

Cumbria Police Authority

15th December 2005

Agenda Item No 20

2005-06 Budget Issues

A report by the Treasurer and Chief Constable

1. Summary

- 1.1 The purpose of this report is to provide members with an updated position of income and expenditure against the revenue and capital budgets as approved by members for the current financial year.
- 1.2 As advised to members at the November meeting of the Authority, a separate Appendix (no 3) to this report is included in part two of the agenda to address the insurance impact of the storm damage incurred by the Authority in January 2005.

2. Recommendations

- 2.1 Members are asked to:
 - 1) Note the contents of the report.
 - 2) Approve the latest estimates of expenditure against the approved Capital Programme.
 - 3) Approve the creation and use of an earmarked reserve as described in Appendix 3 to this report in part two of the agenda

3. Revenue Budget

- 3.1 A summary of the latest projection of net revenue expenditure is shown as appendix 1. It is based on actual income and expenditure to the end of October plus projections for the remainder of the financial year. The statement shows projected net expenditure for the year amounting to £87.878m, which is £1.237m inside the budget requirement, as approved by the Authority in February. It is proposed that an additional provision amounting to £1.036m be made to the earmarked reserve, to meet the operational costs as described elsewhere on the agenda. Accordingly, net spending after taking account for all movements to and from earmarked reserves will amount to £88.914m, or £0.201m inside the approved amount. With five months of the financial year to run there is still some scope for the overall position to change as the year progresses, although information presented in this report incorporates all material commitments known at this stage
- 3.2 Brief descriptions of the reasons for material variances from budget are set out below. Members will also be aware that more detailed reports on budget variances are presented to the Audit and Performance Committee on a regular basis. The last report was tabled on the 3rd November and covered the first half of the financial year.

- 3.3 Expenditure on police pay is now projected to come inside the approved budget by £68k, as compared to the small overspend of £32k, which was indicated in the previous report. Within this overall figure expenditure on basic pay and overheads is expected to be £295k within the approved budget, reflecting a small number of vacancies combined with the savings that accrue from natural turnover, although this is offset by additional overtime costs of £227k to cover the vacancies. The lower prediction since the last report largely reflects the timing of a number of retirements in an environment where officers of most ranks are only required to give a single month's notice of their intention to retire.
- 3.4 So far as the pay budget for Police Staff is concerned, the current prediction is for expenditure to come inside the budget by £516k. This position is almost identical to that reported previously to members. As members will be well aware from previous reports, both to the Audit and Performance Committee and the main Authority, several units across the Constabulary have experienced longstanding difficulties in recruiting staff, particularly for specialist posts. A further factor, also reported of late is lower than expected employers superannuation costs, reflecting a lower membership of the Local Government Pension Scheme amongst police staff.
- 3.4 Expenditure on Police Pensions is currently projected to exceed the budget by £73k. There are two major influences on the variance. Firstly, recurring pension costs for Police Officers are estimated to come £195k inside the budget, whilst income from pensions contributions from serving officers is forecast to fall short of the budgeted amount by £70k and income from officers transferring to the police pension scheme from other employment is projected to fall short of the sum budgeted by £190k.
- 3.5 Other employment costs are forecast to exceed the budgeted amount by £50k. This is principally due to the use of agency staff to cover current police staff vacancies.
- 3.6 Transport costs are currently projected to exceed the budget by £107k. The principal variances are on vehicle repairs and maintenance, which are expected to exceed the budget by £44k and vehicle hire costs, which have risen across the force in recent months, and are expected to exceed budget by £43k, offset, to some extent by savings on car allowances.
- 3.7 Overall, expenditure on Supplies and Services is now forecast to come inside the revised budget by £744k. Within this area of the budget, the most significant variations relate to Information Technology. Firstly, a saving of £610k on revenue costs of the Airwave project in 2005-06 has been identified since the last Police Authority meeting. The reduced expenditure on Airwave has arisen firstly, through the procurement of a combined purchase and five-year maintenance deal on Airwave equipment, which delivers savings of £86k. The remaining savings have largely occurred for reasons related to the delayed roll out of Airwave functionality. Elsewhere within the IT budget area, maintenance costs of IT hardware, software and radios, including NTL, are anticipated to come a total of £300k inside budgets. In part, this reflects the work of the IT team in not renewing maintenance contracts which no longer represent good VFM and by renegotiating other contracts at more favourable terms. However, these savings are offset to some extent by additional printing

and stationery costs (£65k), partly reflecting additional running costs of colour printers etc and by a range of operational service costs (£45k).

