



Cumbria Office of the Police and Crime Commissioner Report

Title: Commissioner's Revenue Budget Monitoring 2018/19 Quarter 4 and Provisional Outturn 2018/19

Date: 09 May 2019

Originating Officer: Michelle Bellis – Deputy Chief Finance Officer

Report of the Joint Chief Finance Officer

1. Purpose of the Report

1.1. The purpose of this report is to provide information on the provisional revenue outturn for 2018/19. Total net expenditure amounts to £98.823m compared to an approved budget of £98.627m. This is a net variance of £196k (0.20%). The variance represents an overspend of £217k in relation to funding provided to the Constabulary and an underspend of £21k on budgets managed by the OPCC. The forecast variation of £196k represents a reduction in the forecast overspend of £427k compared to the £623k reported as at 31 December 2018.

2. Recommendation

2.1. The Commissioner is asked to note the combined provisional outturn position of an overspend of £196k for the financial year 2018/19.

2.2. The Commissioner is asked to approve the financing of this overspend through a drawdown of the budget support earmarked reserve. It should be noted that a contribution was made to the budget support reserve during 2018/19 as a result of an underspend on the Business Intelligence capital project, which offsets the sum utilised to meet the revenue budget overspend.

3. Revenue Expenditure

- 3.1. The provisional outturn for net expenditure, after taking account of movements to and from earmarked reserves, amounts to £98.823m, and is £196k (0.20%) over the approved budget of £98.627m. The forecast overspend position is made up of an underspend of £21k in respect of budgets controlled by the Commissioner (made up of a net overspend on expenditure of £41k offset by the over recovery of grant and investment income of £62k).
- 3.2. The principal variances at the end of the financial year are outlined in the table below with comparative figures reported as at December 2018:

Description	Revised Budget 2018/19 £'000s	Provisional Outturn 2018/19 £'000s	Provisional (Under)/ Overspend 2018/19 £'000s	Provisional (Under)/ Overspend 2018/19 %	Projected (Under)/ Overspend @ DEC-18 £'000s	Change in Forecast DEC-18 to ADJ-19 £'000s
Office of the Police and Crime Commissioner	723	676	(47)	-6.50%	(49)	2
Other PCC Budgets	(16,445)	(16,419)	26	-0.16%	26	0
Movements To / (From) Reserves	(831)	(831)	0	0.00%	0	0
Total OPCC Budgets	(16,553)	(16,574)	(21)	0.13%	(23)	2
Funding Provided to the Constabulary	115,180	115,397	217	0.19%	646	(429)
Net Expenditure	98,627	98,823	196	0.20%	623	(427)
External Funding	(98,627)	(98,627)	0	0.00%	0	0
Total	0	196	196		623	(427)

A more detailed analysis of the figures in the above table (not rounded) 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 came in under budget by £47k or 6.50% (previously £49k or 6.77% at December). The underspend is largely as a result of underspends on staffing.
- 3.4. The Other PCC Controlled Budgets came in over budget by £26k or 0.16% (previously over budget by £26k or 0.16% at December). The net overspend is made up of overspends on the following expenditure lines:
- An increased contribution at year end to the Constabulary balance sheet provision in respect of legal claims of a net £37k.
 - Increased estates costs £33k. Including additional spend on repairs and maintenance and utilities.
 - Increased Insurance costs of £18k. This relates to new cyber and data cover.

These overspends are being partially offset by underspends on the following budget lines. The most significant of which was :

- An increase in the amount of investment income received in the year £71k, this is due in the main to increased interest rates achieved on investments.

- 3.5. The Commissioner provides funding to the Chief Constable to operate the Constabulary under the terms of a funding arrangement. The Chief Constable has reported a provisional outturn position of an overspend against this budget of £217k or 0.19% (£646k at December). The forecast overspend is made up of an overspend on expenditure budgets of £836k (previously £1.062m at December) offset by an increase in income of £619k (previously £416k at December). The overspend at the year-end is largely as a result of additional expenditure on police pay to facilitate early recruitment of the additional 25 police officers as pledged by the Commissioner in relation to the increase in council tax precept in 2018. In addition, a decision was made to operate approximately 20 police officers over establishment for the remainder of the 2018/19 financial year to counterbalance the reduction in actual PCSO numbers (who have left to join as regular PCs) and to safeguard against potential difficulty in recruiting as a result of the forthcoming changes in relation to the Police Education Qualification Framework (PEQF).

