

**DMPC Decision – PCD 777****Title: MOPAC 19/20 Quarter 4 Financial Outturn****Executive Summary:**

This paper reports the final Quarter 4 budget outturn position for MOPAC/MPS for both revenue and capital and provides explanation as to the significant year end variances and movements since the Quarter 3 position.

As part of the year end process and in line with the MOPAC Scheme of Delegation approval is also being sought to carry forward certain unspent budgets in order the associated activity to be carried out in 20/21 instead of 19/20 and for final transfers to and from reserves.

This decision will underpin the finalisation of the draft statutory accounts ahead of the commencement of the external audit on 15 June 2020.

**Recommendation:**

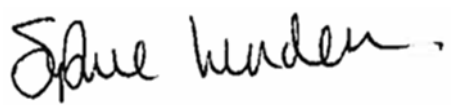
That the DMPC is asked to:

1. Note the 2019/20 Quarter 4 final outturn position in Appendix 3;
2. Approve the MOPAC carry forwards requests in Appendix 1;
3. Approve the final budget movements for Quarter 4 of 19/20 as set out in Appendix 2
4. Approve the final transfers to and from reserves for 19/20 as set out in Appendix 4;

**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****15/06/2020**

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

### **1. Introduction and background**

- 1.1 In line with best practice in financial management, MOPAC undertakes in-depth quarterly budget monitoring processes to track the MPS and MOPAC financial performance against the approved MOPAC budget. This monitoring looks at both capital and revenue budgets, the use of reserves and the achievement of planned efficient savings.
- 1.2 The MOPAC financial year 19/20 ended on 31 March 2020 and this report sets out the final performance position as at Quarter 4 and is the basis on which the annual statutory accounts are prepared.
- 1.3 In line with the Scheme of Delegation and Consent the DMPC is responsible for the approval of all MOPAC budget movements and virements in excess of £500,000 and for all transfers to and from reserves.
- 1.4 This decision seeks approval for the final Quarter 4 budget movements and the year end transfer to reserves.

### **2. Revenue outturn**

- 2.1. The final revenue outturn position is a balanced budget position after a transfer of £207.5m to reserves, breakdown in Appendix 5. This represents an additional £14.1m transfer to reserves at the end of the financial year from the Quarter 4 budget position of £193.4m.
- 2.2. The detail of the revenue outturn, variances against budget and achievement of planned savings are reported as part of the Quarterly Monitoring Report and the Quarter 4 report will be published by the end of June 2020. A summary of the MOPAC outturn position can be found at Appendix 3.
- 2.3. The key variances to be noted for the revenue outturn are as follows:
  - 2.3.1. **Expenditure** (net underspend of £4.5m)
    - Police Officer pay and overtime – overspend of £26.8m
    - Staff pay and overtime – overspend of £2.9m
    - Running expenses – underspend of £34.2m
  - 2.3.2. **Income** (net over achievement of £9.5m)
    - Income – over achievement of £9.5m
- 2.4. The overspend on police officer pay is largely as a result of policing special and unplanned events as well as taking action to bear down on violence and crime in London.
- 2.5. The running expenses underspend is predominantly due to carry forward requests but also as a result of strong financial management to offset the Special Grants income risk.

### **3. Carry Forwards**

- 3.1. In line with the Financial Regulations requests to carry forward any unspent budget are permitted but, in line with the Scheme of Delegation and Consent, must be approved by the DMPC.
- 3.2. Total carry forward requests for approval for 19/20 amount to £25.32 m and are included within Appendix 1.
  - Transfers to reserves of £15.1 m in relation to the MPS
  - Approval of £10.22m carry forwards for MOPAC
- 3.3. The request to carry forward budget is predominantly where budget has been set aside for a particular purpose but the related activity will not now be incurred until the following financial year.
- 3.4. There are a number of different activities for the MPS which are detailed in the appendix but for MOPAC the carry forwards relate to commissioning projects and programmes which, by their nature, are often delivered over more than one financial year.

