



To: Business Co-Ordination Board

From: Chief Finance Officer, Constabulary and Chief Finance Officer, PCC

Date: 23rd June 2016

REVENUE BUDGET MONITORING PROVISIONAL OUTTURN AND PROVISIONAL YEAR-END RESERVES POSITION 2015/16

1. Purpose

- 1.1 This report provides the Business Co-Ordination Board (“BCB”) with the Constabulary’s and the Office of the Police and Crime Commissioner’s (“OPCC”) provisional revenue budget position for the full financial year 2015/16 and the draft reserves position as at 31 March 2016.
- 1.2 The reported outturn is provisional and subject to the audit of the 2015/16 Annual Statement of Accounts.

2. Recommendation

- 2.1 BCB is recommended to note the provisional outturn and reserves position for 2015/16.

3. Provisional Outturn - Constabulary

- 3.1 The provisional revenue outturn for the Constabulary is an underspend of £1.5m. A breakdown of this outturn is shown in Table 1 below.

Table 1 (all figures £'000)

Chief Constable's Revenue Budget end of March 2015/16				
£'000	2015/16 Budget	2015/16 YTD Budget	2015/16 Actual	Variance
Local Policing Expenditure				
Police Officer Pay & Allowances	43,397	43,397	43,924	527
Police Officer Overtime	792	792	932	140
PCSO Pay & Overtime	4,787	4,787	4,640	-147
Police Staff Pay	13,670	13,670	12,488	-1,182
Police Staff Overtime	165	165	158	-6
Other Employee Expenses	5	5	8	2
Premises Costs	112	112	127	16
Transport	406	406	302	-104
Supplies & Services	2,355	2,355	2,269	-86
Total Local Policing Expenditure	65,688	65,688	64,848	-839
Organisational Support Expenditure				
Police Officer Pay & Allowances	1,950	1,950	1,913	-37
Police Officer Overtime	1,088	1,088	991	-97
Police Staff Pay	9,389	9,389	8,822	-566
Police Staff Overtime	18	18	72	54
Other Employee Expenses	712	712	691	-21
Premises Costs	3,984	3,984	3,541	-443
Transport	1,086	1,086	262	-825
Supplies & Services	9,763	9,763	10,387	624
Total Organisational Support Expenditure	27,991	27,991	26,680	-1,311
Net Cost of Police Pensions	11,933	11,933	12,052	119
Gross Revenue Expenditure	105,612	105,612	103,580	-2,032
Income	-1,994	-1,994	-2,801	-807
Beds, Cambs & Herts Collaboration	18,156	18,156	17,765	-391
Other Collaboration	3,564	3,564	3,903	339
Cameras, Tickets and Collisions underspend - to reserves			476	476
Seconded Officers & Cambs Criminal Justice Board	107	107	72	-35
Carry Forwards	-846	-846	-833	13
Contribution to PCC (Body Worn Video)				
Revenue Contribution to Capital Outlay	0	0	942	942
Policing Budget Delegated to Chief Constable	124,599	124,599	123,104	-1,495
*Police Officer Overtime less Rechargeable Elements	1,880	1,880	1,825	-55
<i>Note: Figures may not cast due to rounding</i>				

3.2 The budget at the end of March 2016 was underspent by £1.5m or 1.2% of net revenue budget (2014/15 outturn showed an underspend of £4.2m or 3.4%).

3.3 A detailed subjective report is set out at Appendix 1, together with notes giving a commentary on significant budget heads.

4. Provisional Outturn – OPCC

4.1 The 2015/16 budget for the Office of the Police and Crime Commissioner (OPCC) was set at £1.244m which was approved by the Police and Crime Commissioner (PCC) prior to the commencement of the financial year.

