

**PART ONE**

**To: Surrey Police Authority**  
**Date: 11<sup>th</sup> February 2008**  
**By: Director of Finance & Services**  
**Title: Financial Report Month 8**

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**Purpose of Report/Issue:**

This report presents the financial position at month 8.

**Summary:**

The revenue forecast at month 8 is £194.4m which is within the approved revenue budget for the year of £196.4m. Capital expenditure of £8.9m has been committed in 2007/08 against a budget of £17.5m.

The report has been considered by the Finance and Performance Panel.

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**Recommendation(s) –**

The Authority is requested to;

- Note the revenue outturn position, the consequential transfer to General Balances and Grants received – revenue appendices 2 & 5.
- Approve the proposed virements in revenue appendix 6.
- Note the capital expenditure position including details of the receipts, revenue contributions and financing of the programme – capital appendices 1 & 2.
- Note the position on the balance sheet items within the report and at balance sheet appendices 1, 2 & 3.

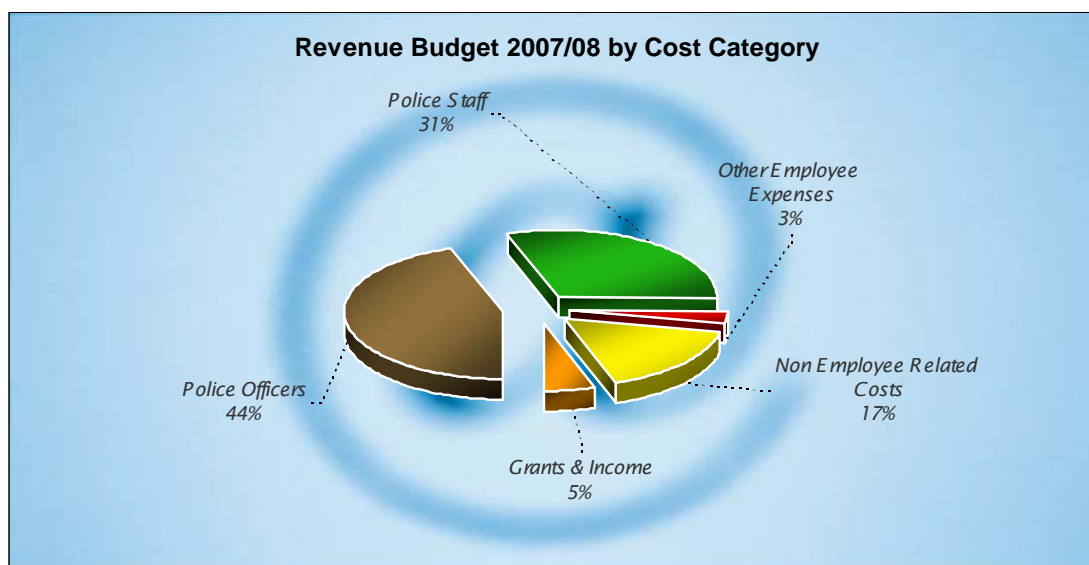
## 1 Introduction

1.1 The report contains the following;

- The actual revenue expenditure against the annual budget and the effect variances have on the local and general balances.
- Employee numbers for police officer and police staff by month.
- The capital expenditure as at month 8 and how the capital programme is financed.
- The balance sheet items that are termed working capital such as the cash position, accounts payable and receivable and a table on the usable reserves.

## 2 Revenue Position

2.1 The graph below provides the split of financial resources into the main categories of expenditure to put the budget into context.



2.2 In revenue appendices 1 – 3 are a graph showing the actual spend by month against the annual budget with the actual spend for 2006/07 for comparison, a table showing the position for each budget holder with a further table on the actual spend by cost category. At month 8 the forecast outturn position is £194.4m, £2m below the agreed revenue budget for 2007/08.

2.3 The salary award for Police officers has been agreed at 2.5% which has a beneficial effect on the overspends reported by the Divisions as the

budget for this year assumed an award of 3%. Likewise the Home Secretary's decision not to backdate the award will have a beneficial effect on this year's budget. In total the impact on the salaries for Police Officers is a favourable variation of £0.75m which has been reflected in the figures contained in revenue appendix 2 attached. After allowing for the reduced impact of the pay award three of the Divisions are still showing overspends:

- North Surrey are predicting an overspend on Police Officers salaries and overtime of £0.32m primarily as a result of a high level of vacancy cover combined with unexpected operations including force level cover for the Foot and Mouth incidents and Airport security. Increased costs for Paramedics and Interpreters have contributed to an overspend within Supplies and Services of £0.35m.
- West Surrey are predicting an overspend on Police Officers of £0.3m, due in part to an ongoing rape investigation. The overspend is being offset by savings of £0.34m on Police Staff as a result of the freeze on recruitment. Other Services is predicted to overspend by £0.15m as a result of higher demand.
- North West Surrey are predicting an overspend on Police salaries and overtime of £0.35m as a result of excess Officer numbers in the earlier part of the year, which was partly addressed by the re-allocation of officers via the Targeted Neighbourhood Policing Board. The predicted overspend is partly offset by a saving on Police Staff of £0.2m arising from the freeze on recruitment.

2.4 East Surrey are predicting an underspend on Police Officer salaries of £0.1m as a result of the recent pay settlement. Crime is showing a predicted underspend on Police Officers of £0.2m and Staff of £0.1m both due to vacancies. The excess Police Officers in Operations Support and the extra overtime being worked in CRB has produced an overspend

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within Operations Support of £0.3m, which is more than offset by an underspend on staff, including temporaries, of £0.7m and increased income from CRB checks of £0.1m.

