

To: Surrey Police Authority
Date: 8 September 2011
By: Head of Finance
Title: Financial Report Month 3 - 2011/12

Purpose of Report/Issue:

This report presents the financial position for Quarter one at June 2011.

Summary:

The gross revenue budget for the year is £213.2m. Total expenditure for the year to date is currently £1.7m within the phased budget with the forecast outturn being £0.5m within budget.

Total Capital budget is £16.9m including £4.7m re-phased from last year and £2.0m carried forward from last years. Expenditure for the year to date is currently £1.6m.

Recommendation(s) –

This report was discussed at the Finance and Performance panel on 1st September 2011 and members are asked to::

- Note the revenue outturn position
- Note the capital expenditure position.
- Note the position on the balance sheet items within the report.
- Note the position with regards to Accounts Payable and Accounts Receivable.

Equalities Implications

The contents of the report have been considered for any potential equality implications and none arise.

Risk

The contents of the report have been considered for any potential risks and none arise.

Human Rights

The contents of this report have been considered for any human rights implications and none arise.

Attachments: **Financial report – Month 3 2011/12**

Contact details –

Name: **Brian Sheriff**
Department **Support Services**
Telephone number: **01483 634930**
Email address: **sheriff13786@surrey.pnn.police.uk**

Financial Report – Month 3

June 2011



1 Introduction

1.1 The report contains the following;

- The actual revenue expenditure year to date, against the annual budget (appendix A & C).
- Overtime analysis for officers and staff (appendix A).
- The movement on the general balances and specific reserves (appendix A).
- Employee numbers for police officer and police staff (appendix A).
- The capital expenditure against the annual budget (appendix A & B).
- The balance sheet items that are termed as working capital, such as the cash position, accounts receivable and payable performance (appendix A).
- Virement position (Page 5).
- Efficiency Plan incorporating the strategic savings graded as red, amber or green (appendix E)
- Strategic Change Project Update (Page 8).
- The Enterprise Programme Financials over the life of the project (appendix D)

2 Revenue Budget Summary

- 2.1 The year to date actual revenue expenditure of £50.9m is £1.7m (3%) within the phased budget, this has been a consistent trend throughout quarter one.
- 2.2 The current forecast outturn position is an under spend of £0.5m which reflects the year to date trend and the effectiveness of the Forces austerity programmes, tempered by caution on the achievement of future strategic change savings initiatives.
- 2.3 The Force Summary at Appendix C provides the detail of expenditure against the budget for the cost type, pay, premises, supplies & services, transport and income.
- 2.4 The flexibility levered from the budget allows for financial resources to be targeted by the Force which assist in the achievement of the Local Policing Plan targets.
- 2.5 Police officer costs are within budget in total as officer numbers on the revenue payroll are within budget which offsets above budget overtime costs following a further cut in the overtime budget £380k this year following a £500k cut last year.
- 2.6 Police staff costs are under spent as a result of the change programmes and posts being held vacant but this is countered by higher temporary and agency staff costs. Police staff overtime is overspent following a budget cut of £185k.
- 2.7 Non payroll costs are under spent against the year to date budget but expenditure is forecast to be close to budget by year end.

3 Variances by Command

- 3.1 Response under spent by £0.4m due to officer and staff numbers being below budget for the year to date. Non payroll costs were on budget and income is down, the forecast for the year is that net costs will be within budget.
- 3.2 Investigation command underspent by £0.4m with an under spend within the employee budget due to reduced numbers and savings in supplies and services due to lower forensic spend.

- 3.3 Neighbourhood is within budget for quarter one but is forecasting an over spend of £0.6m for the year, largely relating to employment costs and reduced income.
- 3.4 Tasking & Co-Ordination were just within budget for the first quarter a position which is forecast to continue.
- 3.5 Collaboration command is currently recording an under budget position which is forecast to remain to year end but this is dependent on quarterly recharges between forces.
- 3.6 Within the DCC directorate ACPO are on budget but forecast being above budget by year end due to additional resources, while PSD are within budget and forecast remaining so. Strategic Change fell short of the budget and are currently forecast to remain in this position.
- 3.7 Human Resources were slightly over budget due to the number of probationers but are forecast to be within budget by year end.
- 3.8 Finance and Services are within budget due to reduced premises costs and are forecasting to remain within budget.
- 3.9 ICT are within budget due to reduced supplies costs and are forecasting to remain so.
- 3.10 The forecast within corporate includes a prudent adjustment to the optimistic saving forecasts contained within operational units first quarter projections.

