

2005/06 REVENUE AND CAPITAL OUTTURN

INTRODUCTION

1. This report has been prepared to inform Members of the current outturn position on both revenue and capital budgets for financial year 2005/06 subject to the District Auditor giving an unqualified opinion on the 2005/06 Statutory Accounts.

INFORMATION

2. The current outturn for the revenue budget after allowing for commitments to be carried forward into 2007/08 is an underspend of £5,373,448 (3.4%). The capital outturn for 2005/06 is a net underspend of £105,848 after allowing for slippage of £1,636,780 into 2007/08.

DEVOLVED BUDGETS

3. A devolved budget is under the control of a Divisional Commander or Branch Manager who has authority to perform virements up to a £100k limit within the discretion allowed by extant financial regulations.
4. The devolved revenue budget outturn position of the Force reveals a net underspend of £2,056,835 (1.7%).
5. Appendix A shows year end outturn figures against approved budgets by Division and Branch, highlighting the variances which have occurred. Appendices B and C set out those amounts which are committed to be carried forward into 2006/07 devolved and protected budgets. Commitments from devolved budgets total £290,650 and those from protected budgets £5,833,690. Appendix D highlights the actual spending pattern against outturn projections for devolved and protected budgets in the second half of the 2005/06 financial year.
6. All of these results, along with intelligence on local management practice and technical proficiency, have been brought together to derive the matrix of professional judgments summarized in Appendix E which have been shared between ACO(S) and the Director of Performance and Resources.
7. Budget holders have provided the following explanations for the major variances.

Devolved Budgets

- a) **A Division - (£36,291) Underspend (0.3%)**

There are no major variances to report.

b) B Division - (£141,221) Underspend (1.2%)

- i) Police Pay was underspent by £129k due to a small number of vacancies in the constable and sergeant ranks (the underspend is equivalent to 3.8PCs).
- ii) Police Staff pay related budgets underspent by £21k due to recruitment gaps on various posts.
- iii) Premise costs underspent by £42k. This was mainly attributable to a rates refund for Corporation Road, Scunthorpe received at the end of the financial year.
- iv) Transport costs exceeded the approved budget by £55k due to a number of minor variances including police vehicle fuel, uninsured loss, vehicle hire and the recovery of vehicles both stolen and those used in crimes. The Division are looking to address these pressures on a permanent basis through their local 5 Year Financial Forecast.

c) C Division - (£293,954) Underspend (1.6%)

- i) Police pay related budgets underspent by £281k due to planned vacancies being held as part of the planning process to finance the anticipated ending of rural funding in 2006/07.
- ii) Police staff pay underspent by £111k as a consequence of Operation Triton. This was a restructuring of operational resources within C Division to implement the Volume Crime Model, Neighbourhood Policing Model, Incident Resolution and the Incident Handling Improvement Team. While the C Division Business Plan was being drafted, Police Staff vacancies which arose were held and filled with temporary staff where operational needs required. The Business Plan has now been approved and the new staffing structure is being implemented with permanent staff.
- iii) Premise costs overspent by £36k due to a contribution made by the Division towards additional building works carried out at Sessions House.
- iv) Transport related budgets overspent by £59k due mainly due to the uninsured loss of two vehicles during one particular incident.

d) D Division - (£124,634) Underspend (0.4%)

- i) Police Pay is underspent by £123k which is mainly attributable to Sergeants' pay as the Division has had difficulties in maintaining their funded levels due to staff turnover (The underspend is equivalent to the ready reckoner cost of 2.8 Sergeants).
- ii) Fees and Charges have exceeded the target of £337k by £184k. The Division has generated considerably higher levels of income during 2005/06 in providing a Traffic Warden Service to Kingston upon Hull City Council (this has now ceased with the decriminalisation of the parking enforcement).

- iii) Within the Supplies and Services budget heading computer related acquisitions overspent by £81k due to the level of infrastructure investment in the Crime Management Unit, Operation Alec (establishment of the three pillars of policing services) and Cooper (incident handling).
- iv) The Partnership Budget overspent by £68k due to the number of Partnerships the Division is now committed to working with. The Division have submitted a request to Chief Officers for retention of surplus budget provision for traffic warden pay to address this permanent budget pressure.

e) Crime Management Branch - £137,351 Underspend (1.1%)

- i) Police Staff pay related budgets reflect a net underspend of £59k due to vacancies occurring over the year (The underspend is equivalent to the ready reckoner cost of 1.7 PCs).
- ii) Premises budgets show a net underspend of £30k. This is mainly attributable to minor building works at Hessle Police Station which were not completed during 2005/06.
- iii) The income targets for Pedlars and Firearms Certificates within Fees and Charges were exceeded by £48k.

f) Operations Branch - £579,736 Underspend (3.0%)

