

NORTHERN JOINT POLICE BOARD

19 JANUARY 2007

Agenda Item	
Report No	

REVENUE BUDGET 2007/08

Report by the Chief Constable

SUMMARY

To present to the Board a draft budget for 2007/08 as approved by the Policy and Finance Working Group on 9 January 2007. The draft budget takes into account uncertainties surrounding the Scottish Police Services Authority (SPSA) transfer

BACKGROUND:

This report with attached appendices represents Northern Constabulary's proposal for its Revenue budget for the financial year 2007/2008.

The proposed budget is at a level equal to the GAE figure approved by the Scottish Executive prior to any adjustment being made for the transfer of Forensic Science Services to the SPSA. Once the budget transfer is agreed this budget will correspondingly be adjusted.

This budget has been built taking into account the costs matched by specific grants for Counter Terrorist Security Advisors and Ports Policing. Only the budget and grant for the Special Constable Co-ordinating Officer has been included at this stage, neither budget or grant for Special Constable Bounty Payments have been included. A budget adjustment will be brought back to the NJPB once these amounts are confirmed.

Staff Costs

Staff cost budgets have been prepared taking into account all incremental payments due during the 2007/2008 financial year and building in pay awards of 2.5% for support staff and 3% for Police Officers, both from 1 September 2007.

No growth has been built into support staff numbers. Full year salary budgets for 720 Police Officers have been incorporated into this submission.

Pensions

Following the implementation of Oracle 11i and the revised coding structure Pension costs are now included within Indirect Employee Expenses.

The 2007/2008 budget for Net Pension Costs has been set at £8.8m this represents an increase of 20.7% on the 2006/2007 budget.

This budget includes the commutation for 23 officers eligible to retire during the 2007/2008 financial year plus £250k to fund ill-health retirements predicted to take place. Although the number of officers eligible to retire in 2007/2008 is not significantly higher than those eligible to retire in

2006/2007 the split across ranks is different with the 2007/2008 eligible officers tending to fall into senior ranks.

In addition members will recall recent changes to the Police Pension regulations whereby new officers now contribute 9% of their salary to the pension scheme rather than 11%. The effect of this reduction for 2007/2008 is minimal but will increase as the service profile of officers changes.

Non-Staff Costs

The following areas will have significant budgetary impact in the 2007/2008 financial year:

- 1. Police Surgeon Fees** – the recently undertaken tendering exercise for provision of Police Surgeon Services has not resulted in any contract award. Consequently to ensure continuity of coverage it has been necessary to enter into negotiations with the current service provider to extend the existing contract. Taking increased activity and inflation increases into account this has resulted in an increase of over 120% on this budget head
- 2. Utility Charges** – members will be aware of the much publicised increases in all utility charges. It is anticipated that this will approximately cost Northern Constabulary an additional £300k.
- 3. Firearms & Shotgun Certificate Income** – budgeted income in 2007/2008 will be £45k lower than 2006/2007. This is due to the cyclical nature of the income with 2007/2008 forming part of years 4 & 5 of a 5 year cycle.

RECOMMENDATION:

The Board is asked to consider the attached papers and approve the 2007/08 revenue budget.

