



STRATEGIC POLICING AND CRIME BOARD
7th June 2016

Provisional Revenue and Capital Outturn
2015/16

PURPOSE OF REPORT

1. This report presents the provisional outturn position for Revenue and Capital expenditure for the financial year 2015/16, prior to scrutiny by the external auditors.

SUMMARY

2. The revenue outturn position shown in Appendix 1 shows that at a Force level the underspend at outturn was £7.3m or 1.4% of the Force level budget. This occurred largely as a result of a number of one-off in year savings which are further detailed later in this report.
3. This financial year has represented the first full year of the WMP2020 Change Programme where many projects have been initiated. As would be expected with a change programme of this scale, there have been some complexities in defining the financial years in which changes and expenditure will take place. Within the budgets allocated for projects there were underspends totalling £5.1m, however this underspend will be carried forward from 2015/16 to meet the project costs that will now be incurred in the next financial year.
4. In addition to the project costs risk provision had been budgeted at £2.2m. Given the nature of this provision and the difficulty in timing when risks may arise requiring mitigation the provision was originally allocated at the beginning of each project and will be carried forward so that the provision can be allocated over the life of a project spanning multiple financial years.
5. Within the Office of the PCC there was an underspend of £0.7m, with £0.5m of this allocated to carry forward into 2016/17 to fund the European Social Fund Youth Employment Initiative and Active Citizens.
6. Adding all of these elements together gives a provisional outturn of an underspend of 2.7%; £14.7m against the revised budget of £541.3m, which can be summarised as follows (and is presented in greater detail in Appendix 1):

	<i>Revised Budget 2015/16 £m</i>	<i>Actual Spend 2015/16 £m</i>	<i>Variation to Revised Budget £m</i>
Force	513.6	506.3	-7.3
Change	17.5	10.8	-6.7
PCC	10.1	9.4	-0.7
Total	541.2	526.5	-14.7

7. The capital outturn position is shown in Appendix 2. £40.5m of the revised programme of £43.4m was spent which equals 93.3%. The underspend of £2.9m will be carried forward into 2016/17.

REVENUE OUTTURN 2015/16

8. In July 2015 a revised revenue budget was approved by the PCC and reported to SPCB. This fully reflected the costs associated with the WMP2020 Programme of Work.
9. The outturn on the pay budgets reflects the position that has been reported throughout the year and shows that all areas are in line with budget. The underspend now shown on Police staff pay is the result of applying an earmarked provision to fund the remaining equal pay claims, which had previously been reported as a potential cost in year. The overspend on other employee expenses arises from redundancy costs as we go through the change programme and is offset by the associated savings made within Police Staff pay.
10. Within premises the underspend which is shown arises from a number of one off in year savings being achieved from changes in contracted suppliers and stock condition works (£0.7m), carbon credits which were paid in advance in 2014/15 (£0.4m), rates rebates and rent reviews (£0.5m), electricity savings from a change to the way electricity bills are determined (£0.4m), utility savings from mild weather (£0.3m) and a reduction in external consultant fees due to the Change Programme. The remaining savings are from reduced spending in year on improvements and alterations due to the change programme work being undertaken.
11. The underspend within transport is due to the fact the budget has assumed fuel prices would increase during the year when in reality they have fallen significantly resulting in £1.1m of the underspend, which is being treated as one off for current financial planning. The remaining underspend within the transport area was predominately from a reduction in the use of external vehicle hire and transport expenses across the Force being less than budget.
12. The £0.9m overspend shown on Agency fees is due to Home Office ICT charges. For an extended period there was a lack of clarity from the Home Office of the charges that were to be made and some of the additional charges paid for in year relate to previous years that the Force was only made aware of this year. A considerable amount of work has been done with contacts within the Home Office to ensure this position is rectified for 16/17 and the budgets will be set to allow for the known charges.

13. The capital financing costs underspend of £0.6m has been achieved because investments have performed better than the prudent budget estimations meaning that we have realised more interest.
14. The over achievement of External Income achieved has resulted from a number of sources including Speed Awareness, Prosecution Costs, Liquidated Damages and Legal Recharges. Some of these items are one off, whilst others are projected to exceed the current budget.
15. It was reported to Strategic Policing & Crime Board in November 2015 that with a change programme of the complexity that the Force is currently undertaking that it would be reasonable to expect that expenditure items would move between financial years and this was the reason for drawing this area out separately within the financial reports. As explained in paragraph 4 of this report the risk provision has not been spent in year but will be carried forward to allocate over the life of the projects.
16. The underspend of £5.1m (plus £2.2m risk provision) shown against projects has all been earmarked to carry forward into 2016/17. This underspend will support the live projects where expenditure has moved between financial years and will also be available for additional investment in areas such as People & Leadership.
17. As part of the year end process each project has been reviewed in detail by the Finance team who can confirm that the majority of projects remain within their total project budget. Some have experienced underspends in year due to minor delays and in these circumstances budget will be carried forward to fund the agreed project expenditure which will now take place in 2016/17.
18. The only exception to this is an overspend of £0.2m on the Body worn Camera project which relates solely to being unable to claim some of the PIF funding for the project within the set timescales. The project remains on track to deliver within its budgets but the additional funding needs to be allocated for the income that was not received.
19. As we move through 2016/17 the project areas will be closely monitored and quarterly reports will be reviewed by the Organisational Change Board to ensure that even where spending moves between financial years the total project budget that had been agreed is achieved.
20. As detailed in paragraph 5 most of the underspend within the Office of the PCC will be carried forward. The main cause of the underspend is re-phasing of projects into 2016/17.

