

| OFFICE OF POLICE AND CRIME COMMISSIONER | |
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| TITLE: | Finance Report for the Year Ending 31st March 2016 |
| DATE: | 31st March 2016 |
| TIMING: | Annual |
| PURPOSE: | For monitoring |
| 1. | <u>RECOMMENDATION</u> |
| 1.1 | To consider the interim Revenue and Capital financial position as at 31 st March 2016. |
| 2. | <u>INTRODUCTION & BACKGROUND</u> |
| 2.1 | The purpose of this report is to present a summary of the latest position regarding the completion of the Revenue and Capital Accounts for the year ended 31 st March 2016. |
| 2.2 | The Revenue Account identifies savings of £5,986,000 against budget at the year-end before transfers to general and earmarked reserves. |
| 2.3 | As part of the on-going Staying Ahead Programme, the 2015/16 budget proposal included £6,027,000 of planned in-year efficiency schemes against the CSR target. |
| 3. | <u>ISSUES FOR CONSIDERATION</u> |
| 3.1 | Revenue Income and Expenditure (Appendices 1a and 2) |
| 3.2 | At 31 st March 2016, the Revenue account shows savings of £5,986,000 (Appendix 1a, Line 32) for the 2015/16 financial year. |
| 3.3 | <p>Police Officer Salaries and Allowances show savings against budget of £1,583,000 (Appendix 1a, Line 1).</p> <p>This reflects the continuation of savings being made through the reduction in headcount and lower than anticipated officer allowance payments. These are partly offset by the release of 65 officers under the Voluntary Exit Scheme. At an accumulated cost of £2,581,000.</p> <p>The authorised budget reflects the new operating model, together with non-recurrent funding for transitional roles and the Staying Ahead Programme.</p> |
| 3.4 | At the end of March 2016, the actual police officer establishment stood at 1,124.50 wte, 81.50 wte below the authorised number of 1,206.00 wte. This is consistent with the plan presented through the flight-path profile. |
| 3.5 | <p>Police Staff Salaries and Allowances show an overspending of £197,000 (Appendix 1a, Line 2). This reflects savings arising from being below the current authorised establishment, offset by redundancy costs of £560,000, combined with pension capital costs of £438,000.</p> <p>It is anticipated that the savings will be recognised as recurring efficiencies during the timeline of the Staying Ahead Programme.</p> |

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| 3.6 | At the end of March 2016, the actual establishment stood at 774.21 wte (including 101.00 wte Welsh Government funded PCSOs and 50.36 wte Force funded PCSOs), against the current authorised establishment of 863.06 wte. The vacancies are partly offset by 33 wte agency staff currently in Force. |
| 3.7 | At the end of March 2016, PCSO Salaries and Allowances showed savings of £498,000 (Appendix 1a, Line 3), which are as a result of being below the authorised establishment throughout the financial year (32.59 wte below authorised levels at the year-end). Of these vacancies, 13.95 wte were initially identified as recurring savings at the setting of the 2015/16 budget, with the monetary effect shown at Appendix 1a, Line 16. |
| 3.8 | To provide further information with respect to the workforce numbers, Appendix 2 shows an analysis of both Police Officers and Police Staff establishments by Service Area. |
| 3.9 | Police Officer Overtime and Enhancements have overspent by £175,000 (Appendix 1a, Line 4). Savings of £153,000 have been made in relation to bank holiday enhancements, through the adoption of the new resourcing plan, but these have been overshadowed by an overspending of £329,000 on normal overtime. The overtime worked and bank holiday resourcing continues to undergo scrutiny by the Chief Officer Team to understand cause, effect and appropriateness of resourcing. |
| 3.10 | Police Staff and PCSO Overtime and Enhancements showed combined overspendings of £34,000. This comprises of a small saving of £4,000 relating to overtime in core Force activities and an overspending for Enhancements of £38,000. The overtime worked and enhancement resourcing continues to undergo scrutiny by the Chief Officer Team to understand cause, effect and appropriateness of resourcing. |
| 3.11 | Other Employee Related Costs (Appendix 1a, Line 7) show overspendings of £802,000 to the end of the year. Training cost savings of £214,000 are offset by overspendings in relation to Police Pension Capital Equivalent Charges and Injury Pensions and Gratuities (£997,000), Recruitment Costs (£7,000) and Medical Fees (£18,000). The Training savings will continue to be monitored by the Training Strategy Group. |
| 3.12 | Premises Costs show savings of £696,000 (Appendix 1a, Line 8). The main contributors to this are Utilities (£293,000), Business Rates (£171,000), Rent (£91,000), Cleaning and Waste Management (£83,000), Repairs and Maintenance (£39,000) and Insurance (£18,000). The savings that can be confirmed as recurrent will be realised as part of the Staying Ahead Programme during in 2016/17. |
| 3.13 | Transport Costs (Appendix 1a, Line 9) show savings of £658,000. The main contributors are Fuel Costs (£426,000), Fleet Repairs (£65,000), Insurance Work for Recovery (£62,000), Helicopter Costs (£51,000), Vehicle Hire (£37,000), Police Vehicle Recovery (£30,000) and Insurance Premiums (£30,000). These are partially offset by overspendings on Mileage Expenses |

