

**REQUEST FOR DMPC DECISION – PCD 55**

**Title: MOPAC/MPS Financial Performance Quarter 1 2016/17**

**Executive Summary:**

This report sets out the current forecast revenue financial position of MOPAC/MPS, a overspend of £4.9m, representing 0.2% of the net budget. The paper includes a series of proposed budget and reserve movements, and the forecast capital position. Progress on planned savings is set out.

**Recommendation:**

That the DMPC

1. Approves the revenue budget movements set out in paragraphs 2.1-2.3
2. Approves the additional use of reserves as set out in paragraphs 2.2-2.3
3. Notes the forecast 2016/17 revenue financial position of a £4.9m overspend (which takes account of the above proposed budget movements and use of reserves)
4. Notes the forecast 2016/17 capital financial position of a £56m underspend (which excludes the proposed capital budget movement)
5. Notes the progress on planned savings, and the actions MPS propose to mitigate the risks

**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**

*Spurlock Henderson*

**Date**

*14/09/2016*

## 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 planned savings and 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

##### Budget Movements

- 2.1. The MPS has submitted a detailed schedule of proposed revenue budget movements building on the budget approved by the Mayor in February 2016. The detail is set out in Appendix 4 of the attached annex.
- 2.2. In summary these relate to changes to
- improve management reporting and updates to assumptions made in the original budget, for example reflecting changes to the service provided to the Palace of Westminster and revised capital financing costs. There is no net effect on the budget;
  - reflect changes to grant income and the related expenditure such as protective security grant, Police Innovation Funding and other income. There is no net effect on the budget, and
  - Additional spend to be met from additional use of reserves, specifically the firearms uplift, business support services and major change activities
- 2.3. Specifically in relation to the proposed additional use of reserves of £24m the impact is set out below. With the effect of the 2015/16 outturn the reserves are higher, at £152m at the end of 2016/17 than originally budgeted for at £109m.

	2015/16 £m	2016/17 £m	2017/18 £m	2018/19 £m
<b>Budget</b>	Forecast	Forecast	Forecast	Forecast
Opening balance	419	231	109	83
Use in year	(188)	(122)	(26)	(1)
Closing balance	231	109	83	82
<b>Outturn/Forecast</b>	Outturn	Forecast	Forecast	Forecast
Opening balance	419	298	152	126
Use in year	(121)	(146)	(26)	(1)
Closing balance	298	152	126	125

- 2.4. The MPS has also submitted a request for an increase in the 2016/17 capital budget of £22.1m. This is to reflect £20.8m (and the equivalent value in funding) of slippage from the planned

2015/16 programme, and £1.3m of relating to MOPAC approved additional costs of vehicles funded by TfL and the Paddington Green development funded by additional capital receipts.

- 2.5. The MPS are in the process of revising the capital programme as part of the 2017/18-20/21 budget submission, which will amend the 2016/17 and future years' capital budgets to reflect the latest forecast for 2016/17. Currently the 2016/17 forecast is to spend £209m, some £78m less than the proposed budget and £56m below the original budget. On the basis that spend is forecast to be less than the original budget it is not recommended to increase the budget at this stage. This will be kept under review as the capital budget developed.

### Forecast Reporting

- 2.6. Taking account of the proposed additional use of reserves and revenue budget movements above, at this relatively early stage of the financial year the MPS are forecasting a net £5m overspend for 2016/17. Appendix 1 of the attached sets out the year to date and forecast position by both budget and business group, the annex explains the major forecast variances which is summary are:

