



# MOPAC

MAYOR OF LONDON  
OFFICE FOR POLICING AND CRIME

Business Justification Paper: Priority Based Budgeting

## **MOPAC Investment Advisory & Monitoring meeting 1 August 2023**

**Report by Alison Spence on behalf of the Chief People and Resources Officer**

**Part 1 – This section of the report will be published by MOPAC. It is classified as OFFICIAL – PUBLIC**

### *EXECUTIVE SUMMARY*

This paper seeks approval for funding to a maximum of £1.5m for external support for a priority-based budgeting exercise to run over the course of 2023/24-2025/26.

### **Recommendations**

The Deputy Mayor for Policing and Crime, via the Investment Advisory and Monitoring meeting (IAM), is asked to:

- 1. Approve funding of up to £1.5m for an external contractor to support the priority-based budgeting**
- 2. Approve the commencement of a procurement exercise to secure this external support.**
- 3. Delegate authority for the award of contract(s) awarded via the Management Consultancy Framework to the Director of Commercial Services**

### **Time sensitivity**

A decision is required from the Deputy Mayor by 31/08/2023 to allow launch of procurement exercise and initiation of the project during 2023.

### **Non-confidential facts and advice to the Deputy Mayor for Policing and Crime**

#### **Introduction and background**

1. The priority based budgeting will form part of our Efficiency Programme and help us build a well-run organisation as set out in a New Met for London plan.
2. It will support the delivery of savings, productivity gains, and the reallocation of resources to best deliver A New Met for London.

#### **Issues for consideration**

3. Contracting external support will help us to deliver the PBB exercise at greater scale and pace than would be possible if it relied solely on internal resource.

## Strategic Case

In order to deliver the ambition of more trust; less crime; and high standards - and to also address the Met’s structural funding deficit there must be a more explicit link between the strategic direction of the organisation and a more conscious allocation of resources to organisational priorities. Furthermore, a stronger, more sophisticated and more impactful articulation of the Met’s funding requirements into the Mayor's Office and the Home Office is needed. This is because, at the heart of any funding case, the Met must demonstrate that it is doing all it can with its existing resources; i.e. it is efficient and delivering the right outcomes.

We have a duty to make the best possible use of resources which combined with increases in demand and real term budget cuts, means we will need to make choices about how we use our resources and the services we deliver.

The Met has experienced a real term 27% reduction in its overall funding since 2010/11, equating to approximately £878m, factoring in inflation and the increase in London’s population. By 2025/26, the MPS will face a structural funding gap of £133.2m, this is after the assumption that we will deliver £30m of savings from the efficiency programme in 2023/24 increasing to £40m by 2025/26. It is unlikely this position will improve in the short- to medium-term, compromising the ability of the Met to fully deliver its priorities for Londoners.

This programme will support the organisation to maximise the value it delivers to the public within its financial means by:

- Establishing an organisation-wide efficiency programme to look across the Met to identify where resources can be utilised more productively as well as where cashable savings can be made.
- Driving the uptake of technology capabilities to remove inefficiencies and embed a continuous improvement culture, making it easier for people to do their job.
- Improving our ability to engage effectively in funding negotiations with the Mayor and Home Office/HMT, making the case to address historic under investment and creating a stronger and more impactful articulation of the Met’s funding requirements.
- Creating an ongoing capacity and capability to continuously review efficiency opportunities, make risk-based choices about service levels, where to invest and how to allocate financial resources effectively.

## Economic Case

In order to meet the business need there are only three real options: recruiting a team internally to conduct the PBB exercise in its entirety, contracting out in entirety, a hybrid of internal and external expertise, pros and cons of each are set out in the table below.

Options	Pros	Cons
Building internal team	Builds internal capability that can be maintain over years	Would take a significant amount of time to recruit to

	adding value to the organisation in the long-term	required skillset and therefore could not deliver in good time to support budgeting decisions in near future
Contracting out in entirety	Can buy in ready made team with appropriate expertise which would allow delivery at pace	Would be very costly and risks not reflecting the realities of the Met if team entirely parachuted in
Hybrid	Likely to offer best balance of speed, skills, and costs so delivers both a complete PBB as soon as practicable while also building the internal capability	Will take some effort to build a coherent function with a mix of internal and external staffing.

