

# WYPCC – Briefing Paper

**From:** Martin Stubbs, Director of Finance and Business Support

**Date:** 29 July 2013

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<b>Timing:</b>	Monthly
<b>Purpose:</b>	For Briefing
<b>Cleared by:</b>	Nigel Brook, Assistant Chief Officer, Finance and Business Services

## **SUBJECT OF ADVICE: MONITORING OF THE FORCE BUDGET 2013/14 – POSITION AS AT 30 JUNE 2013**

### **Summary:**

The updated 2013/14 Revenue budget is £415.974m and includes £1.932m released from the Devolvement Reserve. It does not yet reflect any transfer of funding for staff moving to the Office of the PCC under Stage 1 transfers.

As at 30 June 2013 there is an underspending of £4.129m (4.0%) against profiled budgets. Of this, £1.917m relates to pay and the balance of £2.249m to non pay.

The police pay budget provides funding 5,009 fte's. The profile provides funding for 5,081 officers in April and reduces to 4,941 by March 2014. The actual number in June was 4,973, 99 below the profile for the month.

The police staff pay budget provides funding for an average strength of 3,460 fte's. The profile provides funding for 3,472 staff in April and reduces to 3,432 by March 2014. The actual number of staff in June was 3,356, 116 below profile, 42 of which were PCSO's.

There are no significant issues with devolved and delegated budgets and plans are progressing well to deliver the £10.507m savings removed from the 2013/14 budget.

At this early stage of the financial year it can be anticipated that the budget will underspend by in excess of £13m as a result of the current police officer and police staff vacancies, forecast leavers and increasing non pay savings being identified across the force. This should ensure that the force is in a better position to respond to additional savings requirements that were identified in the SR 2015/16 announcement.

The latest Capital budget is £19.142m and incorporates slippage from 2012/13 of £1.642m and £0.107m transferred from Revenue. Expenditure as at 30 June 2013 is £0.438m with commitments of £3.752m recorded on the financial system.

### **Recommendation:**

It is recommended that the PCC is assured of the close monitoring of the 2013/14 Revenue and Capital budgets and by confirmation of the progress being made in delivering the 2013/14 savings targets, as part of the force's longer term financial planning strategy.

## APPENDICES:



<http://wyp-infoshare.sites/kbf/Finances/FI>, <http://wyp-infoshare.sites/kbf/Finances/FI>

**CHIEF OFFICER TEAM: 22 July 2013**

**TITLE: MONITORING OF THE FORCE BUDGET 2013/14 – POSITION AS AT 30 JUNE 2013**

**REPORT AUTHOR – Martin Stubbs, Director of Finance and Business Support  
REPORT OF – Nigel Brook, Assistant Chief Officer, Finance and Business Services**

**SUMMARY**

**Revenue Budget** – The latest updated Budget for 2013/14 is £417.906m, which includes 2012/13 Carry Forwards and funding from Spending Pressure Paper 1. This incorporates savings of £10.507m. The budget does not yet reflect any Stage 1 transfer of funding for staff to the OPCC. As at 30 June 2013 there was an underspending of £4.129m (4.0%) against profiled budgets.

**Capital Budget** – The latest Budget for 2013/14 is £19.142m. This incorporates £107k transferred from Revenue for 2 new IT Systems. Expenditure as at 30 June 2013 was £0.438m with commitments of £3.752m.

**FOR INFORMATION/DISCUSSION/DECISION (DELETE AS APPROPRIATE)**

**The item has previously been discussed by:**

**The contents of this document will/will not affect Force Policy**

**The contents of this document will/will not affect Divisional/Department Plans**

**Financial Implications Verified by \_\_\_\_\_ on \_\_\_\_\_ (complete if applicable)**

**Personnel Implications Verified by \_\_\_\_\_ on \_\_\_\_\_ (complete if applicable)**

**IT Implications Verified by \_\_\_\_\_ on \_\_\_\_\_ (complete if applicable)**

**Training Implications Verified by \_\_\_\_\_ on \_\_\_\_\_ (complete if applicable)**

**This policy has been quality assured by the Policy Unit YES/NO**

**An Impact Assessment has been carried out YES/NO \*\*Please ensure the impact assessment is attached to the paper\*\***

**The following consultation has been carried out:**

**(Full details of consultation to be given)**

**CHIEF OFFICER TEAM: 22 July 2013**

**TITLE – MONITORING OF THE FORCE BUDGET 2013/14 – POSITION AS AT 30 JUNE 2013**

**MATTER FOR CONSIDERATION**

1. A summary of the Force Budget position as at 31 June 2013

**INFORMATION**

2. The Revenue Budget for the Force is £417.906m. As at 30 June 2013, there was an underspending of £4.129m against profiled budgets. In total £27.700m of savings have already been removed from the Force budget, £10.500m of these were required to balance the 2013/14 budget to the funding provided, the remaining £12.200m are largely savings made in advance due to more people leaving the organisation in 2012/13 and forecast to leave in 2013/14. This provides the Force with a good cushion against the savings requirement in 2014/15 and means that the Force is expected to substantially underspend in 2013/14.
3. The people forecast included in the February 2013 budget report made an early prediction of a substantial underspend in 2013/14, this prompted a recommendation to be made by both the PCC and Chief Constable's Chief Financial Officers to the PCC that part of this underspend should be utilised to replace prudential borrowing, which at the time was forecast to be £10.356m. This decision was approved by the PCC on 7<sup>th</sup> May 2013. The impact of this will be to reduce debt charges by approximately £880k per annum for the next 25 years.
4. Even after the adjustments highlighted above, the Force is expected to continue to underspend throughout the financial year. The main areas of underspending to date are as follows:

• Police Pay	£1.047m
• Police Staff Pay	£0.870m
• Devolved and Delegated non pay expenditure	£1.639m
• Devolved and Delegated Income	£0.361m
• Non Devolved and Delegated income and expenditure	£0.249m

**PEOPLE NUMBERS**

5. The annual budget provides for average police officer strength of 5,009. The profile provides funding for 5,081 police officers in April 2013 and reduces to 4,941 in March 2014. The actual number of police officers in June was 4,973, 99 below the profile of 5,072. This has produced the current underspend of £1.047m at standard rates. The latest forecast is that 187 officers will leave the Force during 2013/14 and 44 officers will be recruited. Based on the current profile of leavers and recruits it is forecast this budget will underspend by at least £4m.

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6. The annual budget provides for average police staff strength of 3,460. The profile provides funding for 3,472 staff in April 2013 and reduces to 3,432 by March 2014. The actual number of police staff in June was 3,356, 116 below profile, 42 of which are PCSO vacancies. The latest forecast is that 107 police staff and 62 PCSO's will leave the Force and 70 police staff will be recruited and PCSO numbers maintained during 2013/14. Based on the current profile of leavers and recruits it is forecast that this budget will underspend by at least £3m. The current position shows that more staff are leaving than was anticipated so this figure could be higher.
7. The actual staff numbers to date have produced an underspend of £0.995m at standard rates (£0.304m of this relates to PCSO pay).

### **DEVOLVED AND DELEGATED BUDGETS**

8. The key points to note are as follows:
  - There are no significant issues within devolved and delegated budgets at this early stage of the financial year. Overall Non Pay budgets are underspent by £2.000m as at 30 June 2013. These underspends are partly due to the impact of year-end accruals, but also due to general underspending by local budget holders.
  - Police Officer and Police Staff Overtime budgets are overspent by £9k year to date. Overtime of £70k incurred in connection with the G8 Summit is included this month and will be offset by additional income.

### **NON DEVOLVED AND DELEGATED BUDGETS**

9. These budgets are underspending by £0.249m year to date. This is primarily due to ill health pension charges and an under spend in the organisational change fund.

### **BUDGET SAVINGS TARGETS**

10. In total £22.700m of savings were removed from the Force's 2013/14 budget, £10.500m of these were required to balance the 2013/14 budget to the funding provided, the remaining £12.200m were savings made in advance due to more people leaving the organisation in 2012/13 and forecast to leave in 2013/14. The additional savings of £12.200m will be permanently removed from the budget in 2014/15. In 2013/14, £10.356m of the additional savings will be used to replace prudential borrowing as referred to earlier in paragraph 3 of this report.
11. Individual departmental and divisional savings plans will be monitored on a monthly basis and any issues will be reported back to local management teams. A number of forcewide reviews have been paused including the Divisional Control Room review which will delay the savings being achieved in these specific areas. However, given that people are exiting the organisation faster than original forecasts/budget profile and further non pay savings are being identified by budget

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holders during the year, this means that the Force is still expected to meet the overall target.

### **BUDGET PRESSURES**

12. Spending Pressures Paper 1 was approved at the Command Team meeting held on 13<sup>th</sup> May 2013 and £1.932m of pressures and carry forward bids have been included in the budget this month. These were all funded from the £4.000m devolvement reserve (under spend carried forward from 2012/13).
13. Spending Pressures Paper 2 was discussed at the Command Team meeting held on 8<sup>th</sup> July 2013 and £0.424m of pressures was approved. These will be included in the budget next month.

### **OUTTURN FORECAST**

14. The Force budget has now been adjusted to increase the direct revenue of the capital budget by a further £10.356m (funded from the £12.200m savings made in advance). After taking account of this adjustment, the forecast underspend at 31 March 2014 is expected to be in excess of £13.000m. A large proportion of this is expected to be in pay costs as more people are forecast to leave in 2013-14 than was anticipated in the overall budget. The budget profile for pay assumes on average a half year pay saving from officers and staff who leave in 2013-14. The current position shows that people are leaving earlier which means more of the total saving falls in 2013-14. In addition, a number of budget holders have recently identified further permanent non-pay savings in areas such as Airwave and IT revenue implications of capital schemes. The impact of financing the capital budget with revenue savings is currently being assessed but it is anticipated that this will generate savings in debt charges.

### **CAPITAL BUDGET**

15. The latest Budget for 2013/14 is £19.142m. This incorporates slippage from 2012/13 of £1.642m. Expenditure as at 31 May 2013 was £0.438m with commitments of £3.752m, which relate to Custody Evaluation Plan £0.565, IT Mobile Data Scheme £0.452m and the WYP Vehicle Replacement Scheme £0.444m.

