

<b>Committee(s):</b> Resources & Estates Committee (for decision via delegated authority) Police Authority Board	<b>Dated:</b> 10 February 2025 25 February 2025
<b>Subject:</b> Revenue Budget and Project Fund for 2026/27	<b>Public report:</b>  For Decision
<b>This proposal:</b> <ul style="list-style-type: none"> <li>• <b>delivers Policing Plan 2025-28 outcomes</b></li> <li>• <b>provides statutory duties</b></li> <li>• <b>provides business enabling functions</b></li> </ul>	Vibrant Thriving Destination- (Community Safety/ CT) Dynamic Economic Growth- (National Lead Force)
<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 Police	
<b>Report author:</b> Mark Paddon, Deputy Chief Finance Officer Alistair Cook, Chief Finance Officer	

### Summary

1. The purpose of this report is to provide Members of the Resources and Estates Committee and Police Authority Board with the proposed police fund revenue and capital budgets for 2026/27. This paper including details of the Provisional Police Settlement, local funding allocation from the Business Rates Premium (BRP), the impact of the Settlement on the Force's Medium Term Financial plan (MTFP) and ability to set a balanced budget (as required under Section 32 of the Local Government Act 1992), considering the 2025/26 business planning process and 2025/28 Policing Plan outcome. Information is also provided on required savings/mitigations plans, income & funding and the projected position on the Force's general and earmarked reserves.
2. On 18<sup>th</sup> December 2025 the 2026/27 Provisional Police Grant Settlement was announced along with a further update on 16<sup>th</sup> January 2026 which clarified the scope of the Neighbourhood Guarantee and the extent of NPG grant ringfencing for 2026/27 and elimination of the Uplift Maintenance Target, which should give forces more flexibility moving forwards. Unusually the information received at this stage only comprises a single aggregate figure for the City's Police core grant funding of £96.7m including a ringfenced Neighbourhood Policing Uplift amount of £2.695m. Historically, the Home

Office have provided a full breakdown of the individual grant elements when issuing the provisional settlement as this eases budget planning by removing uncertainties. Given the current lack of information, for example, there is a potential risk of further ringfencing and associated delivery costs until the final settlement is confirmed. There are also uncertainties around the scale of non-core grant funding for the City of London Police's (CoLP) National work on Fraud, Economic and Cyber Crime, which are subject to separate confirmations by the Home Office - officers continue to make the case for multi-year settlements to minimise delivery challenges caused by late notifications and annualised funding agreements. Further details and confirmation of the final core Settlement is not expected until the end of January 2026, along with the Government's White Paper on Police Reform. A verbal update will be provided of any changes impacting the proposed 2026/27 budget.

3. Although CoLP's financial position has been significantly strengthened over the last few years by a combination of savings and mitigation plans (cumulatively £20m), significant improvements in full cost recovery for its funded work, increases in the National & International Capital City (NICC) and Precept Grants plus incrementing of Business Rate Premium (BRP) funding up to the national average % for local funding across forces. CoLP continues to experience a range of major new pressures including higher inflation, pay awards and increasing operational demands all of which present a risk to Police Finances – these are estimated to be £10.5m in 2026/27 rising to £24.8m in 29/30. Beyond 2026/27 with central funding allocations being limited by Spending Review outcomes and CoLP's local funding (BRP) having reached the national average % of local precept funding, balancing the MTFP will require a strong drive on productivity and the realisation of cashable efficiencies from 2027/28 along with sustaining significant past mitigations. An extract of cost, pressures, savings and funding changes as set out in the November 2025 MTFP update to this Committee is included in the non-public Appendix 4 to this report.
4. Having implemented a full cost recovery model and sought opportunities for appropriate increases since 2019, the budget now assumes £11.0m pa of overhead cost recovery from non-core activities - £3.5m of which contributed to the risk share for Action Fraud extension costs (along with a £1.5m increase in budgetary provision and cost management) through 2024/25 and 2025/26. From 2026/27, £4m of this has been released to mitigate wider pay and non-pay cost pressures. Whilst the significant improvements in full cost recovery have helped sustain vital police services, there is an increased MTFP-reliance risk on sustaining non-core funding which will require careful management.
5. The November 2025 MTFP, which was presented to Members, ahead of the provisional Settlement, assumed that Home Office funding would increase by £2.9m from £91.2m to £94.1m. Following the Settlement and subsequent communication in January 2026, Home Office core grant funding is now expected to be £96.7m. Whilst this is an increase of £5.5m compared to 2025/26, £2.7m of this funding is ringfenced for the delivery of CoLP's share of the Neighbourhood Policing Uplift which will be fully matched by additional expenditure aligned to enhancing the provision of 'Neighbourhood Policing' (2025/26: £1.47m). Therefore, the budget increase available as new funding to meet

2026/27 cost pressures is £2.8m, which is £0.1m lower than forecast in the MTFP. Whilst it will be possible to contain this shortfall within the 2026/27 budget, the MTFP expectations of government grant growth were prepared conservatively, reflecting the potential for a more favourable outcome noting the expectation that the multi-year Comprehensive Spending Review (CSR), which provided nationally some £2bn or 11% of funding for forces over a three-year period from 26/27 to 2028/29, would be front-loaded and any funding growth could be reserved for lower funding growth in years two and three. Based on the current settlement this will now not be the case, which may increase the risk to balancing budgets in 27/28 and 28/29.

6. Table 1 provides a summary of the gross revenue budget for 2026/27 including £34.3m of Business Rates Premium and other local funding (Cyber Griffin, Contact Centre) and £2.5m of savings/mitigations required to deliver a balanced budget.

**Table 1 – Revenue Budget Summary**

<b>Summary Revenue Budget 25/26 and 26/27</b>	<b>25/26 Latest Budget £m</b>	<b>26/27 Proposed Budget £m</b>	<b>Change + / (-) Budget £m</b>
Pay	164.9	175.2	10.3
Non-Pay*	75.8	73.1	(2.7)
<b>Gross Expenditure</b>	<b>240.7</b>	<b>248.3</b>	<b>8.6</b>
Less: Specific Grants, Income, Use of Reserves	(117.3)	(120.0)	(2.7)
<b>Net Expenditure</b>	<b>123.4</b>	<b>128.3</b>	<b>5.9</b>
Funded by:			
Core Funding (Home Office & BRP)	123.4	128.3	4.9
Less: Capital financing charges (loan repayment)	(1.0)	(2.3)	(1.3)
<b>Net Resource Base for 2026/27</b>	<b>122.4</b>	<b>126.0</b>	<b>3.6</b>
<b>(Surplus)/Deficit</b>	<b>-</b>	<b>-</b>	<b>-</b>

\*This is being presented in line with the Chief Officer resource base as shown in the City Fund budget book which treats loan repayment charges as negative funding.

\*\* Following sector guidance, the Neighbourhood Policing Guarantee Grant is treated as a specific grant rather than “core” funding due to stipulations determining receipt and it is assumed that a similar condition will apply in 2026/27. If this grant was re-categorised as Core Funding, the “Core Funding (Home Office & BRP)” line would increase to £124.9m in 2025/26, £131m in 2026/27 with a corresponding reduction in specific grant & income.

7. Overall, the 2026/27 budget provides £248.3m of resources for CoLP’s territorial and National Lead Functions. This includes funding for a core establishment of 980 full time equivalent (FTE) Police Officers (plus 30 Regional Organised Crime Unit posts), 620.5 (FTE) Police Staff and 218.3FTE temporary funded roles, equating to £175.2m of budgeted pay costs along with £73.1m of non-pay expenditure. Further details are set out in paragraphs **12** to **36** of this report.
8. A summary of the mitigations/savings included in the 2026/27 revenue budget is provided below. A “natural” vacancy factor has been maintained in the budget to recognise savings due to the time lag between leavers and joiners and is based on an average of 15 FTEs per annum (2.5%). These savings/mitigations will be tracked during 2026/27 and progress on achievement reported to Members of this Committee.

9. In 2026/27 budgetary mitigations also include a £4m cash releasing saving from ending Action Fraud exceptional extension costs and increase recovery in overhead costs from funded activities of £1.6m. This has helped CoLP to mitigate other budgetary pressures (by getting existing Corporate Services costs on a more appropriately funded basis) coupled with an element of growth to reflect higher demands on Corporate Services.

