



## Cumbria Office of the Police and Crime Commissioner Report

**Title:** Commissioner's Revenue Budget Monitoring 2016/17 Quarter 4 and Provisional Outturn 2016/17

**Date:** 10 May 2017

**Originating Officer:** Michelle Bellis – Deputy Chief Finance Officer

**Report of the Joint Chief Finance Officer**

### 1. Purpose of the Report

1.1. The purpose of this report is to provide information on the provisional revenue outturn for 2016/17. Total net expenditure amounts to £96.761m compared to an approved budget of £95.675m. This is a net variance of £1.086m (1.14%), and comprises £228k under recovery of Income and £858k overspend on expenditure. The forecast variation of 1.086m represents an reduction in the forecast overspend of £166k compared to the £1.252m reported as at 31 December 2016.

### 2. Recommendation

2.1. The Commissioner is asked to note the combined provisional outturn position of an overspend of £1.086m, for the financial year 2016/17.

2.2. The Commissioner is asked to approve the financing of this overspend through drawdown of specific earmarked reserves as follows:

- Budget Support Reserve £480k
- Chief Constable's Contingency £500k
- Chief Constable's Operational Reserve £106k

It should be noted that as the potential for an overspend was highlighted early on, specific budget provision was made during the budget setting process for 2017/18 to replenish the contingency and operational reserve.

### 3. Revenue Expenditure

- 3.1. The provisional outturn for net expenditure, after taking account of movements to and from earmarked reserves, amounts to £96.761m, and is £1.086m (1.14%) over the approved budget of £95.675m. The forecast overspend position is made up of £1.129m in respect of funding provided to the Constabulary (made up of anticipated under recovery of income of £361k and an overspend on expenditure of £0.768m) offset by an underspend of £43k in respect of budgets controlled by the Commissioner (made up of a forecast over recovery of grant and investment income of £133k offset by a net overspend on expenditure of £90k).
- 3.2. The principal variances at the end of the financial year are outlined in the table below with comparative figures reported as at December 2016:

Description	Revised Budget	Provisional Outturn	Provisional (Under)/Overspend	Provisional (Under)/Overspend	Forecast (Under)/Overspend @ DEC-16	Change in Forecast DEC-16 to ADJ-17
	2016/17 £'000s	2016/17 £'000s	2016/17 £'000s	2016/17 %	£'000s	£'000s
Office of the Police and Crime Commissioner	764	744	(20)	-2.62%	(15)	(5)
Other PCC Budgets	(13,491)	(13,502)	(11)	0.08%	188	(199)
Movements To / (From) Reserves	1,431	1,419	(12)	-0.84%	0	(12)
Funding Provided to the Constabulary	106,971	108,100	1,129	1.06%	1,079	50
<b>Net Expenditure</b>	<b>95,675</b>	<b>96,761</b>	<b>1,086</b>	<b>1.14%</b>	<b>1,252</b>	<b>(166)</b>
External Funding	(95,675)	(95,675)	0	0.00%	0	0
<b>Total</b>	<b>0</b>	<b>1,086</b>	<b>1,086</b>		<b>1,252</b>	<b>(166)</b>

A more detailed analysis of the figures in the above table (not rounded) is provided at **Appendix**

**A.** Commentary on specific variances is provided in the paragraphs below.

- 3.3. The budget for the Office of the Police and Crime Commissioner came in under budget by £20k or 2.62% (previously £15k 1.98% at December). The underspend is largely as a result of underspends on staffing as a result of maternity leave and reduced staffing levels.
- 3.4. The Other PCC Controlled Budgets came in under budget by £11k or 0.08% (previously over budget by £188k 1.40% at December). The net underspend is made up of underspends on the following expenditure lines:

- A reduced contribution at year end to the Constabulary balance sheet provision in respect of legal claims as a result of amounts set aside in 2015/16 that are no longer required which has resulted in an underspend of £43k.
- A reduction in the cost of insurance premiums £16k as a result in the re-tender of insurance contracts in November 2016.
- A slight increase in the amount of investment income received in the year £2k.
- An increase in grants and contributions received from the Home Office of £131k.

These underspends are being partially offset by overspends on the following budget lines.

Significantly:

- Increased estates costs £178k. The increase partially arises as a result of a degree of betterment in the reinstatement of the OHU building following the flooding in December 2015 for which insurance will not reimburse and partially as a result of increased costs of the cleaning contract as a result of a re-tender exercise during 2016/17.
- Increased expenditure on technical year end accounting charges of £3k.

