

NORTHUMBRIA POLICE AND CRIME COMMISSIONER

Key Decision

Title and Reference

Group Revenue Monitoring Position – As at 30 June 2019

(PCC/392/2019)

Summary

The Provisional Revenue Outturn as at 30 June 2019 (Qtr.1) is as follows:

	Approved Budget 2019/20 £m	Outturn 2019/20 £m	Variance £m
Group Position			
Chief Constable	268.581	268.319	(0.262)
Police & Crime Commissioner	2.098	2.028	(0.070)
Capital Financing	9.403	8.655	(0.748)
Group Position Total	280.082	279.002	(1.080)
Central Government Grant	(230.551)	(230.551)	-
Council Tax Precept	(53.531)	(53.531)	-
Central Grant & Precept Total	(284.082)	(284.082)	-
Appropriations (To)/From Reserves	(4.000)	(5.080)	(1.080)

Recommendation/Findings:

- To note the forecast Group outturn position of £279.002m at 30 June 2019.

Northumbria Police and Crime Commissioner

I hereby approve the recommendation above.



Signature

Date 11.07.19

JOINT BUSINESS MEETING	11 JULY 2019
GROUP REVENUE MONITORING POSITION – AS AT 30 JUNE 2019	
REPORT OF: MIKE TAIT, JOINT CHIEF FINANCE OFFICER	
AUTHOR: SARAH GOODMAN, PRINCIPAL ACCOUNTANT	

1. PURPOSE

- 1.1 The purpose of this report is to provide an update on the Group revenue monitoring position for the period ending 30 June 2019; Quarter 1.
- 1.2 Providing a summary of the projected year-end position, reasons for variances and a financial risk assessment.
- 1.3 The report sets out in the following sections: a summary of the original budget with details of the approved 2019/20 budget; a summary of the key variances, along with a risk assessment of the current budget position.

2. RECOMMENDATIONS

- 2.1 The Police and Crime Commissioner is requested to:
 - a. Note the Group forecast outturn of £279.002m based on payments processed to date and current projections, against a 2019/20 budget of £280.082m and reflecting an in-year projected underspend of 0.36% which equates to £1.080m.

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3. BACKGROUND

- 3.1 The overall Group revenue budget for 2019/20 was agreed at £280.082m, the forecast outturn is based on spend to 30 June 2019 and summarised below.
- 3.2 Within the approved 2019/20 budget the following was provided for:
- £268.581m to fund the cost of Policing in the Force area by the Chief Constable.
 - £2.098m to meet the costs of the Office of the Police and Crime Commissioner.
 - £9.403m to cover the costs of capital financing.
- 3.3 Since the establishment of the 2019/20 budget, as part of the Medium Term Financial Strategy (MTFS), various changes/updates have been identified which may impact on existing spending plans, virements have been authorised by the Joint Chief Finance Officer under delegated authority.

4. KEY OUTCOMES- GROUP QUARTER I REVENUE POSITION

Chief Constable Revenue

- 4.1 The overall projected year-end budget position is currently in-line with the 2019/20 budget and delivers an in-year projected underspend of 0.10% which equates to £0.262m.
- 4.2 In reviewing the budget, the key areas of note and identified movement from the position reported in Quarter one are outlined below:
- 4.3 **Workforce** – the overarching position of the current workforce plan, including allowances and pensions, is within budget and is reflecting a forecast underspend of £0.251m, 0.11% of the workforce budget.

Police Officers – Police Officer pay is in line with budget. The Force continues to meet its structure by the end of 2019/20 through regular planned intakes of Officers joining through the PCDA programme. The total number of Officers joining throughout the year is 231 FTE.

Police Staff – Police Staff pay forecast is to underspend by £0.255m, 0.4% of the budget. The requirement for Police Staff roles remains under review and it is acknowledged that further consideration for investment into police staff roles continues at the time of writing.

- 4.4 **Overtime** – the current forecast for overtime is currently on track, points to note include:

Police Officer overtime and Staff overtime budgets are currently forecast to breakeven.

- 4.5 **Non Pay Budget Variances** – Overall non pay projections are mostly in-line with budgets, key points to note are set out below:

4.5.1 On the 5 June 2019 the Force forensic services provider Eurofins suspended all forensic testing following a ransomware attack. Until the point at which Eurofins are operational again Northumbria, along with the region, are to use alternative forensic providers. Due to issues with capacity in the market submission caps have had to be implemented. The full financial implications are still to be established as matters progress and budgets will continue to be closely monitored.

4.5.2 Included within the National Contributions budget is a provision of £0.110m for NETIC. The Forces contribution to the collaboration has increased by £0.048m in 2019/20 as contributions are now based on NRE rather than being split evenly between the seven Forces.

4.5.3 Property Recharges – A cost sharing agreement until March 2020 has been signed in relation to the Washington Safeguarding Hub between the Force, Gateshead, Sunderland and South Tyneside Councils. The agreement is to share the rent and service charges relating to The Hub equally between the four partners. This results in additional income of £0.023m per annum.

4.5.4 During 2018/19 Northumbria conducted an investigation (Operation Ruby) on behalf of the MET Police. Further work is being undertaken in relation to Operation Ruby until the end of July 2019 and the estimated value of the recharge is £0.097m by year-end.

4.6 **Other Points to Note** -A Serious Violence Fund grant of £2.320m has been allocated to the Force as part of the national response to Knife Crime issues. The funding is to be used to tackle the underlying causes of knife crime and serious violence. A spend plan has been submitted to the Home Office and awaiting formal approval. Subject to the spend plan being approved, the grant will be spent in full.

OPCC Revenue

4.7 The projected year-end budget position is currently in-line with the 2019/20 budget and delivers an in-year projected underspend of £0.07m.

4.8 Comprehensive spend plans have been developed in relation to the Commissioners Discretionary Fund. A spend plan of £0.645m has been approved to date, the remaining balance of the fund £0.105m is anticipated to be fully committed at year end.

4.9 The Commissioner has overall responsibility for Capital Financing costs with an approved budget of £9.403m. The net underspend on the capital financing budget is estimated to be £0.748m and relates to the Minimum Revenue Provision (MRP) budget and interest payable on borrowing. The cost of MRP reflects an annual charge for the principal repayment of borrowing. Borrowing undertaken to finance the capital programme each year is charged as MRP based on the useful life of assets. The MRP charge for 2019/20 includes a charge in respect of the final capital outturn for 2018/19. The reduction of £0.508m in the MRP charge against the budget estimate mainly reflects capital expenditure which is now anticipated in 2019/20. Interest payable on borrowing reflects an underspend of £0.240m which relates to the reduced borrowing requirement in respect of 2018/19 final capital expenditure, and planned long-term borrowing which has been secured at a lower borrowing rate than budgeted.

Conclusion

4.10 The overall group position is an in-year forecast underspend of £1.080m, this equates to a variance of 0.36% against the 2019/20 approved revenue budget.

Report Exemption	Non-exempt
Consultation	Yes - Information prepared by Finance, where variations have been found to the 2019/20 budget relevant responsible officers have been consulted with to understand the reasoning.
Resource	Yes - As outlined within the body of the report
Code of Ethics	No
Equality	No
Legal	No
Risk	Yes - As outlined within the body of the report
Communication	No
Evaluation	No