

NORTHUMBRIA POLICE AND CRIME COMMISSIONER

Key Decision

Title and Reference:

Group Revenue Monitoring Q1

(PCC/535/2023)

Summary

The Group Revenue Outturn as at 30 June 2023 (Qtr.1) is as follows:

	Approved Budget 2023/24 £'000	Forecast Outturn 2023/24 £'000	Variance £'000
Group Position			
Chief Constable	339,645	336,316	(3,329)
Officer of Police and Crime Commissioner (OPCC)	1,823	1,795	(28)
OPCC Supporting Services	1,231	1,231	-
Capital Financing	12,885	12,615	(270)
Group Position Total	355,584	351,957	(3,627)
Central Government Grant	(277,738)	(277,738)	-
Council Tax Precept	(69,790)	(69,790)	-
Government Grant and Precept Total	(347,528)	(347,528)	-
Appropriations (To)/From Reserves	8,056	4,429	(3,627)

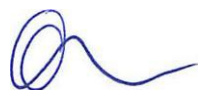
Recommendation/Findings:

1. Note the Group forecast outturn of £351.957m which is based on payments processed to date and current projections, against a 2023/24 budget of £355.584m which reflects an in-year underspend position of £3.627m.

Northumbria Police and Crime Commissioner

I hereby approve the recommendation above.

Signature



Date

15/8/2023

Business Meeting	15 August 2023
Group Revenue Monitoring Q1	
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 June 2023, Quarter 1.

2. RECOMMENDATION

- 2.1 The Police and Crime Commissioner is requested to:
- a. Note the Group forecast outturn of £351.957m which is based on payments processed to date and current projections, against a 2023/24 budget of £355.584m which reflects an in-year underspend position of £3.627m.

	Approved Budget 2023/24 £'000	Forecast Outturn 2023/24 £'000	Variance £'000
Group Position			
Chief Constable	339,645	336,316	(3,329)
Officer of Police and Crime Commissioner (OPCC)	1,823	1,795	(28)
OPCC Supporting Services	1,231	1,231	-
Capital Financing	12,885	12,615	(270)
Group Position Total	355,584	351,957	(3,627)
Central Government Grant	(277,738)	(277,738)	-
Council Tax Precept	(69,790)	(69,790)	-
Government Grant and Precept Total	(347,528)	(347,528)	-
Appropriations (To)/From Reserves	8,056	4,429	(3,627)

3. BACKGROUND

- 3.1 The overall Group revenue budget for 2023/24 was agreed at £355.584m, this being the first monitoring report of the Group position for 2023/24.
- 3.2 Within the approved 2023/24 budget the following was provided for:
- £339.645m to fund the cost of Policing in the Force area by the Chief Constable.
 - £1.823m to meet the costs of the Office of the Police and Crime Commissioner.
 - £1.231m to meet the costs of OPCC Supporting Services.
 - £12.885m to cover the costs of capital financing.

