



GRAMPIAN
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Keeping our communities safe

COMMITTEE: GRAMPIAN JOINT POLICE BOARD
DATE: 12 November 2010
TITLE OF REPORT: Revenue Expenditure Monitoring Statement
REPORT NUMBER

1. PURPOSE OF REPORT

To present to the Board for its consideration a 2010-11 Revenue Expenditure Monitoring Statement for the period to 30 September 2010. As the November meeting is held early in the month, the October out-turn information is not yet available.

2. RECOMMENDATION(S)

To consider and note the contents of the report.

3. FINANCIAL IMPLICATIONS

The monitoring statement provides a breakdown of the Force's annual revenue expenditure and associated funding. It outlines the overall budget for the financial year, actual spend to 30 September 2010, and the projected out-turn up to 31 March 2011. The variance identified shows any projected under/overspend comparing the estimated out-turn with the approved budget.

The Force is currently projecting an underspend of approximately £731,000 for the financial year 2010-11, against an approved net revenue budget of £115.212m. This would result in an increase in the Force's General Fund balance by £731,000, taking the total up to £2.306m.

Given the potential reduction to Police funding in future years, the Force is aiming to maximise savings in the current financial year in order to reduce the financial burden in 2011-12 and beyond.

4. SERVICE & COMMUNITY IMPACT

The majority of the savings are as a direct result of reduced recruitment. The impact on service delivery, both to the communities of the North East in terms of operational effectiveness and to internal customers in terms of Corporate Services, is being monitored via the Scottish Policing Performance Framework (SPPF).

5. OTHER IMPLICATIONS

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6. REPORT

Pay Costs

The projected Police Officer pay costs are continuing to reduce as the number of leavers is slightly ahead of the original projection. Coupled with the savings arising from the amended recruitment profile for 2010-11, the total underspend is estimated to be around £563,000 for the year. It is currently anticipated that Police Officer numbers will reduce to around 1,565 by the end of March 2011.

The Police Staff pay budget is showing an underspend of £190,000. This is being achieved as a result of the recruitment freeze introduced earlier in the year and the deletion of a number of vacant posts across the Force. The impact of the reduction in staffing levels is continually being assessed as further vacancies arise. The actual underspend would have been higher (around £270,000) but some of the savings have been used to meet additional commitments (as explained below).

Other Costs

The Force has recently extended the warranty on its Airwave communication terminals, based upon operational requirements and cost benefits. The warranty on the equipment purchased up to five years ago was starting to expire, and consideration was given to either replacing the terminals as they failed or extending the warranty cover. The warranty cover will cost £79,000, and an equivalent amount has been transferred out of the Police Staff pay budget savings to cover this additional cost.

In terms of the current projected overspend of £21,000 for Payments to Agencies and Other Bodies – Other Agencies, the Force is involved in various Association of Chief Police Officers Scotland (ACPOS) Level 1 and 2 national projects. The total cost of these projects (estimated to be between £8m and £9m) is shared between the Forces in line with their core funding (GAE equivalent) allocations. This is split between staff costs (plus associated on-costs) and payments to suppliers or third parties (i.e. license costs associated with national ICT projects). The total staff costs equate to approximately half of the overall spend. If the Force's staffing contribution falls short of its GAE share of the overall Policing complement for ACPOS level 1 and 2 projects then there is a requirement to make payment to other Scottish Forces. As there are fewer Grampian Police secondees involved in these projects the Force will be required to reimburse other Forces. These national projects will deliver improved systems and generate efficiencies to all Forces.

Income

It is anticipated that the income generated from secondments is likely to reduce and result in a budget shortfall of £291,000. The number of secondees that are being funded externally is less than previous years, likely linked to the general uncertainty surrounding public sector funding. It is unclear at this stage whether this trend will continue for the rest of this financial year.

Reserves

With the Audit of the Force's 2009-10 Statement of Accounts being completed, the balance on the General Fund at the start of this financial year has now been confirmed at £1.575m.

