

Committee: Police performance and Resource Management Committee Police Authority Board	Date: 11 th November 2020 16 th December 2020
Subject: Q2 Budget Monitoring 2020/21	Public
Report of: Commissioner of Police Pol 79-20	For Information
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Summary

The Chief Officer Cash Limited Budget at the start of the year was £84.9m. This includes the 67 locally agreed growth posts and the 44 National Uplift Year 1 posts. This report outlines the financial position for the second quarter of the 2020/21 financial year. Current projections indicate an underspend of £5.0m by the end of the year, primarily due to the large number of vacancies held at start of year.

The Police Authority Board decision taken under 'Urgency' on 12th June 2020 was that costs relating to Action Fraud in meeting contractual obligations (procurement, licence fees and exit/transition) in the region of £3.8m would be funded from the Action Fraud Reserve and Police budget underspends. Most, but not all, of these costs are expected to fall within the 2020/21 financial year, and some purchase orders have been raised in Quarter 2. There is an expectation that a separate Home Office grant will meet part of the service improvement costs, however, there is no certainty at this stage that this will be the case. Any residual underspends at the end of the financial year will be allocated to repayment of the Action Fraud loan to the Corporation of London.

A challenging savings plan is in place. £5.7m is fully built into the budget, with £1.6m in pay and £4.1m in non-pay.

The budget and the savings plans are closely monitored throughout the year with fortnightly meetings between Force and Police Authority finance staff, monthly meetings with the Commissioner, Force Chief Operating and Chief Finance Officer (COFO) and Police Authority staff and quarterly reports to Performance and Resources Sub Committee and Police Authority Board. The Savings Tracker is further subject to monthly monitoring meetings and updated Action Plan.

Recommendation

Members are asked to note the report.

1 Chief Officer Cash Limit Budget

1.1 The Chief Officer Cash Limited Budget at the start of the year was £84.9m. This includes the 67 locally agreed growth posts and the 44 National Uplift posts.

1.2 The budget is funded as follows:

Table 1

Funding Type	Amount (£000)	%
HO Core Grant	(61,130)	72.0%
Business Rate Premium	(13,800)	16.3%
Precept Grant	(3,450)	4.1%
Legacy Council Tax Grant	(80)	0.1%
Contact Centre Funding	(680)	0.8%
HO Pension Grant	(840)	1.0%
67 Growth	(5,400)	6.4%
Capital priorities	500	-0.6%
Total Funding	(84,880)	100%

1.3 The latest forecast position is summarised below

Table 2

	20/21 Latest Budget £m	Budget YTD £m	Actual (Q2 YTD) £m	Variance YTD £m	Forecast £m	Proj Variance £m
Pay						
Officers – net	60.6	30.3	26.9	(3.4)	57.8	(2.8)
Staff – net	26.0	13.0	11.9	(1.1)	25.4	(0.6)
Overtime	2.2	1.1	0.9	(0.2)	1.8	(0.3)
Agency	1.6	0.8	0.6	(0.2)	1.2	(0.3)
Indirect employee costs	2.3	1.1	0.8	(0.3)	2.4	0.1
Pensions Contrib.	23.0	11.5	0.0	(11.5)	23.0	0.0
Total Pay	115.6	57.8	41.1	(16.7)	111.7	(3.9)
Premise Costs	2.6	1.3	2.0	0.7	2.5	(0.1)
Transport Costs	2.0	1.0	0.3	(0.7)	2.2	0.2
Supplies and Services	23.0	11.5	7.0	(4.5)	23.2	0.2
Third Party Payments & Recharges	12.2	6.1	1.2	(4.9)	12.0	(0.2)
Unallocated Savings	(1.8)	(0.9)	0.0	0.9	(1.8)	0.0
Non-Pay	37.9	19.0	10.5	(8.5)	38.1	0.2

Total Expenditure	153.5	76.7	51.6	(25.1)	149.8	(3.7)
Income						
Specific Grant	(51.5)	(25.8)	(22.5)	3.3	(53.3)	(1.8)
Partnership	(13.0)	(6.5)	(3.0)	3.5	(12.9)	0.1
Fees & Charges	(4.1)	(2.1)	(0.6)	1.4	(3.7)	0.4
Total Income	(68.6)	(34.3)	(26.2)	8.1	(69.9)	(1.3)
Funding	(84.9)	(42.4)	(42.4)	0.0	(84.9)	0.0
Underlying Deficit	(0.0)	(0.0)	(17.0)	(17.0)	(5.0)	(5.0)

1.4 Table 2 indicates a projected underspend of £5.0m, predominately within pay. At the end of Q1 there were 161 vacancies, this has reduced to 106 at the end of Q2. There is a net decrease of 55 which comprises 105 new starters and 50 leavers. The pay actuals and projections in Table 2 above are based on the workforce actuals and forecasts shown in Table 5 below. The slight overspend for indirect employee costs relates to payment of allowances and Occupational Health costs.

1.5 Non-Pay

Non-Pay comprises 25% of the gross expenditure budget, and a slight overspend of £0.2m is forecast at the end of Q2. A high level overview of non-pay expenditure provides:

- Premises - £2.6m. This includes rates and running cost for Bishopsgate and Wood Street; utilities, cleaning cost and hire of premises. A small underspend in the region of £0.1m is forecast, due to a reduction in room hire for the Economic Crime Academy and a small projected underspend in repair and maintenance.
- Transport - £2.0m. This includes use of hire transport, vehicles running cost, repairs and maintenance of vehicles and Rail Delivery Group contract (RDG). The projected £0.2m overspend relates to repairs and maintenance and vehicle running cost for our current fleet. There is currently an active fleet replacement programme in place, which will reduce maintenance costs for future reference.
- Supplies and Services - £23.0m – Supplies and services contains non pay expenditure for large fees relating to Action Fraud, National Fraud Intelligence Bureau (NFIB), National Cyber Security Programme (NCSP) and Economic Crime Capability, as well as various day to day supplies and services. A small overspend is projected, however, the final position will be determined in Q4.
- Third Party Payments & Recharges - £12.2m which relates to fees and contributions to partners and other bodies, including the IT recharge of £7.0m to City of London Corporation.
- Unallocated savings of £1.8m are expected to be achieved by the end of this financial year, as set out in the Savings Tracker.

