



Constabulary Report to OPCC

TITLE OF REPORT:	Revenue Budget Monitoring 2015/16 Quarter 2 to September 2015
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DATE OF MEETING:	4 November 2015
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ORIGINATING OFFICERS:	Michelle Bellis, Deputy Chief Finance Officer
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PART 1 or PART 2 PAPER:	PART 1 (OPEN)
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Executive Summary:
<p>The attached report provides an update of the financial position for 2015/16 based on the actual and committed spending for the first six months, to September 2015, plus a forecast for the remainder of the year.</p> <p>The current forecast of net expenditure on Constabulary controlled and managed budgets amounts to £106.775m, which represents an underspend of £188k (against the approved adjusted budget of £106.963m). The forecast underspend at September of £188k is slightly higher than the forecast position as at the end of June of £51k.</p> <p>The projected underspend is made up of a forecast underspend on expenditure budgets of £138k (0.12%) plus forecast of additional income of £50k (1.22%).</p>

Recommendation:
<p>The Commissioner is asked to note the latest estimate of the Constabulary revenue budget position for 2015/16.</p>

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 six months of the year as at the end of September 2015 plus a forecast for the remainder of the year.
- 1.2 The current forecast as at September 2015 on Constabulary funding and managed budgets is for an underspend of £188k, which compares to an underspend of £51k forecast at the end of June (Qtr. 1).
- 1.3 The total budget is based on the funding arrangement between the Commissioner and the Chief which was approved in April 2015.
- 1.4 The approved funding amounted to £113.647m, which is made up of a net revenue budget of £108.513m plus a plant and equipment capital budget of £5.134m. 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 budgets.

2. Revenue Expenditure

- 2.1 The current prediction for net revenue expenditure during 2015/16 is £106.775m, which is £188k (0.18%) below the approved adjusted budget of £106.963m, which compares to an underspend of £51k forecast at the end of June (Qtr. 1). The forecast position is made up of a forecast underspend on expenditure of £138k (previously £41k at June) plus a forecast over recovery of income of £50k (previously £10k at June).
- 2.2 The principal variances as at September 2015 together with comparatives as reported at the end of June (Qtr. 1), are outlined in the table below:

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Description	Revised Budget	Forecast Outturn	Forecast (Under)/Overspend	Forecast (Under)/Overspend	Explanation Paragraph	Forecast (Under)/Overspend	Change in Forecast
	2015/16	2015/16	2015/16	2015/16		at Jun-15	Jun-15 to Sep-15
	£'000s	£'000s	£'000s	%		£'000s	£'000s
Constabulary Funding							
Police Officers	73,984	73,720	(263)	-0.36%	2.4	(198)	(65)
Police Community Support Officers	2,627	2,607	(20)	-0.75%	2.5	(128)	109
Police Staff	18,814	18,987	173	0.92%	2.6	191	(18)
Other Employee Budgets	1,246	1,205	(41)	-3.26%	2.7	(9)	(32)
Transport Related Expenditure	2,228	2,125	(103)	-4.61%	2.8	(24)	(78)
Supplies & Services	10,456	10,619	163	1.56%	2.9	131	32
Third Party Related Expenses	1,754	1,706	(48)	-2.73%	2.10	(3)	(45)
Total Constabulary Funding	111,108	110,970	(138)	-0.12%		(40)	(97)
Income	(4,145)	(4,195)	(50)	1.22%	2.11	(10)	(40)
Total Constabulary Funding Net of Income	106,963	106,775	(188)	-0.18%		(51)	(137)

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 The forecast variance reported at the end of September (Qtr. 2) is higher than that reported as at the end of June (Qtr. 1). The main reasons for the increase in underspend are in relation to: changes to workforce planning; changes to forecasts transport expenditure as a result of falling fuel prices and a reduction to forecast mileage figures for the year and changes to working practices.

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)	(188)
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 £263k (0.36%), previously £198k (0.27%) as at June.

The forecast underspend is partly attributable to lower than anticipated expenditure on police allowances, in particular in relation to unsociable hours and bonuses £175k (£120k at June). In addition there have been some changes in year to the workforce plan (WFP) which gives rise to a forecast underspend of £138k (£121k as at June). Police officer recruitment in September and October has been managed at a lower level than originally planned for in the budget. Further intakes are budgeted for January and March but any decisions regarding recruitment will be dependent upon the final outcome of the funding settlement. This may require the implementation of a recruitment freeze in 2015/16.

