

# NORTHUMBRIA POLICE AND CRIME COMMISSIONER

## Key Decision

### Title and Reference

### Group Revenue Monitoring Position – as at 31 December 2020

(PCC/437/2020)

### Summary

The Group Revenue Outturn as at 31 December 2020 (Quarter 3) is as follows:

	Approved Budget 2020/21 £m	Outturn 2020/21 £m	Variance £m
<b>Group Position</b>			
Chief Constable	283.382	284.011	0.629
Police & Crime Commissioner	2.264	1.966	(0.298)
Capital Financing	10.747	9.965	(0.782)
<b>Group Position Total</b>	<b>296.393</b>	<b>295.942</b>	<b>(0.451)</b>
<b>Central Government Grant</b>	<b>(246.938)</b>	<b>(246.938)</b>	<b>-</b>
<b>Council Tax Precept</b>	<b>(55.589)</b>	<b>(55.589)</b>	<b>-</b>
<b>Central Grant &amp; Precept Total</b>	<b>(302.527)</b>	<b>(302.527)</b>	<b>-</b>
<b>Appropriations (To)/From Reserves</b>	<b>(6.134)</b>	<b>(6.585)</b>	<b>(0.451)</b>

Whilst the net position is an underspend of £0.451m (0.15%), this is the net effect of an overspend on the combined CC revenue budget (£0.629m), and an underspend on PCC Revenue and Capital Financing costs (£1.080m).

All core budgets of the CC are in balance; however, there is a forecast overspend of £0.629m which is primarily as a result of Covid-19 (£0.793m). The PCC has set aside £1.000m in the General Reserve to manage the cost impact of Covid-19 should these costs not be fully met by government. The underspend on Capital Financing costs (£0.782m) is due to slippage and phasing of the 2020/21 Capital Programme, and will be needed in future years to fund re-phased capital projects

### Recommendation/Findings:

Note the following:

- The Group forecast outturn of £295.942m inclusive of Covid-19 related expenditure, which is based on payments processed to date and current projections, against a 2020/21 budget of £296.393 and reflecting an in-year projected underspend of £0.451m (0.15%).
- The updated position from that reported at Quarter 2 in relation to the Home Office reimbursement of some costs and irrecoverable income loss associated with Covid-19.
- The Chief Constable will continue to review and report all pressures on the Force budget.

### Northumbria Police and Crime Commissioner

I hereby approve the recommendation above.

Signature



Date 14.1.21

<b>Business Meeting</b>	<b>14 January 2020</b>
<b>Group Revenue Monitoring Position – as at 31 December 2020</b>	
<b>Report of: Mike Tait, Joint Chief Finance Officer</b>	
<b>Author: Sarah Goodman, Principal Accountant</b>	

## 1. PURPOSE

- 1.1 The purpose of this report is to provide an update on the Group revenue monitoring position for the period ending 31 December 2020.
- 1.2 The report sets out in the following sections: A summary of the original budget with details of the approved 2020/21 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:
  - a. The Group forecast outturn of £295.942m inclusive of Covid-19 related expenditure, which is based on payments processed to date and current projections, against a 2020/21 budget of £296.393 and reflecting an in-year projected underspend of £0.451m (0.15%).
  - b. The updated position from that reported at Qtr. 2 in relation to the Home Office (HO) reimbursement of some costs and irrecoverable income loss associated with Covid-19.
  - c. The Chief Constable will continue to review and report all pressures on the Force budget.

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## 3. BACKGROUND

- 3.1 The overall Group revenue budget for 2020/21 was agreed at £296.393, the forecast outturn is based on spend to 31 December 20 and summarised below.
- 3.2 Within the approved 2020/21 budget the following was provided for:

- £283.382m to fund the cost of Policing in the Force area by the Chief Constable.
- £2.264m to meet the costs of the Office of the Police and Crime Commissioner.
- £10.747m to cover the costs of capital financing.

- 3.3 Since the establishment of the 2020/21 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.

