



STRATEGIC POLICING AND CRIME BOARD 2nd June 2015

Provisional Revenue and Capital Outturn 2014/15

PURPOSE OF REPORT

1. This report presents the provisional outturn position for Revenue and Capital expenditure for the financial year 2014/15, subject to external audit.

SUMMARY

2. The revenue outturn position is broadly in line with previous forecasts. At the end of the financial year and subject to any final accounting or external audit adjustments the provisional outturn figures in appendix 1 show an under spend of £2.5m (<0.5%) against the original budget of £543.6m. In accordance with the Budget Strategy the revenue budget underspend will be transferred to the Budget Reserve to assist with addressing the funding challenge over the CSR period.
3. The capital outturn position is shown in appendix 2. £34.1m of the original programme of £51.9m was spent which equals 65.7%. The under spend of £17.8m will be carried forward into 2015/16.

REVENUE OUTTURN 2014/15

Background

4. At the time the Original Budget for 2014/15 was prepared and approved the final shape and costs of a number of key developments and changes were uncertain, including:
 - The completion of the competitive dialogue process for the IIP, for which a revenue budget provision of £10m was made, together with outline allocations in the capital programme.
 - The final shape of the Stage 2 staff transfers, the budget provisions for which were based on a structure which had not been formally approved.

- Planning approvals and hence project plans for the refurbishment of Lloyd House, including decant costs etc.
 - The final recruitment profiles following the decision to restart police office recruitment, and the effects of police officer turnover.
 - The application of the Invest to Save Fund created by the former PCC.
5. The outturn now reflects the following major variations from the original budget, all of which have been reported to the Strategic Policing and Crime Board during the year as part of budget monitoring.
- (a) The costs of the IIP TOM and Spine in 2014/15 (£5.8M) following the decision to award the contract to Accenture in July 2014, together with the carry forward into 2015/16 to cover the cost of work agreed in 2014/15 but not yet completed, the cost of which could be contained within the total approved budget.
 - (b) The consequent decision to apply the IIP Reserve of £10m to finance the capital programme in 2014/15, reducing the need to call on capital reserves and thereby protecting future capital resources for IIP schemes.
 - (c) Underspendings on the PCC's office budget as a result of the office restructure but the creation of reserves to cover the cost of restructuring in 2015/16 and also legal support in relation to the Hillsborough enquiry.
 - (d) No expenditure on Invest to Save schemes, but the creation of a reserve (£0.5m) to provide funds to the PCC for such schemes in future, including match funding for external grants etc.
 - (e) Changes to Police Staff Pension costs to reflect past service costs and the costs of redundancies, both of which have been contained within the total budget without the need to draw on reserves.
 - (f) Savings on premises (part of which support the carry forward reserve for Lloyd House decant costs), transport (mostly on fuel costs) and supplies and services, including early achievement of budget review changes for forensic examination, photocopying, printing and IT consumables.
 - (g) Additional agency costs, mainly increased Home Office ICT charges.
 - (h) Increased external income relating to £4.2m for Operations major events and externally funded projects which offsets spending across all areas of the budget but mostly police officer pay, £1.0m for additional ROCU funding, £1.0m of additional rate rebates mostly from assets in Wolverhampton, £1.0m from local externally funded projects across the Force, £0.9m from secondments out of Force.
6. As paragraph 2 explains, the underspend will be transferred into the Budget Reserve. Details of all reserves will be reported as part of the final accounts process and will be subject to review by the Joint Audit Committee.

CAPITAL OUTTURN 2014/15

7. The capital outturn position is shown in appendix 3. £34.1m of the revised programme of £41.2m was spent which equals 83%.
8. The original budget for building projects was reprofiled to reflect slippage from 2014/15 to 2015/16 after the delay to the start of full refurbishment works at Lloyd House. The expenditure in year on building projects relates to the two custody builds (£18.9m) and Lloyd House (£5.0m).

9. The original budget for ICT was amended to reflect carry forward from 2013/14. The under spend represents both a holdback of BAU network spend to ensure new purchases embody the requirements of IIP and the rephasing of projects such as Digital Interview Recording.
10. All other areas of capital spending were broadly in line with the original plan.
11. The spend in 2014/15 has been funded by capital grants and revenue contributions. No new borrowing was required to finance the 2014/15 capital expenditure.

FINANCIAL IMPLICATIONS

12. This report solely deals with financial issues.

LEGAL IMPLICATIONS

13. The production of the PCC's Accounts is governed by the Local Government Act 1982 and Regulations made under that Act. The Local Government Act 1988 requires the PCC to make arrangements for the proper administration of its financial affairs.

RECOMMENDATIONS

14. The Board is asked to note the contents of this report.

Mike Williams
CFO to the PCC

David Wilkin
Director of Resources

Provisional Revenue Outturn Summary for 2014/15

	Original Budget 2014/15 £000	Actual Spend 2014/15 £000	Variation to Original Budget £000
<i>Police pay</i>	352,479	351,866	-613
<i>Police Community Support Officers</i>	18,309	17,623	-686
<i>Support staff pay</i>	95,065	99,366	4,301
<i>Other employees expenses</i>	1,804	4,046	2,242
Sub total	467,657	472,901	5,244
<i>Premises</i>	22,240	20,673	-1,567
<i>Transport</i>	7,794	7,247	-547
<i>Supplies and services</i>	45,049	42,253	-2,796
<i>Agency</i>	4,357	6,136	1,779
<i>Capital Financing Costs</i>	3,814	3,406	-408
<i>External income</i>	-24,409	-33,228	-8,819
<i>CTU</i>	2,642	2,615	-27
Police Force	529,144	522,003	-7,141
<i>IIP TOM, Spine etc</i>	0	5,839	5,839
<i>RCCO/IIP Reserve</i>	10,000	10,000	0
<i>Office of the PCC</i>	2,309	1,740	-569
<i>Invest to Save</i>	5,000	0	-5,000
	546,453	539,582	-6,871
<i>CSF Expenditure</i>	6,969	6,969	0
	553,422	546,551	-6,871
<u><i>Earmarked carry Forwards</i></u>			
<i>IIP</i>	0	1,699	1,699
<i>Invest to Save</i>	0	500	500
<i>Other Incl Lloyd House & Legal</i>	0	2,154	2,154
Total Revenue Budget	553,422	550,904	-2,518
<i>Reserve contribution to(+)/from(-)</i>	-9,866	-7,348	2,518
Total Revenue Budget	543,556	543,556	0

Provisional Capital Programme Outturn for 2014/15

	<i>Original Budget</i>	<i>Revised Budget</i>	<i>Actual Spend</i>	<i>Variance to Original Budget</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Building	42,960	28,955	23,864	-19,096
ICT	5,705	6,477	3,788	-1,917
Vehicles	3,000	3,000	3,021	21
Equipment	200	200	453	253
CTU	0	2,567	2,542	2,542
Other Grant	0	0	470	470
Total	51,865	41,199	34,138	-17,727