

Resources, Risks and Estates Committee (RREC)

Provisional Revenue & Capital Budget Outturn 2023/24

Date: 20/05/2024



A local service with a national role, trusted by our communities to deliver policing with professionalism, integrity and compassion

2023/24 Provisional Outturn - Headlines

Revenue: The provisional revenue outturn for 2023/24 is £104m against a latest approved budget of £104m resulting in a breakeven position, as also forecast at Q3.

Within this breakeven position, c.£4.5m headroom arose from a high proportion of student officers, the staff recruitment trajectory and 'core' non-pay underspend, along with increased in-year recharges for funded work. This has enabled £2.5m revenue contribution towards the cost of the 2023/24 capital programme (shown under capital charges in Table 1 (Q3 forecast £2.3m)) and £4.1m Action Fraud related costs to be absorbed (incl. unbudgeted £2.6m in-year contribution to extension "cost share" with Home Office, £0.8m transfer to earmarked reserve, £0.7m Contact Centre staffing), which will significantly de-risk 24/25 finances, particularly in relation to implementation of Fraud and Cyber Crime Reporting and Analysis Service (FCCRAS).

The latest approved budget of £104m compares to an original 2023/24 revenue budget of £101m, which is an increase of £3m. The £3m increase is due to the addition of Supplementary Revenue Programme (SRP) expenditure (net £0.7m) and premises rental charges (£2.3m). The budget increases for the SRP and rental charges are net nil with budgets provided to match actual expenditure incurred.

Capital: Despite significant underspend arising from rephasing of the FCCRAS programme, the Home Office £11.2m capital grant was fully utilised in-year, with most of the City funding element being deferred to 24/25. On other capital projects, outturn was very close to the Q3 forecast.



2023/24 Provisional Revenue – Outturn Headlines

Headline variances between the latest approved budget and provisional outturn are set out below:

- **Officer Pay:** A £1.3m overspend against Officer Pay due to a 4% higher than budgeted officer pay award (£1.7m), plus a £1,000 increase in the London Allowance for officers (£0.5m), totalling £2.2m has been largely offset by vacancies and rank ratio savings due to a higher proportion of student officers (£1.7m) in addition to the unbudgeted direct funding of relevant posts by National Lead Force activities.
- **Staff Pay:** £1.3m underspend on staff pay mainly due to vacancies which is partially offset by an increase in agency costs (£0.4m).
- **Overtime:** an increase in overtime of £1.3m due to funded work and other operational activities (Slide 8 explains).
- **Other Employee Costs:** A £0.5m overspend against injury awards, commuted pension lump sums & apprenticeship levy budgets due to an under provision compared to the 2022/23 outturn.
- **Premises:** A £0.7m pressure against premises budgets largely due to backdated energy bills going back several years which were retrospectively billed (£338k) and related to a faulty meter which has now been fixed. Higher than budgeted energy (£211k) and cleaning costs (£219k) as part of the corporate contracts, partly offset by an underspend on repair & maintenance across all CoLP estates (£108k).
- **Supplies & Services:** A £0.1m overspend in supplies and services budgets, including a net overspend of £2.6m in relation to Action Fraud extension cost, £0.7m Contact Centre costs due better recruitment outcomes than budgeted, higher than budgeted CCTV and security costs (£172k) and overspend on the clothing contract (£132k) due to additional uniforms being required. These costs have been largely offset by (1) lower than anticipated expenditure on firearms equipment (£383k) due to slippage, (2) an unused non-pay inflationary risk provision of £1m; which has been removed from the 2024/25 budget; for 2024/25 a 3% non-pay inflationary uplift has been included in the budget, (3) underspends of £1.5m against Enhanced Cyber Reporting / Fraud Reform supplies and services budgets and (4) underspends of £0.4m in respect of project OLAF, Funded Units and Crime Academy due to lower than forecast expenditure.



2023/24 Provisional Revenue Outturn - Headlines

- **Third Party Payments:** £31.8m higher than budgeted. Of this £31.3m relates to transfer payments to other forces and Regional Organised Crime Units (ROCU) for National Lead force activities with the expenditure matched by an increase in Home Office grant income and other contributions.
- **Transfer to Reserve:** £3.9m higher than budgeted due to £2.532m being transferred into City Fund to accelerate the repayment of the legacy Action Fraud loan (£2m) and ULEZ loan (£0.532m); there was a corresponding transfer from the Force's General Reserve into the Police budget to fund the repayment. In addition, £610k of Asset Recovery Incentivisation Scheme receipts, creation of the Action Fraud Reserve (£768k) and contribution to the Safer City Programme £0.05m were also included in the transfer to reserve movements.
- **Capital Charges:** mainly relate to the direct revenue funding of CoLP's 2023/24 capital programme costs (£2.7m).
- In addition to the £5.2m of unbudgeted loan repayments and revenue financing of the 2023/24 capital programme noted above, the Force also repaid (£3.9m) (via a negative financing adjustment to the 2023/24 budget): £2.5m towards the Action Fraud legacy loan, £380k towards the ULEZ loan and £1m to other general capital loan items. Total of loan repayments and revenue financing of capital programme costs was, therefore, some £9.1m in 2023/24.

These additional loan repayments and other cost pressures have been largely offset by:

- £2.5m drawdown from the Force's General Reserve to accelerate repayment of the legacy Action Fraud loan (£2m) and ULEZ legacy loan (£0.5m) in accordance with the proposal contained in the 2024/25 estimate report agreed by this Committee.
- Additional Home Office funding including a £2.4m pay award grant, a £0.45m Uplift over recruitment grant, further Counter Terrorism funding of £0.2m, along with funding for drugs testing, secondments and other income totalling £0.5m
- £1.9m including additional mutual aid income (£0.6m), training (£0.3m), Op Safeguard (£0.16m) and the recharging of staff time to £0.9m of additional fees and charges income including unbudgeted contractual penalty income £0.5m and ARIS/POCA receipts of £0.3m.



2023/24 Provisional Revenue Outturn – Headlines

- Additional savings against “core” budgets was also secured through an increased contribution from funded activities towards overhead costs of £0.9m.

Income and Funding

- Compared to the latest approved budget Government grant income has increased by some £32.1m this is mainly due to the £2.4m pay award grant, £0.45m officer uplift over recruitment and £32.2m of new funding for National Lead Force (NLF) Activities such as the Anti-Money Laundering Act Regulations (AMLAR) £2.5m, Fraud Reform £4.5m and other cybercrime / cryptocurrency grants (£25.2m), the majority of which will be transferred to other police forces and will be expensed through third party payments.

2023/24 Mitigations target = £8.6m, achieved £8.6m

With substitute mitigations (recharging to funded work) £8.6m of mitigations have been delivered, Table 4 refers.

Asset Recovery Incentivisation Scheme (ARIS) / Proceeds of Crime Act (POCA)

Receipts from the ARIS scheme transferred to the POCA Reserve in 2023/24 totalled £610k, with revenue expenditure funded from the POCA reserve as shown in Table 5 totalling £2.058m. The net impact on the POCA Reserve, and the balance brought forward into 2024/25 of £5.946m is shown in Table 6.

