

Committee: Police Committee- For information	Date: 20 th September 2018
Subject: Revenue Budget Monitoring Report to June 2018	Public
Report of: Commissioner of Police Pol 70-18	For Information
Report author: Mark Reeves, Interim Director of Finance	

Summary

The approved Chief Officer Cash Limited budget is £ 62.09m. The overall forecasted year end position at quarter one shows an almost balanced budget, predicted underspend of £0.72m. This underspend is predominantly in relation to current vacancies, however all vacancies are expected to be filled by November 2018. Of the 5 directorates within the Force three are forecasting underspend positions with two forecast to outturn on budget.

Whilst this is the report of the Commissioner of Police it should be noted that it has been completed in discussion with the Chamberlain.

Recommendation

Members are asked to note the report.

Main Report

Chief Officer Cash Limited Budget

1. Risks to outturn arising in Q1 without mitigation identifies an underspend of £0.72m. The Force has four operational directorates (Crime, Economic Crime, Intelligence and Information and Uniform Policing) and one support directorate (Business Support Directorate) The position for each activity area is shown in the table below.

Table 1: Directorate Outturn at Summary Level

Directorate	Budget £m	Q1 Actual £m	Outturn	
			Risk £m	Better/(Worse) £m
Crime	12.34	2.71	12.34	0.00
ECD - Core Units	5.46	1.43	5.36	0.09
ECD - Funded Units	2.10	5.78	2.20	(0.10)
I&I	10.95	2.18	10.52	0.43
UPD	12.77	3.18	12.47	0.30
BSD	18.48	13.45	18.48	0.00
Total Net Expenditure	62.09	28.73	61.37	0.72

Revenue

2. Crime Directorate shows a balanced budget as at Q1. However this may reveal an underspend at the end of the financial year if recruitment to vacant posts prove to be unsuccessful.
3. Economic Crime Directorate (ECD) - At the end of Q1, ECD funded units are forecast to return an overspend of £98k. Key risks include the possibility of an under achievement of income in the Academy (£136k). Potentially this could be covered by the National Lead Force grant, which includes training as a key element of the funding. At Q1, the NLF grant is trending to return an underspend (£1,127m), note NLF grant will only reimburse actual expenditure incurred. Liaison is continuing regularly with CoLP and the Home Office as to how the grant can be maximised and what year end arrangements would be were the grant not maximised. Further recruitment of police officers could reduce this. At Q1, the NFIB is £272k over profile against the £9.5m grant from the Home Office. Finance Business partners are working closely with operational colleagues to take steps to correct this budget to outturn by examining all non-pay spends and closely monitoring vacancies and recruitment in this area.
4. Intelligence and Information Directorate (I&I) is predicted to come in under budget by £0.43m due to the number of vacancies held since start of the 2018/19 financial year. Recruitment has commenced to fill vacant posts.

5. Uniformed Policing Directorate (UPD) shows a predicted underspend of £0.3m, predominately due to vacancies held since the start of the financial year in which aim to be filled by November 2018. Potential risks to highlight for 2018/19 there is a likelihood that overtime budget (currently spend is £100k) could potentially overspent as they are driven by unforeseen events. Actual overtime during 2017-18 financial year amounted to £0.5m in total.
6. Business Support Directorate (BSD) manages business support functions for the Force and includes resourcing the Force's extensive and ambitious capital programme including pipeline projects. Note, BSD contains the central holding account where vacant posts no longer deemed necessary are transferred to be used for efficiency savings.

Proceeds of Crime Act 2002 (POCA)

7. Appendix 1 shows a summary of the actual spend for Q1 against budgets

Capital and Supplementary Revenue Budgets

8. The capital outturn for 2018/19 has been profiled to budget. There are major programmes under review mainly IMS/DRS and ESN (formally ESMCP) which will be updated to Members in Q2.
9. Appendix 2 comprises Table 1 and Table 2 and outlines the capital programme for 2018/19
10. Table 1 identifies approved capital expenditure programmes financed within the Chief Officer's capital budget.
11. Table 2 outlines Pipeline Projects which primarily need to be developed into full business cases before they can receive Committee approval. These programmes are unfunded and require approval from Resource Allocation Sub-Committee to determine how the capital expenditure will be financed.

