

<b>Committee(s):</b> Resources, Risks and Estates Committee	<b>Dated:</b> 1 February 2023
<b>Subject:</b> Provisional Revenue and Capital Budget 2023/24	<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>	N/A
<b>If so, how much?</b>	N/A
<b>What is the source of Funding?</b>	N/A
<b>Has this Funding Source been agreed with the Chamberlain's Department?</b>	N/A
<b>Report of:</b> Commissioner of Police Pol 16-23	<b>For Information</b>
<b>Report author:</b> Mark Paddon, Deputy Chief Finance Officer Steven Reynolds, Deputy Chief Finance Officer Alistair Cook, Chief Finance Officer	

### Summary

This report presents the provisional City of London Police revenue and capital budget for 2023/24. It is the culmination of the 2023/24 budget and business planning process and provides details of the provisional police settlement, Business Rates Premium (BRP), mitigations to achieve a balanced budget, income and funding, capital requirements and use of reserves.

Overall, the budget provides for an establishment of 978 full time equivalent (FTE) Police Officers, 517 (FTE) Police Staff (£129.9m) and non-pay (£59.8m) budgets totalling £189.7m. These resources are provided to deliver Policing Plan priorities for both territorial policing and national lead functions, in areas such as fraud and cybercrime, with strong support for victim care.

Table 1 provides a summary of the 2022/23 and the proposed revenue budget for 2023/24. The 2023/24 budget shows an increase of £19.1m compared to 2022/23 which is mainly due to additional core Government Grant income of £2.1m, additional local Business Rates Premium (BRP) funding of £6.6m, and £9.9m of specific Government funding for combatting economic and cybercrime.

<b>Table 1</b> <b>Summary Revenue Budget</b> <b>2022/23 and 2023/24</b>	<b>22/23</b> <b>Latest</b> <b>Budget</b> <b>£'000</b>	<b>23/24</b> <b>Projected</b> <b>Budget</b> <b>£'000</b>	<b>23/24 vs</b> <b>22/23</b> <b>Budget</b> <b>£'000</b>
<b>Expenditure</b>	<b>170,603</b>	<b>189,721</b>	<b>19,118</b>
<b>Income</b>	<b>(77,747)</b>	<b>(88,820)</b>	<b>(11,073)</b>
<b>Core Funding (Chief Officer cash limited budget)</b>	<b>(92,856)</b>	<b>(100,901)</b>	<b>(8,045)</b>
<b>Total Income &amp; Core Funding</b>	<b>(170,603)</b>	<b>(189,721)</b>	<b>(19,118)</b>
<b>(Surplus)/Deficit</b>	-	-	-

Whilst the 2023/24 budget is shown as balanced, the latest Medium Term Financial (MTFP), as presented to members of the Police Authority Board (PAB) in January 2023, identified £8.6m of additional inflationary and other pressures impacting the 2023/24 budget. These pressures are summarised in Table 2 below.

**Table 2 – 2023/24 Budget Pressures**

<b>2023/24 Budget Pressures (Revenue)</b>	<b>2023/24 £'m</b>
Higher pay and non-pay inflation from 2022/23	4.1
Loss of officer natural vacancy factor	1.9
Officer adjustment factor	0.5
Loss of Counter Terrorism grant	1.5
Provision for higher inflation in 2023/24	0.6
<b>Total Pressures</b>	<b>8.6</b>

Substantial mitigations have been identified to balance the budget, however £1.1m remains unidentified and work continues to close this gap. CoLP's assessment is that, having increased mitigations to address £4.1m higher than budgeted inflationary pressures flowing from 2022/23, it is unable to mitigate inflation continuing at higher than budgeted levels in 2023/24 (£0.6m of the residual £1.1m gap) without additional funding or use of reserves. Table 3 below summaries the mitigations which have been included in the proposed 2023/24 budget.

**Table 3 – 2023/24 Budget Mitigations**

<b>2023/24 Budget Mitigations</b>	<b>2023/24 £m</b>
Reduction in Action Fraud exceptional costs	2.0
Higher provisional Police Funding Settlement for 2023/24	1.4
Increased use of the POCA Reserve	1.3
Reduction in officer establishment to align with operational policing model	1.0
Higher proportion of more junior PCs	0.6
Increased recharging of costs to funded activities	0.5
Non-pay savings: agency costs, professional fees and other	0.4
Improvements in Officer rank / supervisory ratios	0.3
Saving to be identified	1.1
<b>Total</b>	<b>8.6</b>

A further report will be presented to Police Authority Board in February 2022 which will include the final police funding settlement.

## Capital Summary

A summary of forecast capital spend and funding for 2022/23 and 2023/24 is shown below. Whilst this represents ongoing projects at CoLP, this is unlikely to be the full picture because the outcome of the CoLP Prioritisation exercise is awaited. This will determine other projects to be taken forward, subject to full business case development, and an overall assessment of their impact on affordability of the capital programme. In the meantime, the capital forecast below provides in 2023/24 for £1m of funding for other projects and 'seed funding' towards the development of outline business cases. Once the position post Prioritisation becomes clearer an update will be provided.

<b>CoLP Capital Programme</b>	<b>2021/22 £000</b>	<b>2022/23 £000</b>	<b>2023/24 £000</b>	<b>Total £000</b>
Cyclical Replacement	1,000	886	500	2,386
FCCRAS	3,970	5,448	21,552	30,970
Other projects	2,941	895	1,675	5,511
<b>TOTAL CAPITAL EXPENDITURE</b>	<b>7,911</b>	<b>7,229</b>	<b>23,727</b>	<b>38,867</b>
<b>Funding</b>				
City Fund loan facility (FCCRAS)		2,448	7,552	10,000
City Fund loan facility (other projects)	2,941	1,010	1,740	6,327
Home Office (FCCRAS)	3,970	3,000	14,000	20,970
City ULEZ loan	1,000			1,000
POCA		55	435	490
Direct revenue financing		80		80
<b>TOTAL FUNDING</b>	<b>7,911</b>	<b>7,229</b>	<b>23,727</b>	<b>38,867</b>

## Recommendations

Members are asked to:

- Note this report and review the proposed 2023/24 budgets.
- Note that an updated budget report will be submitted to Police Authority Board in February for approval of budgets, which will endeavour to incorporate feedback from RREC.

