

**NORTHERN JOINT POLICE BOARD**

**18 JANUARY 2008**

Agenda Item	
Report No	

**REVENUE BUDGET 2008/09**

**Report by the Chief Constable**

**SUMMARY**

To present to the NJPB, for approval, a draft budget for 2008/2009 taking into account uncertainties surrounding the Scottish Police Services Authority transfer.

**BACKGROUND**

At the meeting of the Finance and Policy Working Group on Tuesday 8 January 2008 Members agreed to recommend approval of the draft revenue budget for 2008/2009. The supporting papers submitted to the Finance and Policy Working Group are attached.

**RECOMMENDATION**

The Board is asked to consider the attached papers and approve the 2008/09 revenue budget.

**I Latimer  
Chief Constable**

**11 January 2008**

**NORTHERN JOINT POLICE BOARD**

**Finance and Policy Working Group**

**8 January 2008**

Agenda Item	
Report No	

**REVENUE BUDGET 2008/2009**

**Report by the Chief Constable**

**SUMMARY**

To present to the Finance and Policy Working Group a draft budget for 2008/2009, taking into account uncertainties surrounding the SPSA transfer, and ask that this be approved for presentation to the full meeting of the NJPB.

**BACKGROUND**

This report with attached appendices represents Northern Constabulary's proposal for its Revenue budget for the financial year 2008/2009. The budget presented reflects an increase of 3.1% over 2007/2008 (the budget breakdown across expenditure categories is detailed at appendix 1). The on going Force review will generate efficiencies which will subsequently be redirected to increase the number of operational police officers – full details will be brought back to the NJPB at a later date.

This budget submission has been made assuming a position which rolls forward that of 31 March 2008. There is still some uncertainty around the following areas:

1. The GAE position for 2008/2009 and the two subsequent financial years
2. The position regarding the transfer of IT and Communications staff and associated budgets for ongoing service provision to SPSA (Scottish Police Services Authority)
3. Capital Grant currently with Local Authorities and no longer ring fenced

Whilst the budget and associated requisition table is presented based on the current information and assumptions any subsequent amendments, which may result in significant budget variations throughout the year, will be reflected in ongoing monitoring reports and brought back to the NJPB. These variations may have a financial impact on the constituent authorities.

**Staff Costs**

Staff cost budgets have been prepared taking into account all incremental payments due during the 2008/2009 financial year and building in pay awards of 2.5% for support staff and 3% for Police Officers, both from 1 September 2008.

Full year salary budgets for 730 whole time equivalent (WTE) Police Officers have been incorporated into this submission. Due to funded secondments and specific grants for officer posts the number of WTE officers in post will be higher than 730.

## Pensions

The 2008/2009 requirement for Net Pension Costs is £9.045m. This represents a 2.7% increase over the 2007/2008 Pensions budget. (Estimated out-turn for pensions costs in 2007/2008 is £8.985m)

This budget includes the commutations for 22 officers eligible to retire during the 2008/2009 financial year. Recurring pension costs for officers eligible to retire in 2008/2009 have been included for 6 months of the year. £250k has been built in to provide for the costs of officers retiring on ill-health

Pension contributions for all new officers have been built in at 9.5%. As the balance of officers on the old and new scheme shifts we will begin to see the impact on this in terms of income budgets.

## Non-Staff Costs

The following areas within non-staff costs will have a significant budgetary impact in 2008/2009:

- **Premises Costs** – this area of the budget is showing an increase of 1.9%. This increase reflects increases in line with inflation and service provision across all areas but also a reduction of £100k in respect of works associated with DDA (Disability Discrimination Act) compliance reflecting the amount of work which has previously been undertaken in this area.
- **Supplies & Services**
  - **Police Surgeon Fees** – the costs associated with the provision of Police Surgeon Services are anticipated to rise by 23.3% in 2008/2009. This takes into account the extension to the current contract for services within the mainland and individual contracts for each of the three islands. The provision of services within the mainland will be subject to tender during 2008.
  - **Uniforms** – following a national tendering exercise for the provision of police uniforms it is anticipated that costs in this area will increase by 5% in 2008/2009.
  - **Interpreter's Fees** – this area of the revenue budget is anticipated to increase by 5% in 2008/2009 due to the additional volume of work being undertaken by interpreters.
- **Third Party Payments** – whilst this area is showing a reduction of 3.6% it should be put into context that this is only a reduction of £600 and relates to the provision of forensic science services which are not now included within the budget.

## **Income**

The income budget is showing a decrease of 4.4% on the 2007/2008 working budget figure. This decrease has arisen for two reasons. Firstly provision has previously been made for income relating to an officer on long term secondment – this officer will retire before the commencement of the 2008/2009 year and subsequently no income will be generated.

Secondly there has been an adjustment made to the income generated in respect of new officers transferring in accumulated pension rights. At the beginning of any financial year we have never budgeted for transfers in or out of the Police scheme. During 2007/2008 the pensions budget was realigned to take account of these costs.

We are intending to start 2008/2009 with a nil budget for income and expenditure related to transfers in and out of the pension scheme and will monitor this on a monthly basis and realign as required.

