

# MOPAC/MPS BUDGET SUBMISSION 2023/24 to 2025/26

## 1. BACKGROUND

- 1.1. The Mayor's top priority continues to be keeping Londoners safe and the draft budget has been produced to support this aim, and in accordance with the Mayor's Budget Guidance issued in July 2022 to publish and submit draft proposals by 25 November 2022.
- 1.2. In July 2019 the Government announced a commitment to fund an additional 20,000 officers nationally. Of the 20,000 additional officers the Metropolitan Police Service (hereafter 'MPS') to date has received funding for 4,560 officers. The Mayor and the Commissioner as well as the previous MPS Senior Leadership Team were clear that London needs 6,000 of the 20,000 national allocation. Whilst the Government has allocated all of the PUP officers nationally the MPS, MOPAC and Mayoral position is that London still needs growth of 6,000 officers in total and the budget shows the additional costs of a further 1,440 officers beyond the PUP allocation from 2024/25 but without the associated funding. The financial impact of these additional 1,440 officers is shown in this budget as a 'non-structural' gap.
- 1.3. The budget includes £30m in reserves funded from an original allocation in 2019/20 of £118.6m by Mayoral Business Rates to ensure funding was available for 1,000 additional police officers and could be maintained over the medium-term. In addition, the Mayor has previously provided baselined funding for a further 300 officers, taking the total additional officers provided by Mayoral funding to 1,300. £29.3m of this reserve has been used in 2022/23 and the reserve will be fully used by the end of 2024/25. The budget assumes that the costs will remain and this is creating budget pressure from 2025/26 onwards.
- 1.4. On 17 November, the Chancellor published the Autumn Statement. The impact of what this means specifically for the Mayor's Office for Policing and Crime (hereafter MOPAC) is still being worked through by central government and the full impact together with the outcomes of the Police Grant Settlement will be included within the final budget following the conclusion of the GLA Group budget process in February 2023.
- 1.5. Therefore, the only changes to Government funding assumed are as per the 2021/22 settlement with some adjustments for the reversal of the National Insurance Levy. At this stage there is a gap of £5.9m in 2023/24, rising to £255.9m in 2025/26 of which £138.3m is a structural gap and £117.6m is the non-structural gap. This gap does not take into account the additional investment that could be needed by the Commissioner to deliver reform which will add to the gap in future years. Due diligence is still being undertaken and therefore these costs, alongside the funding implications, will need to be considered and factored into the final budget before it is agreed in February 2023. Further information on the reform agenda is set out later in the report.
- 1.6. This submission sets out the MOPAC/MPS revenue and capital budgets for the period 2023/24 to 2025/26 proposed by the Deputy Mayor for Policing and Crime for submission to the Mayor. The budgets are based on current best estimates which may be subject to change in the final budget proposals. These have been prepared in accordance with the Mayor's Budget Guidance issued in July 2022 and will form part of the overall GLA Group Consolidated Budget to be agreed in February 2023.
- 1.7. It should be noted that the MOPAC Budget incorporates both the MOPAC and the MPS. Where the submission makes reference to MOPAC/MPS, this refers to the group budget, otherwise references to the individual bodies refer to the budget of that body itself i.e. MOPAC or MPS.

- 1.8. As an Authority, MOPAC is also required to publish a Medium-Term Financial Plan (MTFP) covering the forthcoming financial year plus two further years and this is included within this submission. The Medium-Term Financial Plan should also be considered against the draft Capital Strategy which sets out the MOPAC capital expenditure plans.
- 1.9. The MPS Capital Programme is £1.1bn between 2023/24 and 2026/27. Almost £0.8bn of this expenditure will be funded through a contribution from capital receipts generated by the draft Estates Strategy (£147m) and from additional borrowing (£652m), with the balance funded from third party contributions (£205m) and revenue contributions (£78m). This investment is vital to ensure that the MPS can continue to innovate and deliver a modern police service for Londoners. The Commissioner is currently reviewing the draft estate strategy and any financial impact will be reflected in the final budget proposals.
- 1.10. The planned estates disposals and previously agreed additional borrowing is necessary as a result of the Government's continued lack of appropriate levels of investment funding within the Police Settlement. For 2022/23 the MPS received no capital grant from the Government against a capital programme of £395.7m. It is assumed that no grant for capital will be received in future years.
- 1.11. The potential to generate capital receipts by disposing of buildings is also decreasing as the estate portfolio becomes smaller, and officer numbers increase. Further modernisation and investment in equipment and technology necessary to police a 21st century society risks creating an increasing dependence on external borrowing. This will increase the cost of capital financing, which is funded from the revenue budget, in turn creating pressures on stretched resources. Increases in interest rates will also add more pressure on financing costs. The proposed capital programme has been developed in the context of not increasing previously agreed borrowing limits thereby ensuring that the cost to the revenue budget for capital financing costs is not increasing significantly beyond any changes due to fluctuations in interest rates.

## **2. MAYORAL PRIORITIES**

- 2.1. The Mayor of London sets the budget and is responsible for making London a better place for everyone who visits, lives or works in the city. The Mayor is elected every four years and sets out an overall vision for London. In May 2021 (a year later than normal due to the Covid 19 pandemic) the Mayoral Elections were held, with Sadiq Khan being re-elected as Mayor of London. The Mayor has a duty to create plans and policies for the capital covering: Arts & Culture; Business & Economy; Environment; Fire; Health; Housing and Land; Planning; Policing & Crime; Regeneration; Sport; Transport; and Young People. Other priorities for the Mayor include higher education, attracting foreign investment and events to London particularly to build economic recovery following the Covid pandemic.
- 2.2. Since moving into the ENGAGE phase of the HMICFRS PEEL Assessment a new Commissioner has been appointed who has set out an ambition to renew policing by consent through more trust, less crime and high standards. The priority for the Mayor of London is to keep London safe and both his oversight of the MPS and delivery of the Police and Crime Plan is pivotal to the budget setting process.
- 2.3. On 24<sup>th</sup> March 2022, the Mayor published his Police and Crime Plan for London, following consultation with nearly 4,000 Londoners, victims of crime, agencies, community groups and businesses. The Mayor's Police and Crime Plan sets out his vision for a city in which Londoners are safer – and feel safer.

2.4. The four key themes of the Plan are:

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

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

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

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

2.5. MOPAC is overseeing the delivery of the Mayor's Police and Crime Plan by tracking a core set of measures of policing and crime activity. These measures reflect the Mayor's priorities and the activity and input of all criminal justice partners. MOPAC's outcomes framework presents a balanced view across the priorities set out in this Plan.

2.6. In recognition of the volume and level of harm caused by Violence Against Women and Girls (VAWG) in London, the Mayor has also produced a refreshed VAWG Strategy. Launched on 15<sup>th</sup> June 2022, the Strategy was informed by extensive consultation with Londoners, victims of crime, partner agencies and community and voluntary groups.

2.7. The Strategy builds on the successes of the Mayor's previous VAWG Strategy, and the approach used by his Violence Reduction Unit, by adopting a public health approach to VAWG. It puts prevention at the centre of everything we do and includes a greater focus on education and enhanced partnership working, not least with London's excellent VAWG sector.

2.8. The Strategy sets out four priority areas for action:

- Preventing and reducing VAWG.
- Supporting all victims and survivors.
- Holding perpetrators to account.
- Building trust and confidence.

### **3. 2022/23 REVENUE AND CAPITAL FORECAST**

3.1. The 2022/23 revenue budget was balanced and agreed in March 2022. In line with his priorities, the Mayor allocated an additional £23.2m of recurring funding. This increase in funding was funded through a combination of the council tax increase, an increase in the council tax base that was better than forecast, and recurring business rates.

3.2. This additional allocation, was to tackle violence and teen homicide, and protecting victims of violence against women and girls and has been used to fund a number of services for Londoners including sustaining specialist services for victim survivors of VAWG, continuing

work with domestic abuse and stalking perpetrators and supporting schools to implement a new toolkit to tackle misogynistic behaviours.

- 3.3. The latest financial forecast for 2022/23 is based on monitoring at Quarter 2 (to the end of September). Full details can be found in the latest [MOPAC Quarterly Performance Report](#). In summary, the MPS is currently forecasting an underspend of £1.9m for 2022/23. This reflects underspends on police staff due to vacancies offset by overspends on overtime.
- 3.4. The MPS capital programme provided for £395.7m of expenditure in 2022/23 and this was to be funded from a combination of capital receipts, grants, and borrowing. The forecast capital expenditure outturn for 2022/23 is £321.8m which represents a variance of £73.8m. As in prior year the Quarter Two forecasts are planned to be used as the revised capital budgets for Quarter Three and year end reporting. The 2022/23 forecast position will continue to be monitored throughout the year and any further slippage will be reported as part of the quarterly monitoring process. To avoid the potential for significant slippage in future years, a thorough review of capital schemes and expenditure plans has been carried out including a review of any optimism bias in spending forecasts
- 3.5. The capital variance is driven largely by underspends on Estates (£49.2m), Digital Policing (£11.3m), Counter Terrorism (£9.9m), Met Operations (£4.9m), Fleet (£2.8m) offset by an overspend on transformation (£4.3m). Estates variances are largely due to delays in construction and refurbishments as well as slippage due to purchase delays. The Digital Policing variance is due to slippage in a number of projects and is offset by additional expenditure on mobile phones which was an early request by the new Commissioner, to increase accessibility and mobility of MPS officers, supporting victims better and helping with rebuilding trust and confidence by providing better access for the public to contact officers. Counter Terrorism and Fleet slippage is due to extended supply chain lead times. Met Operations is due to a delay in the digital operations project. These are offset by an overspend on the Transformation programme, predominantly on the Command and Control projects.
- 3.6. MOPAC are forecasting a year end underspend of £1.3m, of which £0.9M relates to an underspend in staff due to vacancies and £0.6M relates to an underspend on supplies and services. This is offset by an under delivery in income of £0.2M that will no longer be achieved. The forecast position also includes an additional £9.2M reprofiling for projects where delivery will continue beyond the current financial year, matched by a corresponding transfer to reserves and is subject to DMPC approval, and £5.8M unbudgeted expenditure for Operation Soteria offset by a corresponding increase in grant.

#### **4. MOPAC/MPS BUDGET SETTING PROCESS**

- 4.1. In preparing the revenue and capital budget each business unit within MOPAC/MPS carried out a detailed review of budgets. A capital scrutiny process was established to challenge capital schemes and expenditure plans. For revenue budgets, internal oversight boards have been established to review all revenue budgets and these will be held on a quarterly basis. The outcome of these boards will inform the quarterly monitoring as well as the annual budget setting process for 2023/24 and future years. A zero-based budgeting approach within MOPAC was also adopted and, where appropriate, budgets have been realigned to reflect expenditure trends. A detailed capital scrutiny process has also been carried out to test the spending plans on capital and to ensure these and any optimism bias are realistic.
- 4.2. In setting the budget, a detailed review of reserves has been carried out. Earmarked reserves have risen in recent years, some of which is driven by delays in the delivery of projects. A

review of all reserves, to ensure that spending plans are robust, has been carried out. This review has resulted in c£54.8m being repurposed and released to close the gap in 2023/24. Further work is underway to establish whether more opportunities exist in future years. Reserves are however not a long-term solution and the longer term MTFP will need to ensure financial sustainability and resilience without needing the one-off support that reserves can offer.

- 4.3. Reserves are forecast to reduce by £432m over the period 2022/23 -2025/26 to £137.2m of which £46.6m is the general reserve. The reduction reflects more realistic and evidenced spending plans and includes spending on reserves where up front funding was provided and which were planned to be spent over a number of years, i.e. business rates funding to support 1,000 police officers. Further challenge and scrutiny of reserves is underway to establish whether further reserves are available to support the MTFP.
- 4.4. The development of this budget proposal has been subject to oversight by the Deputy Mayor through her regular meetings with the Commissioner, the quarterly MOPAC Oversight Board, which she chairs, and regular bilateral meetings with the MPS Temporary Director of Resources and Director of Finance.

## 5. REVENUE BUDGET 2023-24 TO 2025-26

- 5.1. The Mayor has been clear that keeping Londoners safe is his top priority. He has pledged to be tough on crime and the causes of crime. He has committed to do all he can to ensure the MPS have the resources they need to serve Londoners effectively. In previous years underfunding from Government has meant pushing the cost of policing onto Londoners’ council tax bills.
- 5.2. Excluding reform costs MOPAC/MPS propose a net expenditure budget of £4,138.8m in 2023/24, a £95.4m increase compared to the revised 2022/23 budget of £4,043.4m. Within this, considerable resources are focussed on the Mayoral priorities set out in later in the report.
- 5.3. According to this budget submission, the proportion of funding provided by the Mayor in 2023/24 to MOPAC/MPS will be 23% (compared to 18% in 2010, and 19% in 2016). Central Government funding accounts for 73% of the MOPAC/MPS budget with further funding possible pending the details of Provisional Police Settlement. Use of reserves and savings to be identified to resolve budget gaps account for the remainder. This highlights the fact that the financial sustainability of the MPS depends on funding decisions taken by the Treasury and the Home Office to a large degree.

