
Report by the Chief Constable

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REVENUE AND CAPITAL MONITORING REPORT 2010/11**1. Introduction**

1.1 The Board has delegated the financial management to the Chief Constable, subject to satisfactory monitoring and reporting procedures. This report details the Revenue and Capital Budget position of the Board for the period ending 30 November 2010.

2. Revenue Expenditure

2.1 The Board has incurred Gross Expenditure, in the period to 30 November 2010, of £144.519 million which represents an underspend of £0.844 million (0.6%) compared to the phased budget.

The main reasons are:

- Police pay underspend is currently £0.729 million. This position arises mainly from a reduced overtime requirement to fund major crimes from the central fund and the police officer recruitment freeze implemented due to the uncertainty of the funding position for 2011/12. Following the budget announcement in November 2010, with the need to maintain police numbers, plans are in place to recruit probationer constables in February/March 2011.
- Police Staff overspend of £0.194 million is mainly due to backdated payments being made in respect of successful job evaluation appeals. The full impact of this payment reduces due to the savings being generated by a recruitment freeze. The recruitment freeze was implemented to ensure the outcomes of restructuring under the Transforming the Service project were considered before filling vacant posts. The project has the potential to increase the redeployment requirements and existing vacant posts could accommodate displaced staff. The Board is currently in the process of offering voluntary redundancy/retirement to police support staff and the impact of the one-off payment is included in the full year projection.
- Police Pensions are underspent by £0.196 million mainly due to 6 actual ill-health retirements compared to a year-to-date budget of 10.
- Running costs currently has an underspend of £0.113 million.

2.2 Income for the 8 months to 30 November 2010 is £148.734 million, representing an improvement of £0.393 million (0.3%) to budget. This is mainly due to a favourable variance on the recovery of costs in respect of seconded officers and insurance recoveries.

2.3 Summary and Projection

The full year financial projection anticipates a surplus of £0.786 million compared to the budget set by the Board on 25 January 2010. The forecast includes a provision to fund the police staff voluntary redundancy scheme by utilising in-year cashable savings.

The audited general reserve brought forward from last year is £10.019 million and includes the reserve for police pensions of £4.701 million together with the 2009/10 underspend carry-forward requirement of £0.579 million.

The £4.701 million in respect of the police pension reserve has been transferred to the new Police Pensions Account. Assuming the outturn for 2010/11 is a surplus of £0.786 million there will be a projected unallocated general fund balance of £5.525 million available to meet future financial pressures.

2.4 Projection Assumptions/Risks

The full-year projection as at 30 November 2010 anticipates that the outturn will be a surplus of £0.786 million to the approved budget set by the Board. Risks that might impact upon this estimate being achieved are:

- Number of ill-health retirements exceeds the annual budget of 15 and the capital equivalent payment rate is higher than planned.
- Operational demand is higher than planned with the number and complexity of major incidents putting pressure on the ability to achieve the forecast.
- Externally funded secondments (i.e. SCDEA, Police College) come under financial pressure and officers are required to return to the Force with insufficient posts available in the short term.
- Additional funding for significant resource intensive operations is not forthcoming (e.g. Exercise Castle Rock, Papal Visit).

3. Capital Expenditure

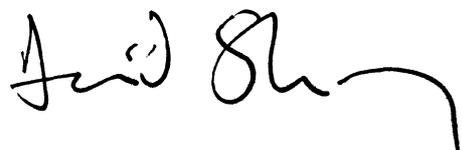
3.1 The Board has incurred expenditure of £2.206 million for the 8-month period.

3.2 The Capital Investment Programme approved on 25 January 2010 was based on planned expenditure of £4.329 million in the 2010/11 financial year. Due to slippage on various property projects and the data network upgrade in 2009/10, the sum of £1.212 million was identified as requiring to be carried forward into 2010/11. The carry forward requirement leads to a revised capital expenditure plan of £5.541 million in 2010/11.

3.3 The planned funding of the revised capital investment programme is £1.212 million prudential borrowing, £4.229 million capital grant allocation and £0.100 million of capital receipts. As previously reported the borrowing requirement in 2010/11 is purely due to project slippage in the 2009/10 financial year and remains within the overall prudential borrowing limits approved by the Board.

4. Recommendation

4.1 That the Board notes the report.

A handwritten signature in black ink, appearing to read 'David Strang', with a long horizontal flourish extending to the right.

David Strang
Chief Constable

20 January 2011