

# MOPAC/MPS BUDGET SUBMISSION 2020/21 to 23/24

## 1. BACKGROUND

- 1.1. Keeping Londoners safe remains the Mayor's top priority and this reflects the views expressed in the recent Priorities for Londoners survey conducted by the GLA. This submission proposes a balanced resource budget in 2020/21 which supports the delivery of this priority. This proposed budget has been put together in an environment of significant funding uncertainty. Reasoned budget assumptions have necessarily been made and these assumptions will be revised as greater clarity emerges until the final budget is settled in February 2020. Largely as a result of this uncertainty around Government funding there is a significant a budget gap of £286.5m in 2021/22 rising to £479.6m in 2023/24.
- 1.2. In July 2019 the Government announced that it was committed to recruiting 20,000 additional officers across the 43 forces of England and Wales, over the next three years. This is a welcome commitment. It was announced in the 2019 Spending Round that new funding of £750m was being made available nationally for 2020/21, the first full year of the recruitment drive, to recruit up to 6,000 officers, with £45m being made available in 2019/20 to enable recruitment to start.
- 1.3. On 9th October the Government announced the first wave officer uplift recruitment target for each force in England and Wales. The planned 6,000 officers for 2020/21 were to be allocated according to each force's proportion of the central Government core grant, with the MPS being set a recruitment target of 22.8% or 1,369 officers. These officers will be on top of officer growth already funded by the Mayor. The MPS has commenced recruitment of these additional officers with 500 planned to be secured by the end of March 2020 and the remaining 869 by September 2020. However, to date, the 2020/21 funding allocation associated with this recruitment target has not been announced creating significant uncertainty as forces plan their budgets.
- 1.4. On 30 October 2019 the Government announced the allocation of the £45m set aside for early recruitment in 2019/20. After a £16.3m top-slice for the national recruitment programme, the remaining funds were allocated according to each force's proportion of the central Government core grant, with the MPS receiving £6.6m. This will be utilised for additional officers in 2019/20 but falls short of the total cost associated with an additional 500 officers which is estimated at approximately £11.6m.
- 1.5. The detailed officer and funding allocations in 2021/22 and beyond have not yet been made available to forces. Therefore, this budget submission is based on recruiting the target number of officers set out by the Commissioner and supported by the Mayor; i.e. 6,000 over 3 years. While funding assumptions are made to balance the budget in 2020/21 on the basis of recruiting and receiving funding for 1,369 additional officers, the costs of the additional officers are shown in later years without any offsetting funding leading to a significant budget gap in those years. We are not showing funding for the remaining 4,631 officers as it is unclear what allocation the Government will make.
- 1.6. The Mayor's uplift of £84m in 2019/20 for the MPS has already enabled rapid recruitment towards a budgeted headcount of 31,000. The MPS is currently bringing in record intakes of new recruits and the officer workforce has grown from 29,978 in April 2019 to 30,736 (October 2019). This is on track to rise to 31,000 before the end of December 2019. The funding received from the Government will support the addition of another 500 officers before the end of the financial year.

- 1.7. The Mayor's support for policing has helped the force tackle the nationwide increase in violence with some early signs of success. The number of knife crime with injury for victims aged under 25 has reduced in the twelve months to September 2019. Overall there has been a 16% decrease in the year to September 2019 compared with the previous twelve months. This initial impact does not diminish the size of the challenge ahead to ensure such decreases are sustained, and trends reversed. The Mayor and Commissioner's relentless drive to tackle serious violence will continue.
- 1.8. The proposed budget also supports a strong emphasis on neighbourhood policing. As per the Mayor's commitment, there are at least two Police Constables and one Police Community Support Officer in every ward in London. Dedicated Ward Officers are a critical resource and connection for local residents and communities.
- 1.9. The MPS has continued to digitise police services to widen public access in line with many other public services, and to improve the efficiency and quality of service for victims and witnesses. A wide range of offences can now be reported online. A new interactive system has slashed response times to the 101 non-emergency number. The roll out of 40,000 laptops, tablets and mobile phones allows officers to be more mobile and maximise their time on the frontline. The MPS' ambitious forward-looking transformation portfolio will bring further improvement in deployment, data and intelligence over the coming years.
- 1.10. This paper sets out the MOPAC/MPS revenue and capital budgets for the period 2020/21 to 2023/24 proposed by the Deputy Mayor for Policing and Crime for submission to the Mayor. These have been prepared in accordance with the Mayor's Budget Guidance issued in June 2019 and will form part of the overall GLA Group Budget to be agreed in February 2020.
- 1.11. The MPS' Capital Programme is £1.58bn between 2019/20 and 2023/24. Some of this expenditure will be funded through a contribution from capital receipts generated by the estates programme, and from the small Government capital grant (projected to be £62m based on current funding levels of £12.4m per year). This Government grant is far below what is necessary to fund the MPS' capital investments and expenditure.
- 1.12. The potential to generate capital receipts by disposing of buildings is decreasing - as the estate portfolio becomes smaller, and officer numbers increase. Further modernisation and investment in equipment and technology necessary to police a 21<sup>st</sup> century society risks creating an increasing dependence on external borrowing. This will increase the cost of capital financing which is funded from the revenue budget, in turn creating pressures on stretched resources. This is exacerbated by the recent Government decision to increase the Public Works Loan Board borrowing rate by one percentage point.
- 1.13. In 2019/20 the Mayor provided £6.8m dedicated funding for the Violence Reduction Unit; £20.4m in additional funding for activity to tackle serious violence (in particular violence against women and girls) over the period 2019/20 to 2021/22; and £3.5m in 2019/20 for increased activity on other priorities such as tackling drug abuse and countering violent extremism. These priorities will continue to be supported by the proposed budget.

## **2. MAYORAL PRIORITIES**

- 2.1. Following extensive consultation, the Mayor published his Police and Crime Plan - A Safer City for All Londoners 2017-21 in March 2017 [PCD 168].

- 2.2. The strategy sets out his five top priorities for policing and crime in London:
- A better police service for London
  - A better criminal justice service for London
  - Keeping children and young people safe
  - Tackling Violence Against Women and Girls
  - Standing together against hatred and intolerance
- 2.3. The Police and Crime Plan can be found at [www.london.gov.uk/police-plan](http://www.london.gov.uk/police-plan).
- 2.4. The Mayor has consistently said that the safety of Londoners is his top priority, and this matches the concerns of Londoners' reported in the recent Priorities for Londoners' survey. He has increased the resources of the police and fire services over his first administration by over £200 million. Police officer numbers are now on target to reach 31,000 before the end of December 2019.
- 2.5. As part of an overall £84m investment in 2019/20, the Mayor prioritised £26.5m to address violence reduction. A substantial amount of this sum is committed to the direct or indirect support of the Violent Crime Task Force (VCTF), including police officer time, overtime and dedicated civilian investigation teams.
- 2.6. The Mayor is also committed to delivering the MPS transformation programme. This programme, aims to deliver:
- For the public – building confidence and tackling the issues that matter to them most;
  - For the MPS people – providing strong leadership and equipping them with the skills and tools which match their commitment to the job;
  - Digital transformation – renewing IT systems which are at the end of their life. Exploiting the digital revolution, new technology, intelligence and data;
  - Organisational transformation – becoming a flexible and agile organisation.
- 2.7. Many of the MPS' IT systems were developed in the 1990s and early 2000s. Whilst these still support operational policing, they are outdated and a number of platforms are on the point of obsolescence, increasing risks to resilience. The MPS has to invest to maintain services, to prevent failure of critical systems and renew IT systems for ongoing use, as well developing a capability to match the technology used by criminals. The MPS has begun delivery of a programme to replace seven core policing systems with one system called CONNECT. In addition, the MPS plans to implement a new command and control system are well advanced. This is a critical system which manages emergency calls and the dispatch of officers in response. It replaces a system which in parts is over 35 years old. The MPS is making strides in improving its digital capability, improving efficiency and quality of service for victims and witnesses. The MPS has provided more online services for victims of crime. Officers have been issued with body worn video, tablets, laptops and biometric scanners to aid investigations, improve evidence capture and digitise workflows. Digital pathways have also been developed to share case files and evidence with the Crown Prosecution Service and partner agencies to speed up the criminal justice process.

