

DMPC Decision – PCD 1094**Title: Budget Submission 2022/23 – 2024/25****Executive Summary:**

As part of the production of the GLA Group budget MOPAC is required to submit a draft budget proposal to the Mayor covering the years 2022/23 to 2024/25. This is attached at Appendix 1.

The Mayor's top priority continues to be keeping Londoners safe and the draft budget has been produced to support this aim.

Uncertainty around Government funding continues to be a significant issue. On 27 October, the Chancellor published the 2021 Spending Review. The impact of this on MOPAC/ the Metropolitan Police Service (MPS) is still being worked through by local and central government; the full impact, together with the outcomes of the Police Settlement, will be included within the final budgets to be presented in February 2021.

This submission incorporates the proposed budgets of the MPS and the Violence Reduction Unit. These demonstrate that the Mayor will continue his commitment to prioritising policing and crime, tackling serious youth violence, violence against women and girls and victims' services.

This draft Budget Submission has been prepared in accordance with the Mayor's Budget Guidance issued in July 2021 and with a requirement to publish and submit draft proposals by 26 November 2021.

The DMPC is requested to approve the attached MOPAC 2022/23 to 2024/25 Draft Budget Submission to the Mayor, and the draft Capital Strategy for publication.

Recommendation:

The Deputy Mayor for Policing and Crime is recommended to:

- Approve the 2022/23 to 2024/25 Draft Budget Submission (Appendix 1)
- Draft MOPAC Capital Strategy 2022/23 – 2040/41 (Appendix 2)

Deputy Mayor for Policing and Crime

I confirm I have considered whether or not I have any personal or prejudicial interest in this matter and take the proposed decision in compliance with the Code of Conduct. Any such interests are recorded below.

The above request has my approval.

A handwritten signature in black ink, appearing to read "Edue Warden", is written over a light gray horizontal line.

Date **3/12/2021**

PART I - NON-CONFIDENTIAL FACTS AND ADVICE TO THE DMPC

1. Introduction and background

- 1.1. This MOPAC budget submission forms part of the annual process to develop the overall GLA Group budget. The DMPC has been delegated the authority from the Mayor to make the annual budget submission to the Mayor of London in line with the agreed budget timetable.
- 1.2. In line with the Mayor's Budget Guidance published on 30 July 2021 MOPAC is required to submit draft budget proposals by 26 November 2021 to allow formal consultation to be undertaken on the proposals.
- 1.3. MOPAC will also publish a full draft budget on its website together with a revised Capital Strategy.
- 1.4. This decision seeks approval to both the draft Budget and Capital Strategy as appended to this document.

2. Issues for consideration

- 2.1. This draft Budget Submission has been prepared in accordance with the Mayor's Budget Guidance issued in July 2021 and with a requirement to publish and submit draft proposals by 26 November 2021.
- 2.2. In line with the Mayor's Budget Guidance the Revenue budget covers the period 2022/23 to 2024/25, and the Capital Strategy covers the period 2022/23 – 2040/41.
- 2.3. The draft budget has been based on recruiting the target number of officers from the national police officer uplift programme set out by the Commissioner and supported by the Mayor i.e. 6,000 over the 3-year period to 2022/23. The proposals therefore assume 3,287 additional officers for 2022/23. The provisional grant settlement, which will fund the cost of any additional year 3 officers, will be announced in December 2021, therefore to be prudent, no increase in government funding is assumed at this stage. This has led to a significant funding gap of £249m in 2022/23, £62.2m being a structural budget gap and the balance of £187m being the additional funding required for the officer uplift numbers. Once the MPS allocation from the additional 6,000 officers for 2022/23 has been clarified, the numbers will be revised in the final budget.
- 2.4. The revenue proposals include the drawdown of Earmarked Reserves in excess of £400m over the period 2021/22 – 2024/25 leaving a closing balance of £145m at March 2025. This includes an annual drawdown of c£30m from the Business Rates reserve across the next four years for the 1,000 police officers which the Mayor provided upfront funding for in 2019/20 to ensure that police officer numbers can be maintained over the medium-term.

- 2.5. The budget proposals also include the draft 5-year capital programme which, including the forecast for 2021/22, proposes capital investment expenditure of £1.602m. Given that central Government Capital Grant is negligible at £3.3m per annum, this means the proposed programme will require £937.7m of additional funding over the 5-year period. It is currently proposed to meet this through a combination of earmarked reserves and additional borrowing.

3. Financial Comments

- 3.1. This is a financial report and the details are set out in the body of the report.
- 3.2. The MOPAC Chief Finance Officer has provided assurance as to the robustness of the estimates proposed and the adequacy of the proposed financial reserves. The proposals made in the attached submission will result in a General Reserve balance of £46.6m. This represents 1.2% of the Net Revenue Expenditure for MOPAC/MPS. During, and by the end of the MTFP period, the General Reserve balance remains below the upper prudent threshold of 5% for retention as per the current Reserves Strategy.
- 3.3. The MOPAC Chief Finance Officer's judgement is that the use of earmarked reserves is reasonable and appropriately planned to support MOPAC and the MPS in delivering a very significant transformation programme over this period and providing stability in the officer workforce during this time.
- 3.4. A suite of annexes in the draft Budget Submission provide further details on budget pressures, savings and prudential indicators.

4. Legal Comments

- 4.1. MOPAC is subject to the budget setting requirements of the Greater London Authority Act 1999, as amended. As set out above the proposed budget submission reflects the Mayor's guidance.
- 4.2. Further to the creation of the MOPAC, pursuant to section 6 of the Police Reform and Social Responsibility Act 2011 ("the act"), MOPAC must issue a police and crime plan within the financial year in which each ordinary election is held, which is underway and on schedule for completion before the end of March.
- 4.3. Under section 3 (6) of the Act, MOPAC is under a duty to secure the maintenance of an efficient and effective police force. Under paragraph 7 of schedule 3 of the 2011 Act MOPAC may do anything which is calculated to facilitate, or is conducive or incidental to, the exercise of its functions. Under section 79 of the Act, MOPA must have regard to the Policing Protocol when exercising its functions. The Policing Protocol provides that PCCs (including MOPAC) as recipient of all funding, must determine how this money is spent. In London, this is also to be read within the context of the GLA Act 1999, and the Mayor's budget setting requirements.

- 4.4. MOPAC/MPS as statutory bodies must only budget for activities that fall within its statutory powers. Further, the Commissioner must ensure that good value for money is obtained in exercising functions, which includes securing that persons under his direction or control obtain good value for money in exercising their functions. Any future proposals for a reduction in staff/officer posts must comply fully with employment law and People Services and the Directorate of Legal Services at the MPS, as appropriate, will need to be engaged to ensure compliance with any statutory or regulatory requirements in relation to any redundancy or redeployment matters.

5. Commercial Issues

- 5.1. There are no direct commercial issues arising from this report. Where commercial issues are applicable in the operation of services, developing new initiatives and generating savings to deliver this budget, these will be considered as part of the MOPAC/MPS governance process.

6. GDPR and Data Privacy

- 6.1. There are no direct GDPR/data privacy issues arising from this report as it does not use personally identifiable data of members of the public. In the delivery of the Police and Crime Plan and this budget where GDPR or data privacy issues are applicable these are considered as part of the MOPAC/MPS governance process.

7. Equality Comments

- 7.1. 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.
- 7.2. 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.

8. Background/supporting papers

8.1. Annex 1 and 2

Public access to information

Information in this form (Part 1) is subject to the Freedom of Information Act 2000 (FOIA) and will be made available on the MOPAC website following approval.

If immediate publication risks compromising the implementation of the decision it can be deferred until a specific date. Deferral periods should be kept to the shortest length strictly necessary.

Part 1 Deferral:

Is the publication of Part 1 of this approval to be deferred? NO

If yes, for what reason:

Until what date: N/A

Part 2 Confidentiality: Only the facts or advice considered as likely to be exempt from disclosure under the FOIA should be in the separate Part 2 form, together with the legal rationale for non-publication.

Is there a **Part 2** form –NO

ORIGINATING OFFICER DECLARATION

Tick to confirm statement (✓)

Financial Advice:

The Strategic Finance and Resource Management Team has been consulted on this proposal.

✓

Legal Advice:

Legal advice is not required.

✓

Equalities Advice:

Equality and diversity issues are covered in the body of the report.

✓

Commercial Issues

Blue Light Commercial Ltd. is adopting responsible procurement principles.

✓

GDPR/Data Privacy

- GDPR compliance issues are covered in the body of the report.
- DPIA is not required.

✓

Director/Head of Service:

The Chief Finance Officer has reviewed the request and is satisfied it is correct and consistent with the MOPAC's plans and priorities.

✓

Chief Executive Officer

I have been consulted about the proposal and confirm that financial, legal and equalities advice has been taken into account in the preparation of this report. I am satisfied that this is an appropriate request to be submitted to the Deputy Mayor for Policing and Crime.

