Mayor’s Office For Policing And Crime and Group

Un-audited Statement of Accounts 2021/22

MOPAC | MAYOR OF LONDON
OFFICE FOR POLICING AND CRIME

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Introduction

The Police Reform and Social Responsibility Act 2011 established a Police and Crime Commissioner for each police force area across England and Wales. In London, the elected Mayor of London is the equivalent of the Police and Crime Commissioner and is responsible for the totality of policing in the capital (outside of the City of London).

The Mayor delivers the responsibilities given to him via the Act through the Mayor's Office for Policing and Crime (MOPAC), which was established as a Corporation Sole in January 2012. The Mayor has appointed a statutory Deputy Mayor for Policing and Crime – Sophie Linden – to lead MOPAC. A separate body of the Commissioner of Police of the Metropolis (CPM) remains, Cressida Dick was the Commissioner during 2021/22.

The Mayor has several key roles in his capacity of Police and Crime Commissioner - most importantly setting the strategic direction and accountability for policing. The Mayor is responsible for the formal oversight of the Metropolitan Police Service (MPS), including budget-setting, performance scrutiny and strategic policy development, and for ensuring the MPS is run efficiently and effectively, so that Londoners are getting the best service possible from their police. Operational decision-making on day-to-day policing remains the responsibility of the Commissioner.

On 8 May 2021, Sadiq Khan was re-elected for a second term as Mayor and therefore as the occupant of the Mayor's Office for Policing and Crime for the metropolitan police district. In March 2022 the Police and Crime Plan for London 2022-25 was published setting out the Mayor's plans to discharge his responsibilities through MOPAC and his commitments to Londoners during his term in office.

The four priorities of the Plan are: Reducing and preventing violence; Increasing trust and confidence; Better supporting victims; and Protecting people from being exploited or harmed. These Accounts reflect the administration's priorities to meet the objectives within MOPAC's published Police and Crime Plan for 2017-2021.

All the financial transactions incurred during 2021/22 for policing London have been recognised and recorded within this Statement of Accounts, which sets out the overall financial position of MOPAC and the MOPAC Group for the year ending 31 March 2022. The term 'Group' refers to the consolidated accounts of the MOPAC and its subsidiary, CPM. Where the Group's position differs from MOPAC's position this is made clear in the statements and notes. Separate statutory accounts are prepared for the CPM.

This narrative report provides an overview of the accounting arrangements and outlines the financial and operational performance of MOPAC and the MOPAC Group during 2021/22.

Delivering our priorities in 2021/22

2021/22 was the final year of delivery for the Mayor's Police and Crime Plan 2017-2021, reflecting the extension to the Mayoral term arising from the COVID-19 pandemic. The safety of Londoners is the Mayor's first priority, and through his Police and Crime Plan he has spearheaded an intensive partnership effort to tackle crime – particularly violence – in the city. Between May 2016 and April 2022:

- Knife crime with injury fell by 11%;
- Knife crime with injury under 25 fell by 24%;
- Gun crime reduced by 30%; and
- Burglary fell by 22%.

Transparency, accountability, trust and confidence

Trust and confidence in policing was a dominant issue over this period, with incidents including the murder of Sarah Everard by a serving MPS officer, criminal acts by officers guarding the murder scene of Bibaa Henry and Nicole Smallman and the findings of the IOPC into the appalling misconduct of some officers at Charing Cross Police Station, having a negative impact on Londoners' faith in the MPS. Trust and confidence in the MPS reaching record lows in Q4 2021/22.

The Mayor has continued to hold the MPS robustly to account on behalf of Londoners so that the deep-rooted cultural issues exposed by these incidents are addressed urgently and effectively. The Commissioner of the MPS resigned in February 2022, and at the time of writing the recruitment of her successor is underway. MOPAC's oversight and scrutiny of the MPS in delivering the next Police and Crime Plan will be at the heart of driving the necessary change for Londoners.

Delivery continued in 2021/22 on the Mayor's Action Plan for Transparency, Accountability and Trust in Policing. Highlights include:

- The Action Plan Disproportionality Board held its inaugural meeting in October 2021 and continues to meet quarterly.
- An External reference group of professional and community based experts is currently being recruited and will support the Disproportionality board as well as supporting deep-dives into specific areas of work.
- The first Public Review Meeting was held in February 2021 and quarterly since, bringing together police leaders, communities, community leaders and activists to explore key areas of delivery in the plan.
- The contract for the Community Engagement Review programme has been awarded to Black Thrive, a Black-led community-based organisation specialising in engagement, consultation and co-production.
- The work to consult communities London-wide in how to build the future of community engagement and scrutiny for policing began with a workshop at the next Public Review Meeting in June.
- The MPS is continuing to deliver a schedule of Outreach events across the Capital to increase applicants into policing from across London's diverse communities, supported by MOPAC funding
- MOPAC has made £1.2m available over 3 years for a specific Career Development Service proposal for the progression and promotion of Black officers and the selection of Career Development Officers at Chief Inspector level.
- In the financial year 2021 to 2022, 39.7% of new trainee officers to the MPS were female, while 23.6% were from under-represented ethnicity groups.
- The MPS Handcuffing review was published in November 2021 and oversight of its delivery and impact is under review by the Disproportionality board.
- The MPS have recently published their new Safer Schools protocol, MOPAC have responded with some concerns regarding the absence of focus on parental involvement and information.

Due to increased funding from both the Government and City Hall the MPS reached a headcount of 34,084 police officers by 31st March 2022 – the highest number on record.

Tackling serious violence

City Hall funding has also continued to support dedicated teams stepping up the fight against violence on the streets of London. The MPS Violent Crime Taskforce and Violence Suppression Units are working around the clock to take dangerous individuals and weapons off the streets of London. Local policing has been strengthened with an additional 650 officers - 500 forming 19 dedicated Town Centre Teams across London and a further 150 joining London's Dedicated Ward Officers, working in communities to drive down crime and problem-solve local issues.

The Mayor announced a package of £50m through the London Crime Prevention Fund to support grassroots crime prevention projects across the city and promote positive opportunities for

Londoners in every borough in the capital over the next three years. Through the Fund, more than £39m will be distributed between all 32 London boroughs, with a further £9.8m awarded to projects already funded by MOPAC.

Funding of £350,000 has been invested to boost innovative programmes to tag knife crime and domestic abuse offenders with a GPS tracking device on release from prison in a drive to cut reoffending, improve rehabilitation and reduce the risk victims face when an offender is released. Of the first 600 tags fitted, more than half of the offenders successfully completed their probation and 160 offenders fitted with GPS tracking devices were found to have breached the conditions of their release and were returned to prison.

MOPAC has convened a London Tackling Violence Partnership, bringing together the MPS and many other agencies and groups to co-ordinate efforts to reduce and prevent serious violence. MOPAC has commissioned a new problem profile into youth and group violence to ensure that the current Partnership response evolves to meet the needs of young people into the future.

In 2021, London's Violence Reduction Unit (VRU) invested £35m in early intervention and prevention programmes that provided support and positive opportunities for more than 70,000 young Londoners.

The VRU secured £10m from the Home Office and Youth Endowment Fund to implement Cognitive Behavioural Therapy support for 2,500 of the most at risk young people in London. Delivery of the Your Choice programme is being delivered by skilled practitioners in all 32 London boroughs.

The VRU continues to champion youth work in London. It has recruited 10 frontline practitioners to embed their experience and knowledge in its work; invested £1.1m in the Rise Up programme which provides up to 200 youth workers with training to develop their skills to better support young people; increased investment in the DIVERT programme so that trained intervention coaches who help divert 18-25s from violence are now based in all 12 of the Met's Basic Command Units, and expanded the ENGAGE programme which works with 10-17s.

Evidence demonstrates that parent/carer support is crucial in supporting children and young people at risk of extra-familial harm, and mitigating risk factors for involvement with violence. The VRU has invested £1m in the development of parent/carer, peer support networks across all 32 boroughs with the aim of training and upskilling parents to help them nurture and protect children and young people.

The VRU and City Hall have jointly invested £7.2m to kickstart a Mayoral commitment to provide a professional mentor for every young person in need of support by 2024. This pledge includes a mentor for young people in Pupil Referral Units.

The VRU has delivered a schools programme which works to tackle exclusions and promote healthy relationships. The Stepping Stones programme, which works to support children in the transition from primary to secondary school, has provided ongoing support for 4,000 young people. Through our work with Tender, VRU funding has provided healthy relationships and domestic violence training for 5,700 children and 175 teachers, while the Nurture programme, which works to tackle school exclusions, is running in 34 schools across 13 boroughs in London.

The £1.3m Stronger Futures programme is supporting 3,000 young people with positive opportunities after school – which evidence suggests is a high-risk period of becoming involved or being a victim of violence.
The VRU supports and coordinates violence reduction work in all 32 London Boroughs. The Unit has invested £4.4m to help deliver programmes to reduce violence and to help Boroughs develop local action plans to reduce violence and to support young people at risk of exploitation.

The Mayor invested a further £1.8m in the Rescue and Response service, which supports young people who are vulnerable and caught up in county lines drug distribution networks. This new investment will mean an uplift in capacity to deal with the number of referrals into the programme

- there have been more than 1,600 in the last three years - and to maintain the ‘rescue’ function to collect young Londoners found being exploited outside the capital.

The Mayor increased investment in the London Gang Exit (LGE) programme from £1.2m to £1.9m so it can support more young people to leave gangs. The LGE programme, led by Safer London, aims to divert young people caught up in gangs and violence to leave their destructive lifestyle behind and move onto a more positive path by providing specialist one-to-one mentoring support, and help for young Londoners with employment, training, housing, family and relationship support.

Tackling violence against women and girls (VAWG)

In December 2021, London’s Independent Victims’ Commissioner, Claire Waxman, published her second review of rape cases in London, with new data from MOPAC revealing that two thirds of rape victims in the capital withdrew their complaints and just one per cent reached trial.

MOPAC, with the Home Office and the NPCC, has worked with academics to develop a new programme – Operation Soteria – to improve the police response to rape and sexual offences. Operation Soteria seeks to improve convictions for rape cases and to ensure victims are better supported through the investigation process. The MPS was one of the first forces to participate in Operation Soteria, with the team completing their review of the MPS in 2021/22. Work is now underway to consider the findings and implement improvements.

The Mayor announced a new £4.3 million investment package to provide vital one-to-one support for hundreds of victims of sexual violence and domestic abuse in the capital and improved help for rape victims throughout the criminal justice process. This new investment, successfully secured by MOPAC from the Ministry of Justice, will fund the appointment of an additional 21 Independent Sexual Violence Advisers (ISVAs) and 23 new Independent Domestic Violence Advisers (IDVAs) in London to help victims understand the process from ‘report to court’ and receive ongoing practical and wellbeing support - building on the 88 specialist advisors already funded by City Hall.

In February 2022 the Mayor announced his plan for a permanent increase in funding of £23.2m every year for violence prevention programmes, tackling violence against women and girls and better supporting victims of crime. As part of this, £13.2m will be specifically focused on work to reduce serious violence. In addition, this package includes funds to help provide a swifter service to Londoners through boosting the MPS contact centre, and funds to tackle illegal drug use which is a key driver of crime and violence in London. £5m every year will be dedicated to tackling violence against women and girls - supporting victims and survivors and tackling the perpetrators of these appalling crimes.

Investment of £2.4m enabled existing programmes to be expanded and new schemes implemented which focus on addressing the behaviour of perpetrators of domestic abuse and protecting victims. This includes funding for an innovative new pilot programme which will enable services to intervene sooner in cases of domestic abuse to better protect victims and their children.

In March 2022 the Mayor launched a landmark new campaign speaking directly to men and boys about how their actions can help end violence against women and girls. With the key message: “Male violence against women and girls starts with words. If you see it happening, have a word with yourself, then your mates.”, the campaign aims to challenge the sexist attitudes and inappropriate behaviours exhibited by some men in order to tackle the epidemic of misogyny and violence against women and girls. The campaign has received an exceptional reaction, with the video receiving more than 10 million views and 13,000 shares in its first few weeks.

In March 2022 the Mayor announced an additional £11.3m funding for domestic abuse services in London. More than 6,000 Londoners will benefit from the wide range of new services which will include counselling, mentoring and therapeutic support as well as practical help with legal, housing, employment and schooling needs. The new funding has been awarded to City Hall from the Department of Levelling Up Housing and Communities and will deliver specialist help to survivors of domestic abuse.

Standing together against hatred and extremism

The Mayor has allocated an additional £600,000 investment in his Shared Endeavour Fund, to empower communities to counter extremism, tackle the rise in hate crime offences and keep vulnerable Londoners safe from radicalisation. The Fund has directly benefited 25,000 participants and reached more than 600,000 Londoners overall since it launched in 2020 - enabling community groups to deliver vital grassroots projects that tackle all forms of violent extremism, racism, antisemitism, Islamophobia and misogyny.

The Mayor commissioned Lord Harris to conduct a fresh review of London's preparedness to respond to a major terrorist attack. This built on Lord Harris' 2016 Review, reflecting on the lessons learned from the subsequent attacks on our city and the impact of the COVID-19 pandemic on the terror threat. The Review was published in March 2022 finding that substantial progress has been made by London's emergency services and key agencies since 2016 as a result of action initiated by the Mayor. The new review made 294 recommendations for activity which could further improve London's preparedness for a major terrorist attack

The Mayor has also increased funding going towards frontline support for victims of all forms of hate crime as part of the newly re-commissioned Hate Crime Victim Service provided by the CATCH partnership. The budget for this service increased by over 50% this past year, from an annual budget of £370,000 to £569,109. This has enabled CATCH - a pan-London partnership of specialist 'by and for providers' - to reach and support hundreds more victims of hate crime every year.

MOPAC has established a new Hate Crime Stakeholder Reference Group (SRG). The SRG is made up of members and representatives from those communities targeted by hate crime in London. It is largely self-governing, ensuring a strong and independent voice for the sector. MOPAC has appointed a specialist third-sector partner, Equally Ours (formerly the Equality and Diversity Forum) to provide guidance and secretariat support to the SRG via a two-year £47,000 service contract.

The financial statements

Like all public services, policing has faced a challenging financial environment over the last few years. In spite of ongoing financial pressures we have continued our investment in projects and programmes to deliver transformation. These include investment in estates and equipment to support a modern police force. Much of the investment to date has been funded from receipts from the disposal of surplus property. Whilst future investment will still include some disposal proceeds, we will need to continue to look to long term borrowing to fund this necessary investment. Before the police officer pension liability, which is subject to a separate year on year funding arrangement agreed with the Home Office, the Balance Sheet shows a positive net worth of £2,032 million, an increase of £100 million from last year (£1,932 million) reflecting movements in working capital.

More specifically, the consolidated financial statements consist of:

- The Comprehensive Income and Expenditure Statement (CIES) for the Group and MOPAC – this summarises the resources generated and consumed in the year. Whilst it shows a deficit on the provision of services of £1,041 million, after taking accounting adjustments into consideration there is a balanced position after transfers to earmarked reserves of £15 million;

- The Movement in Reserves Statement (MIRS) for the Group and MOPAC – this shows how the £1,041 million deficit and other income and expenditure generated in the CIES is spread over the usable and unusable reserves in the Balance Sheet. Usable reserves increased from £577 million to £578 million during 2021/22 which reflects transfers to earmarked reserves to manage future budget pressures, operational costs falling in future years and management of on-going change programmes.

- The Balance Sheet for the Group and MOPAC – this sets out the assets, liabilities owed by MOPAC to others, and the usable and unusable reserves which MOPAC maintains. The Balance Sheet shows a negative net worth of £37,214 million. This figure however includes the cost of police officer pensioners' liabilities which are subject to a separate year-on-year funding arrangement agreed with the Home Office. If the police pension liabilities are excluded, the Balance Sheet would show a positive net worth of £2,032 million;

- The Cash Flow Statement for the Group and MOPAC – this shows the in- and out-flows of cash to and from MOPAC. During 2021/22 there was a net cash outflow to MOPAC of £11 million.

In addition to the financial statements the Statement of Accounts include a Statement of Responsibilities for the Accounts and are published alongside MOPAC's Annual Governance Statement for 2021/22.

Financial performance of the Group

Setting the budget

The Deputy Mayor for Policing and Crime recommends an annual budget to the Mayor, following consultation with the Commissioner. The approved budget for 2021/22 for the whole MOPAC Group provided for gross expenditure of £3,968.3 million. Within this amount, £91.5 million was attributable to MOPAC, and included some £88.3 million relating to London initiatives such as crime prevention, rape crisis centres, safer neighbourhood boards and for delivering victims services which became a MOPAC responsibility with effect from 1 October 2014. The MOPAC Group net budget, after taking into account income, specific grant before reserve usage, was £3,065.3 million.

During the year the Deputy Mayor for Policing and Crime approved amendments to the budget to reflect known changes.

Performance against the Revenue Budget

Table 1 provides a summary of the final MOPAC outturn position for 2021/22 compared with the revised budget. Figures in brackets in the variance column represent reduced expenditure or increased income against the revised budget.

Table 1 MOPAC Group - Final outturn position for 2021/22 compared with 2020/21 and the revised budget

Outturn 2020/21	£million	Approved annual budget 2021/22	Revised annual budget 2021/22	Outturn 2021/22	Variance Overspend / (underspend) 2021/22	Variance % 2021/22
	Pay					
2,210.0	Police officer pay and overtime	2,230.5	2,281.2	2,279.5	(1.7)	(0.1)
659.4	MOPAC and police staff pay and overtime	657.5	690.7	675.1	(15.6)	(2.3)
2,869.4	**Total pay**	**2,888.0**	**2,971.9**	**2,954.6**	**(17.3)**	(0.6)
	Running expenses					
23.9	Employee related expenditure	12.2	27.0	26.6	(0.4)	(1.5)
165.3	Premises costs	157.5	163.6	164.1	0.5	0.3
71.3	Transport costs	78.2	81.2	79.1	(2.1)	(2.7)
594.0	Supplies & services	663.9	649.9	615.0	(34.9)	(5.7)
82.3	Capital financing costs	134.1	116.7	116.6	(0.1)	(0.1)

32.9	Discretionary pension costs	34.4	34.4	34.1	(0.3)	(0.9)
969.7	Total running expenses	1080.3	1,072.8	1,035.5	(37.3)	(3.6)
3,839.1	Total gross expenditure	3,968.3	4,044.7	3,990.1	(54.6)	(1.4)
(1,019.8)	Total income and grants	(903.0)	(1,024.4)	(1,011.2)	13.2	(1.3)
2,819.3	**Net expenditure**	**3,065.3**	**3,020.3**	**2,978.9**	(41.4)	(1.4)
129.8	Transfer to/(from) earmarked reserve	(80.3)	(35.3)	6.1	41.4	678.7
(4.8)	Transfer to/(from) general reserve	0.0	0.0	0.0	0.0	0
2,944.3	**Budget requirement**	**2,985.0**	**2,985.0**	**2,985.0**	**0**	**0**
(2,944.3)	Total Funding	(2,985.0)	(2,985.0)	(2,985.0)	0	0.0
0	**Total MOPAC Group**	**0**	**0**	**0**	**0**	**0**

After transfer to reserves, expenditure was in line with budget. We continue to see pressures on officer pay due to relative inexperience levels in the Met reducing scope to fully fill all externally funded police officer roles, and on overtime. During 21-22, this was off-set partially by a reduction in the number of vacancies in externally funded posts. Whilst this has eased the overall pressure on pay budgets, it has also seen commensurate reduction in income. Similarly, the MPS is experiencing high levels of vacancies in police staff posts due to issues connected with the London labour market and the strategic priority being afforded to the substantial increase in police officer numbers, which has led to an underspend in this budget area.

The budget for running costs (excluding capital financing costs and discretionary pension costs) was underspent by £37 million. £29.4m million relates to the MPS and reflected underspends across a range of areas, principally supplies and services where the MPS were able to generate efficiencies in digital and other areas as well a reduction in third party provision costs. Within MOPAC a large proportion of the underspend relates to the re-profiling of projects into 2022/23.

There is an overall deficit of income and specific grants against the budget. This was largely driven by vacancies in externally funded posts (e.g. TfL), and therefore was off-set by a similar reduction in expenditure.

The net movement on earmarked and general reserves during 2021/22 is an increase of £3.5 million as shown in Table 2 below.

Table 2 Net movement on earmarked and general reserves 2021/22

Description	**£ million**
Opening reserves balance 1 April 2021	572.4
Transfers to/(from) reserves	6.1
Transfers to/(from) reserves – NPCC/NPOC	(2.6)
Closing reserves balance 31 March 2022	**575.9**

Increases in earmarked reserves relate mainly to management of change programmes, managing future budget pressures and a range of operational costs falling in future years.

Performance against the 2021/22 Capital Programme

Capital expenditure 2021/22

Capital expenditure for 2021/22 was financed in accordance with the prudential code from capital grants, third party contributions, capital receipts and borrowing. Capital expenditure for 2021/22 was £247.2 million. This compares with the revised annual budget of £271.8 million.

Table 3 Capital Outturn position 2021/22

Actual expenditure 2020/21	Summary by programme £million	Revised budget 2021/22	Actual expenditure 2021/22	Variance overspend/ (underspend)
155.9	Property Services	81.4	86.7	5.3
21.0	CTPHQ	46.2	47.1	0.9
36.8	Digital Policing	49.3	39.3	(10.0)
77.6	Transformation	65.6	45.4	(20.2)
33.2	Fleet Services	25.4	25.5	0.1
4.4	Met Operations	3.9	3.2	(0.7)
328.9	**Total**	**271.8**	**247.2**	**(24.6)**

Property based programmes - Property Services capital expenditure was £86.7 million reflecting the commitment to deliver an estate that is fit for purpose for a modern police force. The additional spend against budget resulted from a delays on some projects offset by accelerated works at Cobalt Square and ESB security Works.

Digital Policing based programmes - Digital Policing spent £39.3 million across replacement of IT equipment (mostly new laptops) and core IT infrastructure which includes networks, hosting, infrastructure maintenance and applications and services upgrades. The underspend is a result in slippage into 22/23 due to delays in the 'Command and Control' programme and a slower than planned rollout of replacement smartphones.

Transformation programme – Transformations spent £45.4 million in the year, which is £20.2 million below budget. This was a result of slippages and underspends across a range of programmes, including 'Command and Control' and 'Connect'.

Fleet Services based programme – Investment in transport for 2021/22 was £25.5 million. The transport programme includes the replacement programme which delivered 726 replacement and additional vehicles including c100 related to the Police Uplift Programme.

Capital financing

Capital expenditure of £247.2 million on non-current assets in 2021/22 was financed in accordance with the Prudential Code, from capital grants and other third party contributions of £62.5 million, capital receipts applied of £66.2 million, and revenue contributions of £29.8 million.

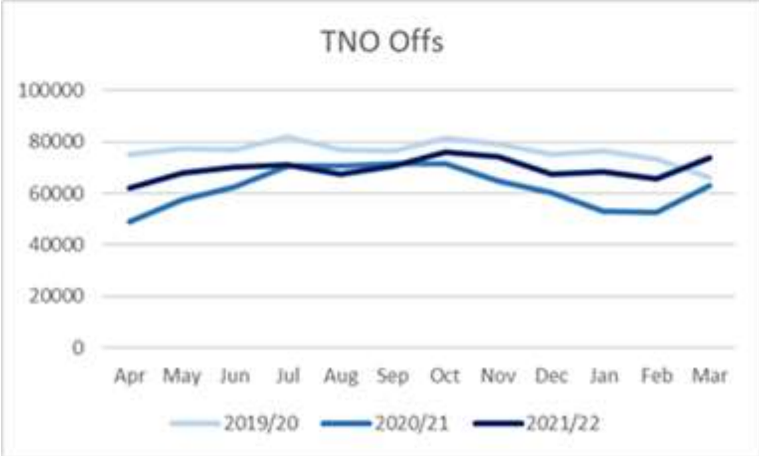
This meant that external borrowing of £88.7 million was used to finance this expenditure. MOPAC complies with the CIPFA Code of Practice for Treasury Management in Public Services. All decisions by MOPAC about capital financing were taken in the context of the CIPFA Prudential Framework. The Framework provides authorities with borrowing flexibility, provided controls on affordability, sustainability and prudence are met. 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 part of the Prudential Framework a Capital Financing Requirement (CFR) is approved by MOPAC each year, which represents MOPAC's underlying need to borrow for capital expenditure. For the purposes of calculating the CFR, the amount required to be borrowed reflects both external and internal borrowing (applying our own cash balances).

Under the Framework MOPAC is required to set aside an amount called the Minimum Revenue Position (MRP). For 2021/22 the MRP was £64.2 million. The MRP is the prudent amount that the Group is required to set aside from revenue to meet the repayments of borrowing undertaken to support capital investment.

MOPAC sets an annual treasury management policy. Risk analysis and risk management strategies have been taken into account, as have plans for capital investment and cash-flow requirements.

MPS Operational Performance



End of Year Crime Figures - 2021/22

The MPS used 2019/20 as the baseline for performance this year, after significant periods of national lockdown impacted on crime trends in 2020/21. The MPS saw significant reductions in offences across all five of the crime types measured in the performance framework. The biggest reductions were Lethal Barrel Discharges (-31%), robbery (-39%) and burglary (-30%) compared to 2019/20. We maintained similar levels to those seen during the pandemic in FY2020/21. Overall, total notifiable offences were lower (-9%) when compared to the pre-pandemic baseline. Offence volumes saw peaks in October and March. The March peak represents a 12% increase against the baseline year, although March 2020 included the first national lockdown and pandemic-related crime reductions.

As well as key violence offences, vehicle offences (-20%), theft (-17%) and possession of weapons (-15%) also saw significant reductions. Whilst most crime types saw reductions versus 2019/20, there were three notable categories that saw increases: violence against the person (+9%), sexual offences (+25%) and public order offences (+25%). The reporting of sexual offences have increased significantly, which would be expected following high-profile cases and national attention on violence against women and girls.

The full set of crime statistics can be found at: https://www.met.police.uk/sd/stats-and-data/

Review of MPS 2021/22 performance

These accounts represent the last to cover a period under Commissioner Cressida Dick's leadership of the Met. Over the course of the last five years, the Met followed the priorities she set out and first among those was to tackle violence which has been rising rapidly. Through a "whole Met" focus, alongside dedicated resources from the Violent Crime Task Force, Violence Suppression Units and Predatory Offender Units and the Met DIVERT programme, that tide was reversed. There is, of course, still more to do but through partnerships that are now stronger than ever, the Met are in a good position to continue to make our city even safer. The Met also grew in size to host the most officers in its history– over 34,500 by the end of this reporting period and after celebrating the 100th year of women in the Met in 2019 there are now more female officers than ever alongside more officers from black, Asian and mixed heritage backgrounds that represent London ever more closely. These are officers who will continue to tackle criminals, care for victims, prevent crime and divert those at risk. The Met have invested in modern technologies including mobile devices to allow our people to work flexibly and more efficiently without having to return to base to get things done, new digital forensic systems help search devices like mobile phones quicker or scan fingerprints on the go, and the introduction of Live Facial Recognition or tagging sprays to help catch more wanted people. Over a number of years, the Met have sought to constantly improve - to learn from everything they have responded to from missing people safely returned to their loved ones to deadly terrorist attacks - incidents where the Met could or should have done better and those where the values of the Met have been exemplified through the courage, compassion, integrity and professionalism of their people. In the midst of all of this, the women and men of the Met stepped up to the huge challenge of policing London through the hardest days of the Covid-19 pandemic, developing and enacting the "Four Es" (engage, explain, encourage, enforce) approach to enforcement that would become a national cornerstone to ensuring policing maintained public consent in unprecedented times. As the Met enters a new chapter, it has put in place measures, such as Police Engagement Panels where the public will be able to scrutinise their work or the "Walk and Talk" initiative where women tell the Met about their concerns, so that they can listen carefully to the needs of Londoners and respond sensitively to the many diverse communities that give this city its strength.

1. Focus on what matters most for Londoners

The grave levels of public concern following the kidnap, rape and murder of Sarah Everard and the sentencing of the police officer responsible, as well as other deeply troubling incidents and allegations have raised difficult questions for the Met in the past year. In response, they have made a number of substantial and necessary commitments through the Rebuilding Trust Action Plan and through commissioning Baroness Casey of Blackstock to lead a wide-ranging review of professional standards and culture in the Met. The Met also published an action plan to tackle violence against women and girls. The Met are fully committed to change and to continuing progress at pace on this important work.

The impact of the Covid-19 pandemic, from March 2020, changed the picture of recorded crime across England and Wales with crime falling across most crime types. London experienced this decrease in overall recorded crime, attributable in part by the lockdown restrictions, and in part because the lower demand gave officers the capacity to intensify pro-active policing activity focusing on pursuing offenders. Wanted offender numbers decreased to some of its lowest levels in years.