## Main Report

### Relevance to the Policing Plan

1. The primary purpose of the development of the budget and Medium-Term Financial Plan (MTFP) is to direct resources to deliver the objectives set out in the Force's Policing Plan:
  - To keep those who live, work and visit the City safe and feeling safe
  - To protect the UK from the threat of economic and cybercrime
  - To put the victim at the heart of everything that we do

2. The development of the 2023/24 budget is focused on the Policing Plan and ensuring through the business planning process that finite resources are focused on the above key objectives.
3. The Force's commercial strategy, introduced in 2019, was designed to assist in the delivery of a sustainable budget going forward through seeking full cost recovery from funded units and commercial / non-core activity wherever possible. In the 2023/24 budget additional income of £0.7m has been included as part of the contribution towards closing the budget gap. A refreshed Income Strategy is presented as a separate item in today's agenda.

### **National Context, Police Funding Settlement and Core Funding**

4. The Force continues to operate in an environment of considerable uncertainty and financial challenge. Large deficits in the 2021/22 Police MTPF were fully balanced as at April 2022 by a combination of increased local funding through the Business Rates Premium and additional City of London Police (CoLP) mitigations. Since then, CoLP has experienced or forecast a range of new pressures including:
  - Pay and non-pay inflation in 2022/23 being significantly above assumptions – creating £4.1m of pressure for 2023/24 and future years.
  - The loss of the Counter Terrorism grant from 2023/24 - £1.5m
  - The impact of the provisional police funding settlement in ringfencing £2m of core funding with payment dependent on maintaining officer uplift levels, resulting in:
    - the removal of the natural vacancy factor for officer that was built into 2022/23 and prior year budgets - £1.9m
    - the need to include a provision for adjusting down offer numbers to a lower establishment and to ensure that we continue to maintain uplift levels, at least at the points where the Home Office measure performance - £0.5m estimated provision.

#### Provisional Police Funding Settlement

5. On 15th December 2022 the Home Office, delivered the provisional police funding settlement. As well as confirming small Spending Review-approved increases for 23/24, it embedded a subsequent grant contribution to the 2022 officer pay award (£1m full year effect for CoLP). In consideration of the inflationary pressures being experienced, it also provided additional precept flexibility of up to £15 (rather than £10) and, in lieu of the City's inability to precept, increased the precept grant allocated to CoLP by £1.1m (£0.4m more than was provided in the MTFP).
6. As noted above a key concern of Forces is that the settlement has increase the level of ringfencing that is subject to performance in maintaining officer uplift targets (from £1m to £2m for CoLP). Whilst the performance framework for 2023/24 has not been communicated, in the current year it is zero payment for achieving <75% of target, with a sliding scale above that to 100%. If this

performance framework is maintained, it is likely to sustain and increase the level of risk to Police finances.

#### Local Funding – Business Rates Premium

7. In recognition of major MTFP budgetary pressures arising from inflation, exceptional Action Fraud costs, the loss of some key grants and acknowledgement that historically local funding for the City of London Police was significantly below national average, a 0.4p increase in the BRP was approved by Court in March 2022 for policing and other security measures, coupled with a CoLP commitment to deliver £6.1m additional mitigations. The expectation is that, from this increase, an additional £6.6m BRP funding will be allocated to CoLP for 2023/24, taking the total BRP allocation to the Force in 2023/24 to £27.5m. This excludes:
  - £1m of BRP funding for the Police Authority Board and
  - £1m of BRP funding for the Security City Programme (SCP).
8. With regard to the Secure City Programme (SCP) the estimated annual operating costs are expected to be £2.1m which will be funded through a combination of £0.4m existing police resources (through decommissioning the current Information management system (IMS) and disaster recovery system (DRS), £1m of BRP funding, up to £0.5m of funding from the City's on-street parking reserve with a balancing contribution from Bridge House Estates. It is planned that the SCP programme will move to an operational phase during 2023/24 and will be managed by the Force. Whilst funding is being confirmed the SCP has not yet been incorporated into the 2023/24 budget, however, it is expected that any additional cost of the programme will have a net nil effect on the Force's budget.
9. The grants awarded as part of the police funding settlement and from the City of London Corporation constitute "core" funding and is held by the Police Authority until the end of the financial year. Historically this has been referred to as the "Chief Officer's Cash Limited Budget" for local authority accounting purposes and provide an in-year Net Budget £100.9m, an increase of £8.04m from 2022/23, after adjusting for capital financing (£1.38m) and Action Fraud loan repayment (£2.5m) totalling £3.88m. These costs have to be shown as negative financing for Local Authority budgeting.
10. Funding for the Force also include £88.2m of specific government grants, partnership income, fees and charges and the use of reserves (2022/23: £77.75m). This is an increase of £11.51m compared to 2022/23 and is mainly due to the following specific Home Office grant funding:
  - Fraud & Cyber Crime Reporting & Analysis Service (FCCRAS) revenue - £4.9m
  - Fraud Reform - £2.8m
  - Economic Crime reporting funding - £2.2m; and
  - The use of the Proceeds of Crime Act (POCA) reserve £1.77m.

11. Subject to the final settlement Table 4 sets out the overall revenue funding envelope which will be available to resource policing services in support of the Policing Plan.

