MAYOR'S OFFICE FOR POLICING AND CRIME – CAPITAL STRATEGY 2024/25 – 2027/28

1 INTRODUCTION

1.1 The CIPFA Prudential and Treasury Management Codes require all local authorities to prepare a capital strategy report which forms the foundation of the authority's long-term planning and delivery of its capital investment. These codes apply equally to Policing bodies. It sets the parameters for the capital programme, which will be updated each year and will help to ensure that capital resources are used efficiently to achieve the best possible outcomes within constrained budgets.

1.2 Authorities, including policing, continue to operate in an extremely challenging financial environment with reduced levels of government funding and how capital resources are acquired, deployed and managed is a key part of the strategic response.

1.3 The Prudential Code for Capital Finance in Local Authorities (The Code) sets a framework to ensure that the capital expenditure plans of local authorities are affordable, prudent, and sustainable. The Code which is published by the Chartered Institute of Public Finance (CIPFA), has legislative backing. As part of the prudential approach the code requires authorities to have in place the capital strategy. It says:

'In order to demonstrate that the authority takes capital expenditure and investment decisions in line with service objectives and properly takes account of stewardship, value for money, prudence, sustainability and affordability, authorities should have in place a capital strategy that sets out the long term context in which capital expenditure and investment decisions are made and gives due consideration to both risk and reward and impact on the achievement of priority outcomes'.

1.4 This Strategy has been prepared in accordance with the Prudential Code 2021 to meet the following objectives and benefits:

- Ensure capital investment is targeted towards strategic priorities and outcomes;
- Capital investment complements revenue spend on services, are affordable and proportionate;
- Stewardship of assets is properly considered in capital planning;
- Capital investment is prudent, sustainable, affordable, provides value for money;
- Capital projects are delivered on time and within budget;
- External borrowing and other long-term liabilities are within prudent and sustainable levels;
- The risks associated with investments for service and commercial purposes are proportionate to our financial capacity; and
- Treasury management and other investment decisions are in accordance with professional good practice.

1.5 MOPAC and the MPS will deliver its capital programme through effective and coherent processes for formulating the capital programme with clear criteria:

- To ensure that capital investment continues to be directed towards meeting corporate objectives;
- For approving and amending the capital programme and the scrutinising decisions relating to capital planning, and;

- For managing resources holistically to support spending priorities with regard to long term sustainability.

2 CONTEXT AND STRATEGIC INTENTIONS

2.1 The Mayor's vision is for London to be the safest global city, by boosting police presence in neighbourhoods, tackling violence in all its forms, renewing focus on safeguarding vulnerable people and improving Londoners' confidence in the service provided. Achieving these goals involves transforming how the MPS operates at every level, operating with a more efficient establishment, whilst at the same time as meeting the rising volume and complexity of crime.

2.2 In 2023, the Commissioner launched the New Met for London Plan (NMfL) to address issues raised by Baroness Casey and the findings from the HMICFRS PEEL inspection. Supporting this ambition and addressing the acute challenges faced by the Metropolitan Police Service (hereafter 'MPS') in the short term on driving the focus on More Trust, Less Crime and High Standards has been considered as part of the development of the capital strategy. The Commissioner has developed this new strategy that will initially focus on 3 priorities that will stabilise and build new foundations for the MPS whilst simultaneously building momentum for wider reform and the implications for the estate.

2.3 In addition, the strategy has also taken account of other Mayoral priorities and ambitions including Net Zero Carbon and the delivery of 50% affordable housing on sites that are disposed of across the GLA Group.

2.4 Significant capital investment is required over the short to long term and the proposals within this strategy supports the Mayor's overall vision and aims and to deliver the ambition set out in the NMfL Plan.

2.5 On 24 March 2022, the Mayor published the Police and Crime Plan for London that sets out his vision for a city in which Londoners are safer – and feel safer. The four key themes of the plan are:

- **Reducing and preventing violence** – preventing and reducing violence affecting young people; making London a city in which women and girls are safer and feel safer; tackling the harm caused by drugs; reducing reoffending by the most violent and high-risk groups; preventing hate crime; and working together to prevent terrorism and violent extremism.

- **Increasing trust and confidence** – increasing public trust in the MPS and reducing gaps in confidence between different groups; ensuring that the MPS engages with Londoners and treats them fairly; and ensuring that the MPS, borough councils and all community safety partners respond to neighbourhood crimes such as burglary and anti-social behaviour.

- **Better supporting victims** – improving the service and support that victims receive from the MPS and the criminal justice service; working to ensure victims receive a better criminal justice response and outcome; and reducing the number of repeat victims of domestic abuse and sexual violence.

- **Protecting people from being exploited or harmed** – reducing the number of young people and adults who are criminally exploited or harmed; keeping young people in the justice system supported and safe; and keeping people safe online.

