

REQUEST FOR DMPC DECISION – DMPCD 2016 004

Title: MOPAC Budget Monitoring 2015 – Period 8

Executive Summary:

This paper summarises the period 8 financial monitoring and requests the DMPC approve budget movements and a transfers to reserves.

Recommendation:

The DMPC is asked to

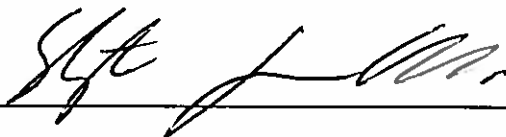
1. Note the period 8 financial monitoring position, and the actions being taken by the MPS to address the pressures;
2. Approve the budget movements set out in paragraph 2.3
3. Approve the transfer to reserves as detailed in paragraph 2.4

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

21/1/2016

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 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

- 2.1 In summary, a net overspend of £30.2m continues to be forecast for 2015/16, which is no change from last month. The net forecast overspend is mainly due to a £13.8m pressure within Supplies and Services, and a forecast shortfall in income of £18.2m. These are offset by a forecast underspend of £3m on Police Officer, Staff and PCSO Pay. There is reducing time available to correct this financial position.
- 2.2 The MPS is undertaking a number of actions to address this net overspend. They are continuing to review the posting of officers and PCSO's to vacant funded posts and requiring all business groups within the MPS to implement management actions to bring expenditure in line with the budget.
- 2.3 There are a number of budget movements proposed – detailed in Appendix 1 – which realign the budget to reflect the transfer of staff to the Business Support Service SSCL contract, allocate funding for the 2015/16 pay award, and fund temporary costs of doctors and nurses in Occupational Health.
- 2.4 There is 1 proposed transfers to reserves of £23k – BAA Airwave Replacement
- 2.5 Appendix 1 sets out further detail of the period 8 financial monitoring position, the budget movements and the transfer to reserves.
- 2.6 The forecast outturn for capital expenditure is £264.3m compared to the 2015/16 Capital Programme of £264.6m. Further detail is shown in Appendix 1.

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 Appendix 1 MOPAC budget monitoring

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:

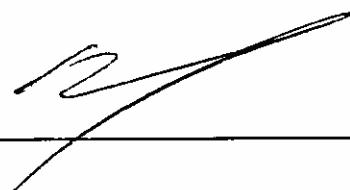
ORIGINATING OFFICER DECLARATION:

	<i>Tick to confirm statement (✓)</i>
Head of Unit: Alex Anderson 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 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 21/01/2016

SUMMARY REVENUE AND CAPITAL BUDGET MONITORING REPORT

Period 8 - 2015/16

CORPORATE OVERVIEW

The 2015/16 MOPAC budget was approved as part of the Mayor's consolidated budget on 23 February 2015 and includes additional planned savings of £205.6m. This brings the total of savings to £573m between 2013/14 and 2015/16.

SUMMARY

This report on the MOPAC/MPS finances for 2015/16 provides details of the forecast outturn financial position as at Period 8 for revenue and capital budgets. The **revenue** forecast shows no net change to the previous forecast, i.e. a overspend of £30.2m.

The forecast spend on the Capital Programme as at Period 8 is £264.3m (£0.8m lower than the previous forecast), compared to the approved budget of £264.6m.

The major pressures and mitigations on this year's budget are:

Pressures:	£m	Predominant explanation of variance
Income	18.2	Delay in filling funded posts, reduced sporting income and lower than anticipated income from vehicle recovery fees. In addition, Home Office has reduced the level of ROCU grant which has been mitigated by management action.
Supplies and Services	13.8	Higher than expected legal costs in relation to 3rd party claims, and Digital Policing costs.
Mitigations:		
Police, PCSO and Staff Pay	(3.0)	Additional overtime costs in SC&O are more than offset by the lower than average constable costs due to new recruits, and PCSO staff being below planned strength.

Revenue Financial Position – Period 8

The annual forecast as at Period 8 remains at a net overspend of £30.2m which is 1.3% of the Total Net Expenditure budget as detailed below. The MPS is undertaking a number of actions to address this net overspend. They are continuing to review the posting of officers and PCSO's to vacant funded posts and requiring all business groups within the MPS to implement management actions to bring expenditure in line with the budget.

Table 1 – Subjective comparison of year to date and forecast annual expenditure and income to budget – Period 8

