

NORTHUMBRIA POLICE AND CRIME COMMISSIONER

Key Decision

Title and Reference: Group Revenue Monitoring (As at 30 September 2023)
(PCC/545/2023)

Summary

Revised Group Revenue budget:

Quarter 2 Revenue Position	Revised Budget 2023/24 £'000	Forecast Outturn 2023/24 £'000	Variance £'000
Group Position			
Chief Constable	333,645	332,393	(1,252)
Officer of Police and Crime Commissioner (OPCC)	1,823	1,823	-
OPCC Supporting Services	1,231	1,231	-
Capital Financing	12,131	12,131	-
Group Position Total	348,830	347,578	(1,252)

The group revenue monitoring as at 30 September 2023 Quarter 2:

Revised Group Revenue Budget 2023/24	Original Budget £000	Quarter 2 Revised Budget £000	Movement £000
Chief Constable	339,645	333,645	(6,000)
Office of the Police and Crime Commissioner	1,823	1,823	0.00
OPCC Supporting Services	1,231	1,231	0.00
Capital Financing	12,885	12,131	(754)
Net Expenditure	355,584	348,830	(6,754)
Central Government Grants	277,738	277,738	0.00
Council Tax Precept	69,790	69,790	0.00
Central Grant and Precept Total	347,528	347,528	0.00
Planned use of reserves	8,056	1,302	(6,754)

Recommendation/Findings:

Approve the revised Group revenue budget of £348.830m. This mid-year realignment is as a result of 2023/24 revenue budget requirements having been reassessed as part of the budget planning for 2024/25 and takes into account significant changes that have occurred since the budget was agreed in February 2023.

Note the Group forecast outturn of £347.578m which is based on payments processed to date and current projections, against a revised 2023/24 budget of £348.830m which reflects an in-year underspend position of £1.252m

Northumbria Police and Crime Commissioner

I hereby approve the recommendation above.

Signature



Date

1/11/2023

Business Meeting	1 November 2023
Group Revenue Monitoring (As at 30 September 2023)	
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 revised Group revenue budget and monitoring position for the period ending 30 September 2023, Quarter 2 (Q2).

2. RECOMMENDATION

- 2.1 The Police and Crime Commissioner is requested to:
- Approve the revised Group revenue budget of £348.830m. This mid-year realignment is as a result of 2023/24 revenue budget requirements having been reassessed as part of the budget planning for 2024/25 and takes into account significant changes that have occurred since the budget was agreed in February 2023.
 - Note the Group forecast outturn of £347.578m which is based on payments processed to date and current projections, against a revised 2023/24 budget of £348.830m which reflects an in-year underspend position of £1.252m

3. BACKGROUND

Rebasing of the 2023/24 Revenue Budget

- 3.1 The Group Revenue Budget requirement for 2023/24 has been reassessed as part of regular budget monitoring and the budget planning process for 2024/25, along with the work being undertaken to assess budget pressures on the medium-term financial forecasts to 2027/28.
- 3.2 Significant one-off changes have occurred since the 2023/24 Revenue budget was agreed in February 2023, these include:
- Significant increase in assumed pay award (from 3% to 7%) equating to an in-year increase of an estimated £7.252m in cost, supported by an unexpected in-year grant of £10.100m.
 - Introduction of Overshoot opportunities, for which the Force was successful in securing funding for an additional 78 recruits above Uplift, totalling £3.510m in additional grant if these numbers are maintained within 2023/24. The budget already included a +60 officer position, therefore the increase in cost is estimated at £0.720m for the additional +18.
 - Operation Safeguard, the making available of cells to the Prison Service, currently projected to be a net benefit of £1.822m, but this could rise if extended to end of the year.
 - Revision to the existing efficiency plans for Police Community Safety Officers (PCSO's) and staff reductions, as well as staff structural cost increases.
- 3.3 In addition, continuous interest rate rises by the Bank of England, along with a reduced projected Capital Programme have impacted the OPCC Capital Financing projections. In total an estimated benefit of £0.754m.
- 3.4 Currently the revenue budget is supported by the planned use of £8.056m of reserves.

