

<b>Committee(s):</b> Resource Risk and Estates Committee	<b>Dated:</b> 4 February 2022
Police Authority Board	16 February 2022
<b>Subject:</b> Q3 Revenue and Capital Budget Monitoring 2021/22	<b>Public</b>
<b>Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?</b>	1- People are safe and feel safe
<b>Does this proposal require extra revenue and/or capital spending?</b>	<b>N/A</b>
<b>If so, how much?</b>	<b>N/A</b>
<b>What is the source of Funding?</b>	<b>N/A</b>
<b>Has this Funding Source been agreed with the Chamberlain's Department?</b>	<b>N/A</b>
<b>Report of:</b> Commissioner of Police Pol 06-22	<b>For Information</b>
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### Summary

This report outlines the financial position for the third quarter of the 2021/22 financial year. The Q2 forecast projected a year end overspend of £1.4m, 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 Q3 and the projected overspend has reduced to £1.2m. The Force will continue to reduce this overspend through a range of measure including further investigation of non-pay cost, vacancy control and use of COVID surge funding. 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 of 1<sup>st</sup> April is £153.9m, which includes the 67 locally agreed growth posts, Year 1 (44) and Year 2 (44) National Uplift posts, adjusted for a £2.3m reduction in Business Rates Premium (BRP).

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

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.

## 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 £153.9m as shown in Table 1 below which includes the 67 locally agreed growth posts, Year 1 (44) and Year 2 (44) National Uplift posts, adjusted for a £2.3m reduction in BRP funding.

**Table 1**

	£'000	%
Core grant	70,174	44.8%
Business Rates Premium	16,896	10.8%
Specific Government Grants	49,767	31.8%
Partnership Funding	13,802	8.8%
Fees and charges	4,340	2.8%
Corporation - Contact Centre	680	0.4%
Corporation - Wood Street Rent	149	0.1%
Corporation - Pension Strain	380	0.2%
Corporation - Middlesex St and DOSF Rent	292	0.2%
Adjustments	(2,630)	
<b>Total Funding and Income</b>	<b>153,850</b>	

1.2 The latest forecast position is summarised in Table 2 below

**Table 2**

	21/22 Latest Budget	Budget YTD	Actual (Q3 YTD)	Variance YTD	Projected Outturn	Proj Variance
	£m	£m	£m	£m	£m	£m
<b>Pay</b>						
Officers	60.5	45.4	45.2	(0.2)	60.8	0.3
Staff	26.6	20.0	19.1	(0.9)	26.1	(0.5)
Overtime	2.2	1.6	1.9	0.3	2.3	0.1
Agency	1.1	0.8	1.0	0.2	1.1	0.0
Indirect employee costs	2.5	1.9	1.9	(0.0)	2.5	(0.0)
Pensions Contrib.	23.0	17.3	0.0	(17.3)	23.0	0.0
<b>Total Pay</b>	<b>115.9</b>	<b>86.9</b>	<b>69.1</b>	<b>(17.8)</b>	<b>115.9</b>	<b>(0.1)</b>
<b>Non-Pay</b>						
Premise Costs	3.0	2.2	3.1	0.9	3.8	0.9
Transport Costs	2.2	1.6	1.4	(0.2)	3.0	0.9
Supplies and Services	21.1	15.8	15.3	(0.5)	20.9	(0.1)
Third Party Payment	11.8	8.8	5.4	(3.4)	12.5	0.8
<b>Non-Pay</b>	<b>37.9</b>	<b>28.5</b>	<b>25.2</b>	<b>(3.2)</b>	<b>40.3</b>	<b>2.4</b>
<b>Total Expenditure</b>	<b>153.9</b>	<b>115.4</b>	<b>94.3</b>	<b>(21.1)</b>	<b>156.2</b>	<b>2.3</b>
<b>Income</b>						
Specific Grant	(49.8)	(37.3)	(29.4)	8.0	(50.3)	(0.5)
Partnership	(13.8)	(10.4)	(7.0)	3.3	(14.0)	(0.2)
Fees & Charges	(4.3)	(3.3)	(2.4)	0.9	(4.8)	(0.4)
<b>Total Income</b>	<b>(67.9)</b>	<b>(50.9)</b>	<b>(38.8)</b>	<b>12.1</b>	<b>(69.1)</b>	<b>(1.1)</b>
<b>Funding</b>	<b>(85.9)</b>	<b>(64.5)</b>	<b>(43.0)</b>	<b>21.5</b>	<b>(85.9)</b>	<b>0.0</b>
<b>Underlying Deficit</b>	<b>0.0</b>	<b>0.0</b>	<b>12.6</b>	<b>12.5</b>	<b>1.2</b>	<b>1.2</b>