Police Authority Board (PAB): The provisional outturn for the Police Authority Team budget is £741.5k against a latest approved budget of £1m, an underspend of £258.5k (Table 7 below refers). This compares to a forecast underspend of £264.6k at Q3 2023/24. This is mainly due to a vacancy in the PAB Team, underspends against supplies and services budgets and the inclusion of Home Office grant income for serious violence prevention which was not included in the original budget. Following a review of the apportionment methodology for central recharges by the Chamberlain’s team, the PAB Team outturn also includes £67.8k of charges for accommodation, corporate support and information technology.



2023/24 Provisional Revenue Outturn

Table 1 2023/24 Provisional Revenue Outturn		23/24 Original Budget	Q3 Projected Outturn +Deficit / (Surplus)	Q3 Projected Variance +Deficit / (Surplus)	23/24 Latest Budget	Actual Outturn (Full Year)	Full Year Outturn Variance +Deficit / (Surplus)	Notes
		£m	£m	£m	£m	£m	£m	
Pay								
Officers		70.6	71.7	1.1	70.6	71.9	1.3	(i)
Staff		32.4	31.5	(0.9)	32.4	31.1	(1.3)	(ii)
Overtime		2.2	3.0	0.8	2.2	3.5	1.3	(iii)
Agency		0.8	1.0	0.2	0.8	1.2	0.4	(iv)
Police Officer Pension		23.0	23.0	0.0	23.0	19.5	(3.5)	(v)
Indirect employee costs		2.1	2.6	0.5	2.1	2.6	0.5	(vi)
Total Pay		131.1	132.8	1.7	131.1	129.8	(1.2)	
Non-Pay								
Premises Costs		2.9	3.3	0.4	7.3	8.0	0.7	(vi)
Transport Costs		2.7	2.7	0.0	2.7	2.7	(0.0)	
Supplies and Services		37.1	37.0	(0.1)	37.1	37.2	0.1	(vii)
Third Party Payments		12.3	31.9	19.6	12.3	44.1	31.8	(viii)
Unidentified Saving		0.0	0.0	0.0	0.0	0.0	0.0	
CoL Support Services		3.3	3.4	0.1	3.3	3.0	(0.2)	
Capital Charges		0.5	2.8	2.3	0.5	3.1	2.6	(ix)
Transfer to Reserves		0.0	0.5	0.5	0.0	3.9	3.9	(x)
Total Non-Pay		58.8	81.6	22.8	63.2	101.9	38.7	
Total Expenditure		189.9	214.4	24.5	194.3	231.7	37.5	
Income								
Specific Grants		(69.7)	(93.1)	(23.4)	(69.7)	(101.8)	(32.1)	(xi)
Partnerships		(13.5)	(14.3)	(0.8)	(14.8)	(16.8)	(1.9)	(xii)
Fees & Charges		(3.5)	(3.5)	0.0	(3.5)	(4.5)	(0.9)	(xiii)
Transfer from Reserves		(2.2)	(2.5)	(0.3)	(2.2)	(4.6)	(2.5)	(xiv)
CoLP Core Funding		(101.0)	(101.0)	0.0	(104.0)	(104.0)	0.0	
Total Income		(189.9)	(214.4)	(24.5)	(194.3)	(231.7)	(37.5)	
Underlying Deficit		(0.0)	0.0	0.0	0.0	0.0	0.0	

2023/24 Provisional Outturn Variance Analysis

Police Uplift Maintenance: £2m of ringfenced funding in 2023/24 was dependent on the maintaining an officer headcount of 986 with check points at the end of September 2023 and March 2024. The Force also committed to recruiting an additional 10 officers to assist with the achievement of national targets. For each additional post, the Home Office agreed to provide £15,000 based on the numbers recruited in September and £30,000 in March 2024.

As shown in slide 12, the 996-headcount target was achieved in both September 2023 and March 2024 which has secured £2.85m of Government grant funding. Whilst the number of officers by headcount increased to 1001 in March 2024, it is expected that with natural attrition the officer numbers will reduce.

(i) Police Officer Pay: Overspend £1.3m (Q3 £1.1m overspend). The overspend is mainly due to the combination of a 7% officer pay award from September 2023 (£1.7m) and £1,000 increase in the London Allowance (0.5m) from the same date, total £2.2m. In addition, there has been £0.8m of funded growth through National Lead Force programmes such as Fraud Reform and Cybercrime. Whilst these cost pressures can be met through in year savings – principally staff vacancies - and additional Home Office pay award grant income (see below). The full year impact of an increase in the London Allowance (£1.1m) taken together with the these pay pressure highlight a downstream Medium Term Financial Plan (MTPF) pressures which has been reflected in the 2024/25 budget. The £2.2m cost increase, due to wage price inflation has been partially offset by £1.7m of savings due to vacancies and rank ratio saving (£9m core posts less £7.3m of student officer recruitment – Slide 12 refers). These officer vacancies have been held to ensure that the Force remains within its agreed officer establishment (978 FTE) and as counterweight to recruiting a higher number of student officers. Most of the student officers (124) are attached to Local Policing which has resulted the adverse outturn (£3m overspend) in this business area (see slide 15).



2023/24 Provisional Outturn Variance Analysis

(ii) Staff Pay £1.3m underspend: (Q3: £0.9m underspend). The outturn includes a £1m pay pressure due to the c7% staff pay award, plus £1.6m of unbudgeted expenditure relating to Enhanced Cyber Reporting Service (ECRS), Anti-Money Laundering Act Regulations (AMLAR), Fraud Reform, Proceed of Crime Act (POCA) funded activities which were agreed after the 2023/24 budget was set. These additional pay cost are fully funded through additional Government grants and other income. Embedded in the net underspend, therefore, is £3.7m saving due to continuing staff vacancies – slides 12 and 13 refer. A workforce plan has been developed to progress staff recruitment from 450 FTEs in September to the 2024/25 budgeted establishment of 532.

Home Office Pay Award Grant: In June 2023, the Home Office confirmed that it would provide additional funding for policing over the Spending Review period of £330 million in 2023-24 and £515 million in 2024-25 to support an increase in pay for all police staff and officers above 2.5%. The Force will receive £2.4m in 2023/24 and a further £3.8m is expected in 2024/25. As noted during 2023/24, the funding distribution methodology, is based on current core grant allocations which excludes £11.3m of Capital City and Precept grant funding as well as £50m of specific grants which support National Lead Force activities. In total this funding provides for approximately 30% of the workforce and an initial assessment suggested that allocating the grant in line with funding formula shares will add a further cost pressure of c.£0.75m this year and, if continued, £1.3m per annum to future years.

(iii) Overtime £1.3m overspend (Q3: £0.9m overspend), which includes £0.65m of recoverable /activities events. This is an increase of £0.4m compared to the Q3 forecast and has been driven by backfilling duties and increased protest activities in the City. The Police Officer overtime budget (excluding National Lead Force) represents 3% of officer pay. A review of southeast forces (excluding the MPS) taken from the annual CIPFA POA survey suggests that 3% is within the range of other Forces albeit towards the lower end of the range. The monitoring and review of overtime is a standing item on the agenda of the Force's Strategic Finance Board.



