

# NORTHUMBRIA POLICE AND CRIME COMMISSIONER

## Key Decision

### Title and Reference

**Group Revenue Monitoring Position – as at 30 June 2020**

**(PCC/422/2020)**

### Summary

The Revenue Outturn as at 30 June 2020 (Qtr.1) is as follows:

	Approved Budget 2020/21 £m	Outturn 2020/21 £m	Variance £m
<b>Group Position</b>			
Chief Constable	283.382	286.081	2.699
Police & Crime Commissioner	2.264	2.264	-
Capital Financing	10.747	10.737	(0.010)
<b>Group Position Total</b>	<b>296.393</b>	<b>299.082</b>	<b>2.689</b>
<b>Central Government Grant</b>	<b>(246.938)</b>	<b>(246.938)</b>	<b>-</b>
<b>Council Tax Precept</b>	<b>(55.589)</b>	<b>(55.589)</b>	<b>-</b>
<b>Central Grant &amp; Precept Total</b>	<b>(302.527)</b>	<b>(302.527)</b>	<b>-</b>
<b>Appropriations (To)/From Reserves</b>	<b>(6.134)</b>	<b>(3.445)</b>	<b>2.689</b>

### Recommendation/Findings:

Note the following:

- The Group forecast outturn of £299.082m inclusive of Covid-19 related expenditure, which is based on payments processed to date and current projections, against a 2020/21 budget of £296.393 and reflecting an in-year projected overspend of 0.907% which equates to £2.689m.
- There is still no definitive position from the Home Office regarding the reimbursement of costs associated with Covid-19 in 2020/21.
- The Chief Constable will continue to review and report all pressures on the Force budget.

### Northumbria Police and Crime Commissioner

I hereby approve the recommendation above.

Signature



Date 28/07/2020

<b>Business Meeting</b>	<b>22 July 2020</b>
<b>Group Revenue Monitoring Position – as at 30 June 2020</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 30 June 2020; 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 2020/21 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:
  - a. The Group forecast outturn of £299.082m inclusive of Covid-19 related expenditure, which is based on payments processed to date and current projections, against a 2020/21 budget of £296.393 and reflecting an in-year projected overspend of 0.907% which equates to £2.689m.
  - b. There is still no definitive position from the Home Office regarding the reimbursement of costs associated with Covid-19 in 2020/21.
  - c. The Chief Constable will continue to review and report all pressures on the Force budget.

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### 3. BACKGROUND

- 3.1 The overall Group revenue budget for 2020/21 was agreed at £296.393m, the forecast outturn is based on spend to 30 June 2020 and summarised below.
- 3.2 Within the approved 2020/21 budget the following was provided for:
- £283.382m to fund the cost of Policing in the Force area by the Chief Constable.
  - £2.264m to meet the costs of the Office of the Police and Crime Commissioner.
  - £10.747m to cover the costs of capital financing.
- 3.3 Since the establishment of the 2020/21 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 forecasting an in-year overspend of £2.699m; this position includes the forecast impact to 31 March 2021 of Covid-19 related expenditure which equates to £2.161m as set out in the report below.
- 4.2 **Covid-19** – Expenditure to date and the forecasted impact to 31 March 2021 as a result of the Force's response to Covid-19 is £2.161m. The detail of this is set out in **Appendix A** which reflects the monthly Home Office return which we are required to submit.
- 4.3 This position does not include the expenditure incurred as a result of the National Procurement undertaken by Northumbria which equates to £1.857m to date. It is anticipated that this expenditure will be met in full by the Home Office, however the exact details and timeframe of this reimbursement is yet to be confirmed.

