



REPORT TO: Strategy Budget and Performance Committee

DATE: 9 September 2009

**SUBJECT: Revenue Budget and Capital Programme 2009/10
Monitoring to Period 5 (14 August 2009)**

SPONSOR: Chief Constable

AUTHOR: Director of Finance and Corporate Services

1. PURPOSE OF REPORT:

- 1.1 This report provides budget monitoring in respect of the revenue budget and the capital programme for the current year as at the end of period 5 (14 August 2009).
- 1.2 The year to date position on the revenue account is an underspend against profiled budget of just under £2m and a forecast outturn very close to the approved budget.
- 1.3 Expenditure on the capital programme is on target and it is expected that the full amount of the DfT capital grant will be drawn down.

2. REVENUE BUDGET 2009/10:

- 2.1 Appendix A sets out the year to date and outturn forecast positions for the revenue budget analysed by Areas and Departments and Appendix B by expenditure / income type. These show an underspend against profile of just under £2m for year to date, mainly due to police officer and police staff vacancies but also due to additional income. The outturn forecast for the year is within 0.04% of the approved budget and those areas of overspend will be addressed during the remainder of the year to enable the revenue budget to be as close to outturn as possible. Further detailed comment on the position is provided below.



Analysis by FHQ and Areas

- 2.2 The year to date position on the DCC's budget is mainly due to delays in recruitment in Technology. Additional legal costs being incurred within Professional Standards Department (PSD) could be a budget pressure because the number of decisions being challenged is significantly increasing and therefore the need for legal advice is growing. These pressures have been reflected in the current forecast outturn but during the course of the year will have to be met from savings in other areas if necessary.
- 2.3 The Crime budget shows a small overspend at the end of period 5 (an improvement on the position at the end of period 4) with an improved position at the forecast outturn. A number of issues make up these overspend but all relate to the level of operational activity. The budget holder has been tasked to ensure that the actual outturn is on target.
- 2.4 The year to date underspend on the Human Resources budget is due to work on major projects starting later than expected and the overall impact of the HR Transformation project. The outturn for the year is expected to be on target.
- 2.5 The underspend on secondments at the end of period 5 is because this budget is difficult to profile as it depends on the level of secondments and the arrangements for reimbursement which are not know when the budget is prepared.
- 2.6 The Scottish Area has incurred significant expenditure on a number of major events during the current year.
- 2.7 The Authority's budget is underspent year to date because a number of items of expenditure – such as legal and other expenses associated with the Judicial Review



(JR) – have been difficult to profile. It is likely that further legal and similar expenses will be incurred as a result of the JR over and above that provided in the approved budget and an early estimate for this is in the order of £240,000.

- 2.8 Core income from PSA Holders is different from the profiled year to date budget because the profile was set before the current interim invoicing arrangements were put in place.
- 2.9 The position on other Departments and Areas is considered to be within acceptable limits.

Subjective Analysis

- 2.10 Staff costs are underspent year to date due to vacancies in police officer, PCSO and police staff posts. The forecast outturn will be close to budget because the heavy period of overtime spend tends to be during the football season and over the New Year period.
- 2.11 Premises costs are marginally underspent because of delay in occupation in some premises, notably at Cardiff and Leeds.
- 2.12 Communications and computers are slightly underspent year to date because some larger items of equipment were purchased later than expected. The forecast outturn will be overspent because generated income is being used to fund certain costs in this area (see paragraphs 2.15 and 2.16 below).
- 2.13 Transport costs are generally overspent both year to date and forecast outturn because of additional travelling etc associated with operational activity.



- 2.14 Supplies and services budget holds a wide variety of items, many of which are difficult to profile. In addition, extra income because of enhanced PSAs etc will mean that further equipment and services will be required.
- 2.15 Income from grants is forecast to be above approved budget at year end – and this additional income must be used to fund the purpose for which the grant was given. Thus there will be additional expenditure on items such as IT and other equipment.
- 2.16 The other income budget is determined on the basis of known income from enhanced PSAs and other sources of income – and thus any additional such agreements that occur during the year will show a variance from the approved budget.