As the impact of the pandemic reduced, increases re-occurred across many crime groupings across the country. In England and Wales, total notifiable offences went up 7.7% in 2021; in the most similar group of regions (large urban conurbations) it increased 22.4%. In London however, total offences in 2021 went down 0.3%, including large decreases in burglary and robbery offences. The "easing of lockdown" plan has been based on scaling up resource levels and activity to ensure the Met could meet demand in each phase, as schools, open spaces, shops or entertainment venues were opening up. A bespoke plan to bear down on violence was incorporated, with the Violent Crime Task Force, the Roads and Transport Policing Command, Territorial Support Group and Specialist Crime playing a full role as lockdown eased.

Over the last year, the Met's proactive efforts have led to a reduction in violent crime, including gun crime and violence with injury, with thousands fewer victims of knife crime, robbery and other attacks. The Met continue to focus on violence and high harm offences, with an emphasis on dismantling and disrupting all tiers of organised crime, through proactivity and visibility. In 2021/22:

- Officers across the Met took hundreds of weapons off the streets, recovering firearms and seizing cash. The Met seized 524 lethal firearms compared with 480 in the same period for 2020/21 and 408 in 2019/20.

- Met seizures led to a reduction in lethal barrel discharges with 196 offences in 2021/22 compared to 283 offences in 2019/20 (the main pre-pandemic comparative year). This was a reduction of 26 per cent compared to 2020/21 and a 31 per cent reduction against 2019/20.

- The Met recorded 7,362 disruptions (enforcement activity) against Organised Crime Groups.

The Met have invested new resources towards tackling violence in all its forms using the police officer uplift. For example, they have deployed 500 officers into 19 new town centre teams right across London. The teams are based where there is a high footfall of people (transport hubs, business areas and key night time economy locations; and in locations where women and girls say they can feel unsafe). They focus on violent crime, anti-social behaviour, street drug dealing and acquisitive crime with increased local visibility.

The Met set up a Drug Focus Desk in every BCU, training additional Drug Expert Witnesses. This helped to address one of the main catalysts of violent crime and gang activity at a local grass roots level, which fed both their enforcement and prevention activity.

The Met conducted surge activity with increased policing visibility, reassurance and engagement in areas known for serious violence and gang activity as part of their summer nights' operations. Additional knife arches and 4,300 wands were rolled out across the Met from December 2021. The Met continue to use knife arches and weapon sweeps in the boroughs most affected for teenage, knife enabled homicides and serious youth violence. The Met have also developed 120 violence related problem oriented policing plans (10 per BCU) focussed on identified violence hotspots, working with partners to understand the causes of the problems, identify opportunities and implement more effective responses.

The Met has been world-leading in its approach to tackling county lines. Operation Orochi was the first of its kind in the UK. Officers from across the Met, including the specialist team Op Orochi, worked together with other forces to target County Lines dealers and safeguard those being exploited by criminals to deal drugs. The Met also increased their use of modern slavery legislation to charge those at the top of the County Lines chain. In 2021/22, Operation Orochi closed a total of 561 County Lines, 376 of which directly resulted in charges and prosecutions against county lines offenders. A total of 425 individuals were arrested and 383 individuals were charged with offences including drugs supply and modern slavery (an overall arrest to charge ratio of 90 per cent). Similarly, 1,196 children/young persons were engaged with safeguarding activity against County Lines, with 76 children / young persons referred to specialist support agencies. There were also significant seizures of cash, over 31kgs of class A drugs and 80 weapons including six lethal barrelled firearms and 66 sharp objects such as knives.

The tragic murders of Sarah Everard and Sabina Nessa, and the continued rise of sexual offences and domestic abuse through the pandemic brought to the fore the need for increasing resources and improving response against violence against women and girls.

In November 2021, the Met published the first iteration of their action plan to better tackle violence against women and girls. This set out a multi-pronged coordinated approach to:

- Increase women's trust and confidence in the Met and policing, to improve the reporting and investigation of crimes, which disproportionately affect women and girls within London.
- Increase the number of perpetrators brought to justice for violence against women and girls to decrease the proportion of women experiencing these crimes in each year (measured through reporting in the Crime Survey in England and Wales) and reduce repeat victimisation of women and girls;
- Improve processes and victim care across the criminal justice system to reduce the number of cases failing – and to increase the levels of sanction detection;
- And internally to intensify work to tackle sexual misconduct and domestic violence by officers and staff; and to root out those who display unacceptable misogynistic behaviour.

In the financial year period, the Predatory Offenders Units arrested 3,226 'high harm' offenders. These included 1,893 arrests for domestic abuse offences, 670 arrests for sex offences, 164 arrests for child abuse offences and 253 arrests for prison recalls/breach of bail. Their activity also resulted in a 28% (930) sanction detection rate for offences (charges and other case disposals). The twelve teams spread across each BCU consist of around 90 highly trained officers who work alongside the Met Public Protection teams and together they focus on bringing the most violent, high harm offenders in our capital to justice. In addition, in the last year the Met:

- Set up online reporting for domestic abuse (DA) so victims - who may be unable to contact via phone, attend a police station or have officers attend their home - can report matters in a fast, safe way that is prioritised by contact handlers,
- Strengthened the monitoring of registered sex offenders and increased investigative capabilities with two technological improvements: The Esafe system (internet monitoring service for law enforcement) and ADF Mobile Field tablets, which enables a forensic level review of offenders' internet enabled devices at their home address. This led to 60 arrests, 16 Cautions +3, 1 warrant and 1 recall to prison of sex offenders,
- Trialled our Project Vigilant in Lambeth and Southwark. Teams made up of uniformed and plain-clothed officers patrolled busy night-time locations to identify and deter predatory offending,
- Launched Operation Signa – an internal programme led by the Met's Network of Women to ensure people actively intervene and challenge inappropriate or sexist behaviours.

Counter terrorism
Counter Terrorism Policing teams have adapted to the demands of the pandemic and continue to work to disrupt terrorism and to demonstrate a focus on the Government's CONTEST Strategy, based around the principles: Pursue, Prevent, Protect and Prepare. Demands on CT Policing have increased by around a third, compared to the period prior to the 2017 attacks. CT Policing started to collect disruption data in March 2017. Since then, CT Policing and UK Intelligence Services have stopped 33 attacks – 19 were Islamist related, 12 Extreme Right Wing Terrorism (XRWT) and two Left, Anarchist or Single Issue Terrorism (LASIT). In the 12 months to December 2021, there were 186 CT-related arrests, which is two fewer than in the previous 12-month period (a fall of 1%). This was mainly due to a reduction in arrests under non-terrorism legislation and also likely due to the artificial suppression caused by Covid-19. Conversely the Prevent strand of CT has seen a steady increase in referrals over the last year.

Through increased collaboration with partners, the Met have developed new investigative capabilities to meet the developing threat from terrorism and national security investigations, particularly in relation to countering state threats. The Met have become more agile, reviewing business processes regularly to enable more effective and efficient CT response to proactively manage a greater volume of risk. The Met maintained strong relationships with police forces overseas and the Met global Counter Terrorism and Police Liaison Officer (CTPLO) network priorities continue to align with the government's CONTEST Overseas Strategy, which informs their overseas footprint. The Met delivered protective security at major events including G7, COP26 and the funeral of HRH The Prince Phillip, Duke of Edinburgh.

The Met advanced works on the Counter Terrorism Operations Centre (CTOC), at the Empress State Building in West Brompton, a central London hub bringing together counter terrorism policing's core capabilities – for London and at a national level. The new CTOC will allow those involved in countering the threat from terrorism in London to work much more collaboratively and effectively to make Londoners and the wider UK safer from that threat.

Public order
The policing of public order events over the last year has seen a significant increase in the numbers of events across London. With the easing of the Covid-19 restrictions, there have been more sporting events, government led conferences and ceremonial events. There were also a number of protests over this period focussed on matters such as anti-vaccination or the Police and Crime Bill, as well as continued environmental related protests (Just Stop Oil and Extinction Rebellion for example). Social justice protests and vigils also rose to the fore (such as standing up to racism, trans-rights and violence against women and girls).

2. Mobilise partners and the public

Engaging with communities
As an organisation tasked with public safety and security, the Met makes positive contributions to Londoners' lives. Whilst data from the Public Attitude Survey commissioned by MOPAC shows that

the majority of Londoners still Trust the Met, the Met want that number to be even higher and to reverse the falls in reported levels of trust seen over the year. Moreover, the Met also recognise that across a number of communities – notably Black communities, people with a mixed ethnic background and LGBTQ+ Londoners, levels of trust are much lower. The Met are determined to reduce this through effective engagement. The Deputy Commissioner's Delivery Group took forward a number of initiatives – including the Mayor's Action Plan to increase inclusion and trust in Black communities, and to better understand and, where possible, address the disproportionate impact some actions or policies may have on sections of Londoners. For example, a new handcuffing policy was launched in November 2021, supported by a refreshed Public and Personal Safety Training programme. Both the new policy and additional training focuses on de-escalation skills for all officers and enhances their learning around the key aspects of handcuffing policy and law. The Met will continue to assess the impact of the new policy over the next 12 months. The Met developed a 'Handbook of Engagement', which shows Met structures and how to get involved as a volunteer as well as to identify further opportunities for how the service can listen and serve its communities, and in particular Black and mixed heritage communities. The Met also incorporated direct community input into specific aspects of the training given to new recruits. New recruits must now complete the Community Impact task, which involves spending a proportion of their initial learning understanding the history of the local area they will police, including learning the cultural history, lived experiences and the challenges the communities have faced. Recruits meet Independent Advisory Group chairs, local mayors, visit community projects, archives or groups, learning about key critical events in the area where they are to be posted.

The Met hosted the first regional Counter Terrorism Youth Advisory Group in December 2021, to help protect the public from terrorism by generating exchanges of information with young people and by increasing public confidence through a more effective way in policing. It is currently made up of a number of young people aged 18 to 25, including victims of terror attacks; those with personal experience of extremism and its impact; individuals with a passion for directing others away from terrorism; persons with specific knowledge or qualifications focused on the subject matter and charity/community youth workers.

Through the pandemic, the Met implemented Virtual Ward Panels in 97 per cent of wards to enable wider engagement and better communication with communities and respond to the local issues raised. The Met will continue to make the most of both online and off-line means of engaging with Londoners.

Working with partners

The Met support policing with the critical engagement of partners – other public services, charities and businesses. For example:

- The Deputy Commissioner's Delivery Group worked with non-profit organisation Emerge Worldwide and Charity Unseen (linked directly to the national exploitation and trafficking helpline) to raise awareness to the community around exploitation and trafficking of women/girls within gangs, who may be victims of sexual and physical violence.
- The met worked with Safer Sounds Partnership (part of Safer Business Network), the Mayor of London, London Councils and venues across London to help people enjoy safer nights out in public spaces. As part of this campaign, the Met hosted Welfare and Vulnerability Engagement online training sessions for venue management, frontline staff and security teams so that they could learn to identify and respond to vulnerability in their capacity of working in the night-time economy.
- The Met worked with partners to break down barriers between young people and the Police, to support young Londoners, forming a crucial part of the Met's fight against violent crime in the capital. The Met collaborated with the Harlequins Foundation, using the platform of rugby, to break down barriers, increase young people's trust in the Met and raise young people's awareness of the dangers of carrying knives and youth violence. Rugby coaches and mental health professionals discussed the root causes of youth violence. Officers from different taskforce teams attended and spoke about their areas of expertise and how they work to bear down on violence and knife crime. Counter Terrorism officers were also present, speaking about their role and how they are keeping the community safe. Similarly, the Met collaborated with England Netball and London Pulse players in January

2022 for the launch of Beyond The Court; a new year-long engagement initiative established to strengthen relationships between young women and police in South London. The initiative will consist of four netball and three police activity days throughout 2022 that will look to use netball as a vehicle for positive change. Beyond The Court was developed due to the lack of sports engagement initiatives targeted at young women across the capital, and after a successful pilot day which was nominated for a London Sport Award in November 2021, has been expanded into a longer-term programme.

- The London Safety Centre is part of a Blue-Light collaboration between the Met, London Fire Brigade (LFB) and London Ambulance Service (LAS), working to deploy volunteers to operations, increase engagement with the public, issue crime prevention advice and boost public confidence. Volunteers assist with a wide range of activities, call backs to vulnerable victims of crime, reassurance patrols, pastoral support in night time economy locations, weapon sweeps, community surveys to gather greater insight around residents' concerns, bike marking, homeless support, packing and delivering food for the needy and event engagement. Furthermore, in the financial year 2021/22, the Met have carried out over 72 Positive Activity Initiatives, using volunteers and Met officers to enhance public spaces, such as conducting weapons sweeps to reduce vulnerability to violence in key areas.

3. Achieve the best outcomes in pursuit of justice and in support of the victims

Increasing detection
Improving outcomes and sanction detections across all crimes but specifically violent crime and sexual offences, has been a priority over the last year.

The Met deployed Digital Media Investigators on each BCU to support officers with extracting and gathering the right data to build case files. The Met delivered over 1,500 Evidential Review Officer courses to supervisors to improve the quality of local supervision of case files and submissions to drive up standards and reduce delays. The Met introduced a mandatory e-learning package for all investigators and promoted their in-house myCJ application which provides a practical step by step criminal justice guide to every aspect of building a case file to support the new DG6 process.

Improving prosecution
Working closely with the Crown Prosecution Service (CPS), the Met have begun to reduce the time that passes between a rape allegation and an outcome being achieved. This has included the use of Early Investigative Advice surgeries, joint-workshops and monthly oversight meetings. This is supported by two Detective Inspectors, working alongside the Rape and Serious Sexual Offences South and North London CPS teams, who will embed this new process and facilitate quality submissions, discussions and outcomes. Early Advice is endorsed nationally and academic evidence (from Operation Bluestone) supports the use of early advice, to set clear direction and parameters, such as, reasonable lines of enquiries, disclosure, third party material and digital evidence.

Recognising the lasting trauma that crime can place on victims, the Met worked to minimise the negative impact by supporting victims' voice through the Criminal Justice process. The Met volunteered as a pilot site for Operation Soteria (an ambitious national programme of work to transform how the CPS and police handle rape investigations and prosecutions, centring on the conduct of the suspect as opposed to the victim). The Met trialled a Victim Needs Assessment on North West BCU and are in the process of amending it based on the feedback received.

Managing offenders
The Met have made provisions for better management and monitoring the risk of known offenders to alleviate the risk of their reoffending. The Met transitioned the Integrated Offender Management (IOM) cohort to focus on violent and persistent offenders as IOM policy, with multi-agency participation. The proactive work to reduce the number of wanted offenders has achieved some good impact and the number of wanted offenders has decreased 15 per cent to 13,918 in February 2022, its lowest level for years.

4. Seize the opportunities of data and digital tech to become a world leader in policing

Digital forensics capability

In 2021/22, the Met approved a £11 million investment package to develop digital forensics capability. Over the next three years, new technology and specialist resources will be rolled out to help officers with the digital aspects of their investigations and improve evidence finding. The Met already rolled out self-service digital kiosks across BCUs for officers to extract information from digital devices locally and more effectively. The Met also recruited Digital Forensic Assistants to support frontline officers with specialist advice and the extraction of information from digital devices.

In November 2021, the Met implemented Image Retrieval Units (IRU) in each Specialist Crime hub to conduct CCTV recovery across London, supporting investigations linked to homicide, shootings and other serious violence. Initial results from the new IRUs have been outstanding, recovering CCTV evidence faster to progress investigations for homicide, shootings and serious assault, enabling investigations to reach the charging threshold.

Supporting victims

After successful testing, the Met activated Axon Citizen on evidence.com. This technological development will transform the interactions with witnesses of crimes: it allows victims or witnesses to quickly and securely share their mobile phone or CCTV evidence with police, direct onto evidence.com. Individuals do not need to hand over their phone or to download CCTV. The victim or witness will be sent an email or text message link and they can upload their photographs or videos to this link, which when submitted, drops straight back into the Met system and can be managed in exactly the same way as Body Worn Video. This will increase the capability to obtain higher-quality evidence, when investigating crime, assisting in identifying and prosecuting offenders whilst simultaneously providing officers with less bureaucracy. It will limit the impact on potential witnesses, both at the evidence retrieval stage, but also by potentially reducing the need for them to give evidence in court, as in some cases the sheer weight and strength of the evidence gathered will lead to earlier guilty pleas.

Online and Cyber capabilities

The Met enhanced online capabilities to prevent and detect crime, with the evolving and growing threat of cyber criminality. With Home Office funding, the Met expanded Project Alpha Social Media Hub to support investigations via effective internet intelligence and to address the threat, risk and harm generated by the online activity of gangs. The Hub collaborates with social media platforms to remove online gang content in order to prevent serious youth violence. In December 2021, the Met increased the size of the Dark Web team to raise capability to identify cyber dependant actors. In June 2021, the Met conducted the largest recorded UK seizure of cryptocurrency (£114m in a single seizure). In addition, under the Cyber Protect/Prepare strand they launched the Community Watch Project, which delivers cyber and fraud prevention (for example, around phishing emails purporting to be from the NHS regarding Covid-19 vaccine passports). Prevention advice was sent to all 700,000 neighbourhood watch co-ordinators for national outreach estimated to be 15 million.

5. Care for each other, work as a team and be an attractive place to work

Growing the Met

The police officer strength is now the largest it has ever been in the Met’s history - meaning thousands of extra officers are now dedicated to serving London's many communities. At the end of March, the Met reached its highest ever total number of officers with a head-count of 34,084 officers. The Met will continue to expand further throughout 2022 to 2023 as part of the Policing Uplift Programme - from government funding - and Mayoral investment. The Met wants to grow further to 36,500 officers by March 2023 and, taking into account the number of people who will retire and leave, the planned overall recruitment will be close to 4,000 - double the number of officers normally recruited in a year. In order to increase the number and diversity of applications from across London’s diverse communities, the Met implemented its Outreach Attraction Team in

September 2021. The twelve teams, working across all BCUs, with over 60 police officers and police staff have held more than 200 Big Events (four day events) since September 2021 to April 2022. These events led to subsequent applications with 55 per cent from a minority ethnic background (23 per cent Black applicants) and 46 per cent female applicants. The support of the Attraction Community Reference Group, has enabled external partners and key community influencers, the opportunity to work collaboratively with the Outreach Attraction Team in supporting this ongoing recruitment drive, and further increase the numbers applying to join the Met.

As part of the focus on the wellbeing of the Met's people, they ran thematic communication campaigns, raising awareness of the substantial wellbeing offer. The Met rolled-out a new muscular skeletal treatment service to support the workforce. This condition is the second highest reason for absence in the Met and the expectation is that early intervention and advice on managing the condition (plus subsequent treatment from physiotherapists) to help drive down absence and increase resource availability. The Met launched a new fast track physio service to reduce sickness abstractions, as well as a pilot to provide peer-to-peer support to officers and staff dealing with a traumatic event.

Supporting progression and retention
To support diversity in career progression and retention, the Met have implemented a number of changes to enhance the organisation as an attractive place to work. The Met have deployed Career Development Officers, who will work in partnership with the local team leaders to encourage quality career development conversations for all officers and staff, with a tailored response for under-represented groups. The Met also implemented a revised police officer recruitment process that is quicker and provides additional candidate engagement through a new candidate portal and improved communications. Human Resources are also in the process of designing programmes to support Black constables and under-represented Sergeants and Inspectors.

Improving the working environment
The Met completed the refurbishment on several police stations such as Kingston, Colindale, Acton, Stoke Newington, Croydon and Brixton police stations as well as building a new Forensics Management Team Suite. The Met's estate programme helps meet the uplift in police officers across a reduced estate footprint, whilst providing officers and staff a working environment that is fit for purpose, modern and welcoming.

6. Learn from experience, and from others and constantly strive to improve

Inclusion, Diversity and Engagement
In September 2021, the Met published our new Strategy for Inclusion, Diversity and Engagement (STRIDE). Over many months, meaningful consultation and engagement took place with over 100 meetings, forums and one to one consultations with external partners and stakeholders, helped to strengthen and target the right actions. As part of the new strategy:

- The Met operate Ride Along schemes across London, so members of the public can accompany and engage officers on duty dealing with the demands of policing.
- The Met increased investment in the Outreach Recruitment Programme.
- The Met set up the Community Impact Task for new recruits to gain more insight into the history and culture of local groups of the areas they will be posted in. Completion of the Community Impact Task is at 98 per cent, over 1,000 officers (both detective and uniform).
- The Met recruited for BCU-based Policing Encounter Panels, to support better transparency and good practice in the police use of force. Once implemented the Met will carry out monthly reviews, monitor best practices and share organisational learning.

Improving training
The first Degree Holder Entry Programme (DHEP) uniform recruits who joined the Met in the new recruitment programme officially arrived on their new BCUs in August 2021. They spent their first eight weeks completing a 'street duties' course where they were coached and supported by a team of dedicated tutor constables to achieve Independent Patrol Status. This was followed by a series

of structured operational rotations enabling all recruits to build competence, confidence and actively contribute to local BCU priorities.

More widely, the Met implemented a new eight-day initial recruit Public and Personal Safety Training programme to positively feedback from officers on how the learning can be put into practical use, from de-escalation techniques to best practice for emergency services and medical staff in dealing with people experiencing mental health crisis. Procedural justice is a continuous thread that is woven throughout the course and forms part of the learning objectives.

The Met trained officers across the Met on how to use the decision-making framework THRIVE+ (Threat – Harm – Risk – Investigation: Vulnerability), to assess situations and improving management of risk. As the description of vulnerability has broadened, it has increased the frequency that frontline police are encountering vulnerable people. THRIVE+ training will enable officers and staff to spot the early signs of those at risk or who are more vulnerable to victimisation or harm, and better address their needs.

Research
The Met's Research Faculty progressed the co-ordination of research and evaluation with the Strategic Insight Unit, Forensics team and MOPAC. The Met supported over a dozen research projects, including a Public Health Youth Violence Reduction intervention. The Met's Ethics Committee considered a number of complex research propositions. The faculty has in the year 2021/22 financially supported 34 undergraduate and 77 postgraduate degree students in a wide range of themes, from violence reduction, crime prevention, criminal justice, community engagement and counter-terrorism.

7. Be recognised as a responsible, exemplary and ethical organisation

Rebuilding trust
In October 2021, following the sentencing of a Met officer for the murder of Sarah Everard and a number of other high profile cases, which brought into question issues of standard, values and culture within the police, the Met published it's first Rebuilding Trust Delivery Plan. The plan set out the immediate priorities to rebuild trust in the Met. This plan was then updated in December 2021. Since October 2021, the Met have made significant progress including:

- Initiating a root and branch review of the Parliamentary and Diplomatic Protection command
- Completing an urgent review of current and historic allegations of sexual misconduct and domestic abuse within the Met
- Launching Operation Signa – an internal programme led by the Met's Network of Women to encourage and support officers and staff in challenging sexist and other inappropriate behaviours.
- Setting up an internal communications campaign – 'Not in my Met' to reinforce the role that everyone in the Met has to challenge and act on inappropriate behaviour and concerns.

The Met made an immediate investment of additional officers and staff into their Directorate of Professional Standards (DPS) to increase capacity to prevent and identify the abuse of trust by officers or staff members. As part of this investment, in January 2022 they created a new dedicated team focused on the investigation of allegations of sexual misconduct and domestic abuse (the DASO team). This team is already making an impact and has improved the Met's immediate response in the short time the team has been up and running. Similarly, the Met also established the new Complaints Resolution Unit in DPS, to resolve public complaints early with 84 per cent of complaints currently being resolved successfully outside of the investigation process.

The Met also commissioned Baroness Casey of Blackstock to undertake a wide-ranging independent review into the standards of behaviour and culture of the Met. Baroness Casey's review is expected to report during 2022/23.

Increasing diversity in the Met
The Met is more diverse than it has ever been. 16.4 per cent of the Met's police officers - 5,508 - are of Black, Asian or mixed ethnic heritage, more than half of all BAME police officers in England and Wales, and 29.7 per cent of the Met's officers - 9,956 - are women. Hundreds of officers belong to faiths ranging from Christian, Buddhist, Muslim, Sikh and Jewish, and almost 1,000 officers have currently self-declared as Gay/Lesbian, Bisexual, Intersex, Transgender or Transsexual. More than 500 officers and staff have declared they have a disability. Much however remains to be done to fully reflect the diversity of the people they serve. The Met launched a new recruitment campaign 'Now More Than Ever', showcasing stories of Black, Asian and mixed ethnic heritage officers in order to increase applications from these communities. The launch of the campaign coincided with the opening of our Degree Holder Entry Programme for recruiting both uniform and detective constables.

The Met worked to showcase how policing can be an attractive career choice for all Londoners. We developed the 'Lead On' programme, working with the Met Black Police Association, Association of Muslim Police and others, to support officers and staff from under-represented ethnic groups. This is aimed at Sergeants, Inspectors and police staff equivalent grades. In addition, the Met have worked with the LGBT+ Staff Support Association to extend access to the Career Development Service for LGBT+ colleagues. The Met continued to drive through measurable improvements for our colleagues with a disability through the work of the Disability Steering Group with the Disability Staff Association, including progressing on the path to becoming a Level 3 Disability Confident Employer.

Anchor institution
The Met worked with the Greater London Authority and MOPAC to scope the wider societal contribution supporting the Mayor's ambitions for London's Anchor Institution Network. The aim of the network is to help boost London's recovery from the pandemic and enable all of London's communities to thrive. The Met reviewed commercial spend to identify opportunities to benefit London-based businesses and have set stretch ambitions to increase targeted spend with London based businesses for the next three years. In support of this, the Met are working with partners to analyse data on businesses owned by Black, Asian and mixed ethnic heritage communities to identify more effective ways to attract interest and direct spend to these businesses. The Met are also actively supporting the Anchor Institution ambitions to: mentor young people, recruit, retain, promote and upskill people from underrepresented backgrounds and speed up London's progress to net zero by 2030. By March 2022, the Met had contributed over £750,000 for investment in community-based organisations, through its procurement process and work with Givewith, a social value impact organisation. Amongst others, the Met supported Redthread - which helps young people break the cycle of violence by embedding specialist, trauma-informed youth workers in hospital Accident and Emergency departments – and Independent Paths, who provide support to adults with learning disabilities to find work. Similarly, the Met launched Met Futures, a Corporate Services Internship Programme in partnership with the EY Foundation to support London's young people with their future careers. The Met welcomed 20 young people to a paid, three-week work experience scheme and mentoring programme. It included employability skills training, a work experience placement with participants benefiting from ten months of mentoring. The scheme supported 16-17 year olds from diverse backgrounds to get a head start in their careers learning new skills such as, CV writing and interviewing whilst also gaining a leadership qualification accredited by the Institute of Leadership and Management. Young people who went through the programme not only gained new skills but their involvement positively changed their perceptions and opinions on the police service overall.

The Balance Sheet

The net worth of MOPAC and the MOPAC Group (excluding the cost of Police Officer pensions liabilities which are subject to a separate funding arrangement agreed year on year with the Home Office) increased by £100 million (from £1,932 million to £2,032 million) during 2021/22. MOPAC considers that the Balance Sheet remains 'robust' as evidenced by earmarked reserves and the General Reserves maintained at prudent levels.

Reserves

MOPAC's policy is to have a General Reserve of at least 1.5% of net revenue expenditure. The General Reserve has reduced from £58.8m at 1 April 2021 to £46.6m at the end of March 2022, with £12.2m being transferred to MOPAC earmarked reserves to provide budget resilience. The General Reserve balance represents 1.6% of the outturn Net Revenue Expenditure (NRE).

MOPAC is required to publish a Reserves Strategy and the latest published version stated the General Reserves should be maintained at a level of not higher than 5% of NRE. The year end balance of £46.6m is therefore within the current Reserves Strategy.

MOPAC also hold Earmarked reserves, the balance of which was £529.3 million as at 31 March 2022. Earmarked reserves are being held for specific purposes, including facilitating the transformation programme, managing one-off impacts against the medium-term budget, and statutorily ring-fenced accounts (such as the Proceeds of Crime Act income).

Pensions

The Police Officer Pension Liability and Police Officer Pension Reserve, which are disclosed on the Group Balance Sheet, reflect the cost of paying police officers in the future to the extent they had earned entitlement to pension benefits for periods up to and including 2021/22 in line with IAS 19. Police pension costs are recognised in the Commissioner of Police of the Metropolis CIES in the first instance along with other employee costs but are ultimately funded by MOPAC. Recognition of the total liability has a substantial impact on the net worth of the MOPAC Group. The fund valuation shows an increase in liabilities due in the main to the change in actuarial assumptions used to calculate the pensions liability. Pension contributions of 31% of pensionable pay are made to finance the liability, with the actual pensions and commuted lump sums being met directly by the Police Pension Fund Revenue Account. The shortfall on the pension fund between contributions and other income receivable and benefits payable was met by the Home Office in 2022/23.