**Table 4 – Funding and Income**

<b>2023/24 Funding</b>	<b>2022/23 £m</b>	<b>2023/24 £m</b>	<b>Change £m (Better)/Worse</b>
Core grant	(62.50)	(62.50)	-
Council Tax Freeze Grant	(0.30)	(0.30)	-
NICC Grant	(4.80)	(4.80)	-
Precept Grant	(5.30)	(6.40)	(1.10)
Pensions Grant	(0.80)	(0.80)	-
Ringfenced Uplift Funding	(1.00)	(2.00)	(1.00)
Less £0.2m Council Tax Freeze Grant to City Fund	0.20	0.20	-
<b>Sub-Total police grant funding</b>	<b>(74.50)</b>	<b>(76.60)</b>	<b>(2.10)</b>
Business Rates Premium	(20.90)	(27.50)	(6.60)
Corporation - Contact Centre	(0.68)	(0.68)	-
Less Capital Financing Charges	3.22	3.88	0.66
<b>Sub-Total Business Rates Premium/CoL funding</b>	<b>(18.36)</b>	<b>(24.30)</b>	<b>(5.94)</b>
<b>Total Chief Officer Cash Limited Budget</b>	<b>(92.86)</b>	<b>(100.90)</b>	<b>(8.04)</b>
Specific Grants	(59.97)	(69.86)	(9.89)
Partnership Funding	(14.19)	(14.03)	0.16
Fees and Charges	(3.09)	(3.17)	(0.08)
Use of Reserves	(0.50)	(1.70)	(1.27)
<b>Sub-Total Income and use of Reserves</b>	<b>(77.75)</b>	<b>(89.26)</b>	<b>(11.08)</b>
<b>Total Funding &amp; Income</b>	<b>(170.61)</b>	<b>(190.16)</b>	<b>(19.12)</b>
<b>Note: Income and favourable variances are shown in brackets</b>			

**Revenue Budget for 2022/23, Projected Outturn and 2023/24 Budget**

12. The provisional 2023/24 budget has been prepared within the resources set out above. Table 5 below summarises the 2022/23 net revenue budget, projected year end outturn and variances and the 2023/24 budget. Underspends / positive variances are shown in brackets.

**Table 5 – Revenue Budgets 2022/23 & 2023/4**

Revenue Budgets 2022/23 and 2023/24	22/23 Latest Budget	22/23 Actuals Q3	22/23 Projected Outturn Q3	22/23 Variance vs.Budget	23/24 Projected Budget	23/24 vs 22/23 Budget
Police Officer Pay	68,022	48,139	66,016	(2,006)	73,193	5,171
Police Staff Pay	27,294	20,210	26,652	(642)	28,733	1,439
Police Officer Overtime	2,205	2,503	3,583	1,378	1,985	(220)
Police Staff Overtime	107	206	236	129	81	(26)
Temp/Agency	754	572	943	189	807	53
Other Employee Related Expenditure	2,113	1,602	1,962	(151)	2,115	2
Pension Deficit	23,000	-	23,000	-	23,000	-
<b>Total Pay</b>	<b>123,495</b>	<b>73,231</b>	<b>122,393</b>	<b>(1,102)</b>	<b>129,914</b>	<b>6,419</b>
Premises	2,609	3,154	4,419	1,810	4,180	1,571
Transport	2,386	628	2,526	140	2,778	392
Supplies and Services	29,394	30,734	32,139	2,745	40,575	11,181
Third Party Payments	8,954	6,588	11,743	2,789	9,595	641
Transfer to Reserve	-	-	-	-	-	-
Unidentified Mitigations	-	-	-	-	(1,098)	(1,098)
Recharges from CoLC	3,211	167	3,381	170	3,239	28
Capital Charges	465	-	465	-	465	-
Recharges within Fund	89	-	89	-	73	(16)
<b>Total Non-Pay</b>	<b>47,108</b>	<b>41,271</b>	<b>54,762</b>	<b>7,654</b>	<b>59,807</b>	<b>12,699</b>
<b>Total Expenditure</b>	<b>170,603</b>	<b>114,503</b>	<b>177,154</b>	<b>6,551</b>	<b>189,721</b>	<b>19,118</b>
Government Grants	(59,966)	(35,875)	(65,837)	(5,871)	(69,858)	(9,892)
Other Grants	(13,389)	(7,522)	(13,722)	(333)	(13,410)	(21)
Customer, Client Receipts	(3,089)	(2,194)	(3,130)	(41)	(3,168)	(79)
Transfer from Reserves	(500)	-	(1,300)	(800)	(1,766)	(1,266)
Recharges to Capital Projects	(803)	11	(701)	102	(617)	186
<b>Income</b>	<b>(77,747)</b>	<b>(45,580)</b>	<b>(84,690)</b>	<b>(6,943)</b>	<b>(88,820)</b>	<b>(11,073)</b>
<b>Core Funding</b>	<b>(92,856)</b>	<b>(52,837)</b>	<b>(92,856)</b>		<b>(100,901)</b>	<b>(8,045)</b>
<b>Total Income &amp; Core Funding</b>	<b>(170,603)</b>	<b>(98,417)</b>	<b>(177,546)</b>	<b>(6,943)</b>	<b>(189,721)</b>	<b>(19,118)</b>
<b>Net (Under)/Overspend</b>	<b>-</b>	<b>16,086</b>	<b>(392)</b>	<b>(392)</b>	<b>-</b>	<b>-</b>

**Revenue Budget for 2022/23 and Projected Outturn**

13. The 2022/23 Quarter 3 budget monitoring report presented, as a separate paper on today's agenda, presents an outturn forecast underspend of £0.4m.

The main factors contributing to this are:

- underspends against pay budgets due to vacancies, £2.6m;
- lower than budgeted supplies and services spend £1.5m; and

- additional Home Office funding of £0.5m in relation to the in-year officer pay award and £0.4m of Uplift incentive funding to recruit officers above the Home Office head count target.

