

REQUEST FOR DMPC DECISION – DMPCD 2015 131

Title: MOPAC Budget Monitoring 2015 – Period 6

Executive Summary:

This paper summarises the period 6 financial monitoring and requests the DMPC approve 7 budget movements and 6 transfers to/from reserves.

Recommendation:

The DMPC is asked to

1. Note the period 6 financial monitoring position;
2. Approve the budget movements as set out in paragraph 2.2.
3. Approve the transfers to and from reserves as detailed in paragraph 2.3

Deputy Mayor for Policing And Crime

I confirm I have considered whether or not I have any personal or prejudicial interest in this matter and take the proposed decision in compliance with the Code of Conduct. Any such interests are recorded below.

The above request has my approval.

Signature



Date

3/12/2015

PART I – NON-CONFIDENTIAL FACTS AND ADVICE TO THE DMPC

Decision required – supporting report

1 Introduction and background

- 1.1 As part of MOPAC's and MPS corporate governance arrangements regular monthly and in-depth quarterly monitoring processes are in place to track spend against budget and the achievement of income targets.
- 1.2 In line with the Scheme of Delegation and Consent the DMPC is responsible for the approval of all MPS proposed budget movements and virements in excess of £500,000 which are highlighted on a monthly basis as part of the monthly budget monitoring report, and approval of all transfers to and from reserves.

2 Issues for consideration

- 2.1 In summary, an overspend of £27.2m is forecast for 2015/16. The net forecast overspend is mainly due to pressures within Supplies and Services, £14.8m, and a forecast shortfall in income of £17.4m. These are offset by a forecast underspend on PCSO Pay of £3.3m.
- 2.2 There are 7 proposed budget movements this month.
- Allocation to fund the Police Officer 1% pay award from 1 September 2015 from Centrally Held, £7.8m
 - A one-off, non-recurring realignment within Digital Policing to reflect lower pay costs (arising from voluntary exits) to meet savings target held against Supplies and Savings, £1.3m
 - Removal of the Proceeds of Corruption Unit following transfer of the function to the National Crime Agency, £1.2m.
 - Additional Partnership income supporting various Borough Command Units activity, £0.6m
 - Realignment of Royalty and Specialist Protection budgets to reflect that Special Escort Allowance is no longer paid, increase to overtime budget, £0.7m
 - Additional Innovation Fund grant income, £0.8m, to fund Tackling Violence project in MOPAC
 - Within Property Services a reallocation of facilities management planned works budget, £0.5m, to furnishing services.
- 2.3 There are 6 proposed transfers to/from reserves. The net value is £352.5k, the breakdown is as follows:
- Transfer to reserves of £23k – BAA Airwave Replacement
 - Transfer from reserves £158.8k – Proceeds of Crime Act Reserve
 - Transfer from reserves £130k – Major Change Programme Fund
 - Transfer from reserves £86.7k – Partnership & Sponsorship
- 2.4 Appendix 1 sets out further detail of the period 6 financial monitoring position, budget movements and transfers to and from reserves.
- 2.5 The forecast outturn for capital expenditure is £265.1m compared to the 2015/16 Capital Programme of £264.6m. Further detail is shown in Appendix 1.

3 Financial Comments

- 3.1 As this is a financial report the financial implications are contained within the body of the report.

4 Legal Comments

- 4.1 Under section 3 (6) of the Police Reform and Social Responsibility Act, MOPAC is under a duty to secure the maintenance of an efficient and effective police force. Under paragraph 7 of schedule 3 of the 2011 Act MOPAC may do anything which is calculated to facilitate, or is conducive or incidental to, the exercise of its functions. Under section 79 of the Act, MOPAC must have regard to the Policing Protocol when exercising its functions. The Policing Protocol provides that PCCs (including MOPAC) as recipient of all funding, must determine how this money is spent.
- 4.2 MOPAC/MPS as statutory bodies must only budget for activities that fall within its statutory powers. Under the Scheme of Delegation and Consent the DMPC must approve any budget movement for £500,000 or above. Under Financial Regulations all decisions in relation to the transfer in and out of reserves will be made by the DMPC.