### **4. Revenue Reserves**

- 4.1. The MOPAC revenue reserves increased from £230.6m at 1 April 2019 to £438m at 31 March 2020.
- 4.2. These total reserves can be broken down between Earmarked Reserves (set aside for specific purposes and activity and the General Reserve (held as a contingency for unexpected pressures and demands).
- 4.3. Earmarked reserves have increased by £190.4m to £374.4m, of which £118.6m relates to the business rates funding of the 1,000 police officers and £29.72m relates to the carry forward requests.
- 4.4. The General Reserve has increased from £46.6m at 1 April 2019 to £63.6m at the end of March 2020 and this increase of £17m has arisen as a result of MOPAC releasing some reserves which were previously earmarked for specific activities. The General Reserve balance represents 2.3% of the outturn Net Revenue Expenditure (NRE).
- 4.5. MOPAC is required by law to publish a Reserves Strategy and the latest published version indicated the General Reserves should be maintained at a level of not higher than 5% of NRE. The year end balance of £63.6m is therefore within the current Reserves Strategy.
- 4.6. Approval is now sought for the final year-end transfers to and from reserves which can be found at Appendix 4.

### **5. Capital**

- 5.1. Whilst all MOPAC assets owned are held within MOPAC, the capital programme is undertaken by the MPS. A summary of the capital outturn position is below:

Table 1: MOPAC Capital Outturn 19/20

Capital Programme	Original Budget (£m)	Revised Budget (£m)	Actual (£m)	Variance (£m)
Property Services	265.5	97.3	98.0	0.7
NCTPHQ	31.7	31.1	22.7	-8.4
Fleet	38.2	33.7	33.3	-0.4
Digital Policing	43.8	54.2	46.7	-7.5
Transformation	96.2	58.0	48.9	-9.1
Over-Programming	-87.4	0	0	0
<b>Total Capital Expenditure</b>	<b>388</b>	<b>274.3</b>	<b>249.6</b>	<b>-24.7</b>

- 5.2. The underspends on the capital programme are largely due to programme slippage which will be addressed in 2020/21.

## 6. Quarter 4 Budget Movements

The final Quarter 4 budget movements from the Quarter 3 position are attached at Appendix 2 and the DMPC is asked to approve these final movements for 2019/20.

## 7. Financial Comments

- 7.1. The this is a financial report the financial implications are contained within the body of the report.

## 8. Legal Comments

- 8.1. MOPAC's general powers are set out in the Police Reform and Social Responsibility Act 2011 (the 2011 Act). Section 3(6) of the 2011 Act provides that MOPAC must "secure the maintenance of the metropolitan police service and secure that the metropolitan police service is efficient and effective." Under Schedule 3, paragraph 7 MOPAC has wide incidental powers to "do anything which is calculated to facilitate, or is conducive or incidental to, the exercise of the functions of the Office." Paragraph 7(2) (a) provides that this includes entering into contracts and other agreements.
- 8.2. Section 143 (1) (b) of the Anti-Social Behaviour Crime and Policing Act 2014 provides an express power for MOPAC, as a local policing body, to provide or commission services "intended by the local policing body to help victims or witnesses of, or other persons affected by, offences and anti-social behaviour." Section 143(3) specifically allows MOPAC to make grants in connection with such arrangements and any grant may be made subject to any conditions that MOPAC thinks appropriate.

- 8.3. The powers in section 143 were given to MOPAC following the Government's response to the consultation Getting it Right for Victims and Witnesses (2 July 2012) in which it set out a package of reforms to the way in which support services for victims of crime are to be provided.
- 8.4. The recommendations in this decision are in line with the legislation.
- 8.5. 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.

## **9. GDPR and Data Privacy**

- 9.1. 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 contact is made for the purposes of the engagement will be managed in accordance with MOPAC's wider Privacy Notice.

## **10. Equality Comments**

- 10.1. 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.
- 10.2. There are no equality and diversity implications arising from this report.

## **11. Background/supporting papers**

**Appendix 1** - Breakdown of MOPAC Carry Forwards into 20/21  
**Appendix 2** - Quarter 4 budget movements  
**Appendix 3** - MOPAC Revenue outturn position  
**Appendix 4** - MOPAC Transfers to/(from) reserves  
**Appendix 5** - Breakdown of in year reserve movements

**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

**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**

*Tick to confirm statement (✓)*

**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

(✓)

**Public Health Approach**

Due diligence has been given to determine whether the programme sits within the Violence Reduction Unit's public approach to reducing violence. This has been reviewed and supported by a senior manager within the VRU.

(✓)

**Commercial Issues**

Commercial issues are not applicable

(✓)

**GDPR/Data Privacy**

- GDPR compliance issues are covered in the body of the report

(✓)

**Director/Head of Service:**

The Head of SFRM has reviewed the request and is satisfied it is correct and consistent with the MOPAC's plans and priorities.