2.5 SSD Staff vacancies and lower spend on MOPI have resulted in a forecast underspend of £0.4m.

2.6 The ICT costs relating to the BCU restructure have resulted in Corporate showing a predicted overspend of £0.2m.

2.7 Overall net expenditure is predicted to be £2m below the budget of £196.4m which is as a result of the savings plan instigated earlier in the year.

2.8 As shown in the graph on page 2 employee costs account for 78% of the Force budget – a comparison of the actual numbers of police officers and staff against the budgeted establishment is provided at revenue appendix 4, together with the numbers from 2006/07 for comparison. Police officers numbers have remained below budget levels so far this year but are forecast to be at or near the budget towards the end of the financial year. Police staff numbers are also currently below budget levels and are forecast to remain so, albeit the gap between budget and actual numbers is forecast to reduce significantly by the end of the financial year.

2.9 The main revenue grants that fund the budget are detailed in revenue appendix 5 together with the specific grants that are to be received during the year.

### **3 Virements**

3.1. Virements are an essential part of financial management, Financial Regulations state that all movements over £0.1m are to be authorised by the Police Authority.

3.2. There have been further requests for virements since those reported at M4 which require approval and these are detailed in revenue appendix 6.

3.3. The first one is the implementation of the results of the Targeted Neighbourhood Policing Review and the second relates to the release of Invest To Save funds, provided by central government, in respect of Dedicated Detention Officers.

#### **4 Capital Position**

4.1 The Authority has approved an overall “funding envelope” for new capital projects in 2007/08 of £12m. This combined with the brought forward budget of £5.5m amounts to a total capital budget of £17.5m. Under the new “gateway” process for capital schemes the Project Programme & Capital Board has released £16.7m to date therefore £0.8m awaits PPCB approval. Capital expenditure of £8.9m has been committed in 2007/08, of which £3.6m relates to outstanding orders. Capital appendices 1 and 2 contain a detailed breakdown of the capital expenditure and financing for 2007/08.

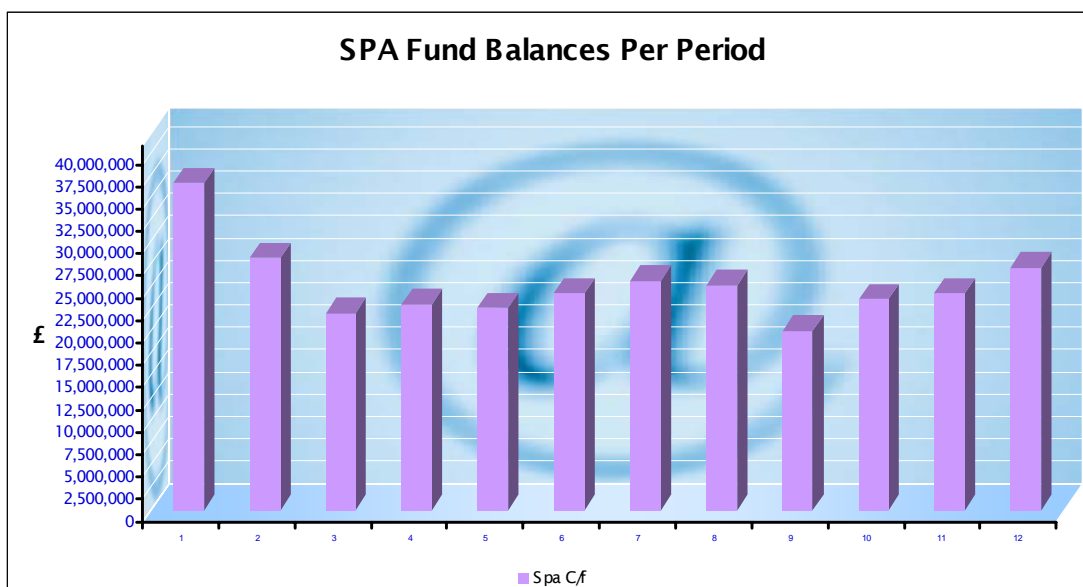
4.2 The highlights of progress to date with the capital programme include the completion of the European tendering process by Sussex in relation to Internet Video Surveillance (Q1003) which will enable Surrey to use the framework agreement to purchase the necessary equipment which will be actioned shortly, the Archive Facility (R3009) was occupied in October 2007 and the installation of Image Recording within RPU Patrol Cars (P1004) was undertaken in December.

4.3 As at the end of month 8, net capital receipts of £4.3m have been generated. These receipts arose from the sale of 14 houses (£3.9m), against an annual target of £4m, and the realisation of 11 equity investments (£0.4m) made under the Housing Equity Scheme.

## 5 Balance Sheet

5.1 Balance Sheet appendices 1, 2 and 3 provide the balance for each usable reserve as well as the balance of the reserves over the last five years, with the Accounts Payable and Receivable Performance.

5.2 The cash flow table below demonstrates the actual sums for the year to date and estimates to the year end; the actual balance at 30<sup>th</sup> November 2007 was £24.9m.




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### Attachments:

**Appendices pack**

- Revenue Appendices 1- 6
- Capital Appendices 1- 2
- Balance Sheet Appendices 1- 3

### Contact details –

**Name:** Paul Bundy  
**Job Title:** Head of Finance  
**Telephone number:** 01483 482110  
**Email address:** bundy7922@surrey.pnn.police.uk

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