

**Report of the Chief Constable to the Chair and Members
of the Policy & Resources Panel
27th January 2010**

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

Status: For Noting

Budget Monitoring Report to 30th November 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.

3 Reasons

- 3.1 Approved in year changes to the 2009/10 Budget
Members have approved a revised expenditure plan for 2009-10 that has allowed the return of £975k to the General Fund balance as detailed below. In addition to this Members also approved that the surplus secondment income of £300k be re-directed to support the pro-active work that is being undertaken within the Major Incident Fund.

Agreed Changes to the 2009-10 Budget	
	£000s
DSP Grant Income	(425)
Utilities	(350)
Secondment Income	(300)
PFI Unitary Charges	(200)
Impact of Proposed Changes	(1,275)
Reduced Contribution from Reserves	975
Increase in Major Incident Budget	300
Overall impact	0

- 3.2 The approval of these changes has enabled the Force to produce an indicative budget for 2010-11, that was considered by Members at their meeting on the 10th December, which maintains the current service levels within the Force and maintains the focus on the front line.
- 3.3 Summary of the position to the end of November 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.
- 3.4 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 30th November was 1,727 FTE's, Appendix B refers. There is currently an overspend of £182k against budget to date given the higher than establishment levels of Police Officers that we have had throughout the year but this overspend is expected to reduce to zero by the end of the financial year.
- 3.5 Police Community Support Officers
As at the 30th November 187 FTE PCSOs were employed, this is 10 under establishment due to leavers and transfers during the year. Appendix B refers. The recruitment of 20 PCSOs is planned for February. This recruitment is planned to coincide with the transfer of some of the current PCSOs into the Police Officer ranks. The combination of these 2 events is expected to return the Force back to, as close as possible, its full establishment.
- 3.6 Staff Pay & Allowances
The number of staff in post at the end of October was 720 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.

3.7 Service Units

Service Units continue to robustly manage their budgets and whilst budgets are tight the reductions highlighted as part of the 2009/13 LTFP are expected to be delivered. A small underspend of £110k (0.5% of the devolved budget) is forecast as the combined outturn for all service units at this stage.

3.8 Members will recall that overtime budgets were reduced further in 2009/10 and are therefore being closely managed and monitored to ensure an overspend is avoided. Police Overtime is currently £52k underspent against budget to date. Appendix C refers.

3.9 Whilst Middlesbrough is forecasting an overspend on their overtime this is being funded from within their devolved budget and the Service Unit will not overspend as a whole. The reason for the additional expenditure on overtime is in part due to the additional football matches that Middlesbrough FC will be playing in the Championship, in comparison to the Premier League which is when the budgets were set. This is offset in part by some additional income through the charging of the football club.

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 when interest rates were at 1.5%, now that they are at 0.5% this creates a pressure on this line.

3.10 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.

3.11 The budget for 2009/10 is now £1,376k after the transfer of £300k from the secondment income as approved by Members at their meeting on the 24th November and £88k for the Performance Improvement Initiative Earmarked Reserve. This budget will continue to be very closely monitored throughout the year. Spend to the end of November is £937k against a budget to date of £838k.

3.12 All expenditure against the major incident budget is closely monitored. ACC Pickard chairs monthly meetings with the Head of Crime, the Head of Finance and the Head of the Central Business Unit to scrutinise all expenditure.

4 Implications

4.1 Finance

There are no financial implications other than those mentioned above

4.2 Diversity & Equal Opportunities

Diversity and equal opportunities 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 Since setting the 2009/10 budget firmer information is now available that allows us to revisit the assumptions and best estimates that this budget was based upon. By doing this it is possible to reduce the contribution from General Reserves needed to support the budget during 2009/10 by £975k in total. This reduced contribution from Reserves during 2009/10 then provided additional financial options when the 2010/11 budget and 2010/14 LTFP were being developed.

5.2 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 revised budget.

Sean Price
Chief Constable