Capital Investment

2.6 The aim of capital investment is to ensure MOPAC and the MPS has the assets required to meet its objectives. This includes fulfilling statutory duties and pursuing priorities set out in the NMfL Plan. Capital investment must be responsive to economic, legislative and demographic changes.

2.7 The process for prioritising projects in accordance with the corporate objectives is set out later in the strategy. Ensuring that the evaluation criteria reflects objectives is a key part of the prioritisation process.

Statutory Duties

2.8 It is essential that MOPAC and MPS statutory duties are met. This requires ongoing capital investment both to maintain existing assets and to meet changing needs. This statutory requirement is a key consideration in the prioritisation process.

2.9 The broad areas of investment are as follows:

- **Property Services**: broadly split between estates transformation work (the Central Estates and Transforming the Workplace programmes), and essential maintenance of the estate through Business as Usual (BAU) and forward works activity.
- **Fleet Services**: the MPS maintains a fleet of c5,000 vehicles. The majority of proposed capital investment relates to the purchase of new vehicles (the Vehicle Replacement Programme) with smaller amounts spent on areas such as telematics and electric charging infrastructure.
- **Digital Policing:** investment across core IT infrastructure (e.g. networks, hosting, maintenance, application and service upgrades), IT replacement (e.g. laptops) and contributions to national IT programmes (e.g. the Home Office's Emergency Services Network ESN/ESMCP).

- **Counter Terrorism Policing HQ (CTPHQ):** investment in data, technology and transformational activity in support of the strategic priority of 'Protecting London from Terrorism'. Much investment in this space is sensitive and further detail cannot be set out in this document, however from a funding perspective all CTPHQ expenditure is matched by ring-fenced grants or third-party contributions.
- **Reform** investment in major change programmes including New Met for London,

3 INFLUENCES

3.1 Internal influences

3.1.1 **Reform (including New Met for London):** The Commissioner has developed, consulted on and published the two-year NMfL plan. This sets out three priorities for reform: community crime-fighting, culture change and fixing our foundations. The Capital Strategy and Programme reflects the Commissioner's initial requirements of the MPS to invest in the capabilities it needs for operational policing. The capital strategy and programme may be further reviewed to ensure that it continues to meet operational requirements.

3.1.2 **Digital Policing:** The MPS is committed to ensuring everyone has the data and technology they need to do their jobs. Citizens will be able to use a variety of digital channels to communicate with us, report crime and carry out routine transactions. The investment in maintaining the core IT estate, services and keeping the MPS up-to date with advances in technology is critical to providing front line officers and support staff with the technology they need to deliver the service to focus on what matters most to Londoners.

3.1.3 **Property Services:** A new Estates Strategy is being developed to reflect changing operational requirements arising from New Met for London. Delivery of the strategy will require significant investment to achieve increased capacity, locations closer to the communities we serve, improved quality of accommodation whilst also maximising value for money and reducing environmental impacts.

3.1.4 **Net Zero Carbon:** The MPS commissioned specialist consultants and engaged in activities to address the challenges of Net Zero Carbon by 2030 in line with the Mayor's manifesto (NZC2030). Having undertaken an impact assessment of delivering this, the MPS has developed a Heat Decarbonisation Plan and continues to assess the requirements for electric vehicle charging infrastructure while implementing NZC measures as part of funded and approved schemes in this capital programme where opportunities arise. The MPS is part of the GLA's NetZero 2030 working group, reporting monthly on progress in planning for the 2030 target.

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3.1.6 **Fleet:** The MPS requires sufficient fleet to operate effectively. The Vehicle Replacement Programme is influenced by the changing needs of the organisation, recent expansion of officer FTEs via the Police Uplift Programme, and reflects emerging technological or environmental requirements, such as emerging electric vehicle technology and Net Zero Carbon.

3.2 External influences

3.2.1 **Economic conditions:** Inflation, driven by various factors, whilst declining in the last 12 months, are at higher levels than have been previously experienced. This has led to rising interest rates that will increase the cost of delivery as well as borrowing costs. Prevailing market conditions may have an impact upon the MPS's ability to generate capital receipts via the disposal of surplus properties.

3.2.2 **Government/Mayoral priorities:** Changes in Government priorities, and legislation may influence the MPS's Capital Strategy and investment. Mayoral priorities have been taken into account in developing the capital programme. Of particular note are:

- The GLA Group commitment to doing all it can within its statutory powers to support a more unified, coherent and streamlined approach to housing delivery. This includes a commitment, following the Kerslake review, to 50% affordable housing on all sites disposed of across the GLA group.

- Investment in reducing carbon emissions and Net Zero Carbon in response to the Mayor's ambitious target of making London net zero carbon by 2030. There is however a funding gap to achieve the Mayor's ambition and how this can be funded is being considered by the Greater London Authority.

