



# Agenda

22 June 2010

## FINANCE COMMITTEE

Bridgebury House, Woburn Road, Kempston, Bedford MK43 9AX

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For further information, or to see the papers, please contact the Police Authority:



**CALL Janet Wardell** on (01234) 842066



**IN PERSON, (by appointment)** 9am to 5pm, Monday to Friday



Bridgebury House has facilities for disabled people.

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To: **Members of the Bedfordshire Police Authority**  
**Finance Committee**

(Mr T Brown, Mr P Conniff, Mrs F Chapman, Mrs L Hockey, Mrs K Malik and Mr M Pantling,

A meeting of the **FINANCE COMMITTEE** of the **Bedfordshire Police Authority** will be held at **Bridgebury House, Woburn Road, Kempston**, at **10.00 am** on **Tuesday 22 June 2010**

**JANET WARDELL**  
Member Services Support Manager

## AGENDA

(\*indicates that a supporting document accompanies this Agenda)

**1. To confirm the minutes of the meeting of the Finance Committee held on 27 January 2010**

By Chairman - minutes\* ( Pages 5 -14)

**2. Matters Arising**

Status Report on the Progress of the actions arising from the last meeting (Pages – 15 -16)

**3. Declarations of Interest**

To receive any personal or prejudicial interests from Members

**4. Lead Member Scheme**

Oral Report of Chief Executive

**5. 2009/10 Revenue Budget - Final Outturn and Outcomes**

Joint report\* of the Chief Constable & Chief Executive/Treasurer (Pages 17 -30)

**6. 2009/10 Capital Programme – Outturn, Outcomes and Financing**

Joint report\* of the Chief Constable & Chief Executive/Treasurer (Pages 31 – 38)

**7. Report on Planned Minor Works and Sustainability**

Report\* of the Chief Constable (Pages 39 – 44)

**8. 2009/10 Treasury Management - Annual Report**

Report\* of the Chief Constable & Chief Executive/Treasurer (Pages 45 – 52)

**9. Statement of Accounts 2009/10**

Report \*of the Chief Executive/Treasurer (To follow)

**10. Police Property Regulations 1997 – Annual Report of Nominated Organisation**

Report\* of the Chief Executive (Pages 53 -62)

**11. Revenue Budget and Capital Programme 2010/2011- Performance**

a) 2010/11 Budget Reductions -Report of the Chief Executive (To Follow)

(b) Revenue Budget – Report\* of the Chief Constable (Pages 63-74)

(c) Capital Programme - Report\* of the Chief Constable (Pages 75-86)

**12. Treasury Management - Operations Report**

Report\* of the Chief Constable (Pages 87-94)

**13. Medium Term Financial Strategy – 2011/12-2013/14**

Report\* of the Chief Executive/Treasurer & Chief Constable (Pages 95-102)



**FINANCE COMMITTEE**

**27 January 2010**

**PRESENT**

Mr T Brown (In the Chair)

Mr P Conniff and Mr M Pantling, Mrs L Hockey

Mrs P Fletcher, Mrs K Johnson and Mr J Williams also attended the meeting.

**10/QF/1 DRAFT CAPITAL PROGRAMME – 2010/2011 – 2012/2013**

The Chief Executive/Treasurer and Chief Constable submitted a joint report setting out a revised Draft Capital Programme for 2010/2011 – 2012/2013.

The Assistant Director (Resources) advised that the capital programme now also included the addition of a project within IT to aid the creation of digital evidence for the Criminal Justice Department. This was subject to the Committee approving a business case prior to commencement of the scheme.

During the discussion on the detail of the programme Members welcomed the increase in the minor works programme to drive forward improvements in the environmental aspects of the Estate. A Member sought clarification as to why the CCTV upgrade for the Custody Suites had slipped to 2011/12 as she had understood that this was to be progressed before 2011/12.

The Chief Constable advised in the light of the current financial position all capital projects had recently been reviewed by the Senior Leadership Team (SLT) Each project was required to be supported by a business case setting out the costs; benefits priorities and risks. The Senior Leadership Team had prioritised the projects based on the business case. In the case of the upgrading of CCTV further work was required on the business case around the cost implications and once this had been clarified the Senior Leadership Team would again review the project's position in the capital programme. It was however intended that a review of the existing equipment would be undertaken to ensure any existing risks were minimised as far as possible.

Members expressed disappointment that notification of this had not been communicated sooner and the Chief Constable accepted this point.

Members of the Committee gave their support for the project to be undertaken earlier and asked that the business case be reviewed as soon as possible and ensure that it included the concerns expressed by Authority's Independent Custody Visitors and the Health and Safety obligations for both the Authority and the Force in respect of the safety of detainees and Custody Staff.

### **RECOMMENDED**

**That the Committee recommend to the Police Authority that the Capital Programme for 2010/11 to 2012/13 totalling £29.619M be approved, subject to business cases being approved for new schemes with a total cost of over £0.250M.**

### **RESOLVED**

That the business case for the upgrading of CCTV be reviewed as soon as possible and if it becomes a priority would be brought forward to 2010/11.

## **10/QF/2 REVENUE BUDGET 2010/11**

The Chief Executive/Treasurer and Chief Constable presented a joint report which provided all the relevant information to assist the Committee in considering the Revenue Budget for 2010/2011 and making recommendation to the Police Authority at its meeting on 12 February 2010.

It was noted that all considerations were based upon the Provisional Finance Settlement and therefore could be subject to change. It was also noted that confirmation of certain specific grants was still awaited.

Based upon the current priorities and risks for the Authority the report set out the savings and investment options of Council Tax increases between 2 and 4%.

The savings and essential growth items were detailed as Appendices to the report. A list of the current level of reserves was also appended to the report. The reductions being considered were common in all four options, with the variations centring around the level of investment that the Authority and Force were prepared to make into priority areas such as Serious and Organised Crime and Protecting Vulnerable People.

In considering the Revenue Budget 2010/11 a review was being undertaken on the work to deliver against the IMPACT programme, including Police National Database (PND), Identity Access Management (IAM) and Management of Police Information (MOPI). The review, subject

to prioritisation with other business change activities, may require some one-off investment over the next two financial years which would provide the force with the ability to comply with PND and deliver against IAM and MOPI. In addition it could provide for ongoing savings that may exceed the one-off investment. It was therefore proposed that the business case, when finalised be considered by Members with a view to the possibility of using general reserves in this invest to save initiative.

The report also reminded members that at the Authority's meeting on 11 December 2009, the Medium Term Forecast, albeit recognising that there were a number of areas that were unknown due to there being no Comprehensive Spending Review, highlighted a significant funding gap of some £7M.

Recognising this longer term financial position, Members were advised that the 2010/11 budget had been compiled to provide for value for money initiatives to be undertaken that would provide options to meet budget reductions in the future years. These initiatives included the continuation of Quest in three specific areas, these being: Neighbourhood Policing, Defendant Management and Intelligence. Local and regional collaboration opportunities would also continue to be pursued building on the realisation of benefits this has delivered over the past two financial years.

Prior to the Committee the Chairman of the Authority held informal discussions with all Members on the Draft Budget and on the results of the budget survey undertaken in Bedfordshire.

The Chief Executive confirmed that the focus of the discussion at the Members seminar having considered the priorities and risks was to keep the level of Council Tax increase between 3% and 3.5%. Members had discussed the investment included in the 3.5% which provided all of the investment of the 3% option but also included the ability to create a small tasking and co-ordinating fund which had already produced significant performance benefits during 2009/10.

Members were mindful of the budget consultation results and capping regime when debating the utilisation of reserves to fund the set up of the Tasking and Coordinating fund and were assured that if this were to be the case the resulting balance of reserves would remain at the prudent level.

Having taken into account the views of those Members attending the Budget seminar the Committee agreed that a one off £150k from reserves could be utilised to fund the tasking and co-ordinating fund. This then provided the opportunity to achieve appropriate increased net additional investment as set out in the 3.5% Council Tax increase budget option. Members also agreed to consider releasing further funding during the course of the year should additional efficiencies be gained.

The Committee also took assurance that efficiencies within the budget option provided delivery of the Strategic priorities, the confidence agenda and the policing pledge

The Chief Executive/Treasurer advised that the principles around capping were still not known but were likely to apply to both budget requirement and precept, as imposed in recent years.

### **RECOMMENDED**

**1. That a Budget requirement for 2010/11 arising from an increase in Council Tax of 3.0% be recommended to the Police Authority at its meeting on 12 February 2010.**

**2. That £150k from reserves be utilised to fund the tasking and co-ordinating fund as set out in the 3.5% Council Tax increase, budget option, and that further funding from reserves be assessed during the course of the financial year, based upon the utilisation and outcomes of the fund.**

It was also

### **RESOLVED**

That the Committee receive a separate report on the invest to save initiative in relation to the IMPACT programme when appropriate.

### **010/QF/3 TREASURY STATEMENT 2010/2011**

The Committee considered a draft Treasury Statement incorporating the strategy for 2010/11.

The Assistant Director (Resources) orally reported that to reflect recent changes in ownership of some banks Abbey PLC would be substituted by Santander on the lending list appended to the Strategy

In discussing the content of the Strategy Members agreed that there should be a specific reference to the Governance arrangements when using external organisations for borrowing and investing. It was also agreed to incorporate reference to the fact that Officers sought advice from more than one source when looking at borrowing and investment options.

The Chief Executive advised she was in the process of arranging specific training for Finance Committee Members around Treasury Management and Statement of accounts and it was hoped that this would take place in June of this year.

## **RECOMMENDED**

**That subject to the inclusion of the matters identified above Treasury Strategy Statement for 2010/2011 be approved.**

### **010/qf/4 MINUTES**

The minutes of the meeting of the Committee held on 1 December 2009 were confirmed.

### **10/qf/5 MATTERS ARISING**

#### **09/qf/38 Finance Committee – Risks**

The Chief Executive advised that the a letter of representation to the Government had been sent seeking additional funding for the airport until the appropriate legislation was passed which would remove this responsibility from the Authority. However in the light of any views expressed by the National Coordinator of Policing in response to the current heightened threat levels a further letter may be sent if the policing at the airport needs to be increased.

The Chief Constable advised that the new legislation had also made provision for the Police Authority to be represented on the airport security group.

#### **09/q/42 Estates Strategy – Progress Report**

It was noted that a meeting of the Estates Working Group had not yet been arranged. The Assistant Director (Resources) advised that the major work being undertaken in Estates related to the creation of the Criminal Justice Centre and if members considered it necessary for a meeting of the Group would be arranged.

### **10/qf/6 DECLARATION OF INTERESTS**

There were no declarations of personal or prejudicial interests from Members

### **10/qf/7 REVENUE BUDGET AND CAPITAL PROGRAMME 2009/2010**

The Committee considered reports by the Chief Executive and Chief Constable on the implementation and management of the 2009/2010 Revenue Budget and the Capital Programme.

#### **Financial outlook**

The Chief Executive/Treasurer summarised the current position with regard to expenditure within the revenue budget and capital programme the detail of which was to be considered later in the meeting.

General Balances at 31 March 2009 were £2.860M. This represented approximately 2.8% of net expenditure and was above the prudent level of 2.5% agreed by the Committee.

With the current forecasts on the revenue budget showing an overall breakeven position there was no impact on these reserves. However, it was likely that the full level of devolved reserves would be utilised as per the approved use of the carry forwards from 2008/09 and the collaboration reserve was likely to be reduced in funding the one-off set up costs for those collaborations already agreed. The resultant impact was that the level of reserves was expected to reduce from £8.703M to £7.167M by 31 March 2010.

### **Revenue Budget**

Members were advised that at this stage of the year a break even position was forecast.

The forecasted overspend in the devolved budgets continued to be in the main related to police overtime mainly due to the high levels of demand in the first half of the financial year. This forecast had reduced by £0.160M since the previous report to the Committee in December recognising the reduction in the cost of overtime from both Protective Services and Territorial Policing and the effectiveness of improved controls. As these controls were proving to be effective the Committee agreed that any lessons learnt be reviewed and necessary improvements implemented.

Within the corporate budget the underspend continued to be related to the fact that the budget allocated for PCSOs with the level of funding from Neighbourhood Policing Fund would exceed the costs of the PCSO's it was provided to fund. In addition to this the alternative solution being considered around CCTV could result in a revenue budget saving using ICT rather than staff and therefore the CCTV posts had not been recruited to.

There were also potential underspends in the area of Special Priority Payments & Compensatory Grants relating to officers pay.

A Member mentioned that she had been made aware of a software application to assist with planning overtime and would make this available so that it could be considered alongside other developments in the control of overtime expenditure. She also advised that the Human Resources Committee would in the near future be required to examine the working hours of senior Officers as current data was indicating that many officers

were exceeding the work time directives.

Whilst the findings from Quest Intensive were currently being piloted within County Division, the actual level of efficiencies to be delivered stood at approximately £800K and would be added to the Efficiency/Productivity outturn for the last quarter of the year, providing for an overall efficiency/productivity saving of 3.4% in 2009/10.

On questioning from Members it was confirmed that a comprehensive report on the outcomes and issues from the first phase of Quest be brought to the Authority.

### **Capital Programme**

With regard to the Capital Programme the latest estimate of total costs indicated an increase in total costs of £0.096M from £26.614M to £29.710M. This variance mainly related to variations in the IS/IT Strategy and Estates Strategy.

The latest estimates of the 2009/10 payments indicated a large reduction in expenditure of £2.631M compared to the revised programme. The variations were again contained within the IS/IT and Estate Strategies.

In noting the variations Members were provided with an update on the Greyfriars replacement project. Members noted that the Bedford Borough Council were expected to consider the planning application to build on land at the rear of Police Headquarters and had recently sought information on the impact on traffic flows in the surrounding area. Given the current financial climate the Bedford Borough Council could not indicate when the Bedford Town Centre redevelopment would progress.

Appended to the report was a progress report on the largest projects included in the ICT Capital Programme.

The Chair commented that Members had been asked to note the report and considered this did not adequately reflect the debate that the Committee had around the management of budget. The Chief Executive advised that the report template was due to be reviewed shortly and that the noting of reports had already been identified for consideration in that review.

### **RESOLVED**

That the report be noted in respect of the latest estimate of payments and resources.

10/qf/8

**ESTATES STRATEGY PROGRESS REPORT**

Members were reminded that at the last meeting further research was to be undertaken to establish why Bedfordshire appeared not to compare well with other forces in respect of in-house estates & Facilities Management cost and building maintenance costs.

It was noted that the analysis completed to date was inconclusive and demonstrated the need to better understand the base data, or seek to ensure that it can be presented to assure like-for like comparison.

In light of responses given to Members questions additional information would be sought from other forces, in an effort to gain a basic understanding of their Estates facilities functions and the scope of the works which they undertake. A further report would be made to the committee when a clear illustration of relative costs, in these chosen areas, could be presented.

**RESOLVED**

That the report be noted and that the Committee receive a further iteration of the estates benchmarking data at a future meeting.

10/qf/9

**TREASURY MANAGEMENT – OPERATIONS REPORT**

The Chief Constable submitted a report which summarised the Treasury Management Operations that had taken place since the last report to the Committee in December 2009. Appended to the report was a list of the investments which were outstanding as at 31 December

**RESOLVED**

That the report be noted.

10/qf/10

**PRECEPT DATES**

The Chief Executive/Treasurer submitted a report which outlined the dates on which precept payments would be received by the Police Authority in 2010/2011.

**RESOLVED**

That the report be noted

**10/qf/11**     **VALUE FOR MONEY PROFILES**

The Joint report of the Chief Executive/Treasurer and Chief Constable was submitted which advised that the Home Office response to the Green Paper identified Value For Money (VFM) issues as a focus for Her Majesty's Inspectorate of Constabulary (HMIC), commissioning inspection of VFM and that the HMIC was to develop individual force 'value for money' profiles, which, as part of their development, would link onto the new Policing Objective Analysis.

The work on the VFM profiles had now been completed and these have been issued to Police Forces for their information and where necessary appropriate action.

The overall picture from the VFM profiles was that generally, the costs of Bedfordshire Police were comparably lower than the national average and that in terms of staff and officer numbers Bedfordshire was in the main lower than other forces. The Assistant Director (Resources) advised that this was consistent with the findings of the Audit Commission as part of their Use of Resources Assessment and emphasised that whilst cheapest and smallest was not always the best position it required Bedfordshire Police to continually look at alternative measures to ensure that resources and budgets were being used effectively and efficiently.

To date the initiatives that the Force and Authority were undertaking in relation to the effective use of resources, particularly in relation to Operation Quest and Collaboration, continually underpinned improvement in the effective delivery of VFM within Bedfordshire Police.

Members debated aspects of the profiles and to ensure that the Force and Authority continue to use the profiles pro-actively to assist with developments in value for money within service delivery, the profiles would be reported to the Audit and Business Assurance Committee, as part of their Value for Money role, and that Committee would be responsible for recommending aspects of the profiles that individual Committees should scrutinise, as part of their annual work plan.

**RESOLVED**

That the profiles be noted and that approval be given to the future use and monitoring arrangements as set out above.

**10/qf/12**     **REVIEW OF INTERNAL CONTROLS RISK MANAGEMENT , COMMITTEE EFFECTIVENESS AND TERMS OF REFERENCE**

The report of the Chief Executive/Treasurer was submitted which advised that as part requirement to produce an Annual Governance Statement the Force and the Authority were required to undertake an annual review of its overall internal framework and governance procedures.

Members discussed the outcomes of the Committee's work over the last year and its relationship with the Authority's priorities.

As part of this annual review each of the Authority's Committee's would review its performance in terms of its contribution to delivery of the business plan and strategic priorities and these were highlighted in the report.

In addition to this each Committee was required to review the major risks attributed to it. An extract from the Risk Register detailing those risks associated with the Committee's objectives were appended to the report.

The Committee was also reminded that Authority required each Committee review its terms of reference and its specific role with regard to value for money to ensure they remained fit for purpose. A copy of the current Terms of Reference was appended to the report for consideration.

Members were satisfied with the Committee's performance in the areas highlighted in the report and Members were particularly pleased with the work undertaken by the Estates Working Group in the production of the Estates Strategy. With regard to its Terms of Reference it was agreed that they should reflect the Committees delegated authority to approve the Statement of Accounts.