- 3.8 So far as the Police Authority budget is concerned the current prediction for spending to come inside the approved budget by £30k is due to a lack of commitments against the Authority's contingency fund.
- 3.9 Finally, so far as the Revenue budget is concerned, income and grants are expected to exceed the budgeted amount by £126k. In the main, and as reported elsewhere on the agenda, this reflects additional income from investments, which is currently predicted to exceed the budget by £120k, since the previous report presented earlier. This reflects the prudent budgeting practice for this area of the budget, which is difficult to predict and also reflects additional investment monies due to slippage to capital schemes as set out below.

4. Capital Programme

- 4.1. A summary of the latest Capital Programme is shown for members' attention at Appendix 2. It illustrates the original Capital Programme amounting to £4.820m approved by members in February as well as changes since that time, including the effects of major slippage from 2004-05, and specifically, as members will recall from meetings, the amendments to the programme in respect of IMPACT, RMS and the estimated cost of Mobile Custody Suites. Those additional schemes have increased the current value of the 2005-06 capital programme to £6.859m. So far as variances from approved 2005-06 schemes is concerned, the additional fleet costs of £47k is largely a product of having to replace a number of motorcycles where the manufacturer offered to refund the cost of the original equipment which was not considered to be fit for purpose.
- 4.2 The Appendix also shows capital spending for schemes approved in previous financial years, amounting to more than £7.8m including slippage from some schemes originally planned to be completed before 2005-06. As can be seen from the Appendix, the vast majority of schemes are projected to outturn in line with the revised budgets as approved earlier by members, although the following variances are worthy of comment. Firstly, the scheme to provide a dedicated Case and Custody facility, this is now forecast to come inside the approved budget by £250k. This reflects a combination of reducing technology costs and acknowledges that the earlier predictions were based on assumptions provided by PITO. In addition, the variance of £100k associated with the ANPR (Automatic Number Plate Recognition) scheme reflects additional equipment funded from specific grant. Finally, the revised estimate in relation to the Action for Justice scheme reflects that it has been possible to utilise the existing police estate to provide the facilities rather than having to lease facilities from partner agencies.

- 4.3 Given the slippage on capital schemes, members may appreciate a brief description of the circumstances giving rise to the slippage. Firstly, and as previously reported to the Police Authority implementation of the Records Management System has been deferred awaiting the outcome of the review of strategic forces, with the result that expenditure in 2005/06 will be £1.385m less than previously indicated.

In relation to the scheme to provide replacement Custody Suites in North Cumbria, members will be aware of the issues surrounding this scheme. A report elsewhere on the agenda provides an update of the latest position. With regard to the Airwave project, significant capital expenditure has been delayed as resolutions to specific technical issues are pursued. Finally, in relation to the scheme to roll out Windows XP facilities, this is being rolled out across the force as resources permit. The limited resources of the IT team have, by necessity, been diverted to other areas of essential work in 2005/06, with the result that progress on implementing Windows XP has been restricted and £0.6m of the budget will be rolled forward to future years.

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08 December 2005

Michael Baxter
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Attachments.

