

Committee: Resources, Risk & Estates Committee (RREC)	Dated: 27/05/2022
Subject: Chief Finance Officer (CFO) update	Public
Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?	1
Does this proposal require extra revenue and/or capital spending?	N/A
If so, how much?	N/A
What is the source of Funding?	N/A
Has this Funding Source been agreed with the Chamberlain's Department?	N/A
Report of: Commissioner of Police & Police Authority (PA) Treasurer Pol 40-22	For Information
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Summary

This report provides Resource Risk and Estates Committee (RREC) with an update on significant City of London Police CoLP / Police Authority (PA) financial issues and work-areas.

Recommendations

Members are asked to note the report.

Main Report

Joint Finance lead for CoLP and Police Authority

1. A very positive development over the last 6+ months has been the tangible increase in collaborative activity between the Force and Authority / Corporation, which includes though is not limited to the piloting of this joint Finance role, in which I have been operating since February. The intention is for the pilot to run through to summer / autumn 2023, followed by review with consideration to formalise.

The key objectives for the pilot period are:

- I. To resolve major medium-term Police deficits and create a sustainable financial position.
- II. To ensure delivery of the significant savings / mitigation plans - and strengthen the evidence base for demonstrating Force efficiency and effectiveness.
- III. To ensure people and money resources (revenue and capital) are transparently aligned to priority 'Policing Plan' deliverables / services.
- IV. To overhaul capital programme (financial) management.

- V. To improve CoLP decision support and provide more dynamic, dashboard-style reporting.
- VI. To transform Force financial capability and culture – building a high performing, high morale Finance team that will support and enable the overall transformation of CoLP.
- VII. To support the vigorous management of key risks and opportunities to CoLP arising from the Police Funding Formula Review.

CoLP Finance Team

- 2. Progressing the above objectives and ambitions has been temporarily impacted by a combination of departures and extended leave in CoLP Finance. This has significantly reduced senior finance capacity (by about 50% since December) and at the busiest time of year, with the need to prioritise year-end closedown work. Positively, two highly experienced people have been appointed to the deputy CFO positions. However, vetting turnaround times and notice periods mean it could still be some time before they take up post. It has highlighted a lack of resilience in CoLP Finance that will be better assisted by further developing a collaboration with Chamberlain's as the latter embeds its new Target Operating Model. Linked to this, near-term support is being sought from Chamberlain's.

MTFP

- 3. A major and highly positive development has been the ability to balance the Police MTFP, as at March, by a combination of additional CoLP mitigations and Court approval of the 0.4p Business Rate Premium (BRP) increase. This has significantly reduced the overall level of risk to Police finances. As ever the situation is dynamic, with evolving risks, issues and opportunities, including a £1m cut in TfL funding. An updated MTFP, including scenarios and action plan for further development, is on this agenda (non-public).

21/22

- 4. An outturn paper is included on this agenda.

22/23

- 5. Significant work has been undertaken to build a transparent baseline of officers and staff against the new TOM categories (Local Policing, Specialist Operations, National Lead Force and Corporate Services – and their underpinning structures) and allocate the budget on the same basis. This will support aligned reporting of people and money in-year, which will be further developed for 23/24 to provide the clear line of sight to Policing Plan / priorities.

Savings / Mitigations

- 6. The CoLP commitment towards a balanced budget requires sustaining £7.7m savings plans built into prior year budgets and supplementing these with £6.1m additional mitigations in 22/23 (=cumulative £13.8m). Prior year plans covered

a range of pay and non-pay savings coupled with increased income generation. The change in language to “mitigations” for 22/23 was due to inclusion of expected increase in Precept Grant from Home Office, appropriate use of POCA reserves and a few “one off” rather than sustained savings (adjusted in MTFP). However the £6.1m also includes significant areas of sustained savings requirement, in particular £1m linked to review of Corporate Services & Police Staff.

7. While the 22/23 budget has been balanced through inclusion of these savings / mitigations, a key, residual MTFP risk relates to the successful and sustained delivery of them. An action tracker has been produced and will be regularly monitored through Force governance, with RREC and PAB being updated quarterly. Additionally, while CoLP is committed to driving delivery, recognition of delivery risk reinforces the need to hold a modest Police General Reserve.

Capital

8. Apart from Fraud and Cyber Crime Reporting and Analysis System (FCCRAS) and near-term cyclical replacement priorities, there is a need to put a “foot on ball” while we review the current projects set and develop a coherent and prioritised portfolio that flows from the Policing Plan roadmap. This will then support the revision of a medium-term capital plan, to be brought back to Committee in the coming months.

Policing Funding Formula Review

9. The review was timetabled to report in summer 2022, but this timeline is now expected to slip.
10. Consultants have been appointed and are working with CoLP / PA to develop the evidence base for responding to the review on (a) uniqueness of City of London and (b) importance of incorporating fraud and cyber into the formula – and helping inform the strategic communications around that.
11. A meeting with the Home Office review team, to discuss CoLP / City specific issues, was held in January - and a follow up meeting has been diarised for 9th May.

Force Financial Culture Development

12. Assistant Commissioner Betts and CFO are partnering in chairing / vice-chairing the Force’s Strategic Finance Board (Sub-Committee of Chief Officer Team), which includes senior representation from across business areas and is aimed at increasing senior awareness, oversight and ownership of finance matters.
13. Budgets for 22/23 are being allocated against the new TOM framework and with a view to elevating budgetary accountability to more senior ranks and grades. The intention is to build on this in 23/24 with a clear line of sight to the required deliverables flowing from the Policing Plan priorities.

14. CIPFA's offering to support the development and running of a budget holder training programme will be weaved into this new framework during 22/23.

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