

## NORTHUMBRIA POLICE AND CRIME COMMISSIONER

### Key Decision

#### Title and Reference:

#### REVENUE OUTTURN POSITION AND MOVEMENT IN RESERVES 2024/25 (PCC/671/2025)

### Summary

The Group revenue outturn position for 2024/25, subject to audit is set out below:

Final Group Outturn 2024/25	Approved Budget £000	Final Outturn £000	Variance £000
Chief Constable	362,122	357,765	(4,357)
Police and Crime Commissioner	1,907	1,782	(125)
OPCC Supporting Services	1,442	1,128	(314)
Capital Financing	12,633	10,974	(1,659)
<b>Group Position Total</b>	<b>378,104</b>	<b>371,649</b>	<b>(6,455)</b>
Central Government Grant	(301,319)	(301,319)	-
Council Tax Precept	(76,600)	(76,600)	-
<b>Total Financing</b>	<b>(377,919)</b>	<b>(377,919)</b>	<b>-</b>
<b>Appropriations (To)/From Reserves</b>	<b>185</b>	<b>(6,270)</b>	<b>(6,455)</b>

The movements in revenue reserves for the 2024/25 financial year are set out in the following table:

Movement in Reserves 2024/25	Balance at 1 April 2024 £000	Transfers to Reserves £000	Transfers from Reserves £000	Total Movement £000	Balance at 31 March 2025 £000
<b>General Reserve</b>	<b>11,031</b>	<b>2,098</b>	<b>(769)</b>	<b>1,329</b>	<b>12,360</b>
<b>Earmarked Reserves</b>					
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
Investment Reserve	18,717	4,172	-	4,172	22,889
Pay Inflation Reserve	2,053	-	-	-	2,053
OPCC Innovation Reserve	805	-	(65)	(65)	740
External Funding Reserve	960	307	(285)	22	982
National Policing Capabilities / Hosted Services	926	712	(855)	(143)	783
NEROCU Reserve	428	-	(5)	(5)	423
<b>Total Revenue Reserves</b>	<b>45,240</b>	<b>7,289</b>	<b>(1,979)</b>	<b>5,310</b>	<b>50,550</b>

### Recommendation/Findings:

- Note the revenue outturn position, as at 31 March 2025; and
- Approve the transfers to/from reserves for the 2024/25 financial year.

### Northumbria Police and Crime Commissioner

I hereby approve the recommendation above.



Signature

Date 8/7/2025

<b>JOINT BUSINESS MEETING</b>	<b>08 JULY 2025</b>
<b>FINAL REVENUE OUTTURN POSITION AND MOVEMENT IN RESERVES 2024/25</b>	
<b>REPORT OF: GAIL THOMPSON, JOINT CHIEF FINANCE OFFICER</b>	
<b>AUTHOR: SARAH GOODMAN, HEAD OF FINANCE</b>	

## **1. PURPOSE**

- 1.1 The purpose of this report is to present the final Group Revenue outturn position for 2024/25 and the impact of that on the Commissioners revenue reserves.

## **2. RECOMMENDATION**

- 2.1 The Police and Crime Commissioner is requested to:
- I. Note the final Group revenue outturn position, as at 31 March 2025; and
  - II. Approve the transfers to/from reserves for the year.

## **3. BACKGROUND**

- 3.1 The original Group revenue budget for 2024/25 was agreed at £379.464m. The budget was revised at the end of Quarter 2 to £378.104m.
- 3.2 Within the revised 2024/25 budget the following was provided for:
- £362.122m to fund the cost of Policing in the Force area by the Chief Constable.
  - £1.907m to meet the costs of the Office of the Police and Crime Commissioner.
  - £1.442m to meet the costs of OPPC Supporting Services.
  - £12.633m to cover the costs of capital financing.

## **4. REVENUE OUTTURN POSITION 2024/25**

- 4.1 The final revenue outturn position is £371.649m, an underspend of £6.455m. This reflects an increase in underspend of £2.117m since the position reported at the end of Quarter three.
- 4.2 The breakdown of the final revenue outturn is set out in the following table:

Final Group Outturn 2024/25	Approved Budget £000	Final Outturn £000	Variance £000
Chief Constable	362,122	357,765	(4,357)
Police and Crime Commissioner	1,907	1,782	(125)
OPCC Supporting Services	1,442	1,128	(314)
Capital Financing	12,633	10,974	(1,659)
<b>Group Position Total</b>	<b>378,104</b>	<b>371,649</b>	<b>(6,455)</b>
Central Government Grant	(301,319)	(301,319)	-
Council Tax Precept	(76,600)	(76,600)	-
<b>Total Financing</b>	<b>(377,919)</b>	<b>(377,919)</b>	<b>-</b>
<b>Appropriations (To)/ From Reserves</b>	<b>185</b>	<b>(6,270)</b>	<b>(6,455)</b>

## CHIEF CONSTABLE

- 4.3 The position reported at Quarter 3 was a forecast underspend of **£3.003m**. The final outturn position is an underspend of **£4.357m** reflecting a further underspend of **£1.354m**.
- 4.4 Key movements from Quarter 3 and points to note are as follows:

