

NORTHUMBRIA POLICE AND CRIME COMMISSIONER

Key Decision

Title and Reference

CAPITAL OUTTURN 2022/23

(PCC/532/2023)

Summary

The Capital Outturn Position for 2022/23 at 31 March 2023, subject to audit is as follows:

2022/23 Scheme Expenditure	Capital Programme £m	Outturn Year-end £m	Variance Analysis			
			Rephased to MTFS £m	Slippage to 2023/24 £m	Variance to Budget £m	Total Variance £m
Building Works	9.420	2.690	(5.876)	(1.571)	0.717	(6.730)
Digital Policing & Digital Transformation	20.792	8.967	(8.471)	(3.639)	0.285	(11.825)
Vehicles and Equipment	8.068	4.016	(3.744)	(0.314)	0.006	(4.052)
NEROCU Schemes - Northumbria's cont	0.313	0.066	0.000	(0.218)	(0.029)	(0.247)
TOTAL CAPITAL PROGRAMME	38.593	15.739	(18.091)	(5.742)	0.979	(22.854)
TOTAL FUNDED CAPITAL SCHEM	0.794	0.535	(0.177)	(0.089)	0.007	(0.259)
TOTAL CAPITAL SPEND	39.387	16.274	(18.268)	(5.831)	0.986	(23.113)

The programme has been financed as follows:

Capital Financing 2022/23	Programme £m	Outturn £m	Variance £m
Capital Spend Programme	39.387	16.274	(23.113)
Funded by:			
Capital Receipts	(18.831)	(5.561)	13.270
Capital Grant & Contributions	(0.794)	(0.535)	0.259
Prudential Borrowing	(19.762)	(10.178)	9.584
Total Funding	(39.387)	(16.274)	23.113

All prudential indicators were within the approved limits.

Slippage and adjustments – Revised Capital Programme 2023/24 is set out in the table below:

2023/24 Scheme Expenditure	Capital Programme 2023/24 £m	Slippage from 2022/23 £m	Adjustment to Capital Programme 2023/24 £m	Revised Capital Programme 2023/24 £m
Building Works	9.583	1.571	(4.433)	6.721
Digital Policing & Digital Transformation	13.823	3.639	(5.881)	11.581
Vehicles and Equipment	9.495	0.314	(2.435)	7.374
NEROCU Schemes - Northumbria's contributions	0.223	0.218	0.000	0.441
SUBTOTAL	33.124	5.742	(12.749)	26.117
Total Funded Schemes	0.252	0.089	(0.012)	0.329
TOTAL CAPITAL PROGRAMME	33.376	5.831	(12.761)	26.446

Recommendation/Findings:

- a. To note the Capital Outturn position 2022/23 as at 31 March 2023
- b. To approve the required Capital Programme slippage into 2023/24
- c. To approve the adjustments to the capital programme 2023/24 to future years

Northumbria Police and Crime Commissioner

I hereby approve the recommendation above.

Signature



Date

15/8/2023

Business Meeting	15 August 2023
Capital Outturn 2022/23	
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 2022/23, subject to audit, to confirm the proposed slippage to be carried forward to 2023/24 and the adjustments to be rephased to future years of the MTFS.

2. RECOMMENDATION

- 2.1 The Police and Crime Commissioner is requested to:
- a. Note the capital outturn position, as at 31 March 2023.
 - b. Approve the required capital programme slippage into 2023/24; and
 - c. Approve the adjustments to the capital programme 2023/24 to future years.

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 2022/23

- 3.2 The recovery from the pandemic has not been as fast as expected and a number of projects/deliveries are still impacted and have been pushed into the next financial year.
- 3.3 The table below sets out the final outturn position for the 2022/23 financial year of £16.274m expenditure (subject to audit). The total variance is £23.113m under budget; of which £18.268m was identified at quarter 3 and rephased into future years of the MTFS 2023/24 to 2026/27 to reflect the known movement within projects and accurately represent this within the financial reporting process. In addition, £5.831m represents further slippage to 2023/24 and £0.986m as a variance to budget.

2022/23 Scheme Expenditure	Capital Programme £m	Outturn Year- end £m	Variance Analysis			
			Rephased to to MTFS £m	Slippage to 2023/24 £m	Variance to Budget £m	Total Variance £m

Building Works	9.420	2.690	(5.876)	(1.571)	0.717	(6.730)
Digital Policing & Digital Transformation	20.792	8.967	(8.471)	(3.639)	0.285	(11.825)
Vehicles and Equipment	8.068	4.016	(3.744)	(0.314)	0.006	(4.052)
NEROCU Schemes - Northumbria's contributions	0.313	0.066	0.000	(0.218)	(0.029)	(0.247)
TOTAL CAPITAL PROGRAMME	38.593	15.739	(18.091)	(5.742)	0.979	(22.854)
TOTAL FUNDED CAPITAL SCHEMES	0.794	0.535	(0.177)	(0.089)	0.007	(0.259)
TOTAL CAPITAL SPEND	39.387	16.274	(18.268)	(5.831)	0.986	(23.113)

3.4 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.

