

<b>Committee(s):</b> Police Authority Board (PAB) – For decision Resource Allocation Sub-Committee (RASC)– For decision Operational Property & Projects Sub-Committee – For information	<b>Dated:</b> 30/06/2022 15/07/2022 20/07/2022
<b>Subject:</b> ‘Interim’ Police Capital Loan-Funding Requirement, 22/23	<b>Public</b>
<b>Which outcomes in the City Corporation’s Corporate Plan does this proposal aim to impact directly?</b>	1
<b>Does this proposal require extra revenue and/or capital spending?</b>	It seeks approval for interim capital requirement for 22/23
<b>If so, how much?</b>	£3.936m
<b>What is the source of Funding?</b>	Corporation loan facility
<b>Has this Funding Source been agreed with the Chamberlain’s Department?</b>	Y
<b>Report of:</b> Commissioner of Police Pol 48-22	<b>For Decision</b>
<b>Report author:</b> Chief Finance Officer, City of London Police	

### Summary

City of London Police (CoLP) is undertaking a review of its capital portfolio against the change roadmap set out in the 22/23 Policing Plan. This process will set future priorities, clear interlinkages between projects and robust project and resource plans, which should mitigate against the significant project slippage and capital underspends experienced in the last few years (some of which has been outside of CoLP’s control).

The objective is to revert to PAB and RASC in Autumn 2022 with a finalised requirement for the 22/23 capital budget and loan facility. In the meantime, this paper asks for PAB and RASC approval of an ‘interim’ capital loan funding requirement of £3.936m to progress work on the Fraud & Cyber Crime Reporting & Analysis Service (FCCRAS) programme, fleet replacement and other near-term priorities.

The Police MTFP is assessed as having sufficient provision for future ‘capital financing’ revenue costs arising from prior and current year requirements.

### Recommendations

Members are asked to:

- i. Note the requirement to undertake a CoLP portfolio review
- ii. Approve the ‘interim’ capital requirement for 22/23 of £3.936m to be funded through the Corporation loan facility.
- iii. Agree that although the release of central funding is normally subject to further RASC approval at Gateway 4(a), the Committee delegates authority for the release of police loan funding to the Chamberlain in consultation with the CoLP.

## Main Report

### Background

1. New police capital priorities have, since April 2020, been funded by means of a Corporation loan facility up to a normal, annual limit of £5m.
2. There has been a history of slippage and consequent capital underspend on CoLP projects, as Table 1 shows for last two years. While some slippage has been outside of CoLP's control (e.g where due to slippage in National Policing Programmes), it does highlight the need for robust (project and resource) planning disciplines to be put in place as part of the Portfolio Review. Hence the requirement for an 'interim' capital budget and funding requirement to be set pending this Review.

**Table 1 – CoLP capital spend against Corporation loan facility, 20/21 & 21/22**

	Capital Budget £m	Draw down £m	Outturn Spend £m	Comments
20/21 Capital Priorities	4.5	1.5	0.7	
21/22 Capital Priorities (excl. Action Fraud)	8.4	2.9	0.9	Budget includes carry forward from prior year underspend
21/22 Action Fraud		2.0	2.0	Budget reallocated to this spend (RASC February 2022)

Note – additionally £4m was spent on Fraud & Cyber Crime Reporting & Analysis Service (FCCRAS) programme in 21/22, fully funded by Home Office

3. The Policy and Resources Committee has agreed the principle of the Police Loan facility on condition that the projects fulfil the established prioritisation criteria against which capital projects will be assessed:
  - i. Must be an essential scheme - Health and Safety Compliance, or Statutory Compliance, or Fully/substantially reimbursable, or Major Renewal of Income Generating Asset, or Spend to Save with a payback period within 5 years.
  - ii. Must address a risk on the Corporate Risk register; or the following items that would otherwise be escalated to the corporate risk register:
    - a. Replacement of critical end of life components for core services;
    - b. Schemes required to deliver high priority policies; and
    - c. Schemes with a high reputational impact
  - iii. Must have a sound business case (clearly demonstrating the negative impact of the scheme not going ahead, i.e., penalty costs or loss of income, where these are material.

### Current Position

4. The areas of capital spend requiring approval to be progressed pending and prior to the Portfolio review outcomes, all of which fulfil the P&R funding criteria, are:

- Fraud & Cyber Crime Reporting & Analysis Service (FCCRAS) programme – to replace and enhance the current Action Fraud service. It is one of Government’s Major Programmes, jointly led by City and Home Office and approved through the Home Office’s Finance & Investment Committee and delegated Corporation governance. The Outline Business Case (March 2021) provided for £30m total capital / programme spend (including 50% optimism bias) of which £20m (2/3) will be funded by Home Office and £10m (1/3) by City. The capital requirement in 22/23 is £5.2m of which £3m is funded by Home Office, leaving a £2.2m funding requirement for CoLP via the Corporation loan facility.
  - Fleet replacement – to provide priority replacement requirements, which constituted part of the year 2 (22/23) spend profile in the paper submitted to RASC in March 2021 on CoLP’s loan-funded capital programme (which also presented the justification against the Corporation’s criteria for capital prioritisation). This comprises: (a) annual car replacement programme of £0.25m (b) Horsebox replacement to meet ULEZ requirements and mitigate against future penalty charges, of £400k and (c) VIP escort motorbike replacements of £0.236m. The cost estimate of the Horsebox has increased since 2021 due to manufacturing cost inflation, however £0.4m is expected to be a worst case. Also, while approval of these fleet capital requirements is needed in order to make contractual commitments, delays in the fleet supply chain increases the risk of non-delivery during 22/23.
  - Body Worn Video – near-term requirement to effect new contractual commitment to replace cameras that are end of life, out of warranty and unsupported, with officer uplift also being an important driver. Project represented one of the priorities set out in the March 2021 RASC paper and was justified against the Corporation’s criteria. £0.3m estimated capital spend requirement in 22/23.
  - Armoury Improvements – to rectify accreditation failures following inspection. Project represented one of the priorities set out in the March 2021 RASC paper and was justified against the Corporation’s criteria. Subsequently a lower cost solution has been identified at £0.1m.
  - Forensics Storage & Network – to digitise the service and provide scalable storage (utilising CoLP’s existing Azure capability). Also necessary for compliance with National Police Chief’s Council (NPCC) requirement for removal of tape storage. Linked projects which were among the priorities set out in the March 2021 RASC paper and was justified against the Corporation’s criteria. £0.45m estimated capital spend requirement in 22/23.
5. Table 2 summarises the ‘interim’ loan-funding requirement for 22/23, totalling £3.936m.

**Table 2**

	<b>22/23 Budget £m</b>	<b>22/23 Loan- Funding Bid £m</b>	<b>Home Office funding £m</b>
FCCRAS	5.2	2.2	3.0
Car fleet replacement	0.25	0.25	
Horsebox	0.4	0.4	
Motorbike fleet replacement	0.236	0.236	
Body Worn Video	0.3	0.3	
Armoury Improvements	0.1	0.1	
Forensics Network & Storage	0.45	0.45	
<b>Total</b>	<b>6.936</b>	<b>3.936</b>	<b>3.0</b>

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