

REQUEST FOR DMPC DECISION – PCD 820

Title: MOPAC Financial Reporting 2020/21 - Quarter 1

Executive Summary:

This paper reports the 2020/21 Quarter 1 budget and forecast outturn position for MOPAC/MPS for both revenue and capital and provides explanation as to significant forecast year end variances.

The DMPC is asked to note the forecast position and, in line with the MOPAC Scheme of Delegation and Consent is also being sought to approve a number of budget and reserves movements.

The paper also seeks approval for the publication of the 2020/21 Quarterly Performance Update Report for Quarter 1 - attached as Appendix 4.

Recommendation:

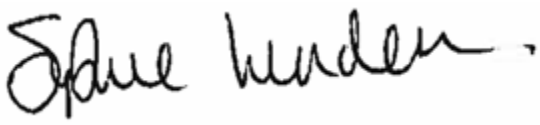
The DMPC is asked to:

1. Note the 2020/21 Quarter 1 forecast outturn position in Appendix 4;
2. Approve the MOPAC budget movements for Quarter 1 of 2020/21 as set out in Appendix 1;
3. Approve the MPS budget movements for Quarter 1 of 2020/21 as set out in Appendix 2;
4. Approve the MPS changes in planned use of reserves as set out in Appendix 3;
5. Approve the publication of the 'Mayor's Office for Policing & Crime Quarterly Performance Update Report Quarter 1 2020/21' 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 **08/09/2020**

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

Decision required – supporting report

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 efficiency savings.
- 1.2. This report sets out the 2020/21 forecast year-end position as at Quarter 1.
- 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 Quarter 1 budget movements and transfer to and from reserves.

2. MPS Revenue Outturn

- 2.1. The forecast year end net revenue position is an overspend of £19.1m. This represents 0.7% of the net expenditure budget of £2,870.4m.
- 2.2. The detail of the revenue outturn and variances against budget are reported as part of the Quarterly Monitoring Report, published in August for Q1. A summary of the MOPAC outturn position can be found at Appendix 4.
- 2.3. The key variances to be noted for the revenue outturn are as follows:

Expenditure (net underspend of £(0.1)m)

- Police Officer pay and overtime – overspend of £29.8m
- Staff pay and overtime – overspend of £22.4m
- Running expenses – underspend of £(49.8)m

Income (net underachievement of £19.2m)

- Income – under achievement of £19.2m

- 2.4. The overspend on **police officer pay** is largely due to the increased officer numbers. At the end of June 2020 there were 32,567 FTE police officers in post against a funded target of 31,890, this is 677 more officers than originally budgeted. Whilst the MPS is currently forecasting a c£10m overspend, plans are currently being worked through to ensure that this overspend is reversed by the end of the year. Forecasts will be amended when the plans have been reviewed for robustness.
- 2.5. Police **officer overtime** is forecasting a c£19m overspend. Around £9m of this is related to overtime incurred in connection with Covid. The forecasts currently assume that there will be no future increases in overtime in this connection, but should there be a second wave of the pandemic then this could change. The remainder of the overtime overspend is under intense scrutiny by the MPS.

- 2.6. Of the **staff pay** overspend approximately half is offset by a corresponding underspend in the running expenses budget and the appropriate budget realignment will be addressed in the next quarter. The remaining overspend is under review with a view to bringing the overall police pay position within budget.
- 2.7. The running expenses underspend is predominantly the result of the pausing of investment in a number of areas until funding is confirmed for additional Covid-19 expenditure and mitigating actions bring the forecast expenditure to budget.
- 2.8. There is an expected under recovery of income and grants of £19.2m. Key drivers are £26.5m lower income and grants for externally funded units being offset by a reimbursement of £9m for COVID related purchases of PPE.

