

Committee(s): Resource Risk and Estates Committee Police Authority Board	Dated: 6 th September 2021 23 rd September 2021
Subject: Q1 Revenue and Capital Budget Monitoring 2021-22	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 54-21	For Information
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Summary

This report outlines the financial position for the first quarter of the 2021/22 financial year. The Q1 forecast projects a year end overspend of £2.2m, primarily due to increased expenditure relating to IT and running costs of the Police Estate. In both of these areas of business, the City of London Police (CoLP) Force is reliant on professional advice and guidance from departments within the City of London Corporation, via our shared service agreements, therefore they are somewhat outside of CoLPs control. Given the negative outcome of the budget in these areas, resulting in unexpected pressures, the Force will work with those Departments to aim to strengthen the budget setting, monitoring and mitigation of overspend risk in future years. Steps are being taken to mitigate this projected overspend, in consultation with the City of London Corporation.

The Chief Officer Cash Limited Budget as at 1st April is £153m, which includes the 67 locally agreed growth posts, Year 1 (44) and Year 2 (41) National Uplift posts, adjusted for a £2.3m reduction in Business Rates Premium (BRP).

The Police Authority Board has approved an extension to the current Action Fraud contract with the current supplier to cover the time period from the end of the previous contract to the commencement of the Next Generation Fraud and Cyber Crime Reporting & Analysis Service(FCCRAS). This will increase the costs of the contract for this year by £3.9m, which will be funded by settlement payment from the supplier of £1m and £2.9m from the Action Fraud Reserve from 2020/21 underspend.

A challenging savings plan is in place. £5.6m savings are fully built into the budget, with £3.0m in pay and £2.6m in non-pay. The budget and the savings plans are closely monitored throughout the year with regular meetings between the Force and Police

Authority finance staff, monthly meetings with the Commissioner, CoLP Chief Operating and Chief Finance Officer (COFO) and Police Authority staff and quarterly reports to Resources, Risk and Estates (Police) Committee and Police Authority Board. The Savings Tracker is further subject to monthly monitoring meetings and updated Action Plan. The savings are expected to be achieved in full this financial year, however, the projected overspend of £2.2m is subject to negotiation with the City of London Corporation.

Recommendation

Members are asked to note the report.

Main Report

1 Chief Officer Cash Limit Budget

- 1.1 Funding and income for the 2021/22 year totals £153m as shown in Table 1 below, which includes the 67 locally agreed growth posts, Year 1 (44) and Year 2 (41) National Uplift posts, adjusted for a £2.3m reduction in BRP funding.

Table 1

	£'000	%
Core grant	70,174	45.08%
Business Rates Premium	16,896	10.85%
Specific Government Grants	49,767	31.97%
Partnership Funding	13,807	8.87%
Fees and charges	4,340	2.79%
Corporation - Contact Centre	680	0.44%
Capital financing	(2,630)	
Total Funding and Income	153,034	

- 1.2 The latest forecast position is summarised below

Table 2

	21/22 Latest Budget	Budget YTD	Actual (Q1 YTD)	Variance YTD	Projected Outturn	Proj Variance
	£m	£m	£m	£m	£m	£m
Pay						
Officers	60.5	15.1	14.9	(0.3)	60.5	0.0
Staff	26.6	6.7	6.7	0.0	26.6	(0.0)
Overtime	2.2	0.5	0.3	(0.3)	2.2	0.0
Agency	1.1	0.3	0.4	0.1	1.0	(0.1)
Indirect employee costs	2.2	0.5	0.2	(0.3)	2.2	0.0

Pensions Contrib.	23.0	5.8	0.0	(5.8)	23.0	0.0
Total Pay	115.5	28.9	22.4	(6.5)	115.5	(0.0)
Non-Pay	37.5	9.4	7.3	(2.1)	40.2	2.7
Total Expenditure	153.0	38.3	29.7	(8.6)	155.6	2.6
Income						
Specific Grant	(49.8)	(12.4)	(3.3)	9.1	(50.1)	(0.4)
Partnership	(13.8)	(3.5)	(0.5)	3.0	(14.1)	(0.3)
Fees & Charges	(4.3)	(1.1)	(0.4)	0.6	(4.1)	0.3
Total Income	(67.9)	(17.0)	(4.2)	12.8	(68.3)	(0.4)
Funding	(85.1)	(21.3)	(21.3)	0.0	(85.1)	0.0
Underlying Deficit	0.0	0.0	4.2	4.2	2.2	2.2

1.3 Table 2 indicates a projected overspend of £2.2m, which is due to an overspend in IT and an increase in accommodation costs following the relocation from Snow Hill and Wood Street to New Street. The projected overspend is subject to ongoing discussions with the City of London Corporation.

