

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

2020-21

February 2022



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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.



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The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect MOPAC or MPS or all weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. 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.

# Executive summary



## Value for money arrangements and key recommendation(s)

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.

During our review of the specified criteria (as set out below) we did not identify any significant weaknesses in arrangements. We did identify some improvement recommendations however these are based on a good base of existing arrangements and therefore the recommendations outlined in this report aim to support and enhance existing arrangements.

The specified criteria are set out below:

Criteria	Risk assessment	Finding
Financial sustainability	No risks of significant weakness identified	No significant weaknesses in arrangements identified, but an improvement recommendation made.
Governance	No risks of significant weakness identified	No significant weaknesses in arrangements identified, but an improvement recommendation made.
Improving economy, efficiency and effectiveness	No risks of significant weakness identified	No significant weaknesses in arrangements identified, but an improvement recommendation made.

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



## Financial sustainability

MOPAC and the Met have a good track record of sound financial management and delivered a balanced budget at the end of the financial year. MOPAC and the Met have understood the financial risks which they faced and managed these risks by maintaining an appropriate level of reserves. In light of future funding settlements MOPAC and the Met should revisit any significant business cases where fundamental assumptions have changed in light of Covid-19 as well as assessing the revenue implications of increased borrowing in the medium to longer term. Overall we are satisfied that MOPAC and the Met has appropriate arrangements in place to manage the risks they faced in respect of its financial resilience and we have not identified any risks of significant weakness.



## Governance

We have reviewed the work undertaken to date to pilot a revised scheme of delegation as well as the arrangements in place to deliver the current Police and Crime Plan (PCP) and plan for the next iteration of the PCP. MOPAC should revisit its strategic and oversight framework to ensure that structures remain fit for purpose in the context of a new PCP. MOPAC should also ensure that available data relating to the progress of PCP priorities is published externally on a timely basis. Some improvement recommendations have also been provided to help strengthen the current decision making process between MOPAC and the Met. Overall, we found no evidence of significant weaknesses in MOPAC or the Met's governance arrangements for ensuring that they made informed decisions and properly managed its risks.



## Improving economy, efficiency and effectiveness

MOPAC and the Met have put in place effective arrangements to improve economy, efficiency and effectiveness. This includes making effective use of data to inform business decisions as well as making use of a performance framework and other tools to drive organisational performance to meet strategic objectives. The Met has also undertaken considerable work during the financial year to review the arrangements in place with regards to transformation and change management. Improvement recommendations have been raised throughout the report to assist with strengthening areas such as data quality, the CONNECT and Command and Control transformation programmes as well as ensuring the transparency of work undertaken to build trust and confidence in the organisation. Overall, we found no evidence of significant weaknesses in MOPAC or the Met's arrangements for improving economy efficiency and effectiveness.



## Opinion on the financial statements

We have completed our audit of your financial statements and issued an unqualified audit opinion on 1 October 2021. Our findings are set out in further detail on page 42.

# Use of formal auditor's powers

We bring the following matters to your attention:

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## 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 as part of our external audit within 2020/21.

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## 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 any public interest reports as part of our external audit within 2020/21.

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## 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 issue any application to the court under section 28 of the Local Audit and Accountability Act 2014 as part of our external audit within 2020/21.

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## Advisory notice

Under Section 31 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 any advisory notice under section 31 of the Local Audit and Accountability Act 2014 as part of our external audit within 2020/21.

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## 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 any judicial review under section 31 of the Local Audit and Accountability Act 2014 as part of our external audit within 2020/21.

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# Commentary on MOPAC and the MPS' arrangements to secure economy, efficiency and effectiveness in their 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 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 statement.

Under the Local Audit and Accountability Act 2014, we are required to be satisfied whether MOPAC and the MPS have made proper arrangements for securing economy, efficiency and effectiveness in their 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 MOPAC and the MPS 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 MOPAC and the MPS make appropriate decisions in the right way. This includes arrangements for budget setting and management, risk management, and ensuring MOPAC and the MPS make decisions based on appropriate information.



## Improving economy, efficiency and effectiveness

Arrangements for improving the way MOPAC and the MPS deliver their services. This includes arrangements for understanding costs and delivering efficiencies and improving outcomes for service users.



Our commentary on each of these three areas, as well as the impact of Covid-19, is set out on pages 6 to 35. Further detail on how we approached our work is included in Appendix B.

# Financial sustainability



## We considered how MOPAC and the MPS:

- identifies all the significant financial pressures they are facing and builds these 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 financial plans are consistent with other plans such as workforce, capital, investment and other operational planning
- identifies and manages risk to financial resilience, such as unplanned changes in demand and assumptions underlying its plans.

## Your arrangements in place to ensure a robust financial strategy and secure long term financial sustainability

The 2020/21 year was severely impacted by the response to the global Covid-19 pandemic. The pandemic has had a profound effect on the global economy and public services have had to adapt to respond to new and changing demands in society. This holds true in the policing sector as in other parts of the public sector. There has also been a significant impact on public sector funding, compounding much of the uncertainty which already existed.

Prior to the pandemic, there was significant uncertainty about funding for the police sector. Whilst there has been political commitment to increase the number of police officers, effective planning was complicated by a series of one-year settlements from government. This short-term funding pattern has continued during the pandemic and there is greater uncertainty as the government seeks to respond to the economic impacts of the covid-19 pandemic in the long-term. In this unpredictable environment, arrangements which can model a variety of scenarios and their impact will be key to ensuring long term financial sustainability.

### 2020/21 Revenue and Capital Outturn

MOPAC and the Met delivered a balanced budget position in the 2020/21 financial year. The MOPAC Group financial position as at 31 March 2021 resulted in an outturn of net expenditure of £2,819m. Within this balanced outturn position there were some notable variances:

- Pay costs (which represent approximately 65% of total gross expenditure) were overspent by £36.8m as a result of the growth in officer numbers during the year which were ahead of budget as well as pressures on overtime required to help service operational requirements.
- This was offset by an underspend of £81.1m on running expenses, predominantly attributable to supplies and services which were £72.5m underspent against budget.

£56.2m of the supplies and services underspend relates to the Met as a result of; investment activity that was paused in 2020/21 financial year as a result of the effects of the Covid pandemic however, are due to recommence in 2021/22, underspend on costs associated with embedding police officers as part of the police officer uplift programme (PUP), costs planned for externally funded services and expenditure within the budget to be drawn down from reserves which was offset against additional covid-19 related expenditure. MOPAC's share of the underspend relates to re-profiling of projects into 2021/22.

A significant underspend of £35.9m for the MOPAC Group was also reflected in the 2019/20 accounts and therefore signals a trend of increasing underspends within supplies and services. We have also reviewed the trend in pay costs which shows increasing overspends in that area as demonstrated in the tables below.

Supplies and Services	2020/21	2019/20	2018/19	2017/18
Annual Budget	666.5	610.2	536.6	525
Outturn	594	574.3	543.6	545.1
<b>Variance Overspend/ (Underspend)</b>	<b>-72.5</b>	<b>-35.9</b>	<b>7</b>	<b>20.1</b>

Pay	2020/21	2019/20	2018/19	2017/18
Annual Budget	2,832.6	2,648.7	2,474.7	2,429.4
Outturn	2,869.4	2,678.4	2,435.9	2,399.7
<b>Variance Overspend/ (Underspend)</b>	<b>36.8</b>	<b>29.7</b>	<b>- 38.8</b>	<b>- 29.7</b>

It is entirely reasonable that some investment was paused as a result of the covid-19 pandemic and the future uncertainties caused by the pandemic. It is also reasonable that the demands of the pandemic operationally resulted in increasing pay costs. MOPAC and the Met should continue to monitor the trends in significant underspends in areas such as supplies and services, as well as overspends in pay budgets to ensure budgets factor in learning from significant underspends and overspends. This will provide assurance that there are not latent pressures which could generate significant variances against budgets in these areas in future years. There is a risk that underspends in running costs are used to net off overspends in other areas such as pay costs which could cause a risk of financial overspends when reprofiled investments and costs eventually crystallise.

# Financial sustainability

The Met 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 details 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.

## Budget setting and the Medium-Term Financial Plan

As highlighted earlier in this report, there is significant uncertainty about future funding. It is hoped that details of the settlement following the recent Comprehensive Spending Review (CSR) will provide more clarity about funding for the sector over the next three years. MOPAC and the Met worked together to produce a budget for the next financial year as well as an indicative budget to 2022/23. The budget was submitted on 30 November 2020 and was approved as part of the Mayor's Final Budget for 2021/22 on 25 February 2021. The revenue budget and medium-term financial plan for the next two years is set out in the table shown below.

MOPAC/MPS Budget and Plans 2021-22 to 2022-23	2021-22 Budget	2022-23 Plan
	£m	£m
Business Groups	3,281.00	3,391.40
Corporate Budgets	310.4	467.6
MOPAC	64.1	54.1
Violence Reduction Unit	22.6	13.2
Total Funding Gap	0	-249.2
<b>Net Revenue Expenditure</b>	<b>3,678.10</b>	<b>3,677.10</b>
Transfer to/from Reserves	-80.2	-62.1
<b>Financing Requirement</b>	<b>3,597.90</b>	<b>3,615.00</b>

The plan shows an increasing precept requirement rising from £767.1m in 2020/21 to £804.9m in 2021/22 and £833.3m in 2022/23. This is as a result of an anticipated reduction in specific grants and retained business rates.

The budget for the 2021/22 financial year shows a balanced position however a funding gap of £249.2m is noted for the 2022/23 financial year. This funding gap is made up of a £55.1m structural budget gap and £194.1m estimated gap in funding to assist with the police officer uplift programme to recruit an additional 6,000 officers. This would require an additional 3,261 officers to be funded by the Government in 2022-23, however the government are yet to announce what funding they will provide for these additional officers.

Structural savings carry a financial risk of non-delivery against usable reserves and ultimately the general fund. The potential gap in the funding requirements for additional officers does not carry this risk. If adequate funding is not received for the uplift, the Met will not be able to recruit the officers as budgeted and so will not incur the additional expenditure as a result. Whilst this scenario reduces the financial risks to MOPAC and the Met, it will have an impact on the number of officers available to police London posing risks to the level of service MOPAC and the Met are able to deliver as a result.

The updated 2021/22 budget includes £69.3m of savings and efficiencies; £50.2m of savings which were identified within the February 2020 published budget and a further £19.3m of newly identified savings during the year. The savings requirement for 2020/21 for the Met and MOPAC was to deliver £26m of savings, all of which were delivered.

Whilst not at significant levels in comparison to the relative size of the overall spend at MOPAC and the Met, the need to deliver savings and efficiencies is a recurring element of financial plans. During 2020/21 the Met applied a priority-based budgeting (PBB) approach to some of its areas of expenditure (we cover this in more detail in the PBB section of this report).

One of the challenges inherent in the budget setting arrangements at MOPAC and the Met is that the timetable for the budget setting process means that much of the detail in respect of funding are not known at the time of the initial submission of the draft budget. The recent consecutive one-year funding settlements have compounded this challenge. The one-year settlements and uncertainty created by the Covid-19 pandemic have also made longer term financial planning difficult and has weakened one of the key anchor points for strategic planning for both organisations. Encouragingly, despite this uncertainty our review of planning arrangements has identified that MOPAC and the Met have undertaken several exercises to assist with longer term planning and budget setting process including; scenario planning, PBB, options to use reserves and reviewing financial risks. Outputs of key strategic documents including Met Direction, the Performance Framework, Force Management Statement, the Met Business Plan and emerging futures work including the Target Operating Model for 2025 and Blueprint for 2029 have all been considered as part of framework for pulling together the budget and MTFP for 2022/23 and beyond.

