

Resources, Risks and Estates Committee (RREC)
Police Authority Board (PAB)

Revenue & Capital Monitoring 2023/24 (Q2)

Dates: 27/11/2023
13/12/2023



A local service with a national role, trusted by our communities to deliver policing with professionalism, integrity and compassion

Revenue Monitoring 2023/24 (Q2) – Headlines

Revenue: Overall, a outturn breakeven position is forecast at Q2 with a higher provision (£1.9m) for the direct revenue financing (DRF) of capital expenditure (Q1 Breakeven, with a £1.4m DRF contribution)

Contained in the forecast are several other key variances:

- A £1.4 overspend against Officer Pay due to a 4% higher than budgeted officer pay award (£1.7m), plus a £1,000 increase in the London Allowance for officers (£0.5m), this is net of a £0.8m rank ratio saving due to a higher proportion of student officers;
- an increase in overtime of £0.7m due to funded work and other operational activities (Table 3);
- A £0.5m overspend against injury awards, commuted pension lump sums & apprenticeship levy budgets due to an under provision compared to the 2022/23 outturn;
- A £0.4m pressure against premises budgets due to several backdated electricity charges at Bishopsgate;
- The Q2 forecast includes a £1.1m risk of overspend in relation to the Action Fraud Contact Centre. This overspend position is mainly due to the ongoing impact of inflation and other costs pressures and the corresponding effect on affordability where funding agreements are cash flat, combined with improved recruitment outcomes taking staffing numbers up to and at times above expected levels. £1.1m is expected to be a worst-case call on core 'central' funding, with mitigations, including seeking further grant cover, being pursued. The overspend risk is limited to 23/24.
- £0.5m higher than budgeted transfer to reserve in respect of Asset Recovery Incentivisation Scheme/Proceeds of Crime Act receipts.

These cost pressures have been largely offset by:

- A £2.7m underspend against Staff pay mainly due to vacancies (£4m) net of - an average 7% - staff pay award (£1.5m);
- Receipt of a £2.4m of Home Office Pay award grant; and
- £0.8m of other income, including an Uplift over-recruitment grant and secondment revenue.



Revenue Monitoring 2023/24 (Q2) – Headlines

Since the 2023/24 budget was set Government Grant income has increased by some £20.9m due to new funding for National Lead Force (NLF) Activities such as the Anti-Money Laundering Act Regulations (AMLAR) and cybercrime / cryptocurrency grants. Of this £19.6m will be transferred to other police forces and will be expensed through supplies and service (£3.3m) third party payments (£16.3m) in the 2023/24 budget. The remaining £1.3m will fund temporary growth in CoLP's staffing establishment.

2023/24 Mitigations target = £8.6m

Current projections suggest that with substitute mitigations (recharging to funded work) £8.6m of mitigations will be delivered. Table 5 indicates that there is risk to delivering in full both the reduction in Action Fraud exceptional costs (£1.1m risk) and the rank/supervisory ratios (£0.2m risk). Members should note, however, that the saving of Action Fraud exceptional cost should be achieved from 24/25 as the Force moves into the new Fraud and Cyber Crime Reporting and Analysis Service (FCCRAS) delivery model.

Asset Recovery Incentivisation Scheme (ARIS) / Proceeds of Crime Act (POCA)

Receipts from the ARIS scheme are expected to be c£0.5m in 2023/24 – see table 6, slide 17, with revenue expenditure funded from the POCA reserve estimated to be £2.964m as detailed in Table 7, with the impact on Reserves shown in Table 7, slide 20.

Police Authority Board (PAB): The forecast outturn for the Police Authority Board Team is £1m against an annual budget of £1m (breakeven position). The forecast includes provisions for potential Corporation recharges, hearing costs and some jointly funded work with the Force (eg demand analysis) in addition to expenditure relating to a small grant giving programme.

Key variances at Q2 are explained in slides 4-9 with an accompanying “bridge” analysis on slide 10.



Revenue Monitoring 2023/24 (Q2) – Summary Table

Summary: The Q2 revenue outturn forecast remains a breakeven position as per Q1 with a higher provision (£1.8m) for the revenue financing of capital expenditure. Explanations for key variances are set out in the following slide deck.

Table 1: Summary Q2 2023/24 Revenue Position	Year to Date			Forecast Outturn		
	Budget £m	Actual £m	Variance (Better)/ Worse £m	Budget £m	Forecast £m	Variance £m
Officers pay cost	34.9	34.4	(0.5)	70.6	72.0	1.4
Staff Pay cost	15.7	14.2	(1.5)	32.4	31.4	(1.0)
Overtime	0.7	1.2	0.5	2.2	2.9	0.7
Other pay costs	1.3	1.5	0.2	25.9	26.5	0.5
Total Pay Costs	52.6	51.3	(1.3)	131.1	132.7	1.7
Total Non-Pay Costs	27.1	24.1	(2.9)	58.8	82.0	23.2
Total Expenditure	79.7	75.4	(4.2)	189.8	214.7	24.9
Income	(31.6)	(37.2)	(5.7)	(86.6)	(111.1)	(24.5)
Funding	(48.1)	(38.2)	9.9	(101.0)	(101.0)	0.0
Use of reserves	0.0	0.0	0.0	(2.2)	(2.6)	(0.4)
Total Income & Funding	(79.7)	(75.4)	4.2	(189.8)	(214.7)	(24.9)
(Surplus)/ Deficit	0.0	0.0	0.0	0.0	0.0	0.0



Revenue Monitoring 2023/24 (Q2) – Detailed Table

Table 2 Detailed Q2 2023/24 Revenue Position	23/24 Latest Budget	Budget (Q2 YTD)	Actual (Q2 YTD)	Variance YTD +Deficit / (Surplus)	Projected Outturn +Deficit / (Surplus)	Projected Variance +Deficit / (Surplus)	Notes
	£m	£m	£m	£m	£m	£m	
Pay							
Officers	70.6	34.9	34.4	(0.5)	72.0	1.4	(i)
Staff	32.4	15.7	14.2	(1.5)	31.4	(1.0)	(ii)
Overtime	2.2	0.7	1.2	0.5	2.9	0.7	(iii)
Agency	0.8	0.2	0.4	0.2	1.0	0.2	
Police Officer Pension	23.0	0.0	0.0	0.0	23.0	0.0	
Indirect employee costs	2.1	1.1	1.1	0.0	2.5	0.4	(iv)
Total Pay	131.1	52.6	51.3	(1.3)	132.7	1.7	
Non-Pay							
Premises Costs	2.9	1.8	2.0	0.2	3.4	0.4	(v)
Transport Costs	2.7	1.4	1.3	(0.0)	2.8	0.0	
Supplies and Services	37.1	18.5	17.3	(1.2)	41.2	4.1	(vi)
Third Party Payments	12.3	5.3	3.4	(1.8)	28.5	16.2	(vii)
Unidentified Saving	0.0	0.0	0.0	0.0	0.0	0.0	
CoL Support Services	3.3	0.1	0.1	0.0	3.3	0.0	
Capital Charges	0.5	0.0	0.0	0.0	2.4	1.9	(viii)
Transfer to Reserves	0.0	0.0	0.0	0.0	0.5	0.5	
Total Non-Pay	58.8	27.1	24.1	(2.9)	82.0	23.2	
Total Expenditure	189.8	79.7	75.4	(4.2)	214.7	24.9	
Income							
Specific Grant	(69.7)	(23.4)	(31.9)	(8.6)	(93.5)	(23.8)	(ix)
Partnership	(13.5)	(6.4)	(3.7)	2.7	(14.2)	(0.7)	(x)
Fees & Charges	(3.4)	(1.6)	(1.6)	(0.0)	(3.4)	0.0	
Transfer from Reserves	(2.2)	(0.2)	(0.0)	0.2	(2.6)	(0.4)	(xi)
CoLP Core Funding	(101.0)	(48.1)	(38.2)	9.9	(101.0)	0.0	
Total Income	(189.8)	(79.7)	(75.4)	4.2	(214.7)	(24.9)	
Underlying Deficit	0.0	0.0	0.0	0.0	0.0	0.0	

