Security Classification	☐
Disclosable under FOIA 2000	☐ **Yes**
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Department/Area	☐ **Finance**
Date created	☐ **9 October 2013**
Chief Officer Approved by	☐
Attachments: *Appendix 1 – 2013/14 revenue budgets and forecast expenditure*	
Purpose Of Paper: *Decision* ☐ *Consultation* ☐ *Information* ✔☐	

RESOURCES GOVERNANCE MEETING : 4 NOVEMBER 2013

ITEM NO:

TITLE: 2013/14 REVENUE BUDGET MONITORING REPORT

Summary
This report shows a projected underspend on the current year revenue budget of £2,974k.

This is the revenue report as at 30th September 2013. The report is based on information from budget holders and their projections to the year end.

The projected over and underspends are shown in Appendix 1 to this report.

Budget Plan for 2013/14

- The Force is carefully managing the 2013/14 budget. The underspends generated during the year can be used to help the medium term financial plan. Permanent reductions in costs will help address future spending challenges.

Budget Changes

- Changes to the budget notified to G4S have been incorporated into the 'Current Budget' column in Appendix 1.
- The September report does not include a number of structural changes which are required to the budget these include:
  - the merger of Crime and Operations;
  - the staff transfer between Strategic Development and Local Policing;
  - the use of earmarked provisions to fund PCSO back pay;
  - including Specials and Cadets in the 'Volunteers' budget heading.

These changes are the subject of a decision report included on an additional item within this Agenda.

Budget Variances

This monitoring report forecasts that there will be a substantial underspend at the year end. Underspends appear in most areas of the budget, but are most significant in the strategic partnership contract, capital financing costs and police officer budgets.

- The strategic partnership contract is showing a £452k forecast underspend. This is due to the reversal of an accrual made in 2012/13 which is now not required, this has resulted in a one off underspend in the current year and is not related to the ongoing contract payments.
- An underspending on capital financing charges of £429k was forecast last month due to the lower level of capital spend in 2012/13. This has been increased to £856k as much of the work done is 2012/13 is work in progress, and so does not begin to attract capital repayment costs until the assets are complete and in use.
- Police officers pay has been the subject of a detailed review and an underspend in this area of the budget is now expected. This is presented in Appendix 2. The average forecast strength of 1,087 FTEs is 13 under the plan, leading to a £667k underspend. However, falls in average pay are also creating underspends. This is due to a number of factors:
    - Reductions to CRTP as part of the Winsor terms and conditions,
    - Officers retiring and leaving the force tend to be on higher salaries. As they leave, the average cost per officer reduces.

  The fall in the cost of an officer creates a forecast underspend of £714k.
- Bank Holiday overtime forecast spend is £298k higher than budget. This reduces the total underspend from £1,381k shown in Appendix 2 to the overall figure of £1,083k reported in Appendix 1.
- Income recovered from other organisations for use of our officers is higher than the budget. This is the main factor behind the £232k underspend within the National Contributions group of codes.
- Other variances include underspends from forensics, external training and mobile phone contracts.
- The payments in respect of PCSO back pay adjustments have been made to the provision specifically made for this purpose.

Summary of forecast underspends

	£'000
Strategic Partnership Contract	(452)
Capital Financing costs	(856)
Police Officer Numbers	(667)
Police Officer Pay Issues	(416)
National Contributions	(232)
Other Underspends	(351)
Total Forecast Underspend	**(2,974)**

Performance and Productivity Reserve

As part of the Final Accounts for 2012/13 a Performance and Productivity Reserve was established, it is intended that movements on this Reserve be monitored as part of this report. The following table summarises the current position.

	£'000
Opening Balance	**500.0**
Victim Care Unit : Decision Ref: 015/2013	109.0
Live Links : Decision Ref: 021/2013	35.4
Mobile ID Trial : Decision Ref: 024/2013	15.2
Closing Balance	**340.4**

Further changes will be reported as the year progresses.

Budgetary Risks

Some of the inherent risks in operational policing may lead to budget variances in future but are currently assumed to be contained within the £200k contingency.

- Major incidents. The 2012/13 spend of £472k was unusually low but may represent the impact of regional working and new management processes. The 2013/14 budget of £740k is supported by reserves if costs did start to increase. The current forecast is expenditure of £650k in 2013/14.
- Ill health retirements can create variances as they are typically £80k per officer.
- In recent years the Force has been able to support other forces with their operations and so generate additional income. This is already generating an underspend within National Contributions.
- The budgets for Volunteers and Community Safety Grants are new. Delays in getting projects up and running or changes in the costs which actually arise may lead to underspends against the 2013/14 allocations.
- Police officer numbers can vary depending upon the decisions that individuals make about retirements or temporary absences. The ability of the Force to fill these gaps between formal recruitment tranches is limited.
- Not all of the external training courses have yet been booked, so further underspends may accrue.