2023/24 Provisional Outturn Variance Analysis

(iv) Indirect Employee Costs: £0.5m overspend (Q3 £0.5m overspend). This is due to an under provision for injury awards and apprenticeship levy costs in the 2023/24 budget, these have been reviewed in the 2024/25 budget setting process.

(v) Pension Deficit Grant: £3.5m underspend. This underspend relates to the Police Pensions expenditure funded by the Home Office. The underspend is matched by a corresponding reduction in Government grant income. The Pension's forecast has been updated for 2024/25.

(vi) Premises costs: £0.7m overspend (Q3: £0.4m overspend). The premises overspend is mainly due to several backdated energy bills going back several years, retrospectively billed (£338k), due to a faulty meter which has now been fixed. Higher than budgeted energy (£211k) and cleaning costs (£219k) as part of the corporate contracts, partly offset by an underspend on repairs & maintenance costs across the estate (£108k).

(vii) Supplies and Services: £0.1m overspend (Q3 £0.1m underspend). The overspend in supplies and services budgets, including a net overspend of £2.6m in relation to Action Fraud extension cost, £0.6m Contact Centre costs due better recruitment outcomes taking staffing numbers up to and at times above expected levels, higher than budgeted CCTV and security costs (£172k) and overspend on the clothing contract (£132k) due to additional uniforms being required. These costs have been largely offset by (1) lower than anticipated expenditure on firearms equipment (£383k) due to slippage, (2) an unused inflationary risk provision of £1m; which has been removed from the 2024/25 budget, (3) underspends of £1.5m against Enhanced Cyber Reporting / Fraud Reform supplies and services budgets and (4) underspends of £0.4m in respect of project OLAF, Funded Units and Crime Academy due to lower than budget expenditure.



2023/24 Provisional Outturn Variance Analysis

(viii) Third Party Payments: £31.8m overspend (Q3 £19.8m). Of this £31.3m relates to transfer payments to other forces and Regional Organised Crime Units (ROCU) for National Lead force activities with the expenditure matched by an increase in Home Office grant income and other contributions. The variance between outturn and Q3 (£24.5m) mainly relates to unbudgeted NPCC Cybercrime activities which were excluded from the Q3 monitoring as they are fully funded and outside of the Commissioner's core budget.

(ix) Capital Charges: £2.6m (Q3 £2.3m): This variance is due to a higher than planned revenue contribution to the financing of capital expenditure (£2.7m), less £0.1m central capital financing contribution. £2.7m represent the totality of the Force's capital programme spend in 2023/24 notwithstanding the £11.2m Home Office contribution to the FCCRAS project. The use of revenue funding to pay for the in-year capital programme costs will minimise internal borrowing and reduce future borrowing risks.

(x) Transfers to Reserve £3.9m. This relates to a transfer to reserves in respect of a £2.532m draw down from the Force's General Reserve to accelerate repayment of a legacy Action Fraud loan (£2m) and ULEZ legacy loan (£0.532m), £0.61m of Asset Recovery Incentivisation Scheme/Proceeds of Crime Act receipts, contribution to the Safer City Reserve £0.05m and creation of an Action Fraud Reserve (£0.768m) further de-risk project implementation costs.

(xi) Specific Grants: £32.1m over achievement. This mainly relates to additional grant income in respect of Enhanced Cyber Reporting Service (ECRS), Anti Money Laundering Act Regulation (AMLAR) & Fraud Reform (£32.2m), the Home Office pay award grant (£2.4m) and Uplift Over recruitment (£0.45m), further Counter Terrorism funding, drugs testing and other income totalling £0.5m. The outturn is also net of a £3.5m reduction in the pension deficit grant which is matched by a corresponding reduction in expenditure.



2023/24 Provisional Outturn Variance Analysis

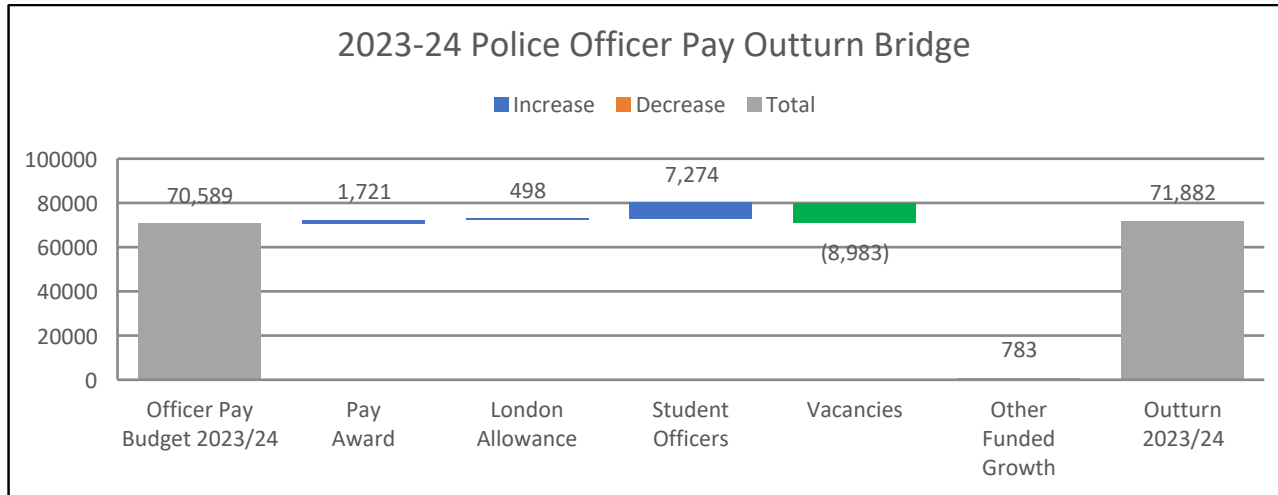
(xii) Partnership Income £1.9m over achievement (Q3 £0.8m) This positive variance is mainly due to additional income arising from, mutual aid recharges of £0.6m, recharging of staff costs to the capital projects £0.6m (The future police estate and FCCRAS), training income £0.3m, additional project OLAF £0.16m contributions and Op Safeguard £0.16m relates to the use of three cells at Bishopsgate by other forces (BTP, MPS).

(xiii) Fees and Charges: £1.9m over achievement (Q3 £0.8m over achievement) £0.9m of additional fees and charges income including unbudgeted contractual penalty income £0.5m and higher ARIS/POCA receipts of £0.3m.

