

REQUEST FOR DMPC DECISION – PCD 94**Title: MOPAC/MPS Financial Performance Quarter 2 2016/17****Executive Summary:**

This report sets out the current forecast revenue financial position of MOPAC/MPS, an underspend of £7.8m, representing 0.3% of the net budget. The paper includes a series of proposed budget and reserve movements, and the forecast capital position of £238m. 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 reduction in the forecast use of reserves as set out in paragraphs 2.2-2.3
3. Notes the forecast 2016/17 revenue financial position of a £7.8m underspend (which takes account of the above proposed budget movements and use of reserves)
4. Notes the forecast 2016/17 capital financial position of £238m spend
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**Date** 1/12/16

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 and previous approvals. The detail is set out in Appendix 4 of the attached annex.
- 2.2. In summary these relate to changes to:
- improved management reporting and updates to assumptions made in the original budget,
 - reflect changes to grant income and the related expenditure such as protective security grant and other income. There is no net effect on the budget, and
 - reduction in the use of reserves, specifically a reassessment of the redundancy reserve which required less staff exits than originally forecast.
- 2.3. Specifically, in relation to the proposed reduction in the use of reserves of £29m the impact is set out below. With the effect of the 2015/16 outturn the reserves are forecast higher, at £181m at the end of 2016/17 than originally budgeted for at £109m.

	2015/16 £m	2016/17 £m	2017/18 £m	2018/19 £m
Budget	Forecast	Forecast	Forecast	Forecast
Opening balance	419	231	109	83
Use in year	(188)	(122)	(26)	(1)
Closing balance	231	109	83	82
Outturn/Forecast	Outturn	Forecast	Forecast	Forecast
Opening balance	419	298	152	126
Use in year	(121)	(117)	(26)	(1)
Closing balance	298	181	126	125

- 2.4. 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 £238m, some £48.7m less than the proposed budget (£287m).

Forecast Reporting

- 2.5. Taking account of the proposed additional use of reserves and revenue budget movements above, the MPS are forecasting a net £7.8m underspend for 2016/17. Appendix 1 of the attached sets out the year to date and forecast position by budget and explains the major forecast variances which in summary are:
- Shortfall in planned savings – there are significant planned savings of £126.9m included in the 2016/17 budget and the forecast is showing a shortfall against this target of £42.6m, 34%. Of the £42.6m the MPS consider £20m to have structural delivery problems and may impact also on the delivery of savings in future years. Of the remaining £22.6m, the savings are expected to be delivered but not in the anticipated timescales. A significant element of shortfall within structural delivery is £10m for Digital Policing (DP) and those savings with timing issues is £14.4m for DP, who are reviewing their contracts and operating model.
 - Officer pay – there is a forecast underspend of £35.3m, of which £6m relates to posts which were expected to be externally funded. There is an offsetting forecast under-recovery of income, leaving a net underspend of £29m.
 - Staff pay – the net forecast underspend of £22.2m on staff pay arises from vacancies mainly in Territorial Policing (TP) and Specialist Operations (SO). Within TP some of the forecast underspend of £8.6m relates to under strength positions within Criminal Justice, such as dedicated detention officers.
 - Officer overtime – a net forecast overspend of £10.9m. This reflects the difficulty in achieving planned savings in the 2016/17 base budget.
 - Running costs – forecast overspend of £37.3m 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.
 - Grants – forecasting an over-recovery of £5.4m. Additional POCA income grant has been transferred to reserves.
- 2.6. The original capital programme for 2016/17 was approved at a value of £265m. The latest forecast is against a revised budget of £287m with spend of £238m and underspend of £48.7m. A comprehensive review is being undertaken of the capital programme areas as part of the annual joint MPS/MOPAC budget scrutiny process. A revised plan for 2016/17 and 2017/18 is being prepared.

