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PCC 24-02-16 Commissioner's Revenue Budget Monitoring Qtr 3 (agenda item 08)



Cumbria Office of the Police and Crime Commissioner Report

Title: Commissioner's Revenue Budget Monitoring 2015/16 Quarter 3 (December 2015)

Date: 24 February 2016

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 nine months to December 2015 plus a forecast for the remainder of the year. The current forecast of net expenditure amounts to £94.775m compared to an approved budget of £94.871m. This is a net variance of £97k (0.10%) and comprises £267k over achievement of income and £170k overspend on expenditure. The net variance at December is only slightly higher than the position reported at the end of the second quarter to September 2015 which was for an £80k underspend.

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 £94.775m, and is £97k (0.10%) under the approved budget of £94.871m. The forecast position is made up of £354k underspend in respect of funding provided to the Constabulary (made up of anticipated over recovery of income of £318k and a forecast underspend on expenditure of £36k) plus a £257k overspend in respect of budgets controlled by the Commissioner (made up of a forecast overspend on expenditure of £206k and a forecast under achievement of income £51k).

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3.2. The principal variances at the end of quarter 3 (31 December 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	794	787	(7)	-0.88%	3.3
Other PCC Budgets	(10,083)	(7,246)	(6,982)	264	-3.64%	3.4
Funding Provided to the Constabulary	108,513	106,781	106,428	(354)	-0.33%	3.5
Movements To/(From) Reserves	(4,358)	(5,458)	(5,458)	0	0.00%	
Net Expenditure	94,871	94,871	94,775	(97)	-0.10%	
External Funding	(94,871)	(94,871)	(94,871)	(0)	0.00%	
Total	0	0	(97)	(97)	-0.10%	

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 £7k (previously £11k at September). 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 has been offset slightly by the additional costs earlier in the year of the temporary secondment into the partnerships and strategy manager role to support the delivery of the sexual assault referral centre.

3.4. The Other PCC Controlled Budgets are forecast to come in over budget by £264k (previously £119k at September). The overspend is made up of:

- expenditure on redundancies (£300k). This relates to termination costs as a result of the implementation of the change programme which are being funded from core budgets rather than being drawn down from the management of change reserve.
- increase in insurance premiums (£21k). 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 were renewed on 1 November. The forecast overspend has arisen due to a

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combination of an increase in premiums as a result of an increase in the limit of indemnity on the public and employers liability policies and the increase in the rate for IPT.

- variation in grant income (£43k). The Commissioner receives a specific grant to support funding for a number of police officer posts. At the time of budget setting final grant allocations were outstanding. The actual grant notice from the home office is £43k less than the amount estimated within the budget. Actual expenditure on police officer pay funded by this grant is in line with the notified grant award.
- reduction in interest and investment income (£8k). The current forecast is that investment income for the year will be £177k against a budget of £125k. The treasury management activities report elsewhere on this agenda provides details.

The above overspends are being offset by underspends as follows:

- expenditure on premises costs (£63k). This relates to lower utilities costs as a result of the currently low fuel prices and reductions in rates as a result of rating revaluations which are being offset to a degree by increased repairs and maintenance the HQ site in connection with electrical infrastructure works.
- expenditure on Commissioned Services (£24k). The current forecasts for commissioned services are for a reduction in expenditure compared to budget.
- reduction in the amount of charge in respect of the minimum revenue provision compared to the base budget of £21k.

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 £354k (0.33%) against this budget. The forecast underspend is made up of £36k underspend on expenditure budgets plus anticipated additional income of £318k. The primary reason for the underspend relates to changes in the profile for police office recruitment, increased income in respect of providing police escorts for the movement of abnormal loads and reduced transport costs as a result of the continuing low fuel prices. The Chief Constable has provided a separate report elsewhere on this agenda which provides a specific update regarding funding provided to the Constabulary.

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- 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 31 December 2015, the fund amounted to £68k. In December awards to successful applicants totalling £1.3k 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>

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Revenue Budget Monitoring 2015/16 – Quarter 3 to December 2015**Appendix A**

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 £	Projected (Under)/Overspend @ Sep-15 £	Change Sep-15 to Dec'15 £
Office of the Police and Crime Commissioner	799,004	793,586	598,063	616,392	786,567	(7,019)	(10,620)	3,601
Other PCC Budgets								
Commissioned Services Budget	2,699,000	2,442,899	1,232,433	958,726	2,443,361	462	2,103	(1,641)
Sexual Assault Support Services	0	196,049	13,056	66,397	171,638	(24,411)	499	(24,910)
PCC Efficiency Savings Identified In-year	0	0	0	0	0	0	0	0
Estates	3,716,924	3,467,124	2,801,487	3,127,380	3,404,484	(62,640)	61,115	(123,755)
Insurances	506,816	506,816	784,711	840,835	527,464	20,648	8,272	12,376
LGPS Past Service Cost	799,000	0	0	0	0	0	0	0
Redundancies	1,830,000	541,898	449,946	449,946	841,899	300,001	1	300,000
Provision for Insurance Liability	196,175	196,175	0	0	196,175	0	0	0
Technical Accounting	859,231	969,846	(7,008)	(11,590)	969,847	1	0	1
Capital Financing	4,888,993	8,160,058	7,486,953	7,465,618	8,138,723	(21,335)	0	(21,335)
Grants & Contributions	(25,454,489)	(23,601,781)	(18,380,291)	(18,660,496)	(23,558,571)	43,210	44,226	(1,016)
Interest/Investment Income	(125,000)	(125,000)	(93,753)	(62,459)	(117,000)	8,000	3,000	5,000
	(10,083,350)	(7,245,916)	(5,712,466)	(5,825,644)	(6,981,980)	263,936	119,216	144,720
Total Police & Crime Commissioner Directly Controlled	(9,284,346)	(6,452,330)	(5,114,403)	(5,209,253)	(6,195,413)	256,917	108,596	148,321
Constabulary Funding	112,479,625	111,185,965	71,080,089	69,648,877	111,150,297	(35,668)	(137,761)	102,093
Constabulary Income	(3,966,595)	(4,404,659)	(3,005,852)	(3,304,970)	(4,722,544)	(317,885)	(50,397)	(267,488)
Total Constabulary Funding	108,513,030	106,781,306	68,074,237	66,343,907	106,427,753	(353,553)	(188,159)	(165,395)
Total Approved Budget	99,228,684	100,328,976	62,959,834	61,134,654	100,232,340	(96,636)	(79,563)	(17,073)
Transfers To/(From) Earmarked Revenue Reserves	(2,236,827)	(686,984)	(1,553,355)	(1,553,355)	(686,984)	0	0	0
Transfers To/(From) Capital Reserves	(2,120,677)	(4,770,812)	(4,770,812)	(4,770,812)	(4,770,812)	0	0	0
Aggregated External Financing	(94,871,180)	(94,871,180)	(71,153,382)	(71,153,383)	(94,871,180)	(0)	(0)	0
Net Requirement	0	0	(14,517,715)	(16,342,895)	(96,636)	(96,636)	(79,563)	(17,073)

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Appendix B

Police Property Act Awards - Quarter 3 December 2015

Award To	Amount Awarded £
Cleator Moor Amateur Boxing Club	300
Community Reach	1,000
Total	1,300

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>