**Capital transfers to revenue** – At ETM on 14 April 2025, a report was presented, outlining a review of the Capital Investment Strategy with a recommendation to finance specific high volume, low value capital refresh schemes from revenue. In the longer term, this would reduce borrowing costs and the reliance on funding through Capital for short term assets. The decision was made to place a number of items into revenue from capital to realise longer term gains. Costs were subsequently transferred to the following account headings:

- Body Armour (Uniform) **£0.367m**
- Body Worn Video **£1.010m**
- TSU Refresh **£0.061m**

As a result of the transfer of costs from capital accounts, the impact to revenue was **£1.438m**

This increased expenditure has been offset by the following reductions:

- **Ill Health Commutation Payments** - A reduction of **£0.184m** has been realised in relation to ill health payments; a budget provision was made for 7 medical retirements in year, the actual number was 5.
- **NEROCU** - The year-end position for the NEROCU is an underspend of **£0.185m**, a net movement of **£0.105m** since the position reported at Quarter 3. The main driver behind the underspend for NEROCU primarily relates to pay related budgets as a result of delayed recruitment and unexpected exits. A good proportion of the pay underspend was set aside to use on training however, due to reduced course availability and delays in recruitment, this budget was not fully utilised.
- **Digital Policing** – Overall reduction of **£2.097m**, excluding the costs associated with transfer of body worn video expenditure to revenue. The main areas contributing to this are:

- A prepayment of **£0.658m** that has been actioned against Force wide Systems Product Support. The credit refers to an accounting adjustment made for payments made which span more than once accounting period. To recognise the expense in the correct budget year, an adjustment was made to prepay the Microsoft Licenses for the period billed between April and June 2025. This accounting adjustment ensures that the cost of licenses attributed to the first quarter of 2025/26 are reflected in the appropriate financial year.
- **£0.765m** reduction to Airwave forecast. Correspondence has been received from the Home Office to advise the Court of Appeal have rejected Motorola's application for permission to appeal against The Competition and Market Authority (CMA) Final Report which imposed a charge control order in relation to the services provided by Motorola. It is possible Motorola could seek to raise a complaint through the European Court of Human Rights (ECHR), however it is thought any such application is unlikely. The forecast outturn has been updated to reflect our Airwave costs after application of the CMA order discount we have received and will continue to receive.
- A reduction on Backoffice product support and license costs and NPICCS replacement of approximately **£0.273m**.
- **Estates** – The forecast associated with gas and electricity has reduced by **£0.235m**. This reflects the final quarter bills being less than budgeted for. Scheduled repairs and services forecast has also reduced by **£0.200m** reflecting a delay in some planned activity being carried out before the end of the financial year.
- **People Department** - The 2 key areas of note are:
  - The final outturn has decreased by **£0.221m** for External Training. This is due to being unable to secure course places and/or abstract staff to enable them to attend courses before 31 March 2025.
  - The budget for taser was set on the numbers of Officers planned to complete initial and refresher courses throughout the finance year. Whilst 93% of planned taser refresher courses were completed, only 42% of initial courses were. The impact of this is a reduction in cartridges and equipment used/purchased against the original budgeted plan and an underspend against budget of **£0.171m**.
- **Business Services (Uniform)** – Following the transfer of body armour to revenue, the accounting adjustment to stock needed to be made against the same. Stock adjustments effectively transfer costs between the revenue and balance sheet to ensure that costs are matched in the accounting period to which they belong. At the year end, the transfer of capital resulted in a net stock adjustment of **£0.225m** credited to revenue to match the movement of goods and the increase in supplies held as stock in future accounting periods.
- **Operations Department** – A reduction of **£0.060m** against ammunition due to a delay in the Home Office being able to fulfil the ammunition order which was placed in August 2025.
- **Operation Navette** - On 18 March 2025, the Home Office confirmed that they would costs incurred in relation to Operation Navette would be funded in full. The assumptions until this point had been that 85% of the full cost would be funded. This has resulted in additional **£0.250m** of income to offset expenditure incurred in year.

- **Overhead Recovery** - The arrangement with Northumberland Hospital (NSECH) to provide an overnight presence daily within Accident and Emergency has continued until the year end. NSECH are currently reviewing their requirements and are looking to fund two full time posts rather than an overtime presence. However, delays in their internal governance has meant that the current arrangement has continued. This arrangement has realised an additional **£0.207m** in overhead recovery.
- **Insurance** – At the end of each financial year an assessment is undertaken for the value of the insurance provision required to be held on the balance sheet in order to meet future liabilities in respect of legal claims against the Force. The assessment and corresponding budget impact accounts for claims settled in-year, new claims received, and the movement in estimated value of those claims which will be settled in future years. The assessment for the 2024/25 financial year has resulted in an additional budget pressure of **£0.950m**. This has resulted from a combination of an increase in the volume of public liability cases, increased legal costs recovered from multi-track cases, one-off high value settlements and a number of cases settled with costs above the prior year provision value.
- **Other** small movements across budget heads account for the balance of **£0.156m**.

