

NORTHUMBRIA POLICE AND CRIME COMMISSIONER

Key Decision

Title and Reference

CAPITAL MONITORING QTR. 2 2024/25

(PCC/617/2024)

Summary

The capital forecast for 2024/25 at 30 September 2024 is £24.946m as set out below:

2024/25 Scheme Expenditure	Capital Programme £m	Actual Spend £m	Forecast Outturn Q1 £m	Forecast Outturn Q2 £m	Total Variance £m
Building Works	18.102	1.458	18.102	6.715	(11.388)
Digital Policing & Digital Transformation	9.126	1.648	9.126	8.780	(0.346)
Vehicles and Equipment	8.849	1.768	8.849	8.774	(0.075)
NEROCU Schemes - Northumbria's contributions	0.245	0.081	0.245	0.245	0.000
SUBTOTAL	36.322	4.955	36.322	24.514	(11.808)
Total Funded Schemes	0.382	0.021	0.404	0.432	0.029
TOTAL CAPITAL PROGRAMME	36.705	4.976	36.726	24.946	(11.780)

The capital programme will be financed as follows:

Capital Financing 2024/25	Revised Capital £m	Forecast Outturn £m	Total Variance £m
Capital Expenditure	36.705	24.946	(11.759)
Funded by:			
Capital Receipts	(7.459)	(7.459)	0.000
Capital Grant & Contributions	(0.382)	(0.432)	(0.050)
Prudential Borrowing	(28.863)	(17.054)	11.809
Total Funding	(36.705)	(24.946)	11.759

All prudential indicators were within the approved limits.

Recommendation/Findings:

- a. Note the 2024/25 Capital monitoring position for Qtr. 2 as at 30 September 2024.

Northumbria Police and Crime Commissioner

I hereby approve the recommendation above.

S. E. D.

Signature

Date 12/11/2024

Business Meeting	12 November 2024
Capital Monitoring Q2	
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 set out the capital forecast for 2024/25 as at 30 September 2024.

2. RECOMMENDATION

2.1 The Police and Crime Commissioner is requested to:

a. Note the Capital monitoring position for Qtr. 2 as at 30 September 2024.

3. BACKGROUND

3.1 The capital programme of £29.940m was approved on 29 February 2024 as part of the MTFS and Capital Strategy 2024/25 to 2027/28.

3.2 The Capital Outturn Report for 2023/24 reported slippage of £4.723m into 2024/25 financial year, bringing the capital programme 2024/25 to a total of £34.663m.

3.3 The Northumbria Police Estates Strategy 2024 – 2030 was approved in April 2024, which includes new Estates projects, some of which were built into the 2024/25 capital programme at Qtr. 1. A full review of the capital programme was also undertaken to establish whether any of the original budgets and slippages needed to be re-profiled into future years, or if the estimates remained accurate and realistic in terms of delivery within this financial year, resulting in a revised capital programme of £36.705m which was approved on 3rd September 2024.

4. KEY OUTCOMES

CAPITAL MONITORING 2024/25 – QUARTER 2

4.1 As at Quarter 2, most projects have commenced, however some are still at the planning stage and awaiting the outcome of reviews, or progressing through the tender process.

4.2 The forecast capital outturn and variations to the revised programme, as at 30 September 2024 are set out in the table below:

2024/25 Scheme Expenditure	Capital Programme £m	Actual Spend £m	Forecast Outturn Q1 £m	Forecast Outturn Q2 £m	Total Variance £m
Building Works	18.102	1.458	18.102	6.715	(11.388)
Digital Policing & Digital Transformation	9.126	1.648	9.126	8.780	(0.346)
Vehicles and Equipment	8.849	1.768	8.849	8.774	(0.075)
NEROCU Schemes - Northumbria's contributions	0.245	0.081	0.245	0.245	0.000
SUBTOTAL	36.322	4.955	36.322	24.514	(11.808)
Total Funded Schemes	0.382	0.021	0.404	0.432	0.029
TOTAL CAPITAL PROGRAMME	36.705	4.976	36.726	24.946	(11.780)

4.3 The variance from Qtr1 to Qtr2 forecast positions is currently projecting a further £11.780m underspend.

4.4 Details of the capital movements are in **Appendix I** which sets out a high-level summary of the key budget areas, with further details below:

4.4.1 Building Works –

Estates Refurbishment Programme - Professional fees have been reviewed and partly or wholly rephased to reflect the current programme schedule.

New Communication Centre – Work on the feasibility of converting an existing building is being explored and professional fees for the year are expected to be lower than budgeted for.

New Operational Training – A number of properties have been viewed and an order of preference has been developed. However, it is unlikely that the acquisition of a property will be completed by the end of the financial year.