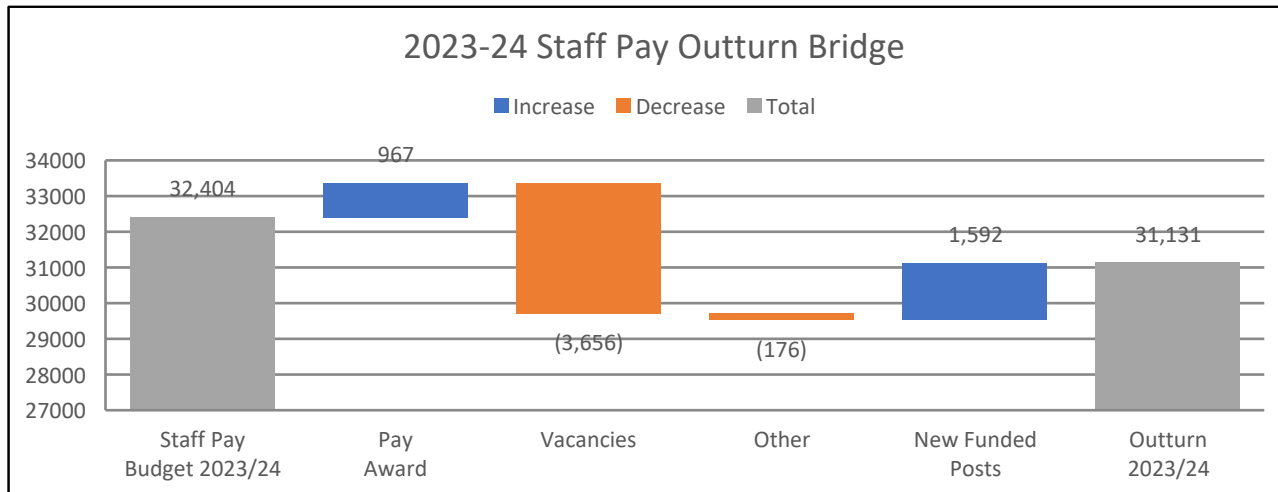
(xiv) Transfers from Reserve £2.5m. The variance relates to the £2.532m draw down from the Force's General Reserve to repay the Action Fraud and ULEZ loans.



2023/24 Pay – Officer & Staff Bridge Analysis



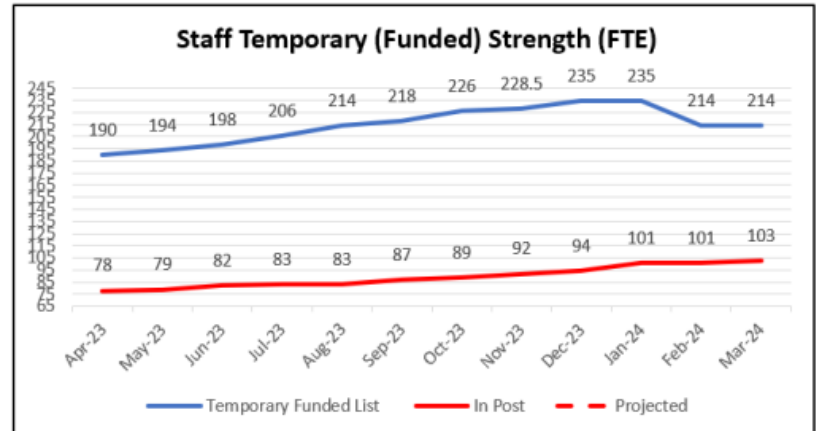
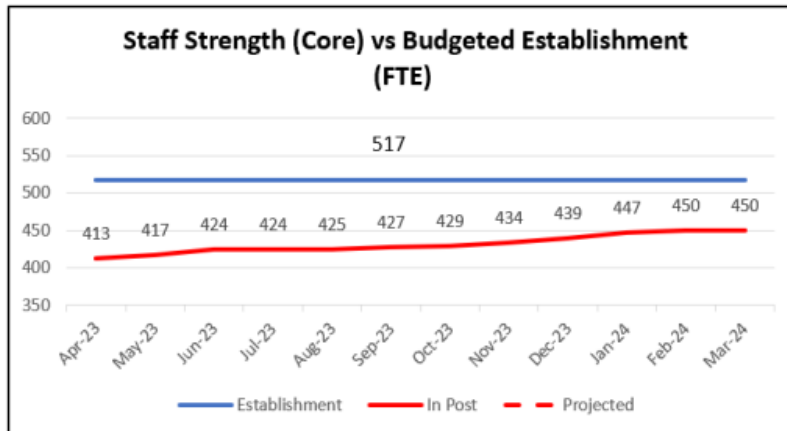
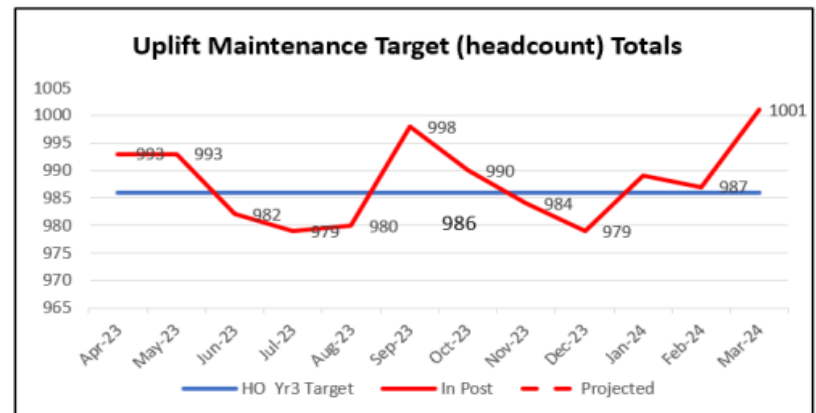
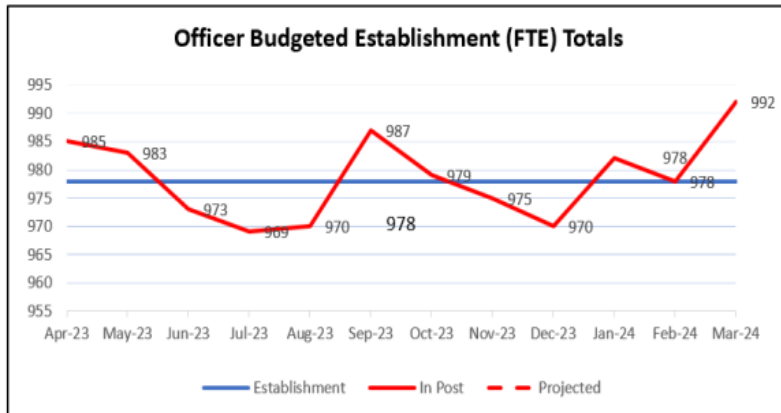
**Net £1.3m
Officer pay
overspend**



**Net £1.3m
Staff pay
underspend**



Revenue Monitoring 2023/24 Outturn – Workforce Dashboard



2023/24 Provisional Outturn - Overtime

The overtime budget for 2023/24 totals £2.151m as shown in Table 2 below. The provisional outturn is £3.482m resulting in an overspend of £1.3m. This is an increase of £0.4m compared to Q3. The forecast overspend is attributable to a combination of factors including supporting the student officers in undertaking their duties and backfilling of vacant roles in specialist unit, increased investigations/intelligence, Criminal Justice System activities in Specialist, National Lead Force operations and increased protest activity associated with the Middle East. The revised outturn also includes the impact of the 2023/24 Officer and Staff pay awards which have increased pay by c7%.

