

Chief Constable's Report
to
Kent Police and Crime Commissioner's Performance and Delivery Board

Finance

Wednesday 25th September 2019

1. Introduction.

This report provides an update on the July 2019 forecast for both revenue and investment.

2. Revenue outturn.

The net revenue budget for 2019/20 is £313.8m with a forecast underspend based on actual expenditure and income for April to July and forecasts thereafter is £0.6m or 0.2% of the budget. This is extremely tight and leaves little room for absorbing any additional in year cost pressures. There is a higher than normal number of external funding streams this year than previously so it is more important than previously to take a holistic approach to the outturn report rather than focussing on individual lines such as Police Pay or overtime as much of this is covered by additional income in the way of grants which are shown as income further down the forecast report. These external funding streams are discussed below.

The following table is a high level summary of the revenue outturn and shows actual income and expenditure against the budget by the main subjective categories as specified in the nationally agreed coding structure for policing.

Subjective Category	Full Year Budget £000's	Actual to Date £000's	Full Year Forecast £000's	Variance Over/Under(-) £000's
Police Pay	£192,319	£60,897	£191,293	(£1,026)
PSE Pay	£85,619	£27,663	£88,836	£3,217
Other Pay Costs	£7,675	£2,904	£12,315	£4,641
Total Pay	£285,612	£91,464	£292,445	£6,832
Police Overtime	£5,246	£2,319	£7,004	£1,758
PSE Overtime	£913	£543	£1,506	£594
Total Overtime	£6,159	£2,863	£8,510	£2,352
Premises	£20,734	£16,640	£20,895	£161
Transport	£7,603	£3,130	£8,142	£539
Supplies & Services	£27,724	£15,891	£29,581	£1,856
Third Party Payments	£8,065	£4,172	£10,200	£2,135
Bad & Doubtful Debts	£0	£0	£0	£0
Total Running Expenses	£64,126	£39,833	£68,817	£4,692
Capital financing and contributions	£0	£4	£4	£4
Pension Administration Costs	£0	(£14,669)	(£1)	(£1)
Expenditure Sub-Total	£355,897	£119,494	£369,776	£13,879
Income				
Sales, Fees, Charges & Rents	(£4,717)	(£1,851)	(£5,462)	(£745)
Interest / Investment Income	(£547)	£57	(£525)	£22
Reimbursed Services	(£11,824)	(£2,430)	(£21,003)	(£9,179)
Reimbursed Services - Inter Force	£0	£0	£0	£0
Reimbursed Services - Other Public Bodies	£0	£0	£0	£0
Reimbursed Services - Other	£0	£0	£0	£0
Transfers to & from Reserves	£0	£0	£0	£0
Transfers to Revenue and Capital Reserves	(£5,083)	(£101,272)	(£6,962)	(£1,878)
Total Net Expenditure	£333,726	£13,998	£335,824	£2,099
Overseas Funding / Partnership Funding	(£19,939)	(£13,368)	(£22,602)	(£2,663)
Overall Total	£313,787	£630	£313,223	(£564)

Item No. 6

The in-year cost of the recently announced 2.5% pay award has been included in this forecast and totals in the region of £0.7m after externally funded posts are factored in. This additional cost covers both Police and PSEs represents the excess over the amount budgeted for in April (2.0%).

Readers of this table could naturally focus on the overtime lines as these indicate an overspend of £2.3m or 38% of the budget. As described earlier in the report this includes overtime incurred or forecast as part of the Home Office grants to help address Knife Crime and Violence Reduction. Overtime also includes forecast expenditure against Op Magenta and Op Blythe which are funded from Hampshire Police and The Home Office respectively.

Once the expenditure on these grants are removed the forecast for police overtime falls to £0.7m and for PSEs to £0.4m. These figures are still clearly above the budget so work including additional scrutiny and controls will continue as will high level discussions with budget holders and more tactical interventions from Finance Officers who meet with budget holders at least monthly to discuss all areas of the budgets and particularly overtime. These measures should all assist at reducing or controlling the forecast. The summer months often see higher levels of overtime expenditure and these have been built into the forecasts so any additional interventions and control measures should start to see this forecast decreasing.

The following table shows overtime budgets, actuals and forecasts in more granularity and includes the grant funding described above along with Op Magenta in the Serious Crime Dept line towards the foot of the table in the Externally funded section.

