

**REQUEST FOR DMPC DECISION – DMPCD 2015 124****Title: Administrative Charges to the Police Property Act Fund****Executive Summary:**

The Police Property Act 1897 and Regulations made under the Act provide for the relevant authority to dispose of property which has been lawfully seized and is in the possession of the police in the circumstances where the owner has not been ascertained, or it has not been claimed within a specified period or where no court order has been made in respect of it.

The Act allows for the expenses incurred in the conveyance, storage and safe custody of the property and in connection within its sale or otherwise in executing the Regulations to be deducted from the fund.

This report is requesting to increase the administrative charges to the Police Property Act Fund from a notional charge of £200,000 to £800,000 to ensure there is full cost recovery.

**Recommendation:**

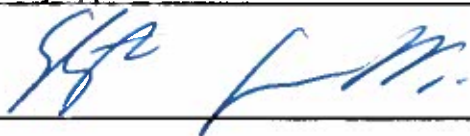
The DMPC is asked to approve,

- (i) The increase in administrative charges to the Police Property Act Fund from a notional charge of £200,000 to £800,000 to ensure there is full cost recovery,
- (ii) That administrative charge will be subject to annual reviews with the aim of reducing costs in line with wider MOPAC budget reductions.

**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**

12/11/2015

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

### **Decision required – supporting report**

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

- 1.1. The Police (Property) Act 1897 and the Police (Property) Regulations 1997 enable the surplus from the sale of certain property and cash coming into the possession of police to be used, under paragraph 6(4)(C) of the Regulations, for charitable purposes. The cash and surplus from sale of property is paid into the Police Property Act Fund (PPAF)
- 1.2. The gross income paid into the PPAF in 2013/14 was £1.7m and in 2014/15 was £2.8m. MOPAC are using this to fund a number of projects in support of the 2013/16 Police and Crime Plan.

#### **2. Issues for consideration**

- 2.1. The Act allows for costs incurred in the storage and disposal of the property and the administration to be deducted from the fund.
- 2.2. A decision was taken that a notional charge of £200k would be applied each year as at the time full costs would have depleted the fund.

#### **3. Financial Comments**

- 3.1. With gross income now averaging £1.6m per annum the MPS are seeking approval to fully charge the costs to the fund.
- 3.2. The full costs incurred by the MPS for the storage and disposal and administration of the fund totals £800k per annum. The paper requests that full costs are applied to PPAF from 2015/16.
- 3.3. The cost of maintaining the PPAF will be reviewed annually with the aim of reducing costs from 2016/17.

#### **4. Legal Comments**

- 4.1. The recommendations set out in this report seek approval for monies within the MOPAC Police Property Act Fund to be used to offset costs of maintaining the fund.
- 4.2. On the basis of the information provided, the Directorate of Legal Services supports the recommendations and for the report to proceed.
- 4.3. Full details are contained in the supporting paper.

#### **5. Equality Comments**

- 5.1. Any surplus costs after disbursement of administrative costs are intended to be used for charitable purposes. This money, whilst the responsibility of the DMPC to distribute, can be used across the community or support a wide range of diverse activities including those that would have a positive direct or indirect impact on crime and disorder.

#### **6. Background/supporting papers**

## 6.1. Joint Investment Board paper

**Public access to information**

Information in this form is subject to the Freedom of Information Act 2000 (FOIA) and other legislation. Part 1 of this form will be made available on the MOPAC website within 1 working day of approval. Any facts/advice/recommendations that should not be made automatically available on request should not be included in Part 1 but instead on the separate Part 2 form. Deferment is only applicable where release before that date would compromise the implementation of the decision being approved.

