

<p><b>Committee:</b> Police Performance and Resource Management Committee Police Authority Board</p>	<p><b>Date:</b> 2<sup>nd</sup> February 2021  17<sup>th</sup> February 2021</p>
<p><b>Subject:</b> Q3 Revenue and Capital Budget Monitoring 2020/21</p>	<p><b>Public</b></p>
<p><b>Report of:</b> Commissioner of Police Pol 11-21</p>	<p><b>For Information</b></p>
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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 third quarter of the 2020/21 financial year. Current projections indicate an underspend of £5.5m 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 12<sup>th</sup> 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. £2m of these costs are expected to fall within the 2020/21 financial year.

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 Resource Management Committee and Police Authority Board. The Savings Tracker is further subject to monthly monitoring meetings and updated Action Plan.

The required savings have been successfully delivered.

### Recommendation

Members are asked to note the report.

## Main 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**

	£'000	%
Core grant	65,500	42.59%
Business Rates Premium	19,200	12.49%
Specific Government Grants	51,300	33.36%
Partnership Funding	13,000	8.45%
Fees and charges	4,100	2.67%
Corporation - Contact Centre	680	0.44%
Adjustments	(500)	
<b>Total Funding and Income</b>	<b>153,280</b>	

1.3 The latest forecast position is summarised below

**Table 2**

	20/21 Latest Budget £m	Budget YTD £m	Actual (Q3 YTD) £m	Variance YTD £m	Forecast £m	Proj Variance £m
<b>Pay</b>						
Officers – net	60.6	45.4	42.1	(3.3)	56.9	(3.7)
Staff – net	26.0	19.5	18.4	(1.1)	25.0	(1.0)
Overtime	2.2	1.7	1.5	(0.1)	2.3	0.1
Agency	1.6	1.2	1.1	(0.1)	1.6	0.1
Indirect employee costs	2.3	1.7	1.7	(0.0)	2.2	(0.1)
Pensions Contrib.	23.0	17.3	0.0	(17.3)	23.0	0.0
<b>Total Pay</b>	<b>115.6</b>	<b>86.7</b>	<b>64.8</b>	<b>(21.9)</b>	<b>111.0</b>	<b>(4.7)</b>
Premise Costs	2.6	1.9	2.5	0.6	2.6	(0.0)
Transport Costs	2.0	1.5	0.8	(0.7)	2.2	0.2

Supplies and Services	22.7	17.1	12.5	(4.6)	20.9	(1.8)
Third Party Payment	12.2	9.1	6.2	(2.9)	11.9	(0.3)
Unallocated Savings	(1.8)	(1.4)	0.0	1.4	0.0	1.8
<b>Non-Pay</b>	<b>37.7</b>	<b>28.3</b>	<b>22.0</b>	<b>(6.3)</b>	<b>37.6</b>	<b>(0.1)</b>
<b>Total Expenditure</b>	<b>153.3</b>	<b>115.0</b>	<b>86.8</b>	<b>(28.2)</b>	<b>148.5</b>	<b>(4.8)</b>
<b>Income</b>						
Specific Grant	(51.3)	(38.5)	(33.3)	5.2	(52.7)	(1.3)
Partnership	(13.0)	(9.7)	(6.4)	3.3	(13.0)	0.0
Fees & Charges	(4.1)	(3.1)	(1.3)	1.8	(3.4)	0.7
<b>Total Income</b>	<b>(68.4)</b>	<b>(51.3)</b>	<b>(41.0)</b>	<b>10.4</b>	<b>(69.1)</b>	<b>(0.6)</b>
<b>Funding</b>	<b>(84.9)</b>	<b>(63.7)</b>	<b>(63.7)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Underlying Deficit</b>	<b>0.0</b>	<b>0.0</b>	<b>(17.8)</b>	<b>(17.8)</b>	<b>79.4</b>	<b>(5.5)</b>

1.4 Table 2 indicates a projected underspend of £5.5m, predominately within pay. At the start of the year there were 161 vacancies, this has reduced to 56 at the end of Q3. There have been 182 new starters and 77 leavers, providing a net decrease in vacancies of 105. The pay actuals and projections in Table 2 above are based on the workforce actuals and forecasts shown in Table 5 below.