3.2.3 **Pace of technological change:** Advances in technology can change public expectations of service and accessibility. This includes the technology that the MPS uses and increasing uses of advanced technology in criminality.

4 POLICIES AND FUNDING

4.1 MOPAC and MPS comply with the CIPFA Code of Practice for Treasury Management in Public Services. All decisions by MOPAC about capital financing are taken in the context of the CIPFA Prudential Framework. The Framework provides authorities with borrowing flexibility, provided controls on affordability, sustainability and prudence are met.

4.2 Net borrowing over the medium term will only be for a capital purpose. Borrowing will be contained within the borrowing limits agreed by the Mayor of London for MOPAC, as indicated in the Treasury Management Strategy. The link to the 2023/24 strategy can be found here:
https://www.london.gov.uk/programmes-strategies/mayors-office-policing-and-crime-mopac/mopac-governance-and-decision-making/mopac-decisions/pcd-1389-capital-strategy-202223-4142-and-treasury-management-strategy-202324

4.3 The Local Government Act 2003 requires MOPAC to have regard to the Ministry of Housing, Communities and Local Government's Guidance on Minimum Revenue Provision, issued in 2012. The MOPAC Group will make a minimum revenue provision in accordance with:

- 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.
- For unsupported capital expenditure incurred after 31st March 2008, MRP will be determined by charging the expenditure over the expected useful life of the relevant asset in equal instalments, starting in the year after the asset becomes operational. A review of the MRP policy will be carried out before the finalisation of the budget.

4.4 Based on the statutory responsibilities and local arrangements within which MOPAC operates in, all the assets, liabilities and reserves are recognised on the MOPAC Balance Sheet. This reflects the fact that MOPAC retains control over all assets including those which are held, which are disposed and who has access to use the assets and therefore controls the long-term risk and rewards of ownership.

4.5 Under the MOPAC (including the MPS) Financial Regulations, the acquisition, disposal and maintenance of long-term assets are the responsibility of the Deputy Mayor for Policing and Crime (DMPC) through the MOPAC Capital Programme.

5 APPROACH

Definition of Capital Expenditure

5.1 Capital expenditure is spending on assets that will provide a benefit beyond the current financial year and is defined in financial statements as: 'Expenditure on the acquisition, creation or enhancement of fixed assets'.

Prioritisation Process

5.2 Capital schemes will be prioritised based on the following:

- Schemes entirely funded by external grant with no impact on the revenue budget;
- Approved projects that enable compliance with statutory or legal duties (e.g. Health and Safety);
- Planned projects that enable compliance with legal and statutory duties (e.g. Health and Safety);
- Schemes that support MOPAC and MPS priorities, and;
- Other Schemes.

5.3 In evaluating project proposals, the following will be considered:

- The whole life cost implications of the proposed scheme, including those arising from ongoing maintenance requirements, both capital and revenue;
- How the investment will play a part in managing the medium to long term demand for services;
- How the investment will be made to maximise the benefits across a range of priorities and objectives, and;
- Ability to deliver so that projects are accepted into the programme can realistically be delivered in accordance with the timescales indicated by the phasing of the project within the multi year programme.

5.4 The criteria and evaluation criteria will be reviewed on a regular basis.

5.5 Affordability within the wider MTFP is a key consideration. Additional schemes to further support NMfL have been identified however are dependent upon the identification of additional funding and are not included in the draft capital programme.

5.6 In updating the Capital Programme, the MPS followed a rigorous review process including:

- A formal capital scrutiny process involving MPS Management Board and representatives from MOPAC. The scrutiny process included a review of all capital estimates with a view to reducing optimism bias where appropriate, reviewing risk and contingency, and a review of capacity to deliver. The opportunity to address the current trend of significant year on year slippage was addressed as part of this process.

- A review of the anticipated capital receipts, both in terms of the expected values and timing, has been undertaken, and receipts are consistent with the planned programme of works.
- Further work is underway prior to the finalisation of the capital programme.

6 GOVERNANCE

6.1 The capital programme, capital strategy and the treasury management strategy are intrinsic parts of a medium-term financial strategy. Formal approval is required to approve the role in multi year capital programme. This will formally be achieved when the final MOPAC budget is set as part of the Mayor's Consolidated Budget process. This will ensure that the revenue implications of the capital programme are reflected in the revenue budget.

6.2 Where individual schemes are formally approved for acceptance into the capital programme, the capital budgets for the relevant financial years will also be deemed to have been approved. Amendments to the programme will require approval in accordance with the scheme of delegation. In exceptional circumstances a new scheme may need to be progressed outside the normal annual cycle and the decision to allow the scheme to be considered will be made by the DMPC.