### **3. 2019/20 REVENUE AND CAPITAL FORECAST**

- 3.1. The 2019/20 Budget was balanced and agreed in February 2019. While there was an increase in National and International Capital City (NICC) funding of £11.7m between 2018/19 and 2019/20, this is still significantly underfunded by £160.2m and remains a pressure on the budget. Similarly, the increase in Government core grant funding of £78.9m was welcome.

Nonetheless, the proportion of the MPS budget funded by the Government fell due to a reduction in Government funding provided to the MPS, requiring a shift towards Mayoral Council Tax and Business Rates funding to cover these emerging budgetary gaps. As indicated above, at the time of submitting this budget proposal there is a lack of clarity about the funding allocations for 2020/21 and beyond.

- 3.2. During the 2019/20 Budget process, the Mayor allocated additional funding of £234m to policing. This has been spent on:
  - £118.6 million to safeguard funding for 1,000 extra police officers than would otherwise be affordable. This sum is held in earmarked reserves and will be drawn down in 2021/22 and 2022/23.
  - £84.8m for the MPS raised from an 11 per cent increase to the Mayor's council tax policing precept. This is the equivalent of 46p a week and will be split between a number of crime fighting measures, including new officers, specialist investigators to disrupt gang violence and new state-of-the-art equipment.
  - £6.8 million to tackle violence in London through the work of the Violence Reduction Unit (VRU).
  - £3.5 million to victims' services and crime prevention activity by MOPAC.
  - £20.4 million to tackle serious violence, of which £15m is targeted specifically at tackling violence against women and girls (VAWG).
- 3.3. The latest financial forecast for 2019/20 is based on monitoring at Quarter 2 - to the end of September. Full details can be found in the latest MOPAC Quarterly Performance Report ([https://www.london.gov.uk/sites/default/files/mopac\\_q2\\_22.11.19\\_final.pdf](https://www.london.gov.uk/sites/default/files/mopac_q2_22.11.19_final.pdf)). In summary, the net revenue position for the MPS is a overspend of £23.7m at year end, a variance of less than 0.7% of the revised £3.5bn budget.
- 3.4. The forecast assumes that the Counter Terrorism (CT) under spend will be used to offset the Protective Security (PS) pressures. National Counter Terrorism Police Head Quarters (NCTPHQ) is actively trying to manage the overall national position and the balance between CT and PS Grants to minimise the risk to the MPS.
- 3.5. The forecast assumes receipt of £13.4m Special and Specific Grant from Home Office, for policing special events. The total cost of policing the Extinction Rebellion protest in April 2019 was £16.1. Policing the visit of the President of the United States cost £3.4m. Both figures include the opportunity cost of Police Officer time. Further costs were incurred for other major events and the claim for the second Extinction Rebellion event has not yet been collated and submitted. Claims to the Home Office cannot include the opportunity cost of officer time.
- 3.6. The MPS capital programme provided for £388.0m of expenditure in 2019-20. This was to be funded from a combination of capital receipts, grants, and borrowing. At Quarter 2 capital expenditure for the year is reprofiled to £274.3m following a detailed review of programme requirements, including evaluating the impact of accommodating the additional officers funded through the Government uplift. Borrowing requirements are being reprofiled accordingly.

- 3.7. At the end of September (quarter 2), the MOPAC budget (non-MPS) was being projected to reprofile spending of £3.3m, from 2019/20 to 2020/21 with £1.1m of that sum attributable to the VRU.

#### **4. MOPAC/MPS BUDGET 2020/21 TO 2023/24 PROCESS**

- 4.1. In preparing the revenue and capital budget each business unit within MOPAC/MPS carried out a detailed process of reviewing current budgets to identify savings and efficiencies. The development of this budget proposal has been subject to oversight by the Deputy Mayor through her regular meetings with the Commissioner, the quarterly MOPAC Oversight Board which she chairs and regular bilateral meetings with the MPS Chief of Corporate Services.

#### **5. RESOURCE BUDGET 2020/21 TO 2023/24**

- 5.1. At the time of making this submission, there are several significant uncertainties surrounding police funding for 2020/21. The Government has not yet confirmed the police settlement nor any flexibility for local decision-making on the police precept. Confirmation will not be received before January 2020. Furthermore, no funding has been announced to pay for the officer uplift beyond 2020/21 increasing uncertainty considerably in those years.
- 5.2. Government funding for the MPS to support the recruitment of the first 1,369 officers is still unknown, although the Government is clear that "Government funding for recruitment in 2020 to 2021 will cover all associated costs, including training and kit". Until the Government announces the allocation of the £750m for 2020/21 and further funding for 2021/22 and beyond, it is not possible to confidently estimate the central Government funding that will be given to the MPS to cover these costs.
- 5.3. MOPAC/MPS budget calculations are based on recruiting the target number of officers set out by the Commissioner and supported by the Mayor; i.e. 6,000 from the additional 20,000, over 3 years, with the initial recruitment for the allocated 1,369 underway. The cost of these officers, phased over the 3 years, will be calculated according to the assumptions agreed nationally in joint working between the Government and Police forces. These assumptions reflect all direct and indirect costs of officers and also takes account of the additional costs of operating in London. Funding for the officer uplift after 2020/21 (4,631 in total) have not been included in this budget submission, resulting in a budget gap in the later years of the budget period. Furthermore, the Government have indicated that they will expect policing to deliver £120m of efficiencies in 2020/21 but have not announced how they expect these to be delivered or whether central Government funding will be adjusted to reflect them.
- 5.4. The Spending Round announced that there would be additional funding allocated to Counter Terrorism, which will allow Counter Terrorism Policing to maintain existing capability and capacity and deliver strategic priorities next year. However, this is for 2020/21 only and does not fund any further growth in CT capability. It also does not provide for a longer-term deal which is needed to enable forward planning and to avoid future cliff edges, nor does it reflect the bids made by the MPS for CT funding. It should be noted that CT grant provides a substantial contribution to the overall MPS headcount of 31,000, and shortfalls in this area in the future would reduce the impact of the planned growth in officer numbers.
- 5.5. Some of the national roles that London delivers remain funded substantially below what they cost the MPS to deliver. In particular, the National and International Capital City grant is paid

at £185.3m, £96m less than the recommendations made by Sir Richard Mottram’s expert panel in 2015 (a conservative and historically dated estimate).

- 5.6. According to this budget, the proportion of funding provided by the Mayor in 2020/21 to the MOPAC/MPS budget will be 22% (compared to 18% in 2010). Since central Government funding accounts for 70% of revenue support, the financial sustainability of the MPS depends on funding decisions taken by the Treasury and the Home Office.
- 5.7. The 2020/21 MOPAC/MPS revenue budget totals £3,810m funded as follows:

	<b>£m</b>	<b>%</b>
Central Government Police Grant	2,060	55%
Specific Grants	581	15%
GLA Precept and Business Rates	846	22%
Income	270	7%
Use of reserves	53	1%
<b>Total</b>	<b>3,810</b>	<b>100%</b>

- 5.8. The draft budget and workforce assumptions may be revised following further Government announcements via the police funding settlement. In particular, the exact split of the £750m funding uplift between forces and dealing with the £120m of efficiencies expected will have a significant impact on both the 2020/21 budget and also future years’ assumptions and affordability.

- 5.9. The 2020/21 MOPAC/MPS revenue budget is distributed as follows:

	<b>£m</b>	<b>%</b>
Police Officer Costs	2,142	56%
Police Staff Costs	583	15%
PCSO Costs	56	1%
Other Staff Costs	54	1%
<b>Subtotal Staff Costs</b>	<b>2,835</b>	<b>73%</b>
Supplies and Services	593	16%
Premises Costs	213	6%
Transport Costs	71	2%
Capital Financing Costs	98	3%
<b>Subtotal Running Expense and Financing Costs</b>	<b>975</b>	<b>27%</b>
<b>Total</b>	<b>3,810</b>	<b>100%</b>

- 5.10. Inflation factors have been applied to various expenditure budgets for 2020/21 to reflect the anticipated cost increases. Inflation (pay and non-pay) is budgeted to cost £68.2m. This includes an assumed 2% pay increase for officers, staff and PCSOs, although the cost envelope for the 2019/20 pay proposal is 2.5% for police officers only. The full year effect of this in 2020/21 and beyond is factored in.

