

**NORTHERN IRELAND POLICING BOARD**

**MINUTES OF THE 7<sup>TH</sup> MEETING OF FINANCE AND GENERAL PURPOSES  
COMMITTEE HELD ON 16 APRIL 2004 AT 9:30 AM IN WATERSIDE TOWER,  
BELFAST**

**PRESENT:**

**MEMBERS:**

Mr Sammy Wilson (Chairman)  
Mr Barry Gilligan (Vice-Chairman)  
Mr Alex Attwood  
Viscount Brookeborough  
Mr Fred Cobain  
Mrs Rosaleen Moore

**PSNI REPRESENTATIVES IN  
ATTENDANCE:**

- (2)** Mr Roy Toner, ACC Corporate Management
- (3)** Mr David Best, Director of Finance
- (3)** Mr Michael Burton, Consultant FARM Project
- (2)** One PSNI Official

**OFFICIALS IN ATTENDANCE:**

- (1)** Mr Trevor Reaney (Chief Executive) Corporate Services Director  
Three Board Officials

- (1)** Item number 1 to 11
- (2)** Item number 6 only
- (3)** Item number 7 to 11

**1. APOLOGIES**

All Committee Members were in attendance.

**2. MINUTES OF THE FINANCE AND GENERAL PURPOSES COMMITTEE MEETING HELD ON 26 FEBRUARY 2004**

The minutes of the meeting were agreed and signed.

**3. MATTERS ARISING FROM THE MINUTES OF THE FINANCE AND GENERAL PURPOSES COMMITTEE MEETING HELD ON 26 FEBRUARY 2004**

**3.1 PSNI Information And Communication Systems Strategy**

This matter was covered at agenda item 6.

**3.2 Compensation Claims**

This matter was covered at agenda item 17.

**3.3 Application For Payment Of Tax Liability – D/Chief Inspector ADM1**

Members were advised that the issues surrounding the payment of the tax liability from an officer having to move house under SPED scheme were still being examined by the PSNI with the assistance of an independent tax consultant. The matter will be brought back to Committee when agreement has been reached by the PSNI with the Inland Revenue.

**3.4 Correspondence From The Vice-Chairman Re: Recovery and Windscreen Services (Item 22 Of Previous Minutes Refers)**

Members noted the copy correspondence, which had been sent to PSNI in relation to a particular Recovery and Windscreen Services Company. Since a substantive reply had not yet been received, it was agreed this matter would be brought back to the next meeting.

**4. AMENDMENT TO JANUARY 2004 MINUTES**

The Committee noted a letter from the IT Strategy Independent Validator in relation to the January Committee minutes asking Members to consider a change to the wording that “the Committee expressed concern and disappointment that a written report was not received from the Validator for the January meeting”.

Members recognised that there may have been a misunderstanding regarding this matter and agreed to note the Independent Validator’s concerns for the record.

**5. CHAIRPERSON’S BUSINESS**

There was no business for the Chairman to report.

**6. PSNI INFORMATION AND COMMUNICATION SYSTEMS STRATEGY**

The Chairman welcomed ACC Toner and his colleague to the meeting.

ACC Toner gave a presentation to Members detailing the information, which he had previously provided to them, and answering any queries, which they had.

He identified the main tasks under each of the following headings and provided information on when they were scheduled to start, how long the process would take, and when completion could be expected: -

- Programme Setup Activities
- Systems Integration
- Policing Support
- Organisation Support
- Infrastructure Development
- Operational Policing
- Other Projects

He indicated the Information Management Steering Group (IMSG) Sponsor responsible for each of the portfolios and the additional ongoing projects, which were currently being incorporated into those portfolios.

He advised the Committee of the revised Structure of the Information Management Branch and the target dates associated with it.

ACC Toner highlighted the progress in relation to the Information Systems work that had been delivered since April 2003.

The Chairman thanked ACC Toner for his presentation. Members had the opportunity to clarify any queries they had.

