

# NORTHERN JOINT POLICE BOARD

## Finance and Policy Working Group

16 November 2009

### REVENUE BUDGET 2010/2011

#### Report by the Chief Constable

Agenda Item	
Report No	

#### **SUMMARY**

To update Members of the Finance and Policy Working Group on progress with the 2020/11 budget.

#### **BACKGROUND**

In late October and early November the Chief Constable and Convener met with the Chief Executives and Directors of Finance of the 4 Constituent Authorities to discuss a way forward with regards to the 2010/2011 revenue budget settlement.

During these meetings there was broad agreement that the authorities would be able to fund the Force at a requisition level no higher than that of 2009/2010. This level of funding will impact on the Force's ability to continue to deliver the current level of service. The following issues were presented during the discussions:

*"The budget presented today has been built taking the following into account:*

- 1. Reference back to budget for 2009/2010 approved by the Northern Joint Police Board in January 2009.*
- 2. Review existing devolved budgets in Force with devolved budget holders asked to identify areas where efficiencies could potentially be made.*
- 3. At same time review of corporate budget areas to identify potential efficiencies/pressures.*
- 4. Review of Police Officer numbers taking additionally funded officers into account.*
- 5. Awareness of the current economic climate and the financial pressures currently inherent within the public sector.*

*In January 2009 Northern Constabulary presented a paper to the Board seeking approval for the 2009/2010 budget and indicating a budget estimate for 2010/2011.*

*The figures presented today for 2010/2011 represent a £189k reduction in the budget level agreed for 2009/2010 and a 3.7% reduction against the indicative budget for 2010/2011 presented to the Board in January 2009 (£2,281m).*

*In order to achieve this position, an efficiency plan detailing cash savings of 4% of the revenue budget is to be considered at the November meeting of the Board. This includes:*

1. *Number of Police Officers to be fixed at 800. Will need to be reviewed throughout the year with reference to secondments and external funding. This represents a reduction of 20 officers against plan for 2010/2011 and limits some of the benefits derived by the Force Review exercise recently undertaken within Force.*
2. *Up to 25 Police Staff posts will have to be removed from the structure or a large number have working hours substantially reduced. Again this will limit the benefits derived from the Force Review exercise as the support structure put in place at this time was seen to be the leanest possible to support the operational structure being introduced. In addition to the posts already identified a voluntary redundancy programme is currently progressing with the intention to have this completed by March 2010.*
3. *To achieve this reduction in support staff we may have to review the Force footprint of operational service delivery. This is seen as a last resort, but is necessary with financial challenges being faced at least until 2014.*
4. *Training will be limited to only that deemed to be essential – this could potentially impact on coverage if skills levels in certain areas are depleted.*
5. *All training provided at locations external to the Force will cease except where the Force has committed to funding. This funding commitment will be reviewed on an ongoing basis.*
6. *Equipment purchases will be limited to only essential replacement – this will limit the force in taking up new technologies which can increase operational effectiveness. At this time it is still intended that investment will be made in Mobile Data and the National Command and Control system.*
7. *Travel will be restricted with the Force seeking to invest capital in Video Conferencing facilities and introducing an attendance by Video Conference policy wherever possible. We are also examining the possibility of sharing VC facilities with other organisations.*
8. *Restrictions are being imposed on overtime. Savings will be generated by the Variable Shift Agreement but we need to have the SCOPE Duty Management system fully operational in order that further savings can be generated.*
9. *All areas of working practice are being reviewed with steps such as restrictions on printing and mileage proposed.*

*It is intended that committed capital investment will be realised, but a reduction in capital requisition is proposed from £1.411m in 2009/10 to £1 million in 2010/11.*

*In addition to the above the Force will also have to manage the following budgetary pressures:*