Revenue Monitoring 2023/24 (Q2) – Variance Analysis

Police Uplift Maintenance: £2m of ringfenced funding in 2023/24 is dependent on the maintaining an officer headcount of 986 with check points at the end of September 2023 and March 2024. The Force has also committed to recruit an additional 10 officer to assist with the achievement of national targets. For each additional post, the Home Office have agreed to provide £15,000 in September and £30,000 in March 2024. However, any shortfall against the 986 target in September and March will result in £40,000 being withheld from the ringfenced funding up to a maximum of 20 officers at each check point.

As shown in slide 11, the 996-headcount target was achieved September 2023. This has secured 50% of the ringfenced funding above plus £0.3m of funding to support the over-recruitment target of 10 officers. The maintenance of Officer numbers will continue to be closely monitored through internal governance processes.

(i) Police Officer Pay: Overspend £1.43m (Q1 £1.3m). The Q2 forecast overspend is mainly due to the combination of a 7% officer pay award from September 2023 (£1.7m) and £1,000 increase in the London Allowance (0.5m) from the same date. Whilst these cost pressures can be met through in year savings – principally staff vacancies - and additional Home Office pay award grant income (see below). The full year impact of an increase in the London Allowance (£1.1m) taken together with the these pay pressure highlight a significant downstream Medium Term Financial Plan (MTPF) pressures. The Officer pay outturn assumptions also include savings of £0.8m due to there being a higher proportion of junior officers compared to the Forces target operating policing model. These vacancies have been held to ensure that the Force remains within its agreed officer establishment (978 FTE) and as counterweight to recruiting a higher number of student officers. Most of the student officers (124) are attached to Local Policing which has resulted the adverse outturn (£3.8m overspend) in this business area (see slide 11).



Revenue Monitoring 2023/24 (Q2) – Variance Analysis

(ii) Staff Pay: The outturn at Q2 is forecast to be an underspend of £1m (Q1: £0.9m). The outturn assumptions include a £1.4m pay pressure due to the c7% staff pay award, plus £1.7m of unbudgeted expenditure relating to ECRS, AMLAR, Fraud Reform, POCA and fees and charges which were agreed after the 2023/24 budget was set. These additional pay cost are fully funded through additional Government grants and other income. Embedded in the net underspend, therefore, is £4m saving due to continuing staff vacancies as reflected in slide 9. A workforce plan has been developed to progress staff recruitment from 423 FTEs in September to the budgeted establishment of 517. With a 7% pay award baked into staff salaries, progressive increases in staff numbers towards 517, combined with further wage inflation in 2024/25 will create a £2.9m Medium Term Financial Plan pressure which will need to be mitigated.

Home Office Pay Award Grant In June 2023, the Home Office confirmed that it would provide additional funding for policing over the Spending Review period of £330 million in 2023-24 and £515 million in 2024-25 to support an increase in pay for all police staff and officers above 2.5%. The Force will receive £2.4m in 2023/24 and a further £3.8m is expected in 2024/25. As noted at Q1, the funding distribution methodology, however, is based on current core grant allocations which excludes £11.3m of Capital City and Precept grant funding as well as £50m of specific grants which support National Lead Force activities. In total this funding provides for approximately 30% of the workforce and an early assessment suggests that allocating the grant in line with funding formula shares will add a further cost pressure of c.£0.75m this year and, if continued, £1.3m per annum to future years.

(iii) Overtime: overspend £0.72m as at Q2, which includes £0.35m of “recoverable” events. This is an increase of £0.25m against the Q1 forecast, although when taking in to account the increase in recoverable events the net increase on the Q1 forecast is £0.09m. This is due to updated forecasting based on actual costs to Q2 which incorporate the impact of the pay and officer pay awards (c7%) in overtime rates. Following a £2m overspend against budget in 2022/23 measures have been put in place to control overtime and this continues to be reported to the Force’s Strategic Finance Board on a monthly basis – See Table 3. Overtime, however, remains a key risk due to the influence of external events and therefore the forecast will be developed each quarter.



Revenue Monitoring 2023/24 (Q2) – Variance Analysis

(iv) Indirect Employee Costs: £0.4m overspend. This is due to an under provision for injury awards and apprenticeship levy costs in the 2023/24 budget, these will be reviewed in the 2024/25 budget setting process.

(v) Premise costs: £0.4m overspend. This is mainly due to the to several backdated energy bills being received in Q2, due to a faulty meter in Bishopsgate.

(vi) Supplies and Services: £4.1m overspend. This is mainly due to a combination of additional unbudgeted costs relating to new funded activities (£3.3m) including Enhanced Cyber Reporting Service (ECRS), Anti Money Laundering Act Regulation (AMLAR) & Fraud Reform. The Q2 forecast includes a £1.1m risk of overspend in relation to the Action Fraud Contact Centre. This overspend position is mainly due to the ongoing impact of inflation and other costs pressures and the corresponding effect on affordability where funding agreements are cash flat, combined with improved recruitment outcomes taking staffing numbers up to and at times above expected levels. £1.1m is expected to be a worst-case call on core ‘central’ funding, with mitigations, including seeking further grant cover, being pursued. The overspend risk is limited to 23/24. There are further cost pressures in relation to professional fees for legal services, IT and Information Management Services costs of £0.3m which have been partially offset by equipment underspends on supplies and services budgets of £0.6m by the Tactical Firearms Group (TFG) within Local Policing. This is due to recruitment delays in this Specialist Unit which has suppressed expenditure equipment and training.