The Chief Executive orally reported that each Committee as part of the Authority's Single Equality Scheme implementation Plan was required to undertake Impact Assessments on its Policy and Procedures and this would be incorporated into the Committee's work plan

### **RESOLVED**

1. That the Committee confirms it has undertaken a self assessment of its own performance and, where appropriate, suggested areas for improvement.
2. That the changes to the Terms of Reference identified above be submitted to the Authority's AGM for approval
3. That the Committee incorporates into its work plan the scrutiny of those risks and associated controls for 2010/2011 as approved by the Audit and Business Assurance Committee and the requirement to undertake Impact Assessments

**FINANCE COMMITTEE**  
**STATUS REPORT ON THE PROGRESS OF THE ACTIONS ARISING FROM THE LAST MEETING**

	ITEM	DECISION	ACTION BY	CURRENT POSITION
1.	2009/10 Revenue Budget and Capital Programme and Efficiency Plan Performance	Report template to be reviewed around avoiding just noting reports .	Chief Executive	Incorporated into Reports on the agenda
2	Capital Programme 2010/12 – 2012/13	Recommended for approval by PA		Approved 12 February 2010
3	Draft Revenue Budget 2010/11	A business case for the upgrading of CCTV be reviewed as soon as possible and if it becomes a priority would be forward to 2010/11	Force	See Item on the Capital Programme
4	Treasury Statement 2010/2011	Recommended a Budget option of 3.0% to PA at its meeting on 13/2 and £150K to be utilised from reserves for the tasking and coordinating fund.		Approved 12 February 2010
5	Estates Strategy Progress Report	Recommended for approval by the PA with amendments		Approved 12 February 2010
6	Value for Money Profiles	Training for Finance Committee Members	Chief Executive	Training held on 28 May and 8 <sup>th</sup> June
7	Review of Internal Controls and	Further report to the next meeting on benchmarking data	Force	See Item 7
8	TOR to be amended to incorporate the Committee's	Approval given to Use and Monitoring Arrangements	Force	Awaiting 2010 outturn detail to enable actual comparisons inform budget purposes
9	TOR to be amended to incorporate the Committee's	TOR to be amended to incorporate the Committee's		Approved at the AGM on 21 May

	Risk Management and	delegated authority to approve the SOA		
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## Bedfordshire Police Authority

<b>COMMITTEE AND MEETING DATE</b>	<b>FINANCE COMMITTEE 22 JUNE 2010</b>
<b>AGENDA ITEM No:</b>	<b>5</b>
<b>TITLE:</b>	<b>2009/10 REVENUE BUDGET FINAL OUTTURN &amp; OUTCOMES</b>
<b>DATE OF REPORT:</b>	<b>11 JUNE 2010</b>
<b>REPORT OF:</b>	<b>CHIEF EXECUTIVE / TREASURER AND CHIEF CONSTABLE</b>
<b>AUTHOR:</b>	<b>ASSISTANT DIRECTOR – RESOURCES</b>
<b>APPENDICES:</b>	<b>APPENDIX A – DIVISIONAL BREAKDOWN OF OUTTURN</b>  <b>APPENDIX B – PROVISIONAL USE OF CARRY FORWARDS</b>  <b>APPENDIX C – POLICY FOR RESERVES</b>

### **EXECUTIVE SUMMARY:**

To receive a report that considers the final outturn position for the 2009/10 revenue budget. In noting the final outturn the Committee are also asked to consider how the underspendings should be utilised and consider this in conjunction within an overall performance context and a policy on reserves.

**RECOMMENDATIONS:**

**Recommendation 1**

Note the overall final outturn at paragraph 3.1.

**Recommendation 2**

Approve the proposals for the dealing with the variances as highlighted at section 5.2

**Originators:** Stuart Goodwin

**Date:** 11 June 2010

**Telephone No:** 01234 842240

**E-mail:** stuart.goodwin@bedfordshire.pnn.police.uk

**BACKGROUND PAPERS:**

Annual Policing Plan 2009/10, review against the action plan.  
(Performance Committee 5<sup>th</sup> May 2010)

**ADDITIONAL PAPERS:**

None

## 1. Background

- 1.1 Under the Budget Management Scheme the Committee receives regular information comparing revenue expenditure to available resources. This report summarises the final outturn for 2009/10.

## 2. Budget Provision

- 2.1 The Police Authority determined its Budget for 2009/10 on the 13 February 2009 at £99.507M. Following its meeting on 26 June 2009, the Authority approved the carry forward of the 2008/09 under spends totalling £1.725M, thus increasing the final budget for 2009/10 to £101.232M, comprised as follows:

	<b>£'000</b>
Force Budget	100,264
Authority Budget	968
	<hr/> <b>101,232</b> <hr/>

## 3. Final Outturn

- 3.1 The final outturn for 2009/10 totals £101.039M, providing a total under spend in the year of £0.193M.
- 3.2 The under-spending represents a 0.2% variation on overall resources and is £0.193M more than that reported to Finance Committee in January 2010. The main reason for this variance was Bedfordshire Police's share of a £0.500M grant received from the Home Office. This was awarded towards the end of the financial year and related to the exploration of merger work with Hertfordshire Constabulary. The amount attributed to 2009/10 was £0.151M covering expenditure that had already been incurred in this year.
- 3.3 In overall terms, as reported in January, the remainder of the budget was fully spent. Within this there were some variations and the larger ones have been detailed below:
- 3.3.1 Police Overtime, formally funded from vacancies - Historically Bedfordshire Police have been able to absorb overtime expenditure from vacancies within the Force. However, the success in 2009/10 of attracting and retaining officers means these under spends are not enough to fund the level of overtime incurred. Overtime continues to be subject to Force scrutiny to reduce costs and also forms part of the Programme 2011, value for money project.
- 3.3.2 PCSOs - The budget for PCSOs is held centrally and during 2009/10 there was an average of 8 vacancies during the year. This produced an under spend that is offset to a certain degree by an associated reduction in grant income.

- 3.3.3 Income from investments. - The unprecedented consistently low Bank of England base interest rate over the last twelve months has significantly reduced investment income for Bedfordshire Police.
- 3.4 A Divisional breakdown of the overall outturn is contained at Appendix A. This breakdown is shown after accounting for virements that have switched resources from central budgets to Territorial Policing to help fund the pressures faced by Luton at the beginning of the financial year and to Protective Services reflecting the increased resources put into serious & organised crime and public protection in the 2010/11 revenue budget.

#### **4. Performance**

- 4.1 In noting the outturn position Members should also be reminded of the position in terms of performance for 2009/10 to ensure that resources are being used effectively to deliver the overall purpose of 'serving communities and making them safe from crime'.
- 4.2 The detail of this can be found within the "Annual Policing Plan 2009/10 - Review Against the Action Plan" presented to Members on 5<sup>th</sup> May 2010 at the Performance Committee. For the financial year 2008/9 the Authority and Force received their Audit Commission assessment of how effectively it used its resources. The overall score of 3 out of 4 was not bettered by any Force in the Country.
- 4.3 As part of the 2009/10 budget process additional resources were targeted into Protective Services, specifically into Serious & Organised Crime. The monitoring of Protective Services activities is managed through a series of single issue reports presented to the Performance Committee, during February 2010 Serious & Organised Crime was reviewed.
- 4.4 The 2009/10 budget was supplemented by the carry forward of under-spends from the 2008/09 outturn equating to £1.725M. Members have been informed during the year about how these funds have been utilised and a further update is contained in the following paragraphs.
- 4.5 Collaboration Set-up Costs £0.600M
- 4.5.1 This was split between capital £0.380M & revenue £0.220M and used as Bedfordshire Police's contribution to the "start up" costs of the following collaborated units; Dogs, Professional Standards, Scientific Services, Firearms & Operational Planning. This helped to fund expenditure in areas such as premises, information technology and communication, furniture, vehicles, licenses, travel and uniforms all contained within the original business cases and required to enable the proposed collaborated units to function from day one.

4.5.2 The collaboration programme has delivered both increased resilience and greater efficiencies in both Bedfordshire & Hertfordshire realising both cashable and non cashable savings. The joint collaboration team continues to assess opportunities for further collaborative work between the two Forces. Not all of the money set aside for set up costs was used in 2009/10 and the balance remains in reserves to fund set up costs in 2010/11. An evaluation report for the collaborative ventures will be presented to the collaboration panel on 28 June 2010.

#### 4.6 Force Tasking & Coordination £0.300M

4.6.1 £0.100M of this money was set aside for Operation Bahama relating to "Touch DNA" swabbing at crime scenes and £0.200M for other operations as prioritised by the Force Tasking & Coordination Group.

4.6.2 Through the Force Tasking Group the following outcomes have been achieved in 2009-10; 228 arrests, sentences amounting to 214 years imprisonment, seizure of £400,000 through POCA legislation, recovery of 6 firearms & £2.400M (street value) of class A drugs.

#### 4.7 Operation Quest £0.200M

4.7.1 The above contribution to the overall cost of Operation Quest has enabled the Force to scrutinise the processes used in delivering activities in incident management, crime management and restorative justice. This work has led to the release of 42 officers and 3.5 police staff from territorial divisions as part of the 2010/11 budget process and enabled the force to redirect some of these resources into protective services.

#### 4.8 Accommodation - £0.200M

4.8.1 Half of this money was added to the capital programme to fund a replacement mast at Police Headquarters. While some strengthening work was carried out in 2009-10 the replacement mast remains in the capital programme featured elsewhere in this agenda.

4.8.2 The remaining £0.100M was set aside for accommodation adaptations which did not take place during 2009-10. Therefore these funds remain within the Authority's earmarked reserves.

#### 4.9 Management of Police Information (MOPI) - £0.140M

4.9.1 As part of the MOPI project work started on improving the quality of data held by the Force through the process of review, retain and disposal work. This work has included deleting duplicate records, weeding out irrelevant logs and opening up logs which had been incorrectly graded. The outcome of this work will give the force a more

streamlined intelligence system making it easier to research, link and identify intelligence.

#### 4.10 Other £0.285M

4.10.1 Funds relating to the PSA reward grant, tutor constables and the Police Authority were spent as planned.

### **5. Carried Forward – Proposed Utilisation**

5.1 The Committee is now invited to consider the utilisation of the resources available from 2009/10 underspendings as set down below and summarised at Appendix B. The overriding consideration is that the suggested use is for one-off expenditure with no cost implications in future years.

#### **5.2 Use of Underspendings - £0.190M**

##### 5.2.1 Specials Capability - £0.040M

Additional funds to identify and enhance the talent of the Forces' Special Constabulary and to help increase their strength during 2010/11 adding to the workforce mix of the Force.

##### 5.2.1 Revenue Budget Savings for 2010/11 - £0.150M

Subject to the agreement of a separate report on this agenda regarding budget reductions it is proposed that this is used to assist with the in year £1.0M budget reductions recently announced.

### **6 Police Officer Overtime**

6.1 As reported during the year, work is ongoing in an effort to try and reduce the cost of overtime across the Force. Divisional Commanders have been made aware of the need to reduce spend in this area especially in the light of improving police numbers. Following the subject being discussed at the divisional leadership teams both Territorial Policing and Protective Services have put processes in place to reduce spend in this area. Duty Planners have been tasked with planning officer duties well in advance to reduce the need for overtime. Authorisation of overtime will also be made at an appropriate level, in some cases this will be Superintendent or their designated deputy.

6.2 These additional controls were put in place during October when the spend on overtime to September was £2.459M, in the six months since then the equivalent figure has been £1.620M a reduction of 34% in the second part of the year. The final spend was also £0.096M lower than forecast in the January report to this Committee.

- 6.3 The table below shows the final spend for overtime over the past four years. Spend in 2009/10 was £0.356M lower than in 2006/07 but was higher than the previous two years. Despite the reductions in the latter part of the year this reflects the high spend between April and September 2009.

	<b>2006/07</b>	<b>2007/08</b>	<b>2008/09</b>	<b>2009/10</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Territorial Policing	2,612	2,594	2,548	2,476
Protective Services	1,061	991	1,064	1,265
Other	6	45	41	43
Externally Funded	756	392	309	295
<b>Total</b>	<b>4,435</b>	<b>4,022</b>	<b>3,962</b>	<b>4,079</b>

## **7. Policy on Reserves**

- 7.1 As Members may be aware it was agreed that this policy would be reviewed on an annual basis at the time the final outturn was considered. Appendix C contains details of the earmarked reserves held by the Authority along with a rationale for holding them. The following paragraphs provide the appropriate detail for the determination of this policy

### **7.3 General Reserves (Police Fund)**

- 7.3.1 The current policy suggests that general reserves should be held by the Authority at a level of between 2% and 5% of net revenue expenditure. It is suggested that in the current financial climate it is prudent to retain general reserves at 2.5% of the net revenue expenditure.

This level of 2.5% basically provides the Authority with financial stability for 2 extraordinary events (e.g. a similar major incident to Soham in Cambridgeshire or the prostitute murders in Suffolk). This is on the basis that the costs of these types of major incidents would require a special grant from the Home Office, although a contribution towards the first 1% of Net Revenue Expenditure would be required from this Authority.

The extra 0.5% provides the Authority with further financial stability to assist with any other extraordinary and unplanned expenditure but also the potential to support any budget shortfalls in future years.

The current level of this reserve stands at £2.860M, after taking account of the £0.150M contribution from this reserve in the 2010/11 budget this reduces to £2.710M. This represents just over 2.6% of planned net revenue expenditure in 2010/11.

#### 7.4 Earmarked Reserves

7.4.1 The Authority currently hold, the following earmarked reserves as at 31 March 2010:

- Capital Expenditure Reserve - £5.383M
- Insurance Reserve - £1.498M
- Collaboration/Performance Reserve - £0.483M
- Pensions Reserve - £0.300M
- Devolved Budget Reserve - £0.293M

##### 7.4.2 Capital Expenditure Reserve

As Members are aware the approved Estates & IS/IT strategies combined with the shortage of external resources in funding future years capital programme, means that this reserve remains key to the Authority's ability to both improve its Estate, Information Technology and Fleet over the short to medium term.

##### 7.4.3 Insurance Reserve

The cost of insurance premiums has dropped over the past few years, but this is mainly due to the fact that insurers are moving to self insurance, whereby excesses and aggregate stop levels are much higher, and therefore the liability for insurance moves gradually towards the insured rather than the insurer. Obviously, insurers are happy to retain the liabilities but the cost of the premiums to do this does not provide value for money. Following a recent fund audit undertaken by Heath Lambert, Bedfordshire Police were advised that this reserve is currently over-subscribed, however, it is felt prudent that during the medium term this reserve remains at the current level.

#### 7.4.4 Collaboration/Performance Reserve

This reserve now stands at £0.483M. This is required to fund the expected revenue set-up costs arising from future collaborative activity as well as providing the potential to fund one-off performance initiatives where there is a specific need. The main uses will therefore consist of:

- One-off costs associated with progressing future collaborations;
- One-off costs associated with performance issues; and
- One-off costs associated with the forthcoming Olympic Games.

Any costs to be funded from this reserve will need to be subject to approval by the Authority.

In addition the Authority will hold a Devolved Budget Reserve which will purely be a reserve against which approved carry forwards are held at the end of the financial year prior to them being added to the ensuing years budget.

#### 7.4.5 Pensions Reserve

This reserve was reduced to £0.300M last year when it was apparent that the cost of implementing Corporate Services was lower than had been anticipated. It is now felt that this reserve is at an appropriate level.

This will assist with any volatility for the Authority around ill-health retirements as well as to continue to provide for a buffer against any associated costs relating to the impact of future years efficiency/productivity targets (e.g. redundancy/early retirement costs).

## **8. Specific Government Grants**

8.1 As previously reported to this Committee, the Authority now receives varying levels of specific grants. The largest of these are shown below and are now incorporated into the budget setting process.

- Crime Fighting Fund, £2.713M – funding provided for 97 officers due to the national drive for increased numbers of officers.
- Community Support Officers, £2.691M – funding towards the cost of providing 128 PCSO's Force-wide, however, we expect to have to repay some of this grant as the Force has not managed to maintain appropriate numbers.
- Counter Terrorism, £1.320M – due to the high levels of security risk nationally, funding has been received to provide a police unit at Luton International Airport as well as assisting in intelligence gathering operations, included in this figure is the cost of policing MANPADS.
- Dedicated Security Posts, £1.396M – funding for 30 posts the majority of which are special branch ports policing posts.
- PREVENT, £0.551M – specific grant providing for an additional 6 Police Officers and ancillary costs to help deliver the national Prevent strategy.
- BCU Fund, £0.418M – grant provided to the BCU's to assist in work approved by the Crime and Disorder Reduction Partnerships and the Police Authority.
- Drug Testing Programme, £0.325M – grant received to meet the costs of detention officers associated with a Home Office scheme within Bedford & Luton.
- Rule 2 Grants, £1.956M – funding formula grant covering such activities as Special Priority Payments, South East Allowance, DNA and Rural policing.
- Various other smaller levels of grant have been received such as funding for Criminal Justice, special operations and violent crime.

## **9. Service and Financial Implications**

9.1 The suggested use of under-spending will contribute towards the budget pressures in 2010/11 following the recent Home office announcements detailed in a separate report on this agenda and help to facilitate an increase in special constables.

9.2 The policy on reserves provides the Authority with an appropriate level and type of reserve to deal with both the completely unexpected as well as additional costs associated with known activity.

**10. Other Implications**

10.1 Corporate Governance : the policy on levels of reserves provides the Authority with the appropriate financial governance to cope with unexpected levels of expenditure and future financial pressures.

**11 Risk**

11.1 Risk is mitigated if the balance of reserves are retained at an appropriate level.

**12 Recommendations**

12.1 Members are asked to:

- (i) note the overall final outturn for 2009/10 at paragraph 3.1;
- (ii) approve the proposals for the dealing with the variances as highlighted at section 5.2;

## Appendix A

**2009/10 Revenue Budget Monitoring  
Final Outturn**

The following table provides a brief analysis of the outturn for each Division.

