

Committee(s): Resources, Risks and Estates Committee (RREC) Police Authority Board (PAB)	Dates: 10/02/2025 12/01/2025
Subject: Revenue and Capital Monitoring Update – Q3 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	Information
Report author: Chief Finance Officer & Deputy CFOs	

Summary

1. This covering report and accompanying slide pack provides information and analysis at Quarter 3 (Q3) (April to December) 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. As in the previous quarterly reporting, the forecast outturn at Q3 2024/25 remains a breakeven position, however, this hides several significant cost pressures and compensating mitigations which takes CoLP’s 2024/25 revenue budget to the limits of affordability.
3. 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 resulting in a residual net cost pressure £1.2m having taken into account the 50/50 “risk share” with the Home Office, rephasing of the programme and additional overhead cost recovery from funded work agreed with the Home Office during the year. Other cost pressures include a core budget correction of £0.7m to in relation to funded activities and other operational cost pressures of £1.9m. 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.
4. The outturn forecast assumes that this revenue cost pressure of £3.8m will be mitigated through the continuation of pay savings due to unplanned staff vacancies (£1.9m), additional revenue funding via a drawdown from a specific Action Fraud

reserve (£0.8m) and receipt of £1.2m from the Home Office in respect of the 24/25 officer pay award (**Slides 2-10**)

5. It should also be noted that any further changes to the delivery approach for the FCCRAS 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). Risks and opportunities at Q3 are detailed out in **slide 11** of the accompanying slide deck.
6. The Q3 forecast continues to assume 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.
7. In further support of the Q3 revenue monitoring position:
 - **Slide 13** provides a breakdown of overtime incurred to the end of Q3 by category, and highlights an indicative overspend of some £1m. However, it is expected that £0.6m of this will be recoverable from funded work and through Hotspot policing activities which is subject to additional Home Office funding in 24/25 (see slide 23-24). Overtime continues to be monitored at 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. The significant underspend reported in the Central Expenditure and Income business area is mainly due to the recognition of additional overhead recovery from funded work £3.5m, a Home Office pay award grant £1.2m and use of the Action Fraud Reserve £0.8m. As well as the release of provisions to manage officer and staff pay cost pressures.
 - **Slides 17-19** give an overview of historic receipts from the Asset Recovery Incentivisation Scheme (ARIS). A separate paper on ARIS funding is also on the agenda for this Committee. The slides also provide details of £2.7m of approved revenue / capital projects funded via the Proceeds of Crime Act (POCA) reserve in 2024/25.
 - **Slide 20** provides an update on the Force's reserves position which shows a forecast reduction in earmarked reserves of £3.5m by the end of the current financial year. This comprises a drawdown from the Proceeds of Crime Act (POCA) reserve of £2.7m 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 21-24** details the forecast outturn against the £1m Police Authority Board Team budget for 2024/25. Overall the Q3 outturn forecast is expected to an underspend of £190k. This is mainly due to an ongoing vacancy in the team and receipt of one off Home Office grant funding of £0.1m for administering the Serious Violence Duty. Slides 22-24 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, the forecast outturn is expected to be £0.87m, with the addition of three new initiatives: problem solving training, data visualisation/geo-spatial mapping and mobile CCTV cameras with the latter scheme is pending Home Office approval.

CoLP Capital Programme:

8. Capital reporting has been developed to lead on the whole life costing for projects, which is showing an indicative £6.2m total increase on budgets (subject to governance and affordability assessment), which is mainly due to the increased costs of the FCCRAS project (£6m), two thirds of which will be funded by the Home Office.
9. For 2024/25 capital is forecast to be £12.297m (Q2: £13.362m), compared with total budget of £10.345m. which represents a net overspend of £1.952m. This is mainly due to rephasing of FCCRAS milestones payments of £4.517m from 2023/24 to 2024/25, because of programme rephasing (with Home Office capital contribution being fully utilised), partly offset by further reprofiling of retention payments of £1.500m into 2025/26. Therefore, the net overspend on FCCRAS in 2024/25 amounts to £3.017m. This has been partly offset by net underspends across other projects in 2024/25 of £1.703m including several national programmes, such as the Command and Control project, net of £0.638m spend being brought forward on other change priorities. Now that capital is largely funded by the £5m per annum revenue budget contribution, rather than the loan facility, an earmarked reserve will be used to smooth timing differences in spend between years.

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 estimated £12m contribution to FCCRAS capital spend following changes to the delivery approach.
11. In support of the Q3 capital monitoring position:
 - **Slide 25** provides a capital programme summary

- **Slides 26-27** provide a breakdown of CoLP capital projects underway and “whole life” phasing of expenditure across all years through to their completion;
- **Slides 28-30** provide notes on variations to budget;
- **Slides 31-32** provides a summary of the monitoring headlines at Q3 including a funding analysis
- **Slides 33-34** provide a breakdown of the 2024/25 CoLP Capital Programme budget, compared to the latest outturn forecast at Q3 against each project; and
- **Slide 35** 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 Q3 and forecast outturn for 2024-25 as set out in this covering report and accompanying slide pack.

Appendices

2024/25 Q3 revenue and capital monitoring slide pack (of 35 slides as referred to in this covering report).

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