

DORSET POLICE AUTHORITY – 12 FEBRUARY 2010

BUDGET MONITORING REPORT 2009/10 – THIRD QUARTER (DECEMBER 2009)

REPORT BY THE CHIEF CONSTABLE

PURPOSE OF THE REPORT

To provide members with an overview of revenue expenditure to the end of the third quarter of the 2009/10 financial year.

1. INTRODUCTION

- 1.1 Budget monitoring is undertaken by Chief Officers on a monthly basis in order to review expenditure patterns in the year to date, make projections about future expenditure and take control action where necessary. This paper reports on the financial situation of the Force as at end of December 2009.
- 1.2 Latest projections, summarised at Appendix A, indicate a potential overspend of £156,000 out of the total net revenue budget of £115.9m (0.13%). This is due to a projected net overspend across the various central budgets of £73,000 and the devolved budgets of £83,000.
- 1.3 Within the variations identified above, there are a number of significant items which are discussed in more detail below.

2. MAJOR VARIATIONS FROM REVENUE BUDGET

- 2.1 The main areas of variance are shown below. For each variance an indication of risk has been given indicating the likelihood of the variance significantly changing before the end of the year.

Police Officer Pay, Pension, NI & Allowances (Low Risk)

- 2.2 These budgets are projecting an underspend of £289,000, out of the total budget of £70,690,000 (0.4%). The main reasons for this variance are higher than budgeted extended leave breaks, maternity leave and seconded officers as well as delays in civilianisations. Since previously reporting to members, this projected underspend has reduced significantly from £626,000. This is due to a recent decrease in the number of leavers and extended leave breaks.
- 2.3 The financial risks associated with this projected underspend are classified as low. The pay award is part of the three year settlement and hence was known at budget setting. In addition, recruitment is predictable for the remainder of the year.

Major Operations Contingency (High Risk)

- 2.4 The attached figures at Appendix A show a projected overspend on major operations of £334,000 at year end, out of the total budget of £615,000 which incorporates the forensic science budget for these operations.
- 2.5 Due to the unpredictable nature of this budget, the financial risk is classified as high. New operations could occur at any time and the budget requirements of existing operations could change as they progress. The projected variance has increased significantly since last reported to members after the second quarter of 2009/10.
- 2.6 A review of the allocation and management of the Major Operations Contingency budget has recently been undertaken. This has made recommendations that will now be taken into the 2010/11 budget which will increase accountability and control and to ensure the central budget is used only as a contingency to provide resilience to the Force in the event of a very large major incident.

Proceeds Of Crime Act (POCA) (Medium Risk)

- 2.7 Current projections are that the POCA income budget will under recover and that the shortfall will be met from the POCA reserve. Receipts from the Home Office incentivisation scheme total £150,390 for the first three quarters of the year, which is less than half of the annual budget of £346,000. Payments for the final quarter will depend on the amount of cash seizures and assets realised during that period.
- 2.8 Whilst the Force is pro-active in pursuing confiscation and forfeiture opportunities, it is not able to predict or control the amounts obtained from proceeds of crime nor the timing of realising the assets. The financial risk associated with this budget is therefore classified as medium.
- 2.9 A small reserve of £274,000 is held to mitigate the effect of such projected shortfalls in income. The projected outturn at Appendix A assumes the balance of income required from POCA is met from this reserve.

Interest on Balances (Low Risk)

- 2.10 Interest rates have continued to fall since the budget was set and this is resulting in a projected under recovery of £106,000 out of a budget of £306,000.
- 2.11 The financial risks are classified as low because it is anticipated that interest rates are unlikely to fall significantly further and the risks associated with the uncertainty from the Icelandic bank investments have been removed from the budget.

Devolved Budgets

- 2.12 Devolved budget holders are required to provide monthly reports to Finance and Chief Officers to explain any budget variances in excess of 1%. In addition, they are to specify the control measures they will adopt to address the variance before the year end. Devolved budget holders also provide feedback to Finance about budget projections to ensure the central monitoring reflects their situation accurately. This feedback has been taken into account in the figures used in this report.

Bournemouth and Poole Division (Medium Risk)

- 2.13 Bournemouth and Poole Division is currently projecting a significant underspend of £178,000. This is due to lower than budgeted expenditure on overtime and on police staff pay. Revised arrangements relating to major operations managed at the Division have also contributed to the saving. These revised arrangements have been taken into account in the review mentioned at 2.6 above.
- 2.14 This underspend is classified as a medium financial risk. This is due to the possibility of increased expenditure on overtime or to filling currently vacant staff posts.

