

Cumbria Police Authority

20th December 2006

Agenda Item No 17

2006-07 Budget Update Report

A report by the Treasurer and Chief Constable

1. Summary

- 1.1 The purpose of this report is 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.

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) Note the plan to 'in principle' earmark elements of the 2006/07 surplus for specific capital purposes.

3. Revenue Budget

- 3.1. A summary of the latest projection of net revenue expenditure is shown at 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 £87.948m after taking account of budgeted transfers to and from reserves, which is £2.380m inside the budget requirement, as approved by the Authority in February. Noting the future demands on the Authority's estate outlined in the Authority's Medium Term Financial Forecast it would seem prudent, at this stage, to note the 'in principle' intention to recommend the earmarking of most of the 2006-07 projected surplus for capital purposes when presenting the revised estimates for budget in February.
- 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, covering the period up to the end of September was tabled on the 4th December.
- 3.3 Expenditure on police pay is forecast to come inside budget by £433k, this reflects an increased level of staff turnover and vacancies, with the problem being particularly acute in the North Cumbria BCU. The Constabulary is also experiencing a high level of abstractions as a result of secondments and, whilst the costs of seconded officers are generally reimbursed, by convention

this is shown as income in the accounts. For information, income for seconded officers is currently forecast to exceed the budget by £244k. Some additional overtime costs have been incurred in covering vacancies and maintaining a visible Police presence during the World Cup, however, an analysis of overtime expenditure, presented to the Audit and Performance Committee in December, indicated that overtime costs are below the level incurred at an equivalent time in 2005/06.

- 3.4 Current projections indicate that Police Staff pay will be £450k within budget. This reflects continuing difficulties in recruiting police staff both generally, but particularly into a number of specialist areas, most notably in the Information Directorate. To some extent this under-spending is offset by additional costs of contracting in staff to cover vacancies, which are shown against the Supplies and Services budget heading. The difficulties in recruiting Police Staff are likely to have been exacerbated in the early part of the year by uncertainty as to future prospects, created by the proposed amalgamation with Lancashire.
- 3.5 Premises costs are anticipated to exceed the budget by £96k, through a combination of additional costs in maintaining the Authority's estate and higher spending against the cleaning contract, due principally to the inclusion of additional sites not envisaged when the contract was negotiated.
- 3.6 Transport costs are predicted to exceed the budget by £114k. The largest element of this variance relates to vehicle repairs and maintenance and is attributable, in part, to the continuing need to outsource some elements of this work. This is offset to some extent by savings on vehicle insurance arising out of the recent insurance renewal exercise.
- 3.7 The Supplies and Services budget heading covers a wide range of different activities across the force, which in total, are projected to come within the budget by £225k. The largest variance relates to the savings in IT costs as a result of the delayed development of Airwave functionality, most notably in relation to mobile data applications. Minor variances are projected in a number of other areas, reflecting changing operational demands on the force.
- 3.8 Income is forecast to be £818k above the budget. This is largely attributable to additional investment income of £440k which has been generated through a combination of higher than expected returns, following recent and anticipated interest rate rises, and (more particularly), increased cash balances available for investment due to a number of factors including slippage on capital schemes, the current level of revenue expenditure and more balances brought forward from previous years than were foreseen when the budget was prepared. The remaining variance is explained by additional income for seconded officers (see paragraph 3.3) and increased fees and charges, much of which relates to additional Criminal Records Bureau checks.
- 3.9 Grant income is forecast to come in above the budget by £584k. There are two principal explanations for this variance. Firstly, £271k has been incorporated into the budget projections following confirmation from the Home Office that they would meet the additional costs incurred by Cumbria in preparation for the amalgamation with Lancashire. The remainder of the variance is largely attributable to additional grant funding for the accelerated recruitment of PCSOs, approved by the Police Authority in June.

