

<b>Committee:</b> Police Committee- For information	<b>Date:</b> 1 <sup>st</sup> March 2018
<b>Subject:</b> Capital and Revenue Budget Monitoring Report to December 2017	<b>Public</b>
<b>Report of:</b> Commissioner of Police and The Chamberlain Pol 16-18	<b>For Information</b>
<b>Report author:</b> Michelle King, City of London Police Director of Finance	

### Summary

The overall forecast year end position at quarter three is a balanced position. This compares to the forecast reported in quarter 2 which required a draw down on reserves of £1.61m. However, the £0.5m counter terrorism funding allocation notification received in January together with a freeze of non-essential spend in the last quarter improves the year end forecast by an estimated £700k.

### Chief Officer Cash Limited Budget

There have been a number of mitigations effected to reduce variances reported in quarter two amounting to £1.61m against the approved budget of £70.02m (excluding internal recharges of £3.6m). Brief commentary on the mitigating actions undertaken are outlined in Appendix 1.

### Recommendation

Members are asked to note the report.

## Main Report

### Chief Officer Cash Limited Budget

1. There is a balanced financial position in quarter three arising from mitigations of £1.61m. The updated position is shown below in Table 1.

Table 1: Directorate Outturn at Summary Level

Directorate	Budget £m	Q3 Actual £m	Forecast Outturn £m	Better/(Worse) £m
CRIME	11.0	7.6	10.5	0.6
ECD-Core Units	5.5	3.8	5.1	0.4
ECD-Funded Units	2.1	13.3	2.1	(0.0)
ECD-Projects	6.1	2.6	6.1	0.0
I&I	11.0	7.1	10.7	0.3
UPD	10.8	10.3	10.8	0.0
BSD	15.9	8.5	15.7	0.2
CENTRAL BUDGETS	7.6	(7.0)	9.0	(1.5)
<b>Total Net Expenditure</b>	<b>70.0</b>	<b>46.0</b>	<b>70.0</b>	<b>0.0</b>

### Revenue

2. All variances to quarter three are shown in more detail in Appendix 1. The main adverse variances are in relation to issues around the failure to identify savings in the non-pay Chief Officer Cash Limited Budget of £0.47m, the overtime costs incurred as a result of the terrorist events of £0.45m and the impact of the pay awards above that which had been provided of £0.37m.
3. Chief Officer Cash Limited Budgets include a savings target of £1.2m against the non-pay budget of £29.3m. The force has managed to secure savings of £0.33m against Repair and Maintenance, Travelling Expenses, Tasking and Core Directorate Overtime Budgets and Procurement savings; however, this falls short of the savings target by £0.47m.
4. Unplanned savings in direct employee pay through recruitment lags have continued to accrue to quarter three to show a revised position of £1.2m. The improved position is due to the continuing and widespread vacancies across the Force which is creating significant underspending within pay budgets. In workforce restructuring, the Force deleted 11 Police Staff Posts in December 2017 and achieved savings through probationer intake.
5. Exceptional overtime claims relating to terrorist activities (Westminster attack, London Bridge and Manchester Arena) currently stands at £0.45m. The claim submitted to National Counter Terrorism Policing Head Quarters (NCTPHQ) for approval, remains outstanding. This was received in January 2018 and will be reflected in the Q4 budget monitor, which all things being equal, would improve the financial position. This, together with a freeze on non-essential expenditure for the last quarter of the year is likely to produce a year end underspend, thereby reducing the draw on reserves. Initial forecasting is that this will be in the region of £0.07m.

6. The Injury and Ill Health commutations year end forecast is anticipated to be in line with the latest approved budget of £0.7m. This is an improvement in the human resource forecasts since quarter two.
7. The additional liability in relation to legal costs has now been paid, and is shown as a variance in Appendix 1.
8. The savings identified within the Deloitte “quick wins” of £300k are identified and intended to be used in year to fund the Review change team.