**Summary of Forecast Reports**

	<b>Final Outturn Variance</b>	<b>Outturn compared to Divisional Budget</b>	<b>Outturn compared to Force Budget</b>	
	<b>£'000</b>	<b>%</b>	<b>%</b>	
<b>Territorial Policing</b>				
C Div	120	0.74	0.12	A large over-spend has been forecast for most of the year due to the Division being near to establishment as well as the public order events at the beginning of the year.
J Div	31	0.14	0.03	Minor Variance
K Div	(23)	(0.33)	(0.02)	Minor Variance
	<b>128</b>	<b>0.28</b>	<b>0.13</b>	
<b>Protective Services</b>				
Collaborated Units	(37)	(0.36)	(0.04)	This under-spend excludes the transfer of £112K budget from the Major Crime Unit.
Protective Services	50	0.29	0.05	Overspends in Public Protection & Serious and Organised Crime, areas that the Force has directed additional resources to in 2010/11.
	<b>13</b>	<b>0.05</b>	<b>0.01</b>	
Corporate Services	(128)	(0.89)	(0.13)	Under-spends in People Services as forecast during the year and in Resources as a result of body armour not being replaced this year.
Corporate	(170)	(1.30)	(0.17)	In addition to the under-spends previously reported this includes Bedfordshire's share of the Collaboration grant.
Police Authority	(36)	(3.72)	(0.04)	As previously reported.
<b>Total</b>	<b>(193)</b>	<b>(0.19)</b>	<b>(0.19)</b>	

## Appendix B

**Revenue Budget 2009/10**  
**Provisional Carry Forwards**

	£'000	£'000
<b>Total Variance</b>		<b>(193)</b>
<b>Proposed Utilisation</b>		
One – Off Initiatives		
2010/11 budget reductions	(150)	
Specials capability	(40)	
		<b>(190)</b>

Note: minor balance to be transferred to general reserves.

## Appendix C

### Policy for Reserves

The Authority hold a number of earmarked reserves as well as the Police Fund. The reserves and the rationale for holding them and their prospective use are as follows:

#### **General Reserves (Police Fund)**

The Authority will hold a general reserve of between 2% & 5% of the net revenue expenditure.

The Police Fund will be used for extraordinary expenditure arising from exceptional circumstances that have not and cannot be funded from within the Authority's and Force's agreed revenue budgets and capital programme.

#### **Earmarked Reserves**

The Authority will hold five earmarked reserves, as follows:

- Capital Expenditure Reserve – this reserve will be a revenue reserve but only utilised for funding one-off expenditure associated with the approved capital programme of the Authority.
- Insurance Reserve – an insurance reserve will be held by the Authority to fund self-insurance liabilities arising from increases in insurance excesses and aggregate stop losses. The level of this reserve will be subject to regular fund adequacy audits by external advisers.
- Pensions Reserve – a reserve to cater for exceptional costs associated with both police officer pensions and support staff redundancy/early retirements liabilities.
- Collaboration/Performance Reserve – a reserve to assist with pump priming collaborations and one-off performance pressures that cannot be met from within agreed revenue and capital budgets, as well as to provide for any one-off costs associated with the Olympic Games in 2012.
- Devolved Budgets Reserve – a reserve against which approved carry forwards will be held at the end of the financial year prior to them being added to the ensuing years budget.



## Bedfordshire Police Authority

<b>COMMITTEE AND MEETING DATE</b>	<b>FINANCE COMMITTEE</b>  <b>22 JUNE 2010</b>
<b>AGENDA ITEM No:</b>	<b>6</b>
<b>TITLE:</b>	<b>2009/10 CAPITAL PROGRAMME - OUTTURN, OUTCOMES &amp; FINANCING</b>
<b>DATE OF REPORT:</b>	<b>11 JUNE 2010</b>
<b>REPORT OF:</b>	<b>CHIEF CONSTABLE</b>
<b>AUTHOR:</b>	<b>ASSISTANT DIRECTOR – RESOURCES</b>
<b>ACTION REQUIRED:</b>	<b>TO REPORT THE CAPITAL EXPENDITURE OUTTURN FOR 2009/10 AND THE PROPOSED METHOD FOR FINANCING THAT EXPENDITURE</b>
<b>APPENDICES:</b>	<b>NONE</b>

### RECOMMENDATIONS:

#### **Recommendation 1**

Note the capital outturn for 2009/10 of £3.874M at paragraph 3.1

#### **Recommendation 2**

Approve the method proposed for financing capital expenditure in 2009/10 detailed at paragraph 5.1

#### **Recommendation 3**

Note the arrangements for the carry forward of resources of £5.914M from 2009/10 to 2010/11 at paragraph 5.2

**Originators:** Stuart Goodwin – Principal Accountant

**Date:** 11 June 2010

**Telephone No:** 01234 842240

**E-mail:** stuart.goodwin@bedfordshire.pnn.police.uk

**BACKGROUND PAPERS:**

2009/10 Capital Programme Performance reports
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**ADDITIONAL PAPERS:**

None
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## **1. Capital Programme**

- 1.1 This report sets out the capital expenditure outturn for 2009/10 together with its proposed methods of finance.

## **2 Outcomes**

- 2.1 While many projects remain “work in progress” and are carried forward to next year’s programme a number of projects have been completed this financial year. This includes the set up costs for collaborated units such as Professional Standards and Firearms, without which the benefits we have seen through collaboration would not be possible. A full evaluation report for the collaborative projects will be presented to the Collaboration Panel on 28 June 2010 with a further report being presented to the Authority in July.
- 2.2 This year has also seen the completion of custody improvements along with maintenance of the estate as contained within the estates strategy.
- 2.3 Maintenance of the vehicle fleet is managed through the Chiltern Transport consortium and funded via the capital programme. Improvements to communications for the helicopters are also managed through a consortium for air support with Hertfordshire Constabulary and Thames Valley Police.
- 2.4 Members have been updated regularly on the progress of capital expenditure and the majority of ICT projects remain work in progress and will continue into next year’s programme.

## **3. Capital Expenditure**

- 3.1. The table contained at Appendix A shows the actual outturn of £3.874M in 2009/10 compared to the revised Capital Programme presented to the Finance Committee in January 2010. Also shown for information purposes is the capital programme as at June 2009 once it had been revised for slippage from the 2008/09 programme.
- 3.2 The changes from the original programme have been documented throughout the year and reported to this Committee. The majority of these differences have been as a result of external funding or use of revenue under-spends from 2008/09. Virements approved in June 2009 make up the remainder of the adjustments
- 3.3 Although the reported outturn is significantly smaller than the revised programme the majority of variances had been anticipated and incorporated into the draft capital programme for 2010/11 to 2012/13 presented to this Committee in January 2010.

### 3.4 Variances Since Last Reported

3.4.1 The variance for the year shows an under-spend of £3.168M compared to £2.631M reported to this Committee in January 2010. The difference of £0.537M is accounted for by the following:

- Estates – The nature of expenditure incurred within the estates strategy meant that some of this had to be treated as revenue causing an under-spend for minor works and sustainability.
- IS/IT –slippage has been caused by delays in national projects around MOPI, local collaborative projects around Command & Control and our own Telephony project.
- ANPR – spend to facilitate the implementation of ANPR at the M1 and upgrades to vehicles have slipped into 2010/11. The M1 works have been installed and payment will be made once testing has been completed while the vehicle upgrades will commence in June 2010.
- Additional expenditure on equipment and vehicles have been funded by revenue contributions or external grants that had not been included in the report to Committee in January 2010.

### 3.5 Overall 2009/10 Variances

The majority of variations on the capital programme have been reported to this Committee throughout the financial year and if appropriate have been incorporated into the 2010/11 capital programme. However, for information, a detailed analysis of the major variances on the Estates and IS/IT programmes are shown below.

#### **Estates Strategy (£1.160M)**

- Minor Works & Sustainability – As mentioned above, in order to qualify as a capital payment work must “add value” to a building, not simply maintain its value. This has resulted in an under spend as some costs have been charged to the revenue account.
- Neighbourhood Policing Accommodation – Changes in the timetable of collaboration projects have meant that the office required for the Halsey Road Inspector Lead Neighbourhood Area (ILNA) is still occupied, resulting in slippage of £0.173M into 2010/11.
- Greyfriars Replacement – Slippage of £0.110M as expected, progress was delayed pending planning permission.
- Eastern Avenue – A new boiler was required for this building which was not included in the original schedule pushing the over spend to £0.099M at this stage.

- New Generator at HQ – The complexities of this project have meant that consultancy & planning stages have taken longer than originally envisaged resulting in slippage of £0.426M into 2010/11.
- HQ Mast – The existing mast has been strengthened, it was not possible to capitalise this expenditure, a survey has now been carried out and the resultant under spend of £0.100M will be carried forward while these options are assessed.
- CCTV – Slippage of £0.176M from 2009/10 based on the assumption that approval will be given for procurement exception in relation to CCTV level one processing. The Force is also waiting for media standards to be announced by the NPIA before going to tender for the digital interview recording element of the contract.

### **IS/IT Strategy (£1.724M)**

The majority of under spends were reported to the Finance Committee in January and the 2010/11 Capital Programme reflected these, however the larger variances are detailed below:-

- Mobile Data – Slippage of £0.107M into 2010/11, expenditure has been delayed where possible while the long term future of blackberry handsets is discussed as there may be the potential to align handsets for the Eastern Region Forces.
- Command and Control – Implementation of the new software took place in April and is expected to go live in July once testing is complete, this has caused slippage of £0.200M which will be added to next year's capital programme..
- Impact / MOPI – Limited roll out of the operational data store (ODS) began in January but uncertainty about its future has resulted in slippage of £0.264M.
- Telephony – Uncertainty about the force estate, most notably at Greyfriars, Manton Lane and Technology House has led to a significant delay in rolling out this project leading to slippage of £0.254M into 2010/11.

- Identity and Access Management – Timescales for Police National Database (PND) implementation have been delayed by the National Policing Improvement Agency (NPIA) to 2010/11 resulting in the underspend of £0.158M being added to the 2010/11 programme.
- Human Resources (HR) System – Due to the possibility of aligning HR systems with Hertfordshire Constabulary, commencement of the tendering process has been delayed with the forces on the HR system. This has now been built into the programme in 2011/12, decreasing expenditure in 2009/10 by £0.350M.
- Video Conferencing – The project did not commence in 2009/10 as enhancements to the original schedule were required for a successful outcome which meant that it could not be completed within the £0.100M budget. It has subsequently been withdrawn from the capital programme as improvements to the existing system have been made from the revenue budget via grant funding.
- INSPIRE – As reported in January, funding was included in the programme for a solution to assist with performance management for the INSPIRE project. By utilising skills already employed in the Performance & Planning Department, the Force was able to build the solution internally, leading to a saving of £0.167M.

#### 4. **Capital Resources**

4.1 The resources available in 2009/10 comprises as follows:-

	<b>£000</b>
Specific Capital Grants	1,102
Capital Grant	1,297
Capital Expenditure Reserve	5,133
Borrowing	2,000
Direct Revenue Financing	256
<b>Total – Resources Available</b>	<b><u>9,788</u></b>

4.2 The resources available, (£9.788M) exceed the requirement to finance expenditure (£3.874M) by £5.914M. This includes specific capital grants that have been received in advance of project completion.

## 5. Capital Financing

5.1 The following is proposed for financing expenditure for 2009/10:-

	<b>£000</b>
Specific Capital Grants	571
Capital Grants	1,297
Direct Revenue Financing	6
Borrowing	<u>2,000</u>
<b>Total – Resources Used</b>	<b><u>3,874</u></b>

5.2 This leaves the following resources available in future years to finance capital expenditure:

	<b>£000</b>
Specific Capital Grants	531
Capital Expenditure Reserve	<u>5,383</u>
<b>Total – Resources Carried Forward</b>	<b><u>5,914</u></b>

5.3 The figure shown above for specific capital grants relates to Mobile Information, Mobile Data, Airwave, Burglary Detection and ANPR. The remaining resources are earmarked to fund the Capital Programme in future years.

5.4 It should also be noted that in accordance with the Prudential Code, £0.170M has been set aside for Minimum Revenue Provision (MRP).

## 6. Service and Financial Implications

6.1 The Financing of the 2009/10 capital expenditure will leave £5.914M resources available to finance future capital expenditure. The full impact of this is shown elsewhere on the agenda with regards to the 2010/11 Capital Programme Performance report.

## 7. Other Implications

7.1 Corporate Governance: the carry forward of resources provides for a sufficient level of capital expenditure reserve to support the future years capital programme without the need for excessive borrowing.

7.2 Policy and Strategic Aims: The slippage of projects into future years has not had a significant impact on the achievement of strategic aims although these will need to be monitored to ensure they are delivered during 2010/11. The carry forward of resources provides for sufficient resources to support capital expenditure required to support the overall aims and priorities of the Force and Authority.

## 8. **Risk**

8.1 Due to resources being greater than expenditure the risks relating to the ability to finance the capital outturn are minimal. However, monitoring of the resources in the longer term will be paramount in ensuring the capital programme remains affordable.

## 9. **Recommendation**

9.1 The Committee is requested to:

- (i) Note the capital outturn for 2009/10 of £3.874M at paragraph 3.1.
- (ii) Approve the method proposed for financing capital expenditure in 2009/10 detailed at paragraph 5.1 and
- (iii) Note the arrangements for the carry forward of resources of £5.914M from 2009/10 to 2010/11 at paragraph 5.2.



## Bedfordshire Police Authority

<b>COMMITTEE AND MEETING DATE</b>	<b>FINANCE COMMITTEE: 22nd JUNE 2010</b>
<b>AGENDA ITEM No:</b>	<b>7</b>
<b>TITLE:</b>	<b>REPORT ON PLANNED MINOR WORKS AND SUSTAINABILITY</b>
<b>DATE OF REPORT:</b>	<b>11<sup>th</sup> JUNE 2010</b>
<b>REPORT OF:</b>	<b>CHIEF CONSTABLE</b>
<b>AUTHOR:</b>	<b>JOHN LEAHY</b>
<b>ACTION REQUIRED:</b>	<b>MEMBERS TO NOTE THE REPORT</b>
<b>APPENDICES:</b>	<b>APPENDIX A: SCHEDULE OF PROPERTIES</b>

### EXECUTIVE SUMMARY:

The report provides members with an update on the use of the capital provision for minor works and sustainability together with the current composition and value of the estate

### RECOMMENDATION:

That the report be noted.

**Originator:** John Leahy, Head of Estates & Facilities Management  
**Date:** 11<sup>th</sup> June 2010  
**Telephone number:** 01234 842042  
**E-mail:** [john.leahy@bedfordshire.pnn.police.uk](mailto:john.leahy@bedfordshire.pnn.police.uk)

**BACKGROUND PAPERS:**

Nil
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**ADDITIONAL PAPERS:**

Nil
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**1. BACKGROUND**

- 1.1 As agreed at the meeting of the Police Authority's Estates Working Group, held on 4th June 2010, this report explains the utilisation of, and the expected outcomes from, the planned Minor Works and Sustainability provision included in the 2010/11 Capital Programme.
- 1.2 Following on from that agreement, reports on Benchmarking and a review of the Estates Strategy will be presented in October and a report on new capital schemes will be presented at the December meeting.
- 1.3 This report then goes on to outline the current composition and value of the estate, together with an update on progress of other estates projects and issues.

**2. CAPITAL MINOR WORKS AND SUSTAINABILITY**

- 2.1 The 2010/11 capital programme includes a total provision of some £0.7M comprising:-

Capital Minor Works	£250,000
Sustainability Projects	£150,000
Capital support to Repair and maintenance: £300,000 (including £100,000 carried forward from 2099/10)	

- 2.2 The capital minor works budget facilitates relatively small-scale improvements and upgrade projects to enable the estate to evolve and adapt to changing requirements of operation and usage.

- 2.3 Included in the programme for this financial year are:-

Alterations and upgrade of PHQ changing facilities and Contact Management Centre kitchen/rest room (let as a single contract)	£180,000
---	----------

Alterations and improvements to Greyfriars PS to maintain fitness for purpose	£95,000
---	---------

Alterations and upgrade to part Level 6 at Luton PS	£20,000
---	---------

- 2.4 The sustainability budget, new to the capital programme in this financial year, is to fund improvements in buildings and building services installations to reduce energy use and the consequent emissions of carbon-dioxide.
- 2.5 Following the successful pilot scheme at Riseley Police Station, of a computer-controlled building management system (BMS), further BMS installations are planned to be phased in to larger properties in the current financial year. The operating system contains an algorithm that allows it to 'learn' the way the building is used and, in co-ordination with internal and external sensors, adjust the heating system to an optimal level of operation, to minimise energy use. In the case of the Riseley study, a saving of some 10% was recorded during the winter period. This is an un-adjusted figure comparing energy usage during the mild winter of 2008/09 with the much colder winter of 2009/10.
- 2.6 Further investment of the funding will include the phased installation of a specialist insulation system to heating pipe-work valves and flanges. The system is recommended by the Carbon Trust and offers a calculated saving, for instance, at PHQ of 120,650 kWh p.a. equating to 22.91 tonnes of carbon, with a payback period of just over one year.
- 2.7 Additionally, opportunities to increase insulation levels and improve draught-proofing will be taken where worthwhile improvements to comfort levels and energy performance can be assured. For instance, the roof-space of the Dunstable custody block is to be fitted with additional insulation to overcome the low temperatures occasionally experienced during last winter; despite previous improvements to the heating installations there.
- 2.8 The capital provision made in support of the repair and maintenance budget offers the opportunity to minimise the backlog of maintenance that would otherwise accrue if reliance was placed on the revenue provision alone.
- 2.9 Included in the programme of work for this are projects such as:-

External redecoration of Leighton Buzzard Police Station and garage block	£30,000
Refurbishment of interview rooms, detention area toilet and charge room at Dunstable Police Station	£52,000
Replacement of 'Portakabin' office at Tempsford skid pan	£18,000
Replacement of Shefford Police Station with temporary building on Morrisons' Supermarket car park	£18,500

### **3.0 NAMED CAPITAL PROJECTS**

- 3.1 Named capital projects to be carried out in the current financial year include:-
- |  |          |
|--|----------|
| Provision of replacement radio mast: PHQ             | £100,000 |
| Provision of new standby generator installation: PHQ | £450,000 |

Replacement of boilers and associated controls: Luton PS (less contribution from Magistrates' Court of 40% of final cost) £170,000

It should be noted that the installation of these boilers and their associated controls, will contribute to the reduction of energy consumed and the resultant emissions of carbon dioxide.

