

COMMITTEE: GRAMPIAN JOINT POLICE BOARD

DATE: 4 November 2011

TITLE OF REPORT: Revenue Expenditure Monitoring Statement

1. PURPOSE OF REPORT

To present to the Board for its consideration a 2011-12 Revenue Expenditure Monitoring Statement for the period to 30 September 2011. 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 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 30 September 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 £0.994m for the financial year 2011-12, against an approved net revenue budget of £113.105m. This equates to a budget underspend of less than 1%.

Given the funding in future years, as recently announced in the Spending Review, the Force is aiming to achieve savings in the current financial year, in order to reduce the financial burden in 2012-13 and beyond.

4. SERVICE & COMMUNITY IMPACT

Being cognisant of the move to a Single Force the Force Executive believe that the Police Board would want to look to the future and present the strongest possible and sustainable policing model in each of the three Local Authority areas and across the region as we become an integral part of the new Scottish Police Service. This can be discussed within the Budget Sub-Group for ratification by the full Board in January.

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 projected Police Officer pay costs are continuing to reduce and generate budget savings. The savings projected for the entire financial year amount to £1.477m, and are primarily due to the higher than expected number of Police Officers who have either retired or left the Force. There have been 48 Police Officers that have either retired or left between 1 April 2011 and 30 September 2011, and this compares to the budgeted estimate of 30. The number of Police Officers taking a career break has also risen beyond the original estimate and as consequence is generating additional budget savings.

The total number of Police Officers employed by the Force at the end of September 2011 was 1,524 (1,486 full time equivalents FTE) however, this includes a number of Police Officers that are currently on a career break. If this group is discounted from the overall total, then the number of Police Officers would reduce to the 1,504 (1,468 FTE).

This compares with the baseline total of 1,472 (FTE), which has been set by the Scottish Government. If the total number of Police Officers falls below this baseline (1,472 FTE) then the Scottish Government will start reducing the supplementary grant funding for the 98 additional Police Officers.

If Police Officers continue to retire or leave at a similar rate during the remaining part of this financial year, then further savings will accrue against the pay budget. This is due to the pay differential between new recruits and those leaving or retiring. Given the need to remain above the baseline of 1,472 (FTE), the Force has already re-commenced a programme to recruit new Police Officers over and beyond the transfer of eligible Cadets. The projected pay costs shown assume that the Force will increase Police Officer numbers with intakes in December and likely again in February/March 2012. This will allow the Force to remain above the agreed baseline total of 1,472 FTE (excluding those on career breaks) for the remainder of the financial year.

The Force has also continued to reduce the number of Police Staff through its recruitment freeze and where possible, the deletion of vacant posts. Provision is continuing to be made for another Voluntary Redundancy Scheme (VRS) using the budget savings accruing from the deletion of posts, although a final decision on whether this will be required has not yet been taken. A small number of posts are in the process of being filled, mainly in the front line support areas, and this will free up Police Officer time and provide more effective support to Officers.

The projected income figures detailed within Appendix A do not yet include provision for any refund of expenditure associated with mutual aid provided for Operation Karkin (policing of riots south of the border). The Association of Chief Police Officers in Scotland (ACPOS) is currently negotiating with the Association of Chief Police Officers of England, Wales and Northern Ireland (ACPO) in order to agree the charging rates that should be applied. Once the Operation concludes and conditions for any mutual aid recharge are finalised, then the potential total income will be included within the reported out-turn figures. A corresponding spend will also show up in some budget headings, mainly overtime, so there should be no real impact on the underspend for the Force.

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 amount to £4.885m.

The current forecast position on reserves is as follows:

2011-12	General Fund
	£ million
Opening balance	3.891
Projected underspend	0.994
Projected closing balance	4.885
Minimum Permitted Cumulative Balance	1.131
Maximum Permitted Cumulative Balance (applying limits to core funding only)	7.400

Budget Sub-Group

The Clerk to the Board is currently trying to arrange a meeting of the Budget Sub-Group, likely in mid-November, which will start to look at the draft budget proposals for 2012-13. This will include the drawing up of a plan for the use of the Force's revenue and capital reserves over the next few years. The original plan was to use reserves and in-year savings to cushion the likely budget cuts for a few years and although the budget position is not as bad as had been expected, it is still around a 10% cut in real terms over the next few years. As a result the Force could still use some of its reserves to reduce the need, in the short term at least, for further reductions in Police Staff numbers as well as for a number of other spending commitments or options including a voluntary redundancy scheme, settling long running equal pay claims, buying out existing terms and conditions and making a contribution towards the important custody project. These and other options will be considered by the Sub-Group and put to the full Board at the January budget meeting.

7. REPORT AUTHOR DETAILS

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8. BACKGROUND PAPERS

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Chief Constable
26 October 2011

Treasurer
26 October 2011