Outlook for 2022/23

The 2022/23 gross revenue budget has been set at £4,269.3 million, an increase of £214.8 million from the revised 2021/22 budgeted figure of £4,054.5 million. The budget is funded by a general government grant of £2,278.4 million, retained business rates of £65.4 million and council tax of £849.5 million. Additionally, MOPAC is budgeting to receive £655.7 million in specific grants, and is planning to draw down £124.0 million from reserves. More detail can be found in the Mayor's budget for 2022/23 (https://www.london.gov.uk/sites/default/files/final_budget_2022-23.pdf).

The MOPAC five-year capital spending plan totals approximately £1.5 billion, across transformation and other activities such as property lifecycle works, vehicle fleet, Core IT infrastructure and National Counter Terrorism Policing Headquarters. Capital expenditure of £395.6 million is planned for 2022/23. This expenditure will continue to focus on transforming the MPS estate, IT core infrastructure and transforming investigation and prosecution. As well as improving operational effectiveness, this investment will be required to deliver planned future revenue savings and meet the needs of larger force given planned increase in officer numbers. Capital expenditure will be financed through a combination of receipts, grants and borrowing.

The MOPAC budget contains around £62.7 million for Commissioning works. These are delivered via the Criminal Justice and Commissioning teams and the Violence Reduction Unit. More detail can be found in the Mayor's Capital Spending Plan for 2022/23 (https://www.london.gov.uk/sites/default/files/mayor_capital_spending_plan_2022-23.pdf).

The Statement of Accounts

The 2021/22 MOPAC Group Statement of Accounts is prepared in accordance with the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting 2021/22.

The Accounts reflect the current legislative framework as well as the local arrangements operating in practice. Key elements of this framework include:

- The Police Reform and Social Responsibility Act 2011 (the Act);
- The Home Office Financial Management Code of Practice for the Police Forces of England and Wales 2018;
- MOPAC Scheme of Consent and Delegation;
- MOPAC Financial Regulations;
- MOPAC Contract Regulations.

Under the legislative framework and local arrangements, MOPAC is responsible for the finances of the whole Group and controls the assets, liabilities and reserves. MOPAC has responsibility for entering into contracts and establishing the contractual framework under which the Commissioner's officers and staff operate. MOPAC receives all income and funding and makes all the payments for the Group from the MOPAC Police Fund.

In turn the Commissioner fulfils their statutory responsibilities for delivering an efficient and effective police force within an annual budget, which is set by the Mayor in consultation with the Commissioner. The Commissioner ultimately has a statutory responsibility for maintaining the Queen's peace and to do this has direction and control over their police officers and police staff. It is recognised that in exercising day-to-day direction and control the Commissioner will undertake activities, incur expenditure and generate income to allow the police service to operate effectively.

It is appropriate that a distinction is made between the financial impact of this day-to-day direction and control of the force and the overarching strategic control exercised by the DMPC. Therefore the expenditure in respect of operational policing, police officer and staff costs is shown in the CPM Accounts, with the main sources of funding (i.e. central government grants and Council Tax) and the vast majority of balances being recognised in the MOPAC Accounts. The MOPAC Group Accounts shows the overall cost of policing London and includes both the cost of administering MOPAC and MOPAC expenditure on community safety and crime prevention and the Commissioner's expenditure on operational policing.

The accounting arrangements between MOPAC and the CPM are detailed more fully in Note 6 to the Accounts on page 25.

Accounting Changes for 2021/22

There were no changes in the CIPFA Code 2021/22 which materially affected the MOPAC Statement of Accounts.

Annual Governance Statement

The Accounts and Audit Regulations 2015 require that the Annual Governance Statement (AGS) accompanies the Statement of Accounts. MOPAC has elected to publish the AGS as a separate document to the Statement of Accounts. The AGS is a statutory document which explains the governance processes and procedures in place to enable MOPAC to carry out its functions effectively. The AGS highlights MOPAC's and the CPM's internal control environment, comments on its effectiveness and identifies issues for future work. The CPM also publishes an Annual Governance Statement focusing on the risk management and internal control framework in the MPS. Reliance is placed on this in drawing up MOPAC's Annual Governance Statement.

Independent auditor's report to the Mayor's Office for Policing and Crime

To be completed in September after 2022 audit

Statement of responsibilities for the Accounts

Deputy Mayor's Responsibilities

The Deputy Mayor For Policing And Crime is required to:

- Make arrangements for the proper administration of the Mayor's Office for Policing And Crime's financial affairs and to secure that one of its officers (Chief Financial Officer) has responsibility for the administration of those affairs;
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- Approve the Statement of Accounts.

Chief Financial Officer's Responsibilities

The Chief Financial Officer of MOPAC is responsible for the preparation of the Statement of Accounts for MOPAC in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom ('the Code').

In preparing this Statement of Accounts, MOPAC has:

- Selected suitable accounting policies and then applied them consistently;
- Made judgements and estimates that were reasonable and prudent;
- Complied with the Code;
- Kept proper accounting records which were up to date; and
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

I certify that the Statement of Accounts gives a true and fair view of the financial position of MOPAC and MOPAC Group at the accounting date and of the income and expenditure for the year ended 31 March 2022.

Signed
Lisa Kitto FCCA
Interim Chief Financial Officer
Dated: 30 June 2022

MOPAC Group Comprehensive Income and Expenditure Statement (CIES) for 2021/22

£000	Notes	Year ending 31 March 2022 Gross expenditure	Year ending 31 March 2022 Income	Year ending 31 March 2022 Net expenditure	Year ending 31 March 2021 Gross expenditure	Year ending 31 March 2021 Income	Year ending 31 March 2021 Net expenditure
Frontline Policing		1,696,732	(51,275)	**1,645,457**	1,818,566	(59,619)	**1,758,947**
Specialist Operations		586,411	(545,457)	**40,954**	602,168	(528,309)	**73,859**
Met Operations		1,082,839	(205,039)	**877,800**	1,132,983	(200,065)	**932,918**
Professionalism		146,523	(16,596)	**129,927**	144,407	(13,955)	**130,452**
Corporate Services		394,151	(52,776)	**341,375**	390,179	(42,452)	**347,727**
Digital Policing		214,545	(10,425)	**204,120**	214,627	(7,142)	**207,485**
Centrally Held		64,933	(113,738)	**(48,805)**	56,504	(161,007)	**(104,503)**
MOPAC		107,025	(43,695)	**63,330**	85,847	(31,510)	**54,337**
Cost of services	1.1	**4,293,159**	**(1,039,001)**	**3,254,158**	4,445,281	(1,044,059)	3,401,222
Other operating expenditure							
Net (gains)/losses on disposal of non-current assets	13.1			**(15,971)**			**4,703**
Financing and investment							
Interest payable and similar charges	11			**22,968**			**22,708**
Interest on Police Officer Pension Defined Benefit Liability	6.2 12.1			**825,800**			**711,100**
Interest and investment income				**(1,275)**			**(1,307)**
Investment properties revaluation	16			**335**			**50**
Grants							
Non Specific Grants	14			**(2,984,998)**			**(2,944,256)**
Capital grants	14.1			**(60,199)**			**(34,787)**
Deficit on provision of services				**1,040,818**			**1,159,433**
Other comprehensive income and expenditure							
(Surplus) on revaluation of non-current assets				**(107,670)**			**(13,586)**
Re-measurements of the defined benefit liability	6.2 12.1			**(2,908,100)**			**9,108,900**
Other comprehensive income and expenditure				**(3,015,770)**			**9,095,314**
Total comprehensive income and expenditure				**(1,974,952)**			**10,254,747**

The statement above shows the accounting cost for the period 1 April 2021 to 31 March 2022 (with prior year as a comparative year) of providing services for the Group, in accordance with generally accepted accounting practices, in addition to the amount of funding by way of grant income.

MOPAC Comprehensive Income and Expenditure Statement (CIES) for 2021/22

£000	Notes	Year ending 31 March 2022 Gross expenditure	Year ending 31 March 2022 Income	Year ending 31 March 2022 Net expenditure	Year ending 31 March 2021 Gross expenditure	Year ending 31 March 2021 Income	Year ending 31 March 2021 Net
Intra-group funding -policing		4,172,271	(995,306)	**3,176,965**	4,283,600	(1,012,549)	3,271,051
Other		107,025	(43,695)	**63,330**	85,847	(31,510)	54,337
Revaluation loss (gain to reverse previous losses) not charged to CPM		13,863	0	**13,863**	75,834	0	75,834
Cost of services	1.2	**4,293,159**	**(1,039,001)**	**3,254,158**	**4,445,281**	**(1,044,059)**	**3,401,222**
Other operating expenditure							
Net losses on disposal of non-current assets	13.1			**(15,971)**			**4,703**
Interest on Police Officer Pension Defined Benefit Liability - intra-group funding	6.2, 12.1			**825,800**			**711,100**
Re-measurements of the defined benefit liability - intra-group funding	6.2, 12.1			**(2,908,100)**			**9,108,900**
Financing and investment							
Interest payable and similar charges	11			**22,968**			**22,708**
Interest and investment income				**(1,275)**			**(1,307)**
Investment properties revaluation	16			**335**			**50**
Grants							
Non Specific Grants	14			**(2,984,998)**			**(2,944,256)**
Capital grants	14.1			**(60,199)**			**(34,787)**
(Surplus) or Deficit on provision of services				**(1,867,282)**			**10,268,333**
Other income and expenditure							
(Surplus)/deficit on revaluation of non current assets				**(107,670)**			**(13,586)**
Total comprehensive income and expenditure				**(1,974,952)**			**10,254,747**

The statement above shows the accounting cost for the period 1 April 2021 to 31 March 2022 (with prior year as a comparative year) of providing services in accordance with generally accepted accounting practices for MOPAC, in addition to the amount of funding by way of grant income. The consolidated accounting cost and funding for the MOPAC Group to 31 March 2021 is shown on the page before.

MOPAC Group Movement in Reserves Statement (MIRS) for the year ended 31 March 2022

£000	General Reserves Balance	Earmarked revenue reserves	Total General and Earmarked reserves	Capital receipts reserve	Other useable capital reserves	Total usable reserves	Unusable reserves	Total group reserves
At 31 March 2021	**(58,806)**	**(513,615)**	**(572,421)**	**0**	**(4,755)**	**(577,176)**	**39,766,564**	**39,189,388**
Movement in reserves during 2021/22								
Total comprehensive income and expenditure	**1,040,818**	**0**	**1,040,818**	**0**	**0**	**1,040,818**	(3,015,770)	**(1,974,952)**
Adjustments between accounting basis & funding basis under regulations (note 29)	(1,044,320)	0	**(1,044,320)**	0	2,286	**(1,042,034)**	1,042,034	**0**
Net (increase) / decrease before transfers to earmarked reserves	**(3,502)**	**0**	**(3,502)**	**0**	**2,286**	**(1,216)**	**(1,973,736)**	**(1,974,952)**
Transfers (to) / from earmarked reserves (note 28.3)	15,732	(15,732)	0	0	0	**0**	0	**0**
(Increase) / decrease in year	**12,230**	**(15,732)**	**(3,502)**	**0**	**2,286**	**(1,216)**	**(1,973,736)**	**(1,974,952)**
Balance at 31 March 2022	**(46,576)**	**(529,347)**	**(575,923)**	**0**	**(2,469)**	**(578,392)**	**37,792,828**	**37,214,436**

This statement shows the movement in the year to 31 March 2022 on the different reserves held by the Group, analysed into usable reserves and unusable reserves. MOPAC is required to show the movement of resources on a statutory basis within the financial statements and adjustments are made to convert from an accounting basis to a statutory funding basis. The 'Net (Increase)/Decrease Before Transfers to Earmarked Reserves' line shows the statutory General Reserves Balance after the adjustments (above), before any discretionary transfers to or from Earmarked Reserves are undertaken by the Group.

MOPAC Movement in Reserves Statement (MIRS) for the year ended 31 March 2022

£000	General Reserves Balance	Earmarked revenue reserves	Total General and Earmarked reserves	Capital receipts reserve	Other useable capital reserves	Total usable reserves	Unusable reserves	Total group reserves
At 31 March 2021	**(58,806)**	**(513,615)**	**(572,421)**	**0**	**(4,755)**	**(577,176)**	**39,766,564**	**39,189,388**
Movement in reserves during 2021/22								
Total comprehensive income and expenditure	**(1,867,282)**	**0**	**(1,867,282)**	**0**	**0**	**(1,867,282)**	(107,670)	**(1,974,952)**
Adjustments between accounting basis & funding basis under regulations (note 29)	1,863,780	0	**1,863,780**	0	2,286	**1,866,066**	(1,866,066)	**0**
Net (increase) / decrease before transfers to earmarked reserves	**(3,502)**	**0**	**(3,502)**	**0**	**2,286**	(1,216)	**(1,973,736)**	**(1,974,952)**
Transfers (to) / from earmarked reserves (note 28.3)	15,732	(15,732)	0	0	0	**0**	0	**0**
(Increase) / decrease in year	**12,230**	**(15,732)**	**(3,502)**	**0**	**2,286**	**(1,216)**	**(1,973,736)**	**(1,974,952)**
Balance at 31 March 2022	**(46,576)**	**(529,347)**	**(575,923)**	**0**	**(2,469)**	**(578,392)**	**37,792,828**	**37,214,436**

This statement shows the movement in the year to 31 March 2022 on the different reserves held by MOPAC, analysed into usable reserves and unusable reserves. MOPAC is required to show the movement of resources on a statutory basis within the financial statements and adjustments are made to convert from an accounting basis to a statutory funding basis (note 29). The 'Net (Increase)/Decrease Before Transfers to Earmarked Reserves' line shows the statutory General Reserves Balance after the adjustments (above), before any discretionary transfers to or from Earmarked Reserves are undertaken by MOPAC.

MOPAC Group Movement in Reserves Statement (MIRS) for the year ended 31 March 2021

£000	General Reserves Balance	Earmarked revenue reserves	Total General and Earmarked reserves	Capital receipts reserve	Other useable capital reserves	Total usable reserves	Unusable reserves	Total group reserves
At 31 March 2020	**(63,576)**	**(375,355)**	**(438,931)**	**0**	**(4,755)**	**(443,686)**	**29,374,062**	**28,930,376**
Movement in reserves during 2020/21								
Total comprehensive income and expenditure	**1,159,433**	**0**	**1,159,433**	**0**	**0**	**1,159,433**	9,095,314	**10,254,747**
Adjustments between accounting basis & funding basis under regulations (note 29)	(1,292,923)	0	**(1,292,923)**	0	0	**(1,292,923)**	1,297,188	**4,265**
Net (increase) / decrease before transfers to earmarked reserves	**(133,490)**	**0**	**(133,490)**	**0**	**0**	**(133,490)**	**10,392,502**	**10,259,012**
Transfers (to) / from earmarked reserves (note 28.3)	138,260	(138,260)	0	0	0	**0**	0	**0**
(Increase) / decrease in year	**4,770**	**(138,260)**	**(133,490)**	**0**	**0**	**(133,490)**	**10,392,502**	**10,259,012**
Balance at 31 March 2021	**(58,806)**	**(513,615)**	**(572,421)**	**0**	**(4,755)**	**(577,176)**	**39,766,564**	**39,189,388**

This statement shows the movement in the year to 31 March 2021 on the different reserves held by the Group, analysed into usable reserves and unusable reserves. MOPAC is required to show the movement of resources on a statutory basis within the financial statements and adjustments are made to convert from an accounting basis to a statutory funding basis. The 'Net (Increase)/Decrease Before Transfers to Earmarked Reserves' line shows the statutory General Reserves Balance after the adjustments (above), before any discretionary transfers to or from Earmarked Reserves are undertaken by the Group.

MOPAC Movement in Reserves Statement (MIRS) for the year ended 31 March 2021

£000	General Reserves Balance	Earmarked revenue reserves	Total General and Earmarked reserves	Capital receipts reserve	Other useable capital reserves	Total usable reserves	Unusable reserves	Total group reserves
At 31 March 2020	**(63,576)**	**(375,355)**	**(438,931)**	**0**	**(4,755)**	**(443,686)**	**29,374,062**	**28,930,376**
Movement in reserves during 2020/21								
Total comprehensive income and expenditure	**10,268,333**		**10,268,333**	**0**	**0**	**10,268,333**	(13,586)	**10,254,747**
Adjustments between accounting basis & funding basis under regulations (note 29)	(10,401,823)		**(10,401,823)**	0	0	**(10,401,823)**	10,406,088	**4,265**
Net (increase) / decrease before transfers to earmarked reserves	**(133,490)**	**0**	**(133,490)**	**0**	**0**	(133,490)	**10,392,502**	**10,259,012**
Transfers (to) / from earmarked reserves (note 28.3)	138,260	(138,260)	0	0	0	**0**	0	**0**
(Increase) / decrease in year	**4,770**	**(138,260)**	**(133,490)**	**0**	**0**	**(133,490)**	**10,392,502**	**10,259,012**
Balance at 31 March 2021	**(58,806)**	**(513,615)**	**(572,421)**	**0**	**(4,755)**	**(577,176)**	**39,766,564**	**39,189,388**

This statement shows the movement in the year to 31 March 2021 on the different reserves held by MOPAC, analysed into usable reserves and unusable reserves. MOPAC is required to show the movement of resources on a statutory basis within the financial statements and adjustments are made to convert from an accounting basis to a statutory funding basis (note 29). The 'Net (Increase)/Decrease Before Transfers to Earmarked Reserves' line shows the statutory General Reserves Balance after the adjustments (above), before any discretionary transfers to or from Earmarked Reserves are undertaken by MOPAC.

MOPAC Group Balance Sheet

£000	Notes	31 March 2022	31 March 2021
Non current assets			
Property, plant and equipment	16	2,582,247	2,514,085
Heritage assets	16	1,308	1,310
Investment properties	16	6,090	6,425
Intangible assets	16	68	1,412
Total non current assets		**2,589,713**	**2,523,232**
Long Term Investments		0	6,534
Long term debtors	17	8,750	17,500
Total long term assets		**2,598,463**	**2,547,266**
Current assets			
Assets held for sale	18	80,868	8,095
Inventories		2,539	3,174
Short term debtors	19	341,128	271,279
Short term investments	20	565	23,112
Cash & cash equivalents	21	9,494	20,489
Total current assets		**434,594**	**326,149**
Current liabilities			
Short term creditors	22	(609,618)	(537,794)
Short term borrowing	23	(9,972)	(10,369)
Provisions	25.1	(19,554)	(19,314)
Total current liabilities		**(639,144)**	**(567,477)**
Long term liabilities			
Provisions	25.2	(17,006)	(21,353)
Long term borrowing	26	(286,150)	(287,750)
Capital grants receipts in advance		(4,553)	(4,553)
Long term contractor liability	27	(54,440)	(60,670)
Police officer pension liability	6.2	(39,246,200)	(41,121,000)
Total long term liabilities		**(39,608,349)**	**(41,495,326)**
Net assets/(liabilities)		**(37,214,436)**	**(39,189,388)**
Financed by:			
Unusable Reserves	28.1	(37,792,828)	(39,766,564)
Usable reserves	28.2-3	578,392	577,176
Total reserves		**(37,214,436)**	**(39,189,388)**

The Balance Sheet shows the value as at 31 March 2022 (with prior year as a comparative year) of the assets and liabilities recognised by the Group. The net liabilities of the Group (assets less liabilities) are matched by the reserves held by the Group.

MOPAC Balance Sheet

£000	Notes	31 March 2022	31 March 2021
Non current assets			
Property, plant and equipment	16	2,582,247	2,514,085
Heritage assets	16	1,308	1,310
Investment properties	16	6,090	6,425
Intangible assets	16	68	1,412
Total non current assets		**2,589,713**	**2,523,232**
Long Term Investments		0	6,534
Long term debtors	17	8,750	17,500
Total long term assets		**2,598,463**	**2,547,266**
Current assets			
Assets held for sale	18	80,868	8,095
Inventories		2,539	3,174
Short term debtors	19	341,128	271,279
Short term investments	20	565	23,112
Cash & cash equivalents	21	9,494	20,489
Total current assets		**434,594**	**326,149**
Current liabilities			
Short term creditors	22	(396,088)	(330,199)
Short term borrowing	23	(9,972)	(10,369)
Provisions	25.1	(19,554)	(19,314)
Intra-group Creditor	6.2	(213,530)	(207,595)
Total current liabilities		**(639,144)**	**(567,477)**
Long term liabilities			
Provisions	25.2	(17,006)	(21,353)
Long term borrowing	26	(286,150)	(287,750)
Capital grants receipts in advance		(4,553)	(4,553)
Long term contractor liability	27	(54,440)	(60,670)
Police officer pension liability - Intra-group liability	6.2	(39,246,200)	(41,121,000)
Total long term liabilities		**(39,608,349)**	**(41,495,326)**
Net assets/(liabilities)		**(37,214,436)**	**(39,189,388)**
Financed by:			
Unusable Reserves	28.1	(37,792,828)	(39,766,564)
Usable reserves	28.2-3	578,392	577,176
Total reserves		**(37,214,436)**	**(39,189,388)**

The Balance Sheet shows the value as at 31 March 2022 (with prior year as a comparative year) of the assets and liabilities recognised by MOPAC. The net liabilities of MOPAC (assets less liabilities) are matched by the reserves held by MOPAC.

MOPAC Group and MOPAC Cash Flow Statement

£000	Notes	Year ending 31 March 2022-Group	Year ending 31 March 2021-Group	Year ending 31 March 2022-MOPAC	Year ending 31 March 2021-MOPAC
Net (surplus) or deficit on the provision of services		1,040,818	1,159,433	(1,867,282)	10,268,333
Adjustments to net (surplus)or deficit on the provision of services for non-cash movements	30.2	(1,248,506)	(1,527,800)	1,659,594	(10,636,700)
Adjustments for items in the net (surplus) or deficit on the provision of services that are investing or financing activities	30.3	115,474	110,048	115,474	110,048
Net cash flows from operating activities		**(92,214)**	**(258,319)**	**(92,214)**	**(258,319)**
Investing activities	30.4	92,840	231,375	92,840	231,375
Financing activities	30.5	10,369	19,644	10,369	19,644
Net (increase)/decrease in cash and cash equivalents		**10,995**	**(7,300)**	**10,995**	**(7,300)**
Cash and cash equivalents at the beginning of the period		20,489	13,189	20,489	13,189
Cash and cash equivalents at the end of the period		**9,494**	**20,489**	**9,494**	**20,489**

The Cash Flow Statement shows the changes in cash and cash equivalents of the Group and MOPAC during the reporting period (with prior year as a comparative year). The statement shows how the Group generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities.

The amount of net cash flows arising from operating activities is a key indicator of the way the Group has managed its cash outflows against the monies received by way of grant income and from the recipients of services provided by the Group.

Investing activities shows how the Group has made best use of its resources which are intended to contribute to the Group's future service delivery. Cash flows arising from financing activities consist of short and long term borrowing in addition to repayment of PFI and finance lease liabilities and other payments for financing activities and are useful in predicting claims on future cash flows by providers of capital (e.g. borrowing) to the Group.

Notes to the Financial Statements for the Mayor's Office For Policing And Crime and the MOPAC Group

This set of notes represents the consolidated notes for the Statement of Accounts for 2021/22 as presented in the preceding pages 1 to 9.

1. Expenditure and Funding Analysis

1.1 Group expenditure and funding analysis

Group expenditure and funding analysis 2021/22 £000	As reported for resource management	Adjustments to arrive at the amount chargeable to the General Reserves balance Note 1	Net Expenditure chargeable to the General Reserves balance	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
Frontline policing	1,408,793	2,954	1,411,747	233,710	1,645,457
Specialist operations	(4,863)	3,162	(1,701)	42,655	40,954
Met operations	798,834	(3,718)	795,116	82,684	877,800
Professionalism	118,768	(2,904)	115,864	14,063	129,927
Corporate services	374,713	(21,665)	353,048	(11,673)	341,375
Digital policing	226,360	(19,830)	206,530	(2,410)	204,120
Centrally held	14,226	1,643	15,869	(64,674)	(48,805)
MOPAC	48,167	15,163	63,330	0	63,330
Net cost of service	**2,984,998**	**(25,195)**	**2,959,803**	**294,355**	**3,254,158**
Other income and expenditure	(2,984,998)	21,693	(2,963,305)	749,965	(2,213,340)
Surplus or deficit on General Reserves	**0**	**(3,502)**	**(3,502)**	**1,044,320**	**1,040,818**
Opening General Reserves balance at 31 March 2021			(58,806)		
Surplus on General Reserves in year			(3,502)		
Transfers to/(from) Earmarked Reserve			15,732		
Closing General Reserves balance at 31 March 2022			**(46,576)**		

Adjustments between the funding and accounting basis **2021/22** **£000**	**Adjustments for capital purposes** **Note 2**	**Net change for the pensions adjustments** **Note 3**	**Other differences** **Note 4**	**Total Adjustments**
Frontline policing	91,668	137,120	4,922	233,710
Specialist operations	17,205	24,719	731	42,655
Met operations	45,766	36,628	290	82,684
Professionalism	6,990	6,945	128	14,063
Corporate services	(13,488)	1,930	(115)	(11,673)
Digital policing	(2,547)	158	(21)	(2,410)
Centrally held	(64,674)	0	0	(64,674)
MOPAC	0	0	0	0
Net cost of service	80,920	207,500	5,935	294,355
Other income and expenditure	(75,835)	825,800	0	749,965
Difference between General Reserves surplus or deficit and CIES surplus or deficit on the provision of services	5,085	1,033,300	5,935	1,044,320

Group expenditure and funding analysis 2020/21 £000	As reported for resource management	Adjustments to arrive at the amount chargeable to the General Reserves balance Note 1	Net Expenditure chargeable to the General Reserves balance	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
Frontline policing	1,364,130	(6,530)	1,357,600	401,347	1,758,947
Specialist operations	(4,883)	(731)	(5,614)	79,473	73,859
Met operations	785,921	900	786,821	146,097	932,918
Professionalism	104,985	3,324	108,309	22,143	130,452
Corporate services	388,912	(45,600)	343,312	4,415	347,727
Digital policing	222,254	(16,000)	206,254	1,231	207,485
Centrally held	9,045	(70,699)	(61,654)	(42,849)	(104,503)
MOPAC	78,662	(24,325)	54,337	0	54,337
Net cost of service	**2,949,026**	**(159,661)**	**2,789,365**	**611,857**	**3,401,222**
Other income and expenditure	(2,944,256)	21,401	(2,922,855)	681,066	(2,241,789)
Surplus or deficit on General Reserves	**4,770**	**(138,260)**	**(133,490)**	**1,292,923**	**1,159,433**
Opening General Reserves balance at 31 March 2020			(63,576)		
Surplus on General Reserves in year			(133,490)		
Transfers to/(from) Earmarked Reserve			138,260		
Closing General Reserves balance at 31 March 2021			**(58,806)**		

Adjustments between the funding and accounting basis **2020/21** **£000**	**Adjustments for capital purposes** **Note 2**	**Net change for the pensions adjustments** **Note 3**	**Other differences** **Note 4**	**Total Adjustments**
Frontline policing	124,187	229,166	47,994	401,347
Specialist operations	24,375	45,089	10,009	79,473
Met operations	63,771	64,789	17,537	146,097
Professionalism	9,027	10,449	2,667	22,143
Corporate services	38	3,032	1,345	4,415
Digital policing	801	275	155	1,231
Centrally held	(42,849)	0	0	(42,849)
MOPAC	0	0	0	0
Net cost of service	179,350	352,800	79,707	611,857
Other income and expenditure	(30,034)	711,100	0	681,066
Difference between General Reserves surplus or deficit and CIES surplus or deficit on the provision of services	149,316	1,063,900	79,707	1,292,923

The expenditure and funding analysis shows how annual expenditure is used and funded from resources by the Group in comparison with those resources consumed or earned by the Group in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the Group's departments. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

Note 1 - This column shows the adjustments required to arrive at the net amount chargeable to the General Reserves from the financial outturn reported as part of the Group's internal financial reporting arrangements. This includes adjustments for movements to and from reserves which are included against the cost of service and the removal of interest income and expenses from the net cost of service and reflection in other income and expenditure in line with generally accepted accounting practices.

Note 2 - Adjustments for capital purposes – this column adds depreciation in the services line and removes MRP and other revenue contributions to capital which are not chargeable under generally accepted accounting practices. In Other income and expenditure:

- Capital disposals are adjusted for with a transfer of the income received on disposal of assets and a charge for the amounts written off for those assets.
- Movements in the fair value of the investment properties are transferred back.
- Capital grants are transferred back as income shown under generally accepted accounting practices.