**Table 2 – 2025/26 Budget Mitigations (Updated for Provisional Settlement)**

2026/27 Budget Savings/Mitigations	2026/27 £000
Funding solution: Report Fraud new delivery approach (para 17)	587
Natural Vacancy Factor (Civilian Staff) (para 19)	982
Increased recovery of overhead from 'Funded work' (para 3)	1,588
Action Fraud – exceptional cost release (para 17)	4,000
<b>Total</b>	<b>7,157</b>

### Project Fund 2026/27

10. A summary of forecast project expenditure and funding for 2026/27 is shown in table 3 below. This shows a proposed project programme for 2026/27 of £5.4m, comprising, £3.176 on projects which commenced in prior years and £0.07m for new prioritised projects commencing in 2026/27. All new projects will be subject to business case approvals, supported by assessments on deliverability and affordability. The 2026/27 capital programme also provides £0.55m for cyclical replacement, £1.100m for Future Police Estates Programme (FPEP) technological replacement, and £0.5m for improvement and feasibility work. The proposed capital programme is broken down and further explained in paragraphs 43 to 66 of this report.

**Table 3 – CoLP Project Fund**

CoLP Project (Capital) Programme	21/22 Actual £000	22/23 Actual £000	23/24 Actual £000	24/25 Actual £000	25/26 Forecast £000	26/27 Estimate £000	27/28 Estimate £000	Total All Years £000
<b>Projects:</b>								
FCCRAS	3,970	5,392	12,396	6,160	12,720	0	0	40,638
Other ongoing projects	0	454	400	704	1,319	3,176	112	6,165
Proposed new projects	0	0	0	0	6	70	700	776
Projects closed in prior years	2,060	146	262	99	0	0	0	2,567
Uncommitted funds	0	0	0	0	0	0	1,588	1,588
<b>Standing Items:</b>								
Cyclical replacement	1,000	545	872	1,952	1,076	550	400	6,395
FPEP tech repayment	0	0	0	0	1,100	1,100	1,100	3,300
Continuous Improvement & Feasibility	900	594	46	554	654	500	1,100	4,348
<b>TOTAL EXPENDITURE</b>	<b>7,930</b>	<b>7,131</b>	<b>13,976</b>	<b>9,469</b>	<b>16,875</b>	<b>5,396</b>	<b>5,000</b>	<b>65,777</b>

<b>Funding:</b>									
City Fund loan (FCCRAS)	0	0	0	0	6,620	0	0	6,620	
City Fund loan (other)*	2,941	1,401	-137	0	0	0	0	4,205	
Home Office (FCCRAS)	3,970	3,000	11,200	2,804	4,900	0	0	25,874	
City Fund	0	110	174	0	0	0	0	284	
City ULEZ loan **	1,000	0	0	0	0	0	0	1,000	
POCA	19	38	7	881	224	0	0	1,169	
Transfer from Reserve	0	0	0	0	131	396	0	527	
Direct Revenue Financing	0	2,582	2,732	5,784	5,000	5,000	5,000	26,098	
<b>TOTAL FUNDING</b>	<b>7,930</b>	<b>7,131</b>	<b>13,976</b>	<b>9,469</b>	<b>16,875</b>	<b>5,396</b>	<b>5,000</b>	<b>65,777</b>	

\* The balance outstanding on the City Fund loan other is £0.922m

\*\*The ULEZ loan has been re-paid in full.

11. The table also shows a forecast outturn for 2025/26 of £16.875m which is explained in a third quarter (Q3) budget monitoring report on this agenda.

### Reserves/Borrowing

12. Total reserves as at 31 March 2025 were £12.8m and are predicted to be £13.8m at 31 March 2026. This includes a General Reserve balance of £6.6m and 6.2m of earmarked reserves which are held to manage CoLP's strategic and medium-term financial risks. CoLP's General Reserve balance is maintained at 5% of Net Revenue Expenditure in line with Home Office expectations.

13. Accrued borrowing as at 1 April 2025 was £0.9m and is expected to increase to c£7.5m by the end of 2025/26, following a planned £6.6m drawdown from an internal loan facility with the City Corporation. While the expectation is that CoLP's project programme priorities will normally be managed within the £5m DRF envelope, there may be exceptional circumstances where recourse to the internal loan facility may be necessary and appropriate.

### Recommendations

REC are asked to approve, under delegated authority from the Police Authority Board:

- the 2026/27 City of London Police (CoLP) and Police Authority Board Revenue Budget; and
- the 2026/27 CoLP Project funding allocation.

## **Main Report**

### **Relevance to the Policing Plan**

1. The primary purpose of the development of the budget and Medium-Term Financial Plan (MTFP) is to direct resources to deliver the objectives set out in the Force's Policing Plan:
  - To keep those who live, work and visit the City safe and feeling safe
  - To protect the UK from the threat of economic and cybercrime
  - To put the victim at the heart of everything that we do
2. The development of the 2026/27 budget is focused on the Policing Plan, building on the 2025/26 business planning process and to ensure that funding is allocated on a prioritised basis. A summary of the 2025/26 Business Planning outcomes is included at
3. The Force's Income Strategy, introduced in 2019 and refreshed in 2023/24, was designed to assist in the delivery of a sustainable budget going forward through seeking full cost recovery from funded units and commercial / non-core / change activity wherever possible. In the 26/27 budget income of £11.0m is forecast through the recharging of indirect overhead costs to activities including their growth. This is an increase of £2.0m compared to 2025/26 and is driven by improved recovery across Enhanced Cyber Reporting Services/Cyber Protect £474k following agreement with the Home Office and budgeted growth in both AMLAR £305k, Report Fraud £170k, Neighbourhood Policing £300k plus increases to take account of broader inflation in the cost base. The increase in overhead recovery in funded activities has been part of an approach to improve CoLP's financial sustainability. This builds on work in 2024/25, where the Home Office agreed to increase funding for overheads by £3.5m in relation to several National Lead Force grants which had been historically cash flat. The affordability and sustained resourcing of funded/non-core activities will be dependent on securing this uplift in funding which is a key risk to the delivery of the Policing Plan, noting that this increases the MTFP-reliance risk of sustaining National Functions funding. Work will continue in 2026/27 to drive income recovery from funded work through engagement with funders to ensure deliverables are commensurate with the financial resources being made available.

### **National Context, Police Funding Settlement and Core Funding**

#### Police Funding Settlement

4. The Home Office issued a provisional settlement for 2026/27 on 18th December 2025 which confirmed an increase in total police funding of £798m from 2025/26. This followed the June 2025 Comprehensive Spending Review (CSR) which set out a multi-year settlement for Policing and provided nationally some £2bn or 11% of funding for forces over a three-year period from 26/27 to 2028/29. Despite the multi-year CSR, the 2026/27 Police Settlement is for a single year and pending publication of a White Paper on Police Reform (expected January 2026), is limited to providing the following:

- an aggregate high-level funding allocation for each force rather than the usual grant breakdown, and
  - policing bodies with the flexibility to raise the police precept to £15 for a Band D property. Post settlement it was also announced that policing bodies could apply for limited additional precept flexibility on a case-by-case basis.
5. On 16th January 2026 the Home Office provided an update to the provisional settlement announcing a further £50m of National funding to support the Neighbourhood Policing Guarantee (NPG). From this CoLP has been allocated a further £0.4m of funding. The update also confirmed CoLP's ringfence NPG Uplift for 2026/27 of £2.695m, this is an increase of £1.2m compared to 2025/26 with a provisional uplift in the recruitment target from 14 to 27 neighbourhood officers (2025/26: £1.474m with a recruitment target of 14). Forces will only be eligible to receive the NPG increase if the number of officers and PCSOs assigned to neighbourhood policing increases by March 2027 in line with the revised target. Receipt of the grant in 2025/26 was also dependent on onboarding personnel and pro-rated accordingly. The letter also confirmed the removal of the overall Police Uplift Target of 996. The implications of this announcement are currently being assessed and it is unclear at this stage whether there will be any further changes to the allocation basis of the other core funding elements.
6. The provisional 2026/27 settlement provides £96.7m of funding for CoLP and is an uplift of £4.0m (4.3%) compared to 2025/26 (£92.7m). As there is limited information available for 2026/27, for comparison purposes Table 4 shows the range of grant elements from the 2025/26 settlement.

