

NORTHUMBRIA POLICE AND CRIME COMMISSIONER

Key Decision

Title and Reference

CAPITAL OUTTURN REPORT 2023/24

(PCC/587/2024)

Summary

The capital outturn position for 2023/24 at 31 March 2024, subject to audit is as follows:

2023/24 Scheme Expenditure	Capital Programme £m	Outturn Year-end £m	Variance Analysis			
			Rephased to MTFS £m	Slippage to 2024/25 £m	Overspend / (Underspend) £m	Total Variance £m
Building Works	6.721	3.775	(1.672)	(1.088)	(0.185)	(2.945)
Digital Policing & Digital Transformation	11.581	5.209	(3.086)	(3.063)	(0.223)	(6.372)
Vehicles and Equipment	7.374	5.431	(1.497)	(0.446)	0.000	(1.943)
NEROCU Schemes - Northumbria's contributions	0.441	0.363	0.000	(0.077)	0.000	(0.077)
SUBTOTAL	26.117	14.779	(6.255)	(4.675)	(0.408)	(11.338)
Total Funded Schemes	0.329	0.359	0.000	(0.049)	0.079	0.030
TOTAL CAPITAL PROGRAMME	26.446	15.138	(6.255)	(4.723)	(0.330)	(11.308)

The programme has been financed as follows:

Capital Financing 2023/24	Capital Programme £m	Capital Outturn £m	Total Variance £m
Capital Expenditure	26.446	15.138	(11.308)
Funded by:			
Capital Receipts	(5.833)	(5.507)	0.326
Capital Grant & Contributions	(0.329)	(0.359)	(0.030)
Prudential Borrowing	(20.284)	(9.272)	11.012
Total Funding	(26.446)	(15.138)	11.308

All prudential indicators were within the approved limits.

Recommendation/Findings:

- To note the capital outturn position 2023/24 as at 31 March 2024
- To approve the required capital programme slippage into 2024/25

Northumbria Police and Crime Commissioner

I hereby approve the recommendation above.

S. E. D

Signature

Date 27/6/2024

BUSINESS MEETING	27 JUNE 2024
CAPITAL OUTTURN REPORT 2023/24	
REPORT OF: GAIL THOMPSON, DEPUTY HEAD OF FINANCE	
AUTHOR: SYLVIE WALKER-BARRAS, SENIOR ACCOUNTANT	

1. PURPOSE

- 1.1 The purpose of this report is to present the capital outturn position for 2023/24, subject to audit and confirm the proposed slippage to be carried forward to 2024/25.

2. RECOMMENDATION

- 2.1 The Police and Crime Commissioner is asked to:
- Note the capital outturn position, as at 31 March 2024; and
 - Approve the required capital programme slippage into 2024/25.

3. BACKGROUND

- 3.1 The 2023/24 capital programme of £33.376m was approved by the Commissioner on 30 March 2023 as part of the Capital Strategy 2023/24 to 2026/27.

The Capital Outturn report for 2022/23 reported slippage of £5.831m into the 2023/24 financial year. There has also been a reprofiling of capital programme spend, resulting in adjustments to future years of £12.761m, bringing the capital budget 2023/24 to a revised total of £26.446m.

CAPITAL MONITORING 2023/24 – QUARTER 4

- 3.2 Some projects have progressed at a slower pace or have been pushed back to the next financial year, either due to the time required for the tender process or awaiting national decision/outcome.
- 3.3 At Quarter 3 £6.255m was rephased to the MTFs 2024/25 to 2027/28 as appropriate. The outturn position reflects a further £4.723m of identified slippage to 2024/25 and £0.330m as variance to the budget. The total variance against the revised budget is £11.308m.
- 3.4 The table below sets out the final capital outturn of £15.138m, subject to audit:

2023/24 Scheme Expenditure	Capital Programme £m	Outturn Year-end £m	Variance Analysis			
			Rephased to MTFs £m	Slippage to 2024/25 £m	Overspend / (Underspend) £m	Total Variance £m
Building Works	6.721	3.775	(1.672)	(1.088)	(0.185)	(2.945)
Digital Policing & Digital Transformation	11.581	5.209	(3.086)	(3.063)	(0.223)	(6.372)
Vehicles and Equipment	7.374	5.431	(1.497)	(0.446)	0.000	(1.943)
NEROCU Schemes - Northumbria's contributions	0.441	0.363	0.000	(0.077)	0.000	(0.077)
SUBTOTAL	26.117	14.779	(6.255)	(4.675)	(0.408)	(11.338)
Total Funded Schemes	0.329	0.359	0.000	(0.049)	0.079	0.030
TOTAL CAPITAL PROGRAMME	26.446	15.138	(6.255)	(4.723)	(0.330)	(11.308)