1.4 Pay budget / workforce management

1.5 The pay budget constitutes 75% of the expenditure budget. The current establishment, including 67 locally agreed growth posts, 44 Year 1 National Uplift and 41 Year 2 National Uplift, is 1,398 FTE, comprising 892 Officers and 506 staff. The actual workforce paid in June 2021 was 1,336 FTE comprising 850 Officers and 486 Staff.

1.6 The NPCC Cyber Portfolio (6.88 FTE) and 32 FTE Police Uplift Serious Organised Crime (SOC) posts are not included in the above establishment.

1.7 The establishment budget has been adjusted for the £2.3m reduction in BRP, assuming uplift funding is replacing this gap.

1.8 Table 3 below sets out the actual position by month up to the end of Q1, 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.

1.9 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 3 – Actual workforce numbers for Q1 and forward projections

	Month	Staff FTE	Officers FTE
Actual	April	491	861
	May	488	861
	June	486	850
Forecast	July	484	850
	August	482	845
	September	482	854
	October	482	852
	November	482	850
	December	482	849
	January	483	848
	February	482	847
	March	482	861

1.10 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. The CoLP allocation for 2020/21 was 44 and 41 in 2021/22. The un-ringfenced element of the 2021/22 allocation will be utilised to fund the reduction in BRP.

1.11 The Overtime budget is forecasted to budget and Agency budget is forecast to 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.

1.12 Additional overtime pressures are anticipated in respect of a number of planned demonstrations during late summer and autumn 2021. The initial financial impact will be covered in the Q2 report.

1.13 Non-Pay

Non-Pay comprises 25% of the expenditure budget, and a year-end overspend of £2.7m is forecast at the end of Q1. The key reasons for this are:

- Premises - this includes rates and running cost for Bishopsgate, New Street, Guildhall Yard East (GYE) and Middlesex Street; utilities, cleaning cost and hire of premises. At the end of Q1, the forecast shows a projected year-end overspend of £1.1m as the new estate is significantly more expensive than previously. A rating appeal has been submitted to the Valuation Office to reclassify New Street, with potential savings of £0.5m yet to be confirmed. In addition, due to a delay in closure of Wood Street police station, £0.124m additional expenditure was incurred. Discussions are taking place with the City of London Corporation to mitigate this.

- **Supplies and Services** - 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. This shows an overspend at end of Q1 of £0.6m. This includes increased spend on Clothing Stores, Legal cost and purchase of obsolete equipment and renewals of license in Information & Intelligence. Work is in progress to reduce expenditure in line with the budget by the end of the financial year.
- **Third Party Payments & Recharges** - this relates to fees and contributions to partners and other bodies, including the IT recharge of £6.7m to City of London Corporation. This shows an overspend of £1.0m at end of Q1. We are working with the City of London Corporation Director of IT to reduce expenditure, including termination of contracts for systems no longer affordable, reduced number of license and deletion of obsolete lines.
- The position is partly off-set by an overall increase in grants and funding, as shown in Section 4 of this report.

2 Savings Target

- 2.1 Savings of £5.6m are fully factored into the 2020/21 budget, comprising £3.0m pay and £2.6m 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 4 below.

