

Committee(s): Resource Risk and Estates Committee	Dated: 3 rd November 2021
Police Authority Board	22 nd November 2021
Subject: Q2 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 75-21	For Information
Report author: Cecilie Booth, Chief Operating and Chief Financial Officer	

Summary

This report outlines the financial position for the second quarter of the 2021/22 financial year. The Q1 forecast projected a year end overspend of £2.2m, primarily due to increased expenditure relating to IT and running costs of the Police Estate, both areas are outside City of London Police (CoLP) control. The position has improved during the Q2 and the projected overspend has reduced to £1.4m. The main reason for the improved position is the identification of savings in the IT and Accommodation charges from the City of London Corporation (CoL). Further steps are being taken to mitigate the remaining projected overspend, in consultation with the City of London Corporation.

The Chief Officer Cash Limited Budget as at 1st April is £153.2m, 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 £5.6m savings plan is in place, 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. Savings are expected to be achieved in full this financial year, however, the remaining projected overspend of £1.4m is subject to negotiation with the CoL.

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 £153.2m 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	45.0%
Business Rates Premium	16,896	10.8%
Specific Government Grants	49,767	31.9%
Partnership Funding	13,807	8.9%
Fees and charges	4,340	2.8%
Corporation - Contact Centre	680	0.4%
Corporation - Wood Street rent	149	0.1%
Adjustments	(2,630)	
Total Funding and Income	153,183	

1.2 The latest forecast position is summarised in Table 2 below

Table 2

	21/22 Latest Budget	Budget YTD	Actual (Q2 YTD)	Variance YTD	Projected Outturn	Projected Variance
	£m	£m	£m	£m	£m	£m
Pay						
Officers	60.5	30.2	29.9	(0.4)	60.9	0.4
Staff	26.6	13.3	12.8	(0.5)	26.1	(0.5)
Overtime	2.2	1.1	0.9	(0.2)	1.9	(0.2)
Agency	1.1	0.6	0.8	0.2	1.0	(0.1)
Indirect employee costs	2.2	1.1	0.9	(0.2)	2.2	(0.0)

	21/22 Latest Budget	Budget YTD	Actual (Q2 YTD)	Variance YTD	Projected Outturn	Projected Variance
Pensions Contrib.	23.0	11.5	0.0	(11.5)	23.0	0.0
Total Pay	115.5	57.8	45.3	(12.5)	115.1	(0.5)
Non-Pay						
Premise Costs	2.7	1.3	2.6	1.2	3.6	0.9
Transport Costs	2.2	1.1	0.2	(0.9)	2.4	0.2
Supplies and Services	21.1	10.5	10.0	(0.6)	21.3	0.2
Third Party Payment	11.7	5.9	1.7	(4.1)	12.6	0.9
Non-Pay	37.6	18.8	14.4	(4.4)	39.8	2.2
Total Expenditure	153.2	76.6	59.7	(16.9)	154.9	1.7
Income						
Specific Grant	(49.8)	(24.9)	(23.5)	1.3	(49.8)	(0.0)
Partnership	(13.8)	(6.9)	(2.9)	4.0	(14.2)	(0.4)
Fees & Charges	(4.3)	(2.2)	(1.5)	0.7	(4.2)	0.1
Total Income	(67.9)	(34.0)	(27.9)	6.0	(68.2)	(0.3)
Funding	(85.3)	(42.6)	(42.6)	0.0	(85.3)	0.0
Underlying Deficit	0.0	0.0	(10.8)	(10.8)	1.4	1.4

1.3 Table 2 indicates a projected overspend of £1.4m, 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 as explained in 1.13 below. 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 1,407 FTE, comprising 896 Officers and 511 staff. The actual workforce paid in September 2021 was 1,334 FTE comprising 856 Officers and 479 Staff.

1.6 The NPCC Cyber Portfolio (6.88 FTE) and 32 FTE Police Uplift SOC posts are not included in the above establishment at this stage. The Cyber Portfolio team is externally funded and the posts will be added to the establishment from 1st April 2022 and incorporated in the base budget. Of the 32 SOC posts, 4 will be employed directly by CoLP and added to the establishment from 1st April 2022,

the remaining 28 are based in the Regional Organised Crime Units (ROCU) and will therefore not be part of the CoLP establishment.

