

NORTHUMBRIA POLICE AND CRIME COMMISSIONER

Key Decision

Title and Reference

CAPITAL MONITORING REPORT QTR. I 2020/21 – AS AT 30 JUNE 2020

(PCC/423/2020)

Summary

The Capital Monitoring forecast as at 30 June 2020 (Qtr. I) is as follows:

2020/21 Scheme Expenditure	Revised Capital Programme £m	Actual Spend Qtr. I £m	Forecast Outturn Qtr. I £m	Total Variance Qtr. I £m
Building Works	8.150	0.145	8.150	0.000
Information Technology & Digital Transformation	6.186	0.563	6.359	0.173
Vehicles and Equipment	4.753	0.029	3.887	(0.865)
NERSOU Schemes - Northumbria's contributions	0.166	0.003	0.166	0.000
TOTAL CAPITAL PROGRAMME	19.255	0.741	18.563	(0.692)
TOTAL FUNDED CAPITAL SCHEMES	0.065	0.000	0.080	0.015
TOTAL CAPITAL SPEND	19.320	0.741	18.643	(0.677)

The programme will be funded as follows:

	Revised Capital Programme £m	Forecast Outturn £m	Variance Forecast Outturn to Revised Capital £m
Capital Spend Programme	19.320	18.643	(0.677)
Funded by:			
Capital Receipts	0.000	0.000	0.000
Capital Grant & Contributions	(0.403)	(0.418)	0.015
Prudential Borrowing	(18.917)	(18.225)	0.692
Total Funding	(19.320)	(18.643)	0.677

All prudential indicators were within the approved limits.

Recommendation/Findings:

To note the Capital Monitoring (Qtr. I) 2020/21 Funding and Capital Prudential Indicators.

Northumbria Police and Crime Commissioner

I hereby approve the recommendation above.

Signature



Date 28/07/2020

Business Meeting	22 July 2020
Capital Monitoring Report Qtr. I 2020/21 – as at 30 June 2020	
Report of Mike Tait, Joint Chief Finance Officer	
Author: Sylvie Walker-Barras, Accountant	

1. PURPOSE

1.1 The purpose of this report is to set out the capital forecast for 2020/21 at 30 June 2020.

2. RECOMMENDATION

2.1 The Police and Crime Commissioner is requested to:

a. Note the report.

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 between those times, budget managers review their budgets and update them in-line with programme progress.

3.2 At 25 June JBM, a revised capital programme of £19.320m was agreed.

4. CAPITAL MONITORING 2020/21 – QUARTER I

4.1 As at Quarter I, most projects have been started with some awaiting the outcome of reviews and some projects delayed due to social distancing requirement.

4.2 The forecast capital outturn and variations to the revised programme, as at 30 June 2020 are set out in the table below:

2020/21 Scheme Expenditure	Revised Capital Programme £m	Actual Spend Qtr. I £m	Forecast Outturn Qtr. I £m	Total Variance Qtr. I £m
Building Works	8.150	0.145	8.150	0.000
Information Technology & Digital Transformation	6.186	0.563	6.359	0.173
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TOTAL CAPITAL PROGRAMME	19.255	0.741	18.563	(0.692)
TOTAL FUNDED CAPITAL SCHEMES	0.065	0.000	0.080	0.015
TOTAL CAPITAL SPEND	19.320	0.741	18.643	(0.677)

4.3 The overall year-end forecast position is currently projecting an underspend of £0.692m excluding funded schemes, which is likely to slip to 2021/22.

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 programme is under review; key points to note are as follows:

4.5.1 **Estates Refurbishment Programme** – Southwick refurbishment is to be completed by the end of September. The remaining refurbishment work on all other stations is currently under review as a consequence of understanding the full implications of ‘COVID-secure’ requirements, and contractual obligations. This will likely change the forecast outturn for the refurbishment programme, once the review has been completed this will be included within the Quarter 2 report.

4.6. **Information Technology and Digital Transformation** - the programme is currently on track; key points to note are as follows:

4.6.1 **People Management Board (HRIT)** – This contract is a time and materials contract and has the potential for additional spend as contractors review the level of work required. In addition, owing to the complexity involved in the systems and the vast number of interfaces with other systems, it was necessary to procure the services of an experienced Test Manager to ensure the implemented system delivers the anticipated business benefits and user experience; this role was not accounted for within the original project scope/costing profile. The projected overspend of £0.173m is the result of variations to the contract to cover the Test Manager role and 2 change requests relating to the creation and migration of data to a test system prior to updating the live system; and for additional work on system generated reports and alerts. The overspend of £0.173m will increase the borrowing requirement in respect of the HRIT capital project, requiring repayment through the capital financing budget over 5 years at £0.035m per annum.

4.7 **Vehicles and Equipment** - the programme is currently on track; key points to note are as follows:

4.7.1 **Vehicles** – The National Vehicle Tender has been delayed and the Contract will not start until 01 April 2021. An interim arrangement for 2020/21 is being put in place by Bluelight Commercial, who have been informed of our requirements and are negotiating with suppliers. The outcome of the negotiations is expected shortly, after which orders can be placed. Manufacturers are back up and running and the reduced estimate outturn is a hopeful projection that all those vehicles will be delivered by the end of the year. There is a risk that not all vehicles will be supplied in 2020/21.

4.8 The capital programme for 2020/21 will be financed as shown in the table below:

	Revised Capital Programme £m	Forecast Outturn £m	Variance Forecast Outturn to Revised Capital £m
Capital Spend Programme	19.320	18.643	(0.677)
Funded by:			
Capital Receipts	0.000	0.000	0.000
Capital Grant & Contributions	(0.403)	(0.418)	0.015
Prudential Borrowing	(18.917)	(18.225)	0.692
Total Funding	(19.320)	(18.643)	0.677

- 4.9 As part of the setting of the 2020/21-2023/24 Medium Term Financial Strategy (MTFS) the use of Capital receipts was reconsidered. The decision was taken to retain the Capital Receipts and utilise the receipts in later years of the MTFS, the funding was replaced by Prudential Borrowing. This decision was made in the context of significant cuts (74%) to Government grant funding for capital in 2020/21. Capital Receipts will be retained in the short-term and focussed on funding the later years of the MTFS to ensure that the medium term capital plans are affordable in full.
- 4.10 The Estates Rationalisation Programme will be completed in the current financial year. The forecast outturn for capital receipts is £7.054m including the final payment for the sale of Ponteland. There is also a carry forward of capital receipts from 2018/19 of £7.944m and £7.112m from 2019/20.

5. CONSIDERATIONS

Report exemption	Non-exempt
Consultation	All allocated budget holders
Resource	Included within the report
Equality	No
Legal	No
Risk	Included within the report
Communication	No
Evaluation	No