(£23,000) and Travel and Subsistence (£18,000).

The savings that can be confirmed as being recurrent will be realised as part of the Staying Ahead Programme during in 2016/17.

3.14 Supplies and Services (Appendix 1a, Line 10) show overall savings of £2,094,000 for the financial year. The main contributing areas of saving are:

| | Description | £ |
|----|-----------------------------------|---------|
| a) | Other Professional Services | 690,000 |
| b) | Insurance Premiums and Reserves | 631,000 |
| c) | Scientific Investigation | 336,000 |
| d) | Equipment | 178,000 |
| e) | Communications Links | 176,000 |
| f) | Software Licences and Maintenance | 172,000 |
| g) | Airwave Service | 120,000 |
| h) | Printing, Postage and Stationery | 112,000 |
| i) | Police Surgeons | 111,000 |
| j) | Uniforms | 109,000 |
| k) | Hardware Maintenance | 36,000 |
| l) | Operational Costs | 25,000 |
| m) | Advertising Costs | 24,000 |
| n) | Interpreter Costs | 22,000 |
| o) | Toner Cartridges | 14,000 |
| p) | Custody Expenses | 11,000 |
| q) | Promotional Costs | 8,000 |
| r) | Hospitality Costs | 8,000 |
| s) | Police Dogs | 7,000 |
| t) | Vehicle Recovery | 7,000 |

These savings, in part, are offset by overspends in the following areas:

| | Description | £ |
|----|-----------------------------------|---------|
| a) | Disaster Recovery | 413,000 |
| b) | Legal Costs | 164,000 |
| c) | Provision for Ombudsman Decisions | 79,000 |
| d) | Ancillary Spares | 45,000 |

3.15 The Major Incident Fund generated savings of £219,000 (Appendix 1a, Line 11); this underspend is due to low demand during the financial year.

3.16 Pro-active Operational Initiatives (Appendix 1a, Line 12), generated savings of £130,000, which reflects the transitional operational demands during the