- 3.5 Details of the capital monitoring variances are shown in **Appendix I**, which sets out a high-level summary of the key budget areas. Key points to note:

3.5.1 **Building Works** – Total spend in year of £3.775m. The variance to the programme is £2.945m, this is made up of £1.672m which has been rephased within the MTFs, £1.088m of scheme slippage and variances to individual schemes of £0.185m.

Whilst there is slippage in the Estates programme, this reflects a pause whilst the Estates Strategy was reviewed and agreed. Despite this, a great deal was achieved during the year and planning is underway to recommence the planned programme of major refurbishments to the Force estate and to progress the planned new build projects.

Energy Management Schemes - Work was completed on replacing lights with energy efficient LEDs at Marine and part of MEL. Replacement of solar thermal panels, storm-damaged beyond repair, was completed at Follingsby. New electrical vehicle charging points were installed at MEL, Etal Lane and Forth Banks.

Estates Transition & Relocation – Work was carried out as follows: Forth Banks, provision of tea point facility on ground floor area to facilitate the front office or DES suites and refurbishment of the training rooms. Southwick, expansion for lockers and provision of D E & I changing facilities and Mosovo transition to new FOM. Bedlington, swap lockers and PSU store into modular unit to allow expansion of space for the roll out of new Airwave lockers, upgrade of DSE toilet on ground floor to bring it up to standard, improvements to customer services area to increase capacity and creation of first floor meeting room to support SLT function under the new FOM. Follingsby, 1st floor kitchen/rest area refurbishment and setting up of a wellbeing/pray room and quiet working area under neurodiversity and victims' needs. Gateshead, setting up of the new prevention department. Ashington, setting up of the cold case team. Houghton, building improvements for the move to 3rd hub FOM. South Shields, creation of a faith room. North Shields, main kitchen refurbishment.

Custody Improvement – A rolling programme of replacement of end-of-life CCTV has seen work carried out at Bedlington, Southwick and Etal Lane. The fire alarm has been upgraded at Etal Lane. Custody kitchen and other required upgrades have been carried to re-open Bedlington custody.

Estates Refurbishments & Upgrades Programme – New energy efficient boilers have been installed at Bedlington, Ponteland, North Shields and South Shields as an interim solution prior to full decarbonisation in future years. Work to fit new chillers has been completed at Ponteland, Hexham, North Shields, MEL, Forth Banks and South Shields. Work on building adaptation for the Airwave lockers is ongoing and will be completed in 2024/25, same as the programme of gates replacement which has now commenced but has been subject to manufacturing delays from a supplier located in the EU.

As reported above, work on building adaptation for the Airwave lockers was not completed by the end of the year and the programme of gates replacement has now commenced but had been subject to delays generated by supplier issues external to the UK, those issues were the main contributors to the slippage.

3.5.2 **Digital Transformation and Digital Policing** - £5.209m was spent. The total variance to the programmed spend at year-end is £6.372m, this is made up of £3.086m rephased to MTFs, £3.063m of scheme slippage and variances to individual schemes of £0.223m.

NPICCS Replacement

- **Command and Control** – The capital project is now complete, and C&C is implemented and embedded.
- **RMS - Niche Implementation** – Detailed planning has now taken place following project initiation, with greater accuracy relating to contract milestone dates now included in the plan. As a result, a greater proportion of spend will fall in 2024/25.
- **NPICCS Servers Refresh** – The new NPICCS servers have been received and the project is nearing completion.

- **Single Online Home** – The complaints strand has been completed. Sarah’s Law, Claire’s Law and Victims Right to Review integrations are still to be completed, pending the completion of data mapping work by the national technical team.

People Management

- **HRIT** – The project is nearing completion with the planned go live date of June 2024, some costs are still expected up to that date.
- **Digital Enablement** – Specialist equipment was purchased to support investigators for entire vehicle forensics process, toughbooks for the drones, specialist tablets for Estates and work was carried out on IIS & ISR.
- **ESN & Airwave pre-ESN** – 4500 new airwave radios have been delivered. Two out of the three deliveries of airwave lockers have been received. The initial ICCS server upgrade has been completed successfully. The cost to perform the remaining ICCS server upgrade work has come in at an amount significantly higher than anticipated. A 12-months warranty extension has been purchased to enable alternative solutions to be sought.

