

Committee: Police Committee	Date: 24 July 2015
Subject: Revenue and Capital Outturn 2014/15	Public
Report of: The Chamberlain and The Commissioner of Police	For Information

Summary

As a result of reduced spending, savings initiatives and delays to certain projects; the Force's 2014/15 revenue outturn required a net transfer from Police Reserves of £4.1m. This represents an overall "positive" movement of £3.5m compared to the latest budget approved by Committee in January which envisaged the need to draw some £7.6m from reserves. The balance of the Police General Reserve is £8.6m as at 31 March 2015.

The better than budget position signifies a more cautious approach being adopted in light of the uncertainties surrounding Police Spending Settlements and has helped inform the review of the medium term financial forecasts, the results of which are due to be reported in September.

Recommendation

Members are asked to note the report.

Main Report

Budget Position for 2014/15

1. The budget anticipated a transfer from reserves of £7.6m. As a result of reduced spending, additional income and delays to certain projects, the 2014/15 revenue outturn is a transfer from reserves of £4.1m. This is an overall positive movement of £3.5m.

Table 1 : Summary of 2014/15 Actual Revenue Income and Expenditure against Budget			
	2014/15 Budget £m	2014/15 Outturn £m	2014/15 Variation (Better)/Worse £m
Total Gross Expenditure	120.7	118.3	(2.4)
Total Gross Income	(52.7)	(53.8)	(1.1)
Total Net Expenditure before use of reserves	68.0	64.5	(3.5)
Transfer to/(from) Reserves	(7.6)	(4.1)	3.5
Total Net Expenditure/Cash Limit	60.4	60.4	0.0
Reserves			
General	(5.9)	(8.6)	(2.7)
Proceeds of Crime Act	(3.7)	(4.5)	(0.8)
Accommodation	(0.2)	(0.2)	0.0
Total Reserves at 31 March 15	(9.8)	(13.3)	(3.5)

Outturn for 2014/15

Revenue

2. The better than budget position of £3.5m is due to a combination of a reduction in operating costs, additional income and slippage on projects.
3. Some £1.6m will be required in 2015/16 to fund existing commitments. This mainly relates to re-phasing of the planned revenue contribution to capital projects (see capital section) together with continued revenue investment in mobile working.
4. There has been a transfer of £0.8m to the ring-fenced Proceeds of Crime Act (POCA) reserve. This is attributable to the net impact of higher than anticipated income (£0.4m) from the Proceeds of Crime Act (POCA) together with lower than anticipated expenditure (£0.4m) on Asset Recovery, Crime Reduction and Community Safety initiatives funded from POCA.
5. The remaining £1.1m comprises an increase in income of £0.5m and a reduction in operating costs of £0.6m. Savings targets were set within the context of finding efficiencies and controlling expenditure, mainly on supplies and services, rather than cutting front line policing services.

Capital

6. Expenditure on the 2014/15 Capital Programme was £2.7m, an under spend of £1.1m compared to the Capital Budget of £3.8m approved by Committee in January. As a result the funding contribution required from revenue is below budget.

Table 2 : Summary of 2014/15 Actual Capital Expenditure and Funding against Budget			
	2014/15 Budget £m	2014/15 Outturn £m	2014/15 Variation (Better)/Worse £m
Total Gross Expenditure	3.8	2.7	(1.1)
Funding			
Home Office Grants	(1.4)	(1.2)	0.2
Net Expenditure to be funded from revenue	2.4	1.5	(0.9)

7. The underspend mainly relates to the Ring of Steel project which was deferred and is now due to take place in 2015/16 together with a provision for projects which may have commenced during the year but which in the event was not required. In addition, some spending on projects which did commence in 2014/15 has been re-profiled to 2015/16. Going forward, to aid better planning, prioritisation and monitoring of projects, it is essential that detailed profiling of budgets is undertaken.
8. Assumptions have been made on the available funding and indicative projects for the next three years to 2017/18 but further work is required to identify prospective projects so that funding can be prioritised to projects that will achieve cashable and non cashable benefits which contribute towards mitigating the financial challenges that lay ahead.

Reserves

9. The balance on the Police General Reserve is £8.6m at 31 March 2015.
10. During the financial year, the Force received £2.6m of income from the Proceeds of Crime Act (POCA) and spent £0.4m on Asset Recovery, Crime Reduction and Community Safety initiatives. This resulted in a contribution of £2.2m to the POCA Reserve and a final year- end balance of £4.5m.
11. The balance on the Accommodation Strategy Reserve is £0.2m at 31 March 2015.

Conclusion

12. The better than budget position signifies a more cautious approach being adopted in light of the uncertainties surrounding Police Spending Settlements and has helped inform the review of the medium term financial forecasts, the results of which are due to be reported in September. The reserves will provide some additional protection against the known reductions in funding for 2015/16 as well as timing issues relating to the delivery of savings.

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Appendix 1 – Capital Programme

Capital Programme			
Project Name	Final Budget 2014/15	Outturn 2014/15	Variation increase / (decrease)
	£000	£000	£000
2013/14 brought forward projects			
Digital Interview Recorders	19	7	(12)
Vehicle Replacement 2013-14	133	132	(1)
Desktop Refresh	1,057	1,317	260
ANPR Back Office	16	14	(2)
ANPR In-Car	2	2	0
ACESO Digital Forensic Phase 1	13	20	7
Know Fraud Upgrade	238	154	(84)
Know Fraud Disaster Recovery	272	271	(1)
Mobile Working Services	354	199	(155)
	2,104	2,116	12
2014/15 Projects in original programme			
Network Refresh & Upgrade' and 'Data Storage & Application Hosting'	31	0	(31)
Vehicle Replacement Programme 2014-15	250	231	(19)
Ring of Steel (Video Management System)	561	0	(561)
	842	231	(611)
2014/15 Projects added to programme in year			
Telephony Refresh & Data Consolidation	294	158	(136)
ACESO Digital Forensic Phase 2	80	68	(12)
Body Worn Video Devices	85	90	5
Pipeline projects	414	0	(414)
	873	316	(557)
Total Expenditure	3,819	2,663	(1,156)
Financed by:			
Home Office Capital Grant	(900)	(865)	35
2013/14 Brought forward POCA Funding for Vehicles	(30)	0	30
2013/14 Brought forward Disaster Recovery Funding	(272)	(271)	1
2014/15 Home Office Innovation Grant - Geo Mapping (Mobile Working Project)	(20)	(20)	0
2014/15 Home Office Innovation Grant - Ring of Steel	(154)	0	154
2014/15 Home Office Innovation Grant - Body Worn Video Cameras	(59)	(43)	16
2014/15 Proceeds from Sale of Vehicles	(20)	(18)	2
	(1,455)	(1,217)	238
TOTAL NET EXPENDITURE ON CAPITAL PROJECTS (FUNDED BY A CONTRIBUTION FROM REVENUE)	2,364	1,446	(918)