Note 3 - Net change for the pensions adjustments – this is the net change for the removal of pensions contributions made by the Group and the replacement with accounting entries under IAS 19.

Note 4 - Other differences – this column adds back the estimate for untaken annual leave at the end of the financial year in line with generally accepted accounting practices.

1.2 MOPAC expenditure and funding analysis

MOPAC expenditure and funding analysis 2021/22	**As reported for resource management**	**Adjustments to arrive at the amount chargeable to the General Reserves balance**	**Net Expenditure chargeable to the General Reserves balance**	**Adjustments between the Funding and Accounting Basis**	**Net Expenditure in the Comprehensive Income and Expenditure Statement**
		Note 1			
£000					
Intra-group funding policing	2,936,831	(54,221)	2,882,610	294,355	3,176,965
Other	48,167	15,163	63,330	0	63,330
Revaluation loss (gain to reverse previous losses) not charged to CPM	0	13,863	13,863	0	13,863
Net cost of service	**2,984,998**	**(25,195)**	**2,959,803**	**294,355**	**3,254,158**
Other income and expenditure	(2,984,998)	21,693	(2,963,305)	(2,158,135)	(5,121,440)
Surplus or deficit on General Reserves	0	(3,502)	(3,502)	(1,863,780)	(1,867,282)
Opening General Reserves balance at 31 March 2021			(58,806)		
Surplus on General Reserves in year			(3,502)		
Transfer to/from Earmarked reserves			15,732		
Closing General Reserves balance at 31 March 2022			(46,576)		

Adjustments between the funding and accounting basis 2021/22 £000	**Adjustments for capital purposes**	**Net change for the pensions adjustments**	**Other differences**	**Total Adjustments**
	Note 2	Note 3	Note 4	
Intra-group funding policing	80,920	207,500	5,935	294,355
MOPAC	0	0	0	0
Revaluation loss (gain to reverse previous losses) not charged to CPM	0	0	0	0
Net cost of service	80,920	207,500	5,935	294,355
Other income and expenditure	(75,835)	(2,082,300)	0	(2,158,135)
Difference between General Reserves surplus or deficit and CIES surplus or deficit on the provision of services	5,085	(1,874,800)	5,935	(1,863,780)

MOPAC expenditure and funding analysis 2020/21	As reported for resource management	Adjustments to arrive at the amount chargeable to the General Reserves balance	Net Expenditure chargeable to the General Reserves balance	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
		Note 1			
£000					
Intra-group funding policing	2,870,364	(211,170)	2,659,194	611,857	3,271,051
Other	78,662	(24,325)	54,337	0	54,337
Revaluation loss (gain to reverse previous losses) not charged to CPM	0	75,834	75,834	0	75,834
Net cost of service	**2,949,026**	**(159,661)**	**2,789,365**	**611,857**	**3,401,222**
Other income and expenditure	(2,944,256)	21,401	(2,922,855)	9,789,966	6,867,111
Surplus or deficit on General Reserves	4,770	(138,260)	(133,490)	10,401,823	10,268,333
Opening General Reserves balance at 31 March 2020			(63,576)		
Surplus on General Reserves in year			(133,490)		
Transfer to/from Earmarked reserves			138,260		
Closing General Reserves balance at 31 March 2021			(58,806)		

Adjustments between the funding and accounting basis 2020/21 £000	Adjustments for capital purposes	Net change for the pensions adjustments	Other differences	Total Adjustments
	Note 2	Note 3	Note 4	
Intra-group funding policing	179,350	352,800	79,707	611,857
MOPAC	0	0	0	0
Revaluation loss (gain to reverse previous losses) not charged to CPM	0	0	0	0
Net cost of service	179,350	352,800	79,707	611,857
Other income and expenditure	(30,034)	9,820,000	0	9,789,966
Difference between General Reserves surplus or deficit and CIES surplus or deficit on the provision of services	149,316	10,172,800	79,707	10,401,823

The expenditure and funding analysis shows how annual expenditure is used and funded from resources by MOPAC in comparison with those resources consumed or earned by MOPAC in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decisions making purposes between the Group's departments. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

Note 1 This column shows the adjustments required to arrive at the net amount chargeable to the General Reserves from the financial outturn reported as part of the Group's internal financial reporting arrangements. This includes adjustments for movements to and from reserves which are included against the cost of service and the removal of interest income and expenses from the net cost of service and reflection in other income and expenditure in line with generally accepted accounting practices.

Note 2 Adjustments for capital purposes – this column adds depreciation in the services line and removes MRP and other revenue contributions to capital which are not chargeable under generally accepted accounting practices. In Other income and expenditure:

- Capital disposals are adjusted for with a transfer of the income received on disposal of assets and a charge for the amounts written off for those assets.
- Movements in the fair value of the investment properties are transferred back.

- Capital grants are transferred back as income shown under generally accepted accounting practices.

Note 3 Net change for the pensions adjustments – this is the net change for the removal of pensions contributions made by MOPAC and the replacement with accounting entries under IAS 19.

Note 4 Other differences – this column adds back the estimate for untaken annual leave at the end of the financial year in line with generally accepted accounting practices.

2. Statement of accounting policies

2.1 General principles

These financial statements have been prepared in accordance with the Code of Practice (the Code) on Local Authority Accounting in the United Kingdom 2021/22 issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Accounts and Audit Regulations 2015. The accounting policies contained in the Code apply International Financial Reporting Standards (IFRS) as adapted for the public sector by the International Public Sector Accounting Standards (IPSAS).

The Accounts have been prepared on a going concern basis using an historic cost convention, modified to account for the revaluation of certain categories of tangible fixed assets and financial liabilities.

Following the passing of the Police Reform and Social Responsibility Act 2011 the Metropolitan Police Authority (MPA) was replaced on 16 January 2012 with two 'corporations sole', the Mayor's Office for Policing And Crime (MOPAC) and the Commissioner of Police of the Metropolis (CPM). Both bodies are required to prepare a separate Statement of Accounts. The Narrative Report which accompanies the Accounts sets out the roles and responsibilities of each in more detail.

The Financial Statements included here represent the accounts for MOPAC and also those for the MOPAC Group, consolidating the financial activities of MOPAC and the CPM. The Financial Statements cover the 12 months to the 31 March 2022 (with prior year as a comparative year). The term 'Group' is used to indicate combined transactions and policies of MOPAC and its subsidiary and CPM for the year ended 31 March 2022. The identification of MOPAC as the holding organisation and the requirement to produce group accounts stems from the powers and responsibilities of MOPAC under the Police Reform and Social Responsibility Act 2011.

The significant accounting policies adopted are set out below.

2.2 Revenue and expenditure recognition
Revenue is recognised in a way that reflects the pattern in which goods and services are transferred to service recipients. It is transferred at an amount that reflects the consideration that the Group expects to be entitled to in exchange for those goods and services. Whilst all expenditure is funded by MOPAC (as the body responsible for maintaining the Police Fund for London) including the wages of police staff and officers, the actual recognition in the respective MOPAC and CPM Accounts is based on which organisation receives the economic benefit from the transactions.

Consideration received in advance is recognised as deferred revenue in the Balance Sheet and released as income is earned. Interest income is accrued on a time basis by reference to the principal outstanding and at the effective interest rate applicable.

2.3 Accruals of income and expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligation in the contract;
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance sheet;
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when services are received rather than when payments are made;
- Where income and expenditure has been recognised (using estimates when appropriate) but cash has not been received or paid, a debtor or creditor for the relevant year is recorded in the Balance Sheet;
- Where it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to CIES for the income that might not be collected.

2.4 Provisions

Provisions are recognised on the Balance Sheet when a present legal or constructive obligation exists for a future liability in respect of a past event and where the amount of the obligation can be estimated reliably. Provisions are charged to the CIES in the year the Group becomes aware of the obligation, based on the best estimate of the likely settlement. When payments are eventually made, they are charged to the provision set up in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year. Where it becomes more likely than not that a transfer of economic benefits will not be required, the provision is reversed and credited back to the CIES.

Third party liabilities – to make provision for realistic estimates of the future settlement of third party claims, the liability for which already exists at the date of the Balance Sheet, in so far as they will not be met by external insurance. The figure shown on the Balance Sheet does not include any adjustment to discount the total liability to present day terms in line with IAS 39 Financial Instruments because the claims involved are deemed to be estimates based on present day values.

Police officer pension liability (intra-group) - to make provision to reflect the continuing requirement on an elected local policing body as required under the Police Reform and Social Responsibility Act 2011, to provide funds to the CPM from the Police fund for the payment of police pensions. The intra-group balances will not appear in the Group Accounts.

2.5 Reserves

Reserves consist of two elements: usable and unusable. Usable reserves are those which can be applied to fund expenditure. They are made up of the General Reserves, Earmarked Reserves, Capital Receipts Reserve and the Capital Grants Unapplied Account. Earmarked reserves are established from time to time to meet specific expected revenue or capital costs as determined by MOPAC. Unusable reserves cannot be applied to fund expenditure. They include the Capital Adjustment Account, Pension Reserve, Accumulated Absences Account, Revaluation Reserve and Deferred Capital Receipts Reserve. These accounts do not form part of the cash resources available to the Group.

Reserves are created by appropriating amounts in the CIES. When expenditure to be financed from a reserve is incurred, it is charged to the CIES against the Net Cost of Policing Services. The reserve is then appropriated back in the MIRS so that there is no net charge for the expenditure.

2.6 Government and other organisations' grants and contributions

Whether paid on account, by instalments or in arrears, revenue government grants and third party contributions are recognised as income at the date that the Group satisfies the conditions of entitlement to the grant/contribution.

The grant/contribution is recognised within the CIES as income when the conditions of entitlement are known to be satisfied. If the grant/contribution has been received in advance of need then the amount is transferred to a Grant in Advance Account.

Grants to cover general expenditure (e.g. Police Revenue Grant) are credited to the CIES within the provision of services.

2.7 Employee benefits

Benefits payable during employment
Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave, paid sick leave, bonuses and non-monetary benefits for current employees and these benefits are recognised as an expense in the year in which the employee renders service to the Group.

IAS 19 Employee Benefits requires MOPAC to account for short-term compensating absences (these are periods during which an employee benefits continue to be earned which include time owing for annual leave and rest days) by accruing for the benefits which have accumulated but are untaken by the Balance Sheet date. Short term accumulated absences are recognised in the CPM Accounts in the period in which officers or police staff render the service which entitles them to the benefit, not necessarily when they enjoy the benefit. The cost of leave earned, but not taken by police officers and staff at the end of the financial year is recognised in the financial statements to the extent that the staff are entitled to carry forward leave into the following year. Equivalent liabilities for employee benefits are recognised on the MOPAC Balance Sheet to reflect the continuing requirement on MOPAC to provide funds from the Police Fund to meet these liabilities as they fall due. The Group Balance Sheet also reflects the liability for time owing and annual leave. The accrual for untaken leave is charged to the Net Cost of Policing Services, and reversed out through the MIRS so that the leave is charged to CIES in the financial year in which the holiday absence is earned.

Termination benefits

Termination benefits are amounts payable as a result of a decision to terminate a member of staff's employment before their normal retirement date or their decision to accept voluntary redundancy. These are charged as an expense in the CIES at the earlier of when the organisation can no longer withdraw the offer of those benefits and when the organisation recognises the costs for a restructuring.

Post-employment benefits

The Group operates three pension schemes for police officers and a single scheme for police staff. The CPM is the administering body for the Pension Fund. MOPAC provides funds from the Police Fund to meet the pension payments as they fall due.

Police officers
The Police Pension Schemes are contributory occupational pension schemes which are guaranteed and backed by law. A new Career Average Revalued Earnings (CARE) Scheme was introduced on the 1st April 2015, which was a change from the previous Final Salary Schemes. Officers starting after the 1st April 2015 joined the new 2015 Scheme and some members of the 1987 and 2006 Final Salary Schemes moved into the new 2015 Scheme, unless they were covered by the transitional protection arrangements. Members of the new 2015 Scheme make contributions of between 12.44% and 13.78% of pensionable pay. Protected members of the 1987 and 2006 arrangements contribute at rates of between either 14.25% and 15.05% of pensionable pay for the 1987 police pension scheme or 11% and 12.75% for the 2006 police pension scheme. On 1st April 2022, all remaining members in the 1987 and 2006 schemes will move to the 2015 scheme. The employees' contribution rate is set nationally by the Home Office and is subject to triennial revaluation. The employer contribution rate was increased to 31%, for all schemes from 1 April 2019. New financial arrangements were introduced on 1 April 2006 to administer the schemes.

The police pension schemes are defined benefit schemes paid from revenue (without managed pension assets). Following the Code's requirements, IAS 19 has been fully recognised in the Group Accounts. Scheme liabilities as shown on the Group's Balance Sheet are calculated by determining future liabilities for pension payments and applying a discount rate to reduce them to present day values. IAS 19 specifies the use of a discount rate equal to the current rate of return available on a high quality corporate bond of equivalent currency and term to the scheme liabilities. The pension liabilities in these Accounts have been calculated accordingly at a discount rate of 2.0% for all schemes.

Recognition of the total liability has a substantial impact on the net worth of the MOPAC Group. Accrued net pension liabilities are assessed on an actuarial basis. The change in net pension liability is analysed into the following components:

- Service cost comprising:
  - Current service cost – the increase in liabilities as a result of years of service earned this year – allocated to the Group CIES to the services for which the police officers worked;
  - Past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the Net Cost of Policing Services in the Group CIES;
  - Interest on the defined benefit liability - the increase during the period in the defined benefit liability which arises because the benefits are one year closer to being paid – debited to the Financing and Investment Income and Expenditure line in the Group CIES;

- Re-measurements comprising actuarial gains and losses – changes in the pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – debited or credited to the Pensions Reserve as Other Comprehensive Income and Expenditure with the exception of actuarial gains and losses in relation to injury benefits, which are debited or credited to the Net Cost of Policing Services in the CIES.

- Contributions paid to the Police Pension Fund – cash paid as employer's contributions to the Pension Fund in settlement of liabilities, not accounted for as an expense.

The net liability for all the pension schemes is recognised initially on the CPM Balance Sheet in accordance with IAS 19 Employee Benefits. MOPAC provides the sole source of funding to meet the CPM's costs through the budget delegated by MOPAC to the CPM. All CPM liabilities will therefore ultimately be funded by MOPAC. The pension liability is therefore offset by an intra-group adjustment between MOPAC and the CPM to reflect MOPAC's continuing responsibility to provide funds from the Police Fund to enable the CPM to administer pension payments. This has resulted in a liability within MOPAC's Balance Sheet for the Police Pension Schemes.

The legislation however requires the General Reserves balance to be charged with the amount payable by MOPAC to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the MIRS, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the Pension Fund and pensioners and any such amounts payable but unpaid at year end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Reserves of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Police staff
The Group joined the Principal Civil Service Pension Scheme (PCSPS) in 2002/03. The PCSPS is an unfunded defined benefit scheme which operates seven different sub schemes but only one is open to new staff joining MOPAC/CPM, the Alpha Scheme, which is a career average scheme. Additionally, there is a defined contribution alternative. The PCSPS is a multi-employer scheme whereby the underlying assets and liabilities within the Scheme are not broken down and attributed to individual employers, and therefore is defined as a multi-contribution scheme. The appropriate level of disclosure has been followed in accordance with IAS 19.

2.8 Property, plant and equipment

Property, plant and equipment are assets that have physical substance and are held for use in the provision of services or for administrative purposes on a continuing basis. The de minimis level policy is to capitalise all expenditure over £5,000 on an individual asset basis, and projects (or grouped assets) with a total value in excess of £5,000: expenditure on partnership assets is capitalised over £1,000.

Recognition: Expenditure on the acquisition, creation or enhancement of property, plant and equipment is capitalised on an accruals basis, provided that they yield benefits to the Group and the services they provide are for more than one financial year. Expenditure that secures, but does not extend the previously assessed standards of performance of an asset (e.g. repairs and maintenance) is charged to revenue as it is incurred. Assets under construction are recorded in the Balance Sheet at historical cost.

Measurement: Assets are initially measured at cost, comprising all expenditure that is directly attributable to bringing the asset into working condition for its intended use.

Assets are carried in the Balance Sheet using the following measurement bases:

- Specialised operational properties – current value, but because of their specialist nature are measured at depreciated replacement cost which is used as an estimate of current value;
- Non-specialised operational properties – current value, determined as the amount that would be paid for the asset in its existing use (existing use value EUV);
- Surplus properties and investment properties – fair value estimated at highest and best use from a market participant's perspective;
- Vehicles, plant and equipment – In such cases where non property assets have short useful lives or low values (or both), depreciated historic cost is used as a proxy for current value.
- Assets held for sale – lower of current value and fair value less costs to sell

Assets included in the Balance Sheet at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their value at the year end. Property revaluations are based on a rolling review programme. Properties are revalued at 30 September each year; the top 20 properties in value as well as 20% of the assets are physically inspected whilst 80% are revalued on a desktop basis. A further review is carried out at 31 March each year to determine whether the value at 31 March is materially different to the value at 30 September. This approach complies with the CIPFA Code of Practice on Local Authority Accounting 2021/22 requirements on measurement of property plant and equipment.

Component assets: The Group recognises and records component assets separate from the main asset where material. Where a component asset is identified it is written down on a straight line basis over its useful economic life using a depreciated historic cost approach.

Impairment: Assets are assessed at each year end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible write down is estimated to be material, the recoverable amount of the asset is determined and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where the loss is determined for a previously revalued asset, it is written off against any revaluation gains held for the relevant asset in the Revaluation Reserve, with any excess charged to the CIES. Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line in the CIES, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Disposals: When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet is written off to the Other Operating Expenditure line in the CIES as part of the gain or loss on disposal. Receipts from disposals are credited to the same line in the CIES as part of the gain or loss on disposal. The written off carrying value of the asset is transferred from the General Reserves to the Capital Adjustment Account in the MIRS. Sale proceeds over £10,000 are categorised as capital receipts and are transferred from the General Reserves Balance to the Capital Receipts Reserve in the MIRS.

Depreciation: This is provided for all assets with a useful finite life, by allocating the value of the asset in the Balance Sheet over the periods expected to benefit from their use, on a straight-line basis.

Depreciation is charged on a monthly basis.

Principal asset categories and their useful economic lives

Operational Assets	Category	Years
Property	Land	Not depreciated
	Buildings	10 – 50 years
Plant and equipment	Information Technology and communications equipment	3 - 20 years
	Software development	3 - 5 years
	Policing support vehicles including Patrol vehicles	3 - 15 years
Intangible assets	Software licences.	3 years
Non-operational assets		
Assets under construction		Not depreciated
Surplus Assets		Depreciated
Assets held for sale		Not depreciated
Investment properties		Not depreciated

Grants and contributions: Grants and contributions relating to capital expenditure shall be recognised in the CIES as income except to the extent that the grant or contribution has a condition that the Group has not satisfied. In that event the amount subject to condition is transferred to the Capital Grants Receipts in Advance account. Where the conditions of the grant/contribution are satisfied, but expenditure for which the grant is given has not yet been incurred, then such sums will be transferred to the Capital Grants Unapplied Reserve.

2.9 Charges to revenue for property, plant and equipment

The Group CIES is charged with the following amounts, to record the real cost of holding non-current assets during the year:

- Depreciation attributable to the assets used by the relevant service;
- Revaluation gains or losses on investment properties;
- Amortisation of intangible fixed assets attributable to the service.

The Group is required to make an annual provision from revenue to contribute towards the reduction in its overall borrowing requirement. The Minimum Revenue Provision (MRP) is set on a prudent basis as determined by the Group in accordance with statutory guidance.

2.10 Non-current assets held for sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of its carrying amount and fair value less costs to sell. Depreciation is not charged on Assets Held for Sale.

2.11 Investment properties

These are properties held solely by MOPAC for the purpose of generating rental income or for capital appreciation and are occupied by third parties. These properties are not used in any way to facilitate the delivery of services or held for sale.

Investment properties are measured initially at cost and subsequently at ‘fair value’ (as defined in the Section below). Properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment

Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the General Reserves Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Reserves Balance. The gains and losses are therefore reversed out of the General Reserves Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

2.12 Surplus Assets
These are assets that are not being used to deliver services, and do not meet the CIPFA Code of Practice criteria to be classified as either investment properties or non-current assets held for sale.

The valuation at which they are held is based on an estimate of the price that would be received by selling in an orderly transaction between market participants at the valuation date.

2.13 Fair value measurement
The Group measures some of its non-financial assets such as investment properties at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

a) in the principal market for the asset or liability, or
b) in the absence of a principal market, in the most advantageous market for the asset or liability.

The Group measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. When measuring the fair value of a non-financial asset, the Group takes into account a market participant’s ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the Group’s financial statements are categorised within the fair value hierarchy, as follows:

> Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date;
> Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly:
> Level 3 – unobservable inputs for the asset or liability.

2.14 Leases

All leases are evaluated at inception in accordance with IAS 17 ‘Leases’, to determine whether they are a finance lease or an operating lease. Leases are classified as finance leases when substantially all the risks and rewards of ownership are transferred to the lessee. All other leases are classified as operating leases. Where a lease is for land and buildings, the land and building components are separated. The land element is usually treated as an operating lease, unless it is for 125 years or more, in which instance the land is deemed to be a finance lease. Where the building element is a finance lease it is depreciated over its lease term. A de minimis of £5,000 is applied to the annual rental of leases to determine their treatment as a finance lease. All major contracts are reviewed under IFRIC 4 to determine whether an arrangement contains an embedded lease.

Finance leases
Property, plant and equipment held under finance leases is initially recognised at the inception of the lease at fair value or, if lower, at the present value of the minimum lease payments, with a matching liability for the lease obligation to the lessor. Lease payments are apportioned between finance

charges (charged to the CIES) and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability.

Property, Plant and Equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the organisation at the end of the lease period).

Operating leases
Leases that do not meet the definition of finance leases are accounted for as operating leases. The Group has a large number of operating leases, mainly in respect of property, but also vehicles. Rentals payable are charged to the CIES.

The Group as lessor
There are a number of short-term operating leases for property where the Group acts as lessor. Where the organisation grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the CIES. Credits are made on a straight line basis over the life of the lease, even if this does not match the pattern of payments (e.g. where there is a premium paid at the commencement of the lease).
There are no finance leases where the Group is a lessor.

2.15 Value Added Tax (VAT)

Income and expenditure excludes any amounts relating to VAT as VAT is remitted to/from the HM Revenue & Customs.

2.16 Financial liabilities

Financial liabilities are recognised on the Balance Sheet when the MOPAC becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and carried at their amortised cost. Annual charges to the CIES for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. For most of the borrowings, this means that the amount presented in the Balance Sheet is the outstanding principal repayable. Interest charged to the CIES is the amount payable for the year according to the loan agreement.

2.17 Financial assets

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cashflow characteristics. The Group's business model is to hold investments to collect contractual cash flows. The contractual payments of the financial assets of the Group are solely payments of principal and interest – therefore the Group's financial assets are classified as amortised cost.

Financial assets measured at amortised cost are recognised when the Group becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are then subsequently carried at their amortised cost. Interest and other income received is based on the capital value of the investment multiplied by the effective rate of interest. For most of the loans that MOPAC has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable. Interest is credited to the CIES with the amount receivable for the year defined in the loan agreement. The loans made by MOPAC are short-term investments consisting of fixed term deposits.

The Group recognises expected credit losses on all of its financial assets held at amortised cost, either on a 12 month or lifetime basis. Only lifetime losses are recognised for trade receivables held by the Group.

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are estimated on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12-month expected losses.

Any gains and losses that arise on the derecognition of an asset are credited or debited to Financing and Investment Income and Expenditure in the CIES.

2.18 Contingent assets and liabilities

The Group recognises material contingent liabilities as either:

- Possible obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the organisation, or
- Present obligations that arise from past events but are not recognised because;
  a) it is not probable that outflows of resources embodying economic benefits or service potential will be required to settle the obligations, or
  b) the amount of the obligations cannot be measured with sufficient reliability.

A material contingent liability is not recognised within the accounts as an item of expenditure. It is, however, disclosed in a note unless the possibility of a transfer of economic benefits or service potential in settlement is remote (in which case no action is needed).

The Group may also disclose a contingent asset as 'a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the organisation'.

2.19 Private Finance Initiative

MOPAC has two long term contractual agreements under PFI whereby the contractor is responsible for the design, construction, finance and maintenance of four police stations in south-east London (Police Stations PFI) and a public order and firearms training centre (Training Ground PFI). These contracts are deemed to be under the control of MOPAC and as such the accounting treatment has been to include them on the Balance Sheet in accordance with the Code.

In addition to the assets created for the PFI buildings on the Balance Sheet, long term liability accounts are also disclosed on the Balance Sheet to reflect future payments to the contractor. Payments made by MOPAC under contract are charged in part to revenue to reflect the value of services received and cost of financing and in part to the Balance Sheet, to reflect repayment of the outstanding liability over the remaining period of the lease agreement.

2.20 Cash and cash equivalents

Cash is cash in hand and deposits with MOPAC's main banker and a number of other banks. Cash equivalents are investments that mature in 3 months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.21 Events after the reporting period

When an event occurs after the Balance Sheet date which provides evidence of conditions that existed at the Balance Sheet date an adjusting event occurs and the amounts recognised in the Statement of Accounts will be adjusted to take into account any values that reflect the adjusting event. Where an event occurs after the Balance Sheet date that is indicative of conditions that arose after the Balance Sheet date, the amounts recognised in the Statement of Accounts are not adjusted but disclosed as a separate note to the Accounts. Events after the Balance Sheet date are reflected up to the date when the Statement of Accounts is authorised for issue.

2.22 Overhead costs

The costs of overheads and support services are charged to service segments within the Group CIES in accordance with the Group's arrangements for accountability and financial performance. In practice this means support costs other than Corporate and Democratic Core (CDC) are recognised in the intra-group funding - policing line of the MOPAC CIES on the basis that all services to which support costs are allocated were delivered by the CPM in 2021/22.

2.23 Prior period adjustments, changes in accounting policies, estimates and errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the organisation’s financial position or financial performance. When a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy has always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

3. Accounting standards that have been issued, but not yet adopted

There are accounting standards which have not yet been adopted to the Code which will apply to the Group and MOPAC in 2022/23:

- The Annual Improvements to IFRS Standards (2018-20 Cycle) which are applicable to the Group cover the following issues:

  IFRS 1 (First-time adoption): Amendment relates to foreign operations of acquired subsidiaries transitioning to IFRS
  IAS 37 (Onerous contracts): Clarification of the intention of the standard
  IAS 41 (Agriculture): One of a small number of IFRSs that are only expected to apply to local authorities in limited circumstances

It is not expected that these changes above will have a significant impact on the Group’s statement of accounts.

4. Significant estimates and judgements in applying the accounting policies

The preparation of the financial statements requires the Group to make judgements, estimates and assumptions that affect the application of policies and reporting amounts of assets and liabilities, income and expenditure. The estimates and associated assumptions are based on historical experience and various other factors, the results of which form the basis of making judgements about the values of assets and liabilities that are not readily apparent from other sources. The estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised. Material estimates and assumptions are made in the following cases:

Estimates

- Establishing the valuations of operational and residential properties represents a significant estimate. Valuations are undertaken by a professional surveyor in line with RICS guidance (see Note 16.1). Where possible, observable market data (recent transactions or rental yields) is used which reduces estimation uncertainty. For operational property, the valuation method relies on a cost model for estimating build costs of a modern equivalent asset. There are two key inputs to this estimate – RICS Build Cost Indices and Build Cost Indices Location Weightings;

- Depreciation is calculated based on the asset value and expected useful life of assets (see Note 16). The Group monitors the useful life of assets to identify where any changes to the depreciation charge are required during the year;

- The costs of providing pension benefits to police officers, requires estimates regarding future cash flows that will arise to meet the scheme liabilities, see Note 12. The assumptions underlying the valuation used for IAS 19 reporting are the responsibility of the MOPAC CFO as advised by the scheme actuaries. The financial assumptions used by the actuaries are largely prescribed at any point and reflect market expectations at the reporting date. Assumptions are also made around the life expectancy of the UK population. The last full valuation of the pension scheme undertaken using full membership data was conducted in 2018. Under IAS19, the actuaries have projected the results of this valuation using approximate methods. In particular, the roll-forward allows for:

    - Changes in financial and life expectancy assumptions;
    - Additional benefit accrual;
    - Actual cash flows over the period; and
    - Updated membership information.

