

REQUEST FOR DMPC DECISION – DMPCD 2015 109

Title: MOPAC Budget Monitoring 2015 – Period 4

Executive Summary:

This paper summarises the period 4 financial monitoring and requests the DMPC approval.

Recommendation:

The DMPC is asked to

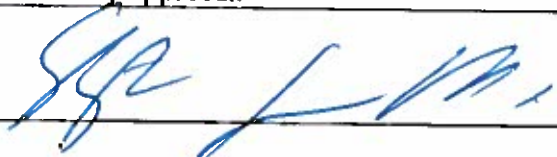
1. Note the period 4 financial monitoring position;
2. Approve the transfers to and from reserves as detailed in paragraph 3.2.

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

18/9/2015

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.

2 Issues for consideration

- 2.1 In summary, an overspend of £38.8m is forecast for 2015/16. The net forecast overspend is mainly due to pressures within the following budgets:
- Police Staff Pay - £7.8m
 - Police Overtime £11.3m (net of income/grant related to overtime)
 - Supplies and Services - £11.6m
 - Income - £15m shortfall

These are offset by forecasts underspends on

- PCSO Pay (£3.3m)

Appendix 1 sets out further detail of the period 4 financial monitoring position.

- 2.2 The forecast outturn for capital expenditure is £259m compared to the 2015/16 Capital Programme of £265m.

3 Financial Comments

- 3.1 As this is a financial report the financial implications are contained within the body of the report.
- 3.2 The net value of the transfer to/from reserves is £60k, the breakdown is as follows:
- Transfer to reserves of £23k – BAA Airwave Replacement
 - Transfer from reserves £23k – Communications Project
 - Transfer from reserves £5k – Major Change Fund
 - Transfer from reserves £55k – Partnership & Sponsorship

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:

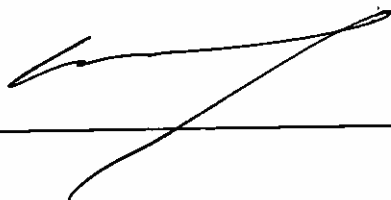
ORIGINATING OFFICER DECLARATION:

	<i>Tick to confirm statement (✓)</i>
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

18/09/2015

**SUMMARY REVENUE AND CAPITAL BUDGET MONITORING REPORT
PERIOD 4 - 2015/16**

Corporate Overview

The 2015/16 MOPAC budget was approved as part of the Mayor's consolidated budget 23 February 2015 and includes additional planned savings of £205.6m. This brings the total of budgeted 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 4 for revenue and capital budgets.

The **revenue** forecast shows an overspend of £38.8m.

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

Pressures:	£m	Predominant explanation of variance
Overtime	11.3	Due to the workload in Specialist Crime & Operations (SC&O)
Police and Staff Pay	7.8	Increased Agency staff costs
Income	15.0	Delay in filling funded posts.
Supplies and Services	11.6	Higher than expected legal costs in relation to 3rd party provisions.
Mitigations:		
PCSO	(3.3)	The numbers of PCSO Staff are below the planned strength throughout the year

Revenue Financial Position - Period 4

The annual forecast as at Period 4 is for a net overspend of £38.8m which is 1.6% 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 4