Revenue Monitoring 2023/24 (Q2) – Variance Analysis

(vii) Third Party Payments: £16.2m overspend. These are transfer payments to other forces and Regional Organised Crime Units (ROCU) for National Lead force activities with the expenditure matched by an increase in Home Office grant income.

(viii) Capital Charges: £1.9m overspend: This variance is due to a higher planned contribution to the financing of capital expenditure. This is balance of any forecast outturn underspend and proposed to minimise internal borrowing and reduce future borrowing risks.

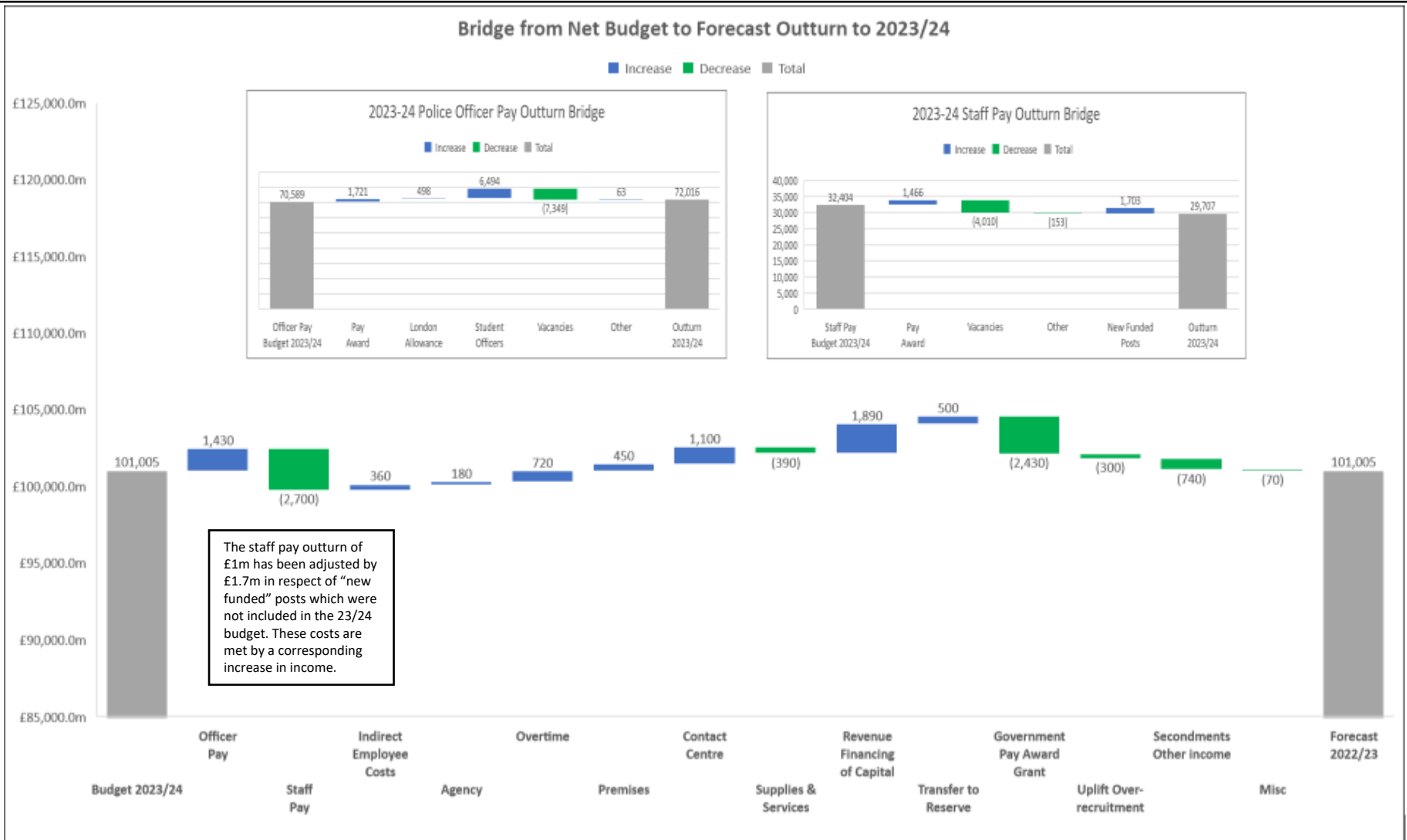
(ix) Specific Grants: £23.8m overachievement. This mainly relates to additional grant income in respect of Enhanced Cyber Reporting Service (ECRS), Anti Money Laundering Act Regulation (AMLAR) & Fraud Reform (£20.9m), the Home Office pay award grant (£2.4m) and Uplift Over recruitment (£0.3m).

(x) Partnership Income £0.7m overachievement: This positive variance is mainly due to additional funding for Dedicated Card and Payment Crime Unit (DCPCU) for project OLAF £55k, additional income from Special Operations secondments £420k, and £225k for the National Law Enforcement Data Service programme implementation.

