

GWENT POLICE AUTHORITY

AUDIT AND RESOURCES COMMITTEE

20th January 2010

Present: Mr R Leadbeter (Chair)
Mrs P Davies, and Mr R Derricott
Councillors M B Dally, C Mann, E Townsend

Together With: Mrs C Napier – Deputy Chief Constable
Mr N Stephens – Director of Finance and Administration
Mr D Garwood – Head of Finance
Mr K Chedzey – Senior Management Accountant
Mr S Thomas – Management Accountant
Mr R Slade – Senior Planning Accountant
Mrs S Bosson – Chief Executive
Mr N Phillips – Treasurer
Mrs M Lambert – Committee and Member Services Officer

The meeting commenced at 10.00 a.m.

Action

APOLOGIES

1. Apologies were received from Mr D Bayliss, Councillor P Seabourne and Councillor P Clarke.

DECLARATIONS OF INTEREST

2. There were no declarations of interest.

2010/11 BUDGET BRIEFING REPORT

3. We received a report from the Chief Constable which provided the revised briefing on budget setting for 2010/11. We noted that the report contained: confirmation of the revenue and capital grant allocations; latest indications relating to the precept; findings of the bottom up budgeting exercise; current list of service pressures/developments; and risk in delivering the planned cash releasing savings.

The DFA presented the report as a prelude to a more formal report to Audit and Resources Committee on the 9th February 2010, which would include recommendations to Members. At that meeting it was expected that Members would move towards a unanimous decision on the recommendations to take forward to all Members at the Full Authority meeting on the 19th February 2010.

We were informed that the report had been written in terms of the White Paper, Staying Ahead and ongoing work to balance the budget for the next 12 months. We noted that the 'Value for Money' report, previously

circulated to Members, did not have a direct affect on this budget setting round but would be considered for the future.

Following a Member's question it was confirmed that the work being carried out on the Estates Strategy was now public knowledge and it was important to have these details included in the budget setting process. It was confirmed that Councils, MPs and AMs had been briefed on the Estates Strategy and assurances had been given that no decisions had yet been made.

We agreed that Local Authorities and Police Authorities were facing very difficult years in relation to finances. In addition the present financial climate for householders needed to be considered carefully before decisions were made on a suitable increase to precept.

The following was highlighted:

Page 4 Council Tax Increases 2010/11

12.1 - Following a Member's question it was confirmed that last year's increase in budget requirement was 3.1% and that due to the increase in central government support being only 2.3% Council Tax had increased by 4.5%

12.2 - We noted that no formal capping criteria exists as yet for 2010/2011. We were informed, however, that PAW had met with Brian Gibbon and assurance had been given that Authorities would consider the position carefully and that the increases would not come in above 5%.

Page 5 Funding Assumptions

13.5 - We noted that a number of Police Authorities were planning for a reduction in central funding of between 10% and 20% over the three years from 2011/12. Members recognised that this would create considerable service issues for both Local Authorities and Police Authorities. It was agreed that this would be noted as a potential risk.

13.9 (b) Council Tax Base - 2011

We were informed that the five Local Authority Finance Directors had confirmed that the Band D Tax Base increases ranged between 0% and 0.95%.

13.9 (c) Floor Funding

Members agreed the necessity to maintain the floor funding and the Authority would have to argue strongly if any consideration was being given to withdrawing this funding.

Page 6 Expenditure Assumptions

13.12 (a) i and ii Police Officer Establishment

We noted that the projections in the report assumed a full operational policing model. We were informed that the 24 officers posted to Operation Jasmine were permanent employees and if the operation was scaled back they would be absorbed into the current Police Officers posts to free up Officers currently in central services. Members asked for a clear exit strategy for Operation Jasmine. It was confirmed that over the next week Chief Officers would be collating information which would be brought to Audit and Resources on the 9th February 2010. Members agreed that Operation Jasmine still presented a high risk to the organisation, particularly if the Home Office decided not to fund the current funding level of 75%.

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We noted that a review of the financial position would need to take place in September when further considerations would need to be made relating to recruitment. It was suggested that adjustments to the 2011 efficiency target may need to be made. It was emphasised that the staffing budget formed 84% of the total budget. The DCC stressed the importance of continuing with recruitment in order to reach full establishment as this was core business and was linked to public confidence. It was agreed that the newly appointed Resource Manager be asked to prepare a report to the Equality and Human Resources Committee in April 2010 to outline the planned recruitment process, which would also include details relating to transferees.