It was agreed that ACC Toner would provide the following information / documentation to Members before the next meeting: -

- Copy of Appendix 'A' of the documentation which had been issued to Members – IS Strategy Implementation Plan – to include a column showing finish date
- To provide a document detailing the original timeframe for projects identified in Appendix 'A'. To compare and contrast the start and end dates of the original timeframe to those now quoted.
- To agree to provide early warning to the Committee of any problems which arise in relation to the timetable for implementation and to indicate where project deadlines run over schedule or complete under schedule
- To provide a document similar in format to that provided to Committee in May 2002 to include key stages in the development of each of the projects as milestones for monitoring progress for the next 3-5 years
- To provide, to the next meeting, details of the progress to date in the recruitment of 15 fixed term contract staff detailed at item ID3 of Appendix A of the update on progress.

- PSNI to meet with the Police Information Technology Organisation (PITO). Terms of Reference for engagement of PITO as the future Independent Validator to be agreed jointly between NIPB and PSNI.
- PSNI to discuss validation arrangements with the Oversight Commissioner and report the findings to Committee
- To arrange for a status report on the IT Strategy to be provided to (PITO representative to attend) the next meeting in June 2004 – consider engagement of HMIC to undertake the report.
- An updated IT Strategy document incorporating timetable and targets for the strategy and individual projects.

The Chairman thanked ACC Toner for his attendance and he left the meeting.

## **7. SPENDING REVIEW SR2004**

The Chairman welcomed Mr David Best, PSNI Director of Finance and Mr Michael Burton, FARM Consultant to the meeting.

Mr Best presented information on the 2004 Spending Review in respect of projected expenditure and funding for the 3 year period 2005 / 06, 2006 / 07 and 2007 / 08 for the Main Police Grant, Patten Non-Severance, Patten Severance Grants and Police pensions.

This presentation was structured under the headings detailed below:-

### **PART 1: Main Police Grant:**

- Strategic overview and operational context
- Performance against targets and other evidence
- Main Police Grant – funding level (SR2002)
- Main Police Grant – revenue
- Main Police Grant - efficiencies

- Main Police Grant – capital
- Non-cash items

**PART 2: Patten Non-Severance:**

- Background and expenditure during SR2002 period
- Main achievements arising from Patten expenditure
- Estimates for the SR2004 period – capital and revenue
- Possible transfer of funds to Main Police Grant

**PART 3: Patten Severance:**

- SR 2004 Patten severance costs

**PART 4: Police Pensions**

- Pension estimates

**PART 5: Templates**

- Commentary on Templates for Main Police Grant, Patten Non-Severance, Police Pensions, Police Voluntary Severance and Full Time Reserve Voluntary Severance.

The Committee noted that a number of items included in the SR2004 bid would require to be considered by the Board e.g. the bid for 670 armed civilian guards would require to be considered as part of the revised HR Strategy, bids for IT projects would require to be considered as part of the IT strategy.

**8. PSNI / NIPB MANAGEMENT ACCOUNTS TO FEBRUARY 2004****MAIN POLICE GRANT****Revenue**

For the 11 month period to February 2004, there was an £4.2m under spend against the cumulative budget of £592.7m. For the month of February, there was a revenue over spend of £1.7m against a monthly budget of £52.4m.

The pay and pensions group were under spent by £5.3m after 11 months, although there are some outstanding agency invoices due to be paid in March 2004.

Cumulative overtime spend for the period to February has come in marginally below budget.

Total Non-pay groups have over spent to date by £1.3m against a budget of £96m after 11 months, but it is anticipated this overspend will be offset against easements in other areas. The Service has planned to come within overall revenue budget for the 12-month period, including the £3.4m in-year bid.

**Capital**

Capital is under spent by £3.4m against a £18.4m budget after 11 months, but it is expected that the result will be close to a break-even position by year-end.