Judgements

- 2.2 Revenue Recognition; A judgement has been made of the expenditure allocated between MOPAC and the CPM to reflect the financial resources of MOPAC consumed at the request of the CPM. In arriving at this approach various interested parties were consulted including senior management in both corporate bodies and careful consideration given to the Police Reform and Social Responsibility Act 2011 and Home Office guidance. More details are included in Note 6;

- 2.7 Employee Benefits; A liability has been recognised on the MOPAC Balance Sheet equivalent to the liability for police officer pensions recognised on the CPM Balance Sheet under IAS 19 Retirement Benefits. The costs and liability relating to police pensions are recognised in the CPM Accounts in the first instance because police officers are under the direction of the CPM. As MOPAC has a statutory obligation to provide funds to meet police pension liabilities, a corresponding liability has been included in the MOPAC Accounts. The intra-group adjustments are removed from consolidation to show only the IAS 19 liability itself in the Group Balance Sheet. This liability is offset in the Group Balance Sheet by the Police Officer Pension Reserve because under statute MOPAC can only charge to the Police Fund actual amounts paid as contributions in the Police Officer Pension Fund in the year and not the full amount under IAS 19.

  This judgement is consistent with IAS1 - 'the going concern concept'. The assessment of whether or not the CPM is a going concern is based on its ability to discharge liabilities in the normal course of its business. In this case the CPM is reliant upon MOPAC to discharge its liabilities in the normal course of its business. This expectation is necessary to enable the CPM to continue as a going concern.

  2.7 Employee benefits; There are relevant legal cases (McCloud and Sargeant) in relation to transitional protections provided in the transition to new career average schemes across the public sector. These cases have concluded that transitional protections applied to some members in the transfer to career average schemes were discriminatory, on age grounds. The remedy arrangements set out in February 2021 offer members a choice as to whether to retain benefits from their legacy provision scheme or their new scheme during the remedy period (2015-2022). To ensure the accounts present a true and fair view, the IAS 19 pension liability includes an assumption that all eligible members will accrue benefits from their legacy scheme during the remedy period. The impact of this assumption is to increase the pension liability by £2.2bn. More detail can be found in note 12.1.

5. Assumptions made about the future and other major sources of estimation uncertainty

The Code contains a disclosure requirement for assumptions made about the future and other major sources of estimation uncertainty for which there is a significant risk of 'material' adjustment. At the date of publication of the Accounts, the key assumptions and sources of major uncertainty affecting the accounts are set out in note 4. The most significant of these relates to assumptions made regarding the Police pension liability – namely the discount rate, inflation, life expectancy and salary growth. The value of the pension liability requires estimation of financial and non-financial assumptions over a long time period (30-50yrs), and hence represents a source of significant estimation uncertainty. For this reason, sensitivity analysis for movements in these key assumptions is included at Note 12.1. In addition, the assumption adopted in relation to the impact of McCloud and Sargeant could have a material impact on the total liability of the police scheme. See Note 12.1 for more details of these impacts.

6. The relationship between the Mayor's Office for Policing And Crime and the Commissioner of Police of the Metropolis for accounting purposes

6.1 Introduction

Following the Police Reform and Social Responsibility Act 2011 (The Act), the Metropolitan Police Authority (MPA) was replaced on 16 January 2012 with two corporations sole, the Mayor's Office for Policing And Crime (MOPAC) and the Commissioner of Police of the Metropolis (CPM). These financial statements for 2021/22 show the financial positions of the MOPAC and MOPAC Group together with comparative figures for 2021/22.

6.2 Accounting principles

The accounting recognition of assets, liabilities and reserves in 2021/22 reflects the powers and responsibilities of MOPAC as designated by the Police Reform and Social Responsibility Act 2011 and the Home Office Financial Management Code of Practice for the Police Service, England and Wales 2018. This accounting treatment is also underpinned by the working relationship between the Deputy Mayor and the Commissioner as defined by local regulations, (MOPAC Financial Regulations and Scheme of Consent and Delegation), local agreement and practice. On 16 January 2012 the assets, liabilities and reserves of the MPS were transferred directly to MOPAC and during 2021/22 they remain under MOPAC control. Statutory and local arrangements determine that MOPAC holds all the assets, liabilities and the reserves and is responsible for the police pension liability. All payments for the Group are made by MOPAC from the MOPAC Police Fund and all income and funding received by MOPAC. MOPAC has the responsibility for managing the financial relationships with third parties and has legal responsibilities for discharging the contractual terms and conditions of suppliers.

With effect from 1 April 2014, under the Police Reform and Social Responsibility Act 2011 the contracts of employment of police staff under the direction of the Commissioner transferred to the CPM. For accounting purposes, the costs of police staff and officers under the direct control of the Commissioner are recognised in the CPM Accounts and the costs of staff under the direct control of MOPAC are recognised in the MOPAC CIES. All assets, liabilities and reserves remain under the ownership of MOPAC.

The International Accounting Standards Board (IASB) Framework states that assets, liabilities and reserves should be recognised when it is probable that any 'future' benefit associated with the item will flow to, or from the entity. Based on the statutory responsibilities and local arrangements within which MOPAC operates in conjunction with the IASB guidance, it has been deemed that 'all' the assets, liabilities and reserves are recognised on the MOPAC Balance Sheet and consequently the balance sheets for MOPAC and the Group are similar. This reflects the fact that MOPAC retains control over all assets including 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.

Police Pension costs are recognised in the CPM Accounts in accordance with IAS 19 (Employee Benefits). The liability for police pensions on the CPM Balance Sheet is offset by an intra-group debtor reflecting MOPAC's responsibility to provide funds from the police fund each year to enable the CPM to administer police pension payments. The MOPAC Balance Sheet shows an intra-group provision to reflect its responsibility to provide funds for the payment of police pensions. The same accounting treatment applies to 'accumulated absences due to employees but not taken at the reporting date'. The liabilities in the CPM Balance Sheet are offset by an intra-group transfer from MOPAC to reflect the fact that MOPAC ultimately funds the CPM's employee costs.

Accounting treatment

The table below shows the movement through an intra-group account within the respective CIES during 2021/22. Corresponding accounting entries in the MOPAC CIES and CPM CIES can be seen in the financial statements.

Intra-group adjustments between MOPAC and CPM within the CIES

Intra-group - total transactions for 2021/22 **£million**	**MOPAC**	**CPM**	**Group**
IAS 19 pension costs within net cost of services	0	920	920
Accumulated absences	0	6	6
Other costs within net cost of services	0	2,251	2,251
Intra-group adjustment (MOPAC funding)	3,177	(3,177)	0
Pension interest cost	0	826	826
Intra-group adjustment (MOPAC funding pension)	826	(826)	0
Actuarial losses/(gain) on police fund	0	(2,908)	(2,908)
Intra-group adjustment (MOPAC funding pension)	(2,908)	2,908	0
Total transactions for the year	**1,095**	**0**	**1,095**

Intra-group - total transactions for 2020/21 **£million**	**MOPAC**	**CPM**	**Group**
IAS 19 pension costs within net cost of services	0	1,051	1,051
Accumulated absences	0	80	80
Other costs within net cost of services	0	2,140	2,140
Intra-group adjustment (MOPAC funding)	3,271	(3,271)	0
Pension interest cost	0	711	711
Intra-group adjustment (MOPAC funding pension)	711	(711)	0
Actuarial losses/(gain) on police fund	0	9,108	9,108
Intra-group adjustment (MOPAC funding pension)	9,108	(9,108)	0
Total transactions for the year	**13,090**	**0**	**13,090**

Accounting entries reflected in the respective Balance Sheet at year end

Intra-group - total transactions for 2021/22 **£million**	**MOPAC**	**CPM**	**Group**
CPM - Long term Intra-group Debtor	0	39,246	0
CPM - Short term Intra-group Debtor	0	214	0
CPM - Police Officer pension liability	0	(39,246)	(39,246)
CPM - Creditor - accumulated absences	0	(214)	(214)
MOPAC - Long term Intra-group Creditor	(39,246)	0	0
MOPAC - Short term Intra-group Creditor	(214)	0	0
MOPAC - Unusable Reserves	39,216	0	39,216
MOPAC - Unusable Reserves	214	0	214

Intra-group - total transactions for 2020/21 **£million**	**MOPAC**	**CPM**	**Group**
CPM - Long term Intra-group Debtor	0	41,121	0
CPM - Short term Intra-group Debtor	0	208	0

CPM - Police Officer pension liability	0	(41,121)	(41,121)
CPM - Creditor - accumulated absences	0	(208)	(208)
MOPAC - Long term Intra-group Creditor	(41,121)	0	0
MOPAC - Short term Intra-group Creditor	(208)	0	0
MOPAC - Unusable Reserves	41,121	0	41,121
MOPAC - Unusable Reserves	208	0	208

The CIES for MOPAC and the Group are similar at 'summary level'. The MOPAC CIES includes not only the cost of administering the MOPAC itself, but also payment for MOPAC resources consumed at the request of the CPM. Correspondingly in the CPM CIES, total Comprehensive Income and Expenditure is nil for 2021/22 as the 'resources consumed at the request of the CPM' are completely offset by the intra-group adjustment.

7. Analysis of surplus or deficit on the provision of service

7.1 Service expenditure analysis

The first half of the MOPAC Group CIES on page 1 shows the Net Cost of Policing Services (the operating cost in year of providing services for the Group). The costs are also categorised between the seven divisions which represent the organisational structure headings under which the MOPAC Group operates and manages its services.

7.2 Income

Income received by MOPAC includes fees and charges, interest, investments, contributions, specific grants and other service income. A breakdown under these headings for 2021/22 is shown in the table in Section 7.3 below.

The ability to charge for police services is generally determined by statutory provisions.

- The provision of special police services at the request of any person under s25 of the Police Act 1996. Special police services generally relate to policing an event e.g. a pop concert, or series of events, including football matches and policing at the Palace of Westminster;
- S15 of the Police Reform and Social Responsibility Act 2011 extends to police bodies the powers of the Local Authorities (Goods and Services) Act 1970 to supply goods and services to other bodies or persons. This may include services provided in competition with other providers, for example training, where charges will reflect market rates, or services provided as a by-product of core policing activity such as provision of collision reports;
- The Aviation Security Act 1982 for policing in relation to the operation of airports;
- The provision of police services to other agencies such as the Home Office Border Force (previously the UK Border Agency) or the prison service;
- The provision of mutual aid to other forces.

Income received also includes miscellaneous items such as loans of equipment to other forces, rents receivable, sales of equipment under £10,000 and prosecution costs recovered by way of illustration.

Specific grants represent grants for specific operational activities (a breakdown is provided in Note 15). General grants not directly attributable to specific operational activities are recognised below the Net Cost of Service.

7.3 Expenditure and income analysed by nature for MOPAC and the MOPAC Group

In the table below the operating income and expenditure for MOPAC and the MOPAC Group for the period 1 April 2021 to 31 March 2022, is presented in a subjective analysis format. The subjective analysis format is used by management to make decisions about resource allocation in internal management reports.

Expenditure and income analysis by nature for MOPAC and the MOPAC Group

£000	MOPAC 2021/22	CPM 2021/22	Group 2021/22	Group 2020/21
Expenditure				
Employee costs				
Police officer salaries	0	**1,917,771**	1,917,771	1,916,319
MOPAC and Police staff wages and salaries	12,294	**545,988**	558,282	554,707
Employee related expenditure	284	**26,661**	26,945	24,009
Net police officer pensions	0	**624,755**	624,755	759,737
Net MOPAC police staff pensions	2,362	**117,903**	120,265	116,408
Premises related	1,182	**164,426**	165,608	166,497
Transport related	0	**79,305**	79,305	71,514
Supplies and services*	90,903	**534,402**	625,305	596,844
Depreciation, amortisation, impairment	13,863	**161,060**	174,923	239,246
Actuarial losses on police pensions funds - intra group funding	(2,908,100)	**2,908,100**	0	0
Interest payments	849,103	0	849,103	733,858
Loss on the disposal of assets	(15,971)	0	(15,971)	4,703
Total gross expenditure	**(1,954,080)**	**7,080,371**	**5,126,291**	**5,183,842**
Income				
Fees and charges and other service income**	(6,112)	(306,617)	(312,729)	(272,407)
Interest and investment income	(1,275)	0	(1,275)	(1,307)
Government grants and contributions	(3,082,780)	(688,689)	(3,771,469)	(3,750,695)
Total income	**(3,090,167)**	**(995,306)**	**(4,085,473)**	**(4,024,409)**
Intra group adjustment ***	3,176,965	(3,176,965)	0	0
Net cost of policing services	**(1,867,282)**	**2,908,100**	**1,040,818**	**1,159,433**

** £90.9m supplies and services incurred by MOPAC includes costs of working with local communities, victims support and payments by MOPAC of crime prevention grants*
***Includes revenue recognised of £179.7m from contracts with service recipients under IFRS15*
**** MOPAC payment for MOPAC financial resources consumed at the request of the CPM*

The subjective analysis statement has been split between the Commissioner of Police of the Metropolis (CPM) and MOPAC to separately identify the resources consumed at the request of the Commissioner, from those costs exclusively incurred by the Mayor's Office. Costs exclusively incurred by the Mayor's Office include the day to day costs of administering MOPAC and supporting the Mayor and the Deputy Mayor for Policing And Crime as well as working directly with local communities and the public which includes the payment of Community Grants detailed in the Narrative Report. All grants and income are paid directly to MOPAC. Further details in respect of the resources consumed under the direction of the Commissioner can be found in the CPM's Statement of Accounts.

Within the Group's material contracts with service recipients, performance obligations are satisfied at the point of supply of police officers. Pricing within the contracts is typically based on agreed unit prices of manpower.

8. Police officers and police staff remuneration

8.1 Police and police staff remuneration

The numbers of police officers and staff in the Group whose taxable remuneration, excluding pension contributions, was £50,000 or more are:

Remuneration band £	2021/22	2020/21

MOPAC	Number of employees exc exit packages	Number of employees inc exit packages	Number of employees exc exit packages	Number of employees inc exit packages restated
50,000 - 54,999	6,498	6,499	6,466	6,467
55,000 - 59,999	4,282	4,281	3,720	3,719
60,000 - 64,999	2,832	2,833	2,572	2,571
65,000 - 69,999	2,149	2,149	2,070	2,071
70,000 - 74,999	1,038	1,039	886	885
75,000 - 79,999	623	623	561	562
80,000 - 84,999	365	365	341	341
85,000 - 89,999	282	282	200	199
90,000 - 94,999	184	183	148	150
95,000 - 99,999	109	110	88	87
100,000 - 104,999	82	83	57	57
105,000 - 109,999	33	33	33	33
110,000 - 114,999	10	10	17	17
115,000 - 119,999	6	6	4	6
120,000 - 124,999	4	4	6	7
125,000 -129,999	2	2	3	2
130,000 -134,999	6	6	5	5
135,000 -139,999	8	8	2	2
140,000 -144,999	4	4	2	2
145,000 - 149,999	3	3	2	2
150,000 - 154,999	0	0	0	1
155,000 - 159,999	0	0	0	1
160,000 - 164,999	0	0	0	1
165,000 - 169,999	0	0	0	1
170,000 - 174,999	0	0	0	1
175,000 - 179,999	0	0	0	0
180,000 - 184,999	0	0	0	0
185,000 - 189,999	0	0	0	0
190,000 - 194,999	0	1	0	0
195,000 - 199,999	0	0	0	0
200,000 - 204,999	0	0	0	0
205,000 - 209,999	0	0	0	0
210,000 - 214,999	0	0	0	0
215,000 - 224,999	0	0	0	0
225,000 +	0	0	0	1

The banding scale is based on taxable remuneration, excluding pension costs, paid in the year rather than annual salary. Taxable remuneration includes overtime, compensation for loss of office and may also include back dated pay awards, which relate to previous years but were actually paid in the year in question. The numbers in the table above exclude senior staff and relevant police officers as defined below in Note 8.2. In these particular cases, a more detailed analysis of remuneration for 2021/22 is shown on the following pages.

Exit packages

All early departures are reviewed on individual circumstances. See table below for associated exit costs:

Exit package cost band (including special payments)	Number of compulsory redundancies 2021/22	Number of compulsory redundancies 2020/21	Number of other departures agreed 2021/22	Number of other departures agreed 2020/21	Total number of exit packages by cost band 2021/22	Total number of exit packages by cost band 2020/21	Total cost of exit packages in each band (£) 2021/22	Total cost of exit packages in each band (£) 2020/21
£0 - £20,000	0	0	2	4	2	4	25,058	67,920
£20,001 - £40,000	0	2	4	6	4	8	96,151	230,215
£40,001 - £60,000	0	0	2	7	2	7	83,347	338,068
£60,001 - £80,000	0	0	1	1	1	1	73,443	74,597
£80,001 - £100,000	0	0	2	4	2	4	184,475	382,904
£100,001 - £150,000	0	0	0	0	0	0	0	0
£150,001 - £200,000	0	0	0	1	0	1	0	154,936
	0	2	11	23	11	25	462,474	1,248,640

The numbers in the table above exclude senior staff as defined below in Note 8.2. In these particular cases, any compensation for loss of office is shown in Note 8.3. - 8.4.

8.2 Relevant police officers and senior staff remuneration

A relevant police officer is defined as the Commissioner or any other senior police officer whose salary is £150,000 per annum or more. Senior staff are defined as individuals whose salary is more than £150,000 per annum, or whose salary is at least £50,000 per annum (to be calculated pro-rata if they are part time) and are either the designated head of service, a statutory chief officer or a non-statutory chief officer, as defined under the Local Government and Housing Act 1989 or any person having responsibility for the management of MOPAC/CPM.

8.3 Relevant police officers and senior staff remuneration* - year ended 31 March 2022

Post holder information (post title)	Name	Notes	Salary (including fees & allowances) (£)	Benefits (£)	Other Payments (£)	Total remuneration excluding pension contributions 2021/22 (£)	Pension contributions (£)	Total remuneration including pension contributions 2021/22 (£)
CPM								
Commissioner	C Dick	1	251,525	2,650	0	254,175	0	254,175
Deputy Commissioner	S House	2	259,248	2,650	0	261,898	0	261,898
Assistant Commissioner	H Ball	3	225,372	2,650	0	228,022	0	228,022
Assistant Commissioner	N Ephgrave		226,449	2,650	0	229,099	0	229,099
Assistant Commissioner	L Rolfe		244,449	2,650	0	247,099	64,151	311,250
Assistant Commissioner	M Jukes		239,778	2,650	0	242,428	64,151	306,579
Deputy Assistant Commissioner	G McNulty		177,693	2,650	0	180,343	49,371	229,714
Deputy Assistant Commissioner	L Taylor		174,099	2,650	0	176,749	49,371	226,120
Deputy Assistant Commissioner	D Haydon		191,022	2,650	0	193,672	0	193,672
Deputy Assistant Commissioner	M Twist		174,099	2,650	0	176,749	49,371	226,120
Deputy Assistant Commissioner	M Horne		177,693	2,650	0	180,343	0	180,343
Deputy Assistant Commissioner	A Pearson		178,599	2,650	0	181,249	49,371	230,620
Deputy Assistant Commissioner	S Cundy		177,693	2,650	0	180,343	49,371	229,714
Deputy Assistant Commissioner	B Gray	4	188,364	2,650	0	191,014	0	191,014
T/Deputy Assistant Commissioner	J Connors		174,746	2,650	0	177,396	47,370	224,766
T/Deputy Assistant Commissioner	B Javid		194,256	2,650	0	196,906	49,482	246,388
Chief of Corporate Services	R Wilkinson		188,555	2,650	0	191,205	57,132	248,337
Chief Digital and Technology Officer	A McCallum	5	46,324	0	0	46,324	0	46,324
Chief Digital and Technology Officer	J Clarke	6	120,000	0	0	120,000	0	120,000
Director of Solution Delivery	D Pitty		158,976	0	0	158,976	36,656	195,632
Director of Service Delivery	A Blatchford		155,864	0	0	155,864	35,713	191,577
Director of Technology	D Scates		165,159	0	0	165,159	36,656	201,815
Director of Media and Communication	J Helm	7	66,220	0	50,000	116,220	19,433	135,653
Director of Finance	I Percival		141,379	0	0	141,379	37,679	179,058
Director of Human Resources	C Davies		157,803	2,650	0	160,453	46,648	207,101
Director of Operational Support Services	M Heracleous		150,000	2,906	0	152,906	34,125	187,031
Director of Communication	P Stuart-Lacey	8	73,333	0	0	73,333	21,503	94,836
NPCC and other secondees out of the Met								
Assistant Commissioner	M Hewitt		225,372	2,650	0	228,022	64,151	292,173
Assistant Commissioner	A Basu		225,372	2,650	0	228,022	64,151	292,173
Assistant Commissioner	S Kavanagh		204,372	0	0	204,372	0	204,372
Assistant Commissioner	R Beckley		69,945	2,650	0	72,595	0	72,595
Assistant Commissioner	A Marsh	9	90,194	0	0	90,194	0	90,194
T/Deputy Assistant Commissioner	N Jerome		177,693	2,650	0	180,343	0	180,343
Deputy Assistant Commissioner	L D'Orsi	10	145,534	0	0	145,534	39,549	185,083
Commander	M Dales		150,153	2,650	0	152,803	35,249	188,052
MOPAC								
Chief Executive	D Luchford		156,075	0	0	156,075	47,291	203,366
Deputy Mayor for Policing And Crime			133,181	0	0	133,181	40,197	173,378

8.3 Relevant police officers and senior staff remuneration* - year ended 31 March 2022

Post holder information (post title)	Name	Notes	Salary (including fees & allowances) (£)	Benefits (£)	Other Payments (£)	Total remuneration excluding pension contributions 2021/22 (£)	Pension contributions (£)	Total remuneration including pension contributions 2021/22 (£)
Director of Audit, Risk and Assurance			120,501	0	0	120,501	36,512	157,013
Interim Director of Strategy		11	91,370	0	0	91,370	27,685	119,055
Director of Strategy		12	109,032	0	0	109,032	33,037	142,069
Interim Director of Commissioning and Partnership		13	0	0	0	0	0	0
Director of Commissioning and Partnership		14	100,000	0	0	100,000	30,300	130,300
Victims Commissioner			101,654	0	0	101,654	30,801	132,455
Chief Finance Officer			130,000	0	0	130,000	39,390	169,390
Interim Chief Finance Officer		15	0	0	0	0	0	0
Head of Human Resources and Organisational Development			88,005	0	0	88,005	26,666	114,671
Director of Violence Reduction Unit			119,340	0	0	119,340	36,160	155,500

***Individuals whose salary is £150,000 or more per annum are required to also be identified by name**

8.3 Relevant police officers and senior staff remuneration - year ended 31 March 2022

1. C Dick left on 24/4/22
2. S House became acting Commissioner on 11/4/22
3. H Ball became acting Deputy Commissioner on 11/4/22
4. B Gray joined on 8/4/21 with an annualized salary of £156,693
5. A McCallum left on 11/6/21
6. J Clarke joined on 1/10/21 with an annualized salary of £240,000
7. J Helm left on 31/8/21 and received a payment related to his resignation for purposes of career transition.
8. P Stuart-Lacey joined on 1/10/21 with an annualized salary of £155,000
9. A Marsh joined on 20/9/21 with an annualized salary of £170,000
10. L D’Orsi retired on 19/1/22
11. The individual took up the interim position from 27/1/21 until 3/5/21 on an annualized salary of £119,658
12. The individual was appointed to the role on 4/5/21 on an annualized salary of £120,000
13. The individual took up the interim position from 6/20 until the 31/5/21. They were not salaried and a total payment of £39,975 was made for this period. Unlike remuneration payments made to employees, interims do not receive pensions, benefits and holiday pay. If engaged for the full year the annualized total remuneration, excluding agency commission, for the year would have been £213,525
14. The individual was appointed to the role on 1/6/21 on an annualized salary of £120,000
15. The individual took up the interim from 21/2/22. They are not salaried and a total payment of £16,148 was made for this period. Unlike remuneration payments made to employees, interims do not receive pensions, benefits and holiday pay. If engaged for the full year the annualized total remuneration, excluding agency commission, for the year would have been £206,063

Additional information

Benefits includes the annual membership of the Chief Police Officers’ Staff Association.

***Individuals whose salary is £150,000 or more per annum are required to also be identified by name**

8.4 Relevant police officers and senior staff remuneration* - year ended 31 March 2021

Post holder information (post title)	Name	Notes	Salary (including fees & allowances) (£)	Benefits (£)	Other Payments (£)	Total remuneration excluding pension contributions 2020/21 (£)	Pension contributions (£)	Total remuneration including pension contributions 2020/21 (£)
CPM								
Commissioner	C Dick		246,109	3,074	0	249,183	0	249,183
Deputy Commissioner	S House		256,764	3,074	0	259,838	0	259,838
Assistant Commissioner	A Basu		223,268	3,074	0	226,342	63,499	289,841
Assistant Commissioner	H Ball		223,268	3,074	0	226,342	0	226,342
Assistant Commissioner	M Simmons	1	179,042	3,074	0	182,116	0	182,116
Assistant Commissioner	N Ephgrave		224,345	3,074	0	227,419	10,431	237,850
Assistant Commissioner	L Rolfe	2	183,825	0	0	183,825	48,200	232,025
Assistant Commissioner	M Jukes	3	94,579	0	0	94,579	25,304	119,883
Deputy Assistant Commissioner	G McNulty		176,074	3,074	0	179,148	48,869	228,017
Deputy Assistant Commissioner	L Taylor		172,480	3,074	0	175,554	48,869	224,423
Deputy Assistant Commissioner	D Haydon		189,403	3,074	0	192,477	0	192,477
Deputy Assistant Commissioner	M Twist		172,480	3,074	0	175,554	48,869	224,423
Deputy Assistant Commissioner	M Horne		176,074	3,074	0	179,148	44,755	223,903
Deputy Assistant Commissioner	A Pearson		192,717	3,074	0	195,791	48,869	244,660
Deputy Assistant Commissioner	S Cundy		176,074	3,074	0	179,148	48,869	228,017
T/Deputy Assistant Commissioner	J Connors	4	138,222	3,074	0	141,296	36,839	178,135
T/Deputy Assistant Commissioner	B Javid	5	147,187	3,074	0	150,261	34,890	185,151
Commander	A Murray		153,389	3,074	0	156,463	37,371	193,834
Commander	M McEwan	6	107,950	3,074	0	111,024	24,786	135,810
Chief of Corporate Services	R Wilkinson		191,124	3,074	0	194,198	57,911	252,109
Chief Digital and Technology Officer	A McCallum		234,882	0	0	234,882	0	234,882
Director of Solution Delivery	D Pitty		158,976	0	0	158,976	36,656	195,632
Director of Service Delivery	A Blatchford		155,864	0	0	155,864	35,713	191,577
Director of Technology	D Scates		158,976	0	0	158,976	36,656	195,632
Director of Media and Communication	J Helm		158,928	0	0	158,928	46,640	205,568
T/Chief Finance Officer	I Percival		141,181	0	0	141,181	37,133	178,314
Director of Human Resources	C Davies		153,955	3,074	0	157,029	46,648	203,677
Director of Operational Support Services	M Heracleous	7	12,500	0	0	12,500	3,788	16,288
NPCC and other secondees out of the Met								
Assistant Commissioner	M Hewitt		223,268	3,074	0	226,342	63,499	289,841
Assistant Commissioner	S Kavanagh		202,295	0	0	202,295	0	202,295
Assistant Commissioner	R Beckley		70,236	3,074	0	73,310	0	73,310
Deputy Assistant Commissioner	R Martin	8	144,474	3,074	0	147,548	40,501	188,049
T/Deputy Assistant Commissioner	N Jerome		176,074	3,074	0	179,148	32,412	211,560
Deputy Assistant Commissioner	L D'Orsi	9	175,100	3,074	0	178,174	48,869	227,043
MOPAC								
Chief Executive	D Luchford	10	144,803	0	0	144,803	43,875	188,678

8.4 Relevant police officers and senior staff remuneration* - year ended 31 March 2021

Post holder information (post title)	Name	Notes	Salary (including fees & allowances) (£)	Benefits (£)	Other Payments (£)	Total remuneration excluding pension contributions 2020/21 (£)	Pension contributions (£)	Total remuneration including pension contributions 2020/21 (£)
Deputy Mayor for Policing And Crime			132,664	0	0	132,664	40,197	172,861
Director of Audit, Risk and Assurance			121,018	0	0	121,018	36,512	157,530
Director of Strategy		11	102,106	0	0	102,106	30,938	133,044
Interim Director of Strategy		12	93,682	0	0	93,682	27,704	121,386
Interim Director of Criminal Justice Commissioning		13	0	0	0	0	0	0
Chief Finance Officer		14	29,005	0	0	29,005	8,789	37,794
Interim Chief Finance Officer		15	0	0	0	0	0	0
Director of Violence Reduction Unit			119,340	0	0	119,340	36,160	155,500
Director of Criminal Justice Commissioning		16	1,328		50,125	51,453	402	51,855

8.4 Relevant police officers and senior staff remuneration - year ended 31 March 2021

1. M Simmons retired 21/1/21
2. L Rolfe joined 29/6/20 with an annualized salary of £199,386
3. M Jukes joined 9/11/20 with an annualized salary of £204,372
4. J Connors was temporary promoted to DAC on 22/2/21 with an annualized salary of £156,693
5. B Javid was temporary promoted to DAC on 29/3/21 with an annualized salary of £156,693
6. M McEwan left on 30/11/20
7. M Heracleous joined on 1/3/21 with an annualized salary of £150,500
8. R Martin retired on 31/12/20
9. L D'Orsi was seconded to British Transport Police on 22/3/21
10. D Luchford was appointed to the role of Chief Executive on 27/4/20 on an annualised salary of £156,075
11. The individual resigned from post on the 27/1/21 on an annualised salary of £119,658
12. The individual took up the interim position from 27/1/21 until 3/5/21 on an annualised salary of £119,658
13. The individual was appointed as the interim Director of Criminal Justice Commissioning on 8/6/20. They were not salaried and a total payment of £189,638 was made for this period. Unlike remuneration payments made to employees in the table, interims do not receive pensions, benefits and holiday pay. If engaged for a full year the annualized total remuneration, excluding agency commission, for the year would have been £213,525
14. The individual was appointed to the role on 11/1/21 on an annualised salary of £130,000
15. The individual resigned as the interim CFO on 15/1/21. They were not salaried and a total payment of £202,575 was made for this period. Unlike remuneration payments made to employees in the table, interims do not receive pensions, benefits and holiday pay. If engaged for a full year the annualized total remuneration, excluding agency commission, for the year would have been £239,805.
16. The individual left the organization on 4/4/20 on an annualised salary of £119,503. The individual was paid a voluntary exit of £50,125

Additional information

Benefits includes the annual membership of the Chief Police Officers' Staff Association.