- Shortfall in planned savings – there are significant planned savings of £127m included in the 2016/17 budget, and the forecast is showing a shortfall against this target of £29m, 23%. Of the £29m the MPS consider £20m to have structural delivery problems and may impact also on the delivery of savings in future years. Of the remaining £9m, the savings are expected to be delivered but not in the anticipated timescales. A significant element of shortfall, £11m, is in relation to Digital Policing (DP) who are reviewing their contracts and operating model.
- Officer pay – there is a forecast underspend of £17.3m, of which £13.6m relates to posts which were expected to be externally funded. There is therefore an offsetting forecast under-recovery of income, leaving a net underspend of £3.7m.
- Staff pay – the net forecast underspend of £16.5m on staff pay arises from vacancies mainly in Territorial Policing (TP) and Specialist Operations (SO). Within TP some of the forecast underspend of £13.9m relates to custody and detention officers and is offset by additional Forensic Medical Examiner (FME) costs of £4m. Within SO the £7.5m forecast underspend is linked to grant income.
- Officer overtime – a net forecast overspend of £5.7m which MPS is expecting to alleviate some of this pressure.
- Running costs – forecast overspend of £16.5m mainly in relation to DP and Shared Support Services. The DP contracts and operating model are under review, and mitigating actions in relation to fleet and catering savings are planned.

- 2.7. The capital programme for 2016/17 was approved at a value of £265m. The latest forecast is for spend of £209m, a underspend of £56m. MPS are requesting an increase in the budget of £22m reflecting slippage from 2015/16 of £21m and additional external funding of £1m. However, whilst the forecast is to spend below the approved budget, and with work on-going for a comprehensive review of the capital programme as part of the MPS/MOPAC budget it is recommended that this request is deferred.

## 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. Annex 1 MPS Financial Performance Report for Quarter 1

**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>
<b>Head of Unit:</b> The SFRM team has reviewed the request and is satisfied it is correct and consistent with the MOPAC's plans and priorities.	✓
<b>Legal Advice:</b> The MPS legal team has been consulted on the proposal.	✓
<b>Financial Advice:</b> The Strategic Finance and Resource Management Team has been consulted on this proposal.	✓
<b>Equalities Advice:</b> Equality and diversity issues are covered in the body of the report.	✓

**OFFICER APPROVAL****Acting 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

*R. Lawrence*

Date

7/09/2016



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## Financial performance report for Quarter One 2016/17

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### A REPORT SUMMARY

1. This is the first full quarterly financial monitoring report for 2016/17 for the MOPAC Group. Taking account of the proposed budget changes and the latest forecasts for savings there is a revenue forecast overspend of £4.9m, representing 0.2% of net expenditure. Capital spend is forecast to be £78m below budget, 27% of budget.
2. The report:
  - Includes proposed revenue and capital movements after the budget was submitted to the GLA, including a proposed increased use of earmarked reserves this year, and
  - Examines the forecast outturn against the financial background in which the budget for the year was set, and highlights risks to delivering the 2016/17 savings to ensure a balanced budget at year end. For completeness the proposed revenue and capital budget movements are applied in determining the forecast outturn position.

### B RECOMMENDATIONS

The DMPC is asked to:

1. Approve the proposed budget movements and increase in the use of reserves - paragraph C1;
2. Approve the roll forward of 2015/16 capital slippage to the 2016/17 capital programme and other minor movements after the budget was submitted to the GLA - paragraph C3;
3. Note the current 2016/17 financial position in the MPS and the progress against planned savings – paragraphs C5 and C6;
4. Note the instances where there is a high risk of non-delivery of the savings planned for 2016/17 and the mitigating actions to review Corporate Board Support, ACPO Drivers and Training – paragraph C6;
5. Note that the next quarterly forecast report will reflect progress on planned initiatives to prioritise funded posts and increase detective capabilities – paragraph C9;
6. Note that Territorial Policing (TP) will investigate the understrength position within Criminal Justice, in particular Forensic Health Care Nurses and the Designated Detention Officers (DDOs) within Met Detention - paragraph C9;
7. Note that the next quarterly forecast report will report back on Digital Policing (DP) in-year pressures and forecast overspend and results of the ongoing review of the DP target operating model - Paragraph C12;
8. Note the update on the 2016/17 capital programme - paragraph C14;

9. Note the comprehensive review of the programme as part of the joint MPS/MOPAC budget scrutiny process, (where individual projects will be evaluated in line with strategic objectives and assessed in respect of the wider MPS savings targets) - paragraph C14.