Of the total overtime shown below, some £0.65m is recoverable from third parties.

Table 2: Overtime by Business Area 2023-24	23/24 Original Budget	Q3 Projected Outturn +Deficit / (Surplus)	Q3 Projected Variance +Deficit / (Surplus)	23/24 Latest Budget	Actual Outturn (Full Year)	Full Year Outturn Variance +Deficit / (Surplus)
	£m	£m	£m	£m	£m	£m
Local Policing	813	1,070	257	1,033	1,541	508
Specialist Operations	242	592	350	242	702	460
National Lead Force	320	513	193	320	579	259
Corporate Services	0	59	59	0	104	104
Central Income & Expenditure	776	776	0	556	556	(0)
Grand Total	2,151	3,010	859	2,151	3,482	1,331

Home Office funding is only available where overtime costs exceed a threshold of 1% of core funding for a single event. In the case of the City of London Police the threshold is some £770k per event and has not been exceeded in 2023/24.

The monitoring of overtime will continue to be a standing item on the agenda of the Force's monthly Strategic Finance Board.



2023/24 Provisional Outturn – Business Area Summaries

Revenue outturn summaries for each of the business areas is shown in Table 3 below:

Table 3: 2023/24 Department Revenue Outturn Summaries	23/24 Original Budget	Q3 Projected Outturn +Deficit / (Surplus)	Q3 Projected Variance +Deficit / (Surplus)	23/24 Latest Budget	Actual Outturn	Outturn Variance to Budget +Deficit / (Surplus)	Notes
	£m	£m	£m	£m	£m	£m	
Local Policing	29.8	33.6	3.8	29.8	32.7	3.0	(i)
Specialist Operations	27.0	25.2	(1.8)	27.0	24.9	(2.1)	(ii)
National Lead Force	6.8	7.7	0.9	6.8	8.6	1.7	(iii)
Corporate Services	29.0	29.2	0.2	31.5	32.3	0.8	(iv)
Central Income & Expenditure	8.5	5.4	(3.1)	9.0	5.7	(3.4)	(v)
Total	101.1	101.1	0.0	104.1	104.1	(0.0)	

(i) Local Policing: £3m overspend (Q3 £3.8m overspend). In 2023/24 Local Policing had a outturn of £32.7m against a budget of £29.8m, resulting in an overspend of £3m. This was mainly due to student officer pay (£6.5m) associated with the Uplift programme, the impact of officer pay awards/ London Allowance increase (£0.9m) and an overtime overspend of £0.5m driven by: support to the MPS (£0.18m), Op Mayfield-Israel/Gaza protest (£0.06m), Notting Hill Carnival (£0.04m) and other protests and event in the City (£0.19m). These cost pressures (£7.9m) have been partially offset by vacancies in Local Policing of £4.2m, £0.4m of savings against supplies and services budget due to delays in Tactical Firearms Group (TFG) procurement and an unbudgeted re-imbusement of secondment income from the MPS (£0.39m).

The balance of the student pay cost will be met from officer vacancies across the other business areas.



2023/24 Business Area Summaries continued

(ii) Specialist Operations (SO): £2.1m underspend (Q3 £1.8m underspend). In 2023/24, Specialist Operations had a final outturn position of £24.9m against a £27.0m budget, resulting in a £2.1m underspend. This underspend was due to significant levels of vacancies throughout the year (£1.2m) and additional unbudgeted income of £1.5m due to uplift in National Lead Force & Counter Terrorism funding for posts. These underspends were partially offset by a £0.5m budget pressure on overtime due to operational requirements and backfilling vacancies as well as a £0.2m overspend on supplies and services, transport and third-party payments due to operationally critical equipment repairs in addition to an increase in toxicology submissions linked to the Police Uplift Programme.

(iii) National Lead Force: £1.7m overspend (Q3 £0.9m overspend). Officer & Staff pay was £1.1m lower than budget owing to delayed start dates of over 50 posts during the year. Overtime budget was not substantial enough to cover £0.6m final outturn, where existing officers were covering the work of vacant posts. Other Employee Expenditure (£0.5m more than budgeted) was the reclassification of national Cybercrime training courses from supplies & services. Transport costs (£0.2m higher than budgeted) was mainly incurred by the Funded Units during the year (leasing cars for investigations, vehicle repairs etc), supplies & services: £3.3m overspend for the IBM Extension & Contact Centre were offset by £1.9m of underspends against Fraud Reform, ECRS, OLAF, Funded Units & Crime Academy budgets. Third-party payments overspend of £31.5m (Cybercrime, Fraud Reform & AMLAR) were offset by £30.6m of additional government grants. In addition, the Funded Units and Action Fraud brought in £0.5m higher Customer Client Receipts than budgeted, £0.4m more POCA funds were transferred from reserve than budgeted owing to the bringing forward of key projects, and £0.5m of FCCRAS staff costs were transferred into the capital project.



2023/24 Business Area Summaries continued

(iv) Corporate Services: £0.8m overspend (Q3 £0.2m overspend). In 2023/24 CSD had a final outturn position of £32.6m against a budget of £31.5m, resulting in an overspend of £1.1m. This was largely due to: Employees – a net overspend of £0.4m, this comprises higher than budgeted pay awards for both staff and officers (£674k), additional funded posts by NLF (£710k), the use of temporary staff to cover vacancies (£0.5m), and unbudgeted overtime (£104k) largely offset by vacancies (£1.4m) and training budgets not being fully utilised in the year (£202k). Premises – net overspend of £662k, largely due to backdated energy bills going back several years, retrospectively billed (£338k), due to a faulty meter which has now been fixed. Higher than budgeted energy (£211k) and cleaning costs (£219k) as part of the corporate contracts, partly offset by an underspend on Repairs & Maintenance across all CoLP estates (£108k). Supplies and Services - net overspend of £699k, due to higher than budgeted CCTV and security costs (£172k) and an overspend on the clothing contract (£132k) due to additional uniforms being required. Transfer from reserves - overspend of £415k, due to a POCA bid being rejected after the budget was set, therefore the income was not transferred. Government grants - additional income of £583k from National Lead Force (NLF) funded posts (£361k), additional Cybercrime grant not budgeted (£135k) and international training income due to an increased number of courses provided (£85k). Other grants – £222k funding for NLEDS not in the original budget and £85k contribution for the Apprenticeship Training Programme. Recharges - higher amount of overhead recovery from NLF allocated than budgeted (£288k).



