

NORTHUMBRIA POLICE AND CRIME COMMISSIONER

Key Decision

Title and Reference

Capital Monitoring Report qtr. 3 2019/20 – as at 31 December 2019

(PCC/410/2020)

Summary

The Capital Monitoring forecast as at 31 December 2019 (Qtr.3) is as follows:

2019/20 Scheme Expenditure	Revised Capital Programme £m	Actual Spend Qtr. 3 £m	Forecast Outturn Qtr. 2 £m	Forecast Outturn Qtr. 3 £m	Movement Qtr. 2 To Qtr. 3 £m
Building Works	7.356	2.802	4.680	4.454	-0.226
Information Technology & Digital Transformation	10.275	5.372	9.765	9.277	-0.488
Vehicles and Equipment	4.071	1.463	3.784	3.145	-0.639
NERSOU Schemes - Northumbria's contributions	0.128	0.090	0.128	0.128	0.000
TOTAL CAPITAL PROGRAMME	21.829	9.726	18.356	17.004	-1.352

The programme will be funded as follows:

	Revised Capital Programme £m	Forecast Outturn Qtr3 £m	Variance Forecast Outturn to Revised Capital £m
Capital Programme	21.829	17.004	-4.826
Funded by:			
Capital Receipts	-7.746	-6.651	1.095
Capital Grant & Contributions	-1.295	-1.263	0.032
Prudential Borrowing	-12.788	-9.090	3.698
Total Funding	-21.829	-17.004	4.826

All prudential indicators were within the approved limits.

Recommendation/Findings:

- I. To note the Capital Monitoring (Qtr. 3) 2019/20, Funding and Capital Prudential Indicators.

Northumbria Police and Crime Commissioner

I hereby approve the recommendation above.

Signature



Date 23/01/2020

Joint Business Meeting	23 January 2020
Capital Monitoring Report qtr. 3 2019/20 – as at 31 December 2019	
Report of Mike Tait, Joint Chief Finance Officer	
Author: Sylvie Walker-Barras, Accountant	

1. PURPOSE

- 1.1 This report sets out the capital forecast outturn including capital receipts for 2019/20 as at 31 December 2019.

2. RECOMMENDATION

- 2.1 The Police and Crime Commissioner is requested to:
- Note the forecast outturn of £17.004m based on payments processed to date and current projections; and the reduction in forecast spend of £1.352m against the Quarter 2 forecast outturn of £18.356m.

3. BACKGROUND

- 3.1 The capital programme is prepared and approved in February each year and monitored and revised quarterly during the year, with the budget updated for slippage once a year in May. In between those times, budget managers review their budgets and update them in-line with programme progress.
- 3.2 At 30 May Joint Business Meeting (JBM), a revised capital programme of £21.829m was agreed.

4. KEY OUTCOMES

CAPITAL MONITORING 2019/20 – Quarter 3

- 4.1 As at Quarter 3, most projects are progressing in-line with the agreed capital programme with some now delayed until the next financial year.
- 4.2 The table below shows the Forecast Capital Outturn at Quarter 3 and Variance to Quarter 2 Forecast Outturn, as at 31 December 2019.

2019/20 Scheme Expenditure	Revised Capital Programme £m	Actual Spend Qtr. 3 £m	Forecast Outturn Qtr. 2 £m	Forecast Outturn Qtr. 3 £m	Movement Qtr. 2 To Qtr. 3 £m
Building Works	7.356	2.802	4.680	4.454	-0.226
Information Technology & Digital Transformation	10.275	5.372	9.765	9.277	-0.488
Vehicles and Equipment	4.071	1.463	3.784	3.145	-0.639
NERSOU Schemes - Northumbria's contributions	0.128	0.090	0.128	0.128	0.000
TOTAL CAPITAL PROGRAMME	21.829	9.726	18.356	17.004	-1.352

- 4.3 The variance from Quarter 2 to Quarter 3 forecast positions is currently projecting £1.352m underspend, which is likely to slip to 2020/21.
- 4.4 Details of the capital monitoring variances in **Appendix I** sets out a high level summary of the key budget areas. Details to note are set out below:

4.5 **Building Works** – The overall programme is currently on track; Hexham and Berwick refurbishments are nearing completion. Contractors are onsite at Southwick and contracts have been awarded for Gateshead and North Shields. The programme has been re-phased to reflect the timescale currently known for the projects; the reported position at Quarter 2 was a forecast outturn of £4.680m, with a £2.676m underspend against budget.

