

<b>Business Meeting (BM)</b>	<b>16 November 2021</b>
<b>Capital Monitoring QTR. 2 2021/22</b>	
<b>Report of: Mike Tait, Joint Chief Finance Officer</b>	
<b>Author: Sylvie Walker-Barras, Accountant</b>	

**1. PURPOSE**

1.1 The purpose of this report is to set out the capital forecast for 2021/22 at 30 September 2021.

**2. RECOMMENDATION**

2.1 The Police and Crime Commissioner is requested to:

a. Note the report.

**3. BACKGROUND**

3.1 At 7 July BM, a revised capital programme of £21.536m was agreed including funded schemes.

**CAPITAL MONITORING 2021/22 – QUARTER 1**

3.2 As at Quarter 2, most projects have been started with some awaiting the outcome of reviews and some projects progressing at a slower pace due to the impact of shortages caused by high demand, lockdowns, social distancing and other measures in place during the pandemic.

3.3 The forecast capital outturn and variations to the revised programme, as at 30 September 2021 are set out in the table below:

<b>2021/22 Scheme Expenditure</b>	<b>Capital Programme £m</b>	<b>Actual Spend Qtr. 2 £m</b>	<b>Forecast Outturn Qtr. 1 £m</b>	<b>Forecast Outturn Qtr. 2 £m</b>	<b>Variance Qtr. 1 to Qtr. 2 £m</b>
Building Works	4.496	0.247	4.496	2.502	(1.994)
Information Technology & Digital Transformation	12.075	0.816	12.075	12.027	(0.048)
Vehicles and Equipment	4.541	0.629	4.565	4.565	0.000
NERSOU Schemes - Northumbria's contributions	0.269	0.076	0.269	0.269	0.000
<b>TOTAL CAPITAL PROGRAMME</b>	<b>21.381</b>	<b>1.768</b>	<b>21.405</b>	<b>19.363</b>	<b>(2.042)</b>
<b>TOTAL FUNDED CAPITAL SCHEMES</b>	<b>0.155</b>	<b>0.000</b>	<b>0.000</b>	<b>0.070</b>	<b>0.070</b>
<b>TOTAL CAPITAL SPEND</b>	<b>21.536</b>	<b>1.768</b>	<b>21.405</b>	<b>19.433</b>	<b>(1.972)</b>

3.4 The variance from Qtr1 to Qtr2 forecast positions is currently projecting £1.972m underspend.

3.5 Details of the capital monitoring variances in **Appendix I** sets out a high-level summary of the key budget areas.

Key points to note:

- 3.6 **Estates Programme** – The reported position at Qtr1 was a forecast outturn of £4.496m and no variance against budget. The revised position at Qtr2 is a forecast outturn of £2.502m and £1.994m underspend against budget; the movement from Qtr1 is therefore £1.994m. Whilst there will be slippage in the Estates programme, planning is underway to recommence the planned programme of major refurbishments to the force estate. The restart scheme will be at Byker with proposals to be presented to the Executive Team for approval in January 2022 prior to further reporting through BM for procurement sign-off. The next scheme to be progressed will be for Alnwick which will be reported through the Executive Team in the first quarter of 2022. In addition, limited improvements are taking place at Washington and Houghton Police Stations, which are new to the original refurbishment proposals, but are necessary works prior to further consideration within the Estates Strategy. Also new is the improvement work at Newcastle SARC which has been completed to bring the building in line with CQC requirements.
- 3.7 **ICT Refresh** - The reported position at Qtr1 was a forecast outturn of £12.075m and no variance against budget. The revised position at Qtr2 is a forecast outturn of £12.027m and £0.048m underspend against budget; the movement from Qtr1 is therefore £0.048m. The planned purchase of the IMU asset management tool is not being progressed, the option of using M365 functionality as an alternative solution is being considered; there would be no costs associated with this solution. Worldwide shortage of microchips is putting pressure on the refresh programme; however, laptops have been sourced from alternative suppliers to mitigate the risk.
- 3.8 **Fleet** – Uncertainty continues around the availability of vehicles, worldwide supply chain shortages together with price increases. Notwithstanding this uncertainty the forecast outturn is presented as unchanged until further clarity is available re the anticipated delivery timescale of vehicles currently on order. This forecast also accounts for the change in procurement approach to certain vehicle categories following national issues around one current vehicle make.
- 3.9 **Funded Scheme - ESN** - The reported position at Qtr1 was a forecast outturn of £0m and a variance of £0.155m underspend against budget. The revised position at Qtr2 is a forecast outturn of £0.070m and £0.085m underspend against budget; the movement from Qtr1 is therefore £0.070m. The national transition has been pushed back to 2024, however, work programmed nationally for the ICCS DCS upgrade and funded by the initial Home Office control room upgrade grant, requires order placement in 2021/22 and carries a 50% deposit payment with order, hence the change in forecast. The work is scheduled to be carried out in December 2022.
- 3.10 The capital programme for 2021/22 will be financed as shown in the table below:

	<b>Capital Programme £m</b>	<b>Forecast Outturn £m</b>	<b>Total Variance £m</b>
<b>Capital Spend Programme</b>	<b>21.536</b>	<b>19.433</b>	<b>(2.103)</b>
Funded by:			
Capital Receipts	0.000	0.000	0.000
Capital Grant & Contributions	(0.493)	(0.408)	0.085
Prudential Borrowing	(21.043)	(19.025)	2.018
<b>Total Funding</b>	<b>(21.536)</b>	<b>(19.433)</b>	<b>2.103</b>

- 3.11 The changes to capital financing are related to the three variances highlighted under point
- 3.12 Currently there are no capital receipts expected in-year. Capital receipts carried forward from previous year's amount to £22.153m and are planned for use within the later years of the current MTFS.
- 3.13 The prudential indicators for capital are set out in **Appendix 2**. All indicators were within the agreed limits as at 30 September 2021.

**4. CONSIDERATIONS**

<b>Report Exemption</b>	Non-exempt
<b>Consultation</b>	
All allocated budget holders	
<b>Resources</b>	
Included within the report	
<b>Code of Ethics</b>	
<b>Equality</b>	
No	
<b>Legal</b>	
No	
<b>Risk</b>	
Included within the report	
<b>Communication</b>	
No	
<b>Evaluation</b>	
No	

**Northumbria Police and Crime Commissioner**

I hereby approve the recommendation above.

**Signature**



**Date 19/11/21**