

**NORTHUMBRIA POLICE AND CRIME COMMISSIONER**

**Key Decision**

**Title and Reference:**

**GROUP REVENUE OUTTURN QUARTER 3, AS AT 31 DECEMBER 2021**

**(PCC/456/2022)**

**Summary**

The Group Revenue Outturn as at 31 December 2021 (Qtr.3) is as follows:

	Approved Budget 2021/22 £m	Outturn 2021/22 £m	Variance £m
<b>Group Position</b>			
Chief Constable	305.927	304.393	(1.534)
Police & Crime Commissioner	2.309	2.309	0.000
Capital Financing	12.007	11.690	(0.317)
<b>Group Position Total</b>	<b>320.243</b>	<b>318.392</b>	<b>(1.851)</b>
<b>Central Government Grant</b>	<b>(263.460)</b>	<b>(263.460)</b>	<b>-</b>
<b>Council Tax Precept</b>	<b>(56.783)</b>	<b>(56.783)</b>	<b>-</b>
<b>Central Grant &amp; Precept Total</b>	<b>(320.243)</b>	<b>(320.243)</b>	<b>-</b>
<b>Appropriations (To)/From Reserves</b>	<b>-</b>	<b>(1.851)</b>	<b>(1.851)</b>

**Recommendation/Findings:**

- Note the Group forecast outturn of £318.392m 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 £1.851m.

**Northumbria Police and Crime Commissioner**

I hereby approve the recommendation above.

**Signature**



**Date 11/01/ 2022**

<b>JOINT BUSINESS MEETING</b>	<b>11 JANUARY 2022</b>
<b>GROUP REVENUE MONITORING POSITION – AS AT 31 DECEMBER 2021</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 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 £318.392m 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 £1.851m.

	<b>Approved Budget 2021/22 £m</b>	<b>Outturn 2021/22 £m</b>	<b>Variance £m</b>
<b>Group Position</b>			
Chief Constable	305.927	304.393	(1.534)
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**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 3 REVENUE POSITION**

**Chief Constable Revenue**

- 4.1 Based on Quarter 3 spend the forecast outturn is an in-year underspend of £1.534m (0.50%). 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 2 are outlined below:
- 4.3 **Workforce** – The overarching year-end workforce budget position is projected to be £2.120m 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, the forecast underspend has increased from the outturn reported at Quarter 2 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.
  - A budget provision of £0.500m had been included for the impact of Call Handler and Front Officer pay and grading reviews. The additional expenditure associated with the changes can be managed within the Police Staff budget and therefore the budget provision will not be utilised, providing a one-off underspend of £0.500m.
- 4.4 **Core Overtime** – The overarching overtime forecast is an in-year overspend of £0.499m.
- 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 COP26 has taken place in November as planned, the deadline for the submission of the claim is mid-January; this will then be validated by Police Scotland. Officer claims are currently being processed and a further update on the position will be provided in due course. Based on the most recent estimates, the net benefit is expected to be in the region on £0.700m. This is reflected in the report but is still subject to change once the position is finalised.
- 4.5 **Non-Pay Budget Variances** – As at the end of Quarter 3, non-pay budgets are showing a net outturn position of £0.118m more than budget.
- 4.5.1 Key movements to note from the position reported at Quarter 2 are:
- **Utilities** – Gas and electricity prices have in recent months risen to their highest levels in decades. This is due to global issues including the economic recovery from the Covid-19 crisis, fluctuations in Russian supply and lower than average wind generation in Europe. The market is highly volatile with energy companies collapsing and reorganising. Northumbria Police does not have fixed billing rates and is aligned to a North East Purchasing Organisation (NEPO)

contract with Corona Energy, this leaves the Force open to price fluctuations whether they be positive or negative. The impact of the price fluctuations has resulted in an increase in utility forecasts by a combined £0.400m as we embark on the winter period.

- **Police Now** – After the March intake of Police Now candidates, the Force is to end its training contract with Police Now for Neighbourhood officers. The change has resulted in a reduction in the Police Now forecast of £0.200m.

### Other areas to note

- 4.5.2 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 Dec	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	-
<b>TOTAL EXPENDITURE COVID RESERVE</b>		<b>1,690</b>	<b>1,395</b>	<b>(295)</b>

### OPCC Revenue

- 4.6 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 2.
- 4.7 In addition to the core budgets, there are a range of approved funding streams within 2021/22 including VRU, DRIVE, CADA, Safer Streets, SWaN, Grip and Operation Adder. Spend against all funding streams remains on target and all funding will be fully spent by 31 March 2022.

### Capital Financing

- 4.8 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 £0.317m. 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.

## 5. CONCLUSION

- 5.1 The revenue outturn remains within approved budget and the forecast position is an in-year underspend of £1.851m (0.577%).

<b>Government Protective Marking Scheme</b>	Not Protectively Marked
<b>Freedom of Information</b>	Non-exempt
<b>Consultation</b>	Yes - Information prepared by Finance, where variations have been found to the 2021/22 budget

**AGENDA ITEM 2**

	relevant responsible officers have been consulted with to understand the reasoning.
<b>Resource</b>	Yes - As outlined within the body of the report
<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