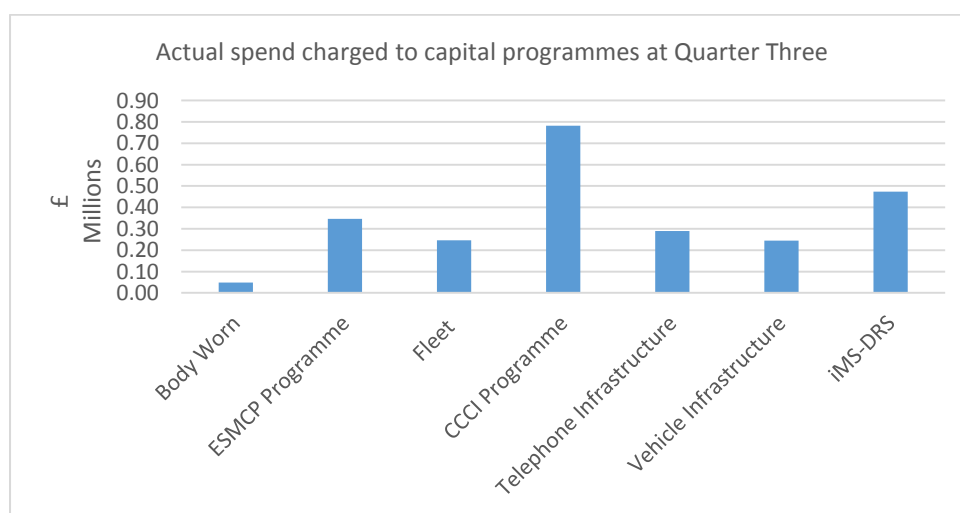
### **Proceeds of Crime Act 2002 (POCA)**

9. Appendix 2 shows a summary of the actual spend for the third quarter against budgets agreed by the Strategic Management Board.

### **Capital and Supplementary Revenue Budgets**

10. The capital outturn for 2017/18 is attached at Appendix 3. The analysis of actuals charged to capital as at Q3 are shown in Chart 1 below.

Chart 1 Actual spend to date on current capital programmes.



11. The Police bid “PR097- 2017 National to Local Fraud and Cyber Data Sharing” valued at £1.8m in 2017/18; £1.4m in 2018/19 and £0.5m in 2019/20 is still under Home Office review. Because the Home Office have not approved funding to date, the project has not commenced and no costs incurred. We expect funding from the Police Transformation Fund to be made in 2018-19.

### **Major Programmes**

12. Police Accommodation aside (for which there is separate reporting), there are several ongoing major programmes within the Police that are interdependent with the Corporation. These are Action Fraud, the Planned and Cyclical Maintenance of the Police Estates and the Emergency Services Mobile Communications Programme.
13. **Action Fraud:** The Supplier reported to the Implementation Board in December 2017 that the Go Live date of 31 March 2018 for a Release One version of the new managed service for Action and Know Fraud is achievable. User Acceptance Testing is progressing well, with positive feedback on both elements of the new service from internal and external testers. Some

technical and functional issues have been identified which may delay the Go Live date.

14. **Planned and Cyclical Maintenance of the Police Estate:** As at quarter three there are no significant issues to report on since the update provided in quarter two.
15. **The Emergency Services Network programme (ESNP):** The programme was discussed with the Town Clerk's department last year and the recommended pathway was to submit an overview of the programme on a Gateway1-2 then submit subsequent Gateway reports for individual work stream areas. The Gateway1-2 went to Project Sub this month and it was rejected as they required clarification on the staff costs. A revised Gateway1-2 will be re-submitted to Project Sub for delegated authority.
16. **Other Police Funds**

The forecast Police working balances includes the General fund £3.5m, the POCA reserve £0.9m and the transformational fund £0.1m as Table 2 outlines.

Table 2: Other Police Funds Forecast to March 2018

<b>Forecast Other Police Funds to 31st March 2018</b>	<b>2017/18 Opening Balance £mn</b>	<b>2017/18 Projected Drawdown £mn</b>	<b>2017/18 Closing Balance £mn</b>
General	3.5	(0.0)	3.5
POCA	3.6	(2.7)	0.9
Transformation Funding	0.1	0.0	0.1
<b>Total Other Police Funds</b>	<b>7.2</b>	<b>(2.7)</b>	<b>4.5</b>

Appendix 1 – Budget Variances as at Quarter three

Appendix 2 - POCA Allocations for 2017/18

Appendix 3 – Capital and Supplementary Revenue Budget

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## Budget Variances as at Quarter Three