**C SUPPORTING INFORMATION**

**Governance and Good Housekeeping**

**Revenue and reserves**

1. It is a requirement that the DMPC approve all new applications of earmarked reserves and all revenue and capital budget virements over £500,000 in line with the MOPAC Scheme of Consent and Delegation. The report seeks DMPC approval for revenue virements since the budget was submitted to the GLA. These movements are detailed in full in Appendix 4 and include:

- An £24.1m increase in the use of reserves as shown in the table below

	£m
<b>Earmarked reserves in the approved budget</b>	<b>-122.3</b>
Firearms uplift as per MOPAC decision by previous Deputy Mayor Spring 2016	-20.0
BSS linked to covering deficit in first year of contract (as part of the agreed Final Business Case).	-1.6
Other minor items to be funded from Major Change Reserve	-2.5
<b>Total recommended changes</b>	<b>-24.1</b>
<b>Revised budget (recommended)</b>	<b>-146.4</b>

- Adjustments to the budget to reflect new grants and income and related expenditure. Whilst predominantly Counter Terrorism related these movements also include increases in grants and income for protective security growth, safer transport and vetting, and changes in assumptions around innovation grant and income relating to partnerships, property and technology. As this expenditure is 'self-funded' there is no overall increase in the overall budget or decrease in reserves;
  - Budget structural changes to reflect basic housekeeping, good practice and updates to the assumptions made in December underpinning the budget. Full details are provided in Appendix 4. Specific examples include revised capital financing costs, transfer of security staff to the Palace of Westminster, cessation of secondments to ACPO, application of accounting best practice (for example splitting of Association of Train Operating Companies (ATOC) costs and reclassification of contractors' costs) and adjusted forecasts in respect of discretionary pensions. These adjustments represent movements between the various subjective categories such as police pay, police overtime, running expenses and as such the net impact on the overall budget is nil.
2. There are also a number of smaller virements. Individually they are all below the de-minimus level of £500,000 in the MOPAC Scheme of Consent and Delegation and do not require formal approval by the DMPC. Instances include Operation Herne and the Public Inquiry Team.

**Movements on the capital programme**



## Annex 1 to decision PCD 55

3. The DMPC is also asked to approve an increase of £22.1m to the 2016/17 capital programme that provides for £264.9m of expenditure in year. The £22.1m increase is comprised of:
  - £20.8m carried forward from the 2015/16 capital programme as part of the year end processes, reflecting £11m of estates and £4.8m of Digital Policing projects delayed in 2015/16 and £5.0m of uncompleted vehicles as part of the Vehicle Replacement Programme at year end, and
  - £1.3m of new expenditure fully funded by TfL and CT grants. Further details can be found in Appendix 5.
4. Assuming these changes are approved, capital expenditure in 2016/17 capital programme will increase from £264.9m to £287.0m.

### **Financial performance for 2016/17**

5. Detailed in Appendix 1 is the Summary Revenue Budget Monitoring Statement for Quarter One of 2016/17 incorporating the projected outturn for the financial year. A net overspend of £4.9m is forecast for the year against the approved net budget of £2,498m, (£3,339m gross budget).
6. Whilst forecasting an under delivery of £29m against the savings target this year, the position is partly mitigated by underspends within police pay (unfunded areas), police staff pay (mainly TP) and discretionary pensions to provide an overall forecast overspend of £4.9m at year end.

### **Achievement of savings target**

7. The 2016/17 budget requires savings of £127m to be delivered. Appendix 2 shows that in tracking progress there is confidence that £98m will be delivered and whilst £9m may not be delivered this year due to timing issues, the savings are likely to be delivered next year. This leaves £20m remaining where there is a high risk of non-delivery and a pressing need to consider and recommend mitigating actions. Digital Policing (DP) are currently reviewing the implementation of the Total Technology Programme (TTPi) contracts to identify proposals to manage the DP pressures. The other high risk areas under review include Corporate Board Support, ACPO Drivers and Training.

### **Other key pressures and inter-dependencies**

#### **Police pay**

8. It is projected that the MPS will underspend on police pay by £17.3m. £13.6m of this amount relates to externally funded posts which will not impact on the MPS bottom line as specific grant and income will be reduced accordingly in this area. MPS plans to fill all funded posts to 100% in future. The position will be reviewed when the forecast position is updated at the end of Period 6.