The revised position at Quarter 3 is a forecast outturn of £4.454m and £2.902m underspend against budget. The key point to note is as follows:

4.5.1 Further £0.428m underspend in Quarter 3 is the result of rephasing the Estates Refurbishment Programme to accommodate the new Force Operating Model and other operational requirements, the costs will slip to 2020/21.

4.6. **Information Technology and Digital Transformation** – The programme is currently on track; the reported position at Quarter 2 was a forecast outturn of £9.765m, and £0.510m underspend against budget.

The revised position at Quarter 3 is a forecast outturn of £9.277m and £0.998m under approved budget; reflecting movement of £0.488m. The key points to note are as follows:

4.6.1. The underspend of £0.124m at Quarter 3 is the result of reduced spend on Digital Policing with some schemes not going ahead at this time.

4.6.2. Emergency Services Network (ESN) forecast underspend of £0.369m is the re-phasing of the purchase of covert Airwave terminals to the next financial year; this is dictated by the National delivery schedule.

4.6.3. Business Intelligence and Data Analysis Programme has slippage of £0.195m into 2020/21 as a result of the project being delayed until next financial year.

4.6.4. ICT refresh – A further £0.236m has been spent on Safeguarding and Destination 2021 additional laptops.

4.7 **Vehicles and Equipment** – The programme is currently on track; the reported position at Quarter 2 was a forecast outturn of £3.784m and £0.287m underspend against budget.

The revised position at Quarter 3 is a forecast outturn of £3.145m and £0.926m underspend against budget, reflecting movement of £0.639m. The key points to note are as follows:

4.7.1 Vehicles – A number of vehicles due for replacement in the current year are still being consulted on with users regarding model and specification. They will be ordered this year, however, due to delivery lead time they are unlikely to be received by year-end resulting in an additional forecast slippage of £0.249m.

4.7.2 Follingsby upgrades – Judgemental suite replacement, this scheme has been withdrawn from the capital programme resulting in an underspend of £0.100m. Firearms range upgrade; it is anticipated that the work will be carried out in the next financial year when the range is available; this has resulted in slippage of £0.090m.

4.7.3 Equipment – An allocation was included within the capital programme to meet expenditure incurred or investment required in relation to the implementation of the new FOM. There are currently no detailed plans for this budget resulting in an in-year underspend of £0.200m.

4.8 The capital programme for 2019/20 will be financed as shown in the table below:

	Revised	Forecast	Variance Forecast
--	---------	----------	-------------------

	Capital Programme £m	Outturn Qtr. 3 £m	Outturn to Revised Capital £m
Capital Programme	21.829	17.004	-4.826
Funded by:			
Capital Receipts	-7.746	-6.651	1.095
Capital Grant & Contributions	-1.295	-1.263	0.032
Prudential Borrowing	-12.788	-9.090	3.698
Total Funding	-21.829	-17.004	4.826

- 4.9 Capital receipts are a key strategic funding source for the capital programme and significant receipts are expected over the next 2 years as the estates rationalisation programme will be completed. The forecast outturn for capital receipts is £7.612m detailed in **Appendix 2**, including the second payment for the sale of Ponteland. There is also a carry forward of capital receipts from 2018/19 of £7.944m.
- 4.10 The MTFS sets out that the majority of capital spending for short life assets will be financed from capital receipts. Building works as well as major ICT projects with longer asset lives will be supported by prudential borrowing as this provides the most cost effective form of financing. At this time capital financing is largely unchanged, however it is under regular review through prudent Treasury Management.
- 4.11 The capital financing position set out above is aligned with capital financing plans set out in the Medium Term Financial Strategy (MTFS) 2019/20 to 2022/23.
- 4.12 The prudential indicators for capital are set out in **Appendix 3**. All indicators were within the agreed limits as at 31 December 2019.

5. CONSIDERATIONS

Report Exemption	Non-exempt
Consultation	All allocated budget holders
Resource	Included within the report
Code of Ethics	No
Equality	No
Legal	No
Risk	Included within the report
Communication	No
Evaluation	No