- 1.7 Table 3 below sets out the actual position by month up to the end of Q2, and a forward projection by month for the rest of the financial year. It should be noted that this is only a forecast; it is particularly difficult to predict exactly when posts will be filled due to the timing and success of recruitment campaigns, probationer intake, and the vetting process. It is also difficult to predict timing of leavers, so the confidence level in the forward projections is low.
- 1.8 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 4 – Actual workforce numbers for Q2 and forward projections

		Officers FTE	Staff FTE
Actual	April	861	491
	May	861	488
	June	850	486
	July	850	484
	August	846	478
	September	856	479
Forecast	October	854	479
	November	852	479
	December	851	479
	January	850	479
	February	849	479
	March	863	479

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 has been utilised to fund the reduction in BRP.

- 1.11 Agency costs are forecast to budget at this stage, the use of agency staff has reduced due to permanent recruitment.
- 1.12 The overtime budget is forecast to budget but additional overtime pressures are anticipated in respect of a number of planned events and demonstrations for the remainder of the financial year. The financial impact will be covered in the Q3 report.

Non-Pay

1.13 Non-Pay comprises 25% of the total expenditure budget (£37.6m), however, it should be noted that only £4.8m of the non-pay budget relates to non-contractual Supplies & Services. A year-end overspend of £1.4m is forecast at the end of Q2. The key reasons for this are:

- Premises - this includes rates and running cost for Bishopsgate, New Street, GYE and Middlesex Street; utilities, cleaning cost and hire of premises. Q1 provided a projected year-end overspend of £0.9m 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, additional cost have been applied due to a delay in closure of Wood Street police station. Ongoing discussions are taking place with the City of London Corporation to reduce the position on recharges from the City Surveyor and residual costs for Wood Street.
- Recharges - this relates to the IT recharge of £6.7m from the City of London Corporation. At Q2 the projected overspend is £0.8m. We are working with the City of London Corporation IT Director to reduce expenditure, including termination of contracts for systems no longer affordable, reduced number of license and deletion of obsolete lines. Work so far has identified savings of £0.3m, with scope for a further £0.2m yet to be finalised.

2 Savings Target

- 2.1 Savings of £5.6m are 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 members quarterly. Pay savings will be found through workforce and vacancy management to mitigate any shortfalls, mainly in core funded staff posts. Holding vacancies is not seen as a permanent measure to manage the budget in-year, but it provides some flexibility to ensure we have an affordable workforce in place for 2022/23. A challenging savings plan will also be required to balance the 2022/23 budget.
- 2.2 Current projections indicate that we are on course to deliver the required savings requirements, a summary is shown in Table 5 below.

Table 5

Type	Savings Tracker	Target £'000	YTD Actuals £'000	Forecast £'000	Variance £'000	Risk
Expenditure	Deletion of 37 Officer posts	2,300	0	2,300	0	G
Expenditure	Average salary reduction through recruitment policy	400	175	400	0	G
Expenditure	Agency	300	150	300	0	G
	Total pay	3,000	325	3,000	0	
Expenditure	Savings through National Policing Programmes - NEP	1,300	311	311	(989)	R
Expenditure	Supplies and services	100	50	100	0	G
Expenditure	Support services review	500	250	500	0	G
Income	Commercial activity & Income generation	400	200	450	50	A
Income	Digitisation of external services	100	50	100	0	A
Income	Asset Recovery	200	0	200	0	G
	Total non-pay	2,600	861	1,661	(939)	
Mitigation	Savings to offset overall deficit	0	250	939	939	A
	Total	5,600	1,436	5,600	0	

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.

2.3 The aggregation or RAG rated risks are:

- Red 23%
- Amber 9%
- Green 68%

2.4 The main risk in the savings tracker relates to the National Enabling Programme (NEP), where the national roll-out has not generated the anticipated cashable savings. The £1.3m savings identified by consultants some years ago will unfortunately not materialise. A detailed review has been undertaken into how and why the £1.3m was calculated, and it would appear that the anticipated savings were based on unrealistic estimates, aspirational non-cashable efficiencies and future cost avoidance. Cashable savings realised by other forces mainly relate to reduced travel and drones. Such savings are not relevant for CoLP, and it is now clear that NEP will not generate any cashable savings. To mitigate this, a number of posts have been held vacant while the Transform Programme is implemented, with a view to remodel the existing workforce. This situation is not sustainable and is being utilised as a temporary measure for this year only. In addition, some IT savings have been identified and work is progressing to deliver further savings.

2.5 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 Q3 and Q4 in the region of £0.7m.

2.6 There is a shortfall in commercial income due to COVID19, and this shortfall will be offset by Home Office COVID funding provided at the end of 2020/21, which is currently held in reserves. Reliance on the reserve will reduce as and when the market recovers during the remainder of the financial year.

2.7 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.