Table 4

Savings Tracker	Target £'000	YTD Actuals £'000	Forecast £'000	Variance £'000	Risk
Deletion of 37 Officer posts	2,300	0	2,300	0	A
Average salary reduction through recruitment policy	400	0	400	0	A
Agency	300	75	300	0	G
Total pay	3,000	75	3,000	0	
Savings through National Policing Programmes - NEP	1,300	0	1,300	0	R
Supplies and services	100	25	100	0	G
Digitisation of external services	100	2	100	0	A

Support services review	500	0	500	0	R
Commercial activity & Income generation	400	39	400	0	G
Asset Recovery	200	145	200	0	G
Total non-pay	2,600	211	2,600	0	
Total	5,600	286	5,600	0	

2.3 The main risk in the savings tracker related to National Enabling Programme (NEP), where national roll-out has not generated the anticipated cashable savings. The £1.3m savings identified by consultants some years ago will unfortunately not materialise. To mitigate this, a number of posts have been held vacant while the Transform Programme is implemented, with a view to remodelling the existing workforce. However, some IT related savings will be found, and work is progressing with the IT service to deliver these savings.

2.4 Due to international travel restrictions it has been difficult to deliver overseas training in accordance with the Corporate Plan, however, there is a healthy pipeline of work for Q2 – Q4 in the region of £0.7m.

2.6 Some of the commercial projects have been delayed due to COVID19. The government's income recovery scheme partly offset shortfalls in 2020/21, and the scheme may be extended into 2021/22. At the end of Q1 it is assumed no income recover off-set will be received, so the position may improve.

2.7 Online sale of CoLP memorabilia was launched in September 2020 in partnership with the New Scotland Yard online shop and the City of London Corporation's online shop and other outlets. Progress has been slow so far due to limited availability from suppliers.

2.8 We continue to apply the full cost recovery model for funded units (where contracts allow negotiations), all additional funding will be realised at the end of the financial year.

2.9 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.

2.10 All shortfalls in the savings plan will be off-set by vacancy management initially, with a view to deleting posts following an in-depth review of support services.

2.10 The aggregation or RAG rated risks are:

- Red 32%
- Amber 50%
- Green 18%

3. Summary of police activity in Q1 – backdrop for directorate breakdown

- 3.1 A total of 1,659 crimes were recorded in Q1 of 2021/22. This represented a - 46% decrease from the same period in 2019/20; which the Force now uses as a baseline following the release of the Home Office's National Crime and Policing Priorities.
- 3.2 As restrictions ease, the Force is encountering month on month increases in all areas of crime; levels in July reached the five-year average which had not seen since March 2020. Similar increases were reported across the Police Service nationally.
- 3.3 At present, the three highest volume areas of crime are Drug Possession, Shoplifting and Other Theft Offences; with lowest volumes relating to Arson, Rape and Business Robbery.
- 3.4 CoLP outcomes demonstrate a 30% positive outcome rate with most outcomes relating to shoplifting or drugs possession; in line with the high volume crime categories. The latest outcome data nationally is 12% to the end of June 2021; which the Force is significantly outperforming.
- 3.5 Stop and Searches conducted total 715 searches, 235 items recovered and 176 arrests carried out in April to June; achieving a 37% positive outcome rate."

4. Directorate Revenue Position

- 4.1 Table 4 below sets out the Directorate position. This includes the £5.6m 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	Projected Outturn £'000	Projected Variance £'000
BSD	27,267	6,817	5,777	(1,040)	30,530	3,263
Crime	11,599	2,900	3,206	306	11,297	(302)
ECD	9,934	2,484	7,556	5,072	9,267	(667)
I&I	14,901	3,725	3,567	(158)	15,399	498
UPD	21,419	5,355	5,401	46	20,872	(547)
Total	85,120	21,280	25,506	4,226	87,365	2,245

4.2 Business Support Directorate (BSD)– overspend of £3.3m

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 a projected accommodation overspend (£1.0m) due to Business Rates (NNDR) at New Street and the

delayed closure of Wood Street (vacated 7th June 2021). The NNDR for New Street is under review and could be reduced if the building is re-classified as a Police Station for business rates. There is also a projected £1.0m forecast overspend in IT, partly reflecting a delay in achieving an £800k budget saving for 21/22. There are pressures in the Corporate Plan team due to the delay in delivering International Training.

The projected overspend in BSD is partly off-set by underspends in directorates and will even out across all budget heads at the end of the financial year, as all unallocated items are allocated to services.

