

<b>Committee(s):</b> Resource, Risks and Estates Committee (RREC) Police Authority Board (PAB)	<b>Dates:</b> 19/11/2024 04/12/2024
<b>Subject:</b> Revenue and Capital Monitoring Update – Q2 2024/25	<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 the City of London Police	<b>Information</b>
<b>Report author:</b> Chief Finance Officer & Deputy CFOs	

### Summary

1. This covering report and accompanying slide pack provides information and analysis at Quarter 2 (Q2) (April to September) 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.

#### Revenue:

2. Whilst the forecast outturn at Q2 2024/25 is shown as a breakeven position, this masks a number of significant cost pressures and compensating mitigations which takes CoLP’s 2024/25 revenue budget to the limits of affordability. These cost pressures include the revised implementation plan for the Fraud & Cyber Crime Reporting & Analysis Service (FCCRAS) which has necessitated an extension of the existing Action Fraud/Know Fraud services at a cost of some £13.1m, a budget correction of £0.7m to core funded activities and other operational demand pressures estimated to be £1.6m. These latter operational pressures include increases the cost of the Command & Control agreement with the Metropolitan Police Service for emergency call handling, additional forensics/data storage costs, facilities management, vehicles and Administration of Justice, and overtime related to non-recoverable protests/event activities.
3. Although these cost pressures have been largely mitigated by £3.3m of net pay savings, the application of a specific Action Fraud reserve £0.8m, release of non-pay core underspends £0.5m and additional net Home Office grant funding of £10.6m; mainly for National Lead Force (NLF) activities in respect of a cost share arrangement for the Action Fraud/Know Fraud extension, including a separate £1.2m pay award grant, the 2024/25 revenue budget is now at its limit for absorbing any additional cost pressures.

4. It should also be noted that any further requirement to extend the Action Fraud contract will not be affordable in year without obtaining additional funding, such as by increasing the loan facility or drawing from the General Reserve. The forecast also assumes that the trajectory of staff recruitment continues to provide for an unplanned level of vacancies for the remainder of the current financial year (recognising that, as vacancies reduce, so will the headroom for absorbing new pressures).
5. Embedded within the Q2 forecast projected achievement of £10m of mitigations against a target of £7m, which will be critical to maintaining balanced finances. The positive variance of £3m being due to increased overhead cost recovery from funded activities. The £10m does not include the additional and unsustainable savings this year from the higher, unplanned level of staff vacancy.
6. In further support of the Q2 revenue monitoring position:
  - **Slide 13** provides a breakdown of overtime in Q2 by category, highlighting an indicative overspend of some £0.4m. However, it is expected that with recent policing events outside of the Q2 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 14-16** 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 17-19** give an overview of historic receipts from the Asset Recovery Incentivisation Scheme (ARIS), a forecast for 2024/25 to 2027/29 is being developed by the Asset Recovery Team and the Q3 forecast will be updated taking account of this work. The slides also provide details of £3.1m 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 provided at a future meeting of this Committee.
  - **Slide 20** provides an update on the Force's reserves position which shows a forecast reduction in earmarked reserves of £3.9m by the end of the current financial year. This comprises a drawdown from the Proceeds of Crime Act (POCA) reserve of £3.1m as noted above and use of a £0.8m specific reserve to partially offset the extension of the Action Fraud service ahead of the launch of FCCRAS.
  - **Slide 21-23** details the forecast outturn against the £1m Police Authority Board Team budget for 2024/25. Overall the Q2 outturn forecast is expected to an underspend of £70k, 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. This is mainly due to an ongoing vacancy in the team. Slides 22-23 provide an overview of spend against a series of initiatives funded through a £1m Home Office grant to enhance policing of antisocial behaviours in "hotspot" areas. Against the £1m budget, expenditure to the end of Q2 is £243k and while it

is expected that hotspot activities will increase in the second half of the financial year, there is a risk of under-utilisation. A further update will be provided at Q3.

### **CoLP Capital Programme:**

7. Following discussion at the last RREC meeting, the Capital slides now lead with the Whole Life Capital spend by project analysis, which show an indicative £1.1m of overspend across the project set (subject to governance and affordability assessment).
8. The total CoLP Capital Programme budget for 2024/25 totals £10.345m. The forecast outturn for the year totals £13.362m, which represents a net overspend of £3.017m. The overspend is due to the rephasing of FCCRAS milestone payments from 2023/24 into 2024/25. While some of the FCCRAS milestones may be further reprofiled into 25/26, full drawdown will be achieved against the Home Office capital grant this year. Noting that potential increases in whole life FCCRAS capital requirements, which would likely impact on 25/26, would require further discussions on funding.
9. Additionally, delays to the start of several national programmes, such as the Command and Control project, has resulted in capital underspends of £0.825m in 2024/25. It is intended for there to be a degree of reprioritisation of this underspend subject to project prioritisation and approvals, with the medium-term financial implications on affordability resulting from any substitution and re-prioritisation continuing to be assessed.

### **Capital Programme Funding**

10. 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. 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.
11. In support of the Q2 capital monitoring position:
  - **Slide 24** provides a capital programme summary
  - **Slides 25-26** provide a breakdown of CoLP capital projects underway and "whole life" phasing of expenditure across all years through to their completion;
  - **Slides 27-29** provide notes on variations to budget;
  - **Slides 30-31** provides a summary of the monitoring headlines at Q2 including a funding analysis
  - **Slides 32-33** provide a breakdown of the 2024/25 CoLP Capital

- **Slide 34** Programme budget, compared to the latest outturn forecast at Q2 against each project; and provides details of Corporation led Projects benefitting CoLP.

### **Monitoring of the Capital Programme**

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

### **Recommendations**

13. Members of the Resources, Risks & Estates Committee and the Police Authority Board are asked to note the revenue and capital monitoring position at Q2 and forecast outturn for 2024-25 as set out in this covering report and accompanying slide pack.

### **Appendices**

2024/25 Q2 revenue and capital monitoring slide pack (of 34 slides as referred to in this covering report).

### **Contact**

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