# Financial sustainability

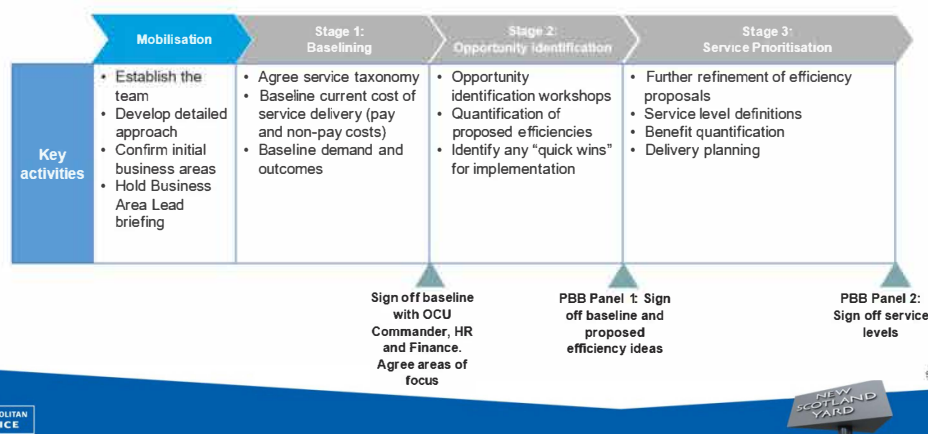
## Priority Based Budgeting (PBB)

During the 2020/21 year the Met undertook a priority-based budgeting (PBB) exercise. This first phase focused on six business areas including:

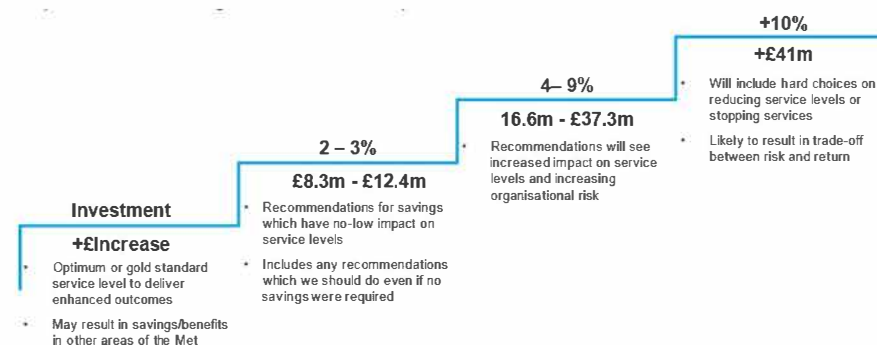
- Human Resources;
- Property Services Directorate;
- Directorate of Legal Services;
- Met Detention;
- Met Prosecutions; and
- Forensics.

These areas represent £472m of the Met's total budget of which £242m was considered as controllable (excluding external and police officer budgets, previously agreed 1% efficiency savings and long term contracts). An initial target of £4m was set for phase 1 of PBB.

The exercise took a 'bottom up' approach considering the services each business area delivers and whether they are being delivered in the most efficient and effective way as opposed to rolling forward the prior year budget as a starting point. The PBB exercise undertaken by the Met consisted of three stages as outlined in the illustration below.



At the end of each stage the results and recommendations are presented to a panel of management board decision-makers with next steps and areas of focus agreed for the next stage. Outcomes were modelled against four service levels as detailed below.



The PBB panel scored each service level in terms of priority with a score of 10 for a service level which must be funded in any circumstances and 1 for a service level which was unlikely to be funded.

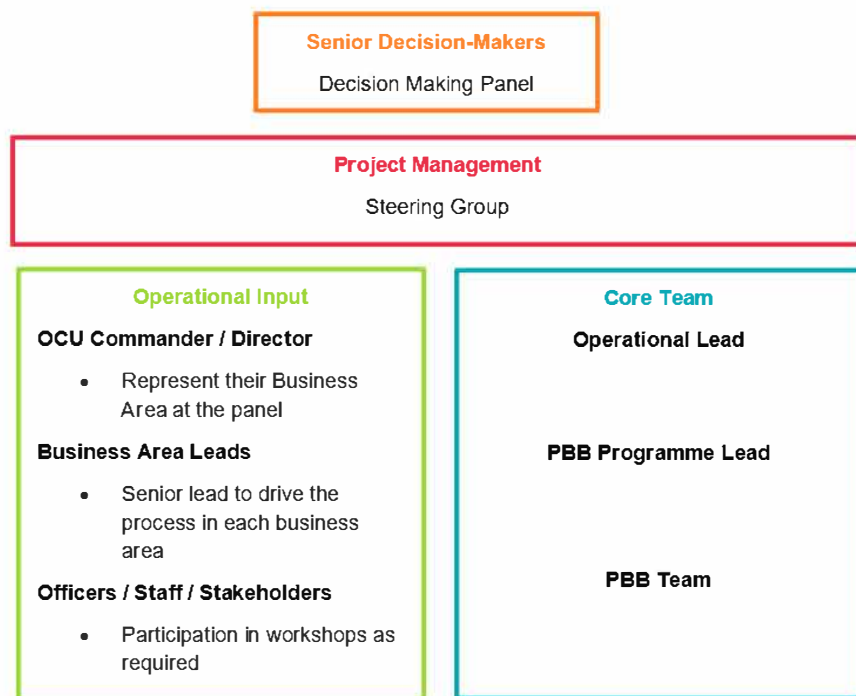
The results of the phase 1 PBB exercise identified potential savings of £7.8m from service level changes. These savings were based on service level changes that received the lowest average score from the PBB panel which would have some, but the least impact on service levels and would not impact on FTE numbers. The results also identified £1m of efficiency savings which could be made without affecting service levels.

Phase 1 also identified potential investment opportunities consisting of funding existing organisational pressures to maintain current service levels (£6.5m) and service areas where there was panel support for an enhanced service officer (£7m). These areas have been noted by Management Board with scope to investigate these further in the next phase of the PBB exercise.



# Financial sustainability

The governance structures enabling the PBB approach are set out below.



The PBB panel consists of a small number of decision makers and is chaired by the Chief of Corporate Services. The panel includes efficiency strategy board attendees as well as representation from MOPAC on an observer basis. The panel reviews and agrees the baseline for each business area, discussing efficiency opportunities and which opportunities to proceed with. The panel also discusses the proposed service levels and appropriate level for each service line which takes into account the individual service appetite for risk and scale of benefits.

The Steering Group is made up of members from each business group at commander level and staff equivalent. The steering group looks to test and challenge the PBB approach, advise on good practice and provide insights and support stakeholder identification and engagement.

The group also looks to help support the resolution of risks or conflicts which have been escalated by the PBB Team or Business Area Leads.

Business groups were involved in the process to ensure the service review was informed by individuals who know most about the service itself. The operational input is led by the OCU Commander/Director for each business area in scope who can represent their business area throughout the process. The Business Area Lead then acts as the point of contact for PBB team and updating the OCU Commander/Director throughout the process. The Business Area Lead works with the PBB Team at each stage in the process to:

- build the baseline for each service in scope;
- hold workshops to identify efficiency savings, the range of service levels and the risks and benefits attributable to each; and
- ensure workshops have sufficient representation from stakeholders and quantify any associated efficiencies from the process.

The PBB Team are responsible for running the PBB programme on a day-to-day basis by:

- supporting the Business Area Leads in deploying the approach and providing training where required;
- gathering benchmarking data and good practice examples from other organisations;
- sourcing data required to build baselines;
- organising and running workshops with stakeholders; and
- preparing briefings for PBB panel members.

Management Board agreed the following areas of review as part of the phase 2 exercise:

- Directorate of Media & Communications
- Strategy and Governance
- Operational Support Services
- Professional Standards
- One or two service areas from Frontline Policing

# Financial sustainability

The PBB process was highlighted as a mechanism to ensure the Met remains efficient and effective with an increased focus on effectiveness alongside efficiencies to ensure the Met delivers services in the most cost-effective way. PBB is now being used as a key contributor to identifying and delivering efficiency savings outlined within the MTFP. It is positive to note that the Met were able to identify a greater amount of efficiencies and savings compared to that expected from the exercise (£8.8m against a target of £4m) and also identified further areas for efficiencies as a result of the PBB approach. As previously mentioned within the report the volume of savings that can be delivered by the Met has diminished over time however a refreshed look at each service area is a positive step forward in not only identifying areas for cost reduction but also in identifying processes which could be made more efficient with the current resources the Met has. This will be key as the Met continues to grow establishment numbers and resources increase with the expectation productivity will increase too. It is hoped that the police sector will have greater certainty following the settlement in 2021. It is important that the PBB exercise is used by MOPAC and the Met to update budgets in light of better or worse than expected funding settlement. It should provide options for investment and disinvestment in either circumstance.

## Reserves

As at the end of the 2020/21 financial year, MOPAC's reserves stood at £563m split between £59m general reserves and £504m, earmarked reserves. This is an increase from £438m 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 movement of reserves set out in the 2021/22 budget for the next 2 financial years is outlined below.

Movement in reserves during financial year	Outturn 2019-20 £m	Forecast 2020-21 £m	Budget 2021-22 £m	Plan 2022-23 £m
Opening balances	230.6	438.1	472.4	392.1
<i>Transfers to/from (-):</i>				
Earmarked reserves	190.5	30.3	-79.4	-61.4
General reserves	17.0	4.0	-0.9	-0.9
<b>Closing balances</b>	<b>438.1</b>	<b>472.4</b>	<b>392.1</b>	<b>329.8</b>

The 2021/22 budget included £80.3m use of reserves £29.3m of which 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. £10.1m of reserves to support transformational activity and £18.2m from MOPAC earmarked reserves to support crime reduction and victim support projects. In 2022/23 there is a plan to draw down £62.3m of reserves which in part will also be used to help fund the police officer uplift programme.

Graph 1.1 outlined overleaf notes the £ value per individual within the population with regards to transfer to/from reserves in 2020/21. The Met is noted to transfer £2.86 per person to reserves as opposed to Hampshire who transfer £8.97 per person and Warwickshire who take out £6.63 from reserves per person. The Met does not sit as an outlier in this analysis and presents a more prudent approach to reserves than some other police forces in the country.

Graph 1.2 overleaf also shows the trend in transfer of reserves over the past 8 years of the Met, noting that money continued to be transferred out of reserves up until 2019/20 where a large increase was transferred into MOPAC reserves, which was in part due 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.

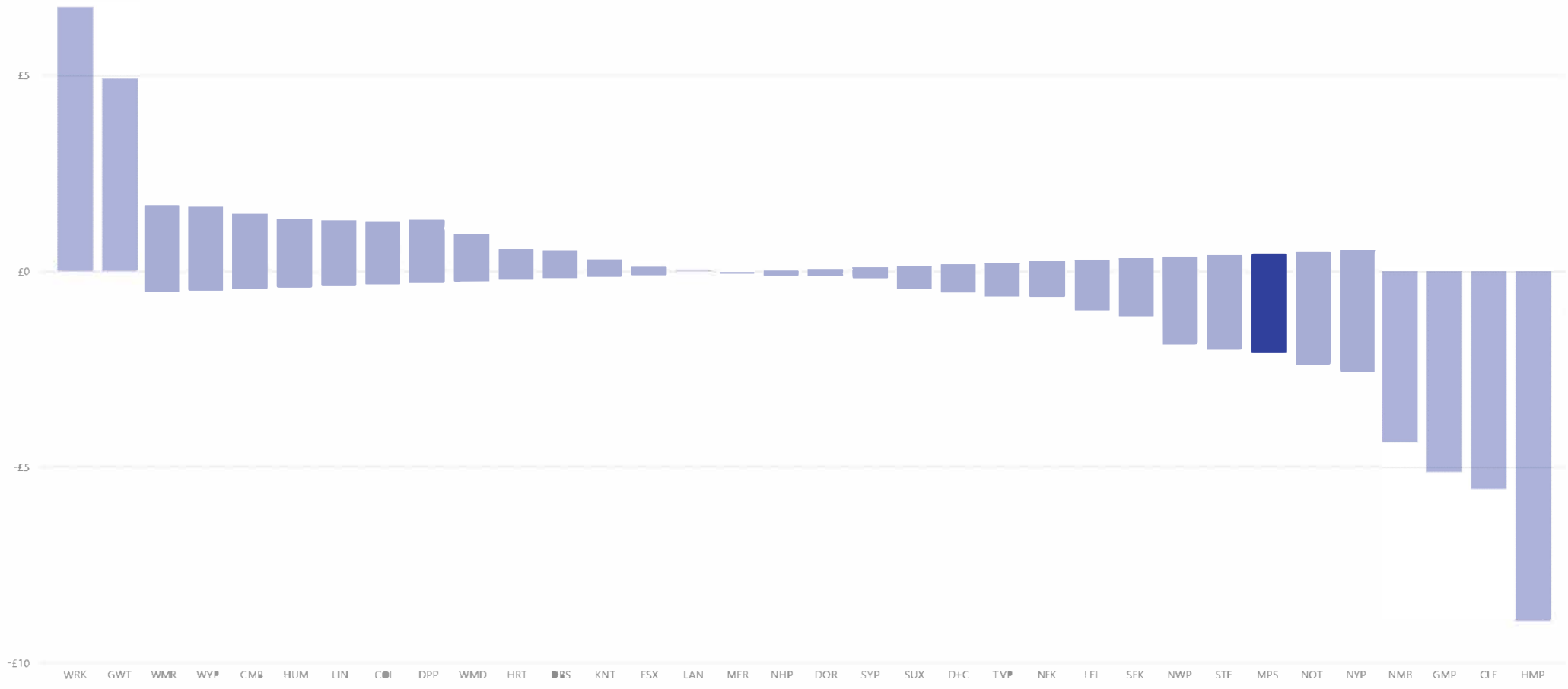
We have previously commented on the level of reserves as a percentage of gross revenue expenditure which are historically within the top quartile of police areas in the country. The relative strength of the reserves balance provides some resilience in the current funding uncertainties, for example there 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 Met 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 Met 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 Met 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. If the police sector receives the hoped-for three-year settlement some of the future funding uncertainties will be removed and provide an opportunity to revisit the use of reserves to provide long term financial sustainability over the longer term.