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13.12 (d) i Non Staff Inflation

Members noted the 5% to 10% fuel increase and it was confirmed that this had been due to Response moving to the 4 LPUs following the Force restructure. With the plans to introduce a fifth hub there would be less travel and an anticipated reduction in fuel costs and related costs.

14.2 Reserves

Members discussed at length the need for and the proposed utilisation of the Authority's reserves and requested a more detailed explanation on planned use of reserves be included in the papers for the Budget Setting Seminar on the 5th February 2010.

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Members discussed the appendices attached to the report and the following was highlighted:

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Appendix 1 Medium Term Financial Projections 2010/11 to 2012/13 Optimistic Scenario

It was confirmed that the figures were based on a 4.5% increase in precept. We noted that this showed the optimistic balanced position as at 2010/11. We were informed that the savings shown on Line 6, savings identified through re-basing, related to additional savings from an exercise which had looked at the budget base.

**Appendix 2 Medium Term Financial Projections 2010/11 to 2012/13
Pessimistic Scenario**

We noted that the figures reflected less favourable assumptions.

**Appendix 3a Medium Term Financial Projections 2010/11 to 2012/13
Draft Council Tax Precepts as at 12th January 2010**

Members asked for the 5.00% increase column to be deleted from the table for the next report. We were informed that each .25% reduction in Council Tax correlated to a £90,000 reduction to the budget. Members asked for options to be drawn up to give examples of savings should the precept increase be less than 4.5% other than cuts to Police Officer numbers or suspension of recruitment.

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Appendix 4 Medium Term Financial Projections at 31st December 2009

Schedule of Service Pressures/Development

We noted that the criteria included strategic fit, operational imperative, ministerial imperative, legal requirement and impact/outcomes. We noted that several of the items shown on the list had already been implemented and would be deleted from the schedule. Following discussion it was agreed by the DCC and the DFA that Members' comments would be taken forward and that the schedule would be revised and ranked in order of priority. Members also asked for more narrative against the items in order to determine central pressures. Members asked that the contribution to PAW be included in the table.

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Appendix 5c Savings Identified to 31st December 2009

Members were pleased to note the savings identified on the table which had been realised over and above what had been planned. We were informed that Chief Supt Symes and the ACC were liaising with Local Authorities regarding the provision of Traffic Wardens/PCSOs.

Appendix 6a B1 Insurance

Discussion took place regarding the amount reserved for insurance to cover unsettled claims plus an actuarial assessment of the likely value of present/future claims against the Authority. The DCC and the DFA would consult on this figure again before deciding as to the need for a further actuarial assessment which would cost in the region of £12,000.

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**Appendix 6b Divisional and Other Specific Reserves
External and Ring Fenced Funds**

Line 7 - Heading to be changed to Forecast Outturn

Line 8 – It was confirmed that the figures indicated in red on lines 2 to 7 had been allocated to the Estates Strategy budget. These figures would be adjusted in the next report.

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Members asked for more detail on the lines which specified 'strategy for utilisation is currently being compiled'. It was agreed that the DCC and the DFA would be discussing the external ring fenced funds and further information would be supplied in the next budget report.

Other Reserves

Line 6 – We noted that Police Authority Summaries would not be a legal requirement in future and it was agreed that the Chief Executive and the DFA would meet to discuss the amount to be retained as other Police Authority duties were being introduced which may require the Police Authority to consider other forms of publication.

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The Chair of the Committee thanked the Force for the hard work that had gone into the production of the detailed breakdowns shown in appendices 6 (a) and (b).

Appendix 8 2009/10 Revenue Budget

Members asked the DFA for a revised list for the Audit and Resources Committee on the 9th February 2010.

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Members discussed the forthcoming Ryder Cup event and the related potential budgetary pressures. We were informed that operational and logistical planning teams would be set up and it was agreed that the Chief Executive would identify a Police Authority Member to be a Lead Member for the Ryder Cup Project Group. The Head of Finance confirmed that a memorandum of agreement would be in place, which would include detailed charges for the policing service. Payment of costs would be agreed at the standard 30 days following the event, which may be in stage payments. Details would be part of the formal contract.

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We asked that the next budget report cover all the issues raised by Members.

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PROVISION OF SOFTWARE APPLICATIONS AND PRODUCTS

4. We received a report from the Chief Constable which sought the Police Authority's approval to award a framework agreement for the Provision of Software Applications, Products and Solutions. Members noted the collaboration work with Torfaen County Borough Council in the production of the framework agreement. We noted that funds were included within the 2009/10 revenue budget of £1.4m for the provision for software repair and maintenance for the acquisition of products covered by this agreement.