Is the publication of **this** form to be deferred? NO

If yes, for what reason:

Until what date (if known):

Is there a **part 2** form – NO

If yes, for what reason:

**ORIGINATING OFFICER DECLARATION:**

	<i>Tick to confirm statement (✓)</i>
<b>Head of Unit:</b> Annabel Cowell has reviewed the request and is satisfied it is correct and consistent with the MOPAC's plans and priorities.	✓
<b>Legal Advice:</b> The MPS legal team has been consulted on the proposal.	✓
<b>Financial Advice:</b> The Head of Strategic Finance and Resource Management has been consulted on this proposal.	✓
<b>Equalities Advice:</b> Equality and diversity issues are covered in the body of the report.	✓

**OFFICER APPROVAL****Chief Operating 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 12 / 11 / 2015

## ADMINISTRATION CHARGES TO THE POLICE PROPERTY ACT FUND

JOINT INVESTMENT BOARD 17 SEPTEMBER 2015

Report by Director of Commercial and Finance on behalf of the Commissioner

### EXECUTIVE SUMMARY

The MPS has a statutory obligation to manage prisoners' property. The associated legislation allows police forces to defray the costs incurred against any proceeds raised through the sale of the property. Currently a notional charge of £200k is levied against the proceeds of sales, however this charge does not represent the full costs of managing the service. This report recommends that, in accordance with the legislation, the full cost incurred with the management of the central service is charged to the Police Property Act Fund. This would increase the charge made by the MPS by £600k per annum.

### A. RECOMMENDATIONS - That

- 1 The Deputy Mayor for Policing and Crime, approves in accordance with legislation, the full costs incurred by the MPS for the conveyance, centralised storage and safe custody of prisoners' property and the costs connected with its sale and administration of the monies, be charged to the Police Property Act Fund.

### B. SUPPORTING INFORMATION

1. The Police (Property) Act 1897 and the Police (Property) Regulations 1997 enable the surplus (sale price less commission) from the sale of certain property and cash coming into the possession of police to be used, under paragraph 6(4) (c) of the Regulations, for charitable purposes. The cash and surplus from sale of property is paid into the Police Property Act Fund (PPAF).
2. The Police (Property) Regulations 1997 enables, under paragraph 6(4) (a), police to recover the costs of storing and safe disposal of the property and administering the PPAF:  
*'The moneys, including income from investments standing to the credit of the Fund shall be applicable-*  
*(a) to defray expenses incurred in the conveyance, storage and safe custody of the property and in connection with its sale and otherwise in executing these Regulations;'*
3. The gross income paid into the PPAF amounted to £1.7m in 2013/14 and £2.8m in 2014/15.
4. Historically, the costs associated with the storage and disposal of the property together with the administration costs of the fund were collated but not fully charged to the fund. This was due to the costs at the time outweighing the income and would have denied the distribution of funds for charitable purposes. It was therefore decided that a notional charge of £200k would be charged to the PPAF.

5. The MPS is keen to act more commercially and recommends to fully charge the costs incurred in the *conveyance, storage and safe custody of the property and in connection with its sale* to the PPAF. This recommendation is in accordance with the legislation and any constraints contained therein. With the efficiencies delivered in both the storage and disposal costs of property the full annual charge to the PPAF would still leave a surplus to be available for distribution for charitable purposes by the DMPC.
6. More fundamentally it is evident in this instance that by not recovering the full costs entitled under the legislation the MPS' core grant is actually being used to subsidise charitable activities.

## C. OTHER ORGANISATIONAL & COMMUNITY IMPLICATIONS

### Equality and Diversity Impact

1. Any surplus funds, after disbursement of administrative costs, are intended to be used for charitable purposes. The full recovery of MPS costs would, based upon the last three years performance, leave in excess of £600k available annually for charitable purposes. This money, whilst the responsibility of the DMPC to distribute, can be used across the community to support a range of diverse activities including those that would have a positive direct or indirect impact on crime and disorder.

### Financial Implications / Value for Money

2. The table below details the gross income for the PPAF which includes monies received annually from court rulings, sales of property, monies transferred from the Detained Monies Account and interest; and the net monies includes monies after payment of the current £200k administration charge, audit costs and auctioneers commission.