- Overtime and Agency is forecast near budget. The use of agency staff is lower than previous year due to a fully funded pay budget, in previous years we have been holding a high number of vacancies to meet required in-year savings.
- COVID-19 has added pressure to the overall budget, however, the Home Office has allowed police forces to claim 50% of the allocated ring-fenced Uplift Grant for this purpose. The CoLP grant for the year is £1.2m, of which £0.33m has been received to date. There is a slight delay in payment from the Home Office, but we expect to receive the full £1.2m ring-fenced funding by the end of the year, depended on progress with recruitment towards the additional posts, above the agreed baseline.
- It is anticipated that most of the projected underspend will be utilised to support Action Fraud. At the end of Q2, £1.6m has been spent or committed, and a further £2.5m expenditure is forecast based on current projections, but orders have not yet been placed. The additional expenditure pressures will be funded partly from the Action Fraud Reserve and partly from underspends in the current financial year. Expenditure will be split over two financial years, and it is possible that some funding will be available from the Home Office. However, there is no certainty around external funding at this stage. This matter will be covered further in the Q3 report as and when further information is available. Any residual underspends may be used towards repayment of the Action Fraud loan from the Corporation, this is not limited to any underspends against the local growth bid.
- It should be noted that there are some significant areas of risk attached to the forecast; e.g. due to travel restrictions, no international training can currently take place and there is likely to be a shortfall in income from the Economic Crime Academy. The position will be closely monitored during the financial year, and additional savings will have to be found if the budgeted income does not materialise. The government has recently announced a new income recovery scheme, CoLP has made a £152,000 submission to this scheme for the first 4 months of the year. A further two claims will be made in due course, and the overall financial position will improve if submissions is successful. A further update will be available in the Q3 report or in the outturn report.
- Some grants are also at risk, e.g. the TfL grant due to the financial position for TfL while people are avoiding public transport. The position will be reviewed every quarter, in line with announcements made by TfL. So far we have received the full grant for Q1, and the Q2 payment is expected to be received in the very near future. At this stage it is assumed that we will also receive Q3 and Q4 payments in line with the budget, however, there is a risk that this may not materialise.

2 Savings Target

- 2.1 Savings mitigations of £5.7m are fully factored into the 2020/21 budget, comprising £1.6m pay and £4.1m non-pay. A savings tracker is in place, which is closely monitored through internal governance, and reported to Police Authority Board quarterly. Pay savings will be found through workforce and vacancy management in core funded posts.

2.2 Current projections indicate that we are on course to deliver the required mitigations, a summary is shown below in Table 3 below.

Table 3

Savings Tracker	Target £'000	YTD Actual £'000	Forecast £'000	Variance £'000	Risk
Transform pay savings - holding branch	860	860	860	0	G
Average salary reduction through recruitment policy	400	533	606	206	G
Overtime	350	350	350	0	G
Total pay	1,610	1,743	1,816	206	
Savings through National Policing Programmes - NEP	1,300	-	1,300	0	A
IT Transformation	20	-	10	(10)	A
Digitisation of external services	100	-	-	(100)	R
Support Services review	350	247	350	0	G
Asset Recovery	100	-	400	300	G
Commercial activity and income generation	950	-	1,253	303	G
Estate savings	1,300	-	786	(514)	R
Total non-pay	4,120	247	4,099	(21)	
Total	5,730	1,990	5,915	185	

2.3 The main risk in the savings tracker related to NEP, where there is a delay nationally in rolling out the programme. To mitigate this, a new holding branch to a value in the region of £1m has been established, containing vacant posts that may be deleted in line with the national programme roll out. The remaining £300,000 will be found from IT systems savings, e.g. a review of current systems and devices.

2.4 Due to international travel restrictions it has not been possible to deliver overseas training in accordance with the CoLP Corporate Plan. Some of the commercial projects have also been delayed due to COVID19. There is a built up of demand for international training and some training has been scheduled for January – March 2021 generating income in the region of £140,000. However, at this stage it is uncertain whether this can go ahead or not, and the position will be closely monitored throughout the year. Some training may be

delivered remotely. The government's income recovery scheme may offset shortfalls, however, there is no certainty at this stage. £152,000 has been claimed for the first four months of this financial year.

- 2.5 Online sale of CoLP memorabilia was launched in September 2020 in partnership with the New Scotland Yard online shop, and early indications look promising. Some items will be available for sale in Corporation of London gift shops from October / November, as well as via the Corporation's online shop.
- 2.6 We have successfully applied the full cost recovery model for some of our funded units (where contracts have allowed negotiations), which has partly offset the shortfall in the region of £500,000, which will be realised at the end of the financial year. Further savings may be found from probationer intakes planned in this financial year and further accommodation / procurement savings to be realised in Q3 and Q4.
- 2.7 Overall delay in the Accommodation Programme means there is a delay in the closure of Wood Street. Cost reductions are likely to be in the region of £250,000 due to savings identified for the final quarter of this financial year.
- 2.8 The items rated green indicate confirmed savings, amber items indicate a high level of confidence of achieving the savings by the end of the year and red items indicate a high level of uncertainty where it is likely that alternative savings will have to be found.
- 2.9 The aggregation or RAG rated risks are:
- Red 13%
 - Amber 22%
 - Green 65%

3 Directorate Revenue Position

- 3.1 As at the end of Q2, current projections indicate an underspend of £5.0m; Table 4 below sets out the Directorate position. This includes the £5.7m budget mitigations identified in the Savings Tracker.

