

**NORTHUMBRIA POLICE AND CRIME COMMISSIONER**

**Key Decision**

**Title and Reference:**

**2024/25 GROUP REVENUE POSITION QUARTER 2, AS AT 30 SEPTEMBER 2024**

**(PCC/618/2024)**

**Summary**

The Group Revenue Outturn as at 30 September 2024 (Qtr.2) is set out below.

**Recommendation/Findings:**

The Commissioner

1. Approves the revised Group Revenue Budget of £378.104m.
2. Notes the Group forecast outturn of £376.035m based on payments processed to date and current projections against a revised 2024/25 budget of £378.104m, which reflects an in-year underspend position of £2.069m.

	Original Budget 2024/25 £000	Revised Budget 2024/25 £000	Forecast Outturn 2024/25 £000	Variance £000
<b>Group Position</b>				
Chief Constable	362,922	362,122	360,644	(1,478)
Office of the Police and Crime Commissioner (OPCC)	1,847	1,907	1,865	(42)
OPCC Supporting Services	1,442	1,442	1,407	(35)
Capital Financing	13,253	12,633	12,119	(514)
<b>Group Position Total</b>	<b>379,464</b>	<b>378,104</b>	<b>376,035</b>	<b>(2,069)</b>
<b>Central Financing</b>				
Central Government Grant	(301,319)	(301,319)	(301,319)	-
Council Tax Precept	(76,600)	(76,600)	(76,600)	-
Use of Reserves	(1,545)	(185)	(185)	-
<b>Government Grant and Precept Total</b>	<b>(379,464)</b>	<b>(378,104)</b>	<b>(378,104)</b>	<b>-</b>
<b>Appropriations (To)/From Reserves</b>	<b>-</b>	<b>-</b>	<b>(2,069)</b>	<b>(2,069)</b>

**Northumbria Police and Crime Commissioner**

I hereby approve the recommendation above.

**Signature**

**Date 12/11/2024**

<b>Business Meeting</b>	<b>12 November 2024</b>
<b>Group Revenue Monitoring Q2</b>	
<b>Report of: Kevin Laing, Joint Chief Finance Officer</b>	
<b>Author: Sylvie Walker-Barras, Senior Accountant</b>	

## I. PURPOSE

- 1.1 The purpose of this report is to provide an update on the Group revenue monitoring position for the period ending 30 September 2024, Quarter Two.

## 2. RECOMMENDATION

- 2.1 The Police and Crime Commissioner is requested to:
- I. Approve the revised Group Revenue Budget of £378.104m.
  - II. Note the Group forecast outturn of £376.035m which is based on payments processed to date and current projections, against a revised 2024/25 budget of £378.104m which reflects an in-year underspend position of £2.069m.

	<b>Original Budget 2024/25 £000</b>	<b>Revised Budget 2024/25 £000</b>	<b>Forecast Outturn 2024/25 £000</b>	<b>Variance £000</b>
<b>Group Position</b>				
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<b>Appropriations (To)/From Reserves</b>	<b>-</b>	<b>-</b>	<b>(2,069)</b>	<b>(2,069)</b>

## 3. BACKGROUND

- 3.1 The overall Group revenue budget for 2024/25 was agreed at £379.464m, this has now been revised to £378.104m. The proposed changes are set out in the table below:

- Adjustment across the Group budget to account for the impact of the higher than budgeted pay award, and in line with this, the known Grant from the Home Office to fund the additional cost. An overall reduction of £0.740m.
- The Capital Financing budget has been reduced by £0.620m, which is against the MRP budget for the principal repayment of capital expenditure. This reflects the known repayment cost of capital expenditure in 2024/25 based on the actual capital outturn position for the previous year as reported in the Commissioner's Statements of Account 2023/24.

- The movements reflect a net reduction of £1.360m against the original revenue budget requirement for the Group.

#### **4. KEY OUTCOMES**

##### **GROUP QUARTER TWO REVENUE POSITION**

###### **Chief Constable Revenue**

- 4.1 Based on the Quarter two spend, the forecast outturn is an in-year underspend of £1.478m. Within this position there are some budgetary pressures and underspends resulting in the net outturn position.
- 4.2 Workforce budgets remain a key focus around the forecasting and profiling as they form the majority of the overall force budget. The overarching workforce budget position including allowances is projected to be £0.188m under the budgeted position.
- 4.3 The Police Officer and Staff pay awards have been agreed and take effect from 01 September. The award is a consolidated increase of 4.75%, 2.25% greater than the level budgeted. The Home Office has provided additional funding to Forces offsetting the additional cost against budgeted levels. The revised budget takes account of both the additional income and expenditure as a result of the pay award and respective grant.
  - **Police Officers** – The forecast at the end of the second quarter is an underspend of £0.176m (0.08%) against budget. The variance reflects profiling adjustments to recruits and leavers against the budget set. The position reflects the current workforce planning projections, which ensure that uplift checkpoints are met. The current profile maintains the +31 against Uplift.
  - **Police Staff** – Police Staff pay is forecast to underspend by £0.077m (0.09%) against budget. The position reflects current workforce plans, forecasts intakes and exits before the end of the year.
- 4.4 The revised Overtime (including Elected Time Off and associated income headings) budget for 2024/25 is £4.205m.

This includes a reduction of £0.110m to account for expenditure (to 30 September 2024) on Acting up for Police Officers and Staff that has been deduced from the relevant overtime budget.