- 3.2 Whilst the immediate need to replace Greyfriars has diminished the Capital Programme still provides for Criminal Justice and Custody developments on the HQ site. The application for planning approval for a replacement building on the PHQ sports field has yet to be considered by the Planning Committee as yet further additional information has been requested; this in respect of the proposed additional vehicle access to the site and Planning Policy Statement 4: Planning for Sustainable Economic Growth (published in December 2009). It is hoped that completion of this additional work will see the application included in the agenda for consideration. Currently, there is no pressure for the existing building to be vacated, to make way for any redevelopment of the town centre. Indeed it is understood that current plans for a reduced development of the bus station, brought about by the recession, will not impact on the police station site.

#### **4. MANAGEMENT OF THE POLICE ESTATE**

- 4.1 The balance sheet capital value of the estate as at the 31st March 2010 is £27.046M comprising £26.59M for the operational estate and £0.45M for the residential estate. Details of these properties, and those that are subject to lease, are indicated at **Appendix A**. The revenue cost of running the estate amounts to some £2.81M per annum.
- 4.2 During 2009-10, no police houses were disposed of. The current, freehold, domestic estate extends to some three dwellings. Two are occupied by serving officers and one has recently become vacant. A decision on the disposal of this property will remain in abeyance, for a short period, until the factors affecting the possible advantage of retaining it can be clarified and evaluated.
- 4.3 The arrangements for estates services' consultancy are continuing on the interim basis put in place following the expiry of the contract. Organisation and arrangement of selection process for the provision of a new contract is awaited.
- 4.4 The department continues to participate in estates matters arising from the collaboration with Hertfordshire Constabulary; developing and implementing accommodation solutions falling within the boundary of Bedfordshire Police. A statement of principles applicable to estates and facilities management issues has been drafted, setting out the approach to be taken to provide strategic direction for both forces in respect of decisions relating to accommodation provision. This is in the process of consideration by the respective forces.

#### **5 RECOMMENDATION**

- 5.1 The Committee is requested to note the report.

## APPENDIX A

OPERATIONAL PROPERTIES		
<u>Property</u>	<u>Location</u>	<u>Tenure</u>
Police Headquarters	Woburn Road, Kempston	Freehold
Bridgebury House (Police Authority)	Woburn Road, Kempston (HQ site above)	Freehold
Greyfriars Police Station	Bedford	Freehold
Police Station	Luton	Freehold
Police Station	Leagrave	Freehold
Police Station	Dunstable	Freehold
Police Station	Houghton Regis	Freehold
Police Station	Leighton Buzzard	Freehold
Police Station	Amphill	Freehold
Police Station	Biggleswade	Freehold
Police Station	Halsey Road, Kempston	Freehold
Police Station	Riseley	Freehold
Garages	Halsey Road, Kempston	Freehold
Radio Station	Streatley	Freehold
Radio Station	Twinwoods, Clapham	Freehold
Offices	Sandy	Freehold
Police Station	Shefford	Leasehold
Radio Station	Amphill	Leasehold
Police post	Luton Arndale Centre	Leasehold
Police post	M1, Toddington	Leasehold
Offices	Saxon Centre, Kempston	Leasehold
Offices - Ports Office	London Luton Airport	Leasehold
Offices – Policing unit	London Luton Airport	Leasehold
Skid pan	Tempsford Airfield	Leasehold
Offices / warehouse	Kempston	Leasehold
Cop Shop	104B Castle Road, Bedford	Leasehold
Cop Shop	Springfield Centre, Kempston	Leasehold
Cop Shop	Gostwick Road, Bedford	Leasehold
SNT base – Luton East	Plaza 668, Stopsley	Leasehold
SNT Base – Marsh Farm	Purley Centre, Marsh Farm, Luton	
Offices (Casualty Reduction Ptrshp)	Saturn Centre, Manton Lane, Bedford	Leasehold
Laboratory (Casualty Reduction Ptrshp)	Saturn Centre, Manton Lane, Bedford	Leasehold
Outdoor firing range	Ireland, Beds.	Leasehold

POLICE HOUSES		
<u>Location</u>	<u>Tenure</u>	<u>Status</u>
26 Rosemary Drive, Bromham	Freehold	Occupied
30 Rosemary Drive, Bromham	Freehold	Occupied
142 Hockliffe Road, Leighton Buzzard	Freehold	Occupied
Laurel Cottage, Lidlington	Leasehold	Occupied





## Bedfordshire Police Authority

<b>COMMITTEE AND MEETING DATE</b>	<b>FINANCE COMMITTEE</b>  <b>22 JUNE 2010</b>
<b>AGENDA ITEM No:</b>	<b>8</b>
<b>TITLE:</b>	<b>2009/10 TREASURY MANAGEMENT ANNUAL REPORT</b>
<b>DATE OF REPORT:</b>	<b>28 MAY 2010</b>
<b>REPORT OF:</b>	<b>CHIEF CONSTABLE</b>
<b>AUTHOR:</b>	<b>ASSISTANT DIRECTOR – RESOURCES</b>
<b>ACTION REQUIRED:</b>	<b>TO REPORT ON THE TREASURY MANAGEMENT ACTIVITIES OF BEDFORDSHIRE POLICE DURING 2009/10</b>
<b>APPENDICES:</b>	<b>NONE</b>

### RECOMMENDATIONS:

#### **Recommendation 1**

That Members note the report

**Originators:** Darren Richardson – Principal Accountant

**Date:** 28 May 2010

**Telephone No:** 01234 842252

**E-mail:** Darren.richardson@bedfordshire.pnn.police.uk

**BACKGROUND PAPERS:**

None

**ADDITIONAL PAPERS:**

None

## **1. Background**

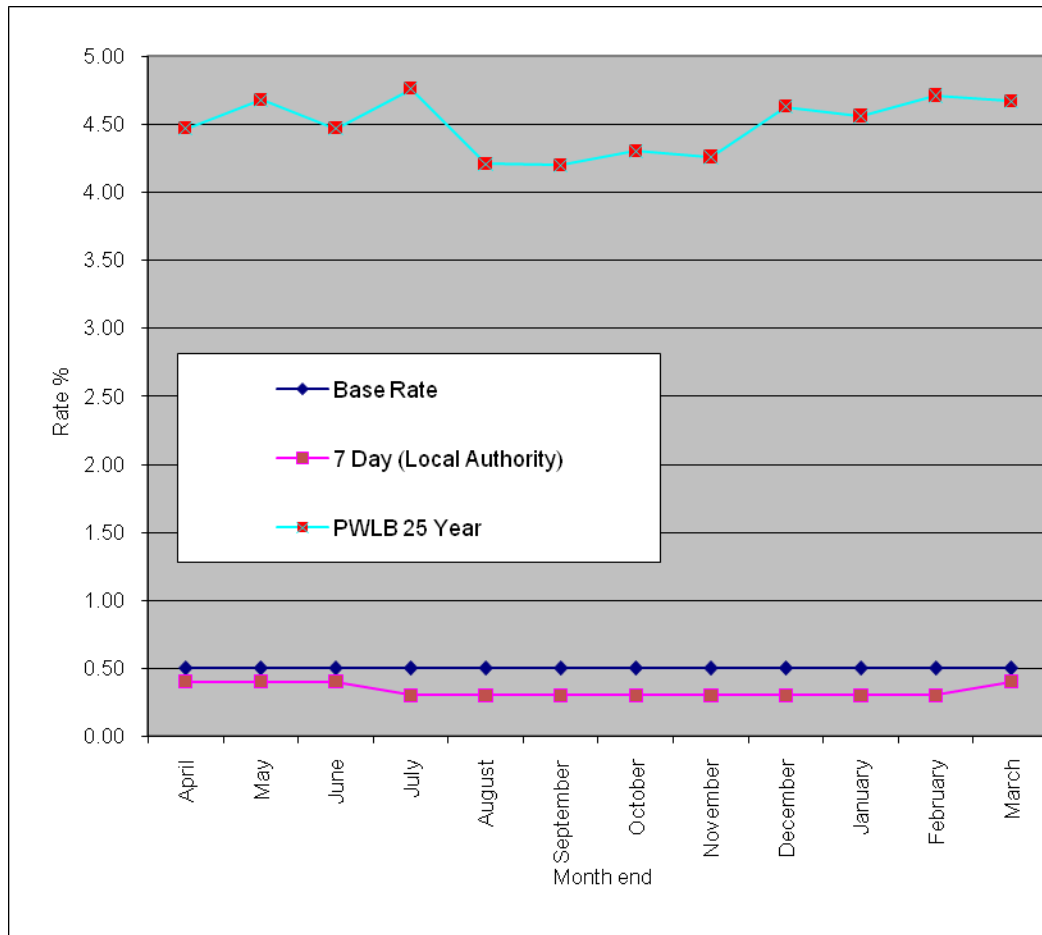
- 1.1 This report summarises the treasury management operations that Bedfordshire Police have engaged in during the 2009/10 financial year.
- 1.2 In the administration of its treasury management operations, the Bedfordshire Police Authority has adopted a Treasury Policy Statement, compiled in accordance with CIPFA's code of practice "Treasury Management in the Public Services". A requirement of the Treasury Policy Statement is for an annual report on treasury management to be presented to the Finance Committee. This is the report for 2009/10, which outlines how operations complied with the agreed Treasury Management Strategy for 2009/10.

## **2. Strategy for 2009/2010**

- 2.1 The Treasury Management Strategy for 2009/2010 was agreed by the Finance Committee on 28<sup>th</sup> January 2009 and can be summarised as follows:
- that the main treasury management activity of the Authority would be as a lender of funds during 2009/2010. Borrowing would be infrequent and short term in nature;
  - that long-term borrowing may be undertaken from the Public Works Loan Board (PWLB) to finance capital expenditure during 2009/2010 if it is deemed necessary.
  - that the benefits of restructuring the long-term debt portfolio would be considered and kept under review during 2009/2010.
- 2.2 This strategy was pursued throughout the year.

## **3. Interest Rates**

- 3.1 The bank base rate started the year at 0.50% and remained at this level for the remainder of 2009/10.
- 3.2 Long term interest rates (25 years) normally applicable to the Authority's borrowing requirement fluctuated somewhat during the year ranging from 4.20% to 4.76%.
- 3.3 The graph below shows the monthly movement in bank base, short term and 25 year Public Works Loan Board (PWLB) interest rates during 2009/2010. This shows the 7-Day (Local Authority) interest rate being slightly lower than the base rate while the PWLB stayed above the base rate.



#### 4. Long Term Borrowing

- 4.1 The Police Authority is able to borrow to finance capital expenditure from Central Government via its agent, the Public Works Loan Board. Board funds are usually at a lower rate of interest than is available from the money markets.
- 4.2 During 2009/10 the force borrowed £2.0M from the PWLB at a rate of 4.38% to help with the financing of future capital programmes and to take advantage of the lower interest rates available.

#### 5. Restructuring of Debt Portfolio

- 5.1 Market conditions were monitored throughout the year but no opportunities to undertake beneficial restructuring of the debt portfolio were identified during 2009/10.

#### 6. Short Term Borrowing

- 6.1 Throughout 2009/10 the Police Authority was in a net lending position with borrowing not necessary.

## **7. Investments**

- 7.1 The Police Authority had surplus funds throughout 2009/2010. These funds were invested in approved investments through the London Money Market. Periods of investment were always less than 365 days and made with a view to maintaining the necessary liquidity to meet expenditure throughout the year.
- 7.2 Due to the current uncertainty in the market and the low rates available more reliance was placed on the use of instant access account with major UK banks. In the past the majority of funds had been placed within Building Societies who offered more attractive rates. But due to current Fitch ratings and advice from Sector and through discussions with other local authorities the majority of these organisations are now seen to be too risky.
- 7.3 Instant access accounts were set up with Bank of Scotland and Santander who offered interest rates of 0.85% and 0.80% respectively. These rates offered a better than return than those available for fixed term deposits with approved organisations on the authorities counterparty list. The instant access accounts also offered liquidity so if circumstances changed the authority would be in a position to access the funds.
- 7.4 The average daily level of investment during 2009/2010 on the London Money Markets was £13.1M and varied from £5.0M to £20.6M. In addition to this instant access high interest accounts were held with NatWest, Bank of Scotland and Santander. The average balance on these accounts for the year was £2.574M throughout the year.
- 7.5 Interest from fixed term deposits and instant access accounts generated £0.191M during the year. This being £0.197M lower than anticipated at the beginning of the year. This was mainly due to a large reduction in fixed term rates in the 1<sup>st</sup> half of the year and recession being deeper than first thought. Returns were also reduced as the force relied more on low risk rather than return.
- 7.3 All investment activity was undertaken in accordance with the Treasury Management Strategy.

## **8. Performance Measurement**

- 8.1 The Police Authority applies appropriate performance measurement to its treasury operations in accordance with CIPFA recommendations; the success of cash flow management and hence temporary investment and borrowing activity is measured by comparing the actual rates of interest achieved and borne against the average Local Authority 7-Day Rate.
- 8.2 For the year ending 31<sup>st</sup> March 2010 the average interest rate achieved from temporary investments on the London Money Markets was 1.137%, which exceeded the average Local Authority 7-Day Rate (the benchmark) of 0.33% over the same period.

## **9. Prudential Indicators**

- 9.1 Under the prudential code the following treasury management indicators were set for 2009/10:

Authorised limit for external debt	£14.7M
Operational Boundary	£5.7M

## Limits for interest rate exposure

Upper limit for fixed rate borrowing as an absolute amount	£6.7M
Upper limit for variable rate borrowing as an absolute amount	-£8.3M

- 9.2 The authorised limit for external debt and the operational boundary were not exceeded during the year.
- 9.3 The limits for interest rate exposure are also shown. This year they have been expressed as absolute amounts as opposed to percentages used in previous years. Fixed rate borrowing was £5.7M compared to the upper limit of £6.7M reflecting the borrowing taken in the year. Variable rate exposure, short-term investment net of short term borrowing, was -£5.0M at its lowest point which was within the indicator of -£8.3M.
- 9.4 The Authority in approving the Treasury Management Strategy for 2009/10 approved the prudential indicator for the Capital Financing Requirement (CFR) at £8.0M. The starting point for this was the previous year's CFR adjusted for the capital programme for 2009/10. The actual CFR for 2009/10 was £6.107M with the main fluctuation being an underspend on capital expenditure.
- 9.5 The final 2009/10 prudential indicator is the ratio of financing costs to net revenue stream that was set at -0.26%. The actual figure of 0.15% reflects the fact that less interest was received in 2009/10. This combination of factors meant that financing costs were higher than anticipated.

## 10. **Service and Financial Implications**

- 10.1 The income was £0.197M lower than originally budgeted for. This is reflected in the 2009/10 revenue budget final outturn report featured elsewhere on this agenda.

## 11. **Other Implications**

- 11.1 Corporate Governance: It is a requirement of the Prudential Code to review the Prudential Indicators at year end and also it is sound financial governance to provide an overall summary of the treasury management function at year end.
- 11.2 Policy and Strategic Aims: A direct link with the strategic aim of making the best use of our resources by making maximum investment through minimal risk.
- 11.3 Confidence: provides assurance that the investment of surplus resources is being undertaken effectively.

## 12. **Risk**

- 12.1 There are no risks to the achievement of objectives arising from this report.

### 13. Conclusion

13.1 The following summarises treasury management transactions in 2009/10.

	<b>Long Term Borrowing</b>	<b>Temporary Borrowing</b>	<b>Temporary Investments</b>	<b>Instant Access Accounts</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Balance as at 1<sup>st</sup> April 2009</b>	<b>3,720</b>	<b>-</b>	<b>13,500</b>	<b>412</b>
Raised	2,000	-	52,100	4,956
Repaid	-	-	58,600	
<b>Balance at 31<sup>st</sup> March 2010</b>	<b>5,720</b>	<b>-</b>	<b>7,000</b>	<b>5,368</b>

13.2 The average daily level of funds available for investment during 2009/10 was £15.7M, compared to £18.9M, the previous year. Net interest income was £0.191M compared to an original budget of £0.388M, the decrease reflecting the lower than expected interest rates during the year.

### 14. Recommendation

14.1 That Members note the report





# Bedfordshire Police Authority

<b>COMMITTEE AND MEETING DATE</b>	<b>FINANCE COMMITTEE</b> <b>22/06/2010</b>
<b>AGENDA ITEM No:</b>	<b>10</b>
<b>TITLE:</b>	<b>POLICE PROPERTY REGULATIONS 1997</b>
<b>DATE OF REPORT:</b>	<b>11/06/2010</b>
<b>REPORT OF:</b>	<b>BEDFORDSHIRE POLICE AUTHORITY</b>
<b>AUTHOR:</b>	<b>STEPHANIE MCMENAMY</b>

## **EXECUTIVE SUMMARY:**

To receive an annual report by the nominated charitable organisation, Bedfordshire Police Partnership Trust, and to consider the disposal of funds under the Police Property Act in the current year.

## **RECOMMENDATIONS:**

### **Recommendation 1**

Note the annual report of Bedfordshire Police Partnership Trust, in Appendix A.

### **Recommendation 2**

That the Committee approves the funds currently available being awarded to the Bedfordshire Police Partnership Trust for a third year.

### **Recommendation 3**

That a full evaluation of charitable organisations is undertaken in advance of the Finance Committee awarding the Police Property Act Fund in June 2011.

**Originators:** Stephanie McMenamy

**Date:** 11/06/2010

**Telephone No:** 01234 842066

**E-mail:** stephanie.mcmenamy@bedfordshire.pnn.police.uk

**BACKGROUND PAPERS:**

**ADDITIONAL PAPERS:**

## **1 INTRODUCTION**

- 1.1 The Police (Property) Regulations 1997 provides that property which comes into the possession of the police and to which the Police (Property) Act 1897 and 1997 apply should be sold, donated or otherwise disposed of at the discretion of the Chief Constable.

