



East Midlands Special Operations Unit

**PAPER I, APPENDIX 1**

**Financial Update to the  
East Midlands Joint Police Authority Committee  
17<sup>th</sup> June 2010**

**1. Introduction**

1.1 This report confirms the 2009/10 financial performance for the East Midlands Special Operations Unit (EMSOU), in relation to the following:-

- 1) 2009/10 Revenue and Capital Outturn Report.
- 2) Use of / Transfer to Reserves.
- 3) 2009/10 Officer in Kind Costs.
- 4) 2009/10 Efficiency Savings.
- 5) Regional Asset Recovery Team (RART).
- 6) Asset Recovery Incentivisation Scheme.

**2. 2009/10 Outturn Report**

2.1 The table below summaries the Unit's outturn position for the year ending 31<sup>st</sup> March 2010. These figures exclude the part-year running costs of the RART, which are shown at 2.9.

	£'000	£'000
<b>Revenue and Capital Budget 2009/10</b>		<b>9,004</b>
<b>Overspends: (Revenue)</b>		
Operational Overtime	15	
Operational Equipment	36	51
<b>Underspends: (Revenue)</b>		
Police Officer / Staff Pay	(17)	
Training	(25)	
Premises Running Costs	(68)	
Premises Rent	(72)	
Vehicle Running Costs	(28)	
Covert Infrastructure	(31)	
Intelligence Development Costs	(39)	(280)
<b>Additional Income</b>		<b>(108)</b>
<b>Capital Expenditure - Vehicles</b>		<b>59</b>
<b>Prior Year Accounting Charge (2006/07)</b>		<b>138k</b>
<b>Revenue / Capital Underspend 2009/10</b>		<b>(140)</b>

**2.2 Overspends:**

2.2.1 Operational Overtime £15k

Increased operational activity combined with an increase in the level of Mutual Aid provided by the Unit has led to an overspend of £15k against police officer and staff overtime.

2.2.2 Operational Equipment £36k  
Upgrades to operational equipment has resulted in an overspend of £36k.

### **2.3 Underspends:**

#### 2.3.1 Police Officers and Staff Pay (£17k)

Other than the 'Officers in Kind', there was very little officer/staff turnover during the year. An underspend of £17k has arisen partly due to the delayed recruitment of police officers.

#### 2.3.2 Training (£25k)

Training budgets were increased in 2009/10 as part of approved growth within the Unit. Due to a combination of course availability and the delay in officer recruitment, some training plans have yet to take place, resulting in a saving of £25k. Training requirements will be re-prioritised and funded from existing budget resources in 2010/11.

#### 2.3.3 Premises Running Costs (£68k)

A number of savings and budget underspends were achieved at the Unit's main premises. The procurement of electricity and gas supplies through a Derbyshire framework agreement generated a combined saving of £100k against budget. Despite accommodating the building in July 2008, the first gas invoice was not received until February 2010, with consumption significantly lower than anticipated, resulting in a considerably lower cost than budgeted. The gas saving was only realised in February, and did not occur in time to adjust the 2010/11 budget. A similar level of underspend is therefore expected in 2010/11. A further saving of £14k was achieved through the successful appeal of the Business Rates.

Running costs and savings for the Unit's main premises are shared proportionately with other agencies.

#### 2.3.4 Premises Rent

Due to a delay in the recruitment of police officers a saving of £72k has arisen against premises rent.

#### 2.3.5 Vehicle Running Costs (£28k)

Lower running costs in relation to fuel; vehicle hire and vehicle insurance have provided a saving of £28k.

#### 2.3.6 Covert Infrastructure (£31k)

A Long term police officer vacancy attributed towards an underspend against budget of £31k. This post has now been filled and activity and costs are expected to be in line with budget provisions for 2010/11.

#### 2.3.7 Intelligence Development Costs (£39k)

During the year the Unit joined Leicestershire Constabulary in the implementation of the Home Office centralised cost recovery system. As a result of this change in the recharging process the Unit has saved £39k against budget. It should be noted however that the annual allocation of costs are based upon previous year's activity, and therefore any significant changes will be reflected in the following year's level of recharges.

### **2.3 Additional Income (£108k)**

#### 2.3.1 Additional Income has been generated throughout the Unit as shown below:

- £30k - additional grant as part of the regional Mobile Data Project.
- £8k - proceeds from the sale of vehicles.
- £13k – CII Training courses organised by EMSOU on behalf of the region.
- £16k – additional VAT reclaimed in relation to covert expenditure.
- £8k – costs recovered from HMRC in relation to IT connections.
- £33k – funding secured from the Home Office in relation to Project Acumen.

## 2.4 Capital Expenditure £59k

2.4.1 Four replacement vehicles, in accordance with the Unit's Asset Replacement Programme, have been purchased during the year at a cost of £59k.

## 2.5 Prior Year Accounting Charge £138k

2.5.1 As previously reported, an accounting charge of £138k was applied to the accounts in relation to the accounting error arising from the 2006/07 accounts.