Ad Hoc	Budget	Actual	% Spend to Date	Forecast	Forecast Variance Over/Under(-)
Central Investigation	115,700.00	26,486.27	23%	159,413.70	43,709.70
North Division	421,500.00	63,110.57	15%	606,270.85	184,766.85
East Division	410,700.00	59,766.89	15%	600,000.00	189,304.00
West Division	378,700.00	47,298.62	12%	468,192.00	89,500.00
Strategic & Tactical Ops	138,000.00	26,531.19	19%	197,832.33	51,582.33
Serious Crime Dept	90,800.00	15,009.74	17%	96,472.61	5,676.61
Partnership & Crime Reduction	2,000.00	450.24	23%	7,817.53	5,817.53
IMU	-	-		-	-
Training & Development	8,500.00	11,305.33	133%	68,235.92	59,739.92
Chief Constables Office	15,000.00	12,594.95	84%	2,806.90	- 193.10
Corporate Development	-	-		-	-
ISD	4,000.00	1,669.55	42%	6,153.86	2,153.86
DCC Office	14,000.00	3,904.43	28%	110,450.67	83,522.34
FCR	2,500.00	25.48	1%	1,225.48	- 1,274.52
Ad Hoc Total	1,601,400.00	268,153.26		2,324,871.85	714,305.52
Contingency & FRU					
Force Contingency (DCC Fund)	457,000.00	1,552.51	0%	395,523.13	- 61,472.87
FRU Contingency	1,346,800.00	212,018.31	16%	2,706,800.26	- 79,999.74
Contingency & FRU Total	3,243,800.00	712,833.77		3,102,323.39	- 141,472.61
External Funding					
Central Investigation	382,100.00	63,844.53	17%	395,470.38	13,362.38
North Division	-	5,285.23		-	-
Strategic & Tactical Ops	-	59,997.17		152,258.45	152,258.45
Serious Crime Dept	-	26,375.11		994,987.97	994,987.97
Partnership & Crime Reduction	-	388.00		2,999.31	2,999.31
Seconded Officers	9,730.00	4,967.64	51%	31,025.40	21,293.40
PCC Office	-	-		-	-
External Funding Total	391,830.00	160,857.68		1,576,741.51	1,184,901.51
Grand Total	5,237,030.00	1,141,844.71		7,003,936.75	1,757,734.42

Item No. 6

Currently the Force and PCC are in receipt of four additional grants and sources of funding: Op Blythe, the forces response to the UK's planned departure from the EU – funded from the Home Office; Op Magenta, an investigation into the deaths at a hospital in Hampshire – funded by Hampshire Police; a £1.66m grant from the Home Office to reduce knife crime and a £1.16m grant also from the Home Office for partnership working in violence reduction units. Each of these is being forecast from within the central Finance function on top of business as usual. All expenditure is tracked and forecasts provided per the conditions of the grants with the latter two of these forecast to be fully spent by the end of the financial year. This has added considerably to the workload of the team and is becoming increasingly difficult to facilitate which is why the decision has been taken to apply for an additional Finance Officer, funded through Op Magenta to manage this work stream and ease the burden elsewhere in Finance to more manageable levels.

Nothing has been added for any costs or income relating to the recently announced national uplift of 20,000 police officers as no details are known at this stage.

3. Investment outturn.

The Investment Programme is budgeted for £16.4m for 2019/20 and includes the additional approvals for the Taser roll-out and increased cost of the replacement boat for the Marine section. The current forecast is £16.0m or 98% delivery against the budget.

At this stage in the year no major issues with delays or increased costs have been reported with the only concern being around requests for further additions to the programme. These can only be afforded however by either ceasing an existing scheme or reducing its scope as there is little room in the overall Investment budget to fund such additionality without compromising future year plans.

The following table shows the budget and forecast per provisioning department based on the July forecast.

	Budget £m	Forecast £m	Forecast % spent
IT	9.4	9.3	99
Estates	3.3	2.8	85
Transport Services	2.2	2.2	100
Plant & Equipment	1.2	1.4	117
ANPR	0.3	0.3	100
Total	16.4	16.0	98

4. Outline Medium Term projections.

The Medium Term Financial Plan for covering all aspects of Kent Police is under almost continual review between the Force CFO and that of the Commissioner. As yet the Plan has not been formalised although we are anticipating having a comprehensive document available for wider discussion in the early autumn.