Chief Constable

9 January 2007

2007/2008 Financial Year
Northern Constabulary Revenue Budget

APPENDIX 1

	2006/2007 Revenue Budget	2007/2008 Revenue Estimate	% Increase/ (Decrease)
Direct Employee Expenses	39,321	40,003	1.7%
Indirect Employee Expenses	10,492	11,756	12.0%
Premises Related Expenditure	2,938	3,221	9.6%
Transport Related Expenditure	1,562	1,613	3.4%
Supplies & Services	4,399	4,964	12.9%
Third Party Payments	441	451	2.3%
Support Services	265	265	0.0%
GROSS EXPENDITURE	59,418	62,273	4.8%
Income	(5,023)	(4,707)	-12.3%
Specific grants			
Civil Contingencies Specific Grant	(45)	(50)	11.1%
Special Constables Specific Grant	(110)	(35)	-68.2%
Augmentations	(201)	0	-100.0%
Port Policing Specific Grant	(45)	(45)	0.0%
CTSA Specific Grant	(75)	(75)	0.0%
NIM Specific Grant (brought forward from earlier yrs)	(33)	0	-100.0%
Miscellaneous Specific Grants	(3)	0	-100.0%
Identified Efficiency Savings	162	(1)	-100.6%
NET EXPENDITURE	54,047	57,361	6.1%
Common Police Services	373	373	0.0%
Loan Charges	2,249	2,112	-6.1%
Members Expenses	43	125	190.2%
TOTAL NET BUDGET	56,712	59,971	5.7%
Funded by:			
Police Grant	27,320	29,254	7.1%
Police Grant - Loan charges	1,147	1,077	-6.1%
Civil Defence Grant	55	0	-100.0%
Funded from reserves	479	0	-100.0%
Constituent authorities	27,712	29,640	-100.0%
	56,712	59,971	-299.0%

SUMMARY BUDGET	2006/07	2007/08	Increase	Increase
	£	£	%	£
Grant Aided Expenditure Budget	53,568,000	57,361,000	7.08%	3,793,000
Members Expenses	43,000	124,780	190.19%	81,780
Common Police Services	373,000	373,000	0.00%	0
Loan Charges	2,249,000	2,112,493	(6.07%)	(136,507)
Amount to be funded from balances	479,000	0	-	(479,000)
Total Revenue Budget	56,712,000	59,971,273	5.75%	3,259,273
Less Civil Defence Grant	(54,712)	0	(100.00%)	54,712
Less 51% Police Grant	(27,319,680)	(29,254,110)	7.08%	(1,934,430)
Less 51% Police Grant - Loan charges	(1,146,990)	(1,077,371)	(6.07%)	69,619
Less funded from balances	(479,000)	0	-	479,000
Budget to be met by Constituent Authorities	27,711,618	29,639,792	6.96%	1,928,174

REQUISITION ALLOCATION	2006/07	2006/07	2007/08	2007/08	Increase	Increase
(Excluding Balances)	% applied	£	% applied	£	%	£
Highland Council	79.10%	21,920,473	78.96%	23,404,609	6.77%	1,484,136
Comhairle Nan Eilean Siar	8.90%	2,467,673	8.61%	2,551,840	3.41%	84,167
Orkney Islands Council	5.33%	1,476,682	5.56%	1,648,940	11.67%	172,257
Shetland Islands Council	6.66%	1,846,790	6.86%	2,034,403	10.16%	187,613
Total Police Budget (Including Loans)	100.00%	27,711,618	100.00%	29,639,792	6.96%	1,928,174

GAE COMPARISON	2006/07	2006/07	Excess
(Expenditure ex. Loans)	GAE	Budget	Over GAE
	£000	£000	%
Highland Council	41,746	42,383	1.53%
Comhairle Nan Eilean Siar	4,821	4,773	(1.00%)
Orkney Islands Council	3,096	2,850	(7.96%)
Shetland Islands Council	3,905	3,562	(8.78%)
Total GAE Expenditure	53,568	53,568	0.00%

2007/08	2007/08	Over/(under)	Over/(Under)
GAE	Budget	GAE	GAE
£000	£000	%	£000
44,701	45,303	1.35%	602
5,162	4,940	(4.30%)	(222)
3,315	3,187	(3.87%)	(128)
4,182	3,930	(6.01%)	(251)
57,361	57,361	0.00%	0

Summary Budget

Compares budgeted expenditure with the previous year - showing an overall percentage increase of 5.61%

Requisition Allocation

Shows each constituent authorities' share of the budgeted expenditure and compares it with the previous year
The requisition split is based on the approved Montgomery Allocation and is based on the out-turn for 2005-06

GAE Comparison

Compares budgeted expenditure with GAE for each constituent authority for both 2006/07 and 2007/08
The Force expenditure budget is allocated according to the Montgomery formula - ie based on the out-turn for 2005/06