

NORTHUMBRIA POLICE AND CRIME COMMISSIONER

Key Decision

Title and Reference

Group Revenue Monitoring Position – as at 30 September 2020

(PCC/429/2020)

Summary

The Group Revenue Outturn as at 30 September 2020 (Quarter 2) is as follows:

	Approved Budget 2020/21 £m	Outturn 2020/21 £m	Variance £m
Group Position			
Chief Constable	283.382	284.579	1.197
Police & Crime Commissioner	2.264	2.244	(0.020)
Capital Financing	10.747	10.028	(0.719)
Group Position Total	296.393	296.851	0.458
Central Government Grant	(246.938)	(246.938)	-
Council Tax Precept	(55.589)	(55.589)	-
Central Grant & Precept Total	(302.527)	(302.527)	-
Appropriations (To)/From Reserves	(6.134)	(5.676)	0.458

Whilst the net position is an overall overspend of £0.458m (0.15%), this is the net effect of an overspend on the combined PCC and CC revenue budget (£1.177m), and an underspend on Capital Financing costs (£0.719m).

All core budgets of the PCC and CC are in balance; however, there is a forecast overspend of £1.177m which is primarily as a result of Covid-19 (£1.272m). The PCC has set aside £1.000m in the General Reserve to manage the cost impact of Covid-19 should these costs not be fully met by government.

The underspend on Capital Financing costs (£0.719m) is due to slippage and phasing of the 2020/21 Capital Programme, and will be needed in future years to fund re-phased capital projects

Recommendation/Findings:

Note the following:

- The Group forecast outturn of £296.851m 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 £0.458m (0.15%).
- The updated position from that reported at Quarter 1 in relation to the Home Office reimbursement of some costs and irrecoverable income loss associated with Covid-19.
- 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

A handwritten signature in blue ink, consisting of a large, stylized 'C' followed by a wavy line.

Date 29.10.20

BUSINESS MEETING	29 OCTOBER 2020
GROUP REVENUE MONITORING POSITION – AS AT 30 SEPTEMBER 2020	
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 September 2020.
- 1.2 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 £296.851m 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 £0.458m (0.15%).
- b. The updated position from that reported at Quarter 1 in relation to the Home Office reimbursement of some costs and irrecoverable income loss associated with Covid-19.
- c. The Chief Constable will continue to review and report all pressures on the Force budget.

	Approved Budget 2020/21 £m	Outturn 2020/21 £m	Variance £m
Group Position			
Chief Constable	283.382	284.579	1.197
Police & Crime Commissioner	2.264	2.244	(0.020)
Capital Financing	10.747	10.028	(0.719)
Group Position Total	296.393	296.851	0.458
Central Government Grant	(246.938)	(246.938)	-
Council Tax Precept	(55.589)	(55.589)	-
Central Grant & Precept Total	(302.527)	(302.527)	-
Appropriations (To)/From Reserves	(6.134)	(5.676)	0.458

3. BACKGROUND

- 3.1 The overall Group revenue budget for 2020/21 was agreed at £296.393, the forecast outturn is based on spend to 30 September 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 (CC).
 - £2.264m to meet the costs of the Office of the Police and Crime Commissioner (PCC).
 - £10.747m to cover the costs of Capital Financing.
- 3.3 Since the establishment of the 2020/21 revenue 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 2 REVENUE POSITION

Chief Constable Revenue

- 4.1 The overall projected year-end budget position is currently forecasting an in-year spend of £284.579m; which is £1.197m over budget; this position includes the forecast impact to 31 March 2021 of Covid-19 related expenditure which equates to £1.272m, 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 £1.272m. The detail of this is set out in Appendix A which reflects the monthly Home Office (HO) return which we are required to submit.
- 4.3 This position now includes the reimbursement of all medical grade Personal Protective Equipment (PPE); a detailed return in relation to expenditure incurred in procuring medical grade PPE for the period 01 March 2020 to 27 July 2020 was submitted and it is estimated the payment will be received in the next month; in total this equated to £0.654m and has been included within the Covid-19 projections.
- 4.4 The HO have also launched an irrecoverable income loss recovery scheme, the first claim for actual income lost April – July 2020 has been submitted to the value of £0.639m; this includes a 5% deduction with 75p of every £1 thereafter being reimbursed, and has been included within the Covid-19 projections.
- 4.5 The PCC has set aside £1.000m in the General Reserve to manage the cost impact of Covid-19 should these costs not be fully met by government.
- 4.6 In reviewing the budget, the key areas of note and identified movement within non Covid-19 variances from the position reported in Quarter 1 are outlined below:
- 4.7 **Workforce** – The overarching year-end workforce budget position is projected to be £0.362m higher than budget.
- 4.8 **Police Officers** – Are forecasting an in-year underspend of £0.098m, primarily due to only achieving 73 new recruits in the September 2020 intake, as opposed to 80 recruits which was originally profiled. The 7 recruits have been re-profiled into March 2021 intake, and have resulted in an in-year underspend against budget.