Changes	Q2 Risks £'000	Movement £'000'	Q3 Risks £'000	Cause/ Action
Direct Employee Pay	955	256	1,211	Adjustments to direct employee costs due to revised recruitment profile resulting from vacant positions
Direct Employee Pay: Transformation Savings	0	300	300	The adjustment relates to the posts identified under the Deloitte quick wins to support the transformation programmes. These savings will accrue to the underspend in police employment costs budgets.
Direct Employee Pay: Probationer Savings	0	165	165	The Police have embarked on recruiting new entrants to the force. These entrants join on the lowest spinal point of police pay and savings accrue where new entrants are replacing more expensive resources.
Direct Employee Pay: Police Staff Efficiencies 11 posts	0	232	232	11 Police Staff posts were deleted in Q3 reducing police establishment from 465 posts to 454 posts these efficiencies will to the underspend in police employment cost budgets.
Indirect Employee Pay- Terrorist Attacks Overtime etc	(452)	0	(452)	Adjustments to employee indirect pay due to terrorist attacks across the country. These costs have been reclaimed through the Counter Terrorism funding stream.
Legal costs	(218)	0	(218)	These were adjustments relating to legal fees, interest and court costs paid to third parties relating to negative outcomes on forfeiture cases. The Assistant Commissioner is developing a process to risk assess and mitigate where feasible, forfeiture risks prior to engagement.
Non-pay efficiencies	(871)	400	(471)	The £1.2m in year efficiencies are mostly achieved where operationally feasible. The remaining non- pay savings are currently unidentified, however in view of the high level of vacancies and the time to fill, these efficiencies will be offset against unplanned savings from direct employee budgets.
Injury and Ill Health Commutations	(260)	260	0	The forecast overspend anticipated earlier this year has not materialised, and payments in the budget line will be in line with the original budget allocation.
RDG (ATOC)	(147)	0	(147)	The additional tax liability for 2016/17 as reported to Members at Police Committee.
Additional Fees	(250)	0	(250)	The current assessment subject of a confidential report to Police Committee
Pay Award	(370)	0	(370)	This is the impact of the revised pay award taking account of costs over the 1% provision and the additional 1% bonus payment for officers

<b>(1,613)</b>	<b>1,613</b>	<b>0</b>
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## POCA Reserve Allocations 2017/18

<b>POCA-2017/18</b>			
<b>Indicative Allocations: Strategic POCA Priorities</b>			
<b>Initiatives</b>	<b>POCA Allocation 2017/18 £m</b>	<b>Actuals to Dec 17 2017/18 £m</b>	<b>Allocation Remaining 2017/18 £m</b>
POCA Costs for ARTS/SARS Team	1.2	0.1	1.1
Skynet Intelligence Hub	0.2	0.1	0.0
PCSOs	0.1	0.1	(0.0)
Operational Programmes	0.2	0.0	0.2
Donations to Voluntary Sector	0.0	0.0	0.0
Capital Programmes	1.0	1.2	(0.2)
<b>Total</b>	<b>2.7</b>	<b>1.6</b>	<b>1.1</b>

## Capital and Supplementary Revenue Budget

<b>Police Capital Programme</b>	<b>Budget 2017/18</b>	<b>Actual to December 2017</b>	<b>Forecast Outturn 2017/18</b>	<b>RAG Budget</b>	<b>RAG Time</b>
<b>Approved Projects</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>		
Body Worn Video TFG	(63)	(49)	(63)	Green	Green
ICT Support to CCCI Functions	(2,821)	(782)	(2,569)	Green	Green
WAN	(294)	0	(1,436)	Red	Red
Payroll and Duty Management System - HR Integrated	0	0	(236)	Green	Green
ESMCP - Integrated Command	(543)	(346)	(836)	Red	Red
ROS - IMS/DRS (back office)	(2,446)	(474)	(765)	Green	Red
ROS - ANPR Cameras (excluding PAS elements)	0	0	(76)	Green	N/A
Vehicle Replacement	(48)	0	(48)	Green	Amber
<b>Sub-total forecast expenditure on approved projects</b>	<b>(6,215)</b>	<b>(1,651)</b>	<b>(6,029)</b>		