

POLICE AND CRIME COMMISSIONER FOR NOTHUMBRIA

Key Decisions

Title and Reference
Revenue Monitoring Report 2012/13 – Quarter 3
(PCC/06/2013)

Summary

The forecast outturn for Total Revenue Expenditure for 2012/13 at 31 December 2012 is £284.453m compared with the revised estimate of £288.924m, a projected underspend of £4.471m (1.5%). Primarily, the variances relate to business rate refunds, on-going underspends on the forensic science service and capital financing, and the limited utilisation of the one-off transition contingency. Close monitoring and management of the budget and the continuous challenge of non-pay expenditure has contributed to the underspend.

This overachievement against budget reduces the use of reserves required to balance expenditure in 2012/13 and has a positive impact on the balance of reserves at the end of the year.

Recommendation/ Findings:

The Commissioner is requested to note the forecast outturn for 2012/13 and also the actual expenditure position as at 31 December 2012.

Northumbria Police and Crime Commissioner

I hereby approve the recommendation above.

Signature



Date 19.02.13

Information and advice provided to the Police and Crime Commissioner for Northumbria

Revenue Monitoring Report 2012/13 – Quarter 3

1. Purpose of the Report

- 1.1 To inform the Police and Crime Commissioner (the Commissioner) of the latest position with regard to the 2012/13 revenue budget and the actual level of expenditure as at 31 December 2012.

2. Approved Estimate

- 2.1 The Original Estimate for the financial year 2012/13 provided for Total Expenditure before use of reserves of £291.318m and appropriations from reserves of £19.410m, resulting in a Budget Requirement of £271.908m. A Revised Estimate was approved in June to take account of the agreed rephasing of savings over the life of the Medium Term Financial Strategy, which increased savings in 2012/13 by £2.394m and reduced the planned use of reserves.
- 2.2 Total police expenditure before the use of reserves has been reduced by £2.394m to £288.924m and appropriations from reserves has reduced from £19.410m to £17.016m.
- 2.3 The Revised Estimate includes minor amendments between subjective categories relating to the reallocation of devolved budgets and internal virements. These have no effect on overall total police expenditure. Appendix A details the Revised Estimate. A further breakdown is provided: Appendix B details the Force position and Appendix C provides details of budgets managed by the Commissioner's Office.

3. Forecast Outturn

- 3.1 The forecast outturn for Total Expenditure for 2012/13 at 31 December 2012 is £284.453m compared with the revised estimate of £288.924m, a projected underspend of £4.471m (1.5%). Details are provided in Appendix A column (4). The main reasons for the variances are provided below:-
 - **Police Officer Salaries** is forecast to be £0.782m (0.5%) greater than the revised estimate. The additional spend reflects the actual cost of implementing the recommendations from the Winsor Review and costs associated with policing the Olympics, which have been fully funded by Home Office grant and mutual aid, and partly offset by an increase in the number of police officer leavers.
 - **Police Officer overtime** is forecast to be £0.726m (19.7%) over the revised estimate. Again this has been fully funded by additional external funding income and a Home Office grant to be received in support of policing the Olympics.
 - **Police Staff Salaries** is forecast to be £0.359m (0.8%) under budget due to underspends on overtime and temporary police staff. The original estimate assumed the removal of enhancements recommended by Winsor Review.