Table 4

Directorates	20/21 Latest Budget £'000	Budget YTD £'000	Actual (Q2 YTD) £'000	Variance YTD £'000	Forecast £'000	Proj Variance £'000
BSD	28,585	14,293	(9,438)	(23,730)	26,318	(2,267)
Crime	11,750	5,875	5,860	(15)	10,691	(1,059)
ECD	8,681	4,341	12,839	8,498	8,571	(110)
I&I	14,527	7,264	7,285	22	14,709	182

UPD	21,355	10,678	8,887	(1,790)	19,571	(1,784)
Grand Total	84,898	42,449	25,434	(17,015)	79,859,116	(5,039)

*The variance YTD within BSD relates to the Police Pension payment received from Home Office in advance for 2020/21 (£17.5m of the budgeted £20.3m).

3.1 Business Support Directorate – **underspend of £2.3m**

The BSD directorate budget holds the unallocated overheads, unallocated national uplift and the unallocated overtime and agency budget for the whole Force. Current pressures include the closure of Wood Street and reduced income for International Training and Development. The directorate position will even out across the Force budget at the end of the financial year, as and when all unallocated items are allocated to services.

The Directorate is currently holding 15 FTE above establishment, mainly due to Transform, Corporate Plan and PSD.

3.3. Crime Directorate – **underspend of £1.0m**

The majority of underspend in Crime is due to vacancies. It is anticipated this underspend will reduce in Q3 due to the large recruitment drive in progress. There is a projected overspend in Forensics outsourced work due to the level of vacancies held, which is off-set by the overall underspend position.

The Directorate is holding vacant posts of 25 FTE.

3.4. Economic Crime Directorate – **underspend of £0.1m**

A number of posts are due to be filled in the very near future, subject to vetting. Income from external funders will be matched to actual expenditure during the financial year, hence a small underspend against a high vacancy factor. So a high level of vacancies held does not mean there is a corresponding budgetary variance.

The Directorate is holding vacant posts of 38 FTE.

3.5 Information and Intelligence Directorate – **overspend of £0.2m**

Whilst the directorate is holding a number of vacant posts, the underspend is off-set by additional pressure of unfunded staffing costs in the Niche/Pronto team and within the Command Hub. These posts are part of Transform and will be reassigned to the appropriate establishment in due course. There is also an additional emerging pressure due to increased use of digital investigations, linked to remote working in the Central Authorities Bureau (CAB) team.

The Directorate is holding vacant posts of 36 FTE.

3.6 Uniformed Policing Directorate - **underspend of £1.8m**

The underspend in UPD is mainly due to vacancies. Recruitment is on-going and a number of vacancies are in the process of being filled. There is some risk to TFL Grant income, although at this stage it is assumed that the grant will be received in full. We will continue to monitor this position

The Directorate is holding vacant posts of 22 FTE.

4 Workforce

- 4.1 The pay budget constitutes 75% of the expenditure budget. The current establishment, including 67 locally agreed growth posts and 44 National Uplift, is 1,392 FTE, comprising 888 Officers and 504 staff. The actual workforce paid in September 2020 was 1,286 FTE comprising 822 Officers and 464 Staff.
- 4.2 Table 5 below sets out the actual position by month up to the end of Q2, and a forward projection by month for the rest of the financial year. It should be noted that this is only a forecast; it is particularly difficult to predict exactly when posts will be filled due to the timing and success of recruitment campaigns, probationer intake, and the vetting process. It is also difficult to predict timing of leavers, so the confidence level in the forward projections is low.
- 4.3 The position is closely monitored via the Force Strategic Workforce Planning Board, which meets monthly, and the position will be updated in the Q3 report.

Table 5 – Actual workforce numbers for Q2 and forward projections

FTE

	Month	Officers (FTE)	Staff (FTE)	Total (FTE)
Actual	Apr	768	447	1,214
	May	768	448	1,216
	Jun	778	450	1,228
	Jul	788	457	1,245
	Aug	812	464	1,276
	Sep	822	464	1,286
Forecast	Oct	837	482	1,319
	Nov	858	488	1,346
	Dec	862	492	1,354
	Jan	870	495	1,365
	Feb	875	499	1,374
	Mar	880	502	1,382

Head count

Headcount	Est	Apr	May	Jun	Jul	Aug	Sep
Officers	888	777	781	790	797	820	832

Staff	502	462	464	465	471	477	483
Total	1390	1239	1245	1255	1268	1297	1315

4.4 National Uplift

The Prime Minister pledged to recruit 20,000 extra police officers in England and Wales over three years, with a recruitment drive that started in September 2019. We received notification from the Home Office confirming 44 officers for CoLP in 2020/21. The CoLP evidence based bid was for 113 new officers based on the Strategic Threat and Risk Assessment (STRA) review. Funding for the 44 was provided in the 2020/21 police settlement in January.

To date, 29 officers have been recruited to the 44 new posts.

4.5 67 Growth

Recruitment towards the 67 locally agreed growth is under way. To date, at the end of September 2020, 56 posts have been filled, 7 are currently in vetting and a further 4 will be filled in the near future.

4.6 It is difficult to monitor expenditure against the 67 local growth posts separately from the rest of the budget, however, costs to date are in the region of £2.6m which includes direct salary costs, 25% oncosts, firearms equipment and direct recruitment costs such as advertising and additional HR support. It is anticipated that the 7 at vetting stage will be in post by 31st October and the remaining 4 will be in post by 1st January. The projected underspend against the £5.4m additional funding for the 67 posts is £0.4m, which may be utilised towards repayment of the Action Fraud Loan.

5 Income

5.1 Table 6 below sets out grant and income funding totalling £64.8m. Current projections indicate a high level of confidence in receipt from all funders in the current financial year, however, there is an element of risk attached to the TfL grant.

