AGENDA ITEM	5

STRATEGIC POLICING AND CRIME BOARD
4th March 2014

January Revenue Monitoring and Financial Health Indicators

PURPOSE OF REPORT

1. This report shows the forecast financial outturn based on the position at the end of January 2014 and the Financial Health Indicators.

2013/14 REVENUE OUTTURN FORECAST

2. The subjective summary shows the overall budget position, including pay and non-pay budgets, as an estimated under spend of £4.5m. This is in line with the position reported at last month's meeting and there are no significant new variations.

Subjective Breakdown	Current Budget £,000	Estimated Outturn £,000	Outturn Variance to Budget £,000
Police Pay (including overtime)	**359,645.6**	359,639.0	- 6.7
PCSO Pay (including overtime)	**17,449.6**	17,458.8	9.2
Police Staff Pay (including overtime)	**92,307.9**	92,711.7	403.8
Other employee Expenses	**2,480.4**	2,570.7	90.3
Premises	**22,204.2**	21,020.1	- 1,184.1
Transport	**9,340.9**	8,830.5	- 510.4
Supplies & Service	**40,944.3**	39,640.8	- 1,303.4
Agency	**4,296.6**	4,469.9	173.3
Capital Financing	**3,425.4**	3,412.8	- 12.6
External Income	**- 24,816.9**	- 26,899.2	- 2,082.3
CTU	**2,621.3**	2,621.3	- 0.0
Police Force	**529,899.3**	**525,476.4**	**- 4,422.9**
Office of the Police & Crime Commissioner	**1,884.0**	1,745.0	-139.0
CSF Expenditure*	**7,319.0**	7,319.0	0.0
CSF Grant	**- 6,969.0**	- 6,969.0	0.0
Total Revenue Budget	**532,133.3**	**527,571.4**	**- 4,561.9**

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

Capital Monitoring 2013/14

3. Last month's report included the routine capital monitoring update. Spend has slipped against the budget in general and there will be an underspend against the programme in 2013/14 due to delays in building programmes that have been previously reported. Since the last meeting, more detailed work in relation to the custody programme has identified that despite further value engineering work the costs of building the two new custody blocks is forecast to be higher than the allocated budget. The reason for the increase in costs is predominantly due to inflationary increases in the cost of building resulting from a more buoyant market than when the original cost estimates were undertaken.

4. The two new custody blocks are significant infrastructure investments that will support service improvements, provide further revenue budget savings into the medium term and release older inefficient cell blocks. It is therefore necessary for the custody build scheme budget to be increased from £30.6m to £34.6m. The risk of further cost increases has been reduced significantly, but not totally removed, because both sites have now been purchased and fixed price contracts are being used for the building works. The increase in capital cost can be funded by transferring the revenue budget underspend in 2013/14 to the capital reserve.

Financial Health Indicators

5. These indicators cover the key areas of financial management and are designed to provide reassurance of overall financial performance. The indicators are monitored on a monthly basis by the Finance Department and reported to the Strategic Policing and Crime Board twice per year. The appendix shows the position of each indicator for the period August 2013 to January 2014. Indicators that are meeting the agreed target are shown in green, with those not meeting the target in red. In general, nearly all the targets are being met and the overall position is positive. The targets not being met are:

6. Capital (Indicator 7) - This indicator reflects the slow start to the major works planned for the 2013/14 programme and the subsequent slippage of the programme.

7. Creditors (Indicator 15) – The indicator has been marginally below the target over the last few months due to disputed invoices, delays receiving invoices from suppliers and delays approving invoices for payment. A number of initiatives are underway to improve performance in this area including challenging Departments where delays occur, utilising consolidated invoices and introducing electronic invoice payment through the National Police Procurement Hub. The Payments Team has recently moved into the Shared Services Centre to build on synergies with the central ordering team to minimise the delays from query resolution and enhance operational resilience at peak times.

FINANCIAL IMPLICATIONS

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

LEGAL IMPLICATIONS

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

RECOMMENDATIONS

10. The Board is asked to note the report.

Mike Williams	David Wilkin
PCC's Chief Finance Officer	Director of Resources

Appendix 1 – Financial Health Indicators

	Reason for the Indicator	Indicator	Aug	Sept	Oct	Nov	Dec	Jan
Reserves								
1)	To ensure an appropriate level of general reserve is maintained as a "reserve of last resort"	Amount of the general reserve						
2)	To ensure sufficient funding for insurance liabilities is in place	Level of fund compared to anticipated liabilities	80 - 120%	80 - 120%	80 - 120%	80 - 120%	80 - 120%	80 - 120%
			92%	90%	80%	81%	81%	81%
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						
Revenue Budget								
4)	To ensure the revenue budget spending is in line with the approved budget	Forecast year end outturn compared to approved budget	+/- 1%	+/- 1%	+/- 1%	+/- 1%	+/- 1%	+/- 1%
			-4.7%	-4.9%	0.0%	-0.8%	-0.7%	-0.8%
5)	To ensure regular monitoring of the revenue budget takes place	Number of monitoring reports presented to Command Team in a financial year	1	1	1	1	1	1
			1	1	1	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	1	1	1	1	1	
			1	1	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	+/- 10%	+/- 10%	+/- 10%	+/- 10%	+/- 10%	+/- 10%
			-14%	-19%	-6%	-13%	-17%	-22%
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	1	1	1	1	1	
			1	1	1	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	> 100%	> 100%	> 100%	> 100%	> 100%	> 100%
			100%	100%	100%	100%	100%	100%

Reason for the Indicator	Indicator	Aug	Sept	Oct	Nov	Dec	Jan
Treasury Management			`				
10) To ensure the Authority's external debt stays within set limits.	External debt as a %age of the Authorised Limit	< 100%	< 100%	< 100%	< 100%	< 100%	< 100%
		49%	49%	49%	49%	49%	49%
11) To ensure the Authority's external borrowing costs are competitive	Average annual cost of external debt	< 5.25%	< 5.25%	< 5.25%	< 5.25%	< 5.25%	< 5.25%
		4.84%	4.84%	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	> 100%	> 100%	> 100%	> 100%	> 100%	> 100%
		192%	186%	175%	167%	161%	157%
Audit							
13) To ensure the annual accounts are prepared in accordance with statutory requirements	Draft accounts presented to Audit committee						
14) Accounts Published	Draft accounts published		30-Sep				
			30-Sep				
Creditors							
15) To ensure the Authority pays invoices within statutory timescales	%age of invoices paid within 30 days	80%	80%	80%	80%	80%	80%
		77%	78%	79%	78%	79%	72%
Debtors							
16) To ensure the Authority recovers monies due to it within reasonable timescales	%age of debtors older than 3 months	5%	5%	5%	5%	5%	5%
		1.8%	1.9%	1.5%	4.4%	4.7%	2.5%

Note: Where cells are greyed out this is because the relevant indicator is only measured at set time periods throughout the year linked to the purpose of the indicator, for example final accounts are only published once in a financial year.