Operations Division (Medium Risk)

- 2.15 The Operations Division budgets consist of Contact Management, Specialist Operations and Safety Education and Enforcement Services (SEES). Overall these budgets, totalling £6,702,000, are projected to overspend by £57,000 (0.85%).
- 2.16 The financial risk associated with this Division is classified as medium due to the reliance on income received through the Driver Awareness Scheme. Current projections are that the income will under recover by £159,000. For the 2009/10 Cost Challenge process the Operations Division proposed increasing the income achieved by £350,000. This target was extremely challenging and it is anticipated that a shortfall of £100,000 will occur in SEES as a result.

Information Systems (Low Risk)

- 2.17 The Information Systems budgets are currently projecting an overspend of £90,000 out of a budget of £3,903,000 (2.3%). This is due to unavoidable delays in implementing a new national contract for telephone calls, although this is still realising a saving over last year's expenditure. When fully implemented, annual savings of £80,000 will be achieved when compared to the previous contract. Additional unforeseen expenditure on software maintenance contracts, including a higher level of spend on necessary internet security software than originally anticipated, has also contributed to this overspend.
- 2.18 The risk associated with this budget is classified as low because the future expenditure is predictable and the new phone contract is now in place.

Learning and Development Unit (Low Risk)

- 2.19 The Learning and Development Unit budgets are currently projecting an overspend of £70,000. This is due to the loss of budgeted income from provision of courses on behalf of Canterbury University and to higher than budgeted costs for staff and transport.
- 2.20 The external training budgets were carrying a large risk line and significant effort has gone into reducing this by rationalising the courses being purchased by £100,000. The projected overspend has reduced from £148,000 as previously reported to members. The financial risks are classified as low because the Unit is now able to better ensure that the external training budgets are managed and controlled.

3. OBJECTIVE SUMMARY OF BUDGETS

- 3.1 The budget and projected expenditure is shown at Appendix B by the Police Objective Analysis categorisation. This shows what activities the budget is being

spent on and allocates some budget, notably police pay, across the actual areas of activity rather than shown as a central budget.

4. CAPITAL BUDGETS

- 4.1 A breakdown of the current year capital programme is attached at Appendix C.
- 4.2 The significant underspend shown against the capital programme relates to funds committed to be carried forward for the Bournemouth Custody scheme. This scheme is planned to be completed in 2010/11.
- 4.3 As reported to the Audit, Resources and Continuous Improvement Committee on 3 December 2009, opportunity is being sought to reduce capital expenditure wherever practical. Resultant savings will be used to reduce the requirement for additional funding in future years. Such savings have already been achieved in the Boscombe rationalisation scheme, Blandford Police Station refurbishment and there is potential to reduce the requirement for Ferndown car parking works.
- 4.4 Capital expenditure on Air Support was provided via a Home Office Grant (50%) to provide additional capability and regional support. This is currently on hold pending the progression of the regional and national collaboration programmes for Air Support Provision.

5. VIREMENTS REQUIRING APPROVAL

- 5.1 Paragraph 7b of the Authority's Financial Regulations states that the approval of the Police Authority is required where a virement is either significant or a change in policy. Significant is defined as 10% of a budget or £100,000, whichever is the lesser. There have been no such virements requiring Police Authority approval during the third quarter of 2009/10.
- 5.2 For clarity, it should be noted that the 10% is applied to the level of the subjective budget breakdown approved by the Police Authority in February 2009 (ie at the level of 'Employees', 'Transport Related Costs' etc). It should also be noted that technical accountancy virements are not reported under the £100,000 rule unless they also breach the 10% rule. Budgets are actually coded at a very low level - by objective function, location and subjective expenditure type. To report all movements at this low level would entail a significant increase in the number of virements reported to the Authority and may potentially delay operational decision making.

6. DEBT MANAGEMENT

- 6.1 The following table provides detail of outstanding debt. Since 1 April 2009 the Force has received £2,196,555 in income, excluding the principal grants and precept income, the majority of which is managed through a centralised debtors system. As at 22 January 2010, the overall level of debt owed to Dorset Police was £540,000. This is broken down as follows:

Days Outstanding	Current Position				Total at November 2009		
	Public Sector Bodies £000's	DSCP / Mobile Data* £000's	Other £000's	Total £000's	%	Total £000's	%
Less than 30 days	63	28	8	99	18%	351	27%
Between 31 – 60 days	118	183	1	302	56%	591	46%
Between 61 – 90 days	50	0	1	51	9%	242	19%
Between 91 – 120 days	54	0	2	56	10%	2	0%
Over 120 days	17	0	15	32	6%	34	1%
Total	302	211	27	540		1,220	

* DSCP and Regional Mobile Data Information Programme separated due to size and certainty of debt recovery

6.2 Improved procedures have significantly reduced the usual level of longer term debt (over 60 days), compared to a year ago, as reported to members at previous meetings. The current position remains distorted by payments owed by Bournemouth Borough Council in respect of the monthly charges for the Dorset Safety Camera Partnership. In total, these debts account for 39% of the total.