Our assessment is that the hybrid approach is most likely to meet our immediate priorities (e.g. addressing budget shortfall, freeing up resourcing to deliver Turnaround, and driving immediate productivity gains) while also building internal capability so PBB ethos is embedded in the organisational culture in the long run.

#### **Contributes to the MOPAC Police & Crime Plan 2022-25<sup>1</sup>**

4. PBB will support the Met to deliver against the New Met for London and achieve the Police and Crime Plan priorities by:
  - Helping to ensure resources are allocated effectively, freeing up resources through the identification of efficiencies
  - Reviewing ways of working to ensure that the Met is operating efficiently and effectively.
5. It will help the Mayor to hold the Commissioner to account for delivering and efficient and effective services as set out in the Police Reform and Social Responsibility Act 2012.

#### **Legal Implications (by DLS)**

The Mayor’s Office for Policing and Crime (“MOPAC”) is a contracting authority as defined in the Public Contracts Regulations 2015 (“the Regulations”). All awards of public contracts for goods and/or services valued at £213,477 or above shall be procured in accordance with the Regulations. This report confirms the value of the proposed contract exceeds this threshold.

Section 3 of this report confirms the MOPAC’s route to market is compliant with the Regulations.

---

<sup>1</sup> [Police and crime plan: a safer city for all Londoners | London City Hall](#)

The MOPAC Scheme of Delegation and Consent provides the Deputy Mayor for Policing and Crime (“DMPC”) has delegated authority to approve:

1. Business cases for revenue or capital expenditure of £500,000 and above (paragraph 4.8); and
2. All requests to go out to tender for contracts of £500,000 or above, or where there is a particular public interest (paragraph 4.13).

Paragraph 7.23 of the Scheme provides that the Director of Commercial Services has consent for the approval of the award of all contracts, with the exception of those called in through the agreed call in procedure. Paragraph 4.14 of the Scheme provides the DMPC reserves the right to call in any MPS proposal to award a contract for £500,000 or above.

### Financial, Commercial and Procurement Comments

6. The summary cost of for the external partner contract is up to £1.5m to be spread over the course of 2023/24-2025/26. It will be funded through existing Met resources.

### Financial Case

As part of the budget planning approach for 2023/24, £1.5m was set aside in 2023/24 for capability investment. It is proposed that the cost of external support will be kept within this £1.5m limit, with funding phased across years as appropriate.

A PBB for an organisation the size of the Met is a significant undertaking which will run over the course of three financial years with expected profile as below.

1.	2023/24	2.	2024/25	3.	2025/26
4.	£0.40m	5.	£0.75m	6.	£0.35m

The proposed approach will have no impact on capital spending.

The programme is expected to deliver significant cashable and non-cashable savings and efficiencies, contributing to the identification of savings of £100m in the first two years

7. It will be procured through our existing Management Consultancy Framework which is a compliant procurement route which allows us to access high-calibre organisations in an expedient manner.
8. Value for money will be assessed as part of the competitive tendering under the framework and benchmarked against similar exercises of this nature.

### Commercial Case

The preferred approach is to procure through the Management Consultancy Framework (MCF) Lot 3 which offers both expediency and access to high calibre organisations. The MCF3 is a compliant route to market for these services.

Value for money will be secured throughout the commercial lifecycle by ensuring we:

- Set out a clear specification with careful scrutiny of tenders
  - Have a clear and ongoing reporting mechanism to ensure delivery to timeline
  - Set out expectations regarding quality of reporting with 10% of the contract value being dependent on sign off that the reports meet the standard required.
9. The MPS is committed to pioneering socially, environmentally and economically sustainable procurement to deliver improved quality of life and better value for money. Bidders will be assessed on how they deliver Social Value outcomes including how they will support in the delivery of the key objectives of London Anchor Institution's Charter and how this contract will contribute to the Authority's commitment to support those groups most impacted by the pandemic. The MPS Environment Policy will be considered during the procurement process.

