

CAMBRIDGESHIRE POLICE AUTHORITY

FINANCE AND RESOURCES COMMITTEE: MINUTES

Date: Wednesday 20th January 2010

Time: 4.00 pm until 6.30 pm

Location: Conference Rooms 3 and 4, Police Headquarters, Huntingdon

Present:

Members: Ms Shona Johnstone – Chairman
Mr John Batchelor – Deputy Chairman
Mr John Clark
Mr Mahmood Fazal
Mrs Olive Main
Ms Ruth Rogers
Ms Nic Williams

Executive Team: Mr John Hummersone, Treasurer
Dr Dorothy Gregson, Chief Executive
Miss Jackie Chapman, Committee and Support Services Officer

Constabulary: Chief Constable Julie Spence
Assistant Chief Constable Mark Hopkins
Mrs Niki Howard, Director of Finance and Resources
Mr Neil Harries, Head of Accounting Services
Pc Clive Brown, ACPO Staff Officer
Mrs Margaret Grocott, Efficiency Planning and QA

1. **To note any apologies**

None were received.

2. **To note any Declarations of Interest**

None were declared.

3. **Questions and Statements from Members of the Public**

None were received.

4. **Any Other Items of Business that the Chairman decides should be considered as a matter of urgency pursuant to Section 100(B)(4)(b) of the Local Government Act 1972**

None were received.

5. To confirm the minutes of the Finance and Resources Committee meeting held on 14th December 2009 and the Capital Panel meeting held on 15th September 2009

The Chairman highlighted some discrepancies regarding Member attendance which the Executive Team office agreed to amend.

The minutes of both meetings (as amended) were then accepted as a correct record and signed by the Chairman, subject to some minor amendments.

6. Revenue Monitoring 2009/10

The Committee received a report on spend against the approved 2009/10 Revenue Budget for the 8 months ended 30th November 2009.

The Director of Finance and Resources reported that the budget was broadly in balance with a marginal overspend of £206k or 0.25% of Net Revenue Budget.

The principal variances against budget included underspendings on Police Officer and Police staff pay budgets, offset by overspending on Police Staff overtime and agency staff and overspends on a range of goods and services (e.g. consultancy, legal and audit costs; subscriptions and contributions; other supplies and services; interpreters and collaboration costs).

Projections of spending to the year end indicated a possible overspend of £0.3m (0.2% of budget). The forecasting exercise had revealed overspends on utilities, vehicle fuel and interpreters and reductions in interest receivable.

The Committee was updated on the Constabulary's efforts to reduce Police Officer and Police Staff Overtime. The Director of Finance and Resources confirmed that this area was being closely monitored and an update would be presented to the next Committee meeting.

RESOLVED:

- (i) To note the report.*
- (ii) For the Constabulary to present an update to the next meeting detailing efforts to reduce Police Officer and Police staff overtime.*

7. Capital Programme 2009/10 - Monitoring Report

The Committee received the Capital Programme Monitoring Report for 2009/10.

The report gave a financial overview of the Capital Programme for the eight months ending 30th November 2009 and also included:-

- A scheme by scheme summary of progress and budget variances.
- A project highlights report indicating the current predicted delivery times (and slippage) for each scheme.

The Director of Finance and Resources reported that some 68.1% of the 2009/10 Capital Programme had been committed at the end of November (with an expected outturn of 92.8%). This had slightly reduced on the previous month's figure of 70%, due to a technical adjustment to the Cambourne Police Station budget. The Committee approved an additional £450k to the Project, as the Scheme had in error, been budgeted net of Section 106 contributions.

Principal spends in the period included a number of significant building projects brought forward. These were Cambourne Police Station (£1.3m); Copse Court refurbishment (£1.4m); HQ remodelling (£1.2m) and planned major repairs (£1.2m). Furthermore, actual and committed spend had reached £1.7m on the Microsoft Migration project (currently on schedule) and £1.1m on vehicle replacements at the period end. The Constabulary anticipated a slight overspend during the financial year for the Custody Interim Upgrade (CP08/01) and the HQ remodelling project (CP08/33). The Director of Finance and Resources briefly described the process for budgeting each scheme.

Capital resources received to date included grants of £1.2m from Central Government and receipts of £0.2m from the sale of vehicles, which had been added to receipts brought forward of £2.3m.

RESOLVED:

- (i) *To note the report.*
- (ii) *To approve an additional £450k to the Cambourne Police Station budget.*

8. Charging for Police Services and Fees and Charges 2010/11

The Director of Finance and Resources presented the updated Guidance for Charging for Police Services in Cambridgeshire, and the proposed Fees and Charges Booklet (for statutory and non-statutory services) 2010/11.

The Committee was reminded that the Authority had formally adopted both documents for the 2009/10 financial year. These had since been refreshed to bring Cambridgeshire in line with Home Office guidelines, neighbouring Forces and the ACPO charges for common items.

