

REQUEST FOR DMPC DECISION – PCD 1625**Title MOPAC/MPS 2023/24 – Budget Monitoring Quarter Three****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.

As at the end of Quarter Three MOPAC/MPS are forecasting an overspend of £26.0m of which £27.6m relates to MPS budgets offset by an underspend of £1.6m on the MOPAC budgets. This is a reduction of £13.7m in the overspend position reported at Quarter Two.

The Capital Expenditure Forecast for 2023/24 is £325.9m. This represents a forecast underspend of £9.7m against the revised budget of £335.6m. As in previous years the budget has been revised to reflect the forecast position at Quarter Two.

The forecast position on reserves is also set out in the report and shows that earmarked reserves are forecast to reduce from £448.7m at the end of 2022/23 to £237.4m by the end of 2023/24. The reduction in reserves is £17.7m more 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. Approve budget virements with an individual value in excess of £0.5m including additional grant and income, a detailed breakdown is provided at Appendix One and Two;
2. Note the forecast overspend of £26m at the end of Quarter Three (31 December 2023) on the revenue budget;
3. Note the forecast underspend of £9.7m at the end of Quarter 3 (31 December 2023) on the capital budget;
4. Note the shortfall in the delivery of MPS savings of £28.1m.

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:

Spivey Under

Date 18/03/2024

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 further revisions to the MOPAC budget have been approved reflecting changes in the proposed use of reserves, 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 Three MOPAC/MPS are forecasting an overspend of £26.0m of which £27.6m relates to MPS budgets offset by an underspend of £1.6m on the MOPAC budgets, a reduction of £13.7m in the overspend position reported at Quarter Two. A summary of the variances as at the end of December 2023 is set out below.

MOPAC Budget

- 2.2. As at Quarter Three MOPAC and the VRU are forecasting a year end underspend of £1.6m, due to reduced expenditure of £2.8m offset by reduced income of £1.0m and a net transfer to reserves of £0.3m.

MPS Budget

- 2.3. The Q3 monitoring position is a forecast £27.6m overspend. This is slightly more favourable than the £40.1m overspend reported at Q2, mainly as a result of reduced revenue contributions to capital and reductions in the forecast expenditure for New Met for London (NMfL). Of this, £45.5m relates to combined Overtime for Officers and Staff offset by an underspend of £8.3m on Police Officer and Staff Pay. In addition, running costs are forecast to overspend by £35.8m. These running costs include training for CONNECT which are offset by an increased contribution from reserves.
- 2.4. The £31.5m overspend on Officer Overtime is an increase to the £26.8m reported in Quarter Two and reflects a continuing trend from earlier quarters, with the pressure falling largely within Frontline Policing and Met Operations. This is linked in part to the continuing difficulties in Officer recruitment as well as overtime resulting from the current situation in the Middle East. The latter will continue to be a significant risk for the rest of this financial year. This variance includes £8.6m worth of costs for which additional funding will be received.
- 2.5. Increased service volumes, particularly across MetCC, Met Detention and Public Order, are the main reasons for the projected overspend of £13.9m on Police Staff Overtime. This variance is a reduction from the Q2 position of £15.3m.
- 2.6. The significant pressure against Running Costs (£35.8m) relates to a £1.9m overspend against Supplies and Services down £26.5m from the position reported at Quarter Two and includes £9.1m of reallocated PCSO underspends to fund NMfL activity, a £13.9m overspend on Employee-Related Expenditure which largely relates to mutual-aid costs involved in policing the Israel-Hamas protests, PFI inflationary

pressures against Premises costs amounting to £6.5m and Transport costs forecast to be £13.5m over budget due to higher maintenance, leasing and fuel costs as well as the management of PCN's.

- 2.7. Other Income is forecasting £21.8m in excess of the budget largely due to higher than anticipated interest income from cash investments, the Reserve Drawdown remains unchanged from Quarter Two and additional Grant Income of £5.2m is forecast, most of which relates to the Home Office Special Grants towards the costs of the Coronation of Charles III.
- 2.8. The savings target for 2023/24 is £61.4m. Of this, £32.3m has been fully delivered at Quarter Three with a further c£1m expected to be delivered, c£28.1m are considered no longer deliverable. The MPS are still considering alternative options to deliver £12.2m of the non-deliverable savings, with £15.9m remaining a pressure for this financial year.

3. Capital Budget 2023/24

- 3.1. The Capital Expenditure Forecast for 2023/24 is £325.9m. This represents a forecast underspend of £9.7m against the revised budget of £335.6m. As in previous years the revised budget has been updated to reflect the forecast position at Quarter Two.

- Transformation Directorate – A forecast underspend of £19.8m against the revised budget of £105.8m. This includes an underspend on Command and Control (£16.9m) due to revised delivery timelines and milestone payments reprofiled into 2024/25. The project is undergoing a formal reset process with the supplier to negotiate commercial terms for completion and a new business case is expected in 2024/25. There is also a £2.4m underspend on the Met CC Improvement Programme, £0.4m overspend on Connect due to Drop 2 Go-Live project delays and c£0.9m underspend on Resource Management due to project slippage
- Data, Digital and Technology (DDaT)- The full-year forecast is £75m and represents an overspend of £6.9m against the revised budget of £68.1m. This is driven by a £10.4m overspend linked to earlier than planned investment in new devices for frontline officers (replacement of tablets with laptops), £3.5m budget adjustments to account for over-programming and a £7m underspend on core IT infrastructure which includes networks, hosting, infrastructure maintenance and applications and service upgrades.
- Property Services – The full year forecast is £67.2m and represents a £3.2m overspend against the revised budget of £64m. The overspend is due to £1.9m of works across the estate funded by other departments' revenue contributions, £1.3m of accelerated works at Chadwell Heath and £0.9m of works at Cobalt Square brought forward from 2024/25, offset by the £0.5m Locker Project delays and £0.5m Information and Communications Technology works at Cobalt Square pushed back to 2024/25.
- Operations and Performance – A forecast underspend of £0.3m against the revised budget of £8.8m. The main reason for the variance is an overspend in Fleet of £0.6m due to the purchase of vehicles, offset by an underspend in forensics of £0.8m due to the Digital and Physical Forensics programmes being re-profiled into 24/25 as a result of the delayed Estates strategy.
- CTPHQ – A full year underspend of £0.3m against the revised budget of £53.2m. The underspend is mainly due to investments in technology, digital, and IT.