Total Year to Date Budget £m	Total Year to Date Actuals £m	Total Year to Date Variance £m	Period 4 - 2015/16	Revised Annual Budget £m	Annual Forecast £m	Total Annual Variance £m	Total Annual Variance %
586.8	585.5	-1.3	Police Officer Pay	1,777.2	1,777.1	-0.1	0.0%
167.9	171.8	3.9	Police Staff Pay	509.9	517.8	7.9	1.5%
22.8	22.8	0.0	PCSO Pay	68.6	65.3	-3.3	-4.9%
777.5	780.1	2.6	Total Pay	2,355.7	2,360.2	4.5	0.2%
26.8	32.5	5.7	Police Officer Overtime	81.6	90.8	9.2	11.2%
7.8	8.0	0.2	Police Staff Overtime	23.4	25.5	2.1	9.1%
0.1	0.1	-0.0	PCSO Overtime	0.3	0.3	-0.0	-0.5%
34.7	40.6	5.9	Total Overtime	105.3	116.6	11.3	10.7%
812.2	820.7	8.5	Total Pay & Overtime	2,461.0	2,476.8	15.8	0.6%
7.2	8.5	1.3	Employee Related Expenditure	19.8	19.8	-0.0	-0.1%
59.5	59.2	-0.3	Premises Costs	171.6	172.5	0.9	0.5%
20.0	16.9	-3.1	Transport Costs	60.4	58.2	-2.2	-3.7%
131.4	134.0	2.6	Supplies & Services	406.1	417.7	11.6	2.9%
218.1	218.6	0.5	Total Running Expenses	657.9	668.2	10.3	1.6%
16.9	16.9	0.0	Capital Financing Costs	50.6	50.6	-0.0	0.0%
12.0	11.0	-1.0	Discretionary Pension Costs	35.9	35.0	-0.9	-2.4%
1,059.2	1,067.2	8.0	Total Gross Expenditure	3,205.4	3,230.6	25.2	0.8%
-92.5	-81.8	10.7	Other Income	-280.3	-265.3	15.0	6.8%
-163.0	-165.0	-2.0	Specific Grants	-494.6	-495.9	-1.3	-0.3%
-3.7	-1.7	2.0	Transfers to/(from)Reserves	-69.8	-69.9	-0.1	-0.3%
800.0	818.7	18.7	Total Net Expenditure	2,360.7	2,399.5	38.8	1.6%
-768.0	-768.0	0.0	Funding (Grant & Precept)	-2,360.7	-2,360.7	0.0	0.0%
32.0	50.7	18.7	Overall MPS & MOPAC Total	0.0	38.7	38.8	1.6%

Period 4 Commentary**Summary of Key issues.****Income**

There is a forecast pressure of £15.0m. In the main this is due to not filling officer posts that are budgeted to be funded from external sources. The main areas of concern are Roads Policing and other unfilled and unsold posts.

Supplies and Services

There is a forecast outturn pressure of £11.6m; £7m of this relates to a top up to the MPS third party provision, in relation to claims made against MPS/MOPAC. The other forecast pressures are the additional cost of Forensic Medical Examiners (FMES's) offset by reduced nurse pay, national Counter Terrorism Digital Policing costs, the additional volume of contracted forensics work, and various forecasted Digital Policing costs. These are offset by the reduced volume of demand on the Language Services contract.

Appendix 1

Police officer pay

Projected police pay is within the agreed budget.

Police staff pay

There is a projected pressure this year of £7.9m which is as a result of the large number of temporary staff and the projected inability to lose staff at the rate required to balance the budget. Business groups are required to manage police staff expenditure within the agreed budget.

Overtime

Against current budgets there is an overall pressure of £11.3m, mainly on Police Officers (£9.2m). The majority of the overspend £5.3m is within Specialist Operations (SO) due to operational pressures, high level of vacancies and the threat level being increased to severe from August 2014. However this over spend should be funded by Protective Security and Counter Terrorism grants.

Other pressures include £2.6m in SC&O due to the support for major operations provided by Specialist Firearms and Public Order and Resources, and £1.5m in regard to policing the Ecuadorian Embassy.

The main pressures on the Police Staff Overtime budget are in Met Command and Control (£0.6m) and Forensics (£0.7m)

PCSO pay

PCSO pay is forecast to underspend by £3.3m at the end of the financial year.

Capital

The forecast as at July 2015 for delivery of the MPS Capital Programme is £259m with a budget of £264m. The table below provides full details.

	Capital Programme 2015/16 £000	Forecast to 31 March 2016 £000	Variance £000
Digital Policing	140,108	85,012	-55,096
Property Services	187,100	150,305	-36,795
Transport Services	25,500	23,450	-2,050
Other Plant/Equipment	60	60	0
Over Programming	-88,192	0	88192
TOTAL	264,576	258,827	-5,749

Budget movements and transfers to/from Reserves

Budget Movements

There are no budget movements in Period 4.

Transfers to and from Reserves

The MPS are seeking approval to carry out the following transfer to and from 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 July and HAL will continue to build up this reserve each month throughout the year.
- A drawdown of £53k from the partnership and sponsorship reserve which is a grant received from Youth United which will be used to fund the costs in expanding the number of volunteer police cadets from 2,500 to 5,000 as promised in the Mayor's election manifesto.
- A drawdown of £23k from the Communications Project reserve to fund development of the Call Routing System (CRS) test environment and the replacement call recording solution within Met-CCC.
- A drawdown of £5k from the MCP Fund reserve to fund continued development of the Language Programme, Crimint and phase 2 of SAP consolidation by way of revenue contributions to capital outlay.
- A drawdown of £2k from the partnership and sponsorship reserve which represents the balance of unspent funds received from Westminster Council to cover the running costs of a donated vehicle.