#### **Police staff pay**

9. There is an underspend of £16.5m on police staff, which is primarily within Territorial Policing (TP) and Specialist Operations (SO). The underspend in TP relates to delays in Designated Detention Officers (DDO's) and custody nurse recruitment. MPS are reviewing the understrength position within Criminal Justice to mitigate future risks.

Police overtime

10. For police overtime, there is a projected net outturn overspend of £5.7m (£12.2m less additional Counter Terrorism/Protective Security grant of £6.5m), based on the position at 30 June. There is an expectation that MPS initiatives should alleviate some of the pressure on police overtime. This will be reviewed as part of the next quarterly forecast.
11. The next quarterly forecast will also reflect any further pressures arising from ongoing operations, and all police overtime is reviewed within the Deputy Commissioner's Gold Group.

Running costs

12. In terms of running cost budgets, there is a forecast to overspend by £16.5m mainly linked to overspends in DP and Shared Support Services (SSS). These are being addressed by:
- A review is planned to identify proposals to manage the pressures in the DP budget arising from implementation of the Total Technology Programme (TTPi), and
  - Mitigating actions are planned in 2016/17 in respect of the savings within fleet and catering which will now be delivered next financial year;

Capital Programme

13. At the start of 2016/17 the Mayor approved a capital programme that provided for £264.9m of expenditure. This will be funded from a combination of capital receipts, grants and other contributions.
14. Capital expenditure for the year is forecast at £209.3m against an adjusted 2016/17 programme of £287.0m, with a variation of £77.7m forecast at year end. It should be noted however that the respective provisioning departments are undertaking a comprehensive review of their capital programme as part of the joint MPS/MOPAC budget scrutiny process.
15. Further details including an analysis of spend against the new Portfolio Structure can be found in Appendix 3.

Summary position of spend by provisioning department – June 2016

Provisioning department	Capital programme 2016-17 £m	Actuals £m	Forecast to 31/03/17 £m	Variance Approved Programme £m	% of forecast spent	% of programme spent
Digital Policing	137.9	8.4	80	-57.9	11%	6.1%
Property Services	113.8	25.8	94	-19.8	27%	22.7%
Fleet Services	25.4	1.1	25.4	0	4%	4.3%
NCTPHQ	9.9	0.2	9.9	0	2%	2.0%
<b>Budget</b>	<b>287.0</b>	<b>35.5</b>	<b>209.3</b>	<b>-77.7</b>	<b>17%</b>	<b>12.4%</b>

16. At 30 June 2016 the MOPAC Group had received net capital receipts of £37m. The year end figure for capital receipts and grants are at the approved level of £287m. However there are several risks that may alter the timing and level of receipts generated in future years, such as the economic climate post the decision to exit the EU, new Mayoral priorities and the ongoing review of the estates transformation programme.

## Overall revenue position against the updated 2016/17 budget

The table below provides a summary of the Quarter One position for subjective budgets for the MPS and MOPAC. The total year to date figures in Col 1 are based on updated budget profiles as part of the detailed forecast exercise for this quarter. These profiles have been updated to reflect recent events and new information that has come to light since the budgets were originally set. The forecast outturn position at the end of Quarter One shows a small overspend of £4.9m.

MOPAC Group Summary Revenue Budget Monitoring Statement for Quarter One of 2016/17

