



REPORT TO: Finance Group (paper for information)

DATE: 13 January 2011

SUBJECT: Revenue Budget and Capital Programme 2010/11
Monitoring and Forecast report – Period 9

SPONSOR: Acting Director of Finance and Corporate Services

AUTHOR: Head of Finance

1 PURPOSE OF PAPER

- 1.1 This report provides the monitoring and forecast position for both the revenue budget and the capital programme for 2010/11 as at period 9.
- 1.2 Appendices A and B set out the position on the revenue budget for British Transport Police (BTP) only and show the forecast outturn position to be an under spend of £969k or 0.5% under the approved budget of £202.2m.
- 1.3 Appendix C sets out a summary of the position for the capital programme. At Period 9 the capital outturn forecast is £8.985 which is £15k below the capital expenditure limit of £9m and £986k below the original capital programme.
- 1.4 Appendix D shows the establishment (budget staff numbers), the actual numbers in post as at period 9 and the forecast numbers in post as at 31 March 2011 for Areas and Head Quarters Departments. Overall the Force is 169.00 FTEs below the overall establishment of 4,711.70 as at period 9 (Police Officers – 52.94 below, Police Staff – 78.41 below, PCSO – 37.65 below)
- 1.5 The Finance Group met on 13 January and reviewed the position and were provided with more detailed information, including those relating to cashflow and the balance sheet.

2. REVENUE BUDGET

- 2.1 The forecast outturn indicates an under spend of £969k (or 0.5% of approved net expenditure).

Analysis by FHQ and Areas

- 2.2 Appendix A sets out the forecast position by functional areas. There are no significant issues to report.

Subjective Analysis

- 2.3 Appendix B sets out the forecast position by expenditure / income classification. The following are the main areas of forecast variance:
 - **Police Officer Pay** - £1.9m forecast under spend by year end arising from police officer vacancies. The year to date position of a £1.1m under spend is broadly in line with the current level of vacancies, as is the full year forecast variance.
 - **Police Officer Overtime** - £545k forecast over spend by year end. The increased level arises to some extent from the use of overtime to maintain resourcing levels despite police officer vacancies There have been some movements of budget into



police officer overtime during the year mainly in Areas to more accurately realign the budget to operational requirements and reflect operational targets.

- **Supplies and Services** - £830k forecast over spend by year end. This arises in various portfolios and is generally offset by underspends in other budgets within the portfolios concerned. The most significant contributor is in the DCC Department by action taken to redress weaknesses in the performance of desktop equipment in the exercise known as '50 days of Change'. Staff vacancies have been held to release funding to upgrade desktop equipment to resolve many of the acknowledged deficiencies. This has involved approximately £400k of costs in Supplies and Services. In addition £100k of funding has been received from Network Rail to invest in CCTV viewing equipment that is not reflected in the budget.

Income

- 2.4 The forecast for income is £696k above budget. This reflects cautious budget practice in not anticipating income that may be volatile. It also partly relates to income that offsets additional costs incurred such as the Network Rail funding referred to above.

London Underground

- 2.5 The period 9 position for London Underground Area is shown below, these figures are not included in Appendices A and B.

London Underground Area	YTD Position as at Period 9				Forecast Position as at Period 9			
	Approved Budget	Actual	Variance		Approved Budget	Forecast	Variance	
	£'000	£'000	£'000	%	£'000	£'000	£'000	%
Expenditure:								
Staff costs	30,867	30,428	439	1.4%	44,586	44,342	244	0.5%
Other Costs	4,707	4,307	400	8.5%	6,814	6,658	156	2.3%
Total expenditure:	35,574	34,735	839	2.4%	51,400	51,000	400	0.8%
Income:								
Other income	(1,177)	(1,130)	(47)	4.0%	(1,700)	(1,700)	0	0.0%
Total income:	(1,177)	(1,130)	(47)	4.0%	(1,700)	(1,700)	0	0.0%
Total Net Expenditure:	34,397	33,605	792	2.3%	49,700	49,300	400	0.8%

3 CAPITAL PROGRAMME

- 3.1 Appendix C outlines a summary of the latest forecast outturn for the capital programme. As previously reported the original approved Capital Programme included schemes totalling £9.971m but required slippage of £971k to keep within an expenditure limit of £9m. The Quarter 2 report to the July meeting of the Finance Group indicated forecast expenditure as being close to the original programme at £9.921m.



