

## NORTHUMBRIA POLICE AND CRIME COMMISSIONER

### Key Decision

#### Title and Reference

**Group Revenue Monitoring Position qtr. 3 2019/20 – as at 31 December 2019**

**(PCC/ 409 /2020)**

#### Summary

The Group Revenue Monitoring Position as at 31 December 2019 (Qtr.3) is as follows:

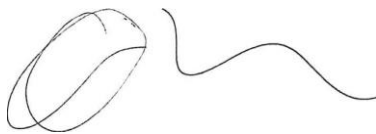
	Approved Budget 2019/20 £m	Outturn 2019/20 £m	Variance £m
<b>Group Position</b>			
Chief Constable	268.581	266.686	(1.895)
Police & Crime Commissioner	2.098	2.098	-
Capital Financing	9.403	8.430	(0.973)
<b>Group Position Total</b>	<b>280.082</b>	<b>277.214</b>	<b>(2.868)</b>
<b>Central Government Grant</b>	<b>(230.551)</b>	<b>(230.551)</b>	<b>-</b>
<b>Council Tax Precept</b>	<b>(53.531)</b>	<b>(53.531)</b>	<b>-</b>
<b>Central Grant &amp; Precept Total</b>	<b>(284.082)</b>	<b>(284.082)</b>	<b>-</b>
<b>Appropriations (To)/From Reserves</b>	<b>(4.000)</b>	<b>(6.868)</b>	<b>(2.868)</b>

#### Recommendation/Findings:

- To note the forecast Group outturn position of £277.214m at 31 December 2019.

#### Northumbria Police and Crime Commissioner

I hereby approve the recommendation above.



Signature

Date 23 / 01 / 2020

<b>Joint Business Meeting</b>	<b>23 January 2020</b>
<b>Group Revenue Monitoring Position qtr. 3 2019/20 – as at 31 December 2019</b>	
<b>Report of Mike Tait, Joint Chief Finance Officer</b>	
<b>Author: Sarah Goodman, Principal Accountant</b>	

## 1. PURPOSE

- 1.1 The purpose of this report is to provide an update on the Group revenue monitoring position for the period ending 31 December 2019.
- 1.2 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:
- Note the Group forecast outturn of £277.214m 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 1.02% which equates to £2.868m. The breakdown of the underspend is set out in the table below:

	Approved Budget 2019/20 £m	Outturn 2019/20 £m	Variance £m
<b>Group Position</b>			
Chief Constable	268.581	266.686	(1.895)
Police & Crime Commissioner	2.098	2.098	-
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<b>Appropriations (To)/From Reserves</b>	<b>(4.000)</b>	<b>(6.868)</b>	<b>(2.868)</b>

## 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 31 December 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.

## 4. KEY OUTCOMES - GROUP QUARTER 3 REVENUE POSITION

## Chief Constable Revenue

- 4.1 The overall projected year-end budget position for 2019/20 is currently showing an outturn £1.895m less than the 2019/20 budget which equates to 0.71% underspend.
- 4.2 The movement from the position reported in Quarter 2 is an increased underspend of £1.251m.
- 4.3 In reviewing the budget, the key areas of note and identified movement from the position reported in Quarter 2 are as outlined below:
  - 4.3.1. The forecast for income has increased by a further £0.744m as a result of the following:
    - Additional confirmed Uplift funding of £0.319m against previous estimates
    - Agreed in-year recharges of £0.193m to fully cover costs incurred due to Operation Madrid;
    - Increased demand for delivery of external firearms courses resulting in an additional £0.155m income by the end of the financial year
    - Small increases in relation to the sale of firearms to Police Scotland and regional ESN recharges.
  - 4.3.2. The forecast for the Specialist Representation/External Legal advice budget has been reduced in-line with spend to date; the outturn is based on the current level of cases and estimated expenditure on these to end of the year. This has resulted in an in-year underspend of £0.100m.
  - 4.3.3. The overarching year-end workforce budget position is projected to be £0.612m lower than budget, 0.27% of the workforce budget. This outturn includes the following:
    - A reduction of £0.144m in the outturn for ill health retirements since the position reported at Quarter 2; it is now expected 10 will complete in-year opposed to the 12 that was previously reported.
    - **Police Officers** – Costs incurred to date are £120.989m based on 9 pay periods to end of December 2019, with a forecast outturn of £161.478m; this reflects an increase of £0.045m from the position reported at Quarter 2.
      - Planned recruitment remains on target to deliver the planned uplift of 63FTE by year-end. The March intake will be managed to ensure compliance with the national Uplift requirements.
      - Confirmation has been received that Northumbria will receive £0.887m to cover the full cost of Uplift for 2019/20; this is an increase of £0.319m from the estimate previously included. Of this, £0.568m is estimated for the cost of Police Officers, the remainder covers costs relating to other associated pay and non-pay budget areas.
    - **Police Staff** – Costs incurred to date are £42.879m based on 9 pay periods to end of December 2019. The forecast outturn is £58.336m based on the most recent workforce plan and includes the full impact of the 2.5% staff pay award which was confirmed in a letter dated 25/09/2019; all back dated payments for this have now been made. This outturn is a reduction in the projected forecast spend of £0.120m from the position reported at Quarter 2.
  - 4.3.4. **Overtime** – the current forecast for overtime remains on track.
  - 4.3.5. Alongside these reductions in the projected outturn, there have been some small additional pressures in relation to the implementation of the FOM and replacement of operational equipment.
  - 4.3.6. The remaining movement of £0.100m is made up of a number of one-off in-year variances across the remainder of the revenue budgets.

4.4 **Serious Violence Funding** – The Quarter 3 position reported to the Home Office in January 2020 reflects spend to date of £1.750m which is 75.4% of approved funding. Spend plans have been approved in relation to planned overtime for the remainder of the year, and all equipment orders have now been placed. There is no risk associated with this funding, it will be fully utilised by 31 March 2020.

**OPCC Revenue**

- 4.5 The projected year-end budget position is reflecting to breakeven in year.
- 4.6 Comprehensive spend plans have been developed in relation to the Commissioners Discretionary Fund. A spend plan of £0.667m has been approved to date, the remaining balance of the fund £0.083m is anticipated to be fully committed at year end.
- 4.7 **Violence Reduction Unit** – The VRU team is now fully established and the Quarter 3 return, to be submitted to the Home Office January 2020, reflects that £1.095m of funding has been spent; this is 68.0% of allocated funding. The VRU Strategic Board approved Grants to the value of £0.791m which makes up the majority of actual spend to date.

**Capital Financing**

- 4.8 The Commissioner has overall responsibility for Capital Financing costs with an approved budget of £9.403m which includes the revenue costs of borrowing (interest and principal repayment) and income receivable (investment interest and Home Office loan charges grant). The last Quarter has seen no change in planned borrowing for the year and interest rates remain unchanged.
- 4.9 The outturn therefore reflects no change to the position reported in Quarter 2; the net underspend on the Capital Financing budget remains an estimated £0.973m.

**Conclusion**

4.10 The overall group position is an in-year forecast underspend of £2.868m, this equates to a variance of 1.02% against the 2019/20 approved revenue budget.

**5. CONSIDERATIONS**

Report Exemption	Non-exempt
<b>Consultation</b>	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.
<b>Resource</b>	Yes - As outlined within the body of the report
<b>Code of Ethics</b>	No
<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