## 2.6 2009/10 Revenue Underspend (£140k)

2.6.1 The Unit's final outturn position for 2009/10 is a saving against budget of £140,015.

2.6.2 In accordance with the EMSOU Reserves Policy, approved by the EMJPAC in February 2009, the EMSOU Management Board has recommended that the underspend of £140,015k is utilised as follows:

- a) £33,890 is transferred to the EMSOU Asset Replacement Reserve, to fund the cost of replacement vehicles and technical assets, thereby increasing the reserve to its maximum level of £500k.
- b) £75,018 is set aside to directly fund the cost of four replacement vehicles, ordered on the 1<sup>st</sup> February and currently awaiting delivery.
- c) The remaining balance of £31,107 is returned to forces in line with the existing formula share.

## 2.7 Officer in Kind Costs 2009/10

2.7.1 The following table sets out the Officer in Kind costs for the year 2009/10

Summary - In Kind Officers	TOTAL	Actual	Profiled	Variance	%
	£	£	£	£	
Nottinghamshire (27.6%)	1,072,410	917,162	1,072,410	- 155,248	26.23
Leicestershire (23.1%)	831,320	759,859	831,320	- 71,461	21.73
Derbyshire (22%)	843,304	753,958	843,304	- 89,346	21.56
Northamptonshire (14.7%)	565,289	562,804	565,289	- 2,485	16.09
Lincolnshire (12.6%)	529,901	503,484	529,901	- 26,417	14.40
<b>TOTAL</b>	<b>3,842,225</b>	<b>3,497,267</b>	<b>3,842,225</b>	<b>- 344,958</b>	<b>100.00</b>

EMSOU Officer in Kind costs 2009/10

2.7.2 The total saving against the original budget across the five forces is £344k, with individual force savings as shown in the table above.

## 2.8 EMSOU Efficiency Savings

2.8.1 The Unit has achieved over £153k of cashable efficiency savings during 2009/10, of which £63k are ongoing. This represents 3% of the Unit's annual operating expenditure (excluding officers in kind costs).

EMSOU Efficiency Savings 2009/10	£'k
Use of alternative suppliers	17.5
Negotiated discounts on contracts	57.4
Appeal on Rateable Value	14.7
Restructuring of the Operations Team	36.0
Pre-Testing of Drugs	9.6
In-House technical evidential screening	15.0
IT internet links	3.2
<b>TOTAL</b>	<b>153.4</b>

## 2.9 Regional Asset Recovery Team (RART)

2.9.1 The Regional Asset Recovery Team was established on the 1<sup>st</sup> September 2009, following the announcement of Home Office funding of £255k in 2009/10 and a further £1.1m for 2010/11. The RART expenditure for 2009/10 is summarised below and the sum of £254,992 was successfully claimed back from the Home Office.

### RART Running Costs (Sept 09 to Mar 2010) £

Employee Costs	163,608
Premises	15,063
Transport	9,208
Supplies and Services	15,005
Capital Purchases - Vehicles	52,133
<b>TOTAL RUNNING COSTS</b>	<b>255,017</b>

Income - Home Office Grant	254,992
Income - Other	25
<b>TOTAL INCOME</b>	<b>255,017</b>

## 2.10 Asset Recovery Incentivisation Scheme

2.10.1 Under the asset recovery incentive scheme the region will receive back a percentage of what is recovered in relation to:

- Enforced cash forfeiture orders
- Confiscation orders and
- Civil recovery and taxation causes.

2.10.2 For the period September 2008 to December 2009 EMSOU has been allocated £57,090.53 incentivisation money. This sum has now been distributed back to forces in line with the existing formula share, as detailed in the table below.

Nottinghamshire (27.6%)	£15,756.99
Leicestershire (23.1%)	£13,187.91
Derbyshire (22%)	£12,559.92
Northamptonshire (14.7%)	£8,392.31
Lincolnshire (12.6%)	£7,193.41
<b>TOTAL</b>	<b>£57,090.53</b>

EMSOU Incentivisation money Sept 08 to Dec 09

## 2.11 2010/2011 Force Contributions

2.11.1 The table below details the allocation of the £88,198 to be returned to Force's and the net contributions to the Unit for 2010/11.

Force	FSS % Share	2010/11 Cash Contribution	2009/10 Underspend	Return of A.R.I.S.	NET 2010/11 CONTRIBUTION
		£	£	£	£
Nottinghamshire	27.60%	1,078,471.10	8,585.53	15,756.99	1,054,128.59
Leicestershire	23.10%	902,633.42	7,185.71	13,187.91	882,259.80
Derbyshire	22.00%	859,650.88	6,843.54	12,559.92	840,247.43
Northamptonshire	14.70%	574,403.09	4,572.73	8,392.31	561,438.05
Lincolnshire	12.60%	492,345.50	3,919.48	7,193.41	481,232.62
<b>TOTAL</b>	<b>100.00%</b>	<b>3,907,504.00</b>	<b>31,106.99</b>	<b>57,090.53</b>	<b>3,819,306.48</b>

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3<sup>rd</sup> June 2010