2.8 As stated in paragraph 2.4 shortfalls in the savings plan are being off-set by extra ordinary vacancy management with a view to remodelling the workforce and deleting posts following an in-depth review of Operational Support and HQ Services.

3. Summary of police activity in Q2

3.1 A total of 1,730 crimes were recorded in Q2 of 2021/22. This represented a 22% decrease from the same period in 2019/20; which the Force now uses as a baseline following the unprecedented low crime levels in 2020/21 due to the pandemic. Full reporting on performance gets reported to your Strategic Planning and Performance Committee.

3.2 The Force continues to see increases in crime reporting, there was a slight decrease in August followed by a sharp increase in September as footfall levels

have also started to increase. Similar increases were reported across the Police Service nationally although the national increase is not as pronounced.

- 3.3 At present, the three highest volume areas of crime are Shoplifting, Theft from the Person and Other Theft Offences; with lowest volumes relating to Arson, Business Robbery and Residential Burglary.
- 3.4 CoLP outcomes demonstrate a 29% positive outcome rate in the last 12 months with most outcomes relating to shoplifting or drugs possession. The latest outcome data nationally is 12% to the end of August 2021, which the Force is significantly outperforming.
- 3.5 Stop and Searches conducted total 713 searches, 222 items recovered and 162 arrests carried out in July to September; achieving a 33% positive outcome rate
- 3.6 The following information provides an assessment of the City of London Police performance against the National Lead Force aims and objectives as set out in the National Lead Force Plan 2020-22. The NLF plan sets out 5 outcomes that the City of London are seeking to achieve (with Q2 achievements detailed below):

Outcome 1 - The public has confidence in the Action Fraud reporting service

- Both targets for satisfaction within survey respondents with telephone reporting (96%) and online reporting (83%) were met.
- Neither target for average call time (5 minutes) and abandoned calls (below 16%) were met but there continues to be improvement and innovation to achieve them in future quarters

Outcome 2 - People and organisations are prevented from being victims of fraud, and victims are supported (National Fraud Policing Strategy)

- The reach of protect events has been maintained this half year (8,396) as compared to the latter half last year (8,443) and data is currently being collated to establish a baseline of the use of protect messaging through CoLP online and offline media channels and engagement events.
- £352,034 was prevented or disrupted before passing into criminal hands this is above the quarterly average from 20/21 (£215,049)
- In Q2 of 2021/22 the NECVCU has performed well above 2020/21 averages in both Level 1 and 2 services engaging with over 20,000 victims with only 11 being identified as repeat victims.

Outcome 3 - Police resources are deployed efficiently and effectively against fraud threats (National Fraud Policing Strategy)

- The NFIB is still trying to establish a technological solution to demonstrate that 50% of crimes meet the threshold and are reviewed within 28 days, but a total of 10,428 Pursue reports were disseminated in Q2 which is a sharp rise from both Q1 (6,735) and the benchmark quarterly average of 8,130

- All forces were compliant in returning outcomes in this quarter and judicial outcome have increased this quarter as compared to Q1 but are still below last years quarterly average.

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Outcome 4 - Fraudsters operating nationally are identified and offending is disrupted

- Total and major OCG disruptions in Q2 (16) were higher than the previous years quarterly average (13).
- A significantly higher number of judicial outcomes were recorded by CoLP this quarter, 462 compared to 35, a 1220% increase and above the quarterly benchmark
- In terms of ancillary orders, throughout the year numbers fluctuate as orders expire and new ones are. Q2 has fallen slightly below the 2020/21 benchmark by 1.
- The number of disruptions to technological enablers is just below the annual benchmark for this time of year.

Outcome 5 - Policing has the capability and capacity to detect, disrupt and deter perpetrators of fraud (National Fraud Policing Strategy)

- There have been 36 new members to the Economic Crime Knowledge Hub this quarter; increasing the total membership to 312. This is an increase compared to Q1; but slightly below the average from last year. A relaunch is planned for late 2021.
- Classroom and online training resumed in September with a number of police and private sector delegates. The Academy also completed an Accredited Counter Fraud Specialist (ACFS) cohort in September. This is the first ACFS course the Academy have run in a number of years, feedback was excellent and the Academy are hopeful to fill another course starting in January
- The overall satisfaction rate for Q2 is higher than the 90% target and has increased significantly since the last quarter.

4. Directorate Revenue Position

4.1 Directorate budgets are in the process of being disaggregated to take account of the new TOM, so directorate breakdown and variances have not been included in this report.