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>
Head of Unit: The SFRM team 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 Strategic Finance and Resource Management Team has been consulted on this proposal.	✓
Equalities Advice: Equality and diversity issues are covered in the body of the report.	✓

OFFICER APPROVAL**Chief Executive Officer**

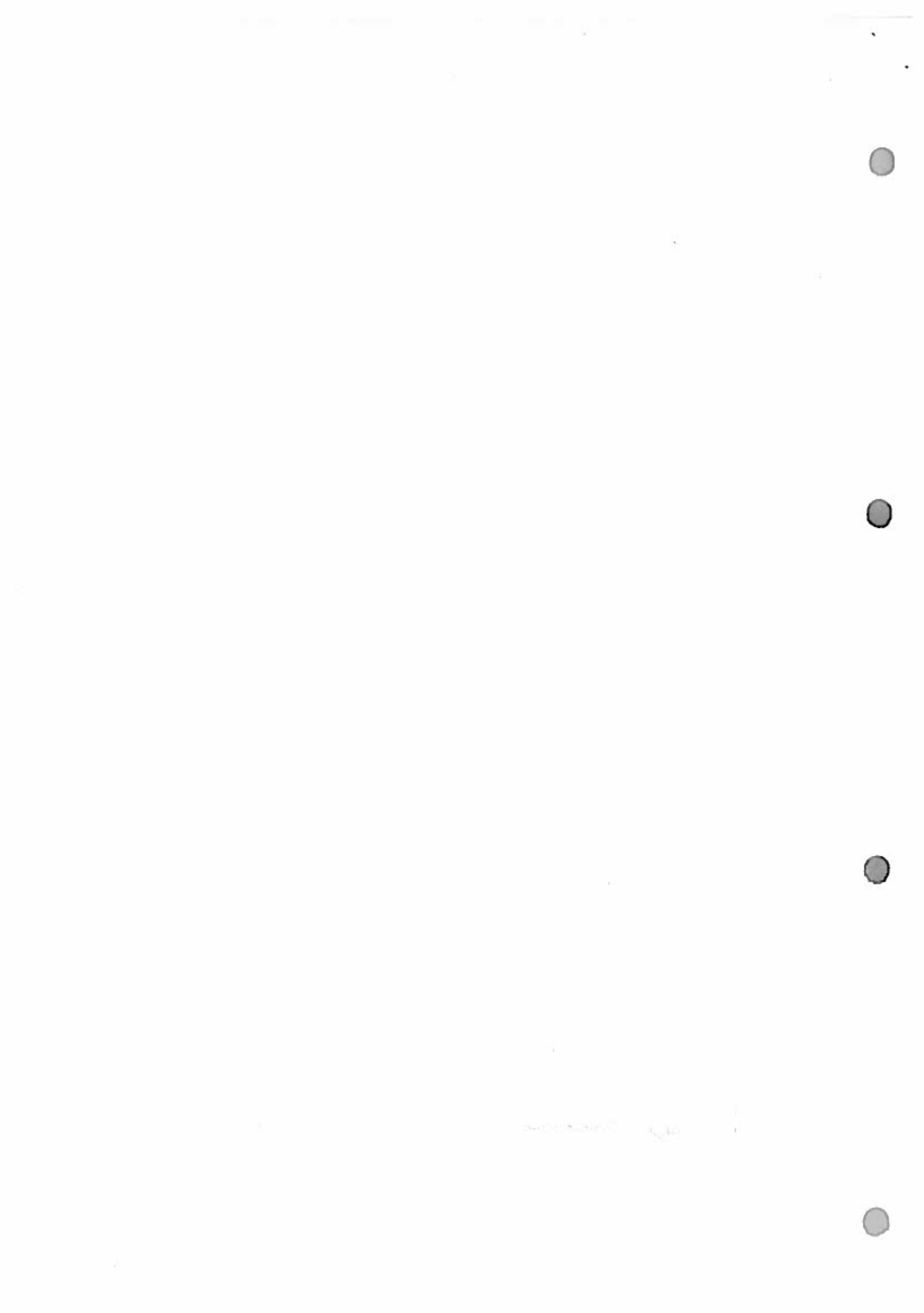
I have been consulted about the proposal and confirm that financial, legal and equalities advice has been taken into account in the preparation of this report. I am satisfied that this is an appropriate request to be submitted to the Deputy Mayor for Policing and Crime.

