

<b>Committee:</b>	<b>Date:</b>
Police Committee	28 <sup>th</sup> February 2014
<b>Subject:</b> Budget Monitoring report to end of January 2014	<b>Public</b>
<b>Report of:</b> <b>Commissioner of Police</b> POL 19/14	<b>For Information</b>

### Summary

This report is presented for the information of Members as to the financial position of the Force at the end of month 10 – January 2014.

This report advises Members that:

- a) In order to bring the revenue budget within the cash limit of £62.9m the transfer from reserves has increased to £1.6m compared to the £0.4m included in the latest approved budget. This increase of £1.2m comprises:-
  - £0.8m approved by the Force's Resource Allocation Board to fund a number of operational projects and unforeseen items of expenditure; and
  - £0.4m for the net impact of a reduction of £1.1m in grant income, mainly because an expected grant amount of £0.7m for the National Fraud Capability Project has not been allocated to the Force directly as anticipated, partly offset by expenditure savings of £0.7m.
- b) The forecast transfer from reserves of £1.6m is still an improvement of £0.5m compared to the original budget for the year which assumed a contribution from reserves of £2.1m.
- c) At the end of January 2014, the Force's capital expenditure is £1.2m against a programme for the year of £2.7m. Of the £1.2m to date, £0.6m relates to projects which were rephased from 2012/13 to 2013/14. Significant progress is expected on the capital programme during the remainder of the financial year with the outturn anticipated to be close to budget.

### Recommendation(s)

Members are asked to:

- Note the report.

## **Main Report**

### **Background**

1. A joint report of the Chamberlain and Commissioner of Police on the Revenue and Capital budgets was agreed by this Committee on 17 January 2014. Financial performance is monitored on a monthly basis and reported to Committee four times a year.

### **Current Position – Revenue Expenditure**

2. Details of revenue expenditure and income against profiled budget as at the end of January 2014 are set out in Appendix A.
3. Members will note that the Force's net revenue expenditure year to date is an over-spend of £1m compared to the year to date budget. Although total expenditure year to date is in line with year to budget, income is, however, below year to date budget by £1m. This is mainly due to the non-receipt of the grant for the National Fraud Capability project (see item 6).
4. On a full year basis, the forecast indicates that to bring the revenue budget within the cash limit of £62.9m a transfer from reserves of £1.6m will be required, an increase of £1.2m compared to the £0.4m included in latest approved budget presented at your last meeting. The reasons for this increased use of reserves are set out in the following paragraphs.
5. The Force's Resource Allocation Board has agreed to allocate £0.8m from reserves for a number of operational projects and unforeseen items of expenditure.
6. Full year grant income is £1.1m below the latest annual budget. This is mainly because a) an expected grant from National Fraud Capability project (£0.7m) will not materialise as instead of the grant being given to the Force it has now been given to ACPO (Association of Chief Police Officers) regions directly and b) some of the external grants incomes are under profile.
7. Employee costs are forecast to be overspent by £0.5m at the end of the financial year. This is mainly due to a planned overspend on agency staff in IT as a result of the proposed service provision with East Coast Information Services (ECIS) not occurring and the force having to use agency staff to provide the service whilst a new IT strategy is being developed.
8. However, these additional requirements are partly offset by training costs of £0.8m not being expended this financial year and additional costs savings of £0.4m on premises and transport costs.
9. Members will note from Appendix C that all Home Office grants have now been confirmed and grant agreements will be duly signed by end of February 2014.

### **Current Position – Capital**

10. As set out in Appendix B, Capital expenditure to date is £1.2m against a programme for the year of £2.7m. Of the £1.2m to date, expenditure of £0.6m relates to projects that were rephased from 2012/13 to 2013/14 and expenditure of £0.2m relates to the vehicle replacement programme for 2013/14 and £0.3m spend on the KnowFraud upgrade.

11. Planned progress is expected on the capital programme during the remainder of the financial year with the outturn anticipated to be close to budget. At least £0.7m of the £1.1m Microsoft Enterprise Agreement expenditure is expected in February.
12. In 2012/13, £0.5m of the Home Office capital grant was not required and this has been carried forward to 2013/14. This will be used towards the funding of the projects that have been rephased from 2012/13. Any unused supplement from revenue to capital budget will be carried over into 2014/15.

### **Conclusion**

13. On a full year basis, the forecast indicates that to bring the revenue budget within the cash limit of £62.9m a transfer from reserves of £1.6m will be required. Whilst this is an increase of £1.2m compared to the £0.4m included in latest approved budget it is still an improvement of £0.5m compared to the original budget for the year which assumed a contribution from reserves of £2.1m.

### **Appendices**

- Appendix A -Revenue Budget Monitoring to 31 January 2014
- Appendix B – Capital Programme Monitoring at 31 January 2014
- Appendix C – Grant Agreement Risks

### **Background Papers:**

POL 03/14 – Revenue and Capital Budgets 2013/14 and 2014/15

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