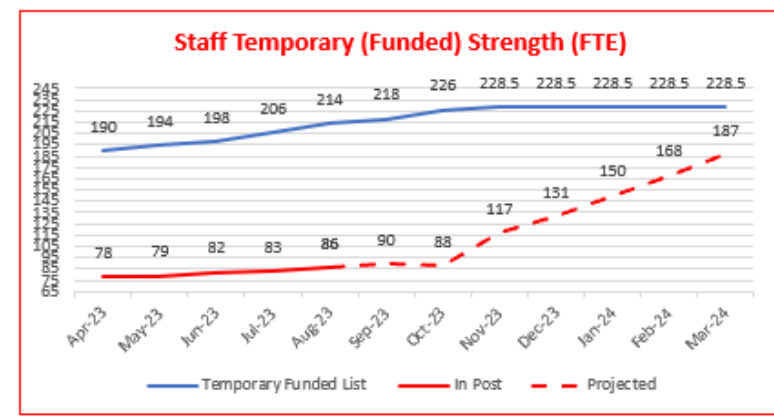
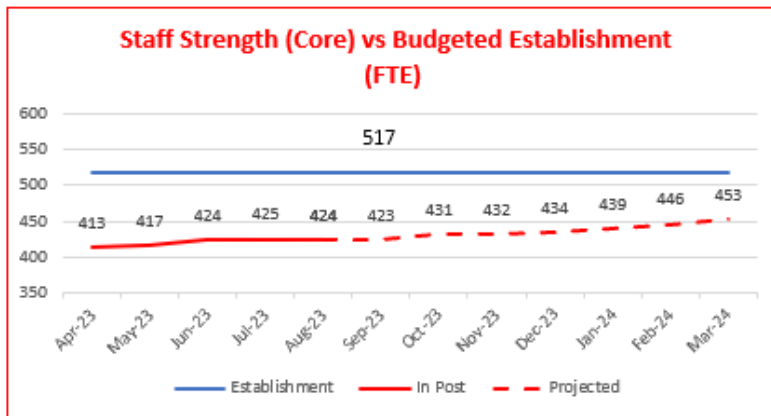
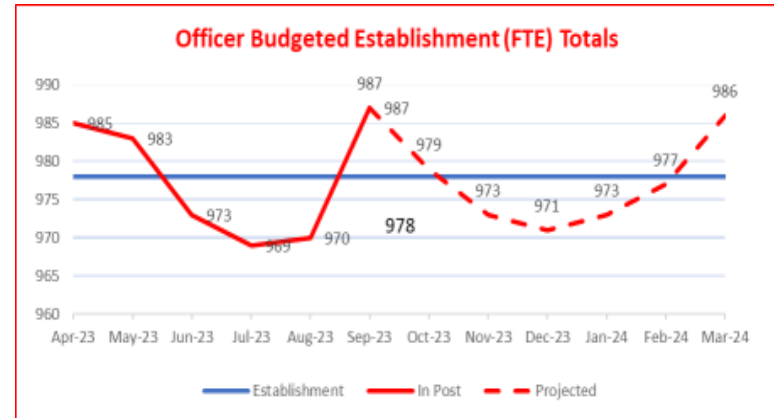
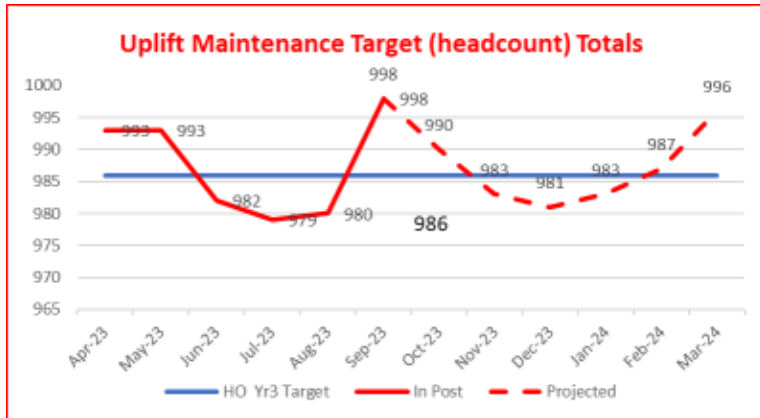
(xi) Transfer from Reserve £0.4m overspend: This is mainly due to additional used of Asset Recovery Incentivisation Scheme (ARIS) by the Force as a Proceeds of Crime Act (POCA) agency. The relevant expenditure is set out in slide 18.



Revenue Monitoring 2023/24 (Q2) – Bridge Analysis



Revenue Monitoring 2023/24 (Q2) – Workforce Dashboard



Overtime 2023/24 (Q2)

The overtime budget for 2023/24 totals £2.151m as shown in Table 3 below. The forecast outturn is an overspend of £0.72m. This is an increase of £0.25m compared to Q1. The forecast overspend is attributable to a combination of factors including supporting the student officers in undertaking their duties and backfilling of vacant roles in specialist unit, increased investigations/intelligence, Criminal Justice System activities in Specialist and National Lead Force operations. The revised outturn also includes the impact of the 2023/24 Officer and Staff pay awards which have increased pay by c7%.

Overtime is reported to the Force's Strategic Finance Board on a monthly basis and measures have been put in place to contain overtime in 2023/24, following a £2m outturn overspend in 2022/23.

The final 2023/24 outturn will be dependent on the number of unexpected policing events. Members of this committee will recall that Home Office funding is only available where costs exceed a threshold of 1% of core funding. In the case of the City of London Police the threshold is some £700k per event.

Table 3: Overtime by Business Area 2023-24	2023-24 Budget £000s	2023-24 Actual* £000s	2023-24 Q2 Forecast £000s	2023-24 Variance £000s
Local Policing	813	606	982	169
Specialist Operations	242	310	552	310
National Lead Force	320	204	515	195
Corporate Services	0	65	46	46
Central Income & Expenditure	776	(9)	776	0
Grand Total	2,151	1,177	2,870	719

**Net total includes £622k 22/23 accrual for overtime claims to be paid in 23/24*



Business Area Summaries 2023/24 (Q2)

Revenue outturn summaries for each of the business areas is shown in Table 4 below:

Table 4: Q2 2023/24 Department Revenue Summaries	23/24 Latest Budget	Budget (Q2 YTD)	Actual (Q2 YTD)	Variance to Date +Deficit / (Surplus)	Projected Outturn +Deficit / (Surplus)	Projected Variance +Deficit / (Surplus)	Notes
	£m	£m	£m	£m	£m	£m	
Local Policing	29.54	14.92	15.39	0.47	33.33	3.79	(i)
Specialist Operations	26.98	14.14	13.80	(0.34)	25.30	(1.68)	(ii)
National Lead Force	6.82	3.41	8.14	4.73	7.38	0.55	(iii)
Corporate Services	29.02	14.37	16.04	1.68	29.12	0.10	(iv)
Central Income & Expenditure	8.65	1.26	(15.18)	(16.43)	5.89	(2.76)	(v)
Total	101.01	48.09	38.19	(9.90)	101.01	0.00	

(i) Local Policing: £3.8m overspend. This is mainly due to £6.2m student officer pay linked to the Uplift programme, an increase in officer pay of £0.9m due to the 2023/24 pay award (7%) and increase in London Allowance, a forecast overtime overspend of £0.2m due to the learning curve effect of carrying a high number of student officers and the requirement to back fill vacancies in the Tactical Firearms Group (TFG), additional staff pay cost of £0.15m due to the recent staff pay award and an Income shortfall of £0.15m based on projected drop in training and seminars offered by the TFG team to the Ministry of Defence and other forces. These cost pressures (£7.6m) have been partially offset by vacancies in Local Policing (LP) of £3.7m and other savings against supplies and services budgets.

The balance of the student pay cost will be met from officer vacancies across the other business areas.



Business Area Summaries 2023/24 (Q2) continued

(ii) Specialist Operations (SO): £1.7m underspend. Combined officer and staff pay is forecasted to underspend by £0.3m which includes supernumerary and unbudgeted externally funded roles (£0.72m) for ECRS, AMLAR & Fraud Reform. Pay assumptions also factor a pay award of 7% for Officers +£1k London Allowance (£0.76m) and £4,000 for Staff inclusive of £1,000 per spinal point increase announced by CoL profiled from July (£0.39m) which are offset by officer and staff vacancies of some £2.2m. Overtime remains a significant risk (£0.3m) within SO and the forecast will be developed through each quarter in parallel with governance reviews within SO Senior Leadership Team (SLT) to ensure correct special segments are allocated, potentially increasing recoverability. Govt Grants are set to receive circa £0.8m above budget largely through increased funding agreed within 2023/24 for growth posts in AMLAR, ECRS, Drug Testing on Arrest, PUP & Fraud Reform. Furthermore, Other Grants and Customer Client Receipts is forecasted to recover £0.4m over budget through increased recovery on Driver Safety Courses, Op Safeguard (Custody Cells) and x4 secondments.

