

Committee: Resources, Risk & Estates Committee (RREC)	Dated: 05/09/2022
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 59-22	For Information
Report author: Chief Finance Officer	

Summary

This report provides RREC with an update on significant CoLP / PA financial issues and work-areas in the last quarter.

Recommendations

Members are asked to note the report.

Main Report

Joint CFO role for CoLP and Police Authority

In the last quarter, the job description for this role has been evaluated, with the piloting of it being formalised through to summer / autumn 2023, during which it will be reviewed with consideration to putting it on a permanent footing.

The key objectives for the pilot period are:

1. To resolve major medium-term Police deficits and create a sustainable financial position.
2. To ensure delivery of the significant savings / mitigation plans - and strengthen the evidence base for demonstrating Force efficiency and effectiveness.
3. To ensure people and money resources (revenue and capital) are transparently aligned to priority 'Policing Plan' deliverables / services.
4. To overhaul capital programme (financial) management.
5. To improve CoLP decision support and provide more dynamic, dashboard-style reporting.

6. 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.
7. To support the vigorous management of key risks and opportunities to CoLP arising from the Police Funding Formula Review.

CoLP Finance Team

As mentioned in the last report, progressing the above objectives and ambitions has been temporarily impacted by the large number of vacancies in CoLP Finance, which reduced senior finance capacity by about 50%. This was also at the busiest time of year, with the need to prioritise year-end accounts work and allocate 22/23 budgets on a very different basis against the new Operating Model. The Chief Officer Team and PA Treasurer would like to place on record their thanks and appreciation for the hard work and commitment of Finance staff during this period to ensure continued delivery of key requirements.

Two new Deputy CFOs were appointed in March, both of whom bring extensive experience from their time in Chamberlain's Dept and other organisations. While vetting and transfer timescales have delayed their arrival, Mark Paddon started as Deputy CFO (Financial Management) at end-July. Steve Reynolds (Deputy CFO, Strategic Finance) will move over on completion of City's Cash closure work for 21/22.

The situation has meant the CFO has necessarily been more internally focused in this period. There is also continuing 'clean-up' work required, particularly on coding against the new cost centre structure and on capital, for the Deputies to lead before we can provide reliable reporting by business area and by project. Moving forwards, the CFO will focus more externally, for example in bringing insight from the wider Police finance and other environments to the benefit of CoLP and Police Authority.

MTFP

An updated MTFP was submitted to RREC in May which showed a largely balanced, baseline position, achieved through a combination of additional CoLP mitigations and Court approval of the 0.4p Business Rate Premium (BRP) increase. While this has significantly reduced the overall level of risk to Police finances, the report highlighted and scenario tested residual MTFP risks, mainly in respect of higher inflation for which there has since been some realisation through a higher than budgeted pay award for officers and offer to staff (Q1 report to this Committee refers). A further MTFP update will be prepared for the November Committee cycle, which will include a more developed, draft Reserves Policy.

22/23

A Q1 monitoring paper is included on this agenda. While following the style of previous reports, it provides a direction of travel towards 'dashboard'-based reporting for Q2 and is underpinned by better alignment of people and money resources. This will be further developed for 23/24, as part of a new CoLP business planning process, to provide a clear line of sight between Policing Plan priorities and resource allocation.

The Q1 report also makes proposals for future reporting on Proceeds of Crime Act (POCA) seizures.

Savings / Mitigations

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 Proceeds of Crime Act (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.

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 is being monitored through Force governance, with RREC and PAB being updated quarterly (Q1 report to this Committee refers, recognising that forecast confidence is inherently limited at Q1 and will increase at Q2 and Q3). Additionally, while CoLP is firmly committed to its mitigations target, recognition of the delivery risk reinforces the need to hold a modest Police General Reserve.

Value for Money assurance

In addition to building assurance on mitigation delivery, CFO / Finance is closely involved in a range of emerging workstreams aimed at enhancing (and improving assurance on) CoLP value for money. These include:

- The new Business Planning process for 23/24 - to ensure resource allocation optimises achievement of Policing Plan priorities and the management of policing demands.
- Corporate Services & Staffing review - to ensure an affordable, efficient and effective staffing model is baselined.
- Portfolio review - to ensure an affordable and achievable Portfolio is set to deliver the change priorities set in the Policing Plan roadmap, supported by robust project and resource planning and clear project interlinkages. This will also provide the platform for improved whole life costing of change initiatives. CoLP is responding as appropriate to the Corporation’s Capital Programme review (through Operational Property & Projects Sub-Committee). In the reporting period concerned, CFO undertook SRO training through Corporation to enable CoLP to receive delegation for projects under £1m.
- Development of contracts tracker / procurement pipeline – to strengthen compliance with regulatory requirements, improve understanding and control of non-pay costs and enhance savings plans. Linked to this, CFO is currently involved in negotiations with Rail Delivery Group on the Officer Rail Travel scheme and with TfL.

- Income generation planning – with main priority being to implement a standardised approach to full-cost recovery for existing funded work, wherever possible. Supported by “core vs funded service analysis” which will provide a more informed assessment of level of cost-recovery for funded work.
- NPCC Review of Police Productivity (through Force Finance leads) – to provide a clear and consistent framework for measuring and comparing productivity (just launching).
- CIPFA / HMIC Police Objective Analysis (POA) survey – to allocate workforce and financial data against standard, functional ‘policing’ and ‘business’ categories, which in turn will support VFM benchmarking work.
- Supporting the new Chief Operating Officer on the Police Accommodation Strategy and other work priorities, including some of the above.

Policing Funding Formula Review

Timescales for the review are moving out to the right and it is not yet clear how Home Office will propose to treat CoLP within a new formula.

To support and inform CoLP and Police Authority for the review, (jointly commissioned) consultants have reported with an updated analysis of CoLP demand and a stronger evidence base for highlighting (a) uniqueness of City of London and (b) importance of incorporating fraud and cyber into the formula nationally. Police Authority has been engaging with the Formula Team on (b).

RREC will continue to be updated on progress quarterly.

Force Financial Culture Development

Assistant Commissioner (Operations & Security) and CFO continue to partner 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.

The Force’s budgetary accountability framework and culture will continue to be developed, with the new Business Planning process for 23/24 offering the opportunity to also incorporate operational delivery / performance into the framework.

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