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Report to: Police Authority

Agenda item: 5

Date: 26th May 2011

Subject: Finance Group - Q4 update

Sponsor: Chair, Finance Group

Author: Authority Finance Director

For: Information and approval

1. Purpose of paper

To provide an overview of the main business done at, and the actions arising from, the quarter 4 meeting of the Authority's Finance Group.

2. Background

The Authority's new business cycle was launched in April 2010 and a Finance group was established to carry out detailed scrutiny and finance oversight activities in support of the work of the full Authority. This report summarises the key issues emerging from the quarter 4 meeting of the Group.

3. Standing items

3.1 BTP Q4 and end of year report (see Appendix A):

The Group received the Q4 summary provisional out turn report and a summary of the position, both are attached at Appendix A. It was explained that the figures presented were subject to detailed internal review at the Area and FHQ Department Outturn review meetings and also were subject to review by the NAO.

The provisional outturn indicates a very positive position for both revenue and capital. BTP explained that tight control of pay and non-pay expenditure had ensured delivery of a position close to that forecast throughout the year and enabled provision to be made for future budget pressures while maintaining operational delivery and achieving very good performance.

The provisional amount available to be allocated to reserves for 2010/11 was summarised as £4.8million, including the £3million to be carried forward to 2011/12. This compares to the position forecast at quarter 3 which showed an under spend of £969k after making additional savings of £3 million to be used to reduce the 2011/12 PSA charges.

It was also noted that in addition to the proposed allocations to reserves BTP had been able to fund £1.5million for the voluntary severance scheme which would produce savings in the following years. It was noted that two further one-off projects had also been funded i.e. bringing forward expenditure on uniforms and investment in video conferencing equipment. A further paper was requested by the finance group to detail these additional projects and any future cost savings.

BTP proposed that of the remaining under spend £1.3million was used to fund the firearms project and that £0.5million was transferred to the Contingency Reserve, which would bring the total amount of the provision to £2.7 million. It was agreed that this should be presented to the full Authority for approval.

The outturn on capital expenditure was £8.989 million as compared to the approved programme of £9 million.

The Chair asked for the detailed pack which normally support the pack to be circulated when it was available and for any detailed queries to be dealt with off line.

3.2 **BTPA Q4 and end of year report (see Appendix B)**

The final expenditure for the Authority was presented which showed an under spend of £35k against the full year budget of £1,918k. The major variances were explained as Savings in staff and member salary costs offset by overspends on Internal Audit investigations, pension's advice on Governance and the valuation and legal costs.

The core PSA debtors at year end were presented. It was noted that 93.3% of debt is now current and the successful conclusion of the ATW and DBS debts in March 2011 had brought all matters relating to the judicial review to a satisfactory conclusion. The Finance Group noted the excellent work on pursuing the JR debtors.

4. Other reports received

4.1 Comparative costs – overtime vs additional headcount

A request was made by the Finance Group to understand the relationship between the marginal cost of overtime and the cost of employing additional staff. The BTP explained that overtime was a cost effective way of managing operational demand when managed correctly. The overtime budget are delegated to budget holders and overtime requests were approved in advance of the operations such as those on cable theft and football policing, where additional resources were required. It was noted that, generally, overtime was activity led and closely controlled. The current overtime amount of 5% was believed to be below average in comparison with other police forces.

4.2 BTP Capital Programme – WAN project

A paper had been requested on the costs of the WAN projects and this was presented by Paul Day. He reported that work on the WAN project was progressing well. An extra cost of £150k (plus VAT) was reported for providing additional resilience by installing two links to major sites. Costs could not be assessed until surveys had been carried out. This cost was in addition to the total budget authorised by the Authority. In the event that delays occurred at particular sites this resulted in reprioritisation of sites rather than actual time delay, which BT were happy to accommodate

4.3 Police Staff Pay Review

A paper was presented by BTP on the proposal for the police staff pay from 1 July 2011. It was agreed that further professional advice be sought on the contractual rights of staff on incremental increases (spine points) and that a revised proposal be presented to the Authority separately which outlined the proposals on the revalorization of pay scales; the award of the 3% salary point increments (spine points) and payment of £250 for employees earning £21k who had received no spine point increase. An updated paper is presented at agenda item 14. BTP agreed to advise the group of the SCT bonus budget.

5. Issues for Q1 2011/12 meeting

In addition to the standing items the Finance group will be considering the following at its next meeting in July;

- Review of all items funded in 2010/11 out of savings in discretionary spend
- EPSA – revised and more detailed schedule of contracts to be presented and discussed.

6. Recommendations

Members are asked to note progress made and issues noted by the Group at its quarter 4 meeting.

6.1 Members are invited to ask any supplementary questions arising from the issues reported in this paper and/or its supporting documentation.

6.2 The Authority discusses and approves the proposal set out in section 3.1 above for the current year under spend to be used to fund the firearms project for £1.3 million and that £0.5 million be transferred to the Contingency Reserve.