***Individuals whose salary is £150,000 or more per annum are required to also be identified by name**

9. Related party transactions

IAS 24 (Related Party Transactions) requires the Group to disclose all material transactions with related parties, that is bodies or individuals that have the potential to influence the Group or to be controlled or influenced by key individuals of the Group including the Mayor and Deputy Mayor, the Commissioner, members of the MOPAC Senior Management Team, and MPS Management Board. Disclosure of these transactions allows readers to assess the extent to which the Group might have been constrained in its ability to operate independently, or might have secured the ability to limit another party's ability to bargain freely with the Group. This disclosure note has been prepared on the basis of specific declarations obtained for the year ended 31 March 2022, in respect of related party transactions.

CPM and MOPAC

The primary function of MOPAC is to secure the maintenance of an efficient and effective Metropolitan Police Service in London and to hold the CPM to account for the exercise of operational policing duties under the Police Act 1996. MOPAC is responsible for setting the Police and Crime Plan. Whilst the Commissioner is operationally independent and receives an annual budget, MOPAC is responsible for financial administration within the Group. The CPM holds no reserves or cash balances and assets. All payments for the Group are made by MOPAC from the MOPAC Police Fund and all funding and income is received by MOPAC. The CPM is dependent on MOPAC to discharge any liabilities, for instance to administer police pensions or settle future obligations. More information can be found on this relationship in Note 6.

Central Government and other public bodies

Central Government has a significant influence over the general operations of the Group. It is responsible for providing the statutory framework within which the Group operates as well as providing a substantial part of its funding in the form of grants and prescribes the terms of many of the transactions that the Group has with other parties. Grants received from Central Government are set out in the subjective analysis in Note 14 and Note 15:

Greater London Authority

The MOPAC Group is one of the functional bodies of the Greater London Authority (GLA), the other bodies being the London Fire Commissioner, which replaced the London Fire and Emergency Planning Authority on 1 April 2018, Transport for London, Old Oak and Park Royal Development Corporation and the London Legacy Development Corporation.

The Mayor sets MOPAC's budget, including the precept for the GLA. The London Assembly approves MOPAC's budget for the police and may amend the precept for the GLA. In addition, Section 32 of the Police Reform and Social Responsibility Act 2011 requires the GLA London Assembly to establish a committee called the 'Police and Crime Committee' to exercise functions in relation to scrutiny of MOPAC. The Committee's responsibilities include reviewing the draft Police and Crime Plan and scrutiny of particular decisions made or actions taken by MOPAC in the discharge of its responsibilities. Monies received from the GLA in the form of grants and precepts are disclosed in Note 14.

The net receipts from Transport for London were £87.551 million in 2021/22 (£92.338 million in 2020/21).

The net expenditure with the London Fire Commissioner was £0.087 million in 2021/22 (£0.284 million in 2020/21).

The net receipts from Old Oak and Park Royal Development were £0.091 million in 2021/22 (£0.036 million in 2020/21).

The net receipts from London Legacy Development Corporation were £0.091 million in 2021/22 (£0.036 million in 2020/21).

Other bodies

The Safer London Foundation is included here as a related party as MOPAC provided funding of £2.696 million by the Group at 31 March 2022. Cressida Dick, Commissioner, was president of the organisation during this period.

Police Now was established in January 2016 to run the National Graduate Leadership Development Programme. It is owed £0.75 million from MOPAC in 2021/22. The Assistant Commissioner of Professionalism and Assistant Commissioner of Met Operations are Board members.

The College of Policing is the professional body for the police services in England and Wales and the Assistant Commissioner of Specialist Operations is a member of the Board. MOPAC spent £1.929 million, received £0.634 million, and is owed £0.073 million at year-end.

MOPAC is the member of, and the sole owner of, the Police Crime Prevention Initiatives' Ltd (PCPI) which is a company limited by guarantee without share capital. The MOPAC Head of Operational Oversight and the Deputy Commissioner are directors of the Company and have influence over the operation and running of the company. Police Crime Prevention Initiatives main operation is through 'secure by design' which supports the principles of 'designing out crime' through physical security and processes. MOPAC spent £0.175 million with Police Crime Prevention Initiatives Ltd in 2021/22. Police Crime Prevention Initiatives is a not for profit company, run for the national good with all money made supporting crime prevention. MOPAC does not receive any financial benefit from this company.

The MOPAC Group administers a number of charities on behalf of third parties. Full details of the charities and their purpose are disclosed in Note 24. The Assistant Commissioner of Frontline Policing is a Trustee of the Metropolitan Police Sports Fund. In 2021/22 the MOPAC Group paid £33k to the MPS Sports Fund.

10. Auditors' remuneration

The audit fee payable to Grant Thornton UK LLP during the year totalled £245,934 (£292,008 in 2020/21) for the Group, of which £153,534 related to MOPAC and £92,400 related to the CPM (£159,483 for MOPAC in 2020/21, £132,525 for CPM).

11. Interest payable and similar charges

Interest paid in 2021/22 and 2020/21 is as follows:

£000	2021/22	2020/21
Public Work Loans Board	9,507	9,618
PFI and finance lease	13,461	13,090
Other interest cost	0	0
Total	**22,968**	**22,708**

12. Pension costs

As part of the terms and conditions of employment the Group offers retirement benefits for Police Officers and Police Staff.

12.1 Police officers'

There are three pension schemes for police officers, the Police Pension Scheme 2015, the 2006 New Police Pension Scheme (NPPS) and the Police Pension Scheme (PPS), all of which are unfunded, defined benefit schemes. An unfunded, defined benefit scheme has no investment assets to meet its pension liability and must generate cash to meet the actual pension payments as they fall due. These benefits payable are funded by contributions from employers and police officers and as a rule any shortfall is met by a top up grant from the Home Office, as was the case in 2021/22. The Group pays employer contributions at a rate of 31% of pensionable salary into the Fund. Further details of the schemes can be found in the Police Officer Pension Fund Accounts.

The Commissioner is the administering body under the Police Reform and Social Responsibility Act 2011. The Police Officer Pension Fund's Financial Statements and notes are included on Pages 70-72 of this document.

The principal risks of the schemes relate to the longevity assumptions, statutory changes to the schemes, changes to inflation and to bond yields. These are mitigated by the statutory requirements to charge to the General Reserves the amounts required by statute as described in the accounting policies Note 2.7 on post employment benefits.

Police officers' pensions income and expenditure

£000	2021/22	2020/21
Comprehensive Income and Expenditure Statement		
Cost of Services:		
Service cost comprising:		
Current Service Cost	1,053,100	632,600
Past service cost	4,200	3,300
Transfers in/(out)	2,700	2,300
Actuarial loss/(gain) - injury pensions	(139,900)	412,500
Financing and Investment Income and Expenditure		
Interest Expense	825,800	711,100
Total Post Employment Benefits charged to the Surplus or Deficit on the Provision of Services	**1,745,900**	**1,761,800**
Re-measurement of the defined benefit liability comprising:		
Actuarial loss/(gain) arising on changes in demographic assumptions - excluding injury pensions	(374,000)	373,000
Actuarial loss/(gain) arising on changes in financial and other assumptions - excluding injury pensions	(2,534,100)	8,735,900
Total Post Employment Benefits charged to the Comprehensive Income and Expenditure Statement	**(2,908,100)**	**9,108,900**
Movement in Reserves Statement (MIRS)		
Reversal of charges made to Surplus or Deficit on the Provision of Services for post employment benefits	(1,745,900)	(1,761,800)
Actual amount charged against the General Reserves Balance for pensions in the year - Pension Costs	712,600	697,900

The Table above shows the transactions have been made in the Group CIES and the General Reserves Balance via the Group MIRS during the year as described more fully in Note 6. The following police pension costs are recognised in the CPM Accounts in the first instance:

- Current/past service costs, past service gains and the actuarial loss/(gain) have been produced by actuaries;
- Transfers in/(out) are in respect of monies received/paid from/to other authorities in respect of Officers who have either joined or left the Group;
- Interest on pension liability represents the expected increase during the year in the present value of the scheme liabilities because the benefits are one year closer to settlement.

Police injury pensions are considered to be a cost to the service and as such the gains/loss on this type of pension has been incorporated in the Net Cost of Policing Services together with other related charges (see below for analysis of movements on liabilities for the funds).

Police officers' contributions to the schemes amounted to £166.3 million in the year ended 31 March 2022. In the year ended 31 March 2022, employer pension contributions have been charged to the revenue account on the basis of pensions payable in the year and totalled £692.4 million.

In the year to 31 March 2022 the net costs of pensions and other benefits amounted to £726.4 million, representing 52.6% of pensionable pay.

Assets and liabilities in relation to retirement benefits

In accordance with IAS 19 requirements, the total liability of the Police Officer Pension Fund is included in the Balance Sheet. Although these will not actually be payable until officers retire, the Group has a commitment to make the payments that need to be disclosed at the time that officers earn their future entitlement. The Group had the following overall liabilities for pensions at 31 March 2022 that have been included in the Balance Sheet:

£ million	2021/22	2020/21
Officer members	(19,669)	(20,033)
Deferred pensioners	(1,447)	(1,572)
Pensioners	(16,361)	(17,671)
Injury pensions	(1,769)	(1,845)
Total value of scheme liabilities	**(39,246)**	**(41,121)**

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. Hymans Robertson LLP, an independent firm of actuaries, has assessed the scheme liabilities as at 31 March 2022. The movement in the present value of the scheme liabilities for the year to 31 March 2022 can be reconciled as follows:

£ million	Excluding injury benefits 2021/22	Excluding injury benefits 2020/21	Injury benefits only 2021/22	Injury benefits only 2020/21
Scheme liabilities at 1 April	**(39,276)**	**(29,554)**	**(1,845)**	**(1,393)**
Current service cost including Home Office contribution.	(995)	(595)	(58)	(38)
Officer contributions	(165)	(161)	0	0
Benefits paid	847	827	0	0
Injury award expenditure	0	0	32	31
Transfers from / to other authorities	(3)	(2)	0	0

Past service cost (injury benefits)	(4)	(3)	0	0
Interest cost on pension liabilities.	(789)	(679)	(37)	(32)
Re-measurement gains and losses:				
Actuarial (loss)/gain arising on changes in demographic assumptions	374	(373)	17	(18)
Actuarial (loss)/(gain arising on changes in financial assumptions	2,877	(8,372)	122	(395)
Other Experience	(343)	(364)	0	0
Scheme liabilities at 31 March	**(37,477)**	**(39,276)**	**(1,769)**	**(1,845)**

Actuarial assumptions

The value of the liabilities for IAS 19 purposes is dependent on assumptions made by the Scheme's actuaries, Hymans Robertson LLP. The financial assumptions reflect market expectations at the reporting date. Changes in market conditions that result in changes in the net discount rate (essentially the difference between the discount rate and the assumed rates of increase of salaries, deferred pension revaluation or pension-in-payment), can have a significant effect on the value of the liabilities reported. A reduction in the net discount rate will increase the assessed value of liabilities as a higher value is placed on benefits paid in the future. A rise in the net discount rate will have an opposite effect of similar magnitude. The effect of a change in the net discount rate on the value placed on the liabilities of each scheme is shown in the sensitivity analysis schedule below.

There is also uncertainty around the life expectancy of the UK population. The value of current and future pension benefits will also depend on the life expectancy of the officers and dependents. The disclosures have been prepared using mortality assumptions of 100% of the S2NFA and S2NMA "year of birth" tables with future improvements based on the CMI 2021 model with a long term rate of improvement of 1.5% per annum. The adjustments to the future improvement assumption has been updated to a more recent model (from CMI 2020 to CMI 2021)

The significant actuarial assumptions used in their calculations are:

Assumptions	**All Schemes 2021/22**	**All Schemes 2020/21**
CARE revaluation rate	4.5%	4.10%
Rate of increase of salary (note i)	3.7%	3.30%
Rate of increase in pensions	3.2%	2.85%
Rate for discounting scheme liabilities (note ii)	2.7%	2.00%

i. Future salary increases are assumed to be within an acceptable range;
ii. The current discount rate is based on current rate of return available on high quality corporate bonds of equivalent currency and term to the scheme liabilities.

Mortality

Life expectancy is based on actuarial tables with future improvement in line with the CMI 2021 model with a long term rate of improvement of 1.5% per annum. The actuarial mortality rate assumptions used in their calculations are:

Mortality rate	**Males 2021/22**	**Males 2020/21**	**Females 2021/22**	**Females 2020/21**
Current pensioners	27.1 years	27.4 years	29.4 years	29.7 years
Future pensioners*	28.4 years	28.7 years	30.8 years	31.0 years

*Future pensioners are assumed to be aged 45 at 31 March 2023.

Sensitivity analysis

The estimation of the defined benefit obligation is sensitive to the actuarial assumptions set out above. The sensitivity analyses below have been determined based on reasonably possible changes to the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis are consistent with those used in the previous period.

The sensitivities regarding the significant assumptions used to measure the scheme liabilities are set out below:

Financial assumptions	Approximate % increase to employer liability		Approximate monetary amount (£000)	
	2021/22	**2020/21**	**2021/22**	**2020/21**
0.5% decrease in real discount rate	11%	11%	4,483,905	4,623,841
1 year increase in member life expectancy	3%	3%	1,167,022	1,222,674
0.5% increase in the salary increase rate	1%	1%	500,656	527,377
0.5% increase in the pension increase rate (CPI)	8%	8%	3,279,201	3,435,442

An estimate of contributions expected to be paid to the scheme for the future financial year:

£ million	2021/22	2020/21
Projected current service cost	873	1,061
Interest on obligation	1,062	826
Total	**1,935**	**1,887**

The weighted average duration of the defined benefit obligation is:

Weighted average duration	2021/22	2020/21
Active members	28.2 Years	28.0 Years
Deferred pensioners	27.5 Years	27.5 Years
Pensioners	13.4 Years	13.4 Years
Injury pensions	21.9 Years	21.6 Years

Legal Cases

The Commissioner, along with other Chief Constables and the Home Office had a number of claims in respect of unlawful discrimination arising from transitional provisions in the Police Pension Regulations 2015. The claims against the Police pension scheme (the Aarons case) had previously been stayed behind the McCloud/Sargeant judgement, but a case management was held in Oct 2019, with the resulting Order including an interim declaration that the claimants are entitled to be treated as if they had been given full transitional protection and had remained in their existing scheme after 1 April 2015. Whilst the interim declaration applied only to claimants, the Government made clear through a Written Ministerial Statement on 25 March 2020 that non-claimants would be treated in the same way.

On 16 July 2020, HM Treasury issued a consultation regarding transitional arrangements for public sector pensions to eliminate discrimination as identified through the McCloud/Sargeant cases. This consultation introduced a requirement for members to have been members of the scheme on or before 31 March 2012 and on or after 1 April 2015 to be eligible for remedy.

On 4 February 2021, HM Treasury issued their response to the consultation which confirmed the remedy arrangements set out in the consultation, and states that members would be given a choice as to whether to retain benefits from their legacy pension scheme, or their new scheme, during the remedy period (2015-2022). This choice will be deferred for members until retirement. As the findings of the original Employment Tribunal did not identify that the introduction of the new public sector pension schemes were discriminatory (rather it was the transitional provisions), the legacy schemes were removed in April 2022 and replaced by the new pension schemes originally introduced in 2015.

Impact on pension liability
Allowing for all eligible members to accrue benefits from their legacy scheme during the remedy period would lead to an increase in the Police Pension Scheme liabilities. For the Commissioner of Police for the Metropolis, this effects approximately 28,000 members. Scheme actuaries have estimated the increase in scheme liabilities for the Commissioner of Police for the Metropolis each year, with an estimated total increase in liabilities of £2.2bn (or 5.6% of scheme liabilities)

The impact of an increase in scheme liabilities arising from McCloud/Sargeant judgement will be measured through the pension valuation process, which determines employer and employee contribution rates. The next Police Pension valuation is due to be reported in 2023/24, although this timetable is subject to change.

The impact of an increase in annual pension payments arising from McCloud/Sargeant is determined through the Police Pension Fund Regulations 2007. These require a police authority to maintain a pension fund into which officer and employer contributions are paid and out of which pension payments to retired officers are made. If the police pension fund does not have sufficient funds to meet the cost of pensions in year the amount required to meet the deficit is then paid by the Secretary of State to the police authority in the form of a central government top-up grant.

Guaranteed Minimum Pension
In respect of Guaranteed Minimum Pension, the actuary has only allowed for Guaranteed Minimum Pension full indexation for active members. No adjustment has been made for pensioners and deferred members. Given the inherent uncertainty surrounding the calculations, we have deemed that this is a reasonable approach and would not lead to a material adjustment to the pension liability.

12.2 Police staff

The Civil Service pension scheme is an unfunded multi-employer defined benefit scheme (see accounting policies Note 2.7 for details of membership). The Group is unable to identify its share of the underlying assets and liabilities with the result that under IAS 19 the scheme is accounted for as a defined contribution scheme with the cost of pension contributions into the scheme recognised in the Accounts but no share of scheme assets or liabilities recognised on the Balance Sheet.

A full actuarial valuation was carried out at 31 March 2016. More information can be found in the Cabinet Office: Civil Superannuation Accounts:
https://www.civilservicepensionscheme.org.uk/about-us/resource-accounts/)

For the year ended 31 March 2022, employer's contributions of £119.7 million were payable to the Cabinet Office at one of four rates in the range 26.6 to 30.3 percent of pensionable pay, based on salary bands. In the year to 31 March 2022, the net cost of pensions amounted to £121.7 million, representing 27.1% of pensionable pay. The Group is not liable for any other entities' obligations under the plan.

13. Other operating expenditure

13.1 Gains and losses on disposal of non-current assets

The following gains and losses were made on disposal of property (land and building), plant and equipment:

£000	2021/22 Property	Plant and Equipment	Total	2020/21 Property	Plant and Equipment	Total
Losses	11,635	847	12,482	26,570	2,367	28,937
Gains	(28,150)	(303)	(28,453)	(24,170)	(64)	(24,234)
Net (gain)/loss	**(16,515)**	**544**	**(15,971)**	**2,400**	**2,303**	**4,703**

The gains and losses on disposal of assets, as disclosed above, exclude all minor proceeds below £10,000 from the sale of vehicles that have reached the end of their useful economic life.

14. Non-specific grant income

The Greater London Authority precepts London Boroughs for Council Tax and receives Police Formula Grant, Police Revenue Grant and Council Tax Support Grant directly from central government. The central funding allocated and the police precept for the year ended 31 March 2022 was:

£000	2021/22	2020/21
Retained Business Rates	(25,690)	(118,679)
Formula Grant	(853,246)	(807,449)
Police Precept	(798,649)	(777,054)
Police Revenue Grant	(1,187,737)	(1,121,398)
Council Tax Support	(119,676)	(119,676)
Total	**(2,984,998)**	**(2,944,256)**

14.1 Capital grants

The Group recognises capital grants through the CIES when conditions attached to them have been met or where no conditions have been attached.

£000	2021/22	2020/21
Capital grants	**(60,199)**	**(34,787)**

15. Specific grants

The Group received the following grants for specific operational activities:

£000	2021/22	2020/21
Home Office - Counter Terrorism	(356,415)	(371,855)
Home Office - CT Protective Security Grant	(173,004)	(157,763)
Ministry of Justice - Victim Services	(10,869)	(18,119)
Home Office - Specific Operational Projects	(174,213)	(210,865)
Miscellaneous grants	(24)	(53)
Partnership Funding	(11,747)	(12,995)
Total	**(726,272)**	**(771,650)**

16. Group and MOPAC non current assets at 31 March 2022

£000	Property	Plant and equipment	Assets under construction	Surplus Assets	Sub total	Heritage assets	Investment properties	Intangible assets	Total
Cost or valuation at 1 April 2021	**1,945,262**	**563,550**	**400,659**	**19,806**	**2,929,277**	**1,321**	**6,425**	**9,361**	**2,946,384**
Reclassifications (transfers)	114,817	66,513	(181,330)	0	0	0	0	0	**0**
Assets reclassified (to)/from held for sale	(59,004)	(5,389)	0	(21,208)	(85,601)	0	0	0	**(85,601)**
Additions	0	26,675	221,612	0	248,287	0	0	0	**248,287**
Disposals	(35,280)	(65,654)	0	0	(100,934)	(2)	0	(3,019)	**(103,955)**
Impairment	0	0	0	0	0	0	0	0	**0**
Revaluation movements through CIES	(28,306)	0	0	0	(28,306)	0	(335)	0	**(28,641)**
Revaluation movements in reserves	58,930	0	0	1,402	60,332	0	0	0	**60,332**
Cost or valuation at 31 March 2022	**1,996,419**	**585,695**	**440,941**	**0**	**3,023,055**	**1,319**	**6,090**	**6,342**	**3,036,806**
Depreciation at 1 April 2021	**(94,854)**	**(320,338)**	**0**	**0**	**(415,192)**	**(11)**	**0**	**(7,949)**	**(423,152)**
Depreciation/amortisation for the year	(66,081)	(93,636)	0	0	(159,717)	0	0	(1,344)	**(161,061)**
Depreciation written out on valuation to the Revaluation Reserve	47,338	0	0	0	47,338	0	0	0	**47,338**
Depreciation on assets sold	2,783	64,795	0	0	67,578	0	0	3,019	**70,597**
Depreciation written out on revaluation recognised in the CIES	14,435	0	0	0	14,435	0	0	0	**14,435**
Depreciation on assets held for sale	351	4,399	0	0	4,750	0	0	0	**4,750**
Depreciation at 31 March 2022	**(96,028)**	**(344,780)**	**0**	**0**	**(440,808)**	**(11)**	**0**	**(6,274)**	**(447,093)**
Net Book Value at 31 March 2022	**1,900,391**	**240,915**	**440,941**	**0**	**2,582,247**	**1,308**	**6,090**	**68**	**2,589,713**
Net Book Value at 31 March 2021	**1,850,408**	**243,212**	**400,659**	**19,806**	**2,514,085**	**1,310**	**6,425**	**1,412**	**2,523,232**

The Group's Property portfolio consists of 70 (85 in 2020/21) police stations, 87 (85 in 2020/21) residential properties, and 188 (251 in 2020/21) other operational buildings including Safer Neighbourhood bases, patrol bases, headquarter buildings and offices. There are also 4 (4 in 2020/21) investment properties. The Group also operates 5,669 (5,970 in 2020/21) patrol cars, motorbikes and other vehicles, 45 (49 in 2020/21) boats including inflatables and dinghies.

16. Group and MOPAC non current assets at 31 March 2021

£000	Property	Plant and equipment	Assets under construction	Surplus Assets	Sub total	Heritage assets	Investment properties	Intangible assets	Total
Re-stated Cost or valuation at 1 April 2020	**2,008,979**	**545,228**	**353,550**	**18,514**	**2,926,271**	**1,321**	**6,489**	**12,539**	**2,946,620**
Reclassifications (transfers)	172,067	66,490	(239,010)	0	(453)	0	0	0	**(453)**
Assets reclassified (to)/from held for sale	(2,244)	0	0	(780)	(3,024)	0	0	0	**(3,024)**
Additions	0	34,914	293,357	0	328,271	0	0	0	**328,271**
Donated assets/ other	0	0	0	0	0	0	0	0	**0**
Disposals	(69,997)	(83,082)	975	(1,145)	(153,249)	0	0	(3,178)	**(156,427)**
Impairment	0	0	(8,213)	0	(8,213)	0	0	0	**(8,213)**
Revaluation movements through CIES	(67,731)	0	0	9	(67,722)	0	(64)	0	**(67,786)**
Revaluation movements in reserves	(95,812)	0	0	3,208	(92,604)	0	0	0	**(92,604)**
Cost or valuation at 31 March 2021	**1,945,262**	**563,550**	**400,659**	**19,806**	**2,929,277**	**1,321**	**6,425**	**9,361**	**2,946,384**
Depreciation at 1 April 2020	**(107,824)**	**(346,695)**	**0**	**(1,161)**	**(455,680)**	**(11)**	**(14)**	**(9,399)**	**(465,104)**
Depreciation/amortisation for the year	(76,365)	(85,120)	0	(30)	(161,515)	0	0	(1,897)	**(163,412)**
Redundant depreciation	72,761	31,666	0	40	104,467	0	0	168	**104,635**
Depreciation on assets sold	16,563	79,817	0	1,145	97,525	0	0	3,179	**100,704**
Depreciation written out on revaluation recognised in the CIES	0	(6)	0	0	(6)	0	14	0	**8**
Depreciation on assets held for sale	11	0	0	6	17	0	0	0	**17**
Depreciation at 31 March 2021	**(94,854)**	**(320,338)**	**0**	**0**	**(415,192)**	**(11)**	**0**	**(7,949)**	**(423,152)**
Net Book Value at 31 March 2021	**1,850,408**	**243,212**	**400,659**	**19,806**	**2,514,085**	**1,310**	**6,425**	**1,412**	**2,523,232**
Re-stated Net Book Value at 31 March 2020	**1,901,155**	**198,533**	**353,550**	**17,353**	**2,470,591**	**1,310**	**6,475**	**3,140**	**2,481,516**

16.1 Basis of valuation

MOPAC's operational property was revalued as at 30 September 2021 as a part of the revaluation programme. For the revaluation programme 20% of the assets are physically inspected as well as the top 20 properties by value. The remaining 80% are revalued on a desktop basis. This approach is part of a rolling programme of revaluations that is conducted by Montagu Evans (member of the Royal Institute of Chartered Surveyors) ensuring that all operational land and buildings within the estate are subject to inspection and revaluation at least once every five years.

The residential and investment property portfolios were also revalued as at 30 September 2021 as a part of the revaluation programme. Again 20% of the assets are physically inspected each year whilst 80% are revalued on a desktop basis. This rolling programme of residential revaluations is performed by Montagu Evans ensuring that all of the residential properties are subject to inspection and revaluation at least once every five years.

To assess price movements and other adjustments between 1 October 2021 and the 31 March 2022 the valuer also provided an assessment of the valuations as at 31 March 2022, based on a desk top exercise, to confirm that the valuations provided were still materially sound. Valuations are always carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

The information provided by MOPAC to the valuers and the assumptions and valuations made by the valuers are reviewed by the Property Services Team throughout the valuation process.

Investment properties and surplus assets were revalued as at 30 September 2021 using the IFRS 13 Fair Value market approach. The IFRS 13 Fair Value market approach uses prices and other relevant information (inputs) generated by market transactions involving similar properties and applies the valuer's professional judgment in accordance with the RICS Valuation - Professional Standards 2014 published by the Royal Institution of Chartered Surveyors.

The IFRS 13 on Fair Value includes a fair value hierarchy that categorises the inputs to valuation techniques used to measure fair value into three (input) levels:

Level 1: Observable quoted prices, in active markets;

Level 2: Quoted prices are not available but fair value is based on observable market data;

Level 3: Unobservable inputs.

London property market conditions are such that similar properties are actively purchased and sold and the level of observable inputs are significant; hence we have categorised the valuations of our investment portfolio as Level 2 inputs in the fair value hierarchy.

At 31 March 2022 the group carrying value of investment properties was £6.1 million, (2021 £6.4 million).