We agreed the following recommendations:

- That the framework agreement be awarded under Gwent Police Authority's Standing Orders Part 2, Item 11.1(b) (Most Economically Advantageous Tender).

- That the duration of the framework agreement be 2 years commencing 1st February 2010 with an option for a further 2 annual extensions.
- That the framework agreement be awarded to Tenderer C, who scored the highest overall.

We were informed that the use of ABCD coding in relation to tenderers allowed for the reports to be discussed in the open section of the meeting. Once awarded the name of the successful tenderer would be announced and if Members wished to declare an interest this would be done retrospectively. We noted that contracts had to go under Alcatel Ruling which was a 10 day standstill period to allow unsuccessful tenderers to challenge the decision and therefore the successful tenderer's name would be added to the minutes at the appropriate time following notification from the Procurement department.

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SUPPLY OF A MONITORING AND AUDIT SYSTEM

5. We received a report from the Chief Constable which sought the Police Authority's approval to award a contract for the supply of a Monitoring and Audit System. Members were pleased to note the collaborative evaluation process which had taken place.

We noted that Tenderer B had scored the highest in the evaluation and submitted the lowest priced tender. Funds for purchase were included in the 2009/10 budget and we noted that maintenance for the subsequent years would be £16,500 per annum over five years.

We agreed the following recommendations:

- That the Contract be awarded under Gwent Police Authority's Standing Orders Part 2 Item 11.1(b) (Most Economically Advantageous Tender).
- That the duration of the Contract would be three years, commencing 1st January 2010 with an option for a further four annual extensions.
- That the Contract be awarded to Tenderer B for the supply of a Monitoring and Audit System.

The Chief Executive asked for the exact budget funds to be included under Financial Implications in all future procurement reports and to provide confirmation on whether the new contract arrangements provide a saving on previous arrangements. The Director of Finance and Administration would advise Members as to why this particular contract was for three years with an option for four further annual extensions.

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EXTENSION OF THE CURRENT CONTRACT FOR THE SUPPLY OF NETWORK CABLING AND ASSOCIATED PRODUCTS

6. We received a report from the Chief Constable which sought the Police Authority's approval for a twelve month extension to the current contract for the Supply of Network Cabling and Associated Products.

We noted that the annual value of the contract was approximately £75,000 and that the contractor had agreed that there would be no increase to current rates and charges for the proposed extension period and no alteration to the service specifications were proposed.

We agreed the following recommendations:

- That the current contract with Lijack Ltd (formerly UNSL) be extended under Gwent Police Standing Orders Part II paragraph 6.1(c).
- That the duration of the extension shall be for twelve months commencing on the 14th January 2010.

EXCLUSION OF THE PRESS AND PUBLIC

7. We resolved to exclude the press and public from the meeting during consideration of the following items of business in accordance with the provisions of the Local Government Act 1972 on the grounds that they may involve the likely disclosure of exempt information as defined in Part 4 of Schedule 12(A), paragraphs 12 and 13 of the said Act.

CLAIM FOR REIMBURSEMENT OF LEGAL COSTS

8. We received a report from the Chief Executive which informed Members of a request received from a firm of solicitors, acting on behalf of five serving Police Officers. The Officers had been made interested parties at an Inquest and the Authority had been asked to pay the Officers' legal costs of representation.

We noted that the Chief Constable and the Deputy Chief Constable had provided advice on the conduct of the Officers in light of the Home Office guidance. Following discussion, Members agreed the request and approved the payment of legal costs for the five serving Police Officers. We agreed that the amount would be capped at £5,000 for each Officer and that the total capped sum of £25,000 would be paid out of non recurring funds.

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RISKS IDENTIFIED

9. We noted a risk to the budget relating to the planned recruitment of Police Officers to take the Force to full establishment. We were informed that in order to maintain full establishment there would be a need to over recruit in order to allow for natural wastage and delays in the recruitment process.

It was agreed that the Chief Executive and the DFA would meet to check what had already been registered as a risk to the budget in respect to:

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- Uncertainties regarding funding levels post 2010/11
- Implications of any change of Government following the elections and potential for the new Government to re-assess funding in the middle of the year resulting in possible claw back
- Potential risk of a reduction in central funding of between 10% and 20% over the three years from 2011/12 as outlined in the report at item 13.5.

The meeting closed at 1.40 pm.