



STRATEGIC POLICING AND CRIME BOARD
11th June 2013

Provisional Revenue and Capital Outturn
2012/13

PURPOSE OF REPORT

1. This report presents the provisional outturn position for revenue and capital expenditure for the financial year 2012/13, subject to any final accounting or external audit adjustments.

REVENUE OUTTURN 2012/13

2. The overall revenue outturn position is an under spend of £6.9m against the revised net budget of £529.4m. This is in line with outturn forecasts made during the financial year.
3. The Force under spent by £6.6m (1% of budget) and the PCC's Office under spent by £0.3m (1% of budget). A summary of the outturn position is shown in appendix 1.
4. In October 2012 the Police Authority agreed a Revised Budget for 2012/13 which reflected the early realisation of savings planned for the 2013/14 budget made through the PBB cost reduction programme. This revised budget increased the net budgeted contribution to reserves in 2012/13 to £17.1m. In accordance with the Budget Strategy the additional £6.9m under spend will be transferred to the Budget Reserve to assist with addressing the funding challenge over the medium term.
5. General Balances have been maintained at £12.0m in accordance with the Chief Finance Officer's advice.
6. The main areas of under spending within the Police Force budget were consultancy fees due to the closure of the BPP project (£1.5m) and slippage of spending on the non-emergency hubs refurbishment projects at Lloyd House and West Bromwich police station (£1.4m).
7. Total pay budgets over spent by £5.9m. There are three main reasons for this:
 - £2.7m of the over spend relates to additional spending on Olympics and Party Conferences, funded by external income received during the year. Government grant for the Olympics also covered duty time.
 - Unbudgeted redundancy, pension fund strain and staff exit costs (£1.8m) resulting from reductions in police staff numbers;

- Changes to assumptions made when the police staff pay budgets were amended as part of the Revised Budget and other in year variations (£1.4m).
8. The over recovery of external income results mainly from additional income received during the year, some of which was offset by additional expenditure on other budget lines.

RESERVES

9. Appendix 2 sets out full details of the revenue reserves at the year end.
10. As at 31st March 2012 the Budget Reserve balance was £33.0m. As part of the 2013/14 budget setting, it was planned that £30.0m of the Budget Reserve will be earmarked to support the capital programme. Therefore, the net effect of the in year under spends and the re-allocation of £30.0m to the Capital Reserve has moved the total Budget Reserve balance to £28.3m. Of this amount, £2.3m is earmarked to support the revenue budget in 2013/14.
11. At the end of 2012/13 there has been no general carry forward of underspendings on devolved budgets. This decision reflects the need to maintain even greater control over the prioritisation of funds as the medium term financial pressures continue. There are however a small number of specific areas where contributions to or from earmarked reserves have been necessary to carry forward balances held for regionally funded units and other specifically funded items.
12. In accordance with normal practice, there will be a detailed review of the earmarked reserves later in the year as part of the medium term financial planning process.

CAPITAL OUTTURN 2012/13

13. The capital outturn position is shown in appendix 3. £8.4m of the revised programme of £10.7m was spent which equals 78%.
14. The original budget for building projects was reduced to reflect slippage from 2012/13 to 2013/14 in the custody build projects. The expenditure in year on building projects related to outstanding works to complete the Motorway Control Centre and Bilston sector station.
15. The original budget for ICT was amended to reflect slippage in the digital interview recording project and a re-phasing of spend within the mobility project to allow pilot projects to be undertaken.
16. Spending on the vehicle replacement programme has been successfully managed within the reduced budget allocation following the decision to review replacement cycles.
17. The Capital Programme can be financed from a number of different sources, including capital grant, capital receipts, borrowing, revenue contributions and use of reserves. The spend in 2012/13 has been funded by capital grants and revenue contributions, meaning no new borrowing or support from reserves has been required to finance capital expenditure in 2012/13.

STATUTORY DETERMINATIONS

18. Under the terms of Part IV of the Local Government and Housing Act 1989, there are certain 'statutory determinations' which need to be made in relation to the financing of capital expenditure.

