

Constabulary Revenue Budget Monitoring 2018/19

Forecast as at 30 September 2018 to Police and Crime Panel 21 January 2019

Constabulary Summary at September 2018

The current forecast of net expenditure amounts to £117.952m compared to a revised budget of £117.203m. The variance amounts to a forecast overspend of £0.749m (0.64%) and is made up of a forecast overspend on expenditure budgets of £0.971m (0.79%) and over recovery on income of £0.222m (3.83%). The forecast overspend has increased by £0.347m compared to the forecast overspend reported as at the end of June 2018 of £0.402m. The budget has been adjusted to reflect the agreed drawdown of the budget support reserve and the injury pension reserve.

The Constabulary is continuing to look for ways in which the overspend can be managed during the remainder of the financial year. In the event that there is an overspend at the year end, it is proposed that the underspend on the capital budget in relation to business analytics (as reported at quarter 1) is transferred to the revenue support budget and is in turn used to fund the remaining deficit.

Description	Revised Budget 2018/19 £'000s	Forecast Expenditure / (Income) 2018/19 £'000s	Forecast (Under)/ Overspend 2018/19 £'000s	Forecast (Under)/ Overspend 2018/19 %	Forecast (Under)/ Overspend @ JUN-18 £'000s	Change from JUN-18 to SEP-18 £'000s
Constabulary Funding						
Police Officers	83,115	84,113	998	1.20%	609	389
Police Community Support Officers	3,131	2,789	(342)	-10.92%	(292)	(50)
Police Staff	20,830	20,962	132	0.63%	(180)	312
Other Employee Budgets	1,585	1,545	(40)	-2.52%	12	(52)
Transport Related Expenditure	2,177	2,271	94	4.32%	10	84
Supplies & Services	10,012	10,118	106	1.06%	135	(29)
Third Party Related Expenses	2,153	2,176	23	1.07%	(7)	30
Total Constabulary Funding	123,003	123,974	971	0.79%	287	684
Income	(5,800)	(6,022)	(222)	3.83%	115	(337)
Total Constabulary Funding Net of Income	117,203	117,952	749	0.64%	402	347

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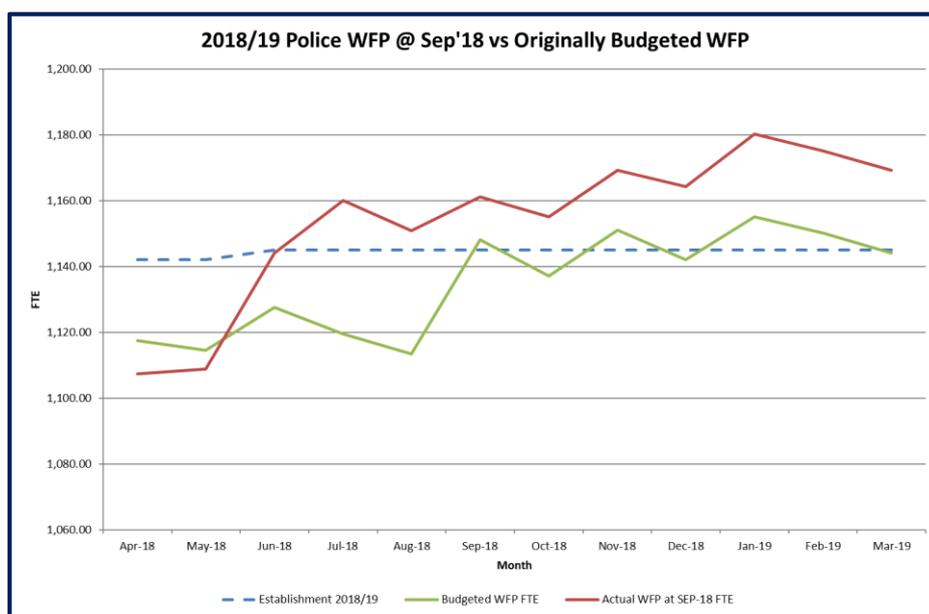
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Current Forecast

The forecast constabulary overspend is largely as a result of a forecast overspend on police officer pay and allowances of £0.998m. The forecast overspend can be broken down into 3 main sub sets:

- Workforce Plan Changes - £0.555m relates partly to changes to the proposed HR Workforce Plan (WFP) to facilitate the earlier recruitment of the additional 25 police officers as pledged by the Commissioner in relation to the increase in council tax precept. In addition, decisions taken to operate approximately 20 officers over establishment for police officers for the remainder of the financial year to counterbalance the current reduction in actual PCSO numbers and to safeguard against potential difficulty in recruiting as a result of the forthcoming changes in relation to the Police Education Qualification Framework (PEQF) effective from January 2020 has contributed to the additional expenditure.
- Ill Health Pensions - £369k of the forecast overspend relates to a forecast increase in the number of individuals required to be retired under the pension regulations increasing from 3 to 8. The constabulary meets the capital ill health charge of two times annual salary (approx. £80k per retirement). The budget provision includes funding for three ill health retirements per year.
- Police Officer Overtime - £75k of the forecast overspend relates to pressure being experienced on overtime budgets in Territorial Policing command.

The chart below illustrates the current HR WFP. The green line represents the HR WFP used for budget setting purposes, the red line represents the current HR WFP at September 2018. Where the red line is above the green line (which it is for the majority of the year), an overspend will result.



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The overspend on police officers is being offset by reductions in relation to PCSO pay (£342k). The PCSO underspend arises as a result of an increase in the number of PCSO leavers (mainly to join regular PCs). The WFP now sees the average PCSO numbers for the year being 84.56 FTE, which is 10.44 FTE below the establishment of 95 FTE.

The police staff budget is forecast to overspend by £132k. The overspend on police staff has arisen as a result of a change in respect of the projections with regard to the overall level of vacant posts and when vacant posts are expected to be filled.

The other employee expenses budget is forecast to underspend by £40k. This is largely as a result of the assumptions made with regards to the apprenticeship levy. The current assumption is that £151k of the levy paid in 2017/18 will now not be used and as a result will be lost and should therefore be accounted for in the current year. The assumptions in relation to the £306k anticipated levy for 2018/19 is that this will be used in future years and as such will be accrued into 2019/20. The net impact on 2018/19 is a budget saving of £155k. This saving is being offset by increases in recruitment costs mainly as a result of the accelerated recruitment of police officers.

The transport related budget is forecasting to overspend by £94k, the primary reason for this is in relation to a forecast increase in fuel costs. At budget setting time an above inflation increase of 5% was applied to the fuel budget. The actual increase seen at the pump between November 2017 and July 2018 was around 8%. In addition to fuel increases, the repair and maintenance budgets and hire car budgets are reporting pressure which is being offset by reductions in car allowance payments.

The supplies and services budget is showing a forecast overspend of £106k, this is largely as a result of a forecast overspend in respect of Microsoft licencing fees and additional uniform in respect of increased recruitment and extra Firearms / Public Safety courses.

Income is forecast to be £222k higher than budget. This is across a number of headings but is largely due to increased reimbursement for specialist policing services. This additional income is somewhat offset by a shortfall in Firearms Licencing income, which follows a five year cycle (£98k).

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Change in Forecast between June and September

As outlined above the forecast overspend position has increased from the figure of £0.402m reported as at the end of June to the figure of £0.749m reported at the end of September. The main reasons for the increase in forecast overspend of £0.347m can be summarised as follows:

- Police Officer Pay reduction of £93k which is the net impact of changes to workforce planning assumptions during the quarter.
- Ill Health Pensions increase of £369k, at the end of June it was assumed that this heading would be on budget, during the second quarter forecasted numbers leaving on ill health grounds during the year were revised.
- Police Overtime increase of £117k related to pressure being experienced on overtime budgets in Territorial Policing Command (£101k) and Crime command (£13k).
- PCSO Pay decrease of £50k due to changes in the profile of leavers and new recruits.
- Police Staff Pay increase of £312k in respect of changes to the assumptions of when vacant posts will be filled.
- Other Employee expenses reduction of £52k relating to changes in forecasts for training and apprenticeship levy charges.
- Transport Related expenses increase £84k. The primary reason for this is in relation to a forecast increase in fuel and repair and maintenance costs.
- Supplies & Services reduction £29k as a result of changes across various lines including ICT costs.
- Third Party Payments increase of £30k in respect of a number of smaller changes to collaborations and subscriptions.
- Income additional over recovery of £337k in respect of a change in assumptions with regard to potential income from the provision of specialist policing services, mutual aid and other sources of income.