Total Year to Date Budget	Total Year to Date Actuals	Total Year to Date Variance	Cost category	Revised Annual Budget	Forecast	Total Annual Variance	Total Annual Variance
£m	£m	£m		£m	£m	£m	%
453.4	447.6	-5.8	Police Officer Pay	1832.0	1814.7	-17.3	-0.9%
121.8	117.3	-4.5	Police Staff Pay	489.5	473.0	-16.5	-3.4%
15.7	15.7	-0.1	PCSO Pay	60.7	60.1	-0.6	-1.0%
<b>590.9</b>	<b>580.5</b>	<b>-10.4</b>	<b>Total Pay</b>	<b>2382.2</b>	<b>2347.8</b>	<b>-34.4</b>	<b>-1.4%</b>
16.5	19.1	2.6	Police Officer Overtime	66.1	78.3	12.2	18.5%
5.2	5.9	0.7	Police Staff Overtime	20.5	21.4	0.9	4.4%
0.1	0.0	0.0	PCSO Overtime	0.3	0.2	-0.1	-33.3%
<b>21.8</b>	<b>25.0</b>	<b>3.2</b>	<b>Total Overtime</b>	<b>86.9</b>	<b>99.9</b>	<b>13.0</b>	<b>15.0%</b>
<b>612.7</b>	<b>605.6</b>	<b>-7.1</b>	<b>Total Pay &amp; Overtime</b>	<b>2469.1</b>	<b>2447.7</b>	<b>-21.4</b>	<b>-0.9%</b>
5.1	7.5	2.4	Employee Related Expenditure	25.0	26.6	1.6	6.4%
43.7	43.2	-0.5	Premises Costs	169.2	169.4	0.2	0.1%
13.9	14.6	0.7	Transport Costs	57.0	61.1	4.1	7.2%
117.0	114.9	-2.1	Supplies & Services	539.4	550.0	10.6	2.0%
<b>179.7</b>	<b>180.2</b>	<b>0.5</b>	<b>Total Running Expenses</b>	<b>790.6</b>	<b>807.1</b>	<b>16.5</b>	<b>2.1%</b>
10.7	10.7	0.0	Capital Financing Costs	43.0	43.0	0.0	0.0%
9.0	8.4	-0.6	Discretionary Pension Costs	35.9	33.5	-2.4	-6.7%
<b>812.1</b>	<b>804.9</b>	<b>-7.2</b>	<b>Total Gross Expenditure</b>	<b>3338.6</b>	<b>3331.3</b>	<b>-7.3</b>	<b>-0.2%</b>
-66.9	-61.8	5.1	Other Income	-267.5	-267.4	0.1	0.0%
-101.9	-94.4	7.4	Specific Grants	-426.3	-414.4	11.9	-2.8%
-14.9	-12.4	2.5	Transfers to/(from)Reserves	-146.4	-146.2	0.2	-0.1%
<b>628.5</b>	<b>636.3</b>	<b>7.8</b>	<b>Total Net Expenditure</b>	<b>2498.4</b>	<b>2503.3</b>	<b>4.9</b>	<b>0.2%</b>
-596.3	-596.3	0.0	Funding (General Grant & Precept)	-2498.4	-2498.4	0.0	0.0%
<b>32.2</b>	<b>40.0</b>	<b>7.8</b>	<b>Overall MPS &amp; MOPAC Total</b>	<b>0.0</b>	<b>4.9</b>	<b>4.9</b>	<b>-</b>

The table below provides further analysis of the projected under and over spends for each business group.

**2016/17 projected budget variations analysed by Business Group**

<b>Year to Date Budget</b>	<b>Year to Date Actuals</b>	<b>Year to Date Variance</b>	<b>Business Group / Unit</b>	<b>Annual Budget</b>	<b>Forecast</b>	<b>Variance</b>	
<b>£m</b>	<b>£m</b>	<b>£m</b>		<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>%</b>
279.4	289.8	10.4	Territorial Policing	1120.5	1148.6	28.1	2.5%
92.4	85.7	-6.7	Specialist Operations (Exp)	382.8	374.9	-7.9	-2.1%
-92.5	-85.6	6.8	Specialist Operations (Inc)	-382.9	-375.0	7.9	-2.1%
0.0	0.1	0.1	Specialist Operations (Net)	-0.1	-0.1	0.0	0.0%
166.9	162.6	-4.3	Specialist Crime & Operations	671.5	670.1	-1.4	-0.2%
45.4	57.7	12.4	Digital Policing	147.2	158.1	10.9	7.4%
99.6	97.7	-1.9	Met HQ and Shared Support Services less Digital Policing	400.1	401.0	0.9	0.2%
9.3	5.2	-4.1	MOPAC	36.9	36.8	-0.1	-0.3%
-568.3	-573.1	-4.8	Centrally Held	-2375.9	-2409.4	-33.5	1.4%
<b>32.2</b>	<b>40.0</b>	<b>7.8</b>	<b>Totals</b>	<b>0.0</b>	<b>4.9</b>	<b>4.9</b>	<b>-</b>

Whilst there are significant variations between the Business Groups in the Table above, plans are being developed to fill vacant police posts more evenly across the MPS and address the imbalance between TP and the other Groups. This position will be reviewed when the forecast position is updated at the end of Period 6.

