

Decision No 2015/40



REPORT TO: POLICE AND CRIME COMMISSIONER FOR LANCASHIRE

REPORT BY: Steve Freeman
Chief Finance Officer

DATE: 18 September 2015

TITLE: 2015/16 Monitoring Position – As at 31 July 2015

Appendix A refers

EXECUTIVE SUMMARY

This report sets out the monitoring position for the Police and Crime budget as at 31 July 2015. The report sets out the forecast position for the end of the year for the revenue budget, reports upon the capital programme, and reports the forecast impact on reserves.

RECOMMENDATIONS

The Police and Crime Commissioner is asked to;

- Note the forecast revenue budget underspend of £0.059m.
- Approve a virement of £0.315m between the DFM and Non-DFM budgets within the constabulary cash limit
- Note the capital programme position for 2015/16.
- Note the forecast position on the reserves at the end of 2015/16.

Decision taken by the Police and Crime Commissioner for Lancashire:

| | | |
|---|------------|-----------|
| Original decision, as set out in the attached report, approved without amendment (please delete as appropriate) | YES | NO |
|---|------------|-----------|

Original decision required to be amended and decision as detailed below:

The reasons for the amended decision are as detailed below:

Police and Crime Commissioner: Comments

DECLARATIONS OF INTEREST

The PCC is asked to consider any personal / prejudicial interests he may have to disclose in relation to the matter under consideration in accordance with the law, the Nolan Principles and the Code of Conduct.

STATEMENT OF COMPLIANCE

The recommendations are made further to legal advice from the Monitoring Officer and the Section 151 Officer has confirmed that they do not incur unlawful expenditure. They are also compliant with equality legislation.

Signed:

Police and Crime Commissioner

Date:

Signed:

Chief Officer:

Date:

Signed:

Chief Constable

Date:

Signed:

Chief Finance Officer:

Date:

1. 2015/16 Monitoring Position – As at 31 July 2015

1.1 The Commissioner receives regular reports which set out the latest position on income and expenditure and forecast out turn position for the revenue and capital budget. This report sets out the latest position including;

- A forecast out turn position for the PCC's revenue budget
- The capital programme for 2015/16 and future years, and
- The impact of the position on the PCC's reserves

2. Revenue Budget

2.1 The budget for the Police and Crime Commissioner was set at £258.871m and, after taking account the application of the one-off council tax surplus brought forward from 2014/15 (£1.090m) and the planned use of balances by budget holders to the end of July 2015 (£0.079m), this has increased to £260.049m.

Based on the monitoring position at the end of July 2015, a small underspend of £0.059m is forecast in 2015/16.

It remains very early in the financial year and spending will be closely monitored throughout the period. It is difficult to forecast precise spending to the end of the financial year at this stage however the current view is that it is expected the final position at year-end will be in line with the provided revenue budget for the year. Any deviation from this expected position will be reported through the regular monitoring process.

The table below sets out a summary position for the budget;

| Forecast Out Turn Position 2015/16 as at 31.7.15 | | | | |
|---|-----------------------|-----------------------|--------------------------|----------------------------|
| Responsibility Area | Revised Budget | Forecast Spend | Forecast Variance | Percentage variance |
| | £m | £m | £m | % |
| Constabulary | | | | |
| Staff costs | 196.686 | 196.191 | -0.495 | -0.25 |
| ACC Territorial Operations | 8.734 | 8.932 | 0.198 | 2.27 |
| ACC Specialist Operations | 8.033 | 8.300 | 0.267 | 3.32 |
| Director of Resources | 16.718 | 16.615 | -0.103 | -0.62 |
| Deputy Chief Constable | 1.887 | 1.910 | 0.023 | 1.22 |
| Sub Total | 232.058 | 231.948 | -0.110 | -0.05 |
| | | | | |
| Office of the Police and Crime Commissioner | 1.395 | 1.395 | - | - |
| Communications | 0.105 | 0.105 | - | - |
| Crime and reoffending | 0.625 | 0.625 | - | - |
| Community Safety | 1.713 | 1.713 | - | - |
| Victims and Witnesses of Crime | 1.656 | 1.656 | - | - |
| Grant income | -1.656 | -1.656 | - | - |
| Sub Total | 3.838 | 3.838 | - | - |
| | | | | |
| TOTAL DFM BUDGET | 235.896 | 235.786 | -0.110 | -0.05 |
| | | | | |
| Non DFM | | | | |
| Constabulary | 16.301 | 16.352 | 0.051 | 0.31 |

| | | | | |
|---|----------------|----------------|---------------|--------------|
| Office of the Police and Crime Commissioner | 7.852 | 7.852 | - | - |
| TOTAL BUDGET | 260.049 | 259.990 | -0.059 | -0.02 |

3. **Delegated Revenue Budgets – overall position**

Lancashire Constabulary DFM budget

- 3.1 The Constabulary have centralised the costs of staff within the revenue budget in 2015/16, assigning overall control of staffing, and therefore its cost, to the constabulary's senior management team.