5. Action Fraud / Cyber

5.1 In March 2021, the Action Fraud contract with the current 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.

6 Income

- 6.1 Table 6 below sets out grant and income funding totalling £63.37m. Current projections indicate a high level of confidence in receipt from all funders in the current financial year.
- 6.2 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.
- 6.3 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)	(14.80)	(23.00)	0.00	LT
Action Fraud Managed Service	Home Office	(6.75)	(1.89)	(6.75)	0.00	JV
Counter Terrorism Policy Grant	Home Office	(6.59)	(3.49)	(7.00)	(0.40)	GF
Insurance Fraud Enforcement Team	Association of British Insurers	(4.31)	(0.90)	(3.83)	0.47	TH
National Cyber Security Programme	Home Office	(3.89)	(0.00)	(3.89)	0.00	JVP
Action Fraud National Fraud Intelligence Bureau	Home Office	(3.83)	(1.02)	(3.83)	0.00	SA
National Lead Force	Home Office	(3.32)	(0.57)	(2.67)	0.65	PS
Dedicated Cheque & Plastic Card Unit (DCPCU)	UK Payments Administration Ltd	(2.69)	(0.82)	(2.63)	0.06	GR
Economic Crime Capability Development	Home Office	(2.60)	(0.28)	(2.60)	0.00	AN
International Property Crime Investigation Unit (IPICU)	Intellectual Property Office	(2.05)	0.00	(1.95)	0.11	NC
Police Transport Grant	Transport for London	(1.92)	(0.49)	(1.98)	(0.06)	KT
Cyber Griffin	Corporation	(0.70)	0.00	0.00	0.70	LT
Other - International Training and Development Team	Home Office	(0.55)	(0.11)	(0.55)	0.00	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)	(0.07)	(0.26)	0.02	AM

Name of Grant	Funding Provider	2021/22 Budget £'m	Actuals YTD £'m	Projected Outturn £'m	Projected Variance £'m	Responsible Lead
Tower Bridge	Corporation	(0.09)	(0.04)	(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	0.00	0.01	NS
Common Police Services Contributions	College of Policing and HMICFRS	0.00	(0.07)	(0.14)	(0.14)	AB
Counter Terrorism & VS Grant	Home Office	0.00	(0.11)	0.00	0.00	GF
DNSP and FPM's Device Cost	Cambridgeshire Constabulary	0.00	(0.30)	(0.06)	(0.06)	NS
Fraud Northern Hub	Intellectual Property Office	0.00	0.00	(0.35)	(0.35)	PS
Free Rail Travel	London Mayors Office	0.00	0.00	(0.59)	(0.59)	JJ
Overseas Anti-Corruption Unit	Department for International Development	0.00	(0.02)	(0.04)	(0.04)	KT
Prevent Grant	Home Office	0.00	(0.07)	(0.14)	(0.14)	JP
PTF & NCSP Funding Grant	Miscellaneous income	0.00	(0.00)	(0.23)	(0.23)	DP
Secondments	Cambridgeshire Constabulary	0.00	(0.02)	(0.08)	(0.08)	MW
Secondments	Mayor's Office for Policing and Crime	0.00	(0.02)	(0.08)	(0.08)	MW
Secondments	Metropolitan Police	0.00	(0.00)	(0.13)	(0.13)	MW
Misc	Other	0.00	(0.18)	(0.20)	(0.20)	Various
Total		(63.37)	(25.57)	(63.92)	(0.55)	