5.2 The majority of grant income is received or accrued for at the end of year. Steps are taken to claim grant income early in the year if possible.

5.3 Current projections indicate a small number of variances against specific grants. The positive variances in (red) indicate an improved position, the negative variances in black indicate a worse position, where grant income may be lower than the budget.

Table 6

Name of Grant	Funding Provider £'000	2020/21 Budget £'000	Actual Q2 YTD £'000	Projected Outturn £'000	Projected Variance £'000	Risk Rating	Responsible Lead
Police Pensions Grant	Home Office	(23,000)	(18,397)	(23,000)	0	G	LT
Counter Terrorism Policy Grant	Home Office	(6,685)	(3,764)	(6,753)	(68)	G	GF
National Cyber Security Programme	Home Office	(6,110)	(0)	(5,999)	111	G	JVP
Action Fraud Managed Service	Home Office	(6,000)	0	(6,000)	0	G	JV
Action Fraud National Fraud Intelligence Bureau	Home Office	(4,500)	0	(4,500)	0	G	SA
Insurance Fraud Enforcement Team	Association of British Insurers	(4,123)	(830)	(3,893)	230	G	TH
Economic Crime Capability Development	Home Office	(2,850)	0	(2,850)	0	G	AN
Dedicated Cheque & Plastic Card Unit (DCPCU)	UK Payments Administration Ltd	(2,570)	(589)	(2,486)	84	G	GR
National Lead Force	Home Office	(2,500)	0	(2,500)	0	G	PS
International Property Crime Investigation Unit (PIPCU)	Intellectual Property Office	(2,053)	(450)	(2,038)	15	G	NC
Police Transport Grant	Transport for London	(1,884)	(555)	(1,884)	0	A	KT
Cyber Griffin	Corporation	(700)	0	(700)	0	G	CM
Lloyds Sponsorship	Lloyds Bank	(408)	(453)	(371)	37	G	AB
Other - International Training and Development Team	Home Office	(400)	(46)	(400)	0	A	TR
Late Night Levy	Corporation	(300)	0	(300)	0	G	JP
London Safety Camera Partnership	Transport for London	(269)	(68)	(269)	0	G	AM
Economic Crime Victim Care Unit	Mayors Office for Policing & Crime	(210)	208	(210)	0	G	PS
Tower Bridge	Corporation	(92)	(38)	(92)	0	G	AM
Regional Organised Crime Unit Coordinator	Home Office	(90)	0	(90)	0	G	JV
Volunteer Police Cadets	Cadet Contributions	(5)	(5)	(5)	(0)	G	PP
20/21 Ringfenced Police Uplift Programme (PUP)	Home Office	0	(330)	(1,200)	(1,200)	G	CB
20/21 COVID-19 Surge Funding	Home Office	0	0	(221)	(221)	G	BD

Common Police Services Contributions	College of Policing and HMICFRS	0	(63)	(45)	(45)	G	AB
Mutual Aid	Essex Police	0	(25)	(30)	(30)	G	MD
Other - Support Group	London Mayors Office	0	0	(100)	(100)	G	JM
Other - Taser Project	College of Policing	0	0	(92)	(92)	G	RW
Secondments	Cambridgeshire Constabulary	0	(16)	0	0	G	MW
Secondments	Metropolitan Police	0	(19)	0	0	G	MC
Other - Misc	Miscellaneous income	0	(56)	(66)	(66)	G	AB
Grant Total		(64,749)	(25,497)	(66,094)	(1,345)	0	

- 5.4 As illustrated, projected income is £1.3m above the budget, which is due to an unexpected flexibility in the ringfenced funding for the national uplift, and additional Home Office funding relating to Covid19 in enforcing the current restrictions.
- 5.5 The key risk areas are around the TfL grant and international training.
- 5.6 As outlined in the Medium Term Financial Plan, work continues to ensure there is a full cost recovery approach to all funded units. The full cost recovery model is applied as and when existing contracts allow negotiations.

6 Capital Programme

- 6.1 There are two elements to the Capital Programme; the schemes approved in 2019/20 and previously, which are funded by the Corporation of London; and schemes approved through a loan facility from the corporation from 2020/21 and onward.
- 6.2 Progress against the Capital Programme is shown in Appendix 1. At the end of Q2, it is expected that the Programme will largely be delivered to budget, with a small underspend. However, there are a number of areas where the completion of the programme may run over into the new financial year. This has partly been caused by purchase orders being placed later than otherwise due to the Covid19 lockdown. The principal areas this may occur are; IT Modernisation, e-Discovery, GIS Upgrade, Tactical illuminations, and Lock batons. This position continues to be reviewed throughout the financial year, and will be updated in the Q3 report.
- 6.3 Projects that are expected to continue into future financial years are the Oracle upgrade; Custody CCTV upgrade; Body Worn Cameras, and the Airwaves project. Appendix 1 provides further detail on these.
- 6.4 The CoLP loan funded Capital Programme is divided into four broad areas; Fleet, IT, Equipment, and Accommodation. A brief overview is summarised in Table 7 below. The legacy capital programme, which was approved prior to 2020/21 is detailed in Appendix 1.

Table 7 - Summary of Capital Programme 2020 to 2024

CoLP Capital Programme 2020 - 24	Approved Budget	Spend to Date	Forecast 2020/21	Future years	Total Forecast	Forecast Variance
	£m	£m	£m	£m	£m	£m
IT Related	8.4	0.2	2.3	5.3	7.7	(0.7)
Equipment	0.2	0.0	0.1	0.1	0.1	0.0
Fleet	1.0	0.0	0.3	0.8	1.0	0.0
Accommodation	0.2	0.0	0.1	0.1	0.2	0.0
Total 20/24 Capital Programme	9.7	0.2	2.8	6.3	9.0	(0.7)

- 6.5 The Fleet capital budget is £0.25m per year for four years for the cyclical replacement of vehicles. The current forecast is for this year's allocation to be spent by the end of the financial year.
- 6.6 The IT programme covers a range of IT related projects. Critical to this is the IT Modernisation programme, which has a budget of £6.425m over four years. Within this budget, is expected £0.65m to be reallocated to fund the accelerated roll out of new desk top and mobile equipment, which is funded by the Corporation pre-2019/20 programme budget.