- 3.2 The Quarter 2 report reflected the fact that significant additional cost pressures have arisen during the year in respect of the schemes for the London North Custody Suite and the Wide Area Network contract. In order to ensure that these pressures are contained and that assumed slippage does materialise, a review of all capital projects has recently been undertaken the Deputy Chief Constable. The update now submitted is based on that review and shows capital expenditure kept within the £9m ceiling.
- 3.3 For the London North Custody project, the original programme included £1.5m in 2010/11. Additional costs arose mainly as a result of requirements for an electricity sub-station not included in the original specification. This issue also resulted in slippage of costs from 2009/10 that added to the 2010/11 programme. The current forecast outturn for 2010/11 is £2.012m with £92k in retentions forecast for 2011/12.
- 3.4 The provision in the original 2010/11 programme for the Wide Area Network (WAN) contract was £650k set before detailed work on the specification or timing of the implementation had been undertaken. This was revised to £1m in July based on the tender prices submitted at Best and Final Offer stage. Scheme approval was obtained at this stage for an overall contract value of the capital element of £2.56m for a seven year contract.
- 3.5 Further work has now been carried out in the Due Diligence process and tender prices adjusted to comply with the outcome of that exercise. Procurement advice has also recommended that the contract should initially be signed for five years as advertised in the Official Journal of the European Union, with the option of an extension to seven years during the life of the contract. The capital value of a five year contract at Best and Final Offer stage was £2.73m.
- 3.6 Based on the detailed review of implementation requirements, the total cost of the capital element of the contract is now £3.06m including allowance for the VAT increase to 20% from 4 January 2011. It is also important to ensure that the work is progressed as quickly as possible and the implementation timetable is now based on work valued at £1.41m being carried out in 2010/11. The balance of £1.65m is programmed for 2011/12.
- 3.7 Partly offsetting these increases, the Ebury Bridge CCTV project funded by Network Rail initially allowed for a contribution of £900k within the capital programme to cover VAT costs. The problem related to VAT has been resolved and this is no longer necessary.
- 3.8 Also, the funding drawn down from Network Rail is related to completion of specified stages of the contract. Based on the agreed stage payments, the full contribution of £6m will be drawn down in 2010/11. Part of this amount relates to expenditure incurred in 2009/10 that was funded within the capital programme for that year. A net capital receipt of £350k is therefore available to support the capital programme in 2010/11. Expenditure of £400k is forecast to fall into 2011/12 and part of the £6m capital receipt will be reserved to fund this cost.
- 3.9 The net impact of the cost changes in these three schemes is broadly neutral. The requirement for slippage of £971k in the programme is to be met mainly by the Case and Custody system that was initially included in the programme at £662k and is now forecast to spend £106k in 2010/11 reducing costs by £556k. A balance of £404k will now fall into the 2011/12 capital programme. Also provision was made for £250k for security upgrades in the Estates programme. Tenders are currently being sought for this work but actual commissioning of specific works will be deferred to 2011/12.



3.10 Further restrictions on minor works provisions in the Estates and IT programmes and funding of staff costs on capital schemes from the revenue budget result in a projected outturn of £8.985m as per Appendix C.

4. RECOMMENDATION:

4.1 It is recommended that the forecast outturn for 2010/11 for the revenue budget and capital programme as at Period 9 is noted.



Revenue Budget 2010/11 - Functional Analysis		YTD Position as at Period 9				Forecast Position as at Period 9			
		Approved Budget	Actual	Variance		Approved Budget	Forecast	Variance	
		£'000	£'000	£'000	%	£'000	£'000	£'000	%
FHQ Departments:									
	Deputy Chief Constable	12,625	12,686	(61)	-0.5%	19,128	19,087	40	0.2%
	ACC (Protective Services)	13,706	13,621	86	0.6%	20,694	20,641	53	0.3%
	Operations Dept	1,312	1,176	136	10.3%	1,958	1,881	77	3.9%
	ACC (Territorial Policing)	7,609	7,578	31	0.4%	11,539	11,431	108	0.9%
	Director of Human Resources	6,713	6,553	161	2.4%	10,429	10,214	215	2.1%
	Director of Finance and Corporate Services	6,683	6,395	287	4.3%	24,462	24,625	(163)	-0.7%
	Centralisation of discretionary spend and in-year savings					3,000	3,000	0	0.0%
	Total FHQ:	48,648	48,008	640	1.3%	91,209	90,878	331	0.4%
Areas:									
	London North	15,051	14,872	179	1.2%	23,525	23,320	205	0.9%
	London South	17,129	16,947	182	1.1%	26,507	26,404	103	0.4%
	North East	9,953	9,872	81	0.8%	15,414	15,314	100	0.7%
	North West	10,889	10,783	106	1.0%	16,553	16,455	98	0.6%
	Wales and Western	10,940	10,826	113	1.0%	16,636	16,606	30	0.2%
	Scotland	8,051	7,908	143	1.8%	12,328	12,226	102	0.8%
	Total Areas:	72,012	71,209	804	1.1%	110,962	110,324	638	0.6%
	Total Force:	120,661	119,217	1,444	1.2%	202,171	201,202	969	0.5%



