

# POLICE AND CRIME COMMISSIONER FOR NORTHUMBRIA

## Key Decisions

### Title and Reference - (PCC/43/2013)

Revenue Outturn Report 2012/13

### Summary

The provisional outturn position for 2012/13 subject to final adjustment and audit is £282.188m, £6.736m (2.3%) less than the revised estimate, and £9.130m (3.1%) less than the original estimate. Primarily, the variances relate to business rate refunds, on-going underspends on the forensic science service and capital financing and limited use 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.

The 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 31 March 2013.

### Recommendation/ Findings:

The Commissioner is requested to:

- note the provisional revenue outturn for 2012/13 as set out in Appendix B; and
- agree the use of reserves as set out in paragraph 4.1 of Appendix A.

### Northumbria Police and Crime Commissioner

I hereby approve the recommendation above.

Signature



Date 27.06.13

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

#### Revenue Outturn Report 2012/13

##### 1. Purpose of the Report

- 1.1 To inform the Police and Crime Commissioner (the Commissioner) of the provisional revenue outturn position prior to completion of the Statement of Annual Accounts 2012/13.

##### 2. Revised Estimate

- 2.1 The Approved Estimate for the financial year 2012/13 provided for total police expenditure before appropriations from reserves of £291.318m and appropriations from reserves of £19.410m, resulting in a Budget Requirement of £271.908m. This was revised in June 2012 to take account of agreed re-phasing of savings over the life of the Medium Term Financial Strategy (MTFS). The budget was revised to £288.924m and the planned use of reserves was reduced to £17.016m.

##### 3. Provisional Revenue Outturn

- 3.1 The provisional outturn position for 2012/13 subject to final adjustment and audit is £282.188m, £6.736m less than the revised estimate and £9.130m less than the original estimate.
- 3.2 The outturn includes expenditure relating to Redundancy and Strain on the Fund payments totalling £1.209m which is being funded from the Workforce Management Reserve. In addition, the outturn has been adjusted for unspent revenue grants of £0.653m transferred to an External Funding Reserve to comply with the Code of Practice on Local Authority Accounting in the UK 2012/13.
- 3.3 Details of variances against the revised budget are provided in Appendix B column (4). The main reasons for the variances are provided below:-

##### Expenditure

- **Police Officer Salaries** – actual expenditure at the year end totalled £144.629m which is £0.675m more 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** – actual expenditure at the year end totalled £4.113m, £0.454m more than the revised estimate. Again this has been fully

funded by additional external funding income and Home Office grants received in support of policing the Olympics.

- **Police Staff Salaries** – actual expenditure at the year end was £45.613m, £0.274m more than the revised estimate. The pressures in this area include redundancy payments and Winsor, however, these pressures were offset in part by additional staff leavers as well as underspends in Police Staff overtime and temporary Police Staff.
- **Police Officer and Staff Allowances** – actual expenditure was £3.456m, £0.281m under budget due to additional Police Officer leavers.
- **Pensions – Officers and Staff** – actual expenditure at the year end totalled £47.172m, £1.915m more than the revised estimate. The main reasons for this position are:
  - **Officers** – The 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; and
  - **Staff** –The Strain on Fund payments amounted to £0.572m, reflecting those who left under the voluntary redundancy scheme and the dates they chose to leave the organisation.
- **Clothing, uniforms and laundry** – actual expenditure at the year end was £0.428m, £0.249m less than the revised estimate. The underspend is a result of reduced recruitment numbers and the use of recycled body armour. The underspend in this area is not anticipated to be repeated in future years.
- **Communications** – actual expenditure at the year end was £3.615m, £0.210m less than the revised estimate. The savings are due to reduced equipment rental costs and the impact of new rental call and broadband agreements.
- **Education and Training** – actual expenditure at the year end totalled £0.444m, £0.241m less than the revised estimate. The underspend is due to a central review of all training activity and reduction in the number of external courses attended.
- **Forensic Science Service** – actual expenditure at the year end was £1.243m, £0.707m less than the revised estimate. The variance is a result of a low level of major incidents, stringent submissions criteria, price reductions due to advances in technology and techniques and increased market competition.
- **Surgeons and Pathologists Fees** – actual expenditure at the year end totalled £2.590m, £0.321m less than the revised estimate. The majority of the under spend relates to the medical reviews associated with the Injury Pension review and a reduced spend on custody FME call outs.

