

Decision ID: **PCCML** **000448** **2018**

Decision title

Outturn 2017/18

Executive Summary

The decision analyses the Outturn position for the 2017/18 financial year, an underspend of £2.313m (0.8%), and explains the recommendations for the transfer of amounts to and from reserves as part of the year end process.

Recommendation

It is recommended that the Outturn report is noted and that the following carry forwards are approved:

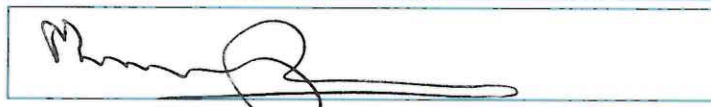
- a) the £0.365m underspend on estate is contributed to the Commissioner's Reserve for future estate spending.
- b) the carry forward of £0.535m for technology projects and £0.050m for firearms launchers set out in Table 1 is approved.
- c) the remaining net underspend of £1.363m is transferred to the Transformation Reserve. This would increase the unallocated Transformation Reserve to £11.540m.

Police and Crime Commissioner

I hereby: approve reject the recommendation above.

Comment(s) on the decision taken:

Signature:



Name: **Michael Lane**

Date: **14 / 11 / 2018**

Report to: Police & Crime Commissioner

13 August 2018

Outturn 2017/18

Report of the Chief Financial Officers

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1. Purpose

- 1.1 The purpose of this report is to present the outturn position for 2017/18. The statements of accounts for the PCC and Chief Constable were signed at the Joint Audit Committee on 26 July 2018. The accounts contain the outturn figures in the Narrative Statement. The revenue budget outturn position is an underspend of 2.313m (0.8%).

2. Recommendation

- 2.1 It is recommended that the report is noted and that:
- a. planned contributions from reserves in 2017/18 for Contact Management Programme (£1.089m), Force Development Programme (£0.800m), Crime Data Integrity (£0.704m) and other smaller amounts (£0.501m) are not taken from reserves where these have been absorbed within the existing revenue budget. This releases £3.094m within the Transformation Reserve for other purposes. The available reserve on the Transformation Reserve before carry forward decisions below becomes £10.177m
 - b. the underspend of £2.313m is allocated as follows:
 - i. the £0.365m underspend on estate is contributed to the Commissioner's Reserve for future estate spending
 - ii. the carry forward of £0.535m for technology projects and £0.050m for firearms launchers set out in Table 1 is approved
 - iii. the remaining net underspend of £1.363m is transferred to the Transformation Reserve. This would increase the unallocated Transformation Reserve to £11.540m

3. Revenue Outturn Summary

- 3.1 The revenue budget outturn position, after adjusting for carry forward, is an underspend of £2.313m (0.8%) for the combined accounts of the Police and Crime Commissioner and Chief Constable. Within this total, the Office of the Police and Crime Commissioner underspent by £1.066m and the Chief Constable underspent by £1.257m (0.4%) as set out in appendix A.

4. Office of the Police and Crime Commissioner

- 4.1 This was primarily as a result of lower capital financing costs (£0.551m) than forecast. It is recommended that the underspend on estates (£0.365m) is contributed to the Commissioner's Reserve so that it can effectively be carried forward.

5. Constabulary

- 5.1 There are no significant underspends or overspends within the analysis of the Chief Constable's accounts other than a £1.348m underspend on supplies and services, including IT projects. Revenue funding is allocated to ongoing ICT projects which can run over financial years so there is a need to carry funding forward into the new financial year to provide the funding to complete the projects. Carry forward requests for ICT projects are detailed below. There is also a request to carry forward funding for firearms launchers as a purchase order was raised but delivery is still awaited:

Table 1 – Constabulary Carry Forward Requests

Project	£m
Emergency Services Mobile Communications Programme	0.209
Network Integration Tool	0.136
Test Automation Tool	0.085
Two Way Interface (TWIF)	0.059
Portfolio Project Programme Tool	0.046
Firearms Launchers	0.050
Total	0.585

6. Capital

- 6.1 The actual capital expenditure in 2017/18 was £16.2m as shown in appendix B. Expenditure on estate was £9.0m in 2017/18. The delivery of the Eastern PIC remains on time and on budget. The Estate Change Programme requires investment in new buildings to occur first before existing estate can be released for disposal so there is a timing difference between capital outlay and capital receipts which results in funding shortfall in 2017/18 that is funded by £8.9m from internal borrowing against internal cash balances until the existing estate that can be released is sold. It should also be remembered that capital receipts in 2016/17 included a substantial sum for the sale of the Police HQ building at West Hill in Winchester.