Signature



Date 3/12/2021

MOPAC/MPS BUDGET SUBMISSION 2022/23 to 2024/25

1. BACKGROUND

- 1.1. The Mayor's top priority continues to be keeping Londoners safe and the draft budget has been produced to support this aim, and in accordance with the Mayor's Budget Guidance issued in July 2021 to publish and submit draft proposals by 26 November 2021.
- 1.2. In July 2019 the Government announced a commitment to fund an additional 20,000 officers nationally. Of the 20,000 additional officers the Metropolitan Police Service (hereafter 'MPS') to date has received funding for 2,713 officers. The 2021 Spending Review allocated funding for the final 8,000 of these officers nationally but force-specific allocations are yet to be confirmed. The Mayor and the Commissioner are clear that London needs 6,000 of the 20,000 national allocation.
- 1.3. The budget includes £118.6m in reserves funded by Mayoral Business Rates originally in 2019-20 to ensure funding is available for 1,000 additional police officers and can be maintained over the medium-term. In addition the Mayor has previously provided baselined funding for a further 300 officers, taking the total additional officers provided by Mayoral funding to 1,300.
- 1.4. On 27 October, the Chancellor published the 2021 Spending Review. The impact of what this means specifically for the Mayor's Office for Policing and Crime (hereafter MOPAC) is still being worked through by local and central government and the full impact together with the outcomes of the Police Settlement will be included within the final budgets in February 2021.
- 1.5. The draft budget has been based on recruiting the target number of officers set out by the Commissioner and supported by the Mayor i.e. 6,000 over the 3-year period to 2022/23. The proposals therefore assume 3,287 additional officers for 2022/23. The provisional grant settlement will be announced in December 2021, therefore to be prudent, no increase in government funding is assumed at this stage. This has led to a significant funding gap of £249.2m in 2022/23, £62.2m being a structural budget gap and the balance of £187m being the additional funding required for the officer uplift numbers. Once the MPS allocation from the additional 6,000 officers for 2022/23 has been clarified, the numbers will be revised in the final budget.
- 1.6. Given the financial backdrop, the requirement for MOPAC/MPS to deliver a further £62.2m of savings for the next financial year together with the uncertainty around Government funding, setting a balanced budget for 2022/23 and beyond is extremely challenging.

- 1.7. This submission sets out the MOPAC/MPS revenue and capital budgets for the period 2022/23 to 2025/26 proposed by the Deputy Mayor for Policing and Crime for submission to the Mayor. The budgets are based on current best estimates which may be subject to change in the final budget proposals. These have been prepared in accordance with the Mayor's Budget Guidance issued in July 2021 and will form part of the overall GLA Group Consolidated Budget to be agreed in February 2022.
- 1.8. It should be noted that the MOPAC Budget incorporates both the MOPAC and the MPS. Where the submission makes reference to MOPAC/MPS, this refers to the group budget, otherwise references to the individual bodies refer to the budget of that body itself i.e. MOPAC or MPS.
- 1.9. As an Authority, MOPAC is also required to publish a Medium-Term Financial Plan (MTFP) covering the forthcoming financial year plus two further years and this is included within this submission. The Medium-Term Financial Plan should also be considered against the draft Capital Strategy which sets out the MOPAC capital expenditure plans.
- 1.10. The MPS Capital Programme is £1.3bn between 2022/23 and 2025/26. A significant part of this expenditure will be funded through a contribution from capital receipts generated by the Estates Strategy and from additional borrowing. This investment is vital to ensure that the MPS can continue to innovate and deliver a modern police service for Londoners.
- 1.11. The planned estates disposals and additional borrowing is necessary as a result of the Government's continued lack of appropriate levels of investment funding within the Police Settlement. For 2021/22 the MPS received £3.3m of capital funding from the Government against a capital programme of £385.1m.
- 1.12. The potential to generate capital receipts by disposing of buildings is also decreasing as the estate portfolio becomes smaller, and officer numbers increase. Further modernisation and investment in equipment and technology necessary to police a 21st 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.

2. MAYORAL PRIORITIES

- 2.1. The Mayor of London sets the budget and is responsible for making London a better place for everyone who visits, lives or works in the city. The Mayor is elected every four years and sets out an overall vision for London. In May 2021 (a year later than normal due to the Covid 19 pandemic) the Mayoral Elections were held, with Sadiq Khan being re-elected as Mayor of London. The Mayor has a duty to create plans and policies for the capital covering: Arts & Culture; Business & Economy; Environment; Fire; Health; Housing and Land; Planning; Policing & Crime; Regeneration; Sport; Transport; and Young People. Other priorities for the Mayor include higher education, attracting foreign investment and events to London particularly to build economic recovery following the Covid pandemic.

- 2.2. On 16th November 2021, the Mayor published his draft Police and Crime Plan for London for consultation with Londoners, partners and victims of crime.
- 2.3. The draft plan sets out the Mayor's commitment to ensure London's police service has the resources it needs to put more officers on the streets to suppress violence, including violence against women and girls, and to respond to the demands and pressures of policing a capital city. The plan also outlines the action the Mayor is taking to continue to hold the MPS to account, ensuring all Londoners have trust and confidence in their police force.
- 2.4. Figures show that violence was falling in London before the pandemic, and over the past year knife crime, youth violence and gun crime have come down further. Despite a decline in overall homicides, the number of teenage homicides in London is still too high. Continuing to drive down crime and prevent violence and the loss of young lives is at the heart of the Mayor's priorities for this term.
- 2.5. The four key themes of the draft 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; reducing reoffending by the most violent and high-risk groups; preventing hate crime; and working together to prevent terrorism.
 - **Increasing trust and confidence** – increasing public trust in the Met and reducing gaps in confidence between different groups; ensuring that the Met engages with Londoners and treats them fairly; and ensuring that the Met, borough councils and all community safety partners respond to neighbourhood crimes such as burglary and anti-social behaviour.
 - **Better support for victims** – improving the service and support that victims receive from the Met 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 exploited or harmed; keeping young people in the justice system supported and safe; and ensuring that Londoners are protected in public, in private and online.
- 2.6. The consultation on the draft Police and Crime Plan will run until 21st January 2022, with the findings informing the final plan which will be published by the end of 2021/22.

3. 2021/22 REVENUE AND CAPITAL FORECAST

- 3.1. The 2021/22 revenue budget was balanced and agreed in February 2021. In line with his priorities the Mayor allocated an additional £38.1m of funding from the council tax base which was better than forecast.

- 3.2. Of this additional allocation, £8 million was used to fund services provided by MOPAC and the VRU to reduce violence and support victims of crime, such as expanding GPS tagging of violent offenders after prison and extending the funding for youth work services for young victims of violence seen in London's 4 Major Trauma Centres and A&Es. £3 million of this £8 million funding was allocated to the VRU.
- 3.3. The latest financial forecast for 2021/22 is based on monitoring at Quarter 2 (to the end of September). Full details can be found in the latest [MOPAC Quarterly Performance Report](#). In summary, the MPS is currently forecasting a balanced position for 2021/22. The forecast predicts that underspends in pay due to vacancies and secondments will be offset by overspends in overtime and reductions in income where this pay is externally funded.
- 3.4. The MPS capital programme provided for £385.1m of expenditure in 2021/22 and this was to be funded from a combination of capital receipts, grants, and borrowing. The forecast capital expenditure outturn for 2021/22 is £271.8m which represents a variance of £113.3m.
- 3.5. The capital variance is driven largely by Estates (£60.4m), Digital Policing (£32.8m) and Transformation (£26.0m). Estates variances are primarily due to slippage because of purchase delays. The Digital Policing variance is due to an underspend on core IT infrastructure and national Home Office Programmes (expenditure moved to later years) and budgeting adjustments. The Transformation variance is slippage due to revised delivery plans, reprofiling and project pauses.
- 3.6. The MOPAC forecast position is an underspend of £2.2m against the revised budget of £48.2m. £0.7m of the underspend relates to an underspend in staff and overtime due to vacancies, £0.2m relates to an underspend on premises costs following the relocation to Union Street. The forecast also includes a £1.1m transfer to reserves in relation to commissioned projects where spend has been reprofiled into 2022/23, and an increase of £5.5m in the VRU commissioning budget expenditure offset by a corresponding increase specific grant from the Home Office.

4. MOPAC/MPS BUDGET SETTING 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, to meet the specific savings target. 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. REVENUE BUDGET 2022-23 TO 2024-25

- 5.1. The Mayor has been clear that keeping Londoners safe is his top priority. He has pledged to be tough on crime and the causes of crime. He has committed to do all he can to ensure the MPS have the resources they need to serve Londoners effectively. In previous years underfunding from Government has meant pushing the cost of policing onto Londoners' council tax bills.

- 5.2. MOPAC/MPS propose a net expenditure budget of £3,790.1m in 2022/23, a £33.6m increase compared to the revised 2021/22 budget of £3,756.5m. Within this, considerable resources are focussed on the Mayoral priorities set out in Section 2.
- 5.3. According to this budget submission, the proportion of funding provided by the Mayor in 2022/23 to MOPAC/MPS will be 21% (compared to 18% in 2010). Central Government funding accounts for 69% of the MOPAC/MPS budget with further funding possible pending the details of Provisional Police Settlement. Use of reserves and savings to be identified to resolve budget gaps account for the remainder. This highlights the fact that the financial sustainability of the MPS depends on funding decisions taken by the Treasury and the Home Office to a large degree.

	£m	%
Central Government Police Grant ^[1]	2,181.3	54
Specific Grants	624.9	15
GLA Precept ^[2] and Business Rates	859.9	21
Use of Reserves	124.0	3
Non-Structural Gap	187.0	5
Structural Gap	62.2	2
Total	4,039.3	100

^[1] Excluding MPS' allocation of the £550m uplift announced in the Government's Spending Review. Police Grant is assumed at 2021-22 level until Provisional Police Funding Settlement in December.

^[2] Based on the assumption in Mayor's Budget guidance of a 1.99% increase in the Council Tax Precept.

Funding Assumptions

- 5.4. On 27th October the Government presented it's Budget and Spending Review for the three years 2022/23 to 2024/25. The Spending Review does not respond to several significant resourcing needs faced by MOPAC/MPS, including the following:
- The Mayor and the Commissioner of the MPS have been clear since 2019 that to keep Londoners safe the MPS require 6,000 additional officers from the Police Officer Uplift Programme (PUP). The Spending Review does not confirm whether this ask will be met and analysis of the headline figures suggests that it will not.
 - The National and International Capital Cities (NICC) grant currently underfunds the MPS by £159m per year. The Mayor and Commissioner have repeatedly called for this underfunding to be rectified over several years. The Spending Review does not provide funding to address this.
 - In September the Government announced a new Health and Social Care Levy collected via a 1.25 percentage point increase in National Insurance Contributions (NICs). The net cost of this for MOPAC/MPS is £17.4m in 2022/23.