## KEY OUTCOMES- GROUP QUARTER 3 REVENUE POSITION

### Chief Constable Revenue

- 3.4 The overall projected year-end budget position is currently forecasting an in-year spend of £284.011m; which is £0.629m over budget; this position includes the forecast impact to 31 March 2021 of Covid-19 related expenditure which equates to £0.793m.
- 3.5 **Covid-19** – Expenditure to date and the forecasted impact to 31 March 2021 as a result of the Force's response to Covid-19 is £0.793m. The detail of this is set out in Appendix A which reflects the monthly Home Office return which we are required to submit.
- 3.6 This position now includes the reimbursement of all medical grade PPE, for which payment of £0.659m has been received, and also the claim that has been submitted for non-medical grade PPE for £0.107m.
- 3.7 The HO launched an irrecoverable income loss recovery scheme, the first claim for actual income lost April – July was submitted to the value of £0.639m and has been reimbursed; the second claim submitted in December for lost income during August to November was for £0.197m. The forecast position includes both claims.
- 3.8 In reviewing the budget, the key areas of note and identified movement within non Covid-19 variances from the position reported in Quarter 2 are outlined below:
- 3.9 **Workforce** – The overarching year-end workforce budget position is projected to be £0.130m less than budget. This is a reduction of £0.490m from the position reported in Qtr. 2 as follows:
- 3.9.1. **Police Officers** – Are forecasting a break even position at year-end.
- 3.9.2. **Police Staff** – The budget is forecasting an in-year overspend of £0.450m; this remains due to the auto enrolment and establishment variances identified in the Qtr.1 and 2 reports, but has reduced by £0.088m as a result of the further re profile of some of the investment posts from December 2020 to later in the financial year.
- 3.9.3. **Injury Pensions** – The Injury Pensions forecast is now reflecting an in-year underspend of £0.252m; which is a reduction of £0.161m from Qtr. 2. The original budget included a provision of £0.150m for backdated claims following successful appeals on pension bandings, there are currently only 2 appeals being progressed; it is unlikely that expenditure in the remainder of the year could utilise the underspend to date.
- 3.9.4. **Ill Health Commutations** – The Ill Health Commutations forecast has been reduced by £0.220m. The budget is set on the assumption that across the year there will be 10 Police Officers retired due to Ill Health. A review of those undergoing the process by People Services suggests that an estimated 8 Officers will be ill health retired by year-end.
- 3.9.5. **Core Overtime** – The combined forecast for core (business as usual) officer and staff overtime remains a forecast breakeven position at year-end; there has been no change from the position reported at Qtr. 2.

3.9.6. **Force Contingency** – The Force Contingency budget remains over profile for this point in the year with £0.447m of the original £0.500m budget being allocated to 31 December 2020.

3.10 **Non Pay Budget Variances** – As at the end of Qtr. 3, non-pay budgets are showing a net outturn position of £0.031m less than budget, this is an increase in forecast spend of £0.382m from Qtr. 2. The main areas of movement from the position reported in Qtr. 2 are as follows:

3.10.1. **Dilapidations** – A provision of £0.150m was included for Dilapidations in relation to Cobalt; however after completion of the negotiations it is anticipated that a further £0.100m will need to be paid.

3.10.2. **Vehicle Repairs** – The budget has seen an increase in forecast of £0.120m as a result of a high number of pursuits and incidents during the last few months.

3.10.3. **Outside Firms and Roadside Assistance** – Budgets are reflecting an overall increase in forecast spend of £0.123m as a result of technician vacancies with the Fleet Department; recruitment is progressing for posts in this area.

3.10.4. **Optima Healthcare Contract** – The planned contract variation for increased service provision was expected to be implemented in December, however, Optima have been able to recruit into posts and the additional services have been implemented from October; this has increased the forecast by £0.020m.

## **OPCC Revenue**

3.11 The projected year-end budget position is currently an in-year underspend of £0.298m against budget; this is a reduction of £0.278m from the position reported at Qtr. 2 following a review of the expected costs associated with travel and transport due to the current Covid-19 restrictions in place.

## **Capital Financing**

3.12 The Commissioner has overall responsibility for Capital Financing costs with an approved budget of £10.747m which includes the revenue costs of borrowing (interest and principal repayment) and income receivable (investment interest).

3.13 The net underspend on the Capital Financing budget is estimated to be £0.782m. The main variance relates to the principal repayment of borrowing (MRP) which reflects an underspend of £0.502m, and interest on borrowing estimated to be underspent by £0.342m as a result of the two emergency cuts to Bank Rate in March 2020.

## **CONCLUSION**

3.14 The overall group position is an in-year forecast underspend of £0.451m, this equates to a variance of 0.15% against the 2020/21 approved revenue budget.

## **4. CONSIDERATIONS**

<b>Report Exemption</b>	<b>Non-exempt</b>
<b>Consultation</b>	Yes - Information prepared by Finance, where variations have been found to the 2020/21 budget relevant responsible officers have been consulted with to understand the reasoning.
<b>Resource</b>	Yes - As outlined within the body of the report

<b>Code of Ethics</b>	No
<b>Equality</b>	No
<b>Legal</b>	No
<b>Risk</b>	Yes - As outlined within the body of the report
<b>Communication</b>	No
<b>Evaluation</b>	No