## Update on savings delivery

The table below shows the current position on the deliverability of the £127m savings proposals for 2016/17. The total savings of £127m consist of back office savings of c£80m with the remainder coming from front/middle office budgets. All of these savings were agreed as part of the 2016/17 budget process. The forecast suggests that there will be an under delivery of £29m against the savings plan, i.e. there is confidence that £98m will be delivered and whilst £9m may not be delivered this year due to timing issues, the savings are likely to be delivered next year. This leaves £20m remaining where there is a high risk of non-delivery and a pressing need to consider and recommend mitigating actions. DP are currently reviewing the implementation of the TTPi contracts to identify proposals to manage the DP pressures. The other high risk areas under review include Corporate Board Support, ACPO Drivers and Training.

	Planned Saving (£m)	Forecast Saving (£m)	Variation (£m)
Savings with structural delivery problems	-57.8	-37.7	20.1
Savings with timing delivery problems	-17.2	-8.0	9.2
Savings that are forecast to be delivered in full	-51.8	-51.8	0.0
Overall Total – MPS	-126.8	-97.5	29.3

## Capital Programme analysed across new portfolios

In line with the new MPS Portfolio Structure the capital programme has been analysed across the 13 portfolios. In this early stage meetings are currently being held with SROs to take them through the approved capital programme and explain how the individual budgets fall across Portfolios. As the year progresses the report will be enhanced with forecasts provided across the life of the projects.

The table below shows the full year budget and year to date position across the portfolios.

Summary position of spend by Portfolios – June 2016

MPS Portfolio structure	Budget £m	Actuals £m	Forecast £m	Variance £m
Creating a Business Support function of the Future	0.9	0	0	-0.9
CT Policing Change Portfolio	14.3	0.4	12.8	-1.5
Strengthening our Armed Policing Capability	2.2	0	2.2	0
Enhance Digital Policing for 2020	35.4	3.5	30.7	-4.7
Improving Public Access and first contact	3.1	0.1	3.7	0.6
Optimising Response	20.3	2.4	12.3	-8
Reinforcing HQ, Improving Information Management	0.7	0.6	3.1	2.4
Smarter Working (mobility)	45.8	0.4	49.6	3.8
Transforming Investigation and Prosecution	27.3	1.2	30.2	2.9
Adjustment to reflect interim forecast from DP (6)			-52.5	-52.5
	<b>150.0</b>	<b>8.6</b>	<b>92.1</b>	<b>-57.9</b>
Delivering Maximum Commercial Efficiency - Fleet	23.2	1.1	23.2	0
Transforming the MPS Estate	113.8	25.8	94.0	-19.8
<b>Total Capital Programme</b>	<b>287.0</b>	<b>35.5</b>	<b>209.3</b>	<b>-77.7</b>

### Portfolios with primarily DP capital spend

Capital spend in the first nine portfolios is primarily IT based. The interim forecast for DP capital spend in 2016/17 is £80m<sup>1</sup>. This reflects actual spend in recent years and will be revised following an in-depth review of the DP capital programme.

#### Delivering Maximum Commercial Efficiency (Fleet)

The current forecast reflects the early and expected low spend and is based on the planned delivery dates of vehicles in the 2016/17 Vehicle Response Plan. The low spend is due to the delay in the setting up of tenders that was reported in 2015/16. Two main tenders are now in place (Response Cars and 4x4's) and orders are now being progressed accordingly. These contracts enable the purchase of up to 325 vehicles.

Three other main tenders (Non response cars, Response Vans and Surveillance Cars) are now reaching final approval stage with MOPAC and should be available to progress orders in the very near future. These contracts enable the purchase of up to 402 vehicles. The forecast is expected to be highest in the final quarter of the financial year to reflect spend plans.

