

City of London Corporation Committee Report

Committee(s): Resources and Estates Committee (REC)	Dated: 12/11/2025
Subject: 2025/26 Q2 (April-September) Revenue and Capital Budget Monitoring	Public report: For Information
This proposal: <ul style="list-style-type: none"> • delivers Corporate Plan 2024-29 outcomes • provides statutory duties • provides business enabling functions 	Vibrant Thriving Destination- (Community Safety/ CT) Dynamic Economic Growth- (National Lead Force)
Does this proposal require extra revenue and/or capital spending?	No
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
Report author:	Chief Finance Officer & Deputy CFO

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 2025/26 and forecast use of resources to the end of the financial year.

Recommendation(s)

2. Members are asked to:

- note the revenue and capital monitoring position at Q2 and forecast outturn for 2025-26 as set out in this covering report and accompanying slide pack.

Main Report

Revenue:

3. The revenue outturn at Q2 (1 April – 30 September) 2025/26 is forecast to be breakeven (£122.4m) with further net pay savings, additional Home Office grant income (relating to the 2025 pay award) and other unplanned savings offsetting current cost pressures in the year. This is an improved position compared to Q1 where the outturn forecast was expected to be a £0.9m overspend. Whilst it is expected that the final outturn will remain within 1% of this breakeven position, with the tightening police finances, any additional cost pressures in Q3-Q4 of 2025/26 will require the identification of compensating savings, use of specific reserves and/or recourse to additional loan financing.
4. Key forecast **variances** are shown in slide 12 and **include**:
 - ‘Funded’ pay underspends of £2.6m offset in full by reduced government grants, lower external income and smaller transfers from reserve leading to **lower-than-budgeted overhead cost recovery of £0.2m**. The full extent of the under-recovery is estimated to be £0.6m, however, this has been partially mitigated through an overhead adjustment provision built into the budget to mitigate this risk.
 - a **net £1m cost pressure linked to** 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.
 - **Other cost pressures** including forensic services, data storage costs, national IT services and other professional fees totalling **c£0.6m**.
 - A **£0.6m income shortfall** mainly related to the Economic and Cyber Crime Academy (£0.5m) due to lower-than-expected course demand in the first half of 25/26. Corrective action is being taken including cost reduction measures and a diversification into new markets.

These cost pressures are largely **offset by**:

- **‘Core’ staff pay underspends of £0.8m** due to a combination of internal promotions and external recruitment challenges.
- **Non-pay savings** on Tactical Firearms team budgets due to a lower forecast training requirement **£0.6m**, and
- Further **government grant income of £1m**, largely attributable to receipt of the anticipated 2025 pay award grant.

5. In support of the final outturn position:

- **Slides 3-11** provides variance analysis to the final 2025/26 budget, including a bridge analysis, workforce summary, overtime analysis and risks & opportunities impacting the Q2 forecast outturn.
- **Slide 12-13** provides an outline of financial risks and opportunities which may impact the Force's final revenue outturn and performance against a £4.4m mitigations targets for 2025/26 – which current forecast suggest will be delivered in full.
- **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 compensating vacancies in other areas. The cost pressure shown within National Lead Force £0.7m is mainly due to the revised delivery approach for the FCCRAS project, which is expected to be mitigated by wider 'core' pay and non-pay underspends.
- **Slides 17-18** provides a breakdown of Proceeds of Crime Act (POCA) funded activities totalling £1.669m 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. In 25/26 receipts from asset recovery in Q2 total some £0.4m. 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 19** provides an update on the Force's reserves position as at the end of 2024/25, showing a decrease in specific reserves of £0.2m 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 from 2024/25 will continue across Q3-Q4 as spend is incurred. A further update will be provided at Q3. 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 20-23** 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 £0.079m at the end of 2025/26. This is mainly due to receipt of temporary grant funding for administering the Serious Violence Duty. In respect Hotspot Response grant the outturn forecast is expected to be £0.995m against an in-year budget of £1m, with activities and spend weighted towards Q3 and Q4.

Capital:

6. The CoLP Capital Programme comprises projects developed and managed by the Force. The total capital outturn for 2025/26 is forecast to be £16.744m and compares to a CoLP Capital Programme budget of £13.565m. This represents an in-year overspend of £3.179m and is due to increased in-year spending on the FCCRAS programme of £5.220m, net of £2.041m non-FCCRAS capital slippage. The FCCRAS capital programme is jointly funded by the Home Office and CoLP on a two-thirds one-third basis with whole life capital spend estimated to be £40.6m. The City contribution to this is £13.2m with £5.3m already covered by direct revenue financing in prior years. Funding for CoLP's remaining contribution will come from an internal loan of c£6.6m and other direct revenue funding c£1.2m.
7. 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 capital programme spend, it is forecast that this will increase up to circa £7.5m (£0.9m + £6.6m) by the end of 2025/26 - and potentially to circa £17.5m by 27/28 subject to final funding strategy for the new firing range.

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 2025/26 CoLP Capital Programme budget, compared to the latest outturn forecast at Q2 against each project; and
- **Slide 34** provides details of Corporation led Projects benefitting CoLP.

Monitoring of the Capital Programme

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

Recommendations

9. Members of the Resources & Estates Committee and the Police Authority Board are asked to note the revenue and capital monitoring position at Q2 and forecast outturn for 2025-26 as set out in this covering report and accompanying slide pack.

Appendices

2025/26 Q2 revenue and capital monitoring slide pack (of 34 slides as referred to in this covering report).

Contact

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