Major Programmes

12. There are several ongoing major programmes within the Police that are interdependent with the Corporation. These are Action Fraud, the Accommodation Programme and the Planned and Cyclical Maintenance of the Police Estates and the Emergency Services Mobile Communications Programme.

Action Fraud: Action and Know Fraud – 2018/19 Budget £3.1m

13. Members are aware of the delays being experienced in the Action and Know Fraud Service which is reported separately to your Committee. In consequence, no further funds were released to the supplier as at the end of June 2018. Spend to date is £78k, comprised mainly of the costs to maintain the Client Team.

Service Monetisation

14. The monetisation work stream is progressing. To provide Members with perspective of the importance of the Supplier service to the monetisation work stream, the dependency on the Supplier is that there needs to be a stable service running and that data can be accessed at all times. The implication of the Service delivery delay, is that it pushes back the monetisation timeline and date that income can be realised.

Accommodation programme:

15. Information relates to two elements of the programme, the Decanting of existing CoLP estate and New Build of accommodation.

Decant

16. Decant works continue across the existing CoLP estate. However, delays have been experienced within the programme particularly at New Street that is now also impacting upon the Bishopsgate works. The additional impact is upon the CoLP logistics programme and the supporting projects associated with these existing facilities.
17. The risk of the delays are now also delaying any decommissioning works for Snow Hill and Wood Street. If the works programme slips further the ability to achieve vacant possession of Wood Street by the required planning dates could be severely compromised.

New Build

18. The development proposals for the new build site are progressing well. The feasibility evaluation was accepted by Members earlier this summer with outline design scope for the site including the Courts and Police facilities.
19. Tender documents are currently being received and evaluated for Architects, Security, Building Services and Civil / Structural Services. Allowing for the completion of the tender processes and contracts awards through committee, it is anticipated that all contractors / consultants will be engaged by December 2018.
20. In the interim, the City of London Police and Courts services are developing their respective scope of requirements for consideration within the building specifications.

Planned and Cyclical Maintenance of the Police Estate

21. A clear misalignment has been identified between the physical works required to maintain the estate of the City of London Police and appropriate budgets. The main cause of this has been the assumption that the accommodation programme would have removed the requirement for some of these essential works, but due to the delays within that programme, some of these essential works are now unavoidable. These are being regularly reviewed and limited to essential works only, particularly within sites with a short time frame of retention. A minor budget increase may be required in year for 2018/19 and a detailed profile of any works will be built into cyclical works budgets for 2019/20 onwards.

The Emergency Services Network programme

22. This is a national programme providing mission critical communications and broadband applications and will affect all Bluelight services. The programme is still in its early stages and is due for completion in 2022. The programme is complex in that the national team delivers the network and each individual organisation provides its own use case, based on operational requirements which will involve network infrastructure redesign, control room upgrades, new smart type devices, vehicle fleet refits and replacement of in-building solutions in key locations. The lack of clarity around estimates and assumptions is due to the lack of detailed information from national programme / Home Office.
23. Recently the Force was approached by the national lead due to some concerns about the lack of local progress and this is currently highlighted as a risk within the Force risk register. The team requires a technical architect, design and configuration expertise, test and assurance management, subject matter expertise in Police control rooms, mobile devices and in-vehicle units. The project will require stakeholder engagement with City Businesses to deliver in building solutions providing for communications inside strategic buildings / iconic locations. This is particularly important due to the threat from terrorism.

Future Financial Planning

24. Members are already aware that due to staff resourcing at the end of the last financial year there were some issues with the year-end processes. The Force has already taken steps to mitigate against such an occurrence at the end of this financial year. The Force has appointed, temporarily on secondment, a Finance Director from West Yorkshire Police to lead the Department. The accountancy team is now fully staffed, mainly made up of agency staff, and additional temporary staff have been appointed to ensure demand in the purchase to pay process is met and no backlog exists at the end of the financial year. Regular meetings have been established between Human Resources and Finance to ensure that staffing forecasts are more accurate in 2018/19. A review of the Medium Term Financial Plan will shortly commence between the Force and the Chamberlains Department.