4 Virements & Approvals

- 4.1 Virements are used to move budgets during the year in line with operational changes and savings achieved. Financial Regulations state that any virement exceeding 0.2% of the value of the annual Net Budget Requirement (NBR) requires the approval of the Police Authority.
- 4.2 There are no virements requiring approval since the last meeting.

5 Capital Position

- 5.1 The total capital budget, at £16.9m includes £4.7m re-phased from last year, £2.0m carried forward from last year and £10.1m budgeted for the current year
- 5.2 Of this £11.4m has been allocated to specific projects, £3.1m has been agreed in principle and £0.4m remains to be allocated as at month 3.
- 5.3 Project Enterprise has a budget of £3.5m, Mobile Data £2.0m and Salford Custody Suite £1.8m, Vehicle replacement has a budget of £2.0m. Our last two finance leases have a budget of £64k but as the final payments are due on each an overspend of £29k will occur in year.
- 5.4 Expenditure for the year to date is £1.6m, a further £0.8m is covered by outstanding orders, the rest being uncommitted.
- 5.5 A capital Grant of £1.1m is anticipated as is £3.5m from the sale of Houses and £4.0m from the sale of Police Stations, the remainder of funding being made up of revenue funding and internal borrowing.

6 Balance Sheet

- 6.1 Usable reserves are at £13.4m, £0.6m more than at the start of the year following the move of £1.2m into revenue funding, Local reserves have now been reduced to zero, Insurance reserves are £2.2m, and Ill health reserves £1.1m. An OPR reserve originally established at the end of 09/10 has been reduced to £0.2m being for OPR refurbishment. A health reserve which was re-established in 09/10 stands at £0.3m, the Olympic reserve has been maintained at £0.3m and the general reserve has increase to £9.2m incorporating the position as at month 3.

7 Accounts receivable

- 7.1 Accounts receivable of £2.1m includes £0.2m over 90 days old being 11% of total debtors, 83% is under 30 days old. The following table shows an improvement on the over 90 day invoices from previous reports.
- 7.2 Financial regulations sets out the authority limits for the write off of debt and these have been used, as the guide on the risk areas. Any individual debtor above £10k will

require the Head of Finance, the Treasurer or the SPA to approve the write off of the debt. Using this framework places the debt in the following groups along with the status of the debt:

Accounts Receivable - Items in Excess of £10k & 90 Days			
£	Invoice Date	Customer	Notes
Commercial Debt			
Nil			
Nil		Sub Total	
Public Sector Debt			
20,164	02/01/10	SPA 210152	Settled in August
14,881	08/10/10	Metropolitan Police Authority	Settled in August
24,600	19/11/10	Thames Valley Police Authority	Settled in July
15,277	11/02/11	ACPO	Seconded officer recharges
74,411	11/02/11	Sussex police	Settled in July
149,333		Sub Total	
149,333		Total	

7.3 No write off actions are currently recommended.

8 Accounts payable

8.1 Accounts payable shows 400 invoices and credit notes being processed at month end of which 37 are for more than 120 days. The total net value of outstanding invoices and credit notes being £1.4m with 50% of this value being held for less than 30 days

9 Cash

9.1 As the level of reserves has been impacted by usage and with the possibility of “borrowing” for the capital programme, close attention to the cash levels will be required.

9.2 The cash balance at quarter end was £8.1m compared to £14.4m at the start of the year. The cash balance decreased in June due to the precept grant being paid in ten instalments, with no instalments in December and June, the balance recovered in July and is forecast to remain above the opening year position until December when it will again reduce before recovering again.