6.3 All MPS capital investment follows a clearly defined governance process with review and approval by the MPS Executive Committee (ExCo) and MOPAC Investment Advisory and Monitoring meetings (IAM). Internal governance adopts the HMT Green Book and Better Business Cases guidance including the Five Business Case model through Strategic Outline Case (SOC), Outline Business Case (OBC) and Full Business Case (FBC) stages. As per Green Book guidance, an adjustment for optimism bias is included in the development of business cases.

Monitoring the Capital Programme

6.4 The S151 officer is responsible for ensuring that there is an effective system for capital monitoring. This will ensure that capital investment is delivered on time and within allocated resources, whilst meeting the objectives and outcomes. Capital programme monitoring will be undertaken quarterly and reported to the MPS Management Board and Executive Committee. Oversight of the quarterly capital monitoring will be carried out by MOPAC and will be considered by the DMPC as part of the quarterly financial and performance monitoring reporting process.

7 RISK MANAGEMENT

7.1 The approach to risk management for the Capital Programme is in line with the wider MOPAC and MPS corporate approach, with risks managed at three levels (portfolio, programme and corporate). The Portfolio Risk function is audited on a yearly basis by the Directorate of Audit, Risk and Assurance. Portfolio risks are managed according to four major themes: complexity of delivery, commercial dependency, business change, and finance and resources.

7.2 Other risks to the Capital Programme include:

- Based on the historic trend of slippage, an over-estimation of, for example, the capacity, capabilities, and optimism of delivery of the programme;
- Limited capacity for further borrowing. Future needs will be scrutinised closely by MOPAC and MPS in the context of cost, benefit and affordability;

- Inflation, which may put pressure on capital budgets. Scenario planning around different levels of inflation is part of MPS strategic financial planning to help anticipate issues and risks and put in place suitable mitigations;
- Rising interest rates which may affect capital financing costs. We work closely with the GLA Treasury Function to secure favourable long-term borrowing rates where possible, and
- Economic conditions, which may affect the ability to dispose of surplus assets or the amount of income generated by their sale.

8 CAPITAL PROGRAMME

Proposed Capital Programme 2023/24 to 2027/28

8.1 The MOPAC Group Capital Programme is delivered and managed by the MPS with strategic oversight from MOPAC. Over the five-year period to 2027/28 the MPS estimates total capital expenditure of c£1.4bn. The estimates for 2024/25 recognise the overspend from 2023/24, details of which are set out in the 2023/24 Q2 performance monitoring report.

8.2 The key areas of investment within the capital programme are:

PROPERTY SERVICES (£482m) which is made up of:

- *Forward Works and Business as Usual Expenditure (£261m)*
  Primarily to support lifecycle and minor works across the MPS estate. Expenditure peaks in 2025/26 due to an anticipated property purchase.
- *Central Estates Programme (£78m)*
  Includes delivery of the Counter Terrorism Operations Centre (CTOC) hub (e.g. security upgrades, lifecycle works throughout the building including lift refurbishment, and external works including changes to access and parking). Other projects include the redevelopment of Cobalt Square and design and delivery of the flexible accommodation model across the MPS estate.
- *Transforming the Workplace (£143m)*
  Relates primarily to the costs of major refurbishments to MPS properties including Limehouse Station, Forest Gate, Chingford, Hayes and Harrow. Other significant areas of investment include the redesign of locker storage across the estate

FLEET SERVICES (£166m) which is made up of:

Vehicle Replacement Programme, which is essentially the purchase and fit-out of new vehicles. Smaller amounts are set aside for investment in zero emissions technology, including electric charging infrastructure and equipment such as telematics.

DIGITAL DATA & TECHNOLOGY (£321m) which is made up of:

- *IT Core Infrastructure*
  Based on Technology Roadmaps for replacements on end of life equipment and planned service upgrades and includes networks, hosting and data centres, 30,000 radio estate, infrastructure maintenance and application and service upgrades. This also included the cost of the MPS's priority of giving mobile phones to all officers and staff.
- *IT Replacement Programme*
  Based on the replacement of mobility tools including c40,000 laptops, 11,000 tablets, 8,000 desktop devices, c40,000 radios, c30,000 smartphones, and 2,000 terminals in vehicles. This includes the cost of the MPS's priority for laptops to replace tablets for frontline officers.

- *Contributions to Home Office Programmes*
  Emergency Services Network (ESN) and National ANPR Service (NAS).

COUNTER TERRORISM POLICING HQ (CTPHQ) (£161m):

- *CTPHQ expenditure* is matched by capital contributions and therefore does not have an impact on the MPS' overall financing requirement (and is therefore cost neutral to the MPS MTFP).