- 5.11. Officer and staff pay and overtime accounts for 73% of MPS expenditure, while supplies and services, such as external suppliers, uniforms, utilities and kit, account for 16% and premises costs for 6%. Considerable savings have already been delivered in recent years through rationalisation of the MPS estate and operational efficiencies. However, the officer uplift will require a fresh examination of the existing estate strategy to ensure that it will meet the needs of an expanding police force.

5.12. In the absence of additional resourcing and clarity on future police officer uplift funding, the proposed budget shows a funding gap rising to £479.6m in 2023/24. There is an urgent need for certainty on the MPS funding arrangements both in and post-2020/21 so that any residual funding gap can be addressed. The Mayor and the MPS will continue to seek efficiency improvements and savings, but given that £877m savings have already been delivered since 2013/14 it would not be possible to close this budget gap by delivering savings and efficiencies.

	2020/21	2021/22	2022/23	2023/24
Identified Savings	-2.9	-53.1	-81.0	-81.0
Additional funding required	0	-286.5	-446.3	-479.6
<b>Total</b>	<b>-2.9</b>	<b>-339.6</b>	<b>-527.3</b>	<b>-560.6</b>

5.13. Annex 1 presents the proposed budgets from 2020/21 to 2023/24 and details of savings, efficiencies and pressures. This includes:

- The 2020/21 proposed budget and forecast budgets for 2020/21 to 2023/24. Figures for the 2019/20 budget and forecast are provided for comparative purposes. The budgets are presented by subjective analysis (i.e. by cost type) and by business group.
- Pie charts showing the proportionate spend of the 2020/21 revenue budget by subjective analysis and different funding streams.
- The gross pressures, savings and efficiencies from 2020/21 to 2023/24. Savings and efficiencies are presented on an incremental as well as cumulative basis, with the planned savings as identified in the 2019/20 budget submission and the new savings identified in the 2020/21 submission shown distinctly.
- Analysis of changes from the 2019/20 budget to that of 2020/21 explaining the reasons for the movements in budget including inflation, savings and efficiencies and use of reserves.

## 6. FUNCTIONS MANAGED DIRECTLY BY MOPAC: BUDGET 2020/21 TO 2023/24 DETAIL

6.1. The 2020/21 MOPAC/MPS revenue budget includes funding allocated to MOPAC, which is a functional body. MOPAC is a statutory office established as a corporation sole; the Mayor of London is the occupant of that Office and is the London equivalent of an elected police and crime commissioner elsewhere. The Mayor in his MOPAC role has appointed a Deputy Mayor for Policing and Crime (DMPC), Sophie Linden, to whom he may delegate such MOPAC functions as are not by law reserved to him to exercise. Accordingly the Mayor has delegated all non-reserved functions to the DMPC.

6.2. MOPAC has responsibilities set out in the Police Reform and Social Responsibility Act 2011, including overseeing the Metropolitan Police Service (MPS), ensuring public accountability and delivering victims services and crime prevention programmes. These programmes include convening partners across the Criminal Justice System for London, commissioning programmes that provide vital services and programmes which tackle violence. Our commissioning includes innovative pilots which have aided the development of cross-London and cross-sector partnerships and has levered in new sources of match funding.

6.3. The Ministry of Justice makes available £68m per year, from the fund created by the Victim Surcharge, to commission and deliver local services for victims of crime. The Victim

Surcharge was introduced in 2007 at a flat rate of £15 for those who received a fine. There is now a more complex system with the surcharge varying according to the severity of the sentence (maximum fine at £181). The resultant fund is distributed to PCCs using a population-based formula that uses ONS population estimates. The allocation formula does not, however, recognise the concentration of crime in London nor the additional cost of delivering policing and other services. It should be a priority for the Ministry of Justice to address the scale of this funding as well as the method of allocation for the sake of victims of crime and to avoid pressure on locally funded services.

- 6.4. The London Crime Prevention Fund (LCPF) enables MOPAC to support local victim support and crime prevention activity within London boroughs. This accounts for £18m of MOPAC expenditure in 2019/20. Within this the LCPF Co-commissioning Fund, which is worth £5m, provides funds to groups of partners to work together on pan-London solutions across boroughs.
- 6.5. MOPAC's net budget excludes external income and reserves draw down. It is funded from council tax and business rates revenue. The 2019/20 MOPAC net budget is £67.8m, which includes a payment of £14.4m into reserves to fund future activity, so reflects £53.4m of activity in this financial year. The payment into reserves for future years provides certainty for suppliers about funding for the coming two years. Activity to counter violence against women and girls accounts for £6.0m of the one-off activity in 2019/20 and £15m over the period 2019/20 to 2021/22. This consists of four elements: maintaining existing investments in advocacy, counselling and medical services; sustain current innovation on programmes to meet the needs of survivors of sexual violence and tackle repeat perpetrators of stalking and domestic abuse; competitive grant allocation focussing on grassroots organisations; and managing the increase in demand on services in London.
- 6.6. The proposed gross budget in 2020/21 is £60.4m This is total expenditure, less revenues received from permanent income streams for audit services and the Police Property Act Fund (PPAF). This is a £5.8m decrease compared to 2019/20. Further reductions in the MOPAC expenditure budget are seen in future years also. These reductions are primarily a result of programmes financed through time limited one-off funding from Home Office and the GLA coming to an end. In some instances, direct Mayoral funding has provided a degree of sustainability for these programmes until 2021/22.
- 6.7. In addition to adding inflation into the pay and pension lines, the only significant change to the core MOPAC budget is the addition of £400k of staff costs. This is to resource the new legislation reforming the review of police complaints. This legislation requires that the current function based in MPS is transferred to MOPAC. It is estimated that 7 posts are required.
- 6.8. The 2020/21 MOPAC Budget expenditure and funding is set out below. The MOPAC oversight spend as set out below is 13% of the total budget. The cost of MOPAC's oversight function compares favourably to the PCCs for other similar sized forces according to data published by CIPFA in 2018/19.

	£m	%
Victims Services and Crime Prevention	51.1	85%
Oversight and Accountability	7.6	12%
Directorate of Audit, Risk and Assurance	1.6	3%
<b>Total MOPAC</b>	<b>60.4</b>	<b>100%</b>
VRU	<b>12.5</b>	
<b>Total Budget</b>	<b>72.9</b>	

	£m	%
Central Government Police Grant	-37.0	51%
Specific Grants	-18.4	25%
Income	-3.1	4%
Use of reserves	-14.3	20%
<b>Total</b>	<b>-72.9</b>	<b>100%</b>

	Final Budget	Proposed Budget	Plan	Plan	Plan
	2019/20	2020/21	2021/22	2022/23	2023/24
<b>MOPAC TOTAL BUDGET</b>	£000	£000	£000	£000	£000
Victims Services and Crime Prevention: Total	57.8	51.1	47.7	42.9	42.9
Oversight & Accountability: Total	6.8	7.6	7.8	7.9	7.9
DARA: Total	1.5	1.6	1.7	1.7	1.7
<b>Total MOPAC</b>	<b>66.2</b>	<b>60.4</b>	<b>57.2</b>	<b>52.5</b>	<b>52.5</b>
VRU: Total	14.8	12.5	2.3	1.8	1.8
<b>Total Budget</b>	<b>81.0</b>	<b>72.9</b>	<b>59.5</b>	<b>54.3</b>	<b>54.3</b>