Overtime is currently projected to be over the revised budget by a combined total of £1.307m. Key points are outlined below.

###### **Police Officer Overtime**

Core Police Officer overtime is forecast to overspend by £1.440m.

This figure includes an estimate of £1.065m (Excluding bank holidays) of Officer overtime as a result of Operation Plutus. This has been included as part of a Home Office special grant claim along with other expenditure. The Home Office are expected to fund 85% of all costs and corresponding level of income estimated to be £1.273m is reflected on the income tab.

However, NPCC have submitted a letter to the Home Secretary requesting full funding of the operation. The actual level of funding will be confirmed in due course.

Force Coordination and Operations are forecast to overspend by £0.073m. Roads Policing are forecast to overspend by £0.052m at year end. Pressures continues in this area in relation to resourcing/backfill and enquiries relating to fatal road traffic collisions.

Criminal Justice have required the use of overtime to clear file backlogs until Area Command Officers are suitably trained to conduct this work. In addition, custody cover has been required to managing resourcing gaps across the four suites. This has resulted in a forecast overspend against their annual budget of £0.022m.

Area Command are forecast to overspend cumulatively £0.074m, having had their budgets reduced by £0.087m to account for expenditure on Acting Up.

Bank Holidays are forecast to be overspend by £0.148m. This is due to a combination of factors including.

- Additional hours over those which were planned to be worked though extensions to duty and being retained on duty into rest days (entitling Officers to claims four hours once more than 15 minutes has been worked).
- The additional cost associated with the Police Officer pay award which was agreed at a higher level than budgeted.
- Additional custody cover at Bedlington.
- A homicide investigation which commenced on a bank holiday resulting in additional unplanned resourcing.
- Additional resources required on a bank holiday for Op Plutus which has been included as part of the Home Office claim.

4.5 Other issues of note are set out below:

- During August, nationally there was a period of disorder. Forces were instructed by Government to stand up their strategic public order reserves. This became known as Operation Plutus. The operation was ongoing throughout August and cost the Force £1.517m in additional expenditure on overtime, equipment and damage repairs. The Home Office requested that Forces submit a return detailing their expenditure. It is assumed that the Home Office will cover 85% of this cost. If this is the case, the cost to the Force would be reduced to £0.227m. The full cost of Operation Plutus and assumed level of income is reflected in the current forecast outturn.
- Operation Safeguard has been stood down as of 22 October. The operation has been stood up since 07 May 2024, with the original requirement being for the Force to provide 20 cells across two sites. This reduced down to 12 cells, before being stood down. Further prison releases are planned in October reducing the requirement for additional cell provision through Police Forces. The net benefit to the Force will be approximately £1.745m, when taking into account the additional overtime expenditure that has been incurred to resource the operation.

**OPCC Revenue**

- 4.6 The projected year-end budget position of core OPCC revenue and Supporting Services is currently forecast to be an in-year underspend of £0.077m.

- 4.7 OPCC core budgets are reflecting an underspend of £0.042m (2.2%) due to underspends within the salary budgets as a result of vacant posts and a Secondment; this underspend is offset by increases in the Rent, APCC Annual contribution and External Audit fees. These increases were not known at the time of budget setting.
- 4.8 Supporting Services budgets are reflecting an underspend of £0.035m which relates to the Regional SARC Contract, where inflationary increases applied are less than estimated.
- 4.9 Capital Financing is reflecting an underspend of £0.514m against the revised budget. This underspend is across the Interest financing budget areas:
- Interest payable, a reduction of £0.304m in interest payments due to delaying the refinancing of the PWLB loan that matured in September, and an overall reduced borrowing requirement in 2024/25 aligned with the rephasing of capital programme expenditure.
  - Interest on revenue balances; an increase of £0.210m. The interest achieved on revenue balances, and forecasted for the rest of the year, is above budget due to higher interest rates achieved despite a reduction of and future forecasted reductions in Bank Rate by the Bank of England. Cash Balances available for investment are higher than budgeted as a result of underspends on revenue and capital budgets in 2023/24.
- 4.10 In addition to core budgets, there are a range of approved External funding streams within 2024/25 including; VRU, SVD, Safer Streets, CADA, DA, IJ, ASB Hotpot Response and Operation Adder. All funding is on track to the approved spend plans will be fully utilised by 31 March 2025.
- 4.11 At Quarter 2 there remains a risk associated with the recent national period of unrest and the potential impact of claims under the Riot Compensation Act on the Group budget position. Whilst those affected Commissioners continue to lobby Government for funding, there remains a risk that an additional financial cost will fall to the Commissioner, which may require funding from reserves. An update will be provided at Q3.

## 5. CONCLUSION

- 5.1 The overall group position is forecast underspend of £2.069m; no actions are recommended at this time.

<b>Freedom of Information</b>	<i>Non-exempt</i>
<b>Consultation</b>	
Yes - Information prepared by Finance, where variations have been found to the 2024/25 budget relevant responsible officers have been consulted with to understand the reasoning.	
<b>Resources</b>	
Included within the report	
<b>Code of Ethics</b>	
There are no ethical implications arising from the content of this report.	
<b>Equality</b>	
There are no equality implications arising from the content of this report.	
<b>Legal</b>	
There are no legal considerations arising from the content of this report.	

**AGENDA ITEM 5**

<b>Risk</b>
Included within the report
<b>Communication</b>
N/A
<b>Evaluation</b>
N/A