

**OFFICE OF THE POLICE AND CRIME COMMISSIONER
FOR HUMBERSIDE
DECISION RECORD**

Decision Record Number: **23/2014**

Title: **OPCC Budget**

Executive Summary:

The OPCC has been working on a provisional budget for 2014/15, based on the updated estimate for 2013/14. There is now a need to consider and approve a detailed budget for the year, taking into account the creation of the Corporate Support Team with effect from 1 April 2014 together with the identification of savings against the base budget available for transfer to the Commissioner's Crime Reduction Fund (CCRF).

Decision:

(a) That the projected outturn in 2013/14 showing an underspend of £197,978 be noted; (b) that this amount be carried forward to be retained to support partnership funding; (c) that the OPCC budget for 2014/15 be approved as appended to the report; (d) that the budget for the Corporate Support Team be approved; (e) that the one off underspend of £193,790 from the OPCC budget be transferred to support the Commissioner's Crime Reduction Fund in 2014/15; (f) that the Deputy Chief Executive and Treasurer in conjunction with the Assistant Chief Officer (Support) be authorised to make the necessary budget transfers, and (g) that the Deputy Chief Executive and Treasurer work with the OPCC Media Officer to prepare a list of FAQs for the website to ensure that the budgets are easily understandable.

Background Report: Open

Police and Crime Commissioner for Humberside

I confirm I have considered whether or not I have any personal or prejudicial interest in this matter and take the proposed decision in compliance with my code of conduct.

Any such interests are recorded below.

The above decision has my approval.

Signature

Matthew Grove

Date 11.06.14

**POLICE AND CRIME COMMISSIONER
FOR HUMBERSIDE**

SUBMISSION FOR DECISION

OPEN

Title: OPCC and Corporate Support Team Budgets 2014/15

Date: 11 June 2014

1. Executive Summary

The OPCC has been working on a provisional budget for 2014/15, based on the updated estimate for 2013/14. There is now a need to consider and approve a detailed budget for the year, taking into account the creation of the Corporate Support Team with effect from 1 April 2014 together with the identification of savings against the base budget available for transfer to the Commissioner's Crime Reduction Fund (CCRF).

2. Recommendations

- (a) The projected outturn in 2013/14 showing an underspend of £197,978 be noted;
- (b) This amount be carried forward to be retained to support partnership funding;
- (c) The budget for 2014/15 set out in the attached Appendix for the OPCC for 2014/15 be approved
- (d) The budget for the Corporate Support Team be approved
- (e) The transfer of one off underspend of £193,790 from the OPCC budget to the support the Commissioner's Crime Reduction Fund in 2014/15 be approved and
- (f) The Deputy Chief Executive and Treasurer in conjunction with the Assistant Chief Officer (Support) be authorised to make the necessary budget transfers.

3. Background

For 2013/14 you agreed to retain the budget at £1.418m, the same level as the budget that you inherited from the former Police Authority for 2012/13. Within that sum you had identified savings of £187,100 to remain unallocated in order to make funds available as part of arrangements for the development of the CCRF. {

After taking account of an allocation from the central contingency for pay awards, in line with normal procedure, the base budget was increased to £1,422,920.

Spending against this budget was monitored throughout the year by the OPCC's Senior Management Team. The results were included in budget monitoring information prepared by the Force and reported in summary at Force Business Management meetings and to you and the Chief Constable at meetings of the Corporate Governance Group.

When approving the budget for 2013/14 you noted that the position would need to be reviewed following the agreement to your proposals for the Stage 2 transfer which was to take effect from 1 April 2014, which would include taking into account full details of staff transfers, including the creation of the Corporate Support Team (CST).

This report provides detailed information on the proposed budget for 2014/15, for both the OPCC and the CST and for the former provides a comparison with the base budget for 2013/14.

4. Provisional Outturn 2013/14

A comparison between the provisional outturn for 2013/14 and the approved budget is also set out in the attached Appendix. This shows a saving against budget of £197,978. Budget monitoring continued to monitor the situation regarding the £187,100 unallocated within the original budget. There were no commitments against this provision during the year with a further underspend against the net budget of £10,878. Reports during the year identified that the whole of any underspend should be carried forward via the Partnership Reserve.