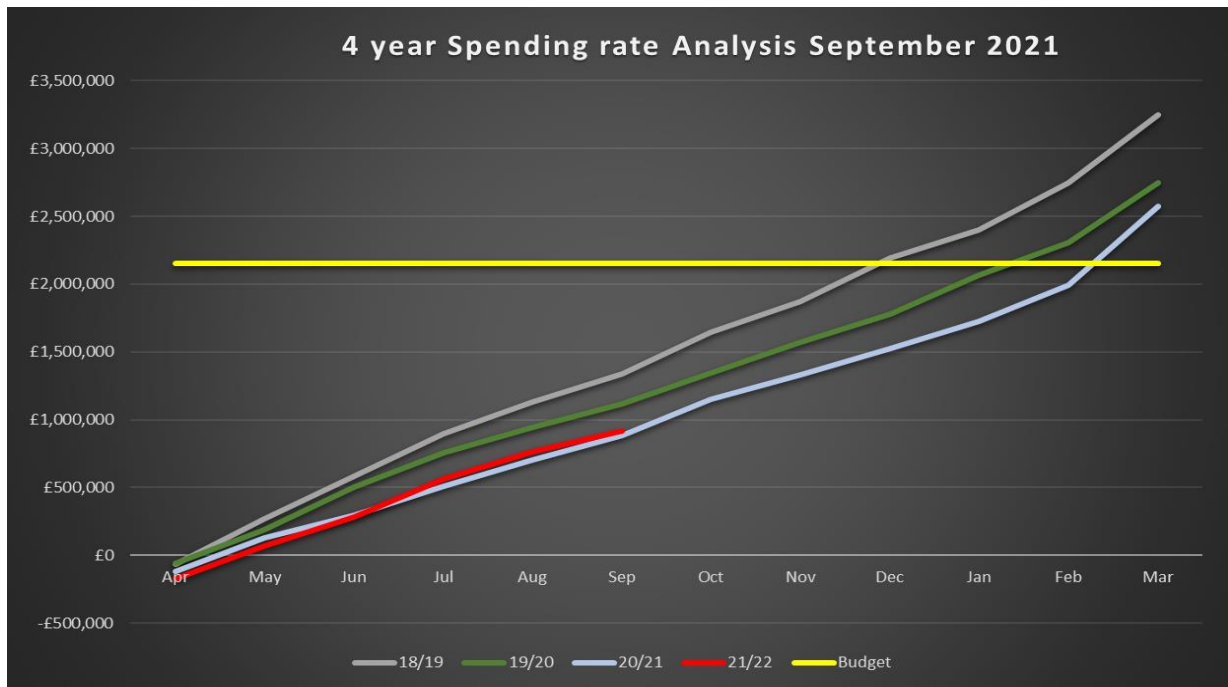
- 6.4 Although funding streams are confirmed for the 2021/22 financial year there is a significant risk to funding from the Police Transport Grant from Transport for London (£2m). Negotiations are currently in progress
- 6.5 We have been notified by the Bank of England that the current contract will 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).
- 6.6 There will be a reduction in Home Office funding for 19 CT officers from 23/24 (£1.5m).
- 6.7 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.

7. Overtime

- 7.1 The overall overtime budget is £2.2m; £1.6m core funded and £0.6m funded units.
- 7.2 Gross expenditure to the end of Q2 is £1.3m, offset by a 20/21 accrual of £0.4m, resulting in net expenditure of £0.9m. There has been a significant reduction in overtime demand during COVID, however, crime levels have increase in the City as workers and visitors return, including serious crime incidents requiring significant investigative resource and time. There are a number of planned events and demonstrations in the City during Q3 and Q4, and at this stage it is assumed that the overtime budget will be fully utilised, with potential for further pressures in the latter half of the year. Some costs may be recoverable from Home Office grant.

The main reasons for overtime are:

- Covering for vacant posts (backfilling / Business as Usual)
 - Covid-19 (Coronavirus)
 - Bank of England armed escorts (funded by the Bank)
 - Op Benbow
 - Prisoner handling and investigations
- 7.3 The largest spending Directorate is Local Policing, with 54% (£0.7m) of overall overtime. The main reasons are business as usual, backfilling and Bank of England which accounts for 20% of all overtime to date. 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.
- 7.4 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.



8 Capital Programme

- 8.1 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 £5m annual loan facility from the CoL from 2020/21 onwards.
- 8.2 The forecast provides a summary overview of the capital budget for the period 2021 to 2025. Progress of the Capital Programme and further details for each project are shown in Appendix 1.

Table 7 - Summary of Capital Programme 2021 to 2025

CoLP Capital Programme 2021-2025	Capital Programme Budget	Prior Year Spend	Spend to Q2 2021/22	Forecast Spend 2021/22	Forecast spend Future years	Total Forecast	Forecast Variance
	£000	£000	£000	£000	£000	£000	£000
IT Related	11,557.3	691.7	197.0	3,836.6	6,298.6	10,826.9	-730.4
Equipment	67.9	0.0	0.0	67.9	0.0	67.9	0.0
Fleet	1,471.0	0.0	94.1	250.0	1,221.0	1,471.0	0.0
Accommodation	510.0	0.0	0.0	225.0	285.0	510.0	0.0
Action Fraud	2,000.0	0.0	1,914.0	2,000.0	0.0	2,000.0	0.0
Loan Funded Capital Programme	15,606.2	691.7	2,205.1	6,379.5	7,804.6	14,875.8	-730.4

CoLP Capital Programme 2021-2025	Capital Programme Budget	Prior Year Spend	Spend to Q2 2021/22	Forecast Spend 2021/22	Forecast spend Future years	Total Forecast	Forecast Variance
	£000	£000	£000	£000	£000	£000	£000
Legacy Programme	34,003.1	25,972.5	3,374.9	4,797.8	600.1	31,370.4	-2,632.7
Total	49,609.3	26,664.2	5,580.1	11,177.3	8,404.7	46,246.2	-3,363.1

8.3 For the four-year programme to 2025 there is a forecast underspend of £3,363m. This is driven by the underspend on the Accommodation Decant Programme project, and a projected underspend in IT projects. A narrative is provided below, and further details are shown in Appendix 1.