6.3 The Police Authority will be kept informed of further progress on debt management in future budget monitoring reports.

7. CONCLUSION

7.1 Overall the Force is projecting an overspend of £156,000 out of the total net revenue budget of £115.9m (0.13%).

7.2 Whilst the position will continue to be closely monitored, the net impact of the above represents less than a quarter of one percent of the net revenue budget and as such does not represent a material concern within the Authority's medium term financial plan.

8. RECOMMENDATION

8.1 Members are asked to note this report.

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Appendices

Appendix A – Dorset Police Revenue Account Projected Outturn
Appendix B – Police Objective Analysis
Appendix C – Dorset Police Capital Account Projected Outturn

**DORSET POLICE REVENUE ACCOUNT 2009/10
PROJECTED OUTTURN AS AT 31/12/08**

Central / Devolved	Force Monitoring Heading	Original Budget £000's	Revised Budget £000's	Projected Outturn £000's	Variance £000's	Risk	Qtr 2 Variances £000's
Central Budgets	Police Pay, Pensions, NI & Allowances	70,828	70,690	70,401	(289)	Low	(626)
	Ill Health Pension Contributions	455	455	455	0	Low	0
	All Other Budgets	6,042	5,300	5,401	101	Low	47
	PFI Unitary Charge	4,260	4,260	4,258	(2)	Low	(2)
	Rents, rates, utilities	2,569	2,526	2,468	(58)	Low	2
	Insurance	1,260	1,250	1,272	22	Low	28
	Major Operations Contingency	663	615	948	334	High	165
	Forensic Science - General	637	636	620	(16)	Low	15
	DNA Testing	357	357	260	(97)	Low	0
	Forensic Medical Examiners	1,053	1,053	1,070	18	Low	11
	Contributions to capital	0	215	215	0	Low	0
	Police Authority	641	646	656	10	Low	23
	Police Overtime - Football (B'mth)	63	60	61	0	Low	(0)
	Risk Line	(300)	0	0	0	Low	0
	POCA income	(346)	(346)	(346)	0	Medium	0
	Specific grants	(11,112)	(11,329)	(11,329)	0	Low	0
	Interest on balances	(306)	(306)	(199)	106	Low	92
	Other central income budgets	(1,048)	(1,108)	(1,147)	(38)	Low	(17)
	Air Support	874	873	856	(17)	Low	9
	Offset Impairment on Icelandic Investments	0	0	0	0	Low	254
Central Budgets Total		76,590	75,848	75,921	73		0
Devolved Budgets	Bournemouth & Poole	5,213	5,341	5,163	(178)	Medium	(173)
	Dorset County	5,235	5,077	5,089	12	Low	23
	Operations	6,859	6,702	6,759	57	Medium	(32)
	C.I.D.	5,145	5,337	5,327	(9)	Low	(36)
	Criminal Justice Division	4,390	4,303	4,245	(58)	Low	(51)
	Command Corridor and Staff Assoc.	719	763	796	33	Low	67
	Estates & Buildings Services	1,263	1,355	1,414	59	Low	78
	IS	3,752	3,903	3,993	90	Medium	46
	Transport	174	174	184	10	Low	2
	Procurement And Distribution	1,147	1,148	1,170	22	Low	10
	LDU	1,216	1,312	1,382	70	Medium	148
	Professional Standards Department	674	989	1,003	14	Low	28
	Corporate Development	585	584	565	(19)	Low	(7)
	Community Engagement Department	351	351	345	(6)	Low	(8)
	Media & Corporate Communication	446	383	367	(16)	Low	(23)
	Personnel Services	1,323	1,367	1,385	18	Low	31
	OCPD	132	229	234	5	Low	(8)
	Finance	615	608	582	(26)	Low	(29)
	Audit, Insurance and Risk Management	106	160	166	6	Low	5
	Devolved Budgets Total		39,343	40,085	40,168	83	
Grand Total		115,933	115,933	116,089	156		72