- **Other Expenses** – actual expenditure at the year end was £2.693m, £0.702m more than the revised estimate. There are various expenditure categories within this budget head including Legal Services and Specialist Fees. The additional expenditure relating to the overall cost of Legal Services is offset in part by income included under Fee Income. The Specialist Fees specifically relate to costs for a review of the rateable value of the Commissioner’s estate, which has resulted in significant rate refunds included under Grants and Other Income.
- **Capital Financing** – actual capital financing charges at the year end were £6.158m, £0.926m less than the revised estimate, primarily due to underspends on the capital programme in 2011/12 and the average rate of borrowing being less than assumed in the budget.

## Income

- **Special Services** – actual income from special services was £1.309m, £0.210m greater than the revised estimate. Most of the additional income has been generated by one-off police escorts provided to external organisations.
- **Fees** – actual income from fees was £2.079m, £0.358m more than the revised estimate. The additional income has arisen from additional training courses provided to external organisations and fee income generated from legal services.
- **Secondments / Partnerships** – actual income totalled £2.112m, £0.250m more than the revised estimate. There was a higher level of salary cost recharges than anticipated due to the Olympics and the extension of existing secondments.
- **Grants and other income** – actual income received from grants and other income was £20.951m, £4.935m more than the revised estimate. Additional funding was received from the Home Office for the Olympics and Community Safety Funding. Funding was received for providing assistance to other forces and income was obtained in respect of rates rebates, following a review of rateable values within the Commissioner’s estate.
- **Contingency** - £0.963m of the one-off contingency for transition to the new governance arrangements was not required in 2012/13.

Appendix C provides a further breakdown of the outturn position analysed between budgets managed by the Chief Constable and those managed by the Commissioner’s Office.



#### 4. Reserves

- 4.1 The original estimate proposed £19.410m use of reserves, revised to £17.016m in June 2012. As a result of the additional budget underspends achieved in the final quarter, the provisional outturn estimates a further decrease of £6.736m in the use of reserves. Details of appropriations to and from reserves are set out in the table below:

<b>Reserve</b>	<b>Original Estimate £000s</b>	<b>Revised Estimate £000s</b>	<b>Provisional Outturn £000s</b>	<b>Change in appropriations to / from Reserves £000s</b>
General Reserve	15,006	12,612	5,990	(6,622)
Capital Development Reserve	4,404	4,404	3,527	(877)
Workforce Management Reserve	0	0	1,209	1,209
External Funding Reserve	0	0	(653)	(653)
Air Support General Reserve	0	0	72	72
Devolved Budget Reserve	0	0	135	135
<b>Total</b>	<b>19,410</b>	<b>17,016</b>	<b>10,280</b>	<b>(6,736)</b>

- 4.2 The Workforce Management Reserve is available to meet one-off costs arising from workforce structural change. The External Funding Reserve has been created to comply with the Code of Practice on Local Authority Accounting in the UK 2012/13 in the treatment of unspent revenue grant income. The Devolved Budget Reserve has been capped in line with the existing Reserves Policy.

#### 5. Conclusion

- 5.1 The 2012/13 provisional revenue outturn is £6.736m less than the revised budget for the year and £9.130m less than the original budget. 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.

#### 6. Financial considerations

- 6.1 Financial implications are considered throughout this report.

#### 7. Legal considerations

- 7.1 Relevant legislation and guidance has been complied with in accounting for revenue expenditure and income.