MET OPS – COVERT & FORENSICS (£42m)

- *Covert –* on-going investment in covert policing assets
- *Forensics -* relates to investment in Digital Forensic capabilities including Kiosks and increasing the number of Digital Forensic Hubs

REFORM including New Met for London(£263m) which is mainly made up of:

- *Optimising Contact and Response and Transforming Investigation and Prosecutions(I&P)*.
  Optimising Contact and Response is the national lead for Single Online Home (SOH) that aims to standardise and modernise our online platform and access to services via digital means. Significant projects include Resource Management, Command and Control, and the Customer Contact Service and Resolution Centre. Transforming I&P aims to transform our approach to intelligence, investigation and prosecution functions to prevent and detect crime, build trust with victims and delivering maximise justice outcomes. The major project, CONNECT, will replace eight data capture systems and replace them with one connected system.
- *New Met for London (NMfL)* – investment in capabilities to enable the delivery of the reform set out in New Met for London, including data and technology, public order policing and modernising learning.

8.3 The breakdown of the proposed capital programme 2023/24 – 2027/28 is set out at Appendix A Schedule 1a.

Appendix C sets out the potential capital spend and funding including the MPS initial estimate for investment needed in the estate arising from the NMfL plan.

Sources of funding

8.4 Investment is governed by the Prudential Code for Capital Finance in Local Authorities (Prudential Code). The Prudential Code provides MOPAC with the regulatory framework within which it has discretion over the funding of capital expenditure and the level of borrowing it wishes to undertake to deliver capital plans and programmes.

8.5 The strategy is intended to maximise the financial resources available for investment in service provision and improvement within the NMfL ambition and the Mayoral priorities. At the same time, it seeks to ensure that all business cases have a robust self-sustainable financial model that deliver against priorities and its objectives.

8.6 The funding available to MOPAC consists of:

- Capital Receipts
- Government and Contributions
- Revenue Resources
- Borrowing

8.7 The value of the proposed capital programme is £1.4bn between 2023/24 and 2027/28 and the forecast of resources to fund the capital programme over the 5 years is set out at Appendix B Schedule 2a.

8.8 There is an increased dependency on borrowing to support the capital programme and this is forecast to increase significantly in future years. The main reason for this is a reduction in capital receipts and other sources of funding. With no capital grant funding available from the government, pressures on the revenue budget to make substantial revenue contributions to capital, borrowing is becoming the man source of funding.

Borrowing

8.9 MOPAC has discretion to undertake borrowing on capital schemes if the borrowing is deemed value for money and meets the following criteria as set out in the Prudential Code:

- Affordable;
- Sustainable;
- Prudent, and;
- Proportionate for the size of the organisation.

8.10 Capital financing costs over this five-year period are shown in Appendix B Schedule 2c.

20 Year Capital Requirement

8.11 This Capital Strategy forecasts capital investment requirements over the 20-year period to 2042/43. Total expenditure over 20 years is estimated at c£4.4bn, with £1.4bn of expenditure over the five years of the published Capital Programme and a further £3.0bn between 2028/29 and 2042/43. Of the total expenditure, c£631m is in CTPHQ, which as noted earlier, is fully matched by funding.

8.12 There are many uncertainties over this longer time horizon on both the funding and expenditure side and expenditure plans are more robust over the initial five years. Beyond the initial five years, for now, it is assumed that capital expenditure will mostly be to maintain and replace existing assets, with an estimate for each of the three 5-year tranches of c£310m for Digital Data and Technology (DDaT) and c£100m for Transformation. The MPS and MOPAC will need to balance capital investment in the longer term against available funding and revenue commitments.

8.13 The full 20-year view is attached at Appendix A and is based on current price i.e. excluding inflation. Appendix A schedule 1 a) sets out expenditure for the first 5 years and schedule 1 b) sets out the expenditure for the final 15 years grouped into five-year tranches. It should be noted that in the 5-year capital programme there is provision for planned energy efficiency works and activities, which with Public Sector Decarbonisation Scheme (PSDS) funding, are helping to reduce carbon emissions but the full costs of Net Zero Carbon 2030 are not included in these estimates as the cost of these and the funding arrangements are being taken forward by the GLA as part of the carbon budget process.

8.14 Funding over the first five years is set out in Appendix B Schedule 2a). Funding for the subsequent 15 years, shown in five-year tranches, is shown in Schedule 2b). All prices are current.

9 TREASURY MANAGEMENT

9.1 The requirements to borrow is driven by prior year capital expenditure and future capital plans as outlined in the capital strategy. The method and timing of financing this borrowing requirement and managing the associated risks of these financing decisions are covered within MOPAC's treasury management strategy. This includes strategies to manage the overall level of debt and to manage the timing and profile that debt is repaid so no one year has large amounts of debt to be refinanced or repaid and that the balance of debt outstanding is appropriate for the forecast Capital Financing Requirement (CFR) which reduces over the useful life of the assets financed by borrowing.