# Financial sustainability

Graph 1.1- Finance (£ per population): From/to reserves

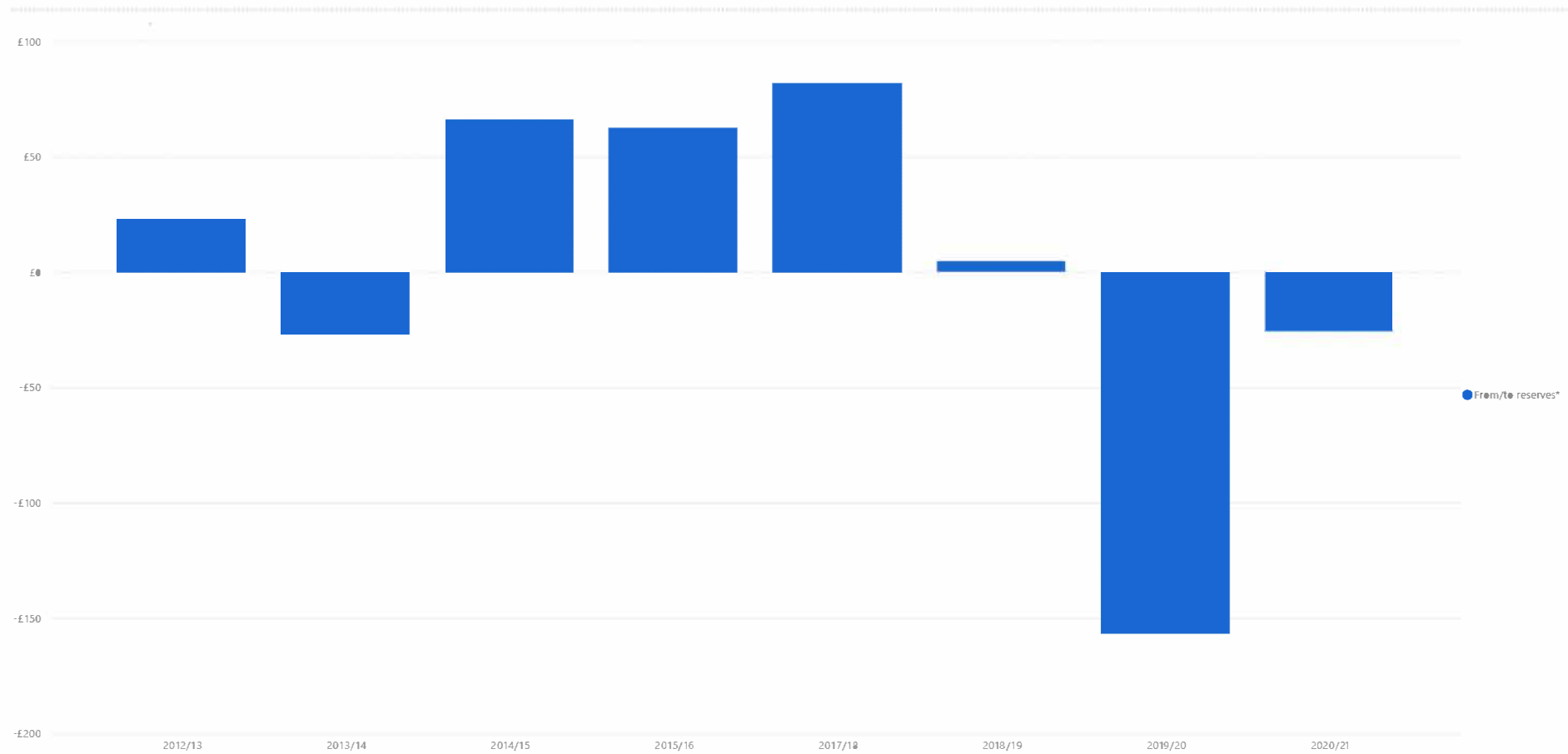
\*Money taken out of reserves is shown as positive and money put into reserves is shown as negative.



Source: Value for money dashboards - HMICFRS ([justiceinspectorates.gov.uk](https://justiceinspectorates.gov.uk))

# Financial sustainability

Graph 1.2- Total finance for Metropolitan Police (£m)- Trend- To/From Reserves



Source: Value for money dashboards - HMICFRS ([justiceinspectorates.gov.uk](https://www.justiceinspectorates.gov.uk))



# Financial sustainability

## Capital

The capital expenditure outturn for 2020/21 was £328.9m against an approved budget of £333.8m therefore resulting in a £4.9m underspend (1.4% of 2020/21 capital expenditure). The variance was mainly attributable to an underspend of £26.2m in the Transformation Directorate (TD) and an overspend in the Property Services Directorate (PSD) of £18m. 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 PSD relates mainly to expenditure on a number of programmes being incurred at a faster rate than budgeted for as well as some over-programming. The net variances against budget are noted to be of a more stable nature this year in comparison to 2019/20 where a £24.7m variance against budget was incurred against the annual budget. MOPAC has budgeted £385.1m of capital expenditure in 2021/22 decreasing to £239.4m in 2024/25 as can be seen in the table to the right.

Capital expenditure in 2020/21 was financed from:

- £88.4m of capital grants and receipts
- £32.2m of National Counter Terrorism Policing Headquarters (NCTPHQ) and Fleet Funding
- £208.4m of external borrowing

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 the period from 2020 – 2025, MOPAC anticipates the need to borrow in excess of £1bn to fund capital expenditure. This is a significant commitment and will create pressure on revenue during the period and beyond. Our prior year VFM report provided recommendations that the capital strategy should be refreshed in light of current and future funding uncertainties as well as ensuring investment decisions remain flexible and are reviewed in light of the covid-19 pandemic. With the prospect of a longer term settlement now more likely this recommendation remains.

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 Met 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.

Table 3 – MOPAC Capital Spending Plan

MOPAC	Forecast	Budget	Plan	Plan	Plan
	Outturn				
	2020-21	2021-22	2022-23	2023-24	2024-25
	£m	£m	£m	£m	£m
<i>Expenditure</i>					
PSD - Lifecycle work	12.6	15.5	17.9	31.5	42.4
Fleet	31.0	22.7	23.8	25.1	22.6
Digital Policing	32.7	82.1	102.3	56.5	39.2
CTPHQ	24.9	46.9	43.9	40.8	21.2
Optimising Contact and Response	55.4	43.8	10.0	6.0	0.0
Transforming Investigation and Prosecution	38.8	30.9	11.7	2.3	0.0
Strengthening Armed Policing	0.4	3.1	21.2	0.0	0.0
Operational Support Services	0.0	6.8	6.8	0.0	0.0
Fortress and EBACS -P7 (residual projects)	3.6	0.0	0.0	0.0	0.0
Local Investigation Capability - P16	0.5	0.0	0.0	0.0	0.0
Learning and Professionalism Transformation	1.5	1.2	0.0	0.0	0.0
Information Futures	3.7	5.9	2.7	0.0	0.0
PSD- Property Forward Works	43.2	22.4	22.7	23.1	81.0
PSD- Transforming the MPS Estate	82.1	103.8	77.3	108.0	16.0
Met Operations	3.3	0.0	0.0	0.0	0.0
Transformation - long term estimate	0.0	0.0	0.0	11.0	17.0
<b>Total Expenditure</b>	<b>333.9</b>	<b>385.1</b>	<b>340.3</b>	<b>304.3</b>	<b>239.4</b>
<i>Funding</i>					
Capital grants and receipts	70.0	88.0	48.2	47.4	67.7
CTPHQ and Fleet funded	34.7	53.0	49.6	48.3	27.1
Borrowing	229.2	244.1	242.3	208.6	144.6
<b>Total funding</b>	<b>333.9</b>	<b>385.1</b>	<b>340.3</b>	<b>304.3</b>	<b>239.4</b>

# Financial sustainability

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## Conclusion

We note the positive steps taken by both MOPAC and the Met to undertake a range of exercises and pull together all of its strategic priorities and ambitions for the medium to longer term as part of the most recent planning and budgeting exercise. As funding settlements are only currently provided for on a 12-month basis this makes long term planning on unknown future funding an extremely difficult task however, we are satisfied that the Met and MOPAC hold arrangements in place to respond to this challenge and produce a robust financial strategy.

## Improvement Recommendation:

MOPAC and the Met should look to ensure that in light of the future funding settlement agreement:

- Medium term financial plans are updated to reflect funding expected which in turn will provide a reasonable estimate of the potential funding gap which management can plan against over the medium term;
- PBB assessments and outcomes of those assessments are revisited to ensure decisions are reasonably informed regarding areas of investment and disinvestment. Any significant or material business cases should be kept under review especially where fundamental assumptions have changed in light of Covid-19. Ensuring investment decisions are flexible such that they are able to provide value for money in a range of different scenarios and assumptions is an important consideration to make in such uncertain times. This should include the decision whether to proceed with the planned investment at all.
- MOPAC and the MPS should continue to refresh the capital strategy in light of current and future funding uncertainties. This should consider the implications of funding short life assets with borrowing over a period longer than the assets' useful lives. The revenue implications of any decision to proceed with planned investment of this nature will need to be factored into medium to longer term planning.

# Governance



## We considered how MOPAC and the MPS:

- approach and carry out the annual budget setting process
- ensure effectiveness processes and systems are in place to ensure budgetary control
- ensure they make properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency
- monitor and ensure appropriate standards.

## Your arrangements to produce, monitor and ensure delivery of the Police and Crime Plan

The 2020/21 financial year has been one of transition for MOPAC as it oversaw the delivery of the final stages of the existing Police and Crime Plan alongside preparing for the next iteration. This transition phase has been longer than anticipated as a result of the delay to the Mayoral elections, from May 2020 to May 2021, as a result of the Covid-19 pandemic.

MOPAC has also seen a significant amount of change at executive level during the last 12 months including the appointment of a new CEO at the beginning of the financial year as well as recruitment to other senior posts in the Senior Leadership Team.

During the year MOPAC undertook a programme of change to review existing governance arrangements as well as looking at areas to improve capacity and capability ahead of the new Mayoral term. This included a restructure at MOPAC between November 2020 and April 2021.

### Governance and Oversight

The Police and Crime Plan (PCP) sets out the Mayor's priorities in respect of ensuring the safety of London. The PCP includes measures to tackle issues in relation to safety, reducing crime and disorder in London and improving police services across the city. MOPAC hold a statutory role in providing oversight of the Metropolitan Police Service (MPS) and it is partly through this role that MOPAC are able to ensure delivery of the PCP.

A number of arrangements are in place to ensure effective oversight of the Met in delivering the priorities set out in the PCP including:

- The MOPAC-MPS Oversight Board. The Oversight Board oversees the development of key strategies and issues coming out of them including; the PCP, the budget and medium term financial strategy and the Met's business plan to deliver service, including the transformation programme, as well as digital, workforce and estate plans.

- In 2020/21 an internal oversight analysis group was created to assist with MOPAC's oversight of the Met as well as ensure there was focussed areas for discussion by the Oversight Board. MOPAC and Met colleagues meet once a month as part of the oversight analysis group. Discussions with senior stakeholders have reflected that improvements could be made to the oversight analysis group to ensure discussions are planned and structured to help shape the areas of focus for oversight board discussions.
- Bi-monthly meetings between the Mayor and Commissioner and/or Deputy Commissioner. Meetings held consisted of discussions around covid-19, operational updates, emerging issues, financial budget and spending review and progress on the Mayor's Action plan.
- The Deputy Mayor for Policing and Crime (DMPC) also holds regular bi-lateral meetings with the Met Commissioner. Similar themes are discussed as with the Mayor.
- MOPAC also discharge responsibilities to oversee finances of the Met through the Investment and Monitoring (IAM) meeting and the MOPAC/MPS Audit Panel.
- IAM is used by the DMPC to oversee the Met's 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. We review the governance arrangements of this committee in more detail within the 'Governance' section of this report within our review of the scheme of delegation and consent.
- The MOPAC and MPS Joint Audit Panel is another forum which is responsible for enhancing public trust and confidence in MOPAC and the Met and also assists MOPAC in discharging statutory responsibility to hold the Met to account.