1.3 Table 2 indicates a projected overspend of £1.2m, 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 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 44 Year 2 National Uplift, is 1,413 FTE, comprising 899 Officers and 514 staff. The actual workforce paid in December 2021 was 1,307 FTE comprising 836 Officers and 471 Staff.
- 1.6 The NPCC Cyber Portfolio (6.88 FTE) and 30 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 1<sup>st</sup> April 2022 and incorporated in the base budget. Of the 32 SOC posts, 2 will be employed directly by CoLP and added to the establishment from 1<sup>st</sup> April 2022, the remaining 30 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 Q3.
- 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 Q3**

		Officers FTE	Staff FTE
Actual	April	861	491
	May	861	488
	June	850	486
	July	850	484
	August	846	478
	September	856	479
	October	844	469
	November	837	470
	December	836	471

#### 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 44 (including 2 SOC and 1 CT post) in 2021/22. The un-ringfenced element of the 2021/22 allocation has been utilised to fund the reduction in Business Rates Premium (BRP) this year.

- 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 near budget, but additional overtime pressures are anticipated in respect of several planned events and demonstrations for the remainder of the financial year.

## **Non-Pay**

1.13 Non-Pay comprises 25% of the total expenditure budget (£37.9m), 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 £1.2m is forecast at the end of Q3. The key reasons for this are:

- Premises - includes rates and running cost for Bishopsgate, New Street, GYE and Middlesex Street; utilities, cleaning cost and hire of premises. Q3 projected year-end overspend is £1.0m 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 costs 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 Q3 the projected overspend is £0.9m. 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 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 is also 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	1,725	2,300	0	G
Expenditure	Average salary reduction through recruitment policy	400	175	400	0	A
Expenditure	Agency	300	225	300	0	G
	<b>Total pay</b>	<b>3,000</b>	<b>2,125</b>	<b>3,000</b>	<b>0</b>	
Expenditure	Savings through National Policing Programmes - NEP	1,300	311	311	(989)	R
Expenditure	Supplies and services	100	75	100	0	G
Expenditure	Support services review	500	375	500	0	G
Income	Commercial activity & Income generation	400	5	450	50	A
Income	Digitisation of external services	100	2	100	0	A
Income	Asset Recovery	200	0	200	0	G
	<b>Total non-pay</b>	<b>2,600</b>	<b>768</b>	<b>1,661</b>	<b>(939)</b>	
<b>Mitigation</b>	<b>Savings to offset overall deficit</b>	<b>0</b>	<b>300</b>	<b>939</b>	<b>939</b>	<b>A</b>
	<b>Total</b>	<b>5,600</b>	<b>3,193</b>	<b>5,600</b>	<b>0</b>	

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 16%
- Green 61%

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 from Q3 to 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 offset 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. Directorate Revenue Position**

3.1 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.

### **4. Action Fraud / Cyber**

4.1 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.

## 5 Income

- 5.1 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.
- 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	(23.0)	(14.8)	(23.0)	0.0	LT
Action Fraud Managed Service	Home Office	(6.8)	(3.6)	(6.8)	0.0	JV
Counter Terrorism Policy Grant	Home Office	(6.6)	(5.3)	(7.0)	(0.4)	GF
Insurance Fraud Enforcement Team	Association of British Insurers	(4.3)	(1.8)	(3.8)	0.5	TH
National Cyber Security Programme	Home Office	(3.9)	(0.0)	(3.9)	0.0	JVP
Action Fraud National Fraud Intelligence Bureau	Home Office	(3.8)	(1.9)	(4.2)	(0.4)	SA
National Lead Force	Home Office	(3.4)	(1.3)	(2.3)	1.1	PS
Dedicated Cheque & Plastic Card Unit (DCPCU)	UK Payments Administration Ltd	(2.7)	(1.7)	(2.6)	0.1	GR
Economic Crime Capability Development	Home Office	(2.6)	(0.8)	(2.6)	0.0	AN
International Property Crime Investigation Unit (IPICU)	Intellectual Property Office	(2.1)	(0.9)	(2.0)	0.1	NC
Police Transport Grant	Transport for London	(1.9)	(1.0)	(2.0)	(0.1)	KT
Cyber Griffin	Corporation	(0.7)	0.0	0.0	0.7	LT
Other - International Training and Development Team	Home Office	(0.6)	(0.3)	(0.6)	0.0	TR
Lloyds Sponsorship	Lloyds Bank	(0.4)	(0.6)	(0.6)	(0.2)	AB
Late Night Levy	Corporation	(0.3)	(0.1)	(0.3)	0.0	JP
London Safety Camera Partnership	Transport for London	(0.3)	(0.1)	(0.3)	0.0	AM
Tower Bridge	Corporation	(0.1)	(0.0)	(0.1)	0.0	AM



