



NORTHAMPTONSHIRE POLICE, FIRE AND CRIME PANEL

30 NOVEMBER 2023

NORTHAMPTONSHIRE POLICE, FIRE AND CRIME COMMISSIONER

POLICE - FINANCIAL UPDATE AS AT PERIOD 6 2023/24 (SEPTEMBER 2023)

REPORT BY THE CHIEF FINANCE OFFICER

Purpose and Context

1. This report sets out the actual financial outturn for the financial year 2022/23.
2. This report sets out at a high level the forecast financial outturn for the period 1 April 2023 to 31 March 2024.
3. This report updates on the 2024/25 budget, precept and financial outlook.

Financial Outturn 2022/23

4. In April 2023, the panel received a financial update report as at period 10 January 2023, members subsequently asked that the final outturn for 2022/23 be included in the next financial update report.
5. The main variance to previous panel updates relates to additional grant funding was received from the Home Office in the year as a result of the better than planned police officer recruitment. This enabled the sum of £1.265m to be added to smoothing and neighbourhood reserves to support retaining Police Officer establishment at 1500 for as long as possible.

6. After this ring fenced transfer, the 2022/23 year end Policing outturn was £1.355m underspent and this equated to a 0.8% variance on the £160.4m budget as follows:

Budget Heading	Variance £'000
Budgets Consented to the Chief Constable	(2,115)
Force Investments and Savings	(216)
	(2,331)
Transfer to smoothing reserve to meet future operational requirements	1,265
Total variance	(1,066)
Managed by the Police Fire and Crime Commissioner	
- PFCC Staff and Office Costs	(15)
- Commissioning and Delivery Services	(13)
- Victims and Witnesses Grants and Other Income	(432)
Total variance	(460)
Capital Financing Costs	100
Budgeted Transfer to Reserves	76
Funding	(5)
Total Policing Forecast	(1,355)
Revenue contributions to fund capital expenditure	595
Transfer to general reserves	300
Transfer to reserves to meet future needs and requirements	460
Final Outturn	0

7. Some of the underspend was used to fund capital expenditure, some was used to increase general reserves and the balance transferred to reserves which will be used by the PFCC in discussions with the CC to support future needs and requirements.

Forecast Summary Revenue Outturn as at 31 March 2024

8. At this half way stage in the year, the period 6 forecast outturn shows a forecast net underspend of £913k.
9. This equates to a projected Force underspend of £706k and a £234k underspend in the budgets managed by the PFCC, offset by transfers from reserves and funding.
10. There are other pressures which may transpire later in the year which would reduce this forecast further.
11. The majority of the Policing budget is comprised of the Force budget which the PFCC consents to the Chief Constable annually. The conditions of this allocation are set out in a formal strategic outcomes letter from the PFCC to the Chief Constable each year. This letter sets out a number of requirements and expectations, including that the Chief Constable will manage the resources within his delegated budget and that any overspends would be discussed with the PFCC at an early stage.

12. The forecast is attached in detail as an Appendix and is summarised below:

Budget Heading	Budget £'000	Outturn £'000	Variance £'000
Budgets Consented to the Chief Constable	160,589	159,883	(706)
Force Investments and Savings	446	446	0
	161,035	160,329	(706)
Managed by the Police Fire and Crime Commissioner			
- PFCC Staff and Office Costs	1,276	1,252	(24)
- Commissioning and Delivery Services	6,678	6,432	(246)
- Victims and Witnesses Grants and Other Income	(2,074)	(2,038)	36
	5,880	5,646	(234)
Capital Financing Costs	2,798	2,798	0
Budgeted Transfer to Reserves	(1,561)	(1,511)	50
Funding		(23)	(23)
Total Policing Forecast	168,152	167,239	(913)

Chief Constable Budgets

13. Pressures on the Chief Constable's budget have mainly arisen from inflation and the impact of the re-opened staff pay award negotiations and tight financial management has enabled these pressures to be contained where possible or one off savings identified.

14. Key highlights are as follows:

- There is forecast to be a small underspend on the Police Pay budget. However, this budget is subject to police officer starters and leavers compared to forecast so is subject to change throughout the year.
- Additional one-off uplift funding is due to be provided to forces whose police officer recruitment is above the recruitment profile which includes Northamptonshire. Although this is not yet built into the forecast and could equate to circa £240K.
- As in previous years, given the timing of PCSO intakes, the PFCC has agreed with the Chief Constable that any PCSO underspends in the year will be transferred to reserves in order that funding can be ring fenced for neighbourhoods. As highlighted within the appendix, it is currently anticipated that £383k will be transferred to reserves. This transfer to reserves has already been accounted for in the forecast.

- The most significant variance in the chief constables budget envelope relates to an underspend as a result of additional national funding provided for police cell availability. This is one off funding and current national guidance is that will end in the current financial year.