9.2 MOPAC's current and forecast debt position and borrowing strategy are reported and approved within the annual Treasury Management Strategy (TMS) received by the DMPC prior to the financial year that it applies. The TMS sets several Prudential Indicators as prescribed by the CIPFA Treasury Management Code of Practice. These include a projection of capital expenditure, external debt and use of internal borrowing and MOPAC's overall borrowing requirement, which is known as the capital financing requirement (CFR). The Prudential Indicators include the operational boundary and the authorised limit for external debt which is a statutory limit determined under Section 3(1) of the Local Government Act 2003: *'A local authority shall determine and keep under review how much money it can afford to borrow'*.

9.3 The annual Treasury Management Strategy includes the policy for the repayment of debt known as the Minimum Revenue Provision (MRP). MOPAC adopts the principle of making revenue provision for the repayment of debt over the useful life of the assets being created/purchased that were financed by borrowing.

Prudential Indicators

9.4 Details of MOPAC's Prudential Indicators can be found within the Treasury Management Strategy 2023/24.

Revenue Implications of Capital Expenditure

9.5 The revenue implications of capital expenditure need to be considered both when:

- Determining overall size of the capital programme and how it is to be financed, particularly the amount of prudential borrowing to be undertaken, and;
- Evaluating individual projects.

9.6 In addition, as part of the asset planning process the running costs of existing assets need to be considered to determine priorities for maintenance, enhancement, and replacement of assets and, accordingly, for the development of suitable capital investment proposals.

9.7 The key constraints on MOPAC's ability to fund capital expenditure is its ongoing revenue budget position. In considering how much capital investment it can afford, MOPAC will estimate the overall impact of future revenue budgets and exercise prudence to ensure that the level of capital investment is sustainable.

9.8 The Chief Finance Officer will advise the DMPC on the overall size and financing of capital expenditure as part of the report to set the final budget in February each year asking to approve the role in multi-year capital programme. Decisions on the revenue budget and the capital programme will be taken at the same time to ensure they are joined up.

9.9 When individual project proposals are being evaluated, it is essential that the revenue implications are fully understood so that the aggregate revenue effective of projects accepted into the capital programme matches what is been assumed in determining the overall size of the programme and its funding.

Costs of Prudential Borrowing

9.10 Where MOPAC undertakes prudential borrowing, it incurs debt charges in the form of repayments of principal and interest payments which depends on the terms of the loan. As part of the treasury management function MOPAC takes out loans on the best terms available to meet its overall prudential borrowing requirements rather than loans related to specific projects. A common interest rate, reflecting the overall cost of borrowing and standard repayment periods, depending on the type of asset is therefore used to assess the financing costs on projects.

Feasibility Costs

9.11 The cost of developing a proposed capital project must be charged to revenue until it is assessed that there is a high degree of certainty that an economic benefit will flow from the new asset. Such costs are therefore chargeable to revenue where the project does not go ahead. Where the project does go ahead, any costs incurred in financial periods prior to the commencement of the project, for which the accounts have been closed, must also remain charged to revenue.

9.12 Such cost depends on the size and complexity of the proposed project and how far the proposal is developed before a decision is taken not to proceed. Increasing costs are committed at the following stages:

- Engagement of a project manager;
- Engagement of a specialist external advisors;
- Commissioning of a feasibility study;
- Commissioning of further work in advance of a main procurement process, e.g. ground investigation, outline design, enabling works, and:
- Commencement of main procurement process entering a contract.