- 4.4 There is now a requirement to identify and record the additional cost pressures and savings from Covid-19 each month and provide a detailed return to the Home Office.
- 4.5 This monthly exercise is to assist the Home Office in reaching an accurate force-by-force financial assessment:
- 4.5.1. To help inform evidence of spend on Covid-19.
- 4.5.2. To ensure total additional spending on Covid-19 is captured in the round, so that the Home Office have a credible evidence base to support cross-Government conversations on the police's future funding needs.
- 4.6 This information is provided alongside the Police Uplift Programme (PUP) return.
- 4.7 There has been a change in the financial arrangements for payment of the PUP Grant. This was previously expected to be received quarterly in arrears following submission of a HO Office claim. In May of this year we received notification that this grant is to be paid monthly following submission of the PUP return and Covid-19 cost and savings capture template.
- 4.8 There will be no change for Northumbria in terms of what this Grant will fund; it will be used in its entirety to deliver the PUP, it is simply a change in when the payment is received; all Covid-19 additionality currently remains unfunded.
- 4.9 In addition to the monthly reporting, the Ministry for Housing Communities and Local Government (MHCLG) recently announced that the Government would introduce a scheme to compensate Local Authorities (Including Police and Fire) for lost income for sales, fees and charges; at a level of 75% for every £1 of losses above 5% of planned income. Further clarity is awaited, but this could result in reimbursement of up to £0.772m for Northumbria Police. The figures in this report do not include reimbursement until further information is received.

#### 4.10 **Non Covid-19 Variances**

- 4.11 **Workforce** – The Police Officer and Staff budgets have been profiled from the workforce and recruitment plan used to establish the 2020/21 workforce budget, and the forecast is based on the latest workforce plan of 01 July 2020.

In addition to the core Officer and Staff salary budgets, £5.900m has been included for workforce related investments within 2020/21. This investment budget has been included within the salary budgets and profiled based on 80% of the full year effect costs being realised in this financial year.

The overarching position of the current workforce plan, including allowances and pensions, is reflecting a forecast overspend of £0.721m (0.292%) of the workforce budget.

**Police Officers** – Police Officer pay is in line with budget, however there are some variances to note as follows:

- A reduction of £0.150m as a result of a change to officer recruitment plans (10FTE from June 2020 profiled to later in the year) which will have no impact on 31 March 2021 position and meeting all Uplift recruitment targets.
- Pressure of £0.165m as a result of the pension auto enrolment scheme; there are currently 39FTE officers that have remained in the scheme (see 4.6 below).

**Police Staff** – Police Staff pay forecast is to overspend by £0.838m, 1.30% of the budget.

The over spend is forecast as a result of the following variances:

- Operation Absolute was originally a planned 12 month operation; it was included in the budget to the end of June 2020. The operation has been extended and it is now expected to continue for the remainder of the year at a cost of approximately £0.240 for 6FTE Police Staff Investigators (PSI's).
- Contact Handlers are currently over established by 4 FTE and this position is expected to continue for the full financial year at a cost of £0.144m, in order to manage demand and ensure no resource pressures as a result of individuals moving to Police Office roles. There is a planned intake of Contact Handlers in September which is aligned to the implementation of the Capital project and replacement of Command and Control system which may result in a further pressure against the staff budget.
- Police Community Support Officers (PCSO's) were over established for April and May by 7.3FTE before a reduction following successful appointment into Police Officer roles; the cost of this is approximately £0.040m.
- Recruitment of approved investment staff posts is continuing and the slippage is not expected to be as high as originally anticipated due to the proactive progression of these roles. Current forecast underspend against this budget is £0.300m but work continues around the profiling of the individual areas and posts.
- The assumption around Police staff auto enrolment into the pensions scheme have been updated to reflect an in year pressure of £0.195m. (See 4.6 below).
- The variance against budgeted structure is estimated to be less than the 2% assumed as part of the budget setting exercise; whilst not directly attributable to Covid-19, there may be an indirect link due to perceived employment security during this period.

#### 4.12 Pension Auto Enrolment

4.12.1 Auto enrolment into a workplace pension scheme is a compulsory requirement every 3 years; at this point all Officers and Staff who meet the relevant criteria, and who are not enrolled into the workplace pension scheme, are automatically re-enrolled into the relevant scheme. Those re-enrolled then have a 3 month period within which to decide to remain in the scheme or formally opt back out of the scheme again. If they choose to opt back out of the relevant scheme, within this period, then both employer and employee will be refunded any contributions.

