

Committee(s): Police Authority Board	Dated: 22 nd June 2021
Subject: CoLP Revenue Budget outturn report - 2020/21	Public
Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?	1
Does this proposal require extra revenue and/or capital spending?	N/A
If so, how much?	N/A
What is the source of Funding?	N/A
Has this Funding Source been agreed with the Chamberlain's Department?	N/A
Report of: Commissioner of Police Pol 34-21	For Information
Report author: Cecilie Booth, Chief Operating and Finance Officer	

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. By the end of the financial year, the budget increased to £92.8m due to the transfer of various items, including Supplementary Revenue Projects, Apprenticeship Levy and COVID Surge funding. The full breakdown of the budget is shown in Table 1 below

This report outlines the outturn position for the 2020/21 financial year. The Force is reporting a underspend of £5.1m, after reserve movements and carry forwards. The Q3 report presented a projected outturn position of a £5.5m underspend, with full utilisation of Action Fraud budgets. The final position of £5.1m underspend has been primarily due to the number of vacancies held since the start of the financial year. Spend on the Action Fraud Next Generation Fraud and Cyber Crime Reporting Analysis Service (FCCRAS) for the year was £1.6m, and a further £1.4m to cover costs relating to the IT supplier dispute and licence fees. These costs were largely covered by a £2.7m drawdown from the Action Fraud Reserve, with the remainder covered by an £0.5m underspend on Action Fraud and National Fraud Intelligence Bureau (NFIB). The ongoing dispute with the supplier was resolved in March 2021, with a settlement which will be spread over a number of years. External funding for the FCCRAS project has now been agreed in principle by the Home Office and is awaiting final sign-off. There are additional costs to be met by the Force relating to contract extension costs and a contribution towards the Project team. For 2021/22, these costs will be funded from the 2020/21 underspend.

The £2.7m Action Fraud Reserve has now been fully utilised to fund the additional £3m costs of the new Fraud and Cyber Crime Reporting project (FCCRAS) in

2020/21. This is £1.1m lower than previously reported due to some system enhancement and revised dispute costs being moved to the 2021/22 financial year.

A challenging £5.7m savings plan was fully built into the budget, comprising £1.6m pay and £4.1m non-pay. The budget and the savings plans were 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, with quarterly monitoring reports to the Performance and Resource Management Committee (now Strategic Planning and Performance Committee) and Police Authority Board. The required savings have been successfully delivered as set out in Section 2 / Table 4 of this report.

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 By the end of the financial year, the budget increased to £92.8m, as detailed in Table 1 below.

Table 1

Funding Type	Amount (£000)	%
HO Core Grant	(61,130)	65.9%
Business Rate Premium	(13,800)	14.9%
Precept Grant	(3,450)	3.7%
Legacy Council Tax Grant	(80)	0.1%
Contact Centre Funding	(680)	0.7%
HO Pension Grant	(842)	0.9%
67 Growth	(5,400)	5.8%
Capital priorities	500	-0.5%
Total Original Budget	(84,882)	
SRP	(7,713)	8.3%
Apprenticeship Levy	(116)	0.1%
Wood Street rent	(246)	0.3%
Pension strain	(194)	0.2%
Middlesex Street running cost and rents	(172)	0.2%
Surge Funding	(427)	0.5%
AF Loan repayment	1,000	-1.1%
Total Funding	(92,750)	100%

- 1.3 The outturn position after movement in reserves and Action Fraud loan repayment is summarised in Table 2 below;

Table 2

Outturn 2020/21	£'000
2020/21 Budget	92,750
Actual spend	89,740
Variance before reserve movements	(3,010)
Reserve Movements:	
Full drawdown from Action Fraud reserve	(2,740)
Full drawdown of misc reserves	(196)
Contribution to POCA reserve due to additional receipts in year	787
Contribution to Late Night Levy reserve	53
Net Outturn	(5,107)
Carry Forward to Action Fraud Next Gen	2,880
Carry forward to Earmarked Reserve - COVID Surge Funding	427
Carry forward to General Reserve	800
Loan repayment - Action Fraud	1,000
2020/21 Outturn	0