- **Police Officer Allowances** is forecast to be £0.266m (7.1%) under budget due to additional police officer leavers.
- **Police Officer pensions** is forecast to be £1.900m (4.9%) more than the revised estimate. This is in relation to the forecast number of ill-health retirements being higher than estimated in the budget; the impact of the CPI increase on injury pensions; and a number of backdated payments following the judicial review of rebanding injury pensions.
- **Forensic Science Service** - This budget delivered significant savings in 2011/12. Further savings have been realised in 2012/13 reflecting continued demand management. The forecast outturn is estimated to be £0.380m (19.5%) less than the Revised Estimate.
- **Community Safety** is £0.304m (38.4%) over budget due to payments to YOTs following the receipt of £0.235m in Community Safety funding.
- **Other Expenses** includes a number of budget heads, however, the majority of the additional expenditure of £0.504m (25.3%) is attributable to the additional cost of legal fees incurred to support the judicial review of injury pensions, employment tribunals and the cost of specialist fees incurred to support a review of the rateable value of the Authority's estate, which has resulted in significant rate refunds included under Grants and Other Income.
- **Capital financing** costs are forecast to be £0.714m (10.1%) under budget. This is due to MRP (Minimum Revenue Provision) being less than budgeted, arising from underspends on the capital programme in 2011/12, and the average rate of borrowing being less than assumed in the budget.
- **Fees** income is forecast to overachieve by £0.264m (15.3%). The largest variance is in relation to income from tuition fees for operations and marine training.
- **Secondment / partnerships income** is forecast to overachieve by £0.330m (17.7%) due to the extension of existing secondments.
- **Grants and Other Income** – Additional income of £4.533m (28.3%) is forecast. £1.5m of the income relates to rate refunds following a review of rateable values within the Commissioner's estate; external funding totalling £1.6m has been received, including Home Office grant in relation to policing the Olympics both in Force area and within London; and £1.5m of unbudgeted external funding has been received from other bodies.
- **Contingency** - £0.933m of the one-off contingency for transition to the new governance arrangements is not expected to be required in 2012/13.

4. Reserves

- 4.1 The Revised Estimate provides for £17.016m use of reserves. The forecast outturn estimates a reduction in the use of reserves of £4.471m as a result of the underspend identified above. Details are set out in the table below:

	Original Estimate £000s	Revised Estimate £000s	Forecast Outturn £000s	Variance (Revised Estimate) £000s
General Reserve	15,006	12,612	8,908	(3,704)
Capital Development Reserve	4,404	4,404	3,637	(767)
Total	19,410	17,016	12,545	(4,471)

- 4.2 In addition, expenditure of £1.2m for voluntary and compulsory redundancies will be incurred in 2012/13, which will be met from the Workforce Management Reserve in accordance with the Reserves Policy.

5. Actual Expenditure

- 5.1 Actual Expenditure at 31 December 2012 is £210.943m. Details of actual expenditure are provided in Appendix A column (5).

6. Conclusion

- 6.1 The 2012/13 forecast revenue outturn is £4.471m less than the revised budget for the year and £6.865m less than the original budget, which is in addition to the delivery of budgeted in-year savings of £21.1m. Close monitoring and management of the budget and the continuous challenge of non-pay expenditure has contributed to the underspend, whilst progressing the Programme of Change enabled earlier than planned delivery of savings.

7. Financial Implications

- 7.1 Financial implications are considered throughout this report.

8. Legal Implications

- 8.1 There are no direct legal implications arising from the contents of this report.

9. Equal Opportunities Implications

- 9.1 There are no equal opportunities implications arising from the contents of this report.

10. Background and supporting papers

- 10.1 Appendix A – Revised Estimate

Police & Crime Commissioner for Northumbria

Quarter 3 Revenue Monitoring 2012/13

	ORIGINAL ESTIMATE 2012/13 £000s (1)	REVISED ESTIMATE 2012/13 DEC-12 £000s (2)	FORECAST OUTTURN 2012/13 DEC-12 £000s (3)	FORECAST VARIANCE 2012/13 DEC-12 £000s (4)	ACTUAL PAYMENTS 2012/13 DEC-12 £000s (5)
EMPLOYEES					
- PAY					
Police Officers	144,480	143,954	144,736	782	111,121
Police Overtime	3,996	3,683	4,409	726	2,743
Police Staff	45,742	45,336	44,977	(359)	33,827
Commissioner's office	0	0	62	62	15
Earnings Related Contributions	16,271	16,170	16,260	90	12,482
Allowances	3,755	3,737	3,471	(266)	2,375
	214,244	212,880	213,915	1,035	162,563
- PENSIONS					
Police Officers	38,607	38,438	40,338	1,900	30,432
Police Staff	6,875	6,819	6,815	(4)	5,087
Commissioner's office	0	0	5	5	1
	45,482	45,257	47,158	1,901	35,520
PREMISES					
Maintenance & Improvement	2,787	2,955	2,762	(193)	2,157
Energy	3,499	3,074	3,118	44	1,836
Furniture & Fittings	41	34	8	(26)	3
Rent & Rates	4,153	4,153	4,311	158	3,886
Contract Cleaning	1,609	1,609	1,574	(35)	1,208
	12,089	11,825	11,773	(52)	9,090
SUPPLIES AND SERVICES					
Equipment & Materials	1,102	1,145	1,266	121	733
Computer Maintenance & Rental	2,366	2,001	1,857	(144)	1,361
Catering	55	55	61	6	44
Clothing, Uniforms & Laundry	684	677	519	(158)	401
Communications	3,974	3,825	3,776	(49)	2,340
Education and Training	685	685	618	(67)	482
	8,866	8,388	8,097	(291)	5,361

