



**STRATEGIC POLICING AND CRIME BOARD
3 September 2013**

**Revenue & Capital Monitoring and Financial
Health Indicators – July 2013**

PURPOSE OF REPORT

1. This report sets out the revenue and capital monitoring position and gives an update on the Financial Health Indicators as at July 2013.

2013/14 REVENUE OUTTURN FORECAST

2. The pay budget forecast outturn is unchanged from last month. This will continue to be monitored and significant changes to the forecast outturn will be reported.
3. It should be noted that the pay under spend is used to fund the costs of redundancy and pension fund strain necessary to reduce police staff workforce numbers in line with the finance strategy. Spend to date on redundancy is £232k for 30 individuals, and pension fund strain is £272k.
4. The overall budget position, including pay and non pay budgets, is an estimated under spend of £18.7m. The breakdown across ACPO portfolios is shown in the table below.

Description	Current Budget £,000	Actuals YTD £,000	Variance YTD £,000	Estimated Outturn £,000	Outturn Variance to Budget £,000
LPU's	3,889.4	1,298.3	-30.1	3,853.3	-36.1
ACC Local Policing and Service Improvement	1,201.5	370.3	-49.1	982.6	-218.9
ACC Operations	12,068.0	2,284.7	-1,761.3	13,325.6	1,257.6
ACC Crime	9,062.3	762.8	-2,479.3	9,569.1	506.8
ACC Protection	6,802.0	-3,537.1	-8,068.3	5,692.1	-1,109.9
DCC Thompson	1,553.2	574.8	77.7	1,624.1	70.9
Director of Resources	30,025.5	7,318.5	-1,241.0	29,939.3	-86.2
Chief Information Officer	12,189.6	4,783.2	203.4	11,603.2	-586.4
Sub Total Force Level	76,791.5	13,855.5	-13,348.1	76,589.3	-202.1
Central Pay	455,157.4	147,126.6	-4,447.5	436,638.4	-18,519.0
Central Budgets	24,837.1	115.0	-7,242.1	24,837.1	-0.0
Sub Total	479,994.5	147,241.7	-11,689.5	461,475.5	-18,519.0
TOTAL	556,786.0	161,097.2	-25,037.6	538,064.9	-18,721.1
West Midlands Office for Policing and Crime	1,884.0	483.7	-117.7	1,881.3	-2.7
CSF Expenditure	7,319.0	2,575.5	2,575.5	7,319.0	0.0
CSF Grant	-6,969.0	0.0	0.0	-6,969.0	0.0
TOTAL	559,020.0	164,156.5	-22,579.7	540,296.2	-18,723.8

**Includes £350,000 for non-recurring invest to save schemes funded via reserves.*

- Included in the outturn position is an estimated forecast of £1.3m for Operation Glendale and the reassurance work in the days before (Operations Derwent and Islip/Clockface). At the time of writing the report the full cost is not yet known as July overtime will be paid in August and we are awaiting mutual aid charges from other forces. This figure only reflects the additional direct costs incurred and does not include duty time, ongoing investigations or other opportunity costs.
- The vast majority of devolved areas are forecasting spend in line with budget, however, there are a number of key over and under spends to be highlighted and these will be monitored and acted upon as necessary through the routine budget control processes.

Over

- Community Justice and Custody
- Force CID
- Fleet Services

Under

- Force Contact
- Forensic Services
- Property Services
- ICT

- A subjective breakdown of the budget and outturn forecast is shown in Appendix 1.

Capital Budget 2013/14

- Within the capital programme New Build comprises of £3.95m for Western Custody provision and £0.6m for Central Birmingham Custody provision. Land purchase of the Bromford Road site made during August will increase the actual YTD in next month's report. Planned Build of £2.175m represents the first phase of the rationalisation of the Central Birmingham Estates.

9. The table below shows the Capital Budget Monitoring.

	2013/14 Original Budget £000	2012/13 C/fwd & Re-Phasing & Additions £000	2013/14 Current Budget £000	Budget YTD £000	Actual YTD £000	Variance YTD £000
New Build	10,500	-5,950	4,550	600	248	-352
Planned Build	0	2,175	2,175	0	0	0
Systems & Infrastructure	1,070	235	1,305	321	100	-221
Call Handling	400	751	1,151	640	648	8
New ICT	1,296	351	1,647	384	210	-174
Programme Gateway	75	0	75	23	7	-16
Vehicles	3,000	0	3,000	750	682	-68
Equipment	200	100	300	20	25	5
Counter Terrorism	0	1,230	1,230	485	285	-200
Total Approved Schemes	16,541	-1,108	15,433	1,610	2,205	-1,018

10. The bulk of property spending is anticipated to take place later in the year and the profiled budget reflects this. As identified last month £1.2m has been added to the programme for Counter Terrorism vehicles and equipment funded by ACPO TAM.

Financial Health Indicators

11. The Financial Health Indicators for April to July 2013 are shown in Appendix 2. These indicators cover key areas of financial management and are designed to provide reassurances in relation to the overall financial performance.

12. In general all targets are being met with the exception of:

Revenue Budget (Indicator 4)

13. This indicator is above the target due to the forecast under spending which has been reported throughout the year to the PCC and Command Team. The under spend has arisen from planned future savings being achieved earlier than anticipated.

Capital (Indicator 7)

14. This indicator reflects a slow start to spending within the capital programme for property and vehicles in the first quarter of 2013/14. It is anticipated that, in line with planned organisational changes, this indicator will improve as work begins on the new custody facilities and central Birmingham rationalisation.