By this stage it is hoped much more will be known around any Kent share of the 20,000 police officer uplift nationally so costs and any income will be part of this plan. Other cost pressures will include the likely impact of the triennial revaluation of the Local Government Pension Scheme; an assessment of the likely costs of the Airwave replacement and also any cost pressures which have been incurred in year or are expected.

This Medium Term Financial Plan will also describe the required savings from revenue in order to achieve a balanced budget. The Plan will also show the proposed level of expenditure for the

Item No. 6

Investment Reserve along with how this is to be funded and finally a forecast for the cash reserves of Kent Police.

Timings and extent of any Comprehensive Spending Review are as yet uncertain with a one year settlement looking likely given the ongoing EU Exit negotiations.

5. Savings.

The savings programme for the Force is owned and run by Corporate Services and is shown in the table below. It should be noted that the target for the year has needed to increase following the announcement of the 2.5% pay award for Police Officers and local decision to increase PSE pay in Kent by the same amount. This has added a further £1.257m to the target and must be delivered by the time the budget is effective, 1st April 2020.

So far this year very good progress has been made against this savings target with around £5.7m identified and delivered. This is excellent progress and continues the trend of delivery of which the Force is rightly proud. Workshops are planned by the Finance Department for every directorate which will forensic examine revenue budgets on a line by line and department by department basis with the aim of identifying opportunities to save and contribute to the overall savings target. This exercise was piloted for Support Services in 2018 and proved to be very successful which is why it is being rolled out force-wide this year.

Item No. 6

Detail	Anticipated requirement	Proposed schemes	Scheme Owner
Increase in pay and increments forecast at 2.0%	£8,400,000		
Non-pay costs inflation forecast at 2.0%	£1,300,000		
Cost pressure - ERSOU contribution	£400,000		
Cost pressure – Policing Education Qualifications Framework (PEQF) costs	£200,000		
Revenue contribution to capital	£1,000,000		
Reduction in funding from reserves	£2,000,000		
Increase in budget for Court Orders Team	£400,000		
Bought forward savings from 2018/19	-£500,000		
Increase in income revenue covering salary increases	-£300,000		
Increase in standard precept of 2%	-£3,500,000		
Head of Crime Policy and Standards	£65,000		
Press Officer	£47,000		
Non-budgeted pay rise	£1,257,000		
Innovation Task Force	£345,000		
Total	£11,114,000		
Pay Differential		£2,700,000	Paul Curtis
Estates Revenue savings		£400,000	Andy Lefevre
Central Ops command structure (other)		£100,000	C/Supt Nix T/C/Supt Pritchard
Training income generation		£100,000	C/Supt Newton
Support Services		£500,000	Mark Gilmartin
RPA savings programme (year 1)		£350,000	Ian Drysdale
Traditional approach savings programme		£450,000	Paul Curtis
High Cost Economy savings programme		£1,100,000	Sonia Virdee
Lean processing savings programme		£400,000	Jon Sutton
Innovation Task Force		£200,000	Gary Beautridge
Seven Force/Procurement		£200,000	Ian Drysdale Karen Georgiou
Workforce modernisation		£300,000	Jon Sutton
Regionalisation – CT		£100,000	T/C/Supt Lukey
Uniform review		£130,000	Dave Mannion-Marshall
Commercial Lettings (income)		£200,000	Andy Lefevre
Review of non-salary benefits		£200,000	Mark Gilmartin
FCR		£1,500,000	T/C/Supt Ball
Reduction in expenses expenditure		£100,000	Paul Curtis Dave Mannion-Marshall
VAT on officers fuel claims		£20,000	Paul Curtis
Medical screening of new officer		£60,000	Alison Brett
DAMs/DETs		£200,000	T/C/Supt Lukey
Transport review		£50,000	John Gorton
Reduction in fuel costs		£36,000	John Gorton
Introduction of transcribing software		£80,000	Jon Sutton
Rationalisation of project management		£100,000	Jon Sutton
PVP CRU restructure		£100,000	T/C/Supt Pritchard
L and D reduction in PCC funding		£500,000	C/Supt Newton
Total identified		£10,176,000	
Expected savings requirements		£11,114,000	
GAP		£938,000	

Item No. 6

6. Summary.

The current financial position for Kent Police for 2019/20 remains healthy with forecast underspends in both revenue and capital. Given the relative size of these underspends however there will always need to be continued tight control and scrutiny of all budgets and the ongoing need for all budget holders to remain within budget.