1. *Pay awards for the years from 1 September 2009 and 1 September 2010 have been agreed for Police Officers.*
2. *A pay award for the year from 1 September 2009 has been agreed for Police staff and this will continue to impact into 2010/2011.*
3. *Both Police Officers and Police Staff are on incremental salary scales with increments due to be paid annually on the anniversary of appointment for Police Officers and on 1 April for Police Staff.*
4. *Utility costs continue to rise at a rate higher than inflation.*
5. *Police Surgeons provision contract will see costs rise in 2010/2011.*
6. *Compliance with legislation such as DDA, Asbestos Monitoring Mechanical and Electrical testing.*

7. *Limited capital availability, which results in higher maintenance costs for both properties and vehicles.*

*At this stage the budget has been presented inclusive of pension estimates for 2010/2011 but all parties are aware that the funding arrangements for Police Pensions will change as from 1 April 2010. The detail is still being discussed by ACPOS, the Scottish Government and COSLA. For this reason a draft requisition table has not been presented as the actual position will be substantially different.*

*Additional uncertainty still exists around elements of ICT costs which were retained by Forces when the service transferred to the SPSA. Work is currently ongoing to rationalise the position with a further transfer to SPSA likely.*

*As can be seen to achieve an overall reduction of £600k from the 2009/10 Budget entails absorbing significant growth pressures encompassing multi year pay award and procurement and supplier costs. It is envisaged that overall requisitions from the constituent authorities will reflect this reduction but actual figures will reflect calculations within the Montgomery formula.”*

## **PROGRESS**

The Force will continue to participate in funding discussions at a national level and will soon begin to prepare submissions for the anticipated 2010 Spending Review. As per previous reviews the submission will encompass the full cost of policing services in Scotland to ensure consistency of approach.

Discussions are reaching a conclusion on the revised funding arrangements for Police Officer pensions and the impact on requisitions and police grant will be presented to a future meeting of the Board. The additional uncertainties around some aspects of ICT related costs remain but are being worked through, although it is anticipated that this will only be concluded for the 2011/2012 financial year.

The Force will continue to work with the Scottish Government and the Treasurer's department to populate requisition tables and a final position will be brought back to the January meeting of this group.

An indicative budget is presented at Appendix 1.

## **RECOMMENDATION**

The Working Group is asked to note the progress currently being made with regard to the building of the 2010/2011 budget and the associated issues and pressures.

**I Latimer**  
**Chief Constable**  
**13 November 2009**

## NORTHERN CONSTABULARY 2009/2010 - 2010/2011 BUDGET ESTIMATE

	2009/2010 Budget Estimate	2010/2011 at 2009/2010 "standstill"	Movement	Original 2010/2011 Budget Estimate	Movement from Original 2010/2011 Budget Estimate
				Presented to NJPB Jan 2009	
Direct Employee Expenses	41,342	42,570	3.0%	42,570	0%
Indirect Employee Expenses	12,135	12,048	(0.7%)	12,650	(4.8%)
Premises Related Expenditure	3,743	3,479	(7.0%)	3,868	(10.1%)
Transport Related Expenditure	1,702	1,508	(11.4%)	1,819	(17.1%)
Supplies & Services	3,927	3,187	(18.8%)	4,064	(21.6%)
Third Party Payments	19	22	15.9%	19	12.0%
Support Services	287	306	6.4%	296	3.3%
<b>GROSS EXPENDITURE</b>	<b>63,154</b>	<b>63,119</b>	<b>(0.1%)</b>	<b>65,286</b>	<b>(3.3%)</b>
Income	(5,630)	(5,630)	0.0%	(5,670)	(0.7%)
<b>NET BUDGET</b>	<b>57,524</b>	<b>57,488</b>	<b>(0.1%)</b>	<b>59,616</b>	<b>(3.6%)</b>
Loan Charges	1,836	1,683	(8.3%)	1,836	(8.3%)
<b>TOTAL</b>	<b>59,360</b>	<b>59,171</b>	<b>(0.3%)</b>	<b>61,452</b>	<b>(3.7%)</b>

(Total less Loan Charges & Members Expenses @ £100k)

**Budget managed by Force**                      **57,424**                      **57,388**

**Reduction from 2009/2010 budget**                      **189**

**Reduction fom original 2010/2011 estimate**                      **2,281**