# Governance

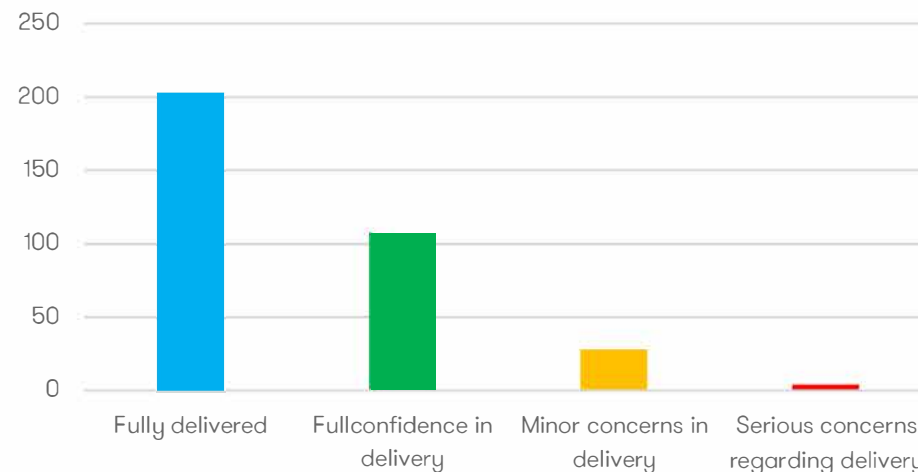
Our review of minutes of these meetings and attendance at the Joint Audit Panel has provided us with assurance that there is sufficient structures and arrangements in place to ensure MOPAC is providing oversight of the Met in ensuring delivery of the priorities set out in the PCP.

We are satisfied that appropriate arrangements are in place to ensure oversight and governance in enabling delivery of the PCP. MOPAC has several forums to discuss key and emerging issues with the Met and reviews operational and business performance in line with strategic objectives and priorities. One of the challenges in the current arrangements is the potential for overlap and duplication with several meetings covering the same or similar ground. There is also the potential for gaps to appear in the scrutiny and oversight framework because several meetings have very broadly scoped remits presenting the risk that not all areas within this remit are given sufficient prominence or coverage.

In preparation for the delivery of the next Police and Crime Plan, MOPAC is looking at formalising the assurance over its oversight and scrutiny activities to better demonstrate how it is exercising its functions and responsibilities. This is a significant step. In taking it, MOPAC are revisiting existing decision-making structures and frameworks. As part of this MOPAC should consider how and where its new structures provide a read across to those in place at the Met.

One of the key delivery groups in relation to the monitoring of delivery of the PCP actions is the Police and Crime Plan Delivery Group (PCDG). This group meets on a monthly basis to report on progress of the PCP commitments through the use of a PCP tracker. The latest PCP tracker before the Mayoral election captured a total of 343 commitments; 203 (59%) of which were noted as blue meaning commitments had been fully delivered, 108 (32%) of which were noted as green showing full confidence in delivery, 28 (8%) commitments rated as amber with minor concerns of delivery and 4 (1%) commitments rated as red showing serious concerns regarding delivery.

### February 2021- PCP Commitment Progress



The delay in Mayoral election from 2020 to 2021 caused by the coronavirus pandemic provided MOPAC additional time to deliver the previous PCP commitments as well as engage in planning for the new PCP for the next Mayoral term, which we commented on in our prior year Value for Money (VFM) Report. This year has seen an increase in the commitments that have been delivered since our review last year. To come to the end of a Mayoral term with only 4 commitments rated with serious concerns regarding delivery out of a total of 343 commitments is a significant achievement that should not be understated.

Within the 'Data' section of this report we comment on how MOPAC and the Met report performance using data. Our review of the performance dashboards published on the website in November 2021, noted that the dashboards relating to MOPAC's performance against the PCP was out of date with various indicators not being updated since January 2021 and dating back to September 2020. MOPAC should ensure available and up to date data is published on a timely and regular basis.



# Governance

## Planning for the next Police and Crime Plan

The Mayoral election scheduled for May 2020 was postponed to May 2021 as a result of the Covid-19 pandemic. This provided an additional year of planning for the new Police and Crime Plan. MOPAC has undertaken a significant amount of work to prepare for the next iteration of the PCP which has included consultation with various stakeholders and partners. Post the Mayoral election period, weekly meetings were held with the GLA and the Mayor's Office regarding the consultation process. Staff engagement workshops were also held to allow all staff an opportunity to contribute to the new PCP. Meetings were held with the Evidence and Insights (E&I) team and policy leads to review data and their interdependencies to inform planning and drafting of the new PCP. A PCP Development Group was also set up to help form the plan which included attendance from GLA and Met colleagues. Our review of MOPAC Board Minutes noted a number of stakeholders including staff, the Met, GLA, London Councils and Home Office to name a few, who were included in conversations on shaping the new PCP. Home Office measures and priorities were also taken into consideration.

One of the reflections we have consistently heard from all stakeholders in respect of the current PCP is that whilst it clearly reflects the priorities of London and Mayoral commitments it has not always been easy to translate those commitments into a set of priorities which by the very nature of the context that MOPAC and the Met operate in will need to change and flex over the period of time covered by the PCP. The challenge with a list of commitments is that they can become narrowly focused and therefore harder to adapt to changing circumstances, issues or priorities. The past year has evidenced that circumstances can change rapidly, a key example being the Covid-19 pandemic. A strategic plan should be broad enough to be able to adapt to changing circumstances, this can be hindered with a narrow set of focused commitments which are specific to an individual issue. Although this can be helpful a balance should be struck between setting specific and measurable indicators as well as being flexible enough to adapt to a variety of priorities and issues.

The draft PCP was published on 16 November 2021 for public consultation. The draft PCP sets out how MOPAC expects to measure success. The new PCP highlights that numerical targets and any measures liable to change in the way they are recorded have been avoided. MOPAC proposes to oversee delivery of the plan by "tracking a core set of measures of policing and crime activity". The measures will look to "reflect the Mayor's priorities and the activity and input of all criminal justice partners and reflect our requirement to respond to the National Crime and Policing measures. These will set clear joint objectives, outcomes, and performance frameworks against which successful delivery of the Plan can be measured".

"MOPAC's proposed outcomes framework seeks to present a balanced view across the priorities set out in this draft Plan. This will avoid the pitfalls of a narrow, target-based approach by using a mixture of broad perception-based measures...". We note this as a positive step change and demonstrates the lessons learned from the previous PCP which will allow the PCP to become a more flexible and adaptable strategic plan which should remain relevant irrespective of changing circumstances and issues.

The plan links to existing strategies and frameworks where relevant which shows the continued development and maturity of arrangements. Examples of this include diversity and inclusion, the draft PCP refers to the work of the Mayor's Action Plan as well as the Met's STRIDE strategy which are key parts of work in respect of legitimacy and therefore help to align the priority set out in the PCP with existing activity. Another example is the link made between the oversight function of MOPAC and reviewing progress of the Met by taking account of the Met performance framework and business plan. It is pleasing to see the level of collaboration MOPAC has sought and to gain a wide range of stakeholders' views to feed into the new PCP, as well as adapting to incorporate other strategies and resources that are of a similar nature and link to priorities and issues raised in the new PCP.

MOPAC is responsible for setting the key priorities in policing London while the Met is responsible for determining what is important on an operational level. To enable the delivery of key priorities, MOPAC and the Met should ensure there is read across between the PCP, Met Direction and the performance framework to ensure the operational response as determined by the Met is linked to strategic priorities as set by the Mayor and vice versa.

# Governance

## London Crime Reduction Board (LCRB), sub-boards and other partnerships

We have previously reviewed the structures and arrangements in place for the LCRB and have commented positively on the steps being taken to ensure there was a link between the objectives of the PCP and delivery of these objectives through partnership structures within the LCRB and sub-boards. We previously recommended that MOPAC review the existing governance structure for the LCRB, Delivery Management Group (DMG) and sub-boards to ensure PCP objectives were fed through the partnership structure and that performance or risk of delivery was fed back through the LCRB and to MOPAC. A number of discussions have been held at MOPAC board level to consider how the LCRB and sub-boards can be further structured to ensure linkages are strengthened between the PCP and delivery through these partnership forums. As MOPAC move into a phase of publishing and implementing the new PCP over the next year, it should ensure that work continues to ensure the partnership boards working within the remit of MOPAC are strategically realigned to the priorities and commitments made in the new PCP.

## Mayor's Action Plan (MAP)

In November 2020, the Mayor launched the Mayor's Action Plan to improve trust and confidence in the Met and to address community concerns about the disproportionality in the use of certain police powers. The plan was established as a cross-City Hall initiative which was launched by the Mayor involving MOPAC, the GLA and Violence Reduction Unit (VRU) and working with the Met and other organisations. In October 2020, the Deputy Commissioner's Delivery Group (DCDG) was established by the Met to focus on closing the trust gap with London's Black communities, and to improve the feeling of inclusion and support felt by Met staff.

The DCDG has its own programme of activity which is reflected against Met Direction and is aligned to the STRIDE strategy. The DCDG also holds responsibility for monitoring and delivering the Mayor's Action Plan. DCDG routinely reports to Management Board Inclusion, Diversity and Engagement at the Met, the Deputy Commissioner also chairs a DCDG Steering Committee which includes senior police officers and staff which meets fortnightly and provides strategic advice and oversight to the DCDG.

Progress on the Mayor's action plan is a recurring topic at the Met and MOPAC Oversight Board meetings as well as discussions between the Deputy Mayor, Mayor and Commissioner of the Met. At the most recent oversight board held in September 2021 the status of the 23 MAP actions were; 15 deemed complete, 8 in progress or on track and no actions deemed amber or red. We commend the steps taken by MOPAC and the Met to address these important issues and ensure these are worked through collaboratively. There is also a public dashboard published on MOPAC's website which notes the progress made in addressing the actions set out in the Mayor's Action Plan. We also note that the importance of this plan has been reflected within the Met's D&I strategy (STRIDE) as well as the new PCP.

## Conclusion

Overall we are satisfied that MOPAC holds sufficient arrangements in place to produce, monitor and ensure delivery of the Police and Crime Plan. As MOPAC transition into the implementation phase of the new Police and Crime Plan in the coming year, MOPAC should look to ensure that measures are in place to adapt to a new way of measuring outcomes and performance from a focused set of commitments to a now broader range of indicators and measures. As MOPAC looks to monitor performance of the PCP, MOPAC should ensure that reporting of the delivery and success measures of the PCP are reported transparently and updated on a timely basis.

## Improvement Recommendations:

**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.**

**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.**



# Governance

During the year, the Met introduced the Portfolio and Investment Board Delegated Authority meeting (PIB Level 2) to consider investment decisions and other matters which are due to go to the Portfolio and Investment Board or the Investment Advisory Meeting. This is chaired by the Director of Finance and includes personal accountability and attendance from Directors including Commercial and Legal. PIB Level 2 is responsible for focusing on strategic or high-risk areas highlighted by assurance partners. PIB Level 2 also provides assurance for all other proposals before they are considered by PIB and IAM to ensure members of PIB and IAM are able to focus on higher risk and strategic aspects of decisions. The MOPAC Chief Finance Officer sits on PIB Level 2 to allow the opportunity for MOPAC to raise any issues at an early stage and have clear visibility on decisions. Level 2 PIB report all decisions to PIB and maintain a list of decisions which is then to be shared with MOPAC on a regular basis.

As part of our review of processes and controls in place over the scheme of consent and delegation we walked through two decisions made by the DMPC from the beginning process of highlighting the need from a particular service or department, to procure a contract or incur expenditure, through to the end process of the decision being approved by the DMPC. One item we walked through was deemed to be a non-contentious low level routine business decision with the other being a more novel and contentious item requiring increased challenge and scrutiny through the governance and decision-making process. We have made the following observations based on our walkthroughs performed.

Discussions within the Met highlighted the perception that the current process to enable decision making was deemed onerous and administration heavy which in turn required a lot of resource time as well as additional cost to the business. This is then also reflected in the large volume and content of documents that require review by decision makers within the Met and MOPAC where time of senior personnel is limited. The Mary Calam stocktake review noted a similar finding where *"complex programmes require evidenced decision making, detailed financial information and a proper audit trail, there is a clear appetite for simpler, shorter products which are more accessible for busy seniors"*. The review also pointed out that the responsibility for those signing off submissions should ensure that key insights and questions for decision makers are clear for decision makers.