4.4.2 Digital Transformation and Digital Policing –

Digital Transformation - There are no significant movements from the position reported at Qtr. 1.

Digital Policing -

Digital enablement – The current proposals (Firearms licencing, replacement of Cycfreedom, E-Safety and Electronic signatures) are SaaS (Software as a Service) projects and catered for in revenue. The capital budget has therefore been adjusted downwards.

Network Refresh – Telephony – The Nuance IVR product proposed by BT has been withdrawn and a new solution is being sought. Enhanced IVR might not be delivered this financial year, work is ongoing to find a new solution.

Record Management Solution can't be capitalised as it will be developed using Microsoft 365 platform.

4.4.3 Vehicles and Equipment

Taser Refresh – 25 X2 taser replacements have been purchased, however, the supplier has issued an end-of-life notification and no further X2 can be purchased. A new plan is being worked on for either T7 or T10 replacements when available.

4.4.4 Funded Capital Schemes

Under the airport contract, vehicle replacement will take place after 6 years or 120,000 miles. The Vivaro van has reached 6 years and will be replaced this year.

4.5 The revised capital programme for 2024/25 will be financed as shown in the following table:

Capital Financing 2024/25	Revised Capital £m	Forecast Outturn £m	Total Variance £m
Capital Expenditure	36.705	24.946	(11.759)
Funded by:			
Capital Receipts	(7.459)	(7.459)	0.000
Capital Grant & Contributions	(0.382)	(0.432)	(0.050)
Prudential Borrowing	(28.863)	(17.054)	11.809
Total Funding	(36.705)	(24.946)	11.759

4.6 The changes to capital financing are related to the variances highlighted in 4.4.

4.7 The sales of one vehicle and two horseboxes have resulted in capital receipts of £0.055m; there are no other capital receipts currently expected in-year. Capital receipts carried forward from previous years amount to £11.926m.

4.8 The prudential indicators for capital are set out in **Appendix 2** including liability benchmark. All indicators were within the agreed limits as at 30 September 2024.

5. CONSIDERATIONS

Freedom of Information	<i>Non-exempt</i>
Consultation	
All allocated budget holders	
Resources	
Included within the report	
Code of Ethics	
There are no ethical implications arising from the content of this report.	
Equality	
There are no equality implications arising from the content of this report.	
Legal	
There are no legal considerations arising from the content of this report.	
Risk	
Included within the report	
Communication	
N/A	
Evaluation	
N/A	

CAPITAL PROGRAMME 2024/25

APPENDIX 1

Schemes	Capital Programme £000's	Actual Spend Sep24 £000's	24/25 Qtr1 Forecast £000's	24/25 Qtr2 Forecast £000's	Movement Qtr1 to Qtr2 £000's
BUILDING WORKS					
Energy Investment Scheme	139	32	139	139	0
Estates Transition & Relocation	791	621	791	791	0
Custody Improvements	182	49	182	182	0
Estates Refurbishments and Upgrades Programme	5,135	756	5,135	4,317	(818)
New SARC	31		31	31	0
New Communications Centre	500		500	150	(350)
New Kennel Block	340		340	340	0
Estates Systems Management - Alarm Monitoring System	50		50	50	0
Automatic Access Control System	495		495	495	0
New Operational Training	10,320		10,320	100	(10,220)
New Covert Site	120		120	120	0
TOTAL BUILDING WORKS	18,102	1,458	18,102	6,715	(11,388)
DIGITAL POLICING & DIGITAL TRANSFORMATION					
TRANSFORMATION BOARD					
Digital	233	0	233	233	0
NPICCS Replacement	1,991	412	1,991	1,991	0
People Management	256	8	256	256	0
DIGITAL POLICING					
Digital Enablement	298	14	298	202	(96)
ESN	1,603	152	1,603	1,603	0
Network Refresh	1,829	341	1,829	1,679	(150)
Information Management	100	0	100	0	(100)
Hardware Refresh	2,816	721	2,816	2,816	0
TOTAL DIGITAL POLICING & DIGITAL TRANSFORMATION	9,126	1,648	9,126	8,780	(346)
VEHICLES AND EQUIPMENT					
Replacement of Operational Vehicles	5,557	1,688	5,557	5,557	0
Taser Refresh	113		113	38	(75)
TSU	174	8	174	174	0
Operation Equipment	251	47	251	251	0
ANPR Cameras Refresh Programme	105	25	105	105	0
ANPR Mobile	200		200	200	0
Body worn videos	1,724		1,724	1,724	0
Body armour refresh	726		726	726	0
TOTAL VEHICLES AND EQUIPMENT	8,849	1,768	8,849	8,774	(75)
NEROCU schemes, Northumbria contributions					
TSU (Regional) - Contribution to NEROCU	66	0	66	66	0
Fleet Capital contribution to NEROCU	179	81	179	179	0
TOTAL NEROCU CONTRIBUTION CAPITAL SCHEMES	245	81	245	245	0
CAPITAL PROGRAMME TOTAL	36,322	4,955	36,322	24,514	(11,808)
FUNDED CAPITAL SCHEMES					
Hypothecation vehicles	29		29	29	0
Energy Investment Scheme	330		330	330	0
Funded vehicles - Airport Vehicles	0		0	29	29
Funded vehicles - Special Branch Vehicles	23	21	44	44	0
TOTAL FUNDED CAPITAL SCHEMES	382	21	404	432	29
TOTAL CAPITAL SPEND	36,705	4,976	36,726	24,946	(11,780)

