

Durham Police and Crime Panel

29 October 2013

Budget Monitoring – 2013/14

Report of Police and Crime Commissioner



Purpose

The purpose of the report is to outline the performance of the 2013/14 revenue and capital budgets.

Context

On 4 February 2013, the Police and Crime Panel considered the Precept Report of the Police and Crime Commissioner. Within that meeting, members considered that it would be useful to include details of future capital receipts to be included in the Budget Report and also commented upon the potential impact on tackling domestic abuse and hate crime as a result of austerity. These issues would be reported within this budget report and verbally.

Background

2013/14 is the third year of the government's austerity programme and it is widely expected that austerity will now last until 2020. This has significant implications for the forces' financial position in terms of:

- Risk. Austerity brings with it risks such as rising service demand. Rising demand can mean rising or unexpected costs which requires a prudent financial planning process so as to offer a degree of flexibility should cost pressures emerge during the year. Clearly, too much flexibility can be seen as poor planning, but equally, too little flexibility can result in the need to use reserves in year or overspend budgets.
- Reserves. Given the on-going imposition of grant cuts, council tax capping and nationally imposed cost increases, the need to maintain reserves within the current year and over the short term is important. Reserves can only be used once and ideally should only be used for investment as opposed to support day to day expenditure.
- Stability. Protecting service provision requires financial stability. This in turn is underpinned by an ethos of maximising income (e.g. through precept income), keeping ahead of the 'cost reduction curve' by ensuring that costs fall faster or at least in time with falling overall spending limits and clear HR planning.

It is important that the above contextual statements are known when considering the performance of the revenue and capital budgets in the current year.

Revenue Budget – Force

The table below shows the 2013/14 revenue budget for the force.

Budget Heading	Budget to date	Actual to date	Variance to date Fav / (Unfav)	Original Budget 2013/14	Revised Budget 2013/14	Forecast Outturn 2013/14	Variance Fav / (Unfav)
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Employees							
Police Officer Pay	34,484	34,391	93	68,503	68,503	68,084	419
Police Overtime	1,050	1,161	(111)	2,134	2,134	2,288	(154)
Police Staff Pay	13,506	13,319	187	27,653	27,653	27,323	330
Police Pensions	663	907	(244)	1,326	1,326	1,513	(187)
Other Employee Expenses	471	546	(75)	688	688	787	(99)
sub total	50,174	50,324	(150)	100,304	100,304	99,995	309
Premises	2,530	2,172	358	4,905	4,905	4,697	208
Transport Expenses	1,545	1,520	25	2,724	2,724	2,728	(4)
Supplies & Services							
Equipment	369	325	44	738	738	674	64
Stationery	176	167	9	352	352	344	8
Uniform	162	121	41	324	324	312	12
Doctors	671	694	(23)	1,430	1,430	1,438	(8)
Communications	1,009	998	11	2,018	2,018	2,014	4
Computing	982	978	4	1,840	1,840	1,840	0
Other Supplies	541	809	(268)	1,033	1,033	1,286	(253)
sub total	3,910	4,092	(182)	7,735	7,735	7,908	(173)
Air Support	310	265	45	619	619	619	0
Joint & Other Authorities	595	573	22	1,127	1,127	1,127	0
Police National Computer	125	125	0	501	501	501	0
Forensic Science Services	485	420	65	970	970	970	0
Support Service Charges	7	8	(1)	13	13	21	(8)
less Income							
Customer & Client Receipts	(630)	(983)	353	(1,331)	(1,331)	(1,710)	379
Secondment Income	(193)	(311)	118	(385)	(385)	(757)	372
Interest	(30)	(15)	(15)	(60)	(60)	(60)	0
Council Tax Grant	0	0	0	0	0	0	0
Special Grants	(494)	(465)	(29)	(980)	(980)	(920)	(60)
Capital Financing Costs	0	0	0	2,950	2,950	3,250	(300)
Transfer to/from (-) Reserve	0	(184)	184	(1,500)	(1,500)	(1,684)	184
Net Expenditure	58,334	57,541	793	117,592	117,592	116,685	907
Central Govt Funding	(47,605)	(47,605)	0	(93,991)	(93,991)	(93,991)	0
Precept	(14,358)	(14,358)	0	(24,704)	(24,704)	(24,704)	0
Net (Surplus)/Gap	(3,629)	(4,422)	793	(1,103)	(1,103)	(2,010)	907