	Final Budget	Proposed Budget	Plan	Plan	Plan
	2019/20	2020/21	2021/22	2022/23	2023/24
<b>MOPAC CORE BUDGET</b>	£000	£000	£000	£000	£000
Victims Services and Crime Prevention: Total	45.0	41.2	42.4	42.7	42.9
Oversight & Accountability: Total	6.8	7.6	7.8	7.9	7.9
DARA: Total	1.5	1.6	1.7	1.7	1.7
<b>Total MOPAC Core Budget</b>	<b>53.4</b>	<b>50.5</b>	<b>51.9</b>	<b>52.3</b>	<b>52.5</b>
VRU: Core Mayoral Budget	1.8	1.8	1.8	1.8	1.8
<b>Total Core Budget</b>	<b>55.2</b>	<b>52.3</b>	<b>53.7</b>	<b>54.1</b>	<b>54.3</b>

	<b>Final Budget</b>	<b>Proposed Budget</b>	<b>Plan</b>	<b>Plan</b>	<b>Plan</b>
	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>
<b>MOPAC ONE-OFF PROGRAMMES</b>	£000	£000	£000	£000	£000
Better CJS	0.5	0.0	0.0	0.0	0.0
Better Police Force	0.5	0.0	0.0	0.0	0.0
Children and Young People	3.6	3.8	0.0	0.0	0.0
Standing Together Against Hatred and Intolerance	0.3	0.3	0.0	0.0	0.0
Tackling Violence Against Women and Girls	7.9	5.9	5.3	0.2	0.0
<b>Total MOPAC One Off</b>	<b>12.8</b>	<b>9.9</b>	<b>5.3</b>	<b>0.2</b>	<b>0.0</b>
VRU: One Off	13.0	10.7	0.5	0.0	0.0
<b>Total One-Off Programmes</b>	<b>25.8</b>	<b>20.6</b>	<b>5.8</b>	<b>0.2</b>	<b>0.0</b>

## 7. VIOLENCE REDUCTION UNIT

- 7.1 In 2019/20, the Mayor's Violence Reduction Unit (VRU) received an additional £6.8m of funding provided by the Mayor to support the unit's work. Additionally, the unit was also successful in acquiring £7m of funding from the Home Office Violent Crime Surge Fund. This investment will build on the initial work of the unit and focus on funding local services and programmes which deliver early interventions to prevent the spread of violence and also support projects that will help tackle the complex root causes. The Home Office announced in November 2019 a further £35m investment into Violence Reduction Units in 2020/21, subject to an application process. The table below assumes that the London VRU will receive the same allocation as in 2019/20.
- 7.2 The VRU includes specialists in health, youth and social services to lead a long-term public health approach to tackle the root causes of violent crime and will draw on lessons from Glasgow and elsewhere to deliver a comprehensive public health approach that has seen sustained and positive results in Glasgow. The VRU has published a strategy and work programme with eight key objectives. In line with these objectives, a programme of spend has now been developed including committed spend for 2020/21. Additionally, a gap analysis has identified key opportunities to create additionality to help further reduce violence across London. The Unit will use data, research and knowledge from across the partnership to help tackle all forms of violence, including street violence, knife crime and domestic abuse.

	<b>Budget 2020/2</b>	<b>Budget 2021/2</b>	<b>Budget 2022/2</b>	<b>Budget 2023/2</b>	<b>Total</b>
	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	
<b>Committed expenditure</b>	<b>12.5</b>	<b>2.3</b>	<b>1.8</b>	<b>1.8</b>	<b>18.4</b>
<b>Funding sources</b>					
<i>Confirmed Mayoral funding</i>					
VRU Core Budget	1.8	1.8	1.8	1.8	7.2
London Crime Prevention Fund Co-Commissioning	1.6	-	-	-	1.6
MOPAC reserves draw down	2.1	0.5			2.6
<b>Total Mayoral Funding</b>	<b>5.5</b>	<b>2.3</b>	<b>1.8</b>	<b>1.8</b>	<b>11.7</b>
<i>Estimated Home Office Funding</i>	<i>7.0</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>7.0</i>
<b>Total funding</b>	<b>12.5</b>	<b>2.3</b>	<b>1.8</b>	<b>1.8</b>	<b>18.4</b>

7.3. This proposed budget reflects known contractual commitments generated to date. Where these exceed known funding sources it is assumed that MOPAC reserves will underpin the budget until such time that additional funding is identified. This is the strategy agreed at the time of signing the decision reports for those contracts. The Mayor has yet to take a decision on his contribution to VRU funding in 2020/21 and will consider that in light of this submission. However, the plans above show expected VRU spending of £18.4m over the medium term, of which £11.7m is funded from Mayoral sources.

7.4. The VRU budget is supported with a £3.2m contribution from the London Crime Prevention Fund (LCPF) co-commissioning budget. This is spread over the years 2019/20 and 2020/21, with £1.6m in each. It is expected that the 2019/20 allocation will be rolled forward to 2020/21. This would reduce the need to draw down on reserves in 2020/21.

## 8. CAPITAL BUDGET

### MPS Capital Programme 2019/20 – 2023/24 Current Prices

	2019/20 Forecast £m	2020/21 Estimate £m	2021/22 Estimate £m	2022/23 Estimate £m	2023/24 Estimate £m	Total
Property - Lifecycle works	13.1	13.8	15.4	34.3	34.0	110.7
Fleet	33.7	28.4	22.9	27.9	19.8	132.7
Digital Policing	54.2	32.7	27.7	32.7	44.7	192.0
NCTPHQ	31.1	33.0	27.4	25.0	25.0	141.5
<b>Sub Total Excluding Transformation</b>	<b>132.1</b>	<b>107.9</b>	<b>93.4</b>	<b>119.9</b>	<b>123.5</b>	<b>576.9</b>
Optimising Contact and Response - P2	4.2	59.8	40.0	8.4	8.7	121.1
Transforming Investigation and Prosecution - P4	46.3	43.2	31.9	16.0	1.5	138.9
Strengthening Armed Policing - P5	0.3	2.4	1.2	21.0	0.0	24.9
Smarter Working - P7	6.0	0.4	0.0	0.0	0.0	6.4
Learning and Professionalism Transformation - P8	0.4	1.2	1.3	0.1	0.0	3.0
Information Futures - P9	0.8	8.6	3.3	0.0	0.0	12.8
Property Forward Works - P10	24.9	54.2	44.4	29.5	84.8	237.9
Transforming the MPS Estate - P11	59.3	133.5	70.8	98.9	79.5	442.0
Met Operations	0.0	3.3	0.0	0.0	0.0	3.3
Transformation - long term estimate	0.0	0.0	0.0	0.0	11.0	11.0
<b>Sub Total Transformation</b>	<b>142.2</b>	<b>306.8</b>	<b>192.9</b>	<b>173.8</b>	<b>185.5</b>	<b>1,001.2</b>
<b>Total Programme Cost</b>	<b>274.3</b>	<b>414.7</b>	<b>286.4</b>	<b>293.7</b>	<b>309.0</b>	<b>1,578.1</b>

Funding						
Capital Grants and Receipts	36.0	100.4	43.5	78.1	68.3	326.4
NCTPHQ and Fleet funded	40.1	42.3	32.3	30.8	32.1	177.6
External Borrowing	198.2	272.0	210.5	184.8	208.5	1,074.0
Revenue Contributions	0	0	0	0	0	0.0
<b>Total funding</b>	<b>274.3</b>	<b>414.7</b>	<b>286.4</b>	<b>293.7</b>	<b>309.0</b>	<b>1,578.1</b>

8.1. This budget continues to deliver an ambitious capital programme for the MPS. This will enable significant transformation including vital renewal of IT, modernisation of the estate and a more efficient operational capacity. Programmes within the proposed capital programme have

been selected and prioritised by reference to Met Transformation Portfolio. This amounts to a £1,578.1m investment programme over the 5-year period to 2023/24.