- The MPS currently receive a capital grant of £3.3m per year compared to a capital programme in excess of £300m per year. The Mayor's Spending Review bid to Government clearly requested that this significant underfunding be rectified. The Spending Review does not provide funding to resolve this.
- 5.5. Because of these issues, significant savings must be identified by the MPS in order to deliver a balanced budget. Therefore, a £62.2m structural budget gap exists in 2022/23 which increases in the years beyond. £17.4m of this structural gap in 2022/23 is a result of new costs created by the Government's NICs increase. MOPAC and the MPS will work to identify savings in 2022/23 to close the immediate gap in time for Mayor's Final Budget.
- 5.6. Despite the Spending Review providing a three year settlement, there remain large areas of uncertainty. These include:
- The Government has confirmed that the total Police Grant will be increased by £550m in 2022/23, £650m in 2023/24 and £800m in 2024/25, cumulatively. However, it will not be known how these increases are allocated across forces until the Provisional Police Funding Settlement is published in December 2021.
 - Most of this Police Grant uplift will be needed to fund the final tranche of new officers allocated to forces as part of the Police Office Uplift Programme (PUP). But neither the allocation of these officers, nor the funding attached, will be known until the Provisional Police Funding Settlement is published in December.
 - The Spending Review provides the Mayor with the flexibility to push the cost of policing onto the London Council Taxpayer by increasing the Council Tax Police Precept by £10 per year for the average Band D Council Taxpayer, in each year from 2022/23 to 2024/25. Whether, or to what degree, this is necessary depends on the Provisional Police Funding Settlement published in December.
 - The Government has confirmed that the Health and Social Levy (a 1.25% increase in National Insurance Contributions) and the cost of annual pay awards for the period 2022/23 to 2024/25 will be funded from within the Police Grant uplift. The precise costs of these depend on officer and staff numbers which are yet unknown and external pressures that are difficult to predict. Therefore, it is impossible to say at this stage whether the funding provided is adequate, especially in 2023/24 and beyond. But if it is not, this will necessitate savings and cuts elsewhere in the MPS to meet those costs.
- 5.7. Given these uncertainties, this budget submission is required to make several assumptions. It assumes that the Government will heed the advice of the Mayor and Commissioner and provide 6,000 additional officers for London as part of the PUP and costs have been included to reflect this. Since any uplift in Police Grant will not be known until December it is not possible to confidently estimate the amount which will be allocated to the MPS. Therefore, no income has been assumed to fund this. As a result, MOPAC/MPS present a non-structural gap of £187.0m in 2022/23 rising to £218.7m in the years which follow.

- 5.8. Similarly, this budget submission does not assume the Mayor utilises his flexibility to increase Band D council tax by up to £10 per year. The Mayor will decide whether to exercise this flexibility in due course, once the Government had provided clarity on other issues. Therefore, this budget submission maintains the assumption used in the Mayor's Budget Guidance of a 1.99% increase.

Expenditure summary

- 5.9. 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 18% and premises costs for 4%. These figures are subject to change when the PUP funding is allocated across officer pay and other budget lines. In excess of £1bn of gross savings have already been delivered since 2013 through operational efficiencies. The officer uplift has meant that a new Estates Strategy is required to meet the needs of an expanding force whilst also looking for further efficiency. This will be published shortly.

	£m	%
Police officer costs	2,450.3	56
Police staff costs	631.3	15
PCSO costs	57.8	1
Other staff costs	49.5	1
Total staff costs	3,189.0	73
Premises costs	160.9	4
Transport costs	80.4	2
Supplies and services costs	764.8	18
Capital financing costs	147.5	3
Sub-total running and financing costs	1,153.7	27
Total	4,342.6	100

Police Officer Numbers

- 5.10. This budget submission will see MPS officer numbers rise to approximately 36,800 by the end of 2022/23, if Government funding is provided for an additional 6,000. This compares to less than 30,000 in 2018. Approximately 1,300 of these new officers are funded directly from Mayoral Council Tax and Business Rates income and have been in place since 2019.
- 5.11. The Government has committed to funding the recruitment of 20,000 additional police officers nationally as part of the PUP over the three year period ending 2022/23. Next year is the final year of this programme with 8,000 officers remaining to be allocated across police forces nationally. The Mayor and Commissioner have been clear that London requires 6,000 additional officers over the three years of the PUP in order to keep Londoner's safe. In the years 2020/21 and 2021/22 London received 1,369 and 1,344 officers respectively with funding of £159.7m and £94.4m to pay for this. This leaves a further 3,287 officers to be allocated to London in 2022/23 if the Mayor and Commissioner's 6,000 target is to be met.

- 5.12. MOPAC/MPS estimate that if London's 6,000 target is to be achieved, the MPS must be allocated £187.0m of the £550m Police Grant uplift in 2022/23, assuming the structural gap is closed. This is based on assumptions agreed nationally in joint working between the Government and Police forces. These assumptions reflect all direct and indirect costs of officers and also take account of the additional costs of operating in London. Minor refinements have been made but the cost per officer for the uplift is in line with the assumptions used last year. It remains to be seen whether the Government will deliver this.
- 5.13. Expenditure figures in this budget submission assume that the required 6,000 officers are allocated to London. Since it is not possible to apportion the officers across the business until the government announcement is made, for the time being officer pay and overtime is shown in Frontline Policing with the balance reflected in the 'Centrally Held' budget line. Since Police Grant funding allocations are yet to be made, no income is yet included in the budget to fund this expenditure. This creates a non-structural gap in the budget of £62.2m in 2022/23 and the years which follow. These expenditure and income figures will be adjusted accordingly following the Provisional Police Settlement in December.

Mayoral and Operational Priorities

5.14. This budget responds to the Mayor and Commissioner's operational priorities:

- It provides a 6.8% increase in Frontline Police which will account for 43% of all expenditure across all business groups. This will increase the resources available for a visible policing presence on London's streets. In particular the budget provides £40m to fund 650 new officers working in town centres and high streets to reduce crime and increase confidence in communities through greater police visibility. This is in addition to funding already allocated to the Violent Crime Taskforce, Dedicated Ward Officers, Response Teams and all other frontline activity.
- The budget increases MPS resources to violent crime. It provides £39m for permanent Viper teams consisting of 625 officers, and additional homicide investigations teams; dedicated Violence Suppression units in each of the 12 Basic Command Units totalling 625 officers.
- The budget supports MPS activity to tackle violence against women and girls and ensure women feel safe on our streets. This includes funding Predatory Offenders Units and further initiatives set out in the MPS VAWG Action Plan to improve female safety on our streets. Together these enhance the police presence in our town centres and increase the effectiveness in tackling sexual offending, domestic abuse and protecting people from predatory behaviour.
- The budget continues to invest substantial sums in new technologies and digital policing such as mobile devices, new IT systems and GPS tagging so that officers can directly access and search for the information they need on the ground, reducing demand on central services. For example, £76m of capital investment is allocated to Optimising Contact and Response, including an enhanced Command and Control system. Also £89m capital investment is allocated to Transforming Investigation capabilities, including improved systems for officers to use when out on the frontline. Together these investments and more will help ensure the MPS is a modern, data-driven force operating in the most efficient way possible.

- Crucially this budget tackles the urgent need to build trust and confidence in the Police and address community concerns about disproportionality. For example, funding local officers who, supported with the right infrastructure and with their key knowledge of vulnerable children, are well placed to deliver early intervention and diversion with partners, and promoting positive pathways for young people. It also supports dedicated Youth Officers, Local Partnership and Prevention Teams and Safer Schools Officers who will collaborate with Local Authorities, Safer Neighbourhood Boards, schools and others to help build trust and confidence.

Cost of COVID

5.15. The Home Office provided an unconditional grant of £13.9m at the end of the last financial year as a further contribution to cover the Met's costs of Covid. Plans are in place for c.£12.6m expenditure on Covid-related activity (enforcement is £10m and enhanced cleaning is £2.6m). The Met has not been required to submit a grant return to the Home Office since June 2021. There is no indication of any further Covid funding into 2022/23.

Counter Terrorism Funding

5.16. The specific details of the Counter Terror Spending Review outcome are not known at present and have not yet been announced by Homeland Security Group in the Home Office. The Spending Review stated that Counter Terror funding would be maintained at current levels. It is assumed on this basis that the allocation will be at least the same as 2021/22. It should be noted that the Counter Terror grants provide a substantial contribution to the overall MPS officer establishment. Therefore, any variation to the level of Counter Terror funding would likely impact on the overall officer and police staff establishment and require change to the baselines.

External Factors

5.17. This budget submission assumes officer and staff pay will rise by 2% per year in each of the three years.

5.18. However, this assumption is subject to uncertainty and risk. Police officer pay awards are decided by the Government in response to recommendations made by the independent Police Remuneration Review Body (PRRB). These recommendations take into account a variety of factors including: the need to recruit, retain and motivate officers; movements in wider public sector pay, the UK economy and labour market. UK inflation is currently above the target rate of 2% and UK earnings are generally increasing at a rate above 2%. Since pay and overtime accounts for 72% of MPS revenue expenditure, small deviations from this assumption can have material consequences for total expenditure.

