

**NORTHUMBRIA POLICE AND CRIME COMMISSIONER**

**Key Decision**

**Title and Reference**

**Revenue Monitoring 2018/19 – Quarter 3**

**(PCC/ 363 /2019)**

**Summary**

The Revenue Monitoring forecast and anticipated appropriation to reserves as at 31 December 2018 (Qtr.3) is as follows:

	<b>Approved Budget 2018/19 £m</b>	<b>Forecast Outturn 2018/19 £m</b>	<b>Variance £m</b>
<b>Group Position</b>			
Chief Constable	256.801	255.106	(1.695)
Police & Crime Commissioner	2.061	1.858	(0.203)
Capital Financing	7.383	7.067	(0.316)
<b>Group Position Total</b>	<b>266.245</b>	<b>264.031</b>	<b>(2.214)</b>
Central Government Grant	(222.624)	(222.624)	-
Council Tax Precept	(43.621)	(43.621)	-
<b>Central Grant &amp; Precept Total</b>	<b>(266.245)</b>	<b>(266.245)</b>	<b>-</b>
<b>Appropriations (To)/From Reserves</b>	<b>0.000</b>	<b>(2.214)</b>	<b>(2.214)</b>

**Recommendation/ Findings:**

1. To note the Revenue Monitoring forecast (Qtr.3) 2018/19 and the proposed contribution to reserves.

**Northumbria Police and Crime Commissioner**

I hereby approve the recommendation above.

**Signature**



**Date 10 / 01 / 2019**

<b>JOINT BUSINESS MEETING</b>	<b>10 JANUARY 2019</b>
<b>GROUP REVENUE MONITORING POSITION – AS AT 31 DECEMBER 2018</b>	
<b>REPORT OF: MIKE TAIT, JOINT CHIEF FINANCE OFFICER</b>	
<b>AUTHOR: SARAH GOODMAN, PRINCIPAL ACCOUNTANT</b>	

**1. PURPOSE**

- 1.1 The purpose of this report is to provide an update on the Group revenue monitoring position for the period ending 31 December 2018; Quarter 3.
- 1.2 Providing a summary of the projected year-end position, reasons for variances and a financial risk assessment.
- 1.3 The report sets out in the following sections: a summary of the original budget with details of the approved 2018/19 budget; a summary of the key variances, along with a risk assessment of the current budget position.

**2. RECOMMENDATIONS**

- 2.1 The Police and Crime Commissioner is requested to:
  - a. Note the Group forecast outturn of £264.031 based on payments processed to date and current projections, against a 2018/19 budget of £263.999 and reflecting an in-year projected underspend of 0.83% which equates to £2.214m.

**3. BACKGROUND**

- 3.1 The overall Group revenue budget for 2018/19 was agreed at £266.245m, with the forecast outturn based on spend to 31 December 2018 being summarised below:

	<b>Approved Budget 2018/19 £m</b>	<b>Forecast Outturn 2018/19 £m</b>	<b>Variance £m</b>
<b>Group Position</b>			
Chief Constable	256.801	255.106	(1.695)
Police & Crime Commissioner	2.061	1.858	(0.203)
Capital Financing	7.383	7.067	(0.316)
<b>Group Position Total</b>	<b>266.245</b>	<b>264.031</b>	<b>(2.214)</b>
Central Government Grant	(222.624)	(222.624)	-
Council Tax Precept	(43.621)	(43.621)	-
<b>Central Grant &amp; Precept Total</b>	<b>(266.245)</b>	<b>(266.245)</b>	<b>-</b>
<b>Appropriations (To)/From Reserves</b>	<b>0.000</b>	<b>(2.214)</b>	<b>(2.214)</b>

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- 3.2 Within the approved 2018/19 budget the following was provided for:
- £256.801m to fund the cost of Policing in the Force area by the Chief Constable.
  - £2.061m to meet the costs of the Office of the Police and Crime Commissioner.
  - £7.383m to cover the costs of capital financing.
- 3.3 Since the establishment of the 2018/19 budget, as part of the Medium Term Financial Strategy (MTFS), various changes/updates have been identified which may impact on existing spending plans, virements have been authorised by the Joint Chief Finance Officer under delegated authority.