Signature

R. Lawrence

Date

1/12/16



Financial performance report for Quarter Two 2016/17

A REPORT SUMMARY

1. This is the second 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 underspend of £7.8m, representing 0.3% of net expenditure. Capital spend is forecast to be £49m below budget, 17% of budget.
2. In summary there is a widening of the underspend on police officer and staff pay which is offset by some short and medium term difficulties in achieving planned savings in respect of police overtime and the implementation of the TTPI / Towers contracts. There has also been a transfer to reserves reflecting additional POCA income and revised estimates in respect of exit packages.
3. The report:
 - Includes proposed revenue movements after the budget was submitted to the GLA, including a proposed decreased use of earmarked reserves, and
 - Examines the forecast 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 the 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. Note the current 2016/17 financial position and the progress against planned savings – paragraph C5;
2. Note the progress and continued requirement to ensure funded posts and some specific posts are prioritised;
3. Note the requirement that expenditure remains within the allocated budget for the year and for mitigating actions where there is a high risk of non-delivery of savings planned for 2016/17;
4. Note the specific requirement for Digital Policing (DP) to prepare an action plan for presenting to the Deputy Commissioner in December including an overview of the spend profile with options to deliver savings;

5. Note that the Overtime Gold Group will need to produce an action plan to address the continuing overspend on police officer overtime. This plan should include a review of the Public Aid allocation formula to ensure it reflects the true cost;
6. Note the recommendation that the POCA Board review the current resource strategy to ensure full utilisation of monies to the benefit of the MPS within the guidelines of the grant;
7. Note the update on the 2016/17 capital programme. MOPAC will develop a medium term financial strategy to inform revision of the capital programme in light of the priorities of the Police and Crime Plan and in order to review and monitor efficiencies.
8. Approve the proposed budget movements since Quarter One including a net reduction of £29.1m in the use of reserves.

C SUPPORTING INFORMATION

Governance and Good Housekeeping

Revenue budget movements 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:

- A net £29.1m decrease in the use of reserves as shown in the table below

	£m
Earmarked reserves in the approved budget	-146.4
POCA reserves	4.6
IT support cost for Forensic Services legacy systems	-0.3
Reassessment and update of redundancy requirement 2016/17	26.6
Other minor items to be funded from Major Change Reserve	-0.1
Purchase of Hi-Vis jackets	-1.6
Total recommended changes	29.1
Revised budget recommended	- 117.3

- Adjustments to the budget to reflect new grants and income and related expenditure. These movements are shown in the table below and have a net nil effect on the MPS:

MB Reporting Category	Business Group	Costs £m	Income / Grants £m	Net total £m	Comments
Additional grant for NCSP	SC&O	0.5	-0.5	0.0	Funding the National Cyber Security Programme.
CT IT increase	SO	0.9	-0.9	0.0	Project work to establish the National Image Transfer Surveillance System - CT funded.
Increase CRB budget	Met HQ	0.7	-0.7	0.0	Vetting & Referencing additional external consultants fees recoverable through income from Disclosure and Barring Service and PNC.
Police Innovation Fund - Police Now project	Met HQ	1.2	-1.2	0.0	Additional income from the Home Office following successful innovation bid.
Total new income and grants	-	3.3	-3.3	0.0	-

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 the allocation of the police pay award, realignment of CT funding to meet key priorities, and reallocation of major change fund monies to meet immediate priorities. These adjustments represent movements between the various subjective categories such as police pay, police overtime and 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 so do not require formal approval by the DMPC. Instances include police officer pay award allocation to overtime or reclassification of expenditure following utilisation of funding for the Public Inquiry Team.