5.19. The cost of pay awards must be funded from within the funding envelope set by Government in the Spending Review. This is fixed in cash terms. Therefore, the revenue risk of funding higher than expected pay awards has been transferred from Government to Police Forces and Police and Crime Commissioners. Funding any costs in excess of the Government's assumed amount will unavoidably require savings and cuts elsewhere.

- 5.20. This budget submission assumes £10.5m per year in each of the three years for non-pay inflation. This is subject to similar risks and uncertainties as the assumption around pay awards.

Value for Money, Savings and Efficiencies

- 5.21. MOPAC/MPS pursue value for money in everything they do and HMICFRS have said the MPS is good at making use of the resources available to it. The MPS transformation programme is one of the largest seen in the UK public sector. It has combined significant efficiencies in the MPS estate, with investments to optimise operational activity such as contact, response and investigations, and increased productivity by streamlining central HQ functions. All MPS spending programmes above £0.5m are scrutinised by MOPAC prior to approval by the Deputy Mayor for Policing and Crime to ensure the case for investment is robust, all options have been explored, competitive processes have been followed and best value achieved.
- 5.22. The MPS has already delivered significant savings, in excess of £1bn since 2012/13, through a variety of programmes. For example, the estates transformation programme has reduced the number of buildings from 650 in 2010 to 247 today.
- 5.23. Transformation programmes are delivering efficiency and productivity gains. For example, the Command and Control project will provide an integrated modern digital platform at the heart of the MPS to ensure the most effective and efficient deployment of officers and staff to meet the needs of the public. Also, the CONNECT project will bring together seven existing IT systems making it more efficient for officers to conduct their routine business.
- 5.24. The full savings programme includes a variety of other lower value improvements. Aggregate figures are provided in Annex 1.

Budget Gaps

- 5.25. As a consequence of the funding shortfalls set out in paragraph 5.4 and the uncertainty surround Police Grant funding, the proposed budget shows a total funding gap rising from £249.2m in 2022/23 to £351.3m in 2024/25. Of this £187.0m relates to the PUP funding in 2022/23 and £218.7m in the years which follow, assuming the MPS are allocated 6,000 new officers. As such, the latter is considered a non-structural budget gap.

5.26. The balance of £62.2m in 2022/23 is the structural budget gap. This structural gap rises to £132.6m in 2024/25. Of this £17.4m in 2022/23 is a result of the Government's NICs increase, rising to £18.1m by 2024/25. The table below shows a high level analysis of the budget gaps and savings in the medium term:

	2022-23 £m	2023-24 £m	2024-25 £m
Structural budget gap (NIC costs and other)	62.2	77.7	132.6
Non-structural budget gap (pending allocation of Police Grant funding)	187.0	218.7	218.7
Total budget gap	249.2	296.4	351.3

5.27. There is an urgent need for the Government to address the MOPAC/MPS funding shortfalls in order that the structural budget gap over the coming three years is addressed. The Mayor and the MPS will continue to seek efficiency improvements and savings, but since in excess of £1bn gross savings have already been delivered since 2013/14 it will be extremely challenging to close this budget gap by delivering yet more savings and efficiencies without reducing officer and staffing numbers. It has been a continued and active choice to protect staff and officer numbers to mitigate savings impacts on frontline policing.

Detailed budget figures

5.28. Annex 1 presents the proposed budgets from 2022/23 to 2024/25 and details of savings, efficiencies and pressures. This includes:

- The 2022/23 proposed budget and forecast budget for 2023/24 and 2024/25. Figures for the 2021/22 revised 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 2022/23 revenue budget by subjective analysis and different funding streams.
- The gross pressures, savings and efficiencies from 2022/23 and 2023/24. Savings and efficiencies are presented on an incremental as well as cumulative basis, with the planned savings as identified in the 2021/22 budget submission and the new savings identified in the 2022/23 submission shown distinctly.
- Analysis of changes from the 2021/22 budget to that of 2022/23 explaining the reasons for the movements in budget including inflation, savings and efficiencies and use of reserves.

Funding Formula Review

5.29. The Government has begun a review of the national police Funding Formula which is used to determine the allocation of the Police Grant. No formal public statement has been made about the objectives of this review. The MPS is supporting this work through the NPCC. Last time this issue was considered, provisional projections published by the Government suggested the MPS would face very significant reductions to the central government funding they received.

- 5.30. London is a key driver of the UK economy, and the safety and security of its residents, workers and visitors is key to maintaining this strength. Reducing funding to the MPS would exacerbate the funding shortfalls set out above and would be counter-productive to the Government's aim to build back better after the pandemic.
- 5.31. MOPAC will ensure that the views of Londoners are heard by the Government as they conduct this review and will argue forcefully for an outcome which is not detrimental to MPS' financial sustainability.

6. FUNCTIONS MANAGED DIRECTLY BY MOPAC: BUDGET 2022/23 TO 2024/25 DETAIL

- 6.1. The 2022/23 MOPAC revenue budget includes funding allocated to MOPAC itself as well as the MPS. 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.
- 6.2. 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.
- 6.3. MOPAC has responsibilities set out in the Police Reform and Social Responsibility Act 2011, including overseeing the 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.
- 6.4. MOPAC 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. The Mayor's Violence Reduction Unit which is hosted by MOPAC, was established to develop an early intervention and preventative strategy to tackling violence and making Londoners feel safer. It draws on the principles of a public health approach and commissions innovative work, often led by community and VCS partners. The VRU then evaluates this work, commissioning independent organisations who work with community & VCS partners, to develop the evidence-base for what works to reduce violence for young Londoners. It works in close partnership with specialists from health, police, local government, probation and community organisations.
- 6.5. The Ministry of Justice (MoJ) makes available funding every 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 £190). The resultant fund is distributed to PCCs using a population-based formula that uses ONS population estimates.

- 6.6. 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 MoJ 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. The 2022/23 budget includes the assumption of £12.8m of grant funding from the MoJ. This is a prudent estimate based on prior years draft budget submissions, if a higher level of funding is made available then delivery plans will be re-scoped accordingly. The budget also includes grant funding from MoJ of £1m in relation to the Transitions to Adulthood Hub.
- 6.7. The London Crime Prevention Fund (LCPF) enables MOPAC to support local victim support and crime prevention activity within London boroughs. This accounts for £18.4m of MOPAC expenditure in 2022/23. Within this the LCPF Co-commissioning Fund, which is worth £5.3m, provides funds to groups of partners to work together on pan-London solutions across boroughs.
- 6.8. The proposed total MOPAC revenue budget in 2022/23 is £88.3m which includes £24.4m of budget allocated to the work of the VRU. The proposed budget is net of use of PPAF and external income derived from the DARA shared audit services. The budget proposed is a decrease of £13m from the 2021/22 Q2 Budget position (decrease of £14.8m for MOPAC and an increase of £1.8m for VRU). Further detail on the VRU is included in Section 7.
- 6.9. The budget reduction is primarily a result of programmes financed through one-off sources of funding coming to an end, including Home Office funding, additional MoJ funding received in year and Mayoral funding. This is currently under review and our intention is to provide an updated position as part of the final budget due to be submitted in January 2022, the expectation is that we will receive additional funding.
- 6.10. In support of Mayoral Priorities Manifesto commitments, the budget includes:-
- Investment for the three year period 2021/22 – 2023/24 in support of the Mayor’s Action Plan. This was published in November 2020 to improve trust and confidence in the MPS and to address community concerns about the disproportionality in the use of certain police powers affecting Black Londoners. The funding will be used to develop greater community involvement in police officer training and in recruiting and progressing Black officers in the MPS. This will be funded by through a combination of reserves, core funding and use of the Police Property Fund (PPAF).
 - Additional funding in support of the Shared Endeavour Fund. This will provide even more grants to projects which identify opportunities to counter violent extremism in London.
 - Further investment on the Rescue and Response programme to better understand, target and respond to County Lines offending and victimisation and proposals to develop a Drugs Commission.
 - Ongoing investment in London Gang Exit to support young people across London affected, associated or affiliated with gang related issues or serious youth violence services young people at risk of, or engaged in, serious violence.

- Funding from a variety of sources to programmes preventing, or supporting victims of violence against women and girls (in support of VAWG) and women's safety including supporting the work of the GLA Night Czar. MOPAC is currently developing refreshing its VAWG strategy;; investment in VAWG and women's safety is expected to increase as part of this.
- Following a recommendation made by the Victims Commissioner in her 2019 VCOP (Victims' code of practice) review, an exercise is underway to develop options for a Victims Care Hub. This includes exploring funding requirements in 2022/23 and beyond and any models developed will be funded are currently being developed.
- Ongoing funding from the Mayor and the London Crime Prevention (LCPF) co-commissioning fund in support of the Violence Reduction Unit.
- Funding has been allocated in the current financial year (2021/22), and work is underway, to update the Harris Review into London's preparedness to respond to a major terrorist incident.
- The manifesto contained numerous commitments regarding how the Mayor exercises oversight over policing and crime, and lobbying on this area on behalf of Londoners. This includes lobbying Government for a National and International Capital Cities grant which truly reflects the demands of policing London – an issue stressed in the GLA's Spending Review submission. This grant currently underfunds the Met by £159m per year. The Mayor and Commissioner have repeatedly called for this underfunding to be rectified over several years. The Spending Review does not provide funding to address this.
- The manifesto committed to investing record amounts in policing through business rates and council tax, paying for over 1,000 police officers who otherwise would not have been on the streets. Due to funding pressures, the Met would have had to reduce its headcount by 1000 officers in 2019/20. In response, the Mayor allocated funding from the business rates growth fund to retain the 1000 officers from 2019/20. This pot of money was due to expire in March 2022; however in February 2020, the Mayor allocated £30m from Council Tax for the 2021/22 year to continue this funding for the 1000 officers for a further 3 years beyond March 2022, i.e. until the end of 2024/25.
- The Manifesto committed to supporting the crucial work of the Violent Crime Taskforce and the new Violence Suppression Units. As noted in 5.14 above, the budget increases Met resources to violent crime, providing for permanent Viper teams consisting of 625 officers, and additional homicide investigations teams; dedicated Violence Suppression units in each of the 12 Basic Command Units totalling 625 officers.