4.12.2 There were 146FTE Officers and 146FTE Staff re-enrolled into the Pension scheme as at 01 May 2020.

4.12.3 At the time of setting the 2020/21 budget a provision of £0.265m was included to meet the estimated increased employer costs. The numbers of employees that have remained in the scheme are higher than estimated; however, individuals have until the end of July to opt out, at which time the employer's contribution for the last 3 months can be recovered.

4.13 **Overtime** – The current forecast for overtime is a slight underspend against budget at year end, this is considered to be as a result of the move to 12 hours shifts for officers in the first 3 months of the year as a result of the Force's response to Covid-19. All Covid-19 overtime costs are captured as part of the costs and savings exercise and are charged to specific cost centre and are excluded from this position.

- 4.14 **Force Contingency** – in previous years, the force contingency budget has remained under profile for the majority of the year; however due to the volume and type of additional activity currently ongoing, for example BLM Protests, the contingency budget is over profile already and is going to be under increasing pressure in 2020/21.
- 4.15 There have been no operational requests for contingency allocations in June and one award of £0.057m to cover the addition cost of Covid-19 task forces on the Force Bank Holiday budget. However, it is assumed that additional expenditure in relation to Black Lives Matter protests on 13 June and 20 June 2020, estimated to be in the region of £0.240m, and further planned protests will be met from the contingency.
- 4.16 **Non Pay Budget Variances** – As at the end of period 3, non-pay expenditure and income is reflecting a forecast overspend of £1.383m against budget; £1.370m of this overspend is attributable in full to Covid-19. **Appendix A** shows the Covid-19 related variances per key budget area. Overall the remaining non pay projections are mostly in-line with budgets; key points to note are set out below:
- 4.16.1. Confirmation has been received from the Highways Agency in relation to the average speed cameras on the A1. The cameras will be in place until autumn 2022 and during 2020/21 additional unbudgeted income will be received of £0.111m.
- 4.16.2. ICT Operational and Back office Product Support are forecasting an in-year overspend of £0.085m as a result of the following:
- Following clarification of the Qlik Data Integration (QDI) contractual arrangements as part of the Qlik project, some of the costs are now correctly charged to revenue not capital; resulting in a pressure of £0.057m on the revenue budget.
  - There is a need to continue with a recruitment support system for a further 12 months at a cost of £0.018m, this will ultimately be replaced by HRIT project delivery.

## **OPCC Revenue**

- 4.17 The projected year-end budget position is currently in-line with the 2020/21 budget and delivers a break even position at year end.
- 4.18 Comprehensive spend plans have been developed in relation to the Commissioners Discretionary Fund. A spend plan of £0.706m has been approved to date, the remaining balance of the fund £0.44m is anticipated to be fully committed at year end.
- 4.19 The Commissioner has overall responsibility for Capital Financing costs with an approved budget of £10.747m. The forecast outturn at the end of quarter one is a projected underspend of £0.010m. This is due to the impact of decreases in base interest rates on investments and short-term variable rate borrowing requirements during the Covid-19 pandemic.
- 4.20 **Other Points to Note** - In addition to core budgets, there are a range of approved funding streams within 2020/21, including VRU, Serious Violence Fund and CADA; it is anticipated that all funding will be fully spent by 31 March 21.

## **5. CONCLUSION**

- 5.1 The overall group position is an in-year forecast overspend of £2.689m, this equates to a variance of 0.907% against the 2020/21 approved revenue budget; of which £2.161m relates to Covid-19 expenditure.

<b>Report exemption</b>	<b>Non-exempt</b>
<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>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