(✓)

**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** 10/6/20



Appendix 1 : Year End Carry Forward Requests

	Business Group	Police Officer Pay	Police Staff and PCSO Pay	Police Officer Overtime	Police Staff and PCSO Overtime	Running Expenses	Capital Financing Costs	Discre'y Pensions	Income	Grants	Transfers To/From Reserves	Grand Total
Year End Carry Forwards	MPS	(0.80)				(14.10)			(0.20)		15.10	
	CJC					(5.58)					5.58	
	VRU					(3.97)					3.97	
	Strategy					(0.67)					0.67	
Application of Reserves Total		(0.80)	0.00	0.00	0.00	(24.32)	0.00	0.00	(0.20)	0.00	25.32	

## Appendix 2 : MPS Budget Movements

	Business Group	Police Officer Pay	Police Staff and PCSO Pay	Police Officer Overtime	Police Staff and PCSO Overtime	Running Expenses	Capital Financing Costs	Discre'y Pensions	Income	Grants	Transfers To/From Reserves	Grand Total
<b>Approved Budget at Q3 2019/20</b>		<b>1,907.3</b>	<b>576.7</b>	<b>102.8</b>	<b>21.9</b>	<b>788.7</b>	<b>70.0</b>	<b>34.4</b>	<b>(269.7)</b>	<b>(570.7)</b>	<b>161.6</b>	<b>2,823.0</b>
Revised Application of Reserves												
Conflict Management Dogs	MO					(0.1)	(0.5)				0.6	
Senior Leadership Reserve (OMM)	FP					(0.6)					0.6	
Data Analytics	CS					(0.9)					0.9	
Collaborative Procurement (Q3 Correction)	CS									(0.8)	0.8	
UPI Teram 2019	CS		0.2			1.0					(1.2)	
Investigative Coaches Costs Q4	CS		0.8								(0.8)	
Rephasing of staff surveys and leadership events	CS					(0.5)					0.5	
CT Funding - MPS CTPOR Project	SO/CT						3.0			(5.0)	2.0	
POCA Q4 Adjustments	MO/FP					0.1				(0.1)	0.0	
VCTF funds moves to 20/21 as not used	FP								(0.1)		0.1	
Life Fire Assault and Skills delays	MO						(0.1)				0.1	
Partnership Reserves	FP					(0.2)					0.2	
Unused London Heathrow Reserve	SC					(0.4)					0.4	
Year End Carry Forwards	MPS	(0.8)				(14.1)			(0.2)		15.1	
<b>Application of Reserves Total</b>		<b>(0.8)</b>	<b>0.9</b>	<b>0.0</b>	<b>0.0</b>	<b>(15.8)</b>	<b>2.4</b>	<b>0.0</b>	<b>(0.3)</b>	<b>(5.9)</b>	<b>19.5</b>	
Application of Grants and Income										0.0		
										0.0		
Home Office Surge Funding 2019/20	MPS	1.2	0.7	8.3	0.1	4.3	1.2		5.1	(20.8)		
Home Office Grant - 2019/20 Police Officer Uplift	MPS	1.4	0.5			4.7				(6.6)		
County Lines	FP,MO	1.1		0.3		0.9				(2.3)		
HO Special Grant Extinction Rebellion	MO	1.9		8.4		4.7				(15.0)		
HO Special Grant Africa Investment Summit	MO	0.1		0.7		0.4				(1.2)		
HO Special Grant NATO	MO, SO	0.1		0.6		2.1				(2.8)		
HO Special Grant Operation Northleigh	FP	0.1	0.6	0.4		1.0				(2.0)		
CT Funding Data Protection	SO/CT		0.1			0.4				(0.5)		
CT Funding Aqua Quartz	SO/CT					1.0				(1.0)		
CT Funding IR35 Provision	SO/CT		1.0							(1.0)		
<b>Application of income/grants total</b>		<b>5.8</b>	<b>2.9</b>	<b>18.7</b>	<b>0.1</b>	<b>19.5</b>	<b>1.2</b>	<b>0.0</b>	<b>5.1</b>	<b>(53.1)</b>		
Housekeeping > £0.5m											0.0	
Realignment of CT Funding to match spend	CT	1.3	(0.9)			(0.4)					0.0	
<b>Budget structural change total</b>		<b>1.3</b>	<b>(0.9)</b>	<b>0.0</b>	<b>0.0</b>	<b>(0.4)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	
Various budget moves under £500,000 (aggregated do not need DMPC approval)	MPS	(0.1)	0.2	(0.1)	(0.2)	1.0			0.1	(1.1)	0.0	(0.2)
											0.0	
Total Virements		6.2	3.1	18.6	(0.1)	4.4	3.6	0.0	4.9	(60.1)	19.5	
											0.0	
<b>Revised Budget 2019/20</b>		<b>1,913.5</b>	<b>579.8</b>	<b>121.4</b>	<b>21.8</b>	<b>793.0</b>	<b>73.6</b>	<b>34.4</b>	<b>(264.8)</b>	<b>630.9</b>	<b>181.1</b>	<b>2,822.8</b>



