

22 November 2005

2005/06 REVENUE AND CAPITAL MONITORING

INTRODUCTION

1. This report has been prepared to present Members with the position of the approved 2005/6 revenue and capital budgets as at 30 September 2005, the mid-point of the financial year.
2. This report is presented in a changed format which is being introduced in two stages. The first incorporates a colour coded "traffic light" system to highlight areas in which attention is being focussed in the force and where Members may wish to focus their own scrutiny. For the next report there will also be a coded hierarchy which will express the professional judgement of the Assistant Chief Officer (Support), and, following his taking up post, the Treasurer to the Police Authority about the overall standards of financial management in each area of the Force. This will be presented as a three tiered "ladder" very similar to the schema used to report operational performance of the Force against the Policing Plan and Police Performance Assessment Framework targets.
3. The changes are intended to bring about the following benefits:
 - to allow Police Authority Members and Force managers to more easily assimilate the information provided on financial performance. The new system will in particular highlight those areas which are causing concern and in which Members should be receiving an explanation about both the underlying cause of an adverse variance as well as gaining assurance that proactive and robust corrective action is being taken.
 - to provide a framework within which ACO(S) and the Treasurer can focus scrutiny and come to shared professional judgments about financial performance and results throughout each financial year
 - to provide additional incentives for budget holders to work with the corporate financial management specialists in the Force and with the Treasurer via for example internal audit to deliver sustainable improvements to the quality of local financial management and performance. There is potential to link the new system of judgements directly into individual performance development and review arrangements.
 - To harmonise the reporting of operational and resource management across the Force and Police Authority. The system being employed for

financial reporting is already in place and quite mature in operational performance management. Using the same reporting scheme will allow Members to read across to come to informed judgements which link resources and performance. This will significantly aid the Authority in delivering its scrutiny functions.

INFORMATION

4. A devolved budget is under the control of Divisional Commanders/Branch Managers who can operate within the delegated authority of the Chief Constable to implement virements up to a £100k limit without further approval. Devolved budgets make up 72% of the approved revenue budget.

A protected budget is under the control of Strategy Team and managed by a Branch Manager. These budgets are allocated for a specific reason and require Strategy Team approval for virements. Examples of protected budgets are Police Pensions, Uniform, DNA testing and the Major Incident Fund. Protected budgets make up the remaining 28% of the approved revenue budget.

Externally, funded projects are controlled in accordance with the granting authorities conditions of grant. Any funding shortfall on spending not covered by the grant will be met from the host Divisional or Branch devolved budget.

5. The Glossary of Terms at Appendix A provides information on the types of expenditure included within subjective expenditure headings. The table attached at Appendix B shows the total revenue position of the Force as at 30 September 2005 which reflects an under spend against profiles of £3.373m equating to 5.5%.
6. Appendix C reflects the overall Force revenue position providing Members with a breakdown of net budgets, actuals, estimated outturns and variances by each Division and Branch across the categories of devolved, protected and externally funded budgets. The position at 30 September 2005 is a devolved budget underspend against profile of £1.546m or 2.8% with an estimated under spend of £0.160m or 0.1% at outturn. The current protected budget underspend of £1.711m or 32.7% is estimated to become an underspend of £2.030m or 5.1% at outturn whilst the externally funded budget overspend of £0.115m or 35.9% will be within budget at the year end.
7. Appendix D provides further information on the areas rated as red within Appendix C.

CAPITAL MONITORING

8. The capital budget funds the replacement of police vehicles, information technology equipment, building improvements and the Local Policing Team Building Programme. The position at 30 September 2005 is an underspend of £1.373m or 23%.

9. Attached at Appendix E is the summarised 2005/06 capital report for the period 1 April 2005 to 30 September 2005 including brief explanations on the major variance to date. The report also identifies, estimated slippage requirements totaling £1.085m and possible savings and underspends totaling £0.332m.
10. Appendix F provides details of the named budget holders.

RECOMMENDED

11. It is recommended that
 - i) Members examine the proposals and underpinning reasons for changing the way in which financial performance are reported to the Committee, and
 - ii) examine the information contained within this report and determine whether the explanations provided are satisfactory, and
 - iii) receive reports on this issue at future meetings.

**Tim S Hollis
Chief Constable**

Background Papers: (a) **Finance Ledger Tabulations**
(b) **Internal Reports for September 2005 from
Divisional Commanders/Branch Managers**