The Police (Property) Regulations states that the proceeds of all such sales and any money to which these Regulations apply shall be paid to the Police Authority and be kept in a separate account called the Police Property Act Fund. The moneys standing to the credit of the Fund shall be applied:

1. to pay expenses incurred in the storage or in connection with the sale of the property;
  2. to pay compensation, as fixed by the Police Authority, to persons who have delivered the property to the police;
  3. to pay such amounts as the Police Authority may determine for such charitable purposes as they may select.
- 1.2 If the Chief Officer of Police is satisfied that the nature of any property to which these Regulations apply is such that it is not in the public interest that it should be sold or retained, it shall be destroyed or otherwise disposed of in accordance with their directions.
- 1.3 For many years advertisements had been placed in the local press inviting submissions from those charitable bodies that meet the criteria of the fund. Members have reviewed the submissions before the Finance Committee makes a decision on the actual disbursement.
- 1.4 Due to the unnecessarily bureaucratic and time consuming nature of the process for both members and officers this Committee approved the change in practice of disposing of funds available under the Police Property Act, allowing the funds to be transferred to a single charitable organisation, if the funds available did not exceed £50,000.
- 1.5 Last year the Committee, following its consideration of the Bedfordshire Police Partnership Trust annual report which demonstrated that as a charitable body it was delivering on a number of the priorities set out in the Annual Policing Plan, allocated the sum of £30.8k for the running of the Trust's Bobby Scheme. The Committee asked to receive an annual report from the appointed charitable body. This can be found in Appendix A.
- 1.6 The expressions of interest received by the Police Authority for funding from the Police Property Fund were forwarded to the Trust for consideration.

## **2 STATUTORY REQUIREMENTS, ADDITIONAL INFORMATION, TERMS OF REFERENCE AND RESPONSIBILITIES OF THE COMMITTEE / GROUP / INDIVIDUAL CREATING THIS REPORT**

- 2.1 The Finance Committee is authorised within its terms of reference to determine the distribution of funds held under the Police (Disposal of Property) Regulations 1997.

### **3 BEDFORDSHIRE POLICE PARTNERSHIP TRUST ANNUAL REPORT 2009/2010**

- 3.1 Bedfordshire Police Partnership Trust has produced a report for the Police Authority which is attached, Appendix A.

### **4 OPTIONS FOR 2010/11**

- 4.1 The Regulations state that the Police Authority can choose to delegate its responsibilities to the Chief Officer or it can determine to pay monies from the Fund to be used to charitable purposes.
- 4.2 As at 31<sup>st</sup> March 2010 the amount in the Police Property Act Fund for distribution is £17.1k.

#### **4.3 Option 1: Revert to advertising for suitable charitable organisation to apply for funding.**

The decision made by this Committee in 2008 to stop administering the fund itself has proven to be beneficial to members and officers allowing the Police Authority to focus on its priorities and delivering value for money in its business plan with limited resources.

#### **4.4 Option 2: Identify a new charitable organisation to award the Police Property Act Fund to.**

Last year the Finance Committee considered a number of new charitable organisations and shortlisted two:

- Road Victims Trust provides support to those affected by the trauma caused by a serious road collision
- Victim Support helps people to cope with crime offering victims.

It is proposed that an exercise to identify potential new charitable organisations to award the Police Property Act Fund is undertaken for the Finance Committee to consider when awarding the 31 March 2011 Police Property Act Fund for distribution.

#### **4.5 Option 3: Continue to support Bedfordshire Police Partnership Trust in the coming year (preferred option).**

The report from the Bedfordshire Police Partnership Trust in Appendix A provides members with reassurance that this charitable organisation continues to use the funds awarded by the Police Authority to deliver against outcomes that aligned to the Police Authority and Force's, namely;

- People are safer
- People feel safer
- People are more satisfied and
- People have more confidence.

The work of the Partnership Trust is particularly relevant to the first two outcomes.

One of the strategic priorities set out in the Local Strategic Plan approved by the Authority is **to ensure we have in place the right processes that identify the most serious threats to the public and the capacity and capability to respond appropriately to deal with the risks.** This is in order to deliver 'protection to vulnerable people such as children and victims of domestic abuse' and within the 2010/2011 budget Police Authority have invested additional resources into this priority area again. This improved capacity to keep vulnerable (the young, elderly, victims of domestic abuse or forced marriage) people safe from harm by co-ordinating its work with partner organisations demonstrates value for money and results in the longer term benefit of fewer repeat victims.

- 4.6 On the basis of the continued relevance of the work of the Bedfordshire Police Partnership Trust with the strategic priorities and linked to the current Annual Policing Plan (APP) and that the balance in the fund is less than £50,000 it is proposed that the Police Authority continues to support the Partnership Trust in the coming year.

## **5 SERVICE AND FINANCIAL IMPLICATIONS**

- 5.1 The changes made to the management of the Police Property Act Fund, approved by the Finance Committee two years ago have released members' and officers' time to focus on the Authority's priorities whilst continuing to make good use of the Police Property Act Fund to support charitable organisations whose purpose is aligned to the Police Authority and Force's strategic priorities and outcomes.

## **6. OTHER IMPLICATIONS**

- 6.1 Equality and Diversity  
There are no direct implications within the report.
- 6.2 Procurement  
There are no direct implications within the report.
- 6.3 Legal Implications  
There are no direct implications within the report.
- 6.4 Human Resources  
There are no direct implications within the report.
- 6.5 Corporate Governance  
There are no direct implications within the report.
- 6.6 Human Rights  
There are no direct implications within the report.
- 6.7 Policy/Strategic Aims  
These are highlighted in section 4.5 particularly within the report.
- 6.8 Welfare of Children and vulnerable adults  
The proposal would help to protect vulnerable adults, in particular, as detailed in the main body of the report.

- 6.9 Reducing Carbon footprint / waste  
There are no direct implications within the report.

## 7. **RISK**

- 7.1 There are no direct implications within the report.

## 8. **CONCLUSION**

- 8.1 The process of distributing the Police Property Act Fund continues to result in the desired outcomes releasing limited resources to delivering the Authority's business plan without having a negative impact on the charitable work being delivered through the Fund.
- 8.2 Although there are other charitable organisations that can be identified that would support the Police Authority and Force's priorities the Bedfordshire Police Partnership has demonstrated that it has delivered key performance indicators again with the money awarded last year and that its work is still relevant to the strategic priorities, delivered through the approved APP.
- 8.3 In the past year the number of referrals has risen by nearly 6%, with the victims of domestic abuse referrals increasing by over 13% in the same period. The Trust has raised its own profile with the Safer Neighbourhood Teams to further align its work with strategic and local priorities.

## 9. **RECOMMENDATIONS**

### **Recommendation 1**

Note the annual report of Bedfordshire Police Partnership Trust, in Appendix A.

### **Recommendation 2**

That the Committee approves the funds currently available being awarded to the Bedfordshire Police Partnership Trust for a third year.

### **Recommendation 3**

That a full evaluation of charitable organisations is undertaken in advance of the Finance Committee awarding the Police Property Act Fund in June 2011.

**BEDFORDSHIRE POLICE PARTNERSHIP TRUST**  
**REGISTERED CHARITY NO 1064403**

**REPORT FOR POLICE AUTHORITY FINANCE COMMITTEE**

Bedfordshire Police Partnership Trust was launched in 1997 by the Bedfordshire Police Authority, the Chief Constable and a number of major local companies acting as founder members and operates as a charity under the terms and conditions of the Charity Commissioners.

The main aims of the Partnership are

- 1 To improve the quality of life of all communities in Bedfordshire especially the more vulnerable groups.
- 2 To support community based initiatives such as crime prevention, community safety and accident prevention by making grants that are always linked to police officers or police staff.
- 3 To offer the business community a way to support and working with local police in tackling the important issues of maintaining a safe and happy environment for their customers and staff.

**PARTNERSHIP GRANTS**

Since the launch of the Partnership 1,259 grants have been made. During the last year 206 grants were made. 71% of these were for projects involving young people with a general aim of reducing antisocial behaviour with the majority initiated by Safer Neighbourhood Teams. During the last 2 years there has been a noticeable increase in applications for grants on behalf of local community groups by PCSO's. The Trust Administrator attended all the seminars held for Safer Neighbourhood Teams at Woburn Abbey and since then the awareness of both the Partnership's Bobby Scheme and availability of grants has become better known particularly to new members of staff.

The grant made from the Police Authority's youth fund has been used to support some of the above projects.

**PARTNERSHIP'S BOBBY SCHEME**

**Some Facts and Figures**

Since the launch in September 1999 to the end of May 2010 we have attended 14,306 referrals

83% were for people over 65

39% had been victims of crime

61% of work was to prevent people becoming victims

Since 2002 the Bobby Scheme has dealt with more than 750 referrals for victims of domestic abuse

During the last 12 months to 31 March 2010 we attended 1281 referrals

486 (38%) of these were victims of crime

The remainder were elderly or vulnerable to prevent them becoming victims.

In addition to the above the Bobby Scheme attended 221 victims of domestic abuse which number has increased year on year since 2002 when we were first involved with domestic abuse cases when there were 23 referrals.

In 2009 the Partnership was successful in receiving a grant from the Home Office under the Safer Homes Fund and received a grant of £56,000 which enabled us to employ 2 additional Bobbymen, vans and equipment. These Bobbymen are employed on a one year contract but it is hoped that this will be extended depending on the financial support received. The Bobby Team now consists of 5 Bobbymen and vans and is now able to meet the demand with referrals from the Safer Neighbourhood Teams both in dealing with elderly or vulnerable victims of crime and meeting the demand from Operation Cocoon. The majority of referrals to the Bobby Scheme are from the police but the Partnership does work in close liaison with other caring agencies and the local authorities.

## **BOBBY SCHEME COSTINGS**

During the last financial year the costings in respect of the Bobby Scheme are as follows:

Salary in respect of the 5 Bobbymen and the part-time Partnership Assistant working 15 hours per week - £148,872

Hardware costs - £37,943

Payment in respect of vehicle maintenance, insurance, fuel etc to the Chiltern Vehicle Consortium - £23,486

Additional costs in respect of equipment, uniform etc - £514

The budget for 2010-2011 for the Bobby Scheme is based on the above figures which shows an annual cost for the Scheme of over £200,000 per annum.

The grants made by the Police Authority both in 2008 and 2009 have been used entirely to support the Bobby Scheme either towards salary or hardware.

Consistently since the launch of the Bobby Scheme the average repeat victim of crime rate after the attendance of the Bobbyman has been less than one per cent and this compares nationally of a repeat victim within nine months of 14.5% and in

Bedfordshire averaging 10.4%. 'This figure is consistent with other areas in the country where a Bobby Scheme exists.

During 2009 the Partnership entered a protocol with the Bedfordshire & Luton Fire & Rescue Service to work together by providing smoke detectors, carrying out basic fire security checks and referring serious housing defects where there was a risk of fire to the fire service for further visits by them. This partnership is in respect of the Bedford Borough area but it is hoped that this will be extended to the whole county shortly.

The Partnership office receives numerous letters of appreciation concerning the Bobby Scheme and sample comments are set out below.

Mrs Collins, London Road, Bedford - "We were very thankful for John's visit after recent trouble in the street when he installed two chains and new locks on our doors and we feel much safer"

Mrs Sibbald, Luton Road, Wilstead - "I am so very grateful that people care about my security"

Mrs Wells, Bunkers Drive, Cotton End - "I was visited by the Bobby Team last week and would like to express my appreciation of their help and advice and now say how good we feel"

Mr Standley, The Buntings, Brickhill - "This is the second burglary I have suffered in my life and after the Bobby visit I now feel reassured and much safer in my own home. I am truly grateful for the invaluable support that your service has given me"

Mr & Mrs Miles, Wood Lane, Cotton End - "We were most impressed by John the Bobbyman's friendly, helpful manner and his obvious expertise. We feel much happier about our security now"

Mr Whiting, Lynn Close, Elstow - "We are writing to tell you how pleased we were with the excellent service we received from your Bobbyman John yesterday. We fully expected to pay but were pleasantly surprised when he said it was free. Excellent service"

Mrs Brereton, New Road, Bromham - "A big thank you"

Mrs Cole, Morland Way, Bedford - "We wish to say thank you to the gentleman from the Bobby Scheme who fitted a new chain on our front door. A marvellous service"

Mrs Reed, Westfield Road, Dunstable – "I am disabled and I am so grateful to the Bobbyman and feel much safer"

Mrs Hartman, Chaul End Road, Caddington – "I was worried when my neighbour was broken into and want to thank Mark for making me feel better"

Mr Lewis, St Catherines Avenue, Luton – "I am 83 and I want to thank the police for making my house safer. It really upset me being broken into but your Bobbyman was great"

Mrs Cauldwell, Bishopsote Road, Luton – “Thank you very much for the very friendly service”

## **GENERAL SITUATION**

Like most charities the Bedfordshire Police Partnership Trust has had a considerable reduction in the support by annual subscription from local companies. This trend has been for the last two and a half years and many of the companies who have supported us by becoming partners have had to make people redundant and made decisions to support one charity. Normally this is Cancer Research or the local hospice but this has had an effect of reducing our supporting partners during the last financial year to around 120. It is not anticipated that this situation will change certainly for the next 12 months.

As a charity the Partnership can apply to various organisations for grants and the Trust Administrator is always on the look out for grant opportunities where the Bobby Scheme in particular meets their criteria.

It is anticipated that to maintain the level of grants and the service of the Bobby Scheme, the Partnership will need to use reserves this financial year.

The Trustees and the Trust Administrator very much regard the Bobby Scheme as the main activity and actually delivers in reducing crime, giving public support to victims and working with the safer Neighbourhood Teams makes a significant impact on policing priorities.

Since it's launch the Partnership has rightly developed. With the driver training programme which is run by Andy Wesley and the five Bobbymen now employed full time the administrative support has not grown in proportion to the Partnership's development, particularly in the area of the support and organisation for the Bobby Team referrals. If it had not been for the flexibility of the Partnership Assistant, Janet Heinsen, who is employed 15 hours per week to support the scheme and as a Station Officer at Ampthill where she can monitor the Bobby calls each day the support to the public would diminish.

The Trustees are grateful for the financial support from the police authority and hope this will continue.



## Bedfordshire Police Authority

<b>COMMITTEE AND MEETING DATE</b>	<b>FINANCE COMMITTEE</b>  <b>22 JUNE 2010</b>
<b>AGENDA ITEM No:</b>	<b>11b</b>
<b>TITLE:</b>	<b>2010/11 REVENUE BUDGET PERFORMANCE</b>
<b>DATE OF REPORT:</b>	<b>11 JUNE 2010</b>
<b>REPORT OF:</b>	<b>CHIEF CONSTABLE</b>
<b>AUTHOR:</b>	<b>ASSISTANT DIRECTOR – RESOURCES</b>
<b>ACTION REQUIRED:</b>	<b>TO REPORT PROGRESS ON THE IMPLEMENTATION AND MANAGEMENT OF THE 2010/11 REVENUE BUDGET</b>
<b>APPENDICES:</b>	<b>APPENDIX A – FORECAST OUTTURN</b>  <b>APPENDIX B – DIVISIONAL FORECAST</b>  <b>APPENDIX C – SPECIFIC GOVERNMENT GRANTS</b>

### RECOMMENDATIONS:

#### **Recommendation 1**

That Members note the report paying particular attention to the proposed reductions in Police funding detailed at paragraph 3.2. and the overview at 3.7

**Originators:** Stuart Goodwin – Principal Accountant  
**Date:** 11 June 2010  
**Telephone No:** 01234 842240  
**E-mail:** stuart.goodwin@bedfordshire.pnn.police.uk

**BACKGROUND PAPERS:**

Statement from the Minister of State for Policing and Criminal Justice (Nick Herbert) dated 27<sup>th</sup> May 2010 outlining reductions in Police Funding in 2010/11.  
2010/11 Annual Policing Plan

**ADDITIONAL PAPERS:**

None

## 1. Background

- 1.1 The Financial Management Scheme requires the budget to be managed during the year within agreed resources; it anticipates that any extra expenditure / reduction in income will be contained by making compensating savings or exercising virement elsewhere within the overall budget.

## 2. Revenue Budget Provision

- 2.1 The Police Authority at its meeting on 12 February 2010 approved a revenue budget of £102.821M.

	<b>£'000</b>
Force Budget	102,083
Authority Budget	888
Funding from Reserves	<u>(150)</u>
Total Resources	<b>102,821</b>

## 3. Latest Assessment

- 3.1 Details of budget provision and expenditure incurred up to 31<sup>st</sup> May 2010 and forecast outturn are provided at Appendix A. This shows at this early stage of the year that an under-spend of £0.134M compared to the original budget has been forecast. This is broken down as shown below:

	<b>£'000</b>
Devolved Budgets	508
Corporate Budgets	(607)
Police Authority Budgets	<u>(35)</u>
	<b>(134)</b>

### 3.2 **Reductions in Police Funding**

- 3.2.1 This forecast is based on the approved budget for 2010/11. Since then and as a result of the Government's priority of reducing the Country's budget deficit the Home Office has announced reductions in funding for the Police Service.

3.2.2 The effect on Bedfordshire Police is a potential reduction in funding of £1.0M, this equates to just under 1% of the approved budget. This potential cut is the subject of a separate report to this Committee and therefore have not been reflected in this report.

### **3.3 Basis of Forecast**

3.3.1 Forecasts have also been made on the basis that the reallocation of officers from Divisions to Protective Services will go ahead as planned and budgeted for. The reality is however that there might not be the appropriate skills mix to enable Divisional Commanders to release all the officers in one go and a phased approach would be more appropriate. A separate project team has been set up to manage this process which could potentially lead to further budget reallocation.

### **3.4 Devolved Budgets**

3.4.1 The forecast overspend of £0.508M can mostly be attributed to the current high levels of officers serving on territorial divisions compared to the budgeted establishment. The Force is virtually up to strength and the Territorial Divisions are currently over establishment, this is reflected in their current forecasts. This situation also puts additional pressure on the police overtime budget as in the past this has been supplemented from vacancies within the Force. Future officer intakes have been rescheduled to avoid the budgeted establishment being breached and work continues around the analysis and scrutiny of overtime to ensure cost reductions are made in this area.

3.4.2 The forecast for Protective Services takes into account the potential collaborative work with other forces within the eastern region and assumes the cost of this will be contained within their current budget. The migration of these officers to the eastern region will form part of the project work mentioned in paragraph 3.3.

