



STRATEGIC POLICING AND CRIME BOARD
3rd June 2014

Provisional Revenue and Capital Outturn
2013/14

PURPOSE OF REPORT

1. This report presents the provisional outturn position for revenue and capital expenditure for the financial year 2013/14, subject to any final accounting or external audit adjustments.

REVENUE OUTTURN 2013/14

2. The overall revenue outturn position is an under spend of £7.2m against the revised Current Budget of £532.3m. This is broadly in line with outturn forecasts made during the financial year.
3. The Force under spent by £7.0m (1% of budget) and the PCC's Office under spent by £0.2m (10% of the budget). A summary of the outturn position is shown in appendix 1.
4. General Balances have been maintained at £12.0m in accordance with the Chief Finance Officer's advice.
5. The main areas of under spending within the Police Force budget were:
 - Premises – an underspend of £1.2m was reported in December, and this has increased due to additional savings on utilities and maintenance costs resulting from more robust management and procurement practices. All premises budgets will be subject to the Budget Review process in 2014 and it is anticipated that further savings will be identified.
 - Transport – an underspend of £0.5m was reported in December, and this has increased due to further savings on fuel issues (£0.6m) and hire vehicles (£0.2m). Transport budgets were subject to the Budget Review process in 2013 and savings in the underspending areas were identified for the 2014/15 budget.
6. Although Police pay and PCSO pay budgets underspent, Police Staff pay and Other employees expenses budgets overspent. The reasons for this are:

- A number of equal pay claims are currently being settled, which accounts for £0.9m of the £1.2m overspend on Police Staff pay. The remaining £0.3m overspend was forecast and reported in the December report.
 - The overspend on Other Employee Expenses mainly relates to Redundancy and Pension Fund strain payments arising from 52 staff leaving the Force (£0.4m).
7. In December an over-achievement of income of £2.1m was reported. This has increased by £1.7m mainly due to the following additional income items:
- Proceeds of Crime ACT (POCA) income (£0.5m, see para 8)
 - Adjustments relating to the transfer of NPAS (£0.4m)
 - Rent rebate in relation to the sale of the maisonettes at Tally Ho! (£0.4m)
 - Additional vehicle sales / insurance (£0.3m)
8. The last quarterly allocation of POCA funding exceeded the forecast by £0.5m, taking the total received in year to £2.2m, which is £1.1m higher than the budgeted amount. To ensure this additional income is utilised for appropriate purposes a new POCA Income Reserve has been created and the £1.1m over achievement of income will be contributed to this reserve. This will allow the additional income received in 2013/14 to be spent in 2014/15 on local and other initiatives. The Force has historically taken a cautious view to budgeting for POCA income as it is very difficult to forecast with any reliability and this creates a risk of under-achieving. However recent trends and activity suggest that this risk is significantly reduced and hence the approach should be re-considered. The Budget Review process will formally review the POCA income budget in June 2014 with a view to ensuring a more realistic income budget is in place that can then support additional spending on local initiatives.

RESERVES

9. Appendix 2 sets out full details of the revenue reserves at the year end.
10. The Joint Audit Committee undertook a detailed review of Reserves in December 2013 and this contributed to the 2014/15 Budget setting process. The outcome of this review, and any relevant updates since it was undertaken, has simplified a number of earmarked reserves and transferred amounts between reserves.
11. As at 31st March 2014 the Budget Reserve balance was £71.7m, of which £9.9m is earmarked to support the revenue budget in 2014/15 and a further £35m is earmarked to support the revenue budget over the years to 2018/19 in line with the Budget Strategy.
12. At the end of 2013/14 there has been no general carry forward of underspendings on devolved budgets. This decision reflects the need to maintain control over the prioritisation of funds to support the Budget Strategy. 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.
13. 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 2013/14

14. The capital outturn position is shown in appendix 3. £11.3m of the revised programme of £14.4 was spent which equals 78%.
15. The original budget for building projects was reduced to reflect slippage from 2013/14 to 2014/15 in the custody new build project. The expenditure in year on building projects relates to the land for the two custody builds and preliminary works for Lloyd House.
16. The original budget for ICT was amended to reflect carry forward from 2012/13. The under spend represents the slowing of projects resulting from the Innovation and Integration Partner procurement exercise, and the amended delivery timescale of the Digital Interview Recording project.
17. Spending on the vehicle replacement programme is in line with the 2013/14 plan. The overspend relates to the purchase of additional replacement vehicles in line with operational requirements.
18. 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 2013/14 has been funded by capital grants, revenue contributions, capital receipts, and some reserves. No new borrowing has been required to finance the capital expenditure in 2013/14.