Network Refresh

- **Telephony** – The project has been launched and the delivery schedule has been reviewed in line with current expectations. The delivery of hardware relating to the Avaya migration was received in May, and overall, the project remains on track.
- **WAN** – The WAN refresh is progressing although it has taken longer than the initial plan. 57 out of 69 sites are now complete and the remainder will be finished by the end of Q2 2024/25.

Hardware Refresh

- **Mobile Technology** – A number of spare devices have been ordered and received; however, the main tender for the supply of mobile phones is out and purchases have been delayed until a contract is awarded.
- **Servers/SAN** – Due to delays in the specification for the Firewall refresh, resulting in delays in the tendering process, this project has not been delivered in 2023/24.

As reported above, the confirmed milestone payments from Niche schedule a shift in costs from 2023/24 to 2024/25. The final airwave lockers delivery was received in May 2024. There were some delays in the delivery of the hardware in the telephony project. The complexity of the WAN refresh project has meant the completion of the project has moved to 2024/25 and Mobile Technology hardware refresh is out to tender; those issues were the main contributors to the slippage.

3.5.3 **Vehicles and Equipment** - £5.431m was spent. The total variance to the programmed spend at year-end is £1.943m, this is made up of £1.497m rephased to MTF5, £0.446mm of scheme slippage and no variances to individual schemes.

Replacement of Operation Vehicles – 200 replacement cars, vans, horseboxes and bikes have been delivered during the year, only 12 Peugeot 208 promised before 31 March did not arrive on time.

Equipment – One of the diesel tanks at Etal Lane was converted to petrol as more vehicles are now petrol. Forensics equipment was bought, alongside a trailer for working at height training equipment. New compressors for Marine were also purchased and the Force first drones. The contract for the fuel system upgrade was awarded and work has started, however, it was not completed by year-end.

As highlighted above, the main contributors to the slippage were the 12 vehicles not delivered by year-end. On the equipment projects, the fit outs of two obs vans had not been carried out by the end of the year, the vehicles which were due to be received early in 2023/24 were delayed, one was received late in 2023/24 and the second early in 2024/25.

3.5.4 **NEROCU schemes, Northumbria contributions** – £0.363m was spent. The total variance to the programmed spend at year-end is £0.077m, this is made up of £0.077m of scheme slippage for vehicles that are on order and due to be delivered early in 2024/25.

3.5.5 **Funded Capital Schemes** - £0.359m was spent. The total variance to the programmed spend at year-end is £0.030m, this is made up of £0.049m of scheme slippage and £0.079m variances to individual schemes.

- The £0.200m contribution received from the NHS for the SARC at St Georges was fully utilised during the year to complete the work and open the centre.
- Three replacement vehicles have been ordered for Special Branch, one was received and commissioned for use by the end of the year, the second vehicle has been received and is in commissioning at Fleet, the third vehicle is still outstanding and will be delivered in 2024/25.
- One replacement vehicle was ordered and received for the National Rural Crime Unit.

3.6 The capital programme for 2023/24 has been financed as shown in the table below:

Capital Financing 2023/24	Capital Programme £m	Capital Outturn £m	Total Variance £m
Capital Expenditure	26.446	15.138	(11.308)
Funded by:			
Capital Receipts	(5.833)	(5.507)	0.326
Capital Grant & Contributions	(0.329)	(0.359)	(0.030)
Prudential Borrowing	(20.284)	(9.272)	11.012
Total Funding	(26.446)	(15.138)	11.308

3.7 The changes to capital financing are related to the variances highlighted under point 3.5.

3.8 In-year capital receipts relate to the sale of vehicles and amount to £0.153m. Capital receipts carried forward from previous years amount to £17.280m. The balance of capital receipts carried forward in reserves at 31 March 2024 is £11.926m and these are planned for use within the current MTFS period 2024/25 to 2027/28.

3.9 The prudential indicators for capital are set out in **Appendix 2**. All indicators were within the agreed limits as at 31 March 2024.