**Table 4 Police Funding Settlement 2025/26 & 2026/27**

<b>Police Settlement Grant Elements</b>	<b>2025/26 £m</b>	<b>2026/27 £m</b>	<b>Increase £m</b>
Core grant	68.8		
National Insurance Impact grant	1.5		
Uplift Additional Recruitment Top Up	0.5		
Council Tax Freeze Grant*	0.1		
NICC Grant	6.5		
Precept Grant	8.5		
Pensions Grant	2.8		
Ringfenced Uplift Funding	2.6		
<b>Sub-total</b>	<b>91.2</b>	<b>94.0</b>	<b>2.8</b>
Neighbourhood Policing Grant **	1.5	2.7	1.2
<b>Total Police Settlement Funding</b>	<b>92.7</b>	<b>96.7</b>	<b>4.0</b>

\*£200k of the £281k C/tax freeze grant accrues to City Fund balances outside of CoLP.

\*\* £1.475m Neighbourhood Policing Guarantee Grant is treated for accounting purposes, as income rather than funding for the purposes of the Commissioner's overall resource base.

7. In recent years, where the Government has provided increased Precept flexibility elsewhere (£15 in 2026/27) and in lieu of the City's ability to precept Council Tax, the Precept Grant received by City has increased (in 2025/26 the Precept Grant increased by £1.1m based on £14 precept flexibility). Whilst it wouldn't be unreasonable to expect that c£1.2m of the 2026/27 uplift applies to this element, confirmation of this and the specific grant allocation will be subject to further announcements by the Home Office expected at the end of January 2026 in line with the White Paper. A verbal update will be provided of any confirmed changes impacting the proposed 26/27 budget.

#### Local Funding – Business Rates Premium

8. In March 2025 the Court of Common Council approved an increase in the Business Rates Premium by £0.4p (in the £) of which a further £1m pa was allocated to CoLP to address pay pressures and to maintain parity in local funding allocations compared to the national average, including the rent-free benefit provided by the Corporation and Home Office Precept Grant. Based on the agreed 2025/26 BRP profile the 2026/27 Police budget, assumes a BRP/local funding allocation of £34.3m excluding £1m of BRP funding which has been allocated for the Police Authority Board. This is an increase of £2.1m compared to 2025/26.
9. National and Local funding jointly provide a funding package of £131.0m which is an increase of £6.1m compared to 2025/26. This is comprised of an increase of 4.3% in Government Grant funding and 6.5% in Local funding which is an overall increase in funding of 4.9%.

**Table 5 National & Local Funding Summary**

<b>Core Funding Source</b>	<b>Settlement</b>	<b>BRP/Local</b>	<b>Total</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
2025/26 (Final)	92.7	32.2	124.9
2026/27 (Provisional)	96.7	34.3	131.0
Increase/(Decrease)	4.0	2.1	6.1
%	4.3%	6.5%	4.9%

10. The pattern of increasing policing costs falling on local taxpayers is repeated nationally with the Association of Chief Constables estimating that between 2010/11 and 2026/27 local precept income has increased by 88% from £3.2bn to £6bn, whereas core grant funding has increased by 22% from £9.4bn to £11.5bn respectively.



## Other National Funding - Specific Grants

11. In addition to the core settlement and local funding, the 2026/27 budget includes £99.9m of specific grants (see Table 6,7 & non-public Appendix 3), which includes funding for CoLP's role as lead force for Fraud, Economic and Cyber Crime, counter terrorism policing and an annual Police Pensions fund cost. Whilst the provisional settlement noted funding for counter terrorism funding will increase nationally by at least £52m, of which CoLP should expect to receive additional funding, confirmation of the force level allocation is awaited. In respect of CoLP's non-core grant funding for National work on Fraud, Economic and Cyber Crime, these are subject to separate annual confirmations by the Home Office. Based on the 2025/26 position, plus assumed incremental increase for the impact of pay and other inflation, the 2026/27 budget anticipates £64.3m of grant funding for NLF activities delivered by CoLP. However, although at the time of budget setting only £37.5m of these had been formally confirmed. Should the remaining grant funding remain at 2025/26 levels then there is an estimated c£1.2m inflationary risk which will need to be met from savings within the relevant grant programmes. The annualised nature of these agreement and timelines for formal confirmation have historically impacted delivery and in particular recruitment outcomes. Officers continue to make the case to the Home Office for multi-year settlements to address these delivery challenges. A full break down is set out in the non-public section of this report.

## Revenue Budget 2026/27

12. Taking these specific funding additions into account, revenue funding and income for 2026/27 is summarised in Table 7 below. Further details are provided in Appendix 1 and details of support services and Capital Charges are shown in Appendix 2.

**Table 6 Revenue Funding Analysis**

<b>Revenue Funding Analysis 2026/27</b>	<b>2025/26 £m</b>	<b>2026/27 £m</b>	<b>Change £m</b>	<b>%</b>
Core grant	92.7	96.7	4.0	
Less: Neighbourhood Policing Guarantee Grant	(1.5)	(2.7)	(1.2)	
<b>Sub-Total Police Core Settlement Funding</b>	<b>91.2</b>	<b>94.0</b>	<b>2.8</b>	<b>38%</b>
Business Rates Premium	30.5	32.6	2.1	
Corporation - Contact Centre	0.7	0.7	-	
Secure City	1.0	1.0	-	
<b>Sub-Total Business Rates Premium/CoL funding</b>	<b>32.2</b>	<b>34.3</b>	<b>2.1</b>	<b>14%</b>
<b>Cash Limited Budget (before capital financing charges)</b>	<b>123.4</b>	<b>128.3</b>	<b>4.9</b>	<b>52%</b>
Specific Grants (incl. NPG 25/26 £1.5m, 26/27 £2.7m)*	96.6	99.9	3.3	40%
Partnership Funding	15.1	14.8	(0.3)	6%
Fees and Charges	3.5	3.4	(0.1)	1%
Use of Reserves	2.1	1.9	(0.2)	1%
<b>Total Income and Use of Reserves</b>	<b>117.3</b>	<b>120.0</b>	<b>2.7</b>	<b>48%</b>
<b>Gross Funding &amp; Income</b>	<b>240.7</b>	<b>248.3</b>	<b>7.6</b>	
<b>Less Capital Financing Charges (Loan Repayment)</b>	<b>(1.0)</b>	<b>(2.3)</b>	<b>(1.3)</b>	
<b>Net Funding &amp; Income</b>	<b>239.7</b>	<b>246.0</b>	<b>6.3</b>	

\* This exclude £38.0m of National Lead Force grants which are transferred to other forces to support their fraud cybercrime and anti-money laundering activities.

13. The grants awarded as part of the police funding settlement and local funding from the City of London Corporation constitute “core” funding and is held by the Police Authority until the end of the financial year. Historically this has been referred to as the “Chief Officer’s Cash Limited Budget” for local authority accounting purposes and provides an in-year budget of £128.3m, before loan repayment charges of £2.3m relating to the FCCRAS programme. This provides a net resource base in 2026/27 of £126.0m, which is an increase of 3.6m compared to 2025/26 (2025/26 £122.4m). While total funding has increased by £7.6m in 2026/27, the lower net increase in the resource base of £6.3m is due to higher planned capital financing charges resulting from a realignment of the loan repayment profile to asset life.

14. For 2026/27 there is an overall funding envelope for CoLP of £246m after loan repayment charges. Table 7 below summarises the 2025/26 net revenue budget, projected year end outturn and variances and the proposed 2026/27 budget. The significant movements, budgetary assumptions, risks and opportunities are explained below. Underspends / positive variances are shown in brackets.

