

Budget Monitoring Statement to 30th November 2008

FINANCIAL RISK MONITOR

Risk	Likelihood of Impact	Budget	Potential Impact £000s	Mitigation Proposals
Police Pay Award is modelled on a 2.5% Uplift. A 0.5% variance equates to £400k. The Chancellor has set a ceiling of 2% growth in public sector pay.	High	£80m	£60k	A three year deal at 2.65% in the first year, 2.6% in the second and 2.55% in the third has been agreed. The potential impact shown is that for the current year and is about half the calculated amount given that the awards are made from September at the earliest. It will be contained within budget due to the slippage in <i>vacancy/recruitment rates</i>
Back dating of Police Pay award - in 2007/08 the Police Pay Award was not backdated to the 1st September as in previous years but was instead awarded from the 1st December. This decision is being challenged in the courts.	Nil		£450k	The Judicial review has found against the backdating of the award. This risk is, therefore, minimal subject to any appeal by the Police Federation. Confirmation has been received that the decision will not be appealed.
Staff/PCSO Pay Award is modelled on a 2.5% Uplift. A 0.5% variance equates to £125k. The Chancellor has set a ceiling of 2% growth in public sector pay.	High	£26m	£25k	A three year deal at 2.6% in the first year, 2.6% in the second and 2.58% in the third has been agreed in principle. The potential impact shown is that for the current year and is about half the calculated amount given that the awards are made from September at the earliest. It will be offset against underspendings <i>against other budget heads</i> .
Major Incident Fund finances incidents which are unpredictable in cost and frequency e.g. a murder investigation. As such it is not possible to set a budget for a planned level of activity. The budget has been set on the basis of <i>experience of the last three years of operation</i>	High	£1126k	£250k	Expenditure against the fund is tightly managed at Service Unit level and rigorously monitored at corporate level. Should activity outstrip available resource virement from other budget heads will be sought and, if unavailable, the Authority will be asked to consider support from the General Fund. Members have approved <i>additional expenditure of £250k on proactive operations to be funded by underspendings against other</i>
Utilities (Gas, Electricity & Water) budgets were under pressure due to rising prices throughout 2007/08. The 2008/09 budget was increased to the level of the 2007/08 outturn with an additional 16% to provide for price inflation. However, prices are forecast to rise in excess of this and the current forecast is for an overspending of £226k.	High	£1156k	£226k	The service unit have been asked to absorb as much of the overspending as possible through a risk based assessment of other budget heads. Any overspending that cannot be met from within the unit will be absorbed by underspendings elsewhere in the organisation. A review of utilities usage has been undertaken by the Carbon Trust and recommendations to reduce utilities usage have been brought forward. There is an implementation cost for the measure but all have a pay back period of under one year. A proposal to utilise the Invest to Save Fund for this purpose was approved by Members at the August Policy & Resources Panel. A further report containing additional utility & water reduction measures will be presented to the January meeting.
Petrol/diesel prices have been very volatile throughout this financial year. Prices have fallen back from their highs but an overspend is still expected given the higher prices earlier in the year	High	£918k	£122k	Only £39k of this forecast is expected to have an impact on the final outturn with the remaining £83k being absorbed within budgets. It is anticipated that this forecast will decrease as reductions in oil price costs impact at the pumps. Any overspending that cannot be met from within the Service units will be absorbed by underspendings elsewhere in the organisation. A report on the potential of LPG will be presented to the <i>January meeting</i>
Police Officer Recruitment - the recruitment plan to deliver the 1% vacancy rate is very tight. Any slippage against plan would result in material underspendings.	Low	£80m	(£400k) underspend for a 0.5% movement	The plan is being very closely monitored and will be flexed as necessary to deliver the targets. The recruitment plan is on target with a vacancy rate of 1.01%. Any underspends which may materialise would be due to incremental drift.