Our observations of the documentation walked through noted that there were areas of good practice including the fact that the report template reflected the requirement that the report should state clearly how the decision links into the MOPAC PCP. The report template also noted the range of potential implications across a number of areas including equality and diversity, finance, commercial and procurement, legal, GDPR and data privacy, estates and environmental risk (including health and safety).

Although holding a standard checklist and template is helpful and allows users and preparers of the report to ensure key information is included, there is a risk that this becomes a tick box exercise which doesn't provide the assurance it requires and creates increased administration which takes up time and resource and increases the overheads of the business without providing the key assurances required.

Another area where this could be enhanced is where a decision relates to a previously made decision. A note of this within the report and/or checklist could assist in saving time on discussions around routine and non-contentious items.

A requirement of all business decisions that go through the MOPAC Investment Advisory and Monitoring meetings is that a checklist is signed off and authorised by a number of SROs in various departments within the Met. As part of our walkthrough performed we noted that the current checklist provides a range of sign off's by various individuals however there was no criteria to highlight what could be deemed as 'novel and contentious'. Discussions with individuals noted that where a decision is deemed 'novel and contentious' this goes through PIB and IAM however there is no formal structure to highlight decisions that are under the delegated authority limit which could be deemed novel and contentious before arriving at Chief Officer Group (COG) and PIB. Decisions are flagged as novel and contentious through discussion at COG meetings however this consideration should be made at the report drafting stage and therefore highlighting a novel and contentious matter earlier in the decision-making process.

To label a decision as contentious or novel is a matter of judgement however MOPAC and the Met should look to identify a range of questions or key criteria which could be incorporated within a checklist which could indicate a contentious item for example, could reputational or legal risk be attached to this decision? We note some of these areas are incorporated within the main body of reports of the items we walked through however this could be made easier to identify for senior personnel if the risk and impact of a decision was pulled out at the drafting stage of the report/business case and shown clearly and concisely in the form of an approvals checklist or in a cover document to the report.

As part of the work that has commenced to prepare for a pilot of the revised scheme of delegation we note some of these points around risk and impact as well as defining what is considered novel and contentious are in the process of being addressed.



# Governance

Towards the latter end of 2020 and early 2021, DARA were engaged by MOPAC and the Met to assist with completing an advisory review of the scheme of delegation which provided several recommendations as well as assistance with producing a number of documents to implement in a pilot scheme to trial a revised approach to the scheme of delegation with a higher monetary delegated threshold. The documents prepared in advance of the pilot included guidance to writing decision papers for PIB and PIB Level 2. The guidance included a number of steps to assist report drafters on the key areas of consideration when drafting business case proposals such as; initial assessment of risks and impact, template guidance for different types of business cases and assurance summaries. Another area of improvement noted from the work undertaken by the Met to prepare for the pilot was the requirement to submit a risk assessment for each proposal which outlines the initial assessment of risks and impact by the project manager/proposal author, the methodology behind the risk assessment as well as the final assessment of risks and impact which is highlighted to PIB Level 2 and covers a number of directorates/areas where risks can arise.

The decision-making structure associated with the proposed pilot scheme is outlined overleaf. For items which are over £5m or deemed novel or contentious, the completed business case/commercial template and assurance and impact certificate are submitted to PIB Level 2 for review, assurance and recommendation before being provided to PIB and/or IAM.

An assurance certificate has also been created in preparation for the pilot scheme which aims to provide assurance in a number of areas including; strategic, legal, commercial, financial, digital, transformation and equality.

## Conclusion

Our walkthrough performed was based on items of expenditure which occurred in the 2020/21 financial year where the pilot scheme had not yet been implemented. Our review of the current process identified a number of areas that could be strengthened in order to provide the assurances required by MOPAC such as increasing focus on risks and impacts of decisions as well as formulating a structure to ensure novel and contentious items are flagged from the planning stage of a business case. Our review of the templates and guidance documents prepared to date in preparation for the pilot scheme has noted that these points have been included in revised templates and decision making structures which is pleasing to note. Discussions have continued to be held in relation to implementing a pilot scheme however to date there has been no implementation of the scheme.

The Met should look to implement the improved documents and structures that have been prepared even in the absence of any formal pilot scheme. This will help to improve the Met's own decision making process as well as provide their own assurances over their governance arrangements in place.

The current monetary level of £500k used within the devolved decision making structure is a low threshold in comparison to the value of expenditure that is incurred by the Met (the Met incurred in excess of £4bn of expenditure in 2020/21 financial year). This results in relatively low risk, low level and routine expenditure requiring to be signed off by senior officials which has the potential to create the risk that senior officials do not have capacity to focus and direct attention on the more novel, contentious and risky items of decision making.

An increase in the monetary threshold limit of the scheme of delegation alongside the increased use of the PIB level 2 forum with attendance from the MOPAC DOF could assist with ensuring time and capacity of senior individuals at PIB and IAM is focused on high risk decisions and that decision makers are able to "see the wood from the trees" in respect of high risk decisions.

The Met and MOPAC should also ensure that training is provided not only to management board but all senior leaders in the organisation on any revised approaches to change management (as discussed in the Transformation section of this report) and decision-making structures to instil good governance. Governance can often be seen as the responsibility of senior management within an organisation however governance should be the responsibility of all individuals within an organisation in the areas they work in and are responsible for.

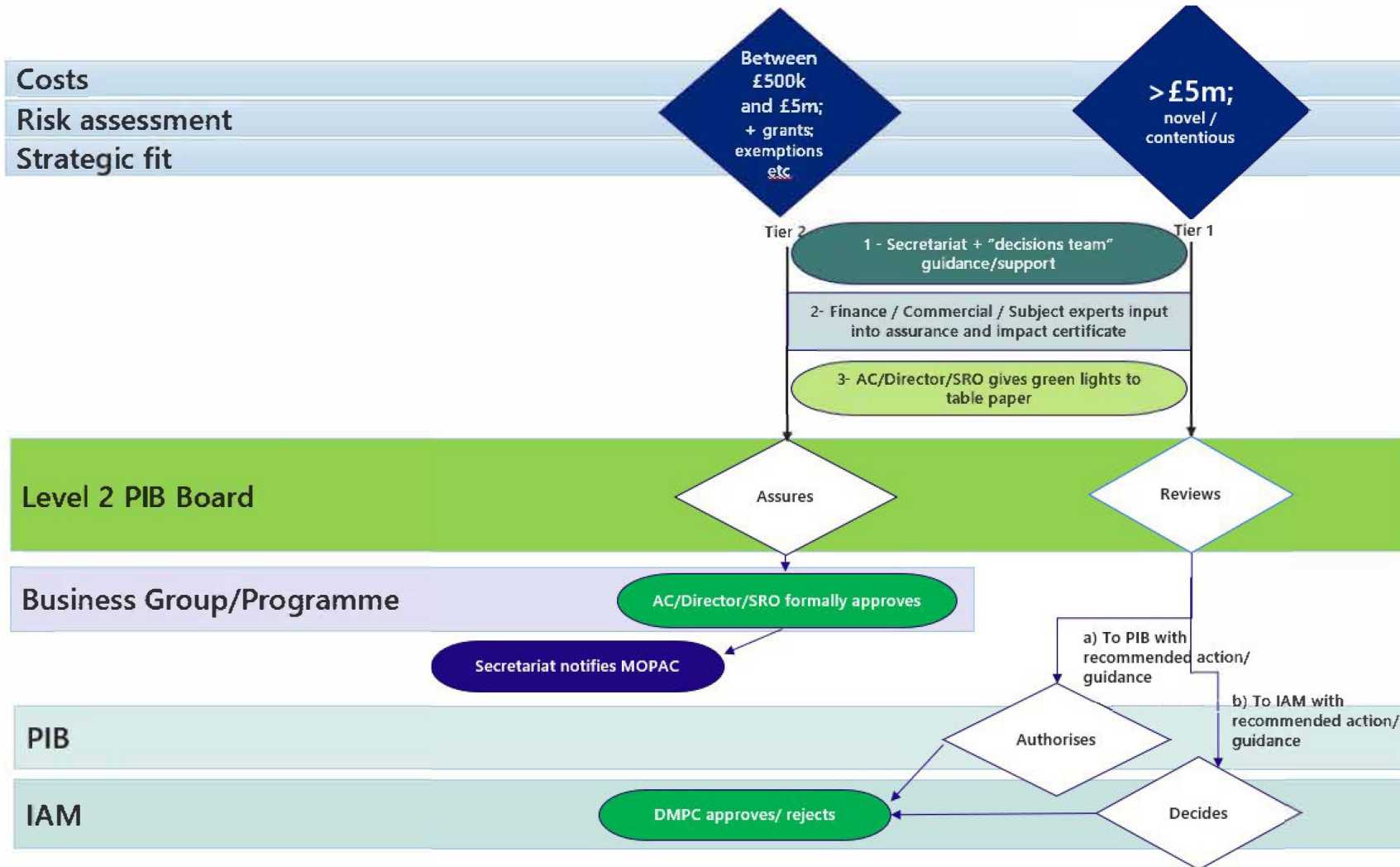
## Improvement Recommendation:

**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 progress.**

**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.**

# Governance

## Scheme of delegation pilot decision making governance structure



# 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, engage with stakeholders, monitor performance against expectations and ensure action is taken where necessary to improve

## Your arrangements for the effective use of data to make informed business decisions

One of the Met's priorities as outlined within the Met Direction 2018-2025 is to "Seize the opportunities of data and digital tech to become a world leader in policing". This priority is also reflected within the Met's performance framework which includes three high level objectives which are linked to help achieve the strategic outcome set within Met Direction, this includes:

- 1) Developing a culture that makes and defends data-driven decisions;
- 2) Enhancing digital skills and capabilities across the board; and
- 3) Building better partnerships through our use of data.

It is therefore key that the Met have appropriate arrangements in place to ensure the accuracy and quality of financial and performance data as well as the use of that data within business planning and decision making.

### Data Governance

In May 2021, Management Board met to hold a deep dive regarding its data strategy. It was noted that the Met had made positive progress from the latest data strategy deep dive at Management Board in May 2019 with investment made in the data strategy by establishing a Data Board in late 2019 and the setting up of the Data Office. The Data Board has been introduced to provide oversight, assurance and appropriate governance of key risks and opportunities for collection, storage and use of data.

The Data Office is chaired by the Chief of Corporate Services and the Data Quality Board is chaired by the Director of Data which regularly reports progress on the Data Quality Improvement Plan. The Reporting and Analytics Board and Review, Retain, or Deletion (RRD) Board act as supporting boards to assist with key data quality objectives.

The Data Office holds a risk register which is regularly reviewed at each board meeting and is used to help identify, assess, evaluate and escalate data quality risks; with actions assigned to responsible owners. The Data Office also holds a data quality improvement plan which aims to improve the quality of data at strategic and operational levels which is due for completion by July 2024.

We note the steps taken to further enhance investment of data functions within the Met however it is important that work is undertaken to ensure governance over data is increased across the organisation. Data is key to enhancing governance procedures especially around operational and decision-making functions. Where data is not appropriately prioritised, this can lead to ineffective decision making that can result in the non achievement of strategic outcomes or objectives.

Performance and financial data is derived across various business streams, and it is key that there is a cohesive link between the collection and quality assurance of data across departments. An example of this is the collaboration between the Data Office, Met Intelligence and Digital Policing. Data may be drawn from various areas of the organisation however it is key that data is shared widely among departments and feeds up through to key personnel to ensure data provided has been quality checked and assured to ensure accurate data is relied upon to make operational and strategic level decisions and effective business planning.

# Improving economy, efficiency and effectiveness

## Use of Data

The Met has recently commenced a priority-based budgeting (PBB) approach to setting elements of its financial plans. The core team assisting with the implementation and delivery of the PBB approach consist of members from finance, HR, data analysis, commercial and operational policing. The PBB team gather benchmarking data as well as sourcing required data to help inform the areas of focus, this forms part of the mobilisation and planning phase for the PBB lifecycle. One of the stages of the PBB approach is baselining, to allow transparent, data-driven decisions through the PBB approach. The Met have therefore created workbooks for each service line which requires data from a range of sources including, FTE data, finance data, demand data and performance data. This data then feeds into the PBB approach in which key financing and investment decisions are undertaken. This is a good example of how the Met is using data to drive strategic level decision making as exemplified above.