- i) Police Officer and Police Staff pay related budgets reflect an underspend of £157k and £117k respectively due to vacancies within the Command Centres. There is a relatively high turnover in staff but with only two, four week training courses available in 2005/06, which staff must pass before commencing work, delays in filling vacancies occurred. Three additional trainers are now in post and in 2006/07 six training courses will be held to address this problem.
- ii) Premise related budgets have underspent by £136k. This primarily relates to building works to the value of £70k carried out during 2005/06 but the invoices were not received by 31 March 2006. These costs should have been accrued. Savings on the rental of the new Air Support Unit at the Humberside Airport also occurred due to the delay in completion of the facility.
- iii) An underspend of £233k has occurred mainly on Supplies and Services within the Roads Crime Section. Significant developments have been taking place with the Roads Policing Project in a funding collaboration with the Police Standards Unit (PSU). This underspend occurred largely because of the early availability of a significantly enhanced ANPR back office facility. A decision was therefore taken to delay procurement of a new Spectrum van and upgrade equipment in the existing van. A carry forward of £66,500 is required in 2006/07 to fund the commitment for static ANPR on the A63. A Business Plan will be submitted to Chief Officers seeking approval to carry forward the balance of the underspend.

g) Corporate Development Branch - £245,774 Underspend (6.8%)

- i) Police pay related budgets have underspent by £54k due to vacancies. The underspend is equivalent to the ready reckoner cost of 1.6 PCs.
- ii) Premises budgets reflect an underspend of £81k, £71k of which is a saving on the cost of upgrades to CCTV coverage at Priory Road Police Station. These upgrades were completely funded by the Communications capital budget. £10k is committed in 2006/7 to carry out improvements to the staff entry gate at the Priory Road site.
- iii) The income target for Fees and Charges was exceeded by £90k mainly reflecting the increased levels activity within the Vetting Section on behalf of the Criminal Records Bureau.

h) Personnel Branch - £98,110 Underspend (2.5%)

- i) The most notable underspend has occurred on police pay related budgets due to an average of three vacancies at the constable rank. This was due to difficulty in recruiting appropriately skilled specialist trainers. However two new officers joined the Staff Development and Training Unit in March 2006 and a further vacancy is currently advertised.

i) Professional Standards Branch - £21,640 Underspend (3.5%)

There are no major variances to report.

j) Information Services Branch - £13,700 Underspend (0.7%)

There are no major variances to report.

k) Support Services Branch - £296,351 Underspend (13.0%)

- i) Support Staff pay related budgets reflect a net underspend of £64k due to planned vacancies. Part of this underspend is required to fund additional staffing hours for the ongoing implementation of the new Police Pension Scheme during 2006/07.
- ii) A £12k underspend had been achieved during 2005/06 in order to fund shelving and associated furniture for a secure storage room at Queens Gardens vacated by the Buildings Unit. However, because it was so late in the financial year when the Buildings Unit moved out, there was insufficient time left for the shelving to be delivered and fitted. This has been committed in 2006/07.
- iii) A new car plan software package which will allow staff to complete and submit car allowance and subsistence claims on line was ordered in 2005/06 but will not be delivered until 2006/07, therefore, the budget allocation of £34k will need to be carried forward into 2006/07.
- iv) The Fleet and Supplies Unit had received Chief Officer approval to utilize planned savings set aside in 2005/06 to fund the purchase of black boxes for police vehicles and an analyst to interpret the

data for three years. This is expected to have a significant impact on police vehicle driver behaviour and the number of collisions with positive impact on vehicle management and insurance budgets. However, the boxes were not delivered during 2005/06 nor was an analyst appointed thus a carry forward of £130k is required.

I) Chief Officers - £28,158 Underspend (4.1%)

- i) There are no major variances to report. The underspend represents savings on Premises of £15k and Supplies and Services of £13k. Executive training for Chief the Constable, Deputy and ACO(S) will be funded utilising a significant part of this underspend.

PROTECTED BUDGETS

- 8. 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 variations.
- 9. The protected revenue budget outturn position of the Force reveals a net underspend of £3,338,920 (8.7%).
- 10. Attached for information at Appendix C is a breakdown of those committed protected budgets totaling £5,833,690 that require carrying forward into 2006/07.
- 11. The relevant budget holders have provided the following explanations for the major variances.

a) Crime Management Branch - £223,477 Overspend (6.8%)

