



## Cumbria Office of the Police and Crime Commissioner Report

**Title:** Commissioner's Revenue Budget Monitoring 2015/16 Quarter 1 (June 2015)

**Date:** 2 September 2015

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

### Report of the PCC Chief Finance Officer

## 1. Purpose of the Report

1.1. The purpose of this report is to provide an update on the Commissioner's revenue budget monitoring position for 2015/16 based on actual and committed spending for the first three months to June 2015 plus a forecast for the remainder of the year. The current forecast of net expenditure amounts to £94.846m compared to an approved budget of £94.871m. This is a net variance of £26k (0.03%) and comprises £10k over achievement of income and £16k underspend on expenditure.

## 2. Recommendation

2.1. The Commissioner is asked to note the latest estimate of the revenue budget position for 2015/16.

## 3. Revenue Expenditure

3.1. The provisional outturn for net expenditure, after taking account of movements to and from earmarked reserves, amounts to £94.846m, and is £26k (0.03%) under the approved budget of £94.871m. The forecast position is made up of £51k underspend in respect of funding provided to the Constabulary (made up of anticipated over recovery of income of £10k and a forecast underspend on expenditure of £41k) plus a £25k overspend in respect of budgets controlled by the Commissioner (made up of a forecast overspend on expenditure of £25k).

3.2. The principal variances at the end of quarter 1 (30 June 2015) are outlined in the table below:

Description	Base Budget 2015/16 £000s	Revised Budget 2015/16 £000s	Forecast Outturn 2015/16 £000s	Forecast (Under)/ Overspend £000s	Forecast (Under)/ Overspend %	Explanation Paragraph
Office of the Police and Crime Commissioner	799	789	778	(11)	-1.42%	3.3
Other PCC Budgets	(10,083)	(6,199)	(6,162)	36	-0.59%	3.4
Funding Provided to the Constabulary	108,513	107,012	106,961	(51)	-0.05%	3.5
Movements To / (From) Reserves	(4,358)	(6,731)	(6,731)	0	0.00%	
<b>Net Expenditure</b>	<b>94,871</b>	<b>94,871</b>	<b>94,846</b>	<b>(26)</b>	<b>-0.03%</b>	
External Funding	(94,871)	(94,871)	(94,871)	(0)	0.00%	
<b>Total</b>	<b>0</b>	<b>0</b>	<b>(26)</b>	<b>(26)</b>	<b>-0.03%</b>	

A more detailed analysis of the figures in the above table 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 is forecasting to come in under budget by £11k. The forecast underspend has arisen from a combination of factors but in the main relates to the OPCC contingency budget of £15k which is currently forecast not to be needed in the year. This is being offset slightly by the additional costs of the temporary secondment of a police officer into the partnerships and strategy manager role.

3.4. The Other PCC Controlled Budgets are forecast to come in over budget by £36k. The overspend is made up of:

- expenditure on premises costs (£28k). This in the main relates to premises repair and maintenance projects at the HQ site carried forward from the 2014/15 financial year.
- increase in insurance premiums (£8k). The increase in insurance premiums is linked to the announcement in the Chancellor's July budget that insurance premium tax (IPT) will increase from 6% to 9.5% in November. The Commissioner/Constabulary insurance premiums are due for renewal on 1 November and it is estimated that the full year effect of the increase in IPT will amount to £20k, this equates to £8k in the 2015/16 for the 5 month period November to March 2016.

3.5. The Commissioner provides funding of £108.5m to the Chief Constable to operate the Constabulary under the terms of a funding arrangement. The Chief Constable is currently forecasting an underspend of £51k (0.05%) against this budget. The forecast underspend is made up of £41k underspend on expenditure budgets plus anticipated additional income of

£10k. The Chief Constable has provided a separate report elsewhere on this agenda which provides a specific update regarding funding provided to the Constabulary.

