

# ***LEICESTERSHIRE POLICE AUTHORITY***

PAPER MARKED

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Meeting           **POLICE AUTHORITY**

Date               **TUESDAY, 5<sup>TH</sup> MAY 2009 – 2p.m.**

Report of         **CHIEF CONSTABLE & TREASURER**

Subject           **PROVISIONAL OUTTURN 2008/09**

## **Purpose of the Report**

1. The purpose of this report is to advise the Authority of the provisional outturn figures for 2008/09 and to propose how the balance of Revenue underspending should be utilised.

## **Summary**

2. The provisional Revenue outturn shows spending and commitments of £160.238m against a budget of £164.696m resulting in a net underspend of £4.458m (2.7%). The corporate Revenue underspend increased by £0.258m from that forecast in February. It is proposed that the uncommitted balance of underspending of £1.158m be transferred to the Budget Equalisation Reserve to part fund the medium term Revenue requirement 2009/10 to 2011/12. This in turn will reduce the funding gap to £0.85m in 2010/11 and £5.2m in 2011/12 based on current projections.
3. The provisional Capital outturn shows expenditure of £7.670m against the revised Programme of £9.422m. The variance of £1.752m is not an underspend but merely slippage in scheme spending.
4. The provisional Efficiency Plan outturn indicates that £7.26m efficiency savings have been achieved during 2008/09 against a target of £5.5m. Of this, £2.1m are cashable savings and £5.16m are productivity gains.
5. The figures quoted in this report are subject to External Audit by 'PriceWaterhouseCoopers LLP' during June and will therefore remain provisional until the satisfactory conclusion of that audit.

## **Provisional Revenue Outturn**

6. The table overleaf summarises the provisional Revenue outturn for 2008/09 (see also Annex 1 for further details).

	£000	£000
Approved Revenue Budget 2008/09		<u>164,696</u>
<b>Provisional Overspends</b>		
Human Resources Department	61	
City Area	29	
South Area	23	
Police Authority	<u>11</u>	124
<b>Provisional Underspends</b>		
Central & Financing Items	(1,840)	
Police Pay, Allowances & Secondments	(1,684)	
Police Pensions	(369)	
Information Technology Department	(302)	
Scientific Support Department	(123)	
Professional Standards Department	(109)	
Community Safety Bureau	(103)	
Growth & Carry Forwards	(39)	
Criminal Justice Department	(11)	
Contact Management Centre	<u>(2)</u>	<u>4,582</u>
<b>Provisional Revenue Budget Underspend</b>		<u><u>(4,458)</u></u>

### **Provisional Overspends**

#### Human Resources Department £61k

7. Unbudgeted recruitment and assessment centre costs, together with increased accommodation/IT refurbishment expenditure has resulted in a provisional overspend of £61k.

#### City Area £29k

8. Higher than forecast police 'special operations' overtime resulted in a provisional overspend of £29k.

#### South Area £23k

9. Higher than anticipated police overtime and telephone subscriber check costs were incurred in March resulting in a provisional overspend of £23k.

#### Police Authority £11k

10. There were a number of underspends in the year, particularly on staff salaries. However these were more than offset by three unusual items of expenditure, namely two very expensive Police Tribunals, advertising costs associated with the appointment of both Deputy and Assistant Chief Constables, and additional Members' Allowances during the independent member recruitment process. These have collectively resulted in a provisional outturn overspend of £11k.

### **Provisional Underspends**

#### Central & Financing Items £(1,840)k

11. The provisional underspend of £1,840k is attributable to : 1) higher than anticipated investment income arising from market fluctuations of £457k, 2) capital programme slippage and a consequential reduction in revenue borrowing costs of £289k, 3) HMRC VAT and interest

reimbursement of £335k arising from a Canteens VAT reclamation exercise conducted by the Force's tax advisors, 4) unbudgeted special police services income of £208k, 5) additional Home Office dedicated security grant of £139k, 6) part year insurance tender savings of £88k from 1<sup>st</sup> November renewal date, 7) Inflation Contingency underspend of £72k, 8) reduction in the year end contribution to the Insurance Provision following a Bordereaux review of £132k, 9) other net miscellaneous underspends of £194k; offset by : 10) higher than anticipated police pay award costs of £74k (2.65% pay award verses budgeted increase of 2.5%).

#### Police Pay (base budget & growth), Allowances & Secondments £(1,684)k

12. The provisional underspend of £1,684k is attributable to : 1) temporary postponement of the recruitment of police officers into the 105 growth posts pending the outcome of DCLG's decision on precept capping of £428k, 2) additional seconded officers income of £440k, 3) enhanced ACPO TAM and other specialist non mainstreaming funding of £583k, 4) Compensatory Grant savings of £307k, 5) Performance related Special Priority Payment savings of £76k subject to review by the Human Resources Department, offset by : 6) virement to Force Operational Contingency of £150k.

#### Police Pensions £(369)k

13. A reduction in the actual number of Ill Health Retirements resulted in a provisional underspend of £369k. Six retirements were originally budgeted for but only one was approved.