10 Efficiency Savings

- 10.1 The report at appendix E sets out the current position with respect to the Force's Efficiency Plan with a planned saving of £13.3m.
- 10.2 The report gives the outline of savings forecast in 2011/12 and later years.

11 Strategic Change Projects Update

11.1 Service Quality and Business Improvement Review

Phase 2 (Audit Review & Policy) – A revised business case was produced and submitted to SCB in August. Phase 3 (Operational Support Management) – The business case is scheduled to go to the DCC Change Board at the end of September, prior to submission to SCB.

11.2 ICT OSR Review

The Business Case was submitted to SCB in August detailing the grades for staff in the revised structure. Go live is scheduled for the 1st October.

11.3 Diversity Directorate Review

The Business Case for this review was submitted to SCB in July. Implementation is anticipated by January 2012 and progress is currently on track.

11.4 Health & Safety Review.

The Business Case for this review was submitted to SCB in July and approved to progress to implementation. The selection process for staff impacted by the review is scheduled to commence at the end of August.

11.5 Pay & Reward Reform

Proposals for delivery and detail around contribution related pay for Senior Leaders will be presented to COG. A communications site has been made available to Managers and Band 1 and 2 contracted staff to provide tools and on-going updated information around the review.

11.6 Management of Crime Review

A revised business case was submitted to SCB in July and approval given to progress to implementation. Go live is scheduled for December 2011.

11.7 Collaboration

Firearms - From 15th August Supt Rachel Tills took on overall management responsibility for firearms for both forces as the new joint unit head.

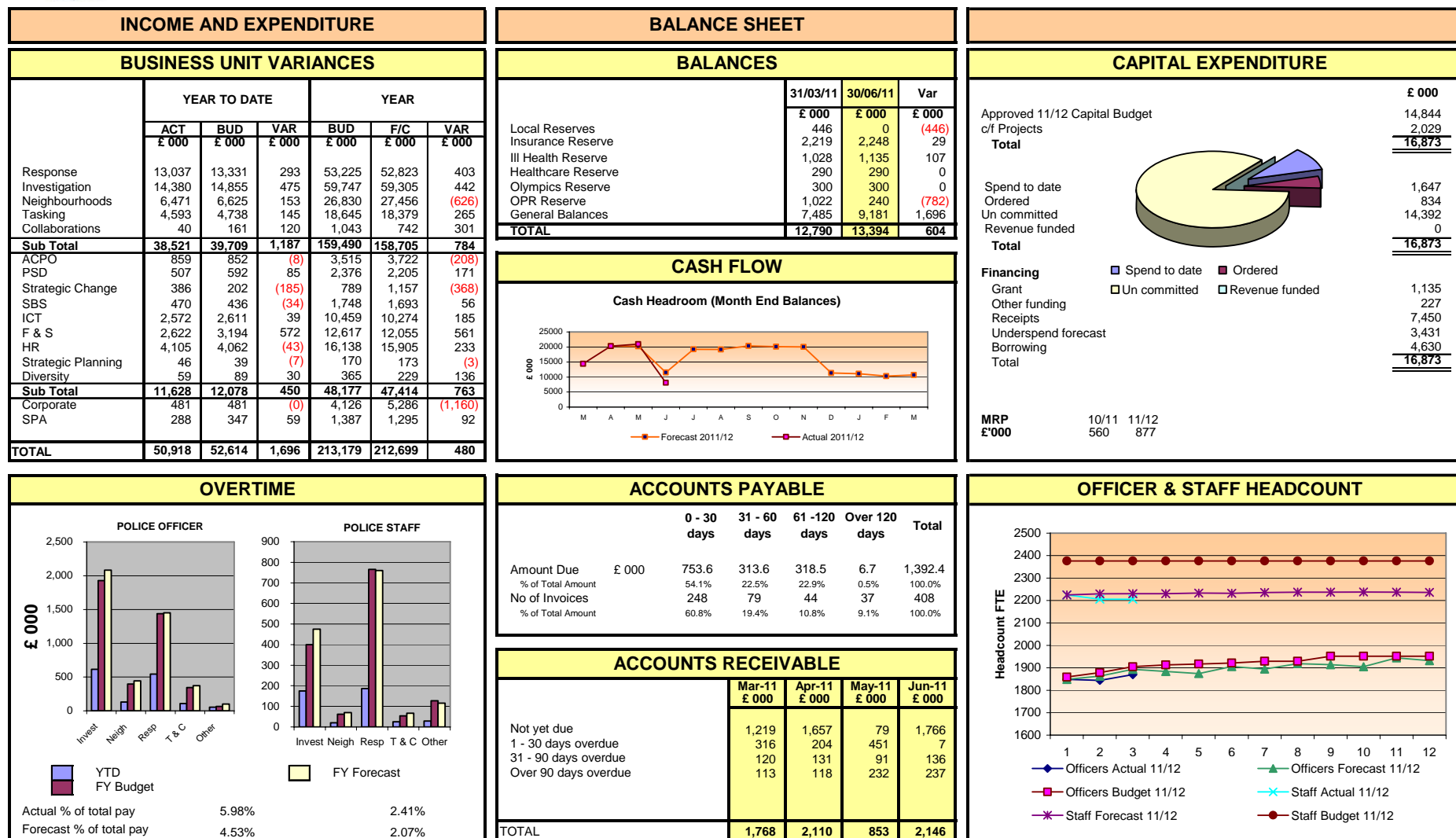
Major Crime – From 15th August D/Supt John Boshier took on overall management responsibility of Major Crime for both forces as the new joint unit head.

