

Auditor's Annual Report on the Mayor's Office for Policing and Crime and the Commissioner of the Police of the Metropolis

Covering the period 2021/22

Issued July 2023



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We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Police and Crime Commissioner and Chief Constable have made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the National Audit Office (NAO) requires us to report to you our commentary relating to proper arrangements.

We report if significant matters have come to our attention. We are not required to consider, nor have we considered, whether all aspects of the Police and Crime Commissioner and Chief Constable's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.



The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed for the purpose of completing our work under the NAO Code and related guidance. Our audit is not designed to test all arrangements in respect of value for money. However, where, as part of our testing, we identify significant weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose all irregularities, or to include all possible improvements in arrangements that a more extensive special examination might identify. We do not accept any responsibility for any loss occasioned to any third party acting or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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Executive summary



Value for money arrangements and key recommendations

Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to consider whether the Mayor's Office for Policing and Crime (MOPAC) and Commissioner of the Metropolis (CPM/MPS) have put in place proper arrangements to secure economy, efficiency and effectiveness in their use of resources. We are required to report in more detail on the overall arrangements, as well as key recommendations on any significant weaknesses in arrangements identified during the audit.

Our findings for 2021-22 concluded that there were four significant weaknesses in arrangements during the period giving rise to five key recommendations. Our conclusions and the direction of travel between 2020-21 and 2021-22 are shown below. Our key recommendations are summarised on pages 7 to 14 to this report. Progress in 2021-22 against the improvement recommendations made for 2020-21 is summarised in Appendix C to this report.

Criteria	Risk assessment	2020/21 Auditor Judgment	2021/22 Auditor Judgment	Direction of travel
Financial sustainability	No risks of significant weakness identified	No significant weaknesses in arrangements identified, but an improvement recommendation made.	No significant weakness in arrangements identified, but three improvement recommendations made.	↔
Governance	For 2021/22 we identified one risk of significant weakness. We communicated this risk to you in our Audit Plan. The risk relates to the effectiveness of arrangements to rebuild trust and confidence in the MPS.	No significant weaknesses in arrangements identified, but three improvement recommendations made	Two significant weaknesses in arrangements identified. Three key recommendations and four improvement recommendations made.	↓
Improving economy, efficiency and effectiveness	For 2021/22 we identified two risks of significant weakness. The first pertains to arrangements around major IT projects. The second relates to your arrangements to respond to the findings of HMICFRS.	No significant weaknesses in arrangements identified, but two improvement recommendations made	Two significant weaknesses in arrangements identified. Two key recommendations and one improvement recommendation made.	↓

- No significant weaknesses in arrangements identified or improvement recommendation made.
- No significant weaknesses in arrangements identified, but improvement recommendations made.
- Significant weaknesses in arrangements identified and key recommendations made.

Executive summary



Financial sustainability

MOPAC and the MPS have a good track record of sound financial management and delivered a balanced budget at the end of the 2021-22 financial year. MOPAC and the MPS understood the financial risks which they faced and managed these risks by maintaining an appropriate level of reserves. MOPAC and the MPS are not however immune from the macro economic issues the UK is currently facing which is putting pressure on the MTFP in the form of high inflation. The current and future budget is supported by the use of revenue reserves. Whilst this may be appropriate in the short term to smooth transition, its long term use is unsustainable. Similar to all other Police bodies, MOPAC's capital programme is underfunded and unsustainable in the long term. For the past 10 years, the capital programme has been reliant on capital receipts from MOPAC's estate. 10 years on, the pool of sellable assets is a lot smaller. Going forward, the only option for MOPAC to finance its capital programme is to borrow money. Given the long term revenue impacts of borrowing, there is a need for MOPAC to balance current priorities against the priorities and needs of policing in the future.



Governance

2021/22 has been a period of considerable change for both the MPS and MOPAC. For MOPAC, we have seen improvements in its oversight arrangements over the MPS. MOPAC officers now regularly attend MPS sub-board meetings, giving them more influence on the decision making process. For the MPS, there has been much change at senior leadership level and plans are underway for a full executive team redesign.

We have raised a key recommendation in relation to the MPS' and MOPACs governance arrangements to restore trust and confidence as they were found to not be fully effective during this period. We are however of the view that the arrangements being put in place to address this issue in 2022-23 are positive. We have also raised key recommendations in relation to vetting, where we found the MPS' arrangements were not complying with HMICFRS repeated recommendations to ensure specialist roles were fully vetted, and investment is recommended to ensure renewals are completed within the recommended 10 year time frame.



Improving economy, efficiency and effectiveness

Transformation arrangements are generally strong and improving however we have raised a key recommendation in relation to financial governance and oversight over the Command and Control major IT project. We have also raised a key recommendation in light of the findings of HMICFRS which placed the MPS into 'engaged', which is done when a force's performance fails to improve and is considered to require enhanced monitoring and support.



We have completed our audit of your financial statements and issued an unqualified audit opinion for both the MPS and MOPAC on 18 November 2022. Our findings are set out in further detail on page 49.



Opinion on the financial statements and use of auditor's powers

We bring the following matters to your attention:

Opinion on the financial statements

Auditors are required to express an opinion on the financial statements that states whether they : (i) present a true and fair view of the audited body's financial position, and (ii) have been prepared in accordance with the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2021/22

We have completed our audit of your financial statements and issued an unqualified audit opinion for both the MPS and MOPAC on 18 November 2022. Our findings are set out in further detail on page 49.

Statutory recommendations

Under Schedule 7 of the Local Audit and Accountability Act 2014, auditors can make written recommendations to the audited body which need to be considered by the body and responded to publicly

We did not issue any statutory recommendations.

Public Interest Report

Under Schedule 7 of the Local Audit and Accountability Act 2014, auditors have the power to make a report if they consider a matter is sufficiently important to be brought to the attention of the audited body or the public as a matter of urgency, including matters which may already be known to the public, but where it is in the public interest for the auditor to publish their independent view.

We did not issue a report in the public interest.

Application to the Court

Under Section 28 of the Local Audit and Accountability Act 2014, if auditors think that an item of account is contrary to law, they may apply to the court for a declaration to that effect.

We did not make any application to the Court.

Advisory notice

Under Section 29 of the Local Audit and Accountability Act 2014, auditors may issue an advisory notice if the auditor thinks that the authority or an officer of the authority:

- is about to make or has made a decision which involves or would involve the authority incurring unlawful expenditure,
- is about to take or has begun to take a course of action which, if followed to its conclusion, would be unlawful and likely to cause a loss or deficiency, or
- is about to enter an item of account, the entry of which is unlawful.

We did not issue an advisory notice.

Judicial review

Under Section 31 of the Local Audit and Accountability Act 2014, auditors may make an application for judicial review of a decision of an authority, or of a failure by an authority to act, which it is reasonable to believe would have an effect on the accounts of that body.

We did not apply for judicial review.

Securing economy, efficiency and effectiveness in MOPAC's and the MPS' use of resources

MOPAC and the MPS are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness from their resources. This includes taking properly informed decisions and managing key operational and financial risks so that they can deliver their objectives and safeguard public money. MOPAC's and the MPS' responsibilities are set out in Appendix A.

MOPAC and the MPS report on their arrangements, and the effectiveness of these arrangements as part of their annual governance statements.

Under the Local Audit and Accountability Act 2014, we are required to be satisfied whether each entity has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

The National Audit Office's Auditor Guidance Note (AGN) 03, requires us to assess arrangements under three areas:



Financial Sustainability

Arrangements for ensuring the entity can continue to deliver services. This includes planning resources to ensure adequate finances and maintain sustainable levels of spending over the medium term (3-5 years).



Governance

Arrangements for ensuring that the entity makes appropriate decisions in the right way. This includes arrangements for budget setting and management, risk management, and ensuring the entity makes decisions based on appropriate information.



Improving economy, efficiency and effectiveness

Arrangements for improving the way the entity delivers its services. This includes arrangements for understanding costs and delivering efficiencies and improving outcomes for service users.



Our commentary on MOPAC's and the MPS' arrangements in each of these three areas, is set out on pages 15 to 48.

Key recommendations



Governance

Key recommendation 1 MPS' arrangements to build trust and confidence

The MPS' and MOPAC's arrangements to restore and rebuild trust and confidence were not effective in 2021/22. Both must bring together the findings of external reports, and internal findings, and carry out a thematic review to diagnose pervasive issues enabling it to put in place those transformative changes to effectively rebuild trust and confidence. Whilst the restoration of trust and confidence is a long term process, putting in place the necessary arrangements to facilitate that change is achievable in the medium term.

Why/impact

Trust in the MPS is essential to ensure that victims of crime have the confidence to report incidents knowing they will be investigated well. A lack of public confidence leaves members of the public disengaged and this devalues the MPS.

Management Comments

MPS response:

The MPS recognises that its arrangements to restore and rebuild trust and confidence were not fully effective in 2021/22 and has taken immediate action to begin to address the issues identified.

Addressing the root causes of these challenges is critical if we are to stop these issues from persisting in future years – significant work has been undertaken in recent months to understand the key drivers of our challenges ahead of the revision of our Turnaround Plan.

In doing so – it is vitally important that we take a proactive, not a reactive, approach to tackling these challenges. The Casey review, HMICFRS inspections, the NPCC perennial issues analysis, and other reports such as the Daniel Morgan Independent Panel or IOPC reports have all identified cross-cutting thematic issues which need to be tackled – seeking to take a piecemeal and reactive approach is unlikely to yield the transformative effect needed.

In order to fully analyse these issues significant work has been undertaken. The MPS has commissioned external analysis of the root causes and drivers of the organisation's challenges. Deep dive analysis has identified over 600 recommendations which have been made to the MPS over recent years, and analysis has been undertaken to draw out key thematic issues and coalesce a prioritised set of strategic priorities for transforming our approach to rebuilding trust. This analysis is complimenting the internal and external consultation we are engaging in to collect feedback on the first turnaround plan, and will be used to finalise proposals for inclusion in the updated plan – to ensure our plan for rebuilding trust is proactive in tackling the root causes of those challenges.

The range of recommendations that external auditors can make is explained in Appendix B.

Key recommendations



Governance

Key recommendation 1 (continued) MPS' arrangements to build trust and confidence

The MPS' and MOPAC's arrangements to restore and rebuild trust and confidence were not effective in 2021/22. Both must bring together the findings of external reports, and internal findings, and carry out a thematic review to diagnose pervasive issues enabling it to put in place those transformative changes to effectively rebuild trust and confidence. Whilst the restoration of trust and confidence is a long term process, putting in place the necessary arrangements to facilitate that change is achievable in the medium term.

Management Comments (continued)

The updated plan will set the transformation programme we will implement to effect these changes to rebuild trust and set out the framework we are using to measure progress and the governance we will use to deliver our transformation programme and ensure it stays on track. Key to this will be embedding a transformative approach across the organisation to deliver the pace and scale of change needed to rebuild trust. The plan will set out a range of transformation programmes we are implementing to strengthen the foundations of the organisation and will outline out how we will set our officers and staff up to succeed in rebuilding trust.

MOPAC Response:

In 2020/1 MOPAC identified a concerning downward trend in trust and confidence through our established evidence and insight work, with particularly low results for Black communities. Additional consultation with Black communities in 2020, resulted in the development of the Mayor's Action Plan for Transparency, Accountability and Trust in Policing, to improve trust and confidence and to address community concerns about the disproportionality in the use of certain police powers affecting Black Londoners. The Mayor's Action Plan identified four key areas of action focussing on actions that we know through our evidence and insight can have a positive effect on trust and confidence, as well as public feedback: better use of police powers; a police service that better represents and understands Black communities; working together to make Black communities safer; and holding the police to account for what they do.

Further consultation with the public in 2021 (and the continued decline in results) reaffirmed our concerns and improving trust and confidence and the work under the Mayor's Action Plan, has been included as a priority in the Police and Crime Plan for London.

MOPAC has worked closely with the MPS to support and enable their delivery of the key actions, including, for example, through the provision of significant funding to facilitate recruitment outreach and the development of community-led training models to diversify recruitment and improve cultural competency amongst officers.

The range of recommendations that external auditors can make is explained in Appendix B.

Key recommendations



Governance

Key recommendation 1 (continued) MPS' arrangements to build trust and confidence

The MPS' and MOPAC's arrangements to restore and rebuild trust and confidence were not effective in 2021/22. Both must bring together the findings of external reports, and internal findings, and carry out a thematic review to diagnose pervasive issues enabling it to put in place those transformative changes to effectively rebuild trust and confidence. Whilst the restoration of trust and confidence is a long term process, putting in place the necessary arrangements to facilitate that change is achievable in the medium term.

Management Comments (continued)

Our work has included a commissioned review of our community engagement mechanisms and the development of a pilot community scrutiny programme to improve transparency and accountability in the use of police powers at the local level, and the delivery of regular quarterly public engagement events to improve transparency and accountability, and to enable communities to help shape the work as it is being delivered, e.g. a session focussed on Safer Schools Officers as part of the ongoing assessment of the programme (a commitment in the Mayor's Action Plan) and another event on improving transparency in how the MPS handles police complaints. MOPAC has also developed an interactive dashboard that brings together key data related to the issues the Action Plan seeks to address, e.g. public perceptions, MPS workforce diversity and the use of force. In addition, we know that ensuring an effective MPS and partnerships response to neighbourhood crimes is important for improving trust and confidence. This being the case, we have used our convening powers to establish the London Drugs and Antisocial Behaviour Forums to identify and share good practice and develop strong partnership working on these key areas.

This work was overseen by the Deputy Mayor for Policing and Crime through the MOPAC Oversight Board, with regular updates published on our website. More recently, Baroness Casey's review (which was delivered after the period to which this report relates) recommended establishing a public-facing policing board for London to improve the transparency of MOPAC oversight activity for London, and improve confidence in the way the MPS is being held to account for delivery of its wide-ranging reform programme. Plans to deliver this are proceeding at pace. MOPAC's public attitude survey continues to measure the trust and confidence of Londoners in the MPS, which will serve as vital measures for assessing the effectiveness of these reforms.

