
SUBJECT : PROVISIONAL REVENUE OUTTURN 2001/02
Report of the Treasurer

Purpose of the Report

1. To inform the Police Authority of the estimated provisional outturn position for the financial year ending 31 March 2002 and to agree to the treatment of the provisional underspend.

Background

2. At the Police Authority meeting on 20 February 2002 (Minute Ref. 255, 2001/02), the Authority approved a revised estimate of £112.844m which assumed an underspend on the original budget of £1.004m.
3. In accordance with the Accountancy and Audit Regulations 1996, the final accounts of the Authority will be submitted to the Finance Committee in September for approval.

Provisional Outturn

4. The provisional estimated outturn indicates that expenditure will be £109.2m, representing an underspend of approximately £3.8m on the revised estimate.
5. However, there are still some adjustments necessary in order to complete the closure of the accounts. These relate adjustments to externally funded schemes to assist in the preparation of final grant claims and a re-assessment of the level of provisions to be held in the balance sheet
6. These adjustments are unlikely to materially affect the provisional outturn.
7. A summary of the reasons for this provisional underspend is detailed below :-

	<u>£m</u>
Personal Protective Equipment	0.8
Revenue Contributions to Capital Outlay (RCCO)	0.8
Interest on cash balances	0.9
Investment Income	1.1
Other	<u>0.2</u>
	<u>3.8</u>

8. Members will recall that an amount of £740,000 was made available within the 2001/02 revised budget to fund the acquisition of 2,604 sets of body armour (minute 248, 2001/02). The logistics of ordering this personal protective equipment has meant that its related expenditure will now slip into the 2002/03 financial year although resources will be carried forward to accommodate this.
9. The reduction in RCCOs is a direct consequence of the slippage on the 2001/02 capital programme, where, as members have previously been advised, significant expenditure has been delayed pending the outcome of the review of the police estate.
10. The level of interest received in relation to the Authority's cash balances has increased significantly as a result of having more funds available for investment in the money markets.
11. Investment income has previously been allocated direct to the Authority's provisions that are held in its balance sheet, as opposed to the revenue account. The revised accounting treatment allocates this income direct to the revenue account; consequently income received in 2001/02 was not previously budgeted for.

Conclusions

12. Whilst the estimated outturn is only provisional at this stage, the likely underspend is a result of effective budget monitoring and budgetary control exercised by the Authority and across the force.
13. In broad terms, the estimated provisional outturn does afford members the opportunity to consider how best to appropriate the likely underspend occurring in 2001/02.
14. Due to the uncertainties of future funding arrangements, the Treasurer considers that it would be prudent to contribute up to £2m to the police pensions reserve with a further £1m earmarked against a capital development reserve in light of any future proposals resulting from the review of the police estate.
15. The resulting balance also means an estimated contribution of £1.8m can be made to the General Fund in accordance with the forecast underspend identified when the revised estimate was set in February 2002 and the need to provide funding in 2002/03 for the acquisition of personal protective equipment as outlined in paragraph 8 above.
16. The Statement of Accounts, incorporating the financial results of the Authority will be reported to the Finance Committee in September.

Financial Implications

17. Financial Implications are considered throughout the earlier paragraphs of this report.

Human Rights Implications

18. Nil

Equal Opportunities Implications

19. Nil

Recommendations

20. The Authority is recommended to:-

- (i) Note the contents of this report
- (ii) Agree to appropriation of the estimated provisional underspend in accordance with the proposal outlined in paragraphs 14 and 15 of this report
- (iii) Agree that Finance Committee receives a further report detailing the financial results for the year ended 31 March 2002 in the Statement of Accounts.