

**Report of the Chief Constable to the Chair and Members
of the Policy & Resources Panel
30th June 2011**

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

Status: For information

Revenue Outturn 2010/11

1. Purpose

- 1.1 At their meeting on 25th February 2010 Members approved a Net Budget Requirement (NBR) of £132,172k and budgeted revenue expenditure of £149,573k, the balance of expenditure being funded by specific grants, other income and transfers from reserves. This report sets out the year end position against that budget.

2. Recommendations

It is recommended that members note:

- 2.1 The revenue outturn position for 2010/11 of a £727k underspend which represents a 0.49% underspend against a gross expenditure budget of £149.6m.
- 2.2 That this outturn position is in excess of the £250k underspend forecast in the Period 11 report.
- 2.3 That these results are presented subject to audit and that any amendments resulting from the audit will be presented to a future Authority meeting.

3 Reasons

3.1 2010/11 Outturn

This report is the final report for 2010/11. It sets out the year end position against the approved budget and is consistent with the Capital Outturn report and Treasury Management Outturn report that are also on today's agenda.

3.2 It should be noted that these results are presented subject to audit. Any amendments resulting from the audit will be presented to a future Authority meeting.

3.3 The overall outturn position attached at Appendix A shows an underspending against budget of £727k (0.49%) when compared with a gross expenditure budget of £149.6m. This is achieved after allowing for the following decisions that were made by Members during the year:

- The transfer of £925k from the General Fund as approved by Members to support the 2010/11 budget.
- The earmarking of reserves as agreed by Members for use in future years and as detailed in 3.16 below.

3.4 Members should note that this outturn position has been delivered after the unprecedented in-year budget cut of £1,366k and that this has not been at the expense of operational performance. An overall crime reduction of 9% was recorded for the year ending March 2011, which equates to 4234 fewer victims of crime.

3.5 Police Pay & Allowances

As at the year end the Force employed 1,648 FTE Police Officers against a budgeted establishment of 1,727 FTE's (Appendix B refers).

3.6 The average vacancy factor in year was 2.56% compared to the target of 1.0%.

3.7 Due to a slowdown in recruitment, the current financial climate and workforce modernisation under Project I, the overall number of Police Officers reduced across the year. This was made possible due to the release of officers from back office roles under workforce modernisation, thus releasing them to the front line to sustain the number of front line officers. These officers were also available on the front line earlier than probationers who, after their recruitment, would be in training for 40 weeks.

3.8 The outturn on Police Pay is an underspend of £103k against a budget of £83,133k (0.12%), in line with expectations set in previous reports.

3.9 Police Community Support Officers Pay & Allowances

As at the year end the Force employed 179 FTE PCSOs against a budgeted establishment of 197 FTE's (Appendix B refers).

- 3.10 The outturn on PCSO Pay is an underspend of £419k (7.0%) which reflects the reduction in PCSO numbers as a result of the loss of partnership funding. Again, this is in line with previous forecasts.
- 3.11 Staff Pay & Allowances
The number of staff in post at the end of the financial year was 250 FTEs against post outsourcing establishment of 262 FTE's (Appendix B refers). The Staff Pay outturn was an overspend of £46k against a budget of £15,338k (0.3%)
- 3.12 On 15th June 2010, Members authorised the transfer of 473 staff posts to Steria as part of Project I; this transfer took place on 1st October 2010.
- 3.13 Service Units
Service Units delivered a combined underspending of £865k (Appendix A refers).
- 3.14 All districts robustly managed their budgets in order to deliver underspends. This is offset by overspends on overtime within Crime due to activity within the Vulnerable Persons Unit; and also Communications due to the requirement for officers to manage down the level of time off in lieu owed to officers.
- 3.15 ICT underspent by £220k due to the timing of the spend on novated contracts being weighted to towards the second half of the year and therefore the recharges to Steria being higher than originally anticipated.
- 3.16 Finally, higher than anticipated rates rebates from closed buildings and an increase in rental income from one of our masts led to a £274k underspend within Commissioning.
- 3.17 These outturns for ICT and Commissioning are essentially what drives the movement from the £250k underspend forecast in the Period 11 report, to the £727k underspend which was delivered. Most of the income could not be finalised until the end of the financial year and therefore wasn't forecast as part of the Period 11 report.
- 3.18 The final outturn on overtime was a £249k underspend, this was primarily as a result of a low level of Major Incident activity across the year. (Appendix C refers). All the overspends on overtime were managed within Service Units devolved budgets.
- 3.19 The overall spend on overtime during 2010/11 was £250k lower than in 2009/10.
- 3.20 Corporate Budgets
The overspend on the corporate budgets was £837k. This was primarily a result of a higher volume of insurance claims than the budget was based upon (a £357k overspend in line with the £400k forecast in the Period 11 report).

3.21 Reserves

The overall position is as shown in the table overleaf:

Reserves and Provisions			
	£000s	£000s	£000s
	Mar-10 (restated)	Mar-11	Movement
General Fund	5,393	7,195	1,802
Other Earmarked Reserves	9,268	5,953	(3,315)
Legal Provision	0	0	0
Other Provisions	0	0	0
Total Reserves & Provisions	14,661	13,148	(1,513)

3.22 Members will note that the General Fund has increased by £1,802k to £7,195k and is as a result of the following:

- The use of £925k from the General Fund as agreed when setting the 2010/11 budget.
- The transfer of £2,000k from earmarked reserves (previously transferred from revenue for capital spend and subsequently not required) into the General Fund.
- The increase in General Fund for the underspend during 2010/11 of £727k.

3.23 The provisions were all reclassified as part of the IFRS restatement and now show as part of the total of earmarked reserves.

3.24 Earmarked Reserves have decreased by £3,315k during 2010/11. The changes are shown in the table overleaf:

Earmarked Reserves			
	£000s	£000s	£000s
	Mar-10 (restated)	Mar-11	Movement
Insurance Fund	(1,560)	(1,560)	0
Risk/Insurance Team	(120)	0	(120)
Direct Revenue Funding of Capital	(2,843)	0	(2,843)
Injury Pension Reserve	(980)	(916)	(64)
Airwaves Project	(473)	(473)	0
Urlay Nook Sinking Fund	(570)	(684)	114
PFI Sinking Fund	(232)	(273)	41
Incentivisation Grant	(354)	(291)	(63)
Neighbourhood Policing	(196)	(16)	(180)
Specials	(30)	(30)	0
Corporate Finance Training Plan	(45)	(45)	0
Air Support Unit	(506)	(349)	(157)
Urlay Nook TTC	(64)	(64)	0
Development Fund	(12)	(12)	0
Invest to Save	(130)	(89)	(41)
Devolved Budgets Carry Forwards	(260)	(246)	(14)
Accommodation Costs	(177)	(177)	0
Police Authority Transition Reserve	0	(96)	96
Police Property Act Fund	(38)	(25)	(13)
Legal Fund	(54)	0	(54)
Revenue Grants Unapplied	(626)	(608)	17
Total	(9,268)	(5,953)	(3,315)

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 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

The risks that were discussed throughout the year were all well managed and mitigated through good financial management during the financial year

5. Conclusions

- 5.1 The Force has, in spite of budget reductions, successfully delivered an underspend for the 2010/11 financial year thus contributing to the General Fund in order to further underpin the 2011/16 LTFP that was presented to members on 24th February 2011.

Sean Price
Chief Constable