BUDGET RESERVE

21. The revised budget planned for the use of £17.7m from the Budget Reserve. Due to some of the in year savings made against the budget this contribution has reduced to £11.7m. This means that the Budget Reserve is still available to utilise across the remaining change programme. The Force is currently refreshing its Medium Term Financial Plan in line with the PCC's Police and Crime Plan, and will report its reserves strategy including investment opportunities to the Board in September 2016.

22. The Budget Reserve position is detailed in the table below:-

	Original Allocation	2014/15 Applied	2015/16 Applied	2016/17 Budget	To Be Allocated
	£m	£m	£m	£m	£m
Budget Reserve	45.0	6.6	11.7	9.1	17.6

CAPITAL OUTTURN 2015/16

23. The capital outturn position is shown in Appendix 2. £40.5m of the revised programme of £43.4m was spent which equals 93%.
24. The original budget for building projects was increased 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 (£11.9m), Lloyd House (£19.9m) and Bloxwich refurbishment (£0.5m).
25. The original budget for ICT was amended to reflect carry forward from 2014/15. The underspend, on revised budget, represents both a holdback of BAU spend and the slippage of the Digital Interview Recording project.
26. Spending on the vehicle replacement programme was in line with the revised 2015/16 plan; adjusted for the postponement of the purchase of PSUs.
27. CTU have incurred expenditure on vehicles and equipment in line with grants awarded in the year.
28. The budget for IIP projects was allocated during 2015/16 as business cases were approved. The expenditure relates to CAID (£23k), Mobility Platform (£444k), Body Worn Camera (£442k), and Consolidated Operational Redesign (£270k). All unspent budgets will be carried forward to the 2016/17 Capital Programme.

FINANCIAL IMPLICATIONS

29. This report solely deals with financial issues.

LEGAL IMPLICATIONS

30. 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

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

Mark Kenyon
CFO to the PCC

David Wilkin
Director of Resources

Provisional Revenue Outturn Summary for 2015/16

	Revised Budget 2015/16	Actual Spend 2015/16	Variation to Revised Budget
	£000	£000	£000
<i>Police pay</i>	347,849	348,496	647
<i>Police Community Support Officers</i>	15,817	15,099	-718
<i>Support staff pay</i>	99,696	97,500	-2,196
<i>Other employees expenses</i>	2,006	3,830	1,824
Sub total	465,368	464,925	-443
<i>Premises</i>	19,136	16,086	-3,050
<i>Transport</i>	8,027	6,631	-1,396
<i>Supplies and services</i>	37,553	37,939	386
<i>Agency</i>	5,081	5,990	909
<i>Capital Financing Costs</i>	3,819	3,195	-624
<i>External income</i>	-25,398	-28,475	-3,077
Police Force	513,585	506,291	-7,294
<i>IIP TOM, Spine etc</i>	5,222	5,222	0
<i>Risk Provision</i>	2,218	0	-2,218
<i>Projects*</i>	10,089	5,588	-4,501
Change Programme	17,529	10,810	-6,719
Total Force Including Change	531,114	517,102	-14,012
<i>Office of the PCC</i>	2,667	1,971	-696
<i>CSF Expenditure</i>	6,969	6,969	0
<i>Invest to Save</i>	500	500	0
Office of the PCC	10,136	9,440	-696
Total Force, Change & PCC	541,250	526,542	-14,708
<i>Earmarked carry Forwards</i>			
<i>Risk Provision & Projects</i>	0	7,343	7,343
<i>Other Incl POCA & PCC</i>	0	1,405	1,405
Total Revenue Budget	541,250	535,290	5,960
<i>Reserve contribution to(+)/ from(-)</i>	-17,676	-11,716	-5,960
Total Revenue Budget	523,574	523,574	0

*Note this is the net revenue underspend on projects after taking into account £624,000 capital funding

Provisional Capital Programme Outturn for 2015/16

	<i>Revised Budget</i>	<i>Actual Spend</i>	<i>Variance to Revised Budget</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>
<i>Building</i>	30,301	32,272	1,971
<i>ICT</i>	2,626	1,276	-1,350
<i>Vehicles</i>	3,000	3,038	38
<i>Equipment</i>	200	262	62
<i>CTU</i>	2,305	2,316	11
<i>WMP2020</i>	4,948	1,179	-3,769
<i>Other Grant</i>	0	168	168
<i>Total</i>	43,380	40,511	-2,869