8.4 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. This additional cost can be contained within the overall 2021/22 budget due to the slippage in projects elsewhere.

8.5 The Digital & IT budget covers several IT related projects over a number of years. Since the budget was initially set in 2019, further refinement of the requirements has been undertaken leading to a reduction. This can be released to support other priorities in future years.

8.6 The Force Mapping System (GIS Upgrade) is now expected to be a Software service (SaaS) arrangement, which will lead to the majority of the costs being converted to revenue. Therefore, the capital budget is forecast to underspend by approximately £0.134m, but at the same time generating a new revenue pressure.

8.7 The majority of the Legacy Programme is 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.

8.8 Table 8 below focuses on the loan-funded capital projects scheduled for 2021/22. The profiled budget for the current year is £8.642m, which includes £3.696 carried forward from 2020/21 and £4.946 for the 2021/22 programme approved in March 2021. Again, Appendix 1 provides further detail.

Table 8 – 2021/22 Loan-Funded Capital Budget Forecast

	2021/22 Capital Budget	Spend to Q2 2021/22	Forecast Spend 2021/22	Forecast Variance
	£000	£000	£000	£000
IT Related	7,388.3	197.0	3,836.6	-3,551.7
Equipment	67.9	0.0	67.9	0.0

	2021/22 Capital Budget	Spend to Q2 2021/22	Forecast Spend 2021/22	Forecast Variance
	£000	£000	£000	£000
Fleet	736.0	94.1	250.0	-486.0
Accommodation	450.0	0.0	225.0	-225.0
Action Fraud	0.0	1,914.0	2,000.0	2,000.0
Loan Funded Capital Programme	8,642.1	2,205.1	6,379.5	-2,262.7

- 8.9 As a part of the Action Fraud project, members are aware of the need for the current contract with the current supplier to be extended. As part of this extension a refresh of the system is required to maintain operations and security, which will cost just under £2m. This provides a pressure on the loan-funded capital programme and will be met from within the loan funding approved for this year, leading to increased pressure on future years' capital.
- 8.10 Expenditure to date against the profiled budget for the current year is £2.205m, which is mostly driven by the Action Fraud project. It is already clear that many of the projects will not be delivered by the end of this financial year due to several factors, including the lack of internal resources to manage and global supply restrictions. Since the Corporation's strategic move to cloud-based computing and storage, projects with a high level of IT involvement increasingly require lower amounts of capital investment. However, the requirement for revenue budget to meet on-going costs is increasing. The CoLP revenue budget is already under significant pressure meaning that off-setting savings and efficiencies are identified before a project can proceed. Inevitably, this leads to delays.
- 8.11 The replacement and upgrade of surveillance equipment was planned to be spread over two financial years. The updated profile is for a 'like for like' replacement to be completed by the end of this year. Gateway papers are being developed.
- 8.12 The Command & Control Project is a joint upgrade led by the Metropolitan Police Service (MPS). A project board has been in place since the start of the year, and further information is expected from the MPS, with detailed discussions and agreement to follow. This is expected to push delivery into the next financial year.
- 8.13 The National Law Enforcement Data (NLEDS) Programme is a part of a nationwide project which has not progressed in the current year and will be delayed until 2022/23.

- 8.14 e-Discovery is a software tool to assist in forensics. Gateway papers are being prepared for this and initial indications are that the cost will be in excess of the current budget. This will delay implementation in the current financial year.
- 8.15 The annual fleet replacement programme budget is £250,000. In the wake of Brexit, there is a shortage of supply of suitable vehicles and the market is getting increasingly challenging on a monthly and weekly basis. Due to current governance arrangements, there have been significant delays in ordering replacement vehicles and the combination of market forces and internal delays means that delivery times are now up to 12 months in some instances. Although vehicles are mainly purchased via the BlueLight national framework, we are seeing 10 – 15% price increases. Some specialist high performance and response vehicles are seeing increases almost daily.
- 8.16 The Gateway and Business case for the replacement of the In Car Audio/ Visual is underway. There are significant dependencies between this and other IT related projects leading to further work to ensure value for money across all. Therefore, spend in this year is likely to be low.
- 8.17 The project to introduce a Software Defined Wide Area Network (SDWAN) is a joint project with the Corporation. The discovery phase has been approved and funding released for the element held by the Corporation, therefore no expenditure is expected against the CoLP capital budget this year.
- 8.18 The specifications for the procurement of electric motorcycles are continuing, and at this stage delivery and expenditure is likely to straddle the end of the financial year.

