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| <b>Committee:</b><br>Resources, Risk & Estates Committee (RREC)  | <b>Dated:</b><br>4 November 2022 |
| <b>Subject:</b> Chief Finance Officer (CFO) & Chief Operating Officer (COO) update   | <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>   | <b>N/A</b>                       |
| <b>If so, how much?</b>  | <b>N/A</b>                       |
| <b>What is the source of Funding?</b>  | <b>N/A</b>                       |
| <b>Has this Funding Source been agreed with the Chamberlain's Department?</b>  | <b>N/A</b>                       |
| <b>Report of:</b> Commissioner of Police & Police Authority (PA) Treasurer<br>Pol 93-22  | <b>For Information</b>           |
| <b>Report authors:</b><br>Alistair Cook-Chief Finance Officer CoLP/ Head of PA Finance<br>Mari Ladu-Chief Operating Officer<br>City of London Police |                                  |

### Summary

This report provides RREC with an update on significant City of London Police (CoLP) / PA finance and Chief Operating Officer (COO) matters 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

1. As a reminder, the key objectives for piloting this role through to summer / autumn 2023 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. Having been significantly understrength since February, the arrival of two Deputy CFOs in August / September is already making a big difference. Mark Paddon is leading on financial management and focusing on putting stronger monthly control, review and forecasting disciplines in place as well as supporting 23/24 business planning. Steve Reynolds is leading on strategic finance, with his immediate focus being on the MTFP and reserves strategy submitted to this Committee alongside getting to grips with CoLP's large and complex change portfolio and starting to scope the financial management and 'whole life costing' support that will be needed for the outcomes of the Portfolio Review and prioritisation exercise.
- 3. Transactional finance remains under strength and, as well as correcting resource levels, there is a need to better understand the underpinning demands and processes and apply better technological solutions wherever possible. There have been inherently increased demands so far this year in adjusting to the new TOM cost centre structure – along with a need to keep on top of business areas to ensure transaction processing is done right first time while addressing exceptions from this position.

### **MTFP**

- 4. Linked to 22/23 budget setting in March 2022, the combination of additional CoLP mitigations and Court approval of the 0.4p BRP increase enabled the Police MTFP to be balanced, thereby significantly reducing the overall level of risk to Police finances. As always, the situation is dynamic, with the updated MTFP to this Committee modelling the impact of increased pay and non-pay inflationary pressures in 2022, while also identifying potential additional mitigations for further development as part of 23/24 budget setting. A scenario range is also shown. Future year inflation and other assumptions have been identified through networking with Force and OPCC CFOs and applying City Fund MTFP assumptions.
- 5. Alongside the MTFP, a draft reserves strategy has been submitted to this Committee which, as well as proposing a target for the General Reserve, makes recommendations for governing the use of POCA income / reserve.

### **22/23**

- 6. A Q2 monitoring paper is included on this agenda which has transitioned to a Powerpoint and 'dashboard'-style reporting format, underpinned by better alignment of people and money resources. We will consider how this might be further developed for 23/24, flowing from the new CoLP business planning process, to provide a clear line of sight between Policing Plan priorities and resource allocation.

### **Savings / Mitigations**

7. 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 workforce modelling across the force, and a review of Corporate Services.
8. 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 (Q2 report to this Committee refers, recognising that forecast confidence will continue to increase through 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.

### **Other CFO activity**

9. CFO / Finance is closely involved in the Corporate Services review, Portfolio Review, new 23/24 Business Planning process and Police Accommodation Strategy, all being led by COO (see below), as well as a number of other emerging workstreams aimed at enhancing (and improving assurance on) CoLP value for money, which include:
  - 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 - as well as in assuring the financial evaluations and full business case development for FCCRAS.
  - 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.
10. On Police Funding Formula Review, we are waiting to hear about timings and next steps post-Ministerial changes.

## **Chief Operating Officer (COO)**

### **Corporate Services Review**

#### **Activity in September 2022**

- Re-established working relationship with external consultancy who will support the design work of Corporate Services.
- Review of “Transform” papers and feedback from programme
- Corporate Services Programme Board set-up and started on 15<sup>th</sup> September 2022
- Review of the “As is” structures
- Design principles of new TOM drafted
- Drafted Communications & Engagement Strategy
- High level programme plan and reporting templates created
- Staff Engagement – Corporate Services workshops planned, and meeting scheduled
- Paper based review for some key service areas in-scope of the review undertaken: IT, Business Planning, HR, Executive Support and Project Management Office (PMO)

#### **Next Steps**

- Draft costed models for critical and complex areas i.e. “To be”
- Paper based reviews and initial activities started for other areas in-scope of the review e.g. Estates and Facilities, Communications Team, etc.
- Testing of model options where possible
- Finalise Comms plan and start implementing it – Head of comms joined 3<sup>rd</sup> October
- Updates to Police Authority Board (PAB)

#### **Portfolio Review**

11. An internal review of the current change portfolio is currently taking place to ensure an affordable and achievable Portfolio is set to deliver the change priorities in the Policing Plan roadmap. This will be 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. This work is led by the COO and CFO with the support of the Force Programme Management Team.
12. The exercise involves a prioritisation effort which will see the Chief Officer Team making a clear selection of a number of major programmes which will continue to be delivered or be initiated in the next 12 months. Additionally, the effort will also produce a sequencing of such programmes and will provide a clear line of action in terms of where resources, budget and time are needed to support the change required.

## **23/24 Business Planning Process**

13. Members will recall the committee report informing the Resource, Risk and Estates Committee at its meeting on 5<sup>th</sup> September and PAB on the 27<sup>th</sup> September of the new Business Planning Process that has been implemented into Force. This new process replaces the old Strategic, Threat and Risk Assessment (STRA) process, and aims to join up Force processes around strategic priority setting, resource allocation and workforce planning at departmental level. This process will inform strategic products produced at the centre of the Force such as the HMICFRS Force Management Statement, the Policing Plan, the Annual Report, etc.
14. The new business plan template and guidance has now been produced and departmental leads are working with their HR and Finance business partners to set the plan for their department for 23/24. The business plan template has been aligned as closely as possible with the Corporation's business plan template to provide consistency.
15. To date, two Business Planning Forums have been held with staff to ensure that those writing business plans are supported and given the skills and resource they require to write this document using clear supporting evidence, articulating the demand facing each department and how they are responding to this. A clear steer has also been given to departments to advise that, in the first instance, departments should look at where resource be reprioritised to meet any current or future demand, rather than for this to be an opportunity to bid for more resource (unless absolutely necessary).
16. This year's process is on track to be able to inform the HMICFRS Force Management Statement (which will be submitted in late Spring 2023), the Policing Plan refresh and the Medium-Term Financial Plan.

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