These forecast savings/ additional income are offset by:

- higher premises costs of £1.8m, increased vehicle maintenance/fuel costs of £0.2m, insurance & recharges of £0.4m;
- unbudgeted Action Fraud (AF) contract extension costs of £1.25m as reported in Q2 and corrected through the forecast; and
- a shortfall in income of £0.3m due to:
  - a. £0.2m of Proceeds of Crime Act (POCA) receipts being treated as general income in the budget;
  - b. £0.1m shortfall on income from the sale of memorabilia.

### **Proposed Revenue Budget for 2023/24**

14. The provisional 2023/24 budget has been prepared within the resources set out in Table 5 above. Overall there is an increase of £19.1m between the 2022/23 latest approved budget and the 2023/24 original budget. Further details of support services and capital charges are shown in Appendix 1. The significant movements, budgetary assumptions, risks and opportunities are explained below:

### **Pay and Workforce Planning**

15. The pay budget for 2023/24 is £129.9m, this is an increase of £6.4m from 2022/23. The main factors for the increase include:

- the impact of pay inflation being significantly higher than anticipated in 2022/23 being baked into subsequent year's pay- £1.8m;
- pay inflation assumptions of 3% for officers from September 2023 and 2% for police staff from July 2023 - £2.6m; (paragraph 21)
- a £0.6m provision for pay increases; (paragraph 21)
- the removal of a natural officer vacancy factor of £1.9m as a result of the Home Office ringfencing £2m of core funding on maintaining the year 3 officer uplift numbers at 986. Historically the officer and staff budgets shown in Table 4 above, have been budgeted with a vacancy factor costed at £2.5m (approximately 40 posts across the board: 25 Officers, 15 Staff) based on historical attrition levels – (paragraph 21)
- a provision for adjusting down to a lower officer establishment level and to ensure we continue to maintain uplift levels, at least at the points where Home Office measures performance - £0.5m estimated provision (to be reviewed when the performance framework for 23/24 is communicated) (paragraph 22); and
- a planned reduction in officer establishment of 20 posts from 998 to 978 saving- £1m (paragraph 19).

16. The 2023/24 pay budget is based upon the following full time equivalent (FTE) numbers:

**Table 6 – Workforce Establishment**

	Officer	Staff	Total
2022/23 Baseline	959.0	514.3	1,473.3
SOC Uplift	30.0	0	30.0
NPCC Cybercrime	9.0	2.8	11.8
<b>2023/24 Changes</b>	<b>(20.0)</b>	<b>0</b>	<b>(20.0)</b>
<b>Establishment on 31st March 2023</b>	<b>978.0</b>	<b>517.1</b>	<b>1,495.1</b>

17. The NPCC Cyber Portfolio (11.8FTE) and 30 FTE Police Uplift SOC posts are shown in the overall establishment in Table 6. The Cyber Portfolio team and the Police Uplift SOC posts are funded from specific grants and claimed in arrears from Home Office. Of the 30 SOC posts, 2 will be employed directly by CoLP and the remaining 28 are based in the Regional Organised Crime Units (ROCU). The majority of the Cyber Portfolio will be recruited via seconded officers and agency staff.

18. Resourcing levels for 2023/24 have been reduced by 20 officer posts in line with MFTP assumptions and the operational policing model. This planned reduction in officer numbers is in response to prior year reductions in funding from the Bank of England (£1.1m) and TfL (£1.2m) contracts, coupled with the loss of the counter terrorism grant (£1.5m) from 2023/24. This has been achieved without compromising the Home Office uplift target or the Operational Policing Model saving.

19. It is understood that the Home Officer are willing to consider head count target reductions where Force's suffer funding losses from external sources. In light of the loss of both Bank of England and TfL funding, a request has been made to the Home Office reduce officer target by 20. Subject the impact on the operating model for policing, this would save £1m on prudent assumptions.

20. Pay inflation assumptions remain one of the largest areas of risk. Whilst a 3% Officer and 2% Staff pay award assumptions are in line with National Police Crime and Commissioner (NPCC) Finance discussions and City of London Corporation's current guidance, every 1% increase in pay increases the Force's cost pressures by £1m (£0.7m officers, £0.3m staff). An unfunded provision of £0.6m has been included in the budget to provide for further staff pay inflation as discussion with the Corporation continue.

21. Whilst the draft Police settlement provided a £2.1m increase in funding, as noted above, £2m of the overall funding is now ringfenced and dependent on performance in maintaining the year 3 officer uplift target. This doubles the amount of ringfence from current year and adds significant risk to realisation of the additional funding. The continuation of ringfencing and severity of penalty

for non-achievement means that there is a risk to affordability as historic assumptions about officer vacancy levels are reset. Although it is considered that this specific budgetary pressure can be managed in 2023/24 this only due to the in-year increase in BRP funding, noting that £2.1m of the £6.6m increase in 2023/24 is a one off, in-year amount.

22. The removal of the officer vacancy factor combined with the requirement to maintain the uplift headcount target of 986 will require careful workforce management to minimise the financial risk of over shooting against target. An officer adjustment provision of £0.5m has been included in the 2023/24 budget to manage this risk. Currently this provision is unfunded, however, further use of the POCA reserve is being explored, subject to a business case for using the additional capacity for specific, value adding purposes. See Appendix 4 for the full MTFP pressure and mitigations summary presented to the Police Authority Board in January 2023.
23. A £1m saving from workforce redesign which was included in the 2022/23 budget as a savings mitigation remains. Whilst this saving has been delivered in 2022/23 through vacancies, in the long term this will be dependent on the outcome of the corporate services review and implementation of workforce modernisation measures.

