57
CASUALTY REDUCTION	0	1,212	0	0
COMMUNITY SAFETY	1,941	1,382	1,936	5

NORTHBANK DIVISION	38,737	32,394	38,780	(43)
SOUTHBANK DIVISION	26,827	21,143	26,874	(47)
EVENTS/ MUTUAL AID	132	(57)	132	0
<b>Total</b>	<b>74,012</b>	<b>60,285</b>	<b>74,040</b>	<b>(28)</b>

Table 1: 2018/19 Forecast for Communities at January 2019

2.4 The explanations for the variances resulting in the overspend of £28k are as follows.

- CJU - An underspend is forecast on detainee expenses and interpreter fees (£57k)
- North Bank – overspends on overtime (75k) and IT equipment (28k) is partially offset by a saving on the healthcare contract (£60k).
- South Bank – An overspend on overtime (£61k) is partially offset by a projected underspend (14k) on the Buddi Tagging contract. An element of the overtime will be subject to a bid for funding from the DCC contingency allocation.

2.5 As agreed at Strategic Change Board in February 2018 Criminal Justice has undertaken an exercise to scan firearm files in preparation for a new national on-line application system. The costs of £75k will be funded from the spike in income anticipated in the next 2 years resulting from the timing of renewals. Therefore, this cost will be carried forward and met from additional income in 2019/20 and 2020/21.

## ACC – Crime & Operations

2.6 The analysis of Crime & Operations is shown in Table 2 below.

ACC Crime & Operations	Full Year Budget £000s	Year to Date Actual £000s	Forecast Outturn £000s	Forecast Variance £000s
FORCE CONTROL ROOM	18,801	16,080	18,801	0
PROTECTING VULNERABLE PEOPLE	11,265	9,460	11,305	(40)
REGIONAL COLLABORATION	7,540	2,522	7,499	42
SPECIALIST CRIME	13,340	10,396	13,530	(190)
SPECIAL OPERATIONS UNIT	10,430	8,709	10,430	0
<b>Total</b>	<b>61,376</b>	<b>47,159</b>	<b>61,565</b>	<b>(189)</b>

Table 2: 2018/19 Forecast for Crime &amp; Operations at January 2019

2.7 The forecast overspend of £189k is due to the following variances

- Though compensation to victims income remains buoyant, there is a projected shortfall on the asset recovery income retained by the Force of £220k. Additional staffing has been employed with the specific task of increasing the Force's income but there will be a delay in additional income being secured.
- There is a saving of £33k on the contribution to NETIC due to their delays in recruiting staff.
- An overspend of £17k on PVP overtime and £30k on PVP agency will be met from an underspend on specialist crime overtime and agency costs.

2.8 There is a potential overspend on equipment purchased for the Technical Support Unit (TSU) which is transferring to the region. Negotiations with the Region are ongoing to recover the costs of equipment of £80k that were assumed to be met from the transferring budget.

## ACO Resources

2.9 The analysis of Resources is shown in Table 3 below

ACO Resources	Full Year Budget £000s	Year to Date Actual £000s	Forecast Outturn £000s	Forecast Variance £000s
HR SERVICES	11,542	8,574	11,554	(12)
FINANCE AND BUSINESS SERVICES	3,410	2,848	3,450	(40)
FLEET MANAGEMENT & MAINTENANCE	2,839	2,700	2,778	61
ESTATES SERVICES	6,251	5,612	6,251	1
INFORMATION SERVICES	9,884	7,033	9,428	456
CENTRALLY MANAGED	3,407	4,161	3,467	(60)
Total	<b>37,334</b>	<b>30,929</b>	<b>36,928</b>	<b>405</b>

Table 3: 2018/19 Forecast for Resources at January 2019

2.10 The forecast underspend for Resources of £405k is due to the following variances:-

- Savings on IS contracts anticipated to deliver a saving of £456k
- The hotel and travel budget is forecast to overspend by £50k partially offset by savings of £10k on the pension administration service. Work is being undertaken by the business services manager to review the processes and introduce greater controls.
- There is an underspend of £61k on fleet due to insurance rebates from previous years and additional insurance income.
- Additional ill health injury payments have been made for some long standing claims resulting in a projected £60k overspend

2.11 As part of due diligence in agreeing a rebate on the Force's motor policy, the claims handlers have identified a potential shortfall in payments that were due from the Force in 2014/15 of £135k. Negotiations are currently underway between the Force's insurance officer, supported by Legal Services, to understand and seek evidence for any underpayments and agree any settlement. The current projections do not take any account of any settlement payment.