- 4.9 Police Staff – The budget is forecasting an in-year overspend of £0.538m; this remains due to the auto enrolment and establishment variances identified in the Quarter 1 report, but has reduced by £0.300m over the period from the position reported in June as a result of the reprofile of some of the investment posts from October 2020 to later in the financial year.
- 4.10 Injury Pension – The Injury Pensions forecast is now reflecting an in-year underspend of £0.091m; this matches the current profiled claims progress. The original budget included a provision of £0.150m for backdated claims following successful appeals on pension bandings, there are currently only 2 appeals being progressed; it is unlikely that expenditure in the remainder of the year could utilise the underspend to date.
- 4.11 Core Overtime – The combined forecast for core (business as usual) officer and staff overtime is a forecast breakeven position at year-end; this has increased by £0.164m from the position reported at Quarter 1. The pressure relates to Police Staff Overtime.

The following overtime variances should be noted:

- Police Officer overtime budgets are forecasting an in-year underspend of £0.135m. The recently announced Covid-19 Surge funding of £0.924m may impact on this position further.
 - Police Staff overtime budgets are forecasting an in-year overspend of £0.135m; this overspend relates to the costs associated with bank holidays and pressures in Crime, Communications and Safeguarding.
 - Force Contingency – The Force Contingency budget remains over profile for this point in the year with £0.335m of the original £0.400m budget being allocated in the first half of the year. Agreement has been given to increase the contingency budget by vireing £0.100m to manage any additional pressures in the second half of the year.
- 4.12 **Non Pay Budget Variances** – As at the end of Quarter 2, non-pay budgets are showing a net outturn position of £0.414m less than budget, this is a reduction of £0.418m from Quarter 1.

4.12.1. Main areas of movement from the position reported in Quarter 1:

- **Forensics Services** – The managed service fee for casework is a set monthly fee agreed as a seven Force collaboration. The split of the monthly fee is based on the individual Force spend over a six month period. Between April and September Northumbria's payment equates to 11%. However, due to a number of high cost cases and a large number of submissions for murders in the period June to Sept 2020, Northumbria's percentage of the Managed Service Fee increased to 19.8%. In addition to this, in September we received correspondence from Eurofins that they were increasing the Monthly Managed Service Fee by 7.5% on top of the 2.5% contract price increase. This was due to the region overspending at 7.5% and the contract tolerance being +/- 5%.

The consequence of this is that the forecast has increased by approximately £0.200m from the position reported at Quarter 1.

- **External Training** – A reduction in forecast spend of £0.200m has been reflected against this budget area. Work is ongoing with external providers to book courses, but this is dependent on national demand and availability, it is therefore anticipated that the budget will be underspent at year-end.
- **Degree Holder Entry Programme (DHEP) Course Fees** – The forecast has been reduced to reflect an in-year underspend of £0.170m against budget. The original budget was based on the assumption that the full £6,000 per student would be paid in year one; however, the payment schedule for DHEP course fees has been agreed with

the University. The fees are £1,500 per student per term, and are payable within the first few weeks of the term commencing. The DHEP intakes are profiled as 30FTE November and 30FTE March. Based on confirmed term dates (November and March), we are only required to pay term 1 and 2 fees for the 30FTE that will start in November 2020, all costs associated with the March intake will be met from the 2021/22 budget.

- **NPICCS Replacement** – Due to a revision of the project timeline and implementation date for the NPICCS Replacement, budgeted expenditure of £0.271m in relation to the Command and Control system support and maintenance from Sopra Steria will not be required in 2020/21. The revised implementation date is now June 2021.

OPCC Revenue

- 4.13 The projected year-end budget position is currently in-line with the 2020/21 budget and is expected to deliver an in-year underspend of £0.020m (0.08%). This remains in-line with the position reported at Quarter 1 and reflects a slight underspend against Office Costs.

Capital Financing

- 4.14 The Commissioner has overall responsibility for Capital Financing costs with an approved budget of £10.747m which includes the revenue costs of borrowing (interest and principal repayment) and income receivable (investment interest).
- 4.15 The net underspend on the Capital Financing budget is estimated to be £0.719m, this is due to slippage and phasing of the 2020/21 Capital Programme, and will be needed in future years to fund re-phased capital projects. See the table below:

Capital Financing Budget 2020/21	Budget 2020/21 £000	Q2 Forecast £000	Q2 Variance £000
Minimum Revenue Provision (MRP)	7,952	7,450	(502)
Interest on Borrowing	3,170	2,888	(282)
Loan Charges Grant	(120)	(120)	0
Investment Interest	(255)	(140)	115
Other Investment Income	0	(50)	(50)
Total	10,747	10,028	(719)

Conclusion

- 4.16 Whilst the net position is an overall overspend of £0.458m (0.15%), this is the net effect of an overspend on the combined PCC and CC revenue budget (£1.177m), and an underspend on Capital Financing costs (£0.719m).
- 4.17 All core budgets of the PCC and CC are in balance; however, there is a forecast overspend of £1.177m which is primarily as a result of Covid-19 (£1.272m). The PCC has set aside £1.000m in the General Reserve to manage the cost impact of Covid-19 should these costs not be fully met by government.

