



## Constabulary Report to OPCC

**TITLE OF REPORT:** Revenue Budget Monitoring 2015/16  
Quarter 1 to June 2015

**DATE OF MEETING:** 2 September 2015

**ORIGINATING OFFICERS:** Roger Marshall, Constabulary Chief Finance Officer  
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**PART 1 or PART 2 PAPER:** PART 1 (OPEN)

### Executive Summary:

The attached report provides an update on the Constabulary's financial position for 2015/16 based on the actual and committed spending for the first 3 months of the year to June 2015 plus a forecast for the remainder of the year.

The current forecast of net expenditure on Constabulary controlled and managed budgets amounts to £106.962m and represents an underspend of £51k (0.05%) against the approved adjusted budget of £107.013m.

The underspend is made up of a forecast underspend on expenditure budgets of £41k (0.04%) plus an over achievement of income of £10k (0.25%).

### Recommendation:

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

## **MAIN SECTION**

### **1. Introduction and Background**

1.1 The purpose of this report is to provide an update of the forecast financial position for 2015/16, based on actual spending and commitments for the first three months of the year to 30 June 2015 plus a forecast for the remainder of the year.

1.2 The current forecast as at June 2015 on Constabulary funding and managed budgets is for an underspend of £51k (0.05%).

1.3 The total budget is based on the funding arrangement between the Commissioner and the Chief Constable, which was approved in April 2015.

1.4 The approved funding amounted to £113,647,113 which is made up of a net revenue budget of £108,513,030 plus a plant and equipment capital budget of £5,134,000. This report deals solely with the revenue funding. The original approved funding has subsequently been amended by a number of budget adjustments principally in relation to a decrease in police officer pensions, for which there is a corresponding decrease in Home Office top up grant funding which is shown in the Commissioner's budget. In addition, the budget has also been adjusted to reflect the financial impact of changes arising from implementation of the Constabulary's Change Programme.

### **2. Revenue Expenditure**

2.1 The current prediction of net revenue expenditure for 2015/16 is £106.962m, which is £51k (0.05%) under the approved adjusted budget of £107.013m. The predicted underspend is made up of a forecast underspend on expenditure of £41k (0.04%) and a forecast over achievement in income of £10k (0.25%).

2.2 The principal variances at the end of June are outlined in the table below:

Description	Revised Budget	Forecast Outturn	Forecast (Under)/Overspend	Forecast (Under)/Overspend	Explanation Paragraph
	2015/16	2015/16	2015/16	2015/16	
	£'000s	£'000s	£'000s	%	
<b>Constabulary Funding</b>					
Police Officers	73,915	73,717	(198)	-0.27%	2.4
Police Community Support Officers	2,627	2,499	(128)	-4.87%	2.5
Police Staff	18,812	19,003	191	1.02%	2.6
Other Employee Budgets	1,170	1,161	(9)	-0.77%	
Transport Related Expenditure	2,254	2,229	(25)	-1.11%	2.7
Supplies & Services	10,463	10,594	131	1.25%	2.8
Third Party Related Expenses	1,761	1,758	(3)	-0.17%	
<b>Total Constabulary Funding</b>	<b>111,002</b>	<b>110,961</b>	<b>(41)</b>	<b>-0.04%</b>	
Income	(3,989)	(3,999)	(10)	0.25%	
<b>Total Constabulary Funding Net of Income</b>	<b>107,013</b>	<b>106,962</b>	<b>(51)</b>	<b>-0.05%</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.

- 2.3 Whilst it is still relatively early in the financial year the forecast underspend is significantly less than has been reported in previous years.

The quarterly reported variances for 2015/16 together with comparators for 2014/15 are summarised in the table below:

Constabulary Reported Variance	(Under)/Overspend	
	2014/15	2015/16
	£000s	£000s
Quarter 1 (to 30 June)	(167)	(51)
Quarter 2 (to 30 September)	(175)	-
Quarter 3 (to 31 December)	(245)	-
Quarter 4 (to 31 March)	(258)	-

- 2.4 The budget for police officer pay is £74m, and is currently forecast to come in under budget by £198k (0.27%).

The forecast underspend is largely attributable to lower than anticipated spend on police allowances, in particular in relation to unsociable hours and bonuses. In addition there have been some in year changes to the work force plan (WFP) whereby the timing of some of the planned intakes has been moved slightly and while more police officers than anticipated left the organisation during the first quarter, fewer leavers are no expected for the year.