- 8.2. MOPAC/MPS have published a draft Capital Strategy (Link here: <https://www.london.gov.uk/what-we-do/mayors-office-policing-and-crime-mopac/about-mayors-office-policing-and-crime-mopac/our-finances>) in line with CIPFA's Prudential Code requirements. The Capital Strategy outlines the MPS' capital investment ambition and will form part of the GLA Group-wide Capital Strategy published with the Mayor's 2020/21 budget. The Capital Strategy outlines the 5-year capital programme as well as the wider 20-year Capital Ambition.
- 8.3. The MPS estates rationalisation programme generates receipts in each year of the forecast. These will be fully utilised along with capital grants from the Government to fund the capital programme. Given that the 2019 Spending Round only covered 2020/21, the initial allocations did not include capital spending proposals. The officer uplift will also create additional pressures as the MPS estate will need to be sufficient to support the operational needs of an increasing workforce.
- 8.4. MOPAC/MPS will continue to engage with the Government about being provided with a capital grant which reflects the operational needs of an organisation policing at the scale and complexity of the London. Without an increase in central Government funding, the balance in future years is expected to be accounted for by borrowing.
- 8.5. Where borrowing is required, MOPAC/MPS is a member of the GLA Shared Service for Treasury Management function which provides access to expert advice for the management of investments and borrowings. The exact timing of this borrowing and resulting impact on the revenue budget will depend upon: the speed at which the programme is implemented, cost variations that may emerge, profile of capital receipts, and judgements about the optimum time to borrow in light of interest rate movements. Provision has been made in the draft revenue budget for these borrowing costs based on the anticipated profile of expenditure and income. Annex 2 provides details on the authorised limits and operational limits which are applied.
- 8.6. Each of the capital programmes have been reviewed, scrutinised and prioritised by the relevant MPS Board. Final business cases must be approved by the MPS Management Board and Deputy Mayor for Policing and Crime. This is an ongoing process and provides an opportunity to scrutinise capital projects in some depth.
- 8.7. The funding for the existing Private Finance Initiative schemes is provided for within the proposed budget.
- 8.8. Quarterly in-depth reporting on the capital programme forms an element of the oversight and scrutiny function of MOPAC.

## **9. TREASURY MANAGEMENT**

- 9.1. Effective treasury management underpins the achievement of MOPAC/MPS business and service objectives. It is also essential for maintaining a sound financial reputation. MOPAC/MPS is committed to driving value from all of its treasury management activities, which it does through the GLA Shared Service for Treasury Management.

9.2. MOPAC/MPS measures and manages its exposures to treasury management risks using Prudential Indicators which are out in Annex 2.

## 10. RESERVES

Home Office Classifications	Description	Closing Balance 2018/19 £ms	Revised Budget Q2 2019/20 £m	Planned Usage 2020/21 £m	Planned Usage 2021/22 £m	Planned Usage 2022/23 £m	Planned Usage 2023/24 £m	Closing Balance 2023/24 £m
<b>Use within the current MTFP</b>	Business Group initiatives	0.3	1.5	-1.8	0.0	0.0	0.0	0.0
	Operational Costs	11.2	1.6	-3.8	-1.0	-2.7	-5.4	0.0
	Historical public inquires	6.0	0.0	-3.0	-3.0	0.0	0.0	0.0
	Managing 2019/20 Budget	9.3	-9.3	0.0	0.0	0.0	0.0	0.0
	Managing Officer FTEs	36.2	-1.8	-11.3	-23.1	0.0	0.0	0.0
	Specifically funded for third parties	13.3	-10.0	-3.3	0.0	0.0	0.0	-0.0
	Vetting Delays	1.1	0.0	-1.1	0.0	0.0	0.0	0.0
	Business Rates	0.0	118.6	0.0	-59.3	-59.3	0.0	0.0
<b>Use beyond the current MTFP</b>	Supporting OMM and local change	26.4	11.1	-11.4	-7.8	-4.0	-0.0	14.3
	Business Group initiatives	5.1	-0.4	0.0	-0.4	0.0	0.0	4.4
	Insurance	6.7	0.0	0.0	0.0	0.0	0.0	6.7
	Other earmarked (POCA)	6.6	-0.2	0.0	0.0	0.0	0.0	6.4
	Property	43.2	19.2	-3.1	-7.9	-8.7	0.0	42.6
	Specifically funded for third parties- airports	2.3	0.2	0.2	0.2	0.2	0.0	3.2
	MOPAC	16.3	14.6	-14.3	-7.6	-2.0	-2.0	4.9
<b>General Reserve</b>	General Reserve	46.6	0.0	0.0	0.0	0.0	0.0	46.6
<b>Grand Total</b>		<b>230.6</b>	<b>145.1</b>	<b>-52.9</b>	<b>-109.9</b>	<b>-76.5</b>	<b>-7.4</b>	<b>129.0</b>

10.1. Reserves fall into 2 categories: those earmarked for specific purposes, and general reserves set aside to meet unexpected and unforeseeable changes in net expenditure.

10.2. MOPAC/MPS' Reserves Strategy notes that there is currently a general reserve of £46.6m, which is about 1.3% of the proposed net revenue expenditure budget. This is considered adequate on the basis that there are appropriate accounting provisions and earmarked reserves, reasonable insurance arrangements, a well-funded budget, and effective budgetary controls in place.

10.3. When the Strategy was drafted in early 2018 this proportion was 1.8%. As the net revenue expenditure budget grows, the sum of £46.6m will be kept under review to ensure that it is adequate to manage unexpected events that have financial consequences.

10.4. The Earmarked Revenue Reserves are held for specific purposes, some of which is to:

- Smooth police officer numbers in the medium-term: any decisions around officer numbers requires time to take effect, for example due to recruitment time lags.
- Facilitate the MPS Transformation programme: supporting much-needed investment to replace outdated technology, which improves the effectiveness of officers and staff, increasing productivity and impact as well as driving future efficiencies.

- Managing one-off impacts on the medium-term budget, for operational costs, to provide for insurance strategies, to meet one-off exit and redundancy costs.
- Specific Earmarked: Proceeds of Crime Act (POCA) income ring-fenced to support POCA related activity.
- £118.6m of business rates revenue will be paid into a MOPAC/MPS earmarked reserve in 2019/20 to provide funding for an additional 1,000 officers than would otherwise be affordable in future years. This budget submission proposes drawing down £59.3m of this per year in 2021/22 and 2022/23 with the Mayors business rates contribution being adjusted down accordingly in those years.

10.5. The 2019/20 budget anticipated that a contribution of £21.9m would be made to the “Managing Officer FTEs” reserve. However, given the projected overspend of £23.7m, this contribution has turned into a withdrawal of £1.8m. Efforts are being made to reduce the revenue budget overspend so that the contribution to the reserve can be made in whole or in part.

10.6. MOPAC/MPS Reserves are forecast to reduce by 44% from 2019/20 to 2023/24. This reduces the balance from £230.6m in 2018/19 (7.4% of Net Revenue Expenditure) to £129m as at the end of March 2024 (3.6% of Net Revenue Expenditure).

10.7. The table below sets out the MOPAC reserves position. This shows Mayoral funding to support serious violence and VAWG going into reserves in 2019/20 to be drawn down in the two years that follow. It also shows MOPAC reserves supporting one-off expenditure by the VRU. Draw down associated with the MOPAC reserves strategy will be used to support a number of temporary and time limited programmes. The reserves position also reflects reprofiling of a number of MOPAC and VRU expenditure projects as known at the end of the second quarter 2019/20.

	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m
<b>Opening balance</b>	<b>16.3</b>	<b>30.9</b>	<b>16.5</b>	<b>8.9</b>	<b>6.9</b>
<i>Planned draw down</i>					
MOPAC reserves strategy	-3.1	-3.0	-2.0	-2.0	-2.0
Mayoral VAWG funding	14.4	-9.2	-5.1		
VRU funding	0.0	-2.1	-0.5		
<i>Planned reprofiling</i>					
MOPAC	2.2	1.1			
VRU	1.1	-1.1			
<b>Closing Balance</b>	<b>30.9</b>	<b>16.5</b>	<b>8.9</b>	<b>6.9</b>	<b>4.9</b>

10.8. In the opinion of MOPAC’s Interim Chief Financial Officer the proposed levels of MOPAC/MPS reserves at the end of the planning period are at the lower end of acceptable in the context of a resource budget of around £3.5bn. Whilst the proposed approach remains prudent and MOPAC/MPS will have in place adequate earmarked reserves and general reserves (including the emergency contingency fund) in the short-term, continual monitoring will be undertaken to ensure appropriate reserves in the medium-term, in particular taking account of any impact of the review of the police funding formula. It is, of course, essential to note that any budgetary provision to improve reserves will have an impact on the funds available to deliver services.