Scientific Support – Resources will continue to be managed through the existing line supervision provided by each force until a date is agreed for Louise Whiteoak to take on overall responsibility as the designated unit head.

Attachments:

- Appendix A:** Financial Overview June 2011
- Appendix B:** Capital Expenditure June 2011
- Appendix C:** Force wide results June 2011
- Appendix D:** Project Enterprise
- Appendix E:** Efficiency Plan

FINANCIAL OVERVIEW AS AT JUN 2011



ENTERPRISE PROGRAMME FINANCIALS OVERVIEW

	Actuals						Current Year		
	05/06	06/07	07/08	08/09	09/10	10/11	11/12	12/13	13/14
Capital Budget					Design & Build Phase	Design & Build Phase	Design & Build Phase	Implementation & Build Phase	Business As Usual
Item									
Budget	657	619	910	975	3,620	1,856	3,858	1,084	40
Brought Forward		535	248	492	358	1,661	236	29	-655
Central Budget Adjustments						-800	-262		
Actuals/Forecast	122	906	666	1,109	2,317	2,481	3,803	1,768	
Net position	£535	£248	£492	£358	£1,661	£236	£29	-(£655)	-(£615)

Note 1

					09/10	10/11	11/12	12/13	
Revenue "Implementation" Budget							Implementation & Roll-out	Implementation & Roll-out	Post 12/13 = ICT Business As Usual
Item									
Budget					315	248	465	383	
Budget Growth/Adjustments						184	91		
Actuals/Forecast					183	413	451	1392	
Net Position					£132	£19	£105	-(£1,009)	Note 2

	05/06	06/07	07/08	08/09	09/10	10/11	11/12	12/13
GRAND TOTAL Capital + Revenue								
Item								
Budget	657	619	910	975	3,935	2,104	4,323	1,467
B/Fwd Budget/Growth	0	535	248	492	358	1,045	65	29
Actuals/Forecast	122	906	666	1,109	2,500	2,894	4,254	3,160
Net position	£535	£248	£492	£358	£1,793	£255	£134	-(£1,664)

Milestones ahead	
Currently in re-planning no new milestones set.	

Notes	Area	Explanation of Variances
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Capital Costs A high level draft re-plan has been produced and presented at Programme board, SCB, and CSB in July, reflecting the increased capital costs of the re-plan which are estimated to be £747k, made up of 3 key elements; significant ICT costs of the Case and interface solutions, the recruitment of additional skilled ICT resources and the extension of Project team staff costs resulting from postponement of go-live.