#### **Social Value and Sustainability**

- The MPS is committed to pioneering socially, environmentally and economically sustainable procurement to deliver improved quality of life and better value for money. Bidders will be assessed on how they deliver Social Value outcomes including how they will support in the delivery of the key objectives of London Anchor Institution's Charter and how this contract will contribute to the Authority's commitment to support those groups most impacted by the pandemic. The MPS Strategic aims are to help communities to recover from the impact of Covid-19, tackle economic inequality by creating new businesses, new jobs and new skills, ensure equality of opportunity by reducing the disability employment gap and tackling workforce inequality, improve health and wellbeing and community integration and fighting climate change through environmental sustainability.
- The MPS Environment Policy will be considered during the procurement process.

#### **Equality Comments**

10. The MPS assure that there are no significant equality or diversity implications arising from this request and the proposal have been reviewed by the Equalities Impact team as part of our assurance process.
11. The MPS is committed to pioneering socially, environmentally and economically sustainable procurement to deliver improved quality of life and better value for money. Bidders will be assessed on how they deliver Social Value outcomes including how they will support in the delivery of the key objectives of London Anchor Institution's Charter and how this contract will contribute to the Authority's commitment to support those groups most impacted by the pandemic.

#### **Privacy Comments**

The MPS is subject to the requirements and conditions placed on it as a 'State' body to comply with the European Convention of Human Rights and the Data

Protection Act (DPA) 2018. Both legislative requirements place an obligation on the MPS to process personal data fairly and lawfully in order to safeguard the rights and freedoms of individuals.

Under Article 35 of the General Data Protection Regulation (GDPR) and Section 57 of the DPA 2018, Data Protection Impact Assessments (DPIA) become mandatory for organisations with technologies and processes that are likely to result in a high risk to the rights of the data subjects.

The Information Assurance and Information Rights units within MPS will be consulted at all stages to ensure the programme meets its compliance requirements.

The programme does not use personally identifiable data of members of the public, so there are no GDPR issues to be considered.

### **Real Estate Implications**

12. There are no estates implications

### **Environmental Implications**

13. The MPS is committed to pioneering socially, environmentally and economically sustainable procurement to deliver improved quality of life and better value for money. Bidders will be assessed on how they deliver Social Value outcomes including how they will support in the delivery of the key objectives of London Anchor Institution's Charter and how this contract will contribute to the Authority's commitment to support those groups most impacted by the pandemic.
14. The MPS Environment Policy will be considered during the procurement process.

### **Management Case**

In the immediate term the project will be overseen by a Band A in Strategy and Transformation Group and the Director of Finance. To support the PBB exercise a broader internal team will be required (largely part-time and for fixed cycles of the PBB) to deliver:

- Internal expertise related to the business areas being covered in the cycle
- Internal expertise related to core functions and data sets e.g. HR, finance, IDD and performance

The benefits of this project could be wide ranging however they cannot be fully described or quantified in detail in this stage as the project is designed to identify future benefits and make recommendations for change. The PBB will be expected to contribute to the identification of savings of £100m in the first two years as well as significant cashable and non-cashable efficiencies. Key immediate benefits from the project will be the delivery of balanced and (increasingly) priority focused budgets over the coming 3 years.

**Background/supporting papers**

N/A

**Part 2 – This section refers to the details of the Part 2 business case which is NOT SUITABLE for MOPAC Publication.**

OFFICIAL-SENSITIVE [COMMERCIAL]

Part 2 of Business Justification: Priority-Based Budgeting is exempt from publication for the following reasons:

- Exempt under Article 2(2)(a) of the Elected Local Policing Bodies (Specified Information) Order 2011 (Data Protection Section 43 – Commercial Interests).
- Exempt under FOIA Section 43.

The paper will cease to be exempt until 1 April 2026