	£m	%
<a href="#">Central Government Police Grant[1]</a>	2,345.43	56.59
Specific Grants	665.78	16.06
<a href="#">GLA Precept[2] and Business Rates</a>	933.99	22.53
Use of Reserves	193.64	4.67
Non-Structural Gap	5.90	0.14
Structural Gap	0.00	0.00
<b>Total</b>	<b>4,144.75</b>	<b>100.00</b>

[1] Police Grant is assumed to include the full year impact of officer uplift, full year impact of pay award and a reduction of grant due to NI reversal. We will not have the details until Provisional Police Funding Settlement in December.

<sup>[2]</sup> Based on the assumption in Mayor's Budget guidance of a 1.99% increase in the Council Tax Precept based on rate and a 1% increase based on increase in council tax base

## Funding Assumptions

5.4. On 27<sup>th</sup> October 2021 the Government presented its Budget and Spending Review for the three years 2022/23 to 2024/25. The Spending Review did not respond to several significant resourcing needs faced by MOPAC/MPS, including the following:

- The Mayor and the Commissioner of the MPS have been clear since 2019 that to keep Londoners safe the MPS require 6,000 additional officers from the Police Officer Uplift Programme (PUP). A 3-year funding allocation of the Police Uplift Grant has been announced for the financial years 2022/23 - 2024/25 and funding to support this level of officers has not been provided.
- The National and International Capital Cities (NICC) grant currently underfunds the MPS by £159m per year. The Mayor and Commissioner have repeatedly called for this underfunding to be rectified over several years. The Spending Review does not provide funding to address this, as the NICC grant is £185m. We are assuming no change to the NICC grant within this budget.
- In September 2021 the Government announced a new Health and Social Care Levy collected via a 1.25 percentage point increase in National Insurance Contributions (NICs). The net cost of this for MOPAC/MPS was £17.4m in 2022/23 and was incorporated in the budget. The Health and Social Care Levy ceased from 1 November 2022 and it is assumed that there is an adjustment in the funding allocations from 2023/24 onwards to reflect the reduced costs. Both of these are reflected in the budget proposals.
- The MPS currently receive no capital grant from central government to support a capital programme that averages in excess of £270m per year. The Mayor has previously requested that this significant omission be rectified by the Government.

5.5. Because of these issues, significant savings must be achieved by the MPS. The 2023/24 budget assumes a total of £61.4m of savings will be delivered. This is in addition to in excess of £1bn of savings that has already been delivered since 2012/13. After taking account of the planned efficiency savings, a £5.9m structural budget gap exists in 2023/24 which increases in the years beyond. MOPAC and the MPS will work to identify options including further savings, use of reserves and lobbying for additional funding to close the immediate gap in time for Mayor's Final Budget.

5.6. Despite the 2021 Spending Review providing a three-year settlement until 2024/25, there remain large areas of uncertainty. Funding allocations will emerge with the Provisional Settlement which is expected in December 2022. The funding uncertainties include:

- The Government has confirmed that the total Police Grant will be increased from £550m in 2022/23 to £650m in 2023/24 and £800m in 2024/25, cumulatively. For 2025/26 it has been assumed no further increase. For the purposes on this budget submission, it has been assumed that the allocation in future years will be on the same pro rata basis as for 2022/23. Until final confirmation is received, there is a risk that actual funding may be different to that assumed. More information on funding risks is set out later in the report.
- The 2021 Settlement does not provide sufficient funding for policing in London but does provide flexibility to increase the Council Tax Police Precept by £10 per year for the average Band D Council Taxpayer, in each year from 2023/24 to 2024/25. This means that

decisions about funding is falling towards local taxation decision makers, despite the regressive nature of council tax. The Autumn Statement did not provide any further updates on precept flexibilities for Policing. Whether, or to what degree, this is necessary depends on the Provisional Police Funding Settlement published in December.

- 5.7. Given these uncertainties, this budget submission is required to make several assumptions. It assumes that the Government will heed the advice of the Mayor and Commissioner and provide 6,000 additional officers for London and costs have been included to reflect this from 2024/25. No income has been assumed to fund this. As a result, MOPAC/MPS present a non-structural gap of £81.7m in 2024/25 rising to £117.6m in 2025/26 onwards.
- 5.8. Similarly, this budget submission does not assume the Mayor utilises his flexibility to increase Band D council tax by up to £10 per year. The Mayor will decide whether to exercise this flexibility in due course, once the Government had provided clarity on other issues. Therefore, this budget submission maintains the assumption used in the Mayor’s Budget Guidance of a 1.99% increase.

### Expenditure summary

- 5.9. Officer and staff pay and overtime accounts for 74% of total expenditure, while supplies and services, such as external suppliers, uniforms, utilities and kit, account for 17% and premises costs for 4%. These figures are subject to change when the PUP funding is allocated across officer pay and other budget lines. In excess of £1bn of gross savings have already been delivered since 2012/2013 through operational efficiencies.

	£m	%
Police officer costs	2,382.05	53.78
Police staff costs	668.88	15.10
PCSO costs	60.26	1.36
Other staff costs	175.04	3.95
<b>Total staff costs</b>	<b>3,286.23</b>	<b>74.20</b>
Premises costs	175.62	3.97
Transport costs	81.02	1.83
Supplies and services costs	759.32	17.14
Capital financing costs	126.65	2.86
<b>Sub-total running and financing costs</b>	<b>1,142.61</b>	<b>25.80</b>
<b>Total</b>	<b>4,428.85</b>	<b>100.00</b>

### Police Officer Numbers

- 5.10. This budget submission will see MPS officer numbers rise to approximately 36,800 by the end of 2024/25, if Government funding is provided for an additional 6,000. This compares to less than 30,000 in 2018. Approximately 1,300 of these new officers are funded directly from Mayoral Council Tax and Business Rates income and have been in place since 2019.
- 5.11. The Government is committed to funding the recruitment of 20,000 additional police officers nationally as part of the PUP over the three-year period ending 2022/23. The Mayor and Commissioner have been clear that London requires 6,000 additional officers over the three years of the PUP in order to keep Londoner’s safe. In the years 2020/21 to 2022/23 London received 4,560 officers from the national allocation of 20,000 with funding of £381.1m to pay for this. This leaves a further 1,440 officers to be allocated to London to meet the 6,000

target if the Mayor and Commissioner's 6,000 target is to be met. This budget assumes these officers will be recruited by the end of the 2024/25 financial year.

- 5.12. Expenditure figures in this budget submission assume that the required 6,000 officers are allocated to London. Since it is not possible to apportion the officers across the business until the government announcement is made, for the time being officer pay and overtime is shown in Frontline Policing with the balance reflected in the 'Centrally Held' budget line. Since Police Grant funding allocations are yet to be made, no income is yet included in the budget to fund this expenditure. These expenditure and income figures will be adjusted accordingly following the Provisional Police Settlement in December.

### **Mayoral and Operational Priorities**

- 5.13. When the budget is finalised, and subject to additional investment, it will respond to the Mayor and Commissioner's strategic and operational priorities. The Met faces acute challenges in the short term, driving the focus on More Trust, Less Crime and High Standards. To demonstrate both grip and ambition, the Commissioner is developing a new strategy that will initially focus on priorities that will stabilise and build new foundations for the Met whilst simultaneously building momentum for wider reform.
- 5.14. There is strong commitment from the Commissioner to use existing investment effectively and establishing an efficiency programme in 2023/24 to drive out cost for reinvestment as a priority. However, this alone will not achieve the funding levels required to achieve the outcomes described in the emerging strategy. Reform at this scale will require additional investment in order to succeed and this will require Government funding.
- 5.15. The key priorities for the emerging strategy are likely to include:
- Being data driven and evidence based in delivery to use data well in preventing and fighting crime.
  - Strengthening neighbourhood policing and increasing resources to support precise community crime fighting and enhanced strategic relationships.
  - Rooting out corruption and upholding robust ethics, conduct and standards using new tools to increasing understanding on what systems are being used and for what
  - Equipping officers and staff to best support them in delivering their work
  - Developing high performing leaders at all levels across the organization
  - Taking a proactive approach to reducing crime through co-ordinated surges of operational activity
  - Taking better care of victims through a victim centred approach to crime
  - Protecting the vulnerable including improving child protection, VAWG, domestic abuse and stalking/harassment;
  - Building strong foundations to stabilize and underpin delivery through IT, estates and fleet.
- 5.16. MPS and MOPAC will work through the financial impact of the strategy in the coming weeks in time for the final budget in February.
- 5.17. The manifesto contained numerous commitments regarding how the Mayor exercises oversight over policing and crime, and lobbying on this area on behalf of Londoners. This includes lobbying Government for a National and International Capital Cities grant which truly reflects the demands of policing London.
- 5.18. The manifesto committed to investing record amounts in policing through business rates and council tax, paying for over 1,000 police officers who otherwise would not have been on the



streets. Due to funding pressures, the Met would have had to reduce its headcount by 1,000 officers in 2019/20. In response, the Mayor allocated funding from the business rates growth fund to retain the 1,000 officers from 2019/20. This pot of money was due to expire in March 2022; however, in February 2020, the Mayor allocated £30m from Council Tax for the 2021/22 year to continue this funding for the 1,000 officers for a further 3 years beyond March 2022, i.e. until the end of 2024/25.

- 5.19. The budget supports MPS activity to tackle violence against women and girls and ensure women feel safe on our streets. This includes funding Predatory Offenders Units and further initiatives set out in the MPS VAWG Action Plan to improve female safety on our streets. The budget tackles the urgent need to build trust and confidence in the Police and address community concerns about disproportionality. For example, funding local officers who, supported with the right infrastructure and with their key knowledge of vulnerable children, are well placed to deliver early intervention and diversion with partners, and promoting positive pathways for young people. It also supports dedicated Youth Officers, Local Partnership and Prevention Teams and Safer Schools Officers who will collaborate with Local Authorities, Safer Neighbourhood Boards, schools and others to help build trust and confidence.

### **Counter Terrorism Funding**

- 5.20. The detail of the funding allocation for the national counter terrorism policing function will be announced as part of the police funding settlement. It should be noted that the Counter Terrorism grants provide a substantial contribution to the overall MPS officer establishment. Therefore, any variation to the level of Counter Terrorism funding would likely impact on the overall officer and police staff establishment and require change to the baselines.

### **External Factors**

- 5.21. This budget submission assumes officer and staff pay will rise by 2.5% in 2023/24 and 2% thereafter.
- 5.22. However, this assumption is subject to uncertainty and risk. Police officer pay awards are decided by the Government in response to recommendations made by the independent Police Remuneration Review Body (PRRB). These recommendations take into account a variety of factors including: the need to recruit, retain and motivate officers; movements in wider public sector pay, the UK economy and labour market. UK inflation is currently significantly higher than in previous years and is impacting on both pay and non-pay inflation. A +/-1% change in the pay award equates to £25m. Since pay and overtime accounts for 74% of MPS revenue expenditure, small deviations from this assumption can have material consequences for total expenditure.
- 5.23. The cost of pay awards must be funded from within the funding envelope set by Government in the Spending Review. This is fixed in cash terms. Therefore, the revenue risk of funding higher than expected pay awards has been transferred from Government to Police Forces and Police and Crime Commissioners. Funding any costs in excess of the Government's assumed amount will unavoidably require savings and cuts elsewhere.
- 5.24. In previous years, a total of £10.5m of non-pay inflation has been assumed. The current economic climate and the significant increase in inflation and interest rates over recent months means that this is no longer realistic. Additional inflation of £30m has been reflected in the 2023/24 budget largely due to anticipated increases in energy costs and contractual expenditure. The situation will continue to be monitored but creates a significant risk to the budget in future years.

