



Cumbria Office of the Police and Crime Commissioner Report

Title: Commissioner's Revenue Budget Monitoring 2015/16 Quarter 2 (September 2015)

Date: 4 November 2015

Originating Officer: Michelle Bellis – Deputy Chief Finance Officer

Report of the PCC Chief Finance Officer

1. Purpose of the Report

1.1. The purpose of this report is to provide an update on the Commissioner's revenue budget monitoring position for 2015/16 based on actual and committed spending for the first six months to September 2015 plus a forecast for the remainder of the year. The current forecast of net expenditure amounts to £94.792m compared to an approved budget of £94.871m. This is a net variance of £80k (0.07%) and comprises £50k over achievement of income and £30k underspend on expenditure. The net variance at September is only slightly higher than the position reported at the end of the first quarter to June 2015 which was £26k.

2. Recommendation

2.1. The Commissioner is asked to note the latest estimate of the revenue budget position for 2015/16.

3. Revenue Expenditure

3.1. The provisional outturn for net expenditure, after taking account of movements to and from earmarked reserves, amounts to £94.792m, and is £80k (0.08%) under the approved budget of £94.871m. The forecast position is made up of £188k underspend in respect of funding provided to the Constabulary (made up of anticipated over recovery of income of £50k and a forecast underspend on expenditure of £138k) plus a £108k overspend in respect of budgets controlled by the Commissioner (made up of a forecast overspend on expenditure of £61k and a forecast under achievement of income £47k).

3.2. The principal variances at the end of quarter 2 (30 September 2015) are outlined in the table below:

Description	Base Budget 2015/16 £000s	Revised Budget 2015/16 £000s	Forecast Outturn 2015/16 £000s	Forecast (Under)/Overspend £000s	Forecast (Under)/Overspend %	Explanation Paragraph
Office of the Police and Crime Commissioner	799	789	778	(11)	-1.35%	3.3
Other PCC Budgets	(10,083)	(6,695)	(6,576)	119	-1.78%	3.4
Funding Provided to the Constabulary	108,513	106,963	106,775	(188)	-0.18%	3.5
Movements To / (From) Reserves	(4,358)	(6,186)	(6,186)	0	0.00%	
Net Expenditure	94,871	94,871	94,792	(80)	-0.08%	
External Funding	(94,871)	(94,871)	(94,871)	(0)	0.00%	
Total	0	0	(80)	(80)	-0.08%	

A more detailed analysis of the figures in the above table is provided at **Appendix A**. Commentary on specific variances is provided in the paragraphs below.

3.3. The budget for the Office of the Police and Crime Commissioner is forecasting to come in under budget by £11k (previously £11k at June). The forecast underspend has arisen from a combination of factors but in the main relates to the OPCC contingency budget of £15k which is currently forecast not to be needed in the year. This is being offset slightly by the additional costs of the temporary secondment of a police officer into the partnerships and strategy manager role.

3.4. The Other PCC Controlled Budgets are forecast to come in over budget by £119k (previously £36k at June). The overspend is made up of:

- expenditure on premises costs (£61k). This relates to premises repair and maintenance projects at the HQ site to provide essential maintenance and upgrade to the electrical infrastructure to provide greater electrical resilience.
- increase in insurance premiums (£8k). The increase in insurance premiums is linked to the announcement in the Chancellor's July budget that insurance premium tax (IPT) will increase from 6% to 9.5% in November. The Commissioner/Constabulary insurance premiums are due for renewal on 1 November and it is estimated that the full year effect of the increase in IPT will amount to £20k, this equates to £8k in the 2015/16 for the 5 month period November to March 2016.

- variation in grant income (£44k). The Commissioner receives a specific grant to support funding for a number of police officer posts. At the time of budget setting final grant allocations were outstanding. The actual grant notice from the home office is £44k less than the amount estimated within the budget. Actual expenditure on police officer pay funded by this grant is in line with the notified grant award.
- reduction in interest and investment income (£3k). The current forecast is that investment income for the year will be £122k against a budget of £125k. The treasury management activities report elsewhere on this agenda provides details.
- Expenditure on Commissioned Services (£3k). The current forecasts for commissioned services are for an increase in expenditure compared to budget of £3k.

3.5. The Commissioner provides funding of £108.5m to the Chief Constable to operate the Constabulary under the terms of a funding arrangement. The Chief Constable is currently forecasting an underspend of £188k (0.18%) against this budget. The forecast underspend is made up of £138k underspend on expenditure budgets plus anticipated additional income of £50k. The primary reason for the underspend relates to changes in the profile for police office recruitment compared to the budget and reduced transport costs. Decisions on recruitment will continue to take into account the financial implications of the government's current funding proposals and may therefore result in an underspend during the 2015-16 financial year. The Chief Constable has provided a separate report elsewhere on this agenda which provides a specific update regarding funding provided to the Constabulary.

