

<b>Committee(s):</b> Police Authority Board	<b>Dated:</b> 28 June 2023
<b>Subject:</b> City of London Police Final Revenue & Capital Outturn 2022/23	<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>	<b>N</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 Pol 65-23	<b>For Decision</b>
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## Summary

This covering report accompanies a slide pack detailing the City of London Police's (CoLP) and Police Authority Board Team's revenue and capital outturn for 2022/23.

### Revenue

The revenue outturn for CoLP for the financial year ending 31 March 2023 is £88.6m against a latest budget of £95.7m, resulting in an underspend of £7.1m. 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
- £0.5m of miscellaneous forecast variances, equating to some 0.5% of the original £92.9m Police budget for 2022-23.

**Slides 4-10** provide details of the 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** assess the impact of the £7.1m 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 £7.1m 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 capital outturn in 2022/23 is £10.391m (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 £3.128m 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

**Slide 24** The final revenue outturn for the financial year ending 31 March 2023 is £0.55m against a latest budget of £1.0m, resulting in an underspend of £0.45m. This compares to a forecast outturn underspend of £0.42m at Q3. It is proposed that the underspend is transferred to an earmarked reserve to mitigate the risk of significant costs arising from future gross misconduct panel hearings.

## Recommendations

Members are asked to note:

- i. the revenue and capital outturn for 2022-23 for CoLP and revenue outturn for the Police Authority Board Team as set out in this covering report and accompanying slide pack.

Members are asked to approve:

- ii. the use of £2m of the Force's £7.1m 2022-23 revenue underspend to finance capital expenditure, thereby reducing the future MTFP borrowing risk;
- iii. the transfer of the remainder of the 2022-23 underspend (£5.1m) to increment the general reserve to the target level of 5% of gross budget;
- iv. a drawdown of £351,000 from the general reserve in 2023-24 to mitigate timing differences in expenditure committed from the 2022-23 budget; and
- v. a transfer of £0.45m, in relation the 2022-23 Police Authority Board underspend, to an earmarked reserve to mitigate the risk of cost arising from future gross misconduct hearings.