

Devon and Cornwall Police Authority Resources Committee

3 September 2009

Open for the purposes of FOI

Report of the Interim Director of Finance and Resources

Financial Monitoring

Recommendation

- (i) That the financial targets, health indicators and acceptable variations be approved;
- (ii) That the latest revenue projection for 2009/10 be noted;
- (iii) That members approve the revised revenue budget at column 1 of Appendix 1b)
- (iv) That members approve the virement of the additional CST savings into the Redundancy payments budget line;
- (v) That the latest capital projection for 2009/10 be noted;
- (vi) The latest Police Officer staffing levels be noted.

Financial Health Indicators (Appendix 1a)

1. The Police Use of Resources Assessment (PURE) contains a specific Key Line of Enquiry (KLOE) covering the Authority's financial standing. A range of specific high level indicators were introduced last financial year to help to demonstrate the Authority is ensuring it's financial standing is robust and is regularly monitored.
2. The indicators for 2009/10 are attached at Appendix 1a) and are submitted for approval by the Resources Committee. Progress and variations against these indicators will be reported to each Resources Committee meeting.
3. Police Officer Numbers are currently outside tolerance due to the Force achieving it's target of 200 additional officers on the front-line by the 30th June and the low levels of wastage for the first four months as a result of the recession. The position will be back within tolerance by the end of August.

Revenue Budget (Appendix 1b)

4. The latest financial monitoring information suggests that a small revenue overspend of £295k (0.1% variation against budget) could occur in 2009/10. Details of the financial position are set out in the attached appendix. The revenue account is under pressure at this stage.
5. The financial position includes :-
 - BCU / Departmental budgets – Devolved budgets generally under control, with a few minor overspends being forecast at this early stage in the year. These will be expected to be managed back to a balanced position by the financial year-end by those respective BCU's and Departments;

- Police Officer Pay – Due to the Force starting the financial year 12 officers above the 3,500 funded posts, the decision to increase the transferees intake in June to help achieve the target of 200 additional officers the overall numbers are still above 3,500. In order to balance the overall numbers back to 3,500 by the end of the year and to take into account lower wastage than predicted as outlined above the August probationer intake was cancelled. Based on the spend to date plus the forecast intakes and wastage outlined in Appendix 3 an overspend of c£250k is forecast;
- Programme – The revenue budget is fully committed for the financial year and the latest financial report to the programme board indicates that further revenue expenditure could be likely this financial year. Any further increases in expenditure will have to be funded from the reserves set aside for the programme and approved by this Committee. This will reduce the funding available to deliver the programme in future years;
- Forensic Medical Examinations – The failure of the current Medacs contract to supply a female doctor rota for medical examinations has resulted in the need to award an additional contract from 1st August at an additional part-year cost of c£250k to provide a suitable service to female victims. This was agreed at the COG business meeting on the 20th April;
- Additional Bank Holiday Christmas 2009 – Due to Boxing Day falling on a Saturday this year an additional bank holiday falls on the 28th December and will result in additional overtime payments to Police Officers as outlined in Police Regulations. The average cost of bank holiday overtime for Police Officers is £175k;
- Redundancy & Strain Payments – To date 14 individuals have been made redundant so far this year as part of the CST process and other requirements. The estimated cost of redundancy and strain payments (the invoices for some strain payments have yet to be received) for these individuals is £382k. Around 20 individuals are currently working their 90-day notice period and there is potential for further redundancies at the end of September. On the basis of a number of these individuals securing other posts following work trials I would anticipate further costs of around the same level of those incurred to date so the latest forecast is £750k;
- CST Post Savings – The original budget required savings of £1.1m for the financial year linked to a reduction of 101 posts from Corporate Services Transformation (CST) within Finance and Resources, ICT and HR. This was based on half the posts being released by 30th June and the other half by 31st December. Due to some of the posts being released earlier and the mix of grades being above the average used in the budget, additional savings of c£320k are forecast at this stage. Dependent upon the timing of individuals leaving those disestablished posts between now and September 2009 this figure could increase further. In order to fund the likely additional redundancy and strain payment cost outlined above it is proposed that a budget virement of £250k is approved from these additional savings;
- CBTP / Rent & Housing allowances – Due to higher numbers of officers receiving CBTP and more officers than expected not now receiving Rent and Housing allowances a net underspend of c£128k is forecast;
- Corporate Expenditure – A change in the way Action Learning Sets are delivered and supported plus a reduction in the amounts required for removal expenses has delivered a forecast saving against the budget provision of £143k;

- Corporate Income – A reduction in the number of vehicles being sold due to a smaller capital replacement programme has resulted in a revised forecast for the income being received from the auctions;
 - Government Grants – The improved position regarding the Counter-Terrorism grant following the late receipt of the formal notification and minor changes in other grants has resulted in a forecast over-recovery of £94k;
 - Net Interest Receipts – Interest receipts are now forecast to be below budget based on central case forecasts. The borrowing requirement for the capital programme has reduced which will result in an underspend on interest payments. The net effect of these is a saving of £68k.
6. As recommended and approved at the last Resources Committee the Force has drawn down £1,112k from the Budget Management Fund to support carry-forwards from 2008/09 and this is reflected in column 1 of the appendix.

Capital Programme (Appendix 2)

7. The Police Authority approved a capital programme of £22.6m for 2009-10 at the Budget Meeting in February and carry-forwards of £1.9m at the Resources Committee meeting on the 11th June giving a revised programme of £24.5m.
8. The current forecast outturn position is a spend of £23.3m, a variation of £1.2m against the revised programme. This is within the tolerances set in Appendix 1a).
9. The vehicle replacement programme is progressing well and 63% of the new vehicles have been ordered to date. It is anticipated that all of the replacement programme will be completed before the end of the Financial Year.
10. The main payment for the new Helicopter has been made in July 2009 and is on schedule for delivery in January 2010.
11. The programme spending is dependent upon the procurement process currently under way and firm figures on the cost of these projects will not be known until later in the financial year. The outcome of the procurement process will have a major impact on the outturn position and could result in an overspend in this financial year.
12. The buildings programme is showing a variance of £1.2m due to the current approved schemes showing an increase in the forecast spend for the year offset by slippage against new schemes. This will be covered in more detail in the Estates Strategy and Programme update later on the Agenda.

Police Officer Staffing Levels (Appendix 3)

13. The current and forecast position in relation to Police Officers is set out in Appendix 3. Wastage levels are down on previous years as outlined in paragraph 5 above. A review of the projections for wastage and future intakes by HR and Finance will be done later this month and

the forecasts for the remainder of the year updated accordingly. Based on the current assumptions the Force is forecast to be at 3,503 officers on the 31st March 2010.

Contact for information:

Robin Wheeler, Acting Head of Finance

Robin.wheeler@devonandcornwall.pnn.police.uk
--

01392 452668