Reasons for over/under spending are as follows:

- Police officer pay. This is expected to be under budget for the year due to:
 - a) Officers are retiring earlier than expected, for a variety of reasons. The budget assumes that officers retire 60 days after they achieve 30 years' service. Unless the force adopts Regulation A19 (and forces officers to retire after 30 years), it can be difficult to accurately predict when officers will retire.
 - b) Officers on half or zero pay. The force takes a firm, but fair stance when it comes to managing officers who are absent due to sickness. A number of officers are currently on either half or zero pay which is generating a revenue saving. (The budget is set to assume that all officers are on full pay during the year).
- Police overtime is due to be overspent due to several operations out of force. These costs will be recovered.
- Police staff pay. This is expected to be underspent for the year due to:
 - a) Vacancies. A number of vacancies exist across all parts of the force which is generating savings. The budget is set to assume a vacancy factor of 2%. Any vacancy level above this will result in an underspend.
 - b) Early retirement/voluntary redundancies. A number of ER/VRs have been granted in the current year which will result in the pay budget being underspent.
- Premises. This budget is expected to be under budget this year due to a reduction in maintenance on the existing HQ. Fewer repairs are being carried out given the limited lifespan of the HQ. This may change should an emergency/unexpected repair be necessary.
- Other supplies. This overspend is due to certain operations and a national conference. The operations were out of force and the costs will be recovered as will the cost of the conference.
- Customer and client receipts is overachieved due to recovery of overtime and the cost of external operations.
- Capital financing. This budget is expected to be overspent due to additional capital expenditure at Chester le Street police station. This includes: improvements to the car park, structural changes to the building and additional IT costs.
- Transfer from reserves. This reflects a timing difference between expenditure elsewhere within the budget and money previously received for it which has been held in reserve.

Overall, the revenue budget is expected to be underspent by £0.9m which is 0.77% of the budget. This is considered reasonable.

Revenue Budget – PCC

The table below shows the 2013/14 revenue budget for the PCC.

Budget Heading	Budget to date	Actual to date	Variance to date Fav / (Unfav)	Original Budget 2013/14	Revised Budget 2013/14	Forecast Outturn 2013/14	Variance Fav / (Unfav)
	£,000	£,000	£,000	£,000	£,000	£,000	£,000
Employees							
Police Officer Pay	0	0	0	0	0	0	0
Police Overtime	0	0	0	0	0	0	0
Police Staff Pay	236	210	26	470	470	391	79
Police Pensions	0	0	0	0	0	0	0
Other Employee Expenses	0	1	(1)	0	0	1	(1)
sub total	236	211	25	470	470	392	78
Premises	0	0	0	0	0	0	0
Transport Expenses	13	5	8	26	26	24	2
Supplies & Services							
Equipment	12	3	9	23	23	14	9
Stationery	1	0	1	2	2	2	0
Uniform	0	0	0	0	0	0	0
Doctors	0	0	0	0	0	0	0
Communications	1	0	1	3	3	3	0
Computing	11	0	11	22	22	22	0
Other Supplies	77	92	(15)	123	123	158	(35)
sub total	102	95	7	173	173	199	(26)
Air Support	0	0	0	0	0	0	0
Joint & Other Authorities	457	457	0	1,074	1,110	1,110	0
Police National Computer	0	0	0	0	0	0	0
Forensic Science Services	0	0	0	0	0	0	0
Support Service Charges	65	57	8	130	130	124	6
less Income							
Customer & Client Receipts	0	0	0	0	0	0	0
Secondment Income	0	0	0	0	0	0	0