3. Revenue Reserves

- 3.1. The MOPAC and MPS revenue reserves is forecast to reduce from £438.1m at 1 April 2020 to £424.6m at 31 March 2021.
- 3.2. 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).
- 3.3. The published GLA 2020/21 Budget for the MPS earmarked reserves amounted to £38.6m. At Q1 there is a £27.6m reduction in the use of these reserves to a value of £11m. The most significant budget reductions are £18.5m for the re-evaluation of Property Services reserves and £8.1m for the re-assessment of the Supporting One Met Model (OMM) reserve. Appendix 3 of this report provides a detailed analysis of the changes which form part of the overall £27.6m reduction.
- 3.4. MPS General Reserve balance remains unchanged at £46.6m. The MOPAC General Reserve balance has decreased by £3.4m from £17.0m reflecting the £3m usage of reserves in the budgeting process and a drawdown of £0.4m for the Victims' Commissioner Team. The General Reserve balance represents 2% of the forecast outturn Net Revenue Expenditure (NRE).
- 3.5. 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 forecast balance of £60.2m is therefore within the current Reserves Strategy.
- 3.6. Approval is now sought for the Quarter 1 changes in planned use of reserves which can be found at Appendix 3 for the MPS.

4. Capital

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

Table 1: MOPAC Capital Forecast Outturn 2020/21

Capital Programme	Budget (£m)	Actual to Date (£m)	Forecast Outturn (£m)	Variance (£m)
Property Services	201.6	35.8	141.6	-60.0
NCTPHQ	33.0	1.6	32.8	-0.2
Fleet	28.4	4.0	28.4	0.0
Digital Polcing	32.7	5.5	32.7	0.0
Met Ops	3.3	0.1	3.3	0.0
Transformation	115.7	24.6	110.0	-5.7
Total Capital Expenditure	414.7	71.6	348.8	-65.9

4.2. The forecast underspends on the capital programme are primarily within the Property Services programme and mainly due to a need to reprofile refurbishment budgets, paused capital activity in order to finalise the assessment of the impact on the property estate of Police Officer uplift and delay in delivery of schemes due to Covid-19.

4.3. The MOPAC Finance team will shortly be attending a workshop with the MPS Finance team to scrutinise the capital programme in more detail and any outcomes of this work will be reported back through the Quarter 2 monitoring process.

5. Quarter 1 Budget Movements

5.1. The Quarter 1 budget movements are attached at Appendix 1 for specific MOPAC budgets and Appendix 2 for specific MPS budgets and the DMPC is asked to approve these movements for 2020/21.

5.2. A specific highlight is made around the transfer of funding for MOPAC project staff away from commissioning budgets and into salary budget lines. This results in a £1m transfer from commissioning areas into salaries, there is no bottom line change to the MOPAC budget and this does not reflect additional resources supporting MOPAC activity. The change is being made to be more transparent around staffing and commissioning budgets and to aid reporting against these.

6. Financial Comments

6.1. As this is a financial report the financial implications are contained within the body of the report.

7. Legal Comments

7.1. 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.

7.2. 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) specially allows MOPAC to make grants in connection with such arrangements and any grant may be made subject to any conditions that MOPAC thinks appropriate.

7.3. 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.

- 7.4. The recommendations in this decision are in line with the legislation.
- 7.5. 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.

8. GDPR and Data Privacy

- 8.1. 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.

9. Equality Comments

- 9.1. 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.
- 9.2. There are no equality and diversity implications arising from this report.

10. Background/supporting papers

Appendix 1 - MOPAC budget movement

Appendix 2 - MPS budget movement

Appendix 3 - MPS changes in planned use of reserves

Appendix 4 - The MOPAC Quarterly Performance Update Report Quarter 1 2020/21

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: N/A

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 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**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 2/9/2020