This submission does not include spending in respect of partnership initiatives in 2013/14 using the Community Safety Fund Grant which totalled £2.316m last year together with funding from your Partnership Reserve. This enabled you to provide contributions towards the cost of Drug Testing and Drug Intervention Projects, Community Safety Partnerships (CSPs), Youth Offending Teams (YOTs) and of Positive Lifestyles to enable them to operate at the same level as they had done in 2012/13 when they received funding direct from the Home Office.

This will be the subject of a separate report which will provide information on the outturn position for 2013/14. It will also provide the basis for monitoring spending and commitments against the budget provision of £2.3m and the balance available in the Partnership Reserve following your decision to continue to fund and in some cases increase support for partnership working in 2014/15.

In addition, the report will provide information on the funding allocations in 2013/14 and 2014/15 in connection with Victims' Services from the Ministry of Justice.

The net underspend on the OPCC budget in 2013/14 arose as a result of a number of factors which are detailed in the table below.

Expenditure Heading	Underspend/ (Overspend) £	Comments
Pay, NI and Superannuation	2,165	Marginal underspend on pay due to offsetting variations in NI and Superannuation. Community Engagement Manager left in March and was not replaced.
Indirect Employee Expenses	5,861	Training expenses less than anticipated which offsets overspend on conferences in Supplies and Services
Premises Costs	9,447	Savings against budget reflect reduced spending on Pacific Exchange due to impending sale and overprovision for creditors in respect of energy costs in 2012/13.
Transport	(11,317)	Travel costs underestimated in formulating budget for 2013/4.
Supplies and Services	(7,866)	This reflects number of small offsetting overspends and underspends on general running costs. Variations included additional spending on external advisers due the Stage 2, costs associated with the recruitment of the new Chief Executive, conference expenses and public consultation in connection with the budget and precept and staff survey. These extra costs were offset by reduced spending on printing and stationery, website costs and on subscriptions primarily in respect of the amounts paid to ACPO and the APCC.
Members Expenses	1,238	Underspending against the provision made for costs associated with the Joint Independent Audit Committee (JIAC).
Support Services	8,347	This relates to underspends against the budget provision for Internal Audit (£1,344) and External Audit (£7,003) the latter reflecting reduced charges and rebates for previous years.
Income	3,003	This includes a £2,000 bequest which will be used in 2014/15 as a contribution towards the cost of equipment for the Under Water Search Unit.
Unallocated Budget	187,100	This reflects the saving identified originally to be used as a contribution to the CCRF. There was no call on this provision in 2013/4.
TOTAL UNDERSPEND	197,978	

5. **Proposed Budget 2014/15**

The proposed budget for 2014/15 needs to reflect the Stage 2 arrangements approved by the Home Secretary in March 2014 which included the setting up of the CST.

Details of how the proposed budgets for the OPCC and the CST have been constructed are set out in the attached Appendix.

This shows a like for like comparison between the OPCC in 2013/14 and 2014/15.

It also shows a full detailed analysis of the comparison of spend against budget in 2013/14.

Office of the Police and Crime Commissioner

The OPCC budget has been constructed following a review of the position post 2013/14. A number of budgets across a range of individual headings have been amended.

Information on the underlying assumptions is set out below.

Pay, National Insurance and Superannuation

The assumptions on pay reflect the costs of the OPCC including the costs of the Police and Crime Commissioner and the Deputy Police and Crime Commissioner and include provision for increments where appropriate. The budget will be increased by the amount of pay awards when details are known. For comparison purposes those members of staff employed within the OPCC but transferring to the CST are still shown as under the OPCC heading but the budgets for their posts will be transferred at a later date.

The OPCC currently now includes a Chief Inspector on secondment from the Force. At this stage the costs are being met by the Chief Constable. This arrangement, including funding, will be reviewed later in the year.

Indirect Employee Costs

This budget heading includes training costs together with provision for the arrangements agreed with the Chief Executive in relation to relocation costs.

Premises Costs

At this stage the estimate still reflects the costs associated with the OPCC being based at Pacific Exchange, however the sale of the building to Hull City Council has been agreed and so these costs will need to be reviewed when details of the relocation have been finalised. This will need to take account of the expenditure associated with new premises together with removal and other costs. It has already agreed that the sale proceeds net of disposal costs will be made available to supplement the funding already available for the CCRF.

Transport Costs

The budget proposed for transport costs reflects the experience for a full year in 2013/14. The original estimate for that year was based on only 4 month's experience of the new governance arrangements and was clearly understated.