7. Reserves

- 7.1 As of 31 March 2018 the general reserve stood at £10.898m before any additional transfers to earmarked reserves are approved by the Commissioner. The Transformation Reserve balance stood at £38.561m at 31 March 2018, which will assist with funding the ongoing cost of change.
- 7.2 The Commissioner's Reserve is held to provide grant funding to third parties who undertake activities and projects which support the priorities in the Police and Crime Plan. The reserve stood at £3.174m at 31 March 2018.
- 7.3 The medium-term financial strategy approved by the Commissioner as part of the 2018/19 budget setting process shows how these reserves will be used to support the change programme over the medium-term. However, it is important to note that of these usable reserves, £11.360m belongs to the ACPO Criminal Records Office and associated activities, partly as a surety (£4.346m) but mainly to support its on-going activity (£7.014m).

8. Risks

- 8.1 There are no identified risks associated with the outturn report. However, the statement of accounts will be subject to extensive external audit scrutiny. The statement of accounts must be signed by the Chief Finance Officers by 31 May. The Outturn Report has been produced ahead of this deadline and prior to the external audit. The external auditors then have until 31 July to review the accounts, so there is a risk that amendments may be necessary to the accounts when the statements are produced and/or as a result of audit findings. Any material changes will be reported to the Police and Crime Commissioner as soon as they are identified. There have not been any material changes made in previous financial years.
- 8.2 There are financial risks in the medium term due to the demands on police and crime and the challenging financial position. The Medium Term Financial Strategy and Budget reports set out the financial challenges and the plans to meet those challenges.
- 8.3 It may be necessary to use reserves to assist with 'smoothing' cuts to policing if savings cannot be identified and delivered in time. This is expected to be low risk as the shortfalls in the short term are not significant and some savings initiatives are already in development. The Force has a good track record for delivering savings.

Section 100 D - Local Government Act 1972 - background documents

The following documents disclose facts or matters on which this report, or an important part of it, is based and has been relied upon to a material extent in the preparation of this report.

NB the list excludes:

1. published works; and,
2. documents which disclose exempt or confidential information as defined in the Act.

Outturn 2017/18

Outturn 2017/18	Budget	Actuals	Variance	
	£'000	£'000	£'000	
Funding	(306,001)	(305,991)	10	0.0%
Expenditure owned by the PCC				
Office of the PCC	1,786	1,784	(2)	
Commissioning	1,259	1,259	0	
Estates	14,245	13,880	(365)	
Capital Financing	3,095	2,544	(551)	
Interest on balances	(500)	(642)	(142)	
Contributions to/ (from) reserves	(7,901)	(7,907)	(6)	
Net expenditure owned by the PCC	11,984	10,918	(1,066)	-8.9%
Police Service				
Employee related	247,117	247,764	647	
Transport	6,160	5,782	(378)	
Supplies and Services	79,306	77,958	(1,348)	
Premises	1,304	1,002	(302)	
Income	(39,870)	(39,746)	124	
Net Police Service	294,017	292,760	(1,257)	-0.4%
Net total expenditure	306,001	303,678	(2,323)	-0.8%
Net total funding/expenditure	0	(2,313)	(2,313)	0.8%

Capital Outturn

Appendix B

2016/17		2017/18	
£m	Expenditure:	£m	
22.0	Land & Buildings	9.0	
3.0	Vehicles & Plant	3.3	
3.6	IT & Operational Equipment	3.9	
28.6		16.2	
	Funded by:		
2.8	Government Grant	1.2	
22.6	Capital Receipts	2.1	
3.2	Revenue Contributions	4.0	
0.0	Borrowing (incl. internal)	8.9	
28.6		16.2	

Reserves as at 31 March 2018

	Balance 31 March 2017	Movement in 2017/18	Balance 31 March 2018
	£'000	£'000	£'000
Revenue Reserves			
A. General Fund Balance	(9,979)	(919)	(10,898)
B. PCC Earmarked Revenue Reserves			
Fully committed to Existing Spend Programmes			
Carry Forward Reserve	(6,931)	1,189	(5,742)
Commissioning Reserve	(596)	596	-
Laboratory Reserve	(153)	-	(153)
Capital (Revenue Contributions) Reserve	(2,792)	1,744	(1,048)
Revenue Grants Unapplied	(1,200)	138	(1,062)
	(11,672)	3,667	(8,005)
Departmental/Trading Reserves			
Netley Business Plan	(239)	(6)	(245)
	(239)	(6)	(245)
Risk Reserves			
E state Risk Reserve	(2,750)	2,750	-
Insurance Reserve	(1,477)	-	(1,477)
	(4,227)	2,750	(1,477)
Corporate Reserves			
Commissioner's Reserve	-	(3,174)	(3,174)
Equipment Reserve	(1,000)	-	(1,000)
Performance Reserve	(1,693)	489	(1,204)
Transformation Reserve	(45,852)	7,291	(38,561)
	(48,545)	4,606	(43,939)
Total Earmarked Revenue Reserves Available	(64,683)	11,017	(53,666)
C. Other Earmarked Revenue Reserves			
ACRO Surety	(4,000)	-	(4,000)
AVCIS Surety	(346)	-	(346)
ACRO General Reserve	(6,643)	(371)	(7,014)
	(10,989)	(371)	(11,360)
Total Revenue Reserves and Balances	(85,651)	9,727	(75,924)