19. Under his delegated powers, the Chief Finance Officer, as the responsible officer, has determined that:

- No Credit Approvals have been used to support the capitalisation of expenditure during the year. S56 (1)
- No Capital Receipts have been applied to meet expenditure incurred for capital purposes. S60 (2) (although the approved capital programme is based on all unapplied capital receipts being used by 2016/17)
- Amounts of £2.1m have been set aside from the revenue account as provision for credit liabilities. S63 (1)

FINANCIAL IMPLICATIONS

20. This report solely deals with financial issues.

LEGAL IMPLICATIONS

21. The production of the PCC's Accounts is governed by the Local Government Act 1982 and Regulations made under that Act. The Police Reform and Social Responsibility Act 2011 requires the PCC to make arrangements for the proper administration of its financial affairs

RECOMMENDATIONS

22. The Board is asked to:

- Note the financial outturn (subject to audit) for 2012/13, as set out in the report.
- Note the proposed movements in reserves during the year.
- Note the arrangements for financing the capital programme in 2012/13 shown in the statutory determinations contained in the report.
- Note that the draft Statement of Accounts for 2012/13 is being presented to the Audit Committee on 26 June 2013.

Mike Williams
CFO to the PCC

David Wilkin
Director of Resources

Provisional Revenue Outturn Summary for 2012/13

	Revised Budget 2012/13 £'000	Actual Spend 2012/13 £'000	Variance 2012/13 £'000
Police pay	393,434	396,131	2,697
Police Community Support Officers	18,355	18,221	-134
Support staff pay	98,406	99,946	1,540
Other employees expenses	1,981	3,766	1,785
Sub total	512,176	518,064	5,888
Premises	22,039	20,685	-1,354
Transport	9,784	9,972	188
Supplies and services	47,072	43,974	-3,098
Agency	4,023	4,154	131
Capital Financing Costs	5,879	5,351	-528
External income	-73,599	-81,388	-7,789
Police Force	527,374	520,812	-6,562
Office of Police & Crime Commissioner	1,991	1,692	-299
Net Cost General Fund Services	529,365	522,504	-6,861
Appropriations			
Contribution to the Budget Reserve	17,105	25,295	8,190
Contribution from Devolved Budget Reserve	0	-1,329	-1,329
Net Budget Requirement	546,470	546,470	0

Reserves

	Balance @ 31.03.2012 £m	Transfer to Reserve £m	Transfer from Reserve £m	Net Movement £m	Balance @ 31.03.2013 £m
Budget Reserve	-33.0	-25.3	30.0	4.7	-28.3
Capital Reserve	-10.4	0	-30.0	-30.0	-40.4
Redundancy and Equal pay Reserve	-13.0	0	0	0	-13.0
Insurance Liability Provisions - Self Funding	-12.9	-2.5	4.0	1.5	-11.4
Devolved Budget Reserve	-8.5	-0.3	1.3	1.0	-7.5
Uniform and Protective Equipment Reserve	-6.1	-0.4	0	-0.4	-6.5
Specific Project Reserve	-2.6	0	0	0	-2.6
Operations Major Incident Reserve	-2.2	0	0	0	-2.2
Football Overtime Reserve	-0.8	0	0	0	-0.8
Helicopter Repairs Reserve	-0.4	0	0	0	-0.4
Restructuring Reserve	-0.3	0	0	0	-0.3
Financial Instrument Impairment Reserve	-0.3	0	0	0	-0.3
EARMARKED RESERVES	-90.5	-28.5	5.3	-23.2	-113.7
General Fund Reserve	-12.0	0	0	0	-12.0
TOTAL RESERVES	-102.5	-28.5	5.3	-23.2	-125.7

Provisional Capital Programme Outturn for 2012/13

	<i>Original Budget 2012/13 £m</i>	<i>Revised Budget 2012/13 £m</i>	<i>Actual Spend 2012/13 £m</i>	<i>Variance £m</i>
Building	4.8	0.2	0.3	0.1
ICT	7.7	5.7	2.8	-2.9
Vehicles	3.0	3.0	3.0	0.0
Equipment	0.2	0.3	0.6	0.3
CTU	0.0	1.5	1.4	0.0
Other Grant	0.0	0.0	0.2	0.2
Total	15.7	10.7	8.4	-2.3