#### 1.5 Non-Pay

Non-Pay comprises 25% of the expenditure budget, and a slight underspend of £0.1m is forecast at the end of Q3. 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.
- 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 - £22.7m. This includes 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 operational costs. The unallocated savings of £1.8m have been found in supplies and services through various departmental savings.

- Third Party Payments & Recharges - £12.2m. This relates to fees and contributions to partners and other bodies, including the IT recharge of £7.0m to City of London Corporation.
- Overtime and Agency is forecast near budget. The use of agency staff is lower than the 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, which resulted in higher overtime and agency costs.
- 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 £0.7m has been received to date. We expect to receive the full £1.2m ring-fenced funding by the end of the year, dependent upon 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 Q3, £1.5m has been spent or committed, and at this stage with a further £0.5m forecast in Q3. There is a risk of a further £3.5m to be spent in future years, but that is dependent on whether system improvements and the projected Supplier dispute costs are incurred. This is subject to on-going negotiations. Any 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 three 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 outturn 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, limited international training can currently take place and there is likely to be a shortfall in income from the Economic Crime Academy. The position has been closely monitored during the financial year, and some of the shortfall has been funded through the government's income recovery grant. CoLP has made a £152,000 submission to this scheme for the first 4 months of the year. A further claim has been made for £201,000 and it is anticipated that the full year claim will provide £500,000 by the end of the year.
- TfL grant has been received in full for the first three quarters of the year, at this stage it is assumed we will receive the full year funding.

## **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 in Table 3 below.

**Table 3**

<b>Savings Tracker</b>	<b>Target £'000</b>	<b>YTD Actual £'000</b>	<b>Forecast £'000</b>	<b>Variance £'000</b>	<b>Risk</b>
Transform pay savings - holding branch	860	860	860	0	<b>G</b>
Average salary reduction through recruitment policy	400	616	700	300	<b>G</b>
Overtime	350	350	350	0	<b>G</b>
<b>Total pay</b>	<b>1,610</b>	<b>1,826</b>	<b>1,910</b>	<b>300</b>	
Savings through National Policing Programmes - NEP	1,300	-	1,300	0	<b>A</b>
IT Transformation	20	20	20	0	<b>A</b>
Digitisation of external services	100	-	-	(100)	<b>R</b>
Support Services review	350	247	250	(100)	<b>G</b>
Asset Recovery	100	400	400	300	<b>G</b>
Commercial activity and income generation	950	150	1,253	303	<b>G</b>
Estate savings	1,300	496	786	(514)	<b>R</b>
<b>Total non-pay</b>	<b>4,120</b>	<b>1,313</b>	<b>4,009</b>	<b>(111)</b>	
<b>Total</b>	<b>5,730</b>	<b>3,139</b>	<b>5,919</b>	<b>189</b>	

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. It was also anticipated that some IT related savings could be found, however, such savings have not materialised to date.

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 build up of demand for international training and some training is being delivered in January – March 2021, generating income in the region of £140,000. The government's income recovery scheme has partly offset shortfalls, £152,000 has been claimed and received and a further submission of £201,000 has been made.

- 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 are now also available 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.
- 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, mainly from a rates rebate application.
- 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 Q3, current projections indicate an underspend of £5.5m; Table 4 below sets out the Directorate position. This includes the £5.7m budget mitigations identified in the Savings Tracker.