**Table 7 Proposed Revenue Budget for CoLP 2026/27**

CoLP Revenue Budget 2025/26 and 2026/27	25/26 Latest Budget £'000	25/26 Actuals Q3 £'000	25/26 Projected Outturn Q3 £'000	25/26 Variance vs Budget (Better) / Worse £'000	26/27 Proposed Budget £'000	26/27 vs 25/26 Budget (Better) / Worse £'000	Notes
Police Officer Pay	89,037	63,207	86,864	(2,173)	95,673	6,636	
Police Staff Pay	46,678	31,576	43,329	(3,349)	48,811	2,133	
Police Officer Overtime	3,805	2,433	3,743	(62)	3,555	(250)	
Police Staff Overtime	315	220	377	62	248	(67)	
Temp/Agency	1,192	851	1,196	4	557	(635)	
Other Employee Related Expenditure	3,232	2,109	3,105	(127)	3,084	(148)	
Pension Deficit	20,700	0	20,700	0	23,315	2,615	
<b>Sub -total Pay</b>	<b>164,959</b>	<b>100,396</b>	<b>159,314</b>	<b>(5,645)</b>	<b>175,243</b>	<b>10,284</b>	(i)
Premises	3,390	2,534	3,502	112	3,805	415	(ii)
Transport	2,530	553	2,707	177	582	(1,948)	(iii)
Supplies and Services	47,720	34,516	49,699	1,979	39,459	(8,261)	(iv)
Third Party Payments	12,728	7,241	12,682	(46)	14,866	2,138	(v)
Unidentified Savings	(1,671)	0	0	1,671	(347)	1,324	(vi)
CoLC Support Services	3,514	2,325	3,522	8	3,839	325	(vii)
Capital Charges	5,065	0	5,397	332	5,097	32	
Transfer to Reserve	1,500	0	1,609	109	3,450	1,950	(viii)
<b>Sub-total Non-Pay</b>	<b>74,776</b>	<b>47,169</b>	<b>79,118</b>	<b>4,342</b>	<b>70,751</b>	<b>(4,025)</b>	
<b>Total Expenditure</b>	<b>239,735</b>	<b>147,565</b>	<b>238,432</b>	<b>(1,303)</b>	<b>245,994</b>	<b>6,259</b>	
Specific Grants*	(96,659)	(26,273)	(96,436)	223	(99,899)	(3,240)	(ix)
Partnerships (inc capital projects)	(15,100)	(6,996)	(14,791)	309	(14,837)	263	(x)
Fees & Charges	(3,453)	(2,136)	(3,063)	390	(3,387)	66	
Recharges within Committee	0	0	0	0	0	0	
Use of Reserves	(2,086)	(89)	(1,705)	381	(1,895)	191	(xi)
<b>Total Income</b>	<b>(117,298)</b>	<b>(35,494)</b>	<b>(115,995)</b>	<b>1,303</b>	<b>(120,018)</b>	<b>(2,720)</b>	
<b>TOTAL Net Expenditure/(Income)</b>	<b>122,437</b>	<b>112,071</b>	<b>122,437</b>	<b>(0)</b>	<b>125,976</b>	<b>3,539</b>	
<b>Total Core Funding</b>	<b>(122,437)</b>	<b>(73,250)</b>	<b>(122,437)</b>	<b>0</b>	<b>(125,976)</b>	<b>(3,539)</b>	
<b>(Suprtus/Deficit</b>	<b>0</b>	<b>38,821</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	

## **Revenue Budget for 2025/26 and Projected Outturn**

15. The 2025/26 Quarter 3 revenue outturn is presented as a separate paper on today's agenda. This shows a breakeven outturn position, with both expenditure and income expected to be £238.4m, with net pay savings, additional Home Office grant income (relating to the 2025 pay award) and other unplanned savings offsetting cost pressures in the year.

## **Proposed Revenue Budget for 2026/27**

16. CoLP priorities for policing for the next financial year will be met from the funding received for 2026/27. After loan repayment due to the City Corporation of £2.3m, the budget requirement for 2026/27 is £246m. Whilst this is a net increase of £6.3m compared to 2025/26, this is lower than the range of significant major new pressures which CoLP is experiencing. These were reported in the November MTFP as £10.5m in 26/27 rising to £24.8m in 29/30 and are principally due to higher inflation/pay awards, higher future accommodation costs, maintaining service improvements and adjustments to loan repayment provisions. In 2026/27 these additional cost pressures, over the available new funding, have largely been absorbed by the release of £5m of funding provision which provided for CoLP's contribution to a 50/50 risk share agreement with the Home Office for Action Fraud extension costs in 2025/26.

## **Report Fraud**

17. The 2025/26 budget included a £5m provision for Action Fraud extension costs on a 50/50 risk share basis with the Home Office, with an expectation that the removal of these time-limited costs would provide an opportunity to absorb other budget pressures from 2026/27. However, the revised FCCRAS Full Business Case, which was approved by the Home Office's Finance and Investment Committee in June 2025 identified a funding gap of c£5m pa above the approved funding (£171.7m whole life cost, comprising £37m Capital, £134.7m Revenue spend). In addressing the underlying £5m pa funding shortfall, Home Office Ministers have approved a £3-4m pa increase in the Home Office funding allocation to partially offset the funding gap. Linked to this is an expectation that the City will also increase its contribution from £1.5m to c£2.5m pa. In 2026/27 taking these specific funding additions into account, there remains a residual gap of £587k, which has been included at this stage as an unidentified saving in the 2026/27 budget (see Table 2). It is expected that opportunities for higher contributions for partner agencies and scope of recharging will also help bridge this gap and/or provide headroom for future investment/balancing 'core' finances.

## **Pay and Workforce Variance Analysis 2026/27 Budget to 2025/26**

18. The pay budget for 2026/27 is £175.2m, this is an increase of £10.3m from 2025/26. The main factors for the increase include:

### **Note (i)**

- the impact of pay inflation being higher than anticipated in 2025/26 being baked into subsequent year's pay. For Officers this was an additional increase of 1.4% above the budgetary assumption of 2.8% and for staff 0.4%. This has baked in additional pay costs of £1.2 and £0.2m respectively.
- The 2026/27 budget assumes a 3.0% pay award increase for officers and staff in accordance with industry guidance, adding £2.7m per annum to Officer and £1.4m to staff pay. Critically, the staff pay assumption does not include a provision for the impact of the organisational pay and grading review known as Ambition 25. A funding solution will be required for any additional future staff pay costs once quantified.
- The impact of incremental pay progression and allowances increasing pay by £1.1m for officers and £0.5m for staff.
- a £1.5m increase in officer pay costs due to growth in Fraud, Cyber and Business Crime policing activities and assumed growth in Neighbourhoods Policing. This growth is matched by an increase in Specific Government Grant Funding.
- The cost of employer contributions to the Police Office Pension scheme are also forecast to increase by £2.6m. This is to align the budget with the current 6-year pension forecast and is offset by a corresponding reduction in Home Office grant income.
- Temporary staff and agency costs are forecast to reduce by (£0.6m) as permanent recruitment into vacant posts diminishes the requirement for temporary staff to backfill roles.
- The decrease in police officer overtime, police staff overtime and other employee related expenditure of (£0.5m) is largely due to "Hot Spot" budgets being removed from the 2026/27 budget due to uncertainty regarding continued funding. In 2024/24 and 2025/26 the Police Authority received £1.0m of funding to tackle anti-social behaviour in Hot Spot areas. Should funding be confirmed for 2026/27 it is expected that a new range of programmes will need to be developed along with the associated new budget allocations.

19. The officer pay budget continues to include an officer adjustment provision of £0.5m to manage the headcount impact of the additional 10 Uplift posts and the risk of overshooting against the 996 target. No allowance is made of officer vacancies due to the requirement to maintain the workforce at Uplift Maintenance levels. For staff pay, however, a £1.0m "natural" vacancy factor has been maintained in the budget to recognise savings due to the time lag between leavers and joiners, based on an average of 15FTEs per annum.

20. The 2026/27 pay budget is based upon the following full time equivalent (FTE) numbers as set out in Table 8 below.

**Table 8 – Workforce Establishment**

21. The budget assumes resourcing levels for 2026/27 will be an establishment of 1,630.5FTEs, comprising 1,010 FTE Officer and 620.5FTE staff roles, plus 218.3FTE temporary funded roles. Changes to the budgeted establishment from 2025/26 are shown in Table 8 below.

	Officer	Staff	Total
	FTE	FTE	FTE
<b>2025/26 Baseline</b>	<b>985.0</b>	<b>539.0</b>	<b>1,524.0</b>
Neighbourhood Uplift Year 1	14.0	-	14.0
Neighbourhood Uplift Year 2 (provisional)	13.0	-	13.0
Report Fraud Uplift	-	78.5	78.5
Other Funded Growth and Adjustments	(2.0)	3.0	3.0
<b>Total Budgeted Establishment</b>	<b>1,010</b>	<b>620.5</b>	<b>1,630.5</b>
<b>Temporary Funded Roles</b>	<b>74.0</b>	<b>178.5</b>	<b>252.5</b>
Natural Vacancy Factor on Funded Posts	(17.2)	(17.0)	(34.2)
<b>TOTAL Budgeted Workforce</b>	<b>1,066.8</b>	<b>782.0</b>	<b>1,848.8</b>

22. Based on the successful achievement of officer maintenance levels in prior years, it is expected that an officer FTE of 1010 should provide for a head count of 1,023 - comprising an Uplift Maintenance target of 996 and Neighbourhood Uplift target of 27 officers, due to several part-time posts which are counted as 1 for measurement purposes. While the Uplift Maintenance Target has been removed from 2026/27, the Home Office still expect that forces will prioritise maintaining overall operational capacity, therefore the budget has been prepared on this basis.
23. Pay inflation assumptions remain one of the largest areas of risk. Based on the latest advice from the National Police Chief's Council a provision of 3.0% has been provided for both officers and based on advice from the City Corporation of 3.0% for staff. In prior years, the Home Office has provided a separate pay award grant to compensate forces for the recommendations agreed following the annual recommendations from the Police Remuneration Review Body (PRRB), however, indications from the Home Office are that no additional pay award grant funding will be made available outside of the settlement allocation. For officer pay this creates a risk of £0.5m for every 1% increase above current budgetary assumptions for 2026/27. For staff an equivalent 1% increase would create a pay pressure of £0.3m.