APPENDIX 1- MOPAC Budget Movement

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

	Staff Pay and Overtime	Employee Related Expenditure	Premises Costs	Supplies and Services	Income	Grants	Transfers to/from Reserves	Grand Total
	£m	£m	£m	£m	£m	£m	£m	£m
GLA Approved Budget 2020/21	13.0	0.2	1.6	71.9	-3.1	-17.9	8.2	73.9
<u>Revised Staff Pay</u>								
VRU recharge (see Note 1) transfer	0.3							0.3
Strategy Recharges (see Note 1) and Victims Commissioning Team	0.5							0.5
CJC recharge transfer (see Note 1)	0.5							0.5
Adjusted Staff Pay	1.3	0.0	0.0	0.0	0.0	0.0	0.0	1.3
<u>Supplies & Services</u>								
CJC Carry Forward				5.6				5.6
VRU Carry Forward				4.0				4.0
Strategy Carry Forward				0.6				0.6
VRU recharge transfer (see Note 1)				-0.4				-0.4
Strategy Recharges (see Note 1)				-0.2				-0.2
CJC recharge transfer (see Note 1)				-0.4				-0.4
Adjusted Supplies & Services	0.0	0.0	0.0	9.3	0.0	0.0	0.0	9.3
<u>Transfer to/(from) Reserves</u>								
CJC Carry Forwards							-5.6	-5.6
VRU Carry Forwards							-4.0	-4.0
Strategy Carry Forward							-0.6	-0.6
Victim's Commissioner Drawdown							-0.4	-0.4
Adjusted Supplies & Services	0.0	0.0	0.0	0.0	0.0	0.0	-10.6	-10.6
Revised budget Q1 2020/21 (to be approved)	14.3	0.2	1.6	81.2	-3.1	-17.9	-2.4	73.9

Note 1: Recharges are budgets for project staff formally held in commissioning project budgets. These have now been transferred into the pay budget to aid clarity on reporting.

Appendix 2: MPS budget movement

	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
B-1 GLA approved budget 2020/21		2,044.2	586.0	115.2	21.7	882.5	92.5	34.4	-266.9	-600.7	-38.6	2,870.4
<u>Revised application of reserves</u>												
Delay in previously planned drawdowns in Met Operations (including Conflict Management Dogs Reserve, Firearms training, CHIS and Elvis	MO		2.3			-4.5	-0.6				2.8	-
Reduction in planned reserve drawdown for Investigative Coaches, Vetting and Public Inquiry Team in 20-21	Prof		-3.1			-2.0					5.1	-
Re-evaluation of Property Services reserves	CS					-18.5					18.5	-
Re-assessment of the Supporting OMM reserve	CS					-8.1					8.1	-
Grant uplift in Counter Terrorism	SO	3.2	0.8			0.7	-1.3		0.8	-7.5	3.3	-
Reversal of previously planned transfer to reserves for Connect	OMM		1.0								-1.0	-
VCTF Reserve	FP					0.1					-0.1	-
Perivale Reserve 21-22	CH					-2.3					2.3	-
Data Analytics re-profile to 21-22	CH/TD					-1.0					1.0	-
POCA ARIS funding	MO/FP			0.3		0.0					-0.4	-
Funds carried forward from 2019/20 underspend		0.0	0.6	0.0	0.0	10.9	0.0	0.0	0.4	0.0	-12.0	-
Application of reserves total		3.2	1.6	0.3	0.0	-24.6	-1.9	0.0	1.2	-7.5	27.6	-
<u>Application of Grants and Income</u>												
Grant uplift in Protective Security including RASP and PADP	SO	10.0	1.3	0.8	0.3	5.7	4.2		-0.1	-22.2		-
Increase in Other Funding - Aviation Policing, CTPHQ - Kenova, PADP - POW Contract	SO	6.9		1.4	0.1	0.7			-9.1			-
Single Online Home Creation Budget	CS		2.0			2.9			-4.9			-
Reduction in Grant Funding CT Funded Firearms uplift	MO				-0.1	-0.6			0.0	0.7		-
Tasers Budget Built	MO					1.5			0.0	-1.5		-
Disclosure and Barring Service funding realignment	MO		1.5		-0.5	-0.4			-0.6	0.0		-
Roads and Transport Policing budget re-profile	MO		1.5	0.3		0.4			-2.2	0.0		-
Change to the Home Office Surge funding assumptions	CH	-20.8									20.8	-
Grant from the Home Office Serious Violence Fund	FP	0.9		6.6		3.7				-11.2		-
Approval of various NCTPHQ Projects and Programmes (CT)	SO	0.0	0.3			1.0				-1.3		-
Additional SDSR (Covert Services) income	MO					2.0			-2.0			-
Funding uplift for Corvina	SO	0.0	0.5			0.8				-1.3		-
Mercury funding	SO	0.2	3.1			2.9				-6.3		-
County Lines Income & Expenditure Budget Load 2020/21	FP/CH	0.1	0.3	0.5		4.5				-5.4		-
CT Funding moved to NPoCC	SO	-0.5	-0.0	-0.2		-0.8				1.5		-
Application of income/grants total		-3.2	10.5	9.5	-0.2	24.4	4.2	0.0	-18.9	-26.2	0.0	-