- 1.4 The Force is reporting an underspend of £5.1m after movements in reserve and Action Fraud loan repayment of £1m.
- 1.5 Table 2 above sets out the movements in reserves and Table 11 towards the end of the report shows the impact on reserve balances. The reasons for the movements are as follows;
- £2.7m drawdown from Action Fraud reserve. This was to fund the next generation Action Fraud reporting and contract dispute costs with the supplier.
 - £0.172m full drawdown of the Economic Crime Academy reserve from a surplus generated in 2019/20. The surplus was carried forward to partly mitigate reduced income expectations in 2020/21 due to Covid 19.
 - £0.024m full drawdown of a National Lead Force (NLF) reserve due to delays in delivering Body Worn Video equipment.
 - £0.8m contribution to the Proceeds of Crime Act (POCA) reserve which relates to additional POCA receipts received in year. Such receipts will be utilised in accordance with POCA requirements
- 1.6 Table 3 below provides a subjective analysis and the final 2020/21 revenue outturn position:

Table 3

	20/21 Final Budget £m	Outturn £m	Variance £m
Pay			
Officers – net	60.6	57.7	(2.9)
Staff – net	26.1	25.0	(1.1)
Overtime	2.2	2.5	0.3
Agency	1.6	2.1	0.5
Indirect employee costs	2.4	2.4	(0.0)
Pensions Contrib.	23.0	16.8	(6.2)
Total Pay	115.9	106.4	(9.5)
Premise Costs	9.7	10.2	0.5
Transport Costs	2.0	2.3	0.2
Supplies and Services	24.9	24.6	(0.3)
Third Party Payment	2.0	2.1	0.0
Recharges from CoLC	3.3	3.7	0.4
IT - paid to CoLC	7.3	8.1	0.7
Unallocated Savings	(1.8)	0.0	1.8
Non-Pay	47.6	51.0	3.4
Total Expenditure	163.4	157.4	(6.1)
Income			
Specific Grant	(51.3)	(47.3)	4.0
Partnership	(13.6)	(14.3)	(0.8)
Fees & Charges	(4.8)	(5.1)	(0.3)
Total Income	(69.7)	(66.8)	2.9
Use of reserves			
Transfers to reserve	(1.0)	5.1	6.1
Transfers from reserve	0.0	(3.0)	(3.0)
Total use of reserves	(1.0)	2.1	3.1
Funding	(92.7)	(92.7)	0.0
Underlying Deficit	0.0	0.0	(0.0)

2 Savings Target

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

2.2 The required savings have been successfully delivered, and a summary is shown in Table 4 below.

Table 4

Savings Tracker	Target £'000	Outturn £'000	Variance
Transform pay savings - holding branch	860	860	0
Average salary reduction through recruitment policy	400	616	216
Overtime	350	350	0
Total pay	1,610	1,826	216
Savings through National Policing Programmes - NEP	1,300	0	(1,300)
IT Transformation	20	20	0
Digitisation of external services	100	0	(100)
Support Services review	350	247	(103)
Asset Recovery	100	100	0
Commercial activity and income generation	950	285	(665)
Estate savings	1,300	980	(320)
Total non-pay	4,120	1,632	(2,488)
Total	5,730	3,458	(2,272)

2.3 The shortfall of £2.272m relate mainly to National Enabling Programme (NEP) and income, which was offset against delays in recruitment and income recovery grant. The non-recurring savings from 2021/22 have been incorporated in the savings tracker for 2021/22.

3 Directorate Revenue Position

3.1 Table 5 below sets out the budget outturn for each Directorate after reserve movements. A commentary follows that explains variances from the budget.

