

NORTHUMBRIA POLICE AND CRIME COMMISSIONER

Key Decision

Title and Reference:

REVENUE OUTTURN POSITION AND MOVEMENT IN RESERVES 2023/24 (PCC/588/2024)

Summary

The Group revenue outturn position for 2023/24, subject to audit is set out below:

Final Group Outturn 2023/24	Approved Budget £000	Final Outturn £000	Variance £000
Chief Constable	333,645	329,434	(4,211)
Police and Crime Commissioner	1,823	1,757	(66)
OPCC Supporting Services	1,231	1,004	(227)
Capital Financing	12,131	11,303	(828)
Group Position Total	348,830	343,498	(5,332)
Central Government Grant	(277,738)	(277,738)	-
Council Tax Precept	(69,790)	(69,790)	-
	(347,528)	(347,528)	-
Appropriations (To)/From Reserves	1,302	(4,030)	(5,332)

The total movement in revenue reserves for the 2023/24 financial year are set out in the following table:

Movement in Reserves 2023/24	Balance 1 April 2023 £000	Transfers To Reserves £000	Transfers (From) Reserves £000	Total Movement To/(From) Reserves £000	Balance 31 March 2024 £000
General Reserve	10,804	227	-	227	11,031
Earmarked Reserves					
Insurance Reserve	3,000	-	-	-	3,000
Operational Systems Reserve	3,400	-	-	-	3,400
Workforce Management Reserve	1,320	-	-	-	1,320
ESN Reserve	2,600	-	-	-	2,600
Inflationary Risks Reserve	5,634	-	-	-	5,634
Investment Reserve	8,200	3,737	-	3,737	11,937
Operational Reserve	1,407	-	(261)	(261)	1,146
Pay Inflation Reserve	2,053	-	-	-	2,053
OPCC Innovation Reserve	690	115	-	115	805
External Funding Reserve	1,929	367	(1,336)	(969)	960
National Policing Capabilities (Hosted Services)	-	1,210	(284)	926	926
NEROCU Reserve	401	73	(46)	27	428
Total Earmarked Reserves	30,634	5,502	(1,927)	3,575	34,209
Total Revenue Reserves	41,438	5,729	(1,927)	3,802	45,240

Recommendation/Findings:

- Note the revenue outturn position, as at 31 March 2024; and
- Approve the final transfers to/from reserves for the 2023/24 financial year.

Northumbria Police and Crime Commissioner

I hereby approve the recommendation above.

A handwritten signature in black ink, consisting of the initials 'S. E. D.' followed by a long, horizontal, wavy flourish.

Signature

Date 27.6.2024

BUSINESS MEETING	27 JUNE 2024
REVENUE OUTTURN POSITION AND MOVEMENT IN RESERVES 2023/24	
REPORT OF: GAIL THOMPSON, DEPUTY HEAD OF FINANCE	
AUTHOR: SARAH GOODMAN, SENIOR FINANCE LEAD	

1. PURPOSE

- 1.1 The purpose of this report is to present the final revenue outturn position for 2023/24 and the transfers to/from the Commissioners revenue reserves, subject to audit.

2. RECOMMENDATION

- 2.1 The Police and Crime Commissioner is requested to:
- I. Note the Group revenue outturn position, as at 31 March 2024; and
 - II. Approve the final transfers to/from reserves for the year.

3. BACKGROUND

- 3.1 The original Group revenue budget for 2023/24 was agreed at £355.584m. The budget was revised at the end of Quarter 2 to £348.830m.
- 3.2 Within the revised 2023/24 budget the following was provided for:
- £333.645m 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.
 - £12.131m to cover the costs of capital financing.

4. REVENUE OUTTURN POSITION 2023/24

- 4.1 The final revenue outturn position is an underspend of £5.332m as set out below:

Final Group Outturn 2023/24	Approved Budget £000	Final Outturn £000	Variance £000
Chief Constable	333,645	329,434	(4,211)
Police and Crime Commissioner	1,823	1,757	(66)
OPCC Supporting Services	1,231	1,004	(227)
Capital Financing	12,131	11,303	(828)
Group Position Total	348,830	343,498	(5,332)
Central Government Grant	(277,738)	(277,738)	-
Council Tax Precept	(69,790)	(69,790)	-
	(347,528)	(347,528)	-
Appropriations (To)/From Reserves	1,302	(4,030)	(5,332)

CHIEF CONSTABLE

- 4.2 The position reported at Quarter 3 was a forecast underspend of **£0.738m**. The outturn position is an underspend of **£4.211m** reflecting a further underspend of **£3.473m**.