GLOSSARY OF TERMS

APPENDIX A

Expenditure Detail

(a)	<u>Expenditure Heading</u>	
	Police Pay	Police Officers pay, overtime, National Insurance, Compensatory Grant
	Support Staff	Support Staff pay, superannuation, National Insurance and overtime
	Pensions	Cost of Police Officers pension, lump sum, death in service grants and ill health retirements
	Other Employee Costs	Cost of Training
	Premises	Maintenance costs, energy cost, rent and rates, cleaning, premise insurance
	Transport	Cost of maintaining and running the vehicle fleet and the Air Support Unit
	Supplies and Services	Covers numerous headings including Office Equipment, Computers, Photographic and Scientific, Telephones, Development fund, Printing and Stationery, Subsistence, Postage, Informants etc.
	Forensic Science & Pathology	Cost of Forensic Science and Forensic Pathology Services
	Other Services	Cost of DNA database, PNC charges, Internal Audit fees, External Audit fees, NAFIS etc.
	Special Constables	Special Constables Allowances, uniforms, loss of wages, Travel and Subsistence
	Capital Charges	Cost of depreciation plus notional interest charges as defined within Accounting regulations
	Contingency Provision	Provision of annual Police Officer and Support Staff pay awards
(b)	<u>Income Heading</u>	
	Sales	Income from sale of vehicles/property and clothing
	Fees and Charges	Income from Accident Reports, Dogs Act, Traffic Wardens Recharge, Mutual Aid etc.
	Pensions	Police Officers contributions and Transfer Values In
	Other	Prosecution Income and Special Grants
	Interest on Revenue Balances	Interest earned in accordance with the Authorities Treasury Management Policy Statement
(c)	<u>Technical Accounting</u>	
	Asset Management Revenue A/C	Accounting entries to ensure the cost of capital has a neutral impact on the amounts to be raised from local taxation
	Financing Capital Expenditure	Revenue funding of capital and provision for external loans
	From Previous Years Specific reserves	Approved carry forward from previous financial year

(1) DEVOLVED BUDGETS

(a) Operations Branch (£290,000)

Funding for the recently introduced Incident Handling Improvement Team initiative to improve Call Handling procedures is putting pressure on the all ready overstretched Police and Support Staff overtime budgets for the Branch. The Branch is absorbing some of the additional cost by holding staff vacancies and restricting spending on controllable budgets. A report is to be presented to Strategy Team to seek assistance in funding this anticipated overspend.

(2) PROTECTED BUDGETS

At the end of the financial year, the net position on Protected Budgets will ensure that any overspends are covered from within the existing approved Revenue Budget.

(a) Crime Management Branch (£67,910)

The major cause of the anticipated overspend is due to demands being placed on the Forensic Science budget.

(b) Operations Branch (£33,760)

The major cause of the anticipated overspend of outturn is due to the demands being placed on the Interpreters Budget.

(c) Personnel Branch (£1,240,000)

The Special Constables budget provides £1.2m of this anticipated underspend. A report to be tabled at the 13 December 2005 Police Authority meeting will outline the main issues regarding the Special Constables Allowance Scheme.

In essence of the 323 Special Constables in post at 20 September 2005, only 158 Specials are claiming the allowance, 79 are in training and therefore not eligible and 86 Specials are not eligible to claim the allowance.

The number of Specials claiming will increase when the 79 in training are eligible to claim and the number of Special Constables increases with recruitment in the coming months.

**HUMBERSIDE POLICE
BUDGET HOLDERS**

Division/Branch	Budget Holder	Financial Advisor
Devolved Budgets		
'A' Division	Ch/Supt Kevin Sharpe	Mrs Toni Wright
'B' Division	Ch/Supt Graham Di Duca	Mrs Rosie Garmston
'C' Division	Ch/Supt Pat Geenty	Mrs Lynne Bentley
'D' Division	Ch/Supt Sean White	Mrs Kim Redburn
Crime Management	Det/Ch/Supt David Hunter	Mr John Newstead
Operations	Ch/Supt Paul Davison	Mr John Newstead
Corporate Development	Ch/Supt Paul Cheeseman	Mrs Julie Nethercliff
Personnel	Mrs Susan Morley	Insp Simon Trays
Professional Standards	Ch/Supt Andy Everett	Ch/Insp Steve Tipple
Information Services	Mr Graham Dawson	Mr John Carlin
Support Services	Mr Mike Higinbotham	Mr Mike Horne
Chief Officers	Mr Phil Goatley – ACO(S)	Mr Darren Dawson
Police Authority Secretariat	The Treasurer	Mrs Jenni Rocket
Protected Budgets		
Development Fund	Mr Phil Goatley – ACO(S)	Mr Mike Horne
Crime Management	Det/Ch/Supt David Hunter	Mr John Newstead
Operations	Ch/Supt Paul Davison	Mr John Newstead
Corporate Development	Ch/Supt Paul Cheeseman	Mrs Julie Nethercliff
Projects	Ch/Insp Barry Edwards	Mrs Julie Nethercliff
Personnel	Mrs Susan Morley	Insp Simon Trays
Information Services	Mr Graham Dawson	Mr John Carlin
Support Services	Mr Mike Higinbotham	Mr Mike Horne
Chief Officers	Mr Phil Goatley – ACO(S)	Mr Darren Dawson
Technical Accounting Budgets	Mr Mike Higinbotham	Mr Ian Porter
Externally Funded Budgets		
'A' Division	Ch/Supt Kevin Sharpe	Mrs Toni Wright
'B' Division	Ch/Supt Graham Di Duca	Mrs Rosie Garmston
'C' Division	Ch/Supt Pat Geenty	Mrs Lynne Bentley
'D' Division	Ch/Supt Sean White	Mrs Kim Redburn
Crime Management	Det/Ch/Supt David Hunter	Mr John Newstead
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