3.4.3 At this early stage a £0.100M under-spend is forecast for units that have already been collaborated with Hertfordshire Constabulary. The Major Crime Unit has been under-spent in each year since collaboration and early indications are that based on the current level of budget they will under-spend again.

### **3.5 Corporate Budgets**

3.5.1 The budget proposed for the additional 20 Officers for Protective Services is currently held centrally. This will be used as and when the migration of officers from Territorial Divisions to Protective takes place as a result of the work mentioned at paragraph 3.3. Pending these decisions it accounts for the majority of the under-spend shown under Corporate budgets.

3.5.2 There are a number of likely variances that could arise within the corporate budgets that in many cases will net each other off. However, as part of the 2010/11 budget process £0.100M was set aside for the delivery of a Sexual Assault Referral Centre (SARC). This budget is being held centrally and at this point in time as discussions with partners continue and therefore this money is being considered as an under-spend at this time.

### 3.6 Police Authority

3.6.1 The current forecast of the Police Authority is for a small underspending of £0.035M due to expected reductions in spend on external audit fees and consultation/publications. This is regularly reviewed by the Chief Executive/Treasurer.

### 3.7 Overview

3.7.1 This forecast is based upon expenditure incurred in the first two months of the year and therefore it is likely that this forecast will fluctuate throughout the remainder of the year due to the volatility of policing.

3.8.1 It should also be noted that the allocation of budgets may be subject to change depending upon the movement of officers from Territorial Policing to Protective Services.

## 4. Police Officer Overtime

4.1 As reported previously work is continuing to reduce the cost of overtime across the Force. The table below shows the cost of overtime to the Force over the last three years and early indication for 2010/11. The work that has gone into reducing overtime spend is detailed in the revenue outturn report which forms part of today's agenda. The prediction for 2010/11 is based on one month's data and has been made in conjunction with Divisional Commanders and takes into account the controls that have now been put in place. It is also subject to the impact of additional policing that may be required during the world cup and therefore firmer figures will be available after July when the tournament has finished.

	<b>2007/08</b>	<b>2008/09</b>	<b>2009/10</b>	<b>2010/11(est)</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Territorial Policing	2,594	2,548	2,476	2,337
Protective Services	991	1,064	1,265	1,000
Other	45	41	43	4
Externally Funded	392	309	295	250
<b>Total</b>	<b>4,022</b>	<b>3,962</b>	<b>4,079</b>	<b>3,591</b>

## **5. Specific Government Grants**

- 5.1 The Force will continue to receive additional specific grants, mainly from Government Agencies, for additional expenditure incurred as a result of specific ring fenced initiatives. Appendix C details the larger specific grants that are confirmed to be received during 2010/11.
- 5.2 Since the original notification of grant levels and following the announcement from the Home Office detailed in section 3.7 grant levels have been reduced by £93,400 for Counter Terrorism grants. Appendix C has been adjusted to reflect these changes and is correct at the date of this report. However, the position could potentially change and a verbal update may be required at Committee.

## **6. Efficiency/Productivity**

- 6.1 As incorporated into the 2010/11 Policing Plan the efficiency target for 2010/11 as agreed by the Authority totals £3.650M or 3.6% of Net Revenue Expenditure.
- 6.2 At this early stage in the year it is forecasted that the outturn will be on target at £3.650M as the majority of these efficiencies were removed from the 2010/11 revenue budget.

## **7. Service and Financial Implications**

- 7.1 As mentioned at 3.1, the financial implications are minimal at this stage in the year but the stringent control of resources is paramount to ensuring that this remains to be the case during the financial year.

## **8. Other Implications**

- 8.1 Corporate Governance: stringent budgetary control is extremely important to ensure resources are being used effectively and that finances are being directed to the correct areas of priority.
- 8.2 Policy and Strategic Aims: The budget has been set in line with the strategic plan and annual policing plan and has a direct impact on the ability the Authority and Force has in delivering these aims and priorities.
- 8.3 Reducing Carbon Footprint / Waste: No direct impact apart from better use of resources in relation to the efficiency plan.

8.4 Confidence: Good financial control of public spend is paramount to providing customers assurance that the budget is being used effectively and resources are being directed towards areas of priority.

9. **Risk**

9.1 Whilst the current forecasts are that expenditure will be lower than the budget for the year 2010/11 the risks highlighted at 3.7 could alter this situation. The proposed reductions in funding at 3.2 that are the subject of a separate report should also be noted.

10. **Recommendation**

10.1 That Members note the report paying particular attention to the proposed reductions in funding at 3.2 and the risks highlighted at 3.7

**2010/11 Revenue Budget Summary**

	Budget Provision £000	Expenditure to 31st May 2010 £000	%	Forecast Outturn £000	Forecast Variation £000
<b>Force</b>					
<b>Employee Expenses</b>					
Police Pay	50,945	8,116	16	50,660	-285
Police Overtime	3,281	361	11	3,591	310
Police Staff Pay	30,604	5,252	17	30,604	0
Pensions	11,125	2,028	18	11,125	0
Other Employee Costs	3,133	366	12	3,033	-100
<b>Premises</b>	2,878	461	16	2,878	0
<b>Transport</b>	2,678	369	14	2,678	0
<b>Supplies &amp; Services</b>					
Equipment & Uniforms	1,834	202	11	1,834	0
I.T.	3,623	621	17	3,623	0
Other	3,239	442	14	3,139	-100
<b>Agency &amp; Contracted Services</b>	3,052	380	12	3,052	0
<b>Capital Financing</b>	949	12	1	949	0
<b>Income</b>					
Grants	-11,682	-239	2	-11,706	-24
Interest	-300	-12	4	-200	100
Other	-2,858	-46	2	-2,858	0
Contribution from Reserves	-150	0		-150	0
	<b>102,351</b>	<b>18,313</b>	<b>18</b>	<b>102,252</b>	<b>-99</b>
<b>Police Authority</b>					
Employees	274	61	22	274	0
External Audit	74	0	0	54	-20
Bank Charges & Internal Audit	33	2	6	33	0
Youth Action	36	0	0	36	0
Members Allowances	231	37	16	231	0
Conferences, Grants & Subscriptions	59	33	56	59	0
Consultancy & Publicity	129	15	12	129	-15
Other Expenses	34	5	15	34	0
	<b>870</b>	<b>153</b>	<b>18</b>	<b>850</b>	<b>-35</b>
<b>Total</b>	<b>103,221</b>	<b>18,466</b>	<b>18</b>	<b>103,102</b>	<b>-134</b>

## Appendix B

**2010/11 Revenue Budget Monitoring  
Analysis of Forecasted Outturn**

The following table provides a brief analysis of the current forecasted outturn for each Division.

**Summary of Forecast Reports**

	Forecast Variance  £'000	Forecast compared to Divisional Budget %	Forecast compared to Force Budget %	
<b>Territorial Policing</b>				
J Div	189	0.87	0.18	Division currently over establishment pending appropriate movement of officers
C Div	457	2.94	0.44	Division up to establishment pending appropriate movement of officers
K Div	(36)	(0.50)	(0.04)	Minor variance
<b>Total</b>	<b>610</b>	<b>1.37</b>	<b>0.59</b>	
<b>Protective Services</b>				
Protective Services	62	0.38	0.06	Re-grading of posts within Central Intelligence Bureau
Collaborated Units	(100)	(0.87)	(0.10)	Under-spend on police pay within the major crime unit
<b>Total</b>	<b>158</b>	<b>0.56</b>	<b>0.15</b>	
<b>Corporate Services</b>				
People Services	(37)	(0.79)	(0.04)	Under-spends within the Probationer Development unit.
Resources	(53)	(2.03)	(0.05)	Under-spends within Procurement
Estates	22	0.64	0.02	Minor variances at this stage
Legal	9	4.66	0.01	Minor variances at this stage
Corp Comms	-	-	-	
IS/IT	(5)	(0.13)	0.00	Minor variances at this stage
<b>Total</b>	<b>(64)</b>	<b>0.42)</b>	<b>0.06)</b>	
Corporate	(607)	(4.26)	(0.59)	Budget for SARC & movement of officers between territorial divisions and Protective Services
Authority	(35)	(3.94)	(0.034)	
<b>Total</b>	<b>(134)</b>	<b>0.13)</b>	<b>0.13)</b>	



**AppendixC****Grant Funded Initiatives**

	<b>£'000</b>	
• Neighbourhood Policing Fund	2,764	contribution towards the cost of employing Community Support Officers Forcewide
• Counter Terrorism	1,295	funding provided for the policing of Luton Airport against the threat of terrorism, this also covers the cost of policing MANPADS
• Dedicated Security Posts	1,781	funding from the Home Office for 34 dedicated security posts
• Basic Command Unit Fund	418	a fund provided to individual BCU's to compliment the CDRP monies made available through partnering Authorities
• Drug Testing Programme	316	funding to conduct Drug Testing as part of the Criminal Justice Interventions programme
• PREVENT funding	499	funding has been received for eight officers & one staff member specifically to undertake additional roles specified under the PREVENT element of Counter Terrorism.

For information, the grants already included as part of the National Settlement are:

	<b>£'000</b>
Crime Fighting Fund	2,713
IPLDP	238
Additional Rule 2 Grant	698





## Bedfordshire Police Authority

<b>COMMITTEE AND MEETING DATE</b>	<b>FINANCE COMMITTEE</b>  <b>22 JUNE 2010</b>
<b>AGENDA ITEM No:</b>	<b>11c</b>
<b>TITLE:</b>	<b>2010/11 CAPITAL PROGRAMME PERFORMANCE</b>
<b>DATE OF REPORT:</b>	<b>11 JUNE 2010</b>
<b>REPORT OF:</b>	<b>CHIEF CONSTABLE</b>
<b>AUTHOR:</b>	<b>ASSISTANT DIRECTOR – RESOURCES</b>
<b>ACTION REQUIRED:</b>	<b>TO REPORT PROGRESS ON THE IMPLEMENTATION AND MANAGEMENT OF THE 2010/11 TO 2012/13 CAPITAL PROGRAMME</b>
<b>APPENDICES:</b>	<b>APPENDIX A – LATEST ESTIMATE OF CAPITAL PAYMENTS</b>  <b>APPENDIX B – PROGRESS ON IS/IT STRATEGY</b>  <b>APPENDIX C – 2010/11 TO 2012/13 FINANCING OF THE CAPITAL PROGRAMME</b>

**RECOMMENDATIONS:**

**Recommendation 1**

That Members note the report paying particular attention to the following;

- slippage of £0.744M from 2009/10 added to the programme as detailed in paragraph 2.1
- reduction in funding detailed in paragraph 4.2

**Originators:** Hannah Broadbank – Accountancy Assistant

**Date:** 7 June 2010

**Tel No:** 01234 842122

**E-mail:** Hannah.Broadbank @bedfordshire.pnn.police.uk

**BACKGROUND PAPERS:**

Estates Strategy

ICT Strategy.

Statement from the Minister of State for Policing and Criminal Justice (Nick Herbert) dated 27<sup>th</sup> May 2010 outlining reductions in Police Funding 2010/11.

**ADDITIONAL PAPERS:**

None

## 1. Original Programme

- 1.1 The Police Authority approved a three-year Capital Programme on 27<sup>th</sup> January at a total cost of £29.619M, with payments in 2010/11 of £5.568M.

## 2. Revised Programme

- 2.1 Slippage of payments totalling £0.744M resulting from the final capital outturn report featured elsewhere on this agenda has been carried forward to the 2010/11 programme. This represents costs that originally we had expected to incur in 2009/10 but will now occur in 2010/11. This slippage brings with it £0.346M worth of expenditure that has already been incurred. This has the effect of increasing the overall programme by £1.090M.
- 2.2 This total cost of the revised programme is now £30.709M with payments in 2010/11 of £6.267M as shown below:

	<b>Total Costs</b>	<b>Prior to 1<sup>st</sup> April 2010</b>	<b>2010/11</b>	<b>2011/12</b>	<b>2012/13</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Revised Programme</b>	<b>30,709</b>	<b>3,882</b>	<b>6,267</b>	<b>12,770</b>	<b>7,790</b>

- 2.3 The variances in 2009/10 are detailed in the capital outturn report, as previously mentioned, included within this agenda. Those projects that have started early or are still in progress have been treated as early payments or slippage and are shown in the table overleaf. The negative figures represent the projects that have had their start dates brought forward or expenditure in 2009/10 was higher than forecast in the programme:

Strategy	Project	Slippage	
		£'000	£'000
Estates	Custody Improvements	(5)	
	Eastern Avenue	3	
	Neighbourhood Policing	(30)	
	HQ Generator	1	
	HQ Radio Mast	12	
	Collaboration (Dogs)	4	
	Greyfriars Replacement	110	
	New Boilers (Luton)	71	
			166
IS/IT	Mobile Data	10	
	CCTV	70	
	Command & Control	151	
	Impact / MoPI	68	
	Inspire	8	
	Desktop Upgrades	(80)	
	Intranet	8	
	Telephony	77	
	Airwave	35	
ANPR	Burglary Reduction		86
	Airwave		(6)
	Vehicle Upgrade		75
	M1		76
			<u>744</u>

2.4 The following virements within the IS/IT Strategy have been included within the revised programme, these are based upon latest estimates of total project costs, as follows:-

- Microsoft Software Assurance – Reduce by £0.050M due to the savings made through collaborative purchasing arrangement with Hertfordshire Police.
- Airwave – Increase of £0.035M in order to fund replacement of all front line officers' handsets over the next 2 years.
- SNT / Citizen Focus – Increase by £0.015M for further enhancements required to make best use of the technology.

### 3. Latest Assessment

3.1 Details of the latest estimate of payments compared with the revised programme are detailed at Appendix A.

- 3.2 As the Appendix shows, the latest estimate of total costs shows that it is expected that expenditure will exceed the revised programme by £0.004M due to the Airwave handset replacement programme.
- 3.3 The latest forecast of payments in 2010/11 shows a decrease of £0.360M which is due to the following:
- Identity and Access Management – Slippage of £0.170M into 2011/12 due to delayed regional collaboration arrangements to provide the IAM solution.
  - Neighbourhood Policing – The difficulty in finding both suitable and economically viable properties has caused slippage of £0.100M into 2011/12.
  - Greyfriars Replacement - Planning committee requirements have led to the planning application being considered later than anticipated therefore £0.090M has slipped to 2011/12. Due to the size of the project the planning committee required further surveys and information to be submitted to support the application.
- 3.4 Appendix B provides a brief update of progress against the main capital schemes within the IS/IT strategy.

#### **4. Funding 2010/11 to 2012/13**

- 4.1 Appendix C assesses the implications on resources as a result of the variations arising from the 2009/10 capital outturn and the aforementioned variations so far this year.
- 4.2 The capital grant provided from the Home Office has been reduced by £0.100M in 2010/11 since the draft programme was approved, this is part of the recently announced cuts by the Minister of State for Policing and Criminal Justice. For the purpose of this report it has been assumed that grant will remain at this lower level in 2011/12 & 2012/13. This has added pressure to the capital programme and should be considered when reviewing future projects.
- 4.3 The estimated funding surplus at the end of the three-year programme is currently forecasted at £0.108M but is obviously dependent upon actual costs, funding and timing of the Criminal Justice project.

#### **5. Service and Financial Implications**

- 5.1 It is estimated that payments in 2010/11 will be £0.360M lower than the revised programme.

6. **Other Implications**

- 6.1 Policy and Strategic Aims: The successful delivery of the capital programme will assist the Authority and Force in the delivery of its strategic aims.

7. **Risk**

- 7.1 There are no risks to the achievement of the Force's objectives arising from this report.

8. **Conclusion**

- 8.1 It is estimated that payments in 2010/11 will be £0.360M lower than the revised programme.