#### Information Technology Department £(302)k

14. A provisional underspend of £302k has been identified which is attributable to higher than anticipated IT support recharges income, together with staffing and third party contractual savings.

#### Scientific Support Department £(123)k

15. Higher than anticipated police staff vacancies, additional fees and charges income, and reduced demand for Forensic Science Services, offset by investment in both operational and forensic equipment, resulted in a provisional underspend of £123k.

#### Professional Standards Department £(109)k

16. Higher than anticipated police staff vacancies resulted in a provisional underspend of £109k.

#### Community Safety Bureau £(103)k

17. The increased cost of intelligence assets for the Operational Intelligence Bureau offset by police staff vacancy savings and income from CRB checks resulted in a provisional underspend of £103k.

#### Growth & Carry Forwards £(39)k

18. Amendments to spending plans aligned with police officer recruitment profile changes, resulted in a provisional underspend of £39k.

#### Criminal Justice Department £(11)k

19. Higher than anticipated police staff vacancies resulted in a provisional underspend of £11k.

#### Contact Management Centre £(2)k

20. Lower than forecast overtime costs resulted in a provisional underspend of £2k.

### Utilisation of Revenue Underspend

21. The proposed utilisation of the Revenue underspend of £4.458m is summarised in the table overleaf.

	£000	£000
<b>Provisional Underspend</b>		<u><b>4,458</b></u>
<b>Police Authority Approvals to Date</b>		
Transfer to General Reserve	1,300	
Transfer to Budget Equalisation Reserve	<u>2,000</u>	3,300
<b>Proposed Utilisation of Uncommitted Underspend</b>		
Transfer to Budget Equalisation Reserve		<u>1,158</u>
<b>Balance</b>		<u><b>4,458</b></u>

### Police Authority Approvals to Date

#### Transfer to General Reserve

22. The Police Authority at its meeting on 29<sup>th</sup> October 2008, resolved to transfer £1.3m of the projected Revenue budget underspend to the General Reserve. This has increased the Reserve balance from £3.581m to £4.881m, equivalent to 2.96% of the 2008/09 approved Revenue budget.

#### Transfer to Budget Equalisation Reserve

23. At its budget meeting on 10<sup>th</sup> February 2009, the Police Authority resolved to transfer £2m of the 2008/09 projected underspend to part fund the medium term Revenue requirement.

24. In addition, it is recommended that the Police Authority consider transferring the balance of uncommitted underspend of £1.158m to the Reserve as a further contribution to bridging the funding gap over the medium term. This will increase the Reserve balance to £7.871m and reduce the funding gap to £0.85m in 2010/11 and £5.2m in 2011/12 based on current projections.

### BCU Fund

25. The BCU Fund for 2008/09 totalled £656k. This was fully utilised in year.

### Provisional Capital Outturn and Major Variations

26. The 2008/09 Capital Programme totalled £9.4m (including £2.1m Home Office Mobile Data grant). The table below summarises the provisional outturn position.

Item	Programme Budget £000	Provisional Outturn £000	Variance £000
Estates	2,212	1,931	(281)
Information Technology	2,387	1,598	(789)
Vehicle Fleet	1,421	1,604	183
Other (inc. Mobile Data)	<u>3,402</u>	<u>2,537</u>	<u>(865)</u>
Total	<u>9,422</u>	<u>7,670</u>	<u>1,752</u>

27. Within the provisional capital outturn are variances identified in relation to the revised Programme. These variances are not underspendings but are instead slippage attributable

to certain projects not being completed by 31 March and/or the delivery of items being delayed such as IT equipment. Funding arrangements have been adjusted accordingly (see Annex 2 for further details).

### **Provisional Efficiency Plan Outturn**

28. Home Office Guidance stipulates that Forces should achieve efficiency savings equal to 9.3% of 2007/08 gross revenue expenditure over the CSR2007 period 2008/09 to 2010/11 which equates to £16.5m (£5.5m average savings per annum). The guidance will no doubt be revised during 2009/10 to reflect the 1% year on year increase in the efficiency target following the Chancellor's budget report on 22<sup>nd</sup> April 2009.
29. The provisional efficiency plan outturn confirms that the Force has achieved £7.26m efficiency savings during 2008/09 (cashable savings £2.1m, productivity gains £5.16m).

### **Audit of the Accounts**

30. The final accounts for 2008/09, which includes the provisional outturn figures identified in this report, are subject to External Audit and will be audited by 'PriceWaterhouseCoopers LLP' during June 2009. It is not envisaged that any material changes will be identified.

### **Recommendations**

31. The Police Authority is recommended to :
  - (i) consider the 2008/09 provisional outturn position,
  - and
  - (ii) approve the transfer of the remaining balance of underspending of £1.158m to the Budget Equalisation Reserve to part fund the medium term Revenue requirement.

### **Implications**

Financial : See report  
Legal & Diversity : None

### **Background Papers**

Police Authority : Contribution to General Reserve; 29<sup>th</sup> October 2008  
Police Authority : Revenue Budget & Precept 2009-10; 10<sup>th</sup> February 2009

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