

Police and Crime Panel – 3rd July 2018

Staffordshire OPCC and Police Force Group Financial Position 2017/18

Report of the Police & Crime Commissioner

1. Purpose of Report

- 1.1 This report updates the Panel on the financial positions of both the Office of the Police and Crime Commissioner (OPCC) and Staffordshire Police Force (Force), as reported in the Group accounts for the financial year 2017/18.
- 1.2 The figures quoted at this stage are subject to audit however it is not envisaged that there will be any changes to the revenue outturn position as a result of this audit. Should this take place a further report will be brought to the Police and Crime Panel advising them of the final audited outturn position.

2. Recommendations

- 2.1 The Panel is asked to note and comment on the provisional outturn position for the Group budget for 2017/18.

3. Summary

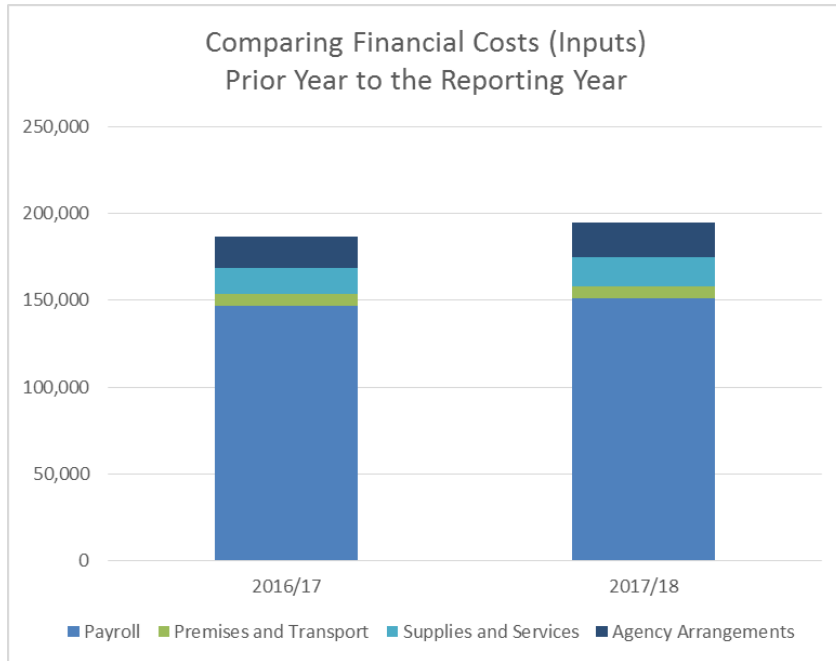
- 3.1 This report provides information on the provisional financial position for 2017/18. At the Group level, the final outturn of £181.271m shows an overspend of £2.679m (1.5%) compared to a revised budget of £178.592m.
- 3.2 The outturn position is within the generally accepted financial health indicator in the sector of being within a two percent over or under tolerance compared to budget.

4. Outturn

4.1 Financial Performance 2017/18

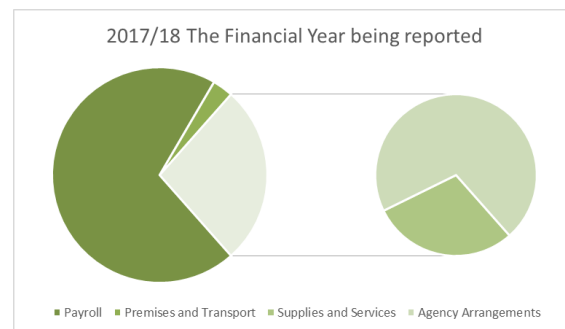
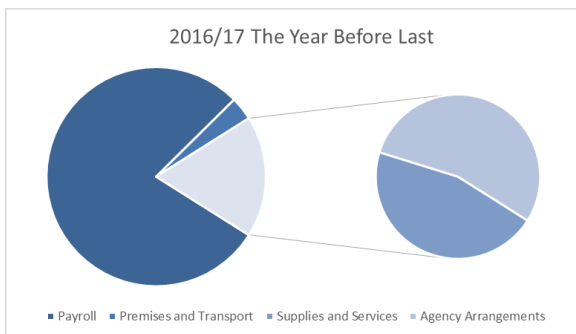
The gross cost of policing¹ in Staffordshire for 2017/18 was £194.8m, an increase against a gross cost in 2016/17 of £187.0m.

¹ This gross cost can be seen in the context of the reported CIES at section 5.2.



This has meant a:

- £1.7m increase in spend on increased development of technology and in supporting future plans
- An increase in cost sharing arrangements in relation to the Regional Organised Crime Unit (ROCU) of £3.3M: this is not an increase in overall spend but rather a shift between pay and services spend



4.2 Revenue Spend (Appendix 1)

Spending on police officer pay was £90.3m, more than had been planned, but this allowed the early take-on of the Chief Constables' redesigned target operating model. It also reflected the 2% pay increase, of which just 1% was funded by central government. In addition the costs incurred include overtime by officers during the heightened terror threat and so £750,000 additional funding through the PCC budget was provided to the Chief, to allow him to meet these pressures in year.

Other pressures on the budget emerged very late during the year and within those timescales the Chief Constable was challenged to deliver compensating savings. These include an additional 1% for the staff pay award announced in May 2018, after the year had ended, at a cost of £454k.

The Force has continued with ambitious transformation and restructuring plans, which have meant a higher than usual spend on one off costs. These costs have been able to be met within the PCC's policy of using reserves to fund these costs and save today's taxpayer from meeting costs which will deliver benefits in terms of a changed approach into the future.

