

## CUMBRIA POLICE AUTHORITY

15<sup>th</sup> February 2012  
Agenda Item No 13**Cumbria Police Authority Budget Report 2011/12 (Revised Budget) & 2012/13 Draft  
Proposed Budget****A Report by the Chief Executive and Treasurer/Deputy Chief Executive****1 Introduction**

This report sets out the revised budget for 2011/12 and a proposed draft 2012/13 Police Authority budget for consideration by members.

**2 2011/12 Revised Budget**

The revised budget is based on the expected year-end position. The original budget set in February 2011 was for total expenditure of £882k. The current forecast is for a net under-spend against the budget of £54k. The table below sets out the main variations to the budget.

<b>Revised Budget 2011/12</b>	<b>£000</b>
Net Budget February 2011/12	882
Increase in Pay Costs	9
Specialist advise and website	12
Contingency	-15
Travel and Subsistence	-19
Printing, Postage and Stationary	-13
Internal and External Audit Fees	-15
Cumulative other under spend	-13
<b>Forecast Out-turn 31st March 2012</b>	<b>828</b>

The increase in pay costs is the net position of savings from the Police Authority staff re-structure less the cost of redundancy. The other area of expenditure increase primarily relates to specialist advice in managing HR issues, the statement of accounts review and treasury management strategy. These cost increases are offset by under spends across a number of non staffing budgets reflecting changes in the way the authority conducts its business with the objective of reducing costs. Similar cost reduction exercises have seen a reduction in the level of audit fee. It is currently proposed that members commit the under spend to the transition reserve. Further information on reserves is provided later in this report.

**3 2012/13 Revenue Budget**

The 2012/13 proposed budget, In line with the Authority's financial regulations, is based on the budget for the current year, adjusted for inflation assumptions and the full year impact of any 2011/12 budget decisions. This forms the continuation budget and is the base line for setting the budget for 2012/13. The continuation budget is then reduced and increased for

any agreed savings proposals and estimated new expenditure requirements to present a total net budget for the new financial year.

The total proposed budget amounts to a net cost of £887k. This comprises a continuation budget of £887k, estimated new expenditure on transition of £125k and savings proposals of £50k. A further £75k income is proposed to be applied from the Authority's transition reserve to bring total expenditure back in line with the continuation budget. The summary budget is set out below.

<b>Draft Budget Summary Expenditure</b>	<b>2012/13 £000</b>
Salaries	339
Allowances	210
Travel & Subsistence	66
Catering and Venues	11
Courses and Training	19
Advertising	25
Furniture & Equipment	2
Printing, Postage and Stationary	39
Subscriptions	33
Internal & External Audit	118
Contingency	25
<b>Continuation Budget</b>	<b>887</b>
New Expenditure - Transition	125
Savings Proposals & Use of Reserves	-125
<b>Draft Budget Provision</b>	<b>887</b>

#### **4 Continuation Budget – Variation to 2011/12**

The total continuation budget of £887k represents an increase of £5k over the continuation budget for 2011/12. The main variations comprise:

<b>Variation 2011/12 to 2012/13</b>	<b>£000</b>
Net Budget February 2011/12	882
Pension adjustment	12
Pay, Increments and Price Increase	4
Changes in staffing structure	-11
<b>2012/13 Continuation Budget</b>	<b>887</b>

#### **5 Continuation Budget by Activity – Variation to 2011/12**

The table below sets out the continuation budget for 2011/12 and 2012/13 across each area of police authority activity with the variation between each year. The authority budget includes the funding for contingency.

<b>Budget by Activity</b>	<b>2011/12</b>	<b>2012/13</b>	<b>Variance</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Community Engagement	74	62	-12
Custody Visitors	12	16	4
Democratic Core	267	265	-2
Authority	529	544	15
<b>Total</b>	<b>882</b>	<b>887</b>	<b>5</b>

## **6 New Expenditure: Transition and the Police and Crime Commissioner**

Throughout 2012/13 the authority will need to prepare for transition to the new Police and Crime Commissioner arrangements. Guidance for many areas of the new arrangements is still in draft and subject to development. It is therefore difficult to provide an accurate estimate of the costs of the transition. The draft budget proposes a resource of £125k for transition costs to be funded from the Authority's transition reserve and savings from the 2012/13 continuation budget. It is proposed that the budget comprise temporary staffing to support additional transition workloads (£45k), increase in external audit fee (£25k), website development and re-branding (£23k), external specialist support (£20k) and a contingency (£12k). In view of the difficulty in forward forecasting these costs it is recommended that delegation is given to the Chair in conjunction with the Lead Member for Transition, the Chief Executive and Treasurer to agree any necessary virement between the transition reserve and budget to meet any additional expenditure requirements.