The Committee expressed some concerns regarding the different charges for the profit and non-profit making events. The Director of Finance and Resources confirmed that strict criteria were used to calculate charges. However, the Committee asked to consider again the charges for 2010/11 and how these related to previous charging? The Constabulary agreed to bring a report back to the next meeting detailing all events that were charged in 2009/10 and the basis of the charge (including abatement) together with arrangements for 2010/11.

The Committee also learned that some operation commanders had raised queries on aspects of the charging criteria. The Director of Finance and Resources agreed to bring the Charging policy back to the next meeting of the Committee.

RESOLVED:

- (i) *To note the report.*

- (ii) *To receive an update of the 'Charging for Police Services' Guidelines at the next Committee meeting on 22nd February 2010.*
- (iii) *To recommend approval of the adoption of the Fees and Charges Booklet, to the full Police Authority meeting on 11th February 2010.*

9. Prudential Indicators, Treasury Management and Minimum Revenue Provision 2010/11

The Committee received a report setting out the prudential indicators for capital expenditure and external debt for 2010/11, as required by the Chartered Institute of Public Finance and Accountancy's (CIPFA) Prudential Code for Capital Finance ("the Code")

The report contained a proposal for the calculation of the (statutory) Minimum Revenue Provision (MRP) for 2010/11; and the Prudential Indicators (including Capital Expenditure, External Debt and Treasury Management) and the Treasury Management Strategy (including Borrowing and Investments).

The Treasurer reported that the Authority currently has low debt and capital financing costs (around 1% of net spend). The Committee was alerted to the impact of capital financing charges on the revenue account, arising from increased levels of borrowing in the medium term. The Committee was advised that the Capital Programme (which currently included the Parkside Scheme) was not sustainable in the long term unless offsetting revenue savings could be identified.

The Committee approved the Prudential Indicators on the basis that these were an 'envelope' and that the level of the Capital Programme would be discussed at the next item on the agenda.

RESOLVED:

- (i) *To note the report.*
- (ii) *To approve the Prudential Indicators in respect of capital expenditure and external debt having particular regard to the Authorised Limit for external debt and the Operational Boundary for external debt for 2010/11.*
- (iii) *To approve the Treasury Management Prudential Indicators.*
- (iv) *To approve the Treasury Management Strategy with immediate effect.*
- (v) *To approve the use of the CFR method for calculating MRP in respect of supported capital expenditure and the asset life (equal instalment) method for self-financed capital expenditure for 2010/11; and*
- (vi) *To approve the revised Treasury Management Policy Statement.*

10. Capital Programme 2010/11 to 2012/13

The Director of Finance and Resources presented the draft Capital Programme for 2010/11 and the future year's plans for 2011/12 and 2012/13.

The Committee noted that all capital bids had been submitted to the Change Management Board throughout the financial year and prioritised according to urgency. They were ratified by the Force Executive Board on 12th January 2010.

The proposed 2010/11 Capital Programme totalled £19.6m and the 2010/11 draft revenue budget made full provision for the costs of the borrowing (including supported borrowing) to finance the proposed spend.

The Committee's attention was drawn to the rising revenue costs of capital financing and was reminded that the Authority's budget forecasts for 2011/12 and 2012/13 did not balance (gaps of £2m and £4m respectively).

The Committee noted that the indicative revenue costs of the Parkside Scheme were in the order of £1.6m in a full year.

For these reasons the Committee felt unable to support a Capital Programme that included Parkside, at this stage. The Committee agreed that, in accordance with the project programme, when the full business case was submitted to the Authority it should include proposals for funding the (revenue) costs of the scheme.

The Director of Finance and Resources also drew the Committee's attention to two significant IT schemes:-

CP10/06 – Blackberry PDA refresh (£1.060m) and
CP10/09 – VoIP – telephony over the (internet) data network (£1.3m)

The Committee agreed to ask the Authority to approve these schemes subject to the committee receiving further reports on them.

The Committee noted future potential significant costs for Thorpe Wood custody remodelling and Project Athena. These schemes were referred back to the Constabulary for more work.

To conclude the discussion, the Committee agreed that it would be prudent to reconfigure the Capital Programme, omitting the three capital schemes as outlined above (Parkside, Blackberry PDA refresh and VoIP) and on this basis the Programme could be recommended to the Authority.

The Chief Executive suggested that Members of the Capital Panel and Constabulary Officers could meet on the 15th March 2010 to discuss the issues surrounding the Parkside Replacement Project and the Thorpe Wood Custody remodelling. This was agreed.

The Committee noted the report and agreed to recommend the Capital Programme 2010/11 (as amended) to the full Police Authority meeting on 11th February 2010.

RESOLVED:

- (i) *To note the report.*

- (ii) *For the Director of Finance and Resources and Treasurer to redraft the Capital Programme 2010/11, and omit the three schemes referred to above.*
- (iii) *To recommend the Capital Programme 2010/11 (as amended) to the full Police Authority meeting on 11th February 2010, for approval.*

11. Budget Proposals 2010/11 and Forecasts 2011/12, 2012/13

The Director of Finance and Treasurer presented the draft budget proposals for 2010/11 and the forecasts for 2011/12 and 2012/13.

