**Performance and Resources Scrutiny Programme 2018/19**

**Report to: the Office of the Police, Fire and Crime Commissioner for Essex**

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| **Title of Report:** | **2018/19 Investment supporting the Police & Crime Plan – Month 9 monitoring** |
| **Chief Officer** | **Dr Vicki Harrington** |
| **Date Paper was Written** | **18th January 2019** |
| **Version Number** | **1.0** |
| **Report from:**  | **Essex Police** |
| **Date of Meeting:** | **31st January 2019** |
| **Author on behalf of Chief Officer:** | **Paul Nagle** |
| **Date of Approval:** | **22nd January 2019** |

1. **Purpose of Report**

This is an overarching paper on the new investments we are making to support the Police & Crime Plan and the forecast expenditure from that investment at Quarter 3.

1. **Recommendations**

Report is for the Board to note.

1. **Executive Summary**

Of the **£9.611m** new investments identified in 2018/19 budget, **£1.104m** are amber risk and **£8.507m** are green risk. Changes since the 25th October 2018 Month 6 investment monitoring report are the updates on the two Capital Programme – Revenue Consequences and the change in relation to 2017/18 £0.118m for Director of Finance investment which is now no longer required.

Detailed analysis on the profiling and monitoring of the £4m police recruitment for 150 officers and £1m supporting staff and non-pay cost arising from the 150 officer uplift has been completed, and is now being monitored by Corporate Finance and Strategic Change.

Two areas of 2018/19 investment assessed as Amber risk are:-

* £0.499m – Revenue Consequences - Capital Programme – Approved
* £0.605m – Revenue Consequences - Capital Programme – Proposed

Amber status on both revenue consequences investment lines reflects slippage in the Capital Programme which is reported to the Strategic Board on a quarterly basis. It should also be noted that the force only budgets for 75% of proposed revenue consequences.

There is one area of investment that is no longer required in 2018/19

* £0.055m Additional Rents. No formal plans to spend remainder of this investment £55k in-year as allocation was made on the assumption that Wethersfield store would be closed and a temporary replacement would be required until a permanent replacement was identified.

Of the £0.313m of investments that were agreed but not utilised in the 2017/18 budget, these are reflected in the 2018/19 base budget. There is one area of investment that is no longer required as set out below:-.

* £0.118m for Director of Finance investment is no longer required as there are no plans to establish and recruit to this role.

**4.0 Introduction/Background**

The Police Precept increase of 7.62% was approved by the Essex Police, Fire and Crime Panel on the 22nd January 2018. The PFCC agreed savings and investment plans within the 2018/19 budget.

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| **Table 1 - 2018/19 Budget** |
|   | **£m** |
| Original Budget - Budget Book Net Expenditure (prior year) | 268.9  |
| Adjustment from prior year activity agreed at Budget Setting | 0.6  |
| **Opening Budget Requirement** | **269.5**  |
|   |   |
| Unavoidable Cost Pressure | 1.5  |
| ***New Investment*** | ***9.6***  |
| Short Term one-off costs  | 2.3  |
| Transfer to / (from) Reserves - one off costs | 0.8  |
| Removal of one-off costs - Short Term budget already in base budget | (2.8) |
| **Budget Requirement - before Savings & Efficiencies** | **283.7**  |
| Government Funding | **(169.6)** |
| Council Tax | **(106.2)** |
| Council Tax - surplus on Collection Fund | **(1.6)** |
| **Total Funding** | **(277.4)** |
|   |   |
| **Annual (Shortfall) / Surplus before cashable Savings & Efficiencies Plans** | **(3.5)** |
| **Funded by:** |
| **Strategic Change Savings & Efficiencies Plan (S&EP) - cashable** | **(3.5)** |

Table 1 shows the summary budget requirement agreed for 2018/19, the movement in the budget from 2017/18 and within it the £9.6m re-occurring new investments.

**5.0 2018/19 New investment**

The 2018/19 investment and status of investment is summarised in Table 2 below.

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| **Table 2** | **2018/19** |
|   | **£m** |
| Investment plans – Red | Nil |
| Investment plans – Amber  | 1.104 |
| Investment plans – Green | 8.452 |
| Investment plans – no longer required | 0.055 |
| **Total new investment – agreed for 2018/19** | **9.611** |
| Investments agreed from 17/18, outstanding but still required – Green | 0.195 |
| Investment plans agreed from 17/18 – no longer required | 0.118 |
| **Total investment from 2017/28 – not utilised** | **0.313** |
|  |  |
| **Total re-occurring investments** | **9.924** |

For 2018/19 new investment of **£9.611m** was agreed as set out in the 2018/19 budget. See Appendix 1 for a detailed breakdown of the 2018/19 investments, their purpose and Month 9 expenditure forecast in terms of 2018/19 expenditure and 2019/20 on-going impact.

