

**Cumbria Police Authority**  
**Audit and Performance Committee**

**3 November 2005**

**Agenda Item No .....**

**Budget variance report 2005-06**

**A report by the Treasurer and Chief Constable**

**1. Summary**

- 1.1 This is the second quarterly budget monitoring report for 2005-06, and is based on actual spending and commitments for the first half of the financial year plus estimates for the remaining period. It also incorporates the decision made at the special meeting of the main Authority in August in relation to funding an amended capital programme and the resulting effect on the revenue budget. It shows, in the approved style, details of significant variations from budget. The overall position at this stage is for spending to come inside the approved budget by £0.275m.

**2. Recommendations**

- 2.1 Members are asked to note the contents of the report.

**3. Detail**

- 3.1 A summary of the main variations from the latest predictions of income and expenditure is attached at Appendix 1 for members' information. The report is based on actual income and expenditure for the six months to 30 September 2005, together with estimates for the remaining months of the financial year. The overall position is that net expenditure is predicted to amount to £88.840m, after taking account of the provision to part fund the two IT schemes from within the revenue budget as presented to the special meeting of the Police Authority earlier in August. This projected level of spending is £0.275m inside the approved budget, and is consistent with the position reported to the last meeting of the Committee, which was £0.312m inside the budget. Of course, with a half of the financial year still to be completed there is some potential for this position to change.

- 3.2 In terms of future uncertainties, as reported verbally at the meeting in September, the most recent pay awards for all ranks of officers and for police staff have now been settled. Each settlement has been at an increase of 3%, which is in line with the provision made in the budget.
- 3.3 Finally, the position advised above does not reflect that the Authority's insurers have recently advised that they are not prepared to meet the full costs of the insurance claim submitted in the aftermath of the damage caused subsequent to the storms in January. The financial implications of this decision are still being evaluated, not least in terms of the impact on the current year's budget. It is intended that this will be reported to the forthcoming meeting of the main Authority on 10 November.

**Douglas Thomas**  
Treasurer  
October 2005

**Michael Baxter**  
Chief Constable

**Contact point for further information**

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Attachments

Appendix 1 Detailed analysis of budget variances

## Schedule and description of budget variances 2005-06

### Period to September 2005

Budget Area	Revised Budget £'000	Actual to Date £'000	Expected Outturn £'000	Predicted variance £'000	Reported reason for variance
Police Pay, overtime and Allowances	48,488	23,034	48,522	34	The overall variance is made up of two elements. Firstly, expenditure on basic pay and allowances is projected to come inside the budget by £162k, reflecting a small number of vacancies coupled with the effects of staff turnover. This is offset by additional overtime of £196k to cover those vacancies.
Police Staff pay and allowances	19,197	8,873	18,744	-453	This reflects a continuing problem, as reported in past budget monitoring reports about the difficulties of recruiting police staff, both generally, but especially in a number of specialist areas. The reported variance reflects a number of smaller variances both from BCU's and departments, and does not come from one specific location or function.
Police Pensions	13,396	7,599	13,493	97	There are two material variances that make up this total. Firstly, the estimated cost of recurring pensions is £165k inside the approved budget. However, this is more than offset by lower than expected income in respect of transfer values from other pension schemes, amounting to £188k and contributions from serving officers amounting to £72k. In past years, income from transfer values has exceeded the approved budget, sometimes by a significant amount. It is also an area of the budget where it is not possible to make accurate forward projections
Other employee Costs	1,040	433	1,085	45	This is almost entirely due to additional use of contracted / agency staff to cover staff shortages or vacancies

Premises Costs	3,595	1,686	3,604	9	Does not incorporate additional and alternative premises arising from January storms
Transport Costs	2,166	1,117	2,287	121	There are a number of contributory factors to this variance. Firstly, and most materially, expenditure on repairs and maintenance is forecast to exceed the approved budget by £42k. Vehicle hire activity across the force have risen in recent months which is seen to be a more cost effective means of transport and is projected to exceed the budget by £39k.
Supplies and Services	11,055	5,396	10,994	-61	A number of individual variances make up this total. Whilst direct IT expenditure on items such as software licences, hardware and maintenance is projected to be £211k inside budget, the costs of computer stationery is forecast to exceed the approved budget by £55k, reflecting increasing use of colour printers etc. The latter area was recognised during review 2004, and is currently being investigated further by the efficiency team. Other operational services is anticipated to exceed the budgeted amount by £50k, largely as a result of increased use of telephone call analysis as a means of investigating crime.
Capital Financing Charges	208	0	208	0	
Support Services	101	16	101	0	
Agency Costs	244	42	244	0	
Police Authority Costs	683	310	648	-35	This is, principally, because there have been no commitments to date against the Authority's newly created contingency
Revenue contribution to Capital Outlay	1,957	0	1,957	0	The revised budget now reflects the decision taken at the special meeting of the Authority in August to help fund the revised Capital Programme and, in particular, the RMS and IMPACT IT schemes.

Income	4,852	1,996	4,891	39	This variance results from a combination of small variances including higher than anticipated investment income (£22k) and refunds of vehicle licences (£43K), offset by expected reduced income from vehicle sales (£24k) and income from seconded officers (£19k).
Grants	7,463	2,713	7,456	-7	This reflects additional grant aid in two areas, not incorporated into the base budget due to the timing of their announcements. Firstly, £60k in respect of IPLDP as a contribution to annual running costs and, secondly, £55k, in respect of the annual contribution to the Mountain Rescue Radio equipment. This is offset by lower than expected PFI grant of £120k.
Total				-275	

**NB**

1. For the purpose of this report, positive variations mean that the estimated outturn is greater than the revised budget for both Expenditure and Income. Similarly, negative variations mean that the estimated outturn is less than the revised budget for both Expenditure and Income
2. It is important to note that, under the scheme of Devolved Resource Management, BCU's and Departments are allowed, within an agreed framework, to vire funds between budget heads.