7 Accounts Payable

- 7.1 Table 8 below shows performance relating to payment of invoices within 30 or 10 days. Performance over the past 3 months is 96%, which is just below the Corporation's target of 97%.
- 7.2 Performance is improving month on month, and measures are in place to improve overall performance, including clearing backlogs. Self-service has been rolled out across the force, and the transactional team is now fully staffed with a new Transactional Manager in post, who has made significant improvements to the service.

Table 8

Month	Invoices Received	Compliant Invoices	Value of Compliant Invoices	Compliant Invoices %
Apr-20	557	523	£14,402,278	94%
May-20	510	482	£2,636,048	95%
Jun-20	506	493	£2,054,962	97%
Jul-20	666	651	£2,792,046	98%
Aug-20	538	519	£3,581,464	96%
Sep-20	616	591	£2,575,715	96%
Average to Date				96%

8 Accounts Receivable

8.1 Total debtors outstanding is shown in the Table 9 below. The position is being actively monitored.

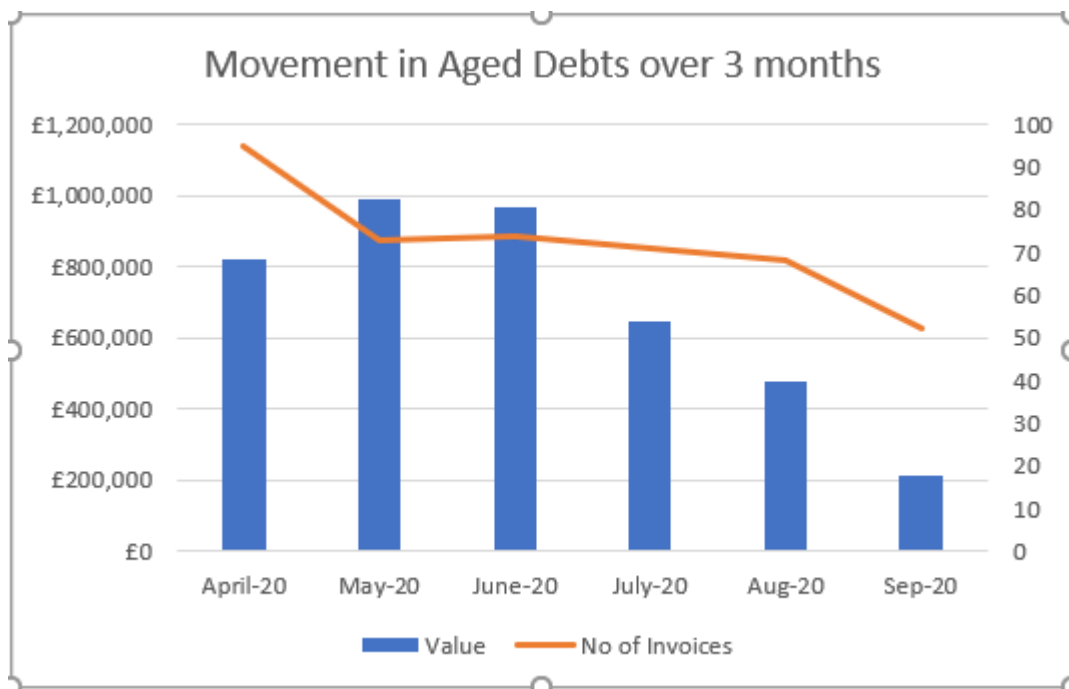
Table 9

Age	Q1		Q2		Movement	
	Count	Value	Count	Value	Count	Value
Less than 1 Month	19	£581,541	12	£88,297	-7	-£493,244
1 - 2 Months	1	£261,890	4	£34,456	3	-£227,434
2 - 3 Months	10	£2,726	1	£7,444	-9	£4,718
3 - 12 Months	36	£109,926	25	£71,634	-11	-£38,292
Over 1 year	8	£10,909	10	£12,275	2	£1,366
Total	74	£966,992	52	£214,107	-22	-£752,885

Summary of Activities

September 2020		
Summary of Movements	No	Amount £
Number of Invoices Paid	(22)	(321,130)

New Invoices Raised	19	88,297
Credit Notes Issued	(5)	(32,475)
Debts Written Off	0	0



8.2 The older debts relate mainly to training courses and payment is actively being pursued.

9 Overtime

9.1 The overall overtime budget is £2.2m; £1.6m in core funded and £0.6m in funded units.

9.2 Gross expenditure in Q2 is £1.2m, offset by a 19/20 accrual of £0.3m, resulting in net expenditure of £0.9m. There has been a significant reduction in overtime demand during the COVID pandemic, however, this might change as and when footfall in the City increases. Based on current demand, the projected outturn position is £1.8m; £0.3m under budget.

9.3 Overtime expenditure for 2018/19 was £3.2m and in 2019/20 it was £2.8m. Controls are in place and clear communication has been issued to managers and budget holders to control overtime expenditure.