<sup>1</sup> Col 3 of the table 13.3 - The actual forecast for the first nine portfolios is £92.1m. This includes £80m of DP expenditure £9.9m CT and £2.2m of Fleet expenditure = £92.1m. An adjustment of £52.5m has been made to reduce the original DP forecasts made by the project managers more in line with actual spend to date.

### **Transforming the MPS Estate:**

The MPS Property Services as at the end of Period 3 have spent £26m against the budget of £113m approved. The forecast outturn has been amended to £94m as at July 2016 as key investment decisions in regard to estate transformation have yet to be taken due to the ongoing review of the estate transformation strategy, One Met Model and re-profiling of decisions due to the Mayoral election. In this case the totality of PSD capital spend for 2015/16 to 2018/19 would remain at circa £750m as approved by the Mayor in February, but the final profile of spend between years may change.

## Detailed analysis of recommended budget moves to be submitted to DMPC for approval

Apart from the increased use of reserves, the net impact of these movements on the approved budget is nil.

£m	Police Officer Pay	Police Staff and PCSO Pay	Police Officer Overtime	Police Staff and PCSO Overtime	Running expenses	Capital Fin Costs	Discret'y Pensions	Income	Grants	To/from Reserves	Total
<u>Application of new income/grants</u>											
Protective security growth and inflation	7.1	2.0	-0.5	0.2	4.5	0.0	0.0	0.0	-13.3	0.0	0.0
Change in CT Grant	14.5	14.5	0.7	0.1	5.9	0.0	0.0	0.0	-35.7	0.0	0.0
Change in Safer Transport income	0.0	0.0	1.1	0.0	0.0	0.0	0.0	-1.1	0.0	0.0	0.0
Change in TFL and GSZ income	0.0	0.0	0.0	0.0	2.5	0.0	0.0	-2.5	0.0	0.0	0.0
Increase in vetting income	0.0	0.0	0.0	0.0	2.9	0.0	0.0	-2.9	0.0	0.0	0.0
Change in assumptions re Innovation Fund grant and income relating to partnerships, property and technology	0.0	0.0	0.0	0.0	0.4	0.0	0.0	0.9	-1.3	0.0	0.0
Heathrow - now funded by income rather than CT grant	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-6.5	6.5	0.0	0.0
Sub total	21.6	16.5	1.3	0.3	16.2	0.0	0.0	-12.1	-43.8	0.0	0.0
<u>Increased application of reserves</u>											
Firearms uplift as agreed per MOPAC decision by previous DMPC	0.0	0.0	0.0	0.0	20.0	0.0	0.0	0.0	0.0	-20.0	0.0
BSS linked to covering deficit in first year of contract (as part of the agreed Final Business Case). This is part of the decision around outsourcing and as such should have been reflected in the budget.	0.0	1.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-1.6	0.0
Other minor items previously agreed to be funded from Major	0.0	1.3	0.0	0.0	1.2	0.0	0.0	0.0	0.0	-2.5	0.0
Sub total	0.0	2.9	0.0	0.0	21.2	0.0	0.0	0.0	0.0	-24.1	0.0



**Detailed analysis of recommended budget moves to be submitted to DMPC for approval (continued)  
Apart from the increased use of reserves, the net impact of these movements on the approved budget is nil.**