10.9. MOPAC/MPS publishes a Reserves Strategy on an annual basis, in accordance with guidance issued to Police and Crime Commissioners (PCCs) by the Minister for Policing & the Fire

Service. This set out the Government's expectations around the information to be published by Police and Crime Commissioners. This can be found on the Finance section of the MOPAC website: <https://www.london.gov.uk/what-we-do/mayors-office-policing-and-crime-mopac/about-mayors-office-policing-and-crime-mopac/our-finances>.

## **11. EQUALITIES IMPLICATIONS**

- 11.1 It is essential that decision makers ensure that consideration is given to legal obligations, in particular the need to exercise the equality duty under the Equality Act 2010, to have due regard to the impacts based on sufficient evidence appropriately analysed. The public sector equality duty is that a public authority must, in the exercise of its functions, have due regard to the need to: (1) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010; (2) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and (3) foster good relations between persons who share a relevant protected characteristic and persons who do not share it. What the duty requires is consideration of all available information, including the potential impacts and mitigations to ensure a fully informed decision is made. Any decision made in the exercise of any function is potentially open to challenge if the duty has been disregarded.
- 11.2 Equality Impact Assessments (EIAs) have not yet been undertaken for each of the change proposals that are contained within this budget, but such assessments will be provided within each discrete decision. Those assessments will then be published as part of the decision-making process.

## Annex 1

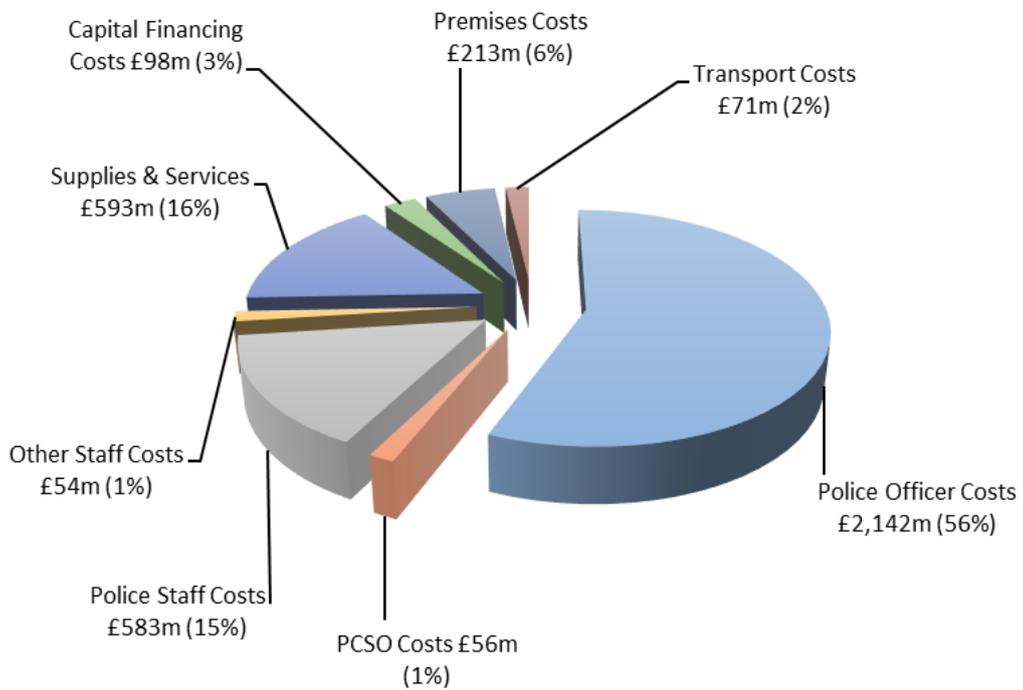
### Subjective Analysis 2019/20 to 2023/24

Subjective	Revised Budget	Forecast Outturn	Budget	Plan	Plan	Plan
	2019/20	2019/20	2020/21	2021/22	2022/23	2023/24
	£m	£m	£m	£m	£m	£m
Police officer pay	1,907.8	1,910.6	2,032.3	2,162.8	2,332.6	2,409.9
Police staff pay	526.9	526.0	560.9	601.8	648.0	669.7
PCSO pay	57.5	56.2	56.3	57.5	58.9	60.3
<b>Total pay</b>	<b>2,492.2</b>	<b>2,492.8</b>	<b>2,649.5</b>	<b>2,822.1</b>	<b>3,039.5</b>	<b>3,139.9</b>
Police officer overtime	101.3	139.1	109.4	106.0	111.4	113.1
Police staff overtime	21.7	31.0	21.7	21.6	21.6	21.6
PCSO overtime	0.1	0.2	0.1	0.1	0.1	0.1
<b>Total overtime</b>	<b>123.1</b>	<b>170.3</b>	<b>131.2</b>	<b>127.7</b>	<b>133.1</b>	<b>134.8</b>
Employee-related expenditure	16.2	25.0	19.8	27.5	36.2	38.6
Premises costs	162.5	161.6	213.0	186.3	165.2	152.5
Transport costs	65.4	73.6	70.6	70.9	70.9	70.9
Supplies and services	614.8	630.4	593.1	596.5	611.6	619.5
<b>Total running expenses</b>	<b>858.9</b>	<b>890.6</b>	<b>896.5</b>	<b>881.2</b>	<b>884.0</b>	<b>881.6</b>
Capital Financing costs	77.0	69.5	98.2	254.0	171.0	123.7
<b>Total expenditure</b>	<b>3,551.2</b>	<b>3,623.2</b>	<b>3,775.4</b>	<b>4,085.0</b>	<b>4,227.6</b>	<b>4,279.9</b>
Other income	-271.2	-273.8	-270.0	-272.7	-276.9	-280.4
<b>Total income</b>	<b>-271.2</b>	<b>-273.8</b>	<b>-270.0</b>	<b>-272.7</b>	<b>-276.9</b>	<b>-280.4</b>
Discretionary pension costs	34.4	34.4	34.4	34.4	34.4	34.4
Additional funding required	0.0	0.0	0.0	-286.5	-446.3	-479.6
<b>Net revenue expenditure</b>	<b>3,314.4</b>	<b>3,383.8</b>	<b>3,539.8</b>	<b>3,560.1</b>	<b>3,538.9</b>	<b>3,554.3</b>
Transfer to/from (-) reserves	166.5	145.1	-52.9	-109.9	-76.5	-7.4
Share of Council tax collection fund surplus	-18.5	-18.5	0.0	0.0	0.0	0.0
<b>Financing requirement</b>	<b>3,462.4</b>	<b>3,510.4</b>	<b>3,486.9</b>	<b>3,450.2</b>	<b>3,462.4</b>	<b>3,546.9</b>
Specific grants	590.2	638.1	580.7	573.7	573.7	573.7
Retained business rates	220.0	220.0	91.8	32.7	32.9	92.2
Home Office Police Grant	1,927.1	1,927.1	2,059.9	2,058.8	2,039.1	2,041.3
<b>Council tax requirement</b>	<b>725.2</b>	<b>725.2</b>	<b>754.5</b>	<b>785.0</b>	<b>816.7</b>	<b>839.7</b>

