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| Committee(s): Resource, Risk and Estates Committee | Dated: 22 May 2023 |
| Subject: City of London Police Provisional Revenue & Capital Outturn 2022/23 | 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 |
| 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 Pol 72-23 | For Information |
| Report author: Alistair Cook, Chief Finance Officer, Mark Paddon and Steven Reynolds -Deputy CFOs | |

Summary

This covering report accompanies a slide pack detailing the City of London Police's (CoLP) provisional revenue and capital outturn for 2022/23. A final outturn will be presented to the Police Authority Board on 28 June 2023.

Revenue

The provisional revenue outturn for CoLP for the financial year ending 31 March 2023 is £88.5m against a latest budget of £95.7m, resulting in an underspend of £7.2m. This compares to a forecast outturn underspend of £0.4m at Q3.

The variance from the Q3 forecast as shown on slide 3 is mainly due to:

- A £4.5m one off Non-domestic rates refund following a successful rating appeal.
- £1.3m of additional income mainly from additional, indirect cost recovery from funded work (£1.1m) and other grants;
- £0.4m of slippage on operational expenditure which will be carried forward into 2023-24 and will be subject to a request to draw down from reserves; and
- £0.6m of miscellaneous forecast variances, equating to some 0.6% of the original £92.9m Police budget for 2022-23.

Slides 4-10 provide details of the provisional revenue outturn against budget and includes information on monthly workforce numbers across 2022-23.

Slide 11 provides an overview of overtime by business area and an initial analysis of recoverable and non-recoverable activities to understand the outturn overspend of £2m. Further work is required to more fully understand the drivers for overtime in the context of higher officer numbers. Work will continue into 2023-24.

Slide 12 provides a breakdown of the Forces initial £6.1m mitigations target for 2022/23 and commentary on achievement. Whilst the overtime saving was not achieved, there were compensating mitigations particularly in relation to the appropriate use of the POCA reserve.

Slide 13 assesses the impact of the £7.2m outturn underspend 2022-23 on the general reserve. The Force's Reserve Strategy is to hold a general reserve up to a maximum of 5% of gross revenue expenditure. Gross revenue expenditure in 2023-24 is planned to be £189.8m, therefore the maximum general reserve balance is £9.49m. The balance on the general reserve in 2022-23 was £4m, consequently, a transfer of the £7.2m underspend to the general reserve would breach the Reserves policy. Therefore, to reduce the borrowing risk included to Force's Medium Term Financial Plan (MTFP) and to remain within the 5% limit it is intended that £2m of the revenue underspend is used to finance the FCCRAS project. This is in addition to the planned £0.4m revenue financing for capital included in the 2022-23 revenue budget.

Slide 14 sets out a proposal to draw down £351,000 from the general reserve in 2023-24 to mitigate timing differences from the 2022-23 budget.

Slide 15 provides a breakdown of the Proceeds of Crime Act (POCA) funded expenditure in 2022-23 totalling £1.945m.

Capital

The provisional capital outturn in 2022/23 is £9.883m (summarised in **Slide 16**). This comprises three main elements:

CoLP Capital Programme – projects developed and managed by the Force which amounted to £6.631m in 2022/23, representing an underspend of £0.504m (7.1%) compared to a budget of £7.135m. The underspend is largely due to purchase of the horse box (£0.400m) slipping into 2023/24 because of limited supplier selection and Forensic Network and Storage underspending by £0.257m mainly due to less storage being required than first anticipated.

- **Slide 17** provides a breakdown of outturn capital spend against each project in 2022/23;
- **Slide 18** provides notes on outturn variations to budget; and
- **Slide 19** provides a breakdown of how the capital outturn spend is funded.

Strategic projects – funded by the Corporation amounting to £2.620m in 2022/23, comprising the Secure City Programme and the Accommodation Strategy.

Legacy projects – again funded by the Corporation amounting to £0.632m in 2022/23, comprising a few legacy schemes which predate 2021/21.

- **Slides 20 and 21** provide further details on the strategic and legacy projects.

Supplementary Revenue Projects

In addition to the capital projects noted above, CoLP also undertakes projects which are deemed to be revenue in nature, referred to as Supplementary Revenue Projects. Provisional outturn spend on these totalled £0.501m in 2022/23.

- **Slide 22** provides a breakdown of spend against each SRP in 2022/23;
- **Slide 23** provides a breakdown of how the SRP outturn spend is funded.

Police Authority Board

The final outturn for the Police Authority Board (PAB) will be included in the 28 June 2023 update to PAB. At this stage the provisional outturn is £0.533m against a budget of £1m, resulting in an underspend of £0.477m. It is intended that this underspend will be transferred to an earmarked reserve to provide for future PAB priorities.

Recommendations

Members are asked to note:

- i. the provisional revenue and capital outturn for 2022-23 as set out in this covering report and accompanying slide pack.
- ii. the intention to use £2m of the 2022-23 revenue underspend to finance capital expenditure, thereby reducing the future MTFP borrowing risk;
- iii. the remainder of the underspend (£5.2m) will be used to increment the general reserve to the target level of 5% of gross budget (noting the intention to draw £0.4m of this in 2023/24 to provide for the element of underspend that related to timing differences in expenditure).