Interest	0	0	0	0	0	0	0
Council Tax Grant	0	0	0	0	0	0	0
Special Grants	(36)	(36)	0	0	(36)	(36)	0
Capital Financing Costs	0	0	0	0	0	0	0
Transfer to/from (-) Reserve	0	0	0	0	0	0	0
Net Expenditure	837	789	48	1,873	1,873	1,813	60
Central Govt Funding	(386)	(386)	0	(770)	(770)	(770)	0
Precept	0	0	0	0	0	0	0
Net (Surplus)/Gap	451	403	48	1,103	1,103	1,043	60

Reasons for under/over spends are as follows:

- Staff pay. This is likely to be underspent due to vacancies occurring during the year. A staffing review has not been completed and this is expected to deliver savings, a proportion of which will accrue in 2013/14.
- Supplies. This overspend is due to the payment of legal fees.

Capital Budget – Force

Appendix 1 shows the capital budget. The appendix seeks to match inputs (the budget) to outputs and benefits. Capital resources are scarce and the force needs to maximise the return from its investment. This means in practice that close attention is paid to ensure benefits are realised against any expenditure incurred.

In relation to capital receipts, the sale of the current headquarters site has resulted in five bids. These are currently being evaluated as they are commercially sensitive and a report will be presented to the PCC for decision in the coming weeks. The capital receipt from the sale will be used to fund capital expenditure which is currently being funded from temporary borrowing. Any residual receipt will either be invested or used to fund future years' expenditure.

Summary

A key function of the PCC's role is to set and monitor a revenue and capital budget for the year. This report demonstrates that revenue and capital expenditure will be below budget for the year for the reasons identified. The PCC and staff will continue to closely monitor expenditure and seek to maximise outputs and outcomes in terms of overall performance.

Recommendations

The Police and Crime Panel is asked to note the context of the report.

Lesley Davies
Chief Executive

Appendix 1

Area	Scheme	Output	Outcome	Capital Funding 2013/14	Spend & Commitment	Variance under / (over)	Expected Spend 2013/14	Potential Carry Forward
				£'000	£'000	£'000	£'000	£'000
Property				11,930	10,067	1,863	12,423	100
IT				2,896	714	2,182	1,948	951
Vehicles				1,206	1,145	61	1,264	0
Equipment				318	88	230	338	0
Total				16,350	12,014	4,336	15,973	1,051
Property	Custody Improvement	Improvements to Custody Suites in line with Home Office Guidance and arising from quarterly condition inspections	Legislative / Home Office Guidance Compliance	0	16	-16	16	0
Property	HQ Redevelopment	New Headquarters Building	Environmentally efficient and flexible building with reduced running costs	8,500	9,002	-502	9,002	0
Property	Darlington - Improvements	Backlog maintenance improvements	Extend life of building bringing up to acceptable condition with zero backlog maintenance and reduce running costs	750	803	-53	803	0
Property	Asbestos Works 2012/13	Improvements to police estate	Legislative compliance	3	7	-4	7	0
Property	Accommodation Improvements	Improvements to Peterlee, Spennymoor and Durham City police stations	Facilitating the wider Estates Programme through conducting improvements to stations to accommodate teams from headquarters	70	32	38	70	0
Property	Custody Improvements	Improvements to Custody Suites in line with Home Office Guidance and arising from quarterly condition inspections	Legislative Compliance	66	9	57	66	0