**4. KEY OUTCOMES- GROUP QUARTER 3 REVENUE POSITION****Chief Constable Revenue**

- 4.1 The overall projected year-end budget position is currently in-line with the 2018/19 budget and delivers an in-year projected underspend of 0.66% which equates to £1.695m.
- 4.2 In reviewing the budget, the key areas of note and identified movement from the position reported in Quarter three are outlined below:
- 4.3 **Workforce** – the overarching position of the current workforce plan, including allowances and pensions, is within budget and is reflecting a forecast underspend of £0.798m, 0.36% of the workforce budget. This reflects an increase in the forecast underspend of £0.076m from the position reported in Quarter two. Officer costs are in-line with projected budgets, however, there has been some re-profiling of planned staff recruitment.
- 4.4 **Overtime** – Police Officer overtime allocations including Mutual Aid, Match Duty and Events remain overall in-line with the allocated budgets.

Police Staff overtime is forecast to overspend by £0.043m. This is largely as a result of an increase in expenditure for Communications and Custody in relation to provision of cover on bank holidays.

- 4.5 **Non Pay Budget Variances** – Overall non pay projections are mostly in-line with budgets, key points to note are set out below and generally relate to one-off occurrences in 2018/19:
- 4.5.1 A budget provision of £1.000m was included in the revenue budget to cover the costs of the Operation Poppy trial. The actual cost of the Operation including all charges from the MET was £0.791m; this reflects a reduction in forecast expenditure of £0.209m from that reported in Quarter two.
- 4.5.2 During October the contract with Bowey PFI for stabling of the Mounted Section ended. This has realised in- year saving against the original budget provision of £0.127m.
- 4.5.3 A budget provision of £0.330m was included for the software for the HRMS replacement. Due to changes in the solution for this replacement, the project is being re-phased and there will no further spend in this financial year.
- 4.5.4 External Training and Tuition Fees is forecast to underspend by £0.140m. Training continues to be delivered in-line with training profiles. The in-year underspend can be attributed to savings on the cost of external training, plus nationally delivered courses being delayed.

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- 4.5.5 £0.093m of income has now been included in the current position in relation to income due from Apprenticeship training. This relates to Customer Services and Contact Handler Course currently being undertaken. This is an increase of £0.068m of income from that reported in Quarter two.
- 4.5.6 During 2017/18 Northumbria conducted an investigation (Operation Ruby) on behalf of the MET Police. Further work is being undertaken in relation to Operation Ruby and the estimated value of the recharge is £0.050m by year-end.

**OPCC Revenue**

- 4.6 The projected year-end budget position is currently in-line with the 2018/19 budget and delivers an in-year projected underspend of £0.203m. This is an increase in underspend of £0.079m from the position reported at Quarter two and relates to further savings within the Office costs budget area and additional salary recharges to the VAWG project to maximise funding.
- 4.7 Comprehensive spend plans have been developed in relation to the Commissioners Discretionary Fund. To date £0.623m of expenditure has been approved against a budget of £0.750m.
- 4.8 The Commissioner has overall responsibility for Capital Financing Costs with an approved budget of £7.383m. Projected outturn is £7.067m, an underspend of £0.316m. The underspend identified is a result of a reduction in the MRP (Minimum Revenue Provision) charge for the year due to the underspend on the capital programme in 2017/18; a lower borrowing requirement in relation to the capital programme 2018/19 forecast; new PWLB (Public Works Loans Board) borrowing being deferred to later in the year on advice from Link Asset Services; and preferential interest rates achieved in the first half of the financial year.

**5. CONCLUSION**

- 5.1 The overall group position is an in-year forecast underspend of £2.214m, this equates to a variance of 0.83% against the 2018/19 approved revenue budget.
- 5.2 The level of underspend reported does not necessarily reflect an increase in the balance of the General Reserve at the financial year-end; decisions will need to be made during the budget setting process, and over the next reporting Quarter, in relation to establishing specific earmarked reserves for items such as ESN (Emergency Services Network).

**6. CONSIDERATIONS**

<b>Report Exemption</b>	<b>Non-exempt</b>
<b>Consultation</b>	Yes - Information prepared by Finance, where variations have been found to the 2018/19 budget relevant responsible officers have been consulted with to understand the reasoning.
<b>Resource</b>	Yes - As outlined within the body of the report
<b>Equality</b>	No
<b>Legal</b>	No
<b>Risk</b>	Yes - As outlined within the body of the report
<b>Communication</b>	No
<b>Evaluation</b>	No