The range of recommendations that external auditors can make is explained in Appendix B.

Key recommendations



Governance

Key recommendation 2 MPS' arrangements in relation to enhanced vetting

We recommend that enhanced vetting of officers and staff in specialist roles should be considered in the same way as routine vetting, with data compiled, reported on and scrutinised to ensure compliance (as per the repeated HMICFRS recommendations).

Why/impact

Officers and staff in specialist roles are subject to increased levels of vetting as they are exposed to more sensitive information. Expired vetting carries increased risk of harm to the individuals involved, the public and the MPS.

Management Comments

The audit findings are consistent with the MPS assessment of vetting arrangements, which are a key improvement focus for the MPS as part of the Met's mission and "A New Met for London" plan.

The recommendation is equivalent to those made by HMICFRS - Recommendation 3 (HMICFRS - An inspection of the Metropolitan Police Service's counter-corruption arrangements and other matters related to the Daniel Morgan Independent Panel), and Recommendation 13 (HMICFRS - An inspection of vetting, misconduct, and misogyny in the police service).

Significant progress has already been made against these recommendations, with an automated IT solution (between PSOP and CycVetting) due to be in live service before end of October 2023. Oversight of progress against these recommendations has been by the Counter Corruption Learning Group, chaired to date by AC Gray.

Completing the action plan associated with these recommendations, is an integral part of the Professionalism improvement and transformation programme to improve public confidence through high standards, from initial vetting and through the careers of police officers and staff.

The range of recommendations that external auditors can make is explained in Appendix B.

Key recommendations



Governance

Key recommendation 3

MPS' arrangements in relation to vetting - investment

We recommend that there is increased investment in the vetting team to ensure that vetting renewals are managed more effectively and completed within the recommended 10 years.

Why/impact

To ensure officers and staff adhere to high standards of behaviour, to guard against corruption and to rebuild trust with the public.

Management Comments

The Professionalism Business Group has commissioned a comprehensive transformation project to bring about radical change and improvement to the MPS Referencing and Vetting function. This is being progressed through a combination of a short term stabilisation and long term systematic transformation.

An additional £2m has been invested in Vetting since March 2021. Investment was focused on supporting the Police Uplift Programme – as a result of this investment the Vetting SLA for Police Officers was reduced to under 20 working days for 85% of cases to support a reduced Time to Hire. Since the demand from Police Officer applicants has reduced resource has been abstracted to support Op Assure and vetting officers have been realigned to address the high volume of cases in the contractor and enhanced pipelines (a risk which was accepted by MB to support the PUP). Investment has also improved the quality of our vetting training content and delivery through dedicated trainers. The training is now complete for 74 newly trained vetting officers will all be on team this month.

Work is now underway to develop a highly efficient operating model that is completely digitalised, largely automated and innovative through the deployment of new and emerging technologies, such as AI and biometric and behavioural detection technologies (voice and facial recognition). The new approach will also be collaborative, particularly in the context of core infrastructure with connectivity to other forces and national security partners. Further projected investments will be profiled as the transformation project takes flight.

The range of recommendations that external auditors can make is explained in Appendix B.

Key recommendations



Improving economy, efficiency and effectiveness

Key recommendation 4 MPS' arrangements to scrutinise finances for transformation projects

The MPS must improve its arrangements around financial governance over the Command and Control (C&C) project. This includes getting a better grip and control over individual cost lines and providing challenge and scrutiny over contractor spend.

Why/impact

We found arrangements to monitor and manage projects such as C&C were in place, but we found insufficient documentary evidence of challenge in relation to actual costs, including contractor costs. We recommend that arrangements are put in place to monitor ongoing costs and more robust arrangements are created to manage contractor performance and spend; with accompanying minutes documented.

Management Comments

Command and Control is one of many in-flight transformation programmes being delivered across the Met. We accept the findings identified regarding the financial governance over the Command and Control project in 21/22. As reported, there have been improvements in arrangements during 22/23, including an improved relationship between ourselves and the main supplier. We recognise that we need to continue to improve and have recently commissioned a review of Command & Control including independent technology expertise and commercial and financial advice.



The range of recommendations that external auditors can make is explained in Appendix B.

Key recommendations



Improving economy, efficiency and effectiveness

Key recommendation 5 MPS' and MOPAC's arrangements in place to monitor force performance

The MPS and MOPAC should put in place arrangements to review the findings of HMICFRS and make the necessary changes to respond. The suite of actions to respond to HMICFRS need to be funded and resourced appropriately to ensure the change is delivered.

Why/impact

We recommend that the outcomes of the PEEL report continue to be considered in detail and the associated action plans are continually monitored to track improvements against the recommended areas.

Management Comments

MPS response:

In June 2022, HMICFRS moved the MPS into the Engage phase of monitoring. The MPS worked with HMICFRS to consolidate all open recommendations to ensure there was a clear understanding of what needed to be addressed.

Immediate steps for change were taken to address the root causes (not just symptoms) of the areas of concern and recommendations and a cohesive full programme of work with new governance was instituted. The MPS commissioned external analysis of the root causes of our challenges – those findings were shared with MOPAC. In addition, a deep dive into all recommendations the MPS subject, including HMICFRS recommendations and those within the Casey review, to pull out key cross cutting themes and root causes – that analysis was shared with MOPAC via the HMICFRS Policing Performance Oversight Group as were our plans to address these thematic challenges.

Tracking and implementing transformation activity has been governed by 2 clear streams of work. Firstly, our Turnaround Plan sets out our plan to build a police service which can deliver more trust, less crime and high standards. Within this plan is a clear set of commitments to deliver programmes which directly address HMICFRS recommendations. Implementation of the plan is governed by extensive oversight groups involving MOPAC, the MPS and other key external programmes.

Secondly, for each HMICFRS recommendation we are subject to, a senior officer or member of staff is appointed as a lead for that recommendation. They are responsible for implementing activity to address each recommendation, and their progress is monitored by a robust internal scrutiny process managed a dedicated team within the MPS.

Key recommendations



Improving economy, efficiency and effectiveness

Key recommendation 5 **MPS' and MOPAC's arrangements in place to monitor force performance** (continued)

The MPS and MOPAC should put in place arrangements to review the findings of HMICFRS and make the necessary changes to respond. The suite of actions to respond to HMICFRS need to be funded and resourced appropriately to ensure the change is delivered.

Management Comments (continued)

MOPAC Response:

MOPAC accepts this recommendation. MOPAC is already using its oversight arrangements to focus on monitoring MPS activity in response to HMICFRS concerns, including deep dives into public protection and victims. Extra resourcing to support oversight activity is nearly in place (including a new Performance Manager Role), and we are bringing in extra resource to ensure close monitoring of the MPS's Turnaround Plan - which will address concerns emerging from both HMICFRS inspections and the Casey Review - through the new public-facing London Policing Board (and associated sub-boards). Recruitment for the Board is now underway, with the aim of holding the first meeting in the Autumn. MOPAC is already represented at HMICFRS's PPOG meeting, as part of the peer support process for driving MPS reforms. We are also working separately with national oversight bodies (i.e. College, IOPC, HMICFRS, DARA) to harness collective levers for driving the reforms.

The range of recommendations that external auditors can make is explained in Appendix B.

Financial sustainability



We considered how MOPAC and the MPS:

identifies all the significant financial pressures that are relevant to their short and medium-term plans and builds them into their plans

- plans to bridge funding gaps and identify achievable savings
- plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities
- ensures the financial plan is consistent with other plans such as workforce, capital, investment and other operational planning which may include working with other local public bodies as part of a wider system
- identify and manage risk to financial resilience, such as unplanned changes in demand and assumptions underlying its plans.

2021/22 Revenue and Capital Outturn

MOPAC and the MPS reported in their annual accounts to have delivered a balanced budget position in the 2021/22 financial year. The MOPAC Group financial position as at 31 March 2022 resulted in an outturn of net expenditure of £3,254m. Within this balanced outturn position there were some notable variances:

- Pay costs (which represent approximately 63% of total gross expenditure) were underspent by £29.3m offset by an overspend of £12.4m of overtime required to help service operational requirements. Underspends were largely due to vacancies/recruitment delays
- The budget for running costs (excluding capital financing costs and discretionary pension costs) was underspent by £37 million. £29.4m million relates to the MPS and reflected underspends across a range of areas, principally supplies and services where the MPS were able to generate efficiencies in digital and other areas as well a reduction in third party provision costs. Within MOPAC a large proportion of the underspend relates to the re-profiling of projects into 2022/23.

Overall, whilst the budget is described as balancing, this is after a £41.3m transfer to earmarked reserves. In effect, the outturn was a surplus of £41.3m.

The MPS and MOPAC monitor financial performance against revenue and capital budgets on a regular basis. Quarterly outturn reports are produced which are discussed at Portfolio Investment Board (PIB) and Management Board and detail outturn revenue and capital positions as well as use of reserves. Variances against budgets are investigated and reported within the outturn reports alongside updates on areas of concern as a result of significant under or overspends against budget. These reports provide appropriate financial context and information to support decision-making. We are satisfied that arrangements to monitor the in-year revenue and capital position are effective.

Financial sustainability

Budget setting and the Medium-Term Financial Plan

MOPAC and the MPS have worked together to produce a budget for the next financial year as well as an indicative budget to 2023/24. The budget was submitted on 26 November 2021 and was approved as part of the Mayor's Final Budget for 2022/23 on 24 February 2022. The revenue budget and medium-term financial plan for the next two years is set out in the table shown below.

	Budget 2022/23 £m	Plan 2023/24 £m	Plan 2024/25 £m
Total pay	2,988.9	3,097.6	3,147.6
Total overtime	150.5	149.4	149.3
Total running expenses	1,021.2	1,015.5	1,020.9
Capital Financing costs	147.5	126.4	124.2
Total expenditure	4,308.2	4,388.9	4,442
Other income	303.4	316.5	323.4
Discretionary pension costs	34.4	34.4	34.4
Total Structural & Non-structural gaps	249.2	296.4	351.3
Net revenue expenditure	3,790.1	3,810.4	3,801.7
Transfer to/from reserves	121.1	119.1	81.1
Financing requirement	3,666.1	3,691	3,720.3
Specific grants	624.9	623.9	619.4
Retained business rates	37.9	38.6	39.5
Share of Council Tax collection fund deficit	7.2	7.2	0
Home Office Police Grant	2,181.3	2,181.3	2,181.3
Council tax requirement	829.2	854.3	880.1

The plan shows an increasing council tax precept requirement rising from £829.2m in 2022/23 to £854.3m in 2023/24 and £880.1m in 2024/25. This is as a result of an anticipated reduction in specific grants and retained business rates.

The budget for the 2022/23 financial year shows a funding gap of £249.2m that increases to £296.4m in 2023/24 and then £351.3m in 2024/25. It is worth noting that the National Insurance (NI) uplift reversal effective 6th November 2022, has mitigated the long term funding implications of increasing employers NI from 13.8% to 15.05%. The additional NIC cost had represented £17.4m of the structural gap in 2022/23.

This 2022/23 funding gap is made up of a £62.2m structural budget gap and £187m estimated gap in funding to assist with the police officer uplift programme to recruit an additional 6,000 officers, however the amount of funding for these officers has become uncertain following recruitment challenges and high levels of attrition.

At present, budget assumptions are reliant on meeting the original recruitment target rather than the actual recruitment predictions. There is a risk that the Home Office may clawback Police Officer Uplift Programme (PUP) funding where those targets are not met. Some improvements to budget forecasts have been made as at Q2 2022/23, with MPS informing the Home Office that it will be circa 400 short of its PUP target recruitment this year and reducing its PUP grant by circa £21.5m. However our understanding is that recruitment has since fallen further, putting additional funding at risk, we have therefore raised an improvement recommendation to assess the feasibility of recruitment uplift in the context of the MTFP.

Whilst in the MTFP, management are including over optimistic assumptions around police officer numbers, we are however assured that at a management board level, there are arrangements to scenario plan based on a more realistic assumptions on police officer numbers. This is why we have assessed this as an improvement recommendation rather than a key recommendation.

Improvement recommendation

We are of the view that the MTFP is optimistic insofar as it makes the assumption that the MPS will recruit all of the officers to satisfy the PUP. Given where the MPS currently is in terms of recruitment, achieving the PUP target is not the most likely scenario. In the MTFP, whilst all of the costs associated with the PUP are included, no associated revenue from the grant is included. This therefore portrays both a misleading and unrealistic outcome for the future. Management should ensure MTFP assumptions are based on credible workforce plans and if this presents shortfalls, put in plans actions to mitigate the loss of funding.

Financial sustainability

Budget setting and the Medium-Term Financial Plan Cont.

MOPAC/MPS acknowledge there is an urgent need to address the funding shortfalls of the structural budget gap over the coming three years. They continue to seek efficiency improvements and savings, but since in excess of £1bn gross savings have already been delivered since 2012/13 it is deemed extremely challenging to close this budget gap by delivering yet more savings and efficiencies without reducing officer and staffing numbers. Despite this, the MPS have approved a saving target of £68.1m for 2022/23. Of this, at Q2 2022/23 £4.2m of identified savings are considered no longer deliverable, and savings of £2.8m have been identified as delayed and expected in future years, leaving £61.1m of the original savings planned to be delivered (compared with £62.7m at Q1). Whilst not at significant levels in comparison to the relative size of the overall spend at MOPAC and the MPS, the need to deliver savings and efficiencies is a recurring element of financial plans.

In our prior year Auditor's Annual Report we commented on the MPS' use of priority-based budgeting (PBB). We recognised this as good practice and a key arrangement to ensure expenditure remained sustainable and efficient. For 2021/22 however, the MPS did not make significant progress in their PBB exercise and the 2022/23 budget was largely a roll forward of the prior year budget with top-down adjustments. Given the significant changes at the MPS during the year and the extremely tight deadlines for annual budgeting, we appreciate that management would seek to consolidate and ensure stability at such a time. Going forward however, we recommend that the MPS do not lose sight of PBB and incorporate it into their future budgeting arrangements.