Revenue Budget 2010/11 - Analysis by Expenditure / Income Type	YTD Position as at Period 9				Forecast Position as at Period 9			
	Approved Budget	Actual	Variance		Approved Budget	Forecast	Variance	
	£'000	£'000	£'000	%	£'000	£'000	£'000	%
Expenditure:								
Staff costs								
Police Officer Pay	74,409	73,282	1,127	1.5%	113,362	111,458	1,904	1.7%
Police Officer Overtime	3,403	3,647	(244)	-7.2%	5,788	6,333	(545)	-9.4%
PCSO	5,033	4,795	238	4.7%	7,632	7,353	279	3.7%
PCSO Overtime	72	64	8	11.6%	116	109	7	5.9%
Police Staff	27,077	27,027	50	0.2%	40,697	40,906	(209)	-0.5%
Police Staff Overtime	209	263	(54)	-26.0%	295	419	(124)	-42.0%
Premises	9,098	8,879	219	2.4%	14,436	14,534	(98)	-0.7%
Communications and Computers	7,092	7,197	(105)	-1.5%	10,751	10,648	103	1.0%
Travel and Hotels	1,169	1,057	112	9.6%	1,723	1,868	(145)	-8.4%
Vehicle Costs	1,644	1,560	84	5.1%	2,465	2,532	(67)	-2.7%
Supplies and Services	7,402	7,348	54	0.7%	15,549	16,379	(830)	-5.3%
Capital charges etc.	1,246	1,196	50	4.0%	12,227	12,227	0	0.0%
Centralisation of discretionary spend and in-year	0	0	0	0.0%	3,000	3,000	0	0.0%
Total expenditure:	137,854	136,315	1,539	1.1%	228,040	227,767	273	0.1%
Income:								
Grants	(1,603)	(1,292)	(310)	19.4%	(3,179)	(3,415)	236	-7.4%
Enhanced PSA	(11,071)	(10,905)	(167)	1.5%	(16,096)	(15,868)	(228)	1.4%
Other income	(4,520)	(4,901)	381	-8.4%	(6,594)	(7,282)	688	-10.4%
Total income:	(17,194)	(17,098)	(96)	0.6%	(25,869)	(26,565)	696	-2.7%
Total Net Expenditure:	120,660	119,217	1,443	1.2%	202,171	201,202	969	0.5%



Appendix C

SUMMARY	Approved Capital Programme			Expenditure Committed		Outturn Forecast	
	Scheme	Original Programme	July 2010 update	Current Programme	POs raised not delivered	Actual spend in year to date	Total Forecast Expenditure
	£000	£000	£000	£000	£000	£000	£000
Estates	2,955	400	3,355	495	1,877	3,111	(244)
Information Technology	4,687	(450)	4,237	589	(586)	3,529	(718)
Fleet	2,200	0	2,200	1,436	368	2,200	0
Plant and Machinery	129	0	129	0	108	145	16
TOTAL DfT FUNDED CAPITAL PROGRAMME	9,971	(50)	9,921	2,520	1,767	8,985	(946)



BTP Establishment Data (Period 9)