**Appendix B** provides a graphical representation of the June HR workforce plan (WFP) compared with the original WFP budget and budgeted establishment. Where the latest workforce plan (red line) falls below the original WFP budget (green line) an underspend will result, where the workforce plan rises above the adjusted budget line an overspend will result.

- 2.5 The budget for PCSO pay is £2.5m and is currently forecast to underspend by £128k (4.87%).

The forecast underspend is as a result of changes to the WFP for PCSOs. More leavers are now forecast for the year and are also being weighted towards the earlier part of the year. The Constabulary has also experienced some difficulties in recruiting PCSOs with the result that there is currently only one intake planned rather than the original two. A number of options in relation to the future recruitment of PCSO are currently being explored, in the context of the review of the role of PCSOs and the longer term financial outlook for the Constabulary. These options will be discussed with the Commissioner once they are fully developed.

- 2.6 The budget for Police Staff Pay is £19m and is currently forecasting to overspend by £191k (1.02%).

The primary reason for the overspend is that following the research and consultation phases of Change Programme reviews being undertaken in the current year there have been some delays in the implementation schedule and changes to planned savings, with the result that several of the reviews will not deliver as much first year savings as expected. These forecast

overspends are being partially offset by a forecast reduction in overtime (particularly in the Communications Centre).

2.7 The budget for transport is £2.3m and is currently forecast to underspend by £25k as the Constabulary continues to benefit from low fuel prices and has also been able to reduce vehicle repair costs.

2.8 The supplies and services budget is £10.5m and is currently forecast to overspend by £131k (1.25%).

At the time of setting the budget for 2015/16 a number of potential budget pressures were identified that could impact in 2015/16. As part of the budget process an amount of £500k was set aside in a contingency reserve to cover the risks associated with these budget pressures. It was however agreed that these budget pressures should in the first instance be met from the in year revenue budget where possible.

It is projected that a number of these identified pressures will give rise to additional expenditure in 2015/16 as a result of implementation of the Constabulary's Change Programme and a new contract for custody medical services, with the result that the supplies and services section is forecast to overspend by £131k. At this point in time these pressures can be accommodated within the overall funding provided to the Constabulary, if however the position changes a drawdown from the contingency reserve will be requested.

### **3. Supplementary Information**

3.1 Appendices to this report are provided as follows:

- Appendix A – Constabulary Revenue Budget monitoring as at the end of Quarter 1 (30 June 2015).
- Appendix B – Graph showing current WFP assumptions compared to original/budget for 2015/16.

The Chief Constable for Cumbria ConstabularyRevenue Budget Monitoring Quarter 1 to June 2015

Description	Base Budget	Revised Budget	Budget To Date	Actual To Date	Forecast Outturn	Forecast (Under)/Overspend	Forecast (Under)/Overspend
	2015/16	2015/16	2015/16	2015/16	2015/16	2015/16	2015/16
	£	£	£	£	£	£	%
Constabulary Funding							
Police Officers	76,347,224	73,915,152	14,791,189	14,290,742	73,716,710	(198,442)	-0.27%
Police Community Support Officers	2,810,501	2,626,741	634,421	616,811	2,498,449	(128,292)	-4.88%
Police Staff	18,555,500	18,811,717	4,869,933	4,833,216	19,003,078	191,361	1.02%
Other Employee Budgets	803,280	1,169,729	271,567	199,437	1,160,740	(8,989)	-0.77%
Transport Related Expenditure	2,469,876	2,253,710	435,990	369,481	2,229,289	(24,422)	-1.08%
Supplies & Services	9,877,535	10,462,912	2,744,656	3,790,728	10,594,125	131,213	1.25%
Third Party Related Expenses	1,615,709	1,761,340	211,251	13,605	1,758,459	(2,881)	-0.16%
<b>Total Constbaulary Funding</b>	<b>112,479,625</b>	<b>111,001,301</b>	<b>23,959,007</b>	<b>24,114,020</b>	<b>110,960,850</b>	<b>(40,451)</b>	<b>-0.04%</b>
Income	(3,966,595)	(3,989,122)	(842,893)	(972,597)	(3,999,382)	(10,260)	0.26%
<b>Total Constbaulary Funding Net of Incon</b>	<b>108,513,030</b>	<b>107,012,179</b>	<b>23,116,114</b>	<b>23,141,423</b>	<b>106,961,468</b>	<b>(50,711)</b>	<b>-0.05%</b>

**The Chief Constable for Cumbria Constabulary**

**Current Workforce Plan (WFP) Assumptions Compared to Budget & Original WFP Budget (Police Officers)**