Improvement recommendation

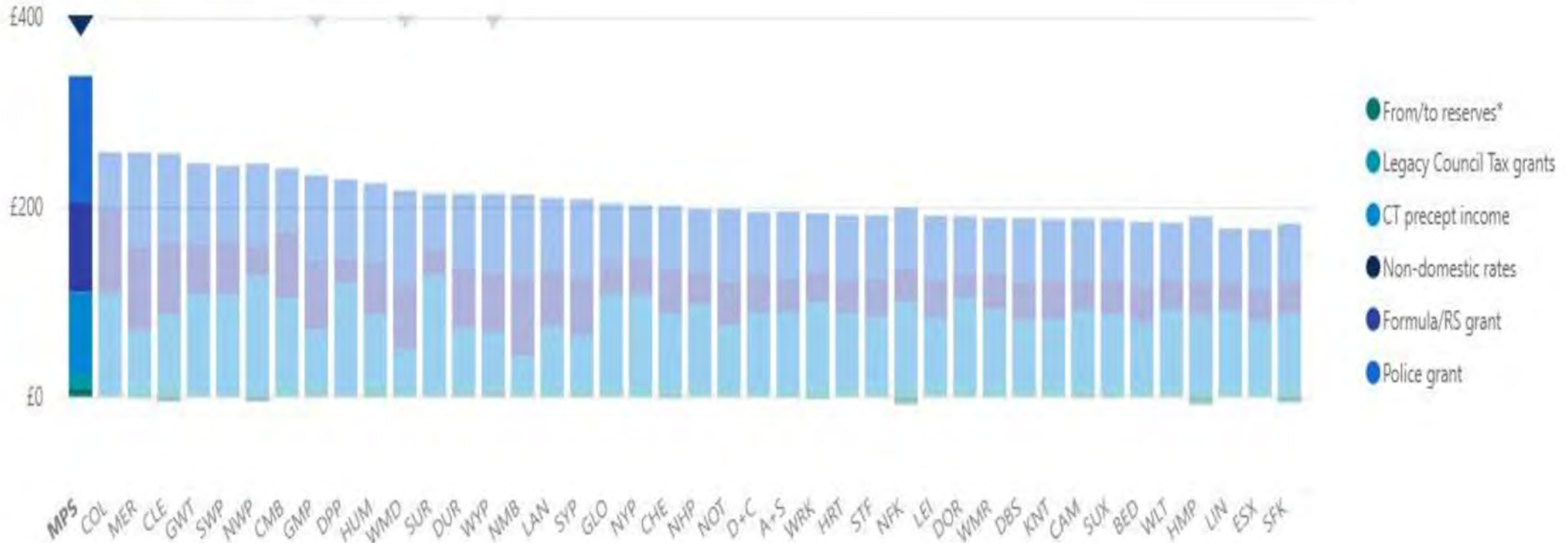
It is important that the MPS continue to revisit PBB as part of their budgeting and medium term financial planning arrangements. PBB is one of the tools the MPS can use to address the structural deficit it is in.

Financial sustainability

Fig 1. Finance (£ per population): Analysed by Source for 2021/22

Fig 1. notes the funding £ value per individual within the population with regards to 2021/22. As an international capital city, the MPS attracts the highest levels of funding.

Finance (£ per population) - by source



Source: Value for money dashboards - HMICFRS (justiceinspectorates.gov.uk)

Financial sustainability

Reserves

As at the end of the 2021/22 financial year, MOPAC's reserves stood at £576m split between £47m general reserves and £523m earmarked reserves. This is an increase from £572m of total revenue reserves recognised in the prior year. The increase in reserves mainly related to management of change programmes, managing future budget pressures as well as a range of operational costs falling in future years.

The 2022/23 budget reflects a £124m use of reserves of which £29.3m will be drawn down from the £118.6m of retained business rates income paid in advance by the Mayor in 2019/20 to fund the additional 1,000 police officers until at least March 2023. £39.8m of reserves is also being drawn down to support the balanced budget by using the 'managing the budget reserve'.

Fig 2 overleaf also shows the trend in transfer of reserves over the past nine years of the MPS. This shows that money continued to be transferred out of reserves up until 2019/20 where a large increase was transferred into MOPAC reserves. This was due in part to the retained business rates funding provided by the Mayor as well as safeguarding of reserves as the unknowns of the covid-19 pandemic started to impact on the economy.

We have previously commented on the level of reserves as a percentage of gross revenue expenditure which are historically within the top quartile of police areas in the country. The relative strength of the reserves balance provides some resilience in the current funding uncertainties, for example there are sufficient useable reserves to cover a worse than expected settlement and/or non-delivery of savings.

The current MTFP envisages a reduction in reserves to 2025 as they are used to support planned growth in officer numbers at the MPS to fund the police officer uplift programme, future transformation and manage funding challenges. This reserves strategy supports growth and change in line with longer term strategic priorities. MOPAC and the MPS are aware that there is a balance to be struck between supporting financial resilience with sufficient reserves as well as investing in growth. MOPAC and the MPS should continue to monitor the percentage level of adequate general reserves as it continues to enable growth and transformation in future years to ensure reserves do not dip to an unsustainable level.

Our assessment of the arrangements around reserves has identified two improvement recommendations. The first arises from the fact that the MPS are currently using revenue reserves to fund a structural deficit of the MPS. Whilst this may be appropriate in the very short term, continued use of revenue reserves to prop up the annual budget could result in the service becoming unsustainable in the medium term. The total amount of revenue reserves used to fund an underlying deficit is a matter of judgement but depending on your interpretation the value ranges from £40m-£60m annually. Going forward, the MPS and MOPAC must be transparent in their planned use of reserves, especially where it is funding a budget deficit. Savings plans must be put in place to address the structural deficit.

Improvement recommendation

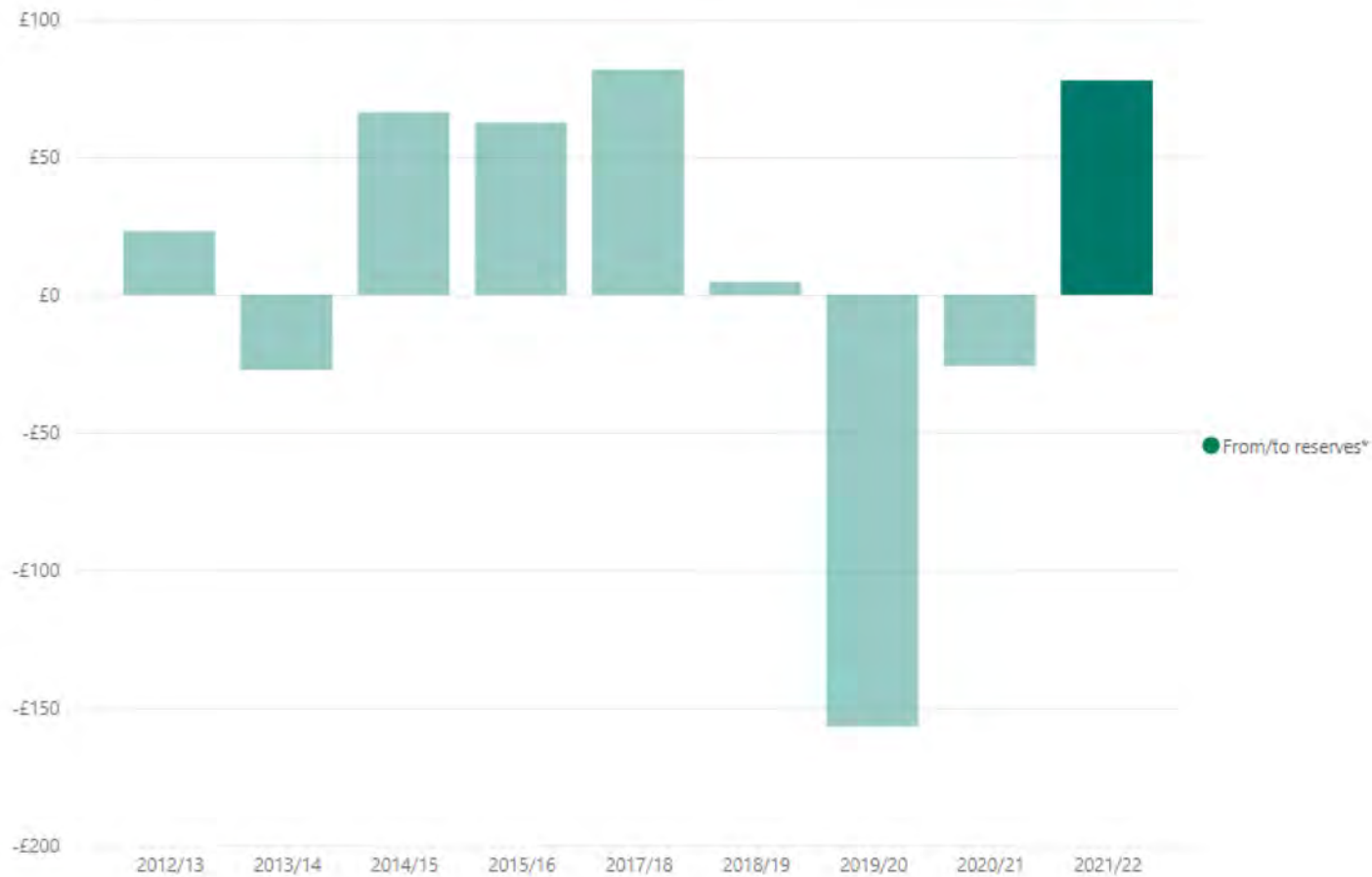
MOPAC should ensure it reports transparently on the planned use of reserves in its annual budget and the MTFP differentiating clearly where revenue reserves are used to fund a structural deficit and where they are used to pump prime one-off investments. Into the medium term, savings plans should be put in place to fund spend from in year revenue rather than from revenue reserves.

If MOPAC and the MPS continue to draw down reserves to fund an underlying deficit, we will consider issuing a key recommendation on the matter.

The second improvement recommendation that we discuss in more detail in the 'Governance' section relates to planned use of earmarked reserves going forward. See page 31 for more detail.

Financial sustainability

Fig 2. Total finance for Metropolitan Police (£m) Trend- To/From Reserves



Source: Value for money dashboards - HMICFRS (justiceinspectorates.gov.uk)

Financial sustainability

Capital

The capital expenditure outturn for 2021/22 was £247.2m against an approved budget of £271.8m therefore resulting in a £24.6m underspend (10% of 2021/22 capital expenditure). The variance was mainly attributable to an overspend of £20.2m in the Transformation Directorate (TD) and an underspend in the Property Services Directorate (PSD) of £10m. The underspend relating to TD is as a result of delays in the Command and Control project, delays in site surveys and underspends in projects relating to the Transforming I&P programme and delays in the Connect project.

The overspend relating to TD relates mainly to slippage and cost reductions of which the primary drivers as follows:

- £9.1m slippage against Command and Control due to project reprofiling
- £6.5m slippage against the Connect project due to project delivery delays
- £2.9m slippage on the Flexible Service Programme (which includes £1.1m slippage against Strengthening our Armed Policing Capability) due to revised delivery plan.
- £1.2m underspend against Programme 2 - Optimising Contact and Response.

The underspend relating to PSD relates mainly to Mission Critical Voice Spend being reprofiled to 2022/23 and delays in the C&C programme.

MOPAC has budgeted £450.4m of capital expenditure in 2022/23 decreasing to £305.6m by 2025/26. E.g. to invest in areas such as National Counter Terrorism Policing Headquarters (NCTPHQ), core capital essential asset maintenance activities, development and modernisation to ensure the MPS is fit for purpose and building it's capability to explore data and become more intelligence led.

Capital expenditure in 2021/22 was financed from:

- £66.1m of capital receipts
- £62.5m of capital grants
- £29.8m of direct revenue contributions

	2022/23 Budget £m	2023/24 Plan £m	2024/25 Plan £m	2025/26 Plan £m
Total expenditure	450.4	303.9	305.6	
Funding by Source:				
Capital Receipts	73.6	19.6	61.1	16.9
Capital Grants & Third Party Contributions	80.9	67.1	64.9	38.9
Revenue Contributions	48.9	35	17	
Unfunded (i.e. underlying need to borrow)	247	182.2	162.6	225.3

We have commented in previous reports that the opportunity to generate capital receipts by disposing of high value capital assets such as land and buildings is diminishing as the portfolio of the estate becomes smaller and officer numbers increase. This means that future capital plans are increasingly dependent on external borrowing to fund capital investment. In 2022/23 the underlying need to borrow is expected to rise to £247m which represents 55% of capital financing in 2021/22 rising significantly to 80% in 2025/26. In turn, increasing the cost of capital financing, which is funded from the revenue budget and as a result creates additional pressures on already stretched resources, crowding out revenue expenditure on operational priorities.

In the draft capital strategy (2023), forecasted capital spend between 2022/23 and 2026/27 is £1.4bn. Of this, £741m is unfunded which means that MOPAC would have to borrow to finance the acquisitions. This would increase MOPAC's long term borrowing from £286m (as at 31 March 2022) to over £1bn by 31 March 2027. This is a trend that is unlikely to change given the current capital grant funding from central government. At £1bn, financing costs hitting the revenue budget would increase significantly. With Public Work Loans Board (PWL) borrowing costs for a 20 year fix at circa 4.5%, the additional £741m borrowing would have a revenue impact of £33m. Management have included increases in financing costs in their MTFP but have not established a limit on total borrowing which is prudent and sustainable.

Financial sustainability

It is important to recognise that this is not a weakness in the arrangements of MOPAC, rather, it is a reflection of the current funding regime across all of Local Authorities. Whilst we are flagging the risk, from an arrangement's point of view, we do not assess there to be an improvement or key recommendation to make to the organisation.