## **Capital Grant**

Members should note that £1.485m in respect of capital has been included within the local authorities settlement figures and detailed in the requisition table appended to this report. In the past capital grant has been paid monthly to Police along with Police Revenue Grant direct from the Scottish Executive – following the removal of the ring-fencing of Police capital grant it is necessary for the 2008/2009 financial year to requisition local authorities in order that the funding can be transferred.

## **Requisition Table**

The requisition table prepared by the Treasurer is attached at appendix 2. The table compares the proposed requisition for 2008/2009 with that set for 2007/2008. As with this year there was considerable uncertainty about aspects of the settlement when the table was approved last year. Adjustments totalling £1.445m were made during the financial year in respect of Common Police Services and the Forensic Science Service. This year, as explained above, Police Capital Grant is no longer ringfenced and now requires to be requisitioned. The overall result of the proposed budget plus the adjustments is an increase of 4.89% in the total being asked from authorities.

### **RECOMMENDATION**

The Working Group is asked to consider the attached papers and recommend approval of the 2008/2009 plan to the Board.

**I Latimer**  
**Chief Constable**

20 December 2007

**NORTHERN CONSTABULARY  
2008/2009 FINANCIAL YEAR  
REVENUE BUDGET**

	<b>2007/2008 Budget</b>	<b>2008/2009 Budget Estimate</b>	<b>% Inc/ (Dec)</b>
Direct Employee Expenses	39,861	40,947	2.7%
Indirect Employee Expenses	11,987	12,189	1.7%
Premises Related Expenditure	3,293	3,355	1.9%
Transport Related Expenditure	1,543	1,582	2.5%
Supplies & Services	4,751	4,982	4.9%
Third Party Payments	17	16	(3.6%)
Support Services	269	276	2.5%
<b>GROSS EXPENDITURE</b>	<b>61,722</b>	<b>63,348</b>	<b>2.6%</b>
Income	(5,308)	(5,074)	(4.4%)
<b>NET BUDGET</b>	<b>56,414</b>	<b>58,273</b>	<b>3.3%</b>
Loan Charges	2,112	2,042	(3.3%)
<b>TOTAL REVENUE BUDGET</b>	<b>58,527</b>	<b>60,316</b>	<b>3.1%</b>
* Capital Grant	-	1,485	
<b>BUDGET TO BE REQUISITIONED</b>		<b>61,801</b>	

\* Previously transferred direct to Police - now within Local Authority settlement

SUMMARY BUDGET	2007/08	2008/09	Increase	Increase
	£	£	%	£
<b>Police Budget</b>	<b>57,361,000</b>	<b>58,173,312</b>	<b>1.42%</b>	<b>812,312</b>
Members Expenses	124,780	100,000	(19.86%)	(24,780)
Common Police Services	373,000	0	(100.00%)	(373,000)
Loan Charges	2,112,493	2,042,197	(3.33%)	(70,296)
Capital Grant	-	1,485,000	-	-
<b>Budget after Capital Grant</b>	<b>59,971,273</b>	<b>61,800,509</b>	<b>3.05%</b>	<b>1,829,236</b>
Less 51% Police Grant	(29,254,110)	(29,668,389)	1.42%	(414,279)
Less 51% Police Grant - Loan charges	(1,077,371)	(1,041,520)	(3.33%)	35,851
<b>Budget to be met by Constituent Authorities</b>	<b>29,639,792</b>	<b>31,090,599</b>	<b>4.89%</b>	<b>1,450,808</b>

REQUISITION ALLOCATION	2007/08	2007/08	2008/09	2008/09	Increase	Increase
	% applied	£	% applied	£	%	£
Highland Council	78.96%	23,404,609	79.11%	24,595,348	5.09%	1,190,739
Comhairle Nan Eilean Siar	8.61%	2,551,840	8.77%	2,725,868	6.82%	174,028
Orkney Islands Council	5.56%	1,648,940	5.52%	1,715,259	4.02%	66,319
Shetland Islands Council	6.87%	2,034,403	6.61%	2,054,123	0.97%	19,720
<b>Total Police Budget (Including Loans)</b>	<b>100.00%</b>	<b>29,639,792</b>	<b>100.00%</b>	<b>31,090,599</b>	<b>4.89%</b>	<b>1,450,807</b>

REQUISITION ALLOCATION excluding Capital Grant	2007/08	2007/08	2008/09	2008/09	Increase	Increase
	% applied	£	% applied	£	%	£
Highland Council	78.96%	23,404,609	79.11%	23,420,349	0.07%	15,740
Comhairle Nan Eilean Siar	8.61%	2,551,840	8.77%	2,595,868	1.73%	44,028
Orkney Islands Council	5.56%	1,648,940	5.52%	1,633,259	(0.95%)	(15,681)
Shetland Islands Council	6.87%	2,034,403	6.61%	1,956,123	(3.85%)	(78,280)
<b>Total Police Budget (Including Loans)</b>	<b>100.00%</b>	<b>29,639,792</b>	<b>100.00%</b>	<b>29,605,600</b>	<b>-0.12%</b>	<b>-34,192</b>

**Summary Budget**

Compares budgeted expenditure with the previous year - showing an overall percentage increase of 4.89%

**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 2006-07