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

Capital Programme 2023/24

Schemes	Capital Programme £000's	Outturn Year-end £000's	Rephased MTFS £000's	Slippage to 2024/25 £000's	Overspend / (Underspend) £000's	Total Variance £000's
BUILDING WORKS						
Energy Investment Scheme	364	93	304	0	33	(271)
Energy Investment Scheme - Fleet decarbonisation EV charging	270	212	0	0	(58)	(58)
Estates Transition & Relocation	526	335	115	76	0	(191)
Custody Improvements	526	483	0	43	0	(43)
Estates Refurbishments and Upgrades Programme	3,743	1,770	1,003	970	0	(1,973)
New SARC	893	882	31	0	21	(11)
New FCC / Northern Command / Ops	250	0	218	0	(32)	(250)
New Kennel Block	150	1	0	0	(149)	(149)
TOTAL BUILDING WORKS	6,721	3,775	1,672	1,088	(185)	(2,945)
DIGITAL POLICING & DIGITAL TRANSFORMATION						
TRANSFORMATION BOARD						
Digital	812	73	692	47	0	(739)
NPICCS Replacement	1,042	1,158	62	789	966	116
People Management	356	94	120	142	0	(262)
T25 OPERATIONAL PROGRAMME	180	0	0	0	(180)	(180)
DIGITAL POLICING						
Digital Enablement	478	90	0	128	(260)	(388)
ESN	3,907	2,536	900	471	0	(1,371)
Network Refresh	1,150	344	150	656	0	(806)
Information Management	170	11	119	40	0	(159)
Provision for Change in National Programme	150	0	0	0	(150)	(150)
Hardware Refresh	3,336	902	1,043	791	(600)	(2,434)
TOTAL DIGITAL POLICING & DIGITAL TRANSFORMATION	11,581	5,209	3,086	3,063	(223)	(6,372)
VEHICLES AND EQUIPMENT						
Replacement of Operational Vehicles	5,241	5,096	0	145	0	(145)
Taser Refresh	75	0	0	75	0	(75)
TSU	137	13	0	124	0	(124)
Operation Equipment	247	175	0	72	0	(72)
ANPR Camera Refresh Programme	47	18	0	30	0	(30)
ANPR Vehicles upgrade	16	16	0	0	0	(0)
Body worn videos	218	114	104	0	0	(104)
Body armour refresh	1,393	0	1,393	0	0	(1,393)
TOTAL VEHICLES AND EQUIPMENT	7,374	5,431	1,497	446	0	(1,943)
NEROCU schemes, Northumbria contributions						
TSU (Regional) - Contribution to NEROCU	66	66	0	0	0	(0)
Fleet Capital contribution to NEROCU	374	297	0	77	0	(77)
TOTAL NEROCU CONTRIBUTION CAPITAL SCHEMES	441	363	0	77	0	(77)
CAPITAL PROGRAMME TOTAL	26,117	14,779	6,255	4,675	(408)	(11,338)
FUNDED CAPITAL SCHEMES						
ESN Control Room Conversion	129	103	0	26	0	(26)
SARC NHS funding	200	200	0	0	0	0
Funded vehicles - Special Branch Vehicles	0	23	0	23	46	23
Funded vehicles - National Rural Crime Unit Vehicles	0	33	0	0	33	33
TOTAL FUNDED CAPITAL SCHEMES	329	359	0	49	79	30
TOTAL CAPITAL SPEND	26,446	15,138	6,255	4,723	(330)	(11,308)

Prudential Indicators 2023/24

<i>Authorised Limit for External Debt</i>		
	2023/24 £000 Reported Indicator	2023/24 £000 Position at end of 4th Quarter
Borrowing	175,000	76,969
Other Long Term Liabilities	0	0
Total	175,000	76,969
Maximum YTD £108.969m		

<i>Operational Boundary for External Debt</i>		
	2023/24 £000 Reported Indicator	2023/24 £000 Position at end of 4th Quarter
Borrowing	155,000	76,969
Other Long Term Liabilities	0	0
Total	155,000	76,969
Maximum YTD £101.969m		

<i>Upper / Lower Limits for Maturity Structure of Fixed Rate Borrowing</i>				
	2023/24 £000 Reported Indicator		2023/24 £000 Actual Position	
	Upper Limit	Lower Limit	Actual Percentage	Maximum YTD
Under 12 months	60%	0%	6.50%	20.63%
12 to 24 months	40%	0%	0.00%	6.50%
24 months to 5 years	40%	0%	20.10%	20.10%
5 years to 10 years	40%	0%	6.50%	18.91%
10 years and above	80%	0%	66.90%	66.90%
All within agreed limits.				