**Table 4**

Directorate	20/21 Latest Budget £'m	Budget YTD £'m	Actual (Q3 YTD) £'m	Variance YTD £'m	Forecast £'m	Proj Variance £'m
BSD	28.5	21.4	(0.3)	(21.7)	26.6	(1.9)
Crime	11.8	8.8	8.7	(0.1)	10.9	(0.9)
ECD	8.7	6.5	13.0	6.4	7.7	(1.0)
I&I	14.5	10.9	11.1	0.2	15.3	0.8
UPD	21.5	16.1	13.4	(2.7)	19.0	(2.4)
<b>Grand Total</b>	<b>84.9</b>	<b>63.7</b>	<b>45.9</b>	<b>(17.8)</b>	<b>79.4</b>	<b>(5.5)</b>

\*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 £23.0m).

### 3.2 Business Support Directorate – **underspend of £1.9m**

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 23 FTE above establishment, mainly due to Transform, Corporate Plan and PSD.

### 3.3. Crime Directorate – **underspend of £0.9m**

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 20 FTE.

### 3.4. Economic Crime Directorate – **underspend of £1.0m**

The majority of the underspend is due to vacancies, especially in National Lead Force. Income from external funders will be matched to actual expenditure during the financial year. So a high level of vacancies held does not necessarily mean there is a corresponding budgetary variance.

The Directorate is holding vacant posts of 26 FTE.

### 3.5 Information and Intelligence Directorate – **overspend of £0.8m**

The directorate is holding a number of vacant post, but in the last quarter a number of those vacant posts have been recruited into. Unfunded staffing costs in the Niche/Pronto and within the Command Hub teams have off-set any gains made by the vacancies and created increased budget pressures in the reporting period. 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 33 FTE.

### 3.6 Uniformed Policing Directorate - **underspend of £2.4m**

The underspend in UPD is mainly due to vacancies earlier in the financial year. All vacancies have now been filled, including the higher than usual probationer intake this year. All the new probationers and all the national uplift posts are temporarily placed in UPD, hence there are currently no net vacancies There is

some risk to TFL Grant income for roads policing, although at this stage it is assumed that the grant will be received in full.

The Directorate is not currently holding any vacancies

#### 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 1,394 FTE, comprising 888 Officers and 506 staff. The actual workforce paid in December 2020 was 1,338 FTE comprising 851.5 Officers and 486.6 Staff.
- 4.2 Table 5 below sets out the actual position by month up to the end of Q3, 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 (SWP) Board, which meets monthly. All recruitment is approved by SWP in advance, after confirming funding is in place for each post.

**Table 5 – Actual workforce numbers for Q3 and forward projections**

	FTE	Officers FTE	Staff FTE	Total FTE
Actual	April	768	447	1,215
	May	768	448	1,216
	June	778	450	1,228
	July	788	457	1,245
	August	812	464	1,276
	September	822	464	1,286
	October	829	474	1,303
	November	833	483	1,317
	December	852	487	1,338
	Forecast	January	865	493
February		870	497	1,367
March		875	500	1,375



## Head count

Headcount	Officers	Staff	Total
<b>Establishment</b>	<b>888</b>	<b>506</b>	<b>1394</b>
April	777	462	1239
May	781	464	1245
June	790	465	1255
July	797	471	1268
August	820	477	1297
September	832	483	1315
October	840	489	1329
November	844	500	1344
December	862	502	1364

### 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 fully under way. To date, at the end of December 2020, 61 posts have been filled, 5 are due to start in January (passed vetting) and the final post of the 67 is in vetting.

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 £3.9m 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 5 due to start will be in post by 31<sup>st</sup> January and the remaining post in vetting is predicted to start before the end of the financial year. The projected underspend against the £5.4m additional funding for the 67 posts is £0.27m, which will be utilised towards repayment of the Action Fraud Loan.