Interpol Secondment	Interpol	(0.1)	0.0	(0.0)	0.0	NC
21/22 Year 2 Ringfenced Police Uplift Programme (PUP)	Home Office	0.0	(0.2)	(0.3)	(0.3)	AB
Common Police Services Contributions	College of Policing and HMICFRS	0.0	(0.1)	(0.1)	(0.1)	AB
Counter Terrorism & VS Grant	Home Office	0.0	(0.1)	0.0	0.0	GF
DNSP and FPM's Device Cost	Cambridgeshire Constabulary	0.0	(0.3)	(0.1)	(0.1)	NS
Fraud Northern Hub	Intellectual Property Office	0.0	(0.2)	(0.4)	(0.4)	PS
Free Rail Travel on TfL	London Mayors Office	0.0	0.0	(0.6)	(0.6)	JJ
Prevent Grant	Home Office	0.0	(0.1)	(0.1)	(0.1)	JP
PTF & NCSP Funding Grant	Miscellaneous income	0.0	(0.0)	(0.2)	(0.2)	DP
Secondments	Cambridgeshire Constabulary	0.0	(0.0)	(0.1)	(0.1)	MW
Secondments	Mayor's Office for Policing and Crime	0.0	(0.0)	(0.1)	(0.1)	MW
Secondments	Metropolitan Police	0.0	(0.0)	(0.1)	(0.1)	MW
Misc	Various	0.0	(0.3)	(0.3)	(0.3)	Various
<b>Total</b>		<b>(63.37)</b>	<b>(35.52)</b>	<b>(64.29)</b>	<b>(0.93)</b>	

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

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 Q3 is £2.2m, offset by a 20/21 accrual of £0.4m, resulting in net expenditure of £1.8m. 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 were several planned events and demonstrations in the City during Q3, and at this stage it is assumed that

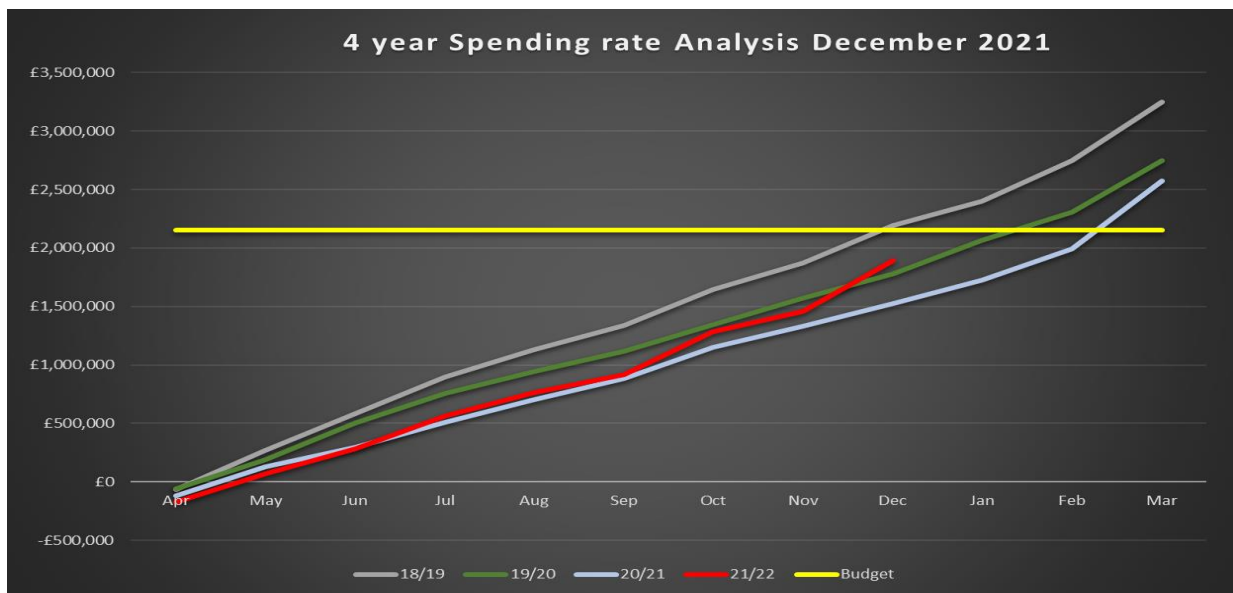
the overtime budget will be fully utilised, with potential for further pressures for the rest of the year. Some costs may be recoverable from Home Office grant.