#### 8. Equality considerations

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

**9. Risk Management considerations**

9.1 Associated risks have been considered and recorded as appropriate.

**10. Background and supporting papers**

Appendix B – Revenue Outturn 2012/13

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

<b>Police and Crime Commissioner for Northumbria</b>				
<b>Revenue Outturn 2012/13</b>				
	<b>Original</b>	<b>Revised</b>	<b>Actual</b>	
	<b>Estimate</b>	<b>Estimate</b>	<b>Payments</b>	<b>Variance</b>
	<b>2012/13</b>	<b>2012/13</b>	<b>2012/13</b>	<b>2012/13</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
	<b>(1)</b>	<b>(2)</b>	<b>(3)</b>	<b>(4)</b>
<b>Employees - Pay</b>				
Police Officers	144,480	143,954	144,629	675
Police Overtime	3,996	3,659	4,113	454
Police Staff	45,742	45,339	45,613	274
Earnings Related Contributions	16,271	16,170	16,250	80
Allowances	3,755	3,737	3,456	(281)
	214,244	212,859	214,061	1,202
<b>Employees - Pensions</b>				
Police Officers	38,607	38,438	39,745	1,307
Police Staff	6,875	6,819	7,427	608
	45,482	45,257	47,172	1,915
<b>Premises</b>				
Maintenance & Improvement	2,787	2,955	2,808	(147)
Energy	3,499	3,074	3,027	(47)
Furniture & Fittings	41	34	9	(25)
Rent & Rates	4,153	4,153	4,334	181
Contract Cleaning	1,609	1,609	1,505	(104)
	12,089	11,825	11,683	(142)
<b>Supplies and Services</b>				
Equipment & Materials	1,102	1,145	1,138	(7)
Computer Maintenance & Rental	2,366	2,001	1,933	(68)
Catering	55	55	68	13
Clothing, Uniforms & Laundry	684	677	428	(249)
Communications	3,974	3,825	3,615	(210)
Education and Training	685	685	444	(241)
	8,866	8,388	7,626	(762)



<b>Transport</b>				
Air Support	1,499	1,499	1,333	(166)
Car Allowances & Vehicle Hire	717	789	753	(36)
Petrol, Oil, Tyres & Licences	2,922	2,929	2,943	14
Repair & Maintenance of Vehicles	828	853	950	97
	5,966	6,070	5,979	(91)
<b>Police and Crime Commissioner for Northumbria</b>				
<b>Revenue Outturn 2012/13</b>				
	<b>Original</b>	<b>Revised</b>	<b>Actual</b>	
	<b>Estimate</b>	<b>Estimate</b>	<b>Payments</b>	<b>Variance</b>
	<b>2012/13</b>	<b>2012/13</b>	<b>2012/13</b>	<b>2012/13</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
	<b>(1)</b>	<b>(2)</b>	<b>(3)</b>	<b>(4)</b>
<b>Establishment Expenses</b>				
Printing, Stationery, Advertising	992	1,008	1,001	(7)
Travelling & Subsistence	608	488	476	(12)
Members Expenses	232	232	131	(101)
Insurances	1,669	1,669	1,496	(173)
Support Services	2,352	2,352	2,260	(92)
	5,853	5,749	5,364	(385)
<b>Agency Services</b>				
Forensic Science Service	1,950	1,950	1,243	(707)
Consortium Charges & Fingerprinting	247	247	240	(7)
Other National Police Services	1,018	1,019	1,002	(17)
Airwave	1,207	1,202	1,232	30
	4,422	4,418	3,717	(701)
<b>Miscellaneous Expenses</b>				
Surgeons & Pathologists Fees	2,877	2,911	2,590	(321)
Community Safety	782	792	726	(66)
Crime Management	553	553	471	(82)
Vehicle Recovery	958	949	892	(57)
Audit, Debt Management & Bank Charges	147	147	102	(45)

Interpreters Fees	227	232	110	(122)
Other Expenses	2,073	1,991	2,693	702
	7,617	7,575	7,584	9
<b>Capital Charges</b>				
Capital Financing	7,084	7,084	6,158	(926)
	7,084	7,084	6,158	(926)
<b>Total Expenditure</b>	<b>311,623</b>	<b>309,225</b>	<b>309,344</b>	<b>119</b>
<b>Income</b>				
Sales	(222)	(222)	(277)	(55)
Special Services	(1,099)	(1,099)	(1,309)	(210)
Fees	(1,714)	(1,721)	(2,079)	(358)
Secondments / Partnerships	(1,511)	(1,862)	(2,112)	(250)
Rents	(381)	(381)	(465)	(84)
Grants & Other Income	(16,378)	(16,016)	(20,951)	(4,935)
	<b>(21,305)</b>	<b>(21,301)</b>	<b>(27,193)</b>	<b>(5,892)</b>
<b>Police and Crime Commissioner for Northumbria</b>				
<b>Revenue Outturn 2012/13</b>				
	<b>Original</b>	<b>Revised</b>	<b>Actual</b>	
	<b>Estimate</b>	<b>Estimate</b>	<b>Payments</b>	<b>Variance</b>
	<b>2012/13</b>	<b>2012/13</b>	<b>2012/13</b>	<b>2012/13</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
	<b>(1)</b>	<b>(2)</b>	<b>(3)</b>	<b>(4)</b>
<b>Net Police and Crime Commissioner Expenditure</b>	<b>290,318</b>	<b>287,924</b>	<b>282,151</b>	<b>(5,773)</b>
Contingency	1,000	1,000	37	(963)
<b>Total Police and Crime Expenditure</b>	<b>291,318</b>	<b>288,924</b>	<b>282,188</b>	<b>(6,736)</b>
<b>Appropriations to / (from) reserves</b>				
General Reserve	(15,006)	(12,612)	(5,990)	6,622
Other Reserves	(4,404)	(4,404)	(4,290)	114
<b>Budget Requirement</b>	<b>271,908</b>	<b>271,908</b>	<b>271,908</b>	<b>0</b>