4. Capital Budget

- 4.1. A summary of the latest Capital Programme is shown for members' attention in Appendix 2. It illustrates the original 'new starts' within the Capital Programme amounting to £1.606m approved by members in February as well as changes since that time, including the schemes from earlier years with planned expenditure in 2006/07 and beyond, the effects of slippage from 2005/06 and the amendments to the programme in respect of Sleuth and the HQ Uninterrupted Power Supply agreed in June.
- 4.2. Capital expenditure projections for 2006/07 have slipped by £909k in comparison with the last reported position, which was based on spending at the end of June, primarily as a result of re-profiling of expenditure on Sleuth as work is progressed to fully scope the project. Detailed cost projections for Sleuth will be submitted to the Authority at a future date. Slippage of £263k is also forecast on the rolling IT replacement programme in 2006/07, although the Director of Information has indicated that by the end of 2007/08 delivery of the replacement programme will be fully aligned to the budget. In both instances forecasted total project costs are unchanged at present.
- 4.3. In relation to variances, by far the most significant is a £2.0 million reduction in forecast expenditure on Airwave. This reflects the proposal, subject to Police Authority approval, to discontinue elements of the Airwave project, which will release resources to meet other capital priorities. A report by the Chief Constable elsewhere on this agenda makes reference to the potential for utilising this sum as part of a financing package for the Durranshill Phase 2 project. Of other schemes projected to come within budget the Data Warehouse project has been closed saving £85k as a result of changes to the national CRISP requirement, which have seen warehousing subsumed within the national IMPACT programme, with the result that a separate local Warehouse is no longer required. An exit strategy is currently being developed for Holmes II and no further expenditure is anticipated on this scheme, which will come in £26k under budget.
- 4.4. The vehicle purchases budget for 2005/06 is shown as exceeding the budget by £43k as a result of the purchase of two additional vehicles, which were funded by appropriations of budget holder funds at the end of 2005/06 on the basis of short business cases, provided to show the need and link to improvement of performance. The additional forecast expenditure on the 2004/05 Camera Scheme has only a minimal impact on general capital funding as it is largely met from specific grant.

Douglas Thomas
Treasurer
December 2006

Michael Baxter
Chief Constable

Contact Point for information

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Attachments.

- Appendix 1 - Summary Revenue Budget
- Appendix 2 - Capital Programme

CUMBRIA POLICE AUTHORITY

Revenue Budget - Monitoring Statement 7 Months to October 2006

Expenditure Category	2006-07 Original Budget £'000	2006-07 Revised Budget £'000	2006-07 Expenditure To Date £'000	2006-07 Budget To Date £'000	2006-07 Variance To Date £'000	2006-07 Projected Outturn £'000	2006-07 Outturn Variance £'000
Police Pay & Allowances	58,933	59,043	32,929	33,398	(470)	58,610	(433)
Police Staff Pay & Allowances	20,014	21,259	11,336	12,127	(790)	20,809	(450)
Police Pensions	698	698	333	278	55	713	15
Other Employees Costs	1,031	1,070	491	680	(189)	1,023	(47)
TOTAL EMPLOYEE COSTS	80,676	82,070	45,089	46,483	(1,394)	81,155	(915)
Premises Costs	3,709	3,872	1,945	2,538	(593)	3,968	96
Transport Costs	2,125	2,172	1,267	1,204	62	2,286	114
Supplies & Services	10,066	10,488	5,546	6,563	(1,018)	10,263	(225)
Support Services	104	104	31	61	(30)	95	(9)
Agency Costs	254	280	89	202	(113)	229	(51)
Capital Financing Charges	322	322	36	36	0	322	0
Revenue Contributions to Capital	1,924	1,602	0	62	(62)	1,634	32
Police Authority	697	696	330	334	(4)	676	(20)
GROSS EXPENDITURE	99,877	101,606	54,333	57,483	(3,152)	100,628	(978)
General Income	(2,680)	(3,268)	(1,926)	(1,639)	(287)	(4,086)	(818)
Grants	(6,740)	(7,963)	(4,659)	(4,252)	(407)	(8,547)	(584)
NET EXPENDITURE	90,457	90,375	47,748	51,592	(3,846)	87,995	(2,380)
Contingency	188	158	0	158	(158)	158	0
Amending Report 2003-04	461	461	289	289	0	461	0
Earmarked Reserves	(1,324)	(831)	0	21	(21)	(831)	0
Budget Holders Brought Forward	0	(381)	0	(307)	307	(381)	0
Budget Holders Carry Forward	0	0	0	0	0	0	0
Transfer from General Reserves	546	546	0	0	0	546	0
Total (Including Reserves)	90,328	90,328	48,037	51,753	(3,718)	87,948	(2,380)
Home Office Police Revenue Grant	(29,461)	(29,461)	(17,186)	(17,186)	0	(29,461)	0
Rate Support Grant (RSG)	(5,227)	(5,227)	(2,800)	(2,800)	0	(5,227)	0
National Non-Domestic Rate Pool (NNDR)	(27,078)	(27,078)	(17,330)	(17,330)	0	(27,078)	0
Precepts	(28,562)	(28,562)	(16,662)	(16,662)	0	(28,562)	0
Total External Funding	(90,328)	(90,328)	(53,978)	(53,978)	0	(90,328)	0
Total Surplus for the year	0	0	(5,941)	(2,225)	(3,718)	(2,380)	(2,380)