| | first financial year of the new operating model. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|------|--|---------|--|-------------|---|----|-------------------------|---------|----|------------------------------|---------|----|----------------------|---------|----|--------------------|--------|----|----------|--------|----|---------------------------------|--------|----|-----------------|--------|----|---------|--------|----|---------|--------|----|------------------|--------|----|---------------------------|--------|----|------------------|--------|----|--------------------------|-------|
| 3.17 | Contributions towards the National Police Computer Services (Appendix 1a, Line 13) were slightly higher than expected, resulting in a small overspending of £4,000. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 3.18 | Capital Charges Costs (Appendix 1a, Line 14) generated savings of £71,000, which is split between lower than predicted contributions towards the Minimum Revenue Provision (£39,000) and interest payments on borrowings (£33,000). | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 3.19 | <p>The 2015/16 budget included a requirement for £6,027,000 of efficiency scheme savings to be achieved. Following the implementation of the new operating model, the majority of these were mapped against the budgets. At the close of the year, £373,000 of savings relating to the PCSO establishment had not been mapped. However, further efficiencies of £1,706,000 were identified during the year, in conjunction with the Staying Ahead Programme, which resulted in the net reported position of £1,333,000 (Appendix 1a, Line 16).</p> <p>These savings have been reflected in the appropriate budgets for 2016/17.</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 3.20 | In light of the savings made, particularly in terms of Supplies and Services (3.14 above), it has not been necessary to utilise the Development Reserve (Appendix 1a, Line 15), this has delivered a saving of £100,000. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 3.21 | Investment Income shows a surplus of £47,000 at the end of the financial year. The returns received continue to reflect the reduced levels being experienced in the market and the avoidance of risk in choosing investment opportunities. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 3.22 | <p>Additional Other Income of £512,000 had been received by the end of the financial year. The notable contributors to this are:</p> <table border="1"> <thead> <tr> <th></th> <th>Description</th> <th>£</th> </tr> </thead> <tbody> <tr> <td>a)</td> <td>Welsh Government Grants</td> <td>220,000</td> </tr> <tr> <td>b)</td> <td>Specified Police Proceedings</td> <td>201,000</td> </tr> <tr> <td>c)</td> <td>Disposal of Vehicles</td> <td>182,000</td> </tr> <tr> <td>d)</td> <td>Firearms Licensing</td> <td>67,000</td> </tr> <tr> <td>e)</td> <td>Training</td> <td>44,000</td> </tr> <tr> <td>f)</td> <td>Scrappage of Recovered Vehicles</td> <td>40,000</td> </tr> <tr> <td>g)</td> <td>Property Rental</td> <td>33,000</td> </tr> <tr> <td>h)</td> <td>Rebates</td> <td>32,000</td> </tr> <tr> <td>i)</td> <td>Reports</td> <td>22,000</td> </tr> <tr> <td>j)</td> <td>Vehicle Recovery</td> <td>17,000</td> </tr> <tr> <td>k)</td> <td>Central Government Grants</td> <td>12,000</td> </tr> <tr> <td>l)</td> <td>Insurance Claims</td> <td>11,000</td> </tr> <tr> <td>m)</td> <td>Speed Awareness Training</td> <td>8,000</td> </tr> </tbody> </table> <p>However, the above savings have been offset, in part, by the following shortfalls:</p> | | | Description | £ | a) | Welsh Government Grants | 220,000 | b) | Specified Police Proceedings | 201,000 | c) | Disposal of Vehicles | 182,000 | d) | Firearms Licensing | 67,000 | e) | Training | 44,000 | f) | Scrappage of Recovered Vehicles | 40,000 | g) | Property Rental | 33,000 | h) | Rebates | 32,000 | i) | Reports | 22,000 | j) | Vehicle Recovery | 17,000 | k) | Central Government Grants | 12,000 | l) | Insurance Claims | 11,000 | m) | Speed Awareness Training | 8,000 |
| | Description | £ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| a) | Welsh Government Grants | 220,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| b) | Specified Police Proceedings | 201,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| c) | Disposal of Vehicles | 182,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| d) | Firearms Licensing | 67,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| e) | Training | 44,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| f) | Scrappage of Recovered Vehicles | 40,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| g) | Property Rental | 33,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| h) | Rebates | 32,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| i) | Reports | 22,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| j) | Vehicle Recovery | 17,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| k) | Central Government Grants | 12,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| l) | Insurance Claims | 11,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| m) | Speed Awareness Training | 8,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| | Description | £ |
|------|--|-----------|
| | a) Income Generation | 174,000 |
| | b) Asset Recovery Incentivisation Scheme | 173,000 |
| | c) Custody Immigration Income | 31,000 |
| 3.23 | The final forecast outturn, which was prepared at the end of February 2016, anticipated savings of £3,646,000. The movement to the interim position of £5,986,000 is as a result of the following: | |
| | Description | £ |
| | a) Forecast Outturn February 2016 | 3,646,000 |
| | b) Savings resulting in Earmarked Reserves | 664,000 |
| | c) Release of Insurance Provision | 432,000 |
| | d) Software Licensing | 350,000 |
| | e) Provision Release | 162,000 |
| | f) Police Officer Bank Holiday Enhancements | 125,000 |
| | g) Utilities (inc Water) | 120,000 |
| | h) Operational Equipment | 100,000 |
| | i) Training | 60,000 |
| | j) Rent and Rates | 57,000 |
| | k) Sale of Mobile Police Stations | 54,000 |
| | l) Various across all areas | 216,000 |
| | m) Draft Accounts Position | 5,986,000 |
| | These movements are a combination of year-end actions, the finalisation of positions for previously estimated performance and unanticipated actions late in the financial year. | |
| 3.24 | Police and Crime Commissioner for Gwent (Appendix 1c) | |
| 3.25 | At the end of the financial year, the Office of the Police and Crime Commissioner for Gwent has incurred expenditure of £2,810,000 as detailed in Appendix 1c. | |
| 3.26 | Virement Summary (Appendix 3) | |
| 3.27 | The summary of virements for the financial year is presented in Appendix 3. All virements have previously been approved. | |
| 3.28 | Proposed Earmarked Reserves (Appendix 4) | |
| 3.29 | A number of pre-approved reserve movements, totalling £2,291,654, are already reflected in the position, and can be summarised as follows: | |