## 5 Income

- 5.1 Table 6 below sets out grant and income funding totalling £65.55m. 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 Q3 YTD £'000	Projected Outturn £'000	Projected Variance £'000	Risk Rating	Responsible Lead
Police Pensions Grant	Home Office	(23.0)	(18.4)	(23.0)	0.0	G	LT
Counter Terrorism Policy Grant	Home Office	(6.7)	(5.5)	(7.2)	(0.6)	G	GF
Action Fraud Managed Service	Home Office	(6.1)	(3.3)	(6.1)	0.0	G	JV
National Cyber Security Programme	Home Office	(6.1)	(0.0)	(5.0)	1.1	G	JVP
Action Fraud National Fraud Intelligence Bureau	Home Office	(4.3)	(2.2)	(4.3)	0.0	G	SA
Insurance Fraud Enforcement Team	Association of British Insurers	(4.1)	(1.7)	(3.9)	0.3	G	TH
Economic Crime Capability Development	Home Office	(2.7)	(1.0)	(2.5)	0.2	G	AN
Dedicated Cheque & Plastic Card Unit (DCPCU)	UK Payments Administration Ltd	(2.6)	(1.2)	(2.3)	0.2	G	GR
National Lead Force	Home Office	(2.3)	(1.4)	(2.3)	0.0	G	PS
International Property Crime Investigation Unit (IPICU)	Intellectual Property Office	(2.1)	(0.9)	(1.9)	0.2	G	NC

<b>Police Transport Grant</b>	Transport for London	(1.9)	(1.5)	(1.9)	0.0	A	KT
<b>Cyber Griffin</b>	Corporation	(0.7)	0.0	(0.7)	0.0	G	CM
<b>Lloyds Sponsorship</b>	Lloyds Bank	(0.4)	(0.5)	(0.5)	(0.0)	G	AB
<b>Other - International Training and Development Team</b>	Home Office	(0.4)	(0.1)	(0.4)	0.0	A	TR
<b>Late Night Levy</b>	Corporation	(0.3)	(0.2)	(0.3)	0.0	G	JP
<b>National Lead Force</b>	Home Office	(0.3)	(0.2)	(0.3)	0.0	G	PS
<b>London Safety Camera Partnership</b>	Transport for London	(0.3)	(0.1)	(0.3)	0.0	G	AM
<b>Economic Crime Victim Care Unit</b>	Mayors Office for Policing & Crime	(0.2)	0.2	(0.2)	0.0	G	PS
<b>Tower Bridge</b>	Corporation	(0.1)	(0.1)	(0.1)	0.0	G	AM
<b>Regional Organised Crime Unit Coordinator</b>	Home Office	(0.1)	0.0	0.0	0.1	G	JV
<b>Volunteer Police Cadets</b>	Cadet Contributions	(0.0)	(0.0)	(0.0)	0.0	G	PP
<b>20/21 COVID-19 Surge Funding/ PPE Reimbursement</b>	Home Office	0.0	(0.5)	(0.5)	(0.5)	G	AB
<b>20/21 Ringfenced Police Uplift Programme (PUP)</b>	Home Office	0.0	(0.7)	(1.2)	(1.2)	G	CB
<b>City of London Building Works</b>	British Transport Police	0.0	(0.0)	(0.0)	(0.0)	G	PP
<b>Common Police Services Contributions</b>	College of Policing and HMICFRS	0.0	(0.1)	(0.1)	(0.1)	G	AB
<b>Fraud Northern Hub</b>	Intellectual Property Office	0.0	0.0	(0.3)	(0.3)	G	PS
<b>Interpol Secondment</b>	MPA/UL	0.0	0.0	(0.0)	(0.0)	G	NC
<b>Mutual Aid</b>	Essex Police	0.0	(0.1)	(0.1)	(0.1)	G	MD
<b>Other - Support Group</b>	London Mayors Office	0.0	0.0	(0.1)	(0.1)	G	JM
<b>Other - Taser Project</b>	College of Policing	0.0	0.0	(0.1)	(0.1)	G	RW

