

NORTHUMBRIA POLICE AND CRIME COMMISSIONER

Key Decision

Title and Reference:

CAPITAL OUTTURN 2021/22

(PCC/470/2022)

Summary

The capital outturn position for 2021/22, subject to audit and to confirm the proposed slippage to be carried forward to 2022/23.

The table below sets out the final outturn of £8.822m expenditure (subject to audit), £8.368m of identified slippage and £4.191m as a variance to budget.

2021/22 Scheme Expenditure	Capital Programme £m	Outturn Year-end £m	Variance Analysis		
			Slippage to 2022/23 £m	Variance to Budget £m	Total Variance £m
Building Works	4.496	1.555	(0.535)	(2.406)	(2.941)
Digital Policing & Digital Transformation	12.075	4.628	(7.427)	(0.020)	(7.447)
Vehicles and Equipment	4.541	2.432	(0.406)	(1.703)	(2.110)
NERSOU Schemes - Northumbria's contributions	0.269	0.208	0.000	(0.061)	(0.061)
TOTAL CAPITAL PROGRAMME	21.381	8.822	(8.368)	(4.191)	(12.559)

The capital programme for 2021/22 has been financed as shown in the table below:

Capital Financing 2021/22	Capital Programme £m	Outturn At 31 March 2022 £m	Variance Outturn To Capital Programme £m
Capital Expenditure	21.381	8.822	(12.559)
Funded by:			
Capital Receipts	0.000	0.000	0.000
Capital Grant & Contributions	(0.338)	(0.401)	(0.063)
Prudential Borrowing	(21.043)	(8.422)	12.621
Total Funding	(21.381)	(8.822)	12.559

The revised 2022/23 capital programme is set out in the table below:

2022/23 Scheme Expenditure	Capital Programme 2022/23 £m	Slippage from 2021/22 £m	Adjustment to Capital Programme 2022/23 £m	Revised Capital Programme 2022/23 £m
Building Works	8.885	0.535	0.000	9.420
Digital Policing & Digital Transformation	13.565	7.427	(0.200)	20.792
Vehicles and Equipment	7.661	0.406	0.000	8.068
NERSOU Schemes - Northumbria's contributions	0.313	0.000	0.000	0.313
SUBTOTAL	30.424	8.368	(0.200)	38.592
Total Funded Schemes	0.668	0.000	0.127	0.795
TOTAL CAPITAL PROGRAMME	31.092	8.368	(0.073)	39.387

Recommendation/Findings:

- a. Note the capital outturn position, as at 31 March 2022; and
- b. Approve the required capital programme slippage into 2022/23.

Northumbria Police and Crime Commissioner

I hereby approve the recommendation above.

Signature**Date****21/7/2022**

BUSINESS MEETING	21 July 2022
CAPITAL OUTTURN 2021/22	
REPORT OF: KEVIN LAING, JOINT CHIEF FINANCE OFFICER	
AUTHOR: SYLVIE WALKER-BARRAS, SENIOR ACCOUNTANT	

1. PURPOSE

- 1.1 The purpose of this report is to present the capital outturn position for 2021/22, subject to audit and confirm the proposed slippage to be carried forward to 2022/23.

2. RECOMMENDATION

- 2.1 The Police and Crime Commissioner is requested to:
 - a. Note the capital outturn position, as at 31 March 2022; and
 - b. Approve the required capital programme slippage into 2022/23.

3. BACKGROUND

- 3.1 The capital programme is prepared and approved in February each year and monitored and revised quarterly during the year, with the budget updated for slippage once a year. In between these reporting positions, budget managers review their budgets and update them in-line with programme progress.

CAPITAL OUTTURN POSITION 2021/22

- 3.2 Some projects have progressed at a slower pace or have been pushed back to the next Financial Year due to the impact of shortages caused by high demand, lockdowns, social distancing, and other measures in place during the pandemic.
- 3.3 As at year-end, the further variance reflects the proposed slippage of schemes to 2022/23.