The main reasons for overtime are:

- Covering for vacant posts (backfilling / Business as Usual)
- Extinction Rebellion
- Bank of England armed escorts (funded by the Bank)
- Op Benbow (Mutual aid operation with MPS)
- Prisoner handling and investigations

7.3 The largest spending Directorate is Local Policing, with 55% (£1.2m) of overall overtime. The main reasons are business as usual, backfilling and Bank of England which accounts for 33% 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 Corporation 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**

	Capital Programme Budget	Prior Year Spend	Spend to Q3 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	758.0	379.9	1,846.0	7,346.4	9,950.4	-1,606.9
Equipment	67.9	0.0	0.0	0.0	0.0	0.0	-67.9
Fleet	1,711.0	0.0	117.7	250.0	1,461.0	1,711.0	0.0
Accommodation	510.0	0.0	12.0	125.0	285.0	410.0	-100.0
Action Fraud	2,000.0	0.0	1,914.0	2,000.0	0.0	2,000.0	0.0
<b>Loan Funded Capital Programme</b>	<b>15,846.2</b>	<b>758.0</b>	<b>2,423.7</b>	<b>4,221.0</b>	<b>9,092.4</b>	<b>14,071.4</b>	<b>-1,774.8</b>
CoL Funded Capital Programme	33,717.7	25,813.7	2,907.3	4,967.9	337.6	31,119.2	-2,598.5
<b>Total</b>	<b>49,563.9</b>	<b>26,571.7</b>	<b>5,331.0</b>	<b>9,188.9</b>	<b>9,430.0</b>	<b>45,190.6</b>	<b>-4,373.3</b>

8.3 For the four-year programme to 2025 there is a forecast underspend of £4.4m. The following narrative provides commentary on the significant whole life variances, with more detail shown in Appendix 1.

8.4 The Decant Accommodation Programme, funded by the Corporation, has been fully delivered apart from provision of the Mounted Unit accommodation, an underspend on the CoLP fit out components has covered overspends on the structural components.

8.5 Within the Loan Funded Capital Programme the IT projects and also the replacement of Surveillance equipment has been re-scoped. This has resulted in a revised total forecast underspend of £1.9m. Offsetting this is a forecast overspend on the Body Worn Video replacement project of £0.3m, which was highlighted in the Q2 report.

8.6 For the CoL funded programme, most of the schemes are coming towards the end of their programmes. The exceptions are for HRI, first phase of Emergency Services Mobile Communications Programme (ESMCP), and the Secure City Programme. The ESMCP programme is a national Home Office programme and is in the process of being re-scoped. Future spend on this will need to be via the loan-funded programme.

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

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

	<b>2021/22 Capital Budget</b>	<b>Spend to Q2 2021/22</b>	<b>Forecast Spend 2021/22</b>	<b>Forecast Variance</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
IT Related	7,388.3	379.9	1,846.0	-5,542.3
Equipment	67.9	0.0	0.0	-67.9
Fleet	736.0	117.7	250.0	-486.0
Accommodation	450.0	12.0	125.0	-325.0
Action Fraud	0.0	1,914.0	2,000.0	2,000.0
<b>Loan Funded Capital Programme</b>	<b>8,642.1</b>	<b>2,423.7</b>	<b>4,221.0</b>	<b>-4,421.2</b>

8.8 As a part of the Action Fraud project, this Board is aware of the need for the current contract with the current 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. This expenditure is a pressure on the loan-funded capital budget for CoLP and will need to be met from within the loan funding approved for this year. This will lead to increased pressure on future years' capital

8.9 Expenditure to date against the profiled budget for the current year is £2.4m, which is mostly driven by the Action Fraud project.