# APPENDIX A

## COVID COSTS NORTHUMBRIA POLICE - HOME OFFICE RETURN FORECAST 31/03/21

Budget Area		Year End Forecast to 31 March 21	Assumptions
Category	Item	£000	
Workforce	Overtime - Officers	641	Spend to date includes actual costs associated with the move to 12 hour shift pattern from March to 22 June, actual overtime incurred on 4 Bank Holidays in year, and actual overtime that has been worked and considered to be as a result of Covid-19.
Workforce	Overtime - Staff	140	Staff overtime incurred in relation to Covid, including bank holiday and increased cleaning requirement
Workforce	Other workforce	252	Extension of ICT Agency resource, contracted to work on HRIT project and the dedicated PPE Team and an increase in cleaning provision of 19fte.
	<b>SUBTOTAL (£000)</b>	<b>1,033</b>	
Infrastructure & Estates	IT/home working	171	Avaya home working licenses, additional Airwave minutes, Osca Points, BT Meetme accounts, Web ex licences virtual remand enabling kit, monitors, keyboards, headsets etc.
Infrastructure & Estates	Estate cleaning	20	Additional cleaning of custody cells
Infrastructure & Estates	Specialist cleaning materials	57	Increased number of cleans as a response to Covid. Purchase of anti-bacterial cleaning agents, cloths, paper towels and hand pump soap.
Infrastructure & Estates	Fleet cleaning	17	Increase in requirement for fleet cleaning deep cleaning/valeting following the transportation of suspected Covid sufferer
Infrastructure & Estates	Additional Fleet Repair Costs	214	The delay in the purchase of new vehicles will result in increased servicing and repair costs on current Fleet
Infrastructure & Estates	ADDITIONAL FLEET HIRE COSTS	2	
Infrastructure & Estates	CV-19 TESTING CENTRES		
Infrastructure & Estates	Estates Costs (Other)	229	Purchase of screens for social distancing, works at Southwick custody suites, additional clinical waste bins for disposal of PPE
Income loss	Income loss - NDORS	190	Income loss as a result of reduced number of enforcements and course completions
Income loss	Public events (e.g. sporting)	754	Estimated loss in income as a result of cancelled events (SPS) and Football matches played behind closed doors
Income loss	CVRS	30	Reduction in admin fees associated with the Vehicle Recovery Service
Income loss	ACRO		
Income loss	Income loss - training	226	Cancellation of Firearms and Marine training courses
Income loss	Other	539	Impact across the following income budgets: Immigration recharges, Police Led Prosecutions, Extracts from reports, Sale of vehicles, Fingerprinting, Overseas visitor registration
Specialist Equipment	PPE	474	This forecast includes all expenditure relating to PPE, consumables and medical supplies. After initial stock piling of PPE to ensure suitable levels of supplies, the management of PPE is being embedded as BAU
Specialist Equipment	Testing kits		
Specialist Equipment	ADDITIONAL C19 EQUIP		
Other	Video enabled justice	-	Costs associated with Police Officer time (average 590 hours per month) plus 11 x £5 travel cards for detainee travel home. Assume this level going forward to 31March 21. = approx £12k per month.
Other	Transporting suspects		
Other	Cost of borrowing		
Other	Other	96	Forensics top up payment £67k and ad-hoc one-off cleaning equipment £10k and floor and wall signage/arrows
	<b>SUBTOTAL (£000)</b>	<b>3,019</b>	
Saving	Cancelled major events	(345)	Reduction in planned overtime as a result of cancelled public events (SPS) and Football matches
Saving	20k recruitment slowdown		
Saving	Estates underspend		
Saving	Estates - Fuel	(102)	Savings as a result of BP arrangement to provide free fuel until 7 June 2020
Saving	Estates - utilities	(146)	Actual savings against budget for first quarter. Consumption data requested to determine price/ consumption variance to prior year. No savings estimated beyond June 2020 until social distancing measures implemented
Saving	Video enabled justice		
Saving	Other	(1,071)	Reductions against budget across a number of areas, e.g. travel and subsistence, external training
	<b>SUBTOTAL (£000)</b>	<b>(1,664)</b>	
Home Office PPE Reimbursement		(759)	Based on actual reimbursement for both Medical Grade and non medical Gade PPE from April - July
Home Office Irrecoverable income recovery		(836)	Based on April - July claim for actual lost income. 5% is deductible and the reimbursement is 75p of every 1.
<b>GRAND TOTAL REVENUE</b>		<b>793</b>	
<b>EXTERNAL FUNDING SCHEMES</b>			
AIRPORT		472	Contractual arrangements remain under review; the projection takes account of a proposed schedule to return the airport team of 1 Sgt and 4 PCs from 10th August on 12 hour shifts, with the NIAL paying for 10 of the 12 hours continuing through September then resuming contractual resourcing levels for the remainder of the year. The position has been agreed with NIAL and to be reviewed on a 3 weekly basis.
THE GATE			
<b>CAPITAL</b>			
Purchase of Computer Equipment		184	
<b>TOTAL COST TO THE FORCE</b>		<b>1,449</b>	