The Directorate is currently holding 26 FTE above establishment, mainly due to address additional resources required for Transform, the Corporate Plan Team and Professional Standards Directorate (PSD).

4.4 Crime Directorate – **underspend £0.3m**

The majority of underspend in Crime is due to vacancies held. This is off-set against unfunded roles within Forensics and CID due to structural changes partly implemented for Transform. It is anticipated this underspend will increase in Q3 due to a force wide reduction in recruitment to generate savings. Cyber Griffin is funded from the Proceeds of Crime Act (POCA) reserve in 2021/22, with a view to establish future sustainable funding.

The Directorate is holding 5 FTE vacancies

4.5 Economic Crime Directorate – **underspend of £0.7m**

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 41 FTE vacancies

4.6 Information and Intelligence (I&I) Directorate – **overspend of £0.5m**

Unfunded staffing costs in the Niche/Pronto (the Forces crime and incident recording system) team and within the Command Hub teams have off-set any savings from holding 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. The replacement of obsolete equipment and the renewal of licences has also resulted in a budget pressure.

There is a direct correlation between the I&I and UPD financial position (shown below) which is linked to the Transform programme.

The Directorate is holding 20 FTE vacancies

4.7 Uniformed Policing Directorate - **underspend of £0.6m**

The underspend in UPD is mainly due to vacancies which are expected to be filled later in the financial year. The equipment budget is forecast to be underspent by £0.5m.

The Directorate is holding 22 FTE vacancies

- 4.8 In March 2021, the Action Fraud contract with the supplier was extended to cover the period until the Next Generation Fraud & Cyber Crime Reporting & Analysis Service (FCCRAS) becomes operational. The extension to the contract will entail a refresh of the system and its security (described in the Capital section below) and an increase in the annual contract cost. This will be £3.9m in 2021/22 and is funded from £1m of the cash settlement agreed with the supplier, with the balance from the Action Fraud reserve.

5 Income

- 5.1 Table 6 below sets out grant and income funding totalling £62.67m. Current projections indicate a high level of confidence in receipt from all funders in the current financial year
- 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	2021/22 Budget £'m	Actuals YTD £'m	Projected Outturn £'m	Projected Variance £'m	Responsible Lead
Police Pensions Grant	Home Office	(23.00)	(1.59)	(23.00)	0.00	LT
Action Fraud Managed Service	Home Office	(6.75)	0.00	(6.75)	0.00	JV
Counter Terrorism Policy Grant	Home Office	(6.59)	(1.65)	(7.00)	(0.40)	GF
Insurance Fraud Enforcement Team	Association of British Insurers	(4.31)	(0.02)	(3.94)	0.37	TH
National Cyber Security Programme	Home Office	(3.89)	0.00	(3.89)	0.00	JVP

Name of Grant	Funding Provider	2021/22 Budget £'m	Actuals YTD £'m	Projected Outturn £'m	Projected Variance £'m	Responsible Lead
Action Fraud National Fraud Intelligence Bureau	Home Office	(3.83)	0.00	(3.83)	0.00	SA
National Lead Force	Home Office	(3.32)	0.00	(3.04)	0.28	PS
Dedicated Card & Payment Crime Unit (DCPCU)	UK Payments Administration Ltd	(2.69)	(0.39)	(2.67)	0.02	GR
Economic Crime Capability Development	Home Office	(2.60)	0.00	(2.60)	0.00	AN
International Property Crime Investigation Unit (IPICU)	Intellectual Property Office	(2.05)	0.00	(1.92)	0.13	NC
Police Transport Grant	Transport for London	(1.92)	0.00	(1.98)	(0.06)	KT
Other - International Training and Development Team	Home Office	(0.55)	(0.03)	(0.51)	0.04	TR
Lloyds Sponsorship	Lloyds Bank	(0.41)	(0.30)	(0.52)	(0.11)	AB
Late Night Levy	Corporation	(0.30)	0.00	(0.29)	0.01	JP
London Safety Camera Partnership	Transport for London	(0.27)	0.00	(0.26)	0.02	AM
Tower Bridge	Corporation	(0.09)	0.00	(0.09)	0.00	AM
Interpol Secondment	Interpol	(0.09)	0.00	(0.05)	0.05	NC
Volunteer Police Cadets	Cadet Contributions	(0.01)	0.00	(0.01)	0.00	NS
Common Police Services Contributions	College of Policing and HMICFRS	0.00	0.00	(0.15)	(0.15)	AB
Counter Terrorism & VS Grant	Home Office	0.00	0.08	0.00	0.00	GF
Fraud Northern Hub	Intellectual Property Office	0.00	0.00	(0.25)	(0.25)	PS
Mutual Aid	Essex Police	0.00	0.00	(0.01)	(0.01)	MD
Overseas Anti-Corruption Unit	Department for International Development	0.00	(0.00)	(0.03)	(0.03)	KT