2023/24 Business Area Summaries continued

v) Central Expenditure & Income (CE&I): £3.4m underspend (Q3 £3.1m underspend). This division of service is used to manage indirect income and expenditure items which relate to all business areas. In 2023/24 the CE&I budget included several provisions including an allowance to mitigate against a higher-than-expected staff pay award (£0.6m), an officer adjustment factor (£0.5m) to manage the Uplift risk of over recruitment, an allowance for market forces supplements not captured in the salary estimates (£0.3m) and £1m for wider inflationary pressure. During the financial year 2023/24 these budgets along with a £0.4m agency budget were released as the impact of the cost pressures was incorporated into the outturn forecasts of the other business areas. The outturn also includes an increase in government grant funding of £3m relating to the 2023/24 Home Office pay award £2.4m, £0.45m Uplift over-recruitment incentive, £0.16m software licence grant and £0.3m of POCA receipts above budgeted levels. In addition, there was a higher amount of overhead costs recovery (£0.7m) from funded work than budgeted in pursuance of the Force's Income Strategy. This total positive variance of £7.1m is offset by an increase in the capital financing contribution of £2.7m to mitigate downstream borrowing risks and transfer to the Action Fraud Reserve (£0.768m) to help de-risk the revenue impact of the updated FCCRAS implementation plan on 2024/25 revenue budgets.



2023/24 Provisional Revenue Outturn - Mitigations

The 2023/24 revenue estimate included £8.6m of mitigations to deliver a balanced budget. Overall, whilst the £2m reduction in Action Fraud exceptional costs and rank ratio savings (£0.3m) have not fully materialised, due to substitute savings the mitigations target of £8.6m has been achieved. A summary of progress against each of the 2023/24 budget mitigations is shown in Table 4 below along with commentary on sustainability into future years.

Table 4:	Target	Outturn	Comments	RAG
2023/24 Mitigations Plan	£m	£m		
Reduction in Action Fraud exceptional costs	2.0	0.0	Mitigation not achieved due to rephasing of FCCRAS Delivery Implementation Plan.	
Higher Police Funding Settlement for 2023/24	1.5	1.5	Incorporated into 2023/24 Home Office funding settlement. Mitigation reflects difference between MTFP assumptions and final grant award for 2023/24. The higher Home Office funding is baked into core	
Increased use of the POCA Reserve	1.3	1.1	Continued use of POCA reserve to support the work of the Assest Recovery Team. Sustainability of this mitigation is dependent on the uncommitted balance held in the POCA reserve after 2024/25.	
Reduction in officer establishment to align with operational policing model	1.0	1.0	Achieved. Officer headcount reduced from 998 to 978 following planned reduction in Counter Terrorism funding from 2023/24. Sustained into 2024/25.	
Higher proportion of more junior PCs	0.6	0.8	Achieved through workforce planning and continued student officer recruitment. The impact of this mitigation is expected to reduce as the current cohort of students become fully fledged officers and move	
Increased recharging of costs to funded activities	0.5	1.5	Achieved. The increased direct recharging of staff and recovery of overheads from funded / non-core activities aligned to demand drivers.	
Non-pay savings: agency costs, professional fees and other	0.4	1.6	Whilst agency costs were £0.6m over budget due to the requirement to fill key staff vacancies, compensating non-pay savings across a range of supplies and services budgets secured delivery of this	
Improvements in Officer rank / supervisory ratios	0.3	0.1	Mitigation partially delivered from outcome of the Corporate Services Review.	
Saving to be identified	1.0	1.0	Achieved. National Non-Domestic rating appeal in relation Bishopsgate and New Street confirmed £1m annual reduction in rates which has been applied to the unidentified savings requirement. The NNDR	
Total	8.6	8.6	Overall assessed to be green as the outturn is within budget despite some of the 2023/24 mitigations targets falling short of expectations.	

2023/24 Proceeds of Crime Act Funded Expenditure

Table 5 below provides a summary of those workstreams which have been funded from the Proceeds of Crime Act (POCA) Reserve. In 2023/24 £2.051m of revenue and £7k of capital expenditure was funded from the POCA Reserve. The impact of this on the reserve position is shown in slide 23.

Column A shows the total commitment per priority area which may span more than one year and column C shows the planned expenditure in the financial year (2023/24). An explanatory note follows on slide 22.

Table 5: 2023/24 POCA Funded Expenditure	A	B	C	D	E = (D-C)	F (B+D)	G (A-F)	Notes
	Total Approved Budget	Prior Years Spend	Forecast Spend 2023/24 Q3	Actual Outturn 2023/24	Outturn Variance to Forecast +Deficit / (Surplus)	Total Prior year & 23/24 Spend	Balance Remaining Total Budget vs Total Spend	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Safer City Partnership	150	100	50	50	0	150	0	(i)
Total Community Projects	150	100	50	50	0	150	0	
Asset Recovery & Civil Contingencies Team	4,500	1,081	1,254	1,040	(214)	2,121	(2,379)	(ii)
Total Asset Recovery	4,500	1,081	1,254	1,040	(214)	2,121	(2,379)	
Covert Tasking Budget	288	35	42	0	(42)	35	(253)	(iii)
Operation Creative	200	0	138	0	(138)	0	(200)	(iv)
National Protect Coordination and Regional Support	335	0	144	151	7	151	(184)	(v)
Streamlined Forensic Reporting	30	20	9	3	(6)	23	(7)	(vi)
Stakeholder Engagement Manager	200	0	53	0	(53)	0	(200)	(vii)
DANY (District Attorney New York)	550	241	276	233	(43)	474	(76)	(viii)
NFIB Service Delivery Team (SDT) - Quality Assurance	150	0	150	204	54	204	54	(ix)
NFIB - Continous Improvement	220	11	178	14	(164)	25	(195)	(x)
Op Reframe - Police Boxes	74	34	0	0	0	34	(40)	(x)
LA International FCCRAS	223	0	223	223	0	223	(0)	
NBCC Communications & Marketing	21	11	0	1	1	11	(10)	
Total Crime Reduction	2,270	341	1,213	828	(385)	946	(1,100)	
NLF: People Strategy	93	0	94	0	(94)	0	(93)	(xi)
First Aid Nursing Yeomanry	20	0	0	10	10	10	(10)	
POCA project/governance review	50	0	0	44	44	44	(6)	
Psychometric Development Tool	109	0	0	80	80	80	(29)	(xii)
Total Miscellaneous	272	0	94	134	40	0	(93)	
Total Revenue Funding	7,191	1,522	2,611	2,051	(559)	3,217	(3,572)	

2023/24 Proceeds of Crime Act Funded Expenditure

Table 5: 2023/24 POCA Funded Expenditure	A	B	C	D	E = (D-C)	F (B+D)	G (A-F)	Notes
	Total Approved Budget	Prior Years Spend	Forecast Spend 2023/24 Q3	Actual Outturn 2023/24	Outturn Variance to Forecast +Deficit / (Surplus)	Total Prior year & 23/24 Spend	Balance Remaining Total Budget vs Total Spend	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Power BI Phase 2	650	0	5	0	(5)	0	(650)	(xiii)
Child Abuse & Image Database (CAID)	53	33	7	7	(0)	40	(13)	(xiv)
Total Capital Funding	703	33	12	7		40	(663)	
Grand Total (Revenue & Capital)	7,894	1,555	2,623	2,058	(559)	3,257	(4,236)	

Notes:

- i. Contribution to Safer City Partnership from ARIS receipts
- ii. Funding of Asset Recovery Team was agreed for an initial period of three years 2022/23 to 2024/25 of £1.3m per annum. 2023/24 is year 2. Additional funding of £600k was agreed from 23/24 to drive civil recovery activities across a period of three years at £200k pa.
- iii. An overtime/tasking budget for Covert/SIU was agreed for a period of 3 years, totalling £287.5k. 2023/24 is Year 2.
- iv. Operation Creative is an Initiative, designed to disrupt and prevent websites from providing unauthorised access to copyright content, a budget of £200k has been agreed to support this project.
- v. The National Protect and Regional Support initiative is a project to establish of a national hub to tackle volume fraud.
- vi. In 2021/22 £30k of funding was agreed to support the enhancement of streamlined financial investigation reporting across CoLP.
- vii. The stakeholder and engagement project seeks to inform the future delivery of the National Fraud Intelligence Bureau (NFIB).



