

Constabulary Revenue Budget Monitoring 2018/19

Forecast as at 31 December 2018 to Public Accountability Conference 20 February 2019

Constabulary Summary at December 2018

The current forecast of net expenditure amounts to £118.073m compared to a revised budget of £117.427m. The variance amounts to a forecast overspend of £0.646m (0.55%) and is made up of a forecast overspend on expenditure budgets of £1.062m (0.86%) and increased income of £0.416m (6.83%). The forecast overspend has reduced by £0.103m compared to the forecast overspend reported as at the end of September 2018 of £0.749m.

It should be noted however that the overspend has been reduced through the agreed application of revenue budget reserves (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 for 2018/19 be 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 @ SEP-18 £'000s	Change from SEP-18 to DEC-18 £'000s
Constabulary Funding						
Police Officers	83,339	84,373	1,034	1.24%	998	36
Police Community Support Officers	3,131	2,852	(279)	-8.91%	(342)	63
Police Staff	20,973	21,175	202	0.96%	132	70
Other Employee Budgets	1,658	1,744	86	5.19%	(40)	126
Transport Related Expenditure	2,157	2,253	96	4.45%	94	2
Supplies & Services	10,076	10,001	(75)	-0.74%	106	(181)
Third Party Related Expenses	2,180	2,178	(2)	-0.09%	23	(25)
Total Constabulary Funding	123,514	124,576	1,062	0.86%	971	91
Income	(6,087)	(6,503)	(416)	6.83%	(222)	(194)
Total Constabulary Funding Net of Income	117,427	118,073	646	0.55%	749	(103)

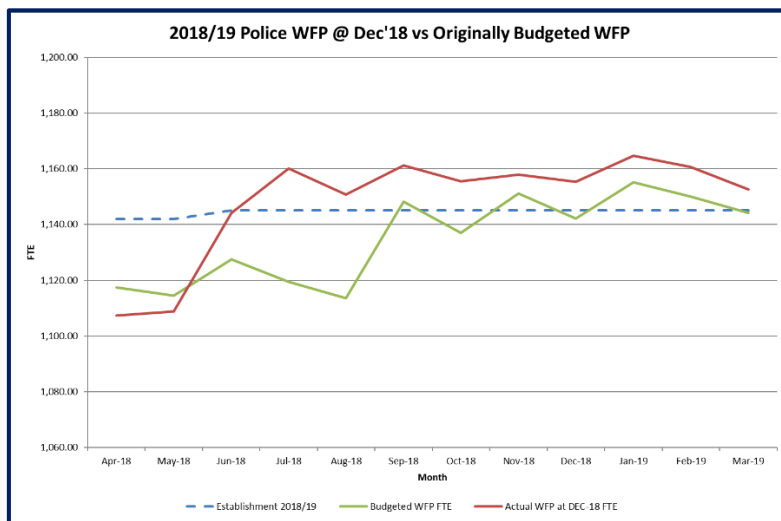
Constabulary Revenue Budget Monitoring 2018/19**Forecast as at 31 December 2018 to Public Accountability Conference 20 February 2019****Current Forecast**

The forecast constabulary overspend is largely as a result of a forecast overspend on police officer pay and allowances of £1.034m. The forecast overspend can be broken down into 3 main areas:

- **Workforce Plan Changes** - £543k 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, the decision to operate approximately 20 officers over establishment for police officers for the remainder of the financial year to counterbalance the reduction in actual PCSO numbers (as they leave to join as regular police officers) 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 the 1st January 2020 have also contributed to the increase in expenditure. Expenditure on Police Officer Pay has been mitigated the agreed drawdown of the budget support reserve.
- **Ill Health / Injury Pensions** - £389k of the forecast overspend relates to a forecast increase in the number of individuals required to be retired under the police pension regulations increasing from 3 to 8. In each case the Constabulary must meet 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. A further, £25k of this overspend relates to an increase in payments of injury allowances due to payment of arrears following a successful appeal. Expenditure on ill health retirements has been mitigated by the agreed drawdown of a pensions reserve.
- **Police Officer Overtime** - £102k of the forecast overspend relates to pressure being experienced on overtime budgets in Territorial Policing command.

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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 December 2018. Where the red line is above the green line (which it is for the majority of the year), an overspend will result.



The overspend on police officers is being offset by reductions in expenditure for PCSO pay (£279k). The PCSO underspend arises as a result of changes to the profile of PCSO leavers and reductions in planned intakes. The WFP now sees the average PCSO numbers for the year being 86.75 FTE, some 8.25 FTE below the establishment of 95 FTE.

The police staff budget is forecast to overspend by £202k. The overspend on police staff has arisen as a result of the assumptions made with regard to when vacant posts are expected to be filled.

The other employee expenses budget is forecasted to overspend by £86k. This is largely as a result of the assumptions made with regards to the apprenticeship levy. The current assumption is that £206k 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 £100k. This saving is being offset by increases in training (£92k) and recruitment costs (£48k), mainly as a result of the accelerated recruitment of police officers together with costs of change management (£32k).

The transport related budget is forecasting to overspend by £95k, the primary reason for this is in relation to a forecast increase in fuel costs (£55k). When the original budget was constructed an above inflation increase of 5% was applied to the fuel budget. The actual increase seen at the pump between December 2017 and July 2018 was around 8%. In addition to fuel increases, there has been an increase in fleet mileage. The budgets for repair and maintenance (£29k)

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and hire cars (£43k) are also reporting pressure, which is being offset by reductions in car allowance and travel expenses payments (£40k).

The supplies and services budget is showing a forecast underspend of £75k. This is due, in the main, to forecast underspends on ICT, police doctors and surgeons and interpreters. These are somewhat offset by overspends on catering, uniform, custody and forensic costs.

The third party payments budget is forecast to underspend by £2k. Underlying this is a reduction to the TITAN collaboration for 2018/19, which is offset by additional charges for forensic collision investigation, SIO accreditation and contributions to NPCC.

Income receipts are forecast to be £416k higher than budgeted. This is across a number of headings including the reimbursement for specialist policing services (£256k), mutual aid (£142k) and sale of goods and assets (£63k). This additional income is somewhat offset by a shortfall in Firearms Licencing income, which follows a five year cycle (£98k).

Change in Forecast between September and December

As outlined above the forecast overspend position has reduced from the figure of £0.749m reported as at the end of September to the figure of £0.646m reported at the end of December. The main reasons for the reduction in forecast overspend of £0.103m can be summarised as follows:

- Police Officer Pay increase of £36k which is the net impact of changes to workforce planning assumptions during the quarter.
- PCSO Pay increase of £63k due to changes in the profile of leavers and new recruits.
- Police Staff Pay increase of £79k in respect of changes to the assumptions of when vacant posts will be filled.
- Other Employee expenses increase of £126k relating to changes in forecasts for agency staff (£35k), change management (£26k) and apprenticeship levy charges (£55k).
- Supplies & Services reduction £181k as a result of reduction in ICT costs (£115k), custody medical contract costs (£27k), uniform costs (£32k), catering (£12k).
- Third Party Payments reduction of £25k in respect of the contributions to North West ROCU (TITAN).
- Additional income of £194k in respect of income from the provision of specialist policing services (£124k) and mutual aid (£70k).