- Appendix 1 - Summary Revenue Budget
- Appendix 2 - Capital Programme
- Appendix 3 - Addresses aspects of the storm damage incurred in January 2005 (Part 2 of Agenda)

CUMBRIA POLICE AUTHORITY

Appendix 1

Revenue Budget - Monitoring Statement 7 Months to October 2005

Expenditure Category	2005-06 Original Budget £'000	2005-06 Revised Budget £'000	2005-06 Expenditure To Date £'000	2005-06 Budget To Date £'000	2005-06 Variance To Date £'000	2005-06 Projected Outturn £'000	2005-06 Outturn Variance £'000
Police Pay & Allowances	47,521	48,550	26,962	26,860	102	48,482	(68)
Police Staff Pay & Allowances	19,144	19,222	10,432	10,517	(85)	18,706	(516)
Police Pensions	13,396	13,396	8,677	10,390	(1,713)	13,469	73
Other Employees Costs	1,020	1,045	467	639	(173)	1,095	50
TOTAL EMPLOYEE COSTS	81,081	82,213	46,538	48,406	(1,869)	81,752	(461)
Premises Costs	3,264	3,614	1,878	2,105	(227)	3,631	17
Transport Costs	2,136	2,235	1,298	1,195	102	2,342	107
Supplies & Services	10,753	11,174	5,815	6,193	(378)	10,430	(744)
Support Services	101	101	16	59	(43)	101	0
Agency Costs	239	244	85	170	(85)	244	0
Capital Financing Charges	208	208	44	44	0	208	0
Revenue Contributions to Capital	1,475	1,959	0	478	(478)	1,959	0
Police Authority	677	683	358	412	(53)	653	(30)
GROSS EXPENDITURE	99,934	102,431	56,032	59,062	(3,031)	101,320	(1,111)
General Income	(4,370)	(5,073)	(1,509)	(2,238)	729	(5,206)	(133)
Grants	(5,772)	(7,464)	(3,688)	(3,093)	(595)	(7,457)	7
NET EXPENDITURE	89,792	89,894	50,835	53,731	(2,897)	88,657	(1,237)
Contingency	200	97	0	(31)	31	97	0
Amending Report 2003-04	219	219	130	130	0	219	0
Earmarked Reserves	(992)	(991)	0	(592)	592	45	1,036
Budget Holders Brought Forward	0	0	0	0	0	0	0
Budget Holders Carry Forward	0	0	0	0	0	0	0
Transfer from General Reserves	(104)	(104)	0	0	0	(104)	0
Total (Including Reserves)	89,115	89,115	50,965	53,238	(2,274)	88,914	(201)
Home Office Police Revenue Grant	(36,572)	(36,572)	(21,334)	(21,334)	0	(36,572)	0
Rate Support Grant (RSG)	(17,572)	(17,572)	(9,087)	(9,087)	0	(17,572)	0
National Non-Domestic Rate Pool (NNDR)	(7,958)	(7,958)	(5,093)	(5,093)	0	(7,958)	0
Precepts	(27,013)	(27,013)	(15,757)	(15,757)	0	(27,013)	0
Total External Funding	(89,115)	(89,115)	(51,271)	(51,271)	0	(89,115)	0
Total Surplus for the year	0	0	(306)	1,967	(2,274)	(201)	(201)