**Non-Pay Variance Analysis 2026/27 Budget to 2025/26**

24. **Note (ii)** The premises budget for 2026/27 is £3.8m, which is an increase of £0.4m compared to 2025/26. This is mainly due to additional cleaning, servicing and utility charges for the New Eastern Base.
25. **Note (iii)** The Transport budget for 2026/27 is £0.5m, a decrease of £2.0m compared to 2025/26. This is principally due to the virement of the budget for the Rail Delivery

Group (ATOC) discounted travel scheme from a “Transport” to Third Party Payments to better align the budget to the reporting requirements of CIPFA’s Police Objective Analysis.

26. **Note (iv)** The Supplies and Service budget for 2026/27 is £39.5m, a decrease of £8.2m compared to 2025/26. A breakdown of the budget is shown in Appendix 2. The decrease of £8.2m is mainly due the removal of FCCRAS extension costs of £8.9m net of increased provisions for National IT and other co-ordinated services of 0.3m, digital/ forensic storage costs and licences of £0.3m plus other expected inflation of £0.1m.
27. **Note (v)** The third-party payments budget for 2026/27 is £14.9m an increase of £2.1m from 2025/26. This is mainly due to the transfer of £2.0m Rail Delivery Group charges from “Transport” budgets (para 22, net of a £1m reduction for funded activities. Third party payments include the cost of annual IT Service Level Agreement (SLA) with the City Corporation of £6.3m as well as the annual Occupation Health Service subscription of £0.4m, Forensic Services contract costs and payments to other forces for seconded officers £3.4m. A breakdown of third-party funding is show in Annex 2.
28. **Note (vi)** Included within non-pay is £0.3m of unidentified savings/additional funding requirement, this relates to the residual costs pressure resulting from the updated FCCRAS Business Case. It is expected that opportunities for higher contributions for partner agencies and scope of recharging help bridge this gap (paragraph 17 refers).
29. **Note (vii)** The budget for support services provided by the Corporation of London has increased from £3.5m to £3.8m in 2026/27. A breakdown of support service charges can be found at Appendix 1 to this report. The main factors contributing to the increase are unavoidable insurance costs of £142k and additional Central Support, City Procurement and Surveyors Recharges of £181k.
30. **Note (viii)** The 2026/27 budget provides for £3.45m of transfers to Reserve, which is an increase of £1.95m compared to 25/26. This is part of a wider plan to build up a range of earmarked reserves to provide for the longer-term upkeep of the Future Police Estate, to manage cyclical replacement (fleet, EV transition) and to smooth the revenue impact of the Change programme.

## **Income**

31. The Force has a diverse set of income stream which are set out in the non-public Appendix 3 to this report. Total income for 2026/27 is expected to be £120m, which is an increase of £2.7m compared to 2025/26. The main changes from 2025/26 to 2026/27 are summarised below:
32. **Note (ix)** Government Grants are expected to increase by £3.2m from £96.7m in 2025/26 to £99.9m in 2026/27. This is mainly due to:

- planned growth in Fraud and Economic Crime funded programmes of £1.9m including Domestic Corruption, the Organised Crime Centre, AMLAR, Cyber and Fraud Legacy grants;
- an increase in Neighbourhood Policing Uplift grant of £1.2m
- a £2.6m increase in forecast Police Pension Grant which is matched by a corresponding increase in employer contributions; and
- £1.2m of pay inflation and other inflation.

Offset by:

- A £2.7m reduction in Government funding for FCCRAS/Report Fraud programme due to time limited funding toward Action Fraud extension costs in 2025/26 and aligned to funding envelope agreed with the Home Office for the period 2026/27 to 2029/30.
- The removal of £1m of Hotspot funding, due to uncertainty over continuation of the programme in 2026/27.

33. **Note (x)** Partnership income is forecast to be £14.8m, which is a decrease of £0.3m compared to 2025/26. This is mainly due to a £1m reduction in the forecast of staff time being recharged to capital projects because of a greater emphasis on feasibility and continuous improvement initiatives in 2026/27, rather than capital investment. The cost of Change initiatives, including feasibility and continuous improvement work costs will be met from within the annual £5m project programme provision. This reduction in partnership income has been offset by an increase in income from CoLP's three funded units (Dedicated Card and Payment Unit, Police Intellectual Property Unit and the Insurance Fraud Enforcement Department) of £0.8m, this is mainly due to an uplift in charges to meet inflationary cost pressures and transition to full cost recovery.

34. **Note (xi)** Annually the net operating cost of the Asset and Civil Recovery Teams is met through the use of the Proceeds of Crime Act Reserve. This budgetary mitigation was implemented in 2023/24 due to wider budgetary pressures and with the expectation that through industrialising asset recoveries the teams would become self-funding. The balance in the POCA reserve at the end of 2025/26 is forecast to be £3.1m (see paragraph 71). The net drawdown on the POCA Reserve in 2026/27 is expected to be reduced by £0.2m as a result of one-off funding being agreed in year.

### **Business Unit Control Totals 2026/27**

35. Taking together workforce numbers and the proposed 2026/27 revenue estimate, Table 9 below provides a breakdown of budgeted staffing numbers, business unit control totals for 2025/26 and a summary of the functions included within each unit.

**Table 9 – Business Unit Control Totals 2025/26**

26/27 Budget by Business Area	TOTAL	Local Policing	Specialist Operations	National Lead Force	Corporate Services	Central Inc & Exp
<b>Budgeted FTE</b>						
Officer	992.8	416.0	300.0	194.0	82.8	0.0
Staff	603.5	78.0	131.0	207.0	187.5	0.0
<b>Total Establishment</b>	<b>1,596.3</b>	<b>494.0</b>	<b>431.0</b>	<b>401.0</b>	<b>270.3</b>	<b>0.0</b>
Officer	74.0	2.0	16.0	53.0	3.0	0.0
Staff	178.5	0.0	40.0	110.5	28.0	0.0
<b>Total Temporary</b>	<b>252.5</b>	<b>2.0</b>	<b>56.0</b>	<b>163.5</b>	<b>31.0</b>	<b>0.0</b>
<b>Total Budgeted FTE</b>	<b>1,848.8</b>	<b>496.0</b>	<b>487.0</b>	<b>564.5</b>	<b>301.3</b>	<b>0.0</b>
<b>Budgeted £m</b>						
Pay Costs	175.2	43.1	38.1	42.5	24.5	27.0
Non Pay Costs	70.8	4.5	3.8	39.1	15.1	8.3
<b>Total Expenditure</b>	<b>246.0</b>	<b>47.6</b>	<b>41.9</b>	<b>81.6</b>	<b>39.6</b>	<b>35.3</b>
<b>Total Income</b>	<b>(120.0)</b>	<b>(10.4)</b>	<b>(8.5)</b>	<b>(73.1)</b>	<b>(3.8)</b>	<b>(24.2)</b>
<b>Net Budget</b>	<b>126.0</b>	<b>37.2</b>	<b>33.4</b>	<b>8.5</b>	<b>35.8</b>	<b>11.1</b>
<b>Functions Including:</b>		Sector Response Taskforce Contact	Intelligence Investigation Forensics CJS	Funded Units FCCRAS/ NFIB NLF Fraud NLF Cyber	Chief Officers CFO COO Prof & Trust	Pension Deficit POCA Recharges

36. As shown in Table 9 above, territorial policing (Local Policing and Specialist Operations) accounts for 53% of the total budgeted full time equivalent (FTE) staffing numbers and 56% of the net budget. Corporate Services and Central Income and Expenditure account for 16% of the workforce and 37% of the net budget. This is because several cross cutting operational expenditure budgets are managed from within these business areas. The remaining 31% of the workforce are employed in National Lead Force (NLF) but 7% of the net budget due to the funded nature of its activities which means that proportionally it is allocated less core funding as £73.1m of its activities are financed outside of the core Home Office and local BRP funding.