**DORSET POLICE REVENUE ACCOUNT 2009/10
POLICE OBJECTIVE ANALYSIS AS AT 30/12/09**

APPENDIX B

Police Objective Analysis Level 1	Police Objective Analysis Level 2	Revised Budget £000's	Projected Outturn £000's	Variance £000's
Local Policing	Neighbourhood Policing	12,911	12,849	(62)
	Incident (Response) Management	26,214	26,062	(152)
	Community Liaison	1,492	1,509	17
	Local Command Teams	2,393	2,405	11
	Local Investigations	5,352	5,189	(163)
	Local Support Overheads	6,318	6,309	(9)
Local Policing Total		54,680	54,323	(357)
Dealing with the Public	Contact Management Units	6,387	6,350	(37)
	Local Call Centre / Front Desk	1,965	1,917	(48)
Dealing with the Public Total		8,352	8,267	(85)
Criminal Justice Arrangements	Coroners Assistance	215	228	13
	Criminal Justice	2,927	2,951	24
	Criminal Records Bureau	(0)	(22)	(21)
	Custody / Prisoner Handling	5,135	5,228	93
	Police National Computer (PNC)	287	270	(17)
	Property Officer / Stores	209	244	35
	Fixed Penalty Scheme (Central Ticket Office)	391	375	(16)
Criminal Justice Arrangements Total		9,164	9,274	111
Road Policing	Traffic Units	4,183	4,160	(23)
	Vehicle Recovery	31	26	(5)
	Casualty Reduction Partnership	1,057	980	(77)
Road Policing Total		5,271	5,166	(105)
Specialist Operations	Air Operations	1,438	1,433	(6)
	Airport & Ports Policing	1,488	1,447	(42)
	Central Operations Command Team	1,138	1,118	(21)
	Dog Section	1,043	1,022	(20)
	Level 1 Advanced Public Order	70	77	7
	Marine Section	396	414	19
	Firearms Unit	2,623	2,611	(12)
	Civil Contingencies	411	404	(7)
Specialist Operations Total		8,607	8,525	(82)
Intelligence	Covert Policing	2,652	2,590	(62)
	Intelligence / Threat Assessments	3,675	3,735	60
	Covert	47	47	0
Intelligence Total		6,374	6,371	(2)
Specialist Investigations	Crime Support Command Team	381	412	31
	Economic Crime	1,020	1,053	33
	Major Investigation Unit	2,149	2,294	145
	Public Protection	644	643	(1)
	Specialist Investigation	2,099	2,209	110
Specialist Investigations Total		6,293	6,611	319
Investigative Support	External Forensic Costs	1,268	1,146	(122)
	Fingerprint / DNA Bureau	613	600	(13)
	Photographic Image Recovery	261	273	12
	Scenes of Crime Officers	1,586	1,584	(2)
	Other forensic services	131	167	36
Investigative Support Total		3,859	3,770	(89)
National Policing	ACPO Projects / Initiatives	152	154	2
	Counter Terrorism / Special Branch	1,240	1,248	8
	Secondments	0	75	75
National Policing Total		1,392	1,477	86

(continues)

Police Objective Analysis Level 1	Police Objective Analysis Level 2	Revised Budget £000's	Projected Outturn £000's	Variance £000's
Support Functions	Administration Support	1,090	927	(164)
	Catering	22	8	(14)
	Corporate Development	481	551	70
	Estates / Central Building Costs	7,084	7,301	216
	Finance	534	524	(10)
	Fleet Services	470	422	(48)
	Force Command	1,061	1,057	(4)
	Human Resources	1,951	1,898	(52)
	Information Communication Technology	4,269	4,341	72
	Insurance & Risk Management	1,364	1,392	28
	Legal Services	83	93	10
	Performance Review	103	109	6
	Press & Media	579	580	1
	Procurement	751	756	5
	Professional Standards	1,569	1,592	22
	Support to Associations and Trade Unions	166	167	1
	Training	4,834	4,863	29
	Social Club Support	1	0	(1)
Support Functions Total		26,414	26,581	167
Police Authority	Authority Admin and Support	302	303	1
	Consultation	78	79	1
	Internal Audit	47	47	0
	Members Expenses	173	176	4
	Statutory Expenses	67	69	3
	Treasury Management	188	191	3
Police Authority Total		854	864	10
Central Costs	Depreciation	1	2	1
	Pensions	929	952	22
	Revenue Contribution to Capital	381	381	0
Central Costs Total		1,311	1,335	24
Income	Income from Officer Services	(93)	(136)	(44)
	Investment Income	(306)	(199)	106
	Other Income	(2,927)	(2,845)	82
	POCA (Proceeds of Crime)	(346)	(346)	0
	Specific Grants	(15,083)	(15,155)	(72)
Income Total		(18,754)	(18,681)	73
Funding Arrangements	Appropriate from / to reserves	2,117	2,060	(57)
Funding Arrangements Total		2,117	2,060	(57)
Grand Total		115,933	115,945	12