## Value for Money, Savings and Efficiencies

- 5.25. In its latest PEEL Inspection, HMICFRS have found that “the force has robust financial management in place. MOPAC and the force are audited jointly by external auditors. These have consistently found that the force has good processes in place to make sure it manages its finances with ‘economy, efficiency and effectiveness’. The MPS transformation programme is one of the largest seen in the UK public sector. It has combined significant efficiencies in the MPS estate, with investments to optimise operational activity such as contact, response and investigations, and increased productivity by streamlining central HQ functions. All MPS spending programmes above £0.5m are scrutinised by MOPAC prior to approval by the Deputy Mayor for Policing and Crime to ensure the case for investment is robust, all options have been explored, competitive processes have been followed and best value achieved.
- 5.26. The MPS has already delivered significant savings, in excess of £1bn since 2012/13, through a variety of programmes. For example, the estates transformation programme has reduced the number of buildings from 650 in 2010 to 236.
- 5.27. Transformation programmes are delivering efficiency and productivity gains. For example, the Command and Control project will provide an integrated modern digital platform at the heart of the MPS to ensure the most effective and efficient deployment of officers and staff to meet the needs of the public. Also, the CONNECT project will bring together seven existing IT systems making it more efficient for officers to conduct their routine business.
- 5.28. The full savings programme includes a variety of other lower value improvements. Aggregate figures are provided in Annex 1.

## Budget Gaps

- 5.29. As a consequence of the funding shortfalls set out earlier in the report and the uncertainty surround Police Grant funding, the proposed budget shows a total funding gap rising from £5.9m in 2023/24 to £255.9m in 2025/26. Of this £81.7m in 2024/25 and £117.6m in the years which follow, relates to the cost to take the full officer increase to 6,000 as identified earlier in this report, and are shown as non-structural gap.
- 5.30. The structural budget gap, excluding any costs for reform is £5.9m in 2023/24 and rises to £138.3m in 2025/26. It should however be noted that any additional costs arising from the Reform requirements will add to the funding gap. Details on this will emerge later in the year as the budget develops and details on the Provisional Settlement are made available. The table below shows a high-level analysis of the budget gaps and savings in the medium term:

	<b>2023-24</b> <b>£m</b>	<b>2024-25</b> <b>£m</b>	<b>2025-26</b> <b>£m</b>
Structural budget gap	5.9	50.8	138.3
Non-structural budget gap	0	81.7	117.6
<b>Total budget gap</b>	<b>5.9</b>	<b>132.5</b>	<b>255.9</b>

5.31. There is an urgent need for the Government to address the MOPAC/MPS funding shortfalls in order that the structural budget gap over the coming three years is addressed and that the Met can achieve reform. The Mayor and the MPS will continue to seek efficiency improvements and savings, but since in excess of £1bn gross savings have already been delivered since 2012/13 it will be extremely challenging to close this budget gap by delivering yet more savings and efficiencies without reducing officer and staffing numbers. It has been a continued and active choice to protect staff and officer numbers to mitigate savings impacts on frontline policing and with increasing inflationary pressures this is becoming more difficult and challenging.

### **Detailed budget figures**

5.32. Annex 1 presents the proposed budgets from 2023/24 to 2025/26 and details of savings, efficiencies and pressures. This includes:

- The 2023/24 proposed budget and forecast budget for 2024/25 and 2025/26. Figures for the 2022/23 revised budget and forecast are provided for comparative purposes. The budgets are presented by subjective analysis (i.e. by cost type) and by business group.
- Pie charts showing the proportionate spend of the 2023/24 revenue budget by subjective analysis and different funding streams.
- The gross pressures, savings and efficiencies from 2023/24 and 2024/25. Savings and efficiencies are presented on an incremental as well as cumulative basis, with the planned savings as identified in the 2022/23 budget submission and the new savings identified in the 2023/24 submission shown distinctly.
- Analysis of changes from the 2022/23 budget to that of 2023/24 explaining the reasons for the movements in budget including inflation, savings and efficiencies and use of reserves.

### **Funding Formula Review**

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

5.34. London is a key driver of the UK economy, and the safety and security of its residents, workers and visitors is key to maintaining this strength. Reducing funding to the MPS would exacerbate the funding shortfalls set out above and would be counter-productive to the Government's aim to build back better after the pandemic.

5.35. MOPAC will ensure that the views of Londoners are heard by the Government as they conduct this review and will argue forcefully for an outcome which is not detrimental to MPS' financial sustainability.

## **6. FUNCTIONS MANAGED DIRECTLY BY MOPAC: BUDGET 2023/24 TO 2025/26 DETAIL**

6.1. The 2023/24 MOPAC revenue budget includes funding allocated to MOPAC itself as well as the MPS. MOPAC is a statutory office established as a Corporation Sole. The Mayor of London is the occupant of that Office and is the London equivalent of an elected Police and Crime Commissioner elsewhere.

- 6.2. The Mayor in his MOPAC role has appointed a Deputy Mayor for Policing and Crime (DMPC), Sophie Linden, to whom he may delegate such MOPAC functions as are not by law reserved to him to exercise. Accordingly, the Mayor has delegated all non-reserved functions to the DMPC.
- 6.3. MOPAC has responsibilities set out in the Police Reform and Social Responsibility Act 2011, including overseeing the MPS, ensuring public accountability and delivering victims services and crime prevention programmes. These programmes include convening partners across the Criminal Justice System for London, commissioning programmes that provide vital services and programmes which tackle violence.
- 6.4. MOPAC commissioning includes innovative pilots which have aided the development of cross-London and cross-sector partnerships and has levered in new sources of funding and not just match funding. The Mayor's Violence Reduction Unit which is hosted by MOPAC, was established to develop an early intervention and preventative strategy to tackling violence and making Londoners feel safer. It draws on the principles of a public health approach and commissions innovative work, often led by community and VCS partners. The VRU then evaluates this work, commissioning independent organisations who work with community & VCS partners, to develop the evidence-base for what works to reduce violence for young Londoners. It works in close partnership with specialists from health, police, local government, probation and community organisations.
- 6.5. The Ministry of Justice (MoJ) makes available funding every year, from the fund created by the Victim Surcharge, to commission and deliver local services for victims of crime. The Victim Surcharge was introduced in 2007 at a flat rate of £15 for those who received a fine. There is now a more complex system with the surcharge varying according to the severity of the sentence (maximum rate at £228 for a long prison sentence) or the value of the fine (40% of the fine up to a maximum cap of £2,000). The resultant fund is used to pay for nationally commissioned services and distributed to PCCs to pay for locally commissioned services using a population-based formula that uses ONS population estimates.
- 6.6. The allocation formula does not, however, recognise the concentration of crime in London nor the additional cost of delivering policing and other services. It should be a priority for the MoJ to address the scale of this funding as well as the method of allocation for the sake of victims of crime and to avoid pressure on locally funded services. The 2023/24 budget includes the assumption of £27.9m of grant funding from the MoJ. This is a prudent estimate based on prior years draft budget submissions, if a higher level of funding is made available then delivery plans will be re-scoped accordingly. The budget also includes grant funding from MoJ of £1m in relation to the Transitions to Adulthood Hub.
- 6.7. The London Crime Prevention Fund (LCPF) enables MOPAC to support local victim support and crime prevention activity within London boroughs. This accounts for £13.1m of MOPAC expenditure in 2023/24.
- 6.8. The proposed total MOPAC revenue budget in 2023/24 is £128.5m which includes £39.7m of budget allocated to the work of the VRU. The proposed budget is net of use of PPAF and external income derived from the DARA shared audit services. The budget proposed is an increase of £1.6m from the 2022/23 Q2 Budget position (decrease of £1.6m for MOPAC and an increase of £3.2m for VRU). Further detail on the VRU is included in Section 7.
- 6.9. In support of Mayoral Priorities Manifesto commitments, the 2023/24 budget includes:-
- Increased funding of £1.4m for the oversight function, to reflect the increased expectations on the MPS and on MOPAC to hold them to account. This includes another Mayoral

commissioned HMICFRS review, and will help ensure that the MPS is in the best position possible to both deliver the priorities in the Police and Crime Plan and exit the 'Engage' phase of monitoring as swiftly and assuredly as possible. This money also includes additional survey, analytical and research work to ensure MOPAC's oversight is rooted in evidence and insight.

- Investment of £1.6m in support of the Mayor's Action Plan. This was published in November 2020 to improve trust and confidence in the MPS and to address community concerns about the disproportionality in the use of certain police powers affecting Black Londoners. The funding will be used to develop greater community involvement in police officer training and in recruiting and progressing Black officers in the MPS. This will be funded by through a combination of reserves, and use of the Police Property Fund (PPAF).
- Funding in support of the Shared Endeavour Fund of £0.7m. This will provide even more grants to projects which identify opportunities to counter violent extremism in London.
- Further investment on the Rescue and Response programme of £1.8m to better understand, target and respond to County Lines offending and victimisation and proposals to develop a Drugs Commission.
- Ongoing investment in London Gang Exit of £1.9m to support young people across London affected, associated or affiliated with gang related issues or serious youth violence services young people at risk of, or engaged in, serious violence.
- Investment to support delivery of the Mayor's refreshed Violence Against Women and Girls Strategy (VAWG). This includes funding from a variety of sources to programmes preventing, or supporting victims of violence against women and girls and women's safety including supporting the work of the Night Czar.
- Ongoing funding of £1.6m from the Mayor and the London Crime Prevention Fund (LCPF) in support of the violence reduction unit.

6.10. The 2023/24 MOPAC proposed expenditure budget (net of other income totalling £5.4m relating to PPAF usage, shared service audit fees and other income) and funding is set out below.

<b>Draft Expenditure Budget 2023/24</b>	£m	%
Victims Services and Crime Prevention	79.1	61.5%
Oversight and Accountability	8.3	6.5%
Shared Audit Function	1.4	1.1%
<b>Total MOPAC</b>	<b>88.8</b>	<b>69.1%</b>
Violence Reduction Unit (VRU)	39.7	30.9%
<b>Total Budget</b>	<b>128.5</b>	<b>100.0%</b>
<b>Estimated Funding 2023/24</b>		
Precept and Police Grant	65.3	50.8%
Specific Grants	45.9	35.7%
Use of Reserves	17.4	13.5%
<b>Total Budget</b>	<b>128.5</b>	<b>100.0%</b>

6.11. Earmarked reserves totalling £17.4m will be used to fund, multi-year commissioning programmes, one-off costs and for budget smoothing. These figures include carry-forward values as at 2022/23 Quarter 2.

### Medium-Term Financial Plan 2023/24 to 2025/26

6.12. The table below shows the MOPAC budget over the Medium-Term Financial Plan period. The revised budget reduces by £17.5m between 2022/23 to 2025/26.

	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m
Victims Services and Crime Prevention	81.1	79.1	72.1	71.5
Oversight and Accountability	7.6	8.3	7.9	8.0
Shared Audit Function	1.7	1.4	1.5	1.5
<b>Total MOPAC</b>	<b>90.4</b>	<b>88.8</b>	<b>81.5</b>	<b>81.0</b>
Violence Reduction Unit (VRU)	36.5	39.7	28.3	28.4
<b>Total Budget</b>	<b>126.9</b>	<b>128.5</b>	<b>109.9</b>	<b>109.4</b>

6.13. The reduction in expenditure is being driven by a combination of factors including, the reprofiling of project delivery funded through reserves (£8.1m), one off funding for Operation Soteria which is assumed to end in 2023/24 (£5.0m) and the reduction in Home Office funding for the Violence Reduction Unit by 2024/25 (£3.3m).

6.14. MOPACs oversight costs as a proportion of the MPS Gross Expenditure budget remain at 0.2%, and at 12% as a proportion of the MOPAC gross budget. Based on information available for previous years, other PCCs reported a range of 0.3% - 1% (Costs as a proportion of force gross expenditure) and 13% - 29% (oversight costs as % of PCC gross budget). Proportionally MOPAC's cost for oversight are therefore consistent with that for previous years.

## 7. VIOLENCE REDUCTION UNIT

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

7.2. The VRU work programme and investment is shaped around activity that reflects and is relevant to a young person's journey through life – that includes roles for parents, schools, communities, and peers. Following a strategy review and refresh the VRU core objectives still showed as relevant however we have now categorised our activity through our main priority thematic areas of activity and intervention. The categories below interconnect and all aim towards prioritising support for young people.

- Children and Young People – Reducing harm
- Children and Young People – Positive opportunities
- Families – Supporting stronger families
- Education Settings
- Communities and Place
- Systems and Sector

7.3. Throughout 2022/2023 the VRU has focused its attention on working to develop and further embed Research, Monitoring, Evaluation and Learning. The VRU consulted on a

wider outcomes framework that has now been developed to enable us to assess the overall impact of the unit including the investments made and to support future investment decisions.

- 7.4. Commissioning activity from 2023/24 will be centred around the above priorities. The table below provides expenditure and funding over the medium term from 2023/24 to 2025/26. (Note the Specific Grant £9.4m funding in year 2025/26 is an assumed Home Office grant award. Currently the Home Office has confirmed funding up to and including year 2024/25).