**Patten Non Severance**

Cumulative Non-Severance spend to February 2004 was £21.7m against a cumulative budget of £31.6m, generating an under spend for the period of £9.9m. In February spend was £3m against a monthly budget of £3.9m, generating an under spend of £0.9m. The principal items of spend in the month were the Water Cannons, Vehicle purchases , AIS strategy , Data Networks and Recruitment Agency payments.

**Patten Severance**

There were five leavers who left the service during February 2004 – fifty one to date. Total Severance payments to date are £6.8m.

**9. PSNI / NIPB MANAGEMENT ACCOUNTS TO FEBRUARY 2004****Overtime**

Estimated Average Daily Hours for February 2004 was 10,200 against a profile of 10,200. For the period, cumulative overtime spend has come within budget. It was anticipated that overtime spend would be close to budget by the year end.

**10. FARM PROJECT****Progress Report**

This reports sets out progress in the period February 2004-March 2004.

**Local Financial Management**

During this reporting period significant time had been devoted to:

- Provision of training on month-end procedures;
- Dealing with Business Manager queries;
- Maintenance of the budget management systems.
- Production of the 2004/05 Budgets

An external recruitment process for Business Managers has successfully reached the final stage with now only 5 posts remaining vacant (1 Executive Officer grade and 4 Staff Officer grade). The Staff Officer posts will be trawled internally in the first instance.

Job Descriptions have been circulated to facilitate the appointment of 2 Regional Management Accountants, to assist in the LFM process, and strengthen the finance function. The advertisement should appear during the month of April.

### **Costing**

B Plan Activity Based Costing system was recently procured, and training has taken place on the Human Resources Activity Analysis, as well as initial training on the Financial Costing Module.

### **The Way Forward**

Within the next few months the following key developments are planned:

#### **Local Financial Management**

- Review of the new-year budgets to identify the need for potential virement
- Training and support for the Business Managers
- Summary level financial information available to DCU Commanders and Budget Holders through “Saturn”.

### **Costing**

- To agree the basis for allocating costs to policing activities for input to the B Plan Activity Based Costing system
- Collation of data to allow for bottom up costing on the “Cost of Training” module within B-Plan

**Key issues to be tackled during the coming months are:**

- Agreeing police and civilian pay budgets with devolved budget holders, based upon agreed establishment figures following the restructuring of Crime Dept
- The need to progress with Activity Based Costing on the B Plan system to provide relevant costing information to assist in the management process
- The need for the remaining Business Managers to be in place and adequately trained within Districts to drive the business benefits from LFM.

**11. BUDGET STATEMENT FOR 2004 / 2005**

The budget plan for the year-ending 31 March 2005 was considered under the following headings:

- Main Police Grant – Total Funding Available;
- Main Police Grant Revenue;
- Main Police Grant Capital;
- Patten Non-Severance;
- Patten Severance;
- Non-cash Items;
- In-year bid summary.

**1. Main Police Grant -Total Funding Available**

The SR 2002 settlement approved by the Secretary of State in respect of the Police Grant for the 2004/05 is £726.4m, comprised of £699.6m revenue and £26.8m capital. Within the revenue grant, a provision of £16m had been ring-fenced for the implementation of the PNB changes in terms and conditions. In addition £42m has

been included in the above settlement figure for non-cash items such as depreciation, capital charges and provisions.

As in previous years, the funding arrangements for implementing the Severance/early retirement scheme for police officers require that savings resulting from Severance are used to fund the cost of the Scheme and is offset by the cost of new recruits. The SR 2002 settlement figure already takes account of these planned staffing changes. However it has been agreed with NIO that any subsequent changes to these assumptions for leaver and joiner numbers will be reflected in a further adjustment to the revenue Grant for the 2004/05-year. As a result, the Main Police Grant has been reviewed by NIO and increased by £7.5m for the lower than expected number of Patten leavers during 2004/05 than originally planned under SR2002. A marginal reduction of £0.1m has also been deducted by NIO for changes in the number of recruits from the SR2002 submission. As in previous years, a further adjustment of £1m has been added onto the above baseline figure by NIO. In addition, for 2004/05, an adjustment of £1.2m is being transferred from the revenue to capital grant. After taking account of these adjustments, the revised revenue grant for the 2004/05-year has been estimated as £706.8m

Within the overall settlement figure for 2004/05, the ring-fenced budget provision of £16m has been included for the implementation of the changes in police pay and conditions. The costs associated with the PNB changes have now been integrated into the overall estimates for regular police and FTR officer's pay.