3 CAPITAL PROGRAMME:

- 3.1 Appendix C sets out a summarised position on the capital programme as of the end of Period 5 with a forecast spend for the year. There are two sections – one covering schemes and projects that are funded by general capital grant from the DfT and one dealing with capital expenditure supported by grants etc from other sources.
- 3.2 Expenditure to date on the DfT funded schemes is at a level that would be expected at this time of year – at 20% of spend. Many of the larger schemes (such as LN custody) will not spend heavily until later in the year and thus the expenditure will not be “straight line” through the year. Where possible, the majority of spend will be before 1 January 2010 to gain advantage from the current lower rate of VAT.
- 3.3 During the course of the year the actual schemes within the programme – particularly those associated with Estates (within the Finance and Corporate Services line on Appendix C) and IT (within the DCC line on Appendix C) – can vary depending on



changing priorities and new opportunities. An example of this is the inclusion of the Holloway Road scheme (see report elsewhere on this meeting's agenda) which will mean that other projects within the programme will be either deferred or their scope adjusted. It is intended to include a more detailed schedule of items in the programme in the updated MTFP to be brought to the Committee in October.

- 3.4 The other schemes in the capital programme are funded from a variety of sources (including grants from other government departments and the rail industry) and in all cases, expenditure will be matched by income.

4. RECOMMENDATION:

- 4.1 Members are invited to note the position on the revenue budget and capital programme.



Appendix A

Revenue Budget 2009/10 - Analysis by Budget Holder	To Period: 05				Full Year				Report Paragraph
	Profiled Budget	Actual	Variance		Approved Budget	Forecast Outturn	Variance		
	£'000	£'000	£'000	%	£'000	£'000	£'000	%	
FHQ Departments:									
Deputy Chief Constable:	6,229	6,093	136	2.18	17,078	17,114	(36)	(0.21)	2.2
ACC (Crime)	5,686	5,761	(75)	(1.32)	16,306	16,340	(34)	(0.21)	2.3
ACC (Operations)	6,828	6,664	164	2.40	18,906	18,906	0	0.00	
ACC (London and the Olympics):	244	244	0	0.00	697	697	0	0.00	
Director of Human Resources:	6,092	5,200	892	14.64	15,532	15,533	(1)	(0.01)	2.4
Director of Finance and Corporate Services:	7,134	7,058	76	1.07	24,665	24,665	0	0.00	
Secondments	21	33	(12)	(57.14)	60	60	0	0.00	2.5
Total FHQ:	32,234	31,053	1,181	3.66	93,244	93,315	(71)	(0.08)	
Areas:									
London Underground	0	0	0		0	0	0		
London North	8,002	7,807	195	2.44	22,834	22,834	0	0.00	
London South	9,344	9,189	155	1.66	26,167	26,167	0	0.00	
North East	5,129	4,912	217	4.23	14,673	14,673	0	0.00	
North West	5,750	5,669	81	1.41	16,214	16,214	0	0.00	
Wales and Western	5,774	5,797	(23)	(0.40)	16,115	16,115	0	0.00	
Scotland	4,286	4,337	(51)	(1.19)	11,934	11,952	(18)	(0.15)	2.6
Total Force:	70,519	68,764	1,755	2.49	201,181	201,270	(89)	(0.04)	
Police Authority:	649	480	169	26.04	1,919	1,919	0	0.00	2.7
Total Net Expenditure:	71,168	69,244	1,924	2.70	203,100	203,189	(89)	(0.04)	
Standard PSA Income:	(67,903)	(67,934)	31	(0.05)	(201,500)	(201,500)	0	0.00	2.8
Net Position:	3,265	1,310	1,955	59.88	1,600	1,689	(89)	(5.56)	