## DCC

2.12 The analysis of DCC is shown in Table 4 below

DCC	Full Year Budget £000s	Year to Date Actual £000s	Forecast Outturn £000s	Forecast Variance £000s
LEGAL SERVICES	912	588	912	0
PROFESSIONAL STANDARDS	1,357	1,080	1,357	0
CORPORATE DEVELOPMENT	2,881	2,633	2,881	0
MEDIA AND MARKETING	543	470	565	(22)
FORCE COMMAND	1,676	1,197	1,681	(5)
NATIONAL POLICING	180	108	180	0
FORCE SAVINGS PROGRAMME	0	0	0	0
PERFORMANCE FUND	112		112	0
Total	<b>7,662</b>	<b>6,075</b>	<b>7,689</b>	<b>(27)</b>

Table 4: 2018/19 Forecast for DCC at January 2019

2.13 The forecast overspend of £27k is due to the following variances:-

- There is an overspend of £22k on agency staff in media and marketing due to a delay in recruitment to permanent posts.

2.14 There are issues that need highlighting for monitoring during the remainder of the year:-

- The original budget had a target for the Force's savings programme for 2018/19 approved as part of the MTRS totaling £1.343m. As reported in the mid year review, total recurrent savings of £1.676m have now been achieved so exceeding the initial target by £333k. The Force set an internal target (Option B) for the year of £1.903m and therefore £227k remains to be delivered.
- The Force Performance Fund is the budget available to the DCC to support initiatives subject to bids from across the Force. There remains £64k still to be allocated.

## Cross Cutting Issues

- 2.15 An analysis of police overtime to 20<sup>th</sup> January is shown in Table 5 below. There remains £168k unallocated in the DCCs contingency budget held in Force Command.

COMMAND	2018/19 Annual Budget	Expected Spend To Date	Actual Spend YTD	Variance Year To Date	year end projection
<b>ACC COMMUNITIES</b>					
CASUALTY REDUCTION	125,000	103,000	103,868	(868)	125,000
COMMUNITY SAFETY	51,020	46,640	10,531	36,109	51,020
CRIMINAL JUSTICE			1,381	(1,381)	
EVENTS/MUTUAL AID	702,320	427,960	421,453	6,507	702,320
NORTHBANK DIVISION	525,130	435,563	460,140	(24,577)	600,130
SOUTHBANK DIVISION	307,930	256,520	291,109	(34,589)	368,930
<b>ACC COMMUNITIES Total</b>	<b>1,711,400</b>	<b>1,269,683</b>	<b>1,288,483</b>	<b>(18,800)</b>	<b>1,847,400</b>
<b>ACC CRIME &amp; OPERATIONS</b>					
FORCE CONTROL ROOM	923,800	910,650	908,306	2,344	923,800
PROTECTING VULNERABLE PEOPLE	107,000	101,490	98,967	2,523	123,000
REGIONAL COLLABORATION	15,000	13,200	26,729	(13,529)	15,000
SPECIAL OPERATIONS UNIT	330,900	295,720	302,169	(6,449)	330,900
SPECIALIST CRIME	581,080	411,264	363,949	47,315	565,080
<b>ACC CRIME &amp; OPERATIONS Total</b>	<b>1,957,780</b>	<b>1,732,324</b>	<b>1,700,120</b>	<b>32,204</b>	<b>1,957,780</b>
<b>ACO RESOURCES</b>					
CENTRALLY MANAGED	33,900	11,000	(29,510)	40,510	33,900
HR SERVICES	21,100	17,861	13,522	4,339	21,100
INFORMATION SERVICES	0	0	3,663	(3,663)	0
<b>ACO RESOURCES Total</b>	<b>55,000</b>	<b>28,861</b>	<b>(12,325)</b>	<b>41,186</b>	<b>55,000</b>
<b>DCC</b>					
CORPORATE DEVELOPMENT			991	(991)	
HP FORCE COMMAND	274,000	116,760	77,285	39,475	274,000
PROFESSIONAL STANDARDS	1,000	838	1,965	(1,126)	1,000
<b>DCC Total</b>	<b>275,000</b>	<b>117,598</b>	<b>80,240</b>	<b>37,358</b>	<b>275,000</b>
<b>Force Total £s</b>	<b>3,999,180</b>	<b>3,091,300</b>	<b>3,056,517</b>	<b>34,782</b>	<b>4,135,180</b>

Table 5: 2018/19 Overtime Expenditure to 20 January

## Capital Programme

- 2.16 The current forecast is for slippage on the 2018/19 capital programme of £5.3m as shown in the table below.