The Board previously agreed a minimum balance on the General Fund, such that it should exceed 1% of total funding, to ensure that there were resources available to meet any significant unplanned operational need, especially in light of the nature and types of risks faced by the Force. Based on the position for 2010-11 outlined above, the balance on the General Fund would rise to £2.306m. If it were considered appropriate, an element of these reserves could be utilised in future years to cover part of the budget deficit or used to fund voluntary reductions. These will be included in the list of options for discussion at a future Board meeting.

The current forecast position on reserves is as follows:

2010-11	General Fund
	£ million
Opening balance (subject to audit)	1.575
Projected underspend	0.731
Projected closing balance	2.306
Minimum Balance	1.152

The Scottish Government and ACPOS are considering the carry forward limits associated with revenue underspends in any given financial year, as well as maximum balances on the General Fund. The intention is to increase the current threshold in the annual carry forward by 1%, to a limit of 4% (of core funding) in any year, as well as increasing the limits for a General Fund balance by 2% to a maximum of 7%.

This will allow some Police Forces to increase their reserves without breaching the agreed limits. However, with the projected underspend of £731,000 this financial year, the Force will not breach the permitted maximum of £3.775m, nor the cumulative General Fund limit of £6.572m.

2011 and Beyond

Now that the UK Government has published details of the national Spending Review, the Scottish Government will be considering how their resources will be allocated across all of the different public bodies. It is anticipated that the outcome will not be known until the latter part of November 2010 at the earliest, however, it is expected that most public bodies including Police Forces, will have their funding reduced. However, it is unclear at this stage the level of budget savings that will be required.

In order to prepare for this, the Force has put together a Service Reconfiguration Programme Team, whose remit is to collate options for delivering future savings. The Force Executive are currently reviewing these options and in some instances have agreed to implement the savings with immediate effect. The intention is to focus on those savings that will have the least impact on front line policing

The Force is in the final stages of planning for a further round of Voluntary Severance/Redundancies (this will be the third such opportunity) which is likely to be advertised to staff later this month, with a view to staff leaving, on a voluntary basis, before the end of the financial year.

This only applies to Police Staff, but given the likely budget cuts and the proportion of our budget tied up in Police Officer pay costs, the Force is also exploring the possibility of using Regulation A19, which is an existing provision within the Police Pension Regulations 1987, which empowers a police authority compulsorily to retire police officers on the grounds of Force efficiencies, when they have reached 30 years service. A paper will come to the Board before this is progressed further.