Police & Crime Commissioner for Northumbria

Quarter 3 Revenue Monitoring 2012/13

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TRANSPORT					
Air Support	1,499	1,499	1,358	(141)	892
Car Allowances & Vehicle Hire	717	789	726	(63)	581
Petrol, Oil, Tyres & Licences	2,922	2,929	2,888	(41)	1,955
Repair & Maintenance of Vehicles	828	853	840	(13)	617
	5,966	6,070	5,812	(258)	4,045
ESTABLISHMENT EXPENSES					
Printing, Stationery, Advertising	992	1,008	1,083	75	774
Travelling & Subsistence	608	483	510	27	358
Members Expenses	232	232	135	(97)	128
Insurances	1,669	1,669	1,774	105	148
Support Services	2,352	2,352	2,279	(73)	1,764
	5,853	5,744	5,781	37	3,172
AGENCY SERVICES					
Forensic Science Service	1,950	1,950	1,570	(380)	906
Consortium Charges & Fingerprinting	247	247	245	(2)	130
Other National Police Services	1,018	1,019	965	(54)	481
Airwave	1,207	1,202	1,235	33	800
	4,422	4,418	4,015	(403)	2,317
MISCELLANEOUS EXPENSES					
Surgeons & Pathologists Fees	2,877	2,897	2,837	(60)	1,876
Community Safety	782	792	1,096	304	595
Crime Management	553	553	486	(67)	298
Vehicle Recovery	958	949	919	(30)	676
Audit, Debt Management & Bank Charges	147	147	121	(26)	12
Interpreters Fees	227	232	158	(74)	109
Other Expenses	2,073	1,989	2,493	504	1,468
	7,617	7,559	8,110	551	5,034
CAPITAL CHARGES					
Capital Financing	7,084	7,084	6,370	(714)	1,540
	7,084	7,084	6,370	(714)	1,540
TOTAL EXPENDITURE	311,623	309,225	311,031	1,806	228,642

Police & Crime Commissioner for Northumbria

Quarter 3 Revenue Monitoring 2012/13

	ORIGINAL ESTIMATE 2012/13 £000s (1)	REVISED ESTIMATE 2012/13 DEC-12 £000s (2)	FORECAST OUTTURN 2012/13 DEC-12 £000s (3)	FORECAST VARIANCE 2012/13 DEC-12 £000s (4)	ACTUAL PAYMENTS 2012/13 DEC-12 £000s (5)
INCOME					
Sales	(222)	(222)	(330)	(108)	(196)
Special Services	(1,099)	(1,099)	(1,152)	(53)	(909)
Fees	(1,714)	(1,721)	(1,985)	(264)	(1,526)
Secondments / Partnerships	(1,511)	(1,862)	(2,192)	(330)	(1,638)
Rents	(381)	(381)	(437)	(56)	(279)
Grants & Other Income	(16,378)	(16,016)	(20,549)	(4,533)	(13,151)
	(21,305)	(21,301)	(26,645)	(5,344)	(17,699)
Net Police & Crime Commissioner Expenditure	290,318	287,924	284,386	(3,538)	210,943
Contingency	1,000	1,000	67	(933)	0
Total Police & Crime Commissioner Expenditure	291,318	288,924	284,453	(4,471)	210,943