Table 5

Directorate	Final 2020/21 Budget £'000	Outturn £'000	Variance £'000
BSD	36,201	40,644	4,443
Crime	11,756	11,368	(388)
ECD	8,681	7,452	(1,229)
I&I	14,681	15,190	509
UPD	21,433	18,098	(3,335)
Grand Total	92,752	92,752	0

3.2 Business Support Directorate – **overspend of £4.4m**

The BSD directorate budget holds the unallocated overheads, unallocated national uplift and the unallocated overtime and agency budget for the whole Force, hence the overspend. This overspend is off-set against underspends in other directorates. Variances relate to;

- £1.0m due to the delayed closure of Wood Street
- £0.92m IT overspend, charged by the City of London Corporation
- £1.6m from unfunded posts, mainly the Corporate Plan Team, International Training and Transformation.
- £0.3m overspend in Uniform Stores
- £0.4m in Professional Standards, mainly relating to legal costs
- £0.2m income losses not covered by the Income Recovery scheme

At 31st March 2021, the Directorate held 41 FTE posts above the establishment, as explained above.

3.3. Crime Directorate – **underspend of £0.4m**

The underspend in Crime relates to vacant posts held since the start of the year. The number of vacancies reduced towards the end of the year due to the large recruitment drive. There was an overspend in Forensics outsourced work.

At 31st March 2021, the Directorate held 5 FTE vacancies.

3.4. Economic Crime Directorate – **underspend of £1.2m**

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

At 31st March 2021, the Directorate held 25 FTE vacancies

3.5 Information and Intelligence Directorate – **overspend of £0.5m**

The directorate has held a number of vacant posts throughout the year, but a number of vacancies were filled in the final quarter. Unfunded staffing costs in the Niche/Pronto team and within the Command Hub have off-set savings generated from holding vacancies and created increased budget pressures. 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.

At 31st March 2021, the Directorate held 32 FTE vacancies

3.6 Uniformed Policing Directorate - **underspend of £3.3m**

The underspend in UPD is mainly due to large number of vacancies held early in the financial year. All vacancies have now been filled, and we have seen a

higher than usual probationer intake this year. All new probationers and all national uplift posts are temporarily placed in UPD. The TfL Grant for roads policing has been received in full.

At 31st March 2021, the Directorate held 24 FTE vacancies

4 Workforce

- 4.1 The pay budget comprises 71% of the revenue budget. At 31st March 2021, the establishment, including the 67 locally agreed growth posts and 44 National Uplift, was 1,394 FTE, comprising 888 Officers and 506 staff. The actual workforce paid in March 2021 was 1,349 FTE comprising 859 Officers and 490 Staff.
- 4.2 Table 6 below sets out the actual position by month for the full year.
- 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 6 – Actual workforce numbers for 2020/21

FTE	Officers	Staff	Total
Apr	767	447	1,214
May	771	449	1,220
Jun	780	451	1,230
Jul	784	458	1,242
Aug	811	464	1,274
Sep	821	469	1,290
Oct	830	482	1,312
Nov	834	483	1,317
Dec	850	487	1,336
Jan	860	486	1,346
Feb	865	492	1,357
Mar	859	490	1,349

Headcount	Officers	Staff	Total
Apr	775	460	1235
May	780	464	1244
Jun	788	464	1252
Jul	795	472	1267
Aug	820	479	1299
Sep	832	483	1315
Oct	839	498	1337
Nov	845	498	1343
Dec	860	502	1362
Jan	868	502	1370
Feb	876	508	1384
Mar	868	506	1374

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. CoLP received notification from the Home Office confirming 44 officers for CoLP in 2020/21. Funding for the 44 was provided in the 2020/21 police settlement in January 2021. Under Home Office accounting rules, 44 officers have been recruited to the 44 new posts.

4.5 Local uplift

In 2020/21, the City of London Corporation provided £5.4m funding for 67 new posts (local uplift). It was agreed that any underspend would be utilised towards repayment of the Action Fraud loan.

4.6 At the end of March 2021, all 67 posts have been filled.

4.7 Total costs for the local uplift to 31st March 2021 are in the region of £5.2m which includes direct salary costs, 25% oncosts, firearms equipment and direct recruitment costs such as advertising and additional HR support. The underspend of £0.2m has been allocated to repayment of the loan.