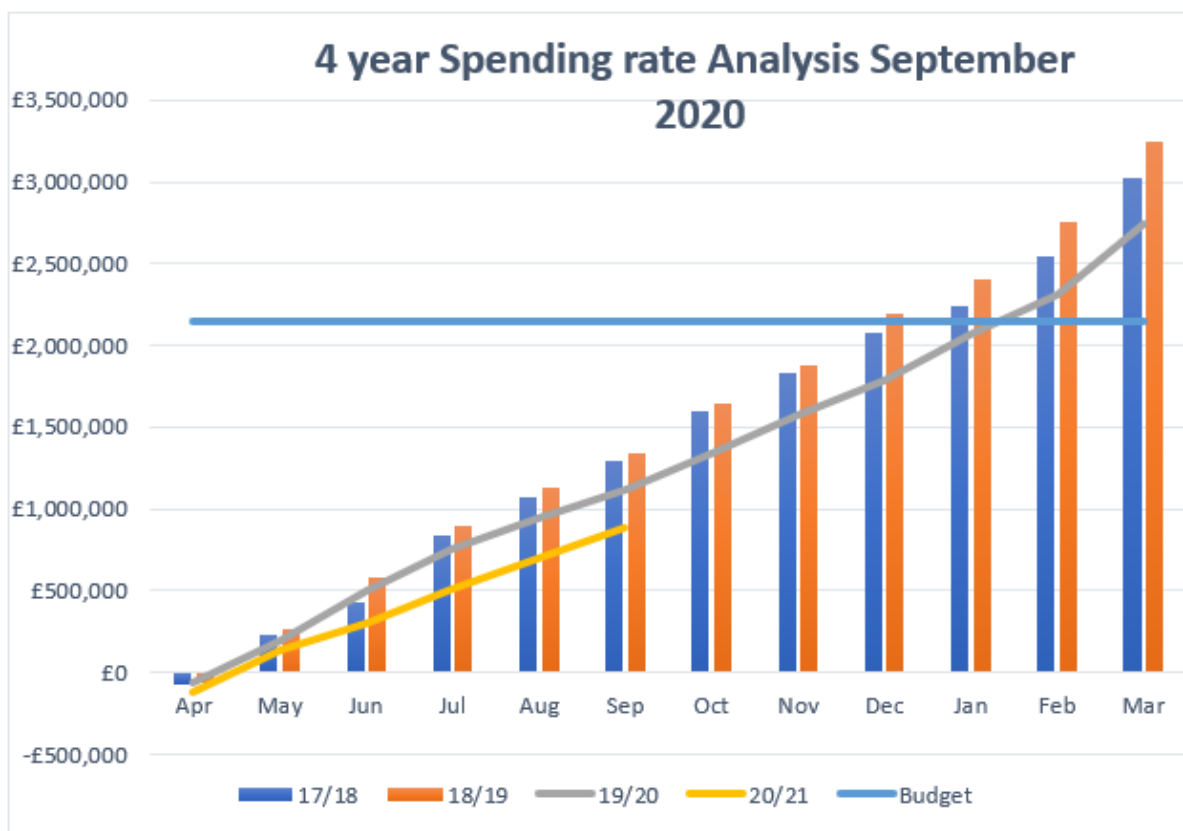
9.4 The main reasons for claiming overtime are:

- Covering for vacant posts (backfilling / Business as Usual)
- COVID19
- Black Lives Matters Protests
- Bank of England armed escorts (funded by the Bank)

- Violent Crime Operations with MET and BTP
- Op Uranium¹

9.5 The largest spending Directorate is UPD, with 48% of overall overtime. The main reasons are business as usual and backfilling which accounts for 42%. It is expected that the need for backfilling and BAU will reduce as vacancies are filled, however, it is difficult to predict requirements relating to future unknown policing requirements.

9.6 The chart below shows cumulative overtime expenditure over the last 4 years, which projects a year-end reduction in the current financial year compared to previous years.



10 Coronavirus (COVID-19)

10.1 COVID-19 has had an impact since the start of the pandemic in mid-March 2020. In Q2, the financial impact of COVID-19 totals £0.83m, which includes on overtime (£148,000), loss of income from the Economic Crime Academy (£264,000), additional spend on IT to allow home working (£172,000), cleaning and various health and safety measures (£242,000). COVID-19 related expenditure is currently reducing month on month, and the position will be closely monitored for the rest of the financial year, and the majority of costs will be recovered from Home Office claims.

¹ Op Uranium- targeting Courier Fraud

- 10.2 The combination of monthly expenditure and loss of income is summarised in Table 10 below, showing total additional COVID related pressure of £825,751 to the end of Q2.

Table 10

	COVID-19 Spend to date £
Mar	298,378
April	139,708
May	95,295
June	97,463
July	8,646
August	54,330
September	131,931
Total	825,751

- 10.3 Police Forces in the UK were provided with an additional Home Office ring-fenced grant as an incentive towards speedy recruitment towards the Year 1 National Uplift. The CoLP ring-fenced grant allocation for 2020/21 was £1.2m.
- 10.4 Whilst recruitment towards the 20,000 national officer uplift remains a top priority for the Government, forces were encouraged to continue using the ring-fenced grant for this purpose. However, a degree of flexibility has been allowed to claim 50% of this allocation towards losses incurred due to COVID-19 disruption up to the end of September 2020. CoLP has claimed £0.33m against COVID-19 related expenditure of £0.8m to date.

11 Use of Reserves

- 11.1 The Police reserves position is summarised in Table 11 below

Table 11

	Opening Balance £'m	Projected Spend £'m	Projected Closing Balance £'m
Earmarked Reserve	(0.2)	0.2	0.0
POCA	(1.4)	0.5	(0.9)
Action Fraud	(2.7)	2.7	0.0
Transformational Funding	(0.1)	0.1	0.0
Total	(4.4)	3.0	(1.4)

- 11.2 Unusual for a Police Force, CoLP does not currently hold any general reserves as the Corporation of London is in effect acting as a guarantor. These

arrangements are under review, and subject to a separate report on the Police Authority.