## **2. Main Police Grant Revenue – 2004/05 £852.4m and 2003/04 £684.1m**

On 31 October 2003, PSNI submitted to NIO the estimated net revenue and capital requirement for 2004/05 relating to the Main Police grant. At that stage, PSNI was predicting a £16.8m revenue shortfall against the revised baseline figure. In order to strike a balanced budget for 2004/05, the Resource Allocation Group (R.A.G.) agreed budget reductions totalling £16.8m. These cash budget reductions have

been applied during the 2004/05 year to enable the organisation to 'live' within current funding levels.

As a result, PSNI has prepared a balanced budget for 2004/05, excluding non-cash items and In-year bid submissions.

The following paragraphs provide commentary on the main headings included in the Annual Budget Plan for 2004/05.

**Civilian Staff cost – 2004/05 £65.7m and 2003/04 £69.3m**

It has been assumed that the number of civilian staff employed during 2004/05 will be reduced to 3,375 funded through the Main Grant, and 330 posts to be funded through the Patten Non-Severance grant. Pay inflation has been set at 4% payable from the 1 April 2004.

**Police Pay – 2004/05 - £426.1m and 2003/04 - £414.2m.**

Provisions relating to pay and allowances for both regular and full-time reserve officers (FTR) reflect average strengths of 7,485 and 1,424 respectively. These numbers also reflect 405 Patten leavers (330 regular officers, 75 FTR), 350 ordinary leavers and 540 new recruits. The police pay inflation has been assumed at 3% payable 1 September 2004.

**Overtime**

Overtime provision for both the regular and FTR officers is based on 9,350 average daily hours (ADH) at plain time with 550,000 plain time hours for policing 11 public holidays during the 2004/05 year. This provision represents a 6.5% reduction from the previous year's financial provision of 10,000 ADH.

**Part-time Reserve**

Financial provision has been made for 828 members of the Part Time Reserve (PTR) contributing 20 hours per officer per month in patrols during the year

(12 hours/month to be funded through Patten Non-Severance grant to meet training requirements).

**Pensions - 2004/05 £61.2m and 2003/04 £61.9m**

Financial provisions are for both police and civilian reflect employer's liability payable at various rates to the Department of Finance & Personnel in respect of Civilian staff and at a rate of 20.25% of police pensionable pay to the Northern Ireland Office in respect of all police officers.

**Incidentals - 2004/05 - £41.1m and 2003/04 - £39m**

The main increases relate to compensation and legal fees of approximately £1m, anticipating the legal process commencing during the year for the Post Traumatic Stress Disorder claims.

**Transport 2004/05 - £10.6m and 2003/04 - £11.3m**

Armouring costs within Transport has been significantly reduced, as this is the first year that these costs will be capitalised. There has also been a £2.5m increase relating to the Petrol, Oil, Licensing and Insurance charges during 2004/05 when compared to the previous year. The main reason is that the fleet insurance charge for 2003/04 of approximately £2m was paid at the end of the 2002/03 year.

**Telecommunications and Technology – 2004/05 - £19.7m and 2003/04 - £13.7m**

The main increase within Telecoms/Technology costs has been the revenue costs of £1.08m associated with the Criminal Justice project. This will be presented as an In-year bid by PSNI during the 2004/05 year. Computer expenses and

telephone charges have also increased by £4.4m with increased use of telecommunications and IT within PSNI both internally and externally.

**Accommodation – 2004/05 - £34.4m and 2003/04 - £29.9m.**

The main increase relates to the revenue costs of £3.5m relating to the Security review, which will also form part of the In-year bid during 2004/05.