9 Transactional finance

- 9.1 There has been a significant improvement in transactional performance during 2021/22. Table 9 below shows performance against the Corporation's target for payment of invoices within 10 / 30 days and compliance performance. This improvement is due to roll-out of self service across the Force, which has also generated a 40% reduction in the Transactional Finance Team.

Table 9 - Payment Performance - 10 days

Month	10 Day SME Transactions Qty	SME Paid after 10 days Qty	10 Days SME on time %	Target (88%)	Average Days to Pay (All transactions)
Apr-21	2,761	291	90%	88%	14
May-21	2,267	249	89%	88%	14
Jun-21	2,503	253	90%	88%	15
Jul-21	2,675	460	83%	88%	18
Aug-21	2,154	410	81%	88%	16
Sep-21	2,416	374	85%	88%	16
Total FY 2021/22	14,776	2,037	86%	88%	16

Table 10 – Payment Performance – 30 days

Month	All Transactions Qty	Paid after 30 days Qty	30 days on time %	Target
Apr-21	5,000	216	96%	97%
May-21	4,537	198	96%	97%
Jun-21	5,144	237	95%	97%
Jul-21	5,240	400	92%	97%
Aug-21	4,167	292	92%	97%
Sep-21	4,965	333	93%	97%
Total FY 2021/22	29,053	1,676	94%	97%

Table 11 - Invoice Compliance

Month	Invoices Received	Compliant Invoices	Value of Compliant Invoices	Compliant Invoices %
Apr-21	653	646	£3,630,824	99%
May-21	681	667	£3,252,503	98%
Jun-21	783	764	£3,674,187	98%
Jul-21	685	656	£6,997,408	96%
Aug-21	627	613	£3,668,384	98%
Sep-21	675	659	£3,185,812	98%
Total	4,104	4,005	24,409,118	98%

10 Use of Reserves

10.1 The Police reserves position is summarised in Table 12 below

Table 12

	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)

10.2 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

- 10.3 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.
- 10.4 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.
- 10.5 It is anticipated that the Action Fraud Reserve will be fully utilised this financial year.

11 Risk Management

11.1 Table 10 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

Risk	Impact		Mitigation
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.		A higher level of vacancies are held to balance the 2021/22 budget, which is causing operational problems in a number of 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, however, additional pressures are expected in Q3 and Q4.
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. A high level of slippage is anticipated due to lack of resources to deliver projects

Risk	Impact		Mitigation
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	The Strategic Fleet Management Group is monitoring Financial risk around replacement spend.	Delays in placing orders has resulted in longer lead in times and increased costs	Orders have been placed for 2021/22, however, it is unlikely that vehicles will be delivered within this financial year.

Appendix 1

The position for capital schemes is shown below

CoLP Capital Programme - Loan Funded	Programme Budget	Approved Budget Drawdown	Prior Year spend	2021/22 Spend to Q2	Total Spend	2021/22 Budget Spend	2021/22 Forecast Spend	2021/22 Forecast Variance	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	0.0	0.0	0.0	84.0	84.0	0.0	0.0	84.0	(0.0)
E Discovery tool	300.0	15.0	0.0	0.0	0.0	300.0	15.0	(285.0)	285.0	300.0	0.0
Digital & IT Projects	5,180.0	675.0	675.0	0.0	675.0	2,255.4	1,137.0	(1,118.4)	2,495.0	4,307.0	(873.0)
Oracle 12.2 platform upgrade	408.4	0.0	0.0	0.0	0.0	408.4	138.9	(269.5)	269.5	408.4	0.0
Custody CCTV Upgrade	176.0	142.8	16.7	115.8	132.5	176.0	149.1	(26.9)	0.0	165.8	(10.2)
AV Refresh	135.5	0.0	0.0	0.0	0.0	135.5	135.5	0.0	0.0	135.5	0.0
GIS Upgrade	150.0	0.0	0.0	0.0	0.0	150.0	16.0	(134.0)	0.0	16.0	(134.0)
Covert Camera System	155.0	0.0	0.0	0.0	0.0	155.0	155.0	0.0	0.0	155.0	0.0
Body Worn Camera	459.4	38.7	0.0	(59.1)	(59.1)	459.0	746.1	287.1	0.0	746.1	286.7

