

## **Report of the Chief Financial Officer**

### **2011/12 REVENUE BUDGET OUTTURN AND UPDATE REPORT – April to December 2011**

#### **1. Purpose of Report**

This report is intended to provide Members of the Finance and General Purposes Committee with an update on the revenue position of the Authority and to update Members on current issues.

#### **Recommendations**

1. Members are asked to note this report.

#### **2. Background**

In setting the budget for the current financial year, the Authority faced a cash reduction in central government grants of 5.1% or £3.1 million. Cost reduction measures totalling £5.1 million were included in order to balance the budget.

With central government grants set to reduce by a further 6.7% or £3.9 million next year and with further falls to follow thereafter, there is a need for the Force to continue to exploit opportunities to reduce costs further. As part of its financial strategy, the Authority set a cost reduction plan aimed at reducing cost by some £13.1 million by 2015/16 whilst aiming to maintain front line policing services.

This report provides members with a budget position up to the end of December 2011 which illustrates the progress that is being made against this strategy.

#### **3. Summary Budget Position to 31<sup>st</sup> December 2011**

Actual expenditure incurred up to the end of December has been compared to the year to date budget. The year to date budget in most cases reflects nine months of the annual budget however this has been adjusted for some headings to reflect historical or seasonal spending patterns.

The original budget has been adjusted to take account of the reductions in staff costs resulting from voluntary redundancies. A total of £646k has been reduced from basic pay budgets and transferred to a central budget under the supplies and services heading. This represents the part year cost savings arising through voluntary redundancies to date. The costs of redundancies to date amount to some £1.535 million and these have been funded from reserves. The analysis presented therefore excludes the impact of redundancies in terms of the net underspend position.

The Authority's actual expenditure during the seven month period was £65.144 million against a year to date budget of £67.324 million. The Authority therefore achieved an under-spend of £2.180 million during this period and is operating well within its budget at this stage.

A summary position and a separate analysis of the main variances are attached at **Appendix A**. It can be seen that police staff and officer pay are down on the profile due to vacancies that are being held in operational and administrative roles. Areas of discretionary spending such as overtime, furniture, equipment, expenses, supplies, fuel and travel are down on profile despite significant budget reductions reflecting the progress that is being made in minimising unnecessary expenditure and journeys. The main area of concern is in relation to mast site sharing income which is expected to be significantly down on the budget. Overall the position shows that the Force is well within its target in terms of its budget position for the year.

#### 4. Impact Consideration

Implication	Impact Considered (Yes/No)	Impact Identified (paragraph reference)
Legal	Yes	None
Financial	Yes	Main Report
Race and Equality	Yes	None
Human Rights	Yes	None
Environmental and Sustainability	Yes	None
Risk Analysis	Yes	None
National Park Implications	Yes	None

#### 5. Appendices

- Appendix A – Revenue Outturn April to December 2011 and variation statement

#### 6. Background papers

- “Draft Revenue Budget 2011/12 to 2014/15” Police Authority report dated 14<sup>th</sup> February 2011
- Budgetary Risk Policy
- Reserves and Balances Policy

#### 7. Contact details

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## Appendix A - Summary of Expenditure to December 2011

