

1st March 2013

Joint report of the Acting PCC Chief Finance Officer and the Director of Finance

Revenue Monitoring 2012/13

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Purpose of Report

1. This is the sixth revenue budget monitoring report for 2012/13. The report provides a comparison of the actual expenditure and income to 31st January 2013 against the profiled estimate for the same period. The column in Appendix 2 headed 'YTD Spend' shows all invoices processed for payment before the end of January. No provision for commitments is made although the budget profiles used reflect as far as possible the expected pattern of actual payments and receipts.

Decisions Required

2. The PCC is asked to NOTE the contents of the report.

Revenue Monitoring – 31st January 2013

3. The financial outlook for the Force for the current year continues to be positive with the Force continuing its high level of service provision whilst remaining within the approved budget. The £17.8m of savings identified through the Productivity Strategy and removed from the base budget, will be fully delivered this year.
4. As at the end of January 2013 the overall budget is £1.248m underspent against profile, a significant element of which is in staff related costs in both the Office of the PCC (OPCC) and Force budgets. The full year forecast is for the Force to move slightly closer to budget with a year-end underspend of £0.810m, of which £0.503m relates to the OPCC, £0.200m to property savings and £0.107m to capital financing.
5. The report format has been changed to improve clarity between the PCC controlled expenditure and the TVP Operational Budget under the direction and control of the Chief Constable. The "Cost of service" reflects total cost of the services funded by government grants, council tax and specific grant income. The impact of this change in presentation is that the Cost of Service is now £408.410m compared to the previously reported net budget of £371.162; the change of £37.248m representing the reclassification of specific grants.
6. The Force will continue where possible to reduce its planned use of reserve funding within the current year's budget, thus maintaining the level of reserves available for future investment as part of the next budget development cycle.

OPCC Expenditure

7. The budgets of the OPCC are currently forecast to be underspent by around £0.503m at year-end. This reflects the fact that the OPCC support department operational costs are down due to reduced staffing levels together with the costs of the internal audit contract with Oxfordshire CC, the external audit service charges and the annual APA subscription all being lower than last year.

Police Pay

8. Police officer strength at the end of January was on target at 4,183 full-time equivalents (FTE's), compared to the budgeted year end strength of 4,196 FTE's. The Human Resources department is actively managing the recruitment programme in order to support next year's recruitment growth requirement. The intention now is to fully populate the March recruitment, aiming to achieve a year-end strength of circa. 4,218 FTE's with negligible impact on the financial outturn, which is still expected to come in on target.

Police Overtime

9. The overtime expenditure reflects claims to the end of December; indications remain good with a small overall underspend year to date. The close budget management and the impact of the Olympics commitments have effectively controlled the costs across the Force; the budget is anticipated to be fully committed.

Police Community Support Officers (PCSOs)

10. The Force PCSO target strength comprises 417 Grant/TVP-funded and 90 joint partnership funded posts, totalling 507 FTE's. Due to the recruitment profile, PCSO strength at the end of January was slightly below this level at 498 FTE's, including 70 joint funded and 2 fully funded partner posts. However, the addition recruitment planned for March will re-establish PCSO strength at close to target for the year end.

Police Staff

11. The year-end police staff establishment is 2,735 FTE's (excluding SECTU). At the end of January, the Force had 2,503 FTE permanent staff (including maternity but excluding SECTU) and 130 temporary staff; a total of 2,633 FTE's. The actual number of vacancies is now at a similar level to that budgeted for by the Force, albeit that 130 FTEs are temporary staff. The underspend of £0.400m is in relation to the Hampshire Constabulary share of ICT service costs. This underspend is fully negated by an equivalent reduction of recoverable income on the ICT collaboration income budget line under 'Force Income'. The use of consultants and agency staff to maintain ICT performance within Thames Valley is assumed to fully utilise the Thames Valley ICT staff underspend.

Premises Related Expenditure

12. The savings shown on property are predominantly due to the proactive purchase of the previously leased Meadow House site, as part of the Asset Management Plan, which will result in rent savings and an underspend of circa. £0.200m for the year.

Supplies & Services

13. The joint ICT collaboration has identified underspends against programme budgets. The Hampshire element of the savings (£0.400m) will be fully negated by an equivalent reduction of recoverable income. The Thames Valley Police element is being utilised to maintain service delivery.

Olympics

14. The Force was allocated a security grant of £1.8m to facilitate the smooth running of the Olympic Games; the operational delivery of which was a success. In addition the Force provided mutual to the Metropolitan Police during the Olympics for which a separate grant of £0.3m was allocated.

Income

15. As reported above, the ICT department staffing level is under establishment and they are underspending on their programme budgets, creating an underspend on the salaries expenditure budget and supplies & services budget. However, as Hampshire Constabulary is charged on actual expenditure incurred on their behalf and a proportion of the actual staff costs incurred, we will not receive the budgeted level of recoverable income, causing a shortfall on the income recovery line which offsets the forecast underspend reported against the 'Police Staff Pay and Allowances' budget and the 'Supplies and Services' budget.

Capital Financing

16. As previously advised the interest payable on external loans will be £0.107m lower than budgeted for due to the OPCC using internal reserves rather than external borrowing to finance the capital programme.