- 6.11. The 2022/23 MOPAC proposed expenditure budget (net of other income totalling £5.2m relating to PPAF usage, shared service audit fees and other income) and funding is set out below.

Draft Expenditure Budget 2022/23	£m	%
Victims Services and Crime Prevention	54.9	62.2%
Oversight and Accountability	7.4	8.4%
Shared Audit function	1.6	1.8%
Total MOPAC	63.9	72.4%
Violence Reduction Unit (VRU)	24.4	27.6%
Total Budget	88.3	100.0%
Estimated Funding 2022/23	£m	%
Central Government Police Grant	-34.9	39.5%
GLA Funding	-13.5	15.3%
Specific Grants	-22.3	25.3%
Use of reserves	-17.6	19.9%
Total Budget	-88.3	100.0%

- 6.12. Earmarked reserves totalling £17.6m will be used to fund, multi-year commissioning programmes, one off costs and for budget smoothing. These figures do not include carry-forward values from 2021/22 as these will be finalised and confirmed at year-end.
- 6.13. The £13.5m of GLA funding relates to the core funding for the Violence Reduction Unit (VRU) of £8.5m, and £5m for MOPAC of which £0.7m is specific funding for countering violent extremism and information sharing to tackle violence initiatives.
- 6.14. The Chartered Institute of Public Finance and Accountancy (CIPFA) collect national data on the activities of Police and Crime Commissioners which allows benchmarking across forces. Their data can be categorised according to core costs (including shared services) and commissioned services. These map closely, but not entirely to MOPAC's activities of Oversight and Accountability and Victims Services and Crime Prevention.

	Core expenditure: Accountability	Core expenditure: Shared Services	PCC: Gross Budget	Core as share of PCC gross budget	Force: Core Budget	Core as share of force gross budget
MOPAC	7.2	3.6	65.4	11%	3,846	0.2%
West Midlands	2.5	-	16.0	16%	767	0.3%
West Yorkshire	1.3	-	10.0	13%	603	0.2%
Merseyside	1.2	-	7.4	16%	411	0.3%
Greater Manchester	7.5	-	26.5	28%	740	1.0%

- 6.15. Comparable data with other PCCs is available from CIPFA data. Based on actuals for 2020/21 MOPAC's core accountability costs were £7.2m in 2020/21 and core shared services costs were £3.6m. Together this accounted for 11% of MOPAC's gross budget in 2020/21. This is consistent with PCCs for similar sized forces where the same figure ranges from 13% in West Yorkshire to 28% in Greater Manchester. Furthermore, it accounts for only 0.2% of the MPS gross budget. This too is in line with similar sized forces which range from 0.3% to 1%.

Medium-Term Financial Plan 2022/23 to 2024/25

- 6.16. The table below shows the MOPAC budget over the Medium-Term Financial Plan period. The total budget reduces by £28.8m from 2021/22 to 2024/25.

	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m
Victims Services and Crime Prevention	68.6	54.9	47.8	46.8
Oversight and Accountability	8.3	7.4	7.1	7.0
Shared Audit function	1.7	1.6	1.6	1.6
Total MOPAC	78.6	63.9	56.5	55.4
Violence Reduction Unit (VRU)	22.2	24.4	21.8	17.1
Total Budget	100.8	88.3	78.3	72.5

- 6.17. The reduction in expenditure is due in part to projects completing. It is also due to projects being funded through one off funding from MoJ and the exhaustion of the Mayoral Growth reserve totalling £41.9m. This reserve has been used to provide multi year funding for a number of services including the Mayor's VAWG fund of £15m. In 2022/23 MOPAC will use reserves totalling £3.7M to fund a number of schemes where decommissioning is not an option, and to ensure bridge funding is provided whilst a more sustainable solution is identified.
- 6.18. A comprehensive review of future commissioning activity will be undertaken and our intention is to provide an updated position as part of the final budget due to be submitted in January 2022, and during the next financial year to ensure that key programmes can continue over the medium to long-term, but the outcome will be dependent on additional resources being found to replace previous one-off funding allocations that are now coming to an end.

7. VIOLENCE REDUCTION UNIT

- 7.1. The Mayor's Violence Reduction Unit (VRU) is tackling violence through a programme of investment, partnership with public sector organisations, policy advocacy, developing research and data, and critically, putting London communities and young people at the heart of its preventative and public health approach.

7.2. The VRU work programme is shaped around activity that reflects and is relevant to a young person's journey through life. Adopting a contextual framework, the work programme encompasses the following core objectives:

- Supporting individuals to be more resilient
- Supporting stronger families
- Young people leading change
- Strengthening communities and increasing confidence in public institutions
- Prioritising wellbeing and achievement in schools
- Giving young people every chance to succeed
- Creating safer public spaces
- Changing the message around violence

7.3. The VRU is undertaking a strategy refresh and assessment of all activity and will be reviewing these objectives for the following three years.

7.4. Commissioning activity from 2022/23 will be centred around the above core objectives. The table below provides expenditure and funding over the medium term from 2022/23 to 2024/25. (Expenditure is shown net of other income of £0.8m in 2021/22 and 2022/23).

	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m
Expenditure Budget	22.2	24.4	21.8	17.1
Funding Source				
GLA Funding	8.5	8.5	8.5	8.5
Specific Grant	7.0	9.5	9.5	7.0
London Crime Prevention Fund Co-Commissioning	1.6	1.6	1.6	1.6
Use of Earmarked Reserves	5.1	4.8	2.2	0.0
Total Funding	22.2	24.4	21.8	17.1

7.5. The plans above show expected VRU spending over the medium-term and includes ongoing Mayoral funding of £8.5m and an allocation of £1.6m from the London Crime Prevention (LCPF) co-commissioning fund. It assumes an annual allocation of Home Office funding of £7m (plus an additional £2.5m in 2022/23 and 2023/24 for Teachable Moments). The earmarked reserves draw down reflect the prudent profiling of some programmes to enable multi-year funding. This is in keeping with the rationale for setting up the VRU to explore longer term, sustainable approaches towards violence reduction.

- 7.6. The London Crime Prevention Fund (LCPF) Co-commissioning Fund continues to support the work of local authorities to develop multi-agency local violence reduction plans and from which it draws best practice on how to address violence and its root causes. The MTFP assumes this budget is £1.6m in each year. There has been a high level of interest in the Critical Incident Fund (CIF) which is also resourced through this fund. The CIF is there to provide boroughs with a fund following a critical incident. Boroughs across London have asked for funding to support mentoring, detached youth work & community support events.
- 7.7. Over the last 3 years, the Home Office has allocated £7m of grant funding to the London VRU. The budget assumes the VRU will continue to receive this level of funding in future years. Following the recent spending review current indications are that Home Office funding nationally will start to be tapered down. It is not clear what impact this will have on London, once more detail is forthcoming this assumption will need to be reviewed and an updated position provided as part of the revised budget submission.
- 7.8. The table below details the VRU's proposed commissioning activity over the three-year period. The categories below interconnect and all aim towards prioritising support for young people. This breakdown highlights the core community focus for the VRU's commissioning activity, whilst also capacity building with Local Authorities & working with children in schools across London who are at risk of violence, with a substantial supplementary focus on children who are excluded from mainstream education and at significant risk.

	2022/23 £m	2023/24 £m	2024/25 £m
VCS/Community	13.0	11.5	9.1
Local Authority	5.1	4.6	3.6
Education, School and Settings	6.3	5.7	4.4
Total	24.4	21.8	17.1

8. CAPITAL BUDGET

- 8.1. This budget continues to deliver an ambitious capital programme for the MPS. This will enable significant transformation to ensure the MPS can meet demands of policing, including vital renewal of IT; improving the use of space on the estate in order to facilitate disposals and a more efficient operational capacity, and funding to significantly enhance the MPS forensics provision. Programmes within the proposed capital programme have been selected and prioritised by reference to Met's Transformation Portfolio. This amounts to a £1.6bn investment programme over the 5-year period 2021/22 to 2025/26.
- 8.2. The MPS has reviewed and challenged both the quantum of proposed capital investment for each area of spend, the prioritisation of the proposals to ensure these are consistent with the Police and Crime Plan, and the phasing of the proposed spend to ensure that the organisation has the capacity and capabilities to deliver.

