

NORTHUMBRIA POLICE AND CRIME COMMISSIONER

Key Decision

Title and Reference

GROUP REVENUE MONITORING POSITION QTR. 2 2019/20 – AS AT 30 SEPTEMBER 2019

(PCC/402/2019)

Summary

The Group Revenue Monitoring Position as at 30 September 2019 (Qtr.2) is as follows:

	Approved Budget 2019/20 £m	Outturn 2019/20 £m	Variance £m
Group Position			
Chief Constable	268.581	267.937	(0.644)
Police & Crime Commissioner	2.098	2.098	-
Capital Financing	9.403	8.430	(0.973)
Group Position Total	280.082	278.465	(1.617)
Central Government Grant	(230.551)	(230.551)	-
Council Tax Precept	(53.531)	(53.531)	-
Central Grant & Precept Total	(284.082)	(284.082)	-
Appropriations (To)/From Reserves	(4.000)	(5.617)	(1.617)

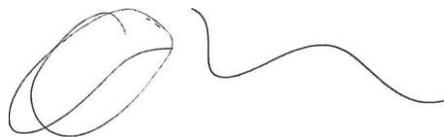
Recommendation/Findings:

- To note the forecast Group outturn position of £278.465m at 30 September 2019.

Northumbria Police and Crime Commissioner

I hereby approve the recommendation above.

Signature



Date 24.10.19

JOINT BUSINESS MEETING	24 OCTOBER 2019
GROUP REVENUE MONITORING POSITION QTR. 2 2019/20 – AS AT 30 SEPTEMBER 2019	
REPORT OF: MIKE TAIT, JOINT CHIEF FINANCE OFFICER	
AUTHOR: SARAH GOODMAN, PRINCIPAL ACCOUNTANT	

1. PURPOSE

- 1.1 The purpose of this report is to provide an update on the Group revenue monitoring position for the period ending 30 September 2019.
- 1.2 The report sets out in the following sections: a summary of the original budget with details of the approved 2019/20 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:

Note the Group forecast outturn of £278.465 based on payments processed to date and current projections, against a 2019/20 budget of £280.082m and reflecting an in-year projected underspend of 0.57% which equates to £1.617m. This is primarily made up of savings on financing costs within this financial year.

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Group Position			
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3. BACKGROUND

- 3.1 The overall Group revenue budget for 2019/20 was agreed at £280.082m, the forecast outturn is based on spend to 30 September 2019 and summarised below.
- 3.2 Within the approved 2019/20 budget the following was provided for:
- £268.581m to fund the cost of Policing in the Force area by the Chief Constable.
 - £2.098m to meet the costs of the Office of the Police and Crime Commissioner.
 - £9.403m to cover the costs of capital financing.
- 3.3 Since the establishment of the 2019/20 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 2 REVENUE POSITION

Chief Constable Revenue

- 4.1 The overall projected year-end budget position for 2019/20 is currently showing an outturn £0.644m less than the 2019/20 budget which equates to 0.24% underspent.
- 4.2 In reviewing the budget, the key areas of note and identified movement from the position reported in Quarter 1 are outlined below:
- 4.3 **Workforce** – The overarching year-end workforce budget position is projected to be £0.071m lower than budget, 0.03% of the workforce budget. This remains in line with profile and is inclusive of the Officer pay award at 2.5% which is 0.5% higher than budgeted for. Staff pay award is yet to be determined however an assumption has been made that this will be agreed in line with officers at 0.5% higher than budgeted and has been included within this position.

Police Officers – Costs incurred to date are £80.079m based on 6 pay periods to end of September 2019. The forecast outturn is £161.025m which is a £0.044m increase from the position reported in Q1. This position includes:

- Planned recruitment in year of 234fte which is inclusive of 63fte from uplift. There has also been an assumption made that all pay related costs associated to the 40fte officers expected in November (approx. £0.568m) will be fully funded. The remaining 23fte will not have a financial impact till 2020/21 due to their start date.