Appendix A

Schedule 1a) Planned expenditure 2023/24-2027/28

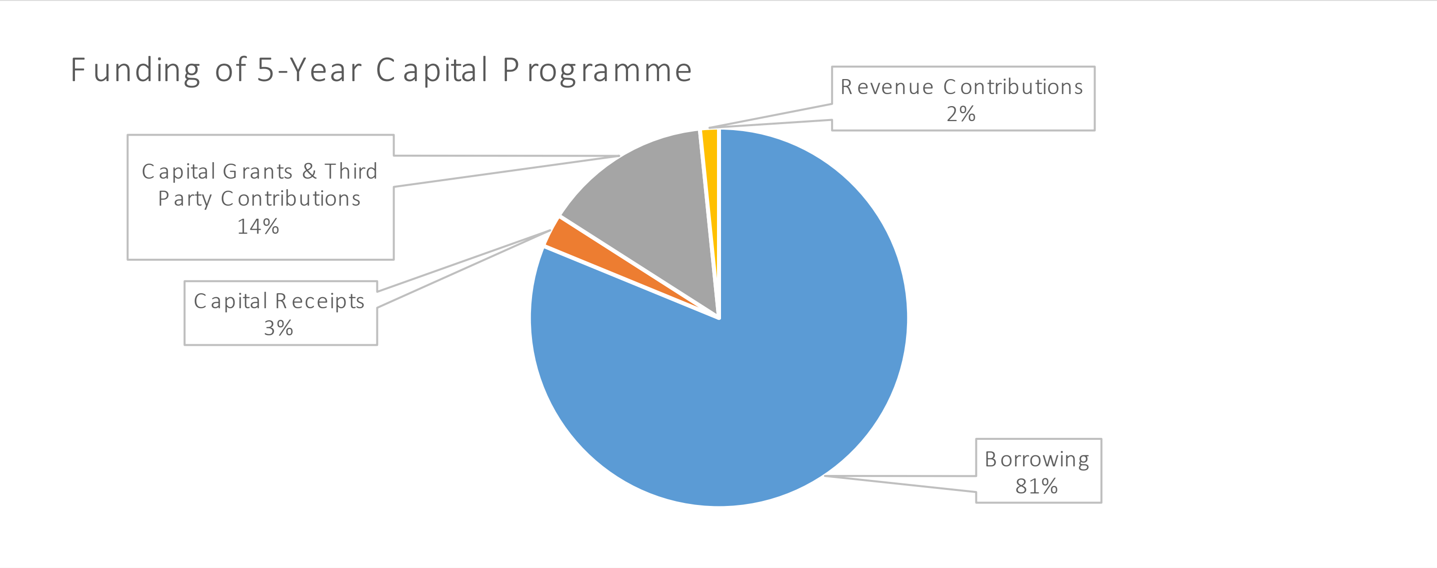
MPS Capital Programme 2023/24 - 2026/27	2023-24 Forecast Outturn £m	2024-25 Plan £m	2025-26 Plan £m	2026-27 Plan £m	2027-28 Plan £m	Total £m
PSD- Forward Works and BAU	40.2	46.1	66.3	42.5	66.0	261.1
Fleet	35.4	35.0	36.2	27.3	31.9	165.9
DDaT	68.1	67.3	59.6	66.6	59.3	320.9
CTPHQ	53.5	36.4	20.6	24.0	26.0	160.6
Met Operations- Covert and Forensics	8.8	11.5	5.5	9.2	6.4	41.5
Sub-total excluding Transformation	**206.0**	**196.4**	**188.2**	**169.6**	**189.7**	**949.9**
Optimising Contact and Response	62.2	51.8	0.3	3.0	0.0	117.4
Transforming Investigation and Prosecution	37.2	13.1	6.0	6.0	6.0	68.3
Operational Support Services	0.5	0.0	0.0	0.0	0.0	0.5
Learning and Professionalism Transformation	0.5	1.0	0.5	0.5	0.0	2.5
TD Flexible Service Portfolio & Met CC	5.4	7.3	5.6	1.2	0.4	19.8
PSD- Central Estates Programme	16.4	26.4	29.4	5.5	0.0	77.6
PSD- Transforming the Workplace	7.4	13.1	22.6	54.4	45.5	143.1
Transformation - long term estimate	0	3.0	2.0	9.0	12.0	26.0
New Met for London	0	28.3	0	0	0	0
Sub-total Transformation	**129.6**	**144.1**	**66.3**	**79.6**	**63.9**	**483.5**
Total	**335.6**	**340.5**	**254.5**	**249.2**	**253.6**	**1,433.4**

Schedule 1b) Planned expenditure 2028/29-2042/43

MPS Capital Programme 2028/29- 2042/43	2028-29 to 2032-33 Plan £m	2033-34 to 2037-38 Plan £m	2038-39 to 2042-43 Plan £m	Total £m
PSD- Forward Works and BAU	200.2	205.3	206.7	612.1
Fleet	161.4	160.2	193.5	515.0
DDaT	379.3	310.0	310.0	999.3
CTPHQ	152.7	156.8	160.9	470.5
Met Operations- Covert and Forensics	24.4	22.5	24.9	71.9
Sub-total excluding Transformation	**918.0**	**854.8**	**896.0**	**2,668.7**
Optimising Contact and Response	6.0	0.0	0.0	6.0
Transforming Investigation and Prosecution	0.0	0.0	0.0	0.0
Operational Support Services - P6	0.0	0.0	0.0	0.0
Learning and Professionalism Transformation	0.0	0.0	0.0	0.0
TD Flexible Service Portfolio & Met CC	0.0	0.0	0.0	0.0
PSD- Central Estates Programme	0.0	10.1	0.0	10.1
PSD- Transforming the Workplace	2.5	0.0	0.0	2.5
Transformation - long term estimate	92.4	100.0	100.0	292.4
Sub-total Transformation	**100.9**	**110.1**	**100.0**	**311.0**
Total	**1,018.9**	**964.8**	**996.0**	**2,979.7**

Schedule 2 a) Funding 2023/24-2027/28

MPS Capital Programme 2023/24-2026/27						
	2023-24 Forecast Outturn £m	**2024-25 Plan £m**	**2025-26 Plan £m**	**2026-27 Plan £m**	**2027-28 Plan £m**	**Total £m**
Funding						
Capital Receipts	15.3	11.9	0.8	10.9	1.0	39.9
Capital Grants & Third Party Contributions	63.1	46.0	29.8	32.1	30.6	201.7
Borrowing	253.5	282.6	211.6	202.9	218.7	1,169.2
Revenue Contributions	3.7	0.0	12.3	3.3	3.3	22.6
Total Funding	**335.6**	**340.5**	**254.5**	**249.2**	**253.6**	**1,433.4**