	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m
Expenditure Budget	36.5	39.7	28.3	28.4
<b>Funding Source</b>				
GLA Precept	17.1	17.2	17.3	17.4
Specific Grant	16.7	12.0	9.4	9.4
London Crime Prevention Fund	1.6	1.6	1.6	1.6
Use of Earmarked Reserves	1.1	8.9	0.0	0.0
<b>Total Funding</b>	<b>36.5</b>	<b>39.7</b>	<b>28.3</b>	<b>28.4</b>

- 7.5. The plans above show expected VRU spending over the medium-term and includes ongoing Mayoral funding circa £17m and an allocation of £1.6m from the London Crime Prevention Fund (LCPF). It shows a confirmed allocation of Home Office funding of £9.5m in 2023/24, £9.4m in 2024/25 and an assumed allocation of £9.4m in 2025/26 (plus an additional £2.5m in 2023/24 for from the youth Endowment Fund). The earmarked reserves draw down reflect the prudent profiling of some programmes to enable multi-year funding. This is in keeping with the rationale for setting up the VRU to explore longer term approaches towards violence reduction, for more sustainable change. This view has been further enhanced by listening to charity and grassroots community organisations and by the VRU's neighbourhood research, which found that short-term funding and pilot schemes can sometimes cause more harm to communities than good.
- 7.6 Over the last 3 years, the Home Office has allocated £7m of grant funding to the London VRU. The Mayor's Office budget continues to ensure that the VRU has a three-year funding allowance going forward. As a result of lobbying by the VRU and its partners, the Unit has successfully secured its first three-year funding settlement from the Home Office to deliver violence reduction work in the capital. Following the spending review however, the Home Office confirmed that their allocation will reduce in 2023/24 and 2024/25. To offset the reduction of Home Office grant funding the VRU have produced a budget strategy to ringfence reserves from Mayoral funding to ensure that longer-term funding invested in communities and grassroots organisations is not affected or impacted.
- 7.7 The London Crime Prevention Fund (LCPF) Co-commissioning Fund continues to support the work of local authorities to develop multi-agency local violence and vulnerability plans and from which it draws best practice on how to address violence and its root causes. Furthermore, these plans will support the delivery of the Serious Violence Duty in all 32 boroughs going forward. This budget has increased over time and the MTFP assumes this budget now stands at £4.6m in each year funded via Mayoral and Home Office funding.
- 7.8 There has been increased investment around Education for the next 3 years including an Inclusive and Nurturing school programme, a PRU mentor programme and an After Schools

programme. There has also been an ongoing high level of interest in the Critical Incident Fund (CIF) which is further local investment from the Mayor. The CIF is there to provide boroughs with a fund following a critical incident. Boroughs across London have asked for this funding to support mentoring, detached youth work & community support events.

## **8. CAPITAL BUDGET**

- 8.1. This budget continues to deliver an ambitious capital programme for the MPS. This will enable significant transformation to ensure the MPS can meet demands of policing, including vital renewal of IT; improving the use of space on the estate in order to facilitate disposals and a more efficient operational capacity, and funding to significantly enhance the MPS forensics provision. Programmes within the proposed capital programme have been selected and prioritised by reference to Met's Transformation Portfolio. This amounts to a £1.4bn investment programme over the 5-year period 2022/23 to 2026/27.
- 8.2. The MPS has reviewed and challenged both the quantum of proposed capital investment for each area of spend, the prioritisation of the proposals to ensure these are consistent with the Police and Crime Plan, and the phasing of the proposed spend to ensure that the organisation has the capacity and capabilities to deliver.
- 8.3. In developing the capital budget, the need for borrowing has been considered. As the opportunity to generate capital receipts reduces there is an increasing reliance on borrowing in the current capital programme. The proposed capital programme has not increased the borrowing requirement that has already been approved and, in doing so, means that there is no additional cost on the revenue budget caused for capital financing.



	2022-23 Forecast Outturn £m	2023-24 Budget £m	2024-25 Plan £m	2025-26 Plan £m	2026-27 Plan £m	Total £m
<b>Expenditure</b>						
Property forward works and business as usual	39.7	82.0	35.6	42.3	47.0	246.6
Fleet	27.1	37.9	28.9	38.4	27.8	160.1
Digital Policing	53.2	55.7	56.1	56.9	48.8	270.8
CTPHQ	56.4	56.4	55.7	27.7	31.0	227.1
Met Operations- Covert and Forensics	5.3	12.2	7.3	5.4	5.1	35.3
<u>Transformation programmes</u>						
Optimising Contact and Response - P2	47.0	49.5	4.7	2.7	0.0	103.9
Transforming Investigation and Prosecution - P4	34.7	10.3	4.7	0.0	0.0	49.7
Operational Support Services - P6	0.4	0.5	0.0	0.0	0.0	0.9
Learning and Professionalism Transformation - P8	1.0	0.5	0.0	0.0	0.0	1.5
TD Flexible Service Portfolio	10.3	3.8	0.0	0.0	0.0	14.1
PSD- Central Estates Programme - P10	35.3	17.3	32.7	10.9	7.7	103.8
PSD- Transforming the Workplace - P11	11.4	34.7	50.7	38.9	23.6	159.2
Transformation - long term estimate	0.0	0.0	0.0	10.0	20.0	30.0
<b>Total expenditure</b>	<b>321.8</b>	<b>360.8</b>	<b>276.3</b>	<b>233.2</b>	<b>210.9</b>	<b>1,403.0</b>
<b>Funding</b>						
Capital Receipts	103.4	56.1	3.2	51.6	35.7	250.0
Capital Grants & Third Party Contributions	68.3	69.9	61.0	34.7	39.6	273.5
Borrowing	89.5	196.1	188.7	134.6	132.3	741.2
Revenue Contributions	60.6	38.7	23.3	12.3	3.3	138.3
<b>Total funding</b>	<b>321.8</b>	<b>360.8</b>	<b>276.3</b>	<b>233.2</b>	<b>210.9</b>	<b>1,403.0</b>

## **MOPAC/MPS Capital Programme 2022/23 to 2026/27 (current prices)**

- 8.4. This expenditure will be funded through a contribution from capital receipts generated by the estates transformation programme, capital grant from Government and borrowing. As the MPS estates transformation matures, the opportunity for capital receipts reduces and the need for borrowing increases.
- 8.5. Excluding Counter Terrorism grant funding, which is ring fenced for specific expenditure, the Government does not make available any capital grant to support the capital programme. This is despite vocal calls from the Mayor and forces across the country for the Government to increase capital funding for the police.
- 8.6. Borrowing represents £196.1m in 2023/24. This is expected to represent 54% of capital financing in 2023/24 rising to 62.7% in 2026-27. This will increase the cost of capital financing, which is funded from the revenue budget and in turn create pressures on already stretched resources, crowding out revenue expenditure on operational priorities.
- 8.7. MOPAC/MPS will shortly publish a draft Capital Strategy in line with CIPFA's Prudential Code requirements. The draft Capital Strategy will outline the MPS' capital investment ambition and will form part of the GLA Group-wide Capital Strategy published with the Mayor's 2023/24 budget. The Capital Strategy will outline the 5-year capital programme as well as the wider 20-year Capital Ambition.

## **9. TREASURY MANAGEMENT**

- 9.1. Effective treasury management underpins the achievement of MOPAC/MPS business and service objectives. It is also essential for maintaining a sound financial reputation. MOPAC/MPS is committed to driving value from all of its treasury management activities, which it does through the GLA Shared Service for Treasury Management.
- 9.2. MOPAC/MPS measures and manages its exposures to treasury management risks using Prudential Indicators which are out in Annex 2.

## **10. RESERVES**

- 10.1. When reviewing the medium-term financial plans and preparing the annual budgets the establishment and maintenance of reserves should be considered. Under statutory roles MOPAC will hold a general reserve but also earmarked reserves. These can be held for four main purposes:
  - A working balance to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing – this forms part of general reserves.
  - A contingency to cushion the impact of unexpected events or emergencies – this also forms part of general reserves.
  - A means to respond to uncertainty in the economic climate and provide assurance on the safety of the MOPAC's financial assets. This would link closely with the Treasury Management and Prudential Code Strategy - this also forms part of general reserves.
  - A means of building up or setting aside funds for specific purposes – these are known as Earmarked Reserves.
- 10.2. The MOPAC/MPS forecast reserves balances and their planned usage over the MTFP period are set out in the table below:

	Closing Balance 2021/22 £m	Forecast Usage Q2 2022/23 £m	Closing Balance 2022/23 £m	Planned Usage 2023/24 £m	Closing Balance 2023/24 £m	Planned Usage 2024/25 £m	Closing Balance 2024/25 £m	Planned Usage 2025/26 £m	Closing Balance 2025/26 £m
Operational, Budget and Change	249.0	-55.6	193.5	-127.0	66.5	-51.6	14.9	-14.9	0.0
Business Group Initiatives	3.1	-1.1	2.0	-1.3	0.7	-0.2	0.5	-0.2	0.4
Historical Public Inquires	3.5	-1.0	2.5	-1.0	1.5	-1.0	0.5	-0.5	0.0
Managing Officer FTEs	23.1	0.0	23.1	0.0	23.1	0.0	23.1	0.0	23.1
Insurance	6.7	0.0	6.7	-1.0	5.7	0.0	5.7	0.0	5.7
Property	66.9	-8.6	58.3	-8.4	49.9	-7.9	42.1	-10.3	31.8
Vetting Delays	0.2	-0.1	0.1	-0.1	0.0	0.0	0.0	0.0	0.0
Other earmarked (POCA)	8.9	-0.3	8.6	0.0	8.6	0.0	8.6	0.0	8.6
Specifically Funded for Third Parties	13.4	0.0	13.4	-2.6	10.8	-2.6	8.2	-2.7	5.5
Business Rates	89.3	-29.3	60.0	-30.0	30.0	-30.0	0.0	0.0	0.0
Contribution to the Council Tax deficit	11.5	-4.9	6.6	-4.9	1.7	0.0	1.7	0.0	1.7
MOPAC Earmarked	42.5	-7.1	35.3	-15.1	20.3	-3.6	16.7	-2.7	14.0
MOPAC Contribution to the Council Tax deficit	4.6	-2.3	2.3	-2.3	0.0	0.0	0.0	0.0	0.0
<b>Total Earmarked Reserves</b>	<b>522.7</b>	<b>-110.4</b>	<b>412.4</b>	<b>-193.6</b>	<b>218.7</b>	<b>-96.8</b>	<b>121.9</b>	<b>-31.2</b>	<b>90.6</b>
General Reserves	46.6	0.0	46.6	0.0	46.6	0.0	46.6	0.0	46.6
<b>Grand Total</b>	<b>569.3</b>	<b>-110.4</b>	<b>458.9</b>	<b>-193.6</b>	<b>265.3</b>	<b>-96.8</b>	<b>168.5</b>	<b>-31.2</b>	<b>137.2</b>

- 10.3. Earmarked reserves will be drawn down to match the related planned expenditure profile. The most notable drawdowns are the c £30m p.a. from the Business Rates reserve across the next four years for the 1,000 police officers which the Mayor provided upfront funding for in 2019/20 to ensure that police officer numbers can be maintained over the medium-term. Funding until 2024/25 is available from this reserve.
- 10.4. Elsewhere reserves are used for a number of one-off purposes including supporting the Transformation Programme and local change activities, supporting the Estates' Transformation Programme and a number of initiatives within Business Groups. Reserves are kept under review and usage may fluctuate depending on the financial position at any given time. Current plans, as outlined in the table assume drawdown of over £432.1m over 2022/23 – 2025/26 leaving a closing balance of earmarked reserves of £90.6m at March 2026.
- 10.6. The total General Reserve now stands at £46.6m. This represents 1.1% of the Net Revenue Expenditure for MOPAC/MPS. During, and by the end of the MTFP period, the General Reserve balance remains below the upper prudent threshold of 5% for retention as per the current Reserves Strategy. In light of the economic climate and the uncertainty over inflation and the potential impact on pay awards, the level of general reserves will be continually reviewed to ensure they remain realistic and are sufficient to cover potential risks within the overall financial strategy should they crystallise.