Data is also used within the organisation to monitor performance against the performance framework which in turn, is used to measure success in delivering against the pillars of Met Direction. Data on each of the key metrics is filtered up through the organisation which is then reported within a quarterly update on the Met Performance Framework and published on the organisation's intranet. This data allows the organisation to track and measure performance against each of the seven pillars and establish whether strategic outcomes are being met.

It is important to ensure that review of data sets is not limited to those relating to the performance framework. Data can highlight issues arising which may not already be factored into a focused set of metrics and therefore trends in data and analysis of data relating to other operational and financial areas should be reviewed on a regular basis to ensure emerging risks are not missed.

## Data Quality

It is crucial that data used to input into exercises which will result in operational and financial business planning and decision making is complete and accurate to avoid the risk of decisions being made upon inaccurate information. The Met holds a vast range of data of which there are Information Asset Owners (IAO) and an information asset register held. Currently a large amount of data is held in excel which is now not considered adequate and therefore work is ongoing to transition data to a hosted service database. For an organisation as large as the Met, the use of excel to store and analyse data holds limited capabilities. Storing data within excel can provide an increased risk of error and/or data breaches. The use of excel also may not provide the enhanced functions required to analyse and corroborate data as well as a database system may be able to do. Within the Met Direction and as part of the Met's strategic objectives is to "seize opportunities of data and digital tech to become a world leader in policing". In order to fully realise the delivery of this objective it is key that the Met has sufficient infrastructure to hold and analyse data which in turn will help create opportunities to use data in an innovative and transformative manner to achieve this strategic objective.

The inputs of data are key to ensure the outputs produced are accurate and reliable. The Met has continued to improve processes around data quality with a data literacy project being developed in the Data Office to improve data skills and coding. DARA conducted a review of the data quality framework which provided a limited assurance opinion. One of the findings of the review notes that "improvements are required to reduce input errors/ omissions and educate officers, staff and managers in key data field early in the process". It was also noted that the importance of data quality in the data lifecycle for the majority of officers and staff was not clearly understood with a need to educate, change behaviours and culture and instil the principle of right first time with personal responsibility for data to improve outputs and outcomes to meet data objectives. Given the importance that data holds within the organisation and the impact it can have as being relied upon to make key decisions, shape business planning and determine future priorities, it is critical that the importance of data quality is recognised throughout the organisation at all levels.



# Improving economy, efficiency and effectiveness

The Met continue to use a number of legacy systems which presents a risk to the use of data and data quality. As technology continues to mature, outdated systems will limit the capabilities the Met has to analyse data as well as provide up to date and timely data to be used for decision making and business planning purposes. This has long been acknowledged and understood within the Met. The implementation of CONNECT is seen as the keystone in the Met's efforts to become a digitally enabled and data driven organisation. The delivery of CONNECT will provide a single operating platform and unify existing databases greatly improving usage and quality of data. Any further slippage in the CONNECT programme creates increased risks in meeting data quality objectives which are intrinsically linked with the Met Direction in relation to the use of data. It is important that the CONNECT programme remains on track to allow the Met to enhance its use of data throughout the organisation and achieve strategic outcomes set out in Met Direction (our commentary in relation to the CONNECT programme is outlined further within the 'Your arrangements around transformation and innovation to secure savings and efficiencies for the MPS and MOPAC' section of this report).

The CONNECT system is being brought in to assist with enabling data maturity within the organisation and therefore it is important that data being migrated into this system is complete and accurate to ensure the initial data basis of CONNECT is accurate from the start.

The Met are putting in place plans to frontline a Data Campaign from January 2022 to support progression of the Data Quality Improvement Plan as well as ensuring there is wider acknowledgement and understanding of data quality as well as increased training on data quality. These steps will help ensure findings from our review as well as the Calam and DARA reviews are addressed.

## Reporting of information

Data is reported both internally and externally at both MOPAC and the Met. As mentioned above the Met uses data to report performance against the Performance Framework which is shared on the intranet on a quarterly basis. Externally both the Met and MOPAC publish dashboards on their websites to allow the public to view performance of each organisation. The Met report on a range of indicators including; crime, stop and search and taser data, popular freedom of information (Fol) requests as well as annual crime summaries. Data is continually updated which show the previous months data being reported against indicators viewed within the dashboard.

We also reviewed information published on the MOPAC website which includes a dashboard on the MOPAC performance framework showing progress against the Police and Crime Plan. On review of the MOPAC dashboards the latest available information for a number of indicators was only available up until September/November 2020 with some indicators only being available up until 2019/20. We did however identify instances where information was more up to date, such as the Mayoral Action Plan Dashboard which reports progress against the Mayor's Action Plan and was being updated on a quarterly basis. At the time of writing this report, data in relation to Q1 of 2021/22 had been published.

## Conclusion

From our review of key documents and discussions held with key personnel we understand the Met is commencing a journey to maturing data quality within the organisation. The Met holds a wealth of data and it is important that arrangements of governance over data, quality of data, use of data and reporting of data is strengthened to allow for strategic objectives to be realised and enhance decision making and organisational and business planning. Ensuring the Met embeds a culture which recognises the importance of data quality throughout the organisation as well as using data to enable innovation and transformation will assist in the achievement of the Met's strategic objectives.

## Improvement Recommendation:

**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.**

# Improving economy, efficiency and effectiveness

## Your arrangements around transformation and innovation to secure savings and efficiencies for the MPS and MOPAC

We have commented previously on the positive direction of travel and developing maturity of arrangements in place at the Met to manage and deliver change. We have also commented on the challenge the Met faces in differentiating between change which requires a portfolio approach to implement and that which can be implemented in the business-as-usual space. And that where 'local change' is taking place how those decisions and changes are appropriately assured and governed.

During 2020/21 the Met engaged an independent consultant to undertake a strategic stocktake of how it manages organisational change. The report acknowledges the achievements in successfully delivering extensive, complex change at pace with a strong, joined up leadership team with clear strategic vision. It was noted that the creation of the Transformation Directorate brought about coordination, understanding of dependencies and focus on risk. These findings are consistent with our views over a number of years. The report and its 32 recommendations provides valuable insights to improve the effectiveness of delivering change, transformation and grow new capabilities which will be fit for purpose in a growing organisation which is required to adapt and respond to an ever-changing environment. The recommendations were focused on the following areas:

- organisational leadership;
- structures;
- management of the portfolio and beyond;
- capabilities and behaviours; and
- cultures.

The Stocktake Review Report was published in July 2020 and review of board minutes and discussions with senior personnel have reflected that Management Board have embraced the recommendations set out in the report. Governance of the implementation of the recommendations has been conducted through a Steering Group with membership from the Chief of Corporate Services, DAC Corporate Services, Director of Strategy and Governance and Director of Transformation. The group met monthly between December 2020 with the final meeting held in September 2021. The Steering Group's remit was to review progress on implementing recommendations made from the report as well as focusing on other areas such as implementing success measures and longer term assurance.

Existing governance and assurance forums have also been used where possible to assist with the approach to implementing recommendations including updates, discussions and idea sessions held with Management Board, Chief Officer Groups, Portfolio Management Group and one to one sessions with relevant senior leaders. Out of the 32 recommendations made within the report, as at September 2021, 95% of the recommendations had been deemed as implemented and complete.

It is positive to note the action plan that was created in response to the review as well as the work and commitment to ensure that the report's recommendations are taken seriously and responded to. As with any change to process and culture, it will take time to be embedded both across the organisation and become normal practice. There remains the risk that once an action is noted as complete, the former recommendation can be forgotten about and over time issues can recur. The Met should ensure that it continues to monitor high priority recommendations to ensure that the original opportunities presented by the recommendations are realised.

We have previously commented on the need to link governance structures within the Met. The stocktake review highlighted that *"the governance structures for projects in the Transformation Portfolio are clear, in line with best practice"*. It also notes that *"governance structures for projects with cross organisational impact run outside the portfolio are less clear and consistent"*. The review also noted that there was some uncertainty around digital policing (DP) governance structures and how these connect with other governance structures and where decision making lies. Where this link is not clearly understood this then provides a difficulty in understanding whether projects will deliver the vision set out in Met Direction. There is also a risk that governance structures and decision making agenda's are duplicated across multiple departments which could be better linked to create efficiencies and avoid duplication.

A key part of the Met's response to this and other findings is the 'Met Changebook' which is being implemented post the 2020/21 year end. This is a guide for senior operational leaders and provides a common and consistent understanding of change within the Met as well as providing guidance on the tools, techniques and teams required in order to manage change well. It covers the key elements of the change process, as well as the different types of change and how to approach them. We understand that transformation can not be condensed into a one size fits all approach however it is positive to note the steps being taken by the Met to review its approach to change and transformation across the organisation and not just within TD.

# Improving economy, efficiency and effectiveness

The size and scale of the transformation portfolio held by the Met means it is critical that appropriate arrangements are in place to ensure that transformation projects and programmes can be delivered on time, to budget, meet strategic objectives and bring about intended benefits and transformational change to the organisation. During the 2020/21 financial year the transformation portfolio comprised 80 projects across 10 programmes with a planned spend of £1,100m (£944.5m capital and £156m revenue) over the next five years. In recent years the Met has been able to effectively deliver large and complex transformation projects however, we have commented in our previous value for money reports that capacity has been a challenge for the Transformation Directorate (TD) which has been running at surge with a high volume of projects and programmes. TD continues to face a challenge to reduce vacancy rates and fill vacant posts with permanent staff. This is a known and ongoing issue in TD and part of the response has been to adopt a more flexible resourcing approach as differing projects and programmes have differing resourcing needs. Discussions with senior personnel identified that the Met has recently performed a review of resources and vacancies.

As the Met implement the recommendations of the stocktake review and create the skills and capacity to manage change in its business units it will need to keep under review the volume of anticipated programmes/projects it is undertaking within TD. This will provide greater clarity over what the size of TD should look like and in turn could allow TD to reduce the resource it requires and the associated running costs.

The Stocktake Review highlighted the need for an enhanced approach to planning and prioritisation in the delivery of operational change. It is key that current and future plans for the transformation portfolio are linked to the annual business planning process, which in turn will help ensure that the portfolio is aligned with the objectives of Met Direction. The Met has responded to this point by increasing the scope of the annual business planning framework by considering four key strands;

- 1) Performance
- 2) Effectiveness and value for money
- 3) Potential for growth
- 4) Future preparedness

The aim is to enhance the business planning cycle and provide a more robust way of testing and ensuring alignment between the Met's strategic objectives and the resources that it has to bring about organisational change. We note this as a positive step change in the future business planning cycle.

Another area for improvement identified within the report is the link between the transformation portfolio and organisational performance and strategy. The report noted that *"the Met are not yet able to easily track the impact of portfolio performance/delivery on organisation performance"* as well as *"the need to ensure strong connectivity between continuing strategy development (and understanding the changing strategic context) and the Transformation Portfolio"*. The Met has an existing framework to tie organisational performance to Met Direction through the use of the Performance Framework (this is explored further within the business planning arrangements section of this report).

The Met are undertaking work to look at its capabilities in the longer term and how this maps to the strategic direction of travel and capacity, demand and priorities of policing in the future. We note that this work is intrinsically linked with the work being undertaken in TD and the significance of this work in enabling linkages between the transformation portfolio and the strategic direction of the Met.

# Improving economy, efficiency and effectiveness

## Risk Management

The size and complexity of the Met's transformation portfolio means it is critical that there is a robust risk management process to ensure risks associated with transformation projects are appropriately managed and mitigated. The responsibility for the management of risks associated with the transformation portfolio lies with the Transformation Director, supported by working leads such as the Head of Portfolio Delivery or the Head of Business Change. The Portfolio Office Risk lead reviews portfolio risks with the working leads on a monthly basis, providing updates on control actions, checking and updating/maintaining their scores, and reporting on progress to the Portfolio Management Group.

Programme risk logs are reviewed on a monthly basis and a review carried out as to whether any high-scoring risks require to be escalated. Programme risks are managed and reviewed regularly by programme managers and reported monthly to programme board meetings that are chaired by the Senior Responsible Owners (SROs). Project risks are also managed regularly and reported to project boards that are overseen by the programme manager. Another form of assurance of the risk management process within TD are programme dashboards which are provided to the internal Portfolio Management Group, this provides an overall summary assessment of the main delivery risks and overall programme level risk rating for the month.

Work is planned to be undertaken by the Met in November 2021 to assess whether as a transformation portfolio the Met are focussing on the right areas of risk, or should give greater prominence to programme-level risks. This review will also cover scenario and business continuity planning.