4.2 The year ended with an underspend of £70k mainly due to the following:

- Staffing (£41k) – due to timing of recruitment, vacancies during the year and recharges for staff seconded to other bodies
- Legal Fees (£8k)
- Conference and Seminar (£3k)
- Printed materials (£3k)
- Advertising for staff (£3k)
- Rents and leases (£13k)

5. Overall outturn – Group

5.1 After accounting for the above Constabulary and OPCC underspends, capital financing including OPCC Revenue Contributions to Capital Outlay (RCCO), and movements on reserves, the overall Group provisional outturn is an underspend of £0.9m.

6. Reserves as at 31 March 2016

6.1 The draft reserves position is presented in Table 2 below.

Table 2 – Reserves

	Balance	2015/16		Balance
	31 March			31 March
	2015			2016
		Added to		
		Reserve	Applied	
	£000	£000	£000	£000
Carry Forward Project Reserve	846	1,083	(846)	1,083
Insurance Reserve	1,047	-	187	860
Ill-Health Retirement Reserve	627	-	-	627
Capital Reserve	4,683		(978)	3,705
Drug Forfeiture (Operational) Reserve	127		(27)	100
Budget Assistance Reserve	9,797	-	-	9,797
Capital Carry Forward Reserve	1,912	1,627	(1,912)	1,627
Road Casualty Reduction and Support Fund	515	480	(20)	975
Collaboration & Commissioning Reserve	241	-	(47)	194
ICT Development Reserve	-	900	-	900
Total Earmarked Reserves	19,795	4,090	(4,017)	19,868
General Reserve	7,197	-	-	7,197
Capital Receipts Reserve	705	1,025	-	1,730
Total Usable Reserves	27,697	5,115	(4,017)	28,795

- 6.2 The General Reserve is held primarily as a contingency for the cost of major police operations. This reserve currently totals £7.2m or 5.5% of the Net Budget Requirement for 2016/17 which is considered a prudent percentage of the total budget to hold as a general reserve for operational contingencies.
- 6.3 A number of earmarked reserves are also held, primarily to deal with insurance, collaboration and capital expenditure, as well as the Budget Assistance Reserve. The Budget Assistance reserve currently stands at £9.8m and will be used to balance the 2016/17 budget while the changes and savings being achieved through organisational and operational support collaboration are realised.
- 6.4 A new ICT Development Reserve has been created this year from the unallocated savings in the 2015/16 revenue account, to ensure that the necessary resources are available for the replacement of the Airwaves police communications system by the Emergency Services Network.

7. Recommendation

- 7.1 BCB is recommended to note the provisional outturn and reserves position for 2015/16.

Appendix 1

Chief Constable's Revenue Budget end of March 2015/16					
	Note	2015/16 Budget £'000	2015/16 YTD Budget £'000	Actual £'000	Variance £'000
Employee Costs					
Category					
Police Officer Pay & Allowances	2	45,347	45,347	45,837	490
Police Officer Overtime	3	1,880	1,880	1,923	43
Sub-total Police Officers		47,227	47,227	47,760	534
PCSO Pay & Overtime	4	4,787	4,787	4,640	-147
Support Staff Pay	5	23,059	23,059	21,129	-1,930
Support Staff Overtime		183	183	230	48
Agency Staff		0	0	182	182
Sub-total Police Staff		23,241	23,241	21,541	-1,700
Training	6	587	587	477	-109
Other Employee Allowances		131	131	222	91
Other Employee Costs		717	717	699	-18
Total Employee Costs		75,972	75,972	74,640	-1,332
PCC Police Pension Costs					
Pensions - Notional Employer Contributions- Expenditure	7	9,604	9,604	9,564	-40
Injury Pensions		2,329	2,329	2,228	-101
Ill-Health Retirement Capital Charge - Expenditure		0	0	260	260
Total PCC Police Pension Costs		11,933	11,933	12,052	119

Appendix 1 (Cont)