## Risks and Opportunities

37. There are several financial risks and opportunities which may impact the 2026/27 budget.

### Risks include:

- The outcome of the Government's planned White Paper on Police Reform.
- Ringfencing of Government Grants, with dependency on maintaining officer uplift levels.
- Pay awards and non-pay inflation being higher than estimated.
- Unfunded pay awards, including the resolution of funding for Ambition 25 costs.
- Higher rank / grade mix as employees progress through pay scales.
- Loss of income sources.



- Sustaining cost recovery from funded work particularly in relation to National Lead Force funding which provides an element of the City's officer uplift target. With full cost recovery providing an important budgetary mitigation, any under-recovery could negatively impact CoLP's ability to maintain a balanced budget.
- Embedding FCCRAS/Report Fraud risk that the operational delivery of the new service may incur higher-than-anticipated run costs or failure to achieve planned income and efficiencies.
- The levels of recruitment needed to deliver against both the financial and operational Policing Plan, in particular achieving the staff recruitment trajectory as a risk to realising available National Lead Force funding.
- The ability to deliver the mitigations included within the budget within the timeframes set and also the level needed whilst delivering the required levels of service.
- The ability of the Force to deliver the Project Fund Programme.

#### Opportunities:

- Further progress on cost recovery for 'funded' work.
- Increased efficiencies from Projectivity Review and implementation of Business Planning outcomes.

#### **Police Authority Board Budget 2026/27**

38. The Court of Common Council is the Police Authority for the Square Mile as set out in the City of London Police Act 1839. Under Section 56 of the Act, the Common Council delegated to the Police Authority Board all of its police authority functions (with the exception of the appointment of the Commissioner). The Board's role is to make sure the City of London Police runs an effective and efficient service by holding the Commissioner to account; to ensure value for money in the way the police is run, and to set policing priorities considering the views of the community.
39. Table 10 below summarises the 2025/26 net revenue budget, projected year end outturn and variances and the proposed 2026/27 budget. Underspends / positive variances are shown in brackets.

**Table 10 Proposed Revenue Budget for the Police Authority Board 2026/27**

Police Authority Board Revenue Budget 2025/26 and 2026/27	25/26 Latest Budget £'000	25/26 Actuals Q3 £'000	25/26 Projected Outturn Q3 £'000	25/26 Variance vs Budget (Better) / Worse £'000	26/27 Proposed Budget £'000	26/27 vs 25/26 Budget (Better) / Worse £'000
<b>EXPENDITURE</b>						
Pay	749	522	739	(10)	760	11
Transport	2	1	2	0	2	0
Supplies and Services	177	263	219	42	145	(32)
Third Party Payments	0	73	0	0	0	0
CoLC Support Services	72	54	72	0	93	21
<b>Total Expenditure</b>	<b>1,000</b>	<b>913</b>	<b>1,032</b>	<b>32</b>	<b>1,000</b>	<b>0</b>
<b>INCOME</b>						
Specific Grants	0	(219)	(96)	(96)	0	0
<b>Total Income</b>	<b>0</b>	<b>(219)</b>	<b>(96)</b>	<b>(96)</b>	<b>0</b>	<b>0</b>
<b>TOTAL Net Expenditure/(Income)</b>	<b>1,000</b>	<b>694</b>	<b>936</b>	<b>(64)</b>	<b>1,000</b>	<b>0</b>

### Revenue Budget for 2025/26 and Projected Outturn

40. While the 2025/26 PAB budget remains unchanged at a net £1m, several key grant streams were announced during 2025/26 which are being managed through the outturn forecast. This includes £1m of Hotspot Funding allocated to Police and Crime Commissioner's to tackle serious violence and anti-social behaviour. This grant agreement will result in offsetting income and expenditure and will not impact the overall net budget position. It is not expected, however, that this grant will continue into 2026/27 and has been omitted from the 2026/27 budget.

### Proposed Revenue Budget for 2026/27

41. The proposed PAB revenue budget for 2026/27 is £1m and remains within the Business Rates Premium funding envelope agreed for this Committee in 2022/23. Further detail of how this budget has been allocated are shown in Table 10 above. Members will note several variations within budget headings between 2025/26 and 2026/27 that are summarised as follows:

- £11k increase in employee costs due to an agreement to fund 50% of the Victim Services Manager posts in CoLP (£34k). This is offset against vacancy savings and budget reprofiling for other employee expenses (-£23k) and net of the full year impact for the 3.2% pay award and 2026/27 pay award assumption of 3%.
- (£32k) reduction in supplies and services budget due to reprioritisation of above employee resourcing. There is also a reallocation of this budget to formally recognise central support and recharges which have increased by £21k.

42. An analysis of the movement in staff related costs are also shown in Table 11 below:

Table 11 - Staffing Statement	Original budget 2025/26		Latest Budget 2025/26		Original Budget 2026/27	
	Staffing Full-time equivalent	Estimated cost £000	Staffing Full-time equivalent	Estimated cost £000	Staffing Full-time equivalent	Estimated cost £000
<b>Police Authority Board Team</b>	8.5	749	8.5	749	8.5*	760

\* 0.5 FTE Victim Services Manager in CoLP

### Project Fund 2026/27

43. The CoLP Project Fund comprises projects and cyclical replacement programmes developed and managed by the Force, which are either funded directly from the Force's own resources or via a City Corporation loan facility. The revenue budget makes provision for principal and interest repayments.

44. The proposed Project Fund for 2026/27 is shown in table 12 below and amounts to £5.4m. This comprises an estimated £3.2m on ongoing projects which commenced in prior years (broken down into £1.3m for planned project delivery and £1.9m representing re-profiling from 2025/26 to 2026/27) and £0.1m for new prioritised projects commencing in 2026/27. There are currently no uncommitted funds in the planned programme for additional projects in 2026/27, although priorities may be required to adapt in-year in response to monitoring delivery progress and unforeseen demands. All projects will be subject to business case approvals, supported by assessments on deliverability and affordability.

The 2026/27 programme also provides £0.6m for cyclical replacement, £1.1m for Future Police Estates Portfolio (FPEP technological replacement) and £0.5m for continuous improvement and feasibility work. The total 2026/27 programme is expected to be £5.4m which will be funded from the annual £5m project programme fund and £0.4m from a Project Reserve which was created to manage re-phasing of programme delivery.

The table shows a forecast outturn for 2025/26 of £16.9m which is explained in a third quarter (Q3) budget monitoring report.

45. In addition to the CoLP funded projects, the City of London Corporation funds some strategic CoLP projects, mainly comprising the Accommodation and Secure City Programmes.

46. In order to show the full cost of the FCCRAS project, table 12 also shows all years back to 2021/22 when this project commenced. Based on the development of a new programme plan, capital cost forecast increased by £9.6m to £40.6m,

incurred in 2025/26 and funded jointly by CoLP and the Home Office on a 1/3, 2/3 basis.