## Benefits Realisation

With any transformation project it is important that benefits are identified and tracked to ensure they are realised and where benefits are not realised, the reason for this is understood and investigated to enable learning for future projects. The Met classes benefits into the following five categories:

- Future Cost Reduction;
- Revenue Generation;
- People Improvements;
- Service Improvements; and
- Risk Avoidance.

A maturity level is also assigned as benefits proceed through the business case lifecycle, these levels consist of: Identified, Valued and Planned. Cashable benefits are considered for inclusion in the Medium-Term Financial Plan when they have reached the 'Planned' stage. Benefits are also split into three types:

- Quantitative- Cashable;
- Quantitative- Non-Cashable; and
- Qualitative.

TD holds a portfolio benefits register which gives oversight to all benefits. The impact of any slippage is monitored and noted within the portfolio risk register. Mitigation is discussed with programmes to ensure the threat is being addressed and managed appropriately. We are pleased to note that benefits and risk management are aligned. Benefits status reports are published internally to the TD- Senior Leadership Team (SLT) every quarter for review.

Programme dashboards are also provided to the internal Portfolio Management Group (PMG) which provides a summary assessment of the benefits delivery. A Portfolio report is also provided to PMG and the Portfolio Investment Board (PIB) on a monthly basis to allow for oversight of benefits.

The Stocktake Review Report observed that "*There should be more consistent focus on outcomes (measuring and communicating impact on business delivery)*", this is intrinsically linked to the point noted earlier around linking the transformation portfolio with organisational performance. The Met should ensure that identified benefits and outcomes of a project or programme feeds into the assessment of organisational performance and in turn will enable the Met to assess how they are performing against their strategic priorities.

Post benefits and evaluations reviews are performed for large scale projects however it is important that reviews are also carried out for smaller scale BAU change. There is a risk that post benefits analysis and evaluations can be formulaic and becomes a process rather than an opportunity to learn and review what has been achieved and communicate that. Where reviews are carried out on all areas of change, this will allow the Met to develop as a learning organisation and instil continuous improvement as well as highlighting the successes it achieves as part of continuous transformation and change of the organisation.

# Improving economy, efficiency and effectiveness

## CONNECT and Command and Control (C&C)

CONNECT is a large transformation programme currently being delivered which will become an integrated technology platform which consolidates nine legacy systems into one. The technical design, delivery and configuration of the system is in train with work ongoing to prepare the organisation for this significant change. There is a particular need to ensure officers and staff are trained and prepared to adopt and use the system once implemented. The implementation of the CONNECT system was scheduled to start in 2021 however has experienced delays as a result of COVID-19. The revised implementation of the first drop is now scheduled for November 2022 with the second drop in April 2023. Our discussions with key management reflected confidence that the currently reported Amber/Green status is appropriate, and the revised timescales can be achieved.

Command and Control (C&C) is another large programme which will integrate local, specialist and central command services to allow the Met to flex resources dynamically to meet the needs of London and to mobilise and respond to operational policing challenges. C&C is scheduled to be implemented in April 2022 with scope to extend to the summer of 2022 if needed. C&C is currently Red rated and experiencing a number of challenges and there is a risk that these timescales may not be achievable. The inherent complexity of the programme means that risks to delivery are expected. These risks are compounded by the fact that there are small windows of opportunity to implement C&C without creating unnecessary operational risks. The significant risk implicit in the delivery of two large IT programmes in the same window is complicated by the interdependencies between the two C&C will need to be implemented prior to the first drop of CONNECT given the current status of C&C and the limited opportunities to implement the system for operational reasons there is a risk that further slippage will impact on not just C&C but also the timescales for CONNECT.

Our review of minutes of key board meetings for the Met and MOPAC has noted that updates on TD are reported however we have not identified any documentary evidence of challenge or scrutiny of these large complex programmes and why timelines have slipped. It is important that where issues appear or timelines slip for large risky projects these are thoroughly challenged to mitigate the risk of failure of programmes or projects.

A review of business cases for both programmes is planned prior to the final green lighting of both. This will revisit assumptions made in the initial business cases and determine whether these continue to be valid. We note this as a positive exercise to undertake as business cases for these projects were developed a number of years ago and therefore a number of assumptions and benefits may have moved on from the initial business case. The actions taken by the Met in this regard has evidenced the journey the Met is on to ensure lessons are learned and implemented to drive continuous improvement.

## Conclusion

As at October 2021 the transformation portfolio has reduced from over 80 projects delivered through 10 programmes at the beginning of the calendar year to 30 projects delivered through 8 programmes and a flexible service offering for medium-low complexity projects. The reduction in projects and programmes is as a result of the current stage in the lifecycle that TD is operating in. The reduction in projects and programmes has not reduced the resource of capacity required to deliver the remaining portfolio. Current projects and programmes in the portfolio are of a large and complex nature and therefore TD continues to run at surge.

It is positive to note the steps the Met has taken over the past year to identify areas in which improvements can be made and strengthened to ensure appropriate arrangements are in place to facilitate effective organisational change and transformation. The Met has actively implemented responses to the recommendations raised in the report however it is important priority recommendations continue to be monitored to ensure the hard work undertaken in the year is not lost. Embedding change in an organisation is a difficult task and takes considerable time however we are satisfied that the Met has appropriate arrangements in place to govern, manage risk and monitor delivery and benefits within the transformation directorate. Recommendations have been raised throughout our review to assist management with strengthening these areas.

## Improvement Recommendation:

**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.**

**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.**



# Improving economy, efficiency and effectiveness

## Your arrangements in place to inform effective business planning

### Met Direction and Performance Framework

The current Met Direction strategy runs from 2018-2025. We have previously commented on the flexibility of the current Met Direction which has allowed the Met to adapt and vary relative priorities at various points in time. Given the changing landscape of society and policing. The past 12 to 18 months have seen a variety of issues coming to the forefront of society, such as the importance of diversity and inclusion and issues surrounding violence against women and girls and trust and integrity of policing. This has been a test of whether Met Direction and the performance framework are able to flex sufficiently to allow the Met to shift priorities and focus whilst maintaining overall strategic direction. Management Board review the strategy annually and ensure that it appropriately addresses the key issues that are facing the Met. Encouragingly following the most recent review the consensus was that Met Direction remained fit for purpose and was republished with minor amendments being made. The Met have started planning for the next iteration of Met Direction for 2025. During the last iteration of MOPAC's Police and Crime Plan, the Met Direction had not yet been established and therefore opportunities may have been missed to enhance strategic links of both organisations.

Effective business planning requires arrangements to link strategic objectives with operational performance to allow senior personnel to drive the organisation forward and meet strategic aims and objectives. The performance framework provides this link at the Met and measures progress against Met Direction. The framework includes a set of metrics linked to the outcomes set out in each of the seven pillars of the Met Direction; with a lead at Management Board and DAC/Director level. Performance is reported quarterly and published on the Met's intranet for employee's to access and view. Performance is also published on the Met's website for the public to view. The framework was established in 2019/20 with the aim of driving improvement and performance across the organisation whilst avoiding a target driven approach.

The performance framework was created from a bottom-up approach which provided people with a wider sense of accountability and responsibility. We note the positive steps taken by the Met to create a framework which has allowed opportunities for the organisation to play a part in how outcomes are achieved and drive organisational change to meet strategic priorities.

Regular reporting on the intranet also helps to develop both transparency and a sense of empowerment as people can understand how their contribution to the organisation helps to meet strategic objectives, it is important that the Met continue with these steps.

We noted above the link between the performance framework and Met Direction through the mechanism of the seven pillars which is key to driving effective business planning. The seven pillars included in Met Direction and the performance framework are:

1. What Matters Most to Londoners (WMM)
2. Mobilise partners and public (MPP)
3. Achieve the best outcomes in the pursuit of justice and in support of victims (ABO)
4. Seize the opportunities of data and digital tech (D&D)
5. Care for each other, work as a team, and be an attractive place to work (CFE)
6. Learn from experience and from others, and constantly strive to improve (LFE)
7. Be recognised as a responsible, exemplary and ethical organisation (EO)

The framework splits each pillar into high level objectives, which are split further into metrics and aspirations to measure performance. The objectives provided in Met Direction have deliberately been set as broadly as possible to incorporate a multitude of issues and provide flexibility for the organisation to respond to those issues in line with strategic aims but also operational priorities. There is a challenge however as to how monitoring performance with a narrow set of metrics can also provide assurance over the broader pillars within Met Direction.

The performance framework is also subject to routine review to ensure the metrics best reflect the key issues. During the year the Met reviewed its metrics across the seven pillars with the most significant changes made to "Be recognised as a responsible, exemplary and ethical organisation" to reflect most recent issues. The performance framework is being revisited for 2021/22 which could see the current six metrics within that pillar being updated to include an additional sixteen metrics.

There is an inherent challenge to know where performance should be and what is considered 'good performance'. The changing landscape of policing as a result of the pandemic has made it even more difficult to assess "true" performance and benchmark performance with previous years.

# Improving economy, efficiency and effectiveness

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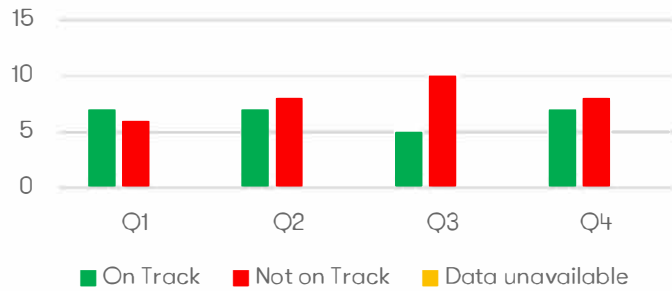
We obtained the quarterly performance reports published for the 2020/21 financial year and reviewed the performance of metrics for each pillar at each quarter (as can be found on page 32 of this report). We noted that progress had been made in the ABO pillar with a steady increase of metrics on track and decrease of metrics not on track however, the majority of metrics for a number of pillars are not on track and are continuing to rise with a corresponding decline of on track metrics in areas such as; MPP, D&D, WMM, CFE, LFE and EO. It is important that the Met continues to use forums such as the Performance Board and Performance Group to assess and gain a comprehensive understanding of the reasons for any decline in performance as well as incline in performance of performance metrics and ensures learning is acted upon to further drive performance.

Our discussions with senior personnel at the Met have noted that the performance framework continues to evolve and provides solidarity through the pillars and business framework. We note from our discussions that the performance framework has driven risk registers and risk panel discussions which is a positive improvement in linking strategic objectives with risk management.

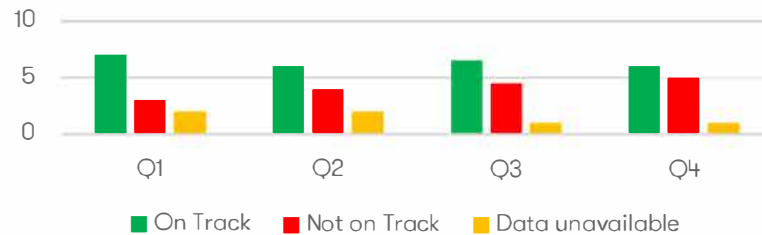
# Improving economy, efficiency and effectiveness