## 11. EQUALITIES IMPLICATIONS

- 11.1. It is essential that decision makers ensure that consideration is given to legal obligations, in particular the need to exercise the equality duty under the Equality Act 2010, to have due regard to the impacts based on sufficient evidence appropriately analysed. The public sector equality duty is that a public authority must, in the exercise of its functions, have due regard to the need to: (1) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010; (2) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and (3) foster good relations between persons who share a relevant protected characteristic and persons who do not share it. What the duty requires is consideration of all available information, including the potential impacts and mitigations to ensure a fully informed decision is made. Any decision made in the exercise of any function is potentially open to challenge if the duty has been disregarded.
- 11.2. This budget sets out how resources will be allocated in support of the Police and Crime Plan.
- 11.3. Central to the Police and Crime Plan is the Mayor's Equality, Diversity and Inclusion Strategy, 'Inclusive London', which sets out key inequalities affecting the lives of Londoners. This strategy drives work on equality and inclusion, including race equality, with a range of projects, programmes and policies that, in addition to policing, span education, health and civil society. GLA community engagement and advisory functions provide expertise on race equality to bring insight and shape to MOPAC's work. These include the Mayor's Equality, Diversity and Inclusion Advisory Group, the Migrant and Refugee Advisory Panel and civil society partner organisations.
- 11.4. In allocating resources due consideration has been made to legal obligations, in particular the need to exercise the equality duty under the Equality Act 2010, to have due regard to the impacts based on sufficient evidence appropriately analysed.
- 11.5. MOPAC continues to work closely with the GLA Group on the implementation of 'Inclusive London' and the Mayor's commitment to economic fairness. The Metropolitan Police Commissioner is a member of the GLA's London Recovery Board which is addressing a number of the Mayor's diversity priorities including to narrow social, economic and health inequalities, and to support communities most impacted by the pandemic.
- 11.6. MOPAC's plans are underpinned by a commitment to inclusion, diversity, equality. The risks of offending and victimisation change in nature as people age. The budget includes resources to increase the safety and confidence of young people and adults in London, recognising the different specific needs and risks for Londoners at different stages of their lives. Proposals include investment to prevent and reduce violence affecting young people, reduce offending behaviour, improve the service and support that victims receive from the MPS and the criminal justice service, and increase public trust in the MPS.

- 11.7. The budget includes comprehensive measures to reduce serious violence, crimes that disproportionately affect Black Londoners particularly. The allocation of resources also underlines the Mayor's commitment to ensuring that Londoners of all races have confidence in the police, receive a high-quality service from the justice system and that ethnic disproportionality is identified, addressed and includes investment to deliver the Mayor's Action Plan for Transparency, Accountability and Trust in Policing and the MPS new Strategy for Diversity, Inclusion and Engagement.
- 11.8. Resources have been included to strengthen enforcement against the perpetrators of hate crime and to improve the support available to victims of these offences. This includes investment in disability hate crime, transgender hate crime offences, racist hate crime, sexual orientation hate crime offences and hate crime linked to religion and belief all of which are increasing.
- 11.9. There are significant differences between genders in relation to victimisation and offending. In particular the budget recognises the scale and harm of violence against women and girls, providing funding from a variety of sources to programmes preventing, or supporting victims of violence against women and girls (in support of VAWG) and women's safety including supporting the work of the GLA Night Czar.

## **12. ENVIRONMENTAL IMPACT**

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

- 12.2. Environmental works associated with transforming the estate, rationalising ICT equipment and increasing waste recycling have been reported on previously. More recently the MPS has commissioned specialist consultants and engaged in activities to address the challenges of Net Zero Carbon by 2030 in line with the Mayor's manifesto (NZC2030). Having undertaken an impact assessment of delivering this, the MPS is currently in the process of developing a NZC strategy plan while implementing NZC measures as part of funded and approved schemes where opportunities arise. The MPS is part of the GLA's Net Zero 2030 working group, reporting monthly on progress in planning for the 2030 target.
- 12.3. Working together MOPAC and the MPS has successfully applied for Public Sector Decarbonisation Scheme (PSDS) grant funding. This has already achieved the decarbonisation of three sites with £0.9m of PSDS funding and supported the current work in progress of a further two sites (PSDS funding of £1.8m). An application for a further tranche of PSDS funding of £8.9m to decarbonise a further 15 sites has been submitted, the outcome from which is awaited.
- 12.4. MOPAC's and MPS's commitment to the air quality policies in line with the London Environment Strategy has ensured that the MPS's fleet based within the Ultra Low Emission Zone (ULEZ) is fully compliant. The fleet currently includes over 800 electric, hybrid or hydrogen vehicles. By 2025, the expectation will be for the General Purpose fleet of over 800 vehicles to be hybrid and the MPS will seek to ensure that all new vehicles purchased beyond 2025 will be either hybrid or fully electric.
- 12.5. In line with the GLA budget guidance and the Mayor's aspiration of achieving Carbon Net Zero by 2030, an approach that responds to the London Climate Budget has been produced and is set out below.

### **13. Responding to the London Climate Budget**

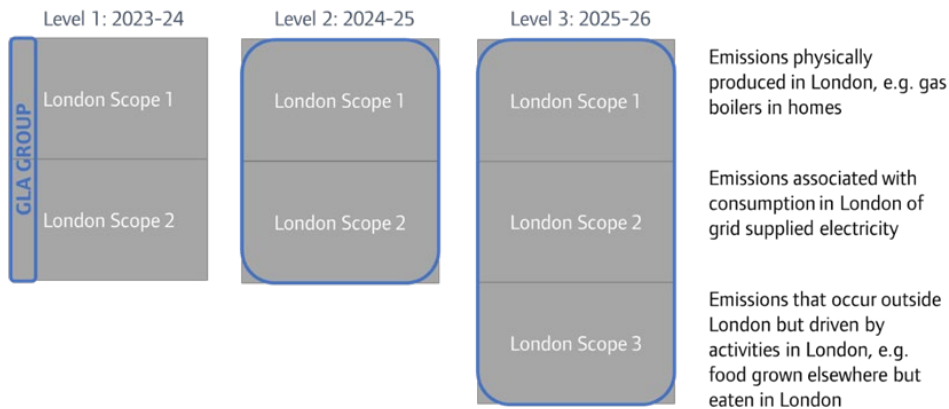
- 13.1. The Mayor has set an ambitious target of making London net zero carbon by 2030. This section sets out the initial position on the scope involved, the work in hand, and the actions and potential costs to address this challenge. It is acknowledged that this year's budget process be a learning process and that year on year clearer and deeper actions will be shown.
- 13.2. The Police and Crime Plan states: "In line with Mayor's aspiration of achieving Carbon Net Zero by 2030, investment plans will be reviewed with an aim of accelerating the delivery of the three key areas in estates that have the most significant impact: power purchasing; replacement of fossil fuels to heat buildings as well as improving insulation; and roll-out of an electric car charging network."

#### **Scope**

- 13.3. The GLA has set levels of reporting and scopes of emissions for each of the next 3 financial years. For 2023/24 reporting at Level 1 is required and incorporates Scopes 1 and 2.

Reporting in future years will develop and be enhanced as set out in Figure 1 below. This submission is consistent with the GLA’s guidance for Level 1 emissions (see Figure 1).

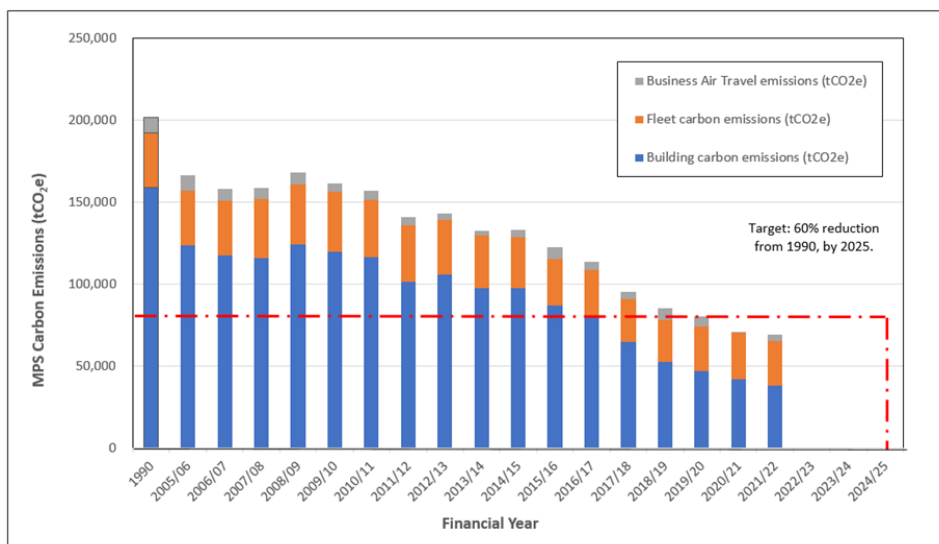
Figure 1: Levels of reporting and scopes of emissions



## Greenhouse Emissions

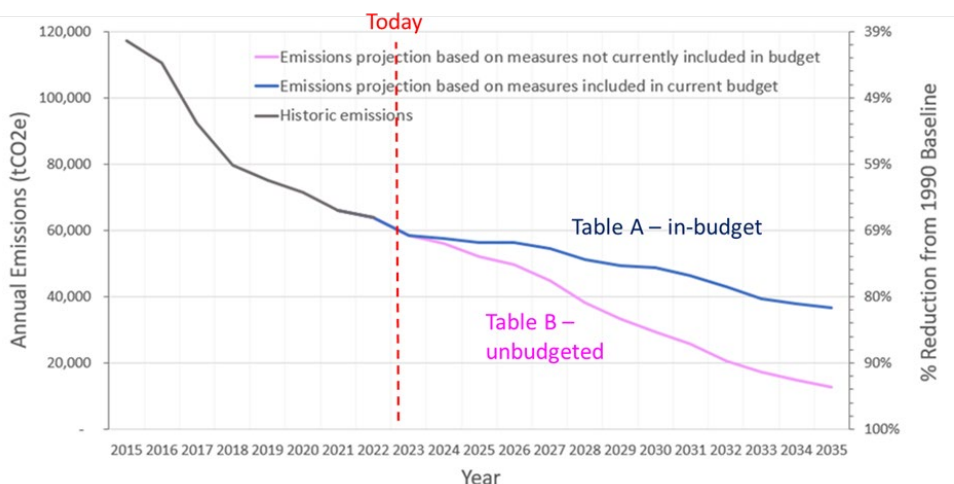
13.4. Historic emissions are shown in Figure 2a below, which represents Scope 1 and Scope 2 reporting requirements, as the MPS historically reported them, and also included Scope 3 business air travel emissions. The historical GLA group target, for a 60% reduction by 2025, is shown as being achieved five years early. The current forecast, according to the GLA guidance, excludes business air travel, and the current forecast now includes Scope 1 Fluorinated Gas emissions.

Figure 2a: Historic Reported Emissions



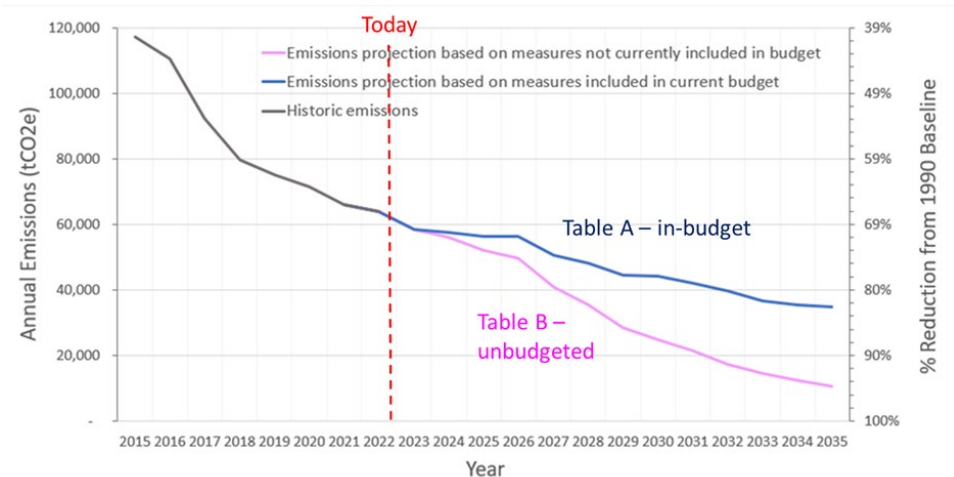
13.5. Figure 2b (based on national grid electricity decarbonisation forecasts) and 3 (where a Power Purchase Agreement, PPA, is completed) below show the historic and forecast emissions for the MPS. It should be noted that not all of the measures are funded and how this is achieved, including the opportunity to secure more PSDS funding, will be considered as the budget in future years develops. The graphs below set out what can be achieved through costs that are budgeted and for those for which funding is yet to be confirmed/identified. Tables A and B in Annex 1 set out the detail of the proposed climate actions.