8.10 The in-year capital budget will be significantly underspent this year for 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, but increased revenue budget to meet on-going costs. 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 commentary on the projects with significant slippage is set out below.

8.12 The e-Discovery tool is software to assist in forensics. Gateway papers are being prepared although implementation will be in 2022/23.

- 8.13 The review and re-scoping of a number of Digital & IT projects, as described above, will lead to the total programme budgets not being required totalling £1.2m. In addition, other projects will straddle the financial year end and approximately £0.9m of costs will be incurred in the next year.
- 8.14 The upgrade of the Oracle platform for HR Project is linked to Corporation project and will spend in tandem. Expenditure is likely to be spread over next three years.
- 8.15 The Command & Control Project is a joint upgrade led by the Metropolitan Police (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 of this into the next financial year.
- 8.16 The National Law Enforcement Data Programme is a part of a nationwide project and not CoLP acting alone. This has not progressed in the current year and will be delayed until 2022/23.
- 8.17 The rescoping of the Surveillance Equipment project replacement project has led to a reduction in the total forecast expenditure. This exercise will also lead to most of the capital expenditure falling in the new financial year.
- 8.18 The Gateway and Business case for the replacement of the In Car Audio/ Visual are under development. There are significant dependencies between this and other IT related projects leading to further work is on-going to ensure value for money across all. Therefore, spend in this year likely to be low.
- 8.19 CoLP has an annual fleet replacement programme budget of £250,000. Due to delays caused by the pandemic and lock down, the delivery of 2020/21 vehicles were delayed, and the budget carried over to this year. The 2021/22 tranche has been approved by Projects Sub Committee but delays between order and delivery may lead this budget not being fully spend in 2021/22.
- 8.20 The specifications for the procurement of electric motorcycles are continuing, and at this stage delivery and expenditure is likely to be in the next financial year.
- 8.21 Finance has worked with the business to improve the accuracy of forecasting. Although the forecast expenditure to the end of the year is significantly lower than in quarters 1 and 2, there remains a material risk that actual expenditure at year end will be lower still.

## **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
Oct-21	2,931	398	86%	88%	16
Nov-21	3,086	451	85%	88%	18
Dec-21	3,186	442	86%	88%	15
<b>Total FY 2021/22</b>	<b>23,979</b>	<b>3,328</b>	<b>86%</b>	<b>88%</b>	<b>16</b>

**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%
Oct-21	5,272	357	93%	97%
Nov-21	5,600	469	92%	97%
Dec-21	5,970	352	94%	97%
<b>Total FY 2021/22</b>	<b>45,895</b>	<b>2,854</b>	<b>94%</b>	<b>97%</b>

**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%
Oct-21	668	654	£3,570,063	98%
Nov-21	794	776	£3,378,553	98%

Dec-21	642	618	£3,274,247	96%
<b>Total</b>	<b>6,208</b>	<b>6,053</b>	<b>34,631,981</b>	<b>98%</b>

## 10 Use of Reserves

10.1 The Police reserves position is summarised in Table 12 below

**Table 12**

	Opening Balance £'m	Projected Spend £'m	Projected Closing Balance £'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)
<b>Total</b>	<b>(7.1)</b>	<b>3.8</b>	<b>(3.3)</b>

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 several 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)

<b>Risk</b>	<b>Impact</b>		<b>Mitigation</b>
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
2021/22 Ring-fenced grant	£0.35m		Drawdown from COVID surge reserve if required
Action Fraud	Costs may exceed budgets		Funds have been set aside and the position is under constant review
<b>Risk</b>	<b>Impact</b>		<b>Mitigation</b>
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 is 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		Overtime is currently contained within the reduced budget;



	vacancies and planned protests in the City		however, additional pressures are expected in Q3 and Q4.
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.		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
<b>Risk</b>	<b>Impact</b>		<b>Mitigation</b>
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

