

<u>OFFICE OF POLICE AND CRIME COMMISSIONER</u>	
TITLE:	Finance Report for the Year Ending 31st March 2017
DATE:	14th September 2017
TIMING:	Annual
PURPOSE:	For Consideration
1.	<u>RECOMMENDATION</u>
1.1	To consider the interim Revenue and Capital financial position as at 31st March 2017.
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 31st March 2017.
2.2	The Revenue Account identifies savings of £2,548,000 against budget at the year-end before transfers to general and earmarked reserves.
2.3	As part of the Staying Ahead Programme, the 2016/17 budget proposal included a requirement for £4,350,000 of in-year efficiency schemes against the CSR target.
3.	<u>ISSUES FOR CONSIDERATION</u>
3.1	Revenue Income and Expenditure (Appendix 1a)
3.2	At the 31st March 2017, the Revenue account shows savings of £2,548,000 (Appendix 1a, Line 33), for the 2016/17 financial year.
3.3	Police Officer Salaries and Allowances show total savings against budget of £2,822,000 (Appendix 1a, Line 1). The authorised budget reflects the new operating model, together with non-recurrent funding for transitional roles and the Staying Ahead Programme. During March a further £190,000 of Voluntary Exit Payments were made, which brings the cumulative amount to £1,324,000.
3.4	At the end of March 2017, the actual police officer establishment stood at 1,177.80 wte, 16.70 wte below the authorised operating model of 1,194.50 wte. The position reflects the intake of 55 wte probationer constables in the last two months of the year.
3.5	Police Staff Salaries and Allowances show total overspendings of £658,000 (Appendix 1a, Line 2). This is the net position of savings from vacant posts due to being below the current authorised establishment (£2,041,000), offset by redundancy, lieu of notice payments and pension capital costs (£2,668,000) arising from the implementation of new operating structures, as part of the Staying Ahead Programme. The additional overspending (£31,000) is primarily due to Tutor Payments within the First Point of Contact Centre (£9,000) and Holiday Pay entitlements (£22,000) as a result of the Bear Scotland high court ruling.
3.6	At the end of March 2017, the actual establishment stood at 677.34 wte (including 101.00 wte Welsh Government funded PCSOS and 18.86 wte

	Force funded PCSOs), against the current authorised establishment of 830.20 wte. The vacancies are partly offset by 40.00 wte temporary agency staff currently in Force.										
3.7	<p>At the end of March 2017, the PCSO Salaries and Allowances showed savings of £1,249,000 which are as a result of being 50.14 wte below the 2016/17 authorised establishment of 170.00 wte.</p> <p>The 2017/18 target of 131.00 wte is planned to be achieved in the first half of that financial year.</p>										
3.8	<p>Police Officer Overtime and Enhancements showed a saving of £175,000 (Appendix 1a, Line 4), which reflects the impact of the scrutiny by the Chief Officer Team to understand the cause and effect.</p> <p>This represents a saving on normal overtime of £29,000 and £146,000 for bank holiday enhancements. The former recognises the impact of the Chief Officers contingent fund (£313,000), which is held to mitigate the effect of significant demands or events.</p>										
3.9	<p>At the end of March 2017, Police Staff and PCSO Overtime and Enhancements showed combined savings of £677,000. These reflect a small surplus on Overtime of £17,000 and significant savings of £660,000 relating to enhancement savings arising from vacant posts.</p>										
3.10	<p>Other Employee Related Costs (Appendix 1a, Line 7) returned overspendings of £2,913,000 at the end of the year.</p> <p>In relation to the underlying budgets, savings have been made in relation to Medical Costs (£44,000) and Training costs (£20,000), but these have been offset by overspendings in relation to Police Medical Retirements (£519,000), Police Injury Pensions (£340,000), Police Injury Gratuity Payments (£45,000), Employee Insurance Premiums (£41,000) and Recruitment (£30,000).</p> <p>The additional £2,000,000 overspending, represents the non-recurrent payment to offset the financial implications of the current tri-ennial review of the Greater Gwent Local Government Pension Scheme (LGPS).</p>										
3.11	<p>Premises Costs show savings of £361,000 (Appendix 1a, Line 8). This reflects savings in Utilities (£370,000), Rent and Rates (£325,000), Waste Management (£118,000), Cleaning (£23,000), Insurance (£16,000) and Maintenance Contracts (£6,000). These savings are partially offset by overspending in Property Maintenance (£475,000), notably in respect of refurbishment at Newport Central and dilapidation costs at Mamhilad.</p>										
3.12	<p>Transport Costs (Appendix 1a, Line 9) show savings of £887,000. The main contributors are Fuel Costs (£425,000), Helicopter Service (£258,000), Fleet Repairs (£101,000), Police Vehicle Recovery (£45,000), Vehicle Hire (£32,000), Insurance Work for Recovery (£28,000), Mileage (£10,000) and Travel and Subsistence (£7,000). These are partially offset by overspendings on Insurance premiums (£19,000).</p>										
3.13	<p>At the end of March 2017, Supplies and Services show savings of £1,417,000 (Appendix 1a, Line 10). The principal areas of savings are as follows:-</p> <table border="1" data-bbox="284 1928 1390 2087"> <thead> <tr> <th></th> <th></th> <th>£</th> </tr> </thead> <tbody> <tr> <td>a)</td> <td>Computer Software</td> <td>482,000</td> </tr> <tr> <td>b)</td> <td>Professional Services</td> <td>394,000</td> </tr> </tbody> </table>				£	a)	Computer Software	482,000	b)	Professional Services	394,000
		£									
a)	Computer Software	482,000									
b)	Professional Services	394,000									