The Group's policy is to recognise transfers within fair value hierarchy levels at the valuation date or the date of event or change in circumstance that caused the transfer. There have been no transfers during the period.

Buildings under construction and other property works are valued on the basis of the associated land value plus the cumulative construction costs incurred at 31 March 2022.

Short life assets such as vehicles, plant, furniture and equipment are included at net depreciation cost. Heritage assets have been included in the Balance Sheet following valuations placed on them by internal and external valuers. These consist of pictures, medals, vehicles, furniture and museum pieces, which are at present in long-term storage, which have been gifted over many years.

During the year, transfers of £xxx million were made for those assets under construction, which were completed and became operating assets.

16.2 Impairment

Management has considered the condition of Non-Current Assets and concluded that there is no indication that any material impairment is needed to be recognised for this financial year.

16.3 Capital Financing Requirement

The total amount of capital expenditure incurred in the year is shown in the table below, together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Group, the expenditure results in an increase in the Capital Financing Requirement, a measure of the capital expenditure incurred historically by MOPAC that has yet to be financed.

£000	2021/22	2020/21
Opening Capital Financing Requirement	**993,475**	**834,593**
Capital Investment		
Property		0
Plant and equipment	26,691	34,914
Intangible assets		
Assets under construction	221,612	293,358
Investment properties		
Sources of finance		
Capital receipts	(66,167)	(77,579)
Government grants and other contributions	(62,484)	(31,915)
Sums set aside from revenue:		
Direct revenue contributions	(29,783)	(11,268)
Minimum Revenue Provision	(64,221)	(48,628)
Closing Capital Financing Requirement	**1,019,123**	**993,475**
Explanation of movements in year		
(Decrease)/increase in underlying need to borrow (supported by government financial assistance)	(10,034)	(10,452)
(Decrease)/Increase in underlying need to borrow (unsupported by government financial assistance)	42,292	175,377
(Decrease)/increase in underlying need to borrow for PFI and Finance Lease assets	(6,609)	(6,044)
Increase in Capital Financing Requirement	**25,649**	**158,881**

The Local Authorities (Capital Finance and Accounting) (England) Regulations 2003, as amended by the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008, require MOPAC to charge to the MIRS a prudent level of Minimum Revenue Provision (MRP) for the redemption of debt. For the year ended 31 March 2022 MOPAC has made an MRP charge based on:

- the capital financing requirement method for all borrowing prior to 1 April 2008 and for any borrowing supported through the revenue grant settlement since 1 April 2008, and
- the asset life method for all unsupported borrowing undertaken since 1 April 2008 as permitted by the flexibilities provided under the Prudential Code.

16.4 PFI assets

These assets form part of the Property category within Note 16. There are two PFI contracts which together constitute the Group's PFI assets. One is for the provision of a firearms training facility and public order training facility, including the provision of all necessary structures, accommodation, support services and equipment. The Agreement is for a period of 25 years commencing January 2003 and includes for a price review of defined services every 5 years. At the end of the 25 year period the facility will be handed to the Group with the obligation of the Contractor to leave the training facility in 'working order'.

The other PFI contract is for the provision of four police stations across south east London including the provision of all necessary structures, office accommodation, support services and equipment. The Agreement is for a period of 25 years commencing January 2004 and provides for a price review of defined services every 5 years. At the end of the 25 year period the stations will be returned to the operator at no cost, or new leases could be negotiated.

The table below shows the value of training establishment and police station PFIs which are included in MOPAC Balance Sheet broken down by movements in year.

£000	2021/22	2020/21
Balance as at 1 April	**116,069**	**121,271**
Additions	0	418
Depreciation for year	(13,120)	(14,145)
Redundant depreciation	14,002	15,771
Transfer from work in progress	1,293	0
Revaluation movement	6,663	(7,246)
Balance as at 31 March	**124,907**	**116,069**

16.5 Payment analysis

The PFI agreements impose 25 year commitments on the Group from occupation and use of the facilities from 2003 and 2004. The unitary payments to be made under the PFI contracts as at 31 March 2021 are shown below. PFI liabilities are shown in Note 28.1

Payment Analysis 2021/22

£000	Liability	Interest	Service charge	Total
Within 1 year	5,918	10,565	14,697	31,180
2 to 5 years	31,097	43,402	45,864	120,363
6 to 10 years	17,085	19,105	18,329	54,519
11 to 15 years	0	0	0	0
Total	**54,100**	**73,072**	**78,890**	**206,062**

Payment Analysis 2020/21

£000	Liability	Interest	Service charge	Total
Within 1 year	6,324	11,242	13,107	30,673
2 to 5 years	27,377	42,511	57,892	127,780
6 to 10 years	26,724	30,560	30,485	87,769
11 to 15 years	0	0	0	0
Total	**60,425**	**84,313**	**101,484**	**246,222**

16.6 Leases

MOPAC as lessee

Operating leases

The Group has acquired a large and diverse portfolio of property leases, for example, office accommodation, police stations and patrol bases. In addition the Group leases include many safer neighbourhood offices, most of which have 10 year lives. In the year to 31 March 2022, the Group spent £19.9 million on operating leases for property and £0.02 million on operating leases for vehicles, most of which have 3 year lives. The lease payments due under non-cancellable leases in future years are:

	31 March 2022		31 March 2021	
£000	**Property**	**Vehicles**	**Property**	**Vehicles**
Operating leases				
Not later than 1 year	7,469	40	7,772	210
Later than 1 year and not later than 5 years	22,753	2	17,702	44
Later than 5 years	23,871	0	7,715	0
Total	**54,093**	**42**	**33,189**	**254**

Finance leases

The Group does not have any finance leases for vehicles, plant, or equipment. Following the adoption of IAS 17 the Group reviewed all existing property leases to evaluate the leases as at 31 March 2022 in order to determine whether they are a finance lease or an operating lease for land and/or for building. There are, in total, five property leases for which the building element is classified as a finance lease. The movements for the current year are shown below:

£000	**2021/22**	**2020/21**
Opening value 1 April	**84,345**	**88,784**
Additions	375	29,326
Revaluations	40,920	(25,846)
Disposal	0	0
Depreciation	(10,401)	(7,919)
Net carrying value 31 March	**115,239**	**84,345**

The Group is committed to making minimum payments under these leases comprising settlement of the long-term liability for the interest in the property acquired and finance costs that will be payable in future years while the liability remains outstanding.

The minimum lease payments are made up of the following amounts:

£000	**31 March 2022**	**31 March 2021**
Current liability	312	284
Long term liability	6,257	6,569
Finance costs payable in future years	14,686	15,343
Total of minimum lease payments (Net Present Value)	**21,255**	**22,196**

The minimum lease payments payable over the following periods are:

£000	Minimum lease payments 31 March 2022	Minimum lease payments 31 March 2021	Finance lease liabilities 31 March 2022	Finance lease liabilities 31 March 2021
Not later than 1 year	942	942	312	284
Later than 1 year and not later than 5 years	2,665	2,980	292	565
Later than 5 years	17,648	18,274	5,965	6,004
Total	**21,255**	**22,196**	**6,569**	**6,853**

Group as lessor

Operating leases
The Group leases out various interests in properties, including office space and short term leases for several blocks of flats classified as investment properties. The Group received rents amounting to £3.5 million (£2.1 million in 2020/21). The current lease payments receivable under non-cancellable leases in future years are:

£000	2021/22	2020/21
Not later than 1 year	3,423	117
Later than 1 year and not later than 5 years	13,690	463
Later than 5 years	32,689	1,158
Total	**49,802**	**1,738**

The Group has not granted any finance leases.

16.7 Component assets

The Group records a number of components in its fixed asset register consisting of assets in its PFI training establishment and a floating fuel facility as a component of a boat yard. All components have 15 years life spans, however as the total value is not considered significant, the assets have not been disclosed separately on the Balance Sheet.

16.8 Heritage assets

The Group looks after heritage assets which are recognised on the Balance Sheet (see note 16). Heritage Assets were donated or purchased and are held at valuation as a proxy for historical cost. In applying the accounting policy, the Group has identified that the assets have a value of £1.3 million.

The Group maintains a large museum collection including paintings, police clothing, helmets, medals, and records, a selection of which are on display to the public at the Met Collection, Empress State Building. All of these items were valued in 2008/09 by an independent valuer and are currently held on the Balance Sheet at a value of £1.25 million.

The Group owns an historic vehicle fleet consisting of 16 vehicles, currently housed at a secure garage at Hendon. They are not operational but are used in public events and maintained as part of MOPAC fleet. They are currently held on the Balance Sheet at a value of £60,000.

16.9 Future capital expenditure commitments

£000	2022/23 and later years	2021/22 and later years
IT Projects	48,014	46,332
Building Works	46,319	53,399
Vehicles. Plant and Equipment	32,113	9,686
Total	**126,446**	**109,417**

17. Long term debtors

Long Term Debtors represent income which is receivable more than twelve months from the balance sheet date, relating to the sale of Paddington Green Police Station and Section House.

£000	2021/22	2020/21
Accrued income	8,750	17,500
Balance per balance sheet	**8,750**	**17,500**

18. Assets held for sale

These consist of non current assets which have been authorised for sale by the Group and instruction given to agents for their disposal. The following table shows the movements and year end balances.

£000	2021/22	2020/21
Opening balance	8,095	57,017
Additional assets identified for disposal	80,851	3,008
Revaluation gains (losses)	24	2,115
Assets which are no longer being actively marketed	0	0
Assets disposed in year	(8,102)	(54,045)
Total	**80,868**	**8,095**

19. Short term debtors

£000	2021/22	2020/21
Trade receivables	17,429	22,874
Prepayments	20,973	28,984
Accrued income	244,384	170,488
Other receivable amounts*	58,724	49,151
Total before impairment loss allowance	**341,510**	**271,497**
Impairment loss allowance	(382)	(218)
Balance per balance sheet	**341,128**	**271,279**

'Short term debtors' represent assets which are expected to be realised within 12 months after the reporting date.

*The other receivable amounts balance is mainly made up of reimbursements due from HMRC for VAT incurred of £47.7m (£35.4m, 2020/21)

20. Short term investments

Short term investments are investments that mature in over 3 months and up to one year from the date of acquisition.

£000	2021/22	2020/21
Banks and financial Institutions	565	21,455
Residential Mortgage Backed Securities	0	1,657
Total	565	23,112

21. Cash and cash equivalents

'Cash and cash equivalents' consist of cash in hand, balances with banks, and investments that mature in less than three months from the date of acquisition. Cash and cash equivalents in the cash flow statement comprise the following:

£000	2021/22	2020/21
Banks and financial Institutions	8,880	20,489
GLA Strategic Partnership LP	614	0
Total	9,494	20,489

22. Short term creditors

£000	2021/22	2020/21
Trade payables	(58,750)	(32,215)
Accruals	(389,803)	(370,181)
GRNI	(73,498)	(50,963)
Other payables*	(87,567)	(84,435)
MOPAC Group balance	**(609,618)**	**(537,794)**
Intra-group creditor (see Note 6.2)	**(213,530)**	**(207,595)**
MOPAC balance	**(396,088)**	**(330,199)**

*** The other payables balance is mainly made up of payments to central government totalling £79.8m (£76.7m in 2020/21) in respect of Income Tax, National Insurance, Civil Service and Police Pensions payments.**

23. Short term borrowing

This amount represents part of certain loans and liabilities which are due for repayment in 12 months or less.

Due for repayment in 12 months or less (£000)	Note	2021/22	2020/21
Public Works Loan Board		(3,742)	(3,761)
Local authorities		0	0
PFI liabilities	28.1	(5,918)	(6,324)
Finance lease liabilities	28.1	(312)	(284)
Balance		**(9,972)**	**(10,369)**

24. Third party monies

Fund Name £000s 2021/22	Income	Expenditure	Assets	Liabilities
MOPAC Police Property Act Fund	5,036	3,809	17,033	0
MOPAC Detained Monies Account	13,067	13,863	18,539	0
Metropolitan Police Benevolent Fund	2,535	2,725	4,246	372
Metropolitan Police Commissioner's Fund	34	23	658	4
Metropolitan Police Sports Fund	307	297	258	5
Metropolitan Police Staff Welfare und	20	14	232	1
Metropolitan Police Athletic Association	1,918	1,157	1,916	157
COMETS	79	55	208	4
Total	**22,996**	**21,943**	**43,090**	**543**

Fund Name £000s 2020/21	Income	Expenditure	Assets	Liabilities
MOPAC Police Property Act Fund	1,886	1,413	18,748	0
MOPAC Detained Monies Account	10,803	7,927	12,635	0
Metropolitan Police Benevolent Fund	2,478	2,721	4,219	367
Metropolitan Police Commissioner's Fund	33	23	658	4
Metropolitan Police Sports Fund	335	360	256	12
Metropolitan Police Staff Welfare Fund	20	15	232	1
Metropolitan Police Athletic Association	1,763	1,296	1,650	167
COMETS	106	84	151	0
Total	**17,424**	**13,839**	**38,549**	**551**

The MOPAC Group administers funds on behalf of third parties. Money held by the funds is not owned by the Group and is not included in the Balance Sheet. The principal funds are described below. Group staff administer the MOPAC Police Property Act Fund and the MOPAC Detained Monies Account on behalf of the Group and the remaining funds on behalf of their respective governing bodies. Details of the principal funds, together with their income and expenditure for their respective financial years which ended during the 12 months to 31 March 2022 (or, in the case of the Charities, the most recently audited set of accounts) and values at their financial year-end dates, are given above.

MOPAC Police Property Act Fund (MOPAC PPAF)
Regulations under the Police (Property) Act 1897 and its subsequent amending legislation permit police to retain the proceeds from the disposal of property that comes into police possession in connection with a criminal charge (or suspicion of a criminal offence being committed) where the owner has not been ascertained or no court order has been made. The legislation stipulates that the income be used to meet the cost of the storage and sale of the property with any residual funds being used for charitable purposes in accordance with directions of the Deputy Mayor for Policing And Crime. The MOPAC PPAF is used for this purpose.

MOPAC Detained Monies Account (MOPAC DMA)
As stated above, until 31 March 2004 the MOPAC PPAF was used to hold for the time being money that had been detained from persons suspected of criminal activity, such money being retained pending a decision as to its disposal. Since 1 April 2004 detained money has been paid into the MOPAC DMA.

Metropolitan Police Benevolent Fund (MPBF)
The following four charities amalgamated on 29 May 2009, with the agreement of the Charity Commission, to become the Metropolitan Police Benevolent Fund:

- Metropolitan Police Combined Benevolent Fund (MPCBF);
- Metropolitan and City Police Relief Fund (MCPRF);
- Metropolitan Police Widows' and Widowers' Fund (MPWWF);
- Metropolitan Police Convalescent Home Fund (MPCHF).

This registered charity receives monthly contributions from police officers and donations and bequests from members of the public. Financial assistance may be provided by grant or interest-free loan to serving police officers, retired police officers or their dependents considered to be deserving of assistance on account of sickness (whether of themselves or their families) or of injuries received in the discharge of their duties or for other reasons.

Grants to deserving cases among widows and widowers of former police officers are also provided. The cost of a widow's or widower's funeral may be made if the deceased's relatives are unable to afford it.

Part of the contributions deducted from Metropolitan Police Officers pay who support the Metropolitan Police Benevolent Fund are sent to The Police Rehabilitation Centre at Goring-on-Thames which provides residential convalescence facilities to Metropolitan Police officers and to officers from other police forces to help promote a speedy recovery from illness or injury.

Metropolitan Police Commissioner's Fund (MPCF)
This registered charity was established to help promote the efficiency and wellbeing of Metropolitan Police officers and staff. Although this may be achieved in a variety of ways as defined in the governing document, assistance is invariably in the form of a monetary grant to members of the Metropolitan Police or to Metropolitan Police organisations.

Metropolitan Police Sports Fund (MPSF)
This registered charity receives monthly contributions from police officers for sporting, athletic and other recreational activities. The major part of the income is distributed to the four principal sports clubs. Financial assistance is also given to various sports and social clubs.

Metropolitan Police Staff Welfare Fund (MPSWF)
This registered charity provides financial assistance to members and past members of police staff, their families and dependants who are in need. Financial assistance may be provided by grant or interest-free loan.

Metropolitan Police Athletic Association (MPAA)
The MPAA is the umbrella organisation for 40 sporting sections of the Metropolitan Police. Each section is individually run but do receive assistance from the Association for its activities.

Metropolitan Police Sports and Social Association (COMETS)
The Comets (Metropolitan Police Sports and Social Association) have several sporting and social sections. All funds for the Comets are generated from Membership Subscriptions and a Lottery. Membership is open to all Metropolitan Police employees.

Operational responsibilities
MOPAC also holds monies on behalf of third parties arising from its operational responsibilities. The cash amounts, not included in the Balance Sheet, are as follows:

£000	2021/22	2020/21
Proceeds Of Crime Act monies	55,620	53,273
Prisoners' property and lost cash	2,807	4,039
Other	882	902
Total	**59,309**	**58,214**

In addition, MOPAC also holds non cash assets which are not valued in the above table. The prisoners' property and lost cash relates to the total amount held in property stores at 31 March 2022 and has therefore been stated separately from the Police Property Act Fund value.

25. Provisions

25.1 Short term provisions

£000	Third party liabilities	Other provisions	Total
Balance at 1 April 2020	**(12,890)**	**(5,100)**	**(17,990)**
Additional provisions made in 2020/21	(11,319)	(4,311)	(15,630)
Amounts used in 2020/21	12,890	0	12,890
Reduction in provisions made in 2020/21	0	0	0
Transfer to/(from) long term	(2,684)	4,100	1,416
Balance at 31 March 2021	**(14,003)**	**(5,311)**	**(19,314)**
Additional provisions made in 2021/22	(9,229)	(17)	(9,246)
Amounts used in 2021/22	14,003	3,607	17,610
Reduction in provisions made in 2021/22	0	0	0
Transfer to/(from) long term	(4,504)	(4,100)	(8,604)
Balance at 31 March 2022	**(13,733)**	**(5,821)**	**(19,554)**

25.2 Long term provisions

£000	Third party liabilities	Other provisions	Total
Balance at 1 April 2020	**(11,707)**	**(4,532)**	**(16,239)**
Additional provisions made in 2020/21	(10,283)	0	(10,283)
Reduction in provisions made in 2020/21	0	0	0
Amounts used in 2020/21	6,585	0	6,585
Transfer to/(from) short term	2,684	(4,100)	(1,416)
Balance at 31 March 2021	**(12,721)**	**(8,632)**	**(21,353)**
Additional provisions made in 2021/22	(8,382)	0	(8,382)
Reduction in provisions made in 2021/22	0	0	0
Amounts used in 2021/22	4,125	0	4,125
Transfer to/(from) short term	4,504	4,100	8,604
Balance at 31 March 2022	**(12,474)**	**(4,532)**	**(17,006)**

MOPAC seeks to make provision for realistic estimates of the future settlement of known liabilities in respect of legal compensation and accident claims that are not covered by insurance. Accordingly a provision has been created for £26.2 million (of which £12.5m is long term). At 31 March 2021 the value of this provision was £26.7 million (of which £12.7m was long term). Over the course of the year agreed claims have been paid from this account totalling £18.1million.

Other provisions total £10.4 million and consist of:

- A provision of £4.8 million in respect of other legal claims;
- A provision for officer injury awards of £4.5 million;
- A provision of £1.0m in respect of other employee related costs;

26. Long term borrowing

These are loans from the Public Works Loans Board (PWLB). They are raised to support capital expenditure on MOPAC assets, and are analysed below:

£000	2021/22	2020/21
Loans	**(286,150)**	**(287,750)**
Analysis of loans by maturity:		
Between 1 and 2 years	(6,600)	(6,600)
Between 2 and 5 years	(13,000)	(9,000)
Between 5 and 10 years	(7,500)	(12,000)
Over 10 years	(259,050)	(260,150)

27. Long term contractor liability

This liability covers that relating to PFI contracts and finance lease contracts.

£000	2021/22	2020/21
PFI liability	(48,183)	(54,101)
Finance lease liability	(6,256)	(6,569)
Balance at 31 March	**(54,439)**	**(60,670)**

27.1 PFI and finance lease contracts

Analysis of contractor liabilities between short term and long term.

£000	2021/22 PFI liability	2020/21 PFI liability	2021/22 Finance lease liability	2020/21 Finance lease liability
Balance as at 1 April	(60,425)	(66,210)	(6,853)	(7,112)
Net movement in year	6,324	5,784	285	259
Total liability	**(54,101)**	**(60,426)**	**(6,568)**	**(6,853)**
Classified as:				
Short term liability	(5,918)	(6,324)	(312)	(284)
Long term liability	(48,183)	(54,101)	(6,256)	(6,569)

28. Reserves

The reserves of MOPAC have been presented to show a clear distinction between accounting reserves that are unusable and cannot be used to support expenditure and usable reserves.

28.1 Unusable reserves

Movements on unusable reserves - Group and MOPAC 2021/22

£000	Revaluation reserve	Capital adjustment account	Accumulated absences account	Police officer pension	Deferred capital receipts	Total
Balance as at 1 April 2021	**(534,057)**	**(1,001,724)**	**207,595**	**41,121,000**	**(26,250)**	**39,766,564**
Upward revaluation of assets	(107,670)	0	0	0	0	**(107,670)**
Difference between fair value and historic cost depreciation	45,009	(45,009)	0	0	0	**0**
Accumulated gains on assets disposed	15,608	(15,608)	0	0	0	**0**
Other capital adjustments	0	0	0	0	0	**0**
Downward revaluation of assets and impairment losses not charged to the CIES	0	0	0	0	0	**0**
Statutory provision for financing capital investment charged against CIES (MRP)	0	(64,221)	0	0	0	**(64,221)**
Revaluation losses/(gains) on L&B	0	13,863	0	0	0	**13,863**
Depreciation and impairment	0	159,717	0	0	0	**159,717**
Amortisation of intangible assets	0	1,344	0	0	0	**1,344**
Movements in market value of investment property	0	335	0	0	0	**335**
Amounts written out on disposal	0	41,446	0	0	0	**41,446**
Capital grants and contributions credited to CIES applied to capital finance	0	(60,199)	0	0	0	**(60,199)**
Application of grants from capital grants unapplied account	0	(2,286)	0	0	0	**(2,286)**
Use of capital receipts reserve	0	(66,167)	0	0	0	**(66,167)**
Capital expenditure charged against CIES	0	(29,783)	0	0	0	**(29,783)**
Movement of reserves	0	0	5,935	(1,874,800)	0	**(1,868,865)**
Donated assets	0	0	0	0	0	**0**
Transfer of deferred sale proceeds credited as part of the gains/loss on disposal to the CIES	0	0	0	0	8,750	8,750
Balance as at 31 March 2022	**(581,110)**	**(1,068,292)**	**213,530**	**39,246,200**	**(17,500)**	**37,792,828**

Movements on unusable reserves - Group and MOPAC 2020/21						
£000	**Revaluation reserve**	**Capital adjustment account**	**Accumulated absences account**	**Police officer pension**	**Deferred capital receipts**	**Total**
Balance as at 1 April 2020	**(624,052)**	**(1,077,816)**	**127,888**	**30,948,200**	**(158)**	**29,374,062**
Upward revaluation of assets	(13,586)	0	0	0	0	**(13,586)**
Difference between fair value and historic cost depreciation	54,017	(54,017)	0	0	0	**0**
Accumulated gains on assets disposed	49,564	(49,564)	0	0	0	**0**
Other capital adjustments	0	0	0	0	0	**0**
Downward revaluation of assets and impairment losses not charged to the CIES	0	0	0	0	0	**0**
Statutory provision for financing capital investment charged against CIES (MRP)	0	(48,628)	0	0	0	**(48,628)**
Revaluation losses/(gains) on L&B	0	75,834	0	0	0	**75,834**
Depreciation and impairment	0	161,515	0	0	0	**161,515**
Amortisation of intangible assets	0	1,897	0	0	0	**1,897**
Movements in market value of investment property	0	50	0	0	0	**50**
Amounts written out on disposal	0	109,768	0	0	0	**109,768**
Capital grants and contributions credited to CIES applied to capital finance	0	(23,798)	0	0	0	**(23,798)**
Application of grants from capital grants unapplied account	0	(8,118)	0	0	0	**(8,118)**
Use of capital receipts reserve	0	(77,579)	0	0	0	**(77,579)**
Capital expenditure charged against CIES	0	(11,268)	0	0	0	**(11,268)**
Movement of reserves	0	0	79,707	10,172,800	(26,250)	**10,226,257**
Donated assets	0	0	0	0	0	**0**
Transfer of deferred sale proceeds credited as part of the gains/loss on disposal to the CIES	0	0	0	0	158	158
Balance as at 31 March 2021	**(534,057)**	**(1,001,724)**	**207,595**	**41,121,000**	**(26,250)**	**39,766,564**

Revaluation Reserve

The Revaluation Reserve was created on 1 April 2007 and records the unrealised revaluation gains on land and buildings arising in the year ended 31 March 2022. This amount is also used for accumulated gains which are removed from this account when re-valued assets are sold and also to amortise the gains over the lives of the assets held at 31 March 2022.

Capital Adjustment Account

The Capital Adjustment Account provides a balancing mechanism between the different rates at which assets are depreciated under the Code and are financed by capital sources.

Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Reserves Balance from accruing for unused accumulated absences as at 31 March 2022. Statutory arrangements require that the impact on the General Reserves Balance is neutralised by transfers to or from the Account.

These short term accumulated absences are initially recognised in the CPM Accounts for police staff and officers under the direction of the Commissioner. Equivalent liabilities are however recognised in the MOPAC Balance Sheet offsetting the liabilities in the CPM accounts, to reflect the continuing requirement of MOPAC to provide funds from the Police Fund to meet those liabilities as they fall due.

Police Officer Pension Reserve

This reserve reflects the actuarially calculated future cost of providing pensions for both serving and non-serving police officers as well as those already in retirement as stipulated by regulations.

Deferred Capital Receipts Reserve

The Deferred Capital Receipts Reserve holds the gains recognised on the disposal of non current assets but for which cash settlement has yet to take place. Under statutory arrangements, these gains are not treated as usable for financing new capital expenditure until they are backed by cash receipts. When the deferred cash settlement eventually takes place, amounts are transferred to the Capital Receipts Reserve.

28.2 Usable capital reserves

£000	Capital Receipts Reserve	Capital Grants Unapplied Account	Total
Balance at 31 March 2020	**0**	**(4,754)**	**(4,754)**
Proceeds of disposals	(77,579)	0	**(77,579)**
Financing of fixed assets	77,579	8,118	**85,697**
Capital grants	0	(8,118)	**(8,118)**
Balance at 31 March 2021	**0**	**(4,754)**	**(4,754)**
Proceeds of disposals	(66,167)	0	**(66,167)**
Financing of fixed assets	66,167	13,454	**79,621**
Capital grants	0	(11,168)	**(11,168)**
Balance at 31 March 2022	**0**	**(2,468)**	**(2,468)**
Net movement for 2020/21	**0**	**0**	**0**
Net movement for 2021/22	**0**	**2,286**	**2,286**

Usable capital receipts

The use of capital receipts is regulated by Part 1 of the Local Government Act 2003 and the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003. The receipts can only be used to finance capital expenditure or repay debt.

Capital Grants Unapplied

This reserve contains grants monies where no conditions exist or whose conditions have been satisfied and where the related expenditure has not yet been incurred.

28.3 Usable earmarked revenue reserves

As part of our work to create and publish a MPS / MOPAC Reserves Strategy we undertook a fundamental review of reserves in 2021/22. This has involved reviewing each reserve held on the balance sheet and assessing whether it was still required for the original purpose as well as assessing the need for reserves balances for other purposes. The result has been a strategic decision to realign some balances to previously existing or new purposes, as well as presenting our reserves in a format required by the Minister for Policing and the Fire Service.