3.6. The Commissioner maintains the police property act fund. This fund has been accumulated over a period of time as a result of the disposal of property coming into the possession of the police under the Police Property Act 1987 and the Powers of Criminal Courts Act 1973. On a quarterly basis community groups or individuals can submit applications for funding to the Commissioner, the proposals should support priorities within the Commissioner's Police and Crime Plan, have an impact on community safety and crime reduction or contribute to the delivery of the Constabulary youth strategy (e.g. diversionary activities for young people). At 30 September 2015, the fund amounted to £62k. In September awards to successful applicants totalling £2.15k were made and details of these are shown in **Appendix B**. Further details of the funding allocations can be found on the Commissioner's website <http://www.cumbria-pcc.gov.uk/working-for-you/property-fund.aspx>

Revenue Budget Monitoring 2015/16 – Quarter 2 to September 2015

Appendix A

Description	Base Budget 2015/16 £	Revised Budget 2015/16 £	Budget To Date 2015/16 £	Actual To Date 2015/16 £	Forecast Outturn 2015/16 £	Variance (Under)/Overspend 2015/16 £	Projected (Under)/Overspend @ June '15 £	Change Jun'15 Sep'15 £
Office of the Police and Crime Commissioner	799,004	789,004	403,037	406,584	778,384	(10,620)	(11,232)	612
Other PCC Budgets								
Commissioned Services Budget	2,699,000	2,481,694	944,049	619,468	2,483,797	2,103	(100)	2,203
Sexual Assault Support Services	0	192,306	(44,758)	(30,460)	192,805	499	0	499
PCC Efficiency Savings Identified In-year	0	0	0	0	0	0	0	0
Estates	3,716,924	3,995,124	1,503,347	2,287,384	4,056,239	61,115	28,032	33,083
Insurances	506,816	506,816	293,577	291,650	515,088	8,272	8,795	(523)
LGPS Past Service Cost	799,000	0	0	0	0	0	0	0
Redundancies	1,830,000	1,040,540	267,000	266,232	1,040,541	1	0	1
Provision for Insurance Liability	196,175	196,175	0	0	196,175	0	0	0
Technical Accounting	859,231	723,845	0	0	723,845	0	0	0
Capital Financing	4,888,993	7,572,442	6,537,438	6,537,438	7,572,442	0	0	0
Grants & Contributions	(25,454,489)	(23,279,024)	(16,445,356)	(16,405,214)	(23,234,798)	44,226	(372)	44,598
Interest/Investment Income	(125,000)	(125,000)	(62,502)	(39,262)	(122,000)	3,000	0	3,000
	(10,083,350)	(6,695,082)	(7,007,205)	(6,472,764)	(6,575,866)	119,216	36,355	82,861
Total Police & Crime Commissioner Directly Controlled	(9,284,346)	(5,906,078)	(6,604,168)	(6,066,180)	(5,797,482)	108,596	25,123	83,473
Constabulary Funding	112,479,625	111,108,016	48,558,606	46,971,812	110,970,255	(137,761)	(40,451)	(97,310)
Constabulary Income	(3,966,595)	(4,144,801)	(2,011,353)	(2,087,361)	(4,195,199)	(50,397)	(10,260)	(40,137)
Total Constabulary Funding	108,513,030	106,963,215	46,547,253	44,884,451	106,775,056	(188,159)	(50,711)	(137,448)
Total Approved Budget	99,228,684	101,057,137	39,943,085	38,818,271	100,977,574	(79,563)	(25,588)	(53,975)
Transfers To/(From) Earmarked Revenue Reserves	(2,236,827)	(1,415,145)	(2,205,121)	(2,205,121)	(1,415,145)	0	0	0
Transfers To/(From) Capital Reserves	(2,120,677)	(4,770,812)	(4,770,812)	(4,770,812)	(4,770,812)	0	0	0
Transfers To/(From) General Revenue Reserves	0	0	0	0	0	0	0	0
Aggregated External Financing	(94,871,180)	(94,871,180)	(47,435,583)	(47,435,584)	(94,871,180)	(0)	(0)	0
Net Requirement	0	0	(14,468,431)	(15,593,246)	(79,563)	(79,563)	(25,588)	(53,975)

Appendix B

Police Property Act Awards - Quarter 2 September 2015

Award To	Amount Awarded £
Ullswater Community College	450
Aspatria RUFC	400
Ulverston Bringing Communities Together	300
The Whitehaven Foyer	1,000
Total	2,150

Further details of the funding allocations can be found on the Commissioner's website
<http://www.cumbria-pcc.gov.uk/working-for-you/property-fund.aspx>