

NORTHUMBRIA POLICE AND CRIME COMMISSIONER

Key Decision

Title and Reference

Revenue Monitoring 2016/17 – Year End Outturn

(PCC/283/2017)

Summary

The Revenue Monitoring outturn and appropriation from reserves as at 31 March 2017 (Qtr.4) is as follows:

2016/17	Approved Budget 2016/17	Outturn 2016/17	Variance 2016/17
Group Position	£m	£m	£m
Chief Constable	256.080	255.553	(0.527)
Police and Crime Commissioner	2.262	1.493	(0.769)
Capital Financing	8.498	7.380	(1.118)
	266.840	264.426	(2.414)
Central Government Grant	(225.666)	(225.666)	0
Council Tax Precept	(35.482)	(35.482)	0
Central Grant and Precept Total	(261.148)	(261.148)	0
Appropriations (to)/from Reserves	5.692	3.278	(2.414)

Recommendation/ Findings:

1. To note the Revenue Monitoring Outturn for 2016/17 and the use of reserves.

Northumbria Police and Crime Commissioner

I hereby approve the recommendation above.

Signature



Date 29.06.17

Full report for decision

Joint Business Meeting	29 June 2017
Revenue Budget Monitoring – 2016/17 Outturn	
Report of Joint Chief Finance Officer	

1. PURPOSE OF REPORT

1.1. This report sets out the year end outturn position for the total revenue police fund as at 31st March 2017.

2. RECOMMENDATION

2.1. The Police and Crime Commissioner is asked to note the outturn and the use of reserves as at 31 March 2017.

3. 2016/17 REVENUE BUDGET

3.1. The overall budget position is summarised below:

Provisional Revenue Outturn 2016/17	Approved Budget 2016/17	Provisional Outturn 2016/17	Variance 2016/17
	£m	£m	£m
Group Position			
Chief Constable	256.080	255.553	(0.527)
Police and Crime Commissioner	2.262	1.493	(0.769)
Capital Financing	8.498	7.380	(1.118)
	266.840	264.426	(2.414)
Central Government Grant	(225.666)	(225.666)	0
Council Tax Precept	(35.482)	(35.482)	0
Central Grant and Precept Total	(261.148)	(261.148)	0
Appropriations (to)/from Reserves	5.692	3.278	(2.414)

3.2. As at the end of the financial year the outturn position for the overall Group revenue budget is an under spend of £2.414m.

3.3. The forecast position reported at Quarter 3 was an under spend of £1.188m; the actual position as at 31st March 17 is an increased Group under spend of £0.952m.

4. CHIEF CONSTABLE

4.1. The PCC delegated a budget of £256.080m to the Chief Constable for 2016/17 to enable the discharge of the activities under his control.

4.2. The outturn for 2016/17 is £255.553m, reflecting an in year under spend of £ 0.527m. The outturn reported at Qtr. 3 was a breakeven position.

4.3. In addition £6.735m of expenditure and £6.642m of income is accounted for within an external funding budget not included in the core budget outturn above. The net position on the external funding budget is met through a transfer from the external funding reserve.

4.4. The movement to an under spend of £0.0527m against the break even position reported in at Qtr 3 is primarily attributed to: additional income claimed to offset expenditure incurred across Innovation and Transformation projects; underspend on the Workforce and Investment budget; and following the conclusion of a number of potentially costly legal cases, Zurich has advised that the Force insurance provision should be lowered.

4.5 **Contingent Liabilities - Claims:**

This relates specifically to an area of business which was noted in the 2015'16 accounts as a contingent liability and is now considered likely to incur a significant cost. This current estimate is in the region of £2.1m and a provision has been created in the 2016'17 accounts in relation to this outstanding matter. The Chief Constable's revenue outturn reflects this position.

5. PCC BUDGETS

5.1. The 2016/17 approved budget for the Office of the Police and Crime Commissioner is £2.262m. The outturn for 2016/17 is £1.493m which is an under spend of £0.769m.

The Capital Financing budget for 2016/17 is £8.498m comprising interest on borrowing and investments and the minimum revenue provision for repayment of borrowing. The outturn position is £7.380m reflecting an under spend of £1.118m; this is in line with what was reported in Qtr. 3.

Key areas to note:

5.2 **Commissioners fund:**

The Qtr. 3 position was reported as a break even outturn; the actual outturn is an under spend of £0.502m. This has been partially utilised at the year end to create a specific earmarked reserve of £0.300m which has been created to support the cost of Health Advocates in future years. The remaining £0.202m under spend has resulted from the strategy to maximise the use of the MOJ Grant for the commissioning of services in year.

5.3 **Capital Financing:**

Capital financing budgets include an allocation of £4.205m for Interest payable. The outturn position is £3.132m; this is £1.073m lower than budgeted.

Actual new borrowing taken in year has been kept shorter with loans taken on a temporary basis of between 1 and 6 months in duration. Average interest rates on new borrowing have been 0.5% as a result of both the shorter borrowing terms and the cut to the Bank of England base rate following the Brexit vote. The combination of the lower interest rates and loans taken for shorter periods has resulted in a saving of £1.073m which is in line with the position reported at Qtr. 3.

6. AFFORDABILITY AND RESERVES

6.1. The MTFs and Budget approved for 2016/17 set out the anticipated opening reserve balance and use of reserves in 2016/17.

6.2. The planned use of reserves in 16'17 was £5.692m as per the table below, the Group outturn position is an under spend of £2.414m resulting in the requirement to use general reserves of £3.578m. The position reflects additional general reserves of £2.457m that have been made available to support future years.

General Reserve Position - Year End Outturn			
	Approved	Provisional	Variance
	2016/17	Outturn	2016/17
	£m	£m	£m
Use of General Reserve			
Opening Balance (01/04/2016)	15.100	15.443	0.343
Planned Use of Reserve	(5.692)	(3.278)	2.414
Transfer to Earmarked Reserve		(0.300)	(0.300)
Closing Balance (31/03/2017)	9.408	11.865	2.457

6.3. This has maintained the general reserve at a level well above the 2% minimum (£5 million) for 2016/17 in accordance with the reserves policy.

7. CONSIDERATIONS

Report Exemption	<i>Non-exempt</i>
Consultation	<i>No</i>
Resource	<i>No</i>
Equality	<i>No</i>
Legal	<i>No</i>
Risk	<i>No</i>
Communication	<i>No</i>
Evaluation	<i>No</i>