	c) Communications	215,000
	d) Operational Equipment	200,000
	e) Scientific Testing	186,000
	f) Public Liability Costs	149,000
	g) Computer Hardware	136,000
	h) Airwave Communications	131,000
	i) Postage, Printing and Stationery	109,000
	j) Uniform	107,000
	k) Police Surgeons	32,000
	l) Pathology	28,000
	m) Subscriptions	26,000
	n) Police Dogs	15,000
	o) Dangerous Dogs	15,000
	p) Advertising	15,000
	q) Custody Expenses	14,000
	r) Hospitality Costs	14,000
	s) Non-operational Equipment	13,000
	t) Vehicle Recovery	7,000
	<p>These are partly offset by overspending on Insurance Premiums (£87,000), Telephone Investigation Charges (£50,000) and Ancillary Computer Costs (£13,000).</p> <p>In addition, the savings are affected by a provision for Employment Tribunal Costs £92,000 and an uplift to the Insurance provision of £624,000.</p>	
3.14	The Major Incident Fund shows savings of £122,000 (Appendix 1a, Line 11). Operational demand in the final months of the year was lower than forecast, hence the higher than anticipated savings.	
3.15	Pro-active Operational Initiatives (Appendix 1a, Line 12), continued as expected for the balance of the year, delivering savings of £84,000.	
3.16	Contributions to Police ICT Company and national systems (Appendix 1a, Line 13) show savings of £80,000. This is due to a change in contribution levels which arose after the 2016/17 budget was confirmed.	
3.17	Capital Charges have overspent by £2,702,000 at the year-end. The major contributor to this (£2,790,000) reflects the previously reported intention to repay a significant proportion of the Commissioner's debt. The remaining variance represents savings in the Minimum Revenue Provision (£110,000) and an overspending on Loan Interest (£22,000), which arose from the accelerated repayment of debt.	
3.18	The delivery of accelerated savings, particularly within Supplies and Services, has meant the funding provided in the Development Reserve (Appendix 1a, Line 15) was not required which has resulted in savings of £108,000.	

3.19	The Staying Ahead Programme has delivered accelerated savings ahead of the budgeted plan for 2016/17. Identified Recurring Savings (Appendix 1a, Line 16) of £1,162,000 have been realised ahead of plan – these are primarily through restructuring of Police Officer and Police Staff posts.	
3.20	Investment Income (Appendix 1a, Line 17), shows a small surplus of £4,000 to the end of the year. Whilst there are higher than anticipated cash balances, the position reflects the reduced level of returns through the avoidance of risk in choosing investment opportunities.	
3.21	Additional Other Income of £39,000 had been received by the end of the financial year (Appendix 1a, Line 18). The notable contributors to this are:-	
		£
a)	Specified Police Proceedings	281,000
b)	SRS Shared Cost Recovery	77,000
c)	Training	62,000
d)	Firearms Licensing	59,000
e)	YOT Cost Recovery	56,000
f)	WITS Cost Recovery	45,000
g)	Police Federation Cost Recovery	41,000
h)	Asset Recovery Incentivisation Scheme	39,000
i)	Rental Income	33,000
j)	Reports	23,000
k)	Special Duties	17,000
l)	Vehicle Recovery	11,000
m)	Scrappage of Seized Vehicles	9,000
n)	Speed Awareness Training	9,000
However, the above savings have been offset, in part, by the following shortfalls:-		
		£
a)	Welsh Government CSO Grant Income	211,000
b)	Income Generation	173,000
c)	Mutual Aid	73,000
d)	Partnership Income	57,000
e)	Partner CSO Income	55,000
f)	Home Office Grant Support	50,000
g)	Vehicle Disposals	28,000
h)	Immigration Detainee Income	27,000
i)	Innovation Fund	24,000
j)	Capital Borrowing Support	14,000