	Programme Budget	Approved Budget Drawdown	Prior Year Spend	2021/22 Budget	Current year spend to Dec 2021	Total Spend to date	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	£'000
<b>Loan Funded Projects</b>											
<b>IT Related</b>											
PowerBI self-service data analytics tool	84.0	0.0	0.0	84.0	0.0	0.0	84.0	0.0	0.0	84.0	(0.0)
E Discovery tool	300.0	15.0	0.0	300.0	0.0	0.0	15.0	(285.0)	285.0	300.0	0.0
Digital & IT Projects	5,180.0	675.0	675.0	2,255.4	0.0	675.0	71.8	(2,183.6)	3,193.3	3,940.0	(1,240.0)
Oracle 12.2 platform upgrade	408.4	0.0	0.0	408.4	0.0	0.0	138.9	(269.5)	269.5	408.4	0.0
Custody CCTV Upgrade	176.0	165.8	16.7	176.0	124.7	141.4	149.1	(26.9)	0.0	165.8	(10.2)
AV Refresh	135.5	0.0	0.0	135.5	0.0	0.0	135.5	0.0	0.0	135.5	0.0
GIS Upgrade	150.0	0.0	0.0	150.0	0.0	0.0	34.5	(115.5)	0.0	34.5	(115.5)
Covert Camera System	155.0	155.0	0.0	155.0	46.7	46.7	155.0	0.0	0.0	155.0	0.0
Body Worn Camera	459.4	38.7	66.3	459.0	(57.7)	8.6	7.2	(451.8)	672.6	746.1	286.7
	Programme Budget	Approved Budget Drawdown	Prior Year Spend	2021/22 Budget	Current year spend to Dec 2021	Total Spend to date	2021/22 Forecast Spend	2021/22 Forecast Variance	Future Years	Total Forecast Spend	Forecast Variance

	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	Forecast Spend £'000	£'000	£'000
<b>Loan Funded Projects</b>											
Forensic Image Management System	75.0	0.0	0.0	75.0	0.0	0.0	0.0	(75.0)	75.0	75.0	0.0
Command Control	770.0	0.0	0.0	520.0	0.0	0.0	100.0	(420.0)	670.0	770.0	0.0
National Law Enforcement Data Programme	684.0	0.0	0.0	342.0	0.0	0.0	0.0	(342.0)	684.0	684.0	0.0
HOLMES upgrade	150.0	0.0	0.0	75.0	0.0	0.0	0.0	(75.0)	150.0	150.0	0.0
Surveillance Equipment	885.0	0.0	0.0	665.0	0.0	0.0	80.0	(585.0)	277.0	357.0	(528.0)
Airwave Barbican Coverage	200.0	30.0	0.0	180.0	0.0	0.0	30.0	(150.0)	170.0	200.0	0.0
Azure Migration	800.0	800.0	(0.0)	720.0	262.3	262.3	720.0	0.0	80.0	800.0	0.0
City Policing Task Force Tasking	55.0	0.0	0.0	55.0	0.0	0.0	0.0	(55.0)	55.0	55.0	0.0
In-car audio/video	440.0	89.2	0.0	220.0	0.0	0.0	0.0	(220.0)	440.0	440.0	0.0
Law Enforcement Community Network	125.0	125.0	0.0	113.0	3.9	3.9	125.0	12.0	0.0	125.0	0.0
Project Servator and Counter Terrorism Application	75.0	0.0	0.0	75.0	0.0	0.0	0.0	(75.0)	75.0	75.0	0.0

	Programme Budget	Approved Budget Drawdown	Prior Year Spend	2021/22 Budget	Current year spend to Dec 2021	Total Spend to date	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	£'000
<b>Loan Funded Projects</b>											
Software defined wide area network replacement	250.0	0.0	0.0	225.0	0.0	0.0	0.0	(225.0)	250.0	250.0	0.0
<b>Equipment</b>											
Positive Lock Baton	67.9	0.0	0.0	67.9	0.0	0.0	0.0	(67.9)	0.0	0.0	(67.9)
<b>Fleet</b>											
Vehicle Fleet Replacement Project	1,000.0	250.0	0.0	500.0	117.7	117.7	250.0	(250.0)	750.0	1,000.0	0.0
Electric Motorcycles	471.0	0.0	0.0	236.0	0.0	0.0	0.0	(236.0)	471.0	471.0	0.0
Horsebox Replacement	240.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	240.0	240.0	0.0
<b>Accommodation</b>											
Essential estate / security upgrades	185.0	0.0	0.0	150.0	0.0	0.0	0.0	(150.0)	85.0	85.0	(100.0)