Our prior year Auditor's Annual Report provided recommendations that the capital strategy should be refreshed to align with the Force's strategic objectives. We understand that MOPAC are in the process of finalising a revised capital strategy. It is important that this new strategy is a reset and not simply an extension of the capital programme. The strategy needs to provide the framework upon which decisions about capital are made which in turn ensures MOPAC invests in those things that contribute to its vision and priorities.

We note that the most significant areas of investment in the medium term includes capital expenditure for digital policing. Investment in this area is in line with strategic priorities to ensure the MPS are a digitally enabled police force. It is important to recognise the fact that many of the assets relating to digital technology will be short life assets with a useful economic life ranging from 3-20 years. Therefore borrowing over a longer period to fund the cost of a shorter life asset in comparison to the period of the loan may create additional revenue pressures that should be considered as part of financial planning for the medium to longer term. As the issue of capital also links into Governance, we have raised our improvement recommendation in respect of capital in the Governance section of this report.

Improvement recommendations



Financial Sustainability

Improvement recommendation 1

MTFP and police officer number assumption

We are of the view that the 2022/23 MTFP is optimistic insofar as it makes the assumption that the MPS will recruit all of the officers to satisfy the PUP. Given where the MPS was in terms of recruitment during 2022, achieving the PUP target was not the most likely scenario. This therefore risks portraying an unrealistic outcome for the future. Management should ensure that MTFP and budget assumptions are based on credible workforce plans and if this presents shortfalls, put in place actions to mitigate the loss of funding. We are additionally aware that the MTFP includes the full cost of recruiting a total of 6,000 additional officers (which is above the target associated with the PUP funding) by 2024/25, but showing the costs for the extra officers and not funding, represented as a 'non-structural gap' in the published budget. This therefore leads to a significant budget gap. Whilst this is explained in the budget submission, it serves to further complicate the assumptions applied in budget setting, when viewed externally.

Why/impact

Overly optimistic assumptions in the MTFP can result in finances being mismanaged and lead to unsustainable levels of expenditure.

Management Comments

The 2022/23 Police Pay budget was based upon the Workforce Plan and set on the assumption that PUP recruitment targets would be achieved, following successful recruitment in the two previous financial years. As it became clear in-year that application rates were falling and as a result targets would not be met, forecasts were adjusted accordingly and revised modelling undertaken to show the impact of reduced recruitment and the corresponding loss of grant, which was reported each quarter in the financial monitoring reports. For timing reasons the 2023/24 budget is set based on PUP targets and grant income although again, in-year modelling and forecasting will take account of the underspend on police pay and under-recovery of grant. For 2024/25 the pay budget is being reset and we will engage with the Home Office re the PUP grant in 2024/25.



The range of recommendations that external auditors can make is explained in Appendix B.

Improvement recommendations



Financial Sustainability

Improvement recommendation 2

Priority based budgeting

It is important that the MPS continue to revisit PBB as part of their budgeting and medium term financial planning arrangements. PBB is one of the tools the MPS can use to address the structural deficit it is in.

Why/impact

PBB is one of the tools the MPS can use to address the structural deficit it is in.

Management Comments

'A New Met for London' includes the commitment that the Met will deliver a robust efficiency programme to make good choices, at all levels of leadership, about how we use resources to best tackle threat, risk and harm, and to drive innovation and streamline processes. One of the tools to support the efficiency programme will be the use of priority based budgeting reviews.



The range of recommendations that external auditors can make is explained in Appendix B.

Improvement recommendations



Financial Sustainability

Improvement recommendation 3

Revenue reserves used to fund an underlying budget deficit

MOPAC should ensure it reports transparently on the planned use of reserves in its annual budget with the MTFP differentiating clearly where revenue reserves are used to fund a structural deficit and where they are used to pump prime one-off investments. Into the medium term, savings plans should be put in place to fund spend from in year revenue rather than from revenue reserves.

Why/impact

Where revenue reserves are utilised to fund a structural deficit beyond the short term, there is a risk of the reserve position becoming unsustainable in the medium term.

Management Comments

MOPAC accepts this recommendation. The level of MOPAC reserves is reviewed annually as part of the annual budget-setting process, and in-year as part of quarterly monitoring. The majority of MOPAC reserves are ear-marked for specific use, such as funding programmes of commissioned services across more than one financial year, or Mayoral Business Rates allocated in 2019-20 to fund 1,000 additional police officers. Given the scale of the financial gap in future years, MOPAC may need to use reserves funding to support, at least in part, a structural deficit – if this action is taken, it will be explained clearly and transparently in the budget narrative.



The range of recommendations that external auditors can make is explained in Appendix B.

Governance

- approaches and carries out the annual budget setting process
- ensure effective processes and systems are in place to ensure budgetary control; communicate relevant, accurate and timely management information (including non-financial information); supports statutory financial reporting; and ensures corrective action is taken where needed, including in relation to significant partnerships
- ensure they make properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency. This includes arrangements for effective challenge from those charged with governance/audit committee
- monitor and ensure appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of staff and board member behaviour (such as gifts and hospitality or declaration/conflicts of interests) and where it procures and commissions services.

Overview of Governance Arrangements

Within the police sector, the Police and Crime Commissioner and Chief Constable act as 'those charged with governance'. In London, it is the Mayor and Commissioner. The Mayor in his Mayor's Office for Policing and Crime (MOPAC) role has appointed a Deputy Mayor for Policing and Crime (DMPC) to whom he has delegated all functions that are not reserved to him. These include issuing a Police and Crime Plan (PCP), and functions in relation to the appointment and removal of senior Metropolitan Police Service (MPS) officers.

During 2021/22 MOPAC revised its oversight governance framework to better support the delivery of the new PCP and to ensure it was able to discharge its oversight and scrutiny responsibilities over the MPS (see Fig 3.). One of the key changes that came into effect at the end of 2021/22 was to split the oversight board into two. Part of the reason to split the oversight board into two was to ensure sufficient time and scrutiny was afforded to all of the key risk areas. There are now two oversight boards. The first focuses on performance and risk and the other focuses on finance, change and people.

MOPAC also discharge responsibilities to oversee the finances of the MPS through the Investment and Monitoring (IAM) meeting. IAM is used by the DMPC to oversee the MPS' financial investments and management of assets and ensure that all MOPAC investment is managed in accordance with the PCP and the aims and ambitions of the Mayor of London. In addition, the Commissioner meets the Mayor and DMPC fortnightly, and there are other one-to-one meetings with senior management. It is too early to say how effective the revised arrangements are, but the increased scrutiny is an improvement. We will review the approach in our 2022/23 audit.

Fig.3 Revised MOPAC governance arrangements



Governance

Monitoring and Compliance with Standards

The MPS' culture has been under significant scrutiny following a series of high profile incidents such as MPS officers taking inappropriate photographs of murder victims, the murder of Sarah Everard by a serving MPS officer and an MPS officer admitting to being a serial rapist. The Casey review into standards of behaviour and internal culture of the MPS is due to be published in 2023, but interim findings were made public in October 2022 and illustrate that work is needed to restore public confidence.

The MPS' governance improvement plan 2022/23 takes into account the trust and confidence issues in the MPS, and the HMICFRS Engage process (see page 46). The plan is monitored at Audit Panel. Management Board also have oversight of the MPS strategy and direction. Low figures for trust and confidence featured in performance reports for 2021/22 and these were discussed by the most senior officers at Management Board level at the time, with some actions taken but we haven't seen any evidence to show it was prioritised over other issues.

Standards of behaviour are monitored and challenged by the department of professional standards. The department has increased its establishment by 150 officers in the last year, the last tranche starting in role in January 2023. In October 2022, a new anti-corruption and abuse command was created to proactively seek out criminal officers and staff. Key messages on standards and expectations are published on the intranet pages. The department currently operate in a hub and spoke model, with a central team dealing with the most serious investigations, and borough based teams dealing with issues locally. It is more challenging to set unifying standards across teams spread over a wide geographical area and this is under review.

The MPS strategy was called the 'Met Direction' in 2021/22 with seven pillars outlining priorities. Whilst reference was made to 'what matters most to Londoners' and being a 'responsible, exemplary and ethical' organisation (amongst others) trust and confidence didn't feature as a standalone pillar within the strategy. The Met Direction was considered for review by the Management Board in November 2021 in light of the work being done on violence against women and girls, and rebuilding trust. The decision was made not to review it – but it was noted that more work was required to communicate the strategy both internally and externally.

Whilst we recognise that work was going on in 2021/22 to rebuild trust, it is clear that the arrangements to restore and rebuild trust were not fully effective during this period and trust in the MPS deteriorated significantly. The significant weakness being that the MPS had not put in place effective arrangements to bring together all of the relevant recommendations into a single thematic and a single overarching action plan. It is important to note that this significant weakness is limited to just the 2021/22 year as we have observed improvements to these arrangements in 2022/23.

Key recommendation

The MPS' arrangements to restore and rebuild trust and confidence were not fully effective in 2021/22. The MPS must bring together the findings of both external reports and internal findings and carry out a thematic to diagnose pervasive issues enabling it to put in place those transformative changes to effectively rebuild trust and confidence. Whilst the restoration of trust and confidence is a long term process, putting in place the necessary arrangements to facilitate that change is achievable in the medium term.

2022/23 update

Since October 2022, the new Commissioner has prioritised rebuilding trust and confidence. He has brought together all reports and recommendations to a new 'Turnaround Board' which we report on later. His new strategy is simply 'more trust, less crime and high standards.' He has emailed all staff to set out his expectations on standards of behaviour and continues to promote a strong message of reform.

Governance

Arrangements for vetting

The report into counter-corruption arrangements related to the Daniel Morgan Independent Panel was published in March 2022. It found that the force didn't know whether all those in sensitive posts – such as child protection, major crime investigation and informant handling – have been cleared to the level of vetting needed.

Moreover, in each of the two years prior to the Morgan review being undertaken, more than 50 people who had committed offences were allowed to join the MPS. Offences included theft, handling stolen goods and wounding.

In terms of the arrangements for vetting, the MPS reduced the number of staff in its vetting department from 70 in 2010 to 36 in 2019. In the last couple of years the numbers have been increasing again and the recruitment of an additional 88 in 2022 means there are now 156 staff in the vetting team. However, in 2021/22 there were only 68 members of staff to complete the vetting for the eligible c.40,000 officers and staff in the MPS.

There are now monthly senior leadership team meetings, and a bi monthly vetting board, with business partners and the Deputy Assistant Commissioner responsible for vetting. Reporting is detailed. Vetting expires after 10 years, and in October 2022 there were only 73 officers and staff in the entire organisation, with expired vetting which is a considerable improvement on the 181 in July 2022. There were approximately 1,000 in the pipeline being re vetted and new recruits cannot start without vetting clearance.

However, as highlighted in the Morgan report, when we requested some evidence of data in relation to the number of specialist staff with expired vetting, it wasn't readily available. We found that the revised arrangements don't cover specialised vetting.

We have also seen evidence of a policy change to extend all renewals due October 2022 to April 2023 by 12 months to give more time to re-vet staff and officers. This is subject to a basic check, but means that a higher number of officers and staff will be working with expired vetting clearance for an additional 12 months, which carries risk. In our view the arrangements for vetting need to be improved to mitigate the risk.

Key recommendation

We recommend that enhanced vetting of officers and staff in specialist roles should be considered in the same way as routine vetting, with data compiled, reported on and scrutinised to ensure compliance (as per the HMICFRS recommendation).

We recommend that there is increased investment in the vetting team to ensure that vetting renewals are managed more effectively and completed within the recommended 10 years.

Conclusion

Oversight arrangements by MOPAC of the MPS have improved following the re-structure, however MOPAC carries the risk of insufficient staffing to fulfil its oversight role.

Rebuilding trust and confidence in the MPS was a significant issue in 2021/22 and accurate and timely vetting of staff and officers form a part of that. Reinvestment is required to ensure risk is mitigated and the public can have confidence in the MPS.

Governance

Financial Scrutiny

The governance arrangements across MOPAC and the MPS to discharge financial scrutiny over decisions takes place at three levels. At the very top, for those decisions which exceed the scheme of delegation to the MPS, decisions are made by the DMPC. Decisions therefore go through the governance arrangements within Investment and Monitoring (I&M). This is MOPAC owned governance arrangement.

For the MPS, there are two levels of governance. The first is the regular Portfolio and Investment Board (PIB). This is a long standing board which is chaired by the Deputy Commissioner. Towards the end of 2021/22 and into 2022/23, MOPAC's Chief Executive Officer (CEO) began to attend this meeting in an advisory/oversight capacity. It is important to make clear that PIB remains solely an MPS governance arrangement, however, MOPAC's attendance better enables them to discharge oversight earlier in the decision making process.

The level below PIB is 'PIB level 2'. This was established in 2021/22 as an advisory board to PIB. Based on what we have heard during our interviews, 'PIB level 2' has been successful in rationalising and focusing the agenda of PIB. This is because all new business cases go through 'PIB level 2' first. Where the business case is simple i.e. an extension of an increase grant, 'PIB level 2' can make a decision within the scheme of its delegated authority. If however, a decision is deemed to be novel, contentious or of significant value, it is then recommended to go to PIB or IAM or both as appropriate.

Like PIB, 'PIB Level 2' is now attended by a member of MOPAC (the Chief Finance Officer). The benefits of this are that MOPAC are able to gather a lot more information by osmosis and therefore better discharge its oversight responsibility.

We also reviewed the arrangements to monitor and scrutinise transformation within the MPS. The reporting of transformation is now more streamlined with the top 25 programmes reported in a newly reshaped Tier 1 change portfolio. In 2021/22 there was not a consolidated portfolio of projects which made scrutiny more challenging. Notwithstanding the progress set out above, more can be done to better present the key themes and risks emerging in the summary of the report.