(iii) National Lead Force: £0.6m overspend. Officer and staff pay is forecast to underspend by £1.2m. This includes £0.7m of unbudgeted funded roles. The forecast also includes £0.9m of pay pressures relating to both the Officer and Staff pay awards, however, these are offset by £2.8m of savings due to vacancies 54 NLF vacancies. Overtime is forecasted to overspend by £0.2m, of which £0.1m will be recoverable from the Funded Units (£0.1m recoverable) and NLF Ops (£0.1m irrecoverable). The forecast outturn for supplies and service includes a £1.1m risk of overspend in relation to the Action Fraud Contact Centre. This overspend position is mainly due to the ongoing impact of inflation and other costs pressures and the corresponding effect on affordability where funding agreements are cash flat, combined with improved recruitment outcomes taking staffing numbers up to and at times above expected levels. £1.1m is expected to be a worst-case call on core 'central' funding, with mitigations, including seeking further grant cover, being pursued. The overspend risk is limited to 23/24. Crime Academy revenue from the sale of training and associated materials is forecast to be £0.4m lower than expected due to fewer courses being accessed in 2023/24.



Business Area Summaries 2023/24 (Q2) continued

(iv) Corporate Services: £0.1m overspend. Officer and staff pay is forecast to underspend by £0.3m. This includes £0.9m of unbudgeted funded roles and £0.7m of pay pressures relating to both the Officer (£0.2m) and Staff pay (£0.5m) awards, net of a £1.7m of saving due to vacancies. This forecast underspend in pay, however, is eliminated by a £0.4m overspend in premises costs due to several backdated energy bills being received in Q2, due to a faulty meter in Bishopsgate.

(v) Central Expenditure & Income (CE&I): £2.8m underspend. This division of service is used to manage indirect income and expenditure items which relate to all business areas. In 2023/24 the CE&I budget included several provisions including an allowance to mitigate against a higher-than-expected staff pay award (£0.6m), an officer adjustment factor (£0.5m) to manage the Uplift risk of over recruitment against the 986 Officer target and an allowance for market forces supplements not captured in the salary estimates (£0.3m). In Q2, these provisions totalling £1.4m, have been released as the impact of the cost pressures is incorporated into the outturn forecasts of the other business areas. The Q2 forecast also includes an increase in government grant funding of £2.7m relating to the 2023/24 - Home Office pay award £2.4m and £0.3m Uplift over-recruitment incentive. Plus £0.8m of additional overhead cost recovery from funded work and an underspend against six unallocated Officer posts of £0.3m. This total positive variance of £5.2m is offset by £0.4m of pension injury and apprenticeship levy costs, a net transfer to the POCA reserve of a £0.3m and an increase in the capital financing contribution of £1.9m to mitigate downstream borrowing risks.



Mitigations 2023/24 (Q2)

The 2023/24 revenue estimate included £8.6m of mitigations to deliver a balanced budget. Overall, whilst there is some risk that the anticipated (£2m) reduction in Action Fraud exceptional costs and rank ratio savings (£0.3m) will not fully materialise, it is expected that with substitute savings the mitigations target of £8.6m will be achieved. However, it is unlikely that the additional £0.8m of non-pay savings will be sustainable beyond 2023/24. A summary of progress against each of the 2023/24 budget mitigations is shown in Table 5 below.

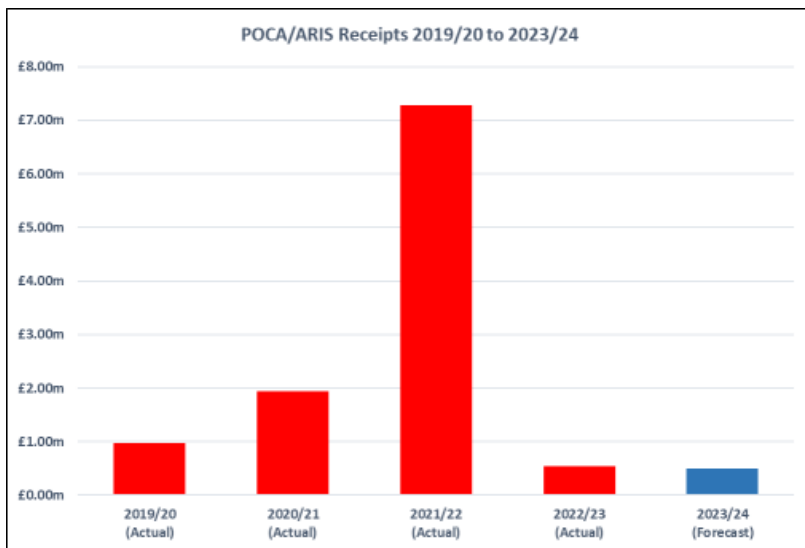
Table 5:	Target	Forecast	Comments	RAG
2023/24 Mitigations Plan	£m	£m		
Reduction in Action Fraud exceptional costs	2.0	0.9	The Q2 forecast includes a £1.1m risk of overspend in relation to the Action Fraud Contact Centre. This overspend position is mainly due to the ongoing impact of inflation and other costs pressures and the corresponding effect on affordability where funding agreements are cash flat. £1.1m is expected to be a worst-case call on core 'central' funding, with mitigations, including seeking further grant cover, being pursued. The overspend risk is limited to 23/24.	
Higher Police Funding Settlement for 2023/24	1.5	1.5	Incorporated into 2023/24 Home Office funding settlement. Mitigation reflects difference between MTFP assumptions and final grant award for 2023/24.	
Increased use of the POCA Reserve	1.3	1.3	Continued use of POCA reserve to support the work of the Assest Recovery Team.	
Reduction in officer establishment to align with operational policing model	1.0	1.0	Achieved. Officer headcount reduced from 998 to 978 following planned reduction in Counter Terrorism funding from 2023/24.	
Higher proportion of more junior PCs	0.6	0.8	Expected to be achieved through workforce planning and continued student officer recruitment.	
Increased recharging of costs to funded activities	0.5	0.8	Expected to be achieved. Whilst the Q1 outturn forecast assumed £1.1m of additional recharging to new funded activities, including NLF Fraud, the Anti-Money Laundering Act and Cybercrime Cryptocurrency, this has been reduced as a result of the pay awards impact.	
Non-pay savings: agency costs, professional fees and other	0.4	1.2	£0.4m removed from 2023/24 non-pay budget. Agency and professional fees budgets will be closely monitored as the financial year progresses to confirm achievement. Additional savings requirement to meet mitigations target - met from underspends in supplies and services budget in Local Policing (£0.5m) and Central Expenditure and Income (£0.3m).	
Improvements in Officer rank / supervisory ratios	0.3	0.1	The forecast is based on current Corporate Services Review proposals which will be confirmed at Q3 once the consultation has been concluded.	
Saving to be identified	1.0	1.0	Achieved. National Non-Domestic rating appeal in relation Bishopsgate and New Street confirmed £1m annual reduction in rates which has been applied to the unidentified savings requirement.	
Total	8.6	8.6	Overall assessed to be green as the forecast outturn is expected to be within budget despite some of the 2023/24 mitigations targets falling short of expectations.	