2023/24 Proceeds of Crime Act Funded Expenditure

Notes

- viii. The DANY project supported the secondment of two officers to the District Attorney's Office in New York until 31.03.24.
- ix. Funding has been agreed to enable NFIB Quality Assurance Testing to support the continuous improvement of the Action Fraud victim support service.
- x. This is an initial scoping project assessing the potential for the introduction of digital police boxes. Further progression will be subject to further business case development.
- xi. NLF People Strategy – Project designed to implement initiatives to improve recruitment and retention of staff within economic crime across the UK
- xii. Psychometric Development Tool – This project is a training development initiative to increase understanding of self and others which will have benefits in enhancing engagement with other and the yield benefits through the interpretation of the findings.
- xiii. PowerBI and CAID form part of the capital programme which are set out later in this report.

A review of project governance including the benefits and outcomes of these POCA funded initiatives and future prioritisation is in process and a report will be provided to this Committee at a future meeting. An assessment of forward income projections will also be developed to ascertain the extent to which asset recovery activities can be supported using POCA receipts.



2023/24 - Reserves

Police Reserves are set out in Table 6 below:

Based on the provisional outturn above, it is expected that Reserves will reduce by £3.2m from an opening balance of £16.8m to £13.6m. This is due to ARIS/POCA funded activities and the proposal to repay the remaining balance on the Action Fraud loan (£2m) and the ULEZ vehicle replacement loan (£0.532m). The repayment of these loans from the General Reserve will help to mitigate downstream loan repayment pressures and accelerate the transition to revenue financing of the capital programme, whilst maintaining a General Reserve of more than 5% of Net Revenue Expenditure (NRE)

The Force's Reserve Strategy set a general reserve target of 5% of gross revenue expenditure to mitigate unforeseen events. The forecast balance, after repayment of the above loans, is £6.6m or 5.7% of net revenue expenditure (NRE) in 2024/25. Typically, the Home Office expect that forces general reserves will not exceed 5% of NRE, however, due to the specific risks of the Force's National Lead status holding a General Reserve more than 5% of NRE is considered appropriate. The adequacy and any requirement to draw upon the General Reserve, will be kept under review.

The net drawdown from the POCA reserve of £1.45m is net of a £0.61m transfer to reserve, with £2.1m funding allocated to the 2023/24 POCA programme as set out in Table 5.

Table 6: 2023/24 Use of Reserves	Opening Balance 2023/24 £'m	Transfer to/ (from) Reserve 2023/24 £'m	Closing Balance 2023/24 £'m
General Reserve	9,127	(2,532)	6,595
Specific Reserves:			
Proceeds of Crime Act (POCA)	7,396	(1,450)	5,946
Action Fraud Reserve	0	768	768
Emergency Services Mobile Technology	294	0	294
Total Specific Reserves	7,690	(682)	7,008
Total	16,817	(3,215)	13,602

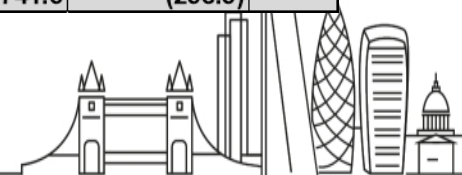


2023/24 Police Authority Team Revenue Provisional Outturn

The provisional outturn for the Police Authority Team budget is £741.5k against a latest approved budget of £1m, an underspend of £258.5k (Table 7 below refers). This compares to a forecast underspend of £264.6k at Q3 2023/24. This is mainly due to a vacancy in the PAB Team, underspends against supplies and services budgets and the inclusion of Home Office grant income for serious violence prevention and from the Safer Streets fund which were not included in the original budget; this funding is to facilitate joint working between local agencies to plan, prevent and reduce serious violence.

Table 7 sets out the Police Authority Team budget and provisional outturn for 2023/24.

Table 7: Police Authority Team Outturn 2023/24	23/24 Original Budget	Q3 Projected Outturn +Deficit / (Surplus)	Q3 Projected Variance +Deficit / (Surplus)	23/24 Latest Budget	Actual Outturn (Full Year)	Outturn Variance +Deficit / (Surplus)	Notes
	£'000	£'000	£'000	£'000	£'000	£'000	
Staff	698.0	660.0	(38.0)	698.0	630.0	(68.0)	(i)
Indirect employee costs	17.0	8.0	(9.0)	17.0	4.4	(12.6)	
Total Pay	715.0	668.0	(47.0)	715.0	634.4	(80.6)	
Supplies and Services	285.0	142.4	(142.6)	285.0	129.8	(155.2)	(ii)
Third Party Payments	0.0	0.0	0.0	0.0	127.4	127.4	(iii)
CoL Support Services	0.0	0.0	0.0	0.0	67.8	67.8	(iv)
Non-Pay	285.0	142.4	(142.6)	285.0	325.0	40.0	
Total Expenditure	1,000.0	810.4	(189.6)	1,000.0	959.3	(40.7)	
Government Grants	0.0	(75.0)	(75.0)	(0.0)	(208.1)	(208.0)	(v)
Customer Client Receipts	0.0	0.0	0.0	0.0	(9.8)	(9.8)	(vi)
Total Income	0.0	(75.0)	(75.0)	(0.0)	(217.9)	(217.8)	
Net Expenditure	1,000.0	735.4	(264.6)	1,000.0	741.5	(258.5)	



2023/24 Police Authority Team Revenue Provisional Outturn

The outturn underspend is reduced compared to 2022/23 (22/23 £447k), one reason for this is that the Police Authority Team has been trialling, for the first time, the provision of grants to fund specific crime reduction initiatives. Overall, it is expected that the £1m budget will be fully utilised in 2024/25 as the staffing model moves towards full capacity and policy priorities are further developed.



Capital Outturn 2023/24 Headlines

- The CoLP Capital Programme comprises projects developed and managed by the Force, which are either funded directly from the Force's own resources, from Home Office funding or via a Corporation loan facility.
- The CoLP Capital Programme budget for 2023/24 amounted to **£25.417m** as shown in table 1 below. The outturn spend amounted to **£13.976m**, resulting in an overall underspend on the programme of **£11.441m**.

