

REQUEST FOR DMPC DECISION – PCD 709

Title: MPS Financial Reporting 2019/20 - Quarter 3

Executive Summary:

The Deputy Mayor for Policing and Crime is asked to note the MPS 2019/20 forecast position, and to approve a number of budget and reserves movements.¹

After other income, specific grants and reserves transfers, the net expenditure forecast position is an overspend of £21.7m. This reflects very significant calls for police activity in the year to date and the MPS' relentless focus to bear down on violence. To mitigate this overspend there is a review of discretionary spend taking place and some activities may be reprofiled into next year.

The forecast contains an overspend of £17.1m on Police Officer Pay and Overtime after specific grants and additional income are taken into account. This is driven by operational pressures in Frontline Policing and MPS Operations due to a step up of operations to tackle violence across London and to meet other crime demands.

The forecast for officer pay reflects very successful recruitment activity by the MPS, which will see at least 31,500 FTE police officers being in post by the end of March. This is 500 more officers than originally budgeted, due to additional Home Office funding for an in year uplift. This is on top of the 1,300 extra officers, above the workforce that would otherwise be affordable, provided for from Mayoral funding.

The forecast capital expenditure for 2019/20 is £244.4m. This represents a forecast underspend of £29.9m against the revised budget of £274.3m. Reprofiting of activity within the Property and Transformation areas are the key drivers for this.

We recommend that the Deputy Mayor for Policing and Crime approves at quarter 3, the reserve transfers, application of grants and income and housekeeping budgetary changes as listed in Appendix 1.

The paper also seeks approval for the publication of the 2019/20 Quarterly Performance Update Report for quarter 3 - attached as Appendix 2.

Recommendation:

The Deputy Mayor for Policing and Crime is asked to

1. Note the MPS 2019/20 forecast revenue and capital financial position.
2. Approve the MPS budget movements and transfer to reserves set out in paragraph 2.4.
3. Approve the publication of the '**Mayor's Office for Policing & Crime Quarterly Performance Update Report Quarter 3 2019/20**'

Deputy Mayor for Policing and Crime

¹ This Decision paper relates to just the Metropolitan Police Service (MPS) 2019/20 quarter 3 financial position. The MPS budget, officially known as the Commissioner of Police of the Metropolis budget, is part of the MOPAC Group accounts.

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:

Spivey Lunde

Date

3/3/2020

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

1. Introduction and background

- 1.1. As part of MOPAC and MPS corporate governance arrangements regular monthly and in-depth quarterly monitoring processes are in place to track spend against budget, forecast outturn and monitor 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

Revenue

- 2.1. The forecast year end net revenue position is an overspend of £21.7m.
- 2.2. Further detail of forecast under and overspends is set out in Appendix 2 from pages 44 - 48.

Capital

- 2.3. Capital investment is forecast to be £244.4m in 2019/20 against the approved revised budget of £274.3m. At the end of Q2 the original budget of £388m was revised to £274.3m as per forecasts at the time. Further detail of variances is set out in Appendix 2 from pages 49 - 50.

Reserves Movements

- 2.4. The reserves movements are set out in Appendix 1

The Deputy Mayor for Policing and Crime is requested to approve;

Reserve movements as follows-

- Transfers into reserves;
 - £8.0m Reduction in the planned Counter Terrorism reserve drawdown to fund future capital expenditure.
 - £2.0m Territorial Policing Operational Capacity/Mental Health planned drawdown no longer required in 2019/20.

Transfers out of reserves

- £0.8m Increase in planned drawdown due to increase in Collaborative Procurement Grant
- £1.3m Reduction of planned transfers to Property reserves
- £0.4m POCA drawdown

- Approve the application of grants and income, the corresponding change in the expenditure budget, and housekeeping budgetary changes to re-align budgets to forecast spend with a net nil increase in the budget.
- Movement to MOPAC reserves relates to VRU commissioning of £1.1m following virement from CJC Safer Schools budget to VRU. The work is being re-profiled from 2019/20 to 2020/21.

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 Deputy Mayor for Policing and Crime 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 Deputy Mayor for Policing and Crime.

5. GDPR and Data Privacy

- 5.1. The project does not use personally identifiable data of members of the public therefore there are no GDPR issues to be considered.

6. Equality Comments

- 6.1. There are no equality or diversity implications arising from this report.

7. Background/supporting papers

Appendix 1 – Revenue Budget Transfers

Appendix 2 – Quarterly Performance Update Report – Quarter 3 2019/20

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 <ul style="list-style-type: none">GDPR compliance issues are covered in the body of the report.A DPIA is not required.	✓
Head of Unit: The Interim Head of Strategic Finance and Resource Management has reviewed the request and is satisfied it is correct and consistent with the MOPAC's plans and priorities.	✓

OFFICER APPROVAL

Interim Chief Executive 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

02/02/2020

APPENDIX 1 - Revenue Budget Transfers

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

	Business Group	Police Officer Pay	Police Staff and PCSO Pay	Police Officer Overtime	Police Staff and PCSO Overtime	Running expenses	Capital Financing costs	Discret'y Pensions	Income	Grants	Transfers to/from Reserves	Grand Total
		£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Approved Budget at Q3 2019/20		1,907.8	572.6	101.3	21.9	785.8	77.0	34.4	-267.5	-564.7	154.2	2,823.0
Revised application of reserves												
Increased use of Collaborative Procurement Grant	CS					0.8						-0.8
Revised Mercury profile and expected CT reserve usage	SO						-8.0					8.0
Reduction of Planned transfers to Property Reserves	CS		0.2			1.1						-1.3
Mental Health funding not required in 2019/20 but in 2020/21	FP					-2.0						2.0
Q3 Application of POCA reserves	Various			0.1	0.0	0.3	0.0	0.0	0.0	0.0		-0.4
Application of reserves total		0.0	0.2	0.1	0.0	0.3	-8.0	0.0	0.0	0.0	7.4	0.0
Application of Grants and Income												
PoW unarmed uplift	SO	0.2	0.1	1.5		0.3			-2.0			
CT Grant Mercury programme funding uplift	SO	0.4	2.3			1.9						-4.6
Funding uplift for Corvina	SO	0.1	0.2			0.8						-1.1
Application of Income/ grants total		0.7	2.5	1.5	0.0	3.0	0.0	0.0	-2.0	-5.6	0.0	0.0
Housekeeping >£0.5m												
Move Project revenue from supplies to staff pay	DP		1.3			-1.3						
Correct budget allocation from the £84m	Prof	-1.5				1.5						
Revenue Contribution to Capital Outlay (Lab-net storage)	MO					-1.0	1.0					
Budget structural changes total		-1.5	1.3	0.0	0.0	-0.8	1.0	0.0	0.0	0.0	0.0	0.0
Various budget moves under de minimum of £500,000 (aggregated, do not need approval from DMPC)	MPS	0.3	0.0	0.0	0.0	0.4	0.0	0.0	-0.2	-0.4	0.0	
Total Virements		-0.6	4.0	1.5	0.0	2.8	-7.0	0.0	-2.3	-6.0	7.4	0.0
Revised budget Q3 (to be approved)		1,907.3	576.6	102.8	21.9	788.7	70.0	34.4	-269.7	-570.7	161.6	2,823.0