## Appendix C

<b>Police and Crime Commissioner for Northumbria</b>				
<b>Split of Commissioner and Force Budgets</b>				
<b>Revenue Outturn 2012/13</b>				
	<b>Original</b>	<b>Revised</b>	<b>Actual</b>	
	<b>Estimate</b>	<b>Estimate</b>	<b>Payments</b>	<b>Variance</b>
	<b>2012/13</b>	<b>2012/13</b>	<b>2012/13</b>	<b>2012/13</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
	<b>(1)</b>	<b>(2)</b>	<b>(3)</b>	<b>(4)</b>
<b>Force</b>				
Employees - Pay	214,237	212,852	213,965	1,113
Employees - Pensions	45,482	45,257	47,164	1,907
Premises	12,089	11,825	11,612	(213)
Supplies & Services	8,806	8,328	7,468	(860)
Transport	5,964	6,068	5,979	(89)
Establishment Expenses	1,422	1,318	1,386	68
Agency Services	4,422	4,418	3,717	(701)
Miscellaneous Expenses	6,787	6,745	6,695	(50)
Capital Charges	0	0	16	16
<b>Expenditure</b>	<b>299,209</b>	<b>296,811</b>	<b>298,002</b>	<b>1,191</b>
<b>Income</b>	<b>(19,674)</b>	<b>(19,670)</b>	<b>(25,306)</b>	<b>(5,636)</b>
<b>Total Force Outturn</b>	<b>279,535</b>	<b>277,141</b>	<b>272,696</b>	<b>(4,445)</b>
<b>Commissioner's Office</b>				
Employees - Pay	7	7	96	89
Employees - Pensions	0	0	8	8
Premises	0	0	5	5
Supplies and Services	0	0	23	23
Transport	2	2	0	(2)
Establishment Expenses	2,755	2,755	2,482	(273)
Miscellaneous Expenses	330	330	178	(152)
<b>Total Commissioner's Office</b>	<b>3,094</b>	<b>3,094</b>	<b>2,792</b>	<b>(302)</b>
<b>Community Safety</b>				
Miscellaneous Expenses	500	500	675	175
<b>Expenditure</b>	<b>500</b>	<b>500</b>	<b>675</b>	<b>175</b>
<b>Income</b>	<b>0</b>	<b>0</b>	<b>(236)</b>	<b>(236)</b>
<b>Total Community Safety</b>	<b>500</b>	<b>500</b>	<b>439</b>	<b>(61)</b>

<b>Other Expenditure under the direction of the Commissioner</b>				
Premises	0	0	66	66
Supplies and Services	60	60	135	75
Establishment Expenses	1,676	1,676	1,496	(180)
Miscellaneous Expenses	0	0	36	36
Capital Charges	7,084	7,084	6,142	(942)
Contingency	1,000	1,000	37	(963)
<b>Expenditure</b>	<b>9,820</b>	<b>9,820</b>	<b>7,912</b>	<b>(1,908)</b>
<b>Income</b>	<b>(1,631)</b>	<b>(1,631)</b>	<b>(1,651)</b>	<b>(20)</b>
<b>Total Other Expenditure under the direction of the Commissioner</b>	<b>8,189</b>	<b>8,189</b>	<b>6,261</b>	<b>(1,928)</b>
<b>Total Police and Crime Commissioner</b>	<b>11,783</b>	<b>11,783</b>	<b>9,492</b>	<b>(2,291)</b>
<b>Total Net Expenditure</b>	<b>291,318</b>	<b>288,924</b>	<b>282,188</b>	<b>(6,736)</b>