7. REPORT AUTHOR DETAILS

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8. BACKGROUND PAPERS

Chief Constable

Treasurer
3 November 2010

GRAMPIAN POLICE
Budget Monitoring Report - Expenditure up to 30 September 2010

		Grampian Police Summary		Estimated Out-turn	Variance (Under)/ Overspend	Out-turn as a % of Budget
		Approved Budget £	Expenditure to 30-Sep-10 £	As At 30-Sep-10 £	As At 30-Sep-10 £	
EMPLOYEE COSTS						
Police Officers						
	Pay	54,735,056	26,891,739	54,300,035	(435,021)	99%
	CRTP/Bonus/SPP	1,536,242	291,330	1,500,667	(35,575)	98%
	TRA and Housing	2,053,485	1,035,649	2,026,801	(26,684)	99%
	Other Allowances	124,691	50,842	121,660	(3,031)	98%
	National Insurance	5,164,724	2,345,570	5,101,925	(62,799)	99%
	Notional Pension Costs	13,605,254	5,601,738	13,605,254	0	100%
	Injury Pension Costs	400,000	196,800	400,000	0	100%
	Ill Health Awards	384,961	247,410	384,961	0	100%
	Sub-total	78,004,413	36,661,078	77,441,303	(563,110)	99%
	Overtime	3,172,004	964,923	3,097,082	(74,922)	98%
	Total Police Officers' Costs	81,176,417	37,626,001	80,538,385	(638,032)	99%
Police Staff						
	Pay	16,473,686	7,638,894	16,303,085	(170,601)	99%
	Allowances	1,568,525	756,664	1,552,872	(15,653)	99%
	National Insurance	1,277,899	590,784	1,258,059	(19,840)	98%
	Superannuation	3,083,298	1,486,629	3,098,987	15,689	101%
	Sub-total	22,403,408	10,472,971	22,213,003	(190,405)	99%
	Overtime	259,371	73,932	256,777	(2,594)	99%
	Total Police Staff Costs	22,662,779	10,546,903	22,469,780	(192,999)	99%
Other Staff Costs						
	Recruitment	69,400	32,361	62,400	(7,000)	90%
	Other	13,500	5,388	13,500	0	100%
	Sub-total	82,900	37,749	75,900	(7,000)	92%
	Total Employee Costs	103,922,096	48,210,653	103,084,065	(838,031)	99%
OPERATING COSTS						
Property Costs						
	Rent	866,257	306,557	865,238	(1,019)	100%
	Rates	1,460,650	1,246,999	1,460,702	52	100%
	Insurance	20,530	13,417	20,530	0	100%
	Repairs and Maintenance	612,968	263,359	612,664	(304)	100%
	Repairs and Maintenance - Devolved	19,422	11,597	21,456	2,034	110%
	Heating, Lighting and Cleaning	1,022,748	438,973	1,023,372	624	100%
	Sub-total	4,002,575	2,280,902	4,003,962	1,387	100%
Transport and Plant Costs						
	Repairs and Maintenance	260,200	131,129	260,700	500	100%
	Petrol and Diesel Fuel	806,573	364,059	811,108	4,535	101%
	Licences and Insurances	308,400	312,168	318,000	9,600	103%
	Car Hire	243,609	127,251	245,121	1,512	101%
	Travel and Subsistence	531,351	181,298	511,711	(19,640)	96%
	Sub-total	2,150,133	1,115,905	2,146,640	(3,493)	100%
Supplies and Services Costs						
	Operational Equipment and Materials	581,121	254,000	607,366	26,245	105%
	Operational Supplies and Services	2,655,341	1,071,858	2,658,838	3,497	100%
	Uniforms and Clothing	290,383	136,538	278,977	(11,406)	96%
	Computer Maintenance and Software	1,041,837	520,616	1,029,287	(12,550)	99%
	Computer Network and Telephony	1,149,319	308,009	1,148,443	(876)	100%
	Radio Communications	5,000	0	5,000	0	100%
	Catering	147,240	70,868	145,134	(2,106)	99%
	Conferences and Training	448,086	99,971	431,856	(16,230)	96%
	Printing, Stationery and Postages	522,808	239,540	507,607	(15,201)	97%
	Insurances	395,100	387,963	394,963	(137)	100%
	Advertising	63,050	38,237	62,105	(945)	99%
	Other Administrative Costs	323,021	101,905	323,370	349	100%
	Sub-total	7,622,306	3,229,505	7,592,946	(29,360)	100%