Capital Programme 2005 / 2006/ 2007/2008

Project Descriptions	Approved Programme £	Expenditure to 31-Mar-06 £	Approved Programme remaining budget £	Revised Programme 06/07 £	Spend to September 2006 £	Outturn 2007	2006 / 2007 / 08 £	Outturn 2008 / 09/10 £	TOTAL COST £	Variance £
2006/2007 Schemes										
Vehicle Replacements 06/07	669,000.00		669,000.00	669,000.00	174,586.08	528,250.00	133,250.00	-	661,500.00	7,500.00
Vehicle Adaptions 06/07	116,000.00		116,000.00	116,000.00	63,458.98	87,300.00	29,000.00	-	116,300.00	300.00
IT Replacements 06/07	526,000.00		526,000.00	526,000.00	2,479.37	263,000.00	263,000.00	-	526,000.00	-
LPT Laptops 06/07	40,000.00		40,000.00	40,000.00	-	40,000.00	-	-	40,000.00	-
Impact - Full Crisp	190,000.00		190,000.00	190,000.00	-	-	190,000.00	-	190,000.00	-
Impact - CoPIM	65,000.00		65,000.00	65,000.00	10,171.25	65,000.00	-	-	65,000.00	-
Sleuth	2,102,299.78	56,159.38	2,046,140.40	2,102,299.78	100,823.25	1,051,149.89	525,574.95	469,415.56	2,102,299.78	-
UPS HQ	40,000.00		40,000.00	40,000.00	42,790.79	42,790.79	-	-	42,790.79	2,790.79
National Safety Camera Scheme 06/07	304,000.00		304,000.00	304,000.00	11,075.40	304,000.00	-	-	304,000.00	-
Sub Total	4,052,299.78	56,159.38	3,996,140.40	4,052,299.78	405,385.12	2,381,490.68	1,140,824.95	469,415.56	4,047,890.57	4,409.21
2005 / 2006 SCHEMES										
Vehicle Purchases 05/06	694,626.22	490,385.28	204,240.94	694,626.22	204,240.94	247,754.80	-	-	738,140.08	43,513.86
Vehicle Adaptions 05/06	173,298.27	155,141.14	18,157.13	173,298.27	17,389.39	20,289.39	-	-	175,430.53	2,132.26
Record Management System - Intelligence Solution	-	-	-	-	-	-	-	-	-	-
Telephony	172,000.00	68,627.62	103,372.38	172,000.00	69,132.00	103,372.38	-	-	172,000.00	-
Data Warehouse	85,000.00	-	85,000.00	85,000.00	-	-	-	-	-	85,000.00
Share Point Portal	85,840.54	-	85,840.54	85,840.54	-	85,840.54	-	-	85,840.54	-
IT Replacements 05/06	564,270.00	-	564,270.00	564,270.00	129,229.99	564,270.00	-	-	564,270.00	-
Initial Police Learning and Development Programme	450,000.00	431,352.64	18,647.36	450,000.00	5,835.38	9,231.00	9,673.00	-	444,421.26	5,578.74
North Cumbria BCU Estates Infrastructure	4,692,000.00	23,308.66	4,668,691.34	4,692,000.00	2,475,125.14	4,545,581.87	123,109.47	-	4,692,000.00	-
IMPACT	899,000.00	377,530.45	521,469.55	899,000.00	165,130.66	521,469.55	-	-	899,000.00	-
HQ Accomodation Adaptions	95,000.00	4,200.00	90,800.00	95,000.00	19,024.42	90,800.00	-	-	95,000.00	-
Sub Total	7,911,035.03	1,550,545.79	6,360,489.24	7,911,035.03	3,073,437.16	6,188,609.53	132,782.47	-	7,866,102.41	44,932.62
2004 / 2005 SCHEMES										
Disability Discrimination Act Works	212,000.00	23,310.19	188,689.81	212,000.00	5,945.82	188,689.81	-	-	212,000.00	-
IT Hardware Replacements 04/05	789,799.30	710,682.96	79,116.34	789,799.30	38,592.97	79,116.34	-	-	789,799.30	-
Case and Custody	1,365,000.00	1,145,193.42	219,806.58	1,365,000.00	105,039.30	219,806.58	-	-	1,365,000.00	-
Camera Scheme	132,619.16	132,619.16	-	132,619.16	66,135.00	66,135.00	-	-	198,754.16	66,135.00
ANPR	264,000.00	251,333.50	12,666.50	264,000.00	6,447.25	12,666.50	-	-	264,000.00	-
PROMAT	80,275.77	75,475.77	4,800.00	80,275.77	4,100.00	4,800.00	-	-	80,275.77	-
Sub Total	2,843,694.23	2,338,615.00	505,079.23	2,843,694.23	214,368.70	571,214.23	-	-	2,909,829.23	66,135.00
Project Descriptions	Approved Programme £	Expenditure to 31-Mar-06 £	Approved Programme remaining budget £	Revised Programme 06/07 £	Spend to September 2006 £	Outturn 2007	2006 / 2007 / 08 £	Outturn 2008 / 09/10 £	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	547,253.41	775,746.59	1,323,000.00	232,398.36	575,746.59	200,000.00	-	1,323,000.00	-
National Management Information Systems	636,400.00	488,320.56	148,079.44	636,400.00	19,127.72	148,079.44	-	-	636,400.00	-
Airwave	3,813,466.45	1,128,700.14	2,684,766.31	3,813,466.45	27,839.25	35,180.00	649,586.31	-	1,813,466.45	2,000,000.00
Premises Improvement Fund 2003/2004	610,765.53	609,107.70	1,657.83	610,765.53	10,627.06	1,657.83	2,029.69	-	612,795.22	2,029.69
Action for justice Interview Suites	542,000.00	315,720.79	226,279.21	542,000.00	83,336.77	226,279.21	-	-	542,000.00	-
Bacs Payment System	15,000.00	7,468.00	7,532.00	15,000.00	2,000.00	2,000.00	2,000.00	-	9,468.00	5,532.00
SYNERGY	1,037,065.00	952,639.65	84,425.35	1,037,065.00	5,993.38	84,425.35	-	-	1,037,065.00	-
Security Info System	50,000.00	26,446.87	23,553.13	50,000.00	-	23,553.13	-	-	50,000.00	-
HOLMES II	235,124.00	207,609.30	27,514.70	235,124.00	983.00	983.00	-	-	208,592.30	26,531.70
Sub Total	8,292,820.98	4,283,266.42	4,009,554.56	8,292,820.98	370,318.78	1,127,904.55	851,616.00	-	6,262,786.97	2,030,034.01
Grand Total	23,099,850.02	8,228,586.59	14,871,263.43	23,099,850.02	4,063,509.76	10,269,218.99	2,125,223.42	469,415.56	21,086,609.18	2,013,240.84