Movements on the capital programme

3. There are no changes to the 2016/17 capital programme that require approval by the DMPC at this stage.
4. There are however minor changes to the way the capital programme is split and reported internally over the new Portfolios. The minor changes are due to discussions over the allocation of projects and improved analysis.

Financial performance for 2016/17 - revenue

5. The Revenue Budget Monitoring Statement for Quarter Two of 2016/17 incorporating the projected outturn for the financial year is detailed in Appendix 1. The MPS is forecasting an overall net underspend of £7.8m (0.3%) for the year against the approved net budget of £2,498m (£3,339m gross budget). Overall, the picture for Quarter Two is a widening of the underspend on police officer and police staff pay offset by some short and medium difficulties in achieving planned savings.

Achievement of savings target

6. The MPS has a £126.9m savings target this year. Appendix 2 shows that the MPS is confident however that £84.3m of the £126.9m savings target for 2016/17 will be delivered in 2016/17. A further £22.6m may not be delivered this year due to timing issues but will be delivered next year. This

leaves £20m remaining where there is a high risk of non-delivery in this and future years. The two key risk areas include savings in respect of police overtime and the implementation of the TTPi / Towers contracts in Digital Policing.

Other key pressures and inter dependencies

Police pay

7. The MPS is currently forecasting an outturn position of £35.3m underspend on police pay, of which £29m relates to internally funded posts. The £6m underspend in externally funded posts is compensated by additional use of CT/PS grant in other, non-police pay areas of expenditure and therefore is not a net underspend to MPS.
8. The forecast underspend has increased from £17.3m forecast at Quarter one due to difficulties in meeting volume targets at the same time as maximising BME recruitment. The current strength is 31,344 FTE officers. The latest workforce modelling shows the forecast officer strength for the remainder of the year will remain significantly below the affordable budgeted level and the end of year target in the workforce plan will not be achieved.

Police staff pay

9. The forecast outturn underspend on police staff pay is £22.2m and is an increase on Quarter One. The majority of this underspend is internally funded (£16.7m) and is primarily within Territorial Policing (TP). The underspend in TP relates to delays in appointing Dedicated Detention Officers (DDOs) and Forensic Health Care Nurse recruitment as well as vacancies across the Boroughs for Public Access Officers. The other significant gaps are in Local Delivered Support Services Administrators and Communications Officers. The MPS are reviewing the understrength position within Criminal Justice to mitigate future risks.

Police overtime

10. Police officer overtime is forecast to overspend by £18.4m at year end which is an increase of £6.2m since Quarter One. Of this amount £7.4m is fully funded through the CT/PS grant leaving a net overspend of £10.9m. This forecast overspend position reflects the difficulties in achieving the planned savings in the 2016/17 base budget (TP released £10.2m and SC&O £8.5m).
11. All overall overtime position is being kept under review by the Deputy Commissioner's Gold Group and by the Assistant Commissioners' Chief Officers Groups. Particular pressures include the revised minimum strength levels for bank holidays and (for TP) a need to cover vacancies in Met Detention, costing £1.6m in police overtime. The current working assumption is that £6m will need to be funded in the 2017/18 overtime budget, largely due to the revised minimum strengths for bank holidays.

Running costs

12. The MPS is forecasting to overspend by £37.3m. The key variance under this heading relates to the staged progress to implement the DP TOM (Target Operating Model). Of this amount, estimates suggest £10m relates to savings with structural delivery problems and an additional saving of £14.4m is achievable, but will not be delivered in the current financial year. A comprehensive review needs to

be carried out on the strategic budget pressures in 2016/17 and 2017/18 arising from the implementation of the SIAM and Towers model.

Grants

13. The Quarter One forecast highlighted that externally funded expenditure and associated funding was lower than expected particularly around police officer pay and police staff pay. During Quarter Two Specialist Operations (SO) performed an extensive review across the MPS to realign expenditure to meet key priorities. This exercise has increased other CT non -pay expenditure categories by £16m matched by a corresponding increase in the application of grants.
14. In addition, the MPS benefited from additional POCA income grant which has been transferred to Reserves for future use.

