

REQUEST FOR DMPC DECISION – PCD 1516

Title MOPAC/MPS 2023/24 – Budget Monitoring Quarter One

Information may have to be disclosed in the event of a request under the Freedom of Information Act 2000 (FOIA). In the event of a FOIA request for information contained in this report, please consult the Head of Governance and Risk for advice.

Executive Summary:

The MOPAC/MPS budget was approved in March 2023, revisions to the MOPAC budget were subsequently approved in June reflecting the proposed use of carry forwards from the 2022/23 budget, changes in grant assumptions and a minor adjustment between the MOPAC and MPS budget. Net expenditure remains the same at £3,281.5m.

The MOPAC/MPS 2023/24 budget was approved in March 2023. Since the MOPAC/MPS budget was approved there have been a number of changes to the MOPAC budget following confirmation of grants, approved use of reserves and carry forward of budgets from 2022/23 which were agreed as part of the out-turn process in June. Net expenditure for the MOPAC/MPS budget remains unchanged.

As at the end of June 2023 MPS and MOPAC are forecasting an underspend of £12.1m for the end of the 2023/24 financial year of which £12.5m relates to MPS, offset by an overspend within MOPAC of £0.4m.

The Capital Programme remains unchanged since it was approved in March 2023 and is forecasting an underspend of £53.5m largely driven by delays in a property transaction along with variety of refurbishment works no longer expected to take place in the current financial year (£70.3m) and other minor underspends (£2.1m) offset by an overspend in Transformation (£18.9m).

The forecast position on reserves is also set out in the report and shows that earmarked reserves are forecast to reduce from £448.8m at the end of 2022/23 to £266.6m by the end of 2023/24. The reduction in reserves is £11.3m less than anticipated when the budget was set due a number of reasons including, reprofiling of projects into future financial years requiring funds to be carried forward from both 2022/23 into 2023/24 and also 2023/24 into 2024/25, and changes in planned usage of reserves.

Recommendation:

The Deputy Mayor for Policing and Crime is asked to:

1. Note the Quarter One forecast position for the MOPAC/MPS 2023/24 revenue budget is a £12.1m underspend;
2. Note the Quarter One forecast position on the 2023/24 capital programme is a £53.5m underspend due to slippage;

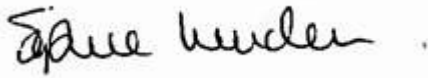
3. Note the MPS are forecasting to deliver £42.5m savings against an approved savings target of £61.4m.

Deputy Mayor for Policing and Crime

I confirm that I have considered whether 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

26-10-23

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

Decision required – supporting report

1. MOPAC/MPS Revenue Budget 2023/24

- 1.1. In March 2023, the MOPAC/MPS 2023/24 revenue budget was set at £3,281.5m, comprising of a £4,533.1m expenditure budget and a £1,251.6m income budget (this included a £193.6m transfer from reserves). Of this net expenditure £72.7m related to MOPAC, and £3,208.8m to the MPS.
- 1.2. Since the budget was approved the further revisions to the MOPAC budget have been approved reflecting the proposed use of carry forwards from the 2022/23 budget, changes in grant assumptions and a minor adjustment between the MOPAC and MPS budget. Net expenditure remains the same at £3,281.5m.

2. MOPAC/MPS Revenue Budget Forecast 2023/24

- 2.1. As at the end of Quarter One MOPAC/MPS are forecasting an underspend of £12.1m of which £12.5m relates to MPS budgets offset by an overspend of £0.4m on the MOPAC budgets. As this is the first monitoring of the 2023/24 financial year, a number of assumptions have been made and the forecast position is likely to change as the year progresses. A summary of the variances as at the end of June 2023 is set out below.

MOPAC Budget

- 2.2. As at the end of Quarter One, MOPAC and the VRU are forecasting a year end overspend of £0.4m. This includes the proposed carry forward of funds totalling £3.3m to align spend to delivery and use of reserves totalling £0.3m to fund the costs of the London Policing Board in 2023/24 whilst a longer term funding solution is identified, offset in part by a reduction in the budgeted use of reserves.

MPS Budget

- 2.3. As at the end of Quarter One the MPS are forecasting an underspend of £12.5m. The main variances are set out below:-
 - Police Officer and PCSO Pay - The forecast for Police Officer and PCSO pay is a £62.4m underspend against the original budget reflecting officer numbers are forecast to be below the budgeted level. There is a corresponding reduction of £63m in specific grants reflecting withheld Home Office PUP funding as a consequence of this
 - Police Officer Overtime – Officer overtime is forecast to be £30.6m overspent against the original budget. Some of this relates to overtime on special one-off events such as the Coronation (£6.8m), for which the MPS expects to be reimbursed by the Home Office. Vacancy cover and high numbers of probationers are the main drivers behind the residual overspend.
 - Police Staff Pay – Police Staff pay is forecast to be overspent by £4.9m against the original budget. This is largely due to the impact of additional holiday pay accrued as part of the increased overtime spend, which is traditionally reported within the pay numbers.
 - Police Staff Overtime – The Staff overtime forecast variance is a £16.3m overspend. The main drivers behind this include an increased number of calls being handled by MetCC, coupled with high vacancy levels and resourcing shortfalls.
 - Running Costs – Overall Running Costs are anticipated to be £19.2m overspent by the end of the Financial Year of which £12.8m relates to Transport costs, £31.9m relates to Employee-related

expenditure, and £22.9m relates to Premises costs. The costs are offset in part by a forecast underspend of £48.4m in Suppliers and Services.

