

**To December 2016  
(Quarter 2 to Quarter 3)**

**Headlines**

The current forecast of net expenditure amounts to £96.926m compared to a revised budget of £95.675m.

The variance amounts to a forecast overspend of £1.252m (1.31%) and is made up as follows:

- A forecast overspend of £173k (1.47%) in respect of the Commissioner’s budgets.
- A forecast overspend on Constabulary budgets of £1.079m (1%) of which, £517k (0.46%) represents an overspend on expenditure budgets and £562k (9.76%) reflects a forecast under recovery of income.

The forecast overspend has increased by £369k compared to the position reported at the end of Quarter 2 (September).

**Police Property Act**

The balance in the Police Property Act Fund at the end of Quarter 3 (31 December) was £131k. During Quarter 3 awards were made to successful applicants totalling £2.1k, details of which can be found on the Commissioners website.

Description	Revised Budget	Forecast Outturn	Forecast (Under)/Overspend	Forecast (Under)/Overspend	Forecast (Under)/Overspend	Change in Forecast JUN-16 to DEC-16
	2016/17 £'000s	2016/17 £'000s	2016/17 £'000s	2016/17 %	@ SEP-16 £'000s	to DEC-16 £'000s
Office of the Police and Crime Commissioner	764	749	(15)	-1.98%	(20)	5
Other PCC Budgets	(13,453)	(13,265)	188	-1.40%	22	166
Movements To / (From) Reserves	909	909	(0)	0.00%	0	(0)
<b>Total OPCC Budgets</b>	<b>(11,781)</b>	<b>(11,608)</b>	<b>173</b>	<b>-1.47%</b>	<b>2</b>	<b>171</b>
Funding Provided to the Constabulary	107,455	108,534	1,079	1.00%	881	198
<b>Net Expenditure</b>	<b>95,675</b>	<b>96,926</b>	<b>1,252</b>	<b>1.31%</b>	<b>883</b>	<b>369</b>
External Funding	(95,675)	(95,675)	0	0.00%	0	0
<b>Total</b>	<b>0</b>	<b>1,252</b>	<b>1,252</b>		<b>883</b>	<b>369</b>

**Overview**

The overspend on the Commissioner’s own budgets arises principally as a result of forecast increases in premises related costs (£204k) and a forecast reduction in investment income (£10k), these are being partially offset by a forecast reduction in the costs of the Office of the PCC (£15k), reductions in insurances (£13k) and a forecast increase in grant income (£13k).

With regard to the Constabulary overspend, the Constabulary is facing a number of budget pressures that have come to light since the budget was set for 2016/17. These funding pressures have been discussed by the Chief Constable and Commissioner, and the Constabulary is currently seeking to manage expenditure during 2016/17 within the overall funding envelope provided by the Commissioner. In the event that this is not possible, a number of options are being developed including the use of the Chief Constable’s contingency, reducing the amount of revenue funding required to finance the capital programme and a drawdown of reserves.

**Change between September and December**

The forecast overspend has increased by £369k from £0.883m at September to £1.252m as at December.

Of this increase, £171k relates to the Commissioner’s “other PCC” budgets and is largely as a result of a forecast increase in respect of premises costs. The increase in the premises overspend arises as a result of a number of individual changes. Within the premises repair and maintenance budget there are additional costs associated with works to the HQ site in respect of flood reinstatement which are over and above the insurance receipt and other minor works across the estate. The utilities budget is seeing pressures associated with new contracts in respect of electricity, an increase in the number of premises that attract a climate change levy as a result in a change in the application of this levy and increases in respect of metered water and sewerage and environmental charges.

The forecast overspend in respect of funding provided to the Constabulary has increased by £198k. This increase is largely as a result of previously anticipated income in respect of specialist police services slipping into 2017/18 and also reflects increases in the forecast for police officer pay and reductions in respect of police staff pay.