Performance on TD is reported at PIB with the opportunity to escalate to IAM. It is also discussed at the different project boards, which also now have MOPAC representatives in attendance.

Decision Making

Since the creation of MOPAC under the Police Reform and Social Responsibility Act 2011 there has been a Scheme of Delegation. This ensures that decisions are made at the lowest level consistent with efficient and effective decision making, whilst ensuring that MOPAC, the Deputy Mayor for Police and Crime (DMPC) and the MPS are properly protected (for the risks associated with being the individual held to account for all decisions made.)

As stated earlier, the Mayor has delegated all functions of MOPAC to the DMPC, with the exception of those functions that cannot be delegated. This means the DMPC can approve items relating to financial administration, expenditure, financial assistance and compensation, human resources, procurement, property and professional standards. The scheme of delegation outlines the approval method and approval limits which are delegated to DMPC, MOPAC Chief Executive and MOPAC Directors.

Governance

All decisions referred to the DMPC for approval have, as standard, a section on legal, financial and reputational and equality implications. This gives comfort that unlawful decision making is unlikely as legal advice has been sought for every decision.

The level of delegated authority to the MPS is £500k. For several years, this has been a point of debate between MOPAC and the MPS. From the MPS' perspective, £500k is too low a limit given annual expenditure exceeds £4bn. It means many 'business as usual' (BAU) decisions which are considered routine are required to go through full MOPAC governance for approval. The case put forward is that this leads to bureaucracy and diverts time away from those decisions which are high risk that do require that level of scrutiny.

As detailed earlier, the MPS has introduced 'PIB level 2' to alleviate some of the administrative burden, meaning not everything has to go to PIB even if it goes to MOPAC's IAM. We understand MOPAC are in the final stages of drafting a proposal which may change that scheme of delegation. MOPAC's attendance at PIB and 'PIB level 2' has certainly contributed to its confidence in MPS' processes and controls.

MOPAC's capital strategy

The CIPFA Prudential and Treasury Management Codes require all local authorities to prepare a capital strategy report which forms the foundation of the authority's long term planning and delivery of its capital investment. During 2021-22, MOPAC did not have an up to date capital strategy. Given the advent of Covid, the Police Officer uplift and the new Police and Crime Plan, there is a need to refresh to capital strategy such that it aligns to the visions of MOPAC and the MPS and remains appropriate in the changing environment.

Whilst the capital strategy is outdated, MOPAC and MPS have continued to review and update the capital programme on a tactical basis. There remains effective oversight over the capital programme but there is a risk that existing and future capital projects do not contribute to the objectives and priorities of both organisations.

We understand that MOPAC are in the process of finalising a revised capital strategy. It is important that this new strategy is a reset and not simply an extension of the capital programme. The strategy needs to provide the framework upon which decisions about capital are made that ensures MOPAC invests in those things that contribute to its vision and priorities.

Improvement recommendation

MOPAC should set out a new capital strategy covering both the medium term and the forward 20-year vision.

MPS Executive redesign and the role of the CFO

In March 2021, CIPFA released updated guidance regarding the role of the chief financial officer in Policing. They are defined as a key member of the leadership team, who helps to develop and implement strategy and to resource and deliver the strategic objectives sustainably and in the public interest. In recognition of the centrality of financial issues to organisational success, it is UK government policy that all government departments should have a professional CFO reporting directly to the permanent secretary with a seat on the departmental board, with a status equivalent to other board members.

HM Treasury recommends that "It is good practice for all other public sector organisations to do the same and to operate the same standards". CIPFA interprets this as a recommendation to ensure that the CFO reports directly to the Police Crime and Commissioner (PCC) [i.e., the Deputy Mayor of London] or the chief constable [Commissioner of MPS] and serve as a member of the leadership team with a status at least equivalent to other members.

Present reporting arrangements within the MPS do not support this recommendation with the CFO of the MPS reporting to a Chief of Corporate Services rather than the Commissioner. The CFO is also not a full member of management board but attends in an advisory capacity only.

Improvement recommendation

With the MPS currently undergoing an executive redesign, we recommended that management should consider the best practice recommendation of CIPFA to ensure the CFO role has the prominence and authority to discharge their statutory function to their fullest extent.

Governance

Earmarked reserves governance

As at 31 March 2022, MOPAC held over half a billion of useable revenue reserves representing just under 12% of annual gross expenditure. The vast majority of these reserves are earmarked for specific purposes, many of which aligned to the previous 'Met Direction'.

The MPS is now transforming under the new Commissioner's mandate for reform. We understand the MPS is in the early stages of costing up all of the activities set out by the Commissioner to transform the MPS. This transformation will require a combination of one-off investments as well as recurring increases to specific budget lines. For the latter, the MPS will either need to attract additional funding or reprioritise existing spend. Where the transformation requires one-off investment, the MPS in conjunction with MOPAC, should first rigorously assess how it is deploying its useable reserves before seeking additional funding.

If priorities of the MPS have changed and that change requires investment, then there ought to be some shift in the way MOPAC deploys its reserves to pump-prime the transformation the MPS wants to make. This arrangement is key to ensuring Value for Money because revenue reserves are a scarce resource that can only be used once. Ensuring that the use of revenue reserves are aligned to the current strategy reduces opportunity cost and supports the much needed transformation of the MPS.

Improvement recommendation

Given the scale of transformation and reset in the MPS, revenue reserve should be reviewed and scrutinised to ensure their planned use and purpose is aligned to the new strategy.

The Police and Crime Plan

The Police and Crime Plan (PCP) sets out the Mayor's priorities in respect of ensuring the safety of London. For 2022-25 the priorities are reducing and preventing violence, increasing trust and confidence, better supporting victims and protecting people from being exploited or harmed [see Fig.4]. These were identified following extensive consultation and service user feedback.

One of the observations we have heard from all stakeholders in respect of the previous PCP is that whilst it reflected the priorities of London and Mayoral commitments it was not easy to translate those wide ranging obligations into a set of outcome based deliverables. Moreover, some of the previous PCP commitments involved engagement with and delivery by key partners who were not involved in setting the priorities.

MOPAC has learnt from this and as part of the 2022-2025 PCP, engaged with key stakeholders to get their 'buy-in' to commitments and priorities right from the start. Equally, the new PCP is less prescriptive, setting overarching priorities which provides flexibility to adjust to the ever changing challenges in London. The revised plan is more outcomes based and stakeholders believe it is more achievable, particularly given this PCP only has a three year term.

There are more partnerships involved and MOPAC has recently employed a new partnerships officer specifically to liaise with external partners. The Deputy Mayor chairs the Local Crime and Justice Board and there is now a regular teenage homicide partnership meeting which is well attended by senior leaders.

In our view, reducing the number of priorities in the PCP and making them less prescriptive is more likely to result in achievable outcomes that resonate with the public; this is an improvement on the previous PCP.

Governance

MOPAC governance

Based on our interviews with key management at MOPAC and the MPS, we have been told that the relationship between MOPAC and the MPS has improved going into 2022/23. As set out earlier, MOPAC officers are now attending MPS governance boards on a more regular basis that has engendered better working relationships. With more regular touch points, MOPAC officers are gathering more information and intelligence which can be used to discharge its oversight role better. The next step for MOPAC is how to adapt its processes to collate, share, analyse and utilise this new intelligence.

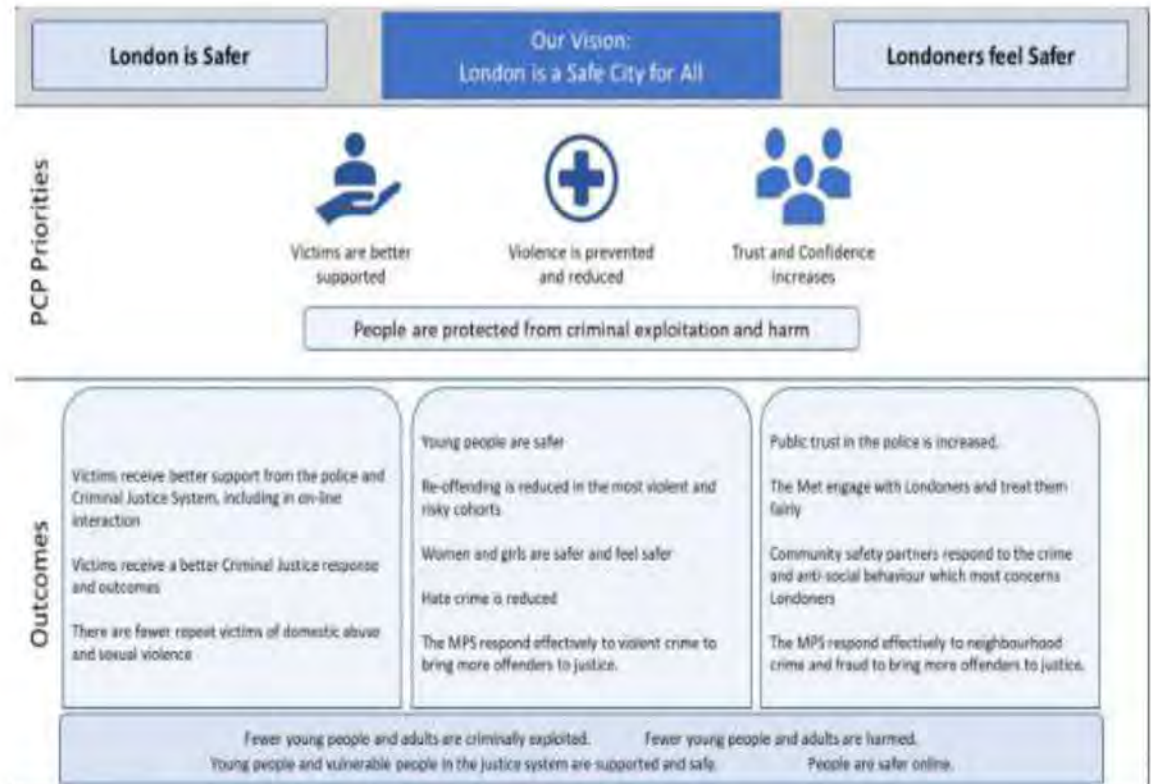
There is currently a big drive towards changing the culture; a more systematic way of reporting from meetings is under consideration and there is now recognition that often some of the best information comes from the most junior officers.

An emerging issue which MOPAC has highlighted is a risk around skills and capacity. MOPAC are running with a vacancy rate over 20% and if continued, this will limit the ability of MOPAC to deliver against the PCP and carry out its statutory duties in respect of oversight and scrutiny of the force. MOPAC currently has this on their risk register and are putting in place mitigations and actions to address it.

Improvement recommendation

MOPAC should make changes and additions to its arrangements to better collate, analyse and utilise the information and intelligence its officer's are obtaining from interactions with the MPS. The aim is to establish a holistic view of oversight and this will also require an element of cultural change.

Fig 4. Police and Crime Plan Visual



Police and Crime Plan Outcomes Framework

Governance

Monitoring and Assessing Risk

The risk assessment process starts with an annual review of all the significant corporate risks to the delivery of the MPS' objectives set by Management Board. These are monitored at least quarterly. There are two separate, comprehensive corporate risk registers (CRR) for MOPAC and the MPS. The registers set out the strategic and operational risks, the mitigating actions that have been put in place to manage those risks, and an assessment of the current status of the risk. Risks are mapped to corporate objectives and strategic aims. Departmental teams complete their own annual risk registers. The highest risks from these are also included in the CRR. Each area of business is expected to discuss risks regularly at its governance board where members should receive, review and act upon risk management reports. Each Borough Command Unit (BCU) should record significant risks to the achievement of their objectives and success criteria in a risk register. This includes information about the potential causes and consequences of the risk, a mechanism for prioritising actions, accountabilities and details of existing and planned controls which can be used to address the risk. A recent DARA audit concluded that in reality, the management of BCU risks is limited and made several recommendations for improvement.

Every risk is assessed and scored. Progress status is routinely reviewed, and any trend is identified (improved, worsened). The appetite for managing each specific risk is documented. The 'road to target' (to ultimately remove the risk from the register) is monitored quarterly. Risks are scrutinised and challenged at the monthly Governance and Risk working group meeting. They are then reported quarterly to the Risk and Assurance Board, and to the joint MOPAC/MPS Audit Panel.

The management of risk is guided by a framework and policy that is regularly updated. The CRR appears to be subject to regular review and challenge, and corporate risks are managed effectively within the framework – see Fig 5 for an extract of the MPS CRR.

Fig 5. MPS CRR December 2022

Corporate Risk Register - December 2022					Non-restricted slide
SHORT-TERM					
Ref	Risk Trend	Risk Description	Risk Owner	Working Lead(s)	Target position
1 H v H	↑	PEOPLE (Growth) Failure to meet FY 2022/23 growth target	Interim Director of Resources	T / HR Director	M v M
2 H v M	↔	IT ENABLED BUSINESS CHANGE Failure to successfully deliver CONNECT and Command & Control significantly undermining operational delivery	Chief Digital and Technology Officer	DAC Transformation	M v M
3 H v M	↔	STANDARDS Public confidence in policing in London is further undermined by the reality and perception of professional standards in the Met	AC Professionalism	DAC Professionalism	L v L

Governance

Monitoring and Assessing Risk Cont.