<b>Overseas Anti-Corruption Unit</b>	Department for International Development	0.0	0.0	(0.0)	(0.0)	G	NC
<b>Prevent Grant</b>	Home Office	0.0	(0.1)	0.0	0.0	G	GF
<b>Secondments</b>	Cambridgeshire Constabulary	0.0	(0.0)	(0.1)	(0.1)	G	MW
<b>Secondments</b>	Metropolitan Police	0.0	(0.0)	(0.1)	(0.1)	G	MW
<b>PTF &amp; NCSP Funding Grant</b>	Miscellaneous income	0.0	(0.0)	(0.2)	(0.2)	G	DP
<b>Misc</b>	Various	(0.0)	(0.1)	(0.1)	(0.1)	G	Various
<b>Total</b>		<b>(64.55)</b>	<b>(39.67)</b>	<b>(65.83)</b>	<b>(1.29)</b>		

5.4 As illustrated, projected income is £1.29m 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 is around international training, it is assumed that the TfL grant will be received in full in the current financial year.

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 legacy schemes approved prior to 2020/21 and funded by the Corporation of London; and schemes approved through a loan facility from the Corporation from 2020/21 and onwards

6.2 Table 7 provides a summary overview of the capital budget. Progress of the Capital Programme and further details for each project are shown in Appendix 1.

**7 Table 7 - Summary of Capital Programme 2020 to 2024**

CoLP Capital Programme 2020	Capital Programme Budget	Spend to Q3	Forecast 2020/21	Future years	Total Forecast	Forecast Variance
	£m	£m	£m	£m	£m	£m
IT Related	7.69	0.25	0.46	6.52	6.98	(0.70)
Equipment	0.14	0.00	0.00	0.14	0.14	0.00
Fleet	1.00	0.02	0.08	0.92	1.00	0.00
Accommodation	0.19	0.00	0.10	0.09	0.19	0.00
<b>Total 2020-2024 Capital Programme</b>	<b>9.02</b>	<b>0.27</b>	<b>0.64</b>	<b>7.67</b>	<b>8.31</b>	<b>(0.70)</b>
Legacy Capital Programme	28.89	19.98	27.42	1.79	29.21	0.32
<b>Total</b>	<b>37.91</b>	<b>20.25</b>	<b>28.06</b>	<b>9.46</b>	<b>37.52</b>	<b>(0.39)</b>

- 6.3 For the four-year programme to 2024, there is a forecast underspend of £0.4m. This is largely due to the Accommodation Decant Programme and re-scoping of the Airwaves project.
- 6.4 At the end of Q3, it is expected that the Legacy Capital Programme will largely be complete, with a small in-year underspend as projects are completed in the new financial year. Spending on the new 2020/24 programme has been relatively low this year with the completion of projects expected to be in 2021/22 and beyond. This has partly been caused by the Covid19 lockdown, with purchase orders being placed later than otherwise, and delays in delivery of equipment. The projects to update the Custody CCTV and the new module for the Chronical system are expected to be substantially complete by the year end.
- 6.5 Expenditure to year end against the delegated loan funded capital programme is forecast to be £0.6m.
- 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, £0.675m is 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.
- 6.7 The remainder of the IT budget is allocated to support the 2021-2025 capital programme for the provision of IT related projects.
- 6.8 The programme to replace non-ULEZ compliant vehicles is expected to be largely complete by the end of the year. However, there is a risk of delay to delivery of some vehicles, and some expenditure may be incurred in the next financial year.

6.9 The low value capital scheme for the NHS Custody Link is now being funded by the health service and the budget is therefore released.

## 7 Transactional services

There has been a significant improvement to all transactional services following the appointment of a new Transactional Manager. As agreed with Members at the December Police Authority Board, for future reference, only exception reports will be provided for these services. There are no exceptions to report for Quarter 3.

## 8 Overtime

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

8.2 Gross expenditure up to Q3 is £1.8m, offset by a 19/20 accrual of £0.3m, resulting in net expenditure of £1.5m. 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 and the current national lockdown, the projected outturn position is £2.3m; £0.1m over budget.