	A	B	C=B-A	D	E=D-B
Table 1 – Summary of outturn capital expenditure 2023/24	2023/24 Budget £'000	2023/24 Outturn £'000	Variance: Outturn vs Budget £'000	2023/24 Q3 Forecast Outturn £'000	Variance: Outturn vs Q3 Forecast £'000
Total outturn capital expenditure 2023/24	25,417	13,976	(11,441)	18,682	(4,706)

- The underspend is largely due to rephasing of FCCRAS milestones of £9.156m to 2024/25. Despite this, the related Home Office capital grant for 2023/24 of £11.2m has been fully utilised, with most of the City funding element being deferred to 2024/25. The underspends on other projects vs budget were very much in line with Q3 forecast (incl. delayed use of the prioritisation and feasibility funding provision (£0.827m), a delay to the Data Analytics Platform Project (previously called Power BI) (£0.435m) and the delivery of the horsebox (£0.400m)). A breakdown of the capital programme is shown in table 2 on slides 27 to 28 and how it is funded is shown on slide 30.
- For completeness, included within the capital programme noted above are CoLP projects which are deemed to be revenue in nature, referred to as Supplementary Revenue Projects (SRP). Total outturn spend on SRPs in 2023/24 amounted to £176k compared to a budgeted spend of £181k.



CoLP Capital Programme 2023/24

The detailed outturn vs budget and Q3 forecast by project is shown in table 2 below.

Table 2 - CoLP Capital Programme 2023/24	A	B	C=B-A	D	E=D-B	Notes
	2023/24 Project Budget £'000	2023/24 Outturn £'000	Variance: Outturn vs Budget £'000	2023/24 Q3 Forecast Outturn £'000	Variance: Outturn vs Q3 Forecast £'000	
FCCRAS	21,552	12,396	(9,156)	16,913	(4,517)	i
Cyclical Replacement – Mobile phone refresh	331	318	(13)	331	(13)	
- CoLP Training Facility	225	225	-	225	-	
- Other	17	-	(17)	-	-	
Data Analytical Platform Project (was Power BI)	435	-	(435)	5	(5)	ii
ICAV	240	195	(45)	238	(43)	
Prioritisation and feasibility funding	1,000	173	(827)	171	2	iii
Horsebox	400	-	(400)	-	-	iv
Body Worn Video	119	36	(83)	49	(13)	v
CoLP Vehicle Replacement	397	329	(68)	332	(3)	
Forensic Network and Storage	257	161	(96)	149	12	vi
Covert Camera System	84	23	(61)	20	3	
Covert Surveillance Equipment	159	64	(95)	68	(4)	
Other prior year projects	-	(127)	(127)	-	(127)	vii
Child Abuse & Image Database (POCA)	20	7	(13)	7	-	
Armoury Improvements (SRP)	139	141	2	139	2	
Barbican Airwave Project (SRP)	30	27	(3)	27	-	
CoLP Forensic Storage (SRP)	12	8	(4)	8	-	
Total CoLP Capital Programme 2023/24	25,417	13,976	(11,441)	18,682	(4,706)	

CoLP Capital Programme 2023/24

Notes – on outturn variations to budget

- i. **FCCRAS:** The underspend of £9.156m is largely due to rephasing of milestone payments to 2024/25 because of the delayed go-live, from March to December 2024. Total project spend is forecast to be in line with the total budget of £30.986m.
- ii. **Data Analytical Platform Project** (was Power BI Phase 2): No spend was incurred in 2023/24 as the tender process was delayed until February 2024. The business case was approved at Strategic Change Board in April, and the spend will now be incurred in 2024/25.
- iii. **Prioritisation and feasibility funding:** £173k was spent in 2023/24. The balance of the £776k approved to progress the overarching management of change for CoLP, alongside the quick-time progression of some pipeline projects prior to their Gateway 2 attainment (Command and Control, Project Themis and E-Discovery) will be spent in 2024/25. The underspend was due to delays in the identification of suitable candidates and vetting, resulting in these resources not being employed in time to conclude their contracted days prior to the closure of the financial year. In addition, Project Themis has been delayed due to MPS re-evaluation of priorities and confirmation of delivery timeframes are still awaited.
- iv. **Horsebox:** There was a delay purchasing the horsebox due to the limited supplier selection nationally. The horsebox is now in the country and due for delivery in September/October 2024. It is anticipated that the full £400k will be spent in 2024/25.



CoLP Capital Programme 2023/24

Notes – on outturn variations to budget continued:

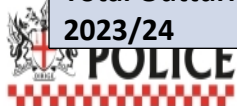
- v. **Body Worn Video:** Whilst the project went live on 26th September 2023, there was an underspend in 2023/24 of £83k largely due to change requests but this sum is expected to be fully spent in 2024/25.
- vi. **Forensic Network and Storage:** These projects are now complete. Overall, there was an underspend of £96k, largely due to lower than anticipated hardware costs, reduced software costs and professional fees being lower due to the reduced complexity in the delivery of the initial projects.
- vii. **Other prior year projects:** The credit balance of £127,000 reflects a reduction to final project costs which have been charged in prior years.



Funding of the 2023/24 CoLP Capital Programme

Funding of the 2023/24 CoLP Capital Programme is shown in table 3 below.

Table 3 – Funding of the CoLP Capital Programme 2023/24	Outturn 2023/24 £'000	City Loan £'000	Home Office £'000	CoLP Revenue £'000	CoLP POCA £'000	City Fund £'000
FCCRAS	12,396	-	11,200	1,196	-	-
Mobile Phone Refresh	318	-	-	318	-	-
CoLP Training Facility	225	-	-	225	-	-
Other Cyclical Replacement	-	-	-	-	-	-
Data Analytical Platform Project	-	-	-	-	-	-
ICAV	195	-	-	195	-	-
Prioritisation & feasibility funding	173	-	-	173	-	-
Horsebox	-	-	-	-	-	-
Body Worn Video	36	-	-	36	-	-
Other 22/23 & earlier projects:						
Fleet Vehicle Replacement	329	-	-	155	-	174
Forensic Storage and Network	161	-	-	161	-	-
CoLP Covert Camera System	23	-	-	23	-	-
Covert Surveillance Equipment	64	-	-	64	-	-
Child Abuse & Image Database	7	-	-	-	7	-
Other prior year projects	(127)	(137)	-	10	-	-
Armoury Improvements (SRP)	141	-	-	141	-	-
Barbican Airwave Coverage (SRP)	27	-	-	27	-	-
CoLP Forensic Storage (SRP)	8	-	-	8	-	-
Total Outturn and Funding 2023/24	13,976	(137)	11,200	2,732	7	174



Corporation-led Projects benefiting CoLP

In addition to the CoLP-specific projects above, there are number of ‘infrastructure’ projects led and funded by the Corporation which will benefit Police – and which need to be managed as key elements of CoLP’s overall change planning process, in particular:

- Salisbury Square - £596m (of which the Police building is c.£220m and there are additional contributions towards the Range and Joint Command & Control Room)
- Future Police Estate - £60m additional funding allocated by Court in 2022 (primarily Eastern Base and rest of GYE plus IT, fit out and other costs)
- Secure City programme - £18m
- Enterprise Resource Planning (ERP) System implementation
- Future Network Strategy