There was also £0.313m of investments that were agreed but not utilised in the 2017/18 budget, these are reflected in the 2018/19 base budget. The status of these investments is also shown in Appendix 1.

New Investment

Of the £9.611m new investments identified in 2018/19 budget, £1.104m are amber risk and £8.452m are green risk. Within the £0.237m Additional Rents investments, £0.055m is no longer required in 2018/19 as there are no plans to spend this amount. The allocation was made on the assumption that Wethersfield store would be closed and a temporary replacement would be required until a permanent replacement was identified.

Two areas of 2018/19 investment assessed as Amber risk are:-

* £0.499m – Revenue Consequences - Capital Programme – Approved
* £0.605m – Revenue Consequences - Capital Programme – Proposed

Updates on the Capital Programme are provided at the Strategic Board, including the impact of revenue consequences. Amber status reflects risk of slippage in the timing of revenue consequences. Since the last month 6 update, total underspends on the IT project revenue consequence’s budget have been declared in months 7, 8 and 9. Total underspend of £503,094 against one-off and reoccurring budget is no longer required and has been returned. Revenue Consequences budgets have all been updated as part of 2019/20 budget setting.

Investments agreed from 17/18, outstanding but still required

There was also £0.313m of investments that were agreed but not utilised in the 2017/18 budget, these are reflected in the 2018/19 base budget. The status of these investments is also shown in Appendix 1.

Within the £0.313m of investments that were agreed but not utilised in the 2017/18 budget was £0.118m for Director of Finance investment. Since the last month 6 update it has been confirmed that this investment is no longer required as there are no plans to establish and recruit to this role. Appendix 1 shows £20k that was being retained at the end of Month 9 for administration support,, this budget is no longer required and was returned in month 10.

**6.0 Implications (Issues)**

Failure to deliver on agreed investments will result in the opportunities for service improvement not being realised and the positive impact on the Police & Crime Plan priorities not being realised.

**6.1 Links to Police and Crime Plan Priorities**

All investment plans are considered in their potential impact to ensure they align and are consistent with the priorities set out in the Police and Crime Plan.

**6.2 Demand**

Work undertaken by PA Consulting identified an increase in crime and demand for the force. They state ***‘The current demand analysis shows that there has been a sustained and, in many areas recently, accelerating increase in crime and incident demand***.’

Current investment in Police Officers number will start to address the findings of the PA Consulting Demand Analysis Report which concluded that significant additional staffing may be needed in Local Policing Areas to cope with increasing levels of demand and to enable a shift towards preventative policing.

**6.3 Risks/Mitigation**

If the Force fails to plan adequately, emergency measures may need to be taken which could result in reduction in service and protection for the public.

**6.4 Equality and/or Human Rights Implications**

Any impact on equality, diversity or human rights are considered within the evaluation of detailed investment proposals individually

**6.5 Health and Safety Implications**

Any health and safety implications are considered within the evaluation of detailed investment proposals individually.

**7.0 Consultation/Engagement**

There has been Unison, Police Federation and Superintendents Association representatives involved throughout the process of setting the budget and agreeing investment priorities for the force.

As the lead for local policing ACC Prophet wrote to all Essex Chief Executives to secure views on proposals to increase officer numbers in the general areas proposed. There were six replies indicating broad support for increased numbers in local policing.

**8.0 Future Work/Development**

This report focuses on progress of the £9.6m new investments and £0.313m of investments that were agreed but not utilised in the 2017/18 budget. Identifying and monitoring the £1.5m unavoidable cost pressures agreed in setting the 2018/19 budget would require a new reporting structure to be developed over many budgets in order to isolate the spend to date of the cost pressure increases e.g. inflation increases within a budget containing non-inflationary items; it should be noted that this monitoring is addressed via the Force Monthly Monitoring Report.

Reporting of any forecast variances on projected investment continues and will be updated as financial monitoring indicates any variances from investment plans. A final report on the 2018/19 investments will be provided in May 2019. Quarterly monitoring of 2019/20 investments will commence in July 2019.

**9.10.0 Decisions Required by the Police, Fire and Crime Commissioner**

There are no decisions required from the PFCC at this stage, report is for information only, and updates will continue to be presented to this board.