PFCC Office and Delivery Budgets

15. The PFCC budgets are currently envisaged to underspend by £234k during the year. However, it is possible that this will increase further as the year progresses, mainly due to staff vacancies in Early Intervention and Youth.
16. Key headlines are:
 - The pressures in the PFCC Staffing, and Complaints budgets mainly relate to the higher than anticipated pay award. Underspends in the office budget such as travel and subsistence and printing have mitigated these costs.
 - It is envisaged the Police, Fire and Crime Plan Delivery Fund will be slightly overspent at the end of the year. This includes the work the PFCC commissioned on community engagement and consultation, with a particular focus on women's views to get a broader understanding of what would make them feel safer in Northamptonshire.
 - The OPFCC delivery budgets are underspent in the area of Early Intervention and Youth Provision due to staff vacancies which are taking longer to fill than originally anticipated.
 - Victims and Witnesses income due from MOJ is slightly lower than budget as this figure was not confirmed until after the budget was set.
 - An underspend has been released in Reducing Reoffending as costs in Integrated Offender Management are lower than originally envisaged.
17. The PFCC scrutinises the budget monitoring regularly throughout the year and receives regular detailed updates on Force performance at the Accountability Board.
18. Furthermore, the PFCC receives an annual update on the internal control framework which forms the head of internal audit's annual audit opinion and is set out within the annual governance statement in the annual statement of accounts.
19. The PFCC takes all opportunities to secure additional funding for Northamptonshire. Since his term in office, the PFCC has managed to secure over £18m for additional funding for Policing.

20. On behalf of Northamptonshire and Nottinghamshire, the Joint Commercial and Estates Team maintain and service commercial frameworks which have been established to provide value for money procurement for public sector organisations to use and which also generates some income for Northamptonshire.
21. By the end of 2023/24 it is envisioned that around £2m will have been generated in income from these frameworks. Of this, over £1m is retained in the county to help support the budget which provides essential police and fire services for local Northamptonshire residents.
22. Recent frameworks established are the new Estates and Facilities Frameworks set up to cover pre-planned and reactive maintenance. These frameworks are open to policing and non-policing organisations across the local areas of Northamptonshire, Bedfordshire, Lincolnshire and Nottinghamshire. These frameworks will embed in the coming months and whilst they meet our own procurement needs, there has been a lot of interest in them already and it is anticipated that additional framework income for Northamptonshire will also be generated.

Financial Outlook

23. Work has already started on the 2024/25 budget and Medium Term Financial Plan. In respect of funding, we continue to link in with West and North Northamptonshire colleagues throughout the year to use consistent estimates of the Police's share of the taxbase and council tax fund.
24. The 2023 Autumn statement has not been released at the time of writing the report. Therefore, as funding information is not available, the Medium Term Financial Plan is being modelled on a number of scenarios and will be refined over the coming months.
25. The detail of the Police allocations and the value of any top-sliced elements (reallocations) will not be available until the provisional settlement which is currently anticipated in December.
26. The Panel will recall that precept flexibility of £15 was provided in 2023/24 as part of the three year Home Office funding settlement for Policing due to maintaining police officer levels and as a result of high inflation and tight financial envelopes.

Budget and Precept Engagement

27. Each year following the provisional settlement, the PFCC undertakes a precept consultation with residents of Northamptonshire to gather their views which help to inform his precept intentions. This consultation will be launched in the near future.

Recommendation

28. That the Police, Fire and Crime Panel considerS the report.

Appendix A - Northamptonshire Police – Forecast Outturn as at 30 September 2023 (P6)

Budget Heading	Budget	Outturn	Variance
	£'000	£'000	£'000
Budgets Managed by the Chief Constable			
Non Devolved Budgets			
Police Pay and Oncosts	81,997	81,850	(147)
Police Community Support Officers (PCSOs)*	3,285	2,902	(383)
Other Pensions Costs	1,151	1,320	169
	86,433	86,072	(361)
*Anticipated PCSO Underspend transferred to neighbourhood reserve		383	383
	86,433	86,455	22
Devolved Budgets			
Devolved Operational Budgets	19,903	19,411	(492)
Control Room	6,308	6,240	(68)
Enabling Departments	28,386	28,269	(117)
Corporate Services	3,790	3,732	(58)
Central Budgets	7,930	8,034	104
Collaboration Units	7,839	7,742	(97)
	74,156	73,428	(728)
Budgets consented to the Chief Constable	160,589	159,883	(706)
Investment and Savings	446	446	0
Chief Constable	161,035	160,329	(706)
Budgets Managed by the PFCC			
PFCC Office Budget			
Staff and Office Costs	1,475	1,451	(24)
Contribution to Governance Costs from Fire	(199)	(199)	0
	1,276	1,252	(24)
Commissioning and Delivery Budgets			
Victims and Witnesses Services			
- Costs	2,724	2,714	(10)
- MOJ Grants and transfer from reserves	(1,999)	(1,963)	36
	725	751	26
Commissioning & Grants	100	100	0
- Proceeds of Crime and Property Act funding to support grants	(75)	(75)	0
Customer Services - Complaints	181	186	5
Delivery, Accountability and Digital	341	341	0
Domestic and Sexual Abuse Provision	138	138	0
Early Intervention & EI DA support	2,373	2,194	(179)
Joint Communications Team With Fire (net)	105	105	0
Reducing Reoffending	716	654	(62)
	4,604	4,394	(210)
Total Budgets Managed by the PFCC	5,880	5,646	(234)
Capital Financing Costs	2,798	2,798	0
Budgeted Transfer from Reserves	(1,561)	(1,511)	50
Funding		(23)	(23)
Total Policing forecast	168,152	167,239	(913)