KEY OUTCOMES- GROUP QUARTER 1 REVENUE POSITION

Chief Constable Revenue

- 3.3 Based on the Quarter 1 spend the forecast outturn is an in-year underspend of £3.329m. 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 of the overall force budget. The overarching workforce budget position is projected to be £2.121m over the budgeted position.
- **Police Officers** – Police Officer pay is forecast to be overspent by £1.002m. This primarily relates to the profiling of intakes, as well as an extra 18 posts above the original budgeted figure to achieve the Uplift overshoot. The overspend against the Police Officer pay is offset in full by the Uplift Overshoot grant.
 - This recruitment profile includes the delivery of seventy-eight recruits over the Uplift target agreed with the Home Office. The additional expenditure incurred from this additional uplift is offset by an additional Home Office Maintenance Grant within revenue.
 - **Police Staff** – Police Staff pay is forecast to be over budget by £0.655m. This outturn reflects key changes since the budget was set:
 - The original structure included the removal (& redeployment) of 60 PCSO posts in October 2023. The latest WFP has now reduced the number of posts to 54FTE, placing an additional pressure on pay.
 - An exercise was conducted in 2022/23 to try and relieve pressure on the workforce budgets. There were 95.77FTE posts planned to be removed, 90.4FTE have been achieved to date. Reductions were offset by further growth agreed after November 2022. The resultant impact was a higher starting position of approximately 16FTE against the budgeted structure.
 - The Agency staff budget of £0.415m is forecast to overspend by £0.132m. This includes an additional £15k for RRP Appeal Support. Current Agency staff resourcing reflects 7 posts within Digital Policing to cover vacancies, as well as one post for Procurement resourcing. The forecast does not anticipate costs beyond quarter two at present and is subject to further pressures should any of these contracts be extended.
- 3.5 Core Police Officer and Staff overtime positions are currently reflecting a overspend of £0.611m. £0.432m of this relates to Operation Safeguard. Operation Safeguard is the national operation to manage prison overflow. This work is conducted on overtime but offset in full by a cell recharge. Operation Safeguard is expected to continue until at least the end of August and attract cell recharge income in excess of £1.1m.
- 3.6 Mutual Aid specifically Operation Golden Orb (King Charles III Coronation) represents approximately £0.234m of the forecast overspend. At the time the budget was set it was requested that overtime expenditure and mutual aid income were budgeted in line with Operation London Bridge. However, as a result of this Operation being less spontaneous than London Bridge, fewer resources were requested from the Force resulting in a reduced overtime spend and income against the budget. The net pressure is £0.234m.
- 3.7 Other issues of note are set out below:
- Northumbria Police are contracted for energy supplies through NEPO (North East Purchasing Organisation). NEPO purchase our energy in a flexible way, purchasing at different times based on purchasing strategy. This means the cost of our utilities is never fixed. We are however, billed on a fixed rate from our supplier EDF on a monthly basis and following we receive a reconciling charge based on the actual cost of energy. This actual cost in April was higher than anticipated as the reconciling charges were higher than the billing rate. This is a result of the ongoing energy crisis and the end of the Government EBRS (Energy Bill Relief Scheme). Advice from EDF and NEPO

suggest that this should not continue into the year as the fixed rates set by EDF are now at a level that should mean that we will receive reconciling credits in future instead of debits. Global supply issues, war and demand continue to result in an ever-volatile market. At this stage we are forecasting an overspend of £0.366m. We will continue to monitor these closely.

- On 28 April 2023, the Force announced its decision not to continue with the implementation of Connect. There is a budget of £1.267m within revenue relating to Connect, the total value of the budget will no longer be required this year and the forecast has been adjusted accordingly. At this stage work is ongoing for a alternative solution, but it is not known whether there will be any significant costs relating to a new system this year. A prudent residual budget provision has been retained in the forecast of £0.288m in case any costs arise. This will be monitored closely and adjusted accordingly as work progressed.

3.8 The position reported above excludes expenditure which is being met directly Operational Reserve with the detail of the approved plan set out below:

Budget Area	Approved Expenditure 2023/24	Actual Payments	Projected Outturn at 30th June 2023
	£000	£000	£000
People Investment	187	54	187
Process Integration Tool	89	-	89
	-		
TOTAL	275	54	275

3.9 Additional expenditure was approved at the beginning of 2022/23 for a number of fixed term posts and expenditure relating to a Process Integration Tool to be funded from the Operational Reserve over a two-budget year period. In year two expenditure is expected to be approximately £0.275m.

OPCC Revenue

- 3.10 The projected year-end budget position inclusive of core OPCC revenue and Supporting Services is currently forecast to be underspent by £0.028m. This predominantly relates to a reprofiling of Staffing after the point in which the budget was set. There are no issues to report currently.
- 3.11 Capital Financing, additional interest on revenue balance of £0.100m is forecast due to above budget interest rates achieved and forecasted for the rest of the year following a successive increases in the bank rate by the Bank of England. There is a forecast reduction in interest payments against budget of £0.161m due to delaying refinancing of the PWLB loan that matured in May, this delayed other budgeted new loans later this year and a lowered the level of short-term loans to cover cashflow shortfalls. This is a result of increased cash balances and the use of internal borrowing to avoid the current higher borrowing interest rates.
- 3.12 In addition to core budgets, there are a range of approved funding streams within 2023/24 including VRU, Grip and Operation Adder. All funding will be fully spent by 31 March 2024.

CONCLUSION

3.13 The overall group position is forecast underspend of £3.627m and no actions are recommended at this time.

4. CONSIDERATIONS

Report exemption	Non-exempt
Consultation	

Information prepared by Finance, where variations have been found to the 2023/24 budget relevant responsible officers have been consulted with to understand the reasoning.

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