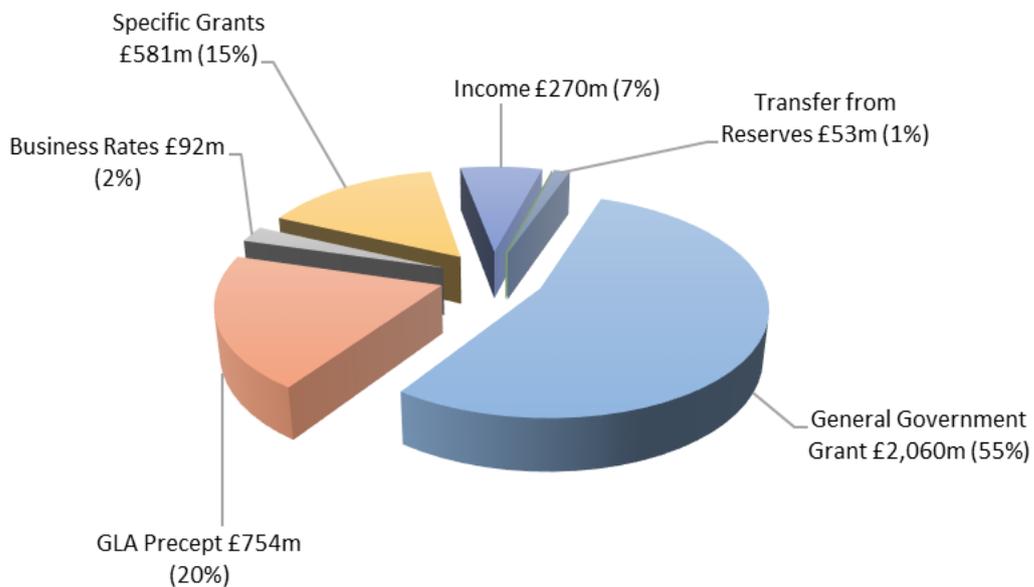
## Objective Analysis 2019/20 to 2023/24

Objective analysis	Revised Budget	Forecast	Budget	Plan	Plan	Plan
MOPAC	2019/20	2019/20	2020/21	2021/22	2022/23	2023/24
	£m	£m	£m	£m	£m	£m
Frontline Policing	1,240.1	1,281.0	1297.1	1393.5	1504.6	1543.3
Met Operations	766.6	800.7	785.1	783.8	781.7	781.7
Specialist operations	430.9	431.8	414.9	410.8	412.9	413.1
Corporate services	526.9	567.9	547.6	519.8	486.8	470.5
Professionalism	103.5	104.2	107.9	109.0	114.1	116.2
<b>Total business groups</b>	<b>3,068.0</b>	<b>3,185.6</b>	<b>3,152.6</b>	<b>3,216.9</b>	<b>3,300.1</b>	<b>3,324.8</b>
Discretionary pension costs	34.4	34.4	34.4	34.4	34.4	34.4
Centrally held	54.1	15.6	181.7	281.8	425.3	496.7
Capital financing costs	77.0	69.5	98.2	254.1	171.0	123.7
<b>Total corporate budgets</b>	<b>165.5</b>	<b>119.5</b>	<b>314.3</b>	<b>570.3</b>	<b>630.7</b>	<b>654.8</b>
Victims Services and Crime Prevention	57.9	55.7	51.2	47.7	42.9	42.9
Oversight and Accountability	6.8	6.8	7.6	7.8	7.9	7.9
Shared audit function	1.5	1.5	1.6	1.7	1.7	1.7
<b>Total MOPAC</b>	<b>66.2</b>	<b>64.0</b>	<b>60.4</b>	<b>57.2</b>	<b>52.5</b>	<b>52.5</b>
Violence Reduction Unit	14.8	14.8	12.5	2.3	1.8	1.8
Additional funding required	0.0	0.0	0.0	-286.5	-446.3	-479.6
<b>Net revenue expenditure</b>	<b>3,314.4</b>	<b>3,383.9</b>	<b>3,539.8</b>	<b>3,560.1</b>	<b>3,538.9</b>	<b>3,554.3</b>
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<b>Financing requirement</b>	<b>3,462.5</b>	<b>3,510.5</b>	<b>3,486.9</b>	<b>3,450.2</b>	<b>3,462.4</b>	<b>3,546.9</b>
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<b>Council tax requirement</b>	<b>725.2</b>	<b>725.2</b>	<b>754.5</b>	<b>785.0</b>	<b>816.7</b>	<b>839.7</b>

### 2020/21 MOPAC/MPS Expenditure (£3,810m)



### 2020/21 MOPAC/MPS Funding (£3,810m)



## Gross Pressures 2020/21 - 2023/24

The cumulative previously agreed growth by is set out in the table below:

Description	2020/21 (£m)	2021/22 (£m)	2022/23 (£m)	2023/24 (£m)
Reversal of one-off Building exits growth	-	-4.0	-4.0	-4.0
Centrally Held pressure - officer rail	0.5	0.5	0.5	0.5
Emergency Services Mobile Communications Network	1.0	1.0	1.0	1.0
Revised new Met ICT platform	-1.8	-1.8	-1.8	-1.8
Property projects	1.0	3.5	4.2	4.2
Forensics investment	-3.0	-3.0	-3.0	-3.0
Recruitment investment	-5.7	-5.7	-5.7	-5.7
Detective constable incentivisation	2.5	2.5	2.5	2.5
Impact of revised capital programme	2.1	2.8	16.2	16.2
ICT Projects	-	7.2	6.3	6.3
National increase in pension costs	-	-	-	-
<b>Total Previously agreed growth</b>	<b>-3.4</b>	<b>3.0</b>	<b>16.2</b>	<b>16.2</b>

New Pressures are listed in the table below;

Description	2020/21 (£m)	2021/22 (£m)	2022/23 (£m)	2023/24 (£m)
<b>New Growth</b>				
Electronic Building Access Control System	0.4	0.4	0.4	0.4
Police Education Qualifications Framework	0.8	-	2.6	2.6
Property Projects	1.0	-	-	-
Tasers	0.6	0.6	0.6	0.6
Forensics investment	-	0.1	--	-
Business Support Services	7.0	7.0	4.0	4.0
Contractual adjustments	1.3	1.0	-	-
Pay award provision	3.0	5.0	5.7	5.7
Custody Target Operating Model	3.3	3.3	3.3	3.3
Uplift for Police Officers	132.8	421.6	487.4	476.9
Changes in Capital Financing	-	10.1	23.8	46.7
<b>Total New bids</b>	<b>150.2</b>	<b>449.1</b>	<b>527.8</b>	<b>540.2</b>

<b>Total Growth</b>	<b>146.8</b>	<b>452.1</b>	<b>544.0</b>	<b>556.4</b>
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## Previously agreed savings and efficiencies 2020/21 to 2023/24

The planned savings and efficiencies from the 2019/20 budget submission have been reviewed and are now set out below. Savings in future years are expected to be lower than has been seen in the recent past. This reflects the fact that significant savings that have already been made, £877m between 2013/14 and 2019/20. As a consequence, there are fewer easy savings to deliver in the future without impacting on the service provided.

### Incremental

Description	2020/21 (£m)	2021/22 (£m)	2022/23 (£m)	2023/24 (£m)
<b>Property</b>	-	-33.8	-22.6	-
<b>Other Back Office</b>	2.9	-0.2	-0.2	-
<b>Other Front/Middle Office</b>	-	-	-	-
<b>Income for direct entry superintendents</b>	1.2	-	-	-
<b>Transformation (Resource Management)</b>	-	-	-	-
<b>Custody Target Operating Model</b>	-1.9	-	-	-
<b>ICT Savings</b>	-5.1	-5.2	-5.2	-
<b>Total Previous Committed Savings</b>	<b>-2.9</b>	<b>-39.2</b>	<b>-28.0</b>	<b>-</b>

### Cumulative

Description	2020/21 (£m)	2021/22 (£m)	2022/23 (£m)	2023/24 (£m)
<b>Property</b>	-	-33.8	-56.4	-56.4
<b>Other Back Office</b>	2.9	2.7	2.5	2.5
<b>Other Front/Middle Office</b>	-	-	-	-
<b>Income for direct entry superintendents</b>	1.2	1.2	1.2	1.2
<b>Transformation (Resource Management)</b>	-	-	-	-
<b>Custody Target Operating Model</b>	-1.9	-1.9	-1.9	-1.9
<b>ICT Savings</b>	-5.1	-10.3	-15.5	-15.5
<b>Total Previous Committed Savings</b>	<b>-2.9</b>	<b>-42.1</b>	<b>-70.1</b>	<b>-70.1</b>

New savings and efficiencies identified in this budget cycle are set out below.

