

REQUEST FOR DMPC DECISION – PCD 297

Title: Financial Reporting 2017/18 - Quarter 2

Executive Summary:

DMPC is asked to note the current year to date financial position, the Quarter 2 2017/18 forecast position and to approve a number of budget and reserve movements. In summary, there is a forecast underspend of £17.7m. The forecast underspend consists of a £4.8m in underspend related to Total Pay and Overtime, £23.3m Running Costs overspend, and £36m overachievement of Total Income.

As at Quarter 2, the officer pay actual underspend is £9.5m, with a full year underspend forecast at £26m. Officer pay has been reported on budget, based on the assumption that where relevant, the underspend will be transferred to reserves, although this will only take place following quarterly approvals from DMPC.

We recommend that DMPC approves at Quarter 2, the year to date police officer pay underspend of £9.5m is approved to be transferred to reserves via a budget transfer, to protect the officer pay budget for the medium term while addressing the wider funding position. This takes into account the £6m approved at Q1 as a reserve transfer.

It is intended that this principle is followed for the remaining quarters and will be monitored on a quarterly basis to determine the final amounts to be transferred.

Capital investment is forecast to be £218.4m, against an approved budget of £268m.

The paper also seeks approval for the publication of the Quarterly Performance Report- attached.

Recommendation:

The DMPC is asked to

1. Approve the publication of the Quarterly Performance Report (Quarter 2)
2. Note the 2017/18 revenue and capital financial position and forecast.
3. Approve the budget movements and transfer to reserves set out in paragraph 2.6

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

Spivey Wenden

Date

05/12/17

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, forecast outturn and monitor 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.
- 1.3. During 2017/18 there are planned improvements to the presentation and publication of financial and performance information. These quarterly update reports represent part of this.

2. Issues for consideration

Revenue

- 2.1. The second quarter forecast year end revenue position is a reported underspend of £17.7m.
- 2.2. As at Quarter 2, the year to date officer pay actual underspend is £9.5m. It is proposed the £9.5m is transferred to reserves via a budget transfer, in order to protect this budget and the officer numbers during the uncertain medium term funding. This takes into account the £6m approved at Q1 as a reserve transfer.
- 2.3. It is intended that this principle is followed for the remaining quarters and will be monitored on a quarterly basis to determine the final amounts to be transferred.
- 2.4. Further detail of forecast under and overspends is set out in Annex 1 from pages 37-44.

Capital

- 2.5. Capital investment is forecast to be £218.4m in 2017/18 against an approved budget of £268m. The major variances are in delays in delivering the MPS property and the National Counter Terrorism Policing (NCTP) programmes. Further detail is set out in Annex 1.

Budget Movements

- 2.6. Reserve budget movements are set out in Appendix 1 of the attached Annex to;
 - Approve the transfer of £9.5m of police officer underspend pay budgets for Q1 and Q2 to reserves
 - Approve the increased use of reserves of £7.2m related to the net position of providing for costs arising from termination of contracts with Lockheed Martin UK and spend relating to the Command and Futures Programmes, as well as other minor drawdowns of £0.1m
 - Approve the increased application of grants and income and the corresponding increase in the expenditure budget, of £5.4m.
 - Approve the housekeeping budgetary changes to re-align budgets to forecast spend

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. There are no equality or diversity implications arising from this report.

6. Background/supporting papers

Appendix 1 – Quarterly Performance Update Report – Q2 2017/18
Appendix 2 - Revenue and reserves

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 Chief Finance Officer has reviewed the request and is satisfied it is correct and consistent with the MOPAC's plans and priorities.	✓
Legal Advice: Legal advice is not required.	✓
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**

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

28/11/17

