

# NORTHUMBRIA POLICE AND CRIME COMMISSIONER

## Key Decision

### Title and Reference

**CAPITAL MONITORING REPORT QTR. 2 2019/20 – AS AT 30 SEPTEMBER 2019**

**(PCC/ 403 /2019)**

### Summary

The Capital Monitoring forecast as at 30 September 2019 (Qtr. 2) is as follows:

2019/20 Scheme Expenditure	Revised Capital Programme £m	Actual Spend Qtr. 2 £m	Forecast Outturn Qtr. 1 £m	Forecast Outturn Qtr. 2 £m	Movement Qtr. 1 To Qtr. 2 £m
Building Works	7.356	0.960	7.021	4.680	-2.341
Information Technology & Digital Transformation	10.275	4.102	10.027	9.765	-0.262
Vehicles and Equipment	4.071	1.115	4.071	3.784	-0.287
NERSOU Schemes - Northumbria's contributions	0.128	0.034	0.128	0.128	0.000
<b>TOTAL CAPITAL PROGRAMME</b>	<b>21.829</b>	<b>6.210</b>	<b>21.246</b>	<b>18.356</b>	<b>-2.889</b>

The programme will be funded as follows:

	Revised Capital Programme £m	Forecast Outturn Qtr2 £m	Variance Forecast Outturn to Revised Capital £m
<b>Capital Programme</b>	<b>21.829</b>	<b>18.356</b>	<b>-3.473</b>
Funded by:			
Capital Receipts	-7.746	-7.746	0.000
Capital Grant & Contributions	-1.295	-1.295	0.000
Prudential Borrowing	-12.788	-9.315	3.473
<b>Total Funding</b>	<b>-21.829</b>	<b>-18.356</b>	<b>3.473</b>

All prudential indicators were within the approved limits.

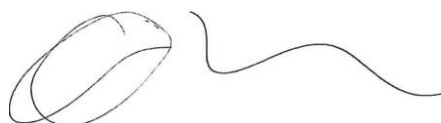
### Recommendation/Findings:

To note the Capital Monitoring (Qtr. 2) 2019/20, Funding and Capital Prudential Indicators.

### Northumbria Police and Crime Commissioner

I hereby approve the recommendation above.

Signature



Date 24.10.19

<b>JOINT BUSINESS MEETING</b>	<b>24 OCTOBER 2019</b>
<b>CAPITAL MONITORING REPORT QTR. 2 2019/20 – AS AT 30 SEPTEMBER 2019</b>	
<b>REPORT OF: MIKE TAIT, DIRECTOR OF FINANCE AND IT</b>	
<b>AUTHOR: SYLVIE WALKER-BARRAS, ACCOUNTANT</b>	

## 1. PURPOSE

- 1.1 This report sets out the capital forecast outturn including capital receipts for 2019/20 at 30 September 2019.

## 2. RECOMMENDATION

- 2.1 The Police and Crime Commissioner is requested to:
- Note the forecast outturn of £18.356m based on payments processed to date and current projections; and the reduction in forecast spend of £2.889m against the Qtr I forecast outturn of £21.246m.

## 3. BACKGROUND

- 3.1 The capital programme is prepared and approved in February each year and monitored and revised quarterly during the year, with the budget updated for slippage once a year in May. In between those times, budget managers review their budgets and update them in-line with programme progress.
- 3.2 At 30 May Joint Business Meeting (JBM), a revised capital programme of £21.829m was agreed.

## 4. KEY OUTCOMES - CAPITAL MONITORING 2019/20 – QTR. 2

- 4.1 As at Quarter 2, most projects are progressing in-line with the agreed capital programme with some still awaiting the outcome of reviews.
- 4.2 The table below shows the Forecast Capital Outturn at Qtr. 2 and Variance to Qtr I Forecast Outturn, as at 30 September 2019.

<b>2019/20 Scheme Expenditure</b>	<b>Revised Capital Programme £m</b>	<b>Actual Spend Qtr. 2 £m</b>	<b>Forecast Outturn Qtr. 1 £m</b>	<b>Forecast Outturn Qtr. 2 £m</b>	<b>Movement Qtr. 1 To Qtr. 2 £m</b>
Building Works	7.356	0.960	7.021	4.680	-2.341
Information Technology & Digital Transformation	10.275	4.102	10.027	9.765	-0.262
Vehicles and Equipment	4.071	1.115	4.071	3.784	-0.287
NERSOU Schemes - Northumbria's contributions	0.128	0.034	0.128	0.128	0.000
<b>TOTAL CAPITAL PROGRAMME</b>	<b>21.829</b>	<b>6.210</b>	<b>21.246</b>	<b>18.356</b>	<b>-2.889</b>

4.3 The variance from Qtr1 to Qtr2 forecast positions is currently projecting £2.889m underspend, some of which is likely to slip to 2020/21.

