

ORIGINATOR: CHIEF CONSTABLE

PAPER NO: AP15/81

**SUBMITTED TO: ACCOUNTABILITY AND PERFORMANCE PANEL –
15 DECEMBER 2015**

SUBJECT: FINANCIAL MONITORING AS AT 31 OCTOBER 2015

SUMMARY:

1. This report covers the financial overview of the PCC Budget, Constabulary Revenue Budget, Capital Budget and Investments as at 31 October 2015.
2. The forecast revenue position provides a forecast year-end underspend of £0.408m for the Constabulary and an underspend of £0.027m for the OPCC.
3. The forecast capital position provides a forecast year-end under-spend of £0.275m.
4. The objective to make efficient use of resources and achieve savings in the current financial year is currently being met.

RECOMMENDATION:

1. The Accountability and Performance Panel is asked to consider the contents of this report.

1. OVERVIEW

1.1 Based on the position as at 31 October 2015, the total Revenue Budget is forecast to underspend by £0.435m at year end (Appendix A).

1.2 The overspend split is as follows:

	(Over)/Under spend £000
Officer of Police and Crime Commissioner for Suffolk	27
Chief Constable Operational Spending	408
Capital Financing	0
Transfer to / (from) Reserves	0
Total	435

2. PCC REVENUE BUDGET

2.1 The Office of the PCC Budget for 2015-16 is £0.961m (Appendix A (i)). The budget has been revised downwards from £0.995m in view of the CFO salary costs being shared by the Constabulary. This is on a temporary basis until 31 March 2016.

2.2 The projected year-end under-spend of £0.027m is forecast due to an underspend in pay and employment costs and supplies and services.

2.3 The PCC Commissioning budget is £1.620m which includes a grant of £0.818m from the Ministry of Justice (Appendix A (ii)). The Ministry of Justice grant has been fully allocated to victim services.

3. CONSTABULARY REVENUE BUDGET

3.1 The total Constabulary Revenue Budget (Appendix A (iii)) forecasts a year-end under-spend of £0.408k as at month 7. The main variances producing the current forecast over-spend are explained below.

	In-year (Over)/Under spend £000
Pay Related Costs	236
Property Related Costs	92
Transport	51
Supplies and Services	(171)
Income	200
Total	408

3.2 Pay Related Costs

The forecast underspend of £0.236m is primarily due to underspends in Staff Pay as a result of vacancies in Protective Services, Justice Services and County Policing. Further work in relation to budgets affected by the savings programme is required as this may result in a reduction of the staff pay under-spend.

3.3 Property Related Costs

The forecast under-spend of £0.092m relates to lower expenditure on estates and facilities costs than budgeted, including planned maintenance, rent and the facilities managements contract.

3.4 Transport Related Costs

There is a forecast under-spend of £0.051m, which primarily relates to vehicle fuel. This is due to a combination of lower prices and lower usage, the latter falling primarily within CPC.

3.5 Supplies and Services and Third Party Payments

The forecast over-spend of £0.171m relates to increased costs within ICT due to expenditure in relation to the mobile phone contracts and higher expenditure than budgeted on Home Office systems due to late notice of increased charges.

3.6 Income

There is a projected surplus of nearly £0.200m in income, primarily due to additional income in relation to recovered costs, local partnership funding and collaborative activities.

4. SAVINGS

- 4.1 The total savings requirement for 2015/16 is £5.369m, as per the Medium Term Financial Plan (February 2015). The current savings projection is £5.669m, the breakdown of which is provided within Appendix B. The overachievement of £0.300m is primarily in relation to savings in Custody and Business Support included within the Change Programme which are anticipated to be achieved earlier than planned.

5. MANAGING IN-YEAR FINANCIAL PRESSURES

- 5.1 The year-end forecast of £0.408m has been calculated having taken into account the extent to which the Constabulary are able to accommodate from within the approved Constabulary budget for 2015-16, the costs of a number of currently unfunded cost pressures which have arisen since the Medium Term Financial Plan (MTFP) (2015-16 to 2019-20) was approved by the PCC in January 2015.

- 5.2 This approach has been followed in consideration of previous requests for PCC reserves funding, which have been predominantly to cover the non-recurring costs of change arising from implementation of the approved savings plans. In the majority of cases, financial provision has been made in the relevant year of the MTFP, with PCC reserves being accessed as necessary, dependent on the year-end financial position.

- 5.3 In respect of the 2015-16 financial year, the most significant currently unfunded cost pressures include:

Athena

- Match funding for the successful Innovation Fund bids (£0.132m);
- Linking intelligence in Athena (£0.088m);
- Investigations hub (£0.227m) - currently under review.

ICT

- PNC subscriptions – late notification by the Home Office (£0.091m).

- 5.4 The recently appointed finance business partners are working with budget holders in support of the enhanced scrutiny process for 2016-17, and equally importantly, to

review and refine the year-end forecasts and identify scope to make further savings in the current year, which will contribute to funding the cost pressures.

- 5.5 In addition, a review of the process for approving the filling of vacant posts is in progress which may result in a reduction in the number of posts being advertised externally.
- 5.6 In summary, the Constabulary's financial position has been made more challenging as a result of a number of unforeseen cost pressures emerging during 2015-16.
- 5.7 The Constabulary will continue to identify and implement further cost savings initiatives; however, there may be a need to access PCC reserves to support the funding of a number of cost pressures. Based on the current year-end forecast, it is anticipated that the un-budgeted cost pressures detailed above will be accommodated from within the approved Constabulary budget for 2015-16. The year-end forecast will be kept under continuous review by the Constabulary, and its implications discussed with the PCC.

6. CAPITAL

- 6.1 The Capital budget for 2015/16 is £4.331m, comprising the current programme (approved schemes) of £2.984m plus slippage from 2014/15 of £1.408m (total original budget of £4.392m), plus £0.87m transferred to Table A re Constabulary Website, less £0.061m following the decision to transfer Body Armour to revenue.
- 6.2 A summary of capital schemes is provided at Appendix C(i) and C(ii). Actual and committed expenditure totals £2.149m as at the end of October. The overall forecast under-spend at year-end is £0.275m, primarily due to the delay in relation to the SW Ipswich SNT and ANPR Camera schemes.

7. INVESTMENTS

- 7.1 At the end of October, investments totalled £18.034m, the breakdown of which is provided in Appendix D.

8. FINANCIAL IMPLICATIONS

- 8.1 As per the report.

9. OTHER IMPLICATIONS AND RISK

- 9.1 There are no other implications and risks. No changes are required to the PCC or CC Risk Registers.

ORIGINATOR CHECKLIST (MUST BE COMPLETED)	PLEASE STATE 'YES' OR 'NO'
Has legal advice been sought on this submission?	No
Has the PCC's Chief Finance Officer been consulted?	Yes
Have equality, diversity and human rights implications been considered including equality analysis, as appropriate?	N/A
Have human resource implications been considered?	N/A
Is the recommendation consistent with the objectives in the Police and Crime Plan?	N/A
Has consultation been undertaken with people or agencies likely to be affected by the recommendation?	N/A
Has communications advice been sought on areas of likely media interest and how they might be managed?	N/A
Have all relevant ethical factors been taken into consideration in developing this submission?	N/A