4.8 As £2.3m of the £5.4m funding has been withdrawn from the 2021/22 financial year, 37 of the local uplift posts will be removed, and netted off against the 2021/22 41 national uplift posts. Discussions with the Home Office regarding a re-set of the uplift baseline is in progress.

5 Income

5.1 Table 7 below sets out grant and income funding totalling £64.6m.

Table 7

Name of Grant	Funding Provider	2020/21 Final Budget	Outturn	Outturn Variance	Responsible Lead
	£'000	£m	£m	£m	
Police Pensions Grant	Home Office	(23.0)	(16.8)	6.2	LT
Counter Terrorism Policy Grant	Home Office	(6.7)	(7.1)	(0.4)	GF
Action Fraud Managed Service	Home Office	(6.1)	(6.6)	(0.5)	JV
National Cyber Security Programme	Home Office	(6.1)	(4.8)	1.3	JVP
Action Fraud National Fraud Intelligence Bureau	Home Office	(4.4)	(4.4)	0.0	SA
Insurance Fraud Enforcement Team	Association of British Insurers	(4.1)	(3.8)	0.3	TH
Economic Crime Capability Development	Home Office	(2.7)	(2.5)	0.1	AN

Name of Grant	Funding Provider	2020/21 Final Budget	Outturn	Outturn Variance	Responsible Lead
Dedicated Cheque & Plastic Card Unit (DCPCU)	UK Payments Administration Ltd	(2.6)	(2.6)	0.0	GR
National Lead Force	Home Office	(2.5)	(2.3)	0.2	PS
International Property Crime Investigation Unit (IPCU)	Intellectual Property Office	(2.1)	(2.0)	0.1	NC
Police Transport Grant	Transport for London	(1.9)	(2.0)	(0.2)	KT
Cyber Griffin	Corporation	(0.7)	(0.4)	0.3	CM
Lloyds Sponsorship	Lloyds Bank	(0.4)	(0.3)	0.1	AB
Other - International Training and Development Team	Home Office	(0.4)	(0.2)	0.2	TR
Late Night Levy	Corporation	(0.3)	(0.3)	0.0	JP
London Safety Camera Partnership	Transport for London	(0.3)	(0.2)	0.0	AM
Economic Crime Victim Care Unit	Mayor's Office for Policing & Crime	(0.2)	(0.2)	0.0	PS
Tower Bridge	Corporation	(0.1)	(0.1)	0.0	AM
Regional Organised Crime Unit Coordinator	Home Office	(0.1)	0.0	0.1	JV
£30m Surge Funding	Home Office	0.0	(0.2)	(0.2)	AB
PPE Reimbursement	Home Office	0.0	(0.1)	(0.1)	AB
Income Loss Recovery Scheme	Home Office	0.0	(0.5)	(0.5)	AB
20/21 Ringfenced Police Uplift Programme (PUP)	Home Office	0.0	(1.2)	(1.2)	CB
City of London Building Works	British Transport Police	0.0	(0.1)	(0.1)	PP
Common Police Services Contributions	College of Policing and HMICFRS	0.0	(0.1)	(0.1)	AB
Counter Terrorism & VS Grant	Home Office	0.0	(0.1)	(0.1)	GF
Fraud Northern Hub	Intellectual Property Office	0.0	(0.2)	(0.2)	PS
Subsidised Rail Travel	London Mayors Office	0.0	(0.6)	(0.6)	CB
Mutual Aid	Essex Police	0.0	(0.1)	(0.1)	MD
Prevent Grant	Home Office	0.0	(0.1)	(0.1)	JP
PTF & NCSP Funding Grant	Miscellaneous income	0.0	(0.2)	(0.2)	DP
Refund of overpaid service charges 2014-2016 re 21 New Street	Corporation	0.0	(0.1)	(0.1)	GF
Secondments	Cambridgeshire Constabulary	0.0	(0.1)	(0.1)	MW
Secondments	Metropolitan Police	0.0	(0.1)	(0.1)	MW

Name of Grant	Funding Provider	2020/21 Final Budget	Outturn	Outturn Variance	Responsible Lead
Other - Taser Project	College of Policing	0.0	(0.1)	(0.1)	RW
Other - Misc	Miscellaneous income	0.0	(0.3)	(0.3)	Various
Total		(64.6)	(60.9)	3.7	

- 5.2 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 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, only exception reports will be provided for these services. There are no exceptions to report, performance across the transactional services continues to improve.