9. **Recommendation**

- 9.1 That Members note the report paying particular attention to the following;
- Slippage of £0.744M from 2009/10 added to the programme as detailed in paragraph 2.1
  - Reduction in funding detailed in paragraph 4.2

**Capital Programme 2010/11 to 2012/13**

**SUMMARY**

Strategy	Description	Revised Programme				Latest Estimate (May 2010)				Variation			
		Total Cost £,000	Prior to 1/4/10 £,000	2010/11 £,000	2011/12 £,000	2012/13 onwards £,000	Total Cost £,000	Prior to 1/4/10 £,000	2010/11 £,000	2011/12 £,000	2012/13 onwards £,000	Total Cost £,000	Payments 2010/11 £,000
<b>Estates</b>	General Minor Capital Work	750	0	250	250	250	750	0	250	250	250	0	0
	Minor Works - Sustainability	450	150	150	150	150	450	150	150	150	150	0	0
	General Major Capital Work	700	0	300	200	200	700	0	300	200	200	0	0
	Neighborhood Policing Acc	200	65	135	0	0	200	65	35	100	0	0	(100)
	Greyfriars Replacement	771	661	110	0	0	771	661	20	90	0	0	(90)
	Criminal Justice Centre North	12,000	0	0	7,000	5,000	12,000	0	7,000	5,000	0	0	0
	Eastern Avenue	402	389	13	0	0	402	389	13	0	0	0	0
	New Generator at HQ	450	24	426	0	0	450	24	426	0	0	0	0
	New Boilers (Luton)	200	29	171	0	0	200	29	171	0	0	0	0
	Single Storage Solution	1,000	0	200	800	0	1,000	0	200	800	0	0	0
	Collaboration Set Up - Dogs	41	37	4	0	0	41	37	4	0	0	0	0
	HQ Mast	100	0	100	0	0	100	0	100	0	0	0	0
	CCTV	240	0	0	240	0	240	0	0	240	0	0	0
<b>IS/IT</b>	Mobile Data	1,307	840	217	130	120	1,307	840	217	130	120	0	0
	CCTV	130	24	106	0	0	130	24	106	0	0	0	0
	Command & Control	379	100	279	0	0	379	100	279	0	0	0	0
	Impact/MOPI	825	195	480	0	150	825	195	480	0	150	0	0
	Infrastructure Upgrades	550	0	250	150	150	550	0	250	150	150	0	0
	Desktop Upgrades	470	295	35	0	140	470	295	35	0	140	0	0
	Minor Systems	720	0	230	260	230	720	0	230	230	260	0	0
	Telephony	559	305	254	0	0	559	305	254	0	0	0	0
	Identity & Access Management	236	8	208	10	10	236	8	170	20	20	0	(170)
	Inspire	41	33	8	0	0	41	33	8	0	0	0	0
	SNT / Citizen Focus	70	60	10	0	0	70	60	10	0	0	0	0
	Intranet	63	34	29	0	0	63	34	29	0	0	0	0
	Digital Evidence System	430	0	230	200	0	430	0	230	200	0	0	0
	NMIS	300	0	50	50	200	300	0	50	50	200	0	0
	Analytical Capability	150	0	150	0	0	150	0	150	0	0	0	0
	Integrated Communication & Control	210	0	100	100	10	210	0	100	100	10	0	0
	ICT Helpdesk	50	0	50	0	0	50	0	50	0	0	0	0
	Inter Force Links	250	0	150	0	100	250	0	150	100	0	0	0
	Microsoft Software Assurance	559	389	170	0	0	559	389	170	0	0	0	0
	HR System	370	0	350	20	0	370	0	350	20	0	0	0
	Flexible Working	230	0	200	30	0	230	0	200	30	0	0	0
	Geographic Information System	150	0	100	50	0	150	0	100	50	0	0	0
	Crime & Intelligence System	500	0	0	500	0	500	0	0	500	0	0	0
	Customer Relationship Management	100	0	0	100	0	100	0	0	100	0	0	0
	Electronic Records Management	300	0	0	300	0	300	0	0	300	0	0	0
<b>Airwave</b>	Airwave	874	318	271	285	0	874	318	271	289	0	4	0
<b>ANPR</b>	ANPR (M1)	75	0	75	0	0	75	0	75	0	0	0	0
	ANPR (Vehicle Upgrade)	76	0	76	0	0	76	0	76	0	0	0	0
<b>Equipment</b>	Equipment	236	0	136	50	50	236	0	136	50	50	0	0
<b>Transport</b>	Vehicle Replacement	2,325	0	750	775	800	2,325	0	750	775	800	0	0
	Air Support	870	76	94	600	100	870	76	94	600	100	0	0
<b>Summarised as:</b>													
<b>Estates</b>		17,304	1,205	1,859	8,640	5,600	17,304	1,205	1,669	8,830	5,600	0	(190)
<b>IS/IT</b>		8,949	2,283	3,006	2,420	1,240	8,949	2,283	2,836	2,580	1,250	0	(170)
<b>Airwave</b>		874	318	271	285	0	878	318	271	289	0	4	0
<b>ANPR</b>		151	0	151	0	0	151	0	151	0	0	0	0
<b>Equipment</b>		236	0	136	50	50	236	0	136	50	50	0	0
<b>Transport</b>		3,195	76	844	1,375	900	3,195	76	844	1,375	900	0	0
<b>TOTAL CAPITAL PROGRAMME</b>		<b>30,709</b>	<b>3,882</b>	<b>6,267</b>	<b>12,770</b>	<b>7,790</b>	<b>30,713</b>	<b>3,882</b>	<b>5,907</b>	<b>13,124</b>	<b>7,800</b>	<b>4</b>	<b>(360)</b>

Summarised as:

<b>Estates</b>		17,304	1,205	1,859	8,640	5,600	17,304	1,205	1,669	8,830	5,600	0	(190)
<b>IS/IT</b>		8,949	2,283	3,006	2,420	1,240	8,949	2,283	2,836	2,580	1,250	0	(170)
<b>Airwave</b>		874	318	271	285	0	878	318	271	289	0	4	0
<b>ANPR</b>		151	0	151	0	0	151	0	151	0	0	0	0
<b>Equipment</b>		236	0	136	50	50	236	0	136	50	50	0	0
<b>Transport</b>		3,195	76	844	1,375	900	3,195	76	844	1,375	900	0	0
<b>TOTAL CAPITAL PROGRAMME</b>		<b>30,709</b>	<b>3,882</b>	<b>6,267</b>	<b>12,770</b>	<b>7,790</b>	<b>30,713</b>	<b>3,882</b>	<b>5,907</b>	<b>13,124</b>	<b>7,800</b>	<b>4</b>	<b>(360)</b>

**Appendix B****Progress Report on the IS/IT Capital Programme**

This Appendix provides a brief progress report on the largest projects included within the 2010/11 Capital Programme.

**IMPACT (encompassing MoPI and PND/IAM)**

There has been no change to national deadlines for PND and IAM since the last report and Bedfordshire are on track to deliver an IAM and PND solution within these timescales. Bedfordshire is in the 9<sup>th</sup> group of Forces to upload data to PND, with other Eastern Regional forces. Local work on the PND data feeds has concentrated on the development of Crime data on to ODS and onwards to PND. An end to end test run of over 1,000 records has been completed successfully. Data mapping has started for Intelligence but is likely to be much less resource intensive than that of Crime. Issues identified with the CATS (child protection) to PND interface have highlighted that original testing of the extract by the suppliers, WPC, was less than thorough. Additional testing is now underway and further software releases have been received. Due to limited testing resources Bedfordshire are monitoring the progress of other regional forces before continuing with our own testing, the same goes for the NSPIS Custody extract where issues have also been identified.

Beds and Herts have now ordered the IAM Managed Service from Siemens at a much reduced cost due to an NPJA negotiated enterprise licensing agreement and implementation of this solution is in line with the roll-out of PND and is scheduled to commence on the 19<sup>th</sup> July.

The Infoshare 'Clearcore' Data Quality tool has been ordered and work on the Bedfordshire implementation (fourth in the region) is scheduled to start at the end of June.

**PC Replacement**

The rolling replacement of PCs will continue throughout this financial year. 200 PCs were bought prior to the price increase announced by HP, saving £30 per unit. This financial year the CMC has already been refreshed with around 40 new units.

**Telephony**

The roll out of IP Telephony continues throughout this financial year, with Special Branch being the most recent recipients of 70 new extensions at their location. The new handsets and facilities are being well received by users. The introduction of IPT has allowed this to be done from within existing budgets rather than requiring the procurement of a new unit for that location.

HQ, Luton, Dunstable and Greyfriars are now the remaining sites to be completed and initial survey work is currently underway at Greyfriars and Dunstable. Manton Lane is not currently within the scope of this work.

It is anticipated that the IPT rollout will be completed during 2010/11 FY, subject to the impact of collaboration on the ICT Department.

### **Airwave**

A programme of Airwave radio replacement was planned for 2009/10, as the force terminals (handhelds radios) are now beyond warranty and faulty units are now subject to costly fixed price repairs. Large scale replacement of the majority of the force radios was planned by Beds, using the Metropolitan Police National Consortium Arrangement, although over recent months discussions have been taking place with Herts to ensure that volume purchasing discounts are maximised across the two forces and procurement planning is now underway.

Due to the budget constraints of the force over the forthcoming year, a decision has been made only to replace front-line officers' radios and to purchase of 200 second-hand units from other forces, reducing the capital requirement for this initiative.

## **Infrastructure Upgrades**

An upgrade to the force Storage Area Network (SAN), which is a centralised data storage mechanism, is complete, and data has been migrated to the new infrastructure. The SAN is the technology that supports server virtualisation. This allows one central system to support multiple software applications, rather than one discrete server per application. ICT has been undertaking an ambitious programme of server virtualisation over the last 2 years. Server numbers have been reduced by 90, with an estimated saving of £40,500 on power costs to run the hardware and cool the server room via air-conditioning.

As part of the disaster recovery (DR) programme of work an initiative to replicate HQ-hosted applications to a DR site for resilience has now been completed. Data is now being migrated to it, which has allowed the duplication of applications across to the force DR site at Dunstable to be progressed.

Compression and acceleration technology is being tested across our wide-area network links between sites. This allows the existing microwave links to be used to speed up the movement of data considerably across them.

New backup hardware systems have been purchased and installed, allowing much more robust backup of data to disk rather than tape technology.

## **MoBe Data – Phase 2**

This project is now nearing completion, and revenue budgets have been devolved to Divisions for FY 2010/11. A User Group has been established to consider the ongoing policy and practice issues necessary for ongoing 'business-as-usual' use of Blackberrys.

Work is now complete to include Blackberry telephone numbers in the Force telephone directory so that officers can take advantage of free calls between Blackberry devices. In-vehicle mobile data terminals hardware has been completed in SNT mobile office vans, and will be fully operational in June.

Further funding of £150,000 has been successfully bid for from the NPIA for the implementation of single sign-on on Blackberry devices, and the force is currently examining the feasibility of trialling this technology.

### **Command and Control replacement and GIS replacement**

Hertfordshire Constabulary and Bedfordshire Police are working together on the Command and Control Collaboration project; both forces will upgrade their existing Northgate OASIS Command and Control Systems to the latest Northgate product, Integrated Incident Management (IIM). In preparation for the upgrade both forces are also upgrading their Geographical Information Systems (GIS) to Northgate's xc product and migrating existing street indexes to the Compass Gazetteer.

Delays have been encountered due to early versions of the software supplied not being fit for purpose, and a change to the contract is currently being negotiated with the supplier. Ongoing discussions with the supplier have led to a provisional renegotiation of contract terms, currently without prejudice and subject to confidentiality clause, but in summary, allow forces to contribute resources to the development of the product with the supplier for a concomitant reduction in implementation fees.

### **Athena**

The Regional Programme to procure a common Custody, Crime, Case and Intelligence System, named 'Athena' is progressing well. The OJEU notice was published at end of April and 19 suppliers responded to the Pre-Qualification Questionnaire (PQQ) by the deadline of 31<sup>st</sup> May.

The Technical Requirements document was completed but several areas require further definition prior to the competitive dialogue phase (11/10/10 to 11/2/11) – the Athena Project Team have asked for volunteers from forces to assist with this work and Bedfordshire are contributing resources to this.

Bedfordshire Business Change involvement has been agreed from Corporate Development and will initially cover business benefits, business case and business process re-engineering.

## CAPITAL PROGRAMME 2010/11 to 2012/13 FINANCING

	2010/11 £000	2011/12 £000	2012/13 £000
<b>Expenditure</b>			
Estates	1,669	8,830	5,600
IS/IT	3,258	2,869	1,250
Transport	844	1,375	900
Equipment	136	50	50
<b>Total</b>	<b>5,97</b>	<b>13,124</b>	<b>7,800</b>
<b>Resources</b>			
External Borrowing (long term)	1,000	8,500	6,500
Capital Receipts		1,150	
Annual Government Grant	1,197	1,197	1,197
Revenue Contributions			
Capital Financing Reserve	5,383	2,204	211
Other External Resources	531	284	
<b>Total</b>	<b>8,111</b>	<b>13,335</b>	<b>7,98</b>
<b>Surplus / (shortfall)</b>	<b>2,204</b>	<b>211</b>	<b>108</b>



## Bedfordshire Police Authority

<b>COMMITTEE AND MEETING DATE</b>	<b>FINANCE COMMITTEE</b> <b>22 June 2010</b>
<b>AGENDA ITEM No:</b>	<b>12</b>
<b>TITLE:</b>	<b>2010/11 TREASURY MANAGEMENT OPERATIONS REPORT</b>
<b>DATE OF REPORT:</b>	<b>26 MAY 2010</b>
<b>REPORT OF:</b>	<b>CHIEF CONSTABLE</b>
<b>AUTHOR:</b>	<b>ASSISTANT DIRECTOR – RESOURCES</b>
<b>ACTION REQUIRED:</b>	<b>TO REPORT ON THE TREASURY MANAGEMENT OPERATIONS THAT HAVE TAKEN PLACE SINCE THE LAST REPORT TO THIS COMMITTEE</b>
<b>APPENDICES:</b>	<b>APPENDIX A – OUTSTANDING INVESTMENTS</b>

### RECOMMENDATIONS:

**Recommendation 1** That members consider the Treasury Management operations that have taken place in the 2010/11 financial to date

**Originators:** Julie Jackson – Accountancy Assistant  
Samantha Davies – Principal Accountant

**Date:** 26 May 2010

**Telephone No:** 01234 842122

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**BACKGROUND PAPERS:**

None

**ADDITIONAL PAPERS:**

None

## 1. **Background**

- 1.1 This report summarises the Treasury Management operations that have taken place in the 2010/11 financial year.

## 2. **Borrowing/Investment Operations**

### 2.1 Long Term Borrowing

- 2.1.1 No long term borrowing has been undertaken since the last report to this committee.

### 2.2 Short Term Borrowing

- 2.2.1 No short-term borrowing has taken place in this financial year. Any short falls in daily cash flow have been met by the Authority's overdraft facility (£0.5M).

### 2.3 Investment

- 2.3.1 Levels of investment have varied from £10.0M to £19.5M and as at 25<sup>th</sup> May 2010 the amount invested was £17.7M. This includes both fixed term deposits of £6M and instant access accounts of £11.7M held by the Force. As previously reported to this Committee the use of the force's Special Interest Bearing Account (SIBA) has increased in recent months due to the poor interest rates on fixed term deposits. In addition to the SIBA account the force also invest in two other instant access accounts.

- 2.3.2 Appendix A shows a detailed list of the investments which were outstanding as at the 25 May 2010 along with the current approved lending list. This includes all funds invested both as fixed term deposits and instant access accounts.

- 2.3.3 The current economic climate has reduced the amount of choice available to the Force when considering investments. To counter this, as part of the 2010/11 Treasury Management Strategy it was decided that the following rules would apply when making investments:

<ul style="list-style-type: none"> <li>• Short term rating of F1+ and long term rating above AA- and individual rating higher than C and support higher than 2</li> </ul>	£7M investment limit
<ul style="list-style-type: none"> <li>• Short term rating of F1 and long term rating above A and individual rating between A and B and a support rating of 1 or 2</li> </ul>	£7M investment limit
<ul style="list-style-type: none"> <li>• Short term rating of F1+ and long term rating above AA- and individual rating between C and A/B and a support rating of 3</li> </ul>	£5M investment limited for 3 months
<ul style="list-style-type: none"> <li>• Short term rating of F1 and long term rating above A and individual rating between B/C and C and a support rating of 3</li> </ul>	£5M investment limited for 3 months
<ul style="list-style-type: none"> <li>• Where long term rating one rating below criteria and short term, support and individual ratings meet criteria</li> </ul>	£2M investment limited for 3 months

2.3.4 Ratings are currently checked on a weekly basis and lists updated when information is received from Sector, our Treasury Management advisors, regarding changes in ratings. Although consideration is once again being given to investing in foreign banks, currently all investments are with UK based banks and building societies. No new funds are currently being placed with Irish banks as per recommendations from Sector and credit rating agencies.

2.3.5 The force has continued to keep investments short term with higher rated institutions and government backed nationalised banks as this allows the Authority to react to changes in financial institutions' status and to hopefully take advantage of future rises in interest rates. Currently the highest term length is around 7 months as shown in Appendix A; which is still considered short term. Interest rates continue to remain low

2.3.6 The Force has been making use of an instant access account alongside the bank accounts currently used by the Force since February 2005. This Special Interest Bearing Account (SIBA) had previously been used for funds required at either short notice or of a value too small to invest. Due to the current economic climate and subsequent low levels of interest rates on offer when taking out fixed term investments, the Force has utilised the account more, depositing larger sums of money in order to take advantage of the more favourable rates on offer. As a result of this, the force also invest in two further instant access accounts, that currently pay a higher rate of interest than the fixed rates given on specific investments over the short term. With the exception of the SIBA account, maturity dates are given on the instant access accounts even though, as indicated in the title, the cash is available instantly. This is to assist in the monitoring of cash flow. The balances held are included in the limits applied to banking groups when considering potential investments.

2.3.3. Current market advice indicates that investment rates will remain at this level for the remainder of this financial year.

2.3.7 Information from other local authorities suggests that the majority are also currently investing in similar banks/building societies to the Force and some are using Money Market Funds and foreign banks; these options continue to be explored.

### **3. Performance**

3.1 Performance is measured by comparing the actual rates of interest achieved and borne against the average Local Authority 7-day rate.

3.2 For investments made this year the average interest rate achieved from temporary investment is 0.90%. This is 0.50% higher than the average Local Authority 7-day rate of 0.40% over the same period.

3.3 Until 20 May 2010, the interest earned on the SIBA was 0.25% above the base rate, i.e. previously 0.75%. However following negotiations with the bank, the rate has been increased to 0.40% above the base rate, making the current rate 0.90%, more in line with the rates offered by the other two instant access accounts: currently 1.15% and 0.80%.

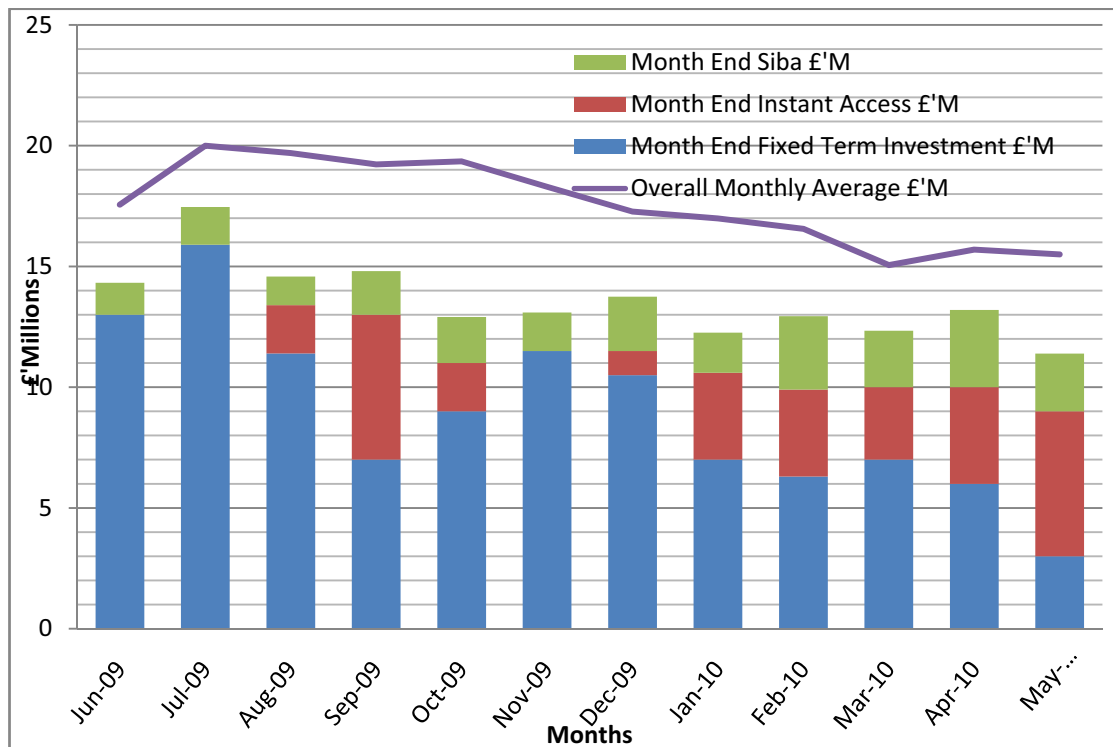
### **4. Summary of Treasury Management Transactions**

4.1 The following summarises the treasury management transactions since the last report to this committee.

4.2 Current Borrowing & Investments

	<b>Long Term Borrowing £'000</b>	<b>Temporary Borrowing £'000</b>	<b>Temporary Investments £'000</b>	<b>Instant Access £'000</b>
<b>Balance at 1 April 2010</b>	<b>5,720</b>	<b>-</b>	<b>7,000</b>	<b>4,682</b>
Raised	-	-	1,000	9,000
Repaid	-	-	(2,000)	(1,961)
<b>Balance at 25 May 2010</b>	<b>5,720</b>	<b>-</b>	<b>6,000</b>	<b>11,721</b>

- 4.3 The following diagram shows the month end levels of temporary investment for the last twelve months. It also analyses these totals by the type of investment ie. fixed term investments, SIBA and other instant access accounts represented by the different colours on the bars. The monthly average shown on this chart is usually higher than the month end figure because the larger out flows of cash tend to happen at month end.