MOPAC/MPS Capital Programme 2021/22 to 2025/26 (current prices)

	2021- 22 Foreca st Outtur n £m	2022- 23 Budge t £m	2023- 24 Plan £m	2024- 25 Plan £m	2025- 26 Plan £m	Total
Expenditure						
Property forward works and business as usual	27.0	135.8	42.6	39.9	47.0	292.4
Fleet	25.4	29.9	24.7	22.6	38.8	141.4
Digital Policing	49.3	59.9	71.4	83.5	77.5	341.7
CTPHQ	46.2	71.6	56.4	55.7	27.7	257.6
Met Operations- Covert and Forensics	3.9	10.2	8.5	6.7	5.9	35.3
<u>Transformation programmes</u>						
Optimising Contact and Response - P2	30.5	33.4	8.8	3.1	0.0	75.9
Transforming Investigation and Prosecution - P4	29.6	43.4	11.2	4.7	0.0	88.9
Strengthening Armed Policing - P5	1.6	0.8	0.0	0.0	0.0	2.4
Operational Support Services - P6	0.0	0.5	0.3	0.0	0.0	0.8
Learning and Professionalism Transformation - P8	1.5	1.0	0.0	0.0	0.0	2.5
Information Futures - P9	1.2	2.8	1.6	1.3	2.0	8.8
PSD- Central Estates Programme - P10	30.5	16.6	10.5	40.3	17.6	115.4
PSD- Transforming the Workplace - P11	23.9	44.6	56.9	30.8	44.5	200.6
Local Investigation Capability - P16 & Fortress	1.2	0.0	0.0	0.0	0.0	1.2
Transformation - long term estimate	0.0	0.0	11.0	17.0	20.0	48.0
Total expenditure	271.8	450.4	303.9	305.6	281.1	1,612.8
Funding						
Capital Receipts	85.7	73.6	19.6	61.1	16.9	256.8
Capital Grants & Third Party Contributions	55.8	80.9	67.1	64.9	38.9	307.7
Revenue Contributions	9.8	48.9	35.0	17.0		110.7
Unfunded	120.5	247.0	182.2	162.6	225.3	937.7
Total funding	271.8	450.4	303.9	305.6	281.1	1,612.8

- 8.3. This expenditure will be funded through a contribution from capital receipts generated by the estates transformation programme, capital grant from Government and borrowing. As the MPS estates transformation matures, the opportunity for capital receipts reduces and the need for borrowing increases.
- 8.4. Excluding Counter Terrorism grant funding, which is ring fenced for specific expenditure, the Government's capital grant is assumed to continue at £3.3m per year. This continuation will be formally confirmed by Government in the December Police Funding Settlement. This is despite vocal calls from the Mayor and forces across the country for the Government to increase capital funding for the police. The MPS grant represents only a tiny proportion of capital expenditure – less than 1% of the Budget of £450.4m in 2022/23.
- 8.5. Borrowing is represented in the capital table above by the “unfunded” line, which represents £247m in 2022/23. This is expected to represent 55% of capital financing in 2021/22 rising significantly to 80% in 2025-26. This will increase the cost of capital financing, which is funded from the revenue budget and in turn create pressures on already stretched resources, crowding out revenue expenditure on operational priorities.
- 8.6. MOPAC/MPS will shortly published a draft Capital Strategy in line with CIPFA's Prudential Code requirements. The draft Capital Strategy will outline the MPS' capital investment ambition and will form part of the GLA Group-wide Capital Strategy published with the Mayor's 2022/23 budget. The Capital Strategy will outline the 5-year capital programme as well as the wider 20-year Capital Ambition.

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

10.1. When reviewing the medium-term financial plans and preparing the annual budgets the establishment and maintenance of reserves should be considered. Under statutory roles MOPAC will hold a general reserve but also earmarked reserves. These can be held for four main purposes:

- A working balance to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing – this forms part of general reserves.
- A contingency to cushion the impact of unexpected events or emergencies – this also forms part of general reserves.
- A means to respond to uncertainty in the economic climate and provide assurance on the safety of the MOPAC's financial assets. This would link closely with the Treasury Management and Prudential Code Strategy - this also forms part of general reserves.
- A means of building up or setting aside funds for specific purposes – these are known as Earmarked Reserves.

10.2. The MOPAC/MPS forecast reserves balances and their planned usage over the MTFP period are set out in the table below:

Groupings for Final Submission	Closing Balance 2020/21 £m	Revised Budget Q2 2021/22 £m	Planned Usage 2022/23 £m	Planned Usage 2023/24 £m	Planned Usage 2024/25 £m	Closing Balance 2024/25 £m
Supporting OMM, local change and managing the budget (inc contribution to capital)	119.4	-6.0	-40.2	-39.8	-22.5	10.9
Business Group initiatives	2.6	-1.3	-0.5	-0.3	-0.3	0.3
Operational costs	80.4	-24.4	-14.8	-16.2	-7.5	17.4
Historic public inquires	4.0	-1.6	-1.0	-1.0	-0.4	0.0
Managing officer FTEs	23.1	0.0	0.0	0.0	0.0	23.1
Insurance	6.7	0.0	0.0	0.0	0.0	6.7
Property	59.3	-0.9	-8.5	-13.5	-13.4	23.0
Vetting delays	0.7	-0.5	-0.1	-0.1	0.0	0.0
Other earmarked (POCA)	7.6	-0.6	0.0	0.0	0.0	7.0
Specifically funded for third parties	16.1	0.2	-6.9	-5.0	-4.3	0.1
Business Rates	118.6	-29.3	-29.3	-30.0	-30.0	0.0
Contribution to the Council Tax deficit	15.8	-4.3	-4.9	-4.9	0.0	1.7
General reserve	46.6	0.0	0.0	0.0	0.0	46.6
MOPAC Earmarked	54.7	-22.9	-15.4	-6.3	-3.0	7.1
MOPAC Contribution to the Council Tax deficit	7.5	-2.0	-2.3	-2.3	0.0	0.9
Grand Total	563.2	-93.6	-124.0	-119.4	-81.4	144.8

10.3. Of specific note within the reserves table are the contributions that are being made by the MPS and MOPAC to the 2021/22 funding gap in relation to the 7% reduction in Council Tax and 11% reduction in Business Rates. These contributions are £15.8m and £7.5m respectively.

10.4. Earmarked reserves will be drawn down to match the related planned expenditure profile. The most notable drawdowns are the c £30m p.a. from the Business Rates reserve across the next four years for the 1,000 police officers which the Mayor provided upfront funding for in 2019/20 to ensure that police officer numbers can be maintained over the medium-term.

- 10.5. Elsewhere reserves are used for a number of one-off purposes including supporting the Transformation Programme and local change activities, supporting the Estates' Transformation Programme and a number of initiatives within Business Groups. Reserves are kept under review and usage may fluctuate depending on the financial position at any given time. Current plans, as outlined in the table assume drawdown of over £400m over 2021/22 – 2024/25 leaving a closing balance of £145m at March 2025.
- 11.6. Following a review of the General Reserve, and in recognition that a proportion of this was due to be drawn down in future years to support commissioning of services within MOPAC, £17m of the General Reserve has now been reclassified as MOPAC Earmarked reserves. The total General Reserve now stands at £46.6m in line with the amount it was up until 2020/21. This represents 1.2% of the Net Revenue Expenditure for MOPAC/MPS. During, and by the end of the MTFP period, the General Reserve balance remains below the upper prudent threshold of 5% for retention as per the current Reserves Strategy.

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.

12. ENVIRONMENTAL IMPACT

- 12.1. The MPS has an environment and sustainability programme in place to ensure the Mayor's Office for Policing and Crime complies with UK environmental legislation. This programme aims to drive the continual improvement of environmental performance at an organisational level. The MPS activities to deliver 'sustainability outcomes' are aligned to the Environment policy and Environment & Sustainability strategy objectives as well as commitments under the London Environment Strategy.

- 12.2. Environmental works associated with transforming the estate, rationalising ICT equipment and increasing waste recycling have been reported on previously. More recently the MPS has 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 is currently in the process of developing a NZC strategy plan while implementing NZC measures as part of funded and approved schemes where opportunities arise. The MPS is part of the GLA's Net Zero 2030 working group, reporting monthly on progress in planning for the 2030 target.
- 12.3 MOPAC's commitment to the air quality policies in the London Environment Strategy has ensured that the MPS's fleet based within the Ultra Low Emission Zone (ULEZ) is fully compliant, except for 17 protection vehicles, and will ensure the entire fleet is ULEZ compliant by 2023. These exceptions are agreed between the MPS and the Mayor through a Memorandum of Understanding. The fleet currently includes over 781 electric, hybrid or hydrogen vehicles. By 2025, the entire support fleet of 800 vehicles will be hybrid and from 2025 the MPS will seek to ensure that all new vehicles purchases are hybrid or electric.

Annex 1

Subjective Analysis 2021/22 to 2024/25

Subjective analysis	Revised Budget	Forecast Outturn	Budget	Plan	Plan
MOPAC	2021/22	2021/22	2022/23	2023/24	2024/25
	£m	£m	£m	£m	£m
Police officer pay	2,127.3	2,127.5	2,322.4	2,418.6	2,456.1
Police staff pay	608.9	594.1	608.9	620.1	631.1
PCSO pay	57.2	56.7	57.6	59.0	60.3
Total pay	2,793.4	2,778.3	2,988.9	3,097.6	3,147.6
Police officer overtime	137.9	144.6	127.9	126.7	126.6
Police staff overtime	23.1	32.6	22.4	22.4	22.4
PCSO overtime	0.2	0.2	0.3	0.3	0.3
Total overtime	161.2	177.4	150.5	149.4	149.3
Employee-related expenditure	25.2	28.8	15.0	15.3	13.4
Premises costs	166.3	167.0	160.9	167.8	165.4
Transport costs	81.0	80.6	80.4	80.4	80.4
Supplies and services	682.7	673.8	764.8	751.9	761.6
Total running expenses	955.2	950.2	1,021.2	1,015.5	1,020.9
Capital Financing costs	110.3	108.3	147.5	126.4	124.2
Total expenditure	4,020.1	4,014.2	4,308.2	4,388.9	4,442.0
Other income	-298.0	-296.0	-303.4	-316.5	-323.4
Total income	-298.0	-296.0	-303.4	-316.5	-323.4
Discretionary pension costs	34.4	35.4	34.4	34.4	34.4
Structural gap - resulting from NIC increase	0.0	0.0	-17.4	-17.7	-18.1
Structural gap - other	0.0	0.0	-44.8	-60.0	-114.5
Non Structural gap	0.0	0.0	-187.0	-218.7	-218.7
Total gap	0.0	0.0	-249.2	-296.4	-351.3
Net revenue expenditure	3,756.5	3,753.6	3,790.1	3,810.4	3,801.7
Transfer to(+ve)/from(-ve) reserves	-97.0	-93.6	-124.0	-119.4	-81.4
Financing requirement	3,659.5	3,660.0	3,666.1	3,691.0	3,720.3
Specific grants	674.5	675.0	624.9	623.9	619.4
Retained business rates	27.9	27.9	37.9	38.6	39.5
Share of Council Tax collection fund deficit	-6.3	-6.3	-7.2	-7.2	0.0
Home Office Police Grant	2,158.5	2,158.5	2,181.3	2,181.3	2,181.3
Council tax requirement	804.9	804.9	829.2	854.3	880.1