Proceeds of Crime Act (POCA)/ Asset Recovery Incentivisation Scheme (ARIS) 2023/24 (Q2)

The principal driver for Asset Recovery Incentivisation Scheme (ARIS) is to seek repatriation of funds to victims as detailed in the Proceeds of Crime Act (POCA). ARIS receipts should be used to drive up performance on asset recovery or, where appropriate, to fund local crime fighting priorities for the benefit of the community. Typically, the use of ARIS funds by POCA Agencies falls into four main categories: Crime Reduction, Community Projects, Asset Recovery work and Miscellaneous.

POCA/ARIS receipts vary significantly year on year as demonstrated in Table 6 and accompanying bar chart below.

In 2023/24 ARIS/POCA receipts are forecast to be £0.5m.



	2019/20 (Actual) (£m)	2020/21 (Actual) (£m)	2021/22 (Actual) (£m)	2022/23 (Actual) (£m)	2023/24 (Forecast) (£m)	Total (£m)
Q1	0.04	0.17	0.06	0.13	0.13	0.53
Q2	0.53	1.22	0.37	0.06	0.05	2.22
Q3	0.33	0.41	6.77	0.03	0.03	7.58
Q4	0.08	0.15	0.08	0.32	0.29	0.91
Total	0.98	1.94	7.28	0.54	0.50	11.24

2021/22 includes a significant ARIS/POCA receipt from Operation Neutron.



Proceeds of Crime Act Funded Expenditure 2023/24 (Q2)

Table 7 below provides a summary of those revenue workstreams which are expected to be funded from the Proceeds of Crime Act (POCA) Reserve. In 2023/24 £2.6m of revenue and £357k of capital expenditure is expected to be funded from the POCA Reserve. The impact of this on the reserve position is shown in slide 20.

Column A shows the total commitment per priority area which may span more than one year and column C shows the current year planned expenditure. An explanatory note follows on slide 18.

Table 7: Q2 2023/24 POCA Funded Expenditure	A	B	C	D	E	F
	Total Approved Budget	Prior Years Spend	Forecast Spend 2023/24	Total Forecast Spend	Balance Remaining Total Budget vs Total Forecast Spend	Notes
	£'000	£'000	£'000	£'000	£'000	
Safer City Partnership	150	100	50	150	0	(i)
Total Community Projects	150	100	50	150	0	
Asset Recovery Team	3,900	1,081	1,242	2,323	(1,577)	(ii)
Civil Recovery Team	600	0	203	203	(397)	(iii)
Total Asset Recovery	4,500	1,081	1,445	2,526	(1,974)	
Covert Tasking Budget	288	35	42	77	(211)	(iv)
Operation Creative	200	0	138	138	(62)	(v)
National Protect Coordination and Regional Support	335	0	144	144	(191)	(vi)
Streamlined Forensic Reporting	30	20	9	29	(1)	(vii)
Stakeholder Engagement Manager	200	0	53	53	(147)	(viii)
DANY (District Attorney New York)	550	241	263	504	(46)	(ix)
NFIB Service Delivery Team (SDT) - Quality Assurance	150	0	150	150	0	(x)
NFIB - Continuous Improvement	220	0	220	220	0	(xi)
Total Crime Reduction	1,973	296	1,019	1,315	(658)	
NLF: People Strategy	93	0	93	93	0	(xii)
Total Miscellaneous	93	0	93	93	0	
Total Revenue Funding	6,716	1,477	2,607	4,084	(2,632)	
Power BI Phase 2	650	0	350	350	(300)	
Child Abuse & Image Database (CAID)	53	33	7	40	(13)	
Total Capital Funding	703	33	357	390	(313)	
Grand Total	7,419	1,510	2,964	4,474	(2,945)	

Proceeds of Crime Act Funded Expenditure 2023/24 (Q2)

Notes:

- i. Contribution to Safer City Partnership from ARIS receipts
- ii. Funding of Asset Recovery Team was agreed for an initial period of three years 2022/23 to 2024/25 of £1.3m per annum. 2023/24 is year 2
- iii. Total funding of £600k was agreed from 23/24 to drive civil recovery activities across a period of three years at £200k pa.
- iv. An overtime/tasking budget for Covert/SIU was agreed for a period of 3 years, totalling £287.5k. 2023/24 is Year 2.
- v. Operation Creative is an Initiative, designed to disrupt and prevent websites from providing unauthorised access to copyright content, a budget of £200k has been agreed to support this project.
- vi. The National Protect and Regional Support initiative is a project to establish of a national hub to tackle volume fraud.
- vii. In 2021/22 £30k of funding was agreed to support the enhancement of streamlined financial investigation reporting across CoLP.
- viii. The stakeholder and engagement project seeks to inform the future delivery of the National Fraud Intelligence Bureau (NFIB).
- ix. The DANY project supports the secondment of two officers to the District Attorney's Office in New York until 31.03.24.
- x. Funding has been agreed to enable NFIB Quality Assurance Testing to support the continuous improvement of the Action Fraud victim support service.
- xi. NFIB – continuous improvement project is a pilot scheme to determine success or risk factor with the dissemination of information based on a vulnerability, viability and solvability approach.
- xii. NLF People Strategy – Project designed to implement initiatives to improve recruitment and retention of staff within economic crime across the UK

A summary of benefits and outcomes of these POCA funded initiatives will be provided during Q3 and Q4 2023/24. An assessment of forward income projections will also be developed to ascertain the extent to which asset recovery activities can be supported using POCA receipts.



Reserves 2023/24 (Q2)

Police Reserves are set out in Table 8 below:

Based on the Q2 position, it is expected that Reserves will reduce by £5m from an opening balance of £16.9m to £11.9m. This is due to ARIS/POCA funded activities and the proposal to repay the remaining balance on the Action Fraud loan (£2m) and the ULEZ vehicle replacement loan (£0.6m). The repayment of these loans from the General Reserve will help to mitigate downstream loan repayment pressures and accelerate the transition to revenue financing of the capital programme, whilst maintaining a General Reserve of more than 5% of Net Revenue Expenditure (NRE)

The Force's Reserve Strategy set a general reserve target of 5% of gross revenue expenditure to mitigate unforeseen events. Whilst the forecast balance, after repayment of the above loans, is £6.6m or 3.1% of gross revenue expenditure in 2024/25, this is 5.7% NRE. Typically, the Home Office expect that forces general reserves will not exceed 5% of NRE. The adequacy and any requirement to draw upon the General Reserve, because of emerging pressures, will be kept under review.