Name of Grant	Funding Provider	2021/22 Budget £'m	Actuals YTD £'m	Projected Outturn £'m	Projected Variance £'m	Responsible Lead
Prevent Grant	Home Office	0.00	(0.04)	(0.14)	(0.14)	JP
PTF & NCSP Funding Grant	Miscellaneous income	0.00	0.22	(0.23)	(0.23)	DP
Secondments	Cambridgeshire Constabulary	0.00	(0.00)	(0.07)	(0.07)	MW
Secondments	Metropolitan Police	0.00	0.02	(0.05)	(0.05)	MW
Total		(62.67)	(3.69)	(63.26)	(0.58)	

- 5.4 Although funding streams are confirmed for the 2021/22 financial year there is a significant risk to funding from the Police Transport Grant from Transport for London (£2m). Negotiations are currently in progress.
- 5.5 We have been notified by the Bank of England that the current contract will be terminated at the end of 2021/22 (£1.1m). This is due to a significant reduction in cash in the economy and the introduction of polymer banknotes. (The contract is not included in the above table, it is held within Fees and Charges).
- 5.6 There will be a reduction in Home Office funding for 19 CT officers from 23/24 (£1.5m).
- 5.7 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.Overtime

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

6.1 Gross expenditure to the end of Q1 is £0.7m, offset by a 20/21 accrual of £0.4m, resulting in net expenditure of £0.3m. There has been a significant reduction in overtime demand during COVID, however, crime levels have increased in the City as workers and visitors return, including serious crime incidents requiring significant investigative resource and time. There are a number of planned protests in the City during the late summer and autumn, and at this stage it is assumed that the overtime budget will be fully utilised. However, some costs may be recoverable from Home Office grant.

6.2 The main reasons for claiming overtime are:

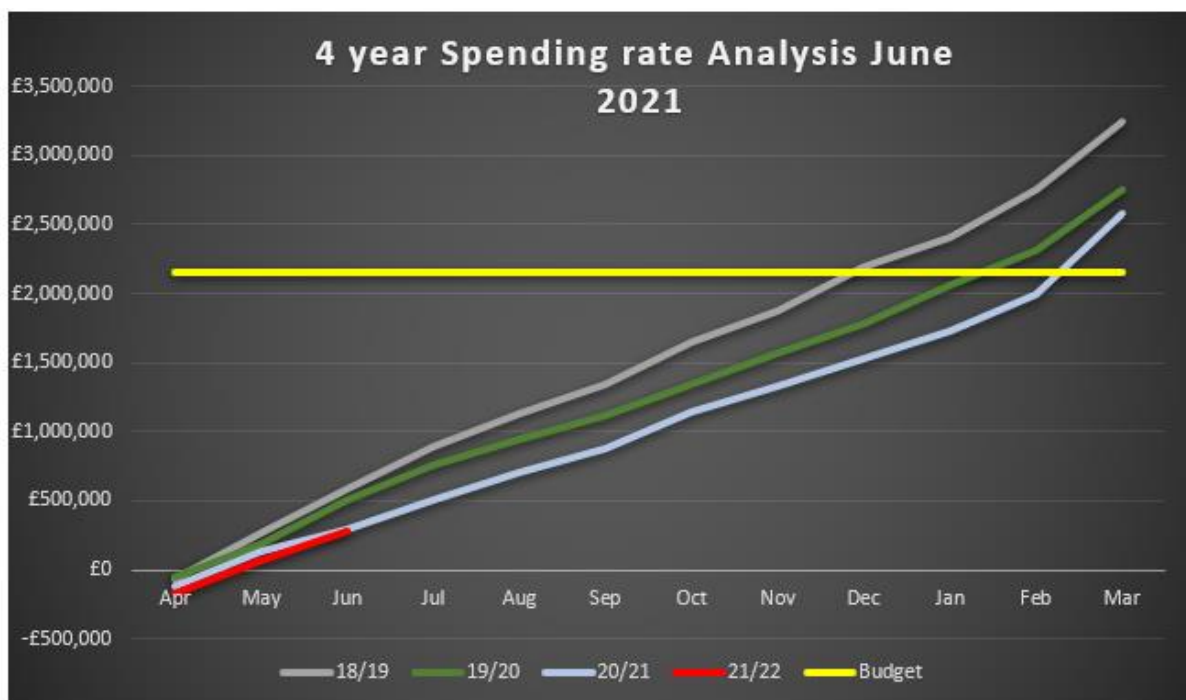
- Covering for vacant posts (backfilling / Business as Usual)
- Bank Holiday Working
- Op Honeysuckle¹