4.4 Details of the capital monitoring variances in **Appendix I** sets out a high level summary of the key budget areas. Details to note are set out below:

4.5 **Building Works** – the overall programme is currently on track; Hexham and Berwick refurbishments are due to be completed by calendar year end. The next five properties have been given approval to go to tender and the delivery/costs profile of those properties has been rephased to reflect the timescale currently known for the projects; the reported position at Qtr1 was a forecast outturn of £7.021m and £0.335m underspend against budget. The revised position at Qtr2 is a forecast outturn of £4.680m and £2.676m underspend against budget, the movement is £2.341m. The key points to note are as follows:

4.5.1 Qtr1 £0.335m underspend is the result of the Building Access Control scheme not going ahead at this time, the budget has been re-aligned with the Estates Transition budget.

4.5.2 Further £2.341m underspend in Qtr2 is the result of rephasing the Estates Refurbishment Programme to accommodate the new Force Operating Model and other operational requirements, the costs will slip to 2020/21.

4.6. **Information Technology and Digital Transformation** - the programme is currently on track; the reported position at Qtr1 was a forecast outturn of £10.027m and £0.248m underspend against budget. The revised position at Qtr2 is a forecast outturn of £9.765m and £0.510m underspend against budget, the movement is £0.262m. The key points to note are as follows:

4.6.1. Qtr1 £0.248m underspend is the result of reduced spend on ICT mobile refresh to cover the purchase of spare sets, batteries, chargers, carry cases and in-building coverage.

4.6.2. At Qtr2, £0.426m underspend of the NPICCS replacement is the rephasing between financial years as a result of slippage in the Resource Management System (RMS) delivery plan.

4.6.3. Mobile Technology spend of £0.402m reflects the Force continuous commitment to embed modern technology into its working practices. The increased cost is £0.164m.

4.7 **Vehicles and Equipment** - the programme is currently on track; the reported position at Qtr1 was a forecast outturn of £4.071m and no variance against budget. The revised position at Qtr2 is a forecast outturn of £3.784m and £0.287m underspend against budget, the movement is £0.287m. The key points to note are as follows:

4.7.1 Vehicles – a number of vehicles due for replacement in the current year are in consultation with users regarding model and specification. They will be ordered this year, however due to delivery lead time they are unlikely to be received by year-end resulting in a forecast slippage of £0.287m.

4.8 The capital programme for 2019/20 will be financed as shown in the table below:

	Revised	Forecast	Variance Forecast
--	---------	----------	-------------------

	Capital Programme £m	Outturn Qtr2 £m	Outturn to Revised Capital £m
<b>Capital Programme</b>	<b>21.829</b>	<b>18.356</b>	<b>-3.473</b>
Funded by:			
Capital Receipts	-7.746	-7.746	0.000
Capital Grant & Contributions	-1.295	-1.295	0.000
Prudential Borrowing	-12.788	-9.315	3.473
<b>Total Funding</b>	<b>-21.829</b>	<b>-18.356</b>	<b>3.473</b>

- 4.9 Capital receipts are a key strategic funding source for the capital programme and significant receipts are expected over the next 2 years as the estates rationalisation programme will be completed. The forecast outturn for capital receipts is £8.812m detailed in **Appendix 2**, including the second payment for the sale of Ponteland. There is also a carry forward of capital receipts from 2018/19 of £7.944m.
- 4.10 The MTFS sets out that the majority of capital spending for short life assets will be financed from capital receipts. Building works as well as major ICT projects with longer asset lives will be supported by prudential borrowing as this provides the most cost effective form of financing. At this time capital financing is largely unchanged, however it is under regular review through prudent Treasury Management.
- 4.11 The capital financing position set out above is aligned with capital financing plans set out in the Medium Term Financial Strategy (MTFS) 2019/20 to 2022/23.
- 4.12 The prudential indicators for capital are set out in **Appendix 3**. All indicators were within the agreed limits as at 30 September 2019.

## 5. CONSIDERATIONS

<b>Report Exemption</b>	Non-exempt
<b>Consultation</b>	All allocated budget holders
<b>Resources</b>	Included within the report
<b>Code of Ethics</b>	No
<b>Equality</b>	No
<b>Legal</b>	No
<b>Risk</b>	Included within the report
<b>Communication</b>	No
<b>Evaluation</b>	No