

Committee(s): Police	Date(s): 7 th December 2012
Subject: Budget Monitoring Second Quarter 2012/13	Public
Report of: Commissioner of Police POL 80/12	For Information
<p style="text-align: center;"><u>Summary</u></p> <p>This report is presented for the information of Members as to the financial position of the Force at the end of Quarter 2 2012/13.</p> <p>This report advises Members that:</p> <p>At the end of Quarter 2 the Force's net revenue expenditure is £1.2M (5%) under profile. The Force continues to exceed its predictions for the reduction in Police Officer strength, and is also holding staff vacancies in anticipation of redeployments arising from the City First Change Programme. The revenue budget is forecast to under spend by £1.8M at the end of 2012/13.</p> <p>At the end of the second quarter the Force's capital expenditure is £0.3M, the majority of which relates to slippage from projects agreed in 2011/12.</p> <p>Recommendations</p> <p>It is recommended that Members note the contents of this report.</p>	

Main Report

Background

1. A joint report of the Chamberlain and Commissioner of Police on the Revenue and Capital Budgets 2012/13 was presented and agreed by this Committee on 5th December 2011. As part of the agreed financial reporting cycle, financial performance at the end of Quarter 2 is monitored against the agreed Revenue and Capital budget.

Current Position – Revenue

2. Details of revenue expenditure and income against profiled budget as at the end of Quarter 2 are set out in Appendix A.
3. Members will note that the Force’s local risk is £1.2M (5%) under spent.
4. With gross expenditure of £100M there are many variances and explanations within the headline figure, but in broad terms Employee costs are under spent by £1.2M due to a freeze on Police Officer recruitment and the holding of vacancies in anticipation of the redeployment of support staff for the City First Change Programme. Police Officer strength is currently below the prediction for this point in the year, leading to an under spend over and above the vacancy factor included in the budget. This is also the case for support staff.

Table 1: Analysis of Employees - Pay costs

	Budget £M	Forecast £M	Actual £M	Variance £M	% Spent
Police Pay	54.5	27.2	25.4	1.8	93%
Support Staff Pay	20.3	9.8	8.4	1.4	85%
Total	74.8	37.0	33.8	3.2	91%
Vacancy Factor	(3.9)	(2.0)	0.0	(2.0)	0
Total	70.9	35.0	33.8	1.2	97%
Other Pay Costs*	0.8	0.3	0.2	0.1	66%
Total	71.7	35.3	34.0	1.3	96%

* Includes Redundancy Provision and centralised Pension Costs

5. Some of the under spend in pay costs is offset by reduced income in relation to the Economic Crime funding, due to difficulties in the recruitment of staff. The Force can only claim actual expenditure from the Home Office and other funding providers, so any reduction in expenditure results in reduced income.
6. The Force has also decided to return to Reserves a provision for potential costs in relation to the lack of charging by the Metropolitan Police for Metnet, of £0.3M.
7. The Force is currently forecasting an under spend at year end of £1.8M (3%). The forecast assumes that pay under spends continue to exceed expectation, in line with the rate of leavers so far this year.
8. At the end of the last quarter it was reported that the Force had an over spend to budget. This was due to difficulties in recording policing activity

to substantiate the claiming of the Dedicated Security Posts (DSP) grant. These difficulties have now been resolved. At the end of quarter 2, the Force is recording below the required hours, but is putting in place a plan to ensure the full annual requirement is fulfilled by year end. Nevertheless, there still remains a risk that insufficient hours will be performed to claim the full grant, depending on operational requirements. To mitigate this risk, performance is reported monthly to the Force's Performance Management Group and a quarterly return is submitted to the Chamberlain's Department.

Current Position – Capital

9. Details of Capital Expenditure to date are set out in Appendix B.
10. Capital expenditure to date is £0.3M against a total budget of £1.1M. Projects totalling £0.4M have been agreed in this financial year, and projects totalling £0.2M have slipped from 2011/12, giving a total approved Capital Programme of £0.6M. A number of projects are due for approval at the Force's Senior Management Board meeting, in order to spend the full Home Office grant for 2012/13.
11. There is therefore a risk that the Force will not spend the full Home Office Capital Grant this financial year. The Force is consulting with the Home Office as to whether the carry forward of unspent Capital Grant allowed at the end of 2011/12 will be repeated for 2012/13. If so, any savings will supplement the Capital Programme for 2013/14.

Consultation

12. The Chamberlain has been consulted in the preparation of this report.

Conclusion

13. The Force Revenue budget is under spent by £1.2M as at the end of Quarter 2. Capital expenditure is £0.3M to date.

Appendices

Appendix A – Revenue Budget Monitoring – Position as at 30 September 2012.

Appendix B – Capital Programme Monitoring – Position at 30 September 2012.

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