

Business Meeting	16 November 2021
Group Revenue Monitoring Qtr.2 – as at 30 September 2021	
Report of: Mike Tait, Joint Chief Finance Officer	
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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 2021.
- 1.2 The report sets out an overall forecast outturn, a summary of the key variances, and a risk assessment of the current budget position.

2. RECOMMENDATIONS

2.1 The Police and Crime Commissioner is requested to note:

- a. The Group forecast outturn of £319.730m which is based on payments processed to date and current projections, against a 2021/22 budget of £320.243m which reflects an in year underspend against budget of £0.513m.

	Approved Budget 2021/22 £m	Outturn 2021/22 £m	Variance £m
Group Position			
Chief Constable	305.927	305.704	(0.223)
Police & Crime Commissioner	2.309	2.309	0.000
Capital Financing	12.007	11.717	(0.290)
Group Position Total	320.243	319.730	(0.513)
Central Government Grant	(263.460)	(263.460)	-
Council Tax Precept	(56.783)	(56.783)	-
Central Grant & Precept Total	(320.243)	(320.243)	-
Appropriations (To)/From Reserves	-	(0.513)	(0.513)

3. BACKGROUND

3.1 The overall Group revenue budget for 2021/22 was agreed at £320.243m.

3.2 Within the approved 2021/22 budget the following was provided for:

- £305.927m to fund the cost of Policing in the Force area by the Chief Constable.
- £2.309m to meet the costs of the Office of the Police and Crime Commissioner.

- £12.007mm to cover the costs of capital financing.

4. KEY OUTCOMES - GROUP QUARTER 2 REVENUE POSITION

Chief Constable Revenue

- 4.1 Based on Quarter 2 spend the forecast outturn is an in- year underspend of £0.223m (0.07%). Within this position there are some budgetary pressures and underspends resulting in the net outturn.
- 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 £0.337m less than approved budget.
- **Police Officers** – Police Officer pay remains over budget profile which takes into account the financial impact of recruiting above Uplift and remains consistent with the position previously reported.
 - **Police Staff** – Police Staff pay is currently forecast to be under budget which is in-line with previous reports and takes into account the revised profile of recruitment to the end of the financial year. The position reflects challenging job markets particularly with regard to specialist, professional recruitment.
 - **Ill Health Retirements** – The budget provision for ill health retirements provides for 10 retirements per annum. Current forecast is for only 7 such retirements which will provide an underspend against this budget.
- 4.4 **Core Overtime** – The combined forecast for core (business as usual) officer and staff overtime is a forecast in year overspend of £0.456m; which is an increase on the position reported at Quarter 1.
- 4.4.1 Officer Overtime pressures have been identified in relation to Communications, Central and Operations.
- 4.4.2 The contingency budget remains on profile to be fully utilised by year end.
- 4.4.3 The financial impact of COP26 is not currently reflected in the Force outturn, however it is estimated that there will be a nett benefit to the Force from the resourcing of this event. This is due to the national position whereby Forces are compensated for the duty time of their Officers whilst they are away on Mutual Aid.
- 4.5 **Non Pay Budget Variances** – As at the end of Quarter 2, non-pay budgets are showing a net outturn position of £0.227m less than budget.
- 4.5.1 Key movements to note from the position reported at Quarter 1 are:

- **Taser Cartridges** – The continuation throughout the year of social distancing requirements has impacted the pace of the Taser uplift programme. This has resulted in a reduction in the number of cartridges that need to be purchased this year and an in-year underspend of £0.143m. The impact on future years is being picked up as part of the budget setting process.
- **Sale of Vehicles** – Global supply chain issues affecting the wider economy have significantly impacted the delivery of new vehicles. Lead times have increased and as a result, vehicles previously planned to be sold have had to be retained until replacements arrive. This has resulted in a reduction of the budgeted sales income of £0.114m. The benefit of this income will not now be delivered until 2022/23.

4.6 Other areas to note

- 4.6.1 There are other areas of potential underspend that will continue to be monitored and more formally reported upon at the next quarter report, for example, reduced cost of addressing new ways of working following Covid-19, revised timescale for delivery of planned external training, and as outlined above the COP26 Mutual Aid position.
- 4.6.2 The position reported above excludes expenditure which is being met directly from the Covid Enforcement and Operational Reserve with the detail of the approved plan set out below:

APPROVED COVID RESERVE BUDGET/EXPENDITURE	Budget	Projected Outturn as at Sept	Variance against Budget
Overtime	1,021	1,021	-
PSIs	402	180	(222)
48652 Microsoft Licences	73	73	-
18221 O365 Implementation	128	128	-
48652 Intranet Implementation	66	66	-
TOTAL EXPENDITURE COVID RESERVE	1,690	1,468	(222)

OPCC Revenue

- 4.7 The projected year-end budget position is currently in-line with the 2021/22 budget and is expected to breakeven at year end, being no change from the position reported at Quarter 1.
- 4.8 In addition to the core budgets, there are a range of approved funding streams within 2021/22 including VRU, DRIVE, CADA, Grip and Operation Adder. Spend against all funding streams remains on target and all funding will be fully spent by 31 March 22.

Capital Financing

4.9 The Commissioner has overall responsibility for Capital Financing costs with an approved budget of £12.007m which includes the revenue costs of borrowing (interest and principal repayment) and income receivable (investment interest).

The net underspend on the Capital Financing budget is estimated to be £0.290m. This is due to lower short term borrowing requirements as a result of a higher pension top up grant in July, higher levels of reserves and a reduction in 2021/22 capital expenditure against the original estimate.

CONCLUSION

4.10 The revenue outturn remains within approved budget and the forecast position is an in-year underspend of £0.513m (0.16%).

5. CONSIDERATIONS

Report Exemption	Non-exempt
Consultation	Yes - Information prepared by Finance, where variations have been found to the 2021/22 budget relevant responsible officers have been consulted with to understand the reasoning.
Resource	Yes - As outlined within the body of the report
Equality	No
Legal	No
Risk	Yes - As outlined within the body of the report
Communication	No
Evaluation	No

Northumbria Police and Crime Commissioner

I hereby approve the recommendation above.

Signature



Date 19/11/21