- i) The budget for Examinations and Medical Fees was reviewed by the Branch during 2005/06. Basing their estimates on previous years and actual expenditure to date it was estimated that this budget could be reduced by £123k and used to address overspends on other protected budgets managed by the Branch. However, with hindsight it is apparent that this estimate was incorrect and an overspend of £163k has occurred.
- ii) The Forensic Science and Pathology budgets incurred a net overspend of £164k due to escalating increases in charges and the substantial additional calls on the service during 2005/06.
- iii) Minor variances on numerous other budget lines total a net underspend of £104k
- iv) The Scientific Support and the Finance and Resource Managers are currently reviewing the future requirements of all the Protected budgets within the Crime Management Branch and will be submitting a report of their findings to a future Strategy Team meeting. The results of this work will be provided for Members in the next monitoring report.

b) Operations Branch - £125,788 Underspend (9.4%)

- i) Helicopter Maintenance exceeded the annual budget by £80k due to component faults with the drive shaft and main rotor gear box.
- ii) A one off overspend of £43k was incurred on the Weapons and Ammunition budget through the acquisition of carbine weapons and replacement baton rounds.
- iii) Mutual Aid provided by other forces underspent by £48k whilst Mutual Aid Income exceeded the budget by £182k due mainly to claims made in relation to Operation Theseus. This operation on behalf of the Foreign and Commonwealth Office saw the provision of specialist forensic assistance following the tsunami disaster in Sri Lanka.

c) Corporate Development Branch - £40,217 Underspend (25.6%)

There are no major variances to report. The underspend has occurred within Supplies and Services and is made up of minor variances on a number of budgets including; Office Equipment, Printing and Stationery, Subsistence and Subscriptions.

d) Projects - £2,555,235 Underspend (75.3%)

i) NSPIS Human Resources:

The implementation of the Duties Management System took longer than anticipated. In particular, the time required to configure and populate the system with duties information from the four divisions and Operations Branch was underestimated by the project team. The divisional element has now been completed and the Operations Branch element is expected to be finished by July 2006. The underspend of £148,560 on the NSPIS Human Resources (HR) project is committed in 2006/07.

Slippage of Phase 2 which involves the remainder of police officers and police staff is due to problems with the software that require fixing and extensive testing prior to commencing implementation which should now be completed by October 2006. The training of staff for Phase 2 has had to be slipped to October 2006 because of other commitments for IT training, principally the CIS4 implementation.

ii) Call Handling:

The Call Handling project requires a total budget of £2,056,980 carrying forward into 2006/07 as a commitment to complete the project.

The Customer Relationship Management (CRM) software purchase was delayed by protracted contract negotiations with suppliers. The issues mainly revolved around contract payment profiles and an appropriate clause to be added for potential merger of Police Forces to protect all parties. Contract negotiations have now been completed.

The supplier of staff scheduling software, GMT Planet was selected in good time. However, at the end of February 2006 UNISYS replied to the user requirement with a contract that was not GCAT compliant. This has now been resolved.

Automated Call Distribution (ACD) equipment has not yet been ordered to date as user requirements are still being discussed.

Therefore hardware, software and associated implementation costs totaling £1,863,080 need to be carried forward in order to meet commitments due in 2006/07.

The remaining £193,900 is required to fund; a temporary post of Project Manager for 18 months, a sergeant in the CSCC for a further 12 months for quality assurance, the continued employment of a constable during 2006/07 due to a delay in the procurement of specific items of equipment and additional Police Staff costs to cover the technical support provided by the Information Services Branch.

iii) Initial Police Learning and Development (IPLD):

This project underspent by £223,850 at outturn, largely through savings achieved against business case estimates. The underspend has been committed in 2006/07 to finance the building of a Resourcing Centre at the Force Training Centre. This will provide a learning/studying facility primarily for probationer constables. Planning applications have been submitted and the project board is awaiting a decision.

iv) National Management Information Strategy (NMIS)

This project underspent by £249,600 at outturn due to the offices of Northgate Solutions being destroyed by the Buncefield Oil Depot explosion. It is therefore necessary to carry forward the £249,600 in order to complete the scheme in 2006/07 now that the supplier has recovered its operations.

v) Command and Control

This project underspent by £105,828 at outturn because software upgrades scheduled to take place during 2005/06 were delayed for operational reasons. The prioritization of NSPIS HR, CIS4, IMPACT development work, implementation of the briefing and tasking system (BATS) and the upgrade to the NSPIS Case Preparation and Custody system fully occupied in any event limited specialist resources in Information Services Branch. The £105,828 therefore needs to be carried forward into 2006/07 to enable the completion of this scheme.

vi) Other Minor Variances

A minor surplus of £9,410 on the Force Vetting project requires carrying forward to allow the purchase of equipment which will complete the scheme

The underspend of £7,000 on the Neighbourhood Policing project is committed in 2006/07 to part fund the recruitment campaign for PCSOs.

e) Personnel Branch - £252,890 Overspend (13.0%)

