

SCOTTISH POLICE
AUTHORITY

Meeting	SPA Board Meeting Public Session
Date and Time	20 June 2016
Location	Stirling Court Hotel, Stirling
Title of Paper	Year End Outturn Report 2015/16
Item Number	6.1
Presented By	James Gray, Interim Director of Financial Services, PS
Recommendation to Members	For Consultation
Appendix Attached:	No

PURPOSE

The purpose of this report is to advise Members of the draft year end outturn position in respect of financial year 2015/16.

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

NOTE THIS INFORMATION IS PROVIDED PRE AUDIT

1.0 BACKGROUND

- 1.1 The financial outturn position for the financial year to 31 March 2016 is summarised within this report. The figures as set out are considered draft at this stage on the basis that they are subject to final changes prior to the finalisation of the financial statements. Following submission to Scottish Government, the Annual Report and Accounts will be subject to external audit examination by Audit Scotland.
- 1.2 The Annual Report and Accounts are due for submission to Scottish Government and Audit Scotland by 31 July 2016. Once the year-end figures are finalised a further report on the unaudited outturn position will be presented to Finance & Investment Committee.
- 1.3 This report sets out the funding made available to the Scottish Police Authority (SPA) in the year and the actual expenditure incurred in relation to that funding.

2.0 FURTHER DETAIL ON REPORT TOPIC FUNDING

- 2.1 At its Board meeting on 31 March 2015, SPA approved the revenue and capital budget allocations for financial year 2015/16. This revenue budget allocation reflected the requirement to achieve significant cost reductions.
- 2.2 Scottish Government's funding allocation at the time the budget was approved is as shown in table one below.

2015-16 Scottish Government Funding	£'000
Revenue	985,780
Non Cash Revenue	50,000
Total Revenue	1,035,780
Capital	28,100

Total	1,063,880
Reform (up to)	67,666
Total Funding (up to)	1,131,546

Table One: Original Scottish Government Funding Allocation

- 2.3 In addition to this, additional funding support of £1.8m was received in the course of the year. The majority of this was £1.4m to enhance resilience and support for contact centres.

	Revenue £'000	Capital £'000	Reform £'000
Grant in Aid	985,780	28,100	67,666
Allocated from Reform	56,875	10,000	(66,875)
Total	1,042,655	38,100	791
Received in Year:	1,815	7,495	0
Total	1,044,470	45,595	791

Table Two: Final Scottish Government Funding Allocation

DRAFT OUTTURN POSITION

- 2.4 The outturn position, comparing net expenditure to available funding, is shown at Table 3 below.

	Revenue £'000	Capital £'000	Reform £'000
Total Budget (as table 2)	1,044,470	45,595	67,666
Net Expenditure for the Year	(1,062,631)	(36,359)	(66,875)
Total (Over)/Underspend	(18,161)	9,236	791

Table Three: Provisional Budget Outturn

- 2.5 The draft overall financial outturn position (taking revenue, capital and reform together) is a net overspend of £8.1m or 0.75% of available budget.

- 2.6 The draft outturn revenue position for financial year 2015/16 is a deficit against budget of £18.1m. The approved revenue budget incorporated the requirement to deliver cost reductions of £57.5m in the year. The target was acknowledged as challenging and the extent of this challenge was reflected in the associated risk status attached to the savings proposed.
- 2.7 The forecast revenue overspend position was reported to the SPA at its Board meeting on 27 October 2015. At that time, the full year deficit position was projected at £25.3m. The Financial Monitoring report to this meeting recognised that a number of the planned savings would not deliver in the year and these were subsequently reported as 'Unidentified Cost Reductions' within the monitoring reports. Delays in organisational restructures meant that cost reductions plans in relation to staffing did not realise the full value of the anticipated savings. In terms of non-pay costs, contract and property rationalisation plans were slower to realise, restricting capacity to reduce associated costs.
- 2.8 A Financial Recovery Plan (FRP) was subsequently implemented to manage the deficit downward. The plan included measures to reduce all categories of spend and extended to capital as well as revenue expenditure.
- 2.9 The breakdown of outturn financial position by business area is shown in the table below.

	Budget £'000	Actual £'000	Variance £'000
Police Scotland	1,006,544	1,023,942	(17,398)
SPA Corporate	11,934	11,304	630
Forensics	25,992	27,385	(1,393)
Total	1,044,470	1,062,631	(18,161)

Table Four: Provisional Budget Outturn by Business Area

- 2.10 The capital plan for 2015/16 was approved by Members on 31 March 2015. A revised capital plan, to reprioritise projects and ensure effective application of the available capital funding, was approved by the SPA Board at its meeting of 27 October 2015 following the identification of project slippage.

- 2.11 The most significant area of underspend relates to slippage on the i6 ICT project. Testing of the i6 solution identified a number of defects in the system resulting in a postponement of the implementation originally planned for 2015/16.
- 2.12 A further area of underspend relates to slippage in progressing planned adaptations of custody suites. In order to support the new Criminal Justice (Scotland) legislation and Lord Carloway's recommendations, capital works were required within custody suites to provide private facilities for both telephone and personal solicitor consultations.
- 2.13 Phase 2a of the project experienced some delays and the slippage on spend associated with this has been accommodated within the 2016/17 Capital Programme.
- 2.14 As part of the FRP, Members agreed to further reduce planned capital expenditure in order to partially offset the revenue overspend. The provisional capital outturn position is an underspend of £9.2m which is broadly in line with the FRP.
- 2.15 Scottish Government holds a budget to support the costs associated with reform. In 2015/16, £67.7m was available to the SPA, of which £66.9m was applied for both capital and revenue purposes. As well as costs relating to projects supporting transition and investment, this budget funds the irrecoverable VAT costs of the organisation (approximately £25m).

3 FINANCIAL IMPLICATIONS

- 3.1 The financial implications are highlighted throughout the report.

4 PERSONNEL IMPLICATIONS

- 4.1 There are no personnel implications directly associated with this report.

5 LEGAL IMPLICATIONS

- 5.1 There are no legal implications directly associated with this report.

6 REPUTATIONAL IMPLICATIONS

6.1 There are no reputational implications directly 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 implications directly associated with this report.

9 EQUALITIES IMPLICATIONS

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

10 ENVIRONMENT IMPLICATIONS

10.1 There are no environment implications directly associated with this report.

RECOMMENDATIONS

Members are requested to:

1. Note the year end revenue overspend of £18.1m for the financial year 2015/16;
2. Note the underspend on the capital programme for the financial year 2015/16 of £9.2m;
3. Note the underspend on the reform budget of £0.8m for the financial year 2015/16; and
4. Note that the SPA Statement of Accounts 2015/16 is due to be submitted to Audit Scotland by 31 July 2016.