- 11.3 The Proceeds of Crime Act (POCA) reserve relates to the National Asset Recovery Incentivisation Scheme (ARIS), where relevant agencies get back a proportion of what they recover. This is an unusual arrangement requiring the ongoing agreement of the Home Office. Although the use of ARIS allocations is a matter for each agency, there is an expectation that such funds are used to improve performance on asset recovery and to fund local crime fighting priorities for the benefit of the community in the following categories:
- Asset Recovery Work
 - Crime Reduction projects
 - Community Projects
 - Miscellaneous expenditure
- 11.4 Expenditure is subject to an annual audit, and there is an expectation that all ARIS funds are completely utilised in-year. CoLP's POCA reserve relates to unspent balances built up over a number of years, over and above the annual £0.5m estimated receipts which is built into the base budget.
- 11.5 The opening balance at the start of the financial year was £1.4m. Expenditure from the POCA reserve is subject to a bidding process via the Strategic Finance Board, where bids are assessed against the categories set out above. The reserve is not utilised for projects that require ongoing revenue funding such as the establishment of new posts or new IT systems which attract ongoing revenue costs. Due to the nature and the audit requirements relating to ARIS funds, the POCA reserve should not be viewed as a general reserve to be used to support the revenue budget. Doing so might compromise future arrangements with the Home Office.
- 11.6 It is anticipated that the Action Fraud Reserve will be fully utilised over the next two years to fund the £4.1m additional costs of the new Fraud and Cyber Crime Reporting project. This is an increase of £0.3m from that previously reported due to the procurement costs, licence fees and system enhancement costs.

12 Risk Management

- 12.1 Table 12 below identifies the key risks and mitigating controls contained within this report: (quantum included where possible)

Risk	Impact	Mitigation
COVID19	Overtime / Increased crime / delays in recruitment / holding high level of vacancies / sickness absence	Government funding is available to off-set some costs, £0.3m has been claimed to date
Loss of Grants and Income	TfL Grant – 2 quarters = £1.0m International training - £0.4m Economic Crime Academy - £0.6m CT Grant may be at risk for future years	Two quarters received, assume receipt of Q3 and Q4 at this stage Government income recovery scheme – application made for 4 months @ £150,000, total claim for the year may increase to £450,000
Action Fraud	Outcome of dispute / additional costs / insufficient budget underspend to cover all costs	Work in progress, it is anticipated that costs can be covered within existing budgets
Major incidents	Early engagement with the Home Office to ensure opportunities for cost recovery are maximised.	No issues to mitigate
Crime Performance / Safety issues	All such issues will be reported to Members	No issues to mitigate
Vacancy factor	The vacancy factor is reviewed and revised throughout the year. All recruitment is approved by the Strategic Workforce Planning.	An ambitious recruitment programme is underway, and it is anticipated that we will be at full establishment by the end of the 2020/21 financial year.
Overtime budget	Enhanced controls have been introduced to manage the overtime budget	Overtime is currently contained within the reduced budget
Deferred Weekly Leave (DWL)	Accrued DWL has been quantified, currently £1.5m for Officers and £0.09m for staff,	No issues to mitigate

	however, the build-up of DWL may be subject to unplanned events over the year. Currently no financial implication, however, continues to be reviewed.	
Use of agency staff	Reliance on agency staff may increase whilst holding a high level of vacancies	Agency costs are currently contained within the budget
Further cost pressures for Action Fraud	Under review and close scrutiny, as covered within the body of the report	
Capital Programme progress and potential slippage	The Capital Programme is monitored throughout the year, capital recharges undertaken in a timely manner.	Progress to date has been slow, a further update will be available in the Q3 report
Events policing	Finance Business Partners will work closely with services to ensure chargeable events policing is captured in a timely manner and recharged accordingly.	No issues to mitigate
Vehicle fleet management	A Strategic Fleet Management Group chaired by the Assistant Commissioner has been re-established and is monitoring Financial risk around replacement spend.	No issues to mitigate

Appendix 1

The position for capital schemes in shown below.

CoLP Capital Programme 2020-24	Progress	Approved Budget £'000	Prior Year spend £'000	Qt 1 Spend £'000	Qt 2 £'000	Qt 3 £'000	Qt 4 £'000	Forecast 2020/21 £'000	Future years £'000	Total £'000	Variance £'000
IT Related											
PowerBI self-service data analytics tool	Purchase orders awaiting approval. Risk of slippage in to the 2021/22 Financial Year	84	-	-	0.0	0.0	84.0	84.0	0.0	84.0	0.0
NHS Custody link	Purchase orders awaiting approval. Risk of slippage in to the 2021/22 Financial Year	30	-	-	0.0	15.0	15.0	30.0	0.0	30.0	0.0
Chronicle system – PIP module	Purchased Order approved and spend is expected by the end of this financial year	40	-	-	0.0	40.0	0.0	40.0	0.0	40.0	0.0

CoLP Capital Programme 2020-24	Progress	Approved Budget	Prior Year spend	Qt 1 Spend	Qt 2	Qt 3	Qt 4	Forecast 2020/21	Future years	Total	Variance
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
E Discovery tool	First Gateway Report for investigative work approved, £15k budget allocated so far. PAB 22/6; Project Sub 25/6	300	-	-	0.0	15.0	285.0	300.0	0.0	300.0	0.0
IT Modernisation	Three year Programme, as Projects are brought onboard, they will be shown individually - there is no overall Programme manager for forecasting.	6,425	-	-	1.6	0.0	998.4	1,000.0	4,750.0	5,750.0	(675.0)
Oracle 12.2 platform upgrade	Orders placed, progressing alongside the HRi integrated project. The majority of the work is expected to be complete by the end of the 2020/21 financial year, with the remainder likely to be in 2021/22 and a small amount in the following year	408	-	-	149.7	0.0	154.3	304.0	104.4	408.4	0.0

