

# City of London Corporation Committee Report

<b>Committee(s):</b> Resources and Estates Committee (REC)	<b>Dates:</b> 22/09/2025
<b>Subject:</b> 2025/26 Q1 (April-June) Revenue and Capital Budget Monitoring	<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>For 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 1 (Q1) (April to June) on the City of London Police's financial performance against the approved revenue and capital budgets for 2025/26 and forecast use of resources to the end of the financial year.

## Revenue:

2. At Q1 2025/26 the Police revenue budget is forecast to be overspent by £0.9m/0.7% against the net budget of £122.4m. The underlying overspend is largely due to a net £1m cost pressure resulting from the revised implementation plan for the Fraud and Cyber Crime Reporting and Analysis Service (FCCRAS), considering the agreement with Home Office to a 50/50 'risk share' for current service extension costs. Whilst this is an improved position compared to the £1.5m budgetary pressure identified in the 25/26 budget setting report, a further £0.5m FCCRAS target saving remains within the Q1 forecast which presents a further risk.
3. Other cost pressures identified at Q1 including agency staff costs, forensic, premises and an under recovery of overheads from funded work totalling £1.1m which are offset by a combination of unplanned staff vacancies, due to lower than budgeted staff numbers at the beginning of the financial year and other unplanned supplies and services underspends. As recruitment increases, however, the ability of the budget to absorb such cost pressures will diminish and alternative mitigations are likely to be required. Whilst CoLP will continue to endeavour to manage the £0.9m deficit down there is a risk that the FCCRAS cost pressure (in

addition to CoLP's funding of 1/3 of the FCCRAS capital implementation costs) may require recourse to internal borrowing as reported to Members at the point of budget setting in February 2025.

In support of the final outturn position:

- **Slides 3-10** provides variance analysis to the final 2025/26 budget, including a bridge analysis, workforce summary, overtime analysis and risks & opportunities impacting the Q1 forecast outturn.
- **Slide 11** provides a breakdown of the Force's £4.4m mitigations targets for 2025/26, noting that whilst this target is forecast to been achieved, this includes a £1.5m funding solution for the revised FCCRAS delivery approach which may require recourse to additional internal loan funding and or use of specific Action Fraud Reserve.
- **Slides 13-14** 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 compensating vacancies in other areas. The cost pressure show within National Lead Force £0.7m is mainly due to the revised delivery approach for the FCCRAS project.
- **Slides 15-16** provides a breakdown of Proceeds of Crime Act (POCA) funded activities totalling in 2025/26 totally £1.723m and shows the profile of income and the balance held on the POCA Reserve at the end of each financial year since 2019/20. Whilst there was a significant receipt into the POCA reserve in 2021/22, on average receipts since 2022/23 have averaged £0.5m per annum compared to annual spend of c£2m. Based on the current profile of income/expenditure it is expected that the POCA Reserve will be substantially utilised by the end of 2026/27
- **Slide 17** provides an update on the Force's reserves position as at the end of 2024/25, showing a decrease in specific reserves of £0.8m mainly due to a drawdown from the POCA Reserve. It is expected that transfers from other specific reserves including the repairs and maintenance reserve, to fund works to Bishopsgate and New Street which slipped form 2024/25, and the Action Fraud reserve may required. A further update will be provided at Q2. The expectation is that the Force's General Reserve will remain at 5% of Net Revenue Expenditure (£6.395m) at the end of 2025/26.
- **Slides 18-21** details the forecast outturn against the £1m Police Authority Board Team budget for 2025/26 and delivery against the £1m Hotspot Response grant. The PAB Team budget is forecast to be underspent by £89k at the end of 2025/26. This is mainly due to receipt of temporary grant funding for administering the Serious Violence Duty. In respect of the Hotspot Response grant Q1 2025/26 is a transition period with plans rolled over from 2024/25 with several new initiatives being implemented from Q2. At this stage

in the financial year, it is expected that the £1m Hotspot grant will be fully utilised.

### **Capital:**

4. The CoLP Capital Programme comprises projects developed and managed by the Force. The total capital outturn for 2025/26 is forecast to be £15.185m and compares to a CoLP Capital Programme budget of £13.565m. This represents an overspend of £1.620m and due to increased spending on FCCRAS programme, resulting from the rephasing of works from 2024/25 into 2025/26. This outturn forecast will be reviewed at Q2 following the conclusion of commercial negotiations for programme delivery. It is expected that all other non-FCCRAS projects will be contained within the approved capital programme funding as summarised in slide 31-32.
5. Accrued borrowing via an internal loan facility with the City of London Corporation, as at 1st April 2025 was £0.922m. Considering the additional FCCRAS programme spend across both revenue and capital, it is forecast that this may increase up to circa £10m by the end of 2025/26, subject to confirmation of increased spending on FCCRAS - and potentially to circa £20m by 27/28 subject to final funding strategy for the new firing range.

In support of the Q1 capital monitoring position:

- **Slide 22** provides a capital programme summary
- **Slides 23-24** provide a breakdown of CoLP capital projects underway and “whole life” phasing of expenditure across all years through to their completion
- **Slides 25-28** provide notes on variations to budget
- **Slides 29-30** provides a summary of the monitoring headlines at Q1 including a funding analysis
- **Slides 31-32** provide a breakdown of the 2025/26 CoLP Capital Programme budget, compared to the latest outturn forecast at Q1 against each project; and
- **Slide 33** provides details of Corporation led Projects benefitting CoLP.

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

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

### **Recommendations**

7. Members of the Resources & Estates Committee and the Police Authority Board are asked to note the revenue and capital monitoring position at Q1 and forecast outturn for 2025-26 as set out in this covering report and accompanying slide pack.

## **Appendices**

2025/26 Q1 revenue and capital monitoring slide pack (of 33 slides as referred to in this covering report).

## **Contact**

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