Responsibility for the remaining elements of discretionary spend on employees, such as overtime and travelling expenses, along with non-staff spending remains with Divisional budget holders and is reported as such in the table above.

At this stage in the year it is anticipated that spending by the constabulary will be in line with the annual budget, there are however a number of small off-setting under and over spends within that position that will be closely monitored during the year.

The main areas of over and under spending are:

- A net underspend on staff costs (£0.5m)
- An overspend on overtime across divisions (£0.4m)

Lancashire Constabulary Non-DFM budget

- 3.3 There is a small overspend shown of £0.051m on Non-dfm budgets which relates in the main to implementation costs of the futures programme, at this stage in the year it is anticipated that these costs will be contained within the overall revenue budget for the constabulary.
- 3.4 In managing their delegated revenue budget the constabulary have requested that £0.315m be transferred from the Non-DFM budget in to the DFM budget, recognising a reprofile of the budget requirement for the year. As the value of the virement is above the limit where agreement from the PCC is needed per standing orders, it is therefore recommended that the Commissioner provides his authorisation for this budget virement to take place.

Office of the Police and Crime Commissioner

- 3.5 At this stage in the financial year it is anticipated that spending by the OPCC will be in-line with the annual budget.

4. **Capital**

- 4.1 The 2015/16 capital programme for the Police and Crime Commissioner is £22.285m, the detail of which is set out in the table below.

| | 2014/15 carried forward | 2015/16 new starts | 2015/16 capital programme |
|------------------------|--|-----------------------------------|--|
| | £m | £m | £m |
| ICT Strategy | 0.652 | 9.920 | 10.572 |
| Accommodation Strategy | 2.400 | 4.500 | 6.900 |
| Vehicle Replacement | 1.331 | 2.200 | 3.531 |
| Other Schemes | 1.002 | 0.280 | 1.282 |
| Total | 5.385 | 16.900 | 22.285 |

- 4.2 At this stage in the year the forecast year-end position is still emerging and will become clearer as the financial year progresses. There is, however, a risk that a number of projects within the programme will not progress as anticipated and at this stage in the year it is already anticipated that projects within the accommodation programme will not commence as originally expected.
- 4.3 Details of anticipated slippage in the capital programme will be provided in future monitoring reports.

5. Reserves

- 5.1 Reserves and provisions have been set aside to manage the financial risks within the financial strategy and to provide funding to support the Commissioner's capital investment programme.
- 5.2 The financial outlook for 2016/17 and beyond indicates that significant savings will be required with potentially a further £20m required between 2016/17 and 2019/20. In assessing the level of reserves it is essential that the challenges ahead are taken into consideration and that there is sufficient available to meet any financial risks that may arise in addition to the support being provided to the capital investment programme.
- 5.3 Based on the current forecast year-end position, earmarked reserves are anticipated to be £36.898m and general reserves £12.416m at 31 March 2016. A position on reserves is set out at Annex 1.

Reserves position as at 31 July 2015

| | Position as at 1/4/15 | Movement in 2015/16 | Recommended Movements in 2015/16 | Forecast y/e Position as at 31/7/15 |
|----------------------------------|----------------------------------|--------------------------------|---|--|
| | £m | £m | £m | £m |
| <u>EARMARKED RESERVES</u> | | | | |
| Capital Funding Reserve | 6.617 | | | 6.617 |
| Transition Reserve | 21.243 | -1.500 | | 19.743 |
| Clothing Reserves | 0.611 | | | 0.611 |
| POCA Equalisation Reserve | 1.208 | | | 1.208 |
| PCCA/Drugs Forfeiture Reserves | 0.138 | | | 0.138 |
| VMU Reserves | 0.040 | | | 0.040 |
| Operational Policing Reserve | 2.584 | | | 2.584 |
| Road Safety Reserves | 2.220 | | | 2.220 |
| PCC Strategic Investment reserve | 3.737 | | | 3.737 |
| Early Debt Repayment Reserve | -1.500 | 1.500 | | 0 |
| Total Earmarked Reserves | 36.898 | - | - | 36.898 |
| <u>GENERAL RESERVES</u> | | | | |
| DFM | 2.543 | | | 2.543 |
| General Fund | 9.873 | | | 9.873 |
| Total General Reserves | 12.416 | - | - | 12.416 |