Figure 2b: Forecast Carbon Emissions, and % Reduction *based on forecasts for decarbonisation of the National Grid.*



13.6. Figure 3 below shows forecast emissions with the MPS securing 80% zero carbon electricity through a series of Power Purchase Agreements, which is planned to occur, but dependent on this representing a value for money proposition. The impact of a PPA for up to 80% of our electricity by 2030 on carbon reduction, relative to the decarbonisation of the National Grid alone is low. Depending on the outcomes of the procurement process for the PPA, an added benefit may be certainty of pricing over the term of the contract period, although fixing prices today when they are very high may be at a high cost set against the benefit of the transfer of risk of pricing.

Figure 3: Forecast Carbon Emissions, and % Reduction *with Table B's PPA procurement.*



13.7. Based on funding being available, the MPS's estimated residual emissions are 24,915tCO<sub>2</sub>e, an 87.3% reduction to 1990 baseline emissions at 2030 (the target date for decarbonisation of heat in buildings), and 10,762tCO<sub>2</sub>e, or 94.5% reduction to 1990 baseline emissions at 2035 (the target date for the replacement of fleet).

**Summary of current climate measures underway and progress in delivery**

13.8. Some of the measures underway include:



- A full analysis and impact assessment has been completed for the decarbonisation of estates and fleet including energy surveys of 93 buildings (98% emissions) and analysis of 5,500 vehicles.
- PSDS funding - completion of three decarbonised building schemes, commencement of two further decarbonised schemes, and application for funding to decarbonise an additional 15 buildings between 2023 and 2025
- Outline Business Cases to refurbish Limehouse, Kentish Town and Chadwell Heath Traffic Garage on a fully decarbonised basis.
- Continued roll outs of LED lighting replacement programme and a Building Management System (BMS) to support energy management and optimisation:
- Currently 87% Ultra-Low Emission Zone (ULEZ) compliance for applicable vehicles across the MPS vehicle fleet, and compliance of the entire fleet with the Ultra-Low Emission standards by October 2023;
- Analysis of vehicle telematics system and commencement of its procurement
- A significant programme of work within the Digital Policing (DP) including:
  - (i) Data Centre Optimisation;
  - (ii) Rationalisation of on-site server rooms (Technology Equipment Rooms);
  - (iii) Microsoft Teams video conferencing.
  - (iv) ICT Equipment Rationalisation Programme

### **Potential gap in funded actions required to deliver net zero by 2030**

13.9. There will be a significant gap in funding required to meet the targets to achieve estate decarbonisation in 2030 and fleet decarbonisation by 2035. Further work is underway to quantify this. The gap is broadly split into four components:

- **Estates**

The MPS budget assumes £97m is spent on forward works and like for like replacement of end of life equipment such as gas boilers and other carbon related projects such as LED lighting replacement programme to 2030. There will be additional costs to replace and accelerate all boilers and fabric replacement to achieve decarbonisation by 2030.

- **Fleet**

The fleet vehicle replacement programme anticipated changing all possible vehicles to zero emission by 2040 following the sale of the last hybrid vehicles in 2035. Acceleration to 2035 will incur additional cost to cover the costs of the increased price of EV over hybrid through the replacement of almost the entire fleet five years earlier than scheduled.

- **EV Charging infrastructure**

Calculations show the need to be able to access around 975 chargers of which around half will need to be ultra-rapid. A building-by-building assessment of where the chargers need to be located and the amount of power required has been completed. The cost of installing 100% of this infrastructure is difficult to predict what proportion of the public network would be available between 2030 and 2035. Planning to deliver the roll out of an EV charging network would need to start in 2025/26 (in order to roll out EVs between 2030 and 2035) when there may be greater certainty of the public charging network – as a result, the balance between public and private charging can be reviewed which could reduce the cost of installing a totally private network.

- **Resilience Infrastructure**

Further work will need to be undertaken to (a) develop a detailed risk assessment on the likelihood of a large power failure and what the operational response should be and (b) consider alternative methods of generating back-up power through hydrogen fuel cell or other technologies.

13.10. The principal risks to achieving the 'Met Zero Carbon' ambitions can be classified as the availability of funding and the uncertainty of technology capability, set against the need for the MPS to deliver against its primary priorities as set out in the Police and Crime Plan.

13.11. Key risks for the response to the London Climate Budget are:

- Affordability of funding set against the operational cost of delivering Police and Crime Plan priorities. Funding options will be explored.
- PSDS funding to support the decarbonisation of the estate is either not successful or is no longer available after 2024.
- Public EV charging is not available requiring significant expenditure to install chargers on the MPS estate and a delayed roll out of BEVs.
- Power is not available at the locations where it is required.
- An increased number of buildings following the current Estate Strategy operational review
- Inflation outpaces budget availability
- Technology for BEVs does not meet police specifications (load carrying, speed and battery)
- PPA is not achievable or value for money
- The MPS Resilience review identifies far larger resilience requirements for EV charging.

## Annex 1

### Subjective Analysis 2022/23 to 2025/26

Subjective analysis	Revised Budget	Forecast Outturn	Budget	Plan	Plan
MOPAC	2022/23	2022/23	2023/24	2024/25	2025/26
	£m	£m	£m	£m	£m
Police officer pay	2,281.6	2,263.4	2382.0	2,478.4	2,536.5
Police staff pay	665.6	632.3	668.9	680.3	686.6
PCSO pay	57.8	55.5	60.3	61.7	63.1
<b>Total pay</b>	<b>3,004.9</b>	<b>2,951.2</b>	<b>3,111.2</b>	<b>3,220.4</b>	<b>3,286.1</b>
Police officer overtime	137.2	198.3	132.5	135.4	137.2
Police staff overtime	24.2	36.5	24.2	24.2	24.2
PCSO overtime	0.2	0.3	0.2	0.2	0.2
<b>Total overtime</b>	<b>161.6</b>	<b>235.1</b>	<b>156.9</b>	<b>159.9</b>	<b>161.6</b>
Employee-related expenditure	24.3	45.5	18.1	16.9	15.9
Premises costs	178.5	182.6	175.6	180.8	190.4
Transport costs	81.3	87.5	81.0	81.0	81.0
Supplies and services	722.3	718.5	759.3	738.5	738.0
<b>Total running expenses</b>	<b>1,006.4</b>	<b>1,034.1</b>	<b>1,034.1</b>	<b>1,017.3</b>	<b>1,025.3</b>
Capital Financing costs	161.8	169.0	126.7	126.1	136.6
<b>Total expenditure</b>	<b>4,334.7</b>	<b>4,389.5</b>	<b>4,428.8</b>	<b>4,523.7</b>	<b>4,609.6</b>
Other income	-325.8	-328.3	-329.4	-332.6	-332.6
<b>Total income</b>	<b>-325.8</b>	<b>-328.3</b>	<b>-329.4</b>	<b>-332.6</b>	<b>-332.6</b>
Discretionary pension costs	34.4	38.6	45.3	45.3	45.3
Non structural gap				-81.7	-117.6
Additional funding required	0.0	0.0	-5.9	-50.8	-138.3
<b>Net revenue expenditure</b>	<b>4,043.4</b>	<b>4,099.8</b>	<b>4,138.8</b>	<b>4,103.9</b>	<b>4,066.5</b>
Transfer to/(from) reserves	-122.8	-110.4	-193.6	-96.8	-31.2
<b>Financing requirement</b>	<b>3,920.6</b>	<b>3,989.4</b>	<b>3,945.2</b>	<b>4,007.1</b>	<b>4,035.2</b>
Specific grants	735.4	804.2	665.8	658.2	658.2
Retained business rates	65.4	65.4	66.2	68.2	69.6
Share of Council Tax collection fund surplus	-7.2	-7.2	-7.2	0.0	0.0
Home Office Police Grant	2,277.5	2,277.5	2,345.4	2,379.3	2,379.0
<b>Council tax requirement</b>	<b>849.5</b>	<b>849.5</b>	<b>875.0</b>	<b>901.4</b>	<b>928.5</b>

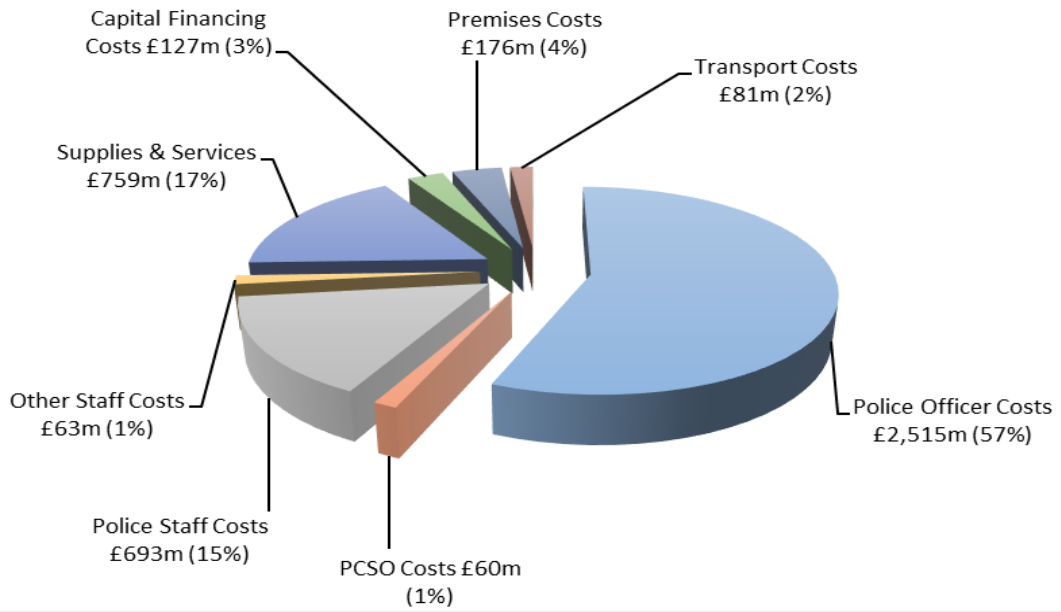
NB: Some of the sub-totals may not be correct due to roundings

## Objective Analysis 2022/23 to 2025/26

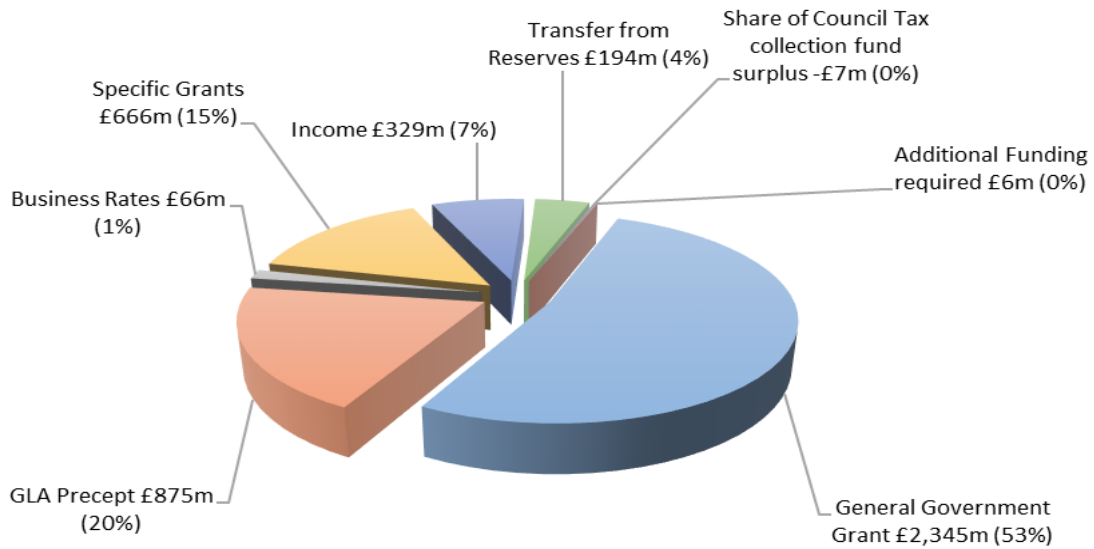
Objective analysis	Revised Budget	Forecast Outturn	Budget	Plan	Plan
MOPAC	2022/23	2022/23	2023/24	2024/25	2025/26
	£m	£m	£m	£m	£m
Frontline Policing	1,474.7	1,550.6	1,520.8	1,573.1	1,590.4
Met Operations	925.0	964.5	937.1	936.1	935.1
Specialist operations	466.7	473.4	454.7	454.7	454.7
Corporate services	572.7	595.0	525.9	511.5	497.4
Professionalism	146.3	155.7	141.9	136.6	135.1
<b>Total business groups</b>	<b>3,585.5</b>	<b>3,739.1</b>	<b>3,580.4</b>	<b>3,611.9</b>	<b>3,612.6</b>
Discretionary pension costs	34.4	38.6	45.3	45.3	45.3
Centrally held	134.8	31.0	263.9	343.2	418.5
Capital financing costs	161.8	169.0	126.7	126.1	136.6
<b>Total corporate budgets</b>	<b>331.0</b>	<b>238.6</b>	<b>435.9</b>	<b>514.6</b>	<b>600.3</b>
Victims Services and Crime Prevention	81.1	82.6	79.1	72.1	71.5
Oversight and Accountability	7.6	8.1	8.3	7.9	8.0
Shared audit function	1.7	1.6	1.4	1.5	1.5
<b>Total MOPAC</b>	<b>90.4</b>	<b>92.4</b>	<b>88.8</b>	<b>81.5</b>	<b>81.0</b>
Violence Reduction Unit	36.5	29.7	39.7	28.3	28.4
Non Structural gap			0.0	-81.7	-117.6
Additional funding required	0.0	0.0	-5.9	-50.8	-138.3
<b>Net revenue expenditure</b>	<b>4,043.5</b>	<b>4,099.8</b>	<b>4,138.8</b>	<b>4,103.9</b>	<b>4,066.5</b>
Transfer to/(from) reserves	-122.8	-110.4	-193.6	-96.8	-31.2
<b>Financing requirement</b>	<b>3,920.6</b>	<b>3,989.4</b>	<b>3,945.2</b>	<b>4,007.1</b>	<b>4,035.2</b>
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Retained business rates	65.4	65.4	66.2	68.2	69.6
Share of Council Tax collection fund surplus	-7.2	-7.2	-7.2	0.0	0.0
Home Office Police Grant	2,277.5	2,277.5	2,345.4	2,379.3	2,379.0
<b>Council tax requirement</b>	<b>849.5</b>	<b>849.5</b>	<b>875.0</b>	<b>901.4</b>	<b>928.5</b>