7 Overtime

- 7.1 The overall overtime budget for 2020/21 was £2.2m; £1.7m in core funded and £0.5m in funded units.

- 7.2 Gross expenditure to the end of the financial year was £2.8m, offset by a 19/20 accrual of £0.3m, resulting in net expenditure of £2.5m. There was a reduction in overtime during the earlier part of the year compared to previous years, however, there was an increase near the end of the financial year as additional overtime was required to enforce Covid restrictions.

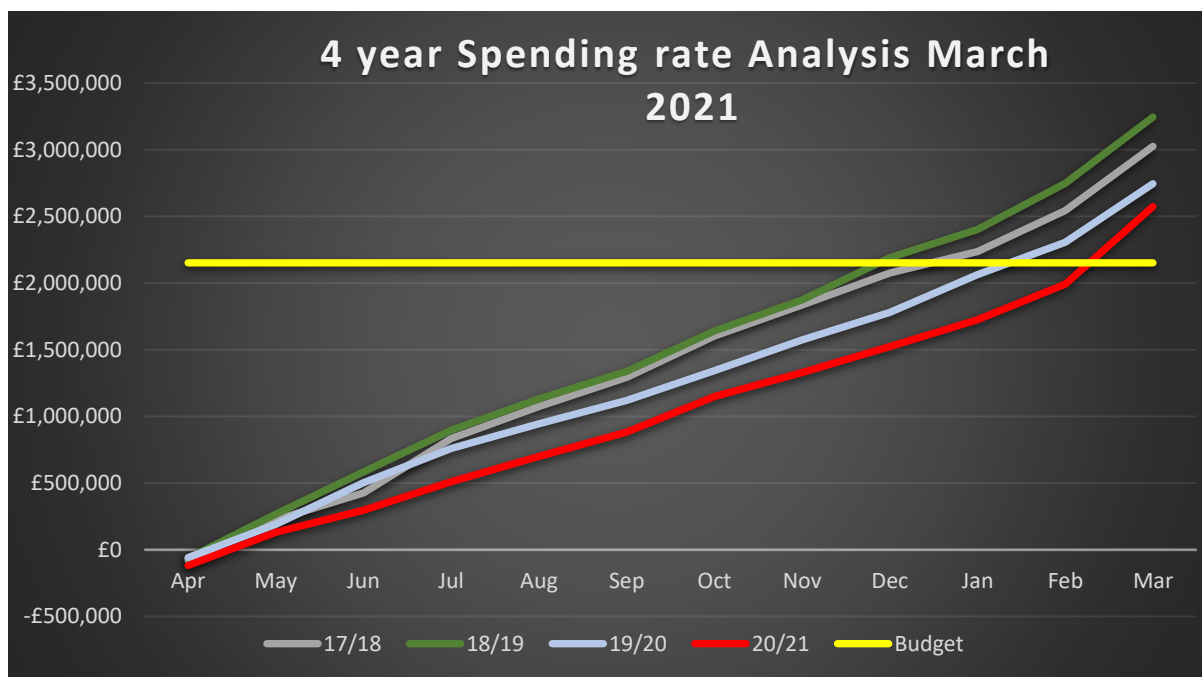
- 7.3 The main reasons for claiming overtime are:

- Covering for vacant posts (backfilling / Business as Usual)
- COVID19
- Black Lives Matters Protests
- Bank Holidays
- Bank of England armed escorts (funded by the Bank)
- Pan London Violent Crime Operations
- Op Benbow¹

- 7.4 The largest spending Directorates are UPD and ECD, accounting for 70% (£2.0m) of overall overtime. It is expected that the need for backfilling and BAU will increase in 2021/22 as more vacancies are held, however, it is difficult to predict requirements relating to future unknown policing requirements.