Housekeeping >£0.5m												-
Realignment of Police Officer Pay		1.3		0.5		-0.6		2.3	-3.5		-	
Growing the Met - Uplift Budgets	MPS	0.3	2.6	-3.9		-1.6	2.5				-	
Violent Crime Task Force budget realignment	FP	-0.1	2.0	-1.6		-0.2					-	
Digital Policing & OMM realignment of budget	DP/CS		0.8			-0.8					-	
Property Services realignment of budget	CS		1.2			-2.3	1.1				-	
Met Detention Budget re-profile	MO		0.7			-0.7					-	
Re-profile of budget to reflect nature of planned expenditure (from SLT to Command Units)	FP		-2.5			2.5					-	
MB Allocation Additional BAU budget provided for Data Office 2020/21 post MB 15th May'20	CS/CH		2.2			-2.2					-	
Budget re-alignment due to pressures on Staff budgets in Fleet and MO11- OSS - LDSS	MO		2.8			-3.1		0.3			-	
Budget structural changes total												-
Various budget moves under de minimum of £500,000 (aggregated, do not need approval from DMPC)		1.5	9.9	-5.0	0.0	-9.0	3.6	0.0	2.6	-3.5	0.0	-
Total Virements	MPS	-0.3	1.8	0.4	0.3	-0.7	0.0	0.1	-1.0	-0.7	-0.0	-
Revised budget Q1 2020/21 (to be approved)		2,045.4	609.8	120.4	21.8	872.5	98.4	34.6	-283.0	-638.6	-11.0	2,870.4
	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

Appendix 3: MPS Changes in the planned use of reserves

	£m
Earmarked reserves in the Published GLA Budget	-51.9
less MOPAC (planned transfers to reserves)	-13.3
MPS earmarked reserves	-38.6
<u>Changes:</u>	
Re-evaluation of Property Services reserves	18.5
Re-assessment of the Supporting OMM reserve	8.1
Reduction in planned reserve drawdown for Investigative Coaches, Vetting and Public Inquiry Team in 20-21	5.1
Grant Uplift in Counter Terrorism	3.3
Delay in previously planned drawdowns in Met Operations (including Conflict Management Dogs Reserve, Firearms training, CHIS and Elvis)	2.8
Reversal of previously planned transfer to reserves for Connect	-1.0
Transfer to reserves for delayed Perivale project	2.3
Data Analytics reduced planned drawdown from £2.4m to £1.4m remainder planned in 21/22	1.0
POCA Reserves drawdown to match actuals	-0.4
Drawdown for Violent Crime Task Force reserve to match actual spend	-0.1
19/20 Carry-forward budgets to reserves of £15.1m of which £12m now budgeted for	-12.0
Managing FTE reserve 20/21 planned drawdown rebadged for COVID costs	11.3
COVID costs drawdown approved at May MB (rebadging of existing 20/21 Managing FTE reserve)	-11.3
Total recommended changes	27.6
Revised budget at Q1 (recommended)	-11.0

Appendix 4



Draft Q1 Pack
Performance and Fin.