

NORTHUMBRIA POLICE AND CRIME COMMISSIONER

Key Decision

Title and Reference:

GROUP REVENUE MONITORING Q2

(PCC/486/2022)

Summary

The Group Revenue Monitoring as at 30 September for Quarter 2:

	Approved Budget 2022/23 £'000	Forecast Outturn 2022/23 £'000	Variance £'000
Group Position			
Chief Constable	322,788	323,098	310
Officer of Police and Crime Commissioner (OPCC)	1,829	1,822	(7)
OPCC Supporting Services	1,121	1,121	-
Capital Financing	13,594	11,765	(1,829)
Group Position Total	339,332	337,806	(1,526)
Central Government Grant	(276,818)	(276,818)	-
Council Tax Precept	(62,514)	(62,514)	-
Government Grant and Precept Total	(339,332)	(339,332)	-
Appropriations (To)/From Reserves	-	(1,526)	(1,526)

Recommendation/Findings:

Note the Group forecast outturn of £337.806m which is based on payments processed to date and current projections, against a 2022/23 budget of £339.332m which reflects an in-year underspend position of £1.526m.

Northumbria Police and Crime Commissioner

I hereby approve the recommendation above.

Signature



Date 22/11/2022

Business Meeting	22 November 2022
Group Revenue Monitoring Q2	
Report Of: Kevin Laing, Joint Chief Finance Officer	
Author: Lyndsey Curry, Finance Lead Financial Performance	

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 2022, Quarter 2.

2. RECOMMENDATION

- 2.1 The Police and Crime Commissioner is requested to:
- a. Note the Group forecast outturn of £337.806m which is based on payments processed to date and current projections, against a 2022/23 budget of £339.332m which reflects an in-year underspend position of £1.526m.

	Approved Budget 2022/23 £'000	Forecast Outturn 2022/23 £'000	Variance £'000
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3. BACKGROUND

- 3.1 The overall Group revenue budget for 2022/23 was agreed at £339.332m, this being the second monitoring report of the Group position for 2022/23.
- 3.2 Within the approved 2022/23 budget the following was provided for:
- £322.788m to fund the cost of Policing in the Force area by the Chief Constable.
 - £1.829m to meet the costs of the Office of the Police and Crime Commissioner.
 - £1.121m to meet the costs of OPCC Supporting Services.

- £13.594m to cover the costs of capital financing.

KEY OUTCOMES- GROUP QUARTER 2 REVENUE POSITION

Chief Constable Revenue

- 3.3 Based on the Quarter 2 spend the forecast outturn is an in-year overspend of £0.310m (0.1%). Within this position there are some budgetary pressures and underspends resulting in the net outturn position.
- 3.4 Workforce budgets continue to be a focus around the forecasting and profiling given they form the majority (86.00%) of the overall force budget. The overarching workforce budget position including allowances is projected to be £1.942m under the budgeted position.
- **Police Officers** – Police Officer pay is forecast to be overspent by £1.269m. Profiling of intakes have been flexed and recruitment of 90 Officers over the original Uplift target is reflected in the current position. Uplift Gold meets on a weekly basis to ensure that this status remains on track.
 - During July the Government announced that Police Officers would receive a pay award of £1,900 from 01 September 2022. This is the equivalent of a 5% across all ranks, 1.5% higher than budgeted.
 - The Government has confirmed Forces will receive a grant to offset the impact of the pay award pressure which is reflected within the income section of the revenue budget.
 - The change of Prime Minister entailed a fiscal event, delivered on 23 September 2022. A component of this package was the cancellation of the Health and Social Care Levy. This was initially introduced via a 1.25 percentage point rise in National Insurance contributions (NICs), which took effect in April 2022. The Chancellor announced that this would be reversed with effect from 6 November 2022, delivering an approximate saving of £0.800m on NI across both officer and staff pay.
 - **Police Staff** – Police Staff pay is forecast to be under budget by £3.122m. The underspend has increased as a result of the reduction in NI but is also attributable to additional leavers in year as well as a decrease in recruitment. The underspend remains as a result of the challenging recruitment market and higher than projected levels of exits. Police Staff recruitment and exit projections are continually reviewed to ensure they are robust and reflect the difficult market conditions in this area of business.
- 3.5 The Home Office has confirmed that an additional £0.020m of income per officer delivered over uplift is available; up to the maximum funding of £1.080m. This equates to 54FTE for NP. Further discussions are ongoing around increasing this number to 90 over uplift, which reflects the Officer pay projections outlined above. Subject to Home Office approval, this could result in income of up to £1.800m however, this has not yet been confirmed and therefore no income is reflected in the current forecast position.
- 3.6 The forecast in relation to ill health retirements has been reduced from the budgeted 10 to 8 retirements. There not currently any Police Officers being assessed for permanent disablement. This will continue to be reviewed throughout the remainder of the year but has resulted in an in year underspend of £0.165m against budget..