## **Non-Pay**

24. The premises budget for 2023/24 is £4.18m, an increase of £1.57m from 2022/23. The main reasons for the increase are:
- An increase in repairs and maintenance £433k and cleaning budgets of £126k to address a historic under provision of premises maintenance resources at Bishopsgate and New Street;
  - An increase in energy budgets of £288k mainly due to inflation;
  - An increase in rent of £287k in relation to parking at Middlesex Street and the discrete offsite parking facility.
  - Rates budgets have also been reset by £450k to reflect current charges. Member's will be aware that a rating appeal has been lodged with the Valuation Office Agency (VOA) in respect Bishopsgate Police Station and New Street. Pending a decision by the VOA, the rates budgets have been reinstated. Should the appeal be successful this could result in savings of up to £0.7m per annum.
25. The transport budget for 2023/34 has increased by £392k. This is principally due:
- to an increase in the cost of ATOC rail concession scheme which is anticipated to increase by £0.3m with an uplift in the regulated fare price from March 2023 and more uplifted officers using the scheme; and
  - wider inflationary pressures impacting fuel and vehicle maintenance costs £100k.
26. A breakdown of the £40.6m Supplies and Services budget is shown in Appendix 2. The increase from 2022/23 of £11.2m is mainly due to the National Fraud

Investigation Bureau (NFIB) / Next Generation Action Fraud service and these costs are substantially offset by the funding from Home Office.

27. The third-party payments budget for 2023/24 is £9.95m an increase of £641k from 2022/23. Third party payments budgets include the cost of IT services £5.9m as well as providing for payments to other forces for seconded officers.

## **Income**

28. The force receives income and funding from a range of sources and is shown in Appendix 3 to this report. CoLP funding primarily comes from its Home Office core grant, amounting to £76.6m for 2023/24 (39.6% of all income) Other specific Government grants total £69.9m (36.1% of all income), which includes funding for discharging CoLP's National Lead Force for Fraud & Cyber roles and a grant to cover CoLP's contribution to the Officer Pension Scheme deficit. Total Government grants amount to £146.5m in 2023/24, 75.8% of all funding.
29. Unlike other Police and Crime Commissioners (PCCs) The City Corporation does not have the ability to raise funding through a Council, instead, the City provides funding through a Business Rates Premium (BRP), which is £27.5m for 2023/24 (14.2%). In 2023/24 the City Corporation will also provide £0.7m of funding towards the contact centre (0.4%).
30. Partnership income totals £14.3m in 2023/24 (7.2% of all income), comprising funding from third parties in support of the fight against fraud and economic crime.
31. Income from fees and charges is estimated to be £3.2m in 2023/24 (1.6% of all income) and is largely derived from training delivered through the Economic Crime Academy.
32. As set out in the accompanying Income Strategy Report, charging for service is a complex area and as a minimum any charge must recover all direct costs. Wherever possible, however, CoLP will seek to recover full cost using a Full Economic Cost Recovery Model. Applying this model will be key in 2023/24 to delivering £0.7m of additional income to meet savings targets.

## **Business Unit Control Totals 2023/24**

33. Taking together workforce number and the proposed 2023/24 revenue estimate, Table 7 below provides a summary of staffing numbers, the proposed business unit control totals for 2023/24 and a summary of the functions included within each unit.

**Table 7 – Business Unit Control Totals 2023/24**

	<b>TOTAL COLP</b>	<b>Local Policing</b>	<b>Specialist Operations</b>	<b>National Lead Force</b>	<b>Corporate Services</b>	<b>Central Income &amp; Expenditure</b>
<b>Budgeted FTE</b>						
Officers	978	390	287	194	92	15
Staff	517	66	172	105	174	0
<b>Total</b>	<b>1,495.00</b>	<b>456.00</b>	<b>459.00</b>	<b>299.00</b>	<b>266.00</b>	<b>15.00</b>
<b>Budgeted £m</b>						
Pay Costs	129.96	31.74	30.57	21.26	19.50	26.90
Non-Pay Costs	59.45	2.71	2.23	35.57	14.37	4.56
<b>Total Expenditure</b>	<b>189.41</b>	<b>34.45</b>	<b>32.80</b>	<b>56.83</b>	<b>33.87</b>	<b>31.45</b>
Income	(88.51)	(6.46)	(4.85)	(50.01)	(2.28)	(24.90)
<b>Net Budget</b>	<b>100.90</b>	<b>27.99</b>	<b>27.95</b>	<b>6.82</b>	<b>31.59</b>	<b>6.55</b>
<b>Functions Including</b>		Sector Response Taskforce Contact	Intelligence Investigation Forensics Criminal Justice	Funded Units AF / NFIB NLF Fraud NLF Cyber	Chief Officers CFO COO Prof & Trust	Pension Def POCA Recharges Unallocated roles Temp roles

34. As shown in Table 7 above, sector policing (Local Policing and Specialist Operations) accounts for 61.2% of the budgeted full time equivalent (FTE) staffing numbers and 55.94% of the net budget. Corporate Services and Central Income and Expenditure consists of 18.8% of the budgeted workforce and 37.8% of the net budget. The remaining 20% of the workforce are employed in National Lead Force (NLF) operations and supported by up to 15 staff secondees into the Force and 40 temporary funded roles. Whilst NLF only accounts for £6.82m (or 6.8%) of core funding in 2023/24, it is expected that £50.01m of it's in year activities will be financed outside of the core Home Office and local BRP funding.

### Capital Programme

35. There are broadly two elements to the CoLP Capital Programme. The first are large strategic schemes that are delivered in conjunction with the City of London Corporation, such as the Secure City Programme and the Accommodation Strategy. There are also a few legacy projects that predate 2020/21 which are also funded by the Corporation. The second element comprises those capital schemes developed and managed by CoLP, which are funded through a loan facility from the Corporation, capped at £5m per year. The revenue budget makes provision for principal and interest repayment. In addition, substantial capital funding is received from the Home Office towards FCCRAS.