	Original Budget 2011/12	Revised Budget 2011/12	Expected Spending to December '11	Actual Spending To December '11	Variance (- ve Under)
	£'000	£'000	£'000	£'000	£'000
<b>Police Authority Costs</b>					
Staff Costs	361	361	270	250	-20
Running Expenses	583	583	412	312	-100
<b>Total Police Authority Costs</b>	<b>944</b>	<b>943</b>	<b>682</b>	<b>563</b>	<b>-120</b>
<b>Employees</b>					
Police Officers	51,930	51,930	38,023	37,487	-536
Police Staff	24,069	23,423	17,640	16,818	-822
Police Pensions (net)	12,081	12,081	8,842	8,683	-159
Indirect Staff Costs	758	2,294	1,728	1,583	-145
<b>Total Employee Costs</b>	<b>88,838</b>	<b>89,728</b>	<b>66,233</b>	<b>64,572</b>	<b>-1,661</b>
<b>Running Expenses</b>					
Premises Costs	3,172	3,172	2,077	2,087	10
Transport Costs	2,680	2,680	1,854	1,824	-30
Supplies & Services	9,418	10,062	4,418	3,994	-424
Agency & Contracted Services	2,164	2,163	1,216	1,216	-0
<b>Total Running Expenses</b>	<b>17,434</b>	<b>18,078</b>	<b>9,566</b>	<b>9,121</b>	<b>-445</b>
Capital Financing Costs	1,208	1,208	0	0	0
<b>Total Expenditure</b>	<b>108,424</b>	<b>109,958</b>	<b>76,482</b>	<b>74,256</b>	<b>-2,226</b>
<b>Income</b>					
Specific Grants	-6,274	-6,274	-4,479	-4,478	0
Other Income	-4,599	-4,599	-3,155	-3,110	46
<b>Total Income</b>	<b>-10,873</b>	<b>-10,873</b>	<b>-7,634</b>	<b>-7,588</b>	<b>46</b>
<b>TOTAL NET REVENUE</b>					
<b>EXPENDITURE</b>	<b>97,551</b>	<b>99,085</b>	<b>68,848</b>	<b>66,667</b>	<b>-2,180</b>
Use of / Contribution to Reserves	-214	-1,749	-1,524	-1,524	-0
<b>NET EXPENDITURE TO BE MET BY GOVERNMENT GRANTS &amp; PRECEPTS</b>	<b>97,337</b>	<b>97,336</b>	<b>67,324</b>	<b>65,144</b>	<b>-2,180</b>
<b>Grants and Precepts</b>					
Police Grant	-40,808	-40,808	-30,606	-30,606	0
NNDR	-13,401	-13,401	-10,305	-10,305	0
RSG	-3,714	-3,714	-2,856	-2,856	-0
<b>Total External Support</b>	<b>-57,923</b>	<b>-57,923</b>	<b>-43,767</b>	<b>-43,767</b>	<b>0</b>
Precepts on Billing Authorities	-39,414	-39,414	-29,549	-29,549	-0
<b>TOTAL RESOURCES</b>	<b>-97,337</b>	<b>-97,337</b>	<b>-73,316</b>	<b>-73,316</b>	<b>-0</b>

## Variation Statement - December 2011

	£'000	£'000
<b>Annual Budget 2011-12</b>		97,337
Expected Net Expenditure to end of December 2011		67,324
Actual Net Expenditure to end of December 2011		65,144
<b>Under Budget by</b>		<b>-2,180</b>

### Analysis of Main Variations

#### Police Authority

Police Authority Staff Costs - Treasurer	-20	
Legal Costs	-20	
Advertising Costs	-20	
Office Equipment / Printing	-20	
Travel and Subs	-15	
Reference Books / subscriptions / other	-25	-120

#### Police Force

##### Police Officer Employee Costs

Operation Kirkin Overtime	220	
Other Overtime / Bank Holiday	-205	
Divisional command / vacancies	-497	
Central Sage / Corporate Services	350	
Operations Command Vacancies	-95	
Marine Unit / Ports	-78	
Development Services / HR Vacancies	-135	
Criminal Justice	-65	
Communications Centre - Chief Inspector	45	
Economic Crime Vacancies	-74	-536

##### Police Staff Employee Costs

Neighbourhood Policing - PCSO Vacancies	-73	
Community Safety Vacancies	-115	
Central Communications Centre	-74	
Criminal Justice Vacancies	-155	
Custody / Prisoner Handling Vacancies	-49	
Estates / Central Building Vacancies	-33	
Information Systems / Communication	-64	
Procurement Vacancies	-34	
Human Resources Vacancies	-79	
Divisional Finance Vacancies / Administration	-95	
Training Vacancies	-51	-822

##### Police Officer Pensions

Injury / ill-health Pension Payments	-16	
Pension Contributions Saved on Vacant Posts	-143	-159

<u>Indirect Staff Costs</u>		
Recruitment Budgets	-40	
Training Courses	-105	-145
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<u>Premises Costs</u>		
Repairs and Maintenance	-15	
Rates on Premises	10	
Energy Cost - Price inflation	15	10
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<u>Transport Costs</u>		
Fuel Costs	10	
Helicopter running Expenses	61	
Staff Travelling	-72	
Fleet Repairs / Maintenance	-29	-30
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<u>Supplies and Services</u>		
Admin and Office Equipment	-15	
Operational Equipment	-17	
Clothing and Uniform	-22	
PNC Charges	30	
Computer Consumables	-46	
Printing and Stationery	-123	
Medical and Scientific Examination	-66	
Expenses and Conference	-29	
Interpreters Fees	-44	
Other miscellaneous Fees	-39	
Legal Fees	-53	-424
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<u>Other Income</u>		
Site Sharing	46	46
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<b>Total Variations</b>		<b>-2,180</b>
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