### Incremental

Description	2020/21 (£m)	2021/22 (£m)	2022/23 (£m)	2023/24 (£m)
1% efficiency savings to be identified	-	-11.0	-	-
<b>Total</b>	<b>-</b>	<b>-11.0</b>	<b>-</b>	<b>-</b>
<b>Total New and Existing Savings</b>	<b>-2.9</b>	<b>-50.2</b>	<b>-28.0</b>	<b>-</b>

## Cumulative

Description	2020/21 (£m)	2021/22 (£m)	2022/23 (£m)	2023/24 (£m)
1% efficiency savings to be identified	-	-11.0	-11.0	-11.0
<b>Total</b>	<b>-</b>	<b>-11.0</b>	<b>-11.0</b>	<b>-11.0</b>

<b>Total New and Existing Savings</b>	<b>-2.9</b>	<b>-53.1</b>	<b>-81.1</b>	<b>-81.1</b>
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## Analysis of Change in Council Tax Requirement

<b>2019/20 Council Tax Requirement</b>	<b>725.20</b>
Changes Due to:	
Inflation	68.2
Savings and Efficiencies	-2.9
Net change in existing service expenditure	160.0
Change in use of reserves	-219.5
Net change in Government grants and retained rates	-4.6
Net change in Specific grants	9.6
Council Tax Surplus	18.5
<b>2020/21 Council Tax Requirement</b>	<b>754.5</b>

### Prudential Indicators for the Mayor's Office for Policing and Crime (MOPAC) Including the Annual Statement of Minimum Revenue Provision

It is recognised that the underlying demand for capital investment cannot always be fully satisfied by grant, capital receipts or revenue contributions due to present financial restraints. These Prudential Indicators have been calculated on the basis of the level of funding shown as available to support capital expenditure for the period 2020/21 to 2023/24.

The capital programme has been prepared on the basis that it is supported in part by capital receipts from the disposal of land and properties. The Mayor's Office for Policing and Crime (MOPAC) implements the consolidation of its accommodation primarily through the Estate Transformation Programme. Decisions will be taken as to how receipts generated through the rationalisation of the estate should be used; whether for further investment, or to repay or negate the need for borrowing to finance capital expenditure. It is to be recognised that the receipts value is subject to the uncertainties of the property market.

The affordability of the capital programme in terms of its impact on the MTFP will be closely monitored. Investment needs will be kept under review to align the longer-term plans of the MOPAC to available resources. The prudential indicators will be adjusted in light of any changes made.

Long-term liabilities include (a) Private Finance Initiative schemes; and (b) assets subject to finance leases. These items have been brought onto the balance sheet in accordance with technical

accounting changes necessitated by compliance with International Financial Reporting Standards (IFRS).

### **Annual Statement of Minimum Revenue Provision**

For 2019/20, MOPAC/MPS will make a minimum revenue provision (MRP) in accordance with: -

- (a) the capital financing requirement method for any borrowing undertaken prior to 2008/09, and for all borrowing undertaken since that date supported through the revenue grant settlement, and
- (b) the asset life method for unsupported borrowing undertaken in 2008/09 and subsequent years as permitted by the flexibilities provided under the Prudential Code.

In accordance with The Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting 2017/18, MRP in respect of (a) Private Finance Initiative schemes; and (b) assets subject to finance leases, both of which are now recorded as long-term liabilities, is made by recognition of an element of the annual unitary charge as repayment of principal.

### **Prudential Indicator**

CIPFA's Prudential Code includes the following as a key indicator of prudence:

"In order to ensure that over the medium-term net borrowing will only be for a capital purpose, the authority should ensure that net external borrowing does not, except in the short term, exceed the total of Capital Financing Requirement in the preceding year plus the estimates of any additional Capital Financing requirement for the current and next two financial years"

MOPAC/MPS has adopted the CIPFA Code of Practice for Treasury Management in Public Services.

### **Capital Expenditure Indicators**

2. Capital Expenditure (Current prices)

<b>2019/20 Estimate £m</b>	<b>2020/21 Estimate £m</b>	<b>2021/22 Estimate £m</b>	<b>2022/23 Estimate £m</b>	<b>2023/24 Estimate £m</b>
274.3	414.7	286.4	293.7	309.0

This indicator states the total capital spend covering all capital expenditure, not just that financed by borrowing. These figures include assumptions of expenditure to be incurred on projects, which are expected to be funded from specific grants provided by central Government.

## External Debt Indicators

### 3. Operational Boundary for External Debt.

	2019/20	2019/20	2020/21	2020/21	2021/22	2021/22	2022/23	2022/23	2023/24
	Approved (March 2018)	Requested Approval (Nov 2019)	Approved (March 2019)	Requested Approval (Nov 2019)	Approved (March 2019)	Requested Approval (Nov 2019)	Approved (March 2019)	Requested Approval (Nov 2019)	Requested Approval (Nov 2019)
<b>Borrowing</b>	820.2	754.1	907.5	1,026.1	1,116.1	1,236.6	1,276.1	1,421.4	1,629.9
<b>Long Term Liabilities</b>	71.0	73.3	64.9	64.9	58.5	58.4	52.2	52.2	47.3
<b>Total</b>	<b>891.2</b>	<b>827.4</b>	<b>972.4</b>	<b>1,091.0</b>	<b>1,174.6</b>	<b>1,294.9</b>	<b>1,328.3</b>	<b>1,473.6</b>	<b>1,677.2</b>

The proposed Operational Boundary for external debt is based on the estimate of the most prudent but not worst-case scenario. The Authorised Limit provides additional headroom to allow, for example, for unusual cash movements and this equates to the maximum of external debt projected by this estimate.

### 4. Authorised Limit for External Debt.

	2019/20	2019/20	2020/21	2020/21	2021/22	2021/22	2022/23	2022/23	2023/24
	Approved (March 2018)	Requested Approval (Nov 2019)	Approved (March 2019)	Requested Approval (Nov 2019)	Approved (March 2019)	Requested Approval (Nov 2019)	Approved (March 2019)	Requested Approval (Nov 2019)	Requested Approval (Nov 2019)
<b>Borrowing</b>	945.2	879.1	1,032.5	1,151.1	1,241.1	1,361.6	1,401.1	1,546.4	1,754.9
<b>Long Term Liabilities</b>	71.0	73.3	64.9	64.9	58.5	58.4	52.2	52.2	47.3
<b>Total</b>	<b>1,016.2</b>	<b>952.4</b>	<b>1,097.4</b>	<b>1,216.0</b>	<b>1,299.6</b>	<b>1,419.9</b>	<b>1,453.3</b>	<b>1,598.6</b>	<b>1,802.2</b>

This is the maximum amount that the MOPAC allows itself to borrow in each year. The MOPAC Interim CFO reports that these authorised limits are consistent with the MOPAC's current commitments, existing plans and the proposals in the budget report for capital expenditure and financing. They are also consistent with the MOPAC's approved treasury management policy statement and practices. They are based on the estimate of the most prudent but not worst-case scenario, with sufficient flexibility over and above this to allow for operational management, for example unusual cash movements. Risk analysis and risk management strategies have been taken into account, as have plans for capital expenditure and estimates of cashflow requirements.

The above figures reflect the understanding that from 2018-19 onwards the borrowing needs of MOPAC will be matched by the negotiation of external loans. Figures are calculated on a cumulative basis taking account of PWLB repayment schedules.

## 5. Actual External Debt (at start of financial year 2019-20)

<b>Actual External Borrowing</b>	<b>£m</b>
<b>1 April 2019 Actual £m</b>	
Long Term	303
Short Term	13.6
<b>Total</b>	<b>316.6</b>
<b>Long Term Liabilities</b>	
<b>1 April 2019 Actual £m</b>	
PFI Arrangements	71.2
Finance Lease Arrangements	7.3
<b>Total</b>	<b>78.5</b>
<b>Total Actual External Debt</b>	<b>395.1</b>

### Treasury Management Indicators

MOPAC has its own Treasury Management Strategy and the Treasury Management Indicators are approved at the beginning of each financial year as part of the Treasury Management Strategy. Changes to the Accounting Code of Practice in respect of leases, which are to be finalised in their application to the public sector, may increase the Capital Financing Requirement but will not necessarily increase the need for borrowing as lease arrangements can include a borrowing facility.