Covid-19 – Costs to 30 June and Forecast to 31 March 2021

APPENDIX A

Budget Area		Actual Cost to Date 06 July 2020	Year End Forecast to 31 March 21	Assumptions
Category	Item	£000	£000	
Workforce	Overtime - Officers	417	510	Spend to date includes actual costs associated with the move to 12 hour shift pattern from March to 31 May, actual overtime incurred on 4 Bank Holidays in year, and actual overtime that has been worked and considered to be as a result of Covid-19. The forecast is based on the following: Impact of the 12 hour shift pattern up to 22 June, the assumption that lockdown restrictions will be further eased over the next 3 months therefore no overtime will be charged against Covid from the end of August as this will be considered BAU, estimated additionality for August Bank Holiday.
Workforce	Overtime - Staff	54	66	Staff overtime incurred in relation to Covid, including bank holiday and increased cleaning requirement
Workforce	Other workforce	-	23	Extension of ICT Agency resource, contracted to work on HRIT project
	<b>SUBTOTAL (£000)</b>	<b>471</b>	<b>599</b>	
Infrastructure & Estates	IT/home working	84	139	Avaya home working licenses, Osca Points, BT Meetme accounts, Web ex licences virtual remand enabling kit, monitors, keyboards, headsets etc.
Infrastructure & Estates	Estate cleaning	8	20	Additional cleaning of custody cells
Infrastructure & Estates	Specialist cleaning materials	11	93	Increased number of cleans as a response to Covid. Purchase of anti-bacterial cleaning agents, cloths, paper towels and hand pump soap.
Infrastructure & Estates	Fleet cleaning	5	11	Increase in requirement for fleet cleaning deep cleaning/valetting following the transportation of suspected Covid sufferer
Infrastructure & Estates	Additional Fleet Repair Costs		44	The delay in the purchase of new vehicles will result in increased servicing and repair costs on current Fleet
Infrastructure & Estates	Estates Costs (Other)	105	125	Purchase of screens for social distancing, works at Southwick custody suites, additional clinical waste bins for disposal of PPE
Income loss	Income loss - NDORS		274	In the first 2 months of the year the reduction of income is £180k from the same period in 19/20; the forecast position assumes that completions will increase later in the year. The assumption is based on an increase of 1,453 Speed Awareness Courses between April and May, from 935 (April) to 2,388 (May)
Income loss	Public events (e.g. sporting)		330	Estimated loss in income as a result of cancelled events (SPS) and Football matches played behind closed doors
Income loss	CVRS		30	Reduction in admin fees associated with the Vehicle Recovery Service
Income loss	Income loss - training		226	Cancellation of Firearms and Marine training courses
Income loss	Other		425	Impact across the following income budgets: Immigration recharges, Police Led Prosecutions, Extracts from reports, Sale of vehicles, Fingerprinting, Overseas visitor registration
Specialist Equipment	PPE	383	527	This forecast includes all expenditure relating to PPE, consumables and medical supplies. After initial stock piling of PPE to ensure suitable levels of supplies, the management of PPE is being embedded as BAU; the projections are based on estimates of approx. £14k per month across these areas for the remainder of the year.
Other	Other	10	79	Forensics top up payment £67k and ad-hoc one-off cleaning equipment £10k
	<b>SUBTOTAL (£000)</b>	<b>606</b>	<b>2,323</b>	
Saving	Cancelled major events		(139)	Reduction in planned overtime as a result of cancelled public events (SPS) and Football matches
Saving	Estates - Fuel		(102)	Savings as a result of BP arrangement to provide free fuel until 7 June 2020
Saving	Estates - utilities		(74)	Actual savings against budget for first quarter. Consumption data requested to determine price/ consumption variance to prior year. No savings estimated beyond June 2020 until social distancing measures implemented
Saving	Other	8	(446)	Reductions against budget across a number of areas, e.g. travel and subsistence, external training
	<b>SUBTOTAL (£000)</b>	<b>8</b>	<b>(761)</b>	
<b>GRAND TOTAL REVENUE</b>		<b>1,084</b>	<b>2,161</b>	
<b>EXTERNAL FUNDING SCHEMES</b>				
AIRPORT			195	Contractual arrangements remain under 2 weekly review; there is currently no change to the suspensions of the services for the next 2 weeks, however a schedule for the return of the airport team has been proposed and agreed; assumes a return to full team by 3 August 2020.
THE GATE			18	Assumptions remain that impact is until end of August 2020
<b>CAPITAL</b>				
Purchase of Computer Equipment			184	
<b>TOTAL COST TO THE FORCE</b>		<b>1,084</b>	<b>2,558</b>	