36. A summary of forecast capital spend and funding for 2022/23 and 2023/24 is shown below. However, this is unlikely to be the full picture because the outcome of the CoLP Prioritisation exercise is awaited. This will determine other projects to be taken forward, in addition to those shown below, subject to full business case development, and an overall assessment of their impact on affordability of the capital programme. In the meantime, the capital forecast below provides in 2023/24 for £1m of funding for other projects and 'seed funding' towards the development of outline business cases. Once the position post Prioritisation becomes clearer an update will be provided.

CoLP Capital Programme	2021/22 £000	2022/23 £000	2023/24 £000	Total £000
<b>Cyclical Replacement</b>				
Fleet (car)		250		250
Fleet (horsebox)		400		400
Fleet (motorbikes)		236		236
Other	1,000		500	1,500
<b>Sub-total–Cyclical Replacement</b>	<b>1,000</b>	<b>886</b>	<b>500</b>	<b>2,386</b>
<b>Projects</b>				
FCCRAS	3,970	5,448	21,552	30,970
Action Fraud	2,041			2,041
Power BI		84	435	519
BWV		282		282
Forensic Network and Storage		314		314
CAID		55		55
TFG Armoury		160		160
ICAV			240	240
Other / seed funding	900		1,000	1,900
<b>Sub-total - Projects</b>	<b>6,911</b>	<b>6,343</b>	<b>23,227</b>	<b>36,481</b>
<b>TOTAL CAPITAL EXPENDITURE</b>	<b>7,911</b>	<b>7,229</b>	<b>23,727</b>	<b>38,867</b>
<b>Funding</b>				
City Fund loan facility (FCCRAS)		2,448	7,552	10,000
City Fund loan facility (other projects)	2,941	1,646	1,740	6,327
Home Office (FCCRAS)	3,970	3,000	14,000	20,970
City ULEZ loan	1,000			1,000
POCA		55	435	490
Direct revenue financing		80		80
<b>TOTAL FUNDING</b>	<b>7,911</b>	<b>7,229</b>	<b>23,727</b>	<b>38,867</b>

37. **FCCRAS:** A business case for FCCRAS is being reviewed by the HO Finance and Investment Committee. It is expected a final decision will be received in February 2023.

38. **Fleet Replacement:** An order for 10 replacement motorbikes has been placed at a cost of £165,000, which will require fitout at £71,000, amounting to a total cost of £236,000. It is expected that the motorbikes will be delivered in Q2 2023.

39. **Horsebox:** CoLP is currently validating the quote from the supplier and an order is expected to be placed in January 2023, however, with supplier lead times currently running at between 12-18 months it is unlikely that the horsebox will be delivered in 2022/23.

40. **Body Worn Video Equipment:** The contract is being negotiated and it is expected that the equipment will be delivered, within budget and available for use on 1 March 2023.
41. **Armoury Improvements:** Whilst the aim is to deliver the improvements in 2022/23 a clearer picture of costs and timescales will be available once the specification is agreed and procurement commences. Any overspend against the capital project budget of £100,000 will be met from direct revenue financing from underspends in Local Policing up to maximum of £80,000 in 2022/23.
42. **Forensic Network & Storage:** This project is to implement management software solution to remove tape storage. The project has commenced, and it is expected that it will be completed by the end of the financial year. The forecast outturn is £314,000 which is an underspend of £136,000 against budget.
43. **Child Abuse & Image Database (CAID):** This project will provide officers with a simple and efficient process for identifying victims of child abuse will ensure potential victims are safeguarded at the earliest possible opportunity and will be funded via POCA.
44. **Power BI:** Phase 1 of project to improve analytics and data reporting capability to assist with crime reduction and asset recovery. Phase 2 to commence in 2023/24 and expected to extend into 2024/25 at a further cost of £725k funded from POCA (2023/24 £435k: 2024/25 £290k).

## Reserves

45. The Police reserves position for 2022/23 is summarised in Table 8 below.

**Table 8 – CoLP Reserves**

CoLP Reserves	Opening Balance	Q3 Forecast Additions	Forecast Spend	Forecast Closing Balance	Forecast Additions	Forecast Spend	Forecast Closing Balance
	01-Apr-22 £m	2022/23 £m	2022/23 £m	31-Mar-23 £m	2023/24 £m	2023/24 £m	31-Mar-24 £m
General reserve	(4.0)	(0.4)	0.0	(4.4)	0.0	0.0	(4.4)
Earmarked reserves:							
POCA	(9.0)	(0.5)	2.2	(7.3)	(0.5)	2.2	(5.6)
Police Capital Financing	(1.3)	0.0	0.0	(1.3)	(1.4)	0.0	(2.7)
Emerg Svs Mobile Tech	(0.3)	0.0	0.0	(0.3)	0.0	0.0	(0.3)
<b>Sub-total - Earmarked reserves</b>	<b>(10.6)</b>	<b>(0.5)</b>	<b>2.2</b>	<b>(8.9)</b>	<b>(1.9)</b>	<b>2.2</b>	<b>(8.6)</b>
<b>TOTAL RESERVES</b>	<b>(14.6)</b>	<b>(0.9)</b>	<b>2.2</b>	<b>(13.3)</b>	<b>(1.9)</b>	<b>2.2</b>	<b>(13.0)</b>

46. Over the medium term CoLP's reserve strategy aims to maintain a general reserve that supports management of CoLP's strategic and medium-term financial risks to 1) cope with unforeseen events and emergencies, 2) as a contingency to respond to uncertainty in the economic climate, 3) to provide flexibility in managing future years budget pressures and 4) to balance cashflow fluctuations without calling upon additional local grant and/or loan funding. The provisional 2023/24 budget does not anticipate use of the general reserve; however, this is subject to further appropriate mitigations to close the £1.1m budget gap and inflation and other pressures not increasing above current budgetary assumptions.