Schedule 2 b) Funding 2028/29-2042/43

	2028-29 to 2032-33 Plan £m	2033-34 to 2037-38 Plan £m	2038-39 to 2042-43 Plan £m	Total £m
Capital Receipts	4.7	60.9	2.3	67.8
Capital Grants & Third Party Contributions	194.5	200.8	210.1	605.4
Borrowing	803.2	686.6	767.1	2256.9
Revenue Contributions	16.5	16.5	16.5	49.5
Total Funding	**1,018.9**	**964.8**	**996.0**	**2,979.7**

Schedule 2 c) Capital Financing Costs 2023/24 - 2027/28

	2023-24 Forecast Outturn £m	2024-25 Plan £m	2025-26 Plan £m	2026-27 Plan £m	2027-28 Plan £m
Provision for repayment of debt	66.2	94.5	125.6	146.1	169.7
External interest	36.9	55.8	52.9	51.4	65.2
Total	**103.0**	**150.3**	**178.5**	**197.6**	**234.8**

Appendix C

Schedule 3 a) 20-Year Planned Expenditure including the NMFL Estate Strategy

	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29 to 2032-33	2033-34 to 2037-38	2038-39 to 2042-43	Total
	Forecast Outturn	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan
	£m	£m	£m	£m	£m	£m	£m	£m	£m
PSD- Forward Works and BAU	40.2	46.1	66.3	42.5	66.0	200.2	205.3	206.7	873.2
Fleet	35.4	35.0	36.2	27.3	31.9	161.4	160.2	193.5	680.9
DDaT	68.1	67.3	59.6	66.6	59.3	379.3	310.0	310.0	1,320.2
CTPHQ	53.5	36.4	20.6	24.0	26.0	152.7	156.8	160.9	631.0
Met Operations- Covert and Forensics	8.8	11.5	5.5	9.2	6.4	24.4	22.5	24.9	113.3
Sub-total excluding Transformation	**206.0**	**196.4**	**188.2**	**169.6**	**189.7**	**918.0**	**854.8**	**896.0**	**3,618.6**
Optimising Contact and Response	62.2	51.8	0.3	3.0	0.0	6.0	0.0	0.0	123.4
Transforming Investigation and Prosecution	37.2	13.1	6.0	6.0	6.0	0.0	0.0	0.0	68.3
Operational Support Services	0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.5
Learning and Professionalism Transformation	0.5	1.0	0.5	0.5	0.0	0.0	0.0	0.0	2.5
TD Flexible Service Portfolio & Met CC	5.4	7.3	5.6	1.2	0.4	0.0	0.0	0.0	19.8
PSD- Central Estates Programme	16.4	26.4	29.4	5.5	0.0	0.0	10.1	0.0	87.7
PSD- Transforming the Workplace	7.4	13.1	22.6	54.4	45.5	2.5	0.0	0.0	145.6
Transformation - long term estimate	0.0	3.0	2.0	9.0	12.0	92.4	100.0	100.0	318.4
New Met for London (NMfL)	0.0	28.3	0.0	0.0	0.0	0.0	0.0	0.0	28.3
NMfL Estate Strategy		34.2	101.3	215.0	232.0	717.0	400.0	0.0	1,699.5
Sub-total Transformation	**129.6**	**178.2**	**167.6**	**294.6**	**295.9**	**817.9**	**510.1**	**100.0**	**2,494.0**
Total	**335.6**	**374.6**	**355.8**	**464.2**	**485.6**	**1,735.9**	**1,364.8**	**996.0**	**6,112.6**

Schedule 3 b) 20-Year Planned Funding including the NMFL Estate Strategy

	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29 to 2032-33	2033-34 to 2037-38	2038-39 to 2042-43	Total
Funding Type	Forecast Outturn	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan
	£m	£m	£m	£m	£m	£m	£m	£m	£m
Capital Receipts	15.3	11.9	0.8	10.9	1.0	4.7	60.9	2.3	107.7
Capital Grants & Third Party Contributions	63.1	46.0	29.8	32.1	30.6	194.5	200.8	210.1	807.1
Borrowing	253.5	316.8	312.9	417.9	450.7	1,520.2	1,086.6	767.1	5,125.7
Revenue Contributions	3.7	0.0	12.3	3.3	3.3	16.5	16.5	16.5	72.1
Total Funding	**335.6**	**374.6**	**355.8**	**464.2**	**485.6**	**1,735.9**	**1,364.8**	**996.0**	**6,112.6**