Police Staff – Costs incurred to date are £28.102m based on 6 pay periods to end of September 2019. The forecast Outturn is £58.456m which is £0.162m greater than the position reported at the end of Q1. This is based on the most recent workforce plan and, as referenced above, the assumption that the Police staff pay award will be approved in line with officers, at 0.5% greater than budgeted.

- 4.4 **Overtime** – the current forecast for overtime remains on track.
- 4.5 **Non Pay Budget Variances** – As at the end of Quarter 2, non-pay budgets are showing a net outturn position of £0.896m less than budget, which includes £0.625m of additional income.

4.5.1. Main areas of movement from the position reported in Q1:

- A further reduction in spend as a result of the ransomware attack on Eurofins (Force forensic provider) on 5 June 2019, at the point of reporting at Q1 the impact was not fully known but now shows a further reduction of £0.077m primarily from a reduced capacity to deliver on cold case reviews; there have been no cases reviewed to date. This is a one off in year underspend as it is anticipated that cold case reviews will recommence and incur expenditure in the second half of the year.
 - Increased income from apprenticeship delivery (£0.111m), this is due to operation uplift, there are now more apprentices going through Police Constable Degree Apprenticeship Program (PCDA) than anticipated at Q1.
 - The outturn position within IT has reduced by a further £0.129m from Q1. This is as a result of saving from Body Worn Video (BWV) network being replaced by a more cost effective solution, and revenue savings realised from delayed capital projects.
 - The forecast for income has increased a further £0.465m from that reported in Q1. This increase is due to an increased level of National Driver Offender Retraining Scheme (NDORS) income following a rise in NSAC completions (National Speed Awareness Course); additional income from an agreed contract with the Highways Agency for the A19 and Testos roundabout road traffic cameras, and additional income from the recharges associated with Op Ruby which lasted longer than was initially anticipated.
- 4.6 A revised spend plan for the Serious Violence Fund has been drafted following the decision to increase Taser capability further than originally planned. This has been submitted to the Home Office with the Qtr. 2 monitoring on 14 October. The Home Office have advised that they do not need to approve this revised plan, but they need a copy to hold for audit purposes. Actual spend to 30 September is £1.116m (50.26% of funding). There are no risks associated with this funding and it will be spent in full by the 31 March 2020.

OPCC Revenue

- 4.7 The projected year-end budget position is currently in-line with the 2019/20 budget and is expected to deliver a break even position.
- 4.8 Comprehensive spend plans have been developed in relation to the Commissioners Discretionary Fund. A spend plan of £0.667m has been approved to date, the remaining balance of the fund £0.083m is anticipated to be fully committed at year end.

Capital Financing

- 4.9 The Commissioner has overall responsibility for Capital Financing costs with an approved budget of £9.403m which includes the revenue costs of borrowing (interest and principal repayment) and income receivable (investment interest and Home Office loan charges grant).
- 4.10 The net underspend on the Capital Financing budget is estimated to be £0.973m. The main variance relates to the principal repayment of borrowing (MRP) which reflects an underspend of £0.508m. Capital expenditure incurred in a particular financial year is repaid over subsequent years aligned with the useful life of assets, and therefore the variance against this budget reflects the re-phasing of revenue costs to future years aligned with capital expenditure forecasts.
- 4.11 Interest on borrowing is estimated to be underspent by £0.376m. Long term borrowing taken during the year has been taken later in the year than budgeted and secured at lower interest rates. In addition, the base rate increase expected in 2019/20 at the time of setting the budget has not taken place and as a result, the cost of temporary borrowing is lower than estimated.
- 4.12 Investment interest is forecast at £0.089m over the budget set for the year. This reflects an increase in average balances available to invest attributed to a number of reserve balances being

higher than expected at budget setting time, grant funding received earlier in the year than anticipated and the profile of capital spending.

5. CONCLUSION

- 5.1 The overall group position is an in-year forecast underspend of £1.617m, this equates to a variance of 0.57% against the 2019/20 approved revenue budget.

Report Exemption	Non-exempt
Consultation	Yes - All allocated budget owners
Resources	Yes - As outlined within the body of the report
Code of Ethics	No
Equality	No
Legal	No
Risk	Yes - As outlined within the body of the report
Communication	No
Evaluation	No