Capital Programme

15. Capital expenditure for the year is forecast at £238.3m against an adjusted 2016/17 programme of £287.0m, with a forecast underspend of £48.7m. Actuals to date as at September 2016 are £83m. It should be noted however that the respective provisioning departments are undertaking a comprehensive review of their capital programme areas as part of the annual joint MPS/MOPAC budget scrutiny process. A revised plan for 2016/17 and 2017/18 for submission for the DMPC and the GLA is being prepared and work is progressing and an interim plan has been submitted for discussion.
16. Further details including analysis of spend against the new Portfolio Structure can be found in Appendix 3.
17. As at the 30 September 2016 the MOPAC Group had received net capital receipts of £65m the year end forecast remains at £479m. 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.

Appendix 1

Overall revenue position against the updates 2016/17 budget

The table below provides a summary of the Quarter Two position for subjective budgets for the MPS and MOPAC. The total year to date figures for 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 Two shows an underspend of £7.8m.

Table 1 MOPAC Group Summary Revenue Budget Monitoring Statement for Quarter Two of 2016/17

Year to Date Budget £m	Year to Date Actuals £m	Year to Date Variance £m	Cost category	Annual Budget £m	Forecast £m	Variance £m	%
906.5	894.9	-11.6	Police Officer Pay	1,829.2	1,793.9	-35.3	-1.9%
244.7	234.8	-9.9	Police Staff Pay	489.0	466.8	-22.2	-4.5%
31.5	31.7	0.2	PCCSO Pay	61.1	60.5	-0.6	-1.0%
1,182.7	1,161.4	-21.2	Total Pay	2,379.3	2,321.1	-58.2	-2.4%
34.8	42.0	7.3	Police Officer Overtime	69.4	87.7	18.4	26.5%
10.7	11.8	1.1	Police Staff Overtime	21.2	21.5	0.3	1.4%
0.1	0.1	-0.1	PCCSO Overtime	0.3	0.2	-0.1	-33.3%
45.6	53.9	8.3	Total Overtime	90.8	109.4	18.6	20.5%
1,228.2	1,215.3	-12.9	Total Pay & Overtime	2,470.1	2,430.5	-39.6	-1.6%
24.1	23.5	-0.6	Employee Related Expenditure	54.9	52.7	-2.2	-4.0%
87.4	84.7	-2.7	Premises Costs	169.5	171.4	1.9	1.1%
28.0	30.5	2.5	Transport Costs	57.0	61.5	4.5	7.9%
234.7	213.5	-21.2	Supplies & Services	487.6	520.7	33.2	6.8%
374.3	352.3	-22.0	Total Running Expenses	769.0	806.3	37.3	4.9%
21.5	21.5	0.0	Capital Financing Costs	43.0	42.9	0.0	0.0%
17.9	17.1	-0.8	Discretionary Pension Costs	35.9	34.6	-1.3	-3.6%
1,641.9	1,606.1	-35.8	Total Gross Expenditure	3,318.0	3,314.3	-3.7	-0.1%
-133.2	-136.8	-3.6	Other Income	-273.3	-275.1	-1.8	0.7%
-206.2	-201.4	4.8	Specific Grants	-429.0	-434.5	-5.4	1.3%
-28.8	-14.0	14.8	Transfers to/(from)Reserves	-117.3	-114.2	3.1	-2.6%
1,273.7	1,253.9	-19.8	Total Net Expenditure	2,498.4	2,490.5	-7.8	-0.3%
-1,249.2	-1,249.8	-0.6	Funding (General Grant & Precept)	-2,498.4	-2,498.4	0.0	-
24.5	4.1	-20.4	Overall MPS & MOPAC Total	0.0	-7.8	-7.8	-

Update on savings delivery

The table below shows the current position on the deliverability of the £126.9m savings proposals for 2016/17. The total savings of £126.9m 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 £42.6m against the savings plan, i.e. there is confidence that £84.3m will be delivered in 2016/17 and £22.6m may not be delivered this year due to timing issues, this saving will 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 / Towers contracts to identify proposals to manage the DP pressures. The other high risk areas under review include ACPO Drivers and Training.