Revenue Costs The original Business Case made no provision for redundancy costs, these have been factored into the revenue profile above in 2012/2013 (£254k). The programme slippage means the training roll-out will be delayed and a significant proportion of the trainer costs will now fall into 2012/2013, which was not budgeted cost items (£134k).

As a result of the delays, ICT will need to extend the current support and maintenance contracts (by a further 12 months) for both the Crime Information System (CIS) and the NSPAS Case and Custody products, the costs to the Force equate to £530k

ICTs resource model forecasts a net increase in the number of System Administrator resources required to support the new SIREN system resulting in a project overspend against budget from 12/13.

The project team costs now include a provision in both 11/12 and 12/13 for anticipated additional travel, agency fees, training and equipment costs associated with programme delay, in addition to the following fixed term posts; Resouce Manager, office Manager and Communications Officer.

Closed Projects	2011/12	2012/13	2013/14	2014/15	2015/16	2012/16
4 to 3 BCU	0	103	0	0	0	103
OSR HR	-26	175	1	1	0	177
SSD	36	47	151	0	0	198
Others	-312	0	0	0	0	0
Crime Management Review	365	0	0	17	0	17
CJ Review Costs (CJ Model June 2010 v 21)	-165	0	0	0	0	0
Total	-102	325	152	18	0	495

Business Support Change	2011/12	2012/13	2013/14	2014/15	2015/16	2012/16
ICT OSR Review	259	258	0	0	0	258
Shared Business Services	452	92	0	0	0	92
Local Fleet Management	292	27	0	0	0	27
Senior Management / Secretariat/ Staff Officer Review	839	8	76	11	0	95
Service Quality Review	158	0	0	0	0	0
Non Staff Costs	4,410	1,170	427	100	0	1,697
Senior Police Staff Leadership Review	3,562	-19	178	0	0	159
Pay & Reward	-	-	-	-	-	0
Estate Management	186	48	63	43	0	154
Corporate Comms	428	0	113	0	0	113
Total: Business Support Change	10,586	1,584	857	154	0	2,595

Operational Policing Change	2011/12	2012/13	2013/14	2014/15	2015/16	2012/16
Surplus Officers	439	600	0	0	0	600
Functional Command Savings	250	250	0	0	0	250
Front Counters	414	0	0	0	0	0
Neighbourhood Command Savings	100	100	0	0	0	100
Estates Reconfiguration: Services & Facilities / Co Location	723	909	441	0	-12	1,338
Estates Reconfiguration: Financial Impact	-7	601	483	295	422	1,801
Miscellaneous Savings	0	0	0	0	0	0
Total: Operational Policing Change	1,919	2,460	924	295	410	4,089

Operational Development Change	2011/12	2012/13	2013/14	2014/15	2015/16	2012/16
WFM CID	453	0	0	0	0	0
WFM (PSO)	560	61	0	0	0	61
Enterprise Programme	192	1,742	1,325	0	0	3,067
Collaboration - BiLateral	0	500	500	0	0	1,000
Collaboration - Air Support	468	132	0	0	0	132
Impact	4	0	0	0	0	0
PSP	0	0	0	0	0	0
Total: Operational Development Change	1,677	2,435	1,825	0	0	4,260

Police Authority	73	83	26	12	0	121
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	2011/12	2012/13	2013/14	2014/15	2015/16	2012/16
Total Change Programme Savings	14,153	6,887	3,784	479	410	11,560
Budget Gap	13,284	9,037	5,124	3,174	334	17,669
Unfunded Gap	869	-2,150	-1,340	-2,695	76	-6,109
Previous Savings Forecast	13,557	6,987	4,024	674	434	12,119

RAG Breakdown	2011/12	2012/13	2013/14	2014/15	2015/16	2012/16
	8,985	1,854	857	184	0	2,895
	4,260	931	178	0	0	1,109
	908	4,102	2,749	295	410	7,556