Total Year to Date Budget £m	Total Year to Date Actuals £m	Total Year to Date Variance £m	Cost category	Revised Annual Budget £m	Annual Forecast £m	Total Annual Variance £m	Total Annual Variance %
1,178.8	1,173.2	-5.6	Police Officer Pay	1,775.3	1,765.0	-10.3	-0.6%
338.7	341.9	3.3	Police Staff Pay	500.8	499.7	-1.1	-0.2%
45.8	45.4	-0.4	PCSO Pay	68.7	65.9	-2.8	-4.1%
1,563.2	1,560.5	-2.7	Total Pay	2,344.8	2,330.6	-14.2	-0.6%
53.4	60.5	7.1	Police Officer Overtime	83.7	94.3	10.6	12.7%
15.5	15.7	0.1	Police Staff Overtime	23.3	24.0	0.7	3.0%
0.2	0.1	-0.1	PCSO Overtime	0.3	0.2	-0.1	-20.7%
69.1	76.3	7.2	Total Overtime	107.3	118.5	11.3	10.5%
1,632.3	1,636.8	4.5	Total Pay & Overtime	2,452.1	2,449.1	-3.0	-0.1%
12.7	18.3	5.5	Employee Related Expenditure	17.5	18.2	0.7	4.1%
117.4	121.0	3.7	Premises Costs	170.4	172.6	2.2	1.3%
40.1	35.3	-4.8	Transport Costs	60.4	57.5	-2.9	-4.8%
264.9	263.9	-1.0	Supplies & Services	420.6	434.4	13.8	3.3%
435.1	438.4	3.3	Total Running Expenses	668.9	682.7	13.7	2.1%
33.7	31.3	-2.5	Capital Financing Costs	50.6	50.6	-0.0	0.0%
23.9	22.6	-1.3	Discretionary Pension Costs	35.9	34.7	-1.1	-3.1%
2,125.1	2,129.1	4.0	Total Gross Expenditure	3,207.5	3,217.1	9.6	0.3%
-183.2	-172.9	10.3	Other Income	-280.9	-265.0	16.0	-5.7%
-327.4	-322.9	4.5	Specific Grants	-495.7	-493.4	2.2	-0.5%
-4.9	-2.1	2.8	Transfers to/(from)Reserves	-70.2	-67.8	2.3	-3.3%
1,609.5	1,631.1	21.6	Total Net Expenditure	2,360.7	2,390.9	30.2	1.3%
1,592.7	-1,592.7	0.0	Funding (General Grant & Precept)	-2,360.7	-2,360.7	0.0	0.0%
16.9	38.4	21.6	Overall MPS & MOPAC Total	-0.0	30.2	30.2	-

Period 8 Commentary - Summary of Key Issues**Income & Specific Grant**

There remain forecast pressures of £18.2m which principally relate to unsold posts, reduced sporting income and vehicle recovery fees, and lower than anticipated funding from the downward revision of Regional Organised Crime Unit (ROCU) grant from the Home Office. Action has been taken to reduce relevant expenditure to mitigate the reduction in ROCU grant.

Supplies and Services

There is a forecast pressure of £13.8m. Around half of this pressure relates to the £7m top up estimated to be required for the third party claims against the MPS to supplement the budget of £14.7m. The other significant area of overspend is £5.1m within Digital Policing, where there are a number of pressures offset in part by a number of underspends.

Police officer pay

Police officer pay is now forecast to underspend by £10.3m due to the average cost of constables reducing as new recruits join the organisation.

Police Staff Pay

The forecast for police staff pay remains as an underspend of £1.1m.

Overtime

Against current budgets there is an overall pressure of £11.3m, mainly on Police Officers, a reduction of £0.4m. The most significant overspend is £5.9m within Specialist Operations (SO) due to operational pressures, high level of vacancies and the threat level being increased to severe from August 2014. The majority of this overspend is funded by Protective Security and Counter Terrorism grants.

Other pressures include £0.7m in SC&O for Specialist Firearms and £2.6m in Public Order Resourcing. SC&O have been tasked with managing the spend within the budget or identifying corresponding savings.

Capital

The table below sets out the forecast spend of £264.3m, which is £0.2m below the approved budget. Gross capital receipts as at the end of October 2015 are £94m, and the forecast remains £195m.

Capital Expenditure as at Period 8 2015/16

Summary by Provisioning Dept	Nov 2014 Submission Programme Budget 2015	Actuals	Forecast to 31/03/16	Variance Approved Programme/ Forecast	Spend Rate	
Comprising	£000s	£000s	£000s		% of forecast spent	% of budget spent
Digital Policing	140,108	44,853	112,200	(27,908)	40%	32%
Property Services	187,100	90,263	150,297	(36,803)	60%	48%
Fleet Services	25,500	11,173	20,347	(5,153)	55%	44%
Other Plant & Equipment	60	0	0	(60)		
Over Programming	(88,192)	0	(18,577)	69,615		
Budget	264,576	146,289	264,268	(308)	55%	55%

Budget Movements

Business Group	Cost category	Dr £000s	Cr £000s	Reason
SSS	Police Staff Pay	1,000		Allocation of budget from Centrally Held to fund costs of temporary doctors and nurses in Occupational Health. This additional funding was held centrally until it became clear that additional funding would be required.
Centrally Held	Police Staff Pay		1,000	
MetHQ	Supplies & Services	8,733		To transfer police staff pay budget for staff transferred to SSCL to Supplies & Services to fund the new outsourced contracts
SSS	Police Staff Pay		8,733	
MetHQ	Police Staff Pay	607		To realign budgets to reflect the transfer of services to SSCL and fund the cost of the new outsourced contracts
MetHQ	Specific Grant		916	
MetHQ	Employee Expenditure		387	
MetHQ	Supplies & Services	2,974		
SSS	Police Staff Pay		607	
SSS	Police Staff Overtime		49	
SSS	Specific Grant	916		
SSS	Employee Expenditure		7	
SSS	Supplies & Services		343	
SSS	Transport Costs		33	
CH	Employee Expenditure		2,155	
CH	Police Staff Pay		5,141	To allocate additional funding for the 2015/16 Police Staff and PCSO pay award including the London Living Wage increase
DP	Police Staff Pay	177		
MetHQ	Police Staff Pay	450		
SSS	Police Staff Pay	866		
SC&O	Police Staff Pay	1,514		
SO	Police Staff Pay	442		
SO	PCSO Pay	2		
TP	Police Staff Pay	1,609		
TP	PCSO Pay	81		

Transfer to Reserves

This is a monthly transfer to the BAA airwave replacement reserve of £23k which is included within the agreement with Heathrow Airport Limited (HAL).