

REQUEST FOR DMPC DECISION – DMPCD 2015 121

Title: MOPAC Budget Monitoring 2015 – Period 5

Executive Summary:

This paper summarises the period 5 financial monitoring and requests the DMPC approval.

Recommendation:

The DMPC is asked to

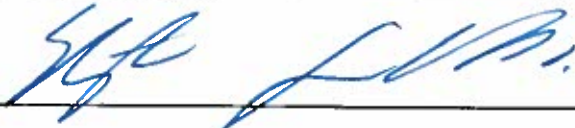
1. Note the period 5 financial monitoring position;
2. Approve the transfers to and from reserves as detailed in paragraph 3.2.

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

15/10/15

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, an overspend of £39.6m is forecast for 2015/16. The net forecast overspend is mainly due to pressures within the following budgets:
- Police Staff Pay - £7.9m
 - Police Overtime £11.3m (net of income/grant related to overtime)
 - Supplies and Services - £11.7m
 - Income - £15.3m shortfall

These are offset by forecasts underspends on

- PCSO Pay (£3.4m)

Appendix 1 sets out further detail of the period 5 financial monitoring position.

- 2.2 The forecast outturn for capital expenditure is £258m compared to the 2015/16 Capital Programme of £265m.

3 Financial Comments

- 3.1 As this is a financial report the financial implications are contained within the body of the report.
- 3.2 The net value of the transfers to/from reserves is £1.48m, the breakdown is as follows:
- Transfer to reserves of £23k – BAA Airwave Replacement
 - Transfer from reserves £1.5m – Budget Pressures Reserve
 - Transfer from reserves £2.5k – Partnership & Sponsorship

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:

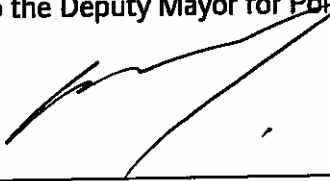
ORIGINATING OFFICER DECLARATION:

	<i>Tick to confirm statement (✓)</i>
Head of Unit: Annabel Cowell 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 Chief Finance Officer 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

15/10/2015.

SUMMARY REVENUE AND CAPITAL BUDGET MONITORING REPORT

Period 5 - 2015/16

Corporate Overview

The 2015/16 MOPAC budget was approved as part of the Mayor's consolidated budget 23 February 2015 and includes additional planned savings of £205.6m. This brings the total of budgeted savings to £572m 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 5 for revenue and capital budgets.

The Period 5 forecast is based on the Period 3 forecast adjusted only for significant changes. A more detailed analysis will be provided as part of the Period 6 process and future quarterly reports.

The **revenue** forecast shows an overspend of £39.6m.

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

Pressures:	£m	Predominant explanation of variance
Overtime	11.2	Due to the workload in Specialist Crime & Operations (SC&O)
Police and Staff Pay	7.9	Increased Agency staff costs
Income	15.3	Delay in filling funded posts.
Supplies and Services	11.7	Higher than expected legal costs in relation to 3rd party provisions.
Mitigations:		
PCSO	(3.4)	The numbers of PCSO staff are below the planned strength

Revenue Financial Position – Period 5

The annual forecast as at Period 5 is for a net overspend of £39.6m which is 1.7% of the Total Net Expenditure budget as detailed below.

Table 1 - Subjective comparison of year to date and forecast annual expenditure and income to budget - Period 5