STATUTORY DETERMINATIONS

1. 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.
2. 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 £1.6m have been set aside from the revenue account as provision for credit liabilities. S63 (1)

FINANCIAL IMPLICATIONS

3. This report solely deals with financial issues.

LEGAL IMPLICATIONS

4. 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

5. The Board is asked to:

- Note the financial outturn (subject to audit) for 2013/14, as set out in the report.
- Note the proposed movements in reserves during the year.
- Note the arrangements for financing the capital programme in 2013/14 shown in the statutory determinations contained in the report.
- Note that the draft Statement of Accounts for 2013/14 is being presented to the Audit Committee on 27 June 2014.

Mike Williams
CFO to the PCC

David Wilkin
Director of Resources

Provisional Revenue Outturn Summary for 2013/14

	2013/14 Revised Budget £000	2013/14 Current Budget £000	2013/14 Actual Spend £000	Variation to Current Budget £000
Police pay	358,566	360,568	360,010	-558
Police Community Support Officers	17,449	17,449	17,306	-143
Support staff pay	91,990	92,248	93,447	1,199
Other employees expenses	2,401	2,482	3,021	539
Sub total	470,406	472,747	473,784	1,037
Premises	22,103	22,413	20,321	-2,092
Transport	9,246	9,377	8,118	-1,259
Supplies and services	39,883	40,881	39,953	-928
Agency	4,126	4,000	3,980	-20
Capital Financing Costs	3,425	3,441	3,525	84
External income	-21,911	-25,407	-29,177	-3,770
CTU	2,621	2,621	2,609	-12
Police Force	529,899	530,073	523,113	-6,960
Office of the PCC	1,884	1,884	1,665	-219
CSF Grant Income	-6,969	-6,969	-6,969	0
CSF Expenditure	7,319	7,319	7,319	0
Total Revenue Budget	532,133	532,307	525,128	-7,179
Contribution to Reserves	24,537	24,363	31,542	0
Total Revenue Budget	556,670	556,670	556,670	0

Note: The Current Budget includes adjustments for external funding

Provisional Capital Programme Outturn for 2013/14

	<i>Original Budget</i>	<i>Revised Budget</i>	<i>Actual Spend</i>	<i>Variance</i>
	<i>£m</i>	<i>£m</i>	<i>£m</i>	<i>£m</i>
Building	10.5	6.6	4.0	-2.6
ICT	2.8	3.2	2.1	-1.1
Vehicles	3.0	3.0	3.4	0.4
Equipment	0.2	0.3	0.3	0.0
CTU	0.0	1.3	1.3	0.0
Other Grant	0.0	0.0	0.2	0.2
Total	16.5	14.4	11.3	-3.1

Provisional Reserves Balances

Reserve	Balance as at 31 March 2013 £'000	Transfer to Reserve £'000	Transfer from Reserve £'000	Transfer between Reserves £'000	Net Movement £'000	Balance as at 31 March 2014 £'000
Capital	40,400	0	(600)	0	(600)	39,800
Budget	28,330	26,887	(2,524)	18,975	43,338	71,668
Redundancy and equal pay	13,000	6,097	0	(9,000)	(2,903)	10,097
Self funded insurance	11,506	0	0	1,494	1,494	13,000
Devolved budget	7,487	0	0	(6,487)	(6,487)	1,000
Uniform & protective equipment	6,498	0	0	(3,498)	(3,498)	3,000
Mobile Data project	2,599	0	0	0	0	2,599
Major incident	2,153	0	0	0	0	2,153
POCA income	0	1,082	0	0	1,082	1,082
Football overtime	784	0	0	(784)	(784)	0
Helicopter	400	0	0	(400)	(400)	0
Restructuring	300	0	0	(300)	(300)	0
Financial Instrument Impairment	270	0	(270)	0	(270)	0
Earmarked Reserves	113,727	34,066	(3,394)	0	30,452	144,399
General Fund Reserves	12,042	0	0	0	0	12,042
Total Reserves	125,769	34,066	(3,394)	0	0	156,441