- 3.5 The indicative provisional outturn position as at the end of September 2023 for the Group is an underspend of £8.006m (CC £7.252m, OPCC Capital Financing £0.754m).
- 3.6 Therefore, there is the opportunity to revise mid-year the funding position of the Group Revenue budget based on projected outturn. Essentially to rebase the budget by not including the draw down planned use of reserves and including the associated increases in costs and income associated with the items outlined above.
- 3.7 The proposal is to reduce the planned use of reserves from £8.056m to £1.302m, effectively using the projected underspend (as a result of the unbudgeted on-off grants) to finance expenditure. Reducing the use of reserves by £6.754m.
- 3.8 The proposal is at this point not to fully remove the use of reserves from the budget, to provide some flexibility for the Chief Constable for the remainder of the year.
- 3.9 The following table outlines the revised Budget movement from the 2023/24 agreed position of £355.584m, to the revised amount of £348.830m, taking into account the revised increases in costs and one-off income from grants:

Revised Group Revenue Budget 2023/24	Original Budget	Quarter 2 Revised Budget	Movement
	£000	£000	£000
Chief Constable	339,645	333,645	(6,000)
Office of the Police and Crime Commissioner	1,823	1,823	0.00
OPCC Supporting Services	1,231	1,231	0.00
Capital Financing	12,885	12,131	(754)
Net Expenditure	355,584	348,830	(6,754)
Central Government Grants	277,738	277,738	0.00
Council Tax Precept	69,790	69,790	0.00
Central Grant and Precept Total	347,528	347,528	0.00
Planned use of reserves	8,056	1,302	(6,754)

- 3.10 The revised 2023/24 budget will provide flexibility in the Chief Constable's budget to consider spending priorities up to 31 March 2024 and provide a level of flexibility/mitigation to cover unforeseen costs, manage risk, or changes in the spend profile. (e.g. scope to change profile of officer recruitment over the remainder of the year, deal with any additional inflationary impacts, to implement 'invest to save' projects this financial year to generate future efficiency savings).
- 3.11 The Capital Financing Budget is also to be reduced to reflect the revised forecast outturn for the year in borrowing and investment income as a result of the changes to the phasing of the Capital Programme over the medium-term; and the increased investment returns available as a result of reduced capital spending in-year and the significant increase in Bank Rate against the original budget estimates.
- 3.12 As part of the Medium-Term Financial Strategy the profiled use of earmarked reserves will be reassessed as part of the budget planning process for 2024/25 and the medium-term financial plans through to 2027/28

Revised Q2 Revenue Monitoring Position

- 3.13 Based upon the agreement of the above as the revised Group revenue budgets for 2023/24, the following table shows the projected forecast outturn for 2023/24 as at the end of September (Q2) for the Group:

Quarter 2 Revenue Position	Revised	Forecast	Variance
	Budget	Outturn	
	2023/24	2023/24	
	£'000	£'000	£'000
Group Position			
Chief Constable	333,645	332,393	(1,252)
Officer of Police and Crime Commissioner (OPCC)	1,823	1,823	-
OPCC Supporting Services	1,231	1,231	-
Capital Financing	12,131	12,131	-
Group Position Total	348,830	347,578	(1,252)

- 3.14 This projected revenue outturn position is the second monitoring report presented to the Business Meeting outlining the Group position for 2023/24.