Table 8: 2023/24 Use of Reserves	Opening Balance 2023/24	Transfer to Reserve 2023/24	Projected Spend 2023/24	Projected Closing Balance 2023/24
	£'m	£'m	£'m	£'m
Proceeds of Crime Act (POCA)	(7.4)	(0.5)	2.9	(5.0)
General Reserve	(9.2)		2.6	(6.6)
Emergency Services Mobile Technology	(0.3)		0.0	(0.3)
Total	(16.9)	(0.5)	5.5	(11.9)



Police Authority Team Revenue Budget 2023/24 (Q2)

Table 9 sets out the Police Authority Team budget and forecast outturn for 2023/24.

Table 9: Police Authority Team Budget 2023/24	23/24 Latest Budget	Budget (Q2 YTD)	Actual (Q2 YTD)	Variance YTD +Deficit / (Surplus)	Projected Outturn +Deficit / (Surplus)	Projected Variance +Deficit / (Surplus)
	£m	£m	£m	£m	£m	£m
Pay						
Staff	0.70	0.35	0.30	(0.05)	0.70	(0.00)
Overtime	0.00	0.00	0.00	0.00	0.00	0.00
Indirect employee costs	0.02	0.01	0.00	(0.00)	0.02	0.00
Total Pay	0.72	0.36	0.31	(0.05)	0.71	(0.00)
Non-Pay						
Supplies and Services	0.29	0.14	0.02	(0.12)	0.29	0.00
Third Party Payments	0.00	0.00	0.01	0.01	0.00	0.00
Non-Pay	0.29	0.14	0.03	(0.11)	0.29	0.00
Total Expenditure	1.00	0.50	0.34	(0.16)	1.00	0.00

The outturn forecast at the end of Q2 is to budget and includes £26,000 of expenditure on a small grant giving programme in line with other Police and Crime Commissioner areas. The aim of the grants programme is to add targeted investment in Policing Plan priority areas. The bids approved by the Police Authority Board in July 2023 include behavioural change for domestic abuse perpetrators, victim awareness courses for offenders and diversion / referral pathways for individuals with substance misuse issues. The outturn also includes planned expenditure to assist with demand analysis on policing services in the City and development of suicide prevention policies.



Capital Monitoring 2023/24 (Q2) - Headlines

- To the end of quarter two (Q2) of 2023/24 (30th of September 2023), expenditure on CoLP capital projects totalled £4.8m as summarised in table 10 below.
- Line 1 shows the CoLP Capital Programme, comprising projects developed and managed by the Force, which are either funded directly from the Force's own resources, from Home Office funding or via a Corporation loan facility. Total spend to the end of Q2 is £4.0m. The latest forecast of outturn spend for 2023/24 is £21.8m, which represents a forecast underspend of £3.4m compared to the original budget for 2023/24 of £25.2m. The underspend is largely due to rephasing of £2.8m FCCRAS spend to 2024/25. Slide 23 provides a breakdown of CoLP's Capital Programme, with notes on slides 24 to 26, and slide 27 shows how it is funded.
- Lines 2 and 3 comprise projects funded by the Corporation. Firstly, the strategic projects comprising the Secure City Programme and the Accommodation Strategy (£641,000 spend at Q2), and secondly a few legacy projects that predate 2020/21, which are now nearing completion (£105,000 spend at Q2). Slides 28 and 29 provide further details.

Table 10 – Summary of capital expenditure 2023/24 – Quarter 2 (Q2)	£000
1. CoLP Capital Programme – projects managed by CoLP. Funded from either CoLP's own resources, Home Office grant or Corporation loan to be repaid (slides 23 to 27)	4,024
2. Strategic projects - funded by the Corporation (slides 28 and 29)	641
3. Legacy projects - funded by the Corporation (slides 28 and 29)	105
Total capital expenditure 2023/24 – Q2	4,770

- In addition to the capital projects noted above, CoLP also undertakes projects which are deemed to be revenue in nature, referred to as Supplementary Revenue Projects (SRP). Against a 2023/24 budget of £181k, cumulative spend to the end of Q2 is £144,000, with a forecast outturn spend of £178k. Slides 30 and 31 provide further details of the SRPs.



CoLP Capital Programme 2023/24

The total CoLP Capital Programme budget for 2023/24 amounts to £25.2m as shown in table 11 below, comprising the original CoLP Capital Programme for 2023/24 of £23.7m, as agreed at PAB in February 2023, and £1.5m of project spend which slipped from the prior year 2022/23 into 2023/24. Total spend to Q2 is £4.0m, whilst forecast outturn spend amounts to £21.8m, representing an underspend of £3.4m, largely due to rephasing of £2.8m FCCRAS spend to 2024/25. All variations are explained in slides 24 to 26.

Table 11 - CoLP Capital Programme 2023/24	Budget 2023/24	Spend to Q2 2023/24	Forecast Outturn 2023/24	Variance: Budget vs Forecast Outturn	Notes
	£'000	£'000	£'000	£'000	
FCCRAS	21,552	3,800	18,800	(2,752)	(i)
Cyclical replacement - Mobile phone refresh	331	0	331	0	(ii)
- Other	169	0	169	0	(iii)
Power BI	435	0	350	(85)	(iv)
ICAV	240	0	249	9	
Other projects / seed funding	1,000	0	1,000	0	(v)
Sub-total – CoLP Capital Programme 2023/24	23,727	3,800	20,899	(2,828)	
Slipped 2022/23 Projects:					
Horsebox	400	0	0	(400)	(vi)
Body Worn Video	119	23	119	0	(vii)
Other 2022/23 and earlier projects	917	201	727	(190)	
Sub-total – Slipped 2022/23 Projects	1,436	224	846	(590)	
Total CoLP Capital Programme 2023/24	25,163	4,024	21,745	(3,418)	



CoLP Capital Programme 2023/24

Notes:

- i. **FCCRAS:** When the 2023/24 budget was originally set, all remaining Home Office funding of £21.6m on FCCRAS was expected to be received and spent in 2023/24. However, the Home Office has since rephased the 2023/24 contribution across two years, with £18.8m in 2023/24 and £2.2m in 2024/25. It is expected that the full £18.8m will be spent in 2023/24. The total project budget of £31.0m remains unchanged and is anticipated to be fully spent by the close of 2024/25.
- ii. **Mobile Phone Refresh:** Whilst nothing has been spent to date, an order of 960 handsets has been agreed and placed (£331k), which will replace the handsets of those officers and support staff who have active handsets.
- iii. **Other cyclical replacements:** No spend to date, however projects/costs are expected to emerge as the year progresses.
- iv. **Power BI Phase 2:** A strategic outline business case has been prepared which shows a total cost of £650k, phased over two years, with £350k in 2023/24 and £300k in 2024/25.
- v. **Other projects/seed funding:** To date nothing has been spent, however £776k has been approved to progress the overarching management of change for CoLP, alongside the quick-time progression of some pipeline projects prior to their Gateway 2 attainment (Command and Control, Project Themis and E-Discovery).
- vi. **Horsebox:** There was a delay purchasing the horsebox in 2022/23 due to the limited supplier selection nationally. An order for the horsebox was raised at the end of April 2023 and it is anticipated that delivery and spend will now take place between September and December 2024 due to manufacturing and fit out schedules.
- vii. **Body Worn Video:** Most of this project took place in 2022/23. The total project budget was £313k. The project went live on 26th September 2023 and the total cost is likely to come in just under budget.