Cumbria Police Authority

Capital Programme 2005 / 2006

Project Descriptions	Approved Programme	Expenditure to 31-Mar-05	Approved Programme 05/06	Revised Programme 05/06	Spend to Oct 2005	Outturn 2005 / 2006	2006 / 07 & Beyond	TOTAL COST	Variance
2005 / 2006 SCHEMES									
Vehicle Purchases 05/06			639,000.00	639,000.00	220,294.85	685,535.00	-	685,535.00	46,535.00
Vehicle Adaptions 05/06			129,000.00	129,000.00	67,643.47	138,000.00	-	138,000.00	9,000.00
Telephony			1,172,000.00	172,000.00	45,614.49	172,000.00	-	172,000.00	-
Share Point Portal			74,000.00	74,000.00	-	74,000.00	-	74,000.00	-
IT Replacements 05/06			526,000.00	526,000.00	-	-	564,270.00	564,270.00	38,270.00
Initial Police Learning and Development Programme			440,000.00	440,000.00	45,053.66	450,000.00	-	450,000.00	10,000.00
Information Management Programme									
Record Management System			1,755,000.00	2,591,000.00	264.82	1,078,973.62	1,512,026.38	2,591,000.00	-
Data Warehouse			85,000.00	85,000.00	-	-	85,000.00	85,000.00	-
IMPACT			-	899,000.00	24,022.87	822,000.00	77,000.00	899,000.00	-
New Schemes 2005 / 2006									
Photographic Equipment			-	19,175.00	19,175.00	19,175.00	-	19,175.00	-
Mobile Custody Suites			-	1,200,000.00	1,383.45	50,000.00	1,150,000.00	1,200,000.00	-
HQ Accommodation Adaptions			-	85,000.00	-	83,350.00	1,650.00	85,000.00	-
Sub Total			4,820,000.00	6,859,175.00	423,452.61	3,573,033.62	3,389,946.38	6,962,980.00	103,805.00
2004 / 2005 SCHEMES									
Vehicle Purchases 04/05	720,000.00	625,777.35	94,222.65	102,430.60	102,430.60	102,430.60	-	728,207.95	-
Vehicle Adaptions 04/05	271,693.00	153,531.72	118,161.28	22,710.81	22,710.81	22,710.81	-	176,242.53	-
Refurbishment Of Previous Chad Accommodation	167,000.00	149,616.20	17,383.80	17,383.80	9,343.58	17,383.80	-	167,000.00	-
NTU - Roof Repairs	78,000.00	71,984.60	6,015.40	6,015.40	4,491.42	1,549.04	-	73,533.64	4,466.36
Disability Discrimination Act Works	212,000.00	110.00	211,890.00	211,890.00	6,085.19	205,530.00	6,360.00	212,000.00	-
Museum conversion	55,263.13	55,263.13	-	-	952.15	-	-	55,263.13	-
IT Hardware Replacements 04/05	789,799.30	317,741.45	472,057.85	472,057.85	161,940.34	472,057.85	-	789,799.30	-
Generator Replacements	74,000.00	71,862.37	2,137.63	2,137.63	-	-	-	71,862.37	2,137.63
Whitehaven Training Room	41,006.71	41,006.71	-	1,193.75	1,193.75	1,193.75	-	42,200.46	-
Command and Control System Enhancements	105,000.00	-	105,000.00	0.00	0.00	0.00	-	0.00	-
Case and Custody	1,565,000.00	606,089.39	958,910.61	958,910.61	314,479.58	708,910.61	-	1,315,000.00	250,000.00
ANPR	164,000.00	-	164,000.00	164,000.00	65,883.66	264,000.00	-	264,000.00	100,000.00
Camera Scheme	132,469.16	123,469.16	9,000.00	9,000.00	9,000.00	9,000.00	-	132,469.16	-
PROMAT	86,000.00	-	86,000.00	86,000.00	69,954.17	86,000.00	-	86,000.00	-
Insurance Storm Damage	609,810.26	609,810.26	-	-	68,478.79	-	-	609,810.26	-
Vehicles - Storm Damage Insurance	122,805.00	96,329.34	26,475.66	26,475.66	22,138.50	22,138.50	-	118,467.84	4,337.16
Sub Total	5,193,846.56	2,922,591.68	2,271,254.88	2,080,206.11	692,550.66	1,912,904.96	6,360.00	4,841,856.64	160,941.15