- Capital Financing Costs – The current forecast for Capital Financing Costs is a £17.5m underspend this is being driven by the ongoing slippage in the Capital Programme, resulting in lower borrowing costs and Minimum Revenue Provision charges.
- Other Income - Other Income is forecast to be £34.2m in excess of the original budget. The main drivers for the variance are higher than anticipated interest balances and higher interest rates, offset in part by a forecast reduction in income from funded sources.
- Specific grants - The forecast grant position is for an under-recovery of £3.4m against the original budget due the lag in officer recruitment and the corresponding reduction in the Home Office PUP grant. This is offset in part by additional Government funding in relation to the Coronation and Operation Northleigh.

2.4. The MPS approved savings and efficiencies target for 2023/24 is £61.4m. The MPS are currently forecasting delivery of savings totalling £42.5m, a shortfall of £18.9m

3. Capital Budget 2023/24

3.1. The Capital Programme is forecasting expenditure of £307.3m, this represents a forecast underspend of £53.5m against the original budget of £360.8m. The main variances are as follows:

- Property Services – A forecast underspend of £70.3m largely due to a property transaction estimated to be worth £40m along with variety of refurbishment works no longer expected to take place in the current financial year.
- CTPHQ – A forecast overspend of £2.1m due to a number of adjustments and reprofiling offset by a 30% over-programming adjustment to the capital plan to bring the plan to a level that is achievable.
- Fleet Services – A forecast underspend of £2.7m mainly driven by a underspend on the purchase of vehicles and delayed expenditure on telematics.
- Operations and Performance – A forecast underspend of £1.5m due largely to an underspend in digital forensics due to delays to kiosk roll-out owing to supplier issues.
- Data, Digital and Technology - Forecast to spend in line with budget.
- Transformation – Forecast overspend of £18.9m driven primarily by the CONNECT project. Delay in the go live date, combined with the additional work which caused the delay has resulted in additional forecast expenditure of £22.7m. This is offset in part by a forecast underspend of £4.7m in the Command and Control project due to slippage.

3.2. Full details can be found in the Q1 Performance Report: [MOPAC Q1 Report 2023-24 | London City Hall](#)

4. Reserves

4.1. Earmarked reserves of £448.8m were available from 1 April 2023 and the budget approved in March 2023 included the proposed use of reserves totalling £193.6m. The planned use of reserves is forecast to reduce by £11.3m to £182.3m as a result of the reprofiling of projects and changes in planned usage of reserves, of which £17.7m relates to the MPS offset by a planned increase in the use of reserves in MOPAC of £6.4m.

4.2. The general reserve remains at £46.1m, the level of general reserves will be continually reviewed to ensure they remain realistic and are sufficient to cover potential risks within the overall financial strategy should they crystallise.

5. Financial Comments

- 5.1. The report sets out the forecast position for 2023/24 as at Quarter One. Risks will continue to be monitored closely throughout the year in particular recruitment, planned use of reserves and the capital programme which continues to see significant slippage.

6. Legal Comments

- 6.1. There are no direct legal implications arising from this proposal.
- 6.2. 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.

7. GDPR and Data Privacy

- 7.1. GDPR matters have been discussed with the Data Protection Officer, who has confirmed that no Data Protection Impact Assessment (DPIA) is required for this area of spend. However, the personal details of any individuals or organisations with whom contract is made for the purposes of the engagement will be managed in accordance with MOPAC's wider Privacy Notice.

8. Equality Comments

- 8.1. MOPAC is required to comply with the public sector equality duty set out in section 149(1) of the Equality Act 2010. This requires MOPAC to have due regard to the need to eliminate discrimination, advance equality of opportunity and foster good relations by reference to people with protected characteristics. The protected characteristics are: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.
- 8.2. There are no equality and diversity implications arising from this report.

Public access to information

Information in this form (Part 1) is subject to the Freedom of Information Act 2000 (FOIA) and will be made available on the MOPAC website following approval.

If immediate publication risks compromising the implementation of the decision it can be deferred until a specific date. Deferral periods should be kept to the shortest length strictly necessary.

Part 1 Deferral:

Is the publication of Part 1 of this approval to be deferred? NO

If yes, for what reason:

Until what date:

Part 2 Confidentiality: Only the facts or advice considered as likely to be exempt from disclosure under the FOIA should be in the separate Part 2 form, together with the legal rationale for non-publication.

Is there a **Part 2** form – NO

ORIGINATING OFFICER DECLARATION:

	<i>Tick to confirm statement (☐)</i>
Financial Advice: The Strategic Finance and Resource Management Team has been consulted on this proposal.	☐
Legal Advice: Legal advice is not required.	☐
Equalities Advice: Equality and diversity issues are covered in the body of the report.	☐
GDPR and Data Privacy GDPR compliance issues are covered in the body of the report. A DPIA is not required.	☐
Head of Unit: The Deputy CFO and Head of Financial Management MOPAC has reviewed the request and is satisfied it is correct and consistent with the MOPAC's plans and priorities.	☐

OFFICER APPROVAL**Chief Executive**

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 26/09/2023