Financing

Not Protectively Marked

Appendix 2

	Approved Programme £	Approved Programme remaining budget £	Revised Programme 06/07 £	Outturn 2007	2006 / £ 2007 / 08	Outturn £	Outturn 2008 / 09/10 £
Capital Grants		3,395,615.90		3,276,227.83		125,223.42	-
Capital Receipts		3,482,656.37		500,000.00		500,000.00	469,415.56
Capital Expenditure from Revenue Account							
General		3,000,000.00		1,500,000.00		1,500,000.00	
UPS HQ		40,000.00		40,000.00			
Insurance for write off vehicle 06/07		12,600.00		12,600.00			
OS - Op Vantage 06/07		15,000.00		15,000.00			
North Cumbria Vehicle - 05/06		13,000.00		13,000.00			
OS Force Armoured Vehicle 05/06		43,000.00		43,000.00			
Specific Capital Grant		-					
Airwave		1,024.36		1,024.36			
Mobile Custody Suite/North Cumbria BCU Estates		2,776,691.34		2,776,691.34			
IMPACT Grant		28,430.51		28,430.51			
Capital Income		-					
NMIS		2,437.92		2,437.92			
Case and Custody		49,999.50		49,999.50			
National Safety Camera Scheme 04-05		57,917.00		57,917.00			
National Safety Camera Scheme 06/07		304,000.00		304,000.00			
Reserves		-					
General Capital Reserve		1,648,890.53		1,648,890.53			
Borrowing		-					
Total Financing		14,871,263.43		10,269,218.99		2,125,223.42	469,415.56