4.3 Key movements from Quarter 3 and points to note are as follows:

- **Workforce** - costs remain broadly in line with the position that was previously reported. The outturn position reflects the delivery and maintenance of the Northumbria share of the national police officer Uplift, ensuring that Uplift grant conditions for the year were fully met.
- **Digital Policing and Legal** – The termination of a supplier contract finalised in March 2024, resulted in an income receipt of **£0.650m** and reduced expenditure of **£0.881m**. Combined impact is an increase in the underspend of **£1.531m**.
- **North East Regional Organised Crime Unit (NEROCU)** – The year-end position for the NEROCU is an underspend of £0.663m. The impact for Northumbria is an underspend of £0.333m against the budgeted NEROCU revenue contribution, a reduction of **£0.314m** against the position previously reported.
- **Income** – A Digital Software Grant was awarded to Northumbria by the Home Office in March 2024. The Home Office is aware that Police Forces have faced increased budgetary pressures during 2023/24 for technology spend on software licenses. As a result, The Minister of State for Crime, Policing and Fire, decided to make Section 31 grant payments totalling £20 million to policing, as a contribution towards additional software costs incurred. The Northumbria share is based on the national funding formula (3.08%) and equates to **£0.616m**.
- **Income** - Following discussions with the UK Football Policing Unit and the Premier League, the latter volunteered to make a substantial and unconditional gift to policing in recognition of the services contribution to the safety and security of supporters and clubs. Northumbria Police were offered and accepted a donation of **£0.430m**.
- **Operation Safeguard** – The housing of prisoners in police cells in Northumbria recommenced in February resulting in additional income, net of costs, to the value of **£0.390m**.
- **Other** – Net underspend of **£0.192m** primarily relating to year-end adjustments for software license costs offset by the movement on provisions for insurances and employee costs.

4.4 The Chief Constable also incurred expenditure of **£0.261m** funded from the Operational Reserve in 2023/24.

POLICE AND CRIME COMMISSIONER

4.5 At Quarter 3 expenditure against the Commissioner's revenue budget was forecast in-line with the budget set for the year.

4.6 The outturn position is an underspend of **£0.066m** which is primarily attributed to OPCC salary costs with a small underspend on other office costs.

OPCC SUPPORTING SERVICES

4.7 At Quarter 3 expenditure against the OPCC Supporting Services budget was forecast in-line with the budget set for the year.

4.8 The outturn position is an underspend of **£0.227m**. This is mainly attributed to an underspend of £0.214m against the Commissioners Discretionary Fund with the balance reflecting a minor underspend against the Sexual Assault Referral Centre (SARC) budget.

4.9 In addition to core budgets, the OPCC were successful in securing significant additional funding streams within 2023/24 including VRU, Grip, Safer Streets, ASB Pilot, WSiPP, Immediate Justice, DA Hub and Spoke, and Operation Adder. All funding was fully spent by 31 March 2024.

CAPITAL FINANCING

4.10 The position reported at Quarter 3 was a forecast underspend of £0.555m which related to borrowing interest (£0.200m) and investment interest (£0.355m).

4.11 The outturn position is an underspend of **£0.828m** reflecting:

- **Borrowing Interest** – Costs were **£0.299m** less than the budget estimate, reflecting increased reserve balances available for internal borrowing and a lower borrowing requirement for capital financing.
- **Investment Interest** – Income was **£0.533m** higher than the budget estimate reflecting additional cash and reserve balances available for investment and higher increases in Bank Rate. Whilst the budget assumed Bank Rate would increase to 4.50% and then fall to 4.00% by March 2024, the Bank of England actually increased Bank Rate to reach 5.25% in August 2023 and that rate was held for the remainder of the year and into 2024/25.
- **Home Office Grant Income** – Minor reduction in the grant value of **£0.004m** attributable to a lower average interest rate on borrowing.

EXTERNAL FUNDING SCHEMES AND NEROCU

4.12 In addition to the expenditure and income reported within the Group outturn position the Chief Constable and Commissioner both have externally funded schemes which are monitored in-year and reported in the annual Statements of Account. The outturn position for the North-East Regional Organised Crime Unit (NEROCU) is also reported in the accounts along with the share attributable to Northumbria.

4.13 The movement in reserves section that follows therefore includes reserve movements associated with those funded schemes and the NEROCU outturn position. Further explanation is provided after the table at section 5.2.

5. MOVEMENT IN RESERVES 2023/24

5.1 The total movement in the Commissioner’s revenue reserves for the 2023/24 financial year reflects an increase of **£3.802m** as set out in the following table:

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5.2 Reserve movements are further explained below:

- The underspend of **£0.227m** against the OPCC Supporting Services budget was transferred to the General Reserve.
- The underspend against the Chief Constable's core revenue budget of **£4.211m** and the underspend of **£0.828m** against the Capital Financing budget were both transferred to the Investment Reserve to support investment in policing services over the medium-term. The net transfer of **£3.737m** includes the planned use of **£1.302m** reserves to support the Group Revenue budget.
- The Chief Constable incurred expenditure of **£0.261m** against the Operational Reserve in 2023/24.
- The net transfer of **£0.115m** to the OPCC Innovation Reserve comprises the underspend on the Commissioner's revenue budget (£0.066m) and net income received of £0.049m during the year.
- The net transfer of **£0.969m** from the External Funding Reserve comprises a transfer out to the National Policing Capabilities Reserve of £0.620m reflecting hosted services and a net transfer out of £0.349m to fund schemes in-year.
- The net transfer of **£0.926m** to the National Policing Capabilities Reserve comprises the transfer of £0.620m from the External Funding Reserve plus net income of £0.306m received in year.
- The net movement of **£0.027m** (increase) against the Northumbria share of the North-East Regional Organised Crime Unit (NEROCU) Reserve reflects the outturn position for the year as reported at the NEROCU Management Board meeting on 9 May 2024. This position will also be reported to the NEROCU Joint Committee on 1 August 2024.

6. CONSIDERATIONS

Government Protective Marking Scheme	Not Protectively Marked
Freedom of Information	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