**Supplies – 2004/05 - £13.9m and 2003/04 - £13.6m**

The main reduction during the year has been the decrease in cost of Uniforms mainly due to the effect of sub-contacting the management of this function. However, this has been largely off-set by the increase in the budgetary provision for Catering which reflects actual contractual costs in this category.

**Revenue receipts 2004/05 - £3.2m and 2003/04 - £3.8m**

Revenue receipts have reduced by £0.6m, being the reduction in anticipated revenue from firearms licences.

**3. Main Grant Capital - 2004/05 - £30.7m and 2003/04 - £20.6m**

The 2004/05 net capital baseline from the SR2002 process totals £26.8m. A transfer of £1.2m has been transferred from the Main grant revenue budget. The 2004/05 baseline figure for capital has been revised to £28m. An initial capital requirement for 2004/05 of £30.7m has been estimated; generating a funding deficit of £2.7m. This represents the capital bid for the Criminal Justice project. This item is to be presented to NIO in the form of an In-year bid during 2004/05. The capital projects, which are planned for the 2004/05 period were also outlined

**4. Patten Non-Severance - 2004/05 revenue - £35.3m and capital - £36.4m**

The Patten Non-Severance estimates for 2004/05 prepared by Accountable Officers for 2004/05 are £71.7m, being £35.3m revenue and £36.4m capital. This

is £21.7m above the £50m available funding. It is considered that re-profiling of spend during the financial year should result in actual spend coming closer to available funding. However, identified projects, which have not currently been committed to, may also proceed and give rise to additional pressures against the Patten Non Severance budget.

It should also be noted that Patten Non-Severance projects are approved by NIO through the submission of business cases, and NIO have provided assurances previously that funding will be provided to implement the Patten strategic work programmes, provided cases meet the criteria specified by Treasury.

An outline of the 2004/05 projections, covering each of the eight strategic work programmes, allocated between revenue and capital expenditure was provided to Members.

An analysis was provided showing the funding available to implement the already committed and previously approved Patten cases (£45.8m) from within overall annual Patten planned expenditure programme. When compared against the cumulative available grant of £54.5m (£29.6m NIO funding and £24.9m of a provisional carry-over from 2003/04), a surplus of £8.7m has been identified at this stage.

#### **5. Patten Severance - 2004/05 - £47m**

After discussions with HR Department, the planned Severance programme for 2004/05 includes normal Patten Severance of 330 Full-Time Officers at an estimated cost of £37.6m, and 75 Full-Time Reservists at an estimated cost of 4.8 m. The estimated total cost for Patten Severance including lump sums and payments in lieu and associated support costs has been estimated as £47m.

#### **6. Non-cash Items – 2004/05 - £182.9m and 2003/04 - £34.9m**

A total of £182.9m has been estimated for Non-cash relating to the 2004/05 year; comprising £25.8m depreciation, £7.6m cost of capital and £149.5m relating to provisions. The significant increase in the provisions for 2004/05 year relates to the

possible Severance provision if the 1,290 FTR officers are phased out over 18 months commencing in April 2005. However, progress on this will be subject to a review of Security to be carried out during 2004. This provision will reduce for future years if the FTR were to be phased out, as the Severance payments are made. As £41.98m is currently available, an in-year bid will be required for £141m.

### 7. In-year bid summary

Criminal Justice Project - revenue	£1.1m
Security Review – revenue	£3.5m
Criminal Justice Project – capital	£2.7m
Non –cash items	£141.0m
Total	<b>£148.3 m</b>

### 12. COMPENSATION CLAIMS SUMMARY – FEBRUARY AND MARCH 2004

The Committee noted the information provided in relation to settlements of compensation claims agreed by the Chief Constable during February and March 2004.

### 13. LEASE OF LAND ON RATHLIN ISLAND

The Committee ratified a decision to lease a site from the Maritime and Coastguard Agency on Rathlin Island, in order to update and improve PSNI communication links.