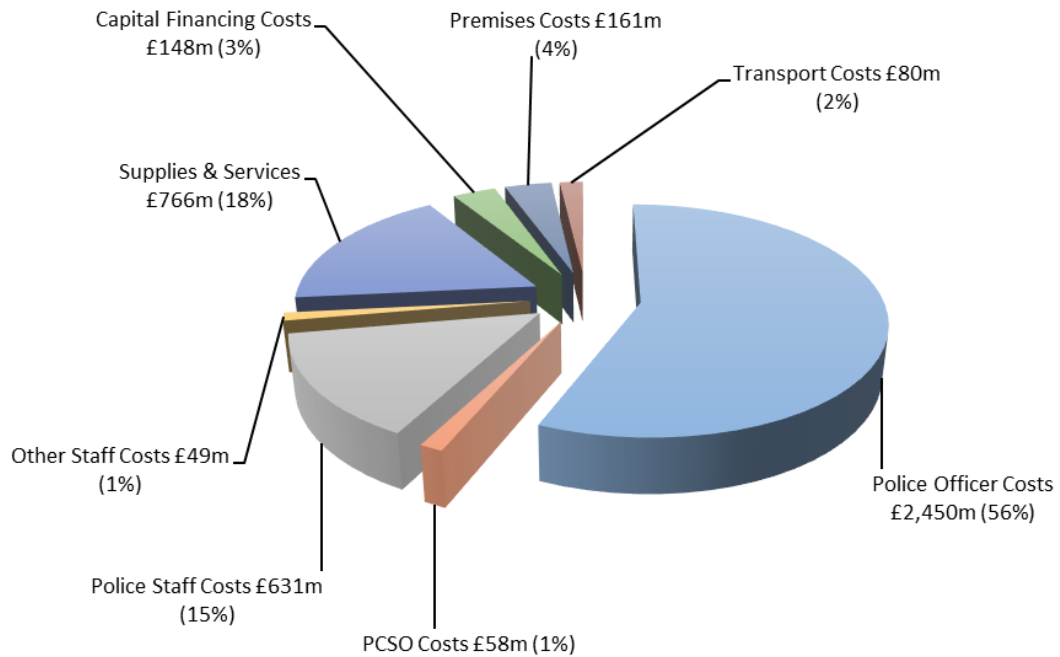
NB: Some of the sub-totals may not be correct due to roundings

Objective Analysis 2021/22 to 2024/25

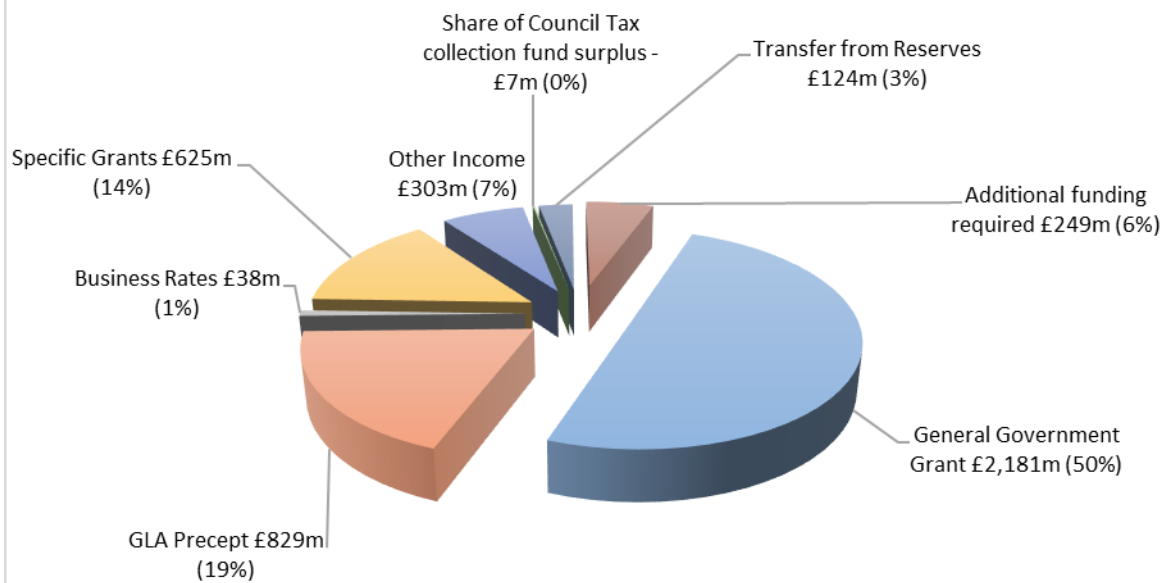
Objective analysis	Revised Budget	Forecast Outturn	Budget	Plan	Plan
MOPAC	2021/22	2021/22	2022/23	2023/24	2024/25
	£m	£m	£m	£m	£m
Frontline Policing	1,397.7	1,436.8	1,493.1	1,546.0	1,546.0
Met Operations	878.1	869.2	865.6	865.8	866.2
Specialist operations	457.9	452.8	450.1	446.9	447.0
Corporate services	571.7	588.3	549.7	509.1	487.3
Professionalism	128.8	121.2	122.9	123.9	120.5
Total business groups	3,434.2	3,468.3	3,481.3	3,491.7	3,467.0
Discretionary pension costs	34.4	35.3	34.4	34.4	34.4
Centrally held	76.8	38.7	287.7	375.9	454.9
Capital financing costs	110.3	108.3	147.5	126.4	124.2
Total corporate budgets	221.5	182.3	469.7	536.8	613.6
Victims Services and Crime Prevention	68.6	66.7	54.9	47.8	46.8
Oversight and Accountability	8.3	7.1	7.4	7.1	7.0
Shared audit function	1.7	1.5	1.6	1.6	1.6
Total MOPAC	78.6	75.3	63.9	56.5	55.3
Violence Reduction Unit	22.2	27.6	24.4	21.8	17.1
Structural gap - resulting from NIC increase	0.0	0.0	-17.4	-17.7	-18.1
Structural gap - other	0.0	0.0	-44.8	-60.0	-114.5
Non Structural gap	0.0	0.0	-187.0	-218.7	-218.7
Total gap	0.0	0.0	-249.2	-296.4	-351.3
Net revenue expenditure	3,756.5	3,753.6	3,790.1	3,810.4	3,801.7
Transfer to(+ve)/from(-ve) reserves	-97.0	-93.6	-124.0	-119.4	-81.4
Financing requirement	3,659.5	3,660.0	3,666.1	3,691.0	3,720.3
Specific grants	674.5	675.0	624.9	623.9	619.4
Retained business rates	27.9	27.9	37.9	38.7	39.5
Share of Council Tax collection fund deficit	-6.3	-6.3	-7.2	-7.2	0.0
Home Office Police Grant	2,158.5	2,158.5	2,181.3	2,181.3	2,181.3
Council tax requirement	804.9	804.9	829.2	854.3	880.1

NB: Some of the sub-totals may not be correct due to roundings

2022/23 MOPAC/MPS Expenditure (£4,343m)



2022/23 MOPAC/MPS Funding (£4,343m)



Gross Pressures 2022/23 - 2024/25

The table below sets out the cumulative position for both previously agreed growth, and new growth. Please note PBB investments of £12m p.a, previously included as growth have been removed as these are pending business case and governance.

Description	2022/23 (£m)	2023/24 (£m)	2024/25 (£m)
Previously agreed growth			
Property projects	0.7	0.7	0.7
Impact of revised capital programme	31.4	72.2	89.6
ICT Projects	1.1	0.6	0.6
Police Education Qualifications Framework	2.6	2.6	2.6
Forensics investment	-0.1	-0.1	-0.1
Business Support Services	-5.0	-5.0	-5.0
Contractual adjustments	-1.0	-1.0	-1.0
Pay award provision	0.7	0.7	0.7
Uplift for police officers	229.7	261.3	261.3
PBB investments (Pending Business Case and Governance)	12.0	12.0	12.0
Additional Precept Initiatives	-3.0	-3.0	-3.0
Tasers	1.0	1.0	1.0
Search and Review	0.0	1.6	1.6
Total previously agreed growth	270.1	343.6	361.0
Changes to previously agreed growth			
PBB Investments	-12.0	-12.0	-12.0
Revised Total previously agreed growth	258.1	331.6	349.0
New growth			
Pensions	0.0	2.0	2.0
Changes to capital financing as per revised capital programme	-15.6	-21.2	-1.7
Increase in National Insurance Contributions	17.4	17.7	18.1
Total new growth	1.8	-1.5	18.4
Total growth for Budget Submission	259.9	330.1	367.4

Previously agreed savings and efficiencies 2022/23 to 2024/25

Incremental

Description	2022/23 (£m)	2023/24 (£m)	2024/25 (£m)
Previously agreed savings			
Property	-10.2	-3.2	-1.0
Other Back Office	-0.2	0.0	0.0
ICT savings	-8.0	-17.0	-6.6
PBB and Efficiency savings	-21.0	-11.0	-11.0
Total previously agreed savings	-39.4	-31.2	-18.6
PBB adjustments	7.2	-1.4	-1.3
Total changes to previously agreed savings	7.2	-1.4	-1.3
Final position for previously agreed savings			
Property	-10.2	-3.2	-1.0
Other Back Office	-0.2	0.0	0.0
ICT savings	-8.0	-17.0	-6.6
PBB and Efficiency savings	-13.8	-12.4	-12.3
Total final position previously agreed savings	-32.2	-32.6	-19.9