4.18 The underspend on Capital Financing costs (£0.719m) is due to slippage and phasing of the 2020/21 Capital Programme, and will be needed in future years to fund re-phased capital projects.

5. CONSIDERATIONS

Report Exemption	Non-exempt
Consultation	Yes - Information prepared by Finance, where variations have been found to the 2020/21 budget relevant responsible officers have been consulted with to understand the reasoning.
Resource	Yes - As outlined within the body of the report
Equality	No
Legal	No
Risk	Yes - As outlined within the body of the report
Communication	No
Evaluation	No

Budget Area		Actual Cost to Date 30 September 2020	Year End Forecast to 31 March 21	Assumptions
Category	Item	£000	£000	
Workforce	Overtime - Officers	567	580	Spend to date includes actual costs associated with the move to 12 hour shift pattern from March to 22 June, 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.
Workforce	Overtime - Staff	62	65	Staff overtime incurred in relation to Covid, including bank holiday and increased cleaning requirement
Workforce	Other workforce	57	252	Extension of ICT Agency resource, contracted to work on HRIT project and the dedicated PPE Team and an increase in cleaning provision of 19%
	SUBTOTAL (£000)	685	896	
Infrastructure & Estates	IT/home working	106	162	Avaya home working licenses, additional Airwave minutes, Osca Points, BT Meetme accounts, Web ex licences virtual remand enabling kit, monitors, keyboards, headsets etc.
Infrastructure & Estates	Estate cleaning	10	17	Additional cleaning of custody cells
Infrastructure & Estates	Specialist cleaning materials	15	57	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	8	12	Increase in requirement for fleet cleaning deep cleaning/valeting following the transportation of suspected Covid sufferer
Infrastructure & Estates	Additional Fleet Repair Costs		129	The delay in the purchase of new vehicles will result in increased servicing and repair costs on current Fleet
Infrastructure & Estates	ADDITIONAL FLEET HIRE COSTS	1	2	
Infrastructure & Estates	CV-19 TESTING CENTRES			
Infrastructure & Estates	Estates Costs (Other)	164	204	Purchase of screens for social distancing, works at Southwick custody suites, additional clinical waste bins for disposal of PPE
Income loss	Income loss - NDORS		150	Income loss to date is £220k, however the number of Speed awareness course completions has increased from 915 in April to 3400 in July therefore the impact on income has been reduced by £125k.
Income loss	Public events (e.g. sporting)		729	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	ACRO			
Income loss	Income loss - training		226	Cancellation of Firearms and Marine training courses
Income loss	Other		481	Impact across the following income budgets: Immigration recharges, Police Led Prosecutions, Extracts from reports, Sale of vehicles, Fingerprinting, Overseas visitor registration
Specialist Equipment	PPE	421	478	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. £28k per month across these areas for the remainder of the year.
Specialist Equipment	Testing kits			
Specialist Equipment	ADDITIONAL C19 EQUIP			
Other	Video enabled justice	-	-	Costs associated with Police Officer time (average 590 hours per month) plus 11 x £5 travel cards for detainee travel home. Assume this level going forward to 31 March 21. = approx £12k per month.
Other	Transporting suspects			
Other	Cost of borrowing			
Other	Other	58	67	Forensics top up payment £67k and ad-hoc one-off cleaning equipment £10k and floor and wall signage/arrows
	SUBTOTAL (£000)	783	2,745	
Saving	Cancelled major events		(322)	Reduction in planned overtime as a result of cancelled public events (SPS) and Football matches
Saving	20k recruitment slowdown			
Saving	Estates underspend			
Saving	Estates - Fuel		(102)	Savings as a result of BP arrangement to provide free fuel until 7 June 2020
Saving	Estates - utilities		(98)	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	Video enabled justice			
Saving	Other	11	(556)	Reductions against budget across a number of areas, e.g. travel and subsistence, external training
	SUBTOTAL (£000)	11	(1,078)	
Home Office PPE Reimbursement		-	(651)	Based on actual expenditure to date March - July 2020 but no longer includes any estimates going forward as medial Grade PPE supply will be supplied nationally
Home Office Irrecoverable income recovery			(639)	Based on April - July claim for actual lost income. 5% is deductible and the reimbursement is 75p of every 1.
GRAND TOTAL REVENUE		1,479	1,273	
EXTERNAL FUNDING SCHEMES				
AIRPORT			255	Contractual arrangements remain under review; the projection takes account of a proposed schedule to return the airport team of 1 Sgt and 4 PCs from 10th August on 12 hour shifts, with the NIAL paying for 10 of the 12 hours continuing through September then resuming contractual resourcing levels for the remainder of the year. The position has been agreed with NIAL and to be reviewed on a 3 weekly basis.
THE GATE				
CAPITAL				
Purchase of Computer Equipment		184	184	
TOTAL COST TO THE FORCE		1,663	1,712	