	Note	2015/16 Budget £'000	2015/16 YTD Budget £'000	Actual £'000	Variance £'000
Premises Costs					
Building Repairs, Alterations & Maintenance		978	978	712	-266
Utility Costs		1,050	1,050	910	-139
Rent & Rates		1,481	1,481	1,493	13
Other Premises Costs		66	66	55	-11
Cleaning		522	522	497	-24
Total Premises Costs	8	4,096	4,096	3,668	-428
Transport Costs					
Vehicle Running Costs	9	1,713	1,713	1,253	-460
Hired Transport		12	12	20	8
Travel Expenses		500	500	407	-93
Vehicle Recharges	10	-733	-733	-1,116	-383
Total Transport Costs		1,492	1,492	563	-929
Supplies & Services					
Computing Costs	11	3,120	3,120	3,243	123
Communications Costs	11	2,423	2,423	2,324	-99
Consultancy, Legal & Audit Costs		531	531	515	-15
Forensic Science Service Costs		565	565	493	-72
Insurance and Risk Management	12	749	749	962	213
Subscriptions & Contributions		865	865	853	-13
Equipment & Materials		244	244	485	241
Clothing, Uniforms & Laundry		372	372	458	86
Other Supplies & Services		554	554	575	21
Printing, Stationery & General Office Expenses		361	361	288	-73
Interpreters		380	380	381	1
Informants, Identity Parades		126	126	89	-37
Catering		178	178	123	-55
Police National Computer Charges	13	747	747	751	4
Conference & Seminar Costs		52	52	52	-1
Staff Subsistence Expenses		107	107	130	23
Doctors - Medicals and Prisoners		895	895	989	94
Mutual Aid	14	-150	-150	-54	96
Total Supplies & Services		12,119	12,119	12,656	538
GROSS REVENUE EXPENDITURE		105,612	105,612	103,580	-2,032

Appendix 1 (Cont)

	Note	2015/16 Budget £'000	2015/16 YTD Budget £'000	Actual £'000	Variance £'000
Income					
Sales, Fees & Charges		-708	-708	-870	-162
Other Grants & Contributions		-822	-822	-1,226	-404
Rental Income		-73	-73	-122	-49
Interest on Balances		-70	-70	-113	-43
Charges for Police Services		-155	-155	-307	-152
Other Income		-150	-150	-155	-4
Costs Recovered		-15	-15	-8	7
Total Income	15	-1,994	-1,994	-2,801	-807
NET REVENUE EXPENDITURE		103,618	103,618	100,779	-2,839
Collaborated initiatives					
Collaboration Set up costs	16	0	0	424	424
Collaboration - Air Support		490	490	470	-21
Collaboration - Armed Policing Unit		2,380	2,380	2,168	-211
Collaboration - Counter Terrorism & Domestic Extremism		622	622	590	-32
Collaboration - Counter Terrorism & Domestic Extremism		0	0	-10	-10
Collaboration - Cameras, Tickets and Collisions		2	2	-476	-479
Collaboration - Dogs		842	842	838	-4
Collaboration - Eastern Region Special Operations Unit		2,134	2,134	2,118	-15
Collaboration - General		0	0	294	294
Collaboration - Kings Lynn PIC		940	940	988	48
Collaboration - Major Crime Unit		3,211	3,211	2,913	-298
Collaboration - Operational Planning		367	367	300	-67
Collaboration - Procurement		268	268	243	-25
Collaboration - Professional Standards Unit		821	821	874	53
Collaboration - Information Assurance		63	63	43	-21
Collaboration - Protective Services Command		201	201	203	2
Collaboration - Roads Policing Unit		4,813	4,813	4,541	-272
Collaboration - Scientific Services Unit/Visual Evidence		2,671	2,671	2,466	-205
Collaboration - Information Management					
Collaboration - Athena	17	296	296	515	218
Change team	18	1,599	1,599	2,168	569
Cameras, Tickets and Collisions underspend - to reserves				476	476
Total Collaborated initiatives	19	21,719	21,719	22,144	424
Holding Accounts and Hosted Services					
Hosted Services		107	107	107	0
Seconded Officers Net Recharge		0	0	-35	-35
Carry Forwards		-846	-846	-833	13
Contribution to PCC (Body Worn Video)	20				
Revenue Contribution to Capital Outlay	21	0	0	942	942
NET BUDGET REQUIREMENT		124,599	124,599	123,104	-1,495
*Police Officer Overtime less Rechargeable Elements		1,880	1,880	1,825	-55
<i>Note: Figures may not cast due to rounding</i>					

