

**ORIGINATOR: CHIEF CONSTABLE**

**PAPER NO:AP14/83**

**SUBMITTED TO: ACCOUNTABILITY AND PERFORMANCE PANEL –  
18 DECEMBER 2014**

**SUBJECT: FINANCIAL MONITORING AS AT 31 OCTOBER 2014**

**SUMMARY:**

1. This report covers the financial overview of the Constabulary Revenue Budget, PCC Budget, Capital Budget and Investments as at 31 October 2014.
2. The forecast revenue position provides a forecast year-end underspend of £462k for the Constabulary and £107k for the OPCC.
3. The capital position provides a forecast under-spend at year-end of £0.641m, primarily due to Estates downsizing, Body Armour, Electronic Access Control Rationalisation and CCR Telephony.
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 note the contents of this report.

## 1. **GROUP SUMMARY**

- 1.1 Appendix A (i) shows the financial position for the Group, comprising of the PCC and Constabulary. The forecast outturn is an underspend of £0.569m (0.50% of the net revenue budget).
- 1.2 The position for each corporation sole is explained in sections 2 and 4 of this report.

## 2. **CONSTABULARY REVENUE BUDGET**

- 2.1 The total Constabulary Revenue Budget (see Appendix A (ii)) forecasts a year-end under-spend of £462k as at month 7. The main variances producing the current forecast under-spend are explained below. The split between permanent and in-year variances are provided in the following table:

	<b>Permanent (Over)/Under spend £k (To be removed next year)</b>	<b>In-year (Over)/Under spend £k</b>
Income		120
Police Pay		450
Police Overtime		(120)
Police Pensions		150
Staff Pay		300
Premises	(100)	0
Transport		(160)
Supplies and Services		(197)
Contingencies		(37)
Capital Financing Costs		56
<b>Total</b>	<b>(100)</b>	<b>562</b>

### 2.2 **Income**

There is a projected surplus of £100k due to income in relation to seconded officers, and £20k in Interest income due to higher cash balances than planned resulting primarily from the delay in capital expenditure.

#### **Salary Costs**

##### Police Pay and Allowances

- 2.3 Police Pay is forecasting an under-spend of £450k (0.89% of the total police pay budget), based on the planned reduction of officer numbers throughout the year. This planned reduction does not impact on the ability to meet the objectives of the PCC's Police and Crime Plan.

##### Police Overtime

- 2.4 There is a forecast over-spend in Police Overtime of £120k, due to additional expenditure being incurred in relation to Operation Cannington.

### Police Pensions

- 2.5 There is a projected under-spend of £150k relating to lower than budgeted employer contributions due to the reducing number of officers throughout the year. This excludes the cost of the two medical retirements (148k) that will be funded by the pension reserve.

### Staff Pay

- 2.6 Staff pay is forecast to be under-spent by £300k due to the number of vacancies held, primarily within Justice Services and Protective Services (Crime), which currently have reviews underway, together with vacancies within CPC (Ops Comms), where the next recruitment of staff is likely to take place in the new year.

### 2.7 Indirect Staff Costs

It is likely that redundancy costs will be incurred as a result of the tranches currently underway and planned within the programme of change. There is a planned use of reserves for the cost of change of £100k. This is difficult to predict and should redundancy costs be higher than this, it will result in a reduction of the forecast under-spend.

### **Other Costs**

#### Premises Costs

- 2.8 The forecast over-spend of £100k relates to higher expenditure on facilities costs than budgeted. This is due to the ongoing running costs of buildings originally planned to be disposed of following the move to Landmark House. The buildings have either been retained for operational reasons, or are in the process of being sold. The budgetary position will be addressed through the planning cycle for the 2015/16 budget.

#### Transport Costs

- 2.9 There is a forecast over-spend of £160k, which relates to accident repair expenditure and increased insurance premiums as a result of the general hardening of the insurance market and insurers withdrawing from the police market, particularly in relation to motor insurance.

#### Supplies and Services

- 2.10 The forecast over-spend of £197k relates to increased costs within ICT due to expenditure in hardware and software maintenance, Force Medical Examiners due to increased usage and higher than budgeted costs on Clothing.

#### Capital Financing Costs

- 2.11 The forecast under-spend of £56k relates to lower than budgeted costs in relation to interest payments.

## 2.12 Areas of further review

- Redundancies as a result of the change programme will need to be kept under review.
- Estates costs may be lower than previously forecast due to consideration in regards to the medium term provision of estate.
- Mutual Aid Income in relation to NATO will increase the current forecast under-spend
- The ERSOU+ costs will potentially increase the forecast expenditure in the current year.

## 3. **SAVINGS**

- 3.1 The total savings requirement for 2014/15 is £2.323m, as per the Medium Term Financial Plan (February 2014). The current savings projection is £2.263m, the breakdown of which is provided within Appendix B.

## 4. **PCC REVENUE BUDGET**

### Office of the PCC Budget

- 4.1 The Office of the PCC Budget for 2014-15 is £1.033m. (See Appendix Aii)
- 4.2 The projected year-end under-spend of £107k is summarised as follows:

	£k
Employee costs (vacancies)	18
Transport costs (travel expenses)	6
Supplies and Services (various areas)	21
Internal / External Audit	5
Contingency (no spend planned)	<u>57</u>
Total underspend (£k)	<u>107</u>

## 5. **CAPITAL**

- 5.1 The Capital budget for 2014/15 is £6.302m, comprising the current programme of £3.079m plus slippage from 2013/14 of £3.223m.
- 5.2 A summary of capital schemes is provided at Appendix C. Actual and committed expenditure totals £3.894m as at the end of October. The forecast under-spend at year-end of £0.641m primarily relates to Estates downsizing, Body Armour, Electronic Access Control Rationalisation and CCR Telephony.

## 6. **INVESTMENTS**

- 6.1 At the end of September, investments totalled £20.9m, the breakdown of which is provided in Appendix D.

## 7. **FINANCIAL IMPLICATIONS**

- 7.1 As per the report

## 8. **OTHER IMPLICATIONS AND RISKS**

- 8.1 There are no other implications and risks. No changes are required to the PCC Risk Register.

<b>ORIGINATOR CHECKLIST (MUST BE COMPLETED)</b>	<b>PLEASE STATE 'YES' OR 'NO'</b>
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