



STRATEGIC POLICING AND CRIME BOARD
7th July 2015

Financial Monitoring 2015/16

PURPOSE OF REPORT

1. This report highlights revisions to the revenue budget following the agreement of the WMP2020 Programme of Work, the impact of the carry forwards from 2014/15 outturn and the effects of other changes since the original budget was set.

BACKGROUND

2. The revenue budget set in February 2015 recognised the support needed for WMP2020, however at that time the Blueprint was still being produced. Now this has been completed and the Programme of Work agreed, it is appropriate to revise the revenue budget to reflect the anticipated costs and benefits and also reflect other known changes

REVISED REVENUE BUDGET 2015/16

3. The original budget for 2015/16 included target net revenue savings of £5m to be delivered by WMP2020 and this was included in the supplies and services budget while further details were being developed. The revised budget removes that savings target and allocates the costs and savings as detailed in "The WMP2020 Programme of Work" report that the Board approved at its meeting on the 16th June.
4. That report also recognised that WMP2020 was unlikely to generate the total target savings, but the shortfall could be met from higher than budgeted police officer and PCSO vacancies, which together with additional external income and other minor changes has been reflected in the Revised Budget.
5. The revised budget also reflects the carry forwards from 2014/15 of £2.795m (now included within Force supplies & services and premises budgets and the PCC's Office Budget) in respect of Lloyd House decant costs, legal costs including A19 and Hillsborough hearings and IIP work orders agreed in 2014/15.

6. During the first two months of 2015/16 a further 22 officers have transferred from core funded posts to externally funded roles in services such as CMPG, CTU and Safer Travel. This has resulted in further savings in police pay. However, the extent of this saving is partly offset by additional overtime required in Public Protection Unit and contingency allocations to support the demonstrations in Dudley.
7. The attrition rate of PCSOs either to take up Police officer or Police Staff roles, or leaving the organisation is higher than budgeted assumptions resulting in an underspend compared to the original budget of £0.7m.
8. The net effect of these changes is to reduce the use of the Budget Reserve in 2015/16 by £1.165m. In accordance with the Medium Term Financial strategy this will be retained within the Budget Reserve. It is particularly important to retain some flexibility given the increasingly uncertain nature of the future funding position. Further clarity on the position may be known when the Emergency Budget is announced on 8th July 2015 but actual funding allocations for 2016/17 are not likely to be known until late autumn 2015.
9. Cost reduction work will continue throughout the year to drive out additional savings and create more flexibility for the use of reserves over the medium term. As a result the underspend may increase as the year progresses.

10. The 2015/16 revised budget position is shown in the table below:

	2015/16 Base Budget	Budget Adjustments	2015/16 Revised Budget
	£000	£000	£000
<i>Police pay</i>	350,973	-3,468	347,505
<i>Police Community Support Officers</i>	17,403	-1,587	15,816
<i>Support staff pay</i>	99,556	-115	99,441
<i>Other employees expenses</i>	1,980	77	2,057
Sub total	469,912	-5,093	464,819
<i>Premises</i>	23,078	49	23,127
<i>Transport</i>	7,911	73	7,984
<i>Supplies and services</i>	48,687	6,149	54,836
<i>Agency</i>	4,441	12	4,453
<i>Capital Financing Costs</i>	3,816	0	3,816
<i>External income</i>	-27,303	-757	-28,060
Police Force	530,542	433	530,975
<i>Office of the PCC</i>	1,970	697	2,667
<i>CSF Expenditure</i>	6,969	0	6,969
<i>Invest to Save</i>	0	500	500
Total Revenue Budget	539,481	1,630	541,111
<i>Contribution from Budget Reserve</i>	-15,907	1,165	-14,742
<i>Contribution from Earmarked C/F Reserve</i>	0	-2,795	-2,795
Total Revenue Budget	523,574	0	523,574

Impact on Reserves

11. The impact of the revised 2015/16 budgetary changes on the reserves held is shown on the table overleaf. This is a complete list of the reserves currently held with the forecast balances at the end of the next 5 financial years.

	Balance as at 31/03/15 £000	Cont. From Reserves £000	Balance as at 31/03/16 £000	Forecast Use of Reserves £000	Projected Bal. at 31/03/20 £000
Budget Reserve	38,357	-14,742	23,615	-23,615	0
Capital Reserve	42,399	-23,500	18,899	-18,899	0
Budget Resilience*	25,492	0	25,492	0	25,492
Devolved Budget Reserve (inc earmarked carry forwards)	6,292	-2,795	3,497	-3,497	0
Uniform & Equipment Reserve	2,724	0	2,724	-2,724	0
Risk Reserve	1,022	0	1,022	-1,022	0
Redundancy and Equal Pay	10,097	-2,000	8,097	-8,097	0
Insurance Reserve	11,652	0	11,652	0	11,652
Major Incident Reserve	2,153	0	2,153	0	2,153
POCA Reserve	1,082	0	1,082	-1,082	0
General Fund Reserve	12,042	0	12,042	0	12,042
Total Revenue Budget	153,312	-43,037	110,275	-58,936	51,339

*Subject to further review when future grant allocations are known

CAPITAL OUTTURN 2015/16

12. The current budget is £50.1m, and year to date spend totals £3.0m. At this early stage in the year, expectations are that the full capital allocation will be spent. As the larger schemes progress any variances will be reported to future Board meetings.
13. The completion date for the Western Custody block is being finalised with the contractor and is likely to be around the end of September 2015. The slight delay will only effect the spend profile and all costs will still fall within 2015/16 with any operational and staffing impacts being managed by Criminal Justice services. Lloyd House and the Central Custody block are still on track and will continue to be closely monitored and reported.
14. The budgets for IIP and Estates Strategy will be allocated as business cases are approved.
15. Additional capital funding from ACPO TAM for vehicles (£1.1m) and equipment (£1.1m) has been added to the programme to cover CTU purchases.

	2015/16 Original Budget £000	Rephasing, C/fwd & Virements £000	2015/16 Current Budget £000	2015/16 Actual To Date £000	2015/16 Outturn Forecast £000
<i>Central Justice Services</i>	11,996	1,393	13,389	1,437	13,389
<i>NWOW (inc. Lloyd House)</i>	18,000	4,306	22,306	1,552	22,306
<i>ICT – Business as Usual</i>	595	1,178	1,773	27	1,773
<i>Mobility</i>	2,500	0	2,500	0	2,500
<i>Driver Standards</i>	1,200	0	1,200	0	1,200
<i>Vehicles</i>	4,150	0	4,150	2	4,150
<i>Equipment</i>	200	0	200	0	200
<i>Counter Terrorism</i>	0	2,175	2,175	13	2,175
Total Approved Schemes	38,641	9,052	47,693	3,031	47,693
<u>Subject to Approval</u>					
<i>IIP</i>	7,500	-5,100	2,400	0	2,400
<i>Estates Strategy</i>	2,500	-2,500	0	0	0
Total Capital Schemes	48,641	1,452	50,093	3,031	50,093

FINANCIAL IMPLICATIONS

16. This report solely deals with financial issues.

LEGAL IMPLICATIONS

17. 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

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

Mike Williams
CFO to the PCC

David Wilkin
WMP Director of Resources