CoLP Capital Programme 2023/24

viii. **Other 2022/23 Projects:** A breakdown of the other 2022/23 slipped projects is shown in table 12 below.

Table 12 - Other 2022/23 Projects	Total Project Budget	Prior Years Spend	Spend to Q2 2023/24	Forecast Spend Q3 to Q4 2023/24	Total Forecast Project Spend	Variance: Total Budget vs Total Forecast Spend	Notes
	£'000	£'000	£'000	£'000	£'000	£'000	
CoLP Covert Camera System	155	71	12	72	155	-	
CoLP Covert Surveillance Equipment	247	88	32	127	247	-	
CoLP Forensic Network	155	78	14	32	124	(31)	(i)
CoLP Forensic Storage	238	58	59	41	158	(80)	(ii)
CoLP Fleet Vehicle Replacement 2022/23	420	224	46	106	376	(44)	
CoLP Fleet Vehicle Replacement 2021/22	250	105	18	109	232	(18)	
CoLP Fleet Vehicle Replacement 2020/21	250	194	13	39	246	(4)	
Child Abuse Image Database (CAID)	53	33	7	-	40	(13)	(iii)
Total Other Projects	1,768	851	201	526	1,578	(190)	



CoLP Capital Programme 2023/24

Notes:

- i. **CoLP Forensic Network:** This project will be completed by December 2023. Overall, an underspend of £31k is expected, largely due to hardware costs being lower than anticipated.
- ii. **CoLP Forensic Storage:** This project will be completed by December 2023. An underspend of £80k is anticipated, due to reduced software costs and professional fees being lower due to the reduced complexity in the delivery of the project.
- iii. **Child Abuse Image Database:** This project is now complete. The underspend of £13k was due to hardware costs being lower than anticipated.



Funding of the 2023/24 CoLP Capital Programme

Table 13 – Funding of the CoLP Capital Programme 2023/24	Forecast Outturn 2023/24 £'000	City Loan £'000	Home Office £'000	CoLP Direct Revenue Financing £'000	CoLP POCA £'000	City Fund £'000
FCCRAS	18,800	5,200	11,200	2,400	-	-
Mobile Phone Refresh	273	273	-	-	-	-
Other Cyclical Replacement	227	227	-	-	-	-
Power BI	350	-	-	-	350	-
ICAV	249	249	-	-	-	-
Other projects / seed funding	1,000	1,000	-	-	-	-
Horsebox	-	-	-	-	-	-
Body Worn Video	119	119	-	-	-	-
Other 22/23 & earlier projects:						
CoLP Covert Camera System	84	84	-	-	-	-
Covert Surveillance Equipment	159	159	-	-	-	-
CoLP Forensic Storage	100	100	-	-	-	-
CoLP Forensic Network	46	46	-	-	-	-
Fleet Vehicle Replacement 22/23	152	152	-	-	-	-
Fleet Vehicle Replacement 21/22	127	-	-	-	-	127
Fleet Vehicle Replacement 20/21	52	-	-	-	-	52
Child Abuse & Image Database	7	-	-	-	7	-
Capital Funding 2023/24	21,745	7,609	11,200	2,400	357	179



Strategic and Legacy Projects 2023/24

Strategic Projects

For the first half of 2023/24, to the 30th of September 2023, £641k has been spent on strategic projects funded by the Corporation, all of which was on the Secure City Programme.

Legacy Projects

There are several legacy projects mainly dealing with significant IT infrastructure and accommodation, which are now nearly complete and due to soon be finalised. For the first half of 2023/24, to the 30th of September 2023, expenditure on these projects amounts to £105k, as summarised in table 14 below.

Table 14 - Legacy projects 2023/24	Total Project Budget	Approved Budget Drawdown	Q1 & Q2 Spend 2023/24	Total Project Spend to Q2 2023/24	Variance: Total Project Budget vs Total Project Spend	Notes
	£'000	£'000	£'000	£'000	£'000	
Information Technology	13,402	13,402	-	12,601	(801)	
Fleet	1,800	1,800	104	1,523	(277)	(i)
Accommodation	15,947	14,718	-	13,718	(2,229)	
Ring of Steel (IMS / DRS)	2,569	2,569	1	2,221	(348)	
Total legacy projects	33,718	32,489	105	30,063	(3,655)	



Strategic and Legacy Projects 2023/24

Legacy Projects Notes

- i. **Fleet:** To be compliant with ULEZ requirements in the City, the Corporation provided the Force with a loan of £1.8m to introduce ULEZ compliant vehicles. £1.5m has been spent against this, including £104,000 in 2023/24 to the end of Q2.



Supplementary Revenue Projects 2023/24

For the first half of 2023/24, to the 30th September 2023, spend on CoLP **Supplementary Revenue Projects** is £144,000 compared to a budget of £181,000 as shown in table 15 below. Table 15 (slide 31) shows how these projects will be funded.

Table 15 - CoLP Supplementary Revenue Projects – 2023/24	SRP Budget 2023/24 £'000	Q1 & Q2 Spend 2023/24 £'000	Forecast Spend Q3 to Q4 2023/24 £'000	Total Forecast Spend 2023/24 £'000	Variance: Budget vs Total Forecast Spend £'000	Notes
Armoury Improvements	139	109	30	139	-	(i)
Barbican Airwave Coverage	30	27	-	27	(3)	
CoLP – Forensic Storage	12	8	4	12	-	
Total CoLP SRPs	181	144	34	178	(3)	

- i. **Armoury Improvements:** The total budget of the project is £191k. Expenditure to 30 September 2023, including spend in prior years, amounts to £161k. It is anticipated that the remaining project budget of £30k will be spent in the current financial year.



Funding of Supplementary Revenue Projects 2023/24

Funding of forecast expenditure in 2023/24 on Supplementary Revenue Projects is shown in table 16 below.

Table 16 – CoLP Supplementary Revenue Projects – Funding 2023/24	Total Forecast Spend 2023/24 £'000	City Loan £'000	CoLP Revenue £'000	CoLP POCA £'000
Armoury Improvements	139	79	60	-
Barbican Airwave Coverage	27	27	-	-
CoLP – Forensic Storage	12	12	-	-
Total SRP Funding 2023/24	178	118	60	-