Other Police Funds

25. The forecast Police working balances includes the General fund £3.5m, the POCA reserve £0.5m and the transformational fund £0.1m as table 2 outlines.
26. The available £3.1m Action Fraud reserve balance will be used to match expenditure as and when incurred during 2018/19.

Table 2: Other Police Funds Forecast to March 2019

Forecast Other Police Funds to 31st March 2019	2018/19 Opening Balance £m	2018/19 Projected Outturn £m	2018/19 Closing Balance £m	
General	(3.50)	(2.78)	0.72	
POCA	(0.50)	(0.50)	0.00	
Transformational Funding	(0.01)	(0.01)	0.00	
Action Fraud	(3.10)	(3.10)	0.00	
Total Other Police Funds	(7.11)	(6.39)	0.72	

Appendix 1 - POCA Allocations for 2018/19

Appendix 2 – Capital and Supplementary Revenue Budget

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Appendix 1

POCA Reserve Allocations 2017/18

POCA - 2018/19			
Indicative Allocations: Strategic POCA Priorities			
Allocation	POCA Allocation 2018/19 £m	Actuals to June 18 2018/19 £m	Allocation Remaining 2018/19 £m
POCA Costs for ARTS/SARS Teams	0.3	0.05	0.25
Skynet Intelligence Hub	0.2	0.01	0.19
PCSO to June 2018	0	0.01	(0.01)
Operational Programmes	0	0.05	(0.05)
Voluntary Sector	0	0.05	(0.05)
	0.5	0.17	0.33

Appendix 2

Table 1: Approved Capital and Supplementary Revenue Projects				
	Forecast Outturn 2018/19 £'000	2019/20 £'000	2020/21 £'000	Total £'000
Approved Expenditure				
<u>Authority to start work granted</u>				
ICT Support to CCCI Functions	(11)			(11)
CCCCI - MOPI Compliance	(184)			(184)
Digital Interview Recording Solution	(12)			(12)
Secure City Programme	(211)			(211)
ESMCP - Integrated Command	(1,229)			(1,229)
Payroll and Duty Management System - HR Integrated	(286)			(286)
ROS - IMS/DRS (back office)	(963)			(963)
Vehicle Purchases	(250)	(250)	(250)	(750)
Sub-total approved expenditure	(3,146)	(250)	(250)	(3,646)
Approved Funding				
<u>General Support</u>				
Home Office Capital Grant	400	400	400	1,200
Revenue Contribution				
<u>Earmarked Funding</u>				
S31 Police Control Room Upgrade Grant - ESN	340			340
Proceeds from sale of vehicles		48		48
Additional City Funding	2,195			2,195
Sub-total approved funding	2,935	448	400	3,783
Net Funding Shortfall/(Carry forward Surplus)	(211)	198	150	137

Appendix 2 contd.

Table 2: Compliance and Pipeline Capital and Supplementary Revenue Projects				
	2018/19 £'000	2019/20 £'000	2020/21 £'000	Total £'000
Compliance and Pipeline Projects				
<u>Indicative implementation costs for projects which have not yet received authority to start work</u>				
ESN	(4,000)	(4,000)		(8,000)
Telephony	(175)			(175)
IP Telephony	(400)			(400)
e Discovery	(300)			(300)
Digital Interview Recording Solution	(250)			(250)
Secure City Programme	(2,690)	(4,000)		(6,690)
Intranet Upgrade	(100)	(145)		(245)
Sub-total indicative implementation costs for pipeline projects	(7,915)	(8,145)	0	(16,060)
Net Funding Shortfall for compliance and pipeline projects	(7,915)	(8,145)	0	(16,060)
Overall Funding (Shortfall)/Surplus	(8,126)	(7,947)	150	(15,923)