| | Description | £ |
|----|-----------------------------|-----------|
| a) | PFI Sinking Fund | 1,947,074 |
| b) | Airwave Sinking Fund | 210,462 |
| c) | PCC - General Commissioning | 134,258 |

Authorisation is requested for the following specific earmarked reserves to be made from the year-end savings:

| | Description | £ |
|----|----------------------------------|---------|
| a) | WG CSO Grant | 165,000 |
| b) | Airwave – Additional Savings | 119,808 |
| c) | Breaking The Cycle | 64,182 |
| d) | PCC - IOM Diversion Scheme | 56,418 |
| e) | Joint Firearms Unit | 33,635 |
| f) | Victims Hub | 32,886 |
| g) | DFT Drug Grant | 16,285 |
| h) | Local Resilience Forum | 15,996 |
| i) | WG Psychoactive Substances Grant | 13,533 |
| j) | PCC - IOM Pathfinder Scheme | 10,000 |
| k) | Hate Crime Awareness | 1,789 |

The total value of the requested transfers to specific reserves is £529,532. It is proposed that the remaining savings of £5,112,264 will be transferred to the General Reserve.

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| 3.30 | Control Account Reconciliations |
| 3.31 | The financial performance and forecast outturn processes are reliant on the accuracy and validity of the information held within the financial systems. One of the confirmations of this is the performance of control account reconciliations. The control accounts for the end of the year are currently being finalised to confirm the position at the financial year-end. |
| 3.32 | Capital Programme (Appendix 5) |
| 3.33 | The Revised Annual Budget on proposed schemes for 2015/16 is £4,944,000. |
| 3.34 | The Programme for 2015/16 has been funded from Home Office funding in the form of Capital Grant and Innovation Fund Grant and also Specific Capital Reserves. |
| 3.35 | Expenditure to the end of the year amounted to £2,492,000 of which, £1,682,000 to Information Systems, £613,000 related to Force Projects, £184,000 to Vehicle purchases, and the remaining £13,000 to Estate Schemes. |
| 3.36 | The year-end position shows savings of £2,452,000. Some Capital Programme Schemes were not completed by the end of the year, and their delivery has been rolled into 2016/17. The principal schemes contributing to this slippage are the Command and Control System (£263,000), Voice Over Internet Protocol (£184,000) and Enterprise Resource Planning System |

