

**Report to:** Finance Committee  
**Agenda item:** 3  
**Date:** 26 November 2015  
**Subject:** Authority Budget for 2016/17  
**Sponsor:** Authority Finance Director  
**For:** Review and Recommendation to the Authority

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## 1. Purpose of paper

- 1.1 This paper details the proposed budget for the Police Authority for 2016/17.

## 2. The Current Position – 2015/16

- 2.1 The current forecast for 2015/16 is expected to be in line with the approved budget for underlying activities at £2,008m. Following the instruction by the Authority for a number of independent reviews to be conducted within Finance and also a Governance review, this has introduced additional unbudgeted pressures of approximately £200k. As no contingency has previously been included within the Authority budget, this is expected to result in an overspend in the current year of £200k.

## 3. Proposed Detailed Budget for 2016/17

- 3.1 The budget proposals have been developed using both the forecast and the budget for 2015/16, in addition to with updating the assumptions used. The core 2016/17 budget shows a baseline decrease of £39k (1.93%), however, following the recommendation from the Finance committee and agreement by the Authority a contingency of £150k is proposed to be built in for future unplanned reviews and external support which is regularly sought by the Authority. This will result in an overall increase to our budget of £111k (5.67%). This contingency is to be used via a 'draw down' as and when the Authority or other committees instruct external work to be carried out, and should not be used for other activities unless otherwise agreed.

3.2 The breakdown of the 2016/17 budget is as follows:

	2014/15	2015/16	2016/17	2016/17	
	Actual	Budget	Budget	Mvmnt £	Mvmnt %
	£000	£000	£000		
STAFF SALARIES	679,248	830,667	777,659	- 53,008	-6.38%
TEMPORARY STAFF	117,698	-	140,010	140,010	
MEMBERS SALARIES	223,712	298,135	294,966	- 3,168	-1.06%
<b>TOTAL STAFF COSTS</b>	<b>1,020,658</b>	<b>1,128,802</b>	<b>1,212,636</b>	<b>83,834</b>	<b>7.43%</b>
TRAVEL AND HOTEL (INC. EXPENSES)	30,706	27,600	17,000	- 10,600	-38.41%
PROPERTY COSTS	134,409	133,690	168,400	34,710	25.96%
COMMUNICATIONS (INC EQUIP PURCHASES)	30,348	11,800	8,100	- 3,700	-31.36%
SUBSCRIPTIONS & PUBLICITY	48,642	62,535	28,141	- 34,394	-55.00%
APPEALS	10,125	8,000	8,000	-	0.00%
INDEPENDENT CUSTODY VISITS	28,176	19,000	12,000	- 7,000	-36.84%
CONSULTANCY	522,825	223,732	141,114	- 82,618	-36.93%
LEGAL FEES	94,390	108,046	77,140	- 30,906	-28.60%
EXTERNAL AUDIT FEES	91,007	106,000	106,000	-	0.00%
HMIC INSPECTIONS	48,000	60,000	60,000	-	0.00%
INTERNAL AUDIT FEES	80,000	95,000	100,000	5,000	5.26%
RECRUITMENT & TRAINING (INC. CONFERENCE FEES)	95,135	24,500	31,500	7,000	28.57%
<b>TOTAL NON STAFF</b>	<b>1,213,763</b>	<b>879,903</b>	<b>757,396</b>	<b>- 122,507</b>	<b>-13.92%</b>
<b>TOTAL</b>	<b>2,234,421</b>	<b>2,008,704</b>	<b>1,970,031</b>	<b>- 38,673</b>	<b>-1.93%</b>
<b>Additional items for request:</b>					
Contingency Build it			150,000		
<b>Total budget including additional spend</b>	<b>2,234,421</b>	<b>2,008,704</b>	<b>2,120,031</b>	<b>111,327</b>	<b>5.54%</b>

3.3 Staff costs are made up of full time authority based employees and Members. The introduction of the temporary staff cost is the expected cover estimate for the FD maternity leave.

3.4 Member's salaries have a small decrease due to a review of the rates being used in the based assumption. The budget includes costs for a full membership including all vacancies being filled.

3.5 Travel & hotel expenditure has decreased due to the current in year expenditure profile which is expected to continue into the future.

3.6 Property costs have increased as noted above. Following the renewal of the Forum lease the rent has increased to £106k from £66k. All other costs have remained stable for the coming year.

- 3.7 Communications costs have fallen because there were no expected equipment purchases in 2016/17.
- 3.8 Subscriptions have decreased following a review and rationalisation of the use of the existing subscription base.
- 3.9 Appeals are expected to be in line with the prior year costs and no significant increase is expected.
- 3.10 Independent custody visits have decreased due the current projected future costs being lower than expected.
- 3.11 Consultancy has decreased significantly due to the majority of the Staff pension scheme revision being completed within 2014/15. No further planned consultancy work exists for 2016/17.
- 3.12 Legal fees have decreased as the pension scheme work will be drawing to a conclusion.
- 3.13 External audit is a legal requirement for our statutory accounts process. The fee is not expected to increase and will remains at £106k
- 3.14 HMIC inspections are budgeted at the maximum potential cost for the year, at £60k in line with budget for 2014/15.
- 3.15 Internal audit is showing a small increase owing to the expected change in fee base from moving to GIAA and there no longer being a subsidy from the DfT.
- 3.16 Recruitment & training has increased owing to the fee expected to be due for the FD recruitment as well as recruitment costs expected in relation to member recruitment.

## **5. Recommendations**

- 5.1 The Finance Committee approves and recommends the proposed core budget to the Authority for approval
- 5.2 The Finance Committee approves the contingency budget on a draw down basis in relation to additional work requirements from committees that are currently unbudgeted within the Authority.