<i>Upper Limit on amounts invested beyond 364 days</i>			
	2023/24 £000 Reported Indicator	2023/24 £000 Actual Position	2023/24 £000 Maximum YTD
Investments	15,000	0	0

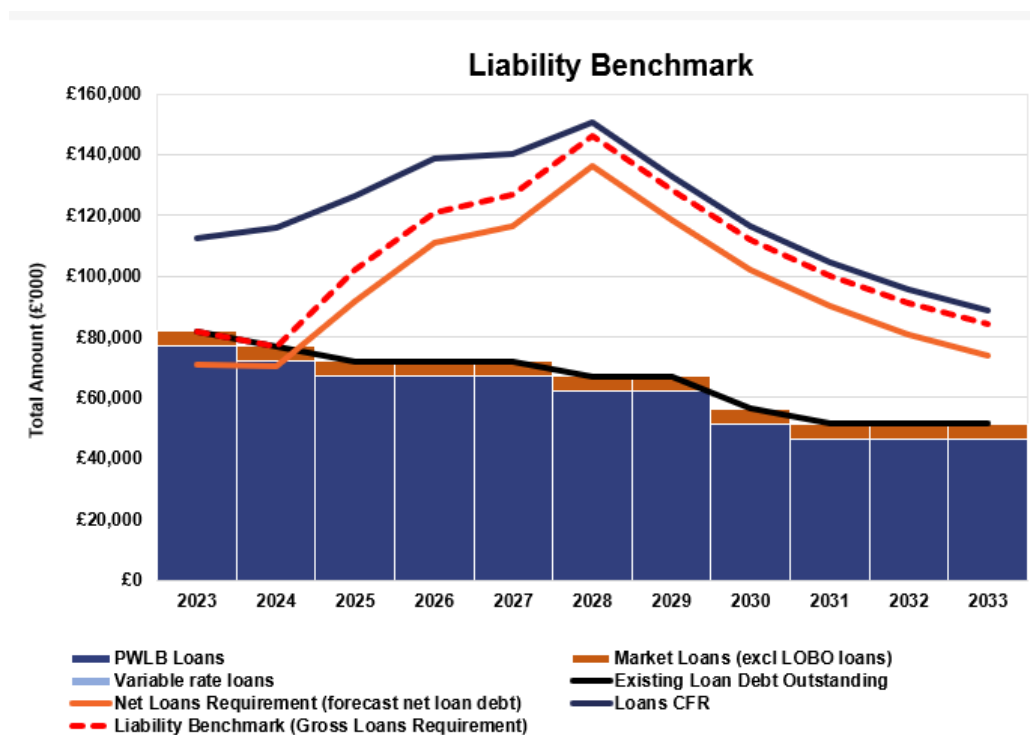
Liability Benchmark

In addition to the prudential indicators set out above a new debt treasury indicator, the Liability Benchmark, has been adopted in 2023/24 to support the financing risk management of the capital financing requirement (CFR).

The Liability Benchmark is presented as a chart which sets out the following:

- **Existing Loan Debt Outstanding** – this is the profile of the Commissioners existing loans which takes into account the scheduled loan repayments due within the period.
- **The Loans CFR (Capital Financing Requirement)** – this is the total requirement that the Commissioner has for prudential borrowing to support capital expenditure. This includes the CFR as at the last year-end plus approved future borrowing for planned capital expenditure within the existing MTFs capital programme and less those amounts due to be set aside under the MRP (Minimum Revenue Provision) policy adopted by the Commissioner.
- **Net Loans Requirement** – this is a forecast of the Commissioner’s net loan debt, i.e. net of investments for treasury management purposes.
- **Gross Loans Requirement** – this is the Liability Benchmark and represents a forecast of the level of gross loans debt the Commissioner will require in accordance with budget plans.

The Liability Benchmark chart is set out below.



The chart shows that the Commissioner’s existing loan debt comprises mainly PWLB debt plus a smaller element attributable to market loans. The Commissioner has no variable rate loans.

The Liability Benchmark chart demonstrates a requirement for new borrowing to be taken over the period from the 2023/24 financial year. Whilst the approach to borrowing remains to maximise the use of internal borrowing, the chart demonstrates that the extent to which internal borrowing can be used as a temporary financing tool will reduce over the medium to longer term, as reserve balances reduce in-line with budget plans under the Commissioner’s Medium Term Financial Strategy (MTFS).