Fig5. Cont. MPS CRR December 2022

Corporate Risk Register – December 2022					Non-restricted slide
LONG-TERM					Risk Trend key - Improved (↓), Worsened (↑) or is Unchanged (↔)
Ref	Risk Trend	Risk Description	Risk Owner	Working Lead(s)	Target position
1 H v H	↑	PEOPLE Failure to attract, recruit and retain a diverse and representative workforce and support their progression within the organisation	Chief of Corporate Services	T / HR Director	M v M
2 M v H	↔	CAPABILITY Failure to ensure our workforce is appropriately skilled to deliver effectively in a changing environment	AC Professionalism	Director Learning	L v L
3 VH v M	↔	PEOPLE (Competency / Capability gap) The level of inexperience or lack of confidence alongside stretched or the lack of supervision leads to service failures	AC Frontline Policing	Commander Local Policing Head of HR Service Delivery	M v L
7 M v M	↔	TECHNOLOGY Lack of a clear roadmap and sufficient capabilities at all levels means we don't fully exploit digital and data	Chief Digital and Technology Officer	Digital Policing Directors Director Strategy & Governance Transformation Director Director of Commercial Services Heads of Profession	L v L
8 M v L	↔	CRIME PREVENTION Insufficient and ineffective crime prevention fails to prevent victimisation and undermines community confidence in policing	AC Professionalism	Head of Profession – CP, Inclusion & Engagement	L v H
9 M v H	↔	PUBLIC & LOCAL ENGAGEMENT Our diversity and inclusion initiatives, communication and engagement activities do not have the positive impact sought in raising confidence amongst Black communities and other groups where a confidence gap exists	AC Professionalism	Head of Profession – CP, Inclusion & Engagement	M v M
10 VH v VH	↔	LEGITIMACY Legitimacy in the Met is undermined by a range of internal and external factors	Commissioner	AC Professionalism	M v M
11 M v M	↔	CYBER A lack of appropriate security controls could lead to a compromise in confidentiality, integrity, accessibility of our IT systems and the data therein	Chief Digital and Technology Officer	Head of Security Delivery & Secure Architecture	L v L
12 H v H	↑	CRIMINAL JUSTICE Inability to influence external issues related to Criminal Justice system leading to sub-optimal performance	AC Met Ops	Cmdr Criminal Justice	M v M

Improvement recommendations



Governance

Improvement recommendation 4

MOPAC Capital strategy

MOPAC should set out a new capital strategy covering both the medium term and the forward 20-year vision.

Why/impact

Given the advent of the pandemic, the police officer uplift and the new Police and Crime Plan, MOPAC must refresh its capital strategy to ensure the framework upon which capital decisions are made align to its vision and the requirements of policing in the future.

Management Comments

MOPAC accepts this recommendation and will refresh its capital strategy as part of 2024-25 budget setting.



The range of recommendations that external auditors can make is explained in Appendix B.

Improvement recommendations



Governance

Improvement recommendation 5

Role of the MPS CFO

With the MPS currently undergoing an executive redesign, we recommended that management should consider the best practice recommendation of CIPFA to ensure the CFO role has the prominence and authority to discharge their statutory function to their fullest extent.

Why/impact

The CFO role is an important role with statutory functions. The role of the CFO is more effective if the role has the authority and prominence within the organisation.

Management Comments

We have fully considered CIPFA guidance when designing our executive structures, roles and governance models which take into account the mechanisms needed to ensure that the CFO is able to discharge their statutory responsibilities. Under the current arrangements, the CFO has direct access to the Commissioner on a 1 2-1 basis and is able to meet more regularly as the need arises to ensure that they have the access, oversight and control required to fulfil their statutory responsibilities. They are a member of all relevant governance meetings and Boards, and attend all Management Board meetings to ensure there is appropriate scrutiny, advice and oversight to all material financial decision making. We will ensure that the annual governance statement clearly explains how our arrangements meet the CIPFA requirements that the CFO can bring influence to bear on all material business decisions and have direct access to the Commissioner, other leadership team members, Audit Panel and internal and external audit.



The range of recommendations that external auditors can make is explained in Appendix B.

Improvement recommendations



Governance

Improvement recommendation 6

MOPAC's arrangements in relation to reserves

Given the scale of transformation and reset in the MPS, revenue reserve should be reviewed and scrutinised to ensure their planned use and purpose is aligned to the new strategy.

Why/impact

As at 31 March 2022, MOPAC held over half a billion of useable revenue reserves representing just under 12% of annual gross expenditure. The vast majority of these reserves are earmarked for specific purposes, many of which aligned to the previous 'Met Direction'.

If priorities of the MPS have changed and that change requires investment, then there ought to be some shift in the way MOPAC deploys its reserves to pump prime the transformation the MPS wants to make.

This arrangement is key to ensuring Value for Money because revenue reserves are a scarce resource that can only be used once. Ensuring that the use of revenue reserves are aligned to the current strategy reduces opportunity cost and supports the much needed transformation of the MPS.

Management Comments

MOPAC accepts this recommendation. The level of MOPAC reserves is reviewed annually as part of the annual budget-setting process, and in-year as part of quarterly monitoring. As part of 2024-25 budget-setting, MOPAC will review each earmarked reserve to identify opportunities for re-prioritisation, subject to approval by the Deputy Mayor of Policing & Crime.



The range of recommendations that external auditors can make is explained in Appendix B.

Improvement recommendations



Governance

Improvement recommendation 7

MOPAC's arrangements in relation to oversight

MOPAC should make changes and additions to its arrangements to better collate, analyse and utilise the information and intelligence its officers are obtaining from interactions with the MPS. The aim is to establish a holistic view of oversight and this will also require an element of cultural change.

Why/impact

More effective methodology will lead to more efficient and effective scrutiny.

Management Comments

MOPAC accepts this recommendation. MOPAC is refreshing its oversight arrangements in light of the Casey findings, including establishing the London Policing Board. This will include developing closer feedback loops from partners and community scrutiny mechanisms to inform our oversight activity, and exploring opportunities for improving the way we use information and data to inform oversight. We are also reaching out to other PCCs offices and the wider public sector (including NHS) to identify good practice that we can use to inform the new arrangements.

This builds on work which has already been done over the previous 12 months to improve how MOPAC coordinates and drives work around oversight in a more strategic fashion. For example, a central repository has been created for all MOPAC staff to feed in information. The Oversight Analysis Meeting then considers that feedback, as well as wider data, and highlight areas of concern which should be raised at a more senior level. The Oversight Coordination Meeting, chaired by the Director of Strategy and MPS Oversight, then determines the best means to that being raised with the MPS and makes recommendations to DMPC and the CEO about the items which should be covered at their bilateral meetings with MPS Board Members and at formal Oversight Boards. This internal governance will continue, and be strengthened, under the new London Policing Board structures.



The range of recommendations that external auditors can make is explained in Appendix B.

Improving economy, efficiency and effectiveness



We considered how MOPAC and the MPS:

- use financial and performance information to assess performance to identify areas for improvement
- evaluate the services they provide to assess performance and identify areas for improvement
- ensure they deliver their role within significant partnerships and engage with stakeholders they have identified, in order to assess whether objectives are being met
- where they commission or procure services assess whether they are realising the expected benefits.

Performance Monitoring

Key Performance Indicators (KPIs) for the MPS are monitored through the mechanism of the performance framework, which outlines a set of key performance metrics agreed by the Management Board. The aim of the framework is to measure the MPS' success in delivering the its strategy. In 2021/22 the strategy was the Met Direction; setting out seven pillars reflecting the priorities of the organisation:

- What matters most to Londoners.
- Mobilising partners and the public.
- Achieving outcomes.
- Data and digital opportunities.
- Care for each other.
- Learn from experience and responsible.
- Exemplary and ethical.

Each pillar had an owner responsible for delivery, and the performance framework sets out aspirational targets for improvement.

Performance is reported and published quarterly within the MPS' intranet for employees to access and view. Performance is also published on the MPS website for the public to view. The performance board meets regularly to review and monitor the organisations performance as well as identify areas for improvement. Quarterly performance reports are also discussed at Oversight Board meetings between the Mayor, DMPC, Commissioner and Deputy Commissioner who will also monitor and challenge performance.

Performance is regularly benchmarked against other similar forces. A recent example is a comparison to Humberside Constabulary to review call data, as Humberside received an outstanding grade when the MPS was found to be inadequate. Every business case application requires benchmarking to be done against costs, performance, method etc. Vfm profiles and crime data is also used to compare with other forces.

We believe the MPS performance monitoring arrangements require review given that HMICFRS consider there has been insufficient improvement to the extent additional monitoring and governance arrangements are now in place.

The new Commissioner is in the process of writing a new strategy and accompanying performance framework. His aim is to be more data rich, and have daily data that can inform decision-making. He has also set up a Turnaround Board which reports directly to the Management Board. Membership of the Turnaround Board is made up of representatives from external organisations such as HMICFRS, the College of Policing and Independent Office of Police Complaints. Its focus is on building trust and confidence, driving change, streamlining recommendations (from all reports) and making improvements, reviewing current working practices, communicating effectively and sharing good practice. It is the place where all reports will be discussed and recommendations prioritised and we follow this up in our work in 2022/23.

Improving economy, efficiency and effectiveness

Data

In 2020/21, we made a recommendation for the MPS to improve data quality by providing further education to the wider organisation, and focusing on individuals to ensure inputs are right first time. We recommended investing in data checking to ensure errors and omissions were identified and amended appropriately in a timely way. The response has been positive; the MPS has since invested in its data quality team, increasing its resources. Regular measurement of Data Quality both by selected core systems and highlighted data entry themes is now in place as part of the Year of Data Quality initiative. Further work is planned across the Data Office to incorporate all existing data quality measures into a single set of metrics under Data Foundations. This coupled with the data sourced from CONNECT (the new fully digitised criminal justice computer system) will maximise the value from data. In the second half of 2022, a new Data Science Team was also set up within the Data Office to assist in gaining maximum value from data sets.

The Year of Data Quality thematic programme of work focused on different elements of data inputting each month, to encourage better quality and less errors. This has resulted in a 41.2% reduction in errors on crime reports since January 2022 (see Fig.6)

An independent (data) maturity assessment was also carried out in 2022 which showed that whilst there has been improvement, there is still a requirement for further investment in skills, roles and technology. The new Commissioner has made data quality and data management a priority for 2022/23 and we will review progress in 2022/23.

Fig 6. Graph illustrating total victim errors 2022



Improving economy, efficiency and effectiveness

Transformation

For several years, we have reviewed the arrangements in the Transformation Directorate and each of those arrangements continue to mature. One of our long standing observations, and one also raised in the Mary Calam review of how the MPS manages organisational change, was the maturity of arrangements to facilitate and promote change below the programmatic level. TD had become a victim of its own success insofar as it was running more projects and programmes than it was initially set up for.

As part of our work this year, we have observed significant progress in the arrangements to monitor, facilitate and organise change at the level below TD. The new 'Enterprise View of Change' and a software system launched in March 2022. Together, they enable the MPS to identify and monitor the 200+ change projects happening across the organisation at the level below TD. This new system allows TD to have oversight of change across the organisation. This feeds into the new strategy providing an opportunity to reframe and review, with TD checking projects to see if they still offer value for money and are aligned with the strategic direction.

We have also seen change at the TD level as well. Reporting has been streamlined to cover the 25 highest risk programmes only, giving a more structured and effective consolidated view. Projects are considered at the Portfolio and Investment Board, overseen by MOPAC and can be escalated if necessary.

We are satisfied that the arrangements in place at MPS to facilitate change and transformation have improved since 2020/21. There remains however the risk around skills and capacity which has been a long standing observation of ours. This is a risk that the MPS are fully aware of and put in place actions to mitigate, although recent events in terms of the behaviour of officers and staff mean this risk is one that requires increased attention.

CONNECT

As part of our risk assessment and planning work, we identified a risk of significant weakness around both CONNECT and Command and Control. This is because at the time of carrying out our planning work, we became aware of delays in both of the projects and were concerned that benefits were being eroded and there was a realistic chance that the projects would be aborted. As part of our work to respond to this risk we have conducted a series of interviews with relevant officers and reviewed key documents.

CONNECT is a large integrated technology platform consolidating nine legacy systems into one. CONNECT is a key enabler for the MPS to achieve its objective of digitalising the MPS. CONNECT will provide the MPS with a powerful data set which it can then use operational to improve policing in the capital.

The implementation of the CONNECT system was scheduled to start in 2021, however due to Covid-19 there were delays, with the project start date was pushed back to November 2022. Phase one was successfully launched in November 2022.

The MPS also put in place arrangements to provide them with assurance over the arrangements of the project. This included the MPS commissioning several external reviews of the CONNECT project and they all reported on the project positively. A decision was taken by MPS management to split implementation into two drops to de-risk the change. This was done based on lessons learned from other forces. Officers and staff have been trained, with super users receiving double the training available across the organisation for support.

Having performed our review over the arrangements around the CONNECT project, we are satisfied that there is no risk of significant weakness in terms of our VfM work under the NAO Code.

Improving economy, efficiency and effectiveness

Command and Control.

Command and Control (C&C) is another large programme which will integrate local, specialist and central command services to allow the MPS to flex resources dynamically to meet the needs of London and to mobilise and respond to operational policing challenges. C&C was scheduled to be implemented in April 2022 but the project has been red risk rated for several years.

The C&C project is in fact the MPS' second attempt to deliver a new Command and Control solution. In 2017, the MPS took a decision to abort the first C&C project as a result of having no confidence in the ability of the supplier to deliver. The abortive costs of the first C&C project was circa £60m although the MPS did pursue legal compensation from the supplier to mitigate this. Given then the history of C&C and given its red risk rating, we identified the arrangements to monitor and deliver C&C as a risk of significant weakness.

Lessons had been learnt from the initial procurement. For example, in this second procurement we have observed evidence that the MPS have been more specific in the scope of the design which was an issue in the first procurement. Moreover, the C&C project also goes through the full governance of TD and its processes for programmatic change.

As part of our review this year, we have updated our understanding and reviewed the underlying project arrangements. In 2022, as a result of the delays and growing costs – the MPS management board received information and evidence upon which to make a decision as to whether to terminate the contract, reprocure or continue with C&C. Having reviewed the options, the management board took the decision to continue. The fact management board was having to make such a decision is evidence of how challenging delivering C&C had become.

By 2022, the delay to C&C was considerable. Having decided to continue with the project, the forecast go-live date was pushed back to Q2 of 2024. This is a 2.5 year delay to the initial go-live date. Whilst the delay is resulting in increased cost (as discussed below), the most pressing issue is an operational one.