8.3 Overtime expenditure for 2018/19 was £3.2m and in 2019/20 it was £2.8m. Overtime has been significantly reduced during 2020/21, due to the lower level of vacancies held and COVID.

8.4 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)
- Pan London Violent Crime Operations
- Op Uranium<sup>1</sup>
- Op Benbow<sup>2</sup>

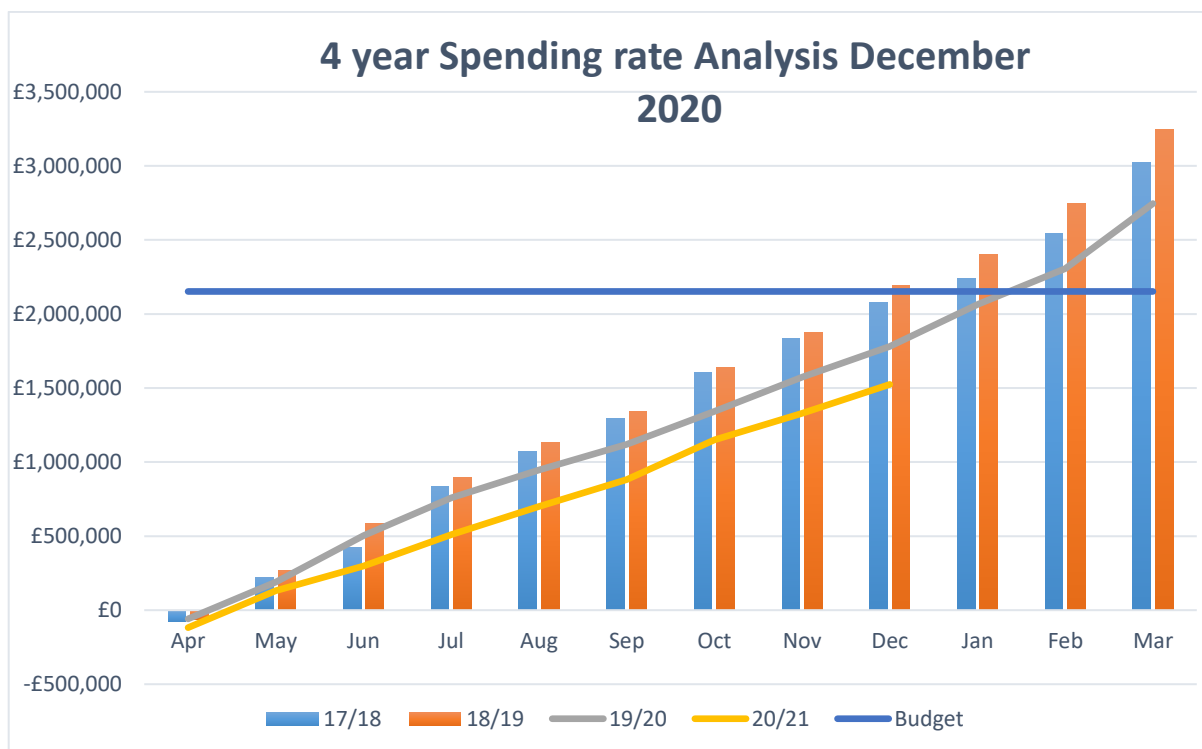
8.5 The largest spending Directorate is UPD, with 50% (£0.9m) of overall overtime. The main reasons are business as usual, backfilling and Bank of England which accounts for 44%. It is expected that the need for backfilling and BAU will reduce as vacancies are filled, however, it is difficult to predict requirements relating to future unknown policing requirements.

8.6 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.

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<sup>1</sup> Op Uranium- targeting Courier Fraud

<sup>2</sup> Op Benbow- in collaboration with the MPS targeting Public Order



## 9 Coronavirus (COVID-19)

9.1 COVID-19 has had an impact since the start of the pandemic in mid-March 2020. In Q3, the financial impact of COVID-19 totals £0.93m, which includes 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 (£346,000). COVID-19 related expenditure is currently reducing month on month, and the position will be closely monitored for the rest of the financial year. The majority of costs will be recovered from Home Office claims.