3.5 Key points to note:

3.6 **Estates Programme** – The total variance to the programmed spend at year-end is £6.730m under budget, this is made up of £5.876m rephased in the MTFs, £1.571m of scheme slippage, plus variances to individual schemes totalling £0.717m.

3.7 Whilst there is slippage in the Estates programme, design work and consultation with building users is underway in relation to the refurbishment and decarbonisation of Byker, Alnwick and Whickham.

3.8 Improvements have taken place at Etal Lane, Bedlington, Ashington, and Byker to contribute to staff wellbeing and/or to enable an increase in personnel; as well as improvements to meeting rooms across the estate and mechanical upgrades at MEL, South Shields and Ponteland.

3.9 Work at the new SARC at St-Georges House is expected to be completed at the end of June 2023.

3.10 **Digital Policing and Digital Transformation** - The overall variance to the programmed spend at year-end is £11.825m under budget, this is made up of £8.471m rephased to the MTFs, £3.639m of further scheme slippage, plus variances to individual schemes totalling £0.285m, the key points to note are as follows:

- **Digital** – The Archive Data Store Project has started, the discovery stage is near completion. The budget has been rephased to the next financial year.
- **NPICCS Replacement Project** – The decision has been taken not to continue with the implementation of Connect. The supplier was unable to meet delivery milestones and the software had a significant number of defects.
- **T25 Operational Programme** – Modernising Public Contact work will start in 2023/24 as previously reported.
- **ESN** – The 3000 Airwave refresh devices have been delivered and a further 1500 are expected imminently.
- **Network Refresh** – Telephony and WAN/LAN refresh work will be carried out in 2023/24 following the completion of the tender processes and in line with the Network and Telephony strategies.
- **ICT Refresh** - Laptops, mobiles and toughbooks have been refreshed during the year.

3.11 **Vehicles & Equipment** – The overall variance to the programmed spend at year-end is £4.052m under budget, this is made up of £3.744m rephased in the MTFS, £0.314m of scheme slippage, plus variances to individual schemes totalling £0.006m, the key points to note are as follows:

- **Vehicles** - All vehicles have been ordered for the year and vehicles forecast to be delivered at Qtr3 have been received at year-end.
- **Equipment** – The slippage at year-end is due to operational equipment not delivered by the end of the year.

3.12 **NEROCU SCHEMES - Northumbria's contributions** – The overall variance to the programmed spend at year-end is £0.247m under budget, this is made up of £0.218m of scheme slippage, plus variances to individual schemes totalling £0.029m, the key points to note are as follows:

3.13 The NEROCU fleet replacement has slipped to 2023/24. All vehicles are on order.

3.14 **Funded Capital Schemes** - The overall variance to the programmed spend at year-end is £0.259m under budget, this is made up of £0.177m rephased within the MTFS, £0.089m of scheme slippage, plus variances to individual schemes totalling £0.007m, the key points to note are as follows:

3.15 The DCS upgrade progress has been slower than anticipated and will be completed in 2023/24.

3.16 Movement on the schemes – At Qtr3 £18.268m was rephased into later years within the MTFS, at year-end £5.831m has been identified as slippage and £0.986m as variance, bringing the total variance from the capital programme to £23.113m.

3.17 The capital programme for 2022/23 has been financed as shown in the table below:

Capital Financing 2022/23	Programme £m	Outturn £m	Variance £m
Capital Spend Programme	39.387	16.274	(23.113)
Funded by:			
Capital Receipts	(18.831)	(5.561)	13.270
Capital Grant & Contributions	(0.794)	(0.535)	0.259
Prudential Borrowing	(19.762)	(10.178)	9.584
Total Funding	(39.387)	(16.274)	23.113

3.18 The impact on capital financing for 2022/23 is reflected in the reduction in the use of capital receipts and prudential borrowing required for the year.

3.19 The prudential indicators for capital in 2022/23 are set out in **Appendix 2**. All indicators were within the agreed limits as at 31 March 2023.