The Command and Control system is one of the most important IT systems for any effective police force. It supports call handling as well as the dispatch of officers. The MPS are currently using an IT system that is decades old which is very expensive to maintain and keep running. Aside from the cost, older systems that have come to the end of its life are more prone to faults and falling over.

In terms of the rising cost, the full business case (FBC) for C&C was £235m for its entire life. A recent forecast has seen this entire life cost increase by 35% to £319m. A table of this forecast is set out below. Whilst we have been assured by management that the £319m project is a worst case scenario, we meet this with some scepticism given that the MPS suffers from optimism bias when it comes to capital investment – something we reported on in the prior year.

Fig 7. Projected costs for C&C

TCO Excl Contingency £'000	Total £'000	FBC £'000	Var £'000
Total BaU	142,839	125,617	17,222
Total BAU Capital	-	12,000	(12,000)
Total BAU	142,839	137,617	5,222
Total Project Capital	161,800	97,362	64,439
Total Project Revenue	14,482	-	14,482
Total Project	176,282	97,362	78,920
Total TCO	319,121	234,979	84,142

Improving economy, efficiency and effectiveness

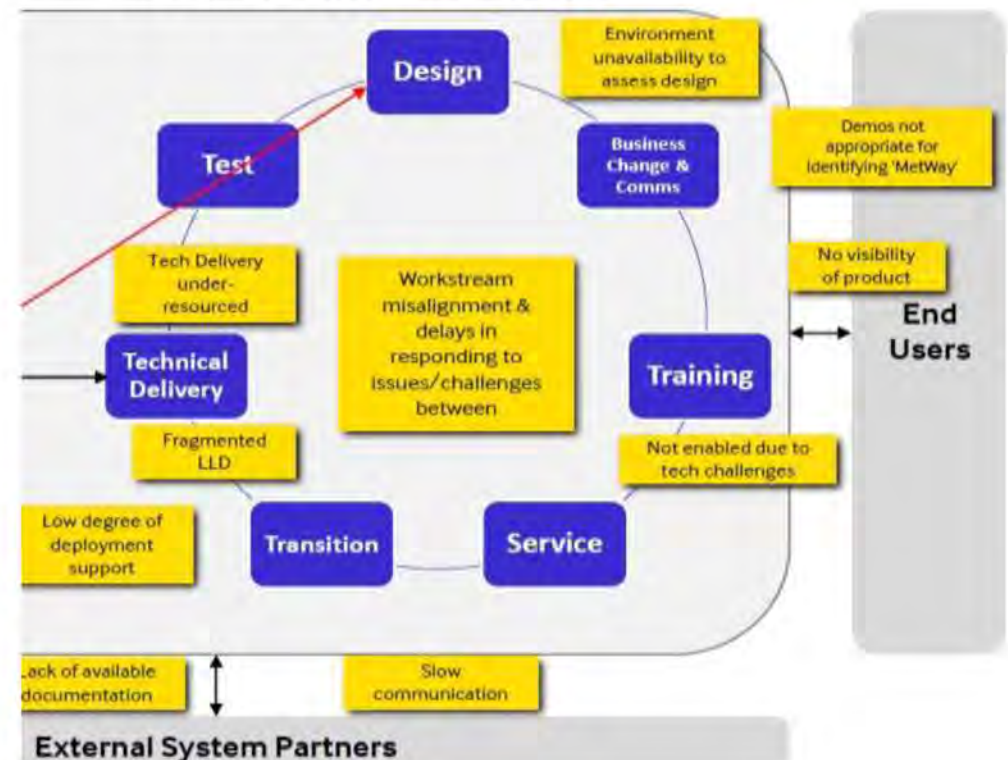
As part of our work we reviewed the underlying project management evidence that provides financial governance and oversight over C&C. In documents we have reviewed we found some evidence of challenge in relation to the project timelines and associated cost, but we have found limited documentary evidence of further scrutiny and procurement methodology. At the individual line level, arrangements were not effective in driving value for money. Owners of individual cost lines were not providing sufficient assurance to the project manager around costs. The arrangements for financial governance of C&C were less mature than those for CONNECT during 2021/22.

Whilst we have seen some improvement in arrangements during 2022/23, more work needs to improve the arrangements around financial governance. We are concerned by the high variance in project costs, particularly given the further delay; £84m is the forecast additional cost to the MPS over the life of the project and there is still scope for this to increase. Consultants from EY, Accenture, Capgemini, Moorhouse, Chaucer and others are working on different aspects of the project with limited evidence of scrutiny and accountability for their outputs. The spiralling costs and limited scrutiny gives rise to a key recommendation.

Fig 8. shows a graphic completed by the company carrying out an external review of the C&C project in February 2022. The findings show slow communication, a lack of documentation, no visibility of the product, workstream misalignment, and others.

One of the key changes we have seen in 2022/23 has been the relationship between the MPS and the main supplier. At the very highest level, there is better dialogue between both of the parties and there is a real commitment from both sides to deliver this project.

Fig 8. Findings of an external review into the Command and Control Project – February 2022



Key recommendation

The MPS must improve its arrangements around financial governance over the C&C project. This includes getting a better grip and control over individual cost lines and providing challenge and scrutiny over contractor spend.

Improving economy, efficiency and effectiveness

Fig 9. Graphic from FMS to show assessment of MPS status

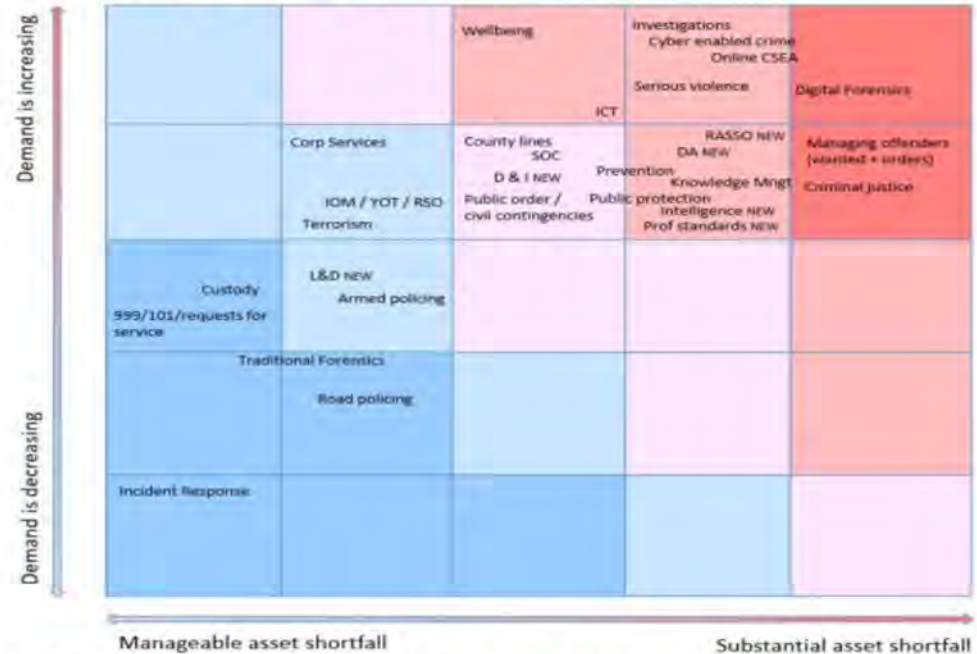
Call Demand

In September 2022, His Majesty’s Inspectorate of Constabulary published its latest inspection report of the MPS. The MPS was given the worst possible rating for ‘responding to the public’ and was found to be inadequate. ‘The force needs to improve how it answers calls for service and how it identifies vulnerability at the first point of contact’ was identified as a cause of concern, and the force was given 6 months to improve.

Within 6 months, the report said the MPS should improve the process for risk assessing callers to identify those that are vulnerable or at risk; make sure that repeat callers are routinely identified; and make sure that call takers give good advice on the preservation of evidence and crime prevention. Within nine months the force should: make sure emergency calls made to the force are answered promptly; and make sure it can answer a larger proportion of non-emergency 101 calls so that caller attrition levels are reduced and kept as low as possible. Many of the calls to the MPS are inappropriate; members of the public have dialled 999 to report spilt milk for instance. But they still need to be managed. The MPS are also constrained by outdated technology which leaves the Command and Control directorate (MetCC) ‘hamstrung’ until the introduction of the new command and control system.

The MPS Force Management Statement (FMS) covers the period from February to June 2022. The FMS Board Assessment map (see Fig9), showed that incident response was manageable with demand decreasing – a direct contradiction of the inspection findings. The pie charts overleaf (Fig10) show the number of 999 calls that took over a minute to answer has not changed in the year to November 2022. The MPS has been unable to answer why the data is so contradictory. We recommend that data for MPS CC is considered a priority, and additional resource is provided to analyse the data and produce performance packs that are widely

FMS 2021 Board assessment



Having considered the findings of the FMS, we acknowledge progress made through productivity, transformation and additional resources (most visibly in the positive changes in our response to violent crime, and investigation). The list below highlights some of the points we took into account.

Incident response

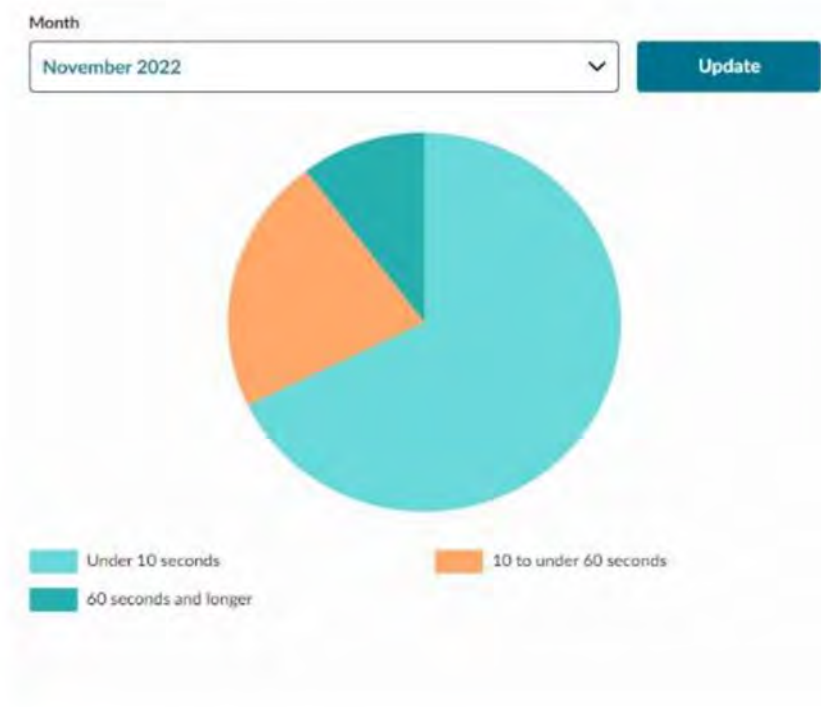
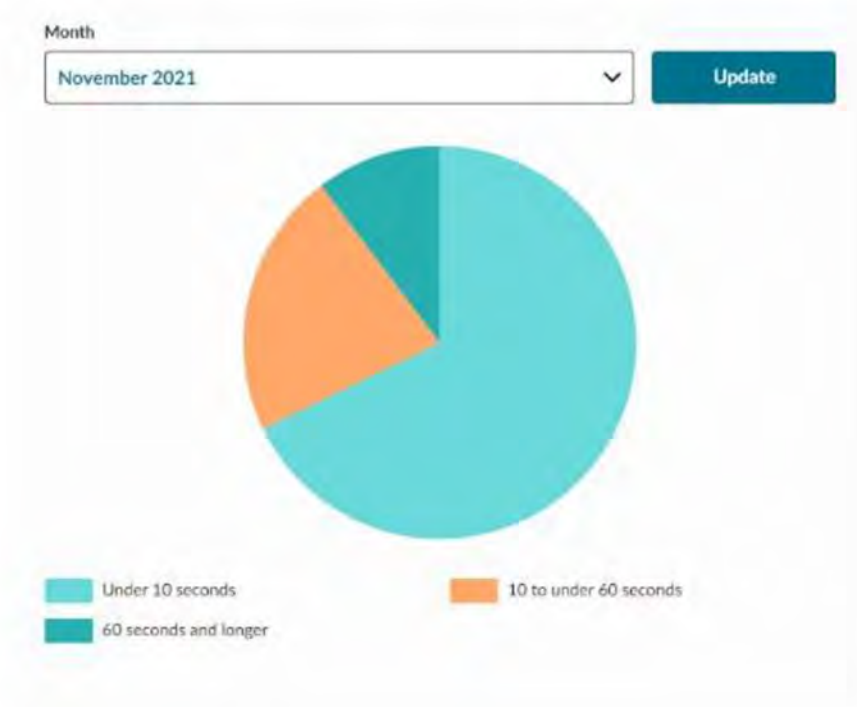
During 2020 we have deployed to relatively less I-calls, creating capacity for more S-calls deployment. Response time performance is relatively good. However demand trend is declining since 2013 (noting that demand is influenced by our deployment policy). The data does not evidence asset shortfall. The MPS is in a strong position to respond to future incident demand.

999, 101 and other requests for service

During 2020 demand has been down; 999 underlying trends remains upwards. 101 has been more manageable since interactive voice recognition (IVR) was implemented, whilst our expansion of digital channels has brought in increased demand. Flexing capacity rather than lack of capacity has traditionally been the issue – and there remains a pressure on overtime. This will need to be managed in the short term, as the area will receive considerable investment through the Command & Control transformation of the operating model which will help us manage demand more efficiently.

Improving economy, efficiency and effectiveness

Fig 10. Pie charts illustrating time taken to answer calls to MetCC



Improving economy, efficiency and effectiveness

Call Demand Cont.

