

AGENDA ITEM 6(c)

Essex Police and Crime Panel	EPCP/15(c)/13
Date: 22 October 2013	

PCC Financial Update

Report by the Treasurer of the PCC to the Panel

Enquiries to Charles Garbett 01245 291612 charles.garbett@essex.pnn.gov.uk

1. Purpose of report

1.1 To provide the panel with:

- i) A financial summary of the force revenue and capital position at the end of month 5 (end of August)
- ii) Progress made in recruiting a OPCC staff team to support the work of the PCC
- iii) An update on comparison with the Most Similar Group (MSG) of forces

2. Background

- 2.1 The Force implemented SAP, a resource enterprise computer system for a wide range of support services in April this year. This was a major conversion and the quality of data is improving as the year progresses. Nevertheless, a cautionary approach is being taken in the interpretation of data until all of the normal teething problems associated with the use of the new system is resolved. Financial forecasts for 2013/14 are therefore liable to more than the usual fluctuation during this transitional year.
- 2.2 The last meeting of this Panel received an analysis of the budget of the OPCC and how it compared with the office of the former Police Authority. This report provides the Panel with an up to date analysis of current year spending on the OPCC.
- 2.3 The MSG of forces has been updated by the Home Office to include 2011 census data. This has resulted in Cambridgeshire, Devon and Cornwall and Kent leaving and Derbyshire, Staffordshire and Sussex joining. An updated comparison of the costs of the OPCC with the new MSG is shown.

3. 2013/14 Revenue Budget

- 3.1 The Month 5 forecast outturn is shown at Appendix A along with the reserves at Appendix B. In summary, the total forecast expenditure is £272m, a net underspend of £2.3m against the budget. The main variations are:

Police Officers Pay

- 3.2 Under-spending on police officers pay is £5.3m as the number of officers leaving the force has been higher than anticipated.
- 3.3 Officer outflows in the first months of the year have significantly exceeded initial forecasts. At the beginning of August the Police Officer strength was 3,238 full time equivalents (FTEs). The original budget was based on 3,338 FTEs and a Reform savings target of £3.045m. Whilst this has enabled additional financial savings to be generated both the PCC and Chief Constable are aware of the challenges that this position can have on front line policing.
- 3.4 The forecast underspend assumes that there will be no change in recruitment plans.
- 3.5 Police staff overtime is forecast to overspend by £0.3m.

PCSO's

- 3.6 PCSO pay is forecast to underspend by £1.1m due to unfilled vacancies.

Police Staff

- 3.7 Police staff overtime is forecast to overspend by £0.57m. The main areas are Force Control Room and Crime and Public Protection.

III Health Retirements

- 3.8 There is a forecast overspend of £0.4m due to the number of retirements exceeding budget.

Estates Improvement Programme

- 3.9 A backlog of essential repairs across the estate has been compiled and an improvement programme of works prepared. The cost of this programme is £2.2m.
- 3.10 An analysis of these essential works is currently being undertaken in order to distinguish between capital and revenue works and ensure that the capital works are complementary to the estates capital programme.

Athena Software

- 3.11 This is a collaborative agreement with six other forces to establish a new shared technology platform in four key areas; intelligence, investigation, managing offenders and preparing files for court. The programme has been delayed and has reached a critical phase for the delivery of software. The latest forecast indicates an overspend of £0.8m

4. 2013/14 Capital Programme

- 4.1 Forecast capital expenditure has reduced by £1.4m from £9.2m to £7.8m following a review of the spending profile for a number of projects. Much of the slippage in payments is due to fall into 2014/15.
- 4.2 The current capital reserves are outlined in table 1 below:

Table 1: Capital Reserve Forecast

	£m
Opening balance 1 st April 2013	15.3
Capital income in year	5.8
Capital expenditure in year	(7.8)
Closing balance 31 st March 2014	13.3

- 4.3 Capital income constitutes home office grant (£2.3m) and capital receipts (£3.2m). Only one house has been sold during the year to date (£0.22m) and only one other disposal is in the pipeline (£0.185m). The forecast income for the year is currently being assessed.
- 4.4 There is no anticipated capital funding problem in 2013/14 but a new strategic approach for estates is being prepared and the need for greater use of technology identified for review. The financial demands emanating from these two strategic areas of work are likely to be significant and the Panel will be kept up to date with these developments.

5. Office of the Police and Crime Commissioner

- 5.1 Staff consultation on the new OPCC structure was completed in early September and all new positions advertised. At the time of writing this report interviews were taking place and it is expected that the new team will be in place by the New Year, possibly sooner. This is, however, later than anticipated earlier this year and therefore a forecast underspend results as shown in table 2 below:

Table 1: OPCC Forecast Expenditure 2013/14

	Forecast
--	----------

Budget Heading	Expenditure £'000
Staff Pay	650
Conference expenses	3.5
Premises	5
Travelling	11
Office supplies and phones	10
Audit fees and Audit Committee costs	193
Custody visiting	2
Public engagements	5
Subscriptions	22.5
Advertising	15
Professional fees	35
Total forecast 2013/14 expenditure	952
Budget	1,150
Forecast underspend	198

- 5.2 The above expenditure forecasts are being carefully monitored as there will be some fluctuation as start dates for new staff are determined and professional fees for legal work associated with a range of matters, including preparation for the Stage 2 transfer of staff are undertaken.
- 5.3 OPCC budgets for each PCC area for the revised group is shown in the table below. In comparison with other similar forces, the PCC's budget provision remains the lowest on a per capita basis.

Table 2: Comparison with Most Similar Forces (MSFs) OPCCs

Force Area	2013/14 Budget £'000	Population '000	2013/14 Budget per 1,000 population £
Essex	1,150	1,763	652
Sussex	1,184	1,636	723
Hampshire	1,491	1,931	772

[NOT PROTECTIVELY MARKED]

Hertfordshire	1,000	1,141	876
Avon & Somerset	1,450	1,634	887
Derbyshire	971	1,033	940
Leicestershire	1,046	1,036	1,010
Staffordshire	1,161	1,110	1,046

- 5.4 Please note that it is acknowledged that, as with any comparison with other Force areas, there are difficulties in comparing like with like.

[NOT PROTECTIVELY MARKED]