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| | (£300,000). |
| 4. | <u>NEXT STEPS</u> |
| 4.1 | Whilst this report represents the Interim Revenue and Capital position, the Final Year-End Statement of Accounts (Subject to Audit) were authorised by the Chief Finance Officer (OPCC) and the Assistant Chief Officer – Resources on 6 June 2016. |
| 5. | <u>FINANCIAL CONSIDERATIONS</u> |
| 5.1 | These are detailed in the report. |
| 6. | <u>PERSONNEL CONSIDERATIONS</u> |
| 6.1 | There are no staffing/personnel implications arising from this report. |
| 7. | <u>LEGAL IMPLICATIONS</u> |
| 7.1 | There are no legal implications arising from this report. |
| 8. | <u>EQUALITIES AND HUMAN RIGHTS CONSIDERATIONS</u> |
| 8.1 | This report has been considered against the general duty to promote equality, as stipulated under the Strategic Equality Plan and has been assessed not to discriminate against any particular group. |
| 8.2 | In preparing this report, consideration has been given to requirements of the Articles contained in the European Convention on Human Rights and the Human Rights Act 1998. |
| 9. | <u>RISK</u> |
| 9.1 | Whilst it is not anticipated that the financial position detailed above will change significantly, as the Final Year-End Statement of Accounts come closer to completion, the interim position may yet be subject to change. |
| 10. | <u>PUBLIC INTEREST</u> |
| 10.1 | This is a public document. |
| 11. | <u>CONTACT OFFICER</u> |
| 11.1 | Ken Chedzey – Principal Management Accountant. |
| 12. | <u>ANNEXES</u> |
| 12.1 | Appendix 1a – Revenue Budget Performance to 31 st March 2016 – Gwent Police Group. Appendix 1b – Revenue Budget Performance to 31 st March 2016 – Budgets Allocated to Chief Constable. Appendix 1c – Revenue Budget Performance to 31 st March 2016 – Office of Police and Crime Commissioner. Appendix 1d – Income and Expenditure Account to 31 st March 2016 – Statutory. |
| 12.2 | Appendix 2 – Establishment Summary at 31 st March 2016. |

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| 12.3 | Appendix 3 – Virement Summary at 31 st March 2016. |
| 12.4 | Appendix 4 – Approved and Proposed Reserve Movements. |
| 12.5 | Appendix 5 – 2015/16 Capital Programme at 31 st March 2016. |

For OPCC use only

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| Office of the Chief Constable I confirm the Procurement Annual report has been discussed and approved at a formal Chief Officers' meeting. It is now forwarded to the OPCC for information . | |
| Signature:  | |
| Date: 05.07.16 | |
| | Tick to confirm (if applicable) |
| Financial The Chief Finance Officer has been consulted on this proposal. | √ |
| OPCC The Chief of Staff has reviewed the request and is satisfied that it is correct and consistent with the PCC's plans and priorities. | √ |
| Legal The legal team have been consulted on this proposal. | n/a |
| Equalities The Equalities Officer has been consulted on this proposal. | n/a |
| Chief of Staff: I have been consulted about the proposal and can confirm that financial, legal, equalities etc... advice has been taken into account in the preparation of this report. I am satisfied that this is an appropriate report to be submitted to the Police and Crime Commissioner for Gwent. | |
| Signature:  | |
| Date: 13.07.16 | |
| Police and Crime Commissioner for Gwent I confirm that I have considered whether or not I have any personal or prejudicial interest in this matter and take the proposed decision in compliance with the Code of Conduct. The above request has my approval. | |
| Signature: | |
| Date: | |