¹ Operation to target cannabis cultivation factory

- Bank of England armed escorts (funded by the Bank)
- ECD Fraud Team
- Op Benbow²
- Prisoner handling and investigations

6.3 The largest spending Directorate is UPD, with 45% (£0.3m) of overall overtime. The main reasons are business as usual, backfilling and Op Benbow which accounts for 35%. It is expected that the need for backfilling and BAU will increase as more vacancies are held, however, it is difficult to predict requirements relating to future unknown policing requirements.

6.4 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.



7 Capital Programme

7.1 There are two elements to the CoLP 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. The capital programme for 2021-24 that is funded from the loan also includes the budgets approved by RASC in March to be carried forward from 2020/21

7.2 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.

² Op Benbow- in collaboration with the MPS targeting Public Order

Table 7 - Summary of Capital Programme 2020 to 2025

CoLP Capital Programme 2021-2025	Capital Programme Budget	Prior Year Spend	Spend to Q1 2021/22	Forecast Spend 2021/22	Forecast spend Future years	Total Forecast	Forecast Variance
	£000	£000	£000	£000	£000	£000	£000
IT Related	10,882.3	691.7	0.0	5,125.8	5,217.5	11,035.0	152.7
Equipment	67.9	0.0	0.0	67.9	0.0	67.9	0.0
Fleet	1,471.0	0.0	32.9	735.5	735.5	1,471.0	0.0
Accommodation	510.0	0.0	0.0	475.0	35.0	510.0	0.0
Loan Funded Capital Programme	12,931.2	691.7	32.9	6,404.2	5,988.0	13,083.9	152.7
Legacy Programme	34,124.1	26,049.9	530.2	5,208.6	366.6	31,625.1	-2,499.1
Total	47,055.3	26,741.6	563.2	11,612.7	6,354.6	44,709.0	-2,346.3

- 7.3 For the four-year programme to 2025, there is a projected underspend of £2.346m. This is largely due to the Accommodation Decant Programme and off-set by a re-scoping of the Body Worn Video project.
- 7.4 Expenditure to date in Q1 remains low on the Loan funded projects. This is while the Gateway papers and Business Cases are moving through the approval process and progress is being made on these, with expenditure expected in Q2 and onwards.
- 7.5 The total programme budget for the loan-funded projects is £12.9m, including the carried forward projects from 2020/21, as well as new projects due to start in the current year. The profiled budget spend for the current year is £8.642m, which includes £3.696 from 2020/21 and £4.946 for the 2021/22 programme.
- 7.6 The forecast spend of the loan-funded programme in 2021/22 is £6.404m; a £2.238m in-year underspending against the profiled budget, although the expenditure is expected to be incurred in future years.
- 7.7 As a part of the Action Fraud project, this committee is aware of the need for the current contract with the supplier to be extended. As a part of this extension a refresh of the system is required to maintain its operation and security, which will cost just under £2m. It is proposed that in-year underspends in 2021/22 is used to cover the cost of this refresh.
- 7.8 The Body Worn Video project is now at gateway 4 stage. The costs of the project exceed the original budget, which was set nearly three years ago. The project is

forecast to overspend by £0.286m, however, the additional cost can be contained within the 2021/22 profiled budget due to the slippage in projects elsewhere. However, this and the Action Fraud refresh will create pressure in the 2022-2026 capital budget that need to be contained within the budget envelope, Compounded by need to include £10m contribution to the next generation Fraud Reporting project (FCCRAS).