Other areas of the budget where overspend have occurred include police staff budgets £191k, due to reduced number of vacancies, and other employee costs £164k resulting from additional training, management of change costs and costs associated with additional recruitment. This is partially offset by reduced expenditure on PCSO pay £264k (changes to workforce plan) reduced spending on communications and computing £161k, contingency £145k (this was included in the budget to cushion against potential price rises as a result of Brexit and the impact of the weakening of the pound against the dollar, but was not required in 2018/19). Efficiency savings of £76k were also realised. The Constabulary has also experienced an increase in income above budget for £619k (abnormal loads £393k, mutual aid income £146k, sale of assets £83k).

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 combined provisional outturn position is for an overspend of £196k. It is proposed that this overspend balance is funded through the drawdown of specific reserves (as outlined in section 2 above).

- 3.7. 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 31 March 2019, the fund amounted to £40k. During 2018/19 awards to successful applicants totalling £61k were made. Details of these can be found on the Commissioner's website <https://cumbria-pcc.gov.uk/what-we-do/funding/property-fund/>

Appendix A

Revenue Budget Monitoring 2018/19 – Provisional Outturn

Description	Revised Budget	Provisional Outturn	Provisional (Under)/Overspend	Provisional (Under)/Overspend	Forecast (Under)/Overspend @ DEC-18	Change in Forecast DEC-18 to ADJ-19
	2018/19 £	2018/19 £	2018/19 £	2018/19 %	£	£
Office of the Police and Crime Commissioner	722,759	676,173	(46,586)	-6.45%	(48,894)	2,308
Other PCC Budgets						
Commissioned Services Budget	1,899,214	1,899,214	(0)	0.00%	0	(0)
Sexual Assault Support Services	23,512	23,511	(1)	0.00%	0	(1)
Estates	3,982,948	4,016,423	33,475	0.84%	16,868	16,607
Insurances	566,971	584,729	17,758	3.13%	19,345	(1,587)
LGPS Past Service Cost	0	0	0	0.00%	0	0
Provisions for Insurance & Legal Liabilities	105,500	142,675	37,175	35.24%	41,000	(3,825)
Technical Accounting	931,441	930,430	(1,011)	-0.11%	0	(1,012)
Capital Financing	3,873,091	3,873,091	0	0.00%	0	0
Grants & Contributions	(27,752,844)	(27,743,451)	9,393	-0.03%	9,300	93
Interest/Investment Income	(75,000)	(146,279)	(71,279)	95.04%	(60,000)	(11,279)
	(16,445,167)	(16,419,656)	25,511	-0.16%	26,514	(1,003)
Total Police & Crime Commissioner Directly Controlled	(15,722,408)	(15,743,483)	(21,075)	0.13%	(22,380)	1,305
Constabulary Funding	121,242,521	122,078,417	835,896	0.69%	1,061,620	(225,724)
Constabulary Income	(6,062,004)	(6,681,179)	(619,175)	10.21%	(415,830)	(203,345)
Total Constabulary Funding	115,180,517	115,397,237	216,720	0.19%	645,789	(429,069)
Total Approved Budget	99,458,109	99,653,754	195,645	0.20%	623,409	(427,764)
Transfers To/(From) Earmarked Revenue Reserves	1,388,594	1,388,594	0	0.00%	0	(0)
Transfers To/(From) Capital Reserves	(2,219,989)	(2,219,989)	0	0.00%	(0)	0
Transfers To/(From) General Revenue Reserves	0	0	0	0.00%	0	0
Aggregated External Financing	(98,626,714)	(98,626,714)	0	0.00%	0	0
Net Requirement	0	195,645	195,645		623,409	(427,764)