Notes

1. **Outturn Net Budget Requirement (NBR)**
 - 1.1 Outturn NBR to the end of March is £1.5m underspent for the financial year.
- 2 **Police Officer pay and allowances** is £490k overspent. This takes into account backdated holiday pay relating to the Bear Scotland legal case. Strength for non-collaborated units at 1st April 2015 was 1,160.12 FTE (headcount of 1,189) and on 31st March 2016 was 1,159.02 FTE (headcount 1,189) against the budgeted establishment of 1,116.30 FTE.
There were 15 new starters in March 2016.
- 3 **Police Officer Overtime** is £43k overspent, which includes additional spend at year end relating to sustained improvement.
- 4 **PCSO pay and overtime** is £147k underspent. This is the result of a shortfall in strength against establishment. Strength at the start of the year being 148.46 FTE (headcount 154) and on 31st March 2016 was 134.31 FTE (headcount 140) against the budgeted establishment of 150 FTE.
- 5 **Support Staff pay** is £1,930k underspent, this is a combination of posts included in collaboration projects being vacant and posts not being filled across the force.
- 6 **Training** is underspent by £109k. The budget was reduced following underspends in previous years.
- 7 **Pensions – Notional Employer Contributions** is £40k underspent. This is due in part to a proportion of officers either deciding not to join or opting out of the pension scheme.
- 8 **Premises Costs** are £428k underspent. This is partly as a result of the reduced forecast spend on the Agile working implementation, a revision of the building repairs forecast and reduced utilities usage due to the mild winter. Planned electrical testing and updating CCTV at various sites in 2015/16 was not possible.
- 9 **Vehicle running costs** underspend is mainly fuel following recent price reductions. This has been taken account of in the 2016/17 budget plan.
- 10 **Vehicle recharges** is underspent by £383k against budget. This is the capital side of the recharges made for vehicles to the Joint Protective Services (“JPS”) collaborated units.
- 11 **Computing/Communications costs** overspent by a small amount, with specific planned in-year savings not being delivered.

- 12 **Insurance and Risk Management** overspent by £213k, which is as a result of unbudgeted vehicle repairs. This is an ongoing cost and has been added into the 2016/17 budget plan. Insurance premiums for vehicles underspent in year as a result of a re-negotiated premium mid-financial year.
- 13 **Police National Computer** overspent by £4k, due to additional unbudgeted Home Office charges.
- 14 **Mutual Aid** budget was set for 2015/16 based on previous years' reclaims. Claims did not match this amount for the first time in 3 years.
- 15 **Income** underspent by £807k in year. This includes income beyond budgeted expectation for the Secret Garden party and policing football.
- 16 **Collaboration Set up costs** relate to redundancy and pension strain costs for the areas currently being collaborated.
- 17 **Collaboration – Athena** overspent by £218k.
- 18 **Change Team** overspent by £569k at year end primarily due to unexpected consultancy costs relating to the collaboration of public contact.
- 19 **Collaborated initiatives** – as at the end of period 12, JPS collaborated units have underspent by £1,570k. £476k of this is Cameras, Tickets and Collisions underspend, to be allocated to the Road Casualty Reduction and Support Fund to drive significant improvements in efficiency and effectiveness whilst funding a range of activities such as Road Victims Trust and initiatives to improve driver behaviour and the prevention of collisions. The remainder of the underspend on JPS units is primarily on officer pay and allowances in the Major Crimes Unit, Armed Policing Unit and Roads Policing Unit.
- 20 **Contribution to PCC (Body worn video)** - following agreement from the Force Executive Board and the PCC to the further investment in body worn video cameras, the funding is to be provided from revenue.
- 21 **RCCO** includes the £499k in-year RCCO schemes as per the Capital outturn report.