

**Report of the Chief Constable to the Chair and Members
of the Policy & Resources/Corporate Development Panel
22nd July 2009**

**Executive & Presenting Officer: Mrs Ann Hall, Assistant Chief Officer
(Finance & Commissioning)**

Status: For information

Budget Monitoring Report to 31st May 2009

1. Purpose

1.1 At their meeting on 26th February 2009 Members approved a Net Budget Requirement (NBR) of £128,790k and budgeted revenue expenditure of £146,911k, the balance of expenditure being funded by specific grants, other income and transfers from reserves. This report sets out the progress against delivery of the budget and is part of the process introduced by the Authority to maintain prudent financial management.

2. Recommendations

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

2.2 It is recommended that the expenditure plan for 2009/10 be reviewed and any proposals for creating in year savings be brought forward to a future meeting. The aim of which will be to reduce the £1.9m contribution from the General Fund needed to support the 2009-10 budget which will in turn provide more options in developing the 2010-14 LTFFP.

3. Reasons

3.1 Long-Term Financial Plan (LTFP)

Members approved a LTFP, including a budget for 2009/10 on the 26th February 2009. This was based on certain assumptions and best estimates of what would occur during 2009-10. Firmer information will be available as the year progresses in relation to these assumptions, which will allow the Authority to review whether the approved contribution from General Fund, of £1.9m, is still required to provide the same service.

3.2 This LTFP also indicated that £1.1m of savings would be needed in 2010-11 to balance the budget for that year. This increased by an additional £1.6m to £2.7m in 2011-12. If a review of the expenditure plan for 2009-10 can provide the same level of service as originally budgeted for, but with a reduced contribution from General Fund, this will provide more options when developing the 2010-14 LTFP.

3.4 Summary of the position to the end of May 2009

The position to date and the year end forecast are shown at Appendix A. No material risks, other than those set out in the Risk Monitor at Appendix D, have been identified to the delivery of a break even position for 2009/10.

3.5 Police Pay & Allowances

The Force has a recruitment plan to deliver the agreed establishment of 1,727 FTE's and an in-year vacancy rate of 1.0% or below. The number of Police Officers employed at the 31st May was 1,740 FTE's. This is currently 13 FTE's above the Force Target of 1,727FTE's, Appendix B refers. As such there is currently an over spend of £191k against budget to date. This overspend is expected to peak in June before reducing to zero by the end of the financial year.

3.6 Police Community Support Officers

As at the 31st May 193 FTE PCSOs were employed, this is 4 under establishment due to leavers and transfers during April and May. Appendix B refers. The recruitment of PCSOs, as with Police Officers, is only viable in certain numbers and therefore recruitment will be planned during the year as leavers and vacancies arise.

3.7 Staff Pay & Allowances

The number of staff in post at the end of May was 723 FTE's against an establishment of 743 FTE's. Appendix B refers. A vacancy rate of 2% was agreed against staff budgets at the start of the year which is expected to be met during the year.

3.8 Service Units

At this early stage in the financial year Service Units are not highlighting any areas of significant concern. All budgets will be robustly managed throughout

the year to ensure the budget reductions highlighted as part of the 2009-13 LTFP are delivered.

- 3.9 Members will recall that overtime budgets were reduced further in 2009/10. Appendix C shows that the budget for 2009-10 is approximately £350k less than the actual expenditure for 2008-9 and will therefore require close management and monitoring to ensure that overspends do not occur. Police Overtime is currently £20k underspent against budget to date.
- 3.10 Corporate Budgets
The one area of pressure within the Corporate budgets will be in relation to interest receivable. The income budget was set at £270k when interest rates were at 1.5%, now that they are at 0.5% this creates a pressure on this line of £160k.
- 3.11 The budget pressure will be managed during the year with the expectation that this will not lead to an overall overspend.
- 3.12 Major Incidents
The major incident budget comes under pressure every year and has overspent in the last 3 years, although these pressures have been offset by savings from other budgets.
- 3.13 The budget for 2009-10 is £988k (which compares to £966k in 2008/9). This budget will be very closely monitored throughout the year. Spend to the end of May is £115k which compares to £140k at the same time in 2008-9.

4. Implications

- 4.1 Finance
There are no financial implications other than those mentioned above
- 4.2 Diversity & Equal Opportunities
Diversity considerations are kept under constant review in line with Force policies and 'Putting People First'. There are no issues arising from this report to bring to Members attention.
- 4.3 Human Rights Act
There are no Human Rights Act implications arising from this report.
- 4.4 Sustainability
This report is part of the process introduced by the Authority to establish sustainable annual and medium term financial plans and maintain prudent financial management.

4.5 Risk

A risk analysis of the 2009/10 budgets is attached at Appendix D for Members' attention.

5. Conclusions

- 5.1 The position to date and the year-end forecast are shown at Appendix A. No material risks, other than those set out in the Risk Monitor at Appendix D, have been identified to the delivery of a break-even position for 2009/10. Some pressures are expected to emerge during the year but these will need to be robustly managed and absorbed within the budget.

Sean Price
Chief Constable