

ORIGINATOR: CHIEF CONSTABLE

PAPER NO: AP15/23

**SUBMITTED TO: ACCOUNTABILITY AND PERFORMANCE PANEL -
28 APRIL 2015**

SUBJECT: FINANCIAL MONITORING AS AT 28 FEBRUARY 2015

SUMMARY:

1. This report covers the financial overview of the constabulary revenue budget, PCC budget, capital budget and investments as at 28 February 2015.
2. The forecast revenue position provides a forecast year-end underspend of £1,011k for the Constabulary and £129k for the OPCC.
3. A review of potential provisions in month 12 may reduce the forecast under-spend in the Constabulary.
4. The capital position provides forecast under-spend at year-end of £1,264k primarily relates to Mobile Data, Estates downsizing, body armour, electronic access control rationalisation, CCR telephony and vehicle replacements.
5. The objectives are to make the most efficient and effective use of resources and deliver the planned savings in the current financial year. These objectives are 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 £1,140k (1.01% 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 (i)) forecasts a year-end under-spend of £1,011k as at month 11. 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:

	Permanent (Over)/Under spend £k	In-year (Over)/Under spend (one-off) £k
Income	40	500
Police Pay	400	
Police Overtime	(377)	(123)
Police Pensions	125	
Staff Pay	587	
Premises	130	70
Transport	(160)	
Supplies and Services	(200)	
Contingencies	(37)	
Capital Financing Costs	56	
Total	564	447

Income

- 2.2 There is a projected surplus of £500k due to additional Mutual Aid income in relation to NATO and seconded officers, and £40k 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 £400k (0.81% of the total police pay budget). This is due to the reduction of officer numbers throughout the year necessary to meet the reduced budget for 2015/16. The budget reductions in 2015/16 are as a result of the government's decisions through Spending Reviews and subsequent budget announcements. 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 £500k, due to additional expenditure being incurred in relation to Mutual Aid, Operation Cannington, together with recent operations undertaken within Serious Crime.

Police Pensions

- 2.5 There is a projected under-spend of £125k relating to lower than budgeted employer contributions due to the reducing number of officers throughout the year. This excludes the cost of the five medical retirements (£283k), that will be funded by the pension reserve.

Staff Pay

- 2.6 Staff pay is forecast to be under-spent by £587k due to the number of vacancies held, primarily within Justice Services and Protective Services (Crime), which currently have savings reviews in progress, together with vacancies within CPC (Ops Comms).

Indirect Staff Costs

- 2.7 The programme of change has resulted in redundancies within the current year of approximately £200k. Through the year there has been a planned use of reserves of £100k to fund redundancy costs. A decision on the funding of the additional £100k will be made in month 12.

Other Costs

2.8 Premises Costs

The forecast under-spend of £200k relates to lower expenditure on estates and facilities costs than budgeted. This is due to reduced forecast expenditure following a review of shared costs with partners.

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 £200k relates to increased costs due to Force Medical Examiners as a result of increased usage, expenditure on hardware and software maintenance, 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

- A review of potential provisions in month 12 may reduce the forecast under-spend in the Constabulary.
- Funding for additional redundancy estimate as referred to in para 2.7 above.

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 £2.250m, 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). In addition, the PCC makes crime and disorder grants from the £700k commissioning budget.
- 4.2 The projected year-end under-spend of £129k is summarised as follows:

	£k
Income (cost recovery)	2
Employee costs (vacancies)	30
Transport costs (travel expenses)	7
Supplies and Services (various areas)	33
Contingency (no spend planned)	<u>57</u>
Total underspend (£k)	<u>129</u>

5. CAPITAL

- 5.1 The Capital budget for 2014/15 is £6.917m, comprising the current programme of £3.503m plus slippage from 2013/14 of £3.223m and additional funding of £191k agreed in year.
- 5.2 A summary of capital schemes is provided at Appendix C. Actual and committed expenditure totals £5.582m as at the end of February. The forecast under-spend at year-end of £1.264m primarily relates to Mobile Data, Estates downsizing, body armour, electronic access control rationalisation, CCR telephony and vehicle replacements.

6. INVESTMENTS

- 6.1 At the end of January, investments totalled £16.3m, 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.

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