Responding to the HMICFRS findings from September 2022 will take time, but there is already progress being made. The MPS now has a comprehensive plan in place. Staffing across Met CC had been allowed to reduce considerably. A recruitment campaign has now successfully recruited a number of staff to fill vacancies and restore the teams back to establishment. An additional £5m internal funding enabled the recruitment of a number of extra permanent posts to offer resilience. Regular training days have been introduced to get the staff 'back to basics' and a quality assurance team has been set up to QA call handling and ensure the recently mandated THRIVE vulnerability assessments for all crime reports, are carried out. THRIVE is a mnemonic to assist officers and staff to complete risk assessments and stands for threat, harm, risk, investigation, vulnerability and engagement. Levels of sickness have been reduced from 16% to 12% and shift patterns are being reviewed to reduce the number of flexible work patterns in Met CC leading to more consistent supervision and high standards.

His Majesty's Inspectorate of Constabulary and Fire & Rescue Services PEEL Report

For over 160 years, HMICFRS has independently inspected and reported on the efficiency and effectiveness of police forces across England, Wales and Northern Ireland.

Following serious concerns raised from its most recent inspection of the MPS published in September 2022, the decision was made to put the MPS into the 'Engage' process of monitoring. This gives the force greater access to assistance from HMICFRS, the College of Policing, the Home Office and other law enforcement agencies to make improvements. Overall, the MPS was rated inadequate in one area, requiring improvement in five areas, adequate in two and good in just one area. The report was published in September 2022, and in addition to those already discussed it highlighted a number of concerns including;

- The quality of the investigation of crime is improving, but supervision isn't always effective
- The force should improve its understanding of its demand and of the capability, capacity and skills of its workforce.
- In March 2022, an inspection of the MPS's counter corruption arrangements and other matters related to the Daniel Morgan Independent Panel described a range of systemic failures. These were not just in relation to counter corruption but more general matters too, such as the quality of basic supervision provided to officers.

The majority of the findings of the report relate to operational policing matters. However, this has an overarching impact on MOPAC in its role as the elected representative of Londoners and how it holds the Commissioner to account to ensure the strategic objectives of the Mayor's Police and Crime Plan are implemented. The majority of financing decisions and planning are also completed across both MOPAC and the MPS with the finance departments needing to understand the demand drivers and areas of investment required to address the concerns.

The MPS has responded publicly to the report and will now be under continued review by HMICFRS. In 2021-22, some of the issues highlighted by HMICFRS were not new to the MPS and the MPS had failed to make sufficient progress and in some cases regressed. The systemic issues highlighted in the Morgan report have been present for a number of years and as already discussed, MetCC had been allowed to continue on reduced staffing without training or adequate supervision for some time. By 2021 22 the arrangements to respond to HMICFRS were inadequate.

Improving economy, efficiency and effectiveness

His Majesty's Inspectorate of Constabulary and Fire & Rescue Services PEEL Report Cont.

In light of being placed into 'Engage' we identified a risk of significant weakness as part of our risk assessment and planning work. Our detailed work in this area has confirmed that this risk crystallised insofar as the MPS did not have adequate arrangements to respond to the findings of HMICFRS. Staffing numbers had been allowed to fall in Met CC, sickness levels were high and standards were not being met. Data reporting was questionable. Systemic failures highlighted in the Morgan report had been around for some time. As a result, we have made a key recommendation – see below.

Key recommendation

The MPS should put in place arrangements to review the findings of HMICFRS and put in place those necessary changes to respond. The suite of actions to respond to HMICFRS need to be funded and resourced appropriately to ensure the change is delivered.

2022/23 progress

In the last 6 months there has been considerable improvements in governance arrangements. Plans are gaining traction and improvements can already be seen. As well as the MetCC improvement plan, the new Commissioner has set up a Turnaround Board with external representatives to help quality assure, improve thinking and prioritise plans. It is the place where all reports will be discussed and recommendations prioritised. His new strategy and campaign of 'more trust, less crime, higher standards' to turn the MPS around has been widely publicised.

Conclusion

There has been an investment in the data quality team, and the management of data in crime recording has improved since our recommendation was made in 2020/21. But there are still data issues. The C&C project is in danger of costs spiral out of control due to lack of scrutiny, and the management of call demand needs to improve to ensure the MPS is providing an effective service to the public. Both would benefit from a more data rich picture to allow managers to make more informed decisions. Prioritising this would also support the MPS to respond more effectively to the HMICFRS findings.

Improvement recommendations



Improving economy, efficiency and effectiveness

Improvement recommendation 8

Your arrangements in place to monitor and manage demand for service

The FMS opinion on demand for service was in direct contradiction to the findings of the latest HMICFRS report which said that the force was inadequate in providing a timely call handling response. We recommend that data for Met CC is considered a priority, and additional resource is provided to analyse the data and produce performance packs that are widely understood.

Why/impact

The force has been told it needs to improve its response to the public but until it fully understands its own data it will be unable to show improved performance. Consistency is required across the organisation to ensure that performance is measured accurately and can be prioritised accordingly.

Management comments

We have accepted the recommendations made by HMICFRS and plans are taken forward through the MetCC Improvement Programme with reporting through to the Turnaround Board.

Progress made to date includes:

- Investment in MetCC capacity is paying off: increased % of 999 calls answered in 10 seconds from 57.3% in June 2022 to 71% in March 2023.
- Can now identify the top 20 individual repeat callers at any point, to recognise potential repeat victims.
- Improving our call handling system so it mandates completion of Thrive+ before a call can be closed.
- Using precise data tracking to improve first response to VAWG.
- Commissioned end-to-end review into victim care, engaging with victims from across London to improve service from call to trial.

However, we continue to experience significant demand risk. If the 999 demand we are experiencing continues, we risk not being able to meet the service level required. Demand into MetCC has continued to increase, 999 call volumes are up by 10 – 15 % when compared to the same months last year. We are regularly experiencing record levels of emergency calls – over 9k per day, which has only ever been seen previously on NYE and Major Events. The introduction of 'In Vehicle Technology' and more sophisticated SOS systems in handheld devices and watches that trigger 999 auto dials, has seen the number of mistaken calls increase to record levels. These are routed automatically to police and our protocols to handle these take c6 mins per call. This has on some days accounted for over 2.5k calls per day. We are running online media campaigns to educate the public on when to call 999 as we continue to despatch officers to only c30% of our demand.

The range of recommendations that external auditors can make is explained in Appendix B.

Opinion on the financial statements



Audit opinion on the financial statements

We gave an unqualified opinion on both MOPAC's and the MPS' financial statements on 18 November 2022.

Audit Findings Report

More detailed findings can be found in our Audit Findings report, which was communicated to the Deputy Mayor of Policing and Crime and the Commissioner of Police of the Metropolis in November 2022.

Whole of Government Accounts

To support the audit of the Whole of Government Accounts (WGA), we are required to review and report on the WGA return prepared by the MOPAC and the MPS. This work includes performing specified procedures under group audit instructions issued by the National Audit Office (NAO).

This work is not yet complete.

Preparation of the accounts

MOPAC and the MPS provided draft accounts in line with the national deadline and provided a good set of working papers to support it.

Grant Thornton provides an independent opinion on whether the accounts are:

- True and fair
- Prepared in accordance with relevant accounting standards
- Prepared in accordance with relevant UK legislation



Appendices

Appendix A – Responsibilities of the Police and Crime Commissioner (MOPAC) and Chief Constable (Met Commissioner)

Public bodies spending taxpayers' money are accountable for their stewardship of the resources entrusted to them. They should account properly for their use of resources and manage themselves well so that the public can be confident.

Financial statements are the main way in which local public bodies account for how they use their resources. Local public bodies are required to prepare and publish financial statements setting out their financial performance for the year. To do this, bodies need to maintain proper accounting records and ensure they have effective systems of internal control.

All local public bodies are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness from their resources. This includes taking properly informed decisions and managing key operational and financial risks so that they can deliver their objectives and safeguard public money. Local public bodies report on their arrangements, and the effectiveness with which the arrangements are operating, as part of their annual governance statement

The Chief Financial Officer (or equivalent) is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Chief Financial Officer (or equivalent) determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Chief Financial Officer (or equivalent) or equivalent is required to prepare the financial statements in accordance with proper practices as set out in the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom. In preparing the financial statements, the Chief Financial Officer (or equivalent) is responsible for assessing the PCC and CC's ability to continue as a going concern and use the going concern basis of accounting unless there is an intention by government that the services provided by the PCC and CC will no longer be provided.

The PCC and CC are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in their use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.



Appendix B – An explanatory note on recommendations

A range of different recommendations can be raised by the auditors of MOPAC and the MPS as follows:

Type of recommendation	Background	Raised within this report	Page reference
Statutory	Written recommendations to the audited body under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014.	No	Not applicable
Key	The NAO Code of Audit Practice requires that where auditors identify significant weaknesses as part of their arrangements to secure value for money they should make recommendations setting out the actions that should be taken by the audited body. We have defined these recommendations as 'key recommendations'.	Yes	Page 7 to 14
Improvement	These recommendations, if implemented should improve the arrangements in place at the audited body, but are not a result of identifying significant weaknesses in the audited body's arrangements.	Yes	Financial sustainability pages 23 to 25 Governance pages 35 to 38 Economy, efficiency and effectiveness – page 48

Appendix C - Follow-up of previous recommendations

	Recommendation	Type of recommendation	Date raised	Progress to date	Addressed?
1	Publication of external data in relation to MOPAC is not always updated on a timely basis and therefore creates a risk that data being relied upon from stakeholders is out of date and therefore may no longer be reliable. MOPAC should ensure that dashboard performance data is published on a timely manner and continued to be kept up to date to ensure transparency of performance against the PCP with the wider public.	Improvement	Feb 2022	Dashboard performance data is now up to date	Yes
2	As MOPAC prepares for the delivery of the next Police and Crime Plan, it should use the opportunity to ensure that strategic and oversight frameworks are strengthened and allow MOPAC to provide a holistic view of how it discharges its oversight and governance responsibilities. The Met should ensure it is able to better articulate its sources of assurance and corporate assurance framework. This would provide better assurance to Management Board and enable more effective oversight in key areas from MOPAC, which in turn will support MOPAC in meeting its strategic priorities as set out in the PCP and fulfilling its statutory oversight function.	Improvement	Feb 2022	Strategic oversight has been restructured. The original oversight board meeting has been divided into two meetings to allow more time for discussion, debate and scrutiny. These are held quarterly. There is still a need to ensure changes and additions to its arrangements to better collate, analyse and utilise the information and intelligence its officer's are obtaining from interactions with the MPS. The aim is to establish a holistic view of oversight and this will also require an element of cultural change.	In progress - improvements noted but recognition that more work is still required as set out in our commentary.
3	The Met should map the impact, outcomes and intended benefits of its transformation portfolio to the performance framework to ensure that organisational performance is being met as intended and in turn meeting the overall strategic objectives of the organisation as reflected within Met Direction.	Improvement	Feb 2022	The enterprise view of change will allow a more overarching view of transformation projects. Organisational performance monitoring still requires improvement in order to ensure it meets strategic objectives.	Yes
4	The Met should continue to ensure it manages the risks and interdependencies associated with the CONNECT and Command and Control programmes. As delivery timescales have continued to slip there is now limited contingency. It is imperative that action is taken at the earliest identified opportunity where there is the potential for risk of non delivery of these projects.	Improvement	Feb 2022	CONNECT phase 1 has been delivered successfully and the project is on track for phase 2. CSC has more risk attached and is likely to slip further. Reviews have been undertaken to ensure the project should continue.	Partial key recommendation raised in respect of CC however we are satisfied that progress on CONNECT is satisfactory.

Appendix C - Follow-up of previous recommendations

	Recommendation	Type of recommendation	Date raised	Progress to date	Addressed?
5	The Met should provide further education to the wider organisation on data quality as well as focus on improving skills of individuals to ensure inputs are right first time. Investment should be considered in data checking to ensure any errors or omissions in data are identified and amended appropriately before output data is used for review and analytical purposes. This is especially key as legacy data continues to migrate to the new CONNECT system.	Improvement	Feb 2022	The Met has had a 'thematic year of data' with monthly themes to support data quality improvements and invested in its data teams. Data recording has improved as a result.	Yes
6	As the Met develops its plans to effect culture change it will adapt existing workstreams such as the STRIDE strategy, Leading for London (Leadership) and Rebuilding Trust Plan. It will be important that plans and progress in each of these areas and others are captured to provide a holistic view of the work undertaken to ensure that changes in culture are moving in line with strategic plans to instil trust and confidence in the organisation. The Met and MOPAC should develop estimates of the anticipated level of investment required to effect the desired changes and build these into future plans.	Improvement	Feb 2022	Due to significant changes in leadership during 2021/22, there is now a reset in terms of vision and priorities. Progress has been made on this recommendation as the MPS has been through an exercise to estimate the cost of the cultural transformation required.	In progress
7	MOPAC and the Met should utilise the new templates and checklist requirements; ensuring templates focus on pulling out areas of key risks, the impact of decisions and mitigations of any risks at the earliest possible stage of the decision making process.	Improvement	Feb 2022	Evidence that this has been implemented has been obtained	Yes
8	MOPAC and the Met should establish and define a range of questions or key criteria which can be used to help indicate a novel or contentious decision. This will enable novel and contentious items to be flagged at the early stages of the decision making process.	Improvement	Feb 2022	Progress has been made around this through MOPAC's attendance at PIB level 2.	Yes

Appendix D - Key acronyms and abbreviations

The following acronyms and abbreviations have been used within this report

MOPAC - Mayor's Office for Policing and Crime

DMPC - Deputy Mayor for Policing and Crime

PCP - Police and Crime Plan

IAM - Investment and Monitoring (meeting)

PIB - Portfolio and Investment Board

PIB Level 2 - Portfolio and Investment Board sub meeting

TD - Transformation Directorate

BCU - Borough Command Unit

DARA - Directorate of Audit, Risk and Assurance

HMICFRS - His Majesty's Inspectorate of Constabularies and Fire & Rescue Services.