Supplies and Services

This covers a range of budget headings relating to the day to day running costs including printing, stationery etc. These again have been updated based on the experience of the first full year of operation of the current OPCC arrangements. Key issues to note are a reduction in the provision for external advisers and general subscriptions to reflect the continuing squeeze on subscription costs, particularly in connection with the APCC and ACPO with the latter being reorganised in 2014/15. These savings are offset by increasing the base budget for public consultation to £50,000 following an assessment of the activity last year which included extra work in relation to the budget and precept and the staff survey.

Members Costs

This reflects the costs of the JIAC.

Support Services

This budget includes provision for the costs of Internal Audit and External Audit. The internal audit arrangements with the West Yorkshire OPCC have been extended to the end of September with the service for the next 2 years currently being out to tender.

The external audit reflects the scale fee reported to the JIAC.

Income

This relates to the income re car parking.

Corporate Support Team Budget

The CST budget incorporates projections of pay costs in connection with the staff remaining in the employment of the Commissioner at Stage 2 divided between the sub-sections of Finance and Risk, Performance Development Unit (PDU), Assessment and Review and the Local Criminal Justice Board (LCJB). This is supplemented by a pro-rata allocation of costs in relation to transport and other running costs together with budget provision for expenditure that will transfer directly to the CST such as the cost of surveys undertaken by the PDU.

It should be noted that there been no permanent budget provision for staffing and associated expenditure in connection with the LCJB . In previous years this has been funded temporarily from savings via the Force Performance Fund.

Overall Funding Position

At the point of the Stage 2 transfer, 3 posts were identified as being vacant. The assumptions detailed in Appendix 1 assume that these posts will not be filled. As a result the costs of the LCJB are capable of being funded and can be contained within the existing available budget provision.

Next Steps

The next steps will be to disaggregate and transfer the pay and other costs in respect of those staff shown in Appendix 1 in the OPCC budget who are now members of the CST to their respective sub headings and to make the associated budget transfers.

It will also be necessary to affect the virements needed to transfer provision from Force budgets within e-financials, the financial ledger.

At this point budgets will be capable of being controlled and monitored at this sub-heading level by the relevant managers.

In addition, the assumptions in relation to the monies available for the CCRF will need to be updated.

6. Options

There are options to approve the budget proposals set out in this report or to amend the estimated expenditure.

There is an alternative option to reduce costs and to make contributions to the either the Partnership Reserve or to the Performance Improvement Reserve.

7. Risks

The budget for the OPCC and the CST must be set in the context of the overall financial picture presented in the Medium Term Financial Strategy (MTFS). This requires additional savings to be made in each of the years from 2014/15 to 2018/19. In the light of the budget reductions that may be required in future years you may consider that you will want to make reductions in the spending on your Office and the CST.

There are risks in making commitments that will have ongoing revenue consequences but the proposed budget information indicates that the costs can be contained within the overall existing budget provision available without making calls on the Force for additional savings.

The proposed budget reflects the Stage 2 transfer which included the creation of the CST. This could give rise to a risk of suggestions that costs have increased significantly. The format of presentation identifies that permanent savings of £193,970 can be made against the base budget that you inherited from the former Police Authority which can be made available for the CCRF. It also indicates that on a like for like comparison the estimated OPCC costs in 2014/15 are £1,194,940 against £1,235,820 in 2013/14, a saving of £40,880.

Arrangements for the allocation of costs between the PCC and the Chief Constable have still to be determined.

It should also be noted that there were risks associated with the temporary budget provision for the LCJB staff who have accrued permanent employment rights. By using the savings in the cost of the OPCC, including those arising by not filling vacancies and in other areas of activity these posts can be funded within the base budget.

8. Financial Implications

The financial implications are set out in the report.

9. Legal Implications

The budget of the OPCC has been incorporated within the overall budget approved as part of the precept decision proposed to and agreed by the Police and Crime Panel. This was supported by the Medium Term Financial Strategy which provided details which showed an overall balanced budget over the period to 2018/19.

10. Equalities Implications

There are no specific equality implications arising from this report.

11. Consultation

The report reflects the views of the Senior Management Team of the OPCC and the Force and follows discussions with you and the DPCC.

12. Media information

The issue of OPCC budgets has been the subject of significant publicity following comments made by the Home Affairs Select Committee last year.

Publication of information on the OPCC budget is a requirement in the Specified Information Order.

13. Background documents

MTFS 2014/15

Precept Report to the Police and Crime Panel and Decision

Budget Monitoring Reports 2013/14

14. Publication

N/A

