

COMMITTEE: GRAMPIAN JOINT POLICE BOARD

DATE: 2 September 2011

TITLE OF REPORT: Revenue Expenditure Monitoring Statement

REPORT NUMBER «ReportNumber»

1. PURPOSE OF REPORT

To present to the Board for its consideration a 2011-12 Revenue Expenditure Monitoring Statement for the period to 31 July 2011. As the September meeting is held early in the month, the August 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 detailed within Appendix A 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 31 July 2011, and the projected out-turn up to 31 March 2012. 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 £0.708m for the financial year 2011-12, against an approved net revenue budget of £113.105m. This would result in an increase in the Force's General Fund balance, taking the total up to £4.767m.

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 2012-13 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

The Police Officer pay budget (£79.525m) accounts for approximately 68% of the total revenue expenditure budget (£117.477m), and is reviewed in detail every month. Comparisons are made between the number of leavers, as well as retirals, and the estimates used for collating the budget. This allows the Force to manage the number of new recruits (currently being drawn from the pool of Police Cadets as they become eligible to join as regular Police Officers). At the end of July 2011 the Force had 1,541 Police Officers.

The number of Police Officers leaving the Force between April and July was slightly up on the figure assumed within the budget. This has resulted in some additional budget savings, however it is unclear at this early stage in the year whether or not this trend will continue.

As in the previous financial year, the Force will continue to identify and implement various initiatives and plans as part of its programme of Service Reconfiguration, with the intention of generating further efficiencies and cost savings.

If as expected, core funding continues to reduce in future years it is likely that in the short to medium term the Force will need to consider the best way to meet any budget shortfall using reserves, efficiencies or other cuts in the budget.

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 2011-12 outlined above, the balance on the General Fund would rise to £4.767m.

The outcome of the next Spending Review is due shortly and further real term budget cuts are anticipated. If Police Officer numbers need to be maintained then further significant reductions in Police Staff numbers will be required. Ideally this would be achieved through another round of voluntary redundancies/early retirements in which case the reserves will be used to meet the subsequent costs.

The current forecast position on reserves is as follows:

2011-12	General Fund
	£ million
Opening balance (subject to audit)	4.059
Projected underspend	0.708
Projected closing balance	4.767
Minimum Permitted Cumulative Balance	1.131
Maximum Permitted Cumulative Balance (applying limits to core funding only)	7.400

7. REPORT AUTHOR DETAILS

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8. BACKGROUND PAPERS

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Chief Constable
23 August 2011

Treasurer
23 August 2011