### 14. SALE OF PROPERTY AT 32 SPRINGFIELD ROAD, BELFAST

The Committee ratified the sale of property and signing of conveyances for 32 Springfield Road, Belfast.

It was agreed that a letter should be sent to the Northern Ireland Office to draw attention to and mention that, as part of the sale agreement, any remedial work which could be done to the adjoining street (Violet Street) which is closed off, would be appreciated.

#### **15. PROPOSAL TO SEEK VESTING ORDER – MAGHERAFELT PSNI STATION**

The Committee agreed approval for PSNI to pursue a Vesting Order in relation to a strip of land at the rear of Magherafelt PSNI station.

#### **16. SALE OF LAND AT DOWNSHIRE HOSPITAL, DOWNPATRICK**

Members were notified of PSNI's written intention to acquire a maximum of 6 acres of land at the Downshire Hospital, Downpatrick.

The Committee agreed approval to the acquisition of the site at Downpatrick up to a specific limit as detailed in the papers, subject to outline planning permission being approved before purchase.

#### **17. COMPENSATION CLAIMS – OUT OF COURT SETTLEMENTS**

Members noted the contents of a letter received from the PSNI Legal Advisor in relation to out of court settlements, following concerns voiced at the previous Committee meeting.

A review of internal settlement procedures is now underway and the Crown Solicitors Office has been advised of the Committee's concerns.

#### **18. APPLICATION FOR OCCASIONAL LICENCES**

Members noted the details of applications for occasional authorisations for the sale or consumption of intoxicating liquor, which had been approved since the last schedule agreed by the Policing Board.

**19. APPLICATION FOR REMOVAL AND STORAGE EXPENSES (SPED) – RESERVE CONSTABLE ADM1**

Members noted a paper in relation to an application for removal and storage expenses as a consequence of an officer having to move home under the SPED scheme.

After considering the circumstances of the case, it was agreed that removal expenses should be paid in full.

**20. APPLICATION FOR REMOVAL AND STORAGE EXPENSES (SPED) SCHEME – REMOVAL COMPANIES**

Members were asked to consider whether the tendering process for removal companies as suggested by PSNI Security Branch should be adopted.

At a meeting of the Finance and General Purposes Committee in late 2003, Members noted that only a small number of removal companies are approved to undertake removals under the SPED Scheme. Members also noted that the number of approved companies and the policy governing their appointment had not been reviewed for some time. As such, Members requested that the policy be reviewed as a matter of urgency and that additional removal companies be invited to tender to provide a removal service for officers who have to move home under the SPED Scheme.

On 26 February 2004, PSNI Allowances Policy Branch forwarded recommendations received from PSNI Security Branch with regard to the tendering process, which were noted by the Committee.

It was agreed PSNI be advised that the work should go out to tender in order to obtain a further 2 companies to add to the existing list.

It was also agreed that in future, all invoices associated with removal expenses should show a complete breakdown of exactly what is being charged for.

#### **21. APPLICATION FOR REMOVAL AND STORAGE EXPENSES (SPED) RESERVE CONSTABLE ADM2**

Members noted a paper regarding an application for removal expenses in excess of the agreed limit by an officer who had moved home under the SPED Scheme.

Having considered the circumstances of the case, it was agreed that removal expenses should be paid in full.

#### **22. QUESTIONS FOR THE CHIEF CONSTABLE**

There were no questions for the Chief Constable.

#### **23. PRESS ISSUES**

A news release on the approval of the sale of property at 32 Springfield Road would be drafted and on approval issued to the media; Belfast weekly papers in particular.

Should Members visit Larne station to see the radio system in operation, it was agreed that media activity was to be arranged.

#### **24. ANY OTHER BUSINESS**

There was no other business to consider.

**25. DATE OF NEXT MEETING**

The date of the next meeting was arranged for Friday, 18 June 2004 at 9:30 am.

(Meeting closed 1:15 pm).

**Secretariat**

**April 2004**

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**CHAIRMAN**