	Planned Saving (£m)	Forecast Saving (£m)	Variation (£m)
Savings with structural delivery problems	-33.5	-13.5	20.0
Savings with timing delivery problems	-38.0	-15.4	22.6
Savings that are forecast to be delivered in full	-55.4	-55.4	0.0
Overall Total – MPS	-126.9	-84.3	42.6

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 – September 2016

MPS Portfolio structure	Budget £m	Actuals £m	Forecast £m	Variance £m
Creating a Business Support function of the Future	1.1	0	0.3	-0.8
CT Policing Change Portfolio	12.6	1.2	15.1	2.5
Strengthening our Armed Policing Capability	2.2	0	7.3	5.1
Enhance Digital Policing for 2020	32.1	12.8	28.3	-3.8
Improving Public Access and first contact	3.9	0.7	4.4	0.5
Optimising Response	19.3	3.4	10.1	-9.2
Reinforcing HQ, Improving Information Management	2.0	0	2.6	0.6
Smarter Working (mobility)	46.3	2.0	39.0	-7.3
Transforming Investigation and Prosecution	30.5	8.9	30.2	-0.3
Adjustment to reflect interim forecast from DP			-6.9	-6.9
	150.0	29.0	130.4	-19.6
Delivering Maximum Commercial Efficiency - Fleet	23.2	4.9	18.2	-5.0
Transforming the MPS Estate	113.8	48.7	89.7	-24.1
Total Capital Programme	287.0	82.6	238.3	-48.7

Delivering Maximum Commercial Efficiency (Fleet)

The total fleet forecast is currently £18m against a budget of £23m (including additional projects such as RaSP uplift and ARV uplift). The specific MPS forecast is £14m on a budget of £18.8m and spend to date of £4.8m. The forecast reflects the expected low spend in the early part of the financial year and is based on the planned delivery dates of vehicles in the 2016/17 VRP.

Due to the delays experienced late last year with the outline approval of the vehicle replacement programme and ongoing corporate for tender approvals, there is a shortfall in the volume of vehicles expected to be replaced by the end of the year. Priority has also been given to the various uplifts for Armed Fleet and RaSP creating additional demand on available resources within Fleet Services. Fleet Services are requesting that £5m is reprogrammed into 2017/18 to

allow for the replacement of vehicles including 120 Ultra Low Emission Vehicles to meet our environmental and clean air objectives.

Strengthening our Armed Policing Capability

The forecast has increased to £7.3m to reflect the Firearms uplift forecast as well as the ARV uplift funded by the Home Office of £2.2m. The Firearms uplift is fully funded from the capital programme with the balance from revenue reserves.

Transforming the MPS Estate:

Property Services as at the end of Period 6 have spent £49m against the approved budget of £114m. The forecast outturn has been amended to £90m as at September 2016.

- The impact of delays in approving key investment decisions that affect delivery of the Estates Transformation Strategy.
- An increase in the approved budget for the redevelopment of Curtis Green of £9m due predominantly to circumstances beyond the control of MOPAC/MPS and principally related to perimeter security, telecommunications works and public realm works.
- The impact of delays in planning approvals, finalising the design of Belvedere, Hammersmith and the driving school at Hendon, completing the disposal of Paddington Green and commencing the related redevelopment have meant that the original timelines for these schemes and the associated profile of spend have changed. Whilst some expenditure in relation to these schemes (currently estimated to be £10.2m) will be incurred in 2016/17, the majority of expenditure has now been re-profiled into future years.

In light of these factors set out above the capital programme has been revised. Therefore whilst the totality of PSD capital spend for 2016/17 to 2020/21 remains at c£708m as previously approved, the profile of spend between years has changed and will be reflected in the capital submission due to be made to the Mayor in November 2016.