Property	Whitehouse Way	Fit out of new police building	Facilitating the wider Estates Programme through conducting fit out to accommodate teams from headquarters	1,082	83	999	1,100	0
Property	Collier Law Decommissioning	Demolish mast to meet covenant within the lease on termination	Discharged lease obligations	7	7	0	7	0
Property	Newton Aycliffe Police Station	Currently on hold pending decision making		200	1	199	100	100
Property	Chester le Street Improvements	Improvements to Chester le Street police station	Facilitating the wider Estates Programme through conducting improvements to accommodate teams from headquarters	750	105	645	750	0
Property	PSU Classroom Extension	Improvements to Meadowfield PSU Facility	Facilitating the wider Estates Programme through conducting improvements to centralise training team from headquarters	450	0	450	450	0
Property	Legislative Improvements	Improvements to buildings in line with HSE Guidance and Fire (FRO) Regulations arising from statutory inspections	Legislative Compliance	50	0	50	50	0
Property	Schemes Closed in the Year		Closed Scheme	2	2	0	2	0
Sub total				11,930	10,067	1,863	12,423	100
IT	Mobile Data	Improvements to mobile data infrastructure	Promote agile working and visibility	157	8	149	8	149
IT	Origin	System Upgrades	Improved data quality	20	6	14	20	0
IT	Server Virtualisation/Consolidation	Improvements to Infrastructure	More Cost Effective Maintenance	10	0	10	10	0
IT	Identity Access Management	Buildings Access System	Improved Ease of Access	100	18	82	100	0
IT	Microsoft Licences	Improvements to License Arrangements	Licensing Compliance	250	233	17	250	0
IT	Electronic Record Document Management System	Data Management Solution	Reduced Physical Storage Space Requirement	275	14	261	175	100

IT	Dynamics	Consolidation and Upgrade of Police Business Applications	Improved Data Quality and Reduced Support Costs	365	7	358	165	200
IT	Darlington Custody	Improvements to Police Station	Legislative Compliance	25	11	14	25	0
IT	Case & Custody Replacement	New Case & Custody System	Improved Data Quality and Reduced Support Costs	350	19	331	200	150
IT	ICCS Upgrade	Improvements to Infrastructure	More Cost Effective Communication	52	35	17	52	0
IT	CCTV Upgrade	Improvements to Infrastructure	More Cost Effective Maintenance	48	31	17	48	0
IT	EROS Project (Speed Cameras)	Improvements to Infrastructure	Improved Business Process	38	38	0	38	0
IT	Telephone System	New Headquarters Building	Cost Effective Telephony	294	0	294	250	44
IT	New HQ ICT Infrastructure	New Headquarters Building	Modern ICT Infrastructure	495	112	383	280	215
IT	Airwave Mobile Terminals	Improvements to Infrastructure	More Cost Effective Maintenance	100	73	27	95	5
IT	Printing Software	New Software	More Cost Effective Printing	20	0	20	20	0
IT	Peterlee ICT Infrastructure	Improvements to Police Station	Reduced Premises Costs	120	29	91	85	35
IT	Chester-Le-Street ICT Infrastructure	New Police Building	Extend Life of Building and Reduced Premises Costs	55	25	30	55	0
IT	Confidential Network	New ICT Infrastructure	Security Compliance	111	58	53	58	53
IT	Schemes Closed in the Year		Closed Scheme	11	-3	14	14	0
Sub total				2,896	714	2,182	1,948	951
Vehicles	New Vehicles 2012/13	Delivering the vehicle replacement programme	More cost effective, efficient and safer fleet	256	256	0	256	0
Vehicles	New Vehicles 2013/14	Delivering the vehicle replacement programme	More cost effective, efficient and safer fleet	950	831	119	950	0
Vehicles	Vehicle Write Off Replacements 2013/14	Delivering the vehicle replacement programme	More cost effective, efficient and safer fleet	0	58	-58	58	0
Sub total				1,206	1,145	61	1,264	0
Equipment		New Equipment		318	88	230	338	0

Appendix 2: Risks and Implications

Finance

As outlined in the report.

Staffing

Pay budgets are underspent which results in fewer officers and staff being employed within the force.

Equality and Diversity

N/A

Accommodation

The majority of the force's capital expenditure relates to improving accommodation which will result in revenue savings in future years.

Crime and Disorder

N/A

Children's Act 2004

N/A

Stakeholder/Community Engagement

N/A

Environment

N/A

Collaboration and Partnerships

N/A

Value for Money and Productivity

N/A

Potential Impact on Police and Crime Plan Priorities

N/A

Commissioning

N/A

Other risks

N/A

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