The new and ambitious relationship with the Force's external IT provider has also led to some unexpected costs which arose late in the year: again these will see benefits in the future and represent an investment today into a new way of working that will move the Force forward at pace.

The Safer Roads Partnership which the OPCC and Force undertake with County, City, Fire Service and other partners was efficiently run during the year, contributing £679k additional income although there were additional costs as well and the net profit remains marginal.

During the year the OPCC took on responsibility for commissioning the detention officers, medical attention and interpreters contracts; the reason for this is primarily so that expertise available is used to an optimum level. This, and the contribution back to the Force to cover officer pay pressures mentioned above, is the reason why the PCC's budget has increased by £2.326m in year.

4.3 Capital Programme (Appendix 2)

The capital programme for 2017/18 delivered a number of firsts for the Force

Lichfield Hedgehog Site – new Police Station

Investing in the new police station at Lichfield is about using public resources well by investing in a first rate police facility for the future and giving police the best tools to do their job. This new centre of excellence will directly benefit crime victims throughout the south of the county by bringing police expertise in investigations and forensics under one roof.”

The new building will replace the old police station on Frog Lane which will be sold off as part of city centre redevelopment plans, although a force front desk will still operate from Lichfield District Council’s offices.

Smithfield Hub

The move to join the City Council in their Smithfield hub has given the Force flexible workspace in the heart of the city, close to their partners in services funded by the Council. Justice Services staff from Etruria have moved in, alongside Forensics and Licensing.

Police Protection Equipment

During the year investment will allow every officer to have access to Body Worn video capability, raising the safety levels for officers and the public alike. The PCC funded the replacement and upgrade of Taser weapons to the Taser 2 version which works with Body Worn video to automatically switch on the cameras within 30 feet when the Taser is switched on. 81 ballistic vests were replaced for frontline officers assuring them and their families of their safety on the front line.

4.4 Future Strategy

Transformational Savings Delivery

Staffordshire Police, like all other Police forces across the country, has seen a substantial reduction in government funding as a consequence of the Government’s policies to tackle the national fiscal deficit.

In response to this as well as in order to improve the efficiency of its operation the Force have established the SP25 Transformation Team to review operations across the Force. This programme plans to deliver savings of £2m and then £4.4m in 2018/19 and 2019/20.

Investment

In January 2018 the PCC took the view that in light of the rising demand and his wish to focus on front line investment he would raise the Band D Council Tax by £11.40.

This investment will fund an increase of 44 police officers by March 2019 and 69 police officers by March 2020 as well as supporting the general revenue budget to be able to afford investment in revenue

Future Reserves Strategy

Usable reserves are held either for general purposes, such as to ensure there are appropriate funds available in the event of a significant emergency, or they are earmarked for specific purposes or to manage known risks. The reserves strategy is vital to managing the delivery of the savings targets without impacting performance on the frontline.

Reserves have been used to meet police transformation costs whilst the PCC ensures best value on the sale of the old HQ site and Lichfield Police Station. The sale of the old HQ site, with planning permission, will now release £10.4m, and Lichfield Police Station £1.7m. Both of these values have been optimised through ensuring appropriate expertise has been applied to the sale process.

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Appendix One – Revenue Budget Outturn

	2017/18 Original Budget £000	2017/18 Revised Budget £000	2017/18 Actuals £000	2017/18 Variance to Revised Budget £000
Expenditure				
Police Officer Pay Costs	87,743	88,714	90,305	(1,591)
PCSO Pay Costs	8,811	8,816	8,501	315
Police Staff Pay Costs	41,827	41,857	42,811	(954)
Other Employee Costs	3,139	3,365	4,903	(1,538)
Police Officer Pensions	4,015	4,015	4,755	(740)
Repairs & Maintenance	0	0	75	(75)
Other Premises Costs	3,758	4,008	4,059	(51)
Vehicle Costs	1,956	1,951	2,067	(116)
Other Travel Costs	424	424	522	(98)
Operational Supplies & Service	6,937	7,241	6,918	323
Communications & Computers	10,612	3,289	6,316	(3,027)
Administration	3,677	3,775	2,785	990
Other Supplies & Services	181	181	978	(797)
Third Party Payments	10,247	20,066	19,706	360
Capital Financing Costs	4,617	4,490	4,319	171
Subtotal Expenditure	187,944	192,192	199,020	(6,828)
Income				
Grants & Contributions	(3,256)	(6,870)	(7,690)	820
Reimbursements	(1,818)	(1,904)	(4,087)	2,183
Sales, Fees & Charges	(1,154)	(1,340)	(1,430)	90
Recharge Payroll to Capital	0	0	0	0
Other Income	(30)	(30)	(109)	79
Subtotal Income	(6,258)	(10,144)	(13,316)	3,172
Reserve Transfers in	(2,950)	(3,456)	(4,433)	977
Reserve Transfers out	0	0	0	0
	178,736	178,592	181,271	(2,679)

Appendix Two – Capital Programme Outturn

	2017/18 Original Budget £000	2017/18 Revised budget £000	2017/18 OUTTURN Actual £000
Programme Spend:			
Estates Projects	4,254	5,796	6,112
ICT & Transformation Projects	21,215	4,028	4,170
Equipment	210	312	298
Vehicles	1,418	1,627	1,896
	27,097	11,763	12,476
Funded by:			
Central Government Grants	700	683	683
Other Grants		32	32
Revenue Contributions	400	0	0
Capital Receipts	16,212	115	115
External Borrowing	9,785	10,933	11,646
	27,097	11,763	12,476