There is also uncertainty with regard to the on-going costs of the Police and Crime Commissioner and how these will compare with the costs of the democratic core budget that provides for members allowances. For the purpose of budget setting, and taking into account the continuation of the current arrangements for the significant part of the next financial year, it is not proposed to make any changes to the elements of the budget that supports Police Authority members other than those linked to the specific areas of savings set out below.

## **7 Savings Proposals**

The budget recommends that savings of £50k can be made from the continuation budget. The key areas that are proposed for a reduction in budget allocation are:

<b>Savings</b>	<b>£000</b>
Travel & Subsistence	-19
Printing, Postage and Stationary	-13
Contingency	-10
Other	-8
<b>Total</b>	<b>-50</b>

Travel and Subsistence expenditure: It is proposed to reduce travel and subsistence budgets broadly to the level of the expected outturn for 2011/12. The savings arise as a result of the restructure of Authority meetings and centralisation of a number of events where possible to Carleton Hall. Most of the saving will arise from within the Democratic Core and Police Authority budgets.

Printing, Postage and Stationary: The restructure of Authority meetings and the move to increase electronic communications has had a significant impact on the costs incurred in respect of printing and postage. The budget is proposed to reduce broadly in line with the expected outturn for 2011/12. Most of the saving will arise from within the Authority and Community Engagement Budgets.

Contingency Budget: The Authority's 2011/12 budget includes a £25k resource for in year unforeseen expenditure. The current position with regards to budget monitoring in 2011/12 and the level of Authority balances suggests that this provision could be reduced by £10k whilst still maintaining a prudent level of budget resources.

Other: There are a number of smaller budget reductions and virement between budgets proposed that in total will provide a further £8k saving.

## 8 Reserves

As part of the process for setting the budget members need to determine an appropriate level of reserve. This can be a difficult area given the overall size of the authority budget. Unforeseen expenditure can have a significant implication on overall cost. The level of reserves anticipated to be available at the end of 2011/12 and their application and proposed balance for 2012/13 is set out below.

The transition reserve is shown with an estimated balance of £154k by the end of 2011/12. The balance on this reserve is currently £100k with an additional £54k allocation proposed as a result of the under spend currently forecast on the 2011/12 budget. The application of £75k to support costs in 2012/13 will leave a balance of £79k on the reserve. There are no proposed changes to the budget reserve.

<b>Police Authority Budget Reserves Forecast</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
	<b>Estimated Mar-12</b>	<b>Proposed 2012/13</b>	<b>Estimated Mar-13</b>
Budget Reserve	150		150
Transition Reserve	154	-75	79
<b>Total Reserves</b>	<b>304</b>	<b>-75</b>	<b>229</b>

## 9 Recommendations

Members are asked to

- (i) Receive and note the contents of this report
- (ii) Note the likely revised expenditure for 2011-12 and consequential savings
- (iii) Approve the initial base budget 2012-13 as the basis for preparing the overall budget to be approved by the Authority and endorse the proposed savings identified and position on reserves within the report to be put forward for adoption as part of the budget
- (iv) Approve the delegations proposed in section 6 of the report to support the management of expenditure on transition

**Stuart Edwards**  
Chief Executive

**Ruth Hunter**  
Treasurer/Deputy Chief Executive

**7 February 2012**

Human Rights Implications

None identified

Race Equality / Diversity Implications

None identified

Risk Management Implications

There is a legal requirement to set a balanced budget. Consideration of the Police Authority Budget supports the fulfilling of this requirement. The Authority's strategic risk register recognises the importance of sound financial planning.

Financial Implications

The main financial impacts are described in the paper

Personnel Implications

As identified in the report

Contact points for additional information

Ruth Hunter – Police Authority Treasurer/Deputy Chief Executive  
Tel 01768 217631 E:Mail: ruth.hunter@cumbria.pnn.police.uk