- i) The Cadets pay related budgets were reduced by £250k in accordance with the decision to phase out the scheme over two years and as reflected in the Force Five Year Financial Forecast. However, the cadet numbers have not reduced at the anticipated rate mainly due to a number of cadets not leaving in August 2005 as anticipated. They remained on the scheme, in accordance with the Practice Direction, and joined the Police Service in January 2006, resulting in an overspend of £143k.
- ii) Police Staff pay related budgets underspent at outturn by £166k due to fewer Supernumerary employees in Force than budgeted for.
- iii) Other Employee Costs overspent by £320k and is mainly attributable to the Training budget. Funds have been set aside in the Investment Reserve to finance the additional spend.
- iv) Supplies and Services overspent by £75,694 due in part to overspends on training equipment, advertising, long service ceremonies and exam/medical fees.
- v) Other Income overachieved its target by £155,072. This relates largely to Home Office grants for Occupational Health initiatives and Special Constabulary Capacity Building which have only been partly utilized during 2005/06 and should be carried forward into 2006/07 as ring fenced funding. Notification on both of these grants was received very late in the last financial year.

f) Information Services Branch - £43,753 Overspend (0.9%)

- i) The Telephones budget within Supplies and Services overspent by £183k. This was attributable to the higher than anticipated revenue consequences of the capital scheme which installed Force wide circuits for the Optical Ethernet Project. In addition, there were increases in the cost of ISDN lines and line rentals from British Telecom and Kingston Communications of up to 6% as well as PNN2 and Private Wires charging increased maintenance costs. The head of the Information Services Branch and the Communications Manager are currently reviewing the future Protected budget requirements of the Communications Unit and plan to submit a Business Case to a future Strategy Team meeting to address this permanent budget pressure.
- ii) A net underspend of £134,800 occurred on employee related budgets for the Crime and Intelligence (CIS4) training programme. The delay in fully implementing the CIS4 programme was due to difficulties in producing a system that was capable of delivering acceptable standards to the force. The £134,800 therefore requires carrying forward into 2006/07 in order to fund the training commitment.
- iii) The externally funded Impact project has now slipped nationally resulting in the £32,720 underspend needing to be carried over into 2006/07 in order to complete the project.

g) Support Services Branch - £3,049,251 Underspend (13.4%)

- i) A net variance of £2,728k appears on the police pensions budgets within the Revenue account. However, of this, £2,264k will be transferred to the Pensions Reserve in order to fund those officers that initially stated that they intended not to retire during 2005/06 but actually did.
- ii) Premises and Supplies and Services show underspends of £74k and £96k respectively. These represent the remaining balance of the estimated revenue consequences originally totaling £743,140 relating to the capital programme that are not now required.
- iii) The Other Income budget overachieved its target by £241k. This represents the Police Pay Reform Grant settlement that was higher than originally anticipated.
- iv) The Investment Income target of £1,704,920 was exceeded by £607k attributable to another exceptionally good Treasury Management performance by the Finance Unit.
- v) The Police Staff pay budget reflects an overspend of £617k representing the increase in the employers superannuation contribution to 17.3% by the East Riding Pensions Fund with effect from 1 April 2005.
- vi) The Police Uniforms budget is overspent by £164k as a general increase in demand as well as the recruitment of PCSOs. This budget pressure has now been addressed through the Volume Crime/Neighbourhood Policing Business Case approved by Members at the 2006/07 budget meeting.
- vii) The Transport budget is overspent by £101,827 and relates to providing free Humber Bridge passes and the payment of personal tax liability for staff traveling from home to office over the Humber Bridge.

h) Chief Officers - £124,029 Overspend (46.4%)

This overspend is mainly attributable to spending incurred on Supplies and Services relating to; the forces joint contribution towards the cost of hosting the National Black Police Association (NBPA) with the Cleveland Police Authority, charges levied by neighbouring Police forces conducting investigations into the Force and a payment made to the Metropolitan Police towards the funding for the National Public Order Intelligence Unit.

CAPITAL MONITORING

- 12. Appendix F contains overview explanations for the capital outturn variations as well as providing details on the capital slippage requirements from 2005/06 to 2006/07.

RECOMMENDED

- 13. It is recommended that Members:
 - i) Scrutinise the information contained within this report; and

ii) Approve the recommendation to the Police Authority for the following specific carry forwards:

Revenue Budget	- £3,338,920	Protected Budget net underspend to the Investment Reserve
	- £5,833,690	Protected Budget commitments carried forward to 2006/07 Revenue Budget
	- £290,650	Devolved Budget commitments carried forward to 2006/07 Revenue Budget
	- £2,056,835	Devolved Budget net underspend to the Investment Reserve.
Capital Budget	- £1,636,780	Slippage in the programme to be carried forward to the 2006/07 Capital Budget
	- £105,980	Underspend to the Investment Reserve

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Background Information – 2005/06 Year End Closedown file