

POLICE AND CRIME PANEL - HAMPSHIRE**Report**

Date considered:	1 November 2013	Item:	10
Title:	Police and Crime Commissioner for Hampshire – Financial Monitoring leading to 2014/15 Precept Scrutiny		
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1. Executive Summary

- 1.1. At the last Police and Crime Panel meeting it was agreed that in order to inform the scrutiny process for the 2014/15 precept, it would be useful to have background financial information that could be fed into further meetings of the Finance Sub-group in advance of the formal scrutiny meetings.
- 1.2. This report and appendices therefore sets out information on the 2012/13 outturn position, outlines performance against budget in the current financial year and provides a draft Medium Term Financial Strategy for 2014/15 onwards.

2. 2012/13 Outturn Position

- 2.1. The OPCC and Hampshire Constabulary budgets under spent by £6.056m (2%) in 2012/13. The full report on the outturn position is attached at Appendix 1, and the key variances across service areas is shown in Appendix A to the report.
- 2.2. The report explains that the underspend was carried forward or allocated to reserves as set out in the following table:

Carry Forward/Reserve	£'000
Carried forward for on-going IT projects that straddle the end of the financial year	1,120
Carried forward for RMS enhancements required to reflect national changes and facilitate efficiency savings	384
Contribution to sinking fund reserve to pay for replacement equipment at the shared laboratory with HCC	50
Contribution to Protecting People and Places fund (Office for Police and Crime Commissioner underspend)	135
Contribution to transformation reserve	4,367

3. 2013/14 Current Financial Position

- 3.1. Formal published monitoring reports are not produced by the Constabulary or the PCC as these are dealt with as specific briefing items.
- 3.2. Paragraph 4.11 of the MTFs report (attached at Appendix 2) states :
“The budget monitoring position at the end of Quarter 2 shows a continued trend towards delivering the planned savings earlier in the year through strong programme governance and the careful management of staffing. This ensures that the budget target is delivered and all additional savings achieved in-year are transferred to the Transformation reserve in order to support the necessary investments required to achieve future financial savings whilst delivering high performance services.”
- 3.3. This gives a strong indication that performance against the budget in the current year is strong and therefore is unlikely to have any significant knock on impacts to the budget process for 2014/15.

4. 2014/15 Forward Budget

- 4.1. Attached at Appendix 2 is the Medium Term Financial Strategy report from 2013/14 to 2017/18 that has been signed off by the PCC as a planning document for the detailed 2014/15 budget.
- 4.2. In terms of the specific scrutiny of the 2014/15 budget, Appendix C shows that at an assumed 3% council tax increase, there is a small surplus of £336,000 on the budget.
- 4.3. There are three assumptions that are critical to this position :
- That Hampshire continues to be in the bottom quartile for council tax levels, enabling them to set an increase above the referendum limit.
 - That the savings programmes in 2013/14 and 2014/15 are fully delivered
 - That there are no significant revenue budget pressures or growth that need to be accommodated.
- 4.4. In addition, there is the potential for some top slicing of the main police grant to provide national funds for other initiatives which could adversely impact on the budget position in 2014/15. Further information will be available on potential revenue pressures and growth bids and the development of the longer term savings plan over the coming months.
- 4.5. In addition to considering the 2014/15 budget position, the Panel will also want to take into account the longer term projections and the impact of council tax decisions over the entire period. Appendix C shows that even at an assumed 3% council tax increase per year, savings in the order of

£25.0M would be required by the 2017/18 financial year, £10M of which would need to be in place for the 2015/16 budget.

- 4.6. The final Appendix of the report sets out a reserves strategy and the proposed level and use of reserves over the medium term position.
- 4.7. The report is presented in full at Appendix 2 and the Panel is recommended to consider what additional issues the Finance Sub-group may want to look at in advance of the formal scrutiny of the precept in the new year.

5. Recommendation(s)

- 5.1. That the Panel note the financial information as set out in this report
- 5.2. That the Panel consider what issues it would like the Finance Sub Group to examine or investigate prior to formal scrutiny of the precept in the new year.

Section 100 D – Local Government Act 1972 – background documents

The following documents discuss facts or matters on which this report, or an important part of it, is based and have been relied upon to a material extent in the preparation of this report. (NB: the list excludes published works and any documents which disclose exempt or confidential information as defined in the Act.)

Document

Location