- 3.4 The table below sets out the final outturn of £8.822m expenditure (subject to audit), £8.368m of identified slippage and £4.191m as a variance to budget.

2021/22 Scheme Expenditure	Capital Programme £m	Outturn Year-end £m	Variance Analysis		
			Slippage to 2022/23 £m	Variance to Budget £m	Total Variance £m
Building Works	4.496	1.555	(0.535)	(2.406)	(2.941)
Digital Policing & Digital Transformation	12.075	4.628	(7.427)	(0.020)	(7.447)
Vehicles and Equipment	4.541	2.432	(0.406)	(1.703)	(2.110)
NERSOU Schemes - Northumbria's contributions	0.269	0.208	0.000	(0.061)	(0.061)
TOTAL CAPITAL PROGRAMME	21.381	8.822	(8.368)	(4.191)	(12.559)

- 3.5 Details of the slippage and variation shown within the table above are set out in **Appendix I** as a high-level summary of the key budget areas.

Key points to note:

- 3.6 **Estates Programme** – The total variance to the programmed spend at year-end is £2.941m under budget, this is made up of £0.535m of scheme slippage, plus variances to individual schemes totalling £2.406m.

Whilst there is slippage in the Estates programme, planning is underway to recommence the planned programme of major refurbishments to the Force estate. ACC's and Directors have been consulted to consider the further development of the estates strategy and to evaluate what estate is a priority for refurbishment in order to best align with operational requirements, an update from this will inform a revised Estates Strategy. Improvements have also been ongoing across the estate such as limited refurbishment at Washington Police Station, at South Shields to improve ABE facilities, Bedlington to cater for uplift numbers and at MEL to improve the condition of rest areas.

- 3.7 **Digital Policing and Digital Transformation** – The overall variance to the programmed spend at year-end is £7.447m under budget, this is made up of £7.427m of scheme slippage, plus variances to individual schemes totalling £0.020m, the key points to note are as follows:

- 3.7.1 **Digital** – Business Analytics work to create a number of applications in the QlikSense product have not all been completed in the current year as they are linked to the delivery of the NPICCS replacement project. Archived Data Store work is also linked to the NPICCS replacement project and will not begin until 2022/23.
- 3.7.2 **NPICCS Replacement Project** – The work has been rephased in 2022/23.
- 3.7.3 **People Management** – The HRIT delays are related to the complexity of interfaces with the Unit 4 System and Crown project, work will start in 2022/23 as previously reported.
- 3.7.4 **T25 Operational Programme** – Modernising Public Contact work will start in 2022/23 as previously reported.
- 3.7.5 **Digital Enablement** – The work currently undertaken is expected to be completed in early 2022/23.
- 3.7.6 **ESN** – The Airwave refresh devices are on order but have not been delivered by the end of the year.
- 3.7.7 **Network Refresh** – Most of the telephony and WAN/LAN refresh work will be carried in 2022/23 following the completion of the current WAN tender process and in-line with the Network and Telephony strategies.

3.7.8 **Provision for Change in the National Programme** – The roll out of O365 is progressing but has not been completed by the end of the year.

3.7.9 **ICT Refresh** – Laptops, mobiles and servers are on order but have not been delivered by the end of the year. The Information Management Unit (IMU) asset management tool was not progressed as reported at Quarter 2.

3.8 **Vehicles & Equipment** – The overall variance to the programmed spend at year-end is £2.110m under budget, this is made up of £0.406m of scheme slippage, plus variances to individual schemes totalling £1.703m, the key points to note are as follows:

3.8.1 **Vehicles** – The rephasing was carried out in Quarter 3 when setting the MTFs. Uncertainty continues around the availability of vehicles, worldwide supply chain shortages together with price increases.

3.8.2 **Equipment** – The ANPR cameras refresh, and vehicles upgrade haven't been completed by the end of the year due to supply issues.

