

POLICE AND CRIME COMMISSIONER FOR NORTHUMBRIA

Key Decisions

Title and Reference

Revenue Monitoring Report 2015/16 – Quarter 2

(PCC/187/2015)

Summary

The forecast outturn for Total Expenditure for 2015/16 at 30 September 2015 is £267.965m compared to £269.039m, a projected underspend of £1.074m. (0.39%)

Recommendation

The Commissioner is requested to note the forecast outturn for 2015/16 and the use of reserves.

Northumbria Police and Crime Commissioner

I hereby approve the recommendation above.

Signature



Date 19.11.15

Report Title: Revenue and Capital Monitoring 2015/16 – Quarter 2

Report of: Joint Chief Finance Officer

1. PURPOSE OF REPORT

1.1. The purpose of the report is to provide an update on the 2015/16 Quarter 2 Revenue and Capital monitoring position for the Chief Constable and the Police and Crime Commissioner.

2. RECOMMENDATIONS

2.1. To note the 2015/16 Quarter 2 financial forecast.

3. 2015/16 GROUP OUTTURN FORECAST

3.1. As at 30 September 2015 the 2015/16 outturn is projected to be £1.074 million lower than budget as summarised below.

Revenue Monitoring - Quarter 2 Position			
	Approved Budget	Projected Outturn	Variance
Group Position	2015/16	2015/16	2015/16
	£m	£m	£m
Chief Constable	258.187	257.654	(0.533)
Police and Crime Commissioner	10.852	10.311	(0.541)
Net Expenditure	269.039	267.965	(1.074)
Central Government Grant Income	(226.915)	(226.915)	0.000
Council Tax Precept	(32.904)	(32.904)	0.000
Central Grant and Precept Total	(259.819)	(259.819)	0.000
Appropriations (to) / from reserves	9.220	8.146	(1.074)

3.2. This is further analysed below.

Revenue Budget	Approved Budget 2015/16	Profiled to September 2015	Actual Spend to September 2015	Variance Actual Spend less Profiled Budget	Projected Outturn 2015/16	Variance Projected Outturn less Approved Budget
	£m	£m	£m	£m	£m	£m
Chief Constable (P2)	258.187	141.318	141.162	(0.156)	257.654	(0.533)
PCC (P3)	10.852	2.329	2.126	(0.203)	10.311	(0.541)
Total	269.039	143.647	143.288	(0.359)	267.965	(1.074)

Reserves

- 3.3. The anticipated general and earmarked reserves forecast are shown in the table below. The schedule takes a medium term view in line with the current Medium Term Financial Strategy (MTFS) period 2015/16 to 2017/18 and includes the latest forecast as at 30th September 2015 against the planned reserves set out in the MTFS.

	31-Mar-15	31-Mar-16	31-Mar-17	31-Mar-18
	£m	£m	£m	£m
Earmarked Reserves	5.4	4.0	3.2	3.2
General Reserves	21.8	14.6	13.5	9.8
Total Reserves	27.2	18.6	16.7	13.0

- 3.4. The above table includes revisions to the MTFS estimates to take into account the year end 'actual' outturn and they are summarised below.

	31-Mar-15	31-Mar-16	31-Mar-17	31-Mar-18
	£m	£m	£m	£m
MTFS Forecast	26.6	16.8	15.0	11.3
Revised Forecast 30 th September 2015	27.2	18.6	16.7	13.0

- 3.5. Movement on the closing reserve balance as at 31st March 2018 is explained by:

Closing Reserve Balance	£m
MTFS Forecast	11.3
Outturn 14/15	0.6
Outturn 15/16	1.1
Revised Forecast	13.0

- 3.6. Based on our current plans we will be able to maintain the general reserves at a level above the 2% minimum (£5 million) in accordance with our reserves policy.

Capital Receipts Reserve

- 3.7. The MTFS includes the anticipation of significant capital receipts from the sale of property to fund the capital programme and reduce the capital financing requirement.
- 3.8. The capital receipts reserve records the receipts and application. The latest forecast has been updated to reflect the position on the capital

programme as at 30th September 2015 and the revised profile for capital receipts. Capital financing estimates were updated to reflect the capital outturn for 2014/15 to revise the forecast for 2015/16.

Capital Receipts Reserve	2015/16	2016/17	2017/18	TOTAL
	£m	£m	£m	£m
Opening Reserve (1 April)	0.0	0.0	10.0	0.0
Capital Receipts Anticipated	4.7	16.1	7.2	28.0
Used to fund capital	(4.7)	(1.4)	(3.1)	(9.2)
Used to fund MRP	0.0	(4.7)	(4.7)	(9.4)
Closing Reserve (31 March)	0.0	10.0	9.4	9.4

- 3.9. There is a significant risk to the MTFS if the capital receipts anticipated are less and / or the timing of receipts are later than expected. We have added “*Failure to dispose of HQ site and other estate assets as valued within the MTFS and annual budget 2015/16*” along with controls to mitigate to the Joint Strategic Risk Register and the MTFS risks too.

Capital Programme

- 3.10. The capital programme budget forecast expenditure in 2015/16 is £12.615million.

Capital Budget	Original MTFS	C/F from 2014/15	B/F from 2016/17	Revised Capital	Actual Spend Qtr 2 Sept 2015	Forecast Outturn	Variance Forecast to budget
	£m	£m	£m	£m	£m	£m	£m
Total Capital Programme	11.786	2.628	0.000	14.415	4.798	12.615	(1.800)
Funded By:							
Capital & Grant Receipts				(13.349)		(7.686)	5.663
Prudential Borrowing				(1.066)		(4.929)	(3.863)
Total Funding				(14.415)		(12.615)	1.800

- 3.11. The revised capital programme and affordability will be taken into account in the revised MTFS.

Prudential Indicators

- 3.12. The key prudential indicators were within the agreed limits as at the end of Quarter 2.

4. MEDIUM TERM FINANCIAL STRATEGY (MTFS) RISKS

- 4.1 The MTFS sets out the key financial issues facing the Police and Crime Commissioner over the period 2015/16 to 2017/18 and provides options for delivering a sustainable revenue budget and capital programme over the medium term.
- 4.2 The MTFS also included a comprehensive risk assessment that assessed the likelihood and impacts of a range of financial and other risks to the plan.
- 4.3 As part of good practices we review and monitor the MTFS risk during the year and the outcome of the latest review is in line with expectations. At this time no account has been taken of any potential additional financial implications that could arise from a change in assumptions of a future CSR settlement.