CAPITAL PROGRAMME	CURRENT BUDGET	YTD ACTUAL	FORECAST	PROJECTED VARIANCE
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PROJECTION				
Estates Programme	15,524,140	10,059,395	11,328,420	4,195,720
ICT Programme	4,391,260	771,597	3,732,440	658,820
Vehicles & Equipment	2,879,340	1,239,446	2,485,260	394,080
<b>Grand Total</b>	<b>22,794,740</b>	<b>12,070,438</b>	<b>17,546,120</b>	<b>5,248,620</b>

2.17 The main reasons for the variations are as follows

#### Estates

- Beverley Police Station (£1.7m u/s) – This full amount will no longer be required as the existing station will be retained.
- Scunthorpe Police Station & Custody (£1.4m u/s) – awaiting further work on the impact of the new Southbank Custody Suite before development of Scunthorpe facilities. The costs for the new suite are in line with budget with £73k of the £305k risk and contingency budget remaining uncommitted.
- Priors Road (£500k u/s) – additional work being re-considered in light of potential facilities to be offered at Melton 2.
- Initial costs of £40K associated with scoping the Melton 2 project have been incurred following consideration of the outline business case at Corporate Governance Group with a further £100k anticipated in the current year.

#### IS

- Joint Data Centre (£210k u/s) – this project has been put on hold awaiting Melton 2 decision
- Specialist Radio replacements (£186k u/s) – this is awaiting a national solution to be provided, budget slipped to next year.
- ESN (£103k u/s) – Slippage in National Programme
- Asset/servers/data storage (£94k u/s) – project delayed awaiting approval from the Infrastructure Board.

#### Vehicles & Equipment

- Underspend in the current year on body worn video (£445k) following a review of additional bandwidth and other IS requirements.

#### Reserves

2.18 The PCC holds reserves as a contingency to cushion the impact of unexpected events or emergencies (general reserve) and a means of building up funds to meet known or predicted liabilities or to smooth expenditure requirements (earmarked reserves). There is no statutory guidance on the right level of reserves though networking around the Police Service has shown that a General Reserve equivalent to 3% of its net revenue budget is widely regarded as appropriate. For Humberside Police this equates to £5.5m.

2.19 At March 2018 the PCC held earmarked reserves totaling 23.7m (in addition to the general reserves of £5.5m). The approved budget for 2018/19 assumed use of £9.1m in 2018/19 on a range of activities listed below.

- Recruitment step up (£3.3m)
- Additional support for partners on crime reduction activities and other OPCC activities (£3.0m)
- Additional PCSOs (£1.0m)
- Non-consolidated pay award (£0.5m)
- Temporary funding for staff for positive action, financial investigation and Force Management Statements (£0.3m)
- Smart Contact implementation (£0.5m)
- Funding shortfall on the 2018/19 base budget (£0.5m)

- 2.20 The mid-year review reflected the drawdown of a number of additional allocations approved during the year by PCC totalling £1,521k as set out below. A review of the partnership and OPCC requirements (£3m initially allocated) has identified that £1.905m will not be required in this financial year with the major part slipped into 2019/20 as part of the MTRS refresh, approved as part of the precept setting in February 2019. The updated profile for the use of reserves over the refreshed MTRS period to 2023/24 is set out at Appendix D.

Operation Lingfield	£307,000
Performance analysts	£135,000
FMS project manager	£51,000
Organisational Change Specialists	£153,000
Rest Day in Lieu/TOIL payments	£875,000
<b>TOTAL</b>	<b>£1,521,000</b>

### 3. RISKS AND MITIGATING ACTIONS

- 3.1 The budget realignment agreed as part of the mid year review takes account of the pressures and savings opportunities identified to date and includes £100k in the Force Performance Fund to meet any further development requirements during the year.
- 3.2 It does not at present include any redundancy costs arising from implementation of recent reviews, or any payments to CHIS controllers and handlers following a recent Court of Appeal decision. These have been included as potential draws on reserves in future years as part of the refreshed MTRS.
- 3.3 The implementation date of Smart Contact was delayed from summer 2018 and is due now to go live in March 2019. Savings planned in the current year have slipped into 2019/20 and this has been factored into the current savings programme. There is potential for further slippage which could lead to further delays in the delivery of savings and additional costs for the delivery and training for the implementation.