CoLP Capital Programme 2020-24	Progress	Approved Budget	Prior Year spend	Qt 1 Spend	Qt 2	Qt 3	Qt 4	Forecast 2020/21	Future years	Total	Variance
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Custody CCTV Upgrade	Gateway 2 Report to be considered in November 2020 for orders of £140k .	176	-	-	0.0	0.0	140.0	140.0	36.0	176.0	0.0
AV Refresh	Covid 19 working situation has enabled a rethink of how best to do this	136	-	-	0.0	0.0	135.5	135.5	0.0	135.5	0.0
GIS Upgrade	Preparatory work is being undertaken	150	-	-	0.0	0.0	150.0	150.0	0.0	150.0	0.0
Covert Camera System	Currently with Procurement, obtaining quotes for required work	155	-	-	0.0	0.0	155.0	155.0	0.0	155.0	0.0
Body Worn Camera	Gateway Report for investigative work approved, £15k budget allocated so far. PAB 22/6; Project Sub 25/6. Orders are expected to be placed in 2021/22 financial year	459	-	-	1.6	0.0	0.0	1.6	457.8	459.4	0.0

CoLP Capital Programme 2020-24	Progress	Approved Budget	Prior Year spend	Qt 1 Spend	Qt 2	Qt 3	Qt 4	Forecast 2020/21	Future years	Total	Variance
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Equipment											
Tactical Illuminators	Initial purchases were made in 19/20 as a matter of urgency, this now moved to future years	76	0	0	0	0	0	0	76	76	0
Positive Lock Baton	Investigatory work on requirements being undertaken. Purchase orders are expected in Q3 depending on approval.	68	0	0	0	0	68	68	0	68	0
Fleet		0	0	0	0	0	0	0	0	0	0
Vehicle Fleet Replacement Project	£250,000 pa – to enable vehicles to be replaced which do not meet the criteria for the use of the £1.8m budget which is to enable non ULEZ compliant vehicles to be replaced with ULEZ compliant vehicles.	1,000	0	0	0	0	250	250	750	1,000	0

CoLP Capital Programme 2020-24	Progress	Approved Budget	Prior Year spend	Qt 1 Spend	Qt 2	Qt 3	Qt 4	Forecast 2020/21	Future years	Total	Variance
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Accommodation											
Essential estate / security upgrades	£100k has been provisionally allocated in 20/21 – costs of CCTV and Armoury move are being reviewed	185	0	0	15	75	10	100	85	185	0
Total 20/24 Capital Programme		9,692	0.0	0.0	169.7	145.0	2,443.2	2,757.9	6,259.2	9,017.1	(675.0)

Pre 2020/21 Capital Programme	Progress	Approved Budget £'000	Prior Year spend £'000	Qt 1 Spend £'000	Qt 2 £'000	Qt 3 £'000	Qt 4 £'000	Forecast 2020/21 £'000	Future years £'000	Total £'000	Variance £'000
Airwaves	To date gateway process has allocated £215k. A Gateway 5 report is in preparation and orders expected following approval	1,250.0	25.2	0.0	142.0	878.7		1,020.7	204.1	1,250.0	0.0
Digital Interview Recording System	£375k Project is progressing, £254k has been allocated through the gateway process.	375.0	0.0	0.0	0.0	250.0	125.0	375.0	0.0	375.0	0.0
HR integrated	Project is progressing, it has now been combined with the oracle upgrade project approved in 20/21	425.5	259.4	0.4	16.2	84.4	64.5	165.5	0.6	425.4	(0.0)

Pre 2020/21 Capital Programme	Progress	Approved Budget	Prior Year spend	Qt 1 Spend	Qt 2	Qt 3	Qt 4	Forecast 2020/21	Future years	Total	Variance
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Fleet	* £1.8mill plus £0.1m. A budget has been released for £391k purchases. CoLP have prepared a vehicle replacement plan to for the remaining non ULEZ compliant vehicles to be submitted through the CoL approval process.	1,908.8	12.9	0.0	159.0	216.3	1,520.6	1,895.9	(0.0)	1,908.8	(0.0)
Ring of Steel	The programme is practically complete and the closure report will be prepared and submitted.	2,898.9	2,566.8	2.9	18.8	0.0	310.5	332.1	0.0	2,898.9	0.0
Emergency Services Mobile Communications Programme (ESMCP)	This relates to preparatory work in readiness for the delayed National Programme – further work is required and the	1,821.4	1,430.5	0.0	13.4	8.2	369.3	390.8	0.0	1,821.4	0.0

	budget will be spent.										
Pre 2020/21 Capital Programme	Progress	Approved Budget	Prior Year spend	Qt 1 Spend	Qt 2	Qt 3	Qt 4	Forecast 2020/21	Future years	Total	Variance
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Accommodation - Decant and preparation for Fleet House and other changes to Police Accommodation	Progress and spend is reported to Capital Buildings Committee.	13,907.6	8,251.6	155.9	0.0	389.5	3,609.5	4,154.9	1,269.0	13,675.5	(232.1)
IT Modernisation/Telephony etc.	CoL IT managed projects	6,328.6	2,015.8	1,045.9	1,363.6	0.0	2,578.4	4,987.9	(0.0)	7,003.6	675.0
Total Pre 20/21 Cap Prog		28,915.8	14,562.3	1,205.0	1,713.0	1,827.1	8,577.7	13,322.8	1,473.6	29,358.7	442.8
Total Capital		38,608.0	14,562.3	1,205.0	1,882.6	1,972.1	11,020.9	16,080.7	7,732.8	38,375.8	(232.1)

Pre 2020/21 Capital Programme	Progress	Approved Budget	Prior Year spend	Qt 1 Spend	Qt 2	Qt 3	Qt 4	Forecast 2020/21	Future years	Total	Variance
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Funding Not identified											
Emergency Services Mobile Communications Programme (ESMCP) - Future years requirement		6,483	0	0	0	0	0	0	6,483	6,483	0