Quarterly performance metrics trends

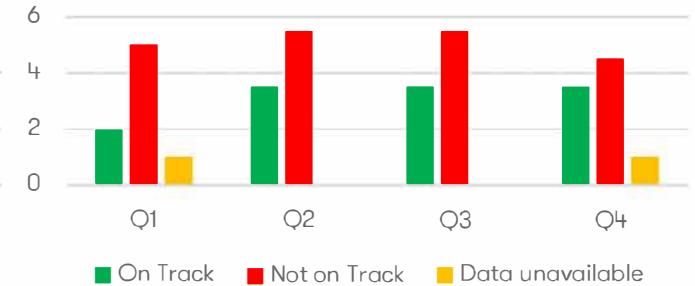
WMM



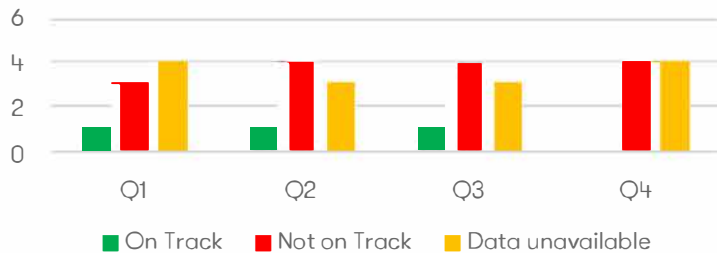
MPP



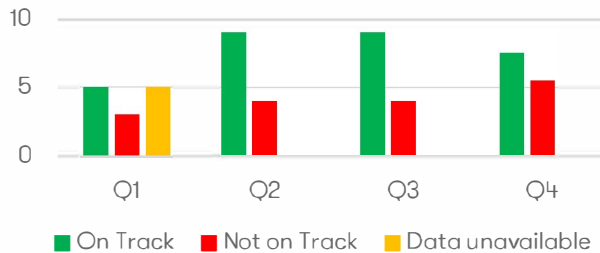
ABO



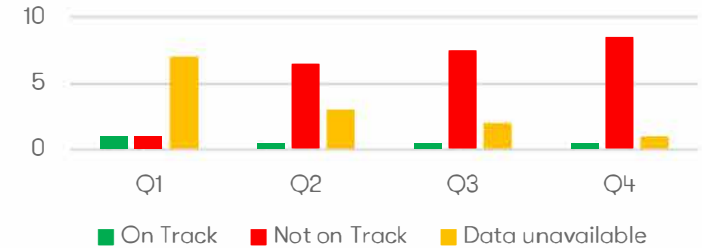
D&D



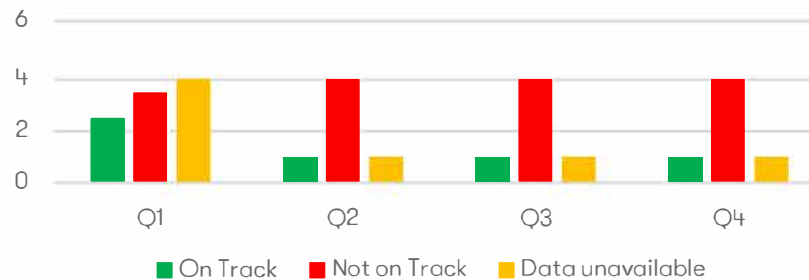
CFE



LFE



EO



Source: Met Business Plan Quarterly Performance Report

# Improving economy, efficiency and effectiveness

## STRIDE

One of the other areas of focus for the Met is its diversity and inclusion strategy (STRIDE). The STRIDE strategy focuses on four programmes for Protection, Engagement, Equality and Learning and has sixteen commitments within them. Inclusion and diversity has been a key issue that has been brought to the forefront of wider society in the past 12 months which the Met have increased focus and work to ensuring this is addressed within their strategic objectives.

During the 2020/21 financial year, an Inclusion, Diversity and Engagement Board was set up which is a bespoke board for Management Board to focus on diversity and inclusion matters. An External Advisory Board also exists with external members represented to provide specialist advice to the Met on diversity and inclusion matters, which is then shared at the Inclusion, Diversity and Engagement Board for consideration. This year also saw the creation of the Deputy Commissioner's Delivery Group which was created to assist with the work ongoing in relation to diversity, inclusion and equality.

Management Board met in August 2020 where it was agreed that a new diversity and inclusion strategy was required, the previous strategy ran from 2017-2021. Management board discussed the narrow focus the strategy had previously and that there was greater urgency and emphasis required to deliver the new strategy. A business plan and taskforce group was created to develop the strategy which was later launched in September 2021. Ethics has been the focus of attention at the Met and it is important that arrangements are in place to track and monitor ethics within the organisation.

Forward planning for Met Direction has emphasised the importance of ensuring ethics is embedded within the Met's organisational strategy and it is positive to note that this has also been embedded in the Met's business plan. The Met's Business Plan for 2020/23 includes a section on equality, diversity and inclusion initiatives for each pillar of Met Direction which was not previously the case in the 2019/22 business plan. There is a challenge as to how performance of ethics within an organisation is monitored and measured. Discussions have been undertaken by Management Board as to how ethics, trust and integrity is reflected in the performance framework, and as noted previously the performance framework is being revisited to ensure metrics are included to allow performance to be assessed in relation to ethics, trust and integrity.

During the 2020/21 year the Mayor published the Mayor's Action Plan which seeks to address similar issues around trust and confidence in policing as well as diversity and inclusion. To ensure that there is transparency in the delivery of the Action Plan, MOPAC publishes a quarterly update on its website, listing all of the actions and what has happened over the period towards delivering them. This provides transparency of how MOPAC and the Met are responding to the issues set out in the Action Plan. There is a lot of work that has been undertaken by the Met however communication internally and externally could be enhanced to allow greater transparency of the achievements that have been previously made by the STRIDE board as well as the progress and results of the Action Plan and strategy. It is positive to note that the new STRIDE strategy sets out that progress will be reported on publicly.

2021 saw a number of high-profile issues which have called in to question the culture at the Met. There is clearly an ambition and understanding of the need to rebuild any lost trust or confidence and as already noted the Met increased the number of indicators it monitored and managed in its pillar to "Be recognised as a responsible, exemplary and ethical organisation". There are already several structures, forums and reviews underway within the Met to understand and learn from issues encountered, both past and present. These arrangements provide already live streams of activity which can be used to effect change in the organisation. However, a much larger change within the Met is now envisaged and during the period subject to review the arrangements in place to manage and oversee this level of change were embryonic.

There are currently several reviews either underway or planned by the Met and other stakeholders. Many of the reviews currently underway will take time and there is a risk that in waiting for "as complete a picture as possible" time is lost, and any perceived lack of action further undermines trust and confidence. There will be a huge amount of information provided by each of these, as well as information from other sources, much of this will be subjective and conflicting in nature. Capturing this information and determining how to respond and in what order will be a huge undertaking. It will be important that, as well as capturing as much as possible from the ground-up, information is rationalised in a way that allows the Met to take a holistic view of what needs to happen, how this should happen and ensure actions and outcomes of the cultural change can be measured and monitored. By its nature, change of this type is a difficult task and it will require significant and co-ordinated effort over a sustained period of time which will need to be measured in years as well as months. It will require significant investment and it will be important that MOPAC and the Met are able to identify what the necessary level of investment might be and how this will be funded. Given the fluid situation highlighted above these plans will need to build in a degree of flexibility and head room to allow them to adapt to changes which will be required as more information becomes available.

# Improving economy, efficiency and effectiveness

## Risk Management

The Mary Calam Stocktake Review Report noted that *"It remains difficult to get an enterprise level understanding of where risk sits or of the "gearing" between different parts of the business"*.

This plays into the observations made earlier in the Transformation section of this report around the disconnect between various departments within the Met and their approach to governance and indeed risk management. This disconnect makes it more difficult to assess risk at a corporate and strategic level where individually risk management is not coordinated in different areas of the organisation.

We understand that risk appetite will be different in different areas of an organisation however the approach to scoring and managing those risks should in some way be consistent to ensure when building a risk register from the ground up it provides an accurate view of the risks pertaining to the organisation.

Risk management is a key and fundamental control to ensure strategic outcomes are met. Where risks are not managed or graded in a consistent manner there is an increased risk that risks crystallise and the organisation continues to be reactive to an issue rather than acts to prevent an issue. The Met and MOPAC should ensure their approach to scoring and managing risks between departments is broadly consistent to ensure these are connected across the organisation, this will assist with the assessment of corporate and strategic risk of the organisation as a whole.

## Conclusion

Overall we are satisfied that the Met and MOPAC have sufficient arrangements in place to inform effective business planning. The Met has undertaken significant work to develop and maintain a strategic plan that remains fit for purpose as well as a supporting framework in which it can determine and measure successful delivery of its strategic objectives. To strengthen these arrangements, the Met should ensure it clearly understands the drivers behind performance and is able to act upon that understanding to further drive improvement. The Met has also undertaken a significant amount of work to increase trust and confidence in policing through the implementation of the STRIDE strategy. The Met should consider how it can increase transparency; sharing achievements as well as acknowledging areas for improvement to build greater trust and confidence in the organisation and with the wider public.

## Improvement Recommendation

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.



# COVID-19 arrangements



Since March 2020 COVID-19 has had a significant impact on the population as a whole and how MOPAC and the MPS deliver services.

We have considered how MOPAC and the MPS' arrangements have adapted to respond to the new risks they are facing.

## Financial sustainability

The covid-19 pandemic created significant uncertainty throughout the year with regards to levels of expenditure such as police overtime and estates costs as well as increasing uncertainty around areas of funding in particular Business Rates and Council Tax.

The costs related to the Covid-19 pandemic for 2020/21 accumulated to £60.9m. The expenditure was offset by £24.5m of grants for a number of areas such as non-medical grade PPE, loss of income and enforcement activity. The net expenditure associated with the covid pandemic was therefore £36.4m.

Towards the end of the financial year, the Home Office provided an unconditional grant of £13.9m to assist with Covid-19 pressures. As the grant was received late in the year by which point the Met had put in place mitigations to manage covid related spend, the additional grant was allocated to an earmarked reserve for use on Covid-19 activity for 2021/22 financial year.

Despite this additional funding, MOPAC and the Met expects these financial pressures to be ongoing. Whilst it has set a balanced budget for 2021/22, with savings and efficiencies built in, both organisations will undoubtedly need to maintain its high level of monitoring and scrutiny over its finances in order to achieve this budget.

## Governance

While MOPAC and the Met generally maintained a business-as-usual approach to its governance arrangements during the pandemic, some adjustments were required. As a result of the lockdown restrictions announced on the 16<sup>th</sup> March 2020, MOPAC and the Met adjusted some of its internal control processes to support effective governance throughout the pandemic such as holding board and committee meetings online.

Internal audit have acted in an advisory capacity throughout, where processes and systems have had to adapt to changed circumstances. Internal audit also demonstrated it can offer a responsive service, adapting its annual plan to accommodate new reviews required as a result of changed circumstances.

Despite this, internal audit still completed 90% of their planned audit programme in the year. Additional, unplanned audits were carried out, Internal audit did not identify any serious weaknesses in internal controls over the course of the year.

All office-based staff were provided with the necessary equipment to work from home, enabling a smooth transition to remote working where this was possible. Home-based working has continued throughout the pandemic and there has been a good level of continuity of service. Enabling staff to work from home also supported the Met in protecting its frontline staff and residents by reducing the risk of virus transmission. PPE was also sourced and provided to all frontline staff where this was deemed necessary.

## Improving economy, efficiency and effectiveness

Both MOPAC and the Met have been mindful of the impact on the pandemic on its most important resource, its staff. Actions have been put in place to support staff wellbeing and supporting staff remains a key priority for MOPAC and the Met. In aiming to maintain staff wellbeing, MOPAC and the Met have been able to maintain an efficient and effective delivery of its statutory services.

The Met has maintained its quarterly reporting of performance against the key metrics within the Performance Framework throughout the year. Baselines and performance of outcomes have been considered in line with the context of the Covid-19 pandemic.

This has enabled those charged with governance to understand which activities have been most impacted and the extent of this impact.

Partnership working is a key theme of the PCP and Met Direction, and work with community partners increased during the pandemic. The pandemic brought about a increased presence of partnership working for the majority of public sector organisations in response to the Covid-19 pandemic of which MOPAC and the Met should continue to build upon.

## Conclusion

**Our review has not identified any significant weaknesses in MOPAC or the MPS' arrangements for responding to the Covid-19 pandemic.**

# Improvement recommendations



## Financial sustainability

### 1 Recommendation **Your arrangements in place to ensure a robust financial strategy and secure long term financial sustainability**

MOPAC and the Met should look to ensure that in light of the future funding settlement agreement:

- Medium term financial plans are updated to reflect funding expected which in turn will provide a reasonable estimate of the potential funding gap which management can plan against over the medium term;
- PBB assessments and outcomes of those assessments are revisited to ensure decisions are reasonably informed regarding areas of investment and disinvestment. Any significant or material business cases should be kept under review especially where fundamental assumptions have changed in light Covid-19. Ensuring investment decisions are flexible such that they are able to provide value for money in a range of different scenarios and assumptions is an important consideration to make in such uncertain times. This should include the decision whether to proceed with the planned investment at all; and
- MOPAC and the MPS should continue to refresh the current capital strategy in light of current and future funding uncertainties. Management should also consider the revenue implications of borrowing for short life assets over a longer time period has been assessed and any decision to proceed with planned investment that the revenue implications are factored into medium to longer term planning.



#### Why/impact

Updating plans and forecasts with future funding information will enable MOPAC and the Met to plan for any estimated budget gaps as well as assist in making informed decisions on areas of investment and disinvestment.

#### Management comment

ACCEPTED. MOPAC recognises the importance of updating plans and forecasts with future funding information. Following the provisional grant settlement, the MOPAC/MPS Budget assumptions were updated to reflect the up to date position.

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

# Improvement recommendations

## Governance

### 2 Recommendation Your arrangements to produce, monitor and ensure delivery of the Police and Crime Plan

- 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.
- 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.