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

### 2023/24 MOPAC/MPS Expenditure (£4,474m)



### 2023/24 MOPAC/MPS Funding (£4,474m)



## Gross Pressures 2023/24 - 2024/25

The table below sets out the cumulative position for both previously agreed growth, and new growth.

Description	2023/24 (£m)	2024/25 (£m)	2025/26 (£m)
<b>Previously agreed growth</b>			
Impact of revised capital programme	32.4	70.2	85.6
ICT Projects	-0.5	-0.5	-0.5
Uplift for police officers	31.6	31.6	31.6
Pension	2.0	2.0	2.0
Search and Review	1.6	1.6	1.6
Police uplift costs from 4560 FTE to 6000 FTE	59.3	95.1	95.1
Increase in National Insurance Contributions	0.3	0.7	1.1
New growth following final budget	3.1	3.0	3.0
<b>Total Previously agreed growth</b>	<b>129.8</b>	<b>203.7</b>	<b>219.5</b>
<b>Changes to previously agreed growth</b>			
Reversal of Increase in National Insurance Contributions	-0.3	-0.7	-1.1
Capital Financing	-5.8	-8.2	-1.7
Pension	-2.0	-2.0	-2.0
Police uplift costs from 4560 FTE to 6000 FTE (commence in 24/25)	-59.3	-13.4	22.5
<b>Total changes to previously agreed growth</b>	<b>-67.4</b>	<b>-24.3</b>	<b>17.7</b>
<b>Final position for previously agreed growth</b>			
Impact of revised capital programme	26.6	62.0	83.9
ICT Projects	-0.5	-0.5	-0.5
Uplift for police officers	31.6	31.6	31.6
Search and Review	1.6	1.6	1.6
Police uplift costs from 4560 FTE to 6000 FTE (commence in 24/25)	0.0	81.7	117.6
Impact of 22/23 growth following final budget	3.1	3.0	3.0
<b>Total final position for previously agreed growth</b>	<b>62.4</b>	<b>179.4</b>	<b>237.2</b>
<b>New growth</b>			
Vetting uplift	2.0	2.0	2.0
Met Operating Model	20.8	18.3	18.3
Miscellaneous including catering, Palestra lease	7.4	7.3	7.3
Pension Administration	4.0	0.0	0.0
Targeted Variable Payments	0.3	0.3	0.3
Returner scheme	10.9	10.9	10.9
Mobile phone roll out	3.4	6.0	12.0
Stabilisation	15.0	19.8	8.3
Capability investment	1.5	0.0	0.0
<b>Total new growth</b>	<b>65.3</b>	<b>64.6</b>	<b>59.1</b>
<b>Total Growth for Budget Submission</b>	<b>127.7</b>	<b>244.0</b>	<b>296.3</b>

The table below sets out the incremental position for both previously agreed growth, and new growth.

Description	2023/24 (£m)	2024/25 (£m)	2025/26 (£m)
<b>Previously agreed growth</b>			
Impact of revised capital programme	32.4	37.8	15.4
ICT Projects	-0.5	0.0	0.0
Uplift for police officers	31.6	0.0	0.0
Pension	2.0	0.0	0.0
Search and Review	1.6	0.0	0.0
Police uplift costs from 4560 FTE to 6000 FTE	59.3	35.8	0.0
Increase in National Insurance Contributions	0.3	0.4	0.4
New growth following final budget	3.1	-0.1	0.0
<b>Total Previously agreed growth</b>	<b>129.8</b>	<b>73.9</b>	<b>15.8</b>
<b>Changes to previously agreed growth</b>			
Reversal of Increase in National Insurance Contributions	-0.3	-0.4	-0.4
Capital Financing	-5.8	-2.4	6.5
Pension	-2.0	0.0	0.0
Police uplift costs from 4560 FTE to 6000 FTE (commence in 24/25)	-59.3	45.9	35.9
<b>Total changes to previously agreed growth</b>	<b>-67.4</b>	<b>43.1</b>	<b>42.0</b>
<b>Final position for previously agreed growth</b>			
Impact of revised capital programme	26.6	35.4	21.9
ICT Projects	-0.5	0.0	0.0
Uplift for police officers	31.6	0.0	0.0
Search and Review	1.6	0.0	0.0
Police uplift costs from 4560 FTE to 6000 FTE (commence in 24/25)	0.0	81.7	35.9
Impact of 22/23 growth following final budget	3.1	-0.1	0.0
<b>Total final position for previously agreed growth</b>	<b>62.4</b>	<b>117.0</b>	<b>57.8</b>
<b>New growth</b>			
Vetting uplift	2.0	0.0	0.0
Met Operating Model	20.8	-2.5	0.0
Miscellaneous including catering, Palestra lease	7.4	-0.1	0.0
Pension Administration	4.0	-4.0	0.0
Targeted Variable Payments	0.3	0.0	0.0
Returner scheme	10.9	0.0	0.0
Mobile phone roll out	3.4	2.6	6.0
Stabilisation	15.0	4.8	-11.5
Capability investment	1.5	-1.5	0.0
<b>Total new growth</b>	<b>65.3</b>	<b>-0.7</b>	<b>-5.5</b>
<b>Total Growth for Budget Submission</b>	<b>127.7</b>	<b>116.3</b>	<b>52.3</b>

## Savings and efficiencies 2023/24 to 2024/25

The table below sets out the cumulative position for both previously agreed savings, and new savings.

Description	2023/24 (£m)	2024/25 (£m)	2025/26 (£m)
<b>Previously agreed savings</b>			
Property	-10.4	-15.6	-16.5
ICT savings	-22.6	-31.0	-31.7
PBB and Efficiency savings	-12.4	-24.7	-25.4
One-off Police Officer Pay adjustment	10.0	10.0	10.0
<b>Total previously agreed savings</b>	<b>-35.4</b>	<b>-61.3</b>	<b>-63.6</b>
<b>Changes to previously agreed savings</b>			
Property	1.2	1.2	1.2
<b>Total Changes to previously agreed savings</b>	<b>1.2</b>	<b>1.2</b>	<b>1.2</b>
<b>Final position for previously agreed savings</b>			
Property	-9.2	-14.4	-15.3
ICT savings	-22.6	-31.0	-31.7
PBB and Efficiency savings	-12.4	-24.7	-25.4
One-off Police Officer Pay adjustment	10.0	10.0	10.0
<b>Total final position for previously agreed savings</b>	<b>-34.2</b>	<b>-60.1</b>	<b>-62.4</b>
<b>New savings</b>			
Staff pay	-15.0	-15.0	-15.0
Consultancy and Contractor	-5.0	-5.0	-5.0
Efficiency programme	0.0	-30.0	-40.0
One off Police pay adjustment	-7.2	0.0	0.0
<b>Total new savings</b>	<b>-27.2</b>	<b>-50.0</b>	<b>-60.0</b>
<b>Total Savings for Budget Submission</b>	<b>-61.4</b>	<b>-110.1</b>	<b>-122.4</b>



The table below sets out the incremental position for both previously agreed savings, and new savings.

Description	2023/24 (£m)	2024/25 (£m)	2025/26 (£m)
<b>Previously agreed savings</b>			
Property	-10.4	-5.2	-0.9
ICT savings	-22.6	-8.4	-0.7
PBB and Efficiency savings	-12.4	-12.3	-0.7
One-off Police Officer Pay adjustment	10.0	0.0	0.0
<b>Total previously agreed savings</b>	<b>-35.4</b>	<b>-25.9</b>	<b>-2.3</b>
<b>Changes to previously agreed savings</b>			
Property	1.2	0.0	0.0
<b>Total Changes to previously agreed savings</b>	<b>1.2</b>	<b>0.0</b>	<b>0.0</b>
<b>Final position for previously agreed savings</b>			
Property	-9.2	-5.2	-0.9
ICT savings	-22.6	-8.4	-0.7
PBB and Efficiency savings	-12.4	-12.3	-0.7
One-off Police Officer Pay adjustment	10.0	0.0	0.0
<b>Total final position for previously agreed savings</b>	<b>-34.2</b>	<b>-25.9</b>	<b>-2.3</b>
<b>New savings</b>			
Staff pay	-15.0	0.0	0.0
Consultancy and Contractor	-5.0	0.0	0.0
Efficiency programme	0.0	-30.0	-10.0
One off Police pay adjustment	-7.2	7.2	0.0
<b>Total new savings</b>	<b>-27.2</b>	<b>-22.8</b>	<b>-10.0</b>
<b>Total Savings for Budget Submission</b>	<b>-61.4</b>	<b>-48.7</b>	<b>-12.3</b>

### Analysis of Change in Council Tax Requirement

	£m
<b>2022/23 Council Tax requirement</b>	<b>849.5</b>
Changes due to:	
Net changes in service expenditure and income	101.4
Use of reserves	-70.8
Government grants	1.7
Retained business rates funding	-0.8
Council Tax collection fund deficit	0
Additional funding required	-5.9
<b>2023/24 Council Tax requirement</b>	<b>875.0</b>

## **Annex 2**

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

It is recognised that the underlying demand for capital investment cannot always be fully satisfied by grant, capital receipts or revenue contributions due to present financial restraints and that external borrowing will be required. These Prudential Indicators have been calculated on the basis of the level of funding shown as available to support capital expenditure for the period 2022/23 to 2025/26.

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

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

Long-term liabilities include (a) Private Finance Initiative schemes; and (b) assets subject to finance leases. These items have been brought onto the balance sheet in accordance with technical accounting changes necessitated by compliance with International Financial Reporting Standards (IFRS).