5 Equality Comments

- 5.1 Equality and diversity implications have been considered and there are no negative impacts identified from the proposals.

6 Background/supporting papers

- 6.1 Appendix 1 MOPAC budget monitoring

Public access to information

Information in this form is subject to the Freedom of Information Act 2000 (FOIA) and other legislation. Part 1 of this form will be made available on the MOPAC website within 1 working day of approval. Any facts/advice/recommendations that should not be made automatically available on request should not be included in Part 1 but instead on the separate Part 2 form. Deferment is only applicable where release before that date would compromise the implementation of the decision being approved.

Is the publication of **this** form to be deferred? NO

If yes, for what reason:

Until what date (if known):

Is there a **part 2** form –NO

If yes, for what reason:

ORIGINATING OFFICER DECLARATION:

	Tick to confirm statement (✓)
Head of Unit: Annabel Cowell has reviewed the request and is satisfied it is correct and consistent with the MOPAC's plans and priorities.	✓
Legal Advice: The MPS legal team has been consulted on the proposal.	✓
Financial Advice: The Chief Finance Officer has been consulted on this proposal.	✓
Equalities Advice: Equality and diversity issues are covered in the body of the report.	✓

OFFICER APPROVAL**Chief Operating Officer**

I have been consulted about the proposal and confirm that financial, legal and equalities advice has been taken into account in the preparation of this report. I am satisfied that this is an appropriate request to be submitted to the Deputy Mayor for Policing and Crime.

Signature 

Date 3/12/15

SUMMARY REVENUE AND CAPITAL BUDGET MONITORING REPORT

Period 6 - 2015/16

CORPORATE OVERVIEW

The 2015/16 MOPAC budget was approved as part of the Mayor's consolidated budget on 23 February 2015 and includes additional planned savings of £205.6m. This brings the total of savings to £572m between 2013/14 and 2015/16.

SUMMARY

This report on the MOPAC/MPS finances for 2015/16 provides details of the forecast outturn financial position as at Period 6 for revenue and capital budgets. The **revenue** forecast shows a overspend of £27.2m, a reduction in the forecast overspend of £12.4m.

The forecast spend on the Capital Programme as at Period 6 is £265.1m compared to the approved budget of £264.6m.

The major pressures and mitigations on this year's budget are:

Pressures:	£m	Predominant explanation of variance
Income and Specific Grants	17.4	Delay in filling funded posts, reduced sporting income and lower than anticipated funding from the Innovation Fund.
Supplies and Services	14.8	Higher than expected legal costs in relation to 3rd party provisions, and Digital Policing costs.
Mitigations:		
Police, PCSO and Staff Pay	(3.3)	Lower average constable costs due to recruitment and PCSO staff below planned strength.

Revenue Financial Position – Period 6

The annual forecast as at Period 6 is for a net overspend of £27.2m which is 1.2% of the Total Net Expenditure budget as detailed below.

Table 1 - Subjective comparison of year to date and forecast annual expenditure and income to budget - Period 6