The Committee was advised that during the budget setting process, the Constabulary had issued cash limits to budget holders based on the financing forecast. The Star Chamber process had also been used to work with budget holders, identify savings and prepare a realistic balanced budget (in order to close the £1.1m budget gap identified in the Medium Term Financial Plan).

The Director of Finance and Resources reported that the 2010/11 budget and forecasts had been prepared on the assumption of a 2.95% council tax increase for 2010/11 and 2% increases in years 2011/12 and 2012/13.

The budget proposals also reflected the final pay rise of the 3 year pay deal agreed in 2008/09 – 2.55% for Police Officers and 2.58% for Police staff. The forecast for 2011/12 onwards assumed pay awards would reduce to around 1%.

The Committee was assured that the budget provided for the maintenance of Police Officer and PCSO numbers at 2009/10 levels; increased fuel and utilities budgets and other significant service pressures faced by the Constabulary amounting to £1.8m. The Chief Constable reported that various initiatives were underway to identify further efficiency savings and the Authority would be kept fully updated on future progress.

The Treasurer confirmed that, in line with CIPFA guidelines, the use of reserves would be included in the full budget report to the Authority on 11th February 2010.

The Committee acknowledged that given a restricted grant settlement, the Constabulary faced some financial challenges in the coming years. The Chief Constable, Director of Finance and Resources and her team were thanked for preparing a difficult and balanced budget.

The Committee agreed to recommend the budget and council tax outlined in the report (3.1% budget increase, 2.95% council tax increase) to the full Police Authority meeting on 11th February 2010.

RESOLVED:

- (i) *To note the report.*
- (ii) *To recommend a 3.1% budget increase and a 2.95% council tax increase in 2010/11 to the full Police Authority meeting on 11th February 2010.*

12. Efficiency Plan: 2008/11

The Constabulary gave an update on the progress of the Efficiency and Productivity Plan for 2008/11.

The Committee was also informed that on a national basis, the Police Service will need to achieve approximately 4% or £0.5bn further efficiency and productivity gains in the CSR07 final year (i.e. 2010/11). The Constabulary outlined a number of potential initiatives (and the challenges involved) in order for Cambridgeshire to achieve total gains of £1.47m by the end of March 2010, with a further 4.48% (£4.8m) required in 2010/11. The Constabulary agreed that a further update on this area would be presented to the March 2010 meeting

The Committee noted the progress made to deliver the CSR07 Efficiency target.

RESOLVED:

- (i) *To note the report and the progress made to deliver the CSR07 Efficiency target.*

13. Project Athena – The Regional Procurement of Joint IT Systems

The Assistant Chief Constable gave an update on Project Athena – a regional collaboration project to procure a single joint Information Technology (IT) system.

The project – consisting of 8 Police Forces (Cambridgeshire, Essex, Suffolk, Norfolk, Bedfordshire, Hertfordshire, Kent and the City of London Police) – will produce one IT solution to manage crime, handle intelligence, prepare case files and manage custody records. The Committee noted that all existing business processes would be adapted to fit the new IT solution.

The Assistant Chief Constable reported that this collaborative project had received support from the Police Authority Chairman and National Police Improvement Agency (NPIA). The Committee was advised that work would continue to progress the Project and detailed costs would be reported to the Committee once known. The Constabulary anticipated that some efficiency savings would be achieved as a result of the venture. The Committee endorsed, in principle, the further development of Project Athena.

RESOLVED:

- (i) *To note the report and endorse, in principle, the further development of Project Athena.*

14. Special Priority Payments

The Chief Constable reported on proposed revised arrangements for Special Priority Payments (SPPs) in 2010.

The scheme exists to reward Officers in the most demanding and difficult operational roles. The Authority and Chief Constable have authority to formulate and agree the scheme each year. It was noted that the Authority had historically accepted the recommendation of the Chief Constable in this matter.

The Committee was informed that SPPs must be paid to between and 20% and 40% of Officers and 2% of the pay bill is set aside for this purpose.

The Home Office had confirmed continuance of the scheme and arrangement for distribution had been discussed at workshops across the county. Overwhelmingly officers wanted to SPP to be paid equally to all, however at that time the Home Office had confirmed that this was not acceptable. Subsequently the Deputy Chief Constable had prepared a 2010 scheme based on 2009 and had included a number of additional roles and rationalisation of 'on call roles so that staff were paid on a pro-rata basis according to the number of weeks worked 'on call'.

The proposed 2010 scheme was discussed at the Force Executive Board (FEB) meeting on 12th January 2010. At that meeting it was reported that Grampian Constabulary had decided to divide SPP money equally and it was agreed that the Deputy Chief Constable would approach the Home Office again.

RESOLVED:

- (i) *To note the report and agree the Chief Constable's first option to divide payments equally provided no sanctions would be applied by the Home Office.*
- (ii) *If agreement with the Home Office could not be reached, that payments be made in accordance with the revised 2010 scheme as reported.*

15. Date of the next meeting

It was noted that the next Finance and Resources Committee would be held on **Monday 22nd February 2010 at 4.00 pm**, at Police Headquarters, Huntingdon.

CHAIRMAN