£m	Police Officer Pay	Police Staff and PCSO Pay	Police Officer Overtime	Police Staff and PCSO Overtime	Police Staff and PCSO Overtime	Running expenses	Capital Fin Costs	Discret'y Pensio ns	Income	Grants	To/from Reserves	Total
<b>Budget structural changes</b>												
Re-alignment of budget for employees national insurance to reflect actual staffing levels	-2.5	2.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Adjustment to reflect staff that are no longer on payroll at the Palace of Westminster	2.1	-12.8	-0.8	-1.9	-0.1	0.0	0.0	0.0	13.5	0.0	0.0	0.0
Change in secondments	0.1	-0.9	0.0	0.0	0.0	0.0	0.0	0.0	-0.2	1.0	0.0	0.0
Separation of ATOC income and expenditure within budget in base (into gross and net)	0.0	0.0	0.0	0.0	10.8	0.0	0.0	0.0	-10.8	0.0	0.0	0.0
Change in treatment of one-off expenditure in accordance with proper accounting practice and updated information	0.9	-0.1	0.0	0.0	-2.2	-0.6	0.0	0.0	0.7	1.3	0.0	0.0
Increase the budget of interest and loan charges grant budgets to reflect latest estimates based on historical data	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.6	0.6	0.0	0.0
Reassessment of capital financing needs based on 2015/16 capital outturn (updates previous information)	0.0	0.0	0.0	0.0	2.7	-2.7	0.0	0.0	0.0	0.0	0.0	0.0
Application of best practice accounting treatment of contractor budgets in DP	0.0	3.2	0.0	0.0	-3.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Minor structural and accounting housekeeping changes	0.0	0.3	0.0	0.0	0.0	0.0	0.0	-0.7	0.4	0.0	0.0	0.0
Sub total	0.6	-7.8	-0.8	-1.9	8.0	-3.3	-0.7	3.0	2.9	-40.9	-24.1	0.0
Various budget moves under de minimus of £500,000 which have been aggregated (do not need approval from DMPC)	-3.7	2.4	1.8	-0.1	-1.1	0.0	0.0	0.7	0.0	0.0	0.0	0.0
<b>Total Virements</b>	<b>18.5</b>	<b>14.0</b>	<b>2.3</b>	<b>-1.7</b>	<b>44.3</b>	<b>-3.3</b>	<b>0.0</b>	<b>-9.1</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Approved budget as agreed by the DMPC</b>	<b>1813.5</b>	<b>535.7</b>	<b>63.5</b>	<b>22.4</b>	<b>746.1</b>	<b>46.3</b>	<b>35.9</b>	<b>-257.7</b>	<b>-385.0</b>	<b>-122.3</b>	<b>2498.4</b>	
Virements	18.5	14.0	2.3	-1.7	44.3	-3.3	0.0	-9.1	-40.9	-24.1	0.0	
<b>Revised budget</b>	<b>1832.0</b>	<b>549.7</b>	<b>65.8</b>	<b>20.7</b>	<b>790.4</b>	<b>43.0</b>	<b>35.9</b>	<b>-266.8</b>	<b>-425.9</b>	<b>-146.4</b>	<b>2498.4</b>	

### Proposed changes to the 2016/17 capital programme

Following the quarterly forecasting process it is recommended that changes of £22.1m in the original capital programme are submitted to the DMPC for approval. The original 2016/17 capital programme of £264.9m was approved by the GLA in February 2016.

The table below shows how the original 2016/17 programme will change assuming the recommendations are accepted by the DMPC. These changes would increase the total capital programme for 2016/17 from £264.9m to £287.0m.

#### Revised capital programme 2016/17

	£m
Approved capital programme 2016/17	264.9
<b>Recommended changes</b>	<b>22.1</b>
Revised capital programme 2016/17	287.0

The proposed changes of £22.1m to the approved capital programme reflect both:

- i. £20.8m expenditure (and matched funding) carried forward from 2015/16

As part of the year end processes, the MPS wishes to roll forward previously approved expenditure (and corresponding funding) into the next year, where estates projects of £11m and DP projects of £4.8m were delayed in 2015/16 and where £5.0m vehicles were uncompleted at the year-end as part of the Vehicle Replacement Programme, and

#### Roll forward of £20.8m from 2015/16

Transforming the estate	£m	Vehicle replacement	£m	Digital Policing	£m
Forward Works <sup>2</sup>	6.5	Reprogramming of VRP from 2015/15	5.0		4.8
NSY DP	1.7				
Hendon Driving	2.0				
Hendon	0.8				
	11.0		5.0		4.8

- ii. £1.3m of self-funded new expenditure:

The need to make changes for estates, digital policing and fleet to reflect decisions and events after the budget was submitted to the GLA. This includes £1.0m of new expenditure to reflect an increased budget for Paddington Green approved in March, not reflected in the capital programme approved in February and £0.3m update on the TFL requirement to correspond with the approved Vehicle Replacement Programme 2016/17.