Improvement and Performance Earmarked Revenue Reserve

17. In May 2012 the Police Authority approved the use of up to £2.385m from the earmarked Improvement and Performance Reserve to invest in specific priority projects to address service performance and delivery issues and to improve the Force's efficiency. This funding will only be drawn where the costs cannot be covered by existing budget allocations.
18. Progress on these initiatives is summarised below.
19. **Child Exploitation - £0.500m over 18 months** – A number of significant ongoing investigations are in place with a senior investigation officer for each, overseen by the Gold and Investigation oversight groups with the first case having proceeded to court.
20. **Burglary (Reading / Slough) - £0.500m over 12 months** – As previously reported, these initiatives are well underway and seeing results with 6 agency staff in place at each location.
21. **Accelerated Return to Work - £0.500m next 5 years** – This project is seeing results with NHS treatment times for 9 cases being reduced through interaction between Occupational Health and NHS representatives. This has been achieved without cost to the organisation. Despite projected spend being limited at this time a further 6 cases remain in the pipeline for consideration with 2 officers and staff already having been returned to work faster than would normally be expected without intervention.
22. **Cedar (alignment of Gazetteers) - £0.1m in 2012/13** – This project has now been rephased into next year as part of the capital programme. No further progress is expected this year.
23. **Estates - Canteen & Kitchen Conversion - £0.350m to £0.410m in 2012/13 / Estates Ascot Police Station - £0.350m to £0.370m** – High Wycombe, Maidenhead and Newbury have all now commenced on site. The first phase of High Wycombe (canteen) will be complete by mid March to enable relocation of the Force CID, with

subsequent phases all complete by the end of April. The first phase of Maidenhead (canteen conversion) will be completed by the end of the current financial year along with substantial progress in other areas with a final completion of work by the end of April. Newbury Locker conversion will be substantially completed by the end of the financial year to enable relocation of lockers into the new facility by mid April.

24. Ascot has been delayed to enable more detailed investigation works to be undertaken, and to defer a start on site until after Royal Ascot, for operational reasons.

Conclusion

25. The Force is now in the last quarter of this financial year. It remains in a strong financial position despite the pressures placed on it, primarily due to the continued restructuring and productivity work. At this time it is expected that the overall budget will be underspent by around £0.810m at year-end, which represents a variation of just 0.20% against the cost of services of £408.410m.

Contact Details

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Thames Valley Police - Revenue Expenditure

Appendix 2

Monitoring Report for the Period: January 2013 Version 2

	YTD Budget £'000	YTD Spend £'000	YTD Variance £'000	Annual Budget £'000	Predicted Outturn £'000	Outturn Variance £'000
PCC Controlled Expenditure						
Office of the PCC						
Police Staff Pay & Allowances	676	517	-159	812	575	-237
Other Employee Expenses	7	2	-6	10	4	-6
Transport Related Expenditure	6	5	0	10	7	-3
Supplies & Services	142	71	-71	188	171	-17
Third Party Payments	66	0	-66	87	75	-12
	896	595	-302	1,107	832	-275
Democratic Representation						
Police Staff Pay & Allowances	36	36	0	62	62	0
Other Employee Expenses	16	1	-16	20	2	-18
Transport Related Expenditure	20	19	0	26	22	-4
Supplies & Services	192	149	-43	231	149	-82
Force Income	0	-25	-25	0	0	0
Interest on Balances	-561	-561	0	-1,400	-1,400	0
	-297	-381	-84	-1,061	-1,165	-104
Other Costs						
Police Staff Pay & Allowances	0	0	0	0	0	0
Other Employee Expenses	5	0	-5	7	0	-7
Supplies & Services	304	129	-175	365	248	-117
Third Party Payments	0	0	0	0	0	0
	310	129	-181	372	248	-124
TVP Operational Budget - Direction and Control of Chief Constable:						
Pay & Employment Costs						
Police Officer Pay & Allowances	180,963	180,895	-68	216,352	216,352	0
Police Officer Overtime	6,542	6,444	-98	8,087	8,087	0
PCSO Pay & Allowances	12,533	12,442	-91	15,118	15,118	0
Police Staff Pay & Allowances	76,341	75,890	-451	90,873	90,473	-400
Temporary or Agency Staff	2,181	2,181	0	2,750	2,750	0
Police Officer Injury/Ill health/Death Pensions	3,493	3,539	46	4,048	4,048	0
Other Employee Expenses	3,681	3,778	97	4,446	4,446	0
	285,734	285,170	-565	341,673	341,273	-400
Overheads						
Premises Related Expenditure	17,302	17,008	-293	24,260	24,060	-200
Transport Related Expenditure	11,434	11,517	82	12,405	12,405	0
Supplies & Services	37,382	37,115	-267	47,989	47,589	-400
Third Party Payments	4,159	4,097	-62	5,840	5,840	0
Force Income	-22,413	-21,732	681	-26,298	-25,498	800
	47,864	48,005	141	64,196	64,396	200
Net Capital Financing Costs:						
Capital Financing	1,565	1,438	-127	4,376	4,269	-107
	1,565	1,438	-127	4,376	4,269	-107
Appropriations to/from Balances:						
Appropriations	-78	-78	0	-2,252	-2,252	0
	-78	-78	0	-2,252	-2,252	0

	YTD Budget £'000	YTD Spend £'000	YTD Variance £'000	Annual Budget £'000	Predicted Outturn £'000	Outturn Variance £'000
Cost of Services	335,995	334,878	-1,117	408,410	407,600	-810
PCC Controlled Expenditure						
<i>Democratic Representation</i>						
Specific Grants	-253	-324	-71	-338	-338	0
	-253	-324	-71	-338	-338	0
Funded By:						
General Grant Income	-202,785	-202,785	0	-234,332	-234,332	0
Council Tax Precept Income	-111,134	-111,134	0	-136,830	-136,830	0
Specific Grants	-33,182	-33,242	-60	-36,911	-36,911	0
	-347,101	-347,161	-60	-408,073	-408,073	0
Total Funding	-347,354	-347,485	-131	-408,410	-408,410	0
Net Revenue Position	-11,359	-12,607	-1,248	0	-810	-810