47. POCA relates to the National Asset Recovery Incentivisation Scheme (ARIS), where relevant agencies get back a proportion of what they recover. It is expected that the funds are used to improve performance on asset recovery and to fund local crime fighting priorities for the benefit of the community in the following categories:

- Asset Recovery Work
- Crime Reduction projects
- Community Projects
- Miscellaneous

48. The opening balance at the start of 22/23 was £9.0m and includes an unusually large receipt of £7.1m which was received at the end of 2021/22 from Operation Neutron. Given the significance of the reserve and requirement for sound governance it was determined that through the budget setting process the Police Authority will approve planned level of commitment and annual spend against POCA funds.

49. During 2022/23, the Chief Officer Team has considered and approved in principle 24 POCA bids totalling some £8.4m. The majority of these bids are subject to full business case development, project prioritisation and assessment of affordability. Updates will be reported quarterly to this Committee. At this stage the POCA reserve is forecast the following expenditure in 2023/24:

**Table 9 – Proceeds of Crime Act Reserve (POCA)**

<b>POCA Bids</b>	<b>Asset Recovery £'000</b>	<b>Crime Reduction £'000</b>	<b>Community Projects £'000</b>	<b>Misc £'000</b>	<b>Total £'000</b>
Asset Recovery Team (Revenue)	1,300				1,300
Stakeholder Engagement /Professionalism & Trust (Revenue)			466		466
Power BI Phase 2 (Capital)		435			435
<b>Total</b>	<b>1,300</b>	<b>435</b>	<b>466</b>	<b>0</b>	<b>2,201</b>

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Chief Finance Officer

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## Support Services and Capital Charges

Support Services & Capital Charges from/to Police Committee	Original Budget 2022/23 £'000	Draft Budget 2023/24 £'000	Note Ref
<b>Support Services and Capital Charges</b>			
City Surveyor's Employee Recharge	125	86	
Insurance	409	435	
IT Recharges – Chamberlain	221	268	
Capital Charges	4,835	5,636	
Capital Contras	(4770)	(5,571)	
Notional capital charges	0	0	
Admin Buildings	1,205	1,327	(i)
Support Services	1,251	1,123	(ii)
<b>Total</b>	<b>3,276</b>	<b>3,304</b>	
<b>Recharges Within Fund</b>			
Car Park Recharge P&T	71	55	
Licence fees – Port Health & Environmental Services Committee	18	18	
<b>Total</b>	<b>89</b>	<b>73</b>	
<b>Recharges Across Funds</b>			
Heating Recharge - Finance - Guildhall Admin	90	0	
Policing the Bridges	(305)	(305)	
Remembrancer's Recharge - Policy & Resources - City's Cash	28	28	
<b>Total</b>	<b>(187)</b>	<b>(277)</b>	
<b>TOTAL POLICE COMMITTEE</b>	<b>3,178</b>	<b>3,100</b>	

## Notes:

- (i) Share of Guildhall premises costs based on floor area. Variations reflect the phasing of the cyclical works programme
- (ii) Support Services covers charges from the Chamberlains, Comptroller and City Solicitor, Town Clerk and City Surveyor's departments

## Appendix 2

### Supplies and Services analysis

Category	22/23 Latest Budget £m	22/23 Actuals Q3 £m	22/23 Projected Outturn Q3 £m	22/23 Variance vs.Budget £m	23/24 Projected Budget £m	23/24 vs 22/23 Budget £m
NFIB/Action Fraud	12.0	15.1	16.6	4.6	23.7	11.7
Catering	0.1	0.0	0.0	(0.1)	0.0	(0.1)
Computer Licences	2.3	0.5	0.7	(1.6)	2.2	(0.1)
Consultants Fees	0.3	0.3	0.2	(0.1)	0.3	0.0
Equipment, Furniture & Materials	2.6	1.4	2.4	(0.2)	2.4	(0.2)
Internal Legal Fees	0.4	0.1	0.4	0.0	0.4	0.0
Legal Fees	0.2	0.1	0.1	(0.1)	0.1	(0.1)
Licences	0.0	0.0	0.1	0.1	0.1	0.1
Management Fees	0.1	0.1	0.0	(0.1)	0.1	0.0
Medical Fees	0.3	0.3	0.3	0.0	0.3	0.0
Other/Misc	1.5	0.6	0.6	(0.9)	1.4	(0.1)
Postage	0.1	0.0	0.1	0.0	0.1	0.0
Professional Fees	8.2	9.1	7.7	(0.5)	8.1	(0.1)
Security	0.2	0.3	0.5	0.3	0.3	0.1
Storage/Removal Fees	0.1	0.1	0.2	0.1	0.2	0.1
Subscriptions	0.1	0.0	0.1	0.0	0.1	0.0
Subsistence (not training related)	0.2	0.3	0.4	0.2	0.3	0.1
Telephones/Mobile Phones	0.1	0.2	0.3	0.2	0.3	0.2
Uniform/Clothing	0.5	0.1	0.1	(0.4)	0.1	(0.4)
IT Maint/Support/Software	0.1	2.1	1.3	1.2	0.1	0.0
	<b>29.4</b>	<b>30.7</b>	<b>32.1</b>	<b>2.7</b>	<b>40.6</b>	<b>11.2</b>

Note: current year professional fees "actuals" include sums to be capitalised before the end of the financial year.