- 4.4 For the financial year to date the average daily level of investment has been £14.3M with interest of £0.021M earned to 31<sup>st</sup> May (including instant access accounts). The base interest rate has remained at 0.50% and forecasts suggest that they will remain at this level until early 2011. Investment income has been estimated at £0.200M for 2010/11, £0.100M less than budgeted for.

## 5. Service and Financial Implications

- 5.1 Due to the volatility in the financial markets, at this early stage in the year it is anticipated that there will be an expected shortfall against the investment income budget of £0.300M, however this will be monitored closely and will be incorporated into the budgetary forecasts reported to this Committee..

6. **Other Implications**

- 6.1 Corporate Governance: Directly linked to effective treasury management
- 6.2 Policy and Strategic Aims: Directly linked to effective use of resources

7. **Risk**

- 7.1 There are no risks to the achievement of the Forces objective arising from this report, however, it should be recognised that at this stage in the year investment income is unlikely to be less for the year than that budgeted for.

8. **Recommendation**

- 8.1 That members consider the Treasury Management operations that have taken place in the 2010/11 financial to date.





## Bedfordshire Police Authority

<b>COMMITTEE AND MEETING DATE</b>	<b>FINANCE COMMITTEE</b>  <b>22 JUNE 2010</b>
<b>AGENDA ITEM No:</b>	<b>13</b>
<b>TITLE:</b>	<b>MEDIUM TERM FINANCIAL STRATEGY 2011/12 TO 2013/14</b>
<b>DATE OF REPORT:</b>	<b>11 JUNE 2010</b>
<b>REPORT OF:</b>	<b>CHIEF EXECUTIVE / TREASURER AND CHIEF CONSTABLE</b>
<b>AUTHOR:</b>	<b>ASSISTANT DIRECTOR – RESOURCES</b>
<b>ACTION REQUIRED:</b>	<b>TO CONSIDER THE FINANCIAL PROSPECTS IN THE MEDIUM TERM AND CONSIDER THE ASSUMPTIONS TO BE USED IN THE 2011/12 BUDGETARY PROCESS</b>
<b>APPENDICES:</b>	<b>APPENDIX A – MEDIUM TERM FORECAST</b>

### RECOMMENDATIONS:

#### Recommendation 1

The Committee recommend that the three-year forecast be considered as an initial basis for planning the three-year revenue budgetary process for the period 2011/12 to 2013/14 and that due to the current volatile financial climate that the plan be reviewed at future meetings of this committee.

**Originators:** Philip Wells – Assistant Director Resources

**Date:** 11 June 2010

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**BACKGROUND PAPERS:**

Strategic Plan 2010-13
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**ADDITIONAL PAPERS:**

None
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## 1. **Background**

- 1.1 The purpose of the Medium Term Financial Strategy (MTFS) covering the period 2011/12 to 2013/14 is to provide Members with a comprehensive review of the Authority's financial position for this period.
- 1.2 At this time there has been no Comprehensive Spending Review for the period covered within this Strategy, however, the economy is very volatile and as Members will be aware actions are already being taken to reduce Local Authority funding, with Bedfordshire facing a £1M grant reduction in 2010/11.
- 1.3 To ensure the financial plan is robust it is imperative that it relates to the Authority's and Force's 3-year strategic plan as recently approved and published.

## 2. **Strategic Plan**

- 2.1 As outlined in the Strategic Plan the Bedfordshire Police purpose is clear in that it is here to:

'Serve communities and make them safe from crime'.

And that success over this three-year period will be evidenced through four key outcomes, these being

- People are safer
- People feel safer
- People are more satisfied with the service they receive from Bedfordshire Police and
- People have more confidence in Bedfordshire Police.

- 2.2 The strategic priorities that will deliver the vision of: an organisation that inspires trust and confidence, that listens, responds and meets the needs of individuals and communities are listed as:

- To ensure people experience an accessible policing presence in their neighbourhoods and are able to influence the local policing service;
- To ensure that our services are viewed from the individual's perspective and that our staff respond to our different communities expectations, when dealing with crime and incidents;
- To ensure we have in place the right processes that identify the most serious threats to the public and the capacity and capability to respond appropriately to deal with the risks;
- To ensure we have in place the right workforce make-up and the right combination of skills, technology, equipment, people and flexibility to tackle our responsibilities as a police service.;
- To ensure people see us working with partners both within Bedfordshire and Luton and with other police forces making the best use of public money and improving services together;
- To ensure people see us using people, budgets and all other resources wisely to deliver a value for money service.

- 2.3 Whilst there are a number of initiatives and ongoing work that will assist in the delivery of these strategic priorities there are some pertinent areas that need to be considered throughout the Medium Term thinking, these being:

- Collaboration and Partnership Working – focusing on joining resources and processes to deliver more effective outcomes with either fewer resources or a more resilient workforce; and
- The level of reserves the Authority holds and the impacts of holding either high levels or low levels of reserves in the current financial climate.
- Programme 2011 (including Workforce Modernisation) – what impact this process has on the short and longer term structure and workforce mix of the organisation.
- Voluntary Merger – a full assessment of the benefits of a merged Bedfordshire and Hertfordshire Police Force.

### **3. National Financial Outlook**

#### **3.1 Finance Settlement 2010/2011**

- 3.1.1 Members will recall that the settlement for 2010/11 resulted in Bedfordshire receiving a 3.3% increase on 2009/10 grant levels.
- 3.1.2 Council Tax increases for 2010/11 nationally, within the Police Service, mainly centred around 3 to 3.5% increases or below. However, two Police Authorities were capped for excessive budget increases, these being Greater Manchester Police, a 7.5% increase and Nottinghamshire, a 4.8% increase. The penalty imposed, was at the lower end of the scale requiring both Authorities to set a maximum budget equivalent to a 4.5% Council Tax increase.
- 3.1.3 Following a recent announcement by the Secretary of State for Policing and Criminal Justice, the level of Revenue Grant to be received for 2010/11 has been reduced by £1M. In addition both capital grants and specific Counter Terrorism grants have been reduced by approximately £0.1M each.

#### **3.2 Finance Settlement 2011/12 and Future Years**

- 3.2.1 As Members will be aware there has not been a Spending Review for the period 2011/12 to 2013/14, however, the notifications already received in relation to the 2010/11 grant reductions and the recent budget statement indicating that the Police service needed to deliver £545M of cashable savings and £500M efficiencies over the next three years, suggest that the levels of grant and specific grant are likely to be less over the next three years than they are currently.
- 3.2.2 Whilst across the country there are differing thoughts in terms of grant and specific grant levels from standstill up to a 3.0% reduction per annum, the figures used in this report assume that the grant levels over the medium term will reduce by 1.5% per annum.
- 3.2.3 It is also envisaged that Council Tax levels may be kept to a minimum over the medium term and it has been muted that for 2011/12 there will be a requirement to freeze Council Tax. On this basis the report considers council tax levels of standstill levels for 2011/12 and 2.5% for the remaining years.

#### **3.3 Efficiency and Productivity**

- 3.4.1 As mentioned above, in Stephen Rimmer's letter of 29 March 2010, and the February High Level Working Group Report on Police Value for Money, set out the Home Office 2010/11 to 2013/14 Police efficiency targets amounting to cashable savings of £545M and improved efficiency of £500M.
- 3.4.2 The detail of how it was felt these savings would be delivered was:
- £400M achieved through the national framework approach to police procurement, combined with the Information Systems Improvement Strategy (ISIS);
  - £70M from reductions in overtime and
  - £75M from streamlining business support functions

The £500M efficiencies are to be achieved through using the Quest Efficiency Programme.

### **4. Medium Term Forecast**

- 4.1 The starting point for the three-year forecast is the reduced 2010/11 Budget, of £101.821M at outturn prices. For comparative purposes all figures within the three-year forecast are at outturn prices, this does mean that inflation has been estimated to enable year on year comparisons to be made.
- 4.2 Appendix A sets out the cash increase of the items listed below along with an estimate for inflation. It also shows the impact such pressures have on the Band D Council Tax. These figures, as previously mentioned, are based upon a 1.5% grant reduction per annum.

### **5. Future Commitments**

## 5.1 **Mandatory Pressures**

### 5.1.1 **Financing of the Capital Programme**

The revised Estates and ICT strategies as well as the need to maintain the Vehicle fleet and the envisaged reduction of capital grant will result in a greater need to borrow, thus impacting on the revenue budget. Obviously, whilst these figures are incorporated within the Medium Term Strategy, subject to affordability and the progression of the Estates strategy, in particular, these costs may well be reduced.

### 5.1.2 **Local Government Pension Scheme (LGPS)**

The LGPS will undergo its triennial actuarial evaluation in time for April 2011. Whilst it is too early to determine what the actual impact of the evaluation will be it is prudent to assume that it will result in a financial pressure on the scheme, estimated at £0.200M.

### 5.1.3 **Revenue Consequences of Capital Programme**

As outlined in the approved capital programme, there are revenue consequences of some £0.200M per annum resulting from capital expenditure. In addition progress around the convergence of systems with Hertfordshire and collaboration on IT departments may impact on the maintenance costs of specific systems

### 5.1.5 **Investment Income**

Due to the planned use of reserves in financing the Authority's capital programme and potential use of reserves to support the budgetary process the level of surplus resources available for investment will undoubtedly reduce in the three-year period thus reducing the level of income the Authority is able to achieve from such investments, by approximately £0.0.175M over the three-year period. The impact is expected to be greater in year 1 due to the current financial climate but is expected to reduce over the medium term as the financial markets begin to pick up.

### 5.1.7 **Incremental Drift**

This reflects the annual progression through the respective pay-scales (i.e. incremental drift) for both Police Officers and Police Support Staff. This cost tapers out as staff reach the top of their payscale, however is likely to incur costs of approximately £0.300M per annum, subject to an annual review.

### 5.1.8 **Casualty Reduction Partnership**

As previously reported, future years activity in this area is totally dependant upon the levels of grant received from the Unitary Authorities. It is too early to say whether there will be any financial impact but it is highlighted here as a potential pressure.

### 5.1.9 **Specific Grants**

It is assumed that specific grants will be reduced over the medium term and the forecast makes allowance for a loss of specific grant in 2011/12 of approximately £0.5M with a further £0.4M being lost in 2012/13.

It would also be prudent to suggest that to maximise grant funding some specific grants may well be reduced further over the medium term creating specific pressures as the majority of these grants fund either police officers or support staff.

## 5.2 **Grant Aided Items**

- 5.2.1 The specific grant related projects shown total some £10.6M and contribute towards the cost of 167 police officers and 155 police staff posts (including 128 PCSOs), as well as pay related costs, such as South East Allowance.
- 5.2.2 With this level of specific grants it should be noted that any reduction in the level of these grants that is not matched by an increase in the funding formula will create a large financial burden on the revenue budget and Council Tax. In most instances the continuation of these grants will not be known until the Autumn.
- 5.2.3 The Authority receives other specific grants that are not listed that are used to provide services over and above the core. The loss of these grants, particularly the BCU grant, may also require an additional impact on the Council Tax dependant on an assessment of their continuing need.

### 5.3 Financial Impact

- 5.3.1 The table below summarises the impact of these changes in terms of a budgetary gap, assuming council tax increases of standstill in 2011/12 and 2.5% increase per annum for the remaining two years.

<b>Grant Increases</b>	<b>2011/12</b>	<b>2012/13</b>	<b>2013/14</b>
	<b>£M</b>	<b>£M</b>	<b>£M</b>
Standstill	1.3	1.0	1.6
Mandatory Pressures	1.9	1.5	0.8
Increased Costs	3.2	2.5	2.4
Offset by: Grant	1.1	1.1	1.1
Council Tax	-	(0.8)	(0.8)
<b>Shortfall</b>	<b>4.3</b>	<b>2.8</b>	<b>2.7</b>

- 5.3.2 The impact on the Council Tax over and above the assumptions outlined in 5.3.1 above, based upon these figures are increases of approximately a further 14% in 2011/12 and between 5% and 7% in future years, which is likely to be unacceptable by both the public and the new Government.
- 5.3.3 Whilst work continues on how the funding gaps can be realised, through zero based budget reviews, value for money programmes, such as Programme 2011, the level and severity of the budget gaps are likely to result in difficult decisions being made over the medium term in relation to sustaining service delivery.
- 5.3.4 In addition to the funding gaps articulated, any required investment will need to come from reductions made at a greater level than the shortfall figures in the table above, to allow for further re-investment.

## 6. Reserves

- 6.1 The reserves held by the Authority are discussed in detail within the 2009/2010 outturn report. It is inevitable that during the medium term, based upon the forecasted funding gap that the earmarked reserves will need to be re-considered as part of the budgetary processes along with proposed capital expenditure to try and minimize the impact on operational policing.

## **7. Service and Financial Implications**

- 7.1 Mandatory pressures require Council Tax increases in each of the 3 years of approximately between 7.75% and 14.1%, these being well above the expected Government restrictions and therefore a level of budget reductions will be needed to balance the revenue budget in future years.

## **8. Other Implications**

- 8.1 Corporate Governance: The provision of a three-year financial strategy provides for overall assessment of risk both in terms of the financial outlook but also the potential risk on future performance delivery due to limited financial resources and the potential need for budget reductions over the medium term.
- 8.2 Policy and Strategic Aims: The medium term financial strategy provides a financial forecast for the Authority and Force providing the financial climate in which the Authority and Force will be required to deliver the priorities within the Strategic Plan.

## **9. Risk**

- 9.1 Appendix A highlights that for the medium term, the mandatory pressures require council tax increase in their own right of between 7.75% and 14.1%. Therefore, the funding gaps will need to be balanced through budget reductions before any other financial pressures can be considered.
- 9.2 There are implications on all of the strategic priorities that the Authority and Force will need to consider as the budgetary process progresses over the next six months.

## **10. Conclusion**

- 10.1 The three-year forecast clearly demonstrates that there are financial pressures facing the Police Service in Bedfordshire over the medium term and highlights the need for a continued proactive and structured approach to the Authority's future service and financial planning.
- 10.2 In the coming months, consideration will be given to the options available to align future spending levels with the indicative Home Office figures for likely resource availability.

## **11. Recommendation**

- 11.1 The Committee recommend that the three-year forecast be considered as an initial basis for planning the three-year revenue budgetary process for the period 2011/12 to 2013/14 and that due to the current volatile financial climate that the plan be reviewed at future meetings of this committee.

**APPENDIX A**

**MEDIUM TERM PLAN - 2011/12 TO 2013/14**

	<b>2011/12</b>	<b>2012/13</b>	<b>2013/14</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Previous Years Cash Budget</b>	<b>101,821</b>	<b>104,983</b>	<b>107,493</b>
2010/11 Council Tax at Band D	£144.77		
<b>Additional Pressures</b>			
Financing of Capital Programme	570	540	200
Local Government Pension Scheme	200	0	0
Revenue Consequences of IT Capital Programme	200	200	200
Investment Income	75	50	50
Incremental Drift	300	300	300
Cash Limited Grants (Luton Airport/MANPADS)	150	0	0
<b>Grant Aided Items</b>			
Crime Fighting Fund	2,713	2,713	2,713
Crime Fighting Fund	(2,713)	(2,713)	(2,713)
Airport / MANPADS	1,330	1,330	1,330
Airport / MANPADS	(1,330)	(1,330)	(1,330)
Single Pot (re DNA, SPP, Rural)	1,937	1,937	1,937
Single Pot (re DNA, SPP, Rural)	(1,937)	(1,937)	(1,937)
Security Expenditure	1,628	1,628	1,628
Security Expenditure	(1,628)	(1,628)	(1,628)
Community Support Officers	2,620	2,620	2,620
Community Support Officers	(2,620)	(2,620)	(2,620)
Drug Pilot Scheme	328	0	0
Drugs Pilot Scheme			
BCU Fund	420	420	0
BCU Fund	(420)		
<b>Inflation / Contingency</b>	<b>1,339</b>	<b>1,000</b>	<b>1,650</b>
<b>Budget at Outturn Prices</b>	<b>104,983</b>	<b>107,493</b>	<b>109,893</b>
Year on Year Cash Increase	3,162	2,510	2,400
Year on Year Percentage Increase	3.11%	2.39%	2.23%
Cumulative Increase	3.11%	5.57%	7.93%
Year on Year Council Tax Increase	165.20	177.94	194.94
Year on year Percentage Increase	14.11%	7.72%	9.55%
Cumulative Increase	14.11%	22.91%	34.66%