

Report – Police Committee

City of London Police Medium-Term Financial Plan

To be presented on Thursday, 12th January 2017

*To the Right Honourable The Lord Mayor, Aldermen and Commons of
the City of London in Common Council assembled.*

SUMMARY

The revised City of London Police Medium Term Financial Plan (MTFP) shows a deteriorating financial position (Appendix 1). This position has been arrived at within a context of increased terrorism threats post the attacks in France, Belgium and Germany and revised national planning assumptions in the United Kingdom. The associated additional pressures on frontline policing capability, protective services, growing cybercrime, online crime demand and intelligence requirements have also been considered along with work undertaken in the last quarter to better understand increasing pressures within policing directorates.

The MTFP assumptions and financial and operational risks have been reviewed and this has resulted in options being identified to a) mitigate new threats and risks across the MTFP and b) consider future viable efficiencies. These include the joint commissioning of professional analytical work to assess value for money opportunities, current and future demand, and potentially a revised operating model. There is also the potential to review structures within the force to achieve future efficiency savings and reinvestment.

The current position could also be offset by the use of reserves. This requires agreement from the Court of Common Council. The threshold requires reserves to be maintained at or above £4m and current estimates show that the drawdown on reserves will take reserves below that amount in 2016/17 with a forecast drawdown of £2.6m. Reserves will be completely exhausted by 2017/18. In practice, the City Corporation would then provide Reserve cover for the Police, with any potential requests for further funding being considered in the usual way.

Your Policy and Resources Committee endorsed the proposed relaxation of the reserve threshold, whilst noting the planned professional analytical review which would take place. Other mitigating measures, such as the use of capital funds from the City of London Corporation for capital programmes over City of London Police revenue budgets; and reviewing force budgets to identify additional savings, are also being explored.

Without the adoption of mitigating measures, including the relaxation of the reserve threshold, the financial position shows the budget deficit varying from £3.1m in 2017/18 to £5.9m in 2018/19 and £3.1m in 2019/20.

Should the relaxation of the reserve threshold be agreed, the Assistant Commissioner and Director of Finance (COLP) will agree with the Chamberlain's Office a parallel efficiency plan to ensure value for money within the force which will continue to be tracked within existing force governance structures including Force Change Board and Strategic Finance Board.

RECOMMENDATION

It is **recommended** that the Court approves the relaxation of the reserve threshold of £4m and approve the use of reserves in 2016/17 totalling £2.6m and 2017/18 totalling £1.5m.

All of which we submit to the judgement of this Honourable Court.

DATED this 15th day of December 2016.

SIGNED on behalf of the Committee.

Douglas Barrow, Deputy
Chairman, Police Committee

Appendix 1 – City of London Police Budget Variations since January 2016

Budget changes since January 2016	2016/17 Outturn £m	2017/18 Estimate £m	2018/19 Estimate £m	Total £m	2019/20 Estimate £m
Budget deficit reported in January 2016	0	2.9	4.8	7.7	n/a
Vacancy factor and net efficiency impacts	0	2.8	2.8	5.6	
Pension scheme cost pressures	0.4	0.4	0.4	1.2	
Legislative Impacts: Bear v Scotland/CHIS	0.2	0.2	0.2	0.6	
Ring of Steel managed service	0.2	0.2	0.2	0.6	
2015/16 capital programme reprofiled exp.	0.6			0.6	
Provision for bad debt: Food Standards Agy	0.3			0.3	
Other net variations	0.1			0.1	
Economic Crime Academy: income costs	0.3			0.3	
ECD underrecovery of overheads recharged	0.5			0.5	
Income adjustments to reflect current programmes	0	-0.1	0.8	0.6	
Total variations	2.6	6.4	9.2	18.1	0
Less baseline adjustment on business rates	0	-2.0	-2.0	-4.0	
Less increased savings on non pay	0	-1.3	-1.3	-2.6	
Revised budget deficit January 2017	2.6	3.1	5.9	11.5	3.1