

Committee(s): Resources, Risks and Estates Committee Police Authority Board	Dates: 18 September 2024 2 October 2024
Subject: Revenue and Capital Monitoring Update – Q1 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/A
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 the City of London Police	For Information
Report author: Chief Finance Officer & Deputy CFOs	

Summary

This covering report and accompanying slide pack provides information and analysis at Quarter 1 (Q1) (April to June) on the City of London Police’s financial performance against the approved revenue and capital budgets for 2024/25 and forecast use of resources to the end of the financial year.

Recommendations

Members are asked to note the report.

Main Report

Revenue:

1. At Q1, CoLP is forecasting an outturn revenue position in line with the current approved budget of £114.1m. However, this breakeven position contains a number of key variations including significant cost pressures arising from the revised implementation plan for the Fraud & Cyber Crime Reporting & Analysis Service (FCCRAS) programme and the requirement to extend the existing Action Fraud Service (£12.9m), a budget correction of £0.7m to core funded activities and other operational demand pressures estimated to be £0.9m including maintaining officer uplift numbers, additional forensics costs, Administration of Justice, non-recoverable protest / event activities and use of agency staff to fill critical vacant posts. The risk of these known cost pressures is expected be offset by the continuing unplanned police staff vacancies of £2m, funding from National Lead Force activities of £11.5m, the use of earmarked reserves of £0.8m and other budgetary provisions amounting to £0.2m (**Slides 2 - 8 refers**).

2. There are also a number of emerging risks and opportunities with CoLP that require further verification. While these are excluded from the Q1 forecast, they are captured in the accompanying pack. Key risks include potential unfunded pay awards for both officers and staff, increasing operational delivery outlays and the risk of added financial pressures arising from the revised FCCRAS implementation plan. Further quantification of these risks will be developed at Q2 (**Slide 10 refers**).
3. Embedded within the Q1 forecast is the delivery of £10m of mitigations against a target of £7m. The positive variance of £3m being due to increased overhead cost recovery from funded activities. Whilst not included as an additional mitigation the over-achievement of the mitigations embedded in the 2024/25 budget has been augmented by unplanned savings due to police staff vacancies. In light of the above emerging pressures, however, further mitigation opportunities are likely to be required to maintain a balanced outturn position. Failure to sustain the saving/mitigations included at Q1 would represent a significant pressure risk to the forecast outturn (**Slide 11 refers**).
4. In further support of the Q1 revenue monitoring position:
 - **Slide 12** provides a breakdown of overtime in Q1 by category, highlighting an indicative overspend of some £0.1m. However, it is expected that with recent policing events outside of the Q1 period this forecast overspend may increase. Measures continue to monitor overtime via the Force's Strategic Finance Board with business area controls also implemented to ensure the use of overtime is robustly managed.
 - **Slides 14-15** provides an outturn summary for each of the business areas. The narrative highlights that whilst the Force is operating at headcount target levels the development of student officers means the allocation is heavily towards Local Policing, with vacancies in other areas.
 - **Slides 16-18** give an overview of historic receipts from the Asset Recovery Incentivisation Scheme (ARIS), and a forecast for 2024/25. The slides also provide details of £3m of approved revenue / capital projects funded via the Proceeds of Crime Act (POCA) reserve in 2024/25. A summary of the benefits and outcomes of the POCA funded initiatives will be provide at a future meeting of this Committee.
 - **Slide 19** provides an update on the Force's reserves position including a revised drawdown from the Proceeds of Crime Act (POCA) reserve £3m for schemes which have been reviewed and approved by the Chief Officer Team and a proposed £0.8m drawdown from the an earmarked reserve to partially offset the extension of the Action Fraud service ahead of the launch of FCCRAS programme.
 - **Slide 20-21** details the forecast outturn against the £1m Police Authority Board Team budget for 2024/25. Overall the Q1 outturn forecast is expected to an underspend of £72k, after allowing for potential hearing costs, some jointly funded

work with the Force and some small grant giving activities, which the PAB Team has been trialling for the first time. This is mainly due to an ongoing vacancy in the team. The slides also outlines a series of initiatives funded through £1m of “hotspot” funding provided to the Police Authority Board by the Home Office. This was announced after the 2024/25 budget was set but progress against these initiative will be reported during 2024/25.

CoLP Capital Programme:

5. The total CoLP Capital Programme budget for 2024/25 totals £10.345m. The forecast outturn for the year is £14.862m, which represents an overspend of £4.517m. The overspend is due to the rephasing of FCCRAS milestone payments from 2023/24 into 2024/25.
6. Additionally, delays to the start of several national programmes, such as the Command and Control project, has resulted in net slippage in 2024/25 on other projects amounting to £0.933m. It is proposed that this unplanned slippage is used to fund in year revenue cost pressures and other new projects subject to prioritisation and approval through Strategic Change Board, noting the medium-term financial implications on affordability resulting from any substitution and re-prioritisation.
7. **Capital Programme Funding** – The Force’s capital programme is either funded directly from the Force’s own resources, from Home Office funding or via a City Corporation loan facility capped at £5m per annum. CoLP’s Medium Term Financial Plan (MTFP) provides for £5m of direct revenue financial (DRF) per annum in addition to a £1m loan repayment. While the expectation is that CoLP’s capital programme will be managed within the £5m DRF, circumstances may arise where use of the internal loan facility may be necessary and appropriate. This includes the City’s £10m contribution to FCCRAS capital spend and potentially end-user / equipment costs within the Future Police Estate costs.
8. In support of the Q1 capital monitoring position:
 - **Slide 22** provides a contextual capital programme summary
 - **Slide 23-24** provides a summary of the monitoring headlines at Q1
 - including a funding analysis
 - **Slide 25-26** provides a breakdown of forecast CoLP capital spend against each project in 2024/25;
 - **Slides 27-29** provide notes on variations to budget;
 - **Slides 30-31** provide a breakdown of CoLP capital projects underway and the phasing of expenditure across all years through o their completion; and
 - **Slide 32** provides details of Corporation led Projects benefitting CoLP.

Monitoring of the Capital Programme

9. Capital expenditure and project delivery progress will be reported each quarter to the Resources, Risks & Estates Committee and the Police Authority Board.

Recommendations

10. Members of the Resources, Risks & Estates Committee and the Police Authority Board are asked to note the revenue and capital monitoring position at Q1 and forecast outturn for 2024-25 as set out in this covering report and accompanying slide pack.

Appendices

2024/25 Q1 revenue and capital monitoring slide pack (of 32 slides as referred to in this covering report).

Contact

Alistair Cook
Chief Financial Officer
alistair.cook@cityoflondon.police.uk