9.2 The combination of monthly expenditure and loss of income is summarised in Table 10 below, showing total additional COVID related pressure of £934,604 to the end of Q3.

**Table 10**

COVID-19 Spend to date	
£	
Mar	298,378
Apr	139,708
May	95,295
Jun	97,463
Jul	8,646
Aug	54,330
Sep	131,931
Oct	66,328
Nov	17,468

Dec	25,057
<b>Total</b>	<b>934,604</b>

- 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 £03.m against COVID-19 related expenditure of £0.9m 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
<b>Total</b>	<b>(4.4)</b>	<b>3.0</b>	<b>(1.4)</b>

- 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.
- 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.

## **11 Risk Management**

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

<b>Risk</b>	<b>Impact</b>	<b>Mitigation</b>
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  International training - £0.4m Economic Crime Academy - £0.6m  CT Grant may be at risk for future years	Three quarters received, assume receipt of 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, however, the build-up of DWL may be subject to unplanned events over the year. Currently no financial implication, however, continues to be reviewed.	No issues to mitigate
Use of agency staff	Reliance on agency staff may increase whilst holding a high level of vacancies	There is a small projected overspend
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, this report indicates a significant underspend
Events policing	Finance Business Partners 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 is monitoring Financial risk around replacement spend.	No issues to mitigate



	Capital Programme Budget	Prior Year spend	Qt 1 Spend	Qt 2	Qt 3	Current Year Spend to date	Qt 4	Forecast 2020/21	Future years	Total	Variance
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Vehicle Fleet Replacement Project	1,000	0	0	0	17	17	64	81	919	1,000	0
<b>Accommodation</b>											0
Essential estate / security upgrades	185	0	-	0	0	0	100	100	85	185	0
<b>Total 2020-24 Capital Programme</b>	<b>9,017</b>	<b>0</b>	<b>0</b>	<b>190</b>	<b>78</b>	<b>268</b>	<b>375</b>	<b>643</b>	<b>7,669</b>	<b>8,312</b>	<b>(705)</b>
<b>Legacy Capital Programme</b>											
Airwaves	1,250	25	0	142	546	688	315	1,003	100	1,129	(121)
Digital Interview Recording System	375	0	0	0	0	0	254	254	121	375	0
HR integrated	425	259	0	16	2	18	98	116	50	426	0
Fleet	1,909	13	0	159	553	712	747	1,459	437	1,909	0
Ring of Steel	2,569	2,219	3	19	21	42	158	200	127	2,546	(23)
Emergency Services Mobile Communications Programme (ESMCP)	1,821	1,431	0	13	7	20	60	80	310	1,821	0
Accommodation - Decant and preparation for Fleet House and other changes to Police Accommodation	13,952	8,252	156	0	1,169	1,325	3,514	4,839	648	13,739	(213)

	Capital Programme Budget	Prior Year spend	Qt 1 Spend	Qt 2	Qt 3	Current Year Spend to date	Qt 4	Forecast 2020/21	Future years	Total	Variance
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
IT Modernisation/Telephony etc.	6,591	2,016	1,046	1,364	550	2,959	2,291	5,250	0	7,266	675
<b>Total Legacy Capital Programme</b>	<b>28,893</b>	<b>14,214</b>	<b>1,205</b>	<b>1,713</b>	<b>2,848</b>	<b>5,766</b>	<b>7,436</b>	<b>13,203</b>	<b>1,794</b>	<b>29,210</b>	<b>317</b>
<b>Total</b>	<b>37,910</b>	<b>14,214</b>	<b>1,205</b>	<b>1,903</b>	<b>2,926</b>	<b>6,034</b>	<b>7,812</b>	<b>13,846</b>	<b>9,463</b>	<b>37,523</b>	<b>(388)</b>