## Appendix 3

### Combined Annual Accounts

2019/20

£million	Approved	Revised	Outturn	Variance Overspend / (underspend)	Variance % Overspend / (underspend)
<b>Pay</b>					
Police officer pay and overtime	1,989.4	2,034.9	2,061.7	26.8	1.3
MOPAC and police staff pay and overtime	622.2	613.8	616.7	2.9	0.5
<b>Total pay</b>	<b>2,611.6</b>	<b>2,648.7</b>	<b>2,678.4</b>	<b>29.7</b>	<b>1.1</b>
<b>Running expenses</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
Employee related expenditure	18.6	27.7	31.5	3.8	13.7
Premises costs	172.7	162.7	162.0	(0.8)	(0.5)
Transport costs	68.2	65.2	69.7	4.5	6.9
Supplies & services	592.3	610.0	574.3	(35.8)	(5.9)
Capital financing costs	58.9	73.6	66.7	(6.9)	(9.4)
Discretionary pension costs	34.4	34.4	35.3	0.9	2.6
<b>Total running expenses</b>	<b>945.1</b>	<b>973.7</b>	<b>939.5</b>	<b>(34.2)</b>	<b>(3.5)</b>
<b>Total gross expenditure</b>	<b>3,556.7</b>	<b>3,622.4</b>	<b>3,617.9</b>	<b>(4.5)</b>	<b>(0.1)</b>
Income	(260.0)	(268.4)	(278.0)	(9.5)	(3.6)
Grants	(509.3)	(656.5)	(656.6)	(0.0)	(25.6)
<b>Total income and grants</b>	<b>(769.3)</b>	<b>(925.0)</b>	<b>(934.5)</b>	<b>(9.5)</b>	<b>1.0</b>
<b>Net expenditure</b>	<b>2,787.4</b>	<b>2,697.4</b>	<b>2,683.4</b>	<b>(14.1)</b>	<b>0.9</b>
Transfer to/(from) earmarked reserve	103.4	196.6	190.4	(6.2)	(3.1)
Transfer to/(from) general reserve	0.0	(3.1)	17.0	20.1	0.0
<b>Budget requirement</b>	<b>2,890.8</b>	<b>2,890.9</b>	<b>2,890.9</b>	<b>(0.0)</b>	<b>(0.0)</b>
<b>Total Funding</b>	<b>(2,890.8)</b>	<b>(2,890.9)</b>	<b>(2,890.9)</b>	<b>0.0</b>	<b>(0.0)</b>

Appendix 4: MOPAC Transfers to Reserves

£	General Reserves	Earmarked Reserve - VRU	Earmarked Reserve - VAWG	Earmarked Strategy	Earmarked Reserve - CJC	Total
19/20 Year End Transfer to Reserves	3,837,661	3,968,652		674,390	5,578,908	14,059,611

## Appendix 5: 2019/20 Reserves Transfers

Breakdown	Transfers £m
Supporting OMM and Local Change	14.2
Managing Officer FTEs	21.9
Property	17.3
Operational Costs	3.7
Historical public inquiries	-1.2
Insurance	0.0
Other earmarked (POCA)	-0.6
Vetting Delays	0.0
Business Group initiatives	1.1
Specifically funded for third parties	0.2
Managing the 2019/20 budget	-9.3
Business Rates	118.6
MOPAC earmarked	-0.8
<b>Subtotal Earmarked Reserves</b>	<b>165.1</b>
Proposed Year-end Carry Forwards	25.3
<b>Total MOPAC and MPS Earmarked Reserves</b>	<b>190.5</b>
<b>MOPAC and MPS General Reserve</b>	<b>17.0</b>
<b>Total</b>	<b>207.5</b>