	2010/11 £m	2011/12 £m	2012/13 £m	2013/14 £m	2014/15 £m
Gross Income	1.87	1.57	1.87	1.68	2.81
Net Monies	1.54	1.21	1.58	1.41	2.48

3. The cost to the MPS for the central storage and disposal of property and the administration of the PPAF is detailed in the following table. It should be noted that the costs below only include the costs of the centralised services and do not include any cost for local criminal exhibit stores. The inclusion of a percentage of the staff and property costs of the local criminal exhibit stores would not only be difficult to calculate but may also put the net monies into a deficit position.

Cost type	£k
Percentage of staff costs to directly support storage and disposal	496
Percentage of staff costs directly supporting the PPAF	37
Percentage of accommodation costs to directly support storage and disposal	221
Transport, equipment and associated costs	24
Cost of disposal of drugs, firearms and unsalable property	22
<b>Total</b>	<b>800</b>
Less: Current notional administration charge already levied	(200)

<b>Proposed Uplift</b>	<b>600</b>
------------------------	------------

4. If the full cost of managing the centralised prisoners' property service had been applied to the PPAF the following balances would have been available to the DMPC to distribute for charitable purposes. It should be noted that the figures below are for illustrative purposes only as it is not proposed to retrospectively charge the full cost of managing the service to the PPAF, as the accounts for previous years have been closed and audited.

	<b>2010/11 £m</b>	<b>2011/12 £m</b>	<b>2012/13 £m</b>	<b>2013/14 £m</b>	<b>2014/15 £m</b>
Net Monies	1.54	1.21	1.58	1.41	2.48
Proposed uplift	0.6	0.6	0.6	0.6	0.6
Available balance	0.94	0.61	0.98	0.81	1.88

5. The proposed increase in cost of £600k per annum is the equivalent of the annual cost of 11 police officers at current prices.

#### **Legal Implications**

6. The recommendations set out in this report seek approval for monies within the MOPAC Police Property Fund ("the Fund") to be used to offset costs of maintaining that Fund.
7. The Police Property Act 1897 ("the Act") (as amended) and Regulations made under the Act, provide for the relevant authority (MOPAC) to dispose of property which has been lawfully seized and is in the possession of the police in the circumstances where the owner has not been ascertained, or it has not been claimed within a specified period, or where no court order has been made in respect of it.
8. Following the expiration of the relevant specified period set out under the relevant regulations, the property (other than money) may be sold and proceeds kept within the Fund. The proceeds (or any part thereof) may be invested to accrue further income to be added to the Fund, or can be used, as appropriate, for:
- to defray expenses incurred in the conveyance, storage and safe custody of the property and in connection within its sale or otherwise in executing the Regulations;
  - to pay reasonable compensation, the amount of which shall be fixed by the relevant authority to a person by whom the property has been delivered to the police;
  - to make payments of such amounts as the relevant authority may determine for such charitable purpose as they may select.
9. The decision sought in this report is consistent with the exercise of powers referred to in paragraph 7(i) above, and also in line with MOPAC's duty to secure the maintenance of the metropolitan police force and secure it is both efficient and effective in accordance with Section 3(6) of the Police Reform and Social Responsibility Act 2011.

10. On the basis of the information contained within the report, DLS support the recommendations and for the report to proceed.

**Consultation undertaken**

11. The proposal within this paper has been discussed with Finance Services with regard to finding ways to address the budget pressure and ensuring the MPS recovers its full costs wherever possible.

**Consultation grid**

Key stakeholder engagement (up to what level)	Supportive / Supportive with concerns / Not supportive / Not affected
MPS Management Board - Investment and Resources	Supportive
Director of Finance Transformation	Supportive
Director of Finance and Reporting	Supportive

**Risk (including Health and Safety) Implications**

12. There are no known risks associated with the recommendation in the paper

**Real Estate and Environmental Implications**

13. There are no known real estate or environmental implications associated with the recommendation in the paper.

**Report author:** Tony Horsley - Commercial Director, Third Party Contracts, 780716

**Background papers:**