



STRATEGIC POLICING AND CRIME BOARD
2nd December 2014

Financial Monitoring 2014/15

PURPOSE OF REPORT

1. This report presents the estimated outturn position for Revenue expenditure for the financial year 2014/15, based on actual spend up to the end of September 2014. It also reports on the capital expenditure to that date.

REVENUE OUTTURN 2014/15

2. The revenue budget was revised in July 2014 to reflect costs associated with Accenture in relation to WMP2020 programme. This showed a net increase of £3.7m compared to the original approved budget.
3. The subjective summary, in Table 1, shows the overall budget position, including pay and non-pay budgets, as an estimated under spend of £7.0m, compared to the revised budget, or £3.2m compared to the original budget.
4. As reported to the Board in September, the anticipated overspend on Police Officer pay is offset by the over-achievement of external income. This predominantly relates to the policing of the Conservative party conference (Operation Pelkin) and the NATO conference (Operation Ismay). The expenditure in relation to these operations was approximately £2.5m in Police officer overtime which is partly offset by anticipated income of £2.2m. The remaining £0.3m is the Force costs in relation to Pelkin as funding is only received for 85% of the actual spend. An additional £0.7m of external income relates to contributions for officers who are seconded outside of the Force.
5. In the first half of 2014/15, the Force had a number of police staff vacancies in key areas (including ICT, Shared Services and HR). The Managerial decisions at that time were to fill these roles with temporary staff on a short term basis, with a further decision to cover vacant posts within the Contact Centre, by way of additional overtime. Proactive recruitment to these roles has now taken place which has reduced the current temporary staff to a minimum (one post) to support Police Officer recruitment, but will be removed completely by the end of the year. The funding for the vacant posts was removed as a part year saving in the revised budget process, but the costs of temporary staff was not recognised at that point. This has resulted in a one off in year overspend on Police staff pay of £0.8m.

6. Within Other Employee Costs there are in year redundancy costs totalling £0.2m, the intention is to fund these from in year savings. Similarly the costs of equal pay claims (£0.2m) will be absorbed within the overall net underspend in the first instance and should that not be possible, then the strategy will be to call upon the earmarked reserve that was set aside for this purpose.
7. The underspend on Supplies & Service and Premises arise from the early achievement of budget review savings in this financial year, ahead of the permanent budget reductions being made for 2015/16. The significant savings areas that have so far been identified are forensics, reactive maintenance, confidential waste, photocopying, printing and postage.
8. The Office of the Police & Crime Commissioner is showing an underspend of £0.2m which reflects additional posts including in the budget as part of the Stage 2 transfer which is currently under review.
9. When the Strategic Police and Crime Board approved the revised budget in September it was agreed that the Invest to Save scheme budget of £5.0m would be retained but would be subject to further review. It is now likely that the majority of this budget will not be spent and the forecast reflects a prudent level of expenditure for 2014/15.

Table 1 – Subjective Summary of Expenditure

Subjective Breakdown	Revised Budget Sep-14 £,000	Actual to Sep-14 £,000	Estimated Outturn £,000	Outturn Variance to Budget £,000
Police Pay	350,296.7	186,862.7	352,454.6	2,157.9
Police Community Support Officers	18,311.8	9,066.3	18,127.7	- 184.1
Police Staff Pay	95,126.9	51,987.9	95,913.8	786.9
Other employee Expenses	1,986.5	966.6	2,395.3	408.8
Sub Total – Pay & Expenses	465,721.9	248,883.5	468,891.4	3,169.5
Premises	23,485.7	9,094.5	22,434.3	- 1,051.4
Transport	7,942.6	2,927.1	8,016.6	74.0
Supplies & Service	52,358.1	19,967.6	50,510.3	- 1,847.8
Agency	4,742.4	204.0	4,850.6	108.2
Capital Financing	3,814.0	- 3,592.9	3,865.3	51.3
External Income	- 27,843.8	- 13,869.6	- 30,841.6	- 2,997.8
CTU	2,633.9	640.1	2,633.9	0.0
IIP Reserve	10,000.0	0.0	10,000.0	0.0
Police Force	542,854.8	264,525.3	540,631.8	- 2,223.0
Office of the Police & Crime Commissioner	2,309.0	920.7	2,069.1	- 239.9
Community Safety Fund	6,969.0	2,438.9	6,969.0	0.0
Other grants	0.0	- 877.9	0.0	0.0
Invest to Save	5,000.0	0.0	500.0	- 4,500.0
Total Office of the Police & Crime Commissioner	14,278.0	2,481.7	9,538.1	- 4,739.9
Total Revenue Budget	557,132.8	267,007.0	550,169.9	- 6,962.9

Capital Expenditure 2014/15

10. The 2014/15 Capital programme reflects schemes that are the on-going replacement of assets or new schemes that will generate a benefit in the short term or represent good alignment with the medium term strategy.
11. The budget described as Central Justice Services comprises of £8.8m for the Western Custody provision, £11.0m for the Central Birmingham Custody provision and £0.4m for Digital Interview Recording. The expenditure incurred to date is related to the building work.
12. The first phase of the Central Birmingham rationalisation is represented within the budgets for NWOW and NWOW Interdependency and the spending to date relates to Lloyd House and the Data Centre move.
13. ICT Resourced Projects reflects the planned costs of Microsoft Stack, whilst the business as usual budget reflects maintenance of existing Force systems.
14. The below table shows the Capital Budget Monitoring.

	2014/15 Original Budget £000	2014/15 Revised Budget* £000	Budget YTD £000	Actual YTD £000	Variance YTD £000
Central Justice Services	20,180	20,915	4,337	5,138	801
NWOW	22,250	22,951	3,300	977	(2,323)
NWOW Interdependency	2,080	1,580	1,300	19	(1,281)
GRS	80	80	40	0	(40)
ICT – Business as Usual	1,075	1,225	625	160	(465)
ICT Resourced Projects	3,000	3,071	0	(28)	(28)
Vehicles	3,000	3,000	1,350	1,201	(149)
Equipment	200	200	0	3	3
Counter Terrorism**	0	0	0	703	703
	51,865	53,022	10,952	8,173	(2,779)

**Includes Agreed carry forward from 2013/14*

*** Additional capital funding is expected to be added from CTU*

FINANCIAL IMPLICATIONS

15. This report solely deals with financial issues.

LEGAL IMPLICATIONS

16. 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

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

Mike Williams
CFO to the PCC

David Wilkin
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