- 3.2. Full details can be found in the Q3 Performance Report: [MOPAC Quarterly Report - Q3 - 2023-2024.pdf](#)

4. Reserves

Earmarked reserves of £448.7m were available from 1 April 2023 and the budget approved in March 2023 included the proposed use of reserves totalling £193.6m. The budget has been subsequently updated as a result of the reprofiling of projects and changes in the planned usage of reserves and as at Quarter Two the revised budget was £211.1m.

- 4.1. As at Quarter Three the planned use of reserves is forecast to increase by £0.2m to £211.3m as a result of the reprofiling of projects and changes in planned usage of reserves within MOPAC.
- 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 Three. Whilst the forecast MPS overspend is slightly more favourable than the position reported at Quarter Two there remains a £27.6m overspend that needs to be mitigated before the end of the financial year. In the event the overspend is not mitigated, the general reserve will need to be used, reducing the current balance from £46.6m to £19.0m. Work is however underway within MPS to deliver a balanced budget.
- 5.2. MOPAC will continue to monitor risks closely in particular recruitment, running costs and planned use of reserves.

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 (2)</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 18/03/2024



Appendix One – MOPAC Detailed analysis of budget moves

		Police Staff Pay £m	Police Staff Overtime £m	Employee Related Expenditure £m	Transport Costs £m	Premises Costs £m	Supplies & Services £m	Other Income £m	Specific Grants £m	Transfers to/ (from) Reserves £m	Grand Total £m
Decision Number	Business Group										
Revised budget 2023/24		19.8	0.0	0.3	0.0	1.1	119.5	-7.2	-42.4	-18.2	72.8
Revised application of reserve											
Funding through budget resilience for EY consultancy Service	PCD1429	C&P					0.5			-0.5	
Revised application of reserve total											
Application of Grants and Income		0.0	0.0	0.0	0.0	0.0	0.5	0.0	0.0	-0.5	0.0
Application of Grants and Income total											
Housekeeping >0.5m		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Budget Structural changes total											
Total Various budget moves under de minimum of £500,000											
(aggregated, do not need approval from DMPC)	N/A	-0.2	0.0	0.0	0.0	0.0	0.4	-0.0	-0.2	0.0	0.0
Total Virements		-0.2	0.0	0.0	0.0	0.0	0.9	-0.0	-0.2	-0.5	0.0
Q3 Approved budget 2023/24											
		19.6	0.0	0.3	0.0	1.1	120.3	-7.2	-42.5	-18.7	72.8

Appendix Two – MPS Detailed analysis of recommended budget moves to be submitted to DMPC for approval

£m	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
Revised budget (Q2 2023-24)	£m	2,395.57	772.69	149.68	26.17	984.28	121.90	49.03	-345.90	-751.75	-192.93	3,208.76
Revised application of reserves												
Software update - Delta - delayed to 24/25	O&P					-0.34					0.34	-
Kennington Assessment Centre - delayed to 24/25	P&R					-0.16					0.16	-
Q3 application of POCA reserves	MPS	0.01	0.10	0.13	0.00	0.15	0.12				-0.50	-
Application of reserves total		0.01	0.10	0.13	0.00	-0.34	0.12	0.00	0.00	0.00	-0.00	-
Application of Grants and Income												
Police use of drones - Home Office funding	O&P	0.01		0.02		1.05				-1.08		-
Adder Expansion - Mayoral budget allocation	FLP	0.65	0.06	1.09		0.20				-2.00		-
Budget for Op Golden Orb Special Grant	O&P	0.67	0.00	3.47	0.42	5.71			-0.00	-10.27		-
National Policing Programme - Home Office grant	DDaT	0.10	0.16			0.80				-1.06		-
Application of income/grants total		1.43	0.22	4.58	0.42	7.76	-	-	-0.00	-14.41	-	-
Technical Virements >£0.5m												
Met Business Services - realignment of budgets	CH / S&T		1.61			-1.61						-
Budget structural changes total		-	1.61	-	-	-1.61	-	-	-	-	-	-
CT/Protective Security Funding												
Q3 Counter Terrorism funding (income / grant) changes	SO	0.01	0.74	0.14	0.00	1.66	0.00	0.00	1.30	-3.86		-
Op Golden Orb - Home Office Special Grant	SO / O&P	0.26	0.02	0.41	0.15	4.46				-5.29		-
Ukraine Recovery Conf. - Home Office Special Grant	SO	0.03	0.00	0.19	0.01	1.43				-1.66		-
CT/ Protective Security changes total		0.30	0.76	0.74	0.16	7.55	0.00	0.00	1.30	-10.82	-	-
Various budget moves under de minimum of £500,000 (aggregated, not subject to DMPC approval)	MPS	-0.06	0.19	0.06		-0.16	-0.16			0.14		-
Total Virements and Reserve changes		1.68	2.87	5.52	0.58	13.19	-0.04	0.00	1.30	-25.09	-0.00	-
Revised budget Q3 2023/24 (to be approved)		2,397.25	775.56	155.19	26.75	997.48	121.85	49.03	-344.60	-776.84	-192.93	3,208.76