### **LOOKING FORWARD BEYOND 2013/14**

16. The Medium Term Financial Forecast has been updated to reflect the cuts announced in the Spending Round for 2013. The grant allocations to individual forces will not be announced until later in the year. The latest forecast is that £64m of further savings during the three years 2014/15 to 2016/17 (comprised of £21m in 2014/15, £22m in 2015/16 and £21m in 2016/17). The latest information on leavers in the forecast are that 897 net police officers and 254 net police staff (excluding PCSOs) will leave the organisation between 2013/14 and 2016/17. It is assumed that PCSO average strength would be maintained throughout this period.

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17. The last People Forecast and Summary Savings Plan showed a savings gap of £5m to be found by 2016/17 which is net of use of balances of £8m. Plans for 2013/14 exceed those required by £12m and provide an excellent cushion against the £21m target for 2014/15. The overall position will change as the Medium Term Financial Forecast is currently being updated to incorporate new recurrent spending pressures. Similarly the People Forecast and Summary Savings Plan is also being refreshed to reflect additional savings. The updated position will be the subject of a separate report.

### **DECISION REQUIRED**

18. This report is submitted for information and no decision is required

### **SUPPORTING DOCUMENTATION**

Appendix A Force Budget Summary at 30 June 2013.

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**WEST YORKSHIRE POLICE AUTHORITY**  
**STANDARD BUDGET STATEMENT AS AT 30 JUNE 2013**

	Annual Budget	Cumulative Budget	Cumulative Payments	Under Overspend (-)	Commitments to Date
	£000	£000	£000	£000	£000
<b>DEVOLVED AND DELEGATED</b>					
Police Pay and Allowances	253,161	63,917	62,869	1,047	
Police Staff Pay and Allowances	83,130	20,647	20,081	566	
PCSO Pay and Allowances	22,696	5,674	5,370	304	
Redundancy/Early Retirement Costs	146	132	161	-29	
Police Overtime	7,955	2,253	2,332	-79	
Exceptional Staffing Payments					
Police Staff Overtime	2,104	611	541	70	
Sub Total Pay and Overtime	369,193	93,234	91,354	1,880	
Medical Expenses	4,233	1,020	953	67	-166
Forensic	7,511	1,077	1,024	53	359
AFR	360	90	55	35	1
DNA	2	1	14	-13	
Training	711	130	107	24	354
Computers and Communications	12,792	3,604	3,538	67	2,286
Clothing	1,260	315	264	51	34
Buildings Maintenance	2,571	382	343	39	898
Energy	4,796	302	204	99	9
Contracted Support Services	275	59	59	1	392
Car Allowances	826	205	138	67	
Vehicle Fleet	12,192	3,034	2,780	255	164
Internal Printing	240	64	61	3	
Recharges	-11,627	-3,727	-3,596	-131	
Advertising	70	9	23	-14	46
Furniture & Fittings	152	33	47	-15	43
Operational Equipment & Materials	2,655	741	597	144	349
Administrative Materials & Equipment	2,034	427	343	84	820
Tools & Domestic Equipment	3,411	582	457	125	2,147
Divisional Initiatives Schemes	1,203	228	175	53	44
ID Parades	176	172	172		
Vehicle Recovery	639	241	238	4	1
Maintenance Dogs Horses	175	29	23	6	76
Helicopter	1,624	1,624	1,624	-	2
Agency Staff/Professional Services	1,947	408	340	68	960
Consultancy	449	18	6	11	99
Travel and Subsistence	2,081	420	194	226	817
Rent & Rates	10,744	6,700	6,504	196	553
Officers Borrowed from Forces	15,378	731	530	201	11,397
Joint Regional Working	14,375	3,594	3,594	-	
Other	1,431	262	325	-63	470
Income	-65,773	-10,246	-10,607	361	
Sub-Total Non Pay	28,912	12,528	10,528	2,000	22,154
<b>TOTAL DEVOLVED AND DELEGATED</b>	<b>398,104</b>	<b>105,762</b>	<b>101,882</b>	<b>3,880</b>	<b>22,154</b>
<b>NON DEVOLVED/DELEGATED</b>					
Pensions	6,006	1,427	1,331	96	
Operational Meals					
Capital Financing					
Debt Charges	9,610				
Direct Revenue Support	12,455				
Insurance	2,330	450	447	3	92
Prisoner Meals	135	34	22	12	5
Interpreters	805	67	65	2	
Legal	132	33	30	3	3
Other	7,430	264	84	180	49
PNC	2,127			-	
Adjustment Vehicle Fleet	-2,720	-680	-680		
Income	-18,508	-5,056	-5,010	-46	
<b>TOTAL NON DEVOLVED/DELEGATED</b>	<b>19,802</b>	<b>-3,461</b>	<b>-3,710</b>	<b>249</b>	<b>148</b>
<b>GRAND TOTAL</b>	<b>417,906</b>	<b>102,301</b>	<b>98,172</b>	<b>4,129</b>	<b>22,302</b>