Cumulative

Description	2022/23 (£m)	2023/24 (£m)	2024/25 (£m)
Previously agreed savings			
Property	-10.2	-13.4	-14.4
Other Back Office	-0.2	-0.2	-0.2
ICT savings	-8.0	-25.0	-31.6
PBB and Efficiency savings	-21.0	-32.0	-43.0
Total previously agreed savings	-39.4	-70.6	-89.2
Changes to previously agreed savings			
PBB adjustments	7.2	5.8	4.5
Total changes to previously agreed savings	7.2	5.8	4.5
Final position for previously agreed savings			
Property	-10.2	-13.4	-14.4
Other Back Office	-0.2	-0.2	-0.2
ICT savings	-8.0	-25.0	-31.6
PBB and Efficiency savings	-13.8	-26.2	-38.5
Total final position previously agreed savings	-32.2	-64.8	-84.7

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

Incremental

Description	2022/23 (£m)	2023/24 (£m)	2024/25 (£m)
PSD Savings	-6.3	-7.2	-4.2
ICT savings	0.0	-5.6	-1.8
Total new savings	-6.3	-12.8	-6.0
Total Savings for Budget Submission	-38.5	-45.4	-25.9

Cumulative

Description	2022/23 (£m)	2023/24 (£m)	2024/25 (£m)
PSD Savings	-6.3	-13.5	-17.7
ICT savings	0.0	-5.6	-7.4
Total new savings	-6.3	-19.1	-25.1
Total Savings for Budget Submission	-38.5	-83.9	-109.8

Analysis of Change in Council Tax Requirement

	£m
2021/22 Council Tax requirement	804.9
Changes due to:	
Inflation	39.1
Savings and efficiencies	-38.5
Investments	259.9
Net changes in existing service expenditure	-226.9
Change in use of reserves	-27.0
Net change in Government grants and retained rates	-32.9
Net change in Specific grants	49.7
Council Tax deficit	-0.9
2022/23 Council Tax requirement	827.4

Annex 2

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 and that external borrowing will be required. 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

MRP is the amount out of revenue funding set aside each year as a provision for debt i.e. the provision in respect of capital expenditure financed by borrowing or credit arrangements.

For 2021/22, 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)

2021-22 Estimate £m	2022-23 Estimate £m	2023-24 Estimate £m	2024-25 Estimate £m
271.8	450.4	303.9	305.6

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

	2021-22 Approved (March 2021) £m	2021-22 Requested Approval (Nov 2021) £m	2022-23 Approved (March 2021) £m	2022-23 Requested Approval (Nov 2021) £m	2023-24 Approved (March 2021) £m	2023-24 Requested Approval (Nov 2021) £m	2024-25 Requested Approval (Nov 2021) £m
Borrowing	1,227.5	449.0	1,469.8	748.0	1,678.4	967.0	1,123.0
Long term liabilities	58.4	60.7	52.2	54.4	47.4	49.7	39.9
Total	1,285.8	509.7	1,521.9	802.4	1,725.8	1,016.7	1,162.9

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

	2021-22 Approved (March 2021) £m	2021-22 Requested Approval (Nov 2021) £m	2022-23 Approved (March 2021) £m	2022-23 Requested Approval (Nov 2021) £m	2023-24 Approved (March 2021) £m	2023-24 Requested Approval (Nov 2021) £m	2024-25 Requested Approval (Nov 2021) £m
Borrowing	1,352.5	574.0	1,594.8	873.0	1,803.4	1,092.0	1,248.0
Long term liabilities	58.4	60.7	52.2	54.4	47.4	49.7	39.9
Total	1,410.8	634.7	1,646.9	927.4	1,850.8	1,141.7	1,287.9

This is the maximum amount that the MOPAC allows itself to borrow in each year. The MOPAC 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.

Actual External Debt (at start of financial year 2021-22)

Actual External Borrowing	£m
1 April 2021 Actual £m	
Long Term	287.7
Short Term	3.8
Total	291.5
Long Term Liabilities	
1 April 2021 Actual £m	
PFI Arrangements	60.4
Finance Lease Arrangements	6.9
Total	67.3
Total Actual External Debt	358.8

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.

MOPAC Capital Strategy 2020/21 - 2040/41

			Capital Spending Plan (Schedule 1a)							Capital Strategy (Schedule 1b)		
Capital Investment Plan Table 1		Years	2020-21 Outturn £m	2021-22 Revised Budget £m	1 2021-22 Forecast Outturn £m	2 2022-23 Plan £m	3 2023-24 Plan £m	4 2024-25 Plan £m	5 2025-26 Plan £m	6 to 10 2026-27 to 2030-31 Plan £m	11 to 15 2031-32 to 2035-36 Plan £m	16 to 20 2036-37 to 2040-41 Plan £m
Category of spend	Item	Further information										
PSD- Forward Works and BAU	Ongoing property works and planned acquisitions		18	27.0	27.0	135.8	42.6	39.9	47.0	202.0	203.3	206.4
Fleet	Purchase of vehicles		33.2	25.4	25.4	29.9	24.7	22.6	38.8	134.9	148.6	164.6
Digital Policing	Ongoing IT infra costs, IT equipment purchases and contributions to Home Office programmes		36.8	49.3	49.3	59.9	71.4	83.5	77.5	224.3	226.0	217.0
CTPHQ	CT activity- fully funded		21	46.2	46.2	71.6	56.4	55.7	27.7	148.7	146.2	152.2
Met Operations- Covert and Forensics	Covert purchases and investment in physical and digital forensics		4.4	3.9	3.9	10.2	8.5	6.7	5.9	24.4	23.8	22.3
Optimising Contact and Response - P2	Transformation programme- mostly Command and Control		46.85	30.5	30.5	33.4	8.8	3.1	0.0	0.0	0.0	0.0
Transforming Investigation and Prosecution - P	Transformation programme- mostly Connect		26.75	29.6	29.6	43.4	11.2	4.7	0.0	0.0	0.0	0.0
Strengthening Armed Policing - P5	Transformation programme		0.08	1.6	1.6	0.8	0.0	0.0	0.0	0.0	0.0	0.0
Operational Support Services - P6	Transformation programme including Fleet transformation		2.38	0.0	0.0	0.5	0.3	0.0	0.0	0.0	0.0	0.0
Learning and Professionalism Transformation -	Transformation programme		0.4	1.5	1.5	1.0	0.0	0.0	0.0	0.0	0.0	0.0
Information Futures - P9	Transformation programme		1	1.2	1.2	2.8	1.6	1.3	2.0	0.0	0.0	0.0
PSD- Central Estates Programme - P10	Transformation programme		49.2	30.5	30.5	16.6	10.5	40.3	17.6	29.5	0.0	8.5
PSD- Transforming the Workplace - P11	Transformation programme		88.7	23.9	23.9	44.6	56.9	30.8	44.5	5.4	0.0	0.0
Local Investigation Capability - P16 & Fortress	Transformation programme		0.1	1.2	1.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Transformation - long term estimate	Indicative estimate for ongoing transformation activity		0	0.0	0.0	0.0	11.0	17.0	20.0	100.0	100.0	100.0
Total	Total		328.9	271.8	271.8	450.4	303.9	305.6	281.1	869.2	848.0	870.9

			Capital Spending Plan							Capital Strategy		
Capital Funding Plan Table 2	Item	Years	2020-21	2021-22	1	2	3	4	5	6 to 10	11 to 15	16 to 20
		Further information	Outturn £m	Revised Budget £m	2021-22 Forecast Outturn £m	2022-23 Plan £m	2023-24 Plan £m	2024-25 Plan £m	2025-26 Plan £m	2026-27 to 2030-31 Plan £m	2031-32 to 2035-36 Plan £m	2036-37 to 2040-41 Plan £m
Capital Receipts	Capital Receipts		77.6	85.7	85.7	73.6	19.6	61.1	16.9	49.6	4.6	61.4
Capital Grants & Third Party Contributions	Capital Grants & Third Party Contributions		31.9	55.8	55.8	80.9	67.1	64.9	38.9	199.6	202.0	206.4
Revenue Contributions	Revenue Contributions		11.3	9.8	9.8	48.9	35.0	17.0				
Borrowing	Balancing figure to be met by borrowing or other as yet unidentified sources		208.1	120.5	120.5	247.0	182.2	162.6	225.3	619.9	641.4	603.1
Total			328.9	271.8	271.8	450.4	303.9	305.6	281.1	869.2	848.0	870.9

			Capital Spending Plan							Capital Strategy		
Financing costs Table 3	Capital financing expenditure item		2020-21	2021-22	1	2	3	4	5	6 to 10	11 to 15	16 to 20
			Outturn £m	Revised Budget £m	2021-22 Forecast Outturn £m	2022-23 Plan £m	2023-24 Plan £m	2024-25 Plan £m	2025-26 Plan £m	2026-27 to 2030-31 Plan £m	2031-32 to 2035-36 Plan £m	2036-37 to 2040-41 Plan £m
	Provision for repayment of debt		55.2	64.2	64.2	70.6	81.3	93.7	101.0	700.6	797.9	716.5
	External interest		22.6	26.0	26.0	30.8	36.9	44.1	49.7	228.8	180.0	155.7
Total			77.8	90.2	90.2	101.4	118.2	137.8	150.7	929.4	977.9	872.2