Appendix D

Table 1: BTP Establishment by Area

Area	Police Officers				Police Staff				PCSOs				Total Employees			
	Total Budgeted Positions (FTE)	Actual Number of People in Posts (FTE)	Variance (FTE)	Year-end forecast (FTE)	Total Budgeted Positions (FTE)	Actual Number of People in Posts (FTE)	Variance (FTE)	Year-end forecast (FTE)	Total Budgeted Positions (FTE)	Actual Number of People in Posts (FTE)	Variance (FTE)	Year-end forecast (FTE)	Total Budgeted Positions (FTE)	Actual Number of People in Posts (FTE)	Variance (FTE)	Year-end forecast (FTE)
London North	453.00	439.00	-14.00	440.00	98.00	94.40	-3.60	94.40	121.00	113.40	-7.60	113.40	672.00	646.80	-25.20	647.80
London South	417.00	397.10	-19.90	397.10	80.00	74.80	-5.20	84.80	54.00	48.60	-5.40	48.60	551.00	520.50	-30.50	530.50
North East	261.29	247.11	-14.18	250.11	61.40	55.38	-6.02	58.37	25.00	21.00	-4.00	21.00	347.69	323.49	-24.20	329.48
North West	265.00	261.04	-3.96	261.04	51.00	47.40	-3.60	50.40	38.00	35.80	-2.20	35.80	354.00	344.24	-9.76	347.24
Scotland	221.40	211.40	-10.00	211.40	28.16	31.80	3.64	35.80	No PCSOs in Scotland				249.56	243.20	-6.36	247.20
Wales & Western	247.50	245.80	-1.70	246.80	67.20	64.40	-2.80	64.40	49.00	41.75	-7.25	41.75	363.70	351.95	-11.75	352.95
Absent Substantive Employees	0.00	15.00	15.00	15.00	0.00	9.54	9.54	9.54	0.00	1.00	1.00	1.00	0.00	25.54	25.54	25.54
Sub-Total	1,865.19	1,816.45	-48.74	1,821.45	385.76	377.72	-8.04	397.71	287.00	261.55	-25.45	261.55	2,537.95	2,455.72	-82.23	2,480.71
London Underground	683.00	687.77	4.77	687.77	221.50	191.28	-30.22	197.28	60.00	47.80	-12.20	57.80	964.50	926.85	-37.65	942.85
LU Absent Substantive Employees	0.00	7.50	7.50	7.50	0.00	4.43	4.43	4.43	0.00	0.00	0.00	0.00	0.00	11.93	11.93	11.93
Total Areas	2,548.19	2,511.72	-36.47	2,516.72	607.26	573.43	-33.83	599.42	347.00	309.35	-37.65	319.35	3,502.45	3,394.50	-107.95	3,435.49

Table 2: BTP Establishment by FHQ Department

FHQ Department	Police Officers				Police Staff				Total Employees			
	Total Budgeted Positions (FTE)	Actual Number of People in Posts (FTE)	Variance (FTE)	Year-end forecast (FTE)	Total Budgeted Positions (FTE)	Actual Number of People in Posts (FTE)	Variance (FTE)	Year-end forecast (FTE)	Total Budgeted Positions (FTE)	Actual Number of People in Posts (FTE)	Variance (FTE)	Year-end forecast (FTE)
ACC Operations	37.00	36.00	-1.00	36.00	16.00	14.00	-2.00	14.00	53.00	50.00	-3.00	50.00
ACC Protective Services	234.00	215.00	-19.00	217.00	139.00	134.00	-5.00	135.00	373.00	349.00	-24.00	352.00
ACC Territorial Policing	45.75	45.40	-0.35	47.40	264.00	241.90	-22.10	242.90	309.75	287.30	-22.45	290.30
Chief Constable Group (inc. Media)	7.00	7.00	0.00	7.00	20.00	18.00	-2.00	18.00	27.00	26.00	-1.00	25.00
DCC IS&BS	4.00	4.00	0.00	4.00	96.00	95.00	-1.00	96.00	100.00	99.00	-1.00	100.00
DCC PSD	14.00	14.00	0.00	14.00	28.00	29.00	1.00	29.00	42.00	43.00	1.00	43.00
DCC SDD	1.00	1.00	0.00	0.00	42.00	29.11	-12.89	29.11	43.00	30.11	-12.89	29.11
Finance	0.00	0.00	0.00	0.00	90.00	86.00	-4.00	88.00	90.00	86.00	-4.00	88.00
HR	32.00	32.13	0.13	32.13	139.50	130.50	-9.00	131.50	171.50	162.63	-8.87	163.63
Absent Substantive Employees	0.00	3.75	3.75	3.75	0.00	12.41	12.41	12.41	0.00	16.16	16.16	16.16
Total FHQ Departments	374.75	358.28	-16.47	361.28	834.50	789.92	-44.58	795.92	1,209.25	1,149.20	-61.05	1,157.20

Table 3: BTP Establishment Data

Overall position	Police Officers				Police Staff				PCSOs				Total Employees			
	Total Budgeted Positions (FTE)	Actual Number of People in Posts (FTE)	Variance	Year-end forecast (FTE)	Total Budgeted Positions (FTE)	Actual Number of People in Posts (FTE)	Variance	Year-end forecast (FTE)	Total Budgeted Positions (FTE)	Actual Number of People in Posts (FTE)	Variance	Year-end forecast (FTE)	Total Budgeted Positions (FTE)	Actual Number of People in Posts (FTE)	Variance	Year-end forecast (FTE)
	2,922.94	2,870.00	-52.94	2,878.00	1,441.76	1,363.35	-78.41	1,395.34	347.00	309.35	-37.65	319.35	4,711.70	4,542.70	-169.00	4,592.69

