

Committee: Police Authority Board	Dated: 10 January 2024
Subject: Provisional Police Funding Settlement 2024/25	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?	
What is the source of Funding?	
Has this Funding Source been agreed with the Chamberlain's Department?	
Report of: Commissioner of Police / Police Authority Treasurer Pol 02-24	For Information
Report author: Chief Finance Officer – City of London Police & Police Authority	

Summary

An updated Police Medium-Term Financial Plan was presented to Police Authority Board on 13 December 2023, which included assumptions on core funding for 24/25 in advance of the Provisional Police Funding settlement being communicated on 14 December 2023.

Having received and assessed the provisional settlement, as it applies to the City (Appendix 1 refers), overall it provides slightly more funding for 24/25 than had been expected (£0.3m). However, it also significantly increases the amount of ringfencing and therefore risk to realising all the funding opportunities.

The table below provides a line-by-line analysis of the provisional settlement compared with 2023/24 and CoLP's assumptions for 24/25. Key points are:

- Police Uplift Programme (PUP) ringfence – the expected £1m increase for Spending Review year 3 has been added in full to the PUP ringfence, which makes £3.1m funding dependent on performance in maintaining uplift targets (vs £2m in 23/24).
- Additional recruitment top up grant – City's officer uplift target has been formally increased by 10 (from 986 to 996 headcount), with £0.5m additional ringfenced funding being provided (which will be fully offset by additional costs).
- Pay award grant – City received £2.4m extra funding during 23/24 for part-year effect of the 2023 officer pay award (7%). The £3.8m full year effect has been rolled into core grant for 24/25. With the allocation of this grant being based on funding formula shares, it does not provide any contribution to the increased costs of National Lead Force (NLF) or other funded resources.

- Precept grant (in lieu of City's inability to precept) - has increased by £1m which is slightly higher than the £0.8m expected, linked to Government providing increased Precept flexibility elsewhere (of £13 rather than £10).
- Pensions grant - Home Office is allocating £260m additional funding to policing in respect of recent decision to increase employer pension contributions for officers from 31% to 35.3% from April 2024. CoLP is getting an extra £2.4m pensions grant from this, which provides for the cost increase for CoLP's 'established' officers. This includes existing, 'established' officer roles for its NLF and other funded work but not its 'temporary' or growth roles.
- National & International Capital City (NICC) grant (provided to City and Met Police) - has remained cash flat at £4.8m since April 2019. The NICC grant was awarded to recognise the cost of additional policing activity arising from events and demonstrations related to the City's historic location and national and international status, excluding the costs of counter terrorism activity which is subject to a separate specific grant. City will engage with the Met with a view to making a joint case for increasing this funding as part of the next Spending Review.

While this provisional settlement provides a significant funding increase for local policing, it does not fully offset the inflationary and other pressures and – after taking account of police mitigations – leaves a gap of £2.5-3m that will need to be bridged when setting the 24/25 budget (to be presented to Police Authority Board for approval in February 2024).

It should also be noted that the settlement does not provide for increased funding of City's NLF work to offset pay award, pensions increase and other inflationary pressures. Engagement is taking place with Home Office on this matter.

Home Office Settlement	Final Settlement 23/24	MTFP Expectations 24/25	Provisional Settlement 24/25	Variance Better/ (Worse) compared to MTFP Expectations £m	
	£m	£m	£m	£m	
Home Office core grant	62.6	67.3	66.3	(1.0)	
Pay award Grant (rolled into core grant 24/25)	2.4				
Council Tax legacy grant (CoLP)	0.1	0.1	0.1	0.0	
Council Tax legacy grant (CoL)	0.2	0.2	0.2	0.0	
Police Uplift Programme Ringfenced	2.0	2.0	3.1	1.1	
Additional Recruitment Top Up (Ringfenced)	0.0	0.0	0.5	0.5	
National & International Capital City Grant (NICC)	4.8	4.8	4.8	0.0	
Precept Grant	6.4	7.2	7.4	0.2	
Home Office Pension Grant	0.8	0.8	3.2	2.4	
Total Central Grant Funding	79.3	82.4	85.6	3.2	A
Less:					
Increase in Police Officer Pension Costs				(2.4)	
Additional Officer Recruitment costs				(0.5)	
Total additional costs				(2.9)	B
Increase compared to MTFP assumptions				0.3	A+B

Recommendation

Members are asked to note the report.

Appendices

- Appendix 1 – Provisional Funding settlement letter for City

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