Prudential Indicators 2024/25

Authorised Limit for External Debt		
	2024/25 £000 Reported Indicator	2024/25 £000 Position at end of 2nd Quarter
Borrowing	175,000	71,969
Other Long Term Liabilities	0	0
Total	175,000	71,969
Maximum YTD £86.969m		

Operational Boundary for External Debt		
	2024/25 £000 Reported Indicator	2024/25 £000 Position at end of 2nd Quarter
Borrowing	155,000	71,969
Other Long Term Liabilities	0	0
Total	155,000	71,969
Maximum YTD £86.969m		

Upper / Lower Limits for Maturity Structure of Fixed Rate Borrowing				
	2024/25 £000 Reported Indicator		2024/25 £000 Actual Position	
	Upper Limit	Lower Limit	Actual Percentage	Maximum YTD
Under 12 months	60%	0%	0.00%	17.25%
12 to 24 months	40%	0%	0.00%	0.00%
24 months to 5 years	40%	0%	21.54%	21.54%
5 years to 10 years	40%	0%	6.95	6.95%
10 years and above	80%	0%	71.52%	71.52%
All within agreed limits.				

Upper Limit on amounts invested beyond 364 days			
	2024/25 £000 Reported Indicator	2024/25 £000 Actual Position	2024/25 £000 Maximum YTD
Investments	15,000	0	0

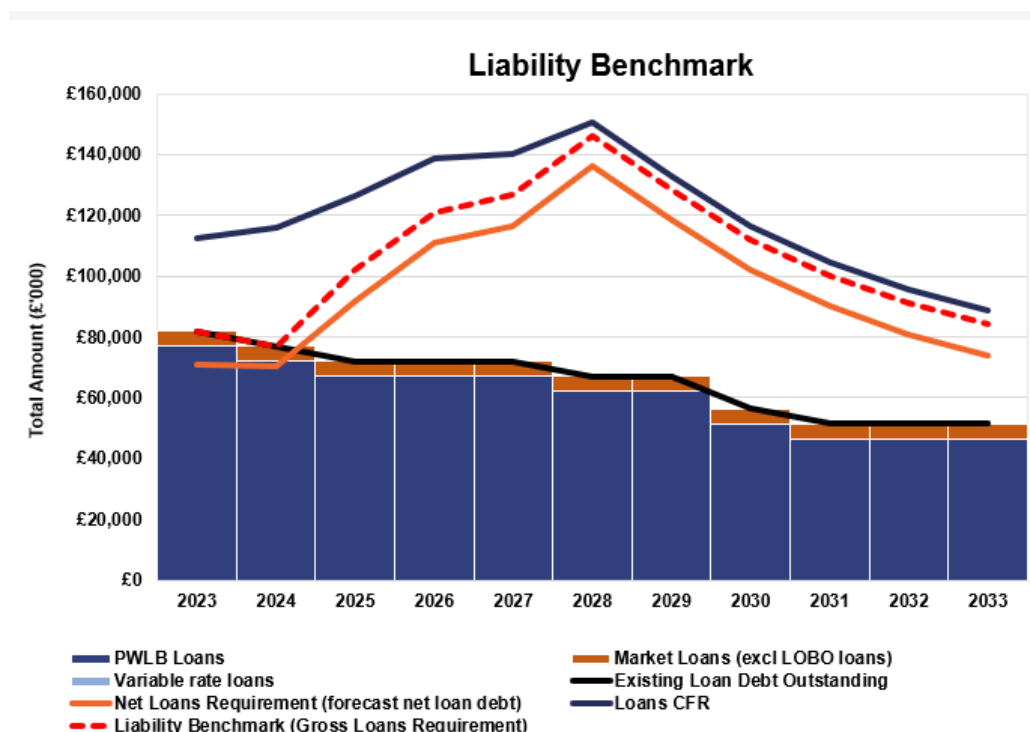
Liability Benchmark

In addition to the prudential indicators set out above a new debt treasury indicator, the Liability Benchmark, has been adopted in 2024/25 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 2024/25 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).