Appendix B

Revenue Budget 2009/10 - Analysis by Expenditure / Income Type	To Period: 05				Full Year				Report Paragraph
	Profiled Budget	Actual	Variance		Approved Budget	Forecast Outturn	Variance		
	£'000	£'000	£'000	%	£'000	£'000	£'000	%	
Expenditure:									
Staff costs	59,498	58,439	1,059	1.78	165,396	165,367	29	0.02	2.10
Premises	5,134	4,773	361	7.03	14,777	14,602	175	1.18	2.11
Communications and Computers	3,605	3,461	144	3.99	10,091	10,474	(383)	(3.80)	2.12
Transport	1,511	1,681	(170)	(11.25)	4,417	4,525	(108)	(2.45)	2.13
Supplies and Services	5,528	5,335	193	3.49	21,023	21,571	(548)	(2.61)	2.14
Capital charges etc.	4,493	4,434	59	1.31	12,032	12,032	0	0.00	
Total expenditure:	79,769	78,123	1,646	2.06	227,736	228,571	(835)	(0.37)	
Income:									
Grants	(782)	(822)	40	(5.12)	(3,085)	(3,459)	374	(12.12)	2.15
Other income	(7,819)	(8,057)	238	(3.04)	(21,551)	(21,923)	372	(1.73)	2.16
Total income:	(8,601)	(8,879)	278	(3.23)	(24,636)	(25,382)	746	(3.03)	
Total Net Expenditure:	71,168	69,244	1,924	2.70	203,100	203,189	(89)	(0.04)	
Standard PSA Income:	(67,903)	(67,934)	31	(0.05)	(201,500)	(201,500)	0	0.00	2.8
Net Position: (to be met from reserves)	3,265	1,310	1,955	59.88	1,600	1,689	(89)	(5.56)	

Appendix C

Capital Programme 2009/10 - Position at the end of Period 5												
	Budget				Year to Date				Forecast			
	Original Programme	Agreed Changes	Revised Programme	Bids	Committed Spend / PO Raised	Actual Spend	Total Committed Spend	Balance Remaining of Revised Programme	Forecast Spend for the Year	Variance from Revised Programme Underspend (Overpend)		
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	%	
Department for Transport Funded:												
DCC	4,791	0	4,791	0	207	208	415	4,376	4,791	0	0	
Operations	336	0	336	0	1	0	1	335	336	0	0	
Crime	783	0	783	0	162	93	255	528	783	0	0	
London & 2012 Olympics	0	0	0	0	0	0	0	0	0	0	0	
Human Resources	0	0	0	0	11	0	11	(11)	0	0	0	
Finance & Corporate Services	9,842	0	9,842	0	1,821	1,289	3,110	6,732	9,842	0	0	
Area	0	0	0	0	10	17	27	(27)	0	0	0	
Central Street - Landlord Contribution	(1,200)	0	(1,200)	0	0	(1,185)	(1,185)	(15)	(1,185)	(15)	0	
Unallocated Adjustment (to balance to funding available)	(1,552)	0	(1,552)	0	0	0	0	(1,552)	(1,552)	0	0	
Total DfT Funded:	13,000	0	13,000	0	2,212	422	2,634	10,366	13,015	(15)	(0)	
Funded from Other Sources:												
Olympics (DfT Separately Funded)	1,180	0	1,180	0	12	0	12	1,168	1,180	0	0	
CCTV Hub (Network Rail)	600	0	600	0	278	126	404	196	600	0	0	
Mobile Computing (NPfA)	58	0	58	0	0	29	29	29	58	0	0	
Airwave - Severn Tunnel (Network Rail)	259	0	259	0	0	0	0	259	259	0	0	
Other	29	0	29	0	1	2	3	26	29	0	0	
Total Other Funding:	2,126	0	2,126	0	291	157	448	1,678	2,126	0	0	
Total Programme:	15,126	0	15,126	0	2,503	579	3,082	12,044	15,141	(15)	(0)	