**Table 12 - Proposed Project Fund 2026/27**

CoLP Project (Capital) Programme	21/22	22/23	23/24	24/25	25/26	26/27	27/28	Total
	Actual	Actual	Actual	Actual	Forecast	Estimate	Estimate	All Years
	£000	£000	£000	£000	£000	£000	£000	£000
<b>CoLP PROJECTS:</b>								
<b>Proposed new projects 2026/27</b>								
Emergency Services Network (ESN)	0	0	0	0	6	50	700	756
Door Access Control	0	0	0	0	0	20	0	20
<b>Sub-total: Proposed new projects 2026/27</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>6</b>	<b>70</b>	<b>700</b>	<b>776</b>
<b>Approved projects 2025/26</b>								
FCCRAS	3,970	5,392	12,396	6,160	12,720	0	0	40,638
Contract Assessment (CCM)	0	0	0	0	174	100	100	374
Data Analytics Platform (includes DIP & Power BI)	0	98	0	306	434	84	0	922
Forensic Case & Quality Management System	0	175	169	22	12	466	0	844
Out of Court Resolution	0	0	0	20	8	120	0	148
E-Discovery	0	0	0	35	11	905	0	951
Digital Evidence / Asset Management	0	0	0	9	35	445	12	501
Electronic Display Screen Equipment Management System	0	0	0	23	15	30	0	68
Command and Control	0	0	0	103	105	518	0	726
Multi-Agency Public Protection System	0	0	0	11	5	127	0	143
Local Policing Review	0	0	0	0	80	150	0	230
Joint ERP - HR & Finance and Expenses	0	0	0	0	303	173	0	476
NLEDS (includes Role Based Access)	0	0	0	0	73	58	0	131
Body Worn Video	0	181	36	22	2	0	0	241
ICAV	0	0	195	17	18	0	0	230
Auto Redaction	0	0	0	71	8	0	0	79
IRIS (formerly Forensic Image Management System)	0	0	0	40	25	0	0	65
Dynamic Decision & Case Management System	0	0	0	0	11	0	0	11
Travel System – Agito	0	0	0	25	0	0	0	25
<b>Sub-Total: Approved projects 2025/26</b>	<b>3,970</b>	<b>5,846</b>	<b>12,796</b>	<b>6,864</b>	<b>14,039</b>	<b>3,176</b>	<b>112</b>	<b>46,803</b>
<b>Projects closed prior years</b>								
Covert Camera System	0	23	23	24	0	0	0	70
Covert Surveillance Equipment	0	89	64	7	0	0	0	160
TFG Armoury	0	20	141	0	0	0	0	161
Action Fraud	2,041	0	0	0	0	0	0	2,041
Other Prior Year Projects	19	14	34	68	0	0	0	135
<b>Sub-Total: Projects closed prior years</b>	<b>2,060</b>	<b>146</b>	<b>262</b>	<b>99</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,567</b>

<b>Funding uncommitted</b>	0	0	0	0	0	0	1,588	1,588
<b>TOTAL CoLP PROJECTS</b>	<b>6,030</b>	<b>5,992</b>	<b>13,058</b>	<b>6,963</b>	<b>14,045</b>	<b>3,246</b>	<b>2,400</b>	<b>51,734</b>
<b>CoLP STANDING ITEMS:</b>								
<b>Cyclical replacement</b>								
Cyclical Replacement - Fleet	0	545	329	218	459	550	350	2,451
Cyclical Replacement - Horsebox	0	0	0	306	2	0	0	308
Cyclical Replacement - IT Refresh	0	0	318	1,302	393	0	0	2,013
Cyclical Replacement - Firearms	0	0	0	126	222	0	0	348
Cyclical Replacement - Other	1,000	0	225	0	0	0	50	1,275
<b>Sub-Total: Cyclical replacement</b>	<b>1,000</b>	<b>545</b>	<b>872</b>	<b>1,952</b>	<b>1,076</b>	<b>550</b>	<b>400</b>	<b>6,395</b>
FPEP Tech Repayment	0	0	0	0	1,100	1,100	1,100	3,300
Continuous Improvement & Feasibility	900	594	46	554	654	500	1,100	4,348
<b>TOTAL CoLP STANDING ITEMS</b>	<b>1,900</b>	<b>1,139</b>	<b>918</b>	<b>2,506</b>	<b>2,830</b>	<b>2,150</b>	<b>2,600</b>	<b>14,043</b>
<b>TOTAL PROJECT (CAPITAL) EXPENDITURE</b>	<b>7,930</b>	<b>7,131</b>	<b>13,976</b>	<b>9,469</b>	<b>16,875</b>	<b>5,396</b>	<b>5,000</b>	<b>65,777</b>
<b>FUNDING:</b>								
City Fund loan (FCCRAS)	0	0	0	0	6,620	0	0	6,620
City Fund loan (other projects)	2,941	1,401	-137	0	0	0	0	4,205
Home Office (FCCRAS)*	3,970	3,000	11,200	2,804	4,900	0	0	25,874
City Fund	0	110	174	0	0	0	0	284
City ULEZ loan	1,000	0	0	0	0	0	0	1,000
POCA	19	38	7	881	224	0	0	1,169
Transfer from Reserve	0	0	0	0	131	396	0	527
Direct Revenue Financing (DRF)	0	2,582	2,732	5,784	5,000	5,000	5,000	26,098
<b>TOTAL FUNDING</b>	<b>7,930</b>	<b>7,131</b>	<b>13,976</b>	<b>9,469</b>	<b>16,875</b>	<b>5,396</b>	<b>5,000</b>	<b>65,777</b>

## Proposed New Projects 2026/27

47. **Emergency Services Network (ESN):** The Home Office is leading a national programme to deliver the new Emergency Services Network critical communications system, to replace the current Airwave service. The programme has committed to delivery by 2029, and local Force indicative implementation costs have been calculated following nationally provided guidance and assumptions.
48. **Door Access Control:** Aligned with the Future Police Estates Programme, a supporting project relating to replacement of end-of-life Sateon access control systems with a new solution for CoLP and potentially other City of London Corporation entities.

## Projects Continuing into 2026/27

49. **Contract Assessment:** Following internal review, a CoLP Commercial & Contract Management (CCM) function proposal is in development, aiming to deliver an effective and compliant contract management approach with a commitment to realise contract savings potential and ensure value for money through negotiation and streamlining processes.
50. **Data Analytics Platform:** A large-scale redevelopment of data usage across the Force, to inform decision making across all levels and seeking to provide a solid evidence-base for performance management. This project is entering a new development phase from

January 2026 and has been combined with the Data Improvement Programme and Power BI development projects.

- 51. **Forensic Case and Quality Management System:** A national programme deferred from 2025/26, full business case to be developed.
- 52. **Out of Court Resolution:** A national strategy aiming to provide a reformed framework for effective alternatives to court proceedings for low-level offenses, full business case to be developed.
- 53. **e-Discovery:** Delivery has been paused in 2025/26, and full business case review is expected prior to recommencement in 2026/27.
- 54. **Digital Evidence Management:** Previously Digital Asset Management, full business case development will continue into 2026/27.
- 55. **Electronic Display Screen Equipment Management System:** Approved for delivery, expected to continue into 2026/27.
- 56. **Command and Control:** In response to a programme reset by the Metropolitan Police Service, delivery has been reprofiled from 2025/26, and business cases are in development. Whole life costs remain indicative until options have been fully explored, with several projects relating to the overarching programme expected in practice.
- 57. **Multi-Agency Public Protection System (MAPPS):** A delayed national project which is currently on hold and prudently provided for re-commencement in 2026/27.
- 58. **Local Policing Review:** Efficiency review across Local Policing, developing service delivery recommendations for roll-out during 2026/27.
- 59. **Joint ERP – HR & Finance & Expenses:** Introduction of the new SAP system across CoLP. Expected roll-out to commence during Q1 2026/27.
- 60. **National Law Enforcement Data Programme (LEDS):** National Project to replace the existing Police National Computer, including Role Based Access. Expected to continue into 2026/27.

#### **Standing Items: Cyclical Replacement**

- 61. **Fleet (cars):** a provision is made for the critical replacement of cars during 2026/27. A new Fleet Strategy is in development which will provide an evidenced based plan for future fleet purchases.
- 62. **IT Refresh / Other:** there is no additional provision for new cyclical replacements in 2026/27 currently.

### **Standing Items: Other**

63. **Future Police Estates Programme (FPEP) Technology replacement:** Future Police Estates Programme (FPEP) tenant-related spend is estimated to total £7.7m, financed from £3m application of the 2024 BRP increase indicatively allocated to fast-track loan repayment, £1.7m residual BRP and £3.3m to be prioritised within cyclical replacement budgets over 3 years, commencing in 2025/26. The £7.7m includes 'Category C' furniture, fittings and equipment (FF&E) of £4.4m and end user business as usual IT equipment (£3.3m).
64. **Continuous improvement and feasibility work:** Funds have been set aside in 2026/27 to support continuous business improvement and ongoing project feasibility work.

### **Project Fund 2027/28**

65. Table 12 above also shows an estimated position for the following year 2027/28 based on the annual £5m Direct Revenue Financing (DRF) allowance from the revenue budget to fund projects.

This comprises an estimated £0.8m on ongoing projects and provision of £1.6m for new projects identified through business planning and prioritisation.

66. The 2027/28 programme also provides £0.4m for cyclical replacement, £1.1m for FPEP technology replacement and £1.1m for ongoing continuous improvement and feasibility work.