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

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

For 2023/24, MOPAC/MPS will make a minimum revenue provision (MRP) in accordance with: -

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

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

## Prudential Indicator

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

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

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

## Capital Expenditure Indicators

### 2. Capital Expenditure (Current prices)

2022/23 Estimate £m	2023/24 Estimate £m	2024/25 Estimate £m	2025/26 Estimate £m
321.8	360.8	276.3	233.2

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

## External Debt Indicators

### 3. Operational Boundary for External Debt

	2022-23 Approved (March 2022) £m	2022-23 Requested Approval (Nov 2022) £m	2023-24 Approved (March 2022) £m	2023-24 Requested Approval (Nov 2022) £m	2024-25 Approved (March 2022) £m	2024-25 Requested Approval (Nov 2022) £m	2025-26 Requested Approval (Nov 2022) £m
Borrowing	659.9	486.2	900.6	762.7	1,065.8	978.6	1,063.4
Long term liabilities	54.4	54.4	49.7	49.7	39.9	39.9	31.5
<b>Total</b>	<b>714.3</b>	<b>540.6</b>	<b>950.3</b>	<b>812.4</b>	<b>1,105.7</b>	<b>1,018.5</b>	<b>1,094.9</b>

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

### 4. Authorised Limit for External Debt

	2022-23 Approved (March 2022) £m	2022-23 Requested Approval (Nov 2022) £m	2023-24 Approved (March 2022) £m	2023-24 Requested Approval (Nov 2022) £m	2024-25 Approved (March 2022) £m	2024-25 Requested Approval (Nov 2022) £m	2025-26 Requested Approval (Nov 2022) £m
Borrowing	784.9	611.2	1,025.6	887.7	1,190.8	1,103.6	1,188.4
Long term liabilities	54.4	54.4	49.7	49.7	39.9	39.9	31.5
<b>Total</b>	<b>839.3</b>	<b>665.6</b>	<b>1,075.3</b>	<b>937.4</b>	<b>1,230.7</b>	<b>1,143.5</b>	<b>1,219.9</b>

This is the maximum amount that the MOPAC allows itself to borrow in each year. The MOPAC CFO reports that these authorised limits are consistent with the MOPAC's current commitments, existing

plans and the proposals in the budget report for capital expenditure and financing. They are also consistent with the MOPAC's approved Treasury Management Policy statement and practices. They are based on the estimate of the most prudent but not worst-case scenario, with sufficient flexibility over and above this to allow for operational management, for example unusual cash movements. Risk analysis and risk management strategies have been taken into account, as have plans for capital expenditure and estimates of cashflow requirements.

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

Actual External Debt (at start of financial year 2022-23)

	<b>Actual as at 1 April 2022 £m</b>
<b>Actual External Borrowing</b>	
Long Term	287.8
Short Term	0.0
<b>Total</b>	<b>287.8</b>
<b>Long Term Liabilities</b>	
PFI Arrangements	54.1
Finance Lease Arrangements	6.6
<b>Total</b>	<b>60.7</b>
<b>Total External Debt</b>	<b>348.4</b>

### **Treasury Management Indicators**

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

## Climate Budget Table A – budgeted climate actions

Climate Action Area	Climate Action	Description	Funding source	Year funding starts	Year funding ends	Lifetime cumulative CO2e savings, tonnes
Buildings	On-going LED replacement programme	LED lighting systems	<i>borrowing and receipts</i>	2021/22	2025/26	7,978
Buildings	Asset replacements, building fabric and heat decarbonisation	Decarbonisation and energy efficiency measures, plus LED lighting.	<i>borrowing and receipts</i>	2024/25	2024/25	4,362
Buildings	Asset replacements	LED lighting system, BMS, Heat Recovery, Boiler Replacement, Fans	<i>borrowing and receipts</i>	2022/23	2026/27	3,808
Buildings	Asset replacements, building fabric and heat decarbonisation	Decarbonisation and energy efficiency measures, plus LED lighting.	<i>borrowing and receipts</i>	2025/26	2025/26	2,041
Buildings	Adjusting building occupancy and vacating buildings		<i>a source of funding</i>	n/a	n/a	68,430
Transport	Fleet - Enabling Project (Tech)	Key enabling technology for achieving Met Zero compliance. Attached to a vehicle this technology will monitoring the health and location of a Met vehicle using GPS technology.	<i>borrowing and receipts</i>	2020/21	2025/26	Enabler
Transport / PSD	Installation of Estates EV charging infrastructure	Implementation programme for the installation of 600 additional vehicle electric charging points across the MPS estate. To support ULEZ fleet hybridisation.	<i>borrowing and receipts</i>	2020/21	2025/26	Enabler

Year emissions savings start	Average annual CO2e savings to 2030, tonnes	Co-benefits	Responsibility (dept)	Traffic light progress (for quarterly reporting)	Further information	Total Expenditure 23-24 £'000	Total Expenditure 24-25 £'000	Total Expenditure 25-26 £'000	Proposed expenditure 2026-27 to end 2030-31	Total Proposed Expenditure	Capital/Revenue /Mixed	Total cash savings 23-24 £'000	Total cash savings 24-25 £'000	Total cash savings 25-26 £'000	Comments
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2022/23	835		Real Estate Development	Green	n/a	£6,640	£6,640	£3,320	£0	£16,600	Capital	£1,127	£1,447	£1,057	
2025/26	334		Real Estate Development	Green	n/a	£0	£5,200	£0	£0	£5,200	Capital	£0	£0	£81	
2022/23	327		Central Estates Programme	Green	n/a	£1,895	£1,580	£830	£277	£5,779	Capital	£183	£317	£258	
2026/27	159		Real Estate Development	Green	n/a	£0	£0	£4,250	£0	£4,250	Capital	£0	£0	£0	
2022/23	2202		Real Estate Development	Amber	n/a	£0	£0	£0	£0	£0	Capital	£839	£1,096	£759	
Enabler	Enabler		Met Fleet MO11	tbc	tbc	£500	£500	£500	£1,000	£4,000	Capital	n/a	n/a	n/a	
Enabler	Enabler		Met Fleet MO11	tbc	tbc	£1,000	£2,000	£2,000	£0	£6,500	Capital	n/a	n/a	n/a	

## Climate Budget Table B – unbudgeted climate actions

ID	Climate Action Area	Climate Action	Description	Funding Source	Year funding starts	Year funding ends	Lifetime cumulative CO2e savings, tonnes
M.1	Management	Programme Management of Net Zero Programme		unidentified - revenue	2023/24	2030/31	Enabler
C.1	Electricity	PPA zero carbon electricity implementation stage	Progression with the GLA / TfL in PPA collaborative procurement exercise to source PPA, for zero carbon electricity on up to 80% of electricity requirements, prior to 2030.	unidentified - revenue	2022/23	2024/25	41,312
P.4	Buildings	PSDS Phase IIIb (23-24 delivery); asset replacements, building fabric and heat decarbonisation	Heat decarbonisation and energy efficiencies measures covered by PSDS grant funding (£325 per carbon tonne)	PSDS grant funding	2023/24	2024/25	19,295
P.5	Buildings	PSDS Phase IIIc (24-25 delivery); asset replacements, building fabric and heat decarbonisation	Heat decarbonisation and energy efficiencies measures covered by PSDS grant funding (£325 per carbon tonne)	PSDS grant funding	2024/25	2024/25	32,909
P.6	Buildings	Delivery of remaining identified asset replacements, building fabric and heat decarbonisation	This programme covers all NZC Impact Assessment heat decarbonisation requirements, such as insulation, solar PV, and heat pumps / electrified assets, as appropriate for each site.	unidentified - grant or debt	2025/26	2030/31	122,553
F.4	Transport	Electric Incident Response Vehicle (IRV) trial; fleet - enabling Project	Evaluate Incident Response Vehicle (IRV) BEV changing and vehicle performance, payload and the impact of police duty cycle on battery range and charging cycles.	unidentified - grant or debt	2023/24	2023/24	Enabler
F.5	Transport	Acceleration of fleet vehicle replacement programme with earlier adoption of Battery Electric Vehicles.	Reduce MPS Fleet carbon emissions through the use of zero emission vehicles displacing ICE vehicles which will be delivered as part of the MPS Replacement Programme. This line includes ICE, Hybrid and BEVs.	unidentified - grant or debt	2028/29	2033/34	23,793
F.6	Transport	Installation of Estates EV charging infrastructure.	This unfunded EV Charging infrastructure element provides the carbon reduction for the planned (funded) EV Fleet, and any unfunded acceleration to this Fleet. Noting that Salix PSDS funding does not include for any vehicle charging.	unidentified - grant or debt	2027/28	2031/32	46,838
P.7	Resilience	Provision of resilient infrastructure - Fleet and Estates		unidentified - grant or debt	2026/27	2033/34	Enabler



ID	Year emissions savings start	Average annual CO2e savings to 2030, tonnes	Co-benefits	Responsibility (dept)	Further information	Proposed Expenditure 23-24 £000's	Proposed Expenditure 24-25 £000's	Proposed Expenditure 25-26 £000's	Proposed Expenditure 2026-27 to end 2030-2031 £000's	Total Proposed Expenditure £000's	Capital/ Revenue/ Mixed
M.1	Enabler	Enabler		Property Services	n/a	£ 1,000	£ 1,000	£ 1,000	£ 5,000	£ 8,000	Revenue
C.1	2027/28	4,064		Commercial	n/a	£ 350	£ 350	£ -	£ -	£ 920	Revenue
P.4	2024/25	1,490		Real Estate Development	n/a	£ 6,000	£ 3,000		£ -	£ 9,000	Capital
P.5	2025/26	2,596		Real Estate Development	n/a		£ 12,500		£ -	£ 12,500	Capital
P.6	2026/27	6,218		Real Estate Development	n/a			£ 24,410	£ 122,040	£ 146,450	Capital
F.4	Enabler	Enabler		Met Fleet MO11	n/a	£ 100	£ -	£ -	£ -	£ 100	Capital
F.5	2027/28	678	Air quality	Met Fleet MO11	n/a	£ -	£ -		£ 16,176	£ 27,889	Capital
F.6	2027/28	2,455		Real Estate Development	n/a	£ -	£ -		£ 128,622	£ 167,567	Capital
P.7	Enabler	Enabler		Real Estate Development	n/a	£ -	£ -	£ -	£ 17,520	£ 26,578	Capital

ID	Proposed cash savings 23-24 £000's	Proposed cash savings 24-25 £000's	Proposed cash savings 25-26 £000's	Proposed cash savings 2026-27 to end 2030-2031 £000's	Total Proposed cash savings to end 2030/31 £000's	Grant and/or Debt funding? Provide further details on any debt funding	Readiness: Immediate/ 2-3y/ 3y+	Comments
M.1	n/a	n/a	n/a	n/a	n/a	unidentified - revenue - to be confirmed	Immediate	Programme prior to 2023/24 was largely Salix LCSF grant funded, plus borrowing and receipts. Funding for 2023/24 and beyond is tbc.
C.1	n/a	n/a	n/a	unknown	unknown	Unidentified - revenue - to be confirmed, although PPA will only be progressed if value for money is determined.	2-3y	40% electricity set to zero emissions by 2027/28 and 80% by 2029/30. The Carbon benefit from PPA are shown as approximate, shown as the likely maximum level of carbon benefit (with table A and Table B items all being funded (and a fixed EV charging % on MPS sites). The PPA benefits change if just table A is funded, or future changes to electricity demand are made. Changes to electricity demand will likely come from onsite / offsite EV charging requirements, and Solar PV rollout across the MPS sites.
P.4	£ -	£ 606	£ 416	£ 2,141	£ 3,163	PSDS grant funding, applied for.	Immediate	PSDS Application made Oct 2022. Grant award notification expected Dec 2022
P.5	£ -	£ -	£ 949	£ 4,816	£ 5,765	PSDS grant funding, planned application.	2-3y	Whilst programmed later (due to boiler age / site availability) the carbon benefits are higher for the PSDS IIIC proposal, than PSDS IIIB, as it happens heat decarbonisation saves more gas. Additionally, there are more LED replacements due at PSDS IIIC sites, compared to PPS IIIB sites. Number includes 25% OB. Projects need to be completed by end of 2024/25 FY
P.6	£ -	£ -	£ -	£ 7,334	£ 7,334	unidentified - grant or debt - to be confirmed	3y+	Number includes 40% OB split over 6 years. Note that the £168m identified for the summation of these three 'Construction- Building Emissions' items is an additional funding requirement above the costs already listed as 'funded / allocated' in table A.
F.4	n/a	n/a	n/a	n/a	n/a	unidentified - grant or debt - to be confirmed	Immediate	Detailed feasibility project is underway to understand the real-world limitations of EV in MET operational environment. .
F.5	£ -	£ -	£ -	£ 1,630	£ 1,630	unidentified - grant or debt - to be confirmed	3y+	projected uplift in Capital requirements if accelerated decarbonisation programme based on Accenture analysis. This line also includes the revenue benefits from switching from fuel to OFFsite EV charging.
F.6	£ -	£ -	£ -	£ 3,638	£ 3,638	unidentified - grant or debt - to be confirmed	3y+	£167.5m capital requirement for EV charging infrastructure requirements on MPS sites. The costs include OB, with the annual cost profile taken directly from NZC Impact Assessment model. Noting that the estimate is based on 100% provision of the charging infrastructure on MPS sites. This will be subject to review when the scale of and accessibility to public charging infrastructure is clearer. This revenue benefit includes the transition from Fuel to electricity charging (on site), and also includes increased management and maintenance costs of circ. £1m p.a. by 2030/31 on the onsite charging infrastructure (which increases from 2032/33, as more chargers are installed).
P.7	n/a	n/a	n/a	n/a	n/a	unidentified - grant or debt - to be confirmed	3y+	This capital requirement contains many assumptions on risk, as the 'Resilience Strategy' is in early stages of development.