£000	Balance at 31 March 2020	Transfer to	Transfer from	Balance at 31 March 2021	Transfer to	Transfer from	Balance at 31 March 2022
Supporting OMM and local change	(40,638)	(26,076)	8,801	(57,913)	(11,343)	21,153	(48,103)
Managing the Budget	0	(42,181)	0	(42,181)	(66,023)	4,425	(103,779)
Property	(60,487)	(15,767)	8,758	(67,496)	(300)	859	(66,937)
Historical public inquires	(4,792)	(814)	1,614	(3,992)	0	505	(3,487)
Operational Costs	(30,057)	(55,194)	4,837	(80,414)	(44,887)	17,124	(108,177)
Insurance	(6,680)	0	0	(6,680)	0	0	(6,680)
Other earmarked (POCA)	(6,043)	(3,549)	1,966	(7,626)	(2,671)	1,396	(8,901)
Vetting Delays	(1,100)	0	368	(732)		483	(249)
Specifically funded for third parties	(15,822)	(244)	0	(16,066)	(6)	2,785	(13,287)
Business Group initiatives	(6,548)	0	700	(5,848)	(1,103)	3300	(3,651)
Business Rates	(118,600)	0	0	(118,600)	0	29,300	(89,300)
Managing Officer FTEs	(58,100)	0	11,300	(46,800)	0	23,700	(23,100)
MOPAC	(25,699)	(24,325)	0	(50,024)	(34,787)	37,720	(47,091)
Total earmarked reserves	**(374,566)**	**(168,150)**	**38,344**	**(504,372)**	**(161,120)**	**142,750**	**(522,742)**
Emergencies Contingency Fund	(23,093)	0	0	(23,093)	0	0	(23,093)
General revenue reserve	(40,483)	0	4,770	(35,713)	0	12,230	(23,483)
Total General reserves	**(63,576)**	**0**	**4,770**	**(58,806)**	**0**	**12,230**	**(46,576)**
Total MOPAC revenue reserves	**(438,142)**	**(168,150)**	**43,114**	**(563,178)**	**(161,120)**	**154,980**	**(569,318)**
National functions	(789)	(8,454)	0	(9,243)	(2,279)	4,917	(6,605)
Total National Functions	**(789)**	**(8,454)**	**0**	**(9,243)**	**(2,279)**	**4,917**	**(6,605)**
Total Revenue Reserves	**(438,931)**	**(176,604)**	**43,114**	**(572,421)**	**(163,399)**	**159,897**	**(575,923)**

Supporting OMM and local change
The Supporting OMM and local change reserve is set aside to fund various modernisation programmes including to cover the cost for early departures.

Managing the Budget
Reserve created to mitigate against future pressures on the MPS budget.

Property related costs
This covers a reserve for dilapidations to fund future expenditure on properties where the leases have been terminated and a reserve for property related costs which reflect the requirement to provide for the cost of various building related projects as part of our central estates strategy.

Historical public inquiries
The reserves are to fund the provision of resources to respond to requests for information and other requirements arising from the work of the public inquiries.

Operational costs
The Operational costs reserves exist to fund a number of specific operational requirements.

Insurance
To cover our insurance costs in line with the insurance strategy.

Business Rates
The reserve was established to provide forward funding of business rates to support the annual costs of an additional 1,000 officers. The reserve is anticipated to be drawn down equally over the next two years.

Managing Officer FTEs
This reserve was established to enable forward planning on the level of officer FTEs over the medium term. This gives the MPS a steady officer establishment over the medium term allowing improved operational planning.

MOPAC
MOPAC hold reserves which are allocated towards funding commissioning activities which supports the delivery of the Mayor's Police and Crime Plan priorities, and provides budget resilience.

Other reserves
The following reserves are also held by MOPAC:

- Reserves specifically funded for third parties; and
- Reserves held on behalf of the National police functions, National Police Chief's Council (NPCC) and National Police Coordination Centre (NPoCC).

28.4 General revenue reserve

MOPAC's policy is to have a General Reserve to meet unforeseen or emergency expenditure that cannot be contained within the budget.

In 2021/22, £12.2m was recategorized from the General Reserve to the MOPAC earmarked reserve for budget resilience. The General Reserve has reduced from £58.8m at 1st April 2021 to £46.6m as at 31 March 2022.

29. Adjustments between accounting basis and funding basis under regulation.

This note identifies the adjustments that are made to the CIES recognised by the Group in the year in accordance with accounting practice in order to determine the resources that are specified by statutory provisions as being available to the Group to meet future capital and revenue expenditure.

The following adjustments are for 2021/22:

Group and MOPAC £000	**General Reserves**	**Capital receipts reserve**	**Capital Grants Unapplied Account**	**Unusable reserves**
Adjustments to the CIES				
Pension costs (transferred to (or from) the Pension Reserve)	(1,033,300)	0	0	1,033,300
Holiday pay (transferred to the accumulated absences reserve	(5,935)	0	0	5,935
Reversal of entries included in the surplus or deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	(216,705)	0	0	216,705
Total adjustments to the CIES	**(1,255,940)**	**0**	**0**	**1,255,940**
Adjustments between reserves and capital resources				
Transfer of non-current asset sale proceeds from reserves to the capital receipts reserve	57,417	(57,417)	0	0
Deferred sale proceeds	0	0	0	0
Statutory provision for the repayment of debt (transfer to Capital Adjustment Account)	64,221	0	0	(64,221)
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	29,783	0	0	(29,783)
Total adjustment between reserves and capital resources	**151,421**	**(57,417)**	**0**	**(94,004)**
Adjustments to capital resources				
Use of the Capital Receipts Reserve to finance capital expenditure	0	66,167	0	(66,167)
Application of capital grants to finance capital expenditure	60,199	0	2,286	(62,485)
Cash payments in relation to deferred capital receipts	0	(8,750)	0	8,750
Total capital financing adjustments	**60,199**	**57,417**	**2,286**	**(119,902)**
Total adjustments - MOPAC Group	**(1,044,320)**	**0**	**2,286**	**1,042,034**
Police pensions	2,908,100	0	0	(2,908,100)
Total - MOPAC	**1,863,780**	**0**	**2,286**	**(1,866,066)**

The following adjustments were made in 2020/21:

Group and MOPAC £000	General Reserves	Capital receipts reserve	Capital Grants Unapplied Account	Unusable reserves
Adjustments to the CIES				
Pension costs (transferred to (or from) the Pension Reserve)	(1,063,900)	0	0	1,063,900
Holiday pay (transferred to the accumulated absences reserve	(79,707)	0	0	79,707
Reversal of entries included in the surplus or deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	(347,670)	0	0	349,063
Total adjustments to the CIES	**(1,491,277)**	**0**	**0**	**1,492,670**
Adjustments between reserves and capital resources				
Transfer of non-current asset sale proceeds from reserves to the capital receipts reserve	103,671	(103,671)	0	0
Deferred sale proceeds	0	26,250	0	(26,250)
Statutory provision for the repayment of debt (transfer to Capital Adjustment Account)	48,628	0	0	(48,628)
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	11,268	0	0	(11,268)
Total adjustment between reserves and capital resources	**163,567**	**(77,421)**	**0**	**(86,146)**
Adjustments to capital resources				
Use of the Capital Receipts Reserve to finance capital expenditure	0	77,579	0	(77,579)
Application of capital grants to finance capital expenditure	34,787	0	0	(31,915)
Cash payments in relation to deferred capital receipts	0	(158)	0	158
Total capital financing adjustments	**34,787**	**77,421**	**0**	**(109,336)**
Total adjustments - MOPAC Group	**(1,292,923)**	**0**	**0**	**1,297,188**
Police pensions	(9,108,900)	0	0	9,108,900
Total - MOPAC	**(10,401,823)**	**0**	**0**	**10,406,088**

30. Notes to the cash flow statement

30.1 The cash flow for operating activities included interest cash flows:

£000	31 March 2022 Group	31 March 2021 Group	31 March 2022 MOPAC	31 March 2021 MOPAC
Operating activities				
Interest received	(1,275)	(1,307)	(1,275)	(1,307)
Interest paid	9,507	9,618	9,507	9,618
Interest element of finance lease and PFI rental payments	13,461	13,090	13,461	13,090
	21,693	**21,401**	**21,693**	**21,401**

30.2 Adjustments to net surplus or deficit on the provision of services for non-cash movements (Group and MOPAC):

£000	31 March 2022 Group	31 March 2021 Group	31 March 2022 MOPAC	31 March 2021 MOPAC
Depreciation of non-current assets	(159,717)	(161,515)	(159,717)	(161,515)
Impairment and revaluations of non-current assets	(13,863)	(75,834)	(13,863)	(75,834)
Amortisation of intangible assets	(1,344)	(1,897)	(1,344)	(1,897)
Reversal of pension service costs and interest	(1,033,300)	(1,063,900)	1,874,800	(10,172,800)
(Increase)/decrease in impairment for provision for bad debts	(164)	406	(164)	406
(Increase)/decrease in creditors	(71,824)	(98,879)	(71,824)	(98,879)
Increase/(decrease) in debtors	70,013	(13,451)	70,013	(13,451)
Increase/(decrease) in inventories	(635)	(741)	(635)	(741)
Carrying amount of property, plant and equipment, investment property and intangible assets sold	(41,446)	(108,373)	(41,446)	(108,373)
Other non-cash items	3,774	(3,616)	3,774	(3,616)
	(1,248,506)	**(1,527,800)**	**1,659,594**	**(10,636,700)**

30.3 Adjustments for items in the net surplus or deficit on the provision of services that are investing or financing activities:

£000	31 March 2022 Group	31 March 2021 Group	31 March 2022 MOPAC	31 March 2021 MOPAC
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	57,417	77,421	57,417	77,421
Other items for which the cash effects are investing or financing activities	58,057	32,627	58,057	32,627
Proceeds from short term and long term investments	0	0	0	0
	115,474	**110,048**	**115,474**	**110,048**

30.4 Cash flows from investing activities:

£000	31 March 2022 Group	31 March 2021 Group	31 March 2022 MOPAC	31 March 2021 MOPAC
Investing activities				
Purchase of non-current assets	248,287	328,271	248,287	328,271
Purchase of short term and long term investments	565	29,646	565	29,646
Proceeds from short term and long term investments	(29,646)	(14,630)	(29,646)	(14,630)
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(66,167)	(77,579)	(66,167)	(77,579)
Other receipts from investing activities	(60,199)	(34,333)	(60,199)	(34,333)
	92,840	**231,375**	**92,840**	**231,375**

Other receipts from investing activities is comprised mainly of capital grant receipts totalling £60.2m in 2021/22 (£34.3m in 2020/21)

30.5 Cash flows from financing activities:

£000	31 March 2022 Group	31 March 2021 Group	31 March 2022 MOPAC	31 March 2021 MOPAC
Financing activities				
Cash receipts of short and long-term borrowing	0	0	0	0
Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts (principal)	6,609	6,044	6,609	6,044
Repayments of short and long-term borrowing	3,760	13,600	3,760	13,600
	10,369	**19,644**	**10,369**	**19,644**

30.6 Reconciliation of liabilities arising from financing activities – Group and MOPAC:

£000	Opening Balance 1 April 2021	Financing cash flows	Acquisition	Other non-cash changes	Closing Balance 31 March 2022
Liabilities					
Long term borrowing	(287,750)	0	0	1,600	(286,150)
Short term borrowing	(3,761)	3,761	0	(3,742)	(3,742)
Lease liabilities	(6,853)	284	0	0	(6,569)
On balance sheet PFI liabilities	(60,425)	6,324	0	0	(54,101)
Total liabilities from financing activities	**(358,789)**	**10,369**	**0**	**(2,142)**	**(350,562)**

£000	Opening Balance 1 April 2020	Financing cash flows	Acquisition	Other non-cash changes	Closing Balance 31 March 2021
Liabilities					
Long term borrowing	(289,350)	0	0	1,600	(287,750)
Short term borrowing	(13,600)	13,600	0	(3,761)	(3,761)
Lease liabilities	(7,113)	260	0	0	(6,853)
On balance sheet PFI liabilities	(66,210)	5,785	0	0	(60,425)
Total liabilities from financing activities	**(376,273)**	**19,645**	**0**	**(2,161)**	**(358,789)**

31. Contingent liabilities

There are no material contingent liabilities to disclose.

32. Financial instruments

The financial instruments recognised by the Group include creditors and debtors, borrowings, bank deposits, loans and investments. The Group has not given any financial guarantees nor does it hold financial instruments, which are either 'held for trading' or any derivatives. The financial instrument balances disclosed in the Balance Sheet are made up of the following classes of financial instruments:

£000	Non current 31 March 2022	Non current 31 March 2021	Current (within 12 months) 31 March 2022	Current (within 12 months) 31 March 2021
Financial Assets: Amortised cost				
Investments	0	6,534	565	23,112
Debtors and cash	8,750	17,500	127,295	98,714
Total financial assets	**8,750**	**24,034**	**127,860**	**121,826**
Financial Liabilities: Amortised cost				
Borrowings	(286,150)	(287,750)	(3,742)	(3,760)
PFI and finance lease liabilities	(54,440)	(60,670)	(6,230)	(6,609)
Creditors	0	0	(492,046)	(407,138)
Total financial liabilities	**(340,590)**	**(348,420)**	**(502,018)**	**(417,507)**

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The gains and losses recognised in the CIES in relation to financial instruments are made up as follows:

£000	2021/22	2020/21
Expenses		
Interest expense: financial assets at amortised cost	22,968	22,708
Total expense in (surplus)/deficit on the provision of services	**22,968**	**22,708**
Income		
Interest income: financial liabilities at amortised cost	(1,275)	(1,307)
Total income in surplus on the provision of services	**(1,275)**	**(1,307)**
Net (gain)/loss for the year	**21,693**	**21,401**

Financial liabilities and financial assets (represented by investments, loans and receivables) are carried in the Balance Sheet for the Group at amortised cost.

The fair values calculated for financial liabilities and assets are as follows:

£000	2021/22 Carrying amount	Fair value	2020/21 Carrying amount	Fair value
Financial liabilities				
Borrowings - (Public Works Loan Board)	289,892	310,761	291,510	339,016
PFI and finance lease liabilities	60,670	77,916	67,279	92,094
Creditors	492,046	492,046	407,138	407,138
Financial Assets				
Investments	565	565	29,646	29,646
Debtors	136,045	136,045	116,214	116,214

The fair value of the PWLB borrowing is higher than the carrying amount because the Group's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the rates available for similar loans at the Balance Sheet date. This shows a notional future loss as at 31 March 2022 arising from a commitment to pay interest above current market rates.

The fair value of the PFI liabilities is higher than the carrying amount because the Group's liabilities are based on interest rates which are higher than the PWLB new loan rates at the Balance Sheet date. This shows a notional future loss as at 31 March 2022 arising from a commitment to pay interest above current market rates.

Short term creditors, investments and debtors are carried at cost as this is a fair approximation of their value.

The fair value hierarchy of financial liabilities that are not measured at fair value is set out below:

Recurring Fair Value Measurements Using: £000	31 March 2022 Quoted Prices in Active Markets for Identical Assets (Level 1)	Other Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Financial liabilities				
Borrowings				
Borrowings-(Public Works Loan Board)	0	310,761	0	**310,761**
Other long term liabilities				
PFI and finance lease liabilities	0	0	77,916	**77,916**
Total	**0**	**310,761**	**77,916**	**388,677**

The fair value for financial liabilities that are not measured at fair value included in levels 2 and 3 in the table above have been arrived at using a discounted cash flow analysis with the most significant inputs being the discount rate.

The fair value for financial assets and financial liabilities that are not measured at fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments, using the following assumptions.

Financial Assets	Financial Liabilities
Where an instrument will mature in the next 12 months, the fair value is taken to be the carrying value.	No early repayment is recognised
The fair value of trade and other receivables is taken to be the invoiced or billed amount.	Estimated ranges of interest rates at 31 March 2022 of 2.09% to 2.66% for PWLB loans payable based on PWLB new loan rates.
	Estimated ranges of interest rates at 31 March 2022 of 1.97% to 2.64% for PFI liabilities based on PWLB new loan rates.
	The fair value of trade and other payables is taken to be the invoiced or billed amount

32.1 Nature and extent of risks arising from financial instruments

Risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Day to day risk management is carried out under a shared service arrangement by the GLA Group Treasury Team, under the policy approved by the MOPAC Group and set out in the annual MOPAC Treasury Management Strategy. The Group's activities expose it to a variety of financial risks:

- **Credit risk** – the possibility that other parties might fail to pay amounts due to the Group;
- **Liquidity risk** – the possibility that the Group might not have funds available to meet its commitments to make payments to its suppliers and creditors;
- **Interest rates risk** - Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates;
- **Foreign exchange risk -** Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group does not have any such instruments.

Credit risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Group's customers. MOPAC's Treasury Management Strategy is administered and managed by the GLA Group Treasury Team.

Credit risk management practices

Credit ratings form the backbone of the investment policy for selecting institutions with which the GLA Group Treasury Team invests surplus funds on MOPAC's behalf, based on knowledge and understanding of the risks involved. Although no combination of ratings can be viewed as fail-safe, the credit criteria for 2021/22 were based on Fitch, Moody's and Standard and Poor's suite of ratings, supported by broader market information. Relevant changes in counterparties' credit standing are reviewed daily, with updates provided by the GLA Group Treasury Team's treasury advisors. Where counterparties' credit standings are downgraded, the relevant investment limits are reduced with immediate effect or, where minimum criteria fail to be met, further investment is suspended. Maximum limits for principal invested with each counterparty are reviewed regularly with reference to relative risk and the Group's cash flow requirements. All the Group's investments are sterling denominated.

At 31 March 2022, the Group's money market investments and cash were placed with either other public bodies or institutions substantially owned by the United Kingdom's government or institutions with at least a BBB+ credit rating. Thus, it has been judged that these investments can be categorised as low credit risk. An assessment of the 12 month expected losses for these investments has been carried out by comparing the credit rating of the investment against historic default tables and the resulting expected impairment loss is not significant and therefore a loss has not been recognised in the accounts.

When considering the expected credit loss in relation to trade debtors, the Group has applied the simplified approach therefore the loss allowance recognised in the accounts relates to lifetime expected credit losses. Due to the fact that these receivables have common risk characteristics, a collective assessment of credit risk has been made, using a provision matrix to calculate expected credit losses based on the number of days that the debt is past due. The expected credit loss in relation to trade debtors at 31 March 2022 is £382k (31 March 2021, £218k). This is the only loss allowance recognised in the accounts.

The DMPC has the delegated authority to approve all debt write off that are considered irrecoverable. Debts are not written off until all available recovery options have been exhausted.

	Credit risk rating	**Gross Carrying Amount at 31 March 2022**
		£000
		A
12 month expected credit losses	AAA	21
	AA-	263
	A+	324
	A	162
	A-	69
	BBB+	53
	GLA Strategic Partnership	614
Simplified approach	Customers (general debtors)	17,429

Liquidity risk

As the Group has ready access to borrowings from the PWLB, there is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. The Group can also access short term funding from within the GLA Group. The Group did not take any new borrowing during 2021/22. The maturity analysis of all the borrowings is as per Notes 23 and 26.

Additionally, to cover short-term commitments, the Group maintains several instant access accounts. All trade creditors and other payables are due to be paid by the Group in less than one year.

Interest rate risk

The Group is exposed to risk in terms of its exposure to interest rate movements on its borrowings and investments, however in the short term extreme movements are deemed unlikely. Movements in interest rates have a complex effect on the Group. For instance, a rise in interest rates would have the following effects:

- borrowings at fixed rates – the fair value of the liabilities will fall;
- borrowings at variable rate - the interest expenditure debited to the CIES will rise;
- investments at variable rates - the interest income credited to the CIES will rise;
- investments at fixed rates - the fair value of the assets will fall.

Borrowings are not carried at fair value, so nominal gains and losses on fixed rate borrowings would not impact on the CIES. However, changes in interest receivable on variable rate investments will be posted to the CIES and will affect the General Reserves Balance.

Police officer pension fund

1. Police officer pension fund revenue account

The Commissioner is responsible for administering the Police Pension Fund in accordance with the Police Reform and Social Responsibility Act 2011. This statement shows income and expenditure for the three Police Pension Schemes for 2021/22 and 2020/21. The statement does not form part of the CPM or the MOPAC Group Statement of Accounts.

£000	Notes	2021/22	2020/21
Contributions receivable			
• Employer contributions	4.1	(383,205)	(374,029)
• Additional income	4.3	(3,079)	(1,822)
Transfers in from other schemes	4.2	(4,865)	(3,947)
Officers' contributions	4.4	(166,262)	(162,170)
Net Income		**(557,411)**	**(541,968)**
Benefits payable			
Pensions paid		722,913	710,151
Lump sum payments		138,007	124,465
Lump sum death payments		2,481	1,766
Other payments	4.6	1,990	1,426
Transfers out to other schemes	4.2	1,242	1,390
Net expenditure		**866,633**	**839,198**
Net amount payable for the year		**309,222**	**297,230**
Employer additional funding	4.5	**(309,222)**	**(297,230)**
(Surplus)/deficit on fund		**0**	**0**

2. Police officer pension fund asset statement

This statement shows the assets and liabilities of the three Police Pension Schemes which does not form part of the CPM or Group Statement of Accounts.

£000	2021/22	2020/21
Current Assets		
Funding to Meet Deficit due from the CPM	1,006	1,006
Net Current Assets	1,006	1,006
Current Liabilities		
Unpaid Pensions Benefits	(1,006)	(1,006)
Net Current Liabilities	(1,006)	(1,006)
Total	**0**	**0**

3. Notes to the police officer pension fund account

The Police Officer Pension Fund combines the accounting transactions of three pension schemes for Metropolitan Police Officers. These are:

- The Police Pension Scheme 2015, which came into effect on 1 April 2015 under the Police Pensions Regulations 2015;
- The New Police Pension Scheme, which was created by the Home Office under the Police Pensions Regulations 2007;
- The Police Pension Scheme, which was set up in 1987.

On 1st April 2022, all remaining members in the earlier schemes will move to the 2015 scheme.

The Police Officer Pension Fund which is managed by the MOPAC Group has been set up for the specific purpose of administering the collection of contributions, the payment of pensions and payment or refund to central government for the balance outstanding for each year. The fund does not hold any investment assets, nor does it reflect the liabilities of the Schemes to pay present and future pensioners. The fund will be paid sufficient monies from the Home Office to cover the deficit in year.

These Accounts have been prepared using Pension SORP and the Code principles adopted for the MOPAC statements.

Details of the accounting policies can be seen on page 14 to 23. MOPAC provides the accounting and banking systems through which the CPM administers the Fund. Details of the three schemes' actuarial report and the cost of pensions can be seen in Note 12.

These Accounts are audited by Grant Thornton UK LLP and their opinion is included in page xxiii.

4. Police Pension Fund - Revenue account notes

4.1 Employer contributions

Employer contributions are calculated at 31% of police officer pensionable pay from 1 April 2019, an increase from 21.3% previously. This increase was a result of an actuarial valuation of the police pension scheme. The employer contribution is set nationally by the Home Office and the scheme is subject to actuarial valuation every four years.

4.2 Transfers

These represent lump sums transferred to and from other pension schemes depending on whether the police officer was joining or leaving the CPM.

4.3 Additional income

These consist of CPM contributions for ill health retirements, 30 years plus scheme contributions and refund of former commissioners' and widows' pensions.

4.4 Officers' contributions

Members of the new 2015 police pension scheme make contributions of between 12.44% and 13.78% of pensionable pay. Protected members of the 1987 and 2006 schemes contribute at rates of between either 14.25% and 15.05% of pensionable pay for the 1987 police pension scheme or 11% and 12.75% for the 2006 police pension scheme.

4.5 Employer additional funding

This sum represents additional funding required to provide for payment to pensioners. Including the funds received by the Group as part of the settlement of the additional commutation liability, the actual shortfall receipts for the year 2021/22 amounted to £309.2 million. This consists of additional funding of £13.6 million received by the Group in respect of 2020/21 and a statutory transfer from the police fund of a further £295.6 million in respect of 2021/22. The remaining 2021/22 shortfall of £62.3 million is to be received from the Home Office in 2022/23.

4.6 Other payments

These consist of contribution equivalent payments, superannuation refunds and lump sum death benefits.

5. Related party transactions

As previously stated the Commissioner is responsible for administering the Police Pension Fund in accordance with the Police Reform and Social Responsibility Act 2011. During the year all payments and receipts are made to and from MOPAC Police Fund. As such the CPM and MOPAC are the only related parties to the fund, thus all the transactions shown on the revenue statement have been processed through MOPAC.

6. Additional voluntary pension contributions

Additional pension contributions (e.g. added pension/years) made by police officers amounted to £29,402 for the PPS scheme, £42,467 for the NPPS scheme and £58,320 for the 2015 scheme.

7. Members of the scheme

The MPS also administers the Pension Fund on behalf of members of Her Majesty's Inspectorate of Constabulary (HMIC). There no active HMIC members currently contributing to the Police Pension scheme, there are 22 HMIC pensioners and 4 dependent pensioners.

Glossary of terms

Accruals

The accounting treatment, where income and expenditure is recorded when it is earned or incurred not when the money is paid or received.

Balance Sheet

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Group. The net assets of the Group (assets less liabilities) are matched by the reserves held by the Group. Reserves are reported in two categories:

- Usable Reserves. These are reserves that the Group may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use. For instance the Capital Receipts Reserve may only be used to fund capital expenditure or repay debt;

- Unusable Reserves. These reserves cannot be used by the Group to provide services. For instance reserves that hold unrealised gains and losses (such as the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the MIRS line 'Adjustments between Accounting Basis and Funding Basis under Regulations'.

Budget

An estimate of costs, revenues and resources over a specified period, reflecting a reading of future financial conditions and priorities.

Capital expenditure

Expenditure on the acquisition, creation or enhancement of fixed assets.

Cash equivalent

A financial deposit placed with a bank, building society or other local authority for a term of no longer than three months.

Capital receipts

Money obtained on the sale of a capital asset. Capital receipts can only be used for capital purposes, such as funding capital expenditure or repaying debt.

Comprehensive Income and Expenditure Statement (CIES)

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from grants and taxation raised via the GLA precept on the Corporation of London and London Boroughs. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the MIRS.

Corporate costs

This consists of those activities and costs that provide the infrastructure that allows services to be provided, whether by the CPM or MOPAC, and the information that is required for public accountability. Activities that relate to the provision of services, even indirectly, are overheads on those services and include bank charges, auditors' fees and the cost of the Group as well as the corporate activities of Head Office departments.

Commissioner of Police of the Metropolis (CPM)

The CPM is a separate corporation sole which was established on 16 January 2012 under the Police Reform and Social Responsibility Act 2011.

Credit arrangements

An arrangement other than borrowing where the use of a capital asset is acquired and paid for over a period of more than one year. The main types of credit arrangements are PFI agreements and finance leases of buildings, land and equipment.

Creditors

Individuals or organisations to which the Group owes money at the end of the financial year.

Debtors

Individuals or organisations that owe the Group money at the end of the financial year.

Democratic core costs

This includes all aspects of MOPAC activities in a democratic capacity, including corporate, programme and service policy making and more general activities relating to governance and the representation of local interests. To give MOPAC maximum flexibility in reflecting its own constitutional arrangements, there are no recommended subdivisions of service.

Employee costs

The salaries and wages of police officers, police staff and MOPAC staff together with National Insurance, pension and all other pay-related allowances. Training expenses and professional fees are also included.

Finance lease

A finance lease normally involves payment by a lessee to a lessor of the full cost of the asset, together with a return on the finance provided by the lessor. The lessee has substantially all the risks and rewards associated with ownership of an asset, other than legal title.

Government grants

Part of the cost of the service is paid for by central government from its own tax income. Grant income is partly received through the S102 payments made by the GLA. In addition, the Home Office pays specific grants direct to the Group towards both revenue and capital expenditure.

Group

The term Group refers to Mayor's Office for Policing And Crime (MOPAC) and Commissioner of Police of the Metropolis (CPM).

Long term debtors

Amounts due to the Group where payment is to be made by instalments over a pre-determined period of time in excess of one year.

Mayor's Office for Policing And Crime (MOPAC)

MOPAC is a separate corporation sole, which was established on 16 January 2012 under the Police Reform and Social Responsibility Act 2011.

Minimum Revenue Provision

The prudent amount that the Group is statutorily required to set aside from revenue funds to meet the repayment of borrowing undertaken to support capital investment.

Non distributed costs

This consists of charges for police officers and police staff early retirements and any depreciation and impairment losses chargeable to non-operational properties.

National Police Chiefs' Council (NPCC)

The NPCC brings police forces in the UK together to help coordinate operations, reform, improve and provide value for money.

National Police Coordination Centre (NPoCC)

NPoCC is responsible for coordinating the deployment of officers and staff from across the UK policing to support forces during large scale events, operations and in times of national crisis.

Operating lease

An operating lease involves the lessee paying a rental for the hire of an asset for a period of time that is substantially less than its useful economic life. The lessor retains most of the risks and rewards of ownership.

PCSPS

The Principal Civil Service Pension Scheme is the scheme used to provide pension benefits to police staff.

Provision

An amount set aside to provide for a liability which is likely to be incurred but the exact amount and the date on which it will arise is uncertain.

Revenue expenditure

The operating costs incurred by the organisation during the financial year in providing its day to day services. Distinct from *capital expenditure* on projects which benefit the organisation over a period of more than one financial year.

Revenue reserves

Accumulated sums that are maintained either earmarked for specific future costs (e.g. pensions) or generally held to meet unforeseen or emergency expenditure (e.g. General Reserve).

Special service agreements

Policing the Airports, Houses of Lords and Commons, Palace of Westminster are the main items included under this heading.