### **Borrowing**

67. Accrued borrowing as at 1 April 2025 was £0.9m and is expected to increase to c£7.5m at the end of 2025/26, following a planned £6.6m drawdown from an internal loan facility with the City Corporation. This is to fund CoLP's 1/3 share of the final FCCRAS/Report Fraud capital implementation costs. While the expectation is that CoLP's project programme priorities will normally be managed within the £5m DRF envelope, there may be exceptional circumstances where recourse to the internal loan facility may be necessary and appropriate. Such circumstances may include funding for the new firing range, if a capital partnership does not materialise. Should this prove to be the case, total borrowing could potentially increase up to circa £17.5m in 2026/27.

## Reserves

68. Total reserves as at 31 March 2025 were £12.8m and are predicted to be £13.8m at 31 March 2026.

**Table 13 – CoLP Reserves**

<b>Police Reserves</b>	<b>Closing Balances 31 March 2025 £m</b>	<b>2025/26 Planned Use of Reserves £m</b>	<b>Forecast Balances 31 March 2026 £m</b>	<b>2026/27 Planned Use of Reserves £m</b>	<b>Forecast Balances 31 March 2027 £m</b>
<b>General Reserve</b>	<b>(6.6)</b>	<b>0.0</b>	<b>(6.6)</b>	<b>0.0</b>	<b>(6.6)</b>
Proceeds of Crime Act	(3.9)	0.8	(3.1)	1.4	(1.7)
Action Fraud Reserve	(0.5)	0.0	(0.5)	0.0	(0.5)
Emergency Services Mobile Techn	(0.3)	0.0	(0.3)	0.0	(0.3)
Repairs, Maintenance & Improvem'ts	(0.7)	(0.3)	(1.0)	(1.0)	(2.0)
CoLP Secure City	(0.2)	0.0	(0.2)	0.0	(0.2)
Revenue Smoothing	0.0	(0.5)	(0.5)	(1.5)	(2.0)
Projects Reserve	(0.6)	0.1	(0.5)	0.4	(0.1)
Capital Financing Reserve (FPEP IT)	0.0	(1.1)	(1.1)	(1.1)	(2.2)
<b>Total Earmarked Reserves</b>	<b>(6.2)</b>	<b>(1.0)</b>	<b>(7.2)</b>	<b>(1.8)</b>	<b>(9.0)</b>
<b>Total Police Reserves</b>	<b>(12.8)</b>	<b>(1.0)</b>	<b>(13.8)</b>	<b>(1.8)</b>	<b>(15.6)</b>

69. These figures include a General Reserve balance of £6.6m. The proposed 2026/27 budget does not anticipate use of the general reserve, however, this is subject to inflation and other pressures not increasing above current budgetary assumptions. The Force's reserves policy, in line with Home Office expectations, is to maintain a General Reserve of 5% of net revenue expenditure (NRE). In 2025/26 the balance held in the Force's General Reserve is 5.12% of NRE.

70. Over the medium term CoLP's reserve strategy aims to maintain a general reserve and earmarked reserves that supports management of CoLP's strategic and medium-term financial risks to: 1) cope with unforeseen events and emergencies, 2) as a contingency to respond to uncertainty in the economic climate, 3) to provide flexibility in managing future years budget pressures including higher anticipated running cost for the new Police Estate and 4) to balance cashflow fluctuations without calling upon additional local grant and/or loan funding.

71. CoLP's 2026/27 budget includes a £1.895m release from the Proceeds of Crime Reserve to fund the net operating costs of the Asset Recovery and Civil Recovery Teams.



- 1 Support Services and Capital Charges
2. Supplies and Services and Third-Party Expenditure Analysis
3. Income & Funding Streams – **Non-Public**
4. MTFP Pressures, Mitigations and Funding Streams – **Non-Public**

**Alistair Cook**

Chief Finance Officer

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## Appendix 1

### Support Services and Capital Charges

Support Services & Capital Charges from/to the City of London Police	Original Budget 2025/26 £'000	Draft Budget 2026/27 £'000	Note Ref
<b>Support Services and Capital Charges</b>			
City Surveyor's Employee Recharge	88	107	
Insurance	395	537	
IT Recharges – Chamberlain	2	1	
Capital Charges	2,594	6,807	
Capital Contras	(2,594)	(6,807)	
Admin Buildings	1,487	1,505	(i)
Support Services	1,436	1,601	(ii)
<b>Total</b>	<b>3,408</b>	<b>3,751</b>	
<b>Recharges Within Fund</b>			
Car Park Recharge P&T	42	42	
Licence fees – Port Health & Environmental Services Committee	36	18	
<b>Total</b>	<b>78</b>	<b>60</b>	
<b>Recharges Across Funds</b>			
Remembrancer's Recharge - Policy & Resources - City's Cash	28	28	
<b>Total</b>	<b>28</b>	<b>28</b>	
Sub-total Police CoLC Support Services	<b>3,514</b>	<b>3,839</b>	
Notional capital charges	65	97	
<b>TOTAL POLICE</b>	<b>3,579</b>	<b>3,936</b>	

#### Notes:

- (i) Share of Guildhall premises costs based on floor area. Variations reflect the phasing of the cyclical works programme
- (ii) Support Services covers charges from the Chamberlains, Comptroller and City Solicitor, Town Clerk and City Surveyor's departments

## Appendix 2

### Supplies and Services analysis

Category	25/26 Latest Budget £'000	25/26 Actuals Q3 £'000	25/26 Projected Outturn Q3 £'000	25/26 Variance vs.Budget £'000	26/27 Projected Budget £'000	26/27 vs 25/26 Budget £'000
Action Fraud/FCCRAS	28,396	18,761	28,383	(14)	19,445	(8,951)
Advertising	25	4	26	1	20	(5)
Animals & Livestock	156	118	182	26	161	5
Books	1	2	2	1	0	(1)
Computer	4,383	3,215	5,474	1,091	4,776	393
Conferences	44	10	105	61	89	45
Contract expenses	80	54	83	3	90	10
Contributions to Funds	1,030	2	650	(380)	1,279	249
Equipment	2,984	1,367	2,610	(374)	2,744	(240)
Fees	7,161	5,954	8,617	1,456	7,441	280
Furniture	10	30	9	(1)	3	(7)
Gen Office Expenses	1	2	3	2	2	1
Grants & Subscriptions	964	2,554	1,213	249	1,297	333
Hospitality	316	104	167	(149)	89	(227)
Laundry & Dry Cleaning	0	1	1	1	0	0
Materials	6	21	21	15	6	0
Other Charges	0	0	0	0	0	0
Postage	57	9	9	(48)	56	(1)
Printing	97	44	96	(1)	112	15
Provisions	1	69	55	54	20	19
Other	47	46	7	(40)	0	(47)
Radio	1	2	5	4	1	0
Services	617	728	630	13	617	0
Stationery	16	23	14	(2)	15	(1)
Subsistence	430	257	396	(34)	454	24
Telephone	210	450	119	(92)	35	(175)
Uniforms	687	689	825	138	707	20
	<b>47,720</b>	<b>34,516</b>	<b>49,699</b>	<b>1,979</b>	<b>39,459</b>	<b>(8,261)</b>

## Appendix 2

### Third Party Payments analysis

Categories	25/26 Latest Budget £'000	25/26 Actuals Q3 £'000	25/26 Projected Outturn Q3 £'000	25/26 Variance vs.Budget £'000	26/27 Projected Budget £'000	26/27 vs 25/26 Budget £'000
IT SLA	6,183	3,985	6,183	0	6,274	91
Officer Secondments	3,432	0	3,432	0	3,432	0
Officer Travel RDG	91	1,402	4	(87)	2,025	1,934
DCPCU Collaboration	1,390	928	1,410	20	1,520	130
London PECT	400	0	450	50	450	50
Forensic Services	291	231	366	75	380	89
Occupational Health	297	146	297	0	325	28
Accommodation & Subsistence	188	178	157	(31)	232	44
Secondments	75	126	82	7	126	51
Community Engagement	60	3	60	0	102	42
Subscriptions to National Svs	155	106	43	(112)	0	(155)
Safety Patrols (Hotspot)	166	96	166	0	0	(166)
Business Improvement Levy	0	18	10	10	0	0
Mutual Aid/Other		22	22	22	0	0
Disclosure Barring Service	0	0	0	0	0	0
	<b>12,728</b>	<b>7,241</b>	<b>12,682</b>	<b>(46)</b>	<b>14,866</b>	<b>2,138</b>