CoLP Capital Programme - Loan Funded	Programme Budget £'000	Approved Budget Drawdown £'000	Prior Year spend £'000	2021/22 Spend to Q2 £'000	Total Spend £'000	2021/22 Budget Spend	2021/22 Forecast Spend £'000	2021/22 Forecast Variance	Future Years Forecast Spend £'000	Total Forecast Spend £'000	Forecast Variance £'000
Facial Image Management System	75.0	0.0	0.0	0.0	0.0	75.0	45.0	(30.0)	30.0	75.0	0.0
Command Control	770.0	0.0	0.0	0.0	0.0	520.0	100.0	(420.0)	670.0	770.0	0.0
National Law Enforcement Data Programme	684.0	0.0	0.0	0.0	0.0	342.0	0.0	(342.0)	684.0	684.0	0.0
HOLMES upgrade	150.0	0.0	0.0	0.0	0.0	75.0	0.0	(75.0)	150.0	150.0	0.0
Surveillance Equipment	885.0	0.0	0.0	0.0	0.0	665.0	240.0	(425.0)	645.0	885.0	0.0
Airwave Barbican Coverage	200.0	0.0	0.0	0.0	0.0	180.0	30.0	(150.0)	170.0	200.0	0.0
Azure Migration	800.0	800.0	0.0	140.2	140.2	720.0	720.0	0.0	80.0	800.0	0.0
City Policing Task Force Tasking	55.0	0.0	0.0	0.0	0.0	55.0	0.0	(55.0)	55.0	55.0	0.0
In-car audio/video	440.0	0.0	0.0	0.0	0.0	220.0	0.0	(220.0)	440.0	440.0	0.0
Law Enforcement Community Network	125.0	0.0	0.0	0.0	0.0	113.0	125.0	12.0	0.0	125.0	0.0
Project Servator and Counter Terrorism Application	75.0	0.0	0.0	0.0	0.0	75.0	0.0	(75.0)	75.0	75.0	0.0

CoLP Capital Programme - Loan Funded	Programme Budget	Approved Budget Drawdown	Prior Year spend	2021/22 Spend to Q2	Total Spend	2021/22 Budget Spend	2021/22 Forecast Spend	2021/22 Forecast Variance	Future Years Forecast Spend	Total Forecast Spend	Forecast Variance
	£'000	£'000	£'000	£'000	£'000		£'000		£'000	£'000	£'000
Action Fraud	2,000.0	2,000.0	0.0	1,914.0	1,914.0	0.0	2,000.0	2,000.0	0.0	2,000.0	0.0
Total Loan Funded Programme	15,606.2	3,936.4	691.7	2,205.1	2,896.8	8,642.1	6,379.5	(2,262.7)	7,804.6	14,875.8	(730.4)
Legacy Capital Programme	Programme Budget	Approved Budget Drawdown	Prior Year spend	2021/22 Spend to Q2	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	254.0	254.0	44.4	189.5	233.9		209.5		0.0	254.0	(0.0)
HR integrated	923.3	923.3	493.8	52.7	546.5		293.1		136.4	923.3	0.0
Airwaves	1,103.3	1,103.3	713.6	6.4	720.0		319.9		0.0	1,033.5	(69.8)
Body Worn Video Refresh	75.5	15.5	66.3	0.0	66.3		0.0		0.0	66.3	(9.2)
Emergency Services Mobile Communications Programme (ESMCP)	1,821.4	1,821.4	1,488.3	5.8	1,494.0		29.0		304.1	1,821.4	(0.0)

Legacy Capital Programme	Programme Budget	Approved Budget Drawdown	Prior Year spend	2021/22 Spend to Q2	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 Modernisation/Telephony etc.	9,299.7	9,299.7	8,747.9	249.1	8,997.0	414.2	137.6	9,299.7	0.0
ULEZ Fleet	1,800.0	1,800.0	367.1	748.6	1,115.7	1,432.9	0.0	1,800.0	0.0
Accommodation - Decant and preparation for Fleet House	12,110.0	10,339.4	8,549.3	576.1	9,125.4	1,149.6	22.0	9,720.9	(2,389.1)
Accommodation - Other	3,789.2	3,789.2	3,105.5	466.9	3,572.3	586.7	0.0	3,692.2	(97.1)
Secure City Programme	257.5	257.5	157.4	1,044.4	1,201.8	100.0	0.0	257.4	(0.1)
Ring of Steel	2,569.2	2,569.2	2,238.9	35.5	2,274.4	262.9	0.0	2,501.8	(67.4)
Total Legacy Capital Programme	34,003.1	32,172.5	25,972.5	3,374.9	29,347.4	4,797.8	600.1	31,370.4	(2,632.7)