Digital Policing

Digital Policing, has a capital spend to date of £29m on a budget allocation of £150m. The forecast has increased from £80m last quarter to £130m at the end of Quarter Two providing a forecast net underspend at year end of £20m. The net underspend reflects estimates of slippage in projects including the Mobile Devices Programme and expenditure below budget on Command and Control Futures pending litigation. The forecast expenditure is also dependent on the approval of key investment decisions by Management Board and MOPAC.

Planning for future years

It is unlikely that the total underspend will be used to bring forward other projects planned for future years to 2016/17, as all three of the provisioning departments are either operating at full capacity, or in the case of Fleet Services experiencing delays in commissioning services.

Appendix 4

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
Application of new income/grants											
Additional grant for NCSP	0.2	0.0	0.0	0.0	0.0	0.3	0.0	0.0	-0.5	0.0	0.0
CT IT increase	0.0	0.0	0.0	0.0	0.0	0.9	0.0	0.0	-0.9	0.0	0.0
Increase in CRB budget	0.0	0.0	0.0	0.0	0.7	0.0	0.0	-0.7	0.0	0.0	0.0
Police Innovation Fund – Police Now project	0.0	0.0	0.0	0.0	0.0	1.2	0.0	0.0	-1.2	0.0	0.0
Sub total	0.2	0.0	0.0	0.0	0.7	2.4	0.0	-0.7	-2.7	0.0	0.0
Increased application of reserves											
Reclassification of expenditure charges to MCF	0.0	-0.3	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.20	0.0
IT support cost for Forensic Services legacy systems	0.0	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.34	0.0
MCF – Digitisation Project	0.0	0.0	0.0	0.0	0.0	0.3	0.0	0.0	0.0	-0.31	0.0
Net transfer to POCA Reserve to be applied to future years	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-4.9	0.0	4.90	0.0
Reassessment and update of redundancy requirement	0.0	0.0	0.0	0.0	0.0	-26.6	0.0	0.0	0.0	26.60	0.0
Application of POCA income awarded	0.0	0.0	0.3	0.0	0.0	0.0	0.0	0.0	0.0	-0.30	0.0
Purchase of hi-viz jackets	0.0	0.0	0.0	0.0	0.0	1.6	0.0	0.0	0.0	-1.6	0.0
Sub total	0.0	0.0	0.3	0.0	0.0	-24.7	0.0	4.8	0.0	29.14	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	Running expenses	Capital Fin Costs	Discret'y Pensions	Income	Grants	To/from Reserves	Total
Budget structural changes											
Re-alignment of CT expenditure across the MPS to meet priorities	-0.9	-1.4	0.0	0.0	2.4	0.0	0.0	0.0	0.0	0.0	0.0
Allocation of Major Change Fund to meet new initiatives	0.0	0.8	0.0	0.0	-0.8	0.0	0.0	0.0	0.0	0.0	0.0
RaSP – realignment of expenditure following re-organisation	-1.9	0.0	2.5	0.0	-0.5	0.0	0.0	0.0	0.0	0.0	0.0
Budget structure changes total	-2.8	-0.7	2.5	0.0	1.1	0.0	0.0	0.0	0.0	0.0	0.0
Various budget moves under de minimum of £500,000 which have been aggregated (does not need approval from DMPC)	-0.3	0.5	0.6	0.0	-0.4	0.0	0.0	-0.4	0.0	0.0	0.0
Total Virements	-2.9	-0.1	3.3	0.7	-21.6	0.0	0.0	-5.8	-2.7	-29.1	0.0
Approved budget as agreed by the DMPC	1832.0	550.2	66.1	20.8	790.6	43.0	35.9	-267.5	-426.3	-146.4	2,498.4
Virements	-2.9	-0.1	3.3	0.7	-21.6	0.0	0.0	-5.8	-2.7	-29.1	0.0
Revised budget	1829.2	550.1	69.4	21.5	769.0	43.0	35.9	-273.3	-429.0	-117.3	2498.4