Total Year to Date Budget £m	Total Year to Date Actuals £m	Total Year to Date Variance £m	Cost category	Revised Annual Budget £m	Annual Forecast £m	Total Annual Variance £m	Total Annual Variance %
881.8	878.9	-2.8	Police Officer Pay	1,775.7	1,765.4	-10.3	-0.6%
253.6	256.1	2.6	Police Staff Pay	490.7	489.5	-1.1	-0.2%
34.2	33.9	-0.4	PCSO Pay	68.6	65.8	-2.8	-4.1%
1,169.6	1,168.9	-0.6	Total Pay	2,335.0	2,320.7	-14.3	-0.6%
41.3	48.1	6.8	Police Officer Overtime	82.8	93.2	10.4	12.6%
11.7	11.8	0.1	Police Staff Overtime	23.3	23.9	0.6	2.6%
0.2	0.1	-0.0	PCSO Overtime	0.3	0.2	-0.1	-21.2%
53.1	60.0	6.9	Total Overtime	106.4	117.4	11.0	10.3%
1,222.6	1,228.9	6.3	Total Pay & Overtime	2,441.5	2,438.1	-3.3	-0.1%
10.5	14.6	4.2	Employee Related Expenditure	20.0	20.5	0.5	2.3%
87.9	94.0	6.1	Premises Costs	170.8	172.6	1.8	1.0%
30.1	25.7	-4.3	Transport Costs	60.4	57.4	-3.1	-5.1%
200.6	188.8	-11.8	Supplies & Services	428.2	443.0	14.8	3.5%
329.0	323.2	-5.8	Total Running Expenses	679.4	693.4	14.0	2.1%
25.3	23.1	-2.2	Capital Financing Costs	50.6	50.6	-0.0	0.0%
17.9	17.0	-0.9	Discretionary Pension Costs	35.9	34.0	-1.9	-5.3%
1,594.9	1,592.2	-2.7	Total Gross Expenditure	3,207.4	3,216.1	8.7	0.3%
-137.9	-127.1	10.8	Other Income	-280.5	-265.8	14.8	-5.3%
-245.1	-248.6	-3.5	Specific Grants	-495.7	-493.0	2.6	-0.5%
-4.1	-2.4	1.6	Transfers to/(from)Reserves	-70.5	-69.4	1.0	-1.5%
1,207.8	1,214.1	6.3	Total Net Expenditure	2,360.7	2,387.9	27.2	1.2%
-1,180.3	-1,180.3	0.0	Funding (General Grant & Precept)	-2,360.7	-2,360.7	0.0	0.0%
27.4	33.8	6.3	Overall MPS & MOPAC Total	-0.0	27.2	27.2	

Period 6 Commentary - Summary of Key Issues

Income & Specific Grant

There are forecast pressures of £14.8m which principally relate to unsold posts, reduced sporting income and lower than anticipated funding from the Innovation Fund due to reduced spending on mobility. There has been a favourable movement of £5.2m since Period 3 which is due to the filling of previously vacant police officer and PCSO posts (£5m) and an increase in expected income from vetting and registration of overseas visitors (£1m). There is a forecast under recovery of specific grant (£2.6m) that principally relates to a forecast under-recovery of Counter Terrorism grant within Specialist Crime & Operations due to firearms posts being vacant

Protective Security Grant and CT Policing Grants expenditure are forecasting to over spend this year. If this is the final position at year-end the MPS will be at risk of having to fund Counter Terrorism/Protective Security (CT/PS) activity from reserves.

Supplies and Services

There is a forecast outturn pressure of £14.8m. Around half of this pressure relates to a £7m top up estimated to be required for the third party provision in addition to the budget of £14.7m. This is recognised as an ongoing pressure and is reflected in the base budget for future years. The

other significant area of overspend is within Digital Policing, £5.1m, where there are a number of pressures offset in part by a number of underspends.

Police officer pay

Police officer pay is now forecast to underspend by £10.2m due to the average cost of constables reducing as new recruits join the organisation.

Police Staff Pay

The forecast for police staff pay is a underspend of £1.1m which is a favourable movement of £9m from the forecast reported in Period 5. The reduction to the overspend is mainly in Specialist Crime and Operations Met Command and Control where attrition levels are now forecast to be higher than previously anticipated. There is also a reduction in the forecast for temporary staff expenditure of £1.8m which is mainly in Digital Policing and HR People & Change.

The 2015/16 pay award is currently being negotiated with the Trade Unions. The MPS's offer will involve an additional unbudgeted cost of £1.5m in 2015/16 with savings in future years (as the pay awards proposed for 2015/16 and 2016/17 are non-consolidated). The unbudgeted cost in 2015/16 will be funded from the budget pressures reserve. The reserve will be replenished in 2016/17 when the savings are made.

Overtime

Against current budgets there is an overall pressure of £11m, mainly on Police Officers (£10.4m). The pressure on Police Officer overtime has increased by £2m from that reported at Period 3 mainly within Territorial Policing (TP). The most significant overspend (£5.9m) is within Specialist Operations (SO) due to operational pressures, high level of vacancies and the threat level being increased to severe from August 2014. The majority of this overspend is funded by Protective Security and Counter Terrorism grants.