## Appendix 3

### 2023/24 Income and Funding Streams

	£'m
<b>Core grant, Business Rates Reserves</b>	<b>102.67</b>
<i>of which;</i>	
Home Office	76.60
Business Rates Premium	27.50
Corporation - Contact Centre	0.70
Use of POCA & earmarked reserves	1.77
<b>Total Funding</b>	<b>106.57</b>

<b>Less</b>	
Capital priorities financing	(1.0)
Action Fraud loan repayment	(2.5)
ULEZ loan repayment	(0.4)
	<b>(3.9)</b>

	£'m
<b>Government Grant</b>	<b>69.9</b>
Pension Grants	23.0
Action Fraud / National Fraud Intelligence Bureau	12.7
Enhanced Cyber Reporting	2.2
FCCRAS Revenue	4.9
Tactical Firearms Group	4.5
Economic Crime Capability	2.6
National Lead Force for Fraud	2.3
Fraud Reform	2.8
Economic Crime Victims Care Unit	2.2
Special Branch	1.4
National Cyber Security Programme - out of hours	1.0
Project Servator	0.8
NCSP – Protect	0.7
Counter Terrorism Security Advisor	0.2
Counter-Terrorism Prevent	0.1
Marine Support	0.1
NPCC Cybercrime	4.5
PUP PECT (30 officers, 4 ROCUs)	2.3
PUP PECT (3 officers, London ROCU)	0.5
PUPL TFG Firearm Uplift	0.3
Other	0.9

<b>Partnerships</b>	<b>14.0</b>
Association of British Insurers	4.2
UK payments administration LTD	2.6
TFL Recharge	1.2
Intellectual Property Office	2.1
Fraud Northern Hub	0.4
Bloomberg sponsorship	0.1
Tower Bridge enforcement recharge	0.3
Policing the Bridges	0.3
Secondments	0.3
Late Night Levy	0.3
Volunteer Police Cadets	-
Cyber Grant	0.2
Cyber Griffin	0.1
Project OLAF	1.5
Other	0.3

<b>Fees and charges</b>	<b>3.2</b>
Economic Crime Academy	1.6
Secondments	0.3
International Training	0.1
Other	0.8
Recovery of Court costs	0.0
UK Road Offender Education	0.1
Information Management	0.1
TFG Training	0.2

Note: £23m Police Pension grant relates to the contribution to the Officers pension scheme which is fully funded by a Home Office grant.

## MTFP – Pressures & Mitigations

## Appendix 4

Police MTFP - Pressures & Mitigations	22/23	23/24	24/25	25/26	26/27	Comments
	£m	£m	£m	£m	£m	
21/22 MTFP deficit	10.1	16.6	15.2	18.0		Excludes PA and Secure City costs
Additional CoLP mitigations	-6.1	-5.2	-5.2	-5.2		Includes £1m pa saving from workforce modernisation
Additional BRP funding	-4.0	-11.4	-10	-12.8		Growth from £16.9m base for 21/22. Includes £2.3m reinstatement. Excludes £1m BRP allocation to PA and £1m to Secure City
<b>Position at 1/4/22</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>		
<b>New Pressures</b>						
Rolling MTFP into 26/27					2.9	For inflation on 25/26 costs
Higher inflation 22/23	3.1	4.1	4.1	4.1	4.1	Covering officer & staff pay awards and non-pay inflation
Loss of officer natural vacancy factor		1.9	1.9	1.9	1.9	Built into prior yr budgets but no longer compatible with uplift target
Officer adjustment factor		0.5	0.5	0.5	0.5	To adjust actuals to reduced estab level and ensure HO target is met
Loss of CT grant		1.5	1.5	1.5	1.5	
Provision for higher inflation 23/24		0.6	1.2	1.2	1.2	Staff pay award
<b>Total New Pressures</b>	<b>3.1</b>	<b>8.6</b>	<b>9.2</b>	<b>9.2</b>	<b>9.2</b>	
<b>Additional Mitigations</b>						
Budgetary management 22/23	-2.2					
Reduction in officer establishment		-1.0	-1.0	-1.0	-1.0	By 20 - to align with HO target. No adverse impact on Op model
Reduction in Action Fraud exceptional costs		-2.0				Provision for dual running in 23/24 no longer required
Higher provisional settlement 23/24	-0.5	-1.4	-1.4	-1.4	-1.4	£1m contribution to 2022 officer pay award. £0.4m higher Precept Grant than expected
More junior PCs		-0.6	-0.6	-0.6	-0.6	Impact of probationers in reducing average PC salary
Use of POCA	-0.8	-1.3	-1.3	-1.3	-1.3	To fund Asset Recovery Team.
Increased charges for funded work		-0.5	-0.5	-0.5	-0.5	
Improvement in rank / supervisory ratios		-0.3	-0.3	-0.3	-0.3	
Further non-pay savings		-0.4	-0.4	-0.4	-0.4	
Mitigations to be identified		-0.5	-0.5	-0.5	-0.5	
<b>Total Additional Mitigations</b>	<b>-3.5</b>	<b>-8.0</b>	<b>-5.5</b>	<b>-5.5</b>	<b>-5.5</b>	
<b>Residual Deficit / (Surplus)</b>	<b>-0.4</b>	<b>0.6</b>	<b>3.7</b>	<b>3.7</b>	<b>3.7</b>	
<b>Key Opportunities</b>						
Further reduction in officer establishment by 20		-1.0	-1.0	-1.0	-1.0	Subject to HO approving lower target iro loss of BoE and Tfl funding
Use of POCA to fund officer adjustment factor		-0.5	-0.5	-0.5	-0.5	Would be subject to 'value add' case in using the additional officers
Rating review		-0.7	-0.7	-0.7	-0.7	Subject to successful outcome from appeal
<b>Key Risks</b>						
Ringfenced funding		2.0	2.0	2.0	2.0	Securing funding is dependent on maintaining officer uplift levels
Higher inflation						Each 1% increase adds £1m to pay and £0.5m to non-pay costs
<b>Workforce Establishment</b>						
Officers	998	978	978	978	978	
Staff	516	516	516	516	516	Excludes natural vacancy factor of 15 and £1m savings target
<b>Total</b>	<b>1514</b>	<b>1494</b>	<b>1494</b>	<b>1494</b>	<b>1494</b>	