Project Descriptions	Approved Programme	Expenditure to 31-Mar-05	Approved Programme 05/06	Revised Programme 05/06	Spend to Oct 2005	Outturn 2005 / 2006	2006 / 07 & Beyond	TOTAL COST	Variance
EARLIER SCHEMES									
OS / Property Roof	30,000.00	-	30,000.00	30,000.00	-	30,000.00	-	30,000.00	-
Windows XP system	1,323,000.00	254,430.43	1,068,569.57	1,068,569.57	249,786.55	268,569.57	800,000.00	1,323,000.00	-
National Management Information Systems	636,400.00	292,241.13	344,158.87	344,158.87	39,388.00	206,366.84	137,792.03	636,400.00	-
Airwave	3,820,817.00	363,405.69	3,457,411.31	3,457,411.31	554,259.83	1,316,896.45	2,133,164.31	3,813,466.45	- 7,350.55
Premises Improvement Fund 2003/2004	660,226.59	584,536.60	75,689.99	75,689.99	22,227.85	75,689.99	-	660,226.59	-
SICCS (DS 2000)	1,064,018.00	879,275.50	184,742.50	184,742.50	141,892.25	192,093.05	-	1,071,368.55	7,350.55
Action for justice Interview Suites	652,000.00	302,745.41	349,254.59	349,254.59	- 248.36	239,254.59	-	542,000.00	- 110,000.00
Communication Centre	2,227,000.00	2,210,942.63	16,057.37	16,057.37	- 34,425.64	16,057.37	-	2,227,000.00	-
PIF - Public Access	205,551.89	205,551.89	-	3,480.25	3,480.25	3,480.25	-	209,032.14	-
Bacs Payment System	15,000.00	-	15,000.00	15,000.00	-	11,766.00	3,234.00	15,000.00	-
SYNERGY	1,037,065.00	918,334.68	118,730.32	118,730.32	4,759.73	118,730.32	-	1,037,065.00	-
Intell System	100,000.00	56,103.64	43,896.36	-	-	-	-	56,103.64	-
Intranet	30,000.00	18,159.46	11,840.54	11,840.54	-	11,840.54	-	30,000.00	-
Security Info System	50,000.00	26,446.87	23,553.13	23,553.13	-	-	23,553.13	50,000.00	-
HOLMES II	235,124.00	204,859.30	30,264.70	30,264.70	-	30,264.70	-	235,124.00	-
Sub Total	12,086,202.48	6,317,033.23	5,769,169.25	5,728,753.14	981,120.46	2,521,009.67	3,097,743.47	11,935,786.37	- 110,000.00
Estimate for Accruals and Capital Creditors			790,950.18			790,950.18			
Grand Total	17,280,049.04	9,239,624.91	12,860,424.13	14,668,134.25	2,097,123.73	8,797,898.43	6,494,049.85	23,740,623.01	- 167,136.15

Financing

Appendix 2

Project Descriptions	Approved Programme 05/06	Revised Programme 05/06	Outturn 2005 / 2006	2006 / 07 & Beyond
Capital Grants	5,387,886.93		2,043,191.39	3,823,916.69
Capital Receipts	560,000.00		595,535.00	
Capital Expenditure from Revenue Account				
General	1,910,000.00		1,475,400.00	1,500,000.00
Computers			35,270.00	
Observation Vehicles / Airwave Vehicle			20,000.00	
OS Photographic Processing Equipment			19,000.00	
RMS			409,098.00	
Specific Capital Grant				
Airwave	546,522.81		546,522.81	
Premises Improvement Fund 03-04	45,000.00		45,000.00	
IPLDP	76,100.00		76,100.00	
ANPR	100,000.00		200,000.00	
Mobile Custody Suite	1,200,000.00		50,000.00	1,150,000.00
IMPACT Grant			268,000.00	
Capital Income				
NMIS	226,500.00		206,366.84	20,133.16
Case and Custody	456,118.73		456,118.73	
National Safety Camera Scheme 04-05	9,000.00		9,000.00	
Reserves				
General Capital Reserve	1,675,000.00		1,675,000.00	
Airwave Capital Reserve	400,000.00		400,000.00	
Earmarked Revenue Reserves	100,000.00		100,000.00	
ANPR	64,000.00		64,000.00	
PROMAT	86,000.00		86,000.00	
Storm Vehicle write offs	18,295.66		18,295.66	
Borrowing				
Total Financing	12,860,424.13		8,797,898.43	6,494,049.85