	k)	Abnormal Loads	14,000
3.22	The 2016/17 Revenue Budget originally planned for a contribution from Earmarked Reserves (Appendix 1a, Line 30), which would be needed to deliver the Staying Ahead Programme. The delivered savings, particularly in terms are staffing, meant that this non-recurrent funding was not needed, and is therefore shown as a shortfall of funding (£805,000).		
3.23	The enhanced scrutiny of the insurance provision has meant that a number of anticipated claims have been resolved, with reduced or nil cost to the organisation. This has resulted in the release of non-recurrent monies (£438,000) into the revenue position (Appendix 1a, Line 31).		
	The final forecast outturn, which was prepared at the end of February 2017, anticipated savings of £1,807,000. The movement to the interim position of £2,548,000 is principally, as a result of the following:-		
			£
	a)	Forecast Outturn February 2017	1,807,000
	b)	Police Officer Salaries and Allowances	286,000
	c)	Police Staff and PCSO Overtime and Enhancements	227,000
	d)	Police Pension Costs	(268,000)
	e)	Rent and Rates	278,000
	f)	Utilities	143,000
	g)	Property Maintenance	(333,000)
	h)	Hardware and Software	183,000
	i)	Capital Charges	335,000
	j)	Major Incident Schemes	122,000
	k)	Grant Funding Streams	(162,000)
	l)	Various Movements	(70,000)
	m)	Draft Interim Position	2,548,000
	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 £2,938,000 as detailed in Appendix 1c.		
3.26	Proposed Earmarked Reserves (Appendix 4)		
3.27	A number of pre-approved reserve movements, totalling £4,045,337 are already reflected in the position, and can be summarised as follows:-		
			£

a)	PFI Sinking Fund	2,044,733
b)	Breaking the Cycle	1,152,024
c)	Revenue Contribution to Capital	498,084
d)	Airwave Sinking Fund	210,322
e)	PCC - General Commissioning	140,174

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

		£
a)	Multi Agency Safeguarding Hub	231,000
b)	Asset Recovery Incentivisation Scheme	158,033
c)	Additional Airwave Savings	130,279
d)	Wales Interpreter and Translation Service	85,035
e)	Victim Services Hub	40,354
f)	National Cadet Scheme	35,161
g)	Staying Ahead Scheme	29,012
h)	National Specials Conference	17,792
i)	IOM Women's Pathfinder	13,743
j)	Go Safe Capital Funds	12,975
k)	ROCU Collaboration	8,089
l)	Hate Crime Awareness	4,000
m)	Motivating Our Youth	2,220

The total value of the requested transfers to specific reserves is £784,933. It is proposed that the remaining savings of £1,792,544 will be transferred to the General Reserve.

3.28 Control Account Reconciliations

3.29 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.

3.30 Capital Programme (Appendix 5)

3.31 The Revised Annual Budget on proposed schemes for 2015/16 is £3,741,000.

3.32 The Programme for 2016/17 has been funded from Home Office funding in the form of Capital Grant, Revenue Contributions to Capital and Specific Capital Reserves.

3.33 Expenditure to the end of the year amounted to £1,671,000 of which, £1,043,000 to Information Systems, £68,000 related to Force Projects, £268,000 to Vehicle purchases, and the remaining £292,000 to Estate Schemes.

3.34 The year-end position shows savings of £2,070,000. Some Capital Programme Schemes were not completed by the end of the year, and their delivery has been rolled into 2017/18. The principal schemes contributing to this slippage are Estates Minor Works (£213,000), Fleet Replacement Cycle (£518,000), Disaster Recovery (£162,000) and Enterprise Resource Planning

	System (£632,000).
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) will be authorised by the Chief Finance Officer (OPCC) and the Assistant Chief Officer – Resources on 5 June 2017.
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	The risks arising are outlined in the body of the report.
10.	<u>PUBLIC INTEREST</u>
10.1	This is a public document.
11.	<u>CONTACT OFFICER</u>
11.1	Ken Chedzey – Interim Head of Finance
12.	<u>ANNEXES</u>
12.1	Appendix 1a – Revenue Budget Performance to 31st March 2017 – Gwent Police Group. Appendix 1b – Revenue Budget Performance to 31st March 2017 – Budgets Allocated to Chief Constable. Appendix 1c – Revenue Budget Performance to 31st March 2017 – Office of Police and Crime Commissioner.
12.2	Appendix 3 – Approved and Proposed Reserve Movements.
12.3	Appendix 4 – 2016/17 Capital Programme at 31st March 2017.