

**SCOTTISH POLICE
AUTHORITY**

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| Meeting | SPA Board (PUBLIC SESSION) |
| Date and Time | 15 December 2016 |
| Location | Pacific Quay |
| Title of Paper | Finance Mid-Year Review (2016/17) |
| | TBC |
| Presented By | James Gray, Interim Chief Financial Officer |
| For Approval / Information | FOR INFORMATION |
| Appendix Attached: | Yes |

PURPOSE

The purpose of this report is to advise Members of the financial position of the Scottish Police Authority (SPA) for the six month period ending 30 September 2016 and forecasts the outturn position for 31 March 2017.

This paper is being submitted in accordance with the Scheme of Administration and is a Standing Agenda Item.

1. BACKGROUND

- 1.1 This report summarises the financial position as at 30 September 2016 and forecasts the full year outturn position.
- 1.2 The Finance and Investment Committee has received a more detailed set of reports providing detailed variance analysis and progress with planned savings.

2. FURTHER DETAIL ON REPORT TOPIC

- 2.1 Further detail on the financial position is included in the attached mid-year review report.

3. FINANCIAL IMPLICATIONS

- 3.1 The financial position is explained throughout the attached report and appendices. At present the organisation is facing an overall net over-spend against budget of £17.5m for the year.

4. PERSONNEL IMPLICATIONS

- 4.1 There are no personnel implications associated with this report. Any personnel implications arising from the financial position will be discussed and negotiated with staff associations as appropriate.

5. LEGAL IMPLICATIONS

5.1 There are no direct legal implications associated with this report.

6. REPUTATIONAL IMPLICATIONS

6.1 There no reputational implications associated with this report.

7. SOCIAL IMPLICATIONS

7.1 There are no social implications directly associated with this report.

8. COMMUNITY IMPACT

8.1 There are no community impact implications directly associated with this report.

9. EQUALITIES IMPLICATIONS

9.1 There are no equalities implications directly associated with this report.

RECOMMENDATIONS

Members are requested to:

1. Note the financial position for the six month period ending 30 September 2016 and the forecast year end position.

Mid-Year Financial Review 2016-17 Board Report

1 Executive Summary

- 1.1 The overall forecast position for the year is as follows:
 - Over-spend on revenue of £28.2m;
 - An under-spend of £5.2m on capital expenditure;
 - An under-spend against the reform budget of £5.5m.
- 1.2 This results in a net forecast over-spend position of £17.5m for the 2016-17 financial year.
- 1.3 A mid-year sense check has been performed on pay costs by calculating the accrued mid-year cost and doubling it to compare the run rate to the forecast outturn. This exercise demonstrates that the forecast outturn is appropriate based on the year to date position and the assumptions made for the second half of the year.
- 1.4 Whilst confidence should be taken from the forecast, the main area of risk is in relation to ICT budgets. There is insufficient management information to apply a scientific basis for the forecast, so the prior year spend and management assurances have been used to determine the forecast set out in this report.

2 Overview of Financial Position

2.1 A significant amount of work has been undertaken to provide a robust forecast for the 2016-17 outturn. The summary of this work is that the forecast outturn is an:

- Over-spend on revenue of £28.2m
- An under-spend of £5.2m on capital expenditure;
- An under-spend against the reform budget of £5.5m.

2.2 When revenue, capital and reform are offset, the overall forecast position for 2016-17 is an over-spend of £17.5m. This is detailed in the table below.

| | Revenue £m | Capital £m | Reform £m | Overall position £m |
|-----------------------------------|-----------------|---------------|--------------|---------------------------|
| Forecast net expenditure | 1,031.6 | 15.0 | 44.8 | |
| <u>Funding:</u> | | | | |
| Grant-in-aid | -1,003.4 | -16.2 | | |
| Capital receipts | | -2.0 | | |
| Reforming funding | | | -50.3 | |
| Other Scottish Government funding | | -2.0 | | |
| Total Funding | -1,003.4 | -20.2 | -50.3 | |
| | | | | |
| Over/(under) spend | 28.2 | -5.2 | -5.5 | 17.5 |