GRAMPIAN POLICE
Budget Monitoring Report - Expenditure up to 30 September 2010

		Grampian Police Summary		Estimated	Variance	Out-turn as a
		Approved	Expenditure to	Out-turn	(Under)/	% of Budget
		Budget	30-Sep-10	As At	Over/	
		£	£	30-Sep-10	As At	
				£	30-Sep-10	
					£	
Payments to Agencies and Other Bodies						
	Council Support Services	286,500	35,960	286,500	0	100%
	Other Agencies	872,705	168,462	893,453	20,748	102%
	Sub-total	1,159,205	204,422	1,179,953	20,748	102%
Financing Costs						
	Capital Financed from Current Revenue	500,000	0	500,000	0	0%
	Supported Loan Charges	1,410,266	178,663	1,410,266	0	0%
	Prudential Borrowing	0	0	0	0	0%
	Sub-total	1,910,266	178,663	1,910,266	0	100%
Contingency Costs						
		0	0	0	0	0%
	Total Operating Costs	16,844,485	7,009,397	16,833,767	(10,718)	100%
	Gross Expenditure	120,766,581	55,220,050	119,917,832	(848,749)	99%
INCOME						
	Recharges for Services	(1,210,309)	(142,055)	(1,191,357)	18,952	98%
	Seconded Recoveries	(1,800,000)	(664,149)	(1,509,000)	291,000	84%
	Sales, Fees and Lost Property	(306,000)	(181,389)	(305,224)	776	100%
	Sponsorship	(18,000)	(482)	(18,000)	0	100%
	Rents	(753,275)	(534,866)	(842,180)	(88,905)	112%
	Partnership Income	(1,065,000)	(276,950)	(1,075,321)	(10,321)	101%
	Non SG Funding	(370,275)	(318,052)	(370,275)	0	100%
	Other Income	(32,000)	(10,135)	(81,080)	(49,080)	253%
	Total Income	(5,554,859)	(2,128,058)	(5,392,437)	162,422	97%
	Total Net Expenditure	115,211,722	53,091,992	114,525,395	(686,327)	99%
FINANCED BY -						
Grant Funding						
	SG Police Grant	(48,042,000)	(23,420,478)	(48,042,000)	0	100%
	LA Requisitions	(45,841,000)	(22,920,480)	(45,841,000)	0	100%
	SG Loan Charge Support	(719,236)	(350,634)	(719,236)	0	100%
	LA Loan Charge Support	(691,030)	(345,456)	(691,030)	0	100%
	SG Specific Grant (100% Funded)	(19,906,068)	(7,461,191)	(19,906,068)	0	100%
	SG Specific Grant (Part Funded)	(12,388)	(57,145)	(57,145)	(44,757)	461%
	Other Grant	0	0	0	0	0%
		(115,211,722)	(54,555,384)	(115,256,479)	(44,757)	100%
	Total (Under)/Overpend Against Grant Funding	0	(1,463,392)	(731,084)	(731,084)	

GRAMPIAN POLICE
Budget Monitoring Report - Expenditure up to 30 September 2010

	<i>Grampian Police Summary</i>		<i>Estimated</i>	<i>Variance</i>	<i>Out-turn as a % of Budget</i>
	<i>Approved Budget</i>	<i>Expenditure to 30-Sep-10</i>	<i>Out-turn</i>	<i>(Under)/Overspend</i>	
	<i>£</i>	<i>£</i>	<i>As At 30-Sep-10</i>	<i>As At 30-Sep-10</i>	
			<i>£</i>	<i>£</i>	
CRTP - Competency Related Threshold Payment					
SPP - Special Priority Payment					
TRA - Transitional Rent Allowance					
SG - Scottish Government					
LA - Local Authority					
SCDEA - Scottish Crime and Drug Enforcement Agency					
Other Staff Costs include the following items:					
Interview Expenses					
Recruitment Costs					
Transfer Allowances and Relocation Expenses					
Staff Advertising					
Long Service Awards					
Operational Equipment and Materials includes the following items:					
Ammunition and Firearms					
Animals (Food and Equipment)					
Equipment Purchase					
Equipment Repairs and Maintenance					
Furniture Purchase					
Intoximeters					
Materials General					
Medical Supplies (including First Aid)					
Operational Supplies and Services includes the following items:					
Alrwave Maintenance					
Body Removal					
Car Care Kits					
Central Archive Facilities					
Consultancy Fees					
Interpreters					
Mortuary Charges					
Police Surgeon Fees					
Prisoner Maintenance					
Service General					
Other Administrative Costs includes the following items:					
Affiliation Fees					
Audit Fees					
Bank Charges					
Confidential Waste Disposal					
Data Protection Registration					
Hospitality					
Legal Expenses					
Members Allowance					
Subscriptions - General					
Other Income includes the following items:					
Miscellaneous Interest Received					