3.9 **NERSOU SCHEMES - Northumbria's contributions** – The NERSOU Fleet rephasing is as a result of the same issues stated under point 3.8.1 above in relation to uncertainty around vehicle availability and supply issues.

3.10 Movement on the schemes – At year-end, £8.368m has been identified as slippage and £4.191m as variance, bringing the total variance from the capital programme to £12.559m.

3.11 The capital programme for 2021/22 has been financed as shown in the table below:

Capital Financing 2021/22	Capital Programme £m	Outturn At 31 March 2022 £m	Variance Outturn To Capital Programme £m
Capital Expenditure	21.381	8.822	(12.559)
Funded by:			
Capital Receipts	0.000	0.000	0.000
Capital Grant & Contributions	(0.338)	(0.401)	(0.063)
Prudential Borrowing	(21.043)	(8.422)	12.621
Total Funding	(21.381)	(8.822)	12.559

3.12 The impact on capital financing for 2021/22 is mainly reflected in the reduction in prudential borrowing required for the year. There was no planned use of capital receipts in 2021/22 as these are being retained in the short-term and focused on funding later years of the MTFs. Capital Receipts carried forward amount to £22.173m.

3.13 The prudential indicators for capital in 2021/22 are set out in **Appendix 2**. All indicators were within the agreed limits as at 31 March 2022.

REVISED CAPITAL PROGRAMME 2022/23

3.14 Variances to budget reflected in the year-end outturn for 2021/22 have been re-phased into the following years of the capital programme where appropriate. Year-end slippage to be added to the capital programme 2022/23 is £8.368m and represents further movements since the MTFs was completed. The revised 2022/23 capital programme is set out in the table below and detailed in **Appendix 3**:

2022/23 Scheme Expenditure	Capital Programme 2022/23 £m	Slippage from 2021/22 £m	Adjustment to Capital Programme 2022/23 £m	Revised Capital Programme 2022/23 £m
Building Works	8.885	0.535	0.000	9.420
Digital Policing & Digital Transformation	13.565	7.427	(0.200)	20.792
Vehicles and Equipment	7.661	0.406	0.000	8.068
NERSOU Schemes - Northumbria's contributions	0.313	0.000	0.000	0.313
SUBTOTAL	30.424	8.368	(0.200)	38.592
Total Funded Schemes	0.668	0.000	0.127	0.795
TOTAL CAPITAL PROGRAMME	31.092	8.368	(0.073)	39.387

3.15 The adjustment of £0.200m is for an integration tool which was duplicated in the original capital programme. The adjustment of £0.127m relates to an increase in the expected expenditure on funded schemes.

3.16 Financing of the revised capital programme 2022/23 is set out in the following table and reflects an increase in prudential borrowing for the year in relation to the slippage from 2021/22.

Capital Financing 2022/23	Capital Programme 2022/23 £m	Slippage from 2021/22 £m	Adjustment to Capital Programme 2022/23 £m	Revised Capital Programme 2022/23 £m
Capital Expenditure	31.092	8.368	(0.073)	39.387
Funded by:				
Capital Receipts	(18.781)	0.000	0.000	(18.781)
Capital Grant & Contributions	(0.668)	0.000	(0.127)	(0.795)
Prudential Borrowing	(11.643)	(8.368)	0.200	(19.811)
Total Funding	(31.092)	(8.368)	0.073	(39.387)

3.17 The overall approach to prudential borrowing and the use of capital receipts over the medium term remains in-line with the MTFs 2022/23 to 2025/26. The use of capital receipts remains focused over 2022/23 to 2024/25 ensuring that revenue costs of financing are affordable over the medium term and limiting increases in capital financing costs to the earlier years of the MTFs period.

4. CONSIDERATIONS

Report Exemption	Non-exempt
Consultation	
All allocated budget holders	
Resources	
Included within the report	
Code of Ethics	
Equality	
No	
Legal	
No	

Risk
Included within the report
Communication
No
Evaluation
No