- 7.9 The Force Mapping System (GIS Upgrade) is now expected to be a Software as a service (SaaS) arrangement, which means that the majority of the costs will fall on the revenue budget. Therefore, the capital budget is forecast to underspend by approximately £0.134m
- 7.10 For the Legacy programme, the majority of the schemes are coming towards the end with the exception of HRi and Emergency Services Mobile Communications Programme (ESMCP), which will continue in to at least 2023/24. The ESMCP programme is a national Home Office programme and is in the process of being re-scoped.
- 7.11 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.

8 Use of Reserves

- 8.1 The Police reserves position is summarised in Table 8 below

Table 8

	Opening Balance	Projected Spend	Projected Closing Balance
	£'m	£'m	£'m
POCA	(2.2)	0.5	(1.7)
Action Fraud	(2.9)	2.9	0.0
Transformational Funding	(0.1)	0.0	(0.1)
Police Capital Financing Reserve	(0.5)	0.0	(0.5)
Earmarked Reserve - COVID 19	(0.4)	0.4	0.0
General Reserve	(1.0)	0.0	(1.0)
Total	(7.1)	3.8	(3.3)

- 8.2 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

- 8.3 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 £0.5m estimated receipts which is built into the base budget.
- 8.4 The opening balance at the start of the financial year was £2.2m. 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.
- 8.5 It is anticipated that the Action Fraud Reserve will be fully utilised this financial year.

9 Risk Management

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

Risk	Impact	Mitigation
Loss of Grants and Income	TfL Grant - £2.0m	Received in full for 2021/22, but at risk for future years
International training not being delivered due to Covid travel restrictions	£0.5m	A healthy pipeline is in place if overseas travel restrictions are reduced
Action Fraud	Costs may exceed budgets	Funds have been set aside and the position is under constant review
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

Risk	Impact	Mitigation
Vacancy factor	The vacancy factor is reviewed and revised throughout the year. All recruitment is approved by the Strategic Workforce Planning.	A higher level of vacancies are held to balance the 2021/22 budget, which is causing operational problems in some areas.
Overtime budget	There may be additional overtime pressures due to holding a high level of vacancies and planned protests in the City	Overtime is currently contained within the reduced budget
Deferred Weekly Leave (DWL)	Accrued DWL has been quantified, currently £1.6m 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.	No issues to mitigate
Use of agency staff	Reliance on agency staff may increase whilst holding a high level of vacancies	No issues to mitigate
Capital Programme progress and potential slippage	The Capital Programme is monitored throughout the year, capital recharges undertaken in a timely manner.	Monthly meetings are held with all capital project managers to monitor expenditure
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

Appendix 1

The position for capital schemes in shown below.

CoLP Capital Programme - Loan Funded	Programme Budget	Approved Budget Drawdown	Prior Year spend	2021/22 Spend	Total Spend	2021/22 Forecast Spend	Future Years Forecast Spend	Total Forecast Spend	Forecast Variance
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
IT Related									
PowerBI self-service data analytics tool	84	0	0	0	0	84	0	84	0
E Discovery tool	300	15	0	0	0	300	0	300	0
IT Transformation	4,505.00	675	675	0	675	1,230.00	2,600.00	4,505.00	0
Oracle 12.2 platform upgrade	408.4	408.4	0	0	0	138.9	269.5	408.4	0
Custody CCTV Upgrade	176	142.8	16.7	0	16.7	159.3	0	176	0
AV Refresh	135.5	0	0	0	0	135.5	0	135.5	0
GIS Upgrade	150	0	0	0	0	16	0	16	-134