- 3.5. The Commissioner provides funding to the Chief Constable to operate the Constabulary under the terms of a funding arrangement. The Chief Constable has reported a provisional outturn position of an overspend against this budget of £1,129k or 1.06% (£1,079k 1.00% at December). The forecast overspend is made up of an under recovery of income of £361k (previously £562k at December) and an overspend on expenditure budgets of £768k (previously £516k at December). The overspend at the year-end is made up of £775k in respect of a one off contribution to a balance sheet provision in respect of a number of potential legal claims against the Constabulary (which is affecting all police forces) and £354k on core budget lines, primarily the under achievement of income in respect of special policing services which will now fall into the 2017/18 financial year. The Chief Constable has provided a separate report elsewhere on this agenda which provides a specific update regarding funding provided to the Constabulary.
- 3.6. The combined provisional outturn position is for an overspend of £1.086m. It is proposed that this overspend balance is funded through the drawdown of specific reserves (as outlined in section 2 above). At the time of setting the budget for 2017/18 it was estimated that the 2016/17 revenue budget could overspend in the region of £1m. As a result, provision was made as part of the 2017/18 budget setting process for reserves to be replenished during 2017/18.

- 3.7. The Commissioner maintains the police property act fund. This fund has been accumulated over a period of time as a result of the disposal of property coming into the possession of the police under the Police Property Act 1987 and the Powers of Criminal Courts Act 1973. On a quarterly basis community groups or individuals can submit applications for funding to the Commissioner, the proposals should support priorities within the Commissioner's Police and Crime Plan, have an impact on community safety and crime reduction or contribute to the delivery of the Constabulary youth strategy (e.g. diversionary activities for young people). At 31 March 2017, the fund amounted to £104k. In June, September and December, awards to successful applicants totalling £7.5k were made. In March further awards totalling £35k were made and details of these can be found on the Commissioner's website <https://cumbria-pcc.gov.uk/what-we-do/funding/property-fund/>

## Appendix A

## Revenue Budget Monitoring 2016/17 – Provisional Outturn

Description	Revised Budget	Provisional Outturn	Provisional (Under)/Overspend	Provisional (Under)/Overspend	Forecast (Under)/Overspend @ DEC-16	Change in Forecast DEC-16 to ADJ-17
	2016/17 £	2016/17 £	2016/17 £	2016/17 %	£	£
<b>Office of the Police and Crime Commissioner</b>	<b>763,800</b>	<b>744,298</b>	<b>(19,502)</b>	<b>-2.55%</b>	<b>(15,138)</b>	<b>(4,364)</b>
Other PCC Budgets						
Commissioned Services Budget	3,076,888	3,076,848	(40)	0.00%	197	(237)
Sexual Assault Support Services	(210,672)	(210,673)	(1)	0.00%	43	(44)
PCC Efficiency Savings Identified In-year	0	0	0	0.00%	0	0
Estates	3,763,347	3,941,774	178,427	4.74%	204,185	(25,757)
Insurances	551,138	535,575	(15,563)	-2.82%	(12,977)	(2,586)
LGPS Past Service Cost	1,478,000	1,478,000	0	0.00%	0	0
Provisions for Insurance & Legal Liabilities:	44,481	1,481	(43,000)	-96.67%	0	(43,000)
Technical Accounting	414,065	417,067	3,002	0.73%	0	3,002
Capital Financing	3,486,250	3,485,423	(827)	-0.02%	0	(827)
Grants & Contributions	(25,994,819)	(26,125,873)	(131,054)	0.50%	(13,410)	(117,644)
Interest/Investment Income	(100,000)	(101,995)	(1,995)	1.99%	10,000	(11,995)
	<b>(13,491,322)</b>	<b>(13,502,372)</b>	<b>(11,051)</b>	<b>0.08%</b>	<b>188,038</b>	<b>(199,088)</b>
<b>Total Police &amp; Crime Commissioner Directly Controlled</b>	<b>(12,727,522)</b>	<b>(12,758,074)</b>	<b>(30,552)</b>	<b>0.24%</b>	<b>172,900</b>	<b>(203,452)</b>
Constabulary Funding	112,816,793	113,584,926	768,133	0.68%	516,170	251,963
Constabulary Income	(5,845,553)	(5,485,221)	360,333	-6.16%	561,509	(201,177)
<b>Total Constabulary Funding</b>	<b>106,971,240</b>	<b>108,099,706</b>	<b>1,128,466</b>	<b>1.05%</b>	<b>1,077,680</b>	<b>50,786</b>
<b>Total Approved Budget</b>	<b>94,243,718</b>	<b>95,341,632</b>	<b>1,097,914</b>	<b>1.16%</b>	<b>1,250,579</b>	<b>(152,666)</b>
Transfers To/(From) Earmarked Revenue Reserves	(146,169)	(150,134)	(3,965)	2.71%	(0)	(3,964)
Transfers To/(From) Capital Reserves	1,577,235	1,577,236	1	0.00%	0	1
Transfers To/(From) General Revenue Reserves	0	(7,565)	(7,565)	0.00%	0	(7,565)
Aggregated External Financing	(95,674,784)	(95,674,784)	0	0.00%	0	0
<b>Net Requirement</b>	<b>0</b>	<b>1,086,384</b>	<b>1,086,384</b>		<b>1,250,579</b>	<b>(164,195)</b>