Bishopsgate Armoury	250.0	15.0	0.0	225.0	12.0	12.0	50.0	(175.0)	200.0	250.0	0.0
	<b>Programme Budget</b>	<b>Approved Budget Drawdown</b>	<b>Prior Year Spend</b>	<b>2021/22 Budget</b>	<b>Current year spend to Dec 2021</b>	<b>Total Spend to date</b>	<b>2021/22 Forecast Spend</b>	<b>2021/22 Forecast Variance</b>	<b>Future Years Forecast Spend</b>	<b>Total Forecast Spend</b>	<b>Forecast Variance</b>
	£'000	£'000	£'000	£'000	£'000	£'000	£'000		£'000	£'000	£'000
<b>Loan Funded Projects</b>											
Bishopsgate Security	75.0	0.0	0.0	75.0	0.0	0.0	75.0	0.0	0.0	75.0	0.0
<b>Action Fraud</b>											
Action Fraud	2,000.0	2,000.0		0.0	1,914.0	1,914.0	2,000.0	2,000.0	0.0	2,000.0	0.0
<b>Total Loan Funded Programme</b>	<b>15,846.2</b>	<b>4,358.7</b>	<b>758.0</b>	<b>8,642.1</b>	<b>2,423.7</b>	<b>3,181.6</b>	<b>4,221.0</b>	<b>(4,421.2)</b>	<b>9,092.4</b>	<b>14,071.4</b>	<b>(1,774.8)</b>
<b>CoL Funded Projects</b>											
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		86.1	579.9	293.1		35.4	822.3	(101.0)
Airwaves	1,103.3	1,103.3	713.6		89.8	803.4	319.9		0.0	1,033.5	(69.8)

Emergency Services Mobile Communications Programme (ESMCP)	1,821.4	1,821.4	1,488.3		11.6	1,499.8	29.0		211.7	1,729.0	(92.4)
IT Modernisation/ Telephony etc.	9,299.7	9,299.7	8,747.9		248.0	8,995.9	414.2			9,162.1	(137.6)
	<b>Programme Budget</b>	<b>Approved Budget Drawdown</b>	<b>Prior Year Spend</b>	<b>2021/22 Budget</b>	<b>Current year spend to Dec 2021</b>	<b>Total Spend to date</b>	<b>2021/22 Forecast Spend</b>	<b>2021/22 Forecast Variance</b>	<b>Future Years Forecast Spend</b>	<b>Total Forecast Spend</b>	<b>Forecast Variance</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>		<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>CoL Funded Projects</b>											
ULEZ Fleet	1,800.0	1,800.0	367.1		751.2	1,118.3	1,432.9		0.0	1,800.0	0.0
Accommodation - Decant and preparation for Fleet House	12,110.0	10,881.7	8,580.9		1,007.8	9,588.7	1,405.4		90.4	10,076.8	(2,033.2)
Accommodation - Other	646.8	646.8	535.5		11.3	546.8	14.2		0.0	549.7	(97.1)
DOSF Fit Out	3,190.0	3,190.0	2,603.3		476.9	3,080.1	586.7		0.0	3,190.0	0.0
Ring of Steel	2,569.2	2,569.2	2,238.9		35.2	2,274.1	262.9		0.0	2,501.8	(67.4)
<b>Total CoL Funded Capital Programme</b>	<b>33,717.7</b>	<b>32,489.3</b>	<b>25,813.7</b>	<b>0.0</b>	<b>2,907.3</b>	<b>28,721.0</b>	<b>4,967.9</b>	<b>0.0</b>	<b>337.6</b>	<b>31,119.2</b>	<b>(2,598.5)</b>
<b>Total Capital Programme</b>	<b>49,563.9</b>	<b>36,848.0</b>	<b>26,571.7</b>	<b>8,642.1</b>	<b>5,331.0</b>	<b>31,902.6</b>	<b>9,188.9</b>	<b>(4,421.2)</b>	<b>9,430.0</b>	<b>45,190.6</b>	<b>(4,373.3)</b>