

Financial Monitoring

Recommendation

- (i) That the financial targets, health indicators and acceptable variations be noted;
- (ii) That the latest revenue projection for 2008/09 be noted;
- (iii) That members note the virement of £435k from the inflation contingency;
- (iv) That the latest capital projection for 2008/09 be noted;

Financial Health Indicators (Appendix 1a)

1. The projected revenue outturn indicator is now showing outside the agreed variation. This is explained further in the revenue budget section and appendices below.
2. The requirement to reduce the police staff numbers by 196 posts will not be met during this financial year. The latest position is that 150 posts have been identified so far and these should be released by the 31st March 2009.
3. Debtors accounts paid within 58 days are currently outside of the target due to other government agencies. We are undertaking further analysis in order to improve the level of debt recovery.

Revenue Budget (Appendix 1b)

4. The latest financial monitoring information suggests that a revenue underspend of £1.2m (still less than 0.5% of the total budget) could occur in 2008/09. Details of the financial position are set out in the attached appendix.
5. As part of the budget agreed in February 2008 an inflation contingency of £500k was established to cover unexpected price increases and pay awards. £435k has now been drawn down to cover the increased cost of the pay award, utilities and fuel prices and is reflected in the attached figures.
6. The financial position includes :-
 - Operations Department – The loss of income from firearms courses provided to external clients, unforeseen maintenance of the helicopter and a forecast overspend on overtime has resulted in an overspend of £234k being forecast;
 - Pay Award – The police officer pay award for September 2008 has been agreed as part of a three-year settlement through the PNB. The agreement is for 2.65% in September 2008 followed by further increases of 2.6% in 2009 and 2.55% in 2010. The budget for 2008/09

allowed for an award of 2.5% for both officers and police staff; the additional cost in 2008/09 will be £200k, assuming that the police staff pay award is also agreed at 2.65%. Virements totalling £200k from the inflation contingency have been agreed by the Chief Officer Group and have been reflected in Column 1 of Appendix 1b);

- Major Operations Contingency – The net cost of Operations Shilton and Bastin (Exeter Bomb) are expected to reach £700k. Based on current levels of activity for the remainder of the financial year on all other operations and sensitive tasking an overspend of £700k is forecast;
 - Fuel / Utility costs – A review of the impact of the exceptional increases in fuel and utility costs has been completed. An uplift of 5% on current budgets to both fuel and utility costs would seem appropriate at this stage. Virements totalling £235k from the inflation contingency have been agreed by the Chief Officer Group and have been reflected in column 1 of Appendix 1b);
 - Programmes and Projects – Due to the review work currently being undertaken on all projects the level of likely spending in this financial year is expected to be significantly below budget and an underspend of £500k is forecast. This forecast includes £310k as the Force's contribution towards the QUEST programme due to commence this month;
 - 196 / 200 – As reported at the last Resources Committee, the timing and cost of filling the 200 civilianised posts along with the identification of the further disestablishment of posts required to hit the 196 target will result in an underspend partly offset by not meeting the required savings target;
 - Ill-Health Retirements – As previously reported in July the number of ill-health retirements has increased dramatically this financial year. The latest forecast includes the cost of 18 officers leaving on health grounds during 2008/09 resulting in an overspend of £670k, an increase of £170k on the previously reported figure. As agreed at the last Resources Committee the use of £500k from the police officer ill-health reserve has been factored into the forecast, this has not been revised to take account of the further increase in officers retiring on health grounds;
 - Investment Income – Our investment performance continues to be strong, despite the problems with the global economy and additional interest receipts upwards of £804k are anticipated, a further increase of £404k on the previously reported figure.
7. As agreed at the last Resources Committee the use of £500k from the police officer ill-health reserve has been factored into this forecast, this has not been revised to take account of the further increase in officers retiring on health grounds.

Capital Programme (Appendix 2)

8. The last Resources Committee agreed a revised Capital Programme of £12.8m for 2008-09, details of which are set out in Appendix 2. The latest forecast includes the following variations :-
- Vehicle Replacement Programme – Improvements in asset utilisation and decisions about replacement of vehicles have resulted in a lower forecast spending in 2008-09. This will result in a part-deferral into 2009-10

- Replacement Body Armour – The tender process has now been completed and the original plan to replace all body armour this financial year will not be possible as the roll-out will not start until December 2008 and is due for completion in June 2009. It will therefore have to be phased over 2008-09 and 2009-10 financial years. The total cost is also higher than expected at £1,100k compared to the budget of £800k. The actual spend in 2008-09 is forecast to be £495k, which is less than the £800k budget, with the balance to be included as part of the 2009-10 Capital Programme;
- Devonport Replacement Station – Negotiations are in progress with Plymouth City Council for the purchase of a site in Devonport as agreed at the last meeting.
- Ottery St Mary Police Base – Members approved the leasehold acquisition through urgency procedures. Contracts are due to be signed this month for the leasehold on a new neighbourhood police base / shop front.

Police Officer Staffing Levels (Appendix 3)

9. The current and forecast position in relation to Police Officers is set out in Appendix 3. The Force is on target to remain at 3,500 officers at 31st March 2009.

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