

Committee(s): Resources & Estates Committee (for information) Police Authority Board (for information)	Dated: 10 February 2025 25 February 2025
Subject: 2025/26 Q3 (April-December) Revenue and Project Programme Budget Monitoring	Public report: For Information
This proposal: <ul style="list-style-type: none"> • delivers Policing Plan 2025-28 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?	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 Police	
Report author: Mark Paddon, Deputy Chief Finance Officer Alistair Cook, Chief Finance Officer	

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 project programme budgets for 2025/26 and forecast use of resources to the end of the financial year.

Revenue:

2. The net revenue outturn at Q3 (1 April – 31 December) 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 outturn position is unchanged from Q2. Whilst it is expected that the final outturn will remain within 1% of this breakeven position, with the tightening police finances, any unexpected cost pressures in Q4 of 2025/26 will require the identification of compensating savings and/or use of specific reserves.

3. Key forecast **variances** are shown in slide 9 and **include**:

- Pay underspends for funded work of £3.9m offset in full by reduced government grants, lower external income and smaller transfers from reserve leading to **lower-than-budgeted overhead cost recovery of £0.43m**. The full extent of the under-recovery is estimated to be £0.75m, however, this has been partially mitigated through an overhead adjustment provision built into the budget to mitigate this risk.
- a **net £0.8m 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. This is an improvement of £0.2m compared to Q2.
- **Other cost pressures** including forensic services, data storage costs, national IT services and other professional fees totalling **c£0.6m**.
- A **£0.4m income shortfall** mainly related to the Economic and Cyber Crime Academy (Q2: £0.6m) 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 **£1.3m** 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 **£0.25m**, and
- Further **government grant income** of **£1m**, largely attributable to receipt of the anticipated 2025 pay award grant.

4. In support of the final outturn position:

- **Slides 4-12** provides variance analysis to the final 25/26 budget, including a bridge analysis, workforce summary, overtime analysis and risks & opportunities impacting the Q2 forecast outturn.
- **Slide 13-14** 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 the current forecast suggests 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 linked to the Police Officer Uplift means the allocation is heavily towards Local Policing, with compensating vacancies in other areas. The cost pressure shown within National Lead Force £0.6m 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. For Corporate Services, there have been several in-year cost pressures due to higher than anticipated charges for national services, events, vetting and

equipment purchases resulting in a forecast £0.6m overspend. The underspends in Central Expenditure & Income are mainly due to the receipt to pay award funding of c£0.9m and release of contingencies and provisions.

- **Slides 16-20** details the forecast outturn against the £1m Police Authority Board Team budget for 25/26 and delivery against the £1m Hotspot Response grant. The PAB Team budget is forecast to be underspent by £63.8k 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 the outturn forecast is expected to be £0.99m against an in-year budget of £1m.

Capital:

5. The total capital/project outturn for 25/26 is forecast to be £16.875m and compares to a CoLP Capital Programme budget of £13.565m. This represents an in-year overspend of £3.310m compared to the original 25/26 capital programme budget (Q2: £3.179m overspend). This overspend is mainly due to the increased costs of FCCRAS/Report Fraud programme of £5.220m - including rephasing of £1.620m of spend from 24/25 and an in-year cost increase of £3.6m. Whilst the rephasing element will be met through restructuring planned internal borrowing, CoLP's 1/3 share of the £3.600m cost increase has been mainly offset by a reallocation of £1.1m of CoLP's annual £5m programme (DRF) funding.
6. The increase in programme costs since Q2 of £131k (£16.875m - £16.744m) is largely due to higher than originally estimated Data Improvement costs (£384k) and upgrade to the HR Origin system (£292k) pending options analysis of the new Enterprise Resource Planning (ERP) system being delivered by the City Corporation. This has been offset by underspends due to rephasing of project expenditure into the 26/27 financial year. This additional expenditure will be funded from within CoLP's existing revenue budget.
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 25/26 - and potentially to circa £17.5m by 27/28 subject to final funding strategy for the new firing range.

In support of the Q3 capital monitoring position:

- **Slide 21** provides a capital programme summary
- **Slides 22-23** provide a breakdown of CoLP capital projects underway and "whole life" phasing of expenditure across all years through to their completion
- **Slides 24-26** provide notes on variations to budget
- **Slides 27-28** provides a summary of the monitoring headlines at Q3 including a funding analysis
- **Slides 29-30** provide a breakdown of the 25/26 CoLP Capital

- **Slide 31** Programme budget, compared to the latest outturn forecast at Q3 against each project; and provides details of Corporation led Projects benefitting CoLP.

Monitoring of the Project Fund

8. Project 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 project monitoring position at Q3 and forecast outturn for 25/26 as set out in this covering report and accompanying slide pack.

Appendices

25/26 Q3 revenue and project programme (capital) monitoring slide pack (of 31 slides as referred to in this covering report).

Contact

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