CoLP Capital Programme - Loan Funded	Programme Budget	Approved Budget Drawdown	Prior Year spend	2021/22 Spend	Total Spend	2021/22	Future Years	Total Forecast Spend	Forecast Variance
Covert Camera System	155	0	0	0	0	155	0	155	0
Body Worn Camera	459.4	0	0	0	0	746.1	0	746.1	286.7
Facial Image Management System	75	0	0	0	0	0	75	75	0
Command Control	770	0	0	0	0	150	620	770	0
National Law Enforcement Data Programme	684	0	0	0	0	0	684	684	0
HOLMES upgrade	150	0	0	0	0	0	150	150	0
Surveillance Equipment	885	0	0	0	0	760	125	885	0
Airwave Barbican Coverage	200	0	0	0	0	180	20	200	0
Azure Migration	800	800	0	0	0	720	80	800	0

CoLP Capital Programme - Loan Funded	Programme Budget	Approved Budget Drawdown	Prior Year spend	2021/22 Spend	Total Spend	2021/22	Future Years	Total Forecast Spend	Forecast Variance
City Policing Task Force Tasking	55	0	0	0	0	41	14	55	0
In-car audio/video	440	0	0	0	0	110	330	440	0
Law Enforcement Community Network	125	0	0	0	0	125	0	125	0
Project Servator and Counter Terrorism Application	75	0	0	0	0	75	0	75	0
Software defined wide area network replacement	250	0	0	0	0	0	250	250	0
Equipment									
Positive Lock Baton	67.9	0	0	0	0	67.9	0	67.9	0
Fleet							0	0	0
Vehicle Fleet Replacement Project	1,000.00	0	0	32.9	32.9	500	500	1,000.00	0
Electric Motor Cycles	471	0	0	0	0	235.5	235.5	471	0
Accommodation							0	0	0
Essential estate / security upgrades	185	0	0	0	0	150	35	185	0
Bishopsgate Armoury	250	0	0	0	0	250	0	250	0
Bishopsgate Security	75	0	0	0	0	75	0	75	0
Total Loan Funded Programme	12,931.20	2,041.20	691.7	32.9	724.6	6,404.20	5,988.00	13,083.90	152.7

Legacy Capital Programme	Programme Budget	Approved Budget Drawdown	Prior Year spend	2021/22 Spend	Total Spend	2021/22 Forecast Spend	Future Years Forecast Spend	Total Forecast Spend	Forecast Variance
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Digital Interview Recording System	375	254	44.4	0	44.4	330.6	0	375	0
HR integrated	923.3	923.3	493.8	0	493.8	293.1	136.4	923.3	0
Airwaves	1,103.30	1,103.30	713.6	5.6	719.2	319.9	69.8	1,103.30	0
Body Worn Video Refresh	75.5	15.5	66.3	0	66.3	0	0	66.3	-9.2
Emergency Services Mobile Communications Programme (ESMCP)	1,821.40	1,821.40	1,488.30	0	1,488.30	177.8	160.3	1,826.40	5
IT Modernisation/Telephony etc.	9,299.70	9,299.70	8,747.90	15.1	8,763.10	551.7	0	9,299.60	-0.1
Fleet	1,800.00	630.2	367.1	201.8	568.9	1,432.90	0	1,800.00	0

Legacy Capital Programme	Programme Budget	Approved Budget Drawdown	Prior Year spend	2021/22 Spend	Total Spend	2021/22	Future Years	Total Forecast Spend	Forecast Variance
Accommodation - Decant and preparation for Fleet House	12,110.00	10,339.40	8,626.70	-38.9	8,587.90	1,085.60	0	9,712.40	-2,397.60
Accommodation - Other	3,789.20	3,789.20	3,105.50	324	3,429.50	586.7	0	3,692.20	-97.1
Secure City Programme	257.5	257.5	157.4	0	157.4	100	0	257.4	-0.1
Ring of Steel	2,569.20	2,569.20	2,238.90	22.6	2,261.50	330.3	0	2,569.20	0
Total Legacy Capital Programme	34,124.10	31,002.60	26,049.90	530.2	26,580.20	5,208.60	366.6	31,625.10	-2,499.10