Other pressures include in SC&O for Specialist Firearms (£0.7m) and Public Order Resourcing (£2.6m). Measures are being put in place to address these pressures.

Capital

The table below sets out the forecast spend of £265.1m, which is £0.5m above the approved budget. Gross capital receipts as at the end of September 2015 are £94m, and the forecast remains £196m.

Capital Expenditure as at Period 6 2015/16

Summary by Provisioning Dept	Programme 2015/16	Actuals	Forecast to 31/03/16	Variance Approved Programme/ Forecast	Spend Rate	
	£000s	£000s	£000s		% of forecast spent	% of budget spent
Comprising						
Digital Policing	140,108	27,861	112,200	(27,908)	25%	20%
Property Services	187,100	63,934	150,298	(36,802)	43%	34%
Fleet Services	25,500	6,123	20,347	(5,153)	30%	24%
Other Plant & Equipment	60	0	60	0		
Over Programming	(88,192)	0	(17,809)	70,383		
Budget	264,576	97,918	265,096	520	37%	37%

Budget Movements

Business Group	Cost category	Dr £000 s	Cr £000 s	Reason
TP	Police Officer Pay	5,148		Allocation of Police Officer Pay budget from Centrally Held to fund 1% pay award from 1st September 2015
SC&O	Police Officer Pay	2,175		
SO	Police Officer Pay	24		
MetHQ	Police Officer Pay	210		
SSS	Police Officer Pay	27		
TP	Police Officer Overtime	120		
SC&O	Police Officer Overtime	126		
SO	Police Officer Overtime	4		
MetHQ	Police Officer Overtime	5		
CH	Police Officer Pay		7,839	
DP	Supplies & Services	1,296		Realignment of budget to reflect DP identified savings in Police Staff Pay as a result of voluntary exits. This reduces the credit savings target budget held in Supplies and Services.
DP	Police Staff Pay		1,296	
SC&O	Income	1,203		This is to remove the Proceeds of Corruption Unit budget following the transfer of the unit to the National Crime Agency
SC&O	Police Officer Pay		702	
SC&O	Police Staff Pay		122	
SC&O	Police Officer Overtime		105	
SC&O	Police Staff Overtime		6	
SC&O	Supplies & Services		135	
SC&O	Transport Costs		107	
SC&O	Employee Related		26	
TP	Police Officer Overtime	183		Increases to various Borough OCUs funded from additional Partnership income
TP	Police Officer Pay	29		
TP	Supplies & Services	348		

TP	Transport Costs	29		
TP	Income		589	
SO	Police Officer Overtime	738		Special Escort Allowance budget moved to Police Officer Overtime within Royalty & Specialist Protection as SEA no longer paid.
SO	Police Officer Pay		738	
MOPAC	Supplies & Services	802		Grant from HO Police Innovation Fund for Tackling Violence project
MOPAC	Specific Grant		802	
MethHQ	Supplies & Services	500		Reallocation of budget from Facilities Management planned works to Furnishing Services within Property Services
MethHQ	Premises Costs		500	

Transfers to Reserves

A transfer to the BAA airwave replacement reserve of £23k which is included within the agreement with Heathrow Airport Limited (HAL) that specified income from HAL should be put into a reserve to build up a fund for any Airwave replacement schemes at Heathrow Airport in the future. This represents the contribution for August and HAL will continue to build up this reserve each month throughout the year.

Transfers from Reserves

A drawdown of £158.8k from the POCA reserve in regard to funding awarded from the POCA incentive scheme whereby OCUs can make bids from the reserve in support of work around Proceeds of Crime and confiscations.

A drawdown of £130k from the Major Change Programme Fund to cover the costs of agency staff to work on Operation FileSafe.

A drawdown of £83.4k from the partnership and sponsorship reserve to mitigate Territorial Policing overspends. This amount has been identified as residual partnership funding received for projects that have now been completed and is therefore no longer required.

A drawdown of £1.8k from the partnership and sponsorship reserve as a contribution towards the running costs of a donated vehicle in Westminster.

A drawdown of £1.5k from the partnership and sponsorship reserve as a contribution towards the cost of sundry equipment for Barnet Local Intelligence Team.