## **POLICE AND CRIME COMMISSIONER**

- 4.5 At Quarter 3 expenditure against the Commissioner's revenue budget was forecast to underspend by **£0.046m**.
- 4.6 The outturn position is an underspend of **£0.125m** which is primarily attributed to:
- OPCC salary costs are underspent at year end by **£0.160m**; this reflects reductions in costs for vacancies and an ongoing secondment.
  - Non pay related budgets are reflecting a total in year overspend of **£0.035m** which includes underspends on Training, Public Consultation, Insurance and office related budgets e.g. computer hardware which are offset by overspends against external audit fees, APCC Subscription, Furniture relating to the new office pod, and Rents and Service charges following a review of rents by the landlord.
  - The costs associated with the Riot Claims Act including loss adjustment work, current estimates are approx. **£0.769m** will be included as a provision in 2024/25 accounts, and will be financed through use of General reserves

## **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.

The outturn position is an underspend of **£0.314m**. This is mainly attributed to an underspend of £0.231m against the Commissioners Discretionary Fund with the balance reflecting the underspend against the Sexual Assault Referral Centre (SARC) budget. The underspend is due to premises costs being less than budgeted, inflation applied to the regional contract was less than estimated in the original budget and underspends against budgets associated with the replacement and maintenance of assets.

- 4.8 In addition to core budgets, the OPCC were successful in securing significant additional funding streams within 2024/25 including VRU, Hotspot Response, Safer Streets, Immediate Justice, DA Hub and Spoke, and Operation Adder. All funding was fully spent by 31 March 2025.

## **CAPITAL FINANCING**

- 4.9 The position reported at Quarter 3 was a forecast underspend of **£1.264m**.

4.10 The outturn position is an underspend of **£1.659m** reflecting:

**Borrowing Interest** - the underspend is **£1.043m**, substantially attributable to planned borrowing which has not been required during the year. In addition, higher reserve balances and the underspend against the revenue budget have delivered a greater capacity for internal borrowing during the year which has further reduced the overall borrowing requirement.

**Investment interest** - forecast investment interest is higher than budget by **£0.615m**. The Bank of England have reduced Bank Rate to 4.75% during 2024/25. The investment interest budget was set based on the Link Group (Treasury Management advisers) forecast as at January 2024 which profiled rates to fall lower, to 3.75% by March 2025. The higher bank rate experienced and greater average investment balances held during the year, have delivered the significant additional investment income.

## 5. MOVEMENT IN RESERVES 2024/25

5.1 The total movement in the Commissioner's revenue reserves for the 2024/25 financial year is set out in the following table, reflecting an overall increase of **£5.310m**.

Movement in Reserves 2024/25	Balance at 1 April 2024 £000	Transfers to Reserves £000	Transfers from Reserves £000	Total Movement £000	Balance at 31 March 2025 £000
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5.2 The Investment Reserve balance of **£18.717m** at 1 April 2024 includes transfers from the Operational Reserve £1.146m and Inflationary Risks Reserve £5.634m, following the proposal made to condense these 3 reserves into one for 2024/25.

5.3 The final outturn position results in a net transfer to reserves of **£6.270m** as set out at section 4.2. The impact on reserves is:

- The underspends on the PCC, OPCC Supporting Services and Capital Financing budgets totalling **£2.098m** have been transferred to the General Reserve (£0.125m + £0.314m + £1.659m).
- The balance of **£4.172m** has been transferred to the Investment Reserve.

5.4 The PCC has estimated costs of **£0.769m** associated with the Riot Compensation Act (RCA) which will be met from the General Reserve.

5.5 The General Reserve balance of **£12.360m** represents just over 3.0% of the approved revenue budget for the 2025/26 financial year.

5.6 The Commissioner incurred expenditure of **£0.065m** against the OPCC Innovation Reserve.

- 5.7 The net transfer of **£0.022m** into the External Funding Reserve comprises a funding transfer into reserves of **£0.307m**, and a net transfer out of **£0.285m** relating to income and expenditure incurred for those schemes in-year.
- 5.8 The net transfer of **£0.143m** from the National Policing Capabilities/Hosted Services Reserve comprises a transfer of funding in of **£0.712m**, and a net transfer out of **£0.855m** relating to income and expenditure incurred to fund schemes in-year.
- 5.9 The net movement of **£0.005m** (decrease) 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 3 July 2025. This position will also be reported to the NEROCU Joint Committee on 18 July 2025.

## 6. CONSIDERATIONS

<b>Government Protective Marking Scheme</b>	Not Protectively Marked
<b>Freedom of Information</b>	Non-exempt
<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>Resource</b>	Yes - As outlined within the body of the report
<b>Equality</b>	No
<b>Legal</b>	No
<b>Risk</b>	Yes - As outlined within the body of the report
<b>Communication</b>	No
<b>Evaluation</b>	No