In respect of this overall position, the Commissioner has reduced funding to the Constabulary by £200k to take into account an agreed change to the profile for PCSO recruitment. This decision has been taken in the context of the Government's current consultation on funding formula for police. The consultation proposes changes to funding formula and an end to the current arrangements for damping grant. The proposal has the potential to result in a substantially changed funding allocation for Cumbria. Decisions concerning future recruitment are expected to be taken in the autumn following firm announcements on the new funding allocations. This releases £200k in budget that has been allocated to a ring-fenced reserve to provide some financial resilience in view of the anticipated changes in funding.

- 3.6. 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 30 June 2015, the fund amounted to £58k. In June awards to successful applicants totalling £2.7k were made and details of these are shown in **Appendix B**. Further details of the funding allocations can be found on the Commissioner's website <http://www.cumbria-pcc.gov.uk/working-for-you/property-fund.aspx>

## Appendix A

## Revenue Budget Monitoring 2015/16 – Quarter 1 to June

Description	Base Budget 2015/16 £	Revised Budget 2015/16 £	Budget To Date 2015/16 £	Actual To Date 2015/16 £	Forecast Outturn 2015/16 £	Variance (Under)/Overspend 2015/16 £
Office of the Police and Crime Commissioner	799,004	789,004	211,138	198,652	777,772	(11,232)
Other PCC Budgets						
Commissioned Services Budget	2,699,000	2,674,000	644,508	156,174	2,673,900	(100)
Estates	3,716,924	3,759,124	1,013,834	1,050,120	3,787,156	28,032
Insurances	506,816	506,816	283,632	281,900	515,611	8,795
LGPS Past Service Cost	799,000	0	0	0	0	0
Redundancies	1,830,000	1,830,000	0	0	1,830,000	0
Provision for Insurance Liability	196,175	196,175	0	0	196,175	0
Technical Accounting	859,231	859,231	0	0	859,231	0
Capital Financing	4,888,993	7,517,442	3,853,989	3,853,989	7,517,442	0
Grants & Contributions	(25,454,489)	(23,416,381)	810,424	1,233,366	(23,416,753)	(372)
Interest/Investment Income	(125,000)	(125,000)	(31,251)	12,551	(125,000)	0
	(10,083,350)	(6,198,593)	6,575,136	6,588,100	(6,162,238)	36,355
<b>Total Police &amp; Crime Commissioner Directly Controlled</b>	<b>(9,284,346)</b>	<b>(5,409,589)</b>	<b>6,786,274</b>	<b>6,786,752</b>	<b>(5,384,466)</b>	<b>25,123</b>
Constabulary Funding	112,479,625	111,001,301	23,959,007	24,114,020	110,960,850	(40,451)
Constabulary Income	(3,966,595)	(3,989,122)	(842,893)	(972,597)	(3,999,382)	(10,260)
Total Constabulary Funding	108,513,030	107,012,179	23,116,114	23,141,423	106,961,468	(50,711)
<b>Total Approved Budget</b>	<b>99,228,684</b>	<b>101,602,590</b>	<b>29,902,388</b>	<b>29,928,175</b>	<b>101,577,002</b>	<b>(25,588)</b>
Transfers To/(From) Earmarked Revenue Reserves	(2,236,827)	(1,960,598)	(1,702,191)	(1,702,191)	(1,960,598)	0
Transfers To/(From) Capital Reserves	(2,120,677)	(4,770,812)	(2,120,677)	(2,120,677)	(4,770,812)	0
Transfers To/(From) General Revenue Reserves	0	0	0	0	0	0
Aggregated External Financing	(94,871,180)	(94,871,180)	(23,717,790)	(23,717,791)	(94,871,180)	(0)
<b>Net Requirement</b>	<b>0</b>	<b>0</b>	<b>2,361,730</b>	<b>2,387,516</b>	<b>(25,588)</b>	<b>(25,589)</b>

## Appendix B

**Police Property Act Awards - Quarter 1 June 2015**

Award To	Amount Awarded £
Dalton with Newton Town Council	400
Eden Community Outdoors	1,000
The Friends of Broughton Moor Primary School	500
The Maryport Educational Settlement	300
Friends of Cockermouth Youth Facility/Skate Park	500
<b>Total</b>	<b>2,700</b>