- 3.7 Core Police Officer and Staff overtime positions are currently reflecting an overspend of £1.230m. The overspend includes the cost of the additional bank Holiday for the funeral of Queen Elizabeth II.
- 3.8 Communications Department accounts for the majority of the operational overspend as a direct result of demand pressures. Report and Incident (RIA) forms are at an all-time high and Communications call times remain a priority. Leave and sickness levels over the summer period have been challenging, and overtime has been utilised to ensure that SLAs and public response times are achieved. Expenditure on overtime in this area is partially offset by savings on the Police Staff pay budget as resources were factored into the budget from April.
- 3.9 Other issues of note are set out below:
- Within the current forecast is £2.293m of inflationary pressures. These include pressures on utilities, fuel, office supplies, software, and vehicle recovery contracts. These can currently be managed within the overarching budget position.
 - Following a review of the external training position in terms of both course availability and progression to date, there year end projections have reduced by £0.168m. This is predominantly due to limitations around course availability; demand nationally remains high as Forces catch up on training that was cancelled during the period of the pandemic. Any potential risk to the organisation which may require mitigation if further courses cannot be delivered will continue to be monitored closely.
- 3.10 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:

Budget Area	Approved Expenditure 2022/23	Actual Payments	Projected Outturn at 30 September 2022
	£000	£000	£000
People Investment	1,283	123	375
TVP (Tutor Payments)	54	40	54
Process Integration Tool	422	89	89
Cloud and Hosting Assessment	100	-	-
Clinical Lead OHU Contract	115	-	27
			-
TOTAL	1,974	252	545

- 3.11 The approved spend plan from the Covid and Operational Reserve sits outside the overall budget position. £1.974m has been approved for this financial year. The spend plan included 34.46fte fixed term posts for a period of up to 24 months, PDU Tutor Targeted Variable Payments, the costs of a clinical lead added to the OHU contract and IT software.
- 3.12 Forecast expenditure against the reserve in 2022/23 is forecast to be £0.545m. The original plan for recruitment of Police Staff posts is under review against organisational requirements with only essential posts being progressed. There has been a delay contract start date for the Clinical Lead, this is now planned to start in January when Optima will have recruited into the position. The Process Integration Tool in year one will now only cost £0.089m, and the Cloud and Hosting Assessment is no longer being progressed. Any underspends will be reviews and utilised to support activity in future years.

OPCC Revenue

- 3.13 The projected year-end budget position inclusive of core OPCC revenue and Supporting Services are currently break even and there are no issues to report at this time.

Capital Financing

- 3.14 The outturn against capital financing now reflects a forecast underspend of £1.829m. The forecast for interest receivable 2022/23 has increased due to higher interest rates and takes into account actual interest receivable to 30 September 2022, fixed term investments made following receipt of pension top up grant, and a cautious application of interest rates for funds available after the fixed terms investments are accounted for. #
- 3.15 The underspend on MRP for 2022/23 represents the revenue impact of slippage in the capital programme based on the draft accounts published for 2021/22. Actual borrowing requirement for the 2021/22 year was reduced by £5.3m against the estimate used to set the MRP budget 2022/23.
- 3.16 In addition to core budgets, there are a range of approved funding streams within 2022/23 including VRU, Domestic Abuse Perpetrator, CADA, Safer Streets, Grip and Operation Adder. All funding will be fully spent by 31 March 2023 in line with the terms and conditions of the Grants.

CONCLUSION

- 3.17 The overall group position is a forecast underspend of £1.526m and no actions are recommended at this time.

Report Exemption	Non-exempt
Consultation	Yes - Information prepared by Finance, where variations have been found to the 2022/23 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