4. KEY OUTCOMES - GROUP Q2 REVENUE POSITION

Chief Constable Revenue

- 4.1 Based on the Q2 spend the forecast outturn is an in-year underspend of £1.252m. This reflects the rebasing of the budget as set out in the table in 3.9 above.
- 4.2 Workforce budgets continue to be a focus around the forecasting and profiling given they form the majority of the overall force budget. The overarching net workforce budget position reflects the rebased position and therefore is projected to be break even at year-end; the rebased position takes into account the following:
- **Police Officers**
 - Police Officer pay award at 7% as approved from September 2023, including the impact on allowances.
 - Delivery of +18 posts above the original budgeted figure to achieve the Uplift overshoot.
 - Rebasing the unsocial hours projections based on the revised Response Policing Team (RPT) officer establishment.
 - **Police Staff**
 - Police Staff pay award at 7% as approved from September 2023, including allowances.
 - Reset of the 2022/23 efficiency proposals to reflect decisions on the NPT operating model, a reduction in the number of vacant posts to be deleted from the staff structure, impact of approved growth of approx. 26FTE, and revised Digital Policing model.
- 4.3 Core Police Officer and Staff overtime positions are currently reflecting a net overspend of £0.080m. the main operational increases have been in Motor Patrols (£0.024m) to cover for vacancies; plus, within the Communications Department (£0.015m) to cover the Risk Management Desk and vacancies due to sickness. Within this budget area there are also additional overtime costs associated with Operation Safeguard, this expenditure is fully offset by income relating to cell recharges therefore has nil impact. The forecast currently reflects Operations Safeguard continuing until the end of quarter three, however, it is highly likely that this will be extended further.
- 4.4 Other key areas to note are set out below:
- Contributions to NEROCU have increased to fund the higher than budgeted pay award. The additional contribution will be £0.141m, this is fully offset by the Government support grant which is reflected within the income section of the revenue monitoring.

- The forecast in relation to Operation Safeguard has been further increased with the cell provision expected to continue until the end of December 2023. HMPPS have re-activated all cells across the country as the prison population reaches an all-time high with only 274 cell spaces available nationally on 18 September. Ministers are looking at alternative options to manage the situation and alleviate pressure, whilst there are no guarantee Operation Safeguard will continue there appears to be few viable alternatives and there are discussions ongoing regarding the increase of the Police support. Income forecast to the end of quarter three is £2.760m, the budget revision reflects £1.980m of this as known at the time, resulting in additional income of £0.800m within this outturn position.
- Income of £10.1675m received via a Home Office support grant to fund the approved pay award has been included within the revised base budget; this offsets the budget aligned to Officer and Staff salary costs. In addition to this a further £0.120m of income is forecast in relation to LGBTQ ISVA/IDVA and RJ funded posts.

4.5 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 September 2023
	£000	£000	£000
People Investment	187	100	171
Process Integration Tool	89	89	89
TOTAL	275	189	260

Additional expenditure was approved at the beginning of 2022/23 for several fixed term posts and expenditure relating to a Process Integration Tool, funded from the Operational Reserve over a two-budget year period. In year two expenditure is expected to be approximately £0.260m.

OPCC Revenue

- 4.6 The projected year-end budget position inclusive of core OPCC revenue and Supporting Services is currently forecast to be breakeven at the end of the financial year.
- 4.7 The Capital Financing Budget has been reduced to reflect the revised forecast outturn for the year in borrowing and investment income. This is now forecast to breakeven at year end. There is no downside risk to the revised forecast and there is further potential for a reduction in both interest payable and receivable against the estimates presented, subject to cash balances, Bank Rate movement and capital spending through to March 2024.
- 4.8 In addition to core budgets, there are a range of approved funding streams within 2023/24 including VRU, Grip, Safer Streets, ASB Pilot, Immediate Justice, DA Hub and Spoke, and Operation Adder. All funding will be fully spent by 31 March 2024.

5. CONCLUSION

- 5.1 The overall group position is forecast underspend of £1.252m and no actions are recommended at this time.

Report Exemption	Non-exempt
Consultation	Yes - 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.
Resource	Yes - As outlined within the body of the report
Equality	No
Legal	No
Risk	Yes - As outlined within the body of the report
Communication	No
Evaluation	No