Total Year to Date Budget £m	Total Year to Date Actuals £m	Total Year to Date Variance £m	Period 5 - 2015/16	Revised Annual Budget £m	Annual Forecast £m	Total Annual Variance £m	Total Annual Variance %
733.5	731.8	-1.8	Police Officer Pay	1,777.2	1,777.1	-0.1	0.0%
210.6	213.9	3.3	Police Staff Pay	509.9	517.8	7.9	1.5%
28.5	28.4	-0.1	PCSO Pay	68.6	65.3	-3.4	-4.9%
972.7	974.1	1.4	Total Pay	2,355.7	2,360.2	4.5	0.2%
35.2	41.1	5.9	Police Officer Overtime	81.6	90.7	9.1	11.1%
9.7	9.7	-0.1	Police Staff Overtime	23.4	25.5	2.1	9.1%
0.1	0.1	-0.0	PCSO Overtime	0.3	0.3	-0.0	-0.5%
45.1	50.8	5.7	Total Overtime	105.3	116.5	11.2	10.7%
1,017.8	1,024.9	7.1	Total Pay & Overtime	2,461.0	2,476.7	15.7	0.6%
8.7	11.1	2.4	Employee Related Expenditure	19.8	19.8	-0.0	-0.1%
74.3	74.1	-0.2	Premises Costs	171.6	173.0	1.3	0.8%
25.0	21.4	-3.6	Transport Costs	60.4	58.2	-2.2	-3.7%
161.0	156.8	-4.2	Supplies & Services	406.1	417.8	11.7	2.9%
269.1	263.5	-5.5	Total Running Expenses	658.0	668.7	10.7	1.6%
21.1	21.1	-0.0	Capital Financing Costs	50.6	50.6	-0.0	0.0%
14.9	14.0	-0.9	Discretionary Pension Costs	35.9	35.0	-0.9	-2.4%
1,322.8	1,323.5	0.6	Total Gross Expenditure	3,205.5	3,231.0	25.5	0.8%
-115.1	-104.4	10.7	Other Income	-280.3	-265.0	15.3	-5.5%
-203.2	-204.4	-1.1	Specific Grants	-494.6	-495.9	-1.3	0.3%
-4.6	-1.7	2.9	Transfers to/(from)Reserves	-69.8	-69.9	-0.0	0.0%
999.8	1,013.0	13.1	Total Net Expenditure	2,360.7	2,400.3	39.6	1.7%
-974.2	-974.2	0.0	Funding (Grant & Precept)	-2,360.7	-2,360.7	0.0	0.0%
25.7	38.8	13.1	Overall MPS & MOPAC Total	-0.0	39.6	39.6	N/A

Period 5 Commentary

Summary of Key Issues

Income

There continues to be a forecast pressure of £15.3m. In the main this is due to not filling officer posts that are budgeted to be funded from external sources. The main areas of concern are Roads Policing and other unfilled and unsold posts.

Supplies and Services

The forecast outturn pressure remains at £11.7m; £7m of this relates to a top up to the MPS third party provision, in relation to claims made against MPS/MOPAC. The other forecast pressures are the additional cost of Forensic Medical Examiners (FMES's) offset by reduced

nurse pay, national Counter Terrorism Digital Policing costs, the additional volume of contracted forensics work, and various forecasted Digital Policing costs. These are offset by the reduced volume of demand on the Language Services contract.

Police officer pay

Projected police pay is within the agreed budget.

Police staff pay

There is a projected pressure this year of £7.9m which is as a result of the large number of temporary staff and the projected inability to lose staff at the rate required to balance the budget. Business groups are required to manage police staff expenditure within the agreed budget.

The 2015/16 pay award is currently being negotiated with the Trade Unions. The MPS's offer will involve an additional unbudgeted cost of £1.5m in 2015/16 with savings in future years (as the pay awards proposed for 2015/16 and 2016/17 are non-consolidated). The unbudgeted cost in 2015/16 will be funded from the budget pressures reserve. The reserve will be replenished in 2016/17 when the savings are made.

Overtime

Against current budgets there is an overall pressure of £11.2m, mainly on Police Officers (£9.2m). The majority of the overspend £5.3m is within Specialist Operations (SO) due to operational pressures, high level of vacancies and the threat level being increased to severe from August 2014. However this over spend should be funded by Protective Security and Counter Terrorism grants.

Other pressures include £2.6m in SC&O due to the support for major operations provided by Specialist Firearms and Public Order and Resources, and £1.5m in regard to policing the Ecuadorian Embassy.

The main pressures on the Police Staff Overtime budget are in Met Command and Control (£0.6m) and Forensics (£0.7m).

PCSO pay

PCSO pay is forecast to underspend by £3.4m at the end of the financial year.

Capital

The forecast spend is £258m which is £7m below the approved budget of £265m. Gross capital receipts as at the end of August 2015 are £55m and the forecast remains £196m.

Budget movements and transfers to/from Reserves

Budget Movements

There are no budget movements in Period 5.

Transfers to and from Reserves

The MPS are seeking approval to carry out the following transfers to and from reserves:

- A transfer to the BAA airwave replacement reserve of £23k which is included within the agreement with Heathrow Airport Limited (HAL) that specified income from HAL should be put into a reserve to build up a fund for any Airwave replacement schemes at Heathrow Airport in the future. This represents the contribution for August and HAL will continue to build up this reserve each month throughout the year.
- A drawdown of £1.5m from the Budget Pressures reserve to fund the unbudgeted cost of the 2015/16 Police Staff pay award currently being negotiated with the Trade Unions. The reserve will be replenished in 2016/17 from the savings that will be made.
- A drawdown of £2.5k from the partnership and sponsorship reserve as a contribution towards the running costs of two partnership vehicles in Merton