REVISED CAPITAL PROGRAMME 2023/24

3.20 Variances to budget reflected in the year-end outturn for 2022/23 have been re-phased into the following years of the capital programme where appropriate. Year-end slippage to be added to the capital programme 2023/24 is £5.831m and represents further movements since the MTFS was completed. The revised 2023/24 capital programme is set out in the table below and detailed in **Appendix 3**:

2023/24 Scheme Expenditure	Capital Programme 2023/24 £m	Slippage from 2022/23 £m	Adjustment to Capital Programme 2023/24 £m	Revised Capital Programme 2023/24 £m
Building Works	9.583	1.571	(4.433)	6.721
Digital Policing & Digital Transformation	13.823	3.639	(5.881)	11.581
Vehicles and Equipment	9.495	0.314	(2.435)	7.374
NEROCU Schemes - Northumbria's contributions	0.223	0.218	0.000	0.441
SUBTOTAL	33.124	5.742	(12.749)	26.117
Total Funded Schemes	0.252	0.089	(0.012)	0.329
TOTAL CAPITAL PROGRAMME	33.376	5.831	(12.761)	26.446

Adjustment to the Capital Programme 2023/24:

3.21 **Estates Programme** - The adjustment of £4.433m is the rephasing of Alnwick & Byker refurbishments, as the forecast is for the work to start in early 2024 as stated in the Provisional Outturn report, this also covers decarbonisation work which will be carried out in 2024/25 as part of the refurbishment of those two properties.

3.22 **Digital Policing and Digital Transformation** - The adjustment of £5.881m is the result of:

- **Digital** - The Archive Data Store Project learning system has been rephased to 2025/26 £0.050m.
- **NPICCS Replacement Project** - The withdrawal from the NPICCS replacement project under point 3.7.2 requires a budget reduction of £0.547m and an increase of £0.680m to refresh the existing NPICCS servers until a new supplier has been brought in.
- **Digital Enablement** – The technical options/solutions are currently being assessed for Home Office Biometrics £0.300m, Video/Media Streaming £0.200m and Automatic Access Control System £0.300m. Solutions followed by the tender process are unlikely to result in costs being incurred before 2024/25.
- **Network Refresh** - Both Telephony & Wan/LAN refresh have started in the current year, however, due to the complexity of the networks and advance in technology, will not be completed until next year, moving £3.063m to 2024/25.
- **Hardware Refresh** – The delivery plan is being pulled together for the delivery of the server refresh, however it is unlikely to be completed fully in 2023/24 therefore £2.100m will be moved to 2024/25.

3.23 **Vehicles & Equipment** – The adjustment of £2.435m is the result of:

- **Vehicles** - £1.735m rephasing part of the 2023/24 fleet replacement to 2024/25. Given that some manufacturers are still slow to deliver, not all vehicles are expected to arrive before the end of the financial year.
- **Equipment** – Bodyworn Video - The current proposal is to buy extended software assurance and breakfix for the current year with the refresh of the devices in 2024/25.

3.24 **Funded Schemes** – The adjustment of £0.012m is the transfer of the Safety Camera vehicles £0.212m now likely to be delivered in 2024/25, and the additional contribution of £0.200m received from the NHS towards the St-Georges House cost.

3.25 Financing of the revised capital programme 2023/24 is set out in the following table and reflects an increase of £5.831m for the year in relation to the slippage from 2022/23 and a reduction of £12.761m relating to the adjustments to the capital programme for 2023/24.

Capital Financing 2023/24	Capital Programme 2023/24	Slippage from 2022/23	Adjustment to Capital Programme	Revised Capital Programme 2023/24
	£m	£m	£m	£m
Capital Expenditure	33.376	5.831	(12.761)	26.446
Funded by:				
Capital Receipts	(8.016)	(1.463)	3.646	(5.833)
Capital Grant & Contributions	(0.252)	(0.089)	0.012	(0.329)
Prudential Borrowing	(25.108)	(4.279)	9.103	(20.284)
Total Funding	(33.376)	(5.831)	12.761	(26.446)

3.26 The overall approach to prudential borrowing and the use of capital receipts over the medium term remains in-line with the MTFs 2023/24 to 2026/27. The use of capital receipts remains focused over 2023/24 to 2025/26 and targeted towards shorter-life assets such as vehicles, IT, and equipment, ensuring that revenue costs of financing are affordable over the medium term.

4. CONSIDERATIONS

Report exemption	Non-exempt
Consultation	
Allocated budget holders	
Resources	
Included within the report	
Code of Ethics	
N/A	
Equality	
N/A	
Legal	
N/A	
Risk	
Included within the report	
Communication	
N/A	
Evaluation	
N/A	