¹ Op Benbow- in collaboration with the MPS targeting Public Order

7.5 The chart below shows cumulative overtime expenditure over the last 4 years. This shows that spend this year has been on a lower trajectory than previous years.



8 Coronavirus (COVID-19)

8.1 COVID 19 has had an impact since the start of the pandemic in mid-March 2020. At the end of Q4 2021, the financial impact of COVID19 totalled £1.9m, which included loss of income from training (£0.9m), overtime (£0.2m), loss of income from the Economic Crime Academy (£0.3m), additional spend on IT to allow agile working (£0.2m), cleaning and various health and safety measures (£0.3m). COVID 19 related expenditure has been reducing month on month, and the position will continue to be closely monitored. The majority of costs have been recovered from Home Office claims.

8.2 The combination of monthly expenditure and loss of income is summarised in Table 10 below, showing total additional COVID 19 related pressure of £1.9m to the end of the financial year.

Table 10

COVID-19 Spend to date £'000	
Mar	298
Apr	140
May	95
Jun	97

	COVID-19 Spend to date £'000
Jul	9
Aug	54
Sep	132
Oct	66
Nov	17
Dec	25
Jan	385
Feb	390
Mar	179
Total	1,888

9 Use of Reserves

9.1 The Police reserves position is summarised in Table 11 below and shows 2020/21 reserve movements and closing reserve balances

Table 11

	Opening Balance £'m	Use of Reserve £'m	Transfer to Reserve £'m	Closing Balance £'m
Earmarked Reserve - Misc	(0.2)	0.2	0.0	0.0
POCA	(1.4)	0.0	(0.8)	(2.2)
Action Fraud	(2.7)	2.7	(2.9)	(2.9)
Transformational Funding	(0.1)	0.0	0.0	(0.1)
Police Capital Financing Reserve	0.0	0.0	(0.5)	(0.5)
Earmarked Reserve - COVID 19	0.0	0.0	(0.4)	(0.4)
General Reserve	0.0	0.0	(0.8)	(0.8)
Total	(4.4)	2.9	(5.4)	(6.9)

9.2 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

9.3 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 £0.6m estimated receipts which is built into the base budget.

- 9.4 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.

10 Risk Management

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

Table 12

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, £0.4m has been claimed from the Surge
Loss of Grants and Income	<p>TfL Grant</p> <p>International training - £0.4m</p> <p>Economic Crime Academy - £0.6m</p> <p>CT Grant may be at risk for future years</p>	<p>Full grant was received in 2020/21</p> <p>Government income recovery scheme – the total claim for the year was £0.5m</p> <p>Full grant was received in 2020/21</p>
Action Fraud	Outcome of dispute / additional costs / insufficient budget underspend to cover all costs	Costs to date have been covered from existing budgets and underspends, however, future costs will add significant pressures
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.	CoLP is at full establishment by the end of the 2020/21 financial year, and careful vacancy management will be in place for 2021/22

Risk	Impact	Mitigation
Overtime budget	Enhanced controls have been introduced to manage the overtime budget	Overtime is currently contained within the reduced budget, however, the 2021/22 budget is under pressure as more vacancies will be held
Deferred Weekly Leave (DWL)	Accrued DWL has been quantified, currently £1.5m for Officers and £0.1m 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.	Work is in progress to reduce DWL across CoLP
Use of agency staff	Reliance on agency staff may increase whilst holding a high level of vacancies	The agency budget is closely monitored
Further cost pressures for Action Fraud	Under review and close scrutiny	As covered in 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.	There was a high level of slippage in 2020/21, this report contains a significant underspend. Closer scrutiny will be provided in 2021/22
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