Creditors (Indicator 16)

15. Invoices continue to be processed promptly within agreed targets, however, performance dipped marginally below the target in August due to delays in receipting orders over the holiday period. It is anticipated that performance will recover in future reporting periods.

FINANCIAL IMPLICATIONS

16. There are no direct financial implications from this report.

LEGAL IMPLICATIONS

17. There are no direct legal implications from this report.

RECOMMENDATIONS

18. The Board is asked to note the report.

Mike Williams
PCC's Chief Finance Officer

David Wilkin
WMP Director of Resources

Appendix 1 – Subjective Breakdown

Subjective Breakdown	Original Budget £,000	Actuals YTD £,000	Variance YTD £,000	Estimated Outturn £,000	Outturn Variance to Budget £,000
Police Pay	390,340.7	126,707.8	- 3,776.7	380,496.4	- 9,844.3
Police Community Support Officers	20,971.1	5,846.8	- 1,143.5	18,326.8	- 2,644.3
Support Staff Pay	102,951.5	34,370.1	145.6	99,319.3	- 3,632.2
Other employee Expenses	1,866.5	961.5	293.7	2,511.7	645.2
Premises	24,008.1	6,270.7	- 1,329.2	23,703.9	- 304.2
Transport	9,834.3	2,284.5	- 0.8	10,092.0	257.7
Supplies & Service	47,439.7	13,074.6	- 1,928.8	46,682.2	- 757.5
Agency	3,986.7	- 607.7	- 1,171.9	4,364.5	377.8
Capital Financing	5,628.1	- 1,494.6	- 2,483.8	5,630.7	2.6
External Income	- 50,240.7	- 26,316.5	- 13,642.1	- 53,062.7	- 2,822.0
Police Force	556,786.0	161,097.2	- 25,037.6	538,064.9	- 18,721.1
Office of the Police & Crime Commissioner	1,884.0	483.7	- 117.7	1,881.3	- 2.7
CSF Expenditure	7,319.0	2,575.5	2,575.5	7,319.0	0.0
CSF Grant	- 6,969.0	0.0	0.0	- 6,969.0	0.0
Total Revenue Budget	559,020.0	164,156.5	- 22,579.7	540,296.2	- 18,723.8

Note: This analysis includes spending on externally funded budgets and as a result there will be variations on individual budget lines when compared to the responsibility analysis shown in the main report.

Appendix 2 – Financial Health Indicators April to July 2013

Reason for the Indicator		Indicator	Month	May	Jun	Jul	Aug
			Period	Apr	May	Jun	Jul
Reserves							
1)	To ensure an appropriate level of general reserve is maintained as a "reserve of last resort"	Amount of the general reserve	target				
			actual				
2)	To ensure sufficient funding for insurance liabilities is in place	Level of fund compared to anticipated liabilities	target	80 - 120%	80 - 120%	80 - 120%	80 - 120%
			actual	97%	93%	91%	90%
3)	To ensure other earmarked reserves are maintained for recognised purposes at appropriate levels	Number of reviews of other earmarked reserves in a financial year	target	1			
			actual	1			
Revenue Budget							
4)	To ensure the revenue budget spending is in line with the approved budget	Forecast year end outturn compared to approved budget	target		+/- 1%	+/- 1%	+/- 1%
			actual			-3.5%	-3.5%
5)	To ensure regular monitoring of the revenue budget takes place	Number of monitoring reports presented to Command Team in a financial year	target		1	1	1
			actual		1	1	1
6)	To ensure regular monitoring of the revenue budget takes place	Number of monitoring reports presented to the PCC in a financial year	target		1	1	1
			actual		1	1	1
Capital							
7)	To ensure capital programme projects are progressed in line with the approved budget	Capital programme variance compared to profiled budget	target	+/- 10%	+/- 10%	+/- 10%	+/- 10%
			actual	0%	0%	-52%	-32%
8)	To ensure regular monitoring of the capital programme takes place	Number of monitoring reports presented to Command Team and PCC in a financial year	target		1	1	
			actual		1	1	
9)	To ensure sufficient capital resources are identified to fund the approved capital programme	Capital resources available as a % of approved capital programme	target	> 100%	> 100%	> 100%	> 100%
			actual	100%	100%	100%	100%
Treasury Management							
10)	To ensure the Authority's external debt stays within set limits.	External debt as a %age of the Authorised Limit	target	< 100%	< 100%	< 100%	< 100%
			actual	49%	49%	49%	49%
11)	To ensure the Authority's external borrowing costs are competitive	Average annual cost of external debt	target	< 5.25%	< 5.25%	< 5.25%	< 5.25%
			actual	4.84%	4.84%	4.84%	4.84%
12)	To ensure the Authority receives an appropriate level of return from surplus cash balances	Cumulative average monthly interest rate received compared to cumulative LIBOR 3 month rate	target	> 100%	> 100%	> 100%	> 100%
			actual	233%	217%	212%	198%
Audit							
13)	To ensure the annual accounts are prepared in accordance with statutory requirements	Draft accounts presented to Audit committee	target			25-Jun	
			actual			25 June 2013	
14)	Accounts Published	Draft accounts published	target				
			actual				
Creditors							
16)	To ensure the Authority pays invoices within statutory timescales	%age of invoices paid within 30 days	target	> 80%	80%	80%	80%
			actual	80%	83%	81%	79%
Debtors							
17)	To ensure the Authority recovers monies due to it within reasonable timescales	%age of debtors older than 3 months	target	< 5%	5%	5%	5%
			actual	3.0%	4.2%	4.4%	4.0%