Police Overtime is forecast to overspend by £50k (under by £12k as at June). This is due to additional spend in Crime Command due to several major operations and cases coming to court (£21k) and additional spend in Territorial Policing on cover for Authorised Firearms Officer vacancies and other staff shortages.

Appendix B provides a graphical representation of the current HR WFP assumptions compared with the original WFP budget and budgeted establishment. Where the latest WFP forecast (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 £2.6m and is currently forecast to underspend by £20k (0.75%), previously £128k under as at June.

The forecast underspend is as a result of in-year changes to the WFP for PCSOs. More leavers are now forecast for the year and are also being weighted to the earlier part of the year. The Constabulary has experienced some difficulties in recruiting PCSOs with the result that there is now only one intake planned for the year which took place in September. 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 & Allowances is £19m and is currently forecast to come in over budget by £173k (0.92%), previously £191k over as at June.

The primary reason for the overspend is as previously reported, that following the research and consultation phases of the change programme reviews being undertaken, 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 reduction in overtime (particularly in the Communications Centre).

- 2.7 The budget for Other Employee Expenditure is £1.2m and is currently forecast to come in under budget by £41k (3.26%), previously £9k under as at June. The primary reasons for the underspend are due to reductions in agency staff, training, conferences and staff welfare costs.

- 2.8 The budget for transport related expenditure is £2.1m and is currently forecast to come in under budget by £103k (4.61%), previously £24k as at June. The reason for the underspend is twofold, firstly the Constabulary continues to benefit from lower fuel prices and secondly reductions in overall vehicle mileage are adding to the fuel savings and providing reduced repair and maintenance costs.

- 2.9 The Supplies & Services budget is £10.6m and is currently forecast to overspend by £163k (1.56%), previously £131k as at June.

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 £163k. 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.

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2.10 The budget for Third Party related expenditure is £1.6m and is currently forecast to come in under budget by £48k (2.73%), previously £3k as at June. The forecast underspend arises from a number of smaller variances in relation to contracts.

2.11 The Income budget is £4.2m and is currently forecast to exceed the budget by £50k (1.22%), previously £10k as at June.

3. Supplementary Information

3.1 Appendices to this report are provided as follows:

- Appendix A - Constabulary Revenue Budget monitoring as at September 2015.
- Appendix B - Graph showing current WFP assumptions compared to original/budget for 2015/16.

The Chief Constable for Cumbria Constabulary**Revenue Budget Monitoring to September 2015**

Description	Base Budget	Revised Budget	Budget To Date	Actual To Date	Provisional Outturn	Forecast (Under)/Overspend	Forecast (Under)/Overspend	Projected (Under) / Overspend @ Jun-15	Change Jun-15 to Sep-15
	2015/16	2015/16	2015/16	2015/16	2015/16	2015/16	2015/16		
	£	£	£	£	£	£	%		
Constabulary Funding									
Police Officers	76,347,224	73,983,892	29,418,747	28,201,647	73,720,450	(263,443)	-0.36%	(198,442)	(65,000)
Police Community Support Officers	2,810,501	2,626,741	1,308,474	1,270,874	2,607,006	(19,735)	-0.75%	(128,292)	108,557
Police Staff	18,555,500	18,813,879	9,939,159	9,697,530	18,987,228	173,350	0.92%	191,361	(18,011)
Other Employee Budgets	803,280	1,245,626	521,921	542,094	1,204,982	(40,644)	-3.26%	(8,989)	(31,655)
Transport Related Expenditure	2,469,876	2,228,163	946,003	895,120	2,125,477	(102,686)	-4.61%	(24,422)	(78,264)
Supplies & Services	9,877,535	10,455,876	5,839,810	5,875,692	10,619,126	163,250	1.56%	131,213	32,037
Third Party Related Expenses	1,615,709	1,753,840	584,492	488,856	1,705,986	(47,854)	-2.73%	(2,881)	(44,973)
Total Constabulary Funding	112,479,625	111,108,016	48,558,606	46,971,812	110,970,255	(137,761)	-0.12%	(40,451)	(97,310)
Income	(3,966,595)	(4,144,801)	(2,011,353)	(2,087,361)	(4,195,199)	(50,397)	1.22%	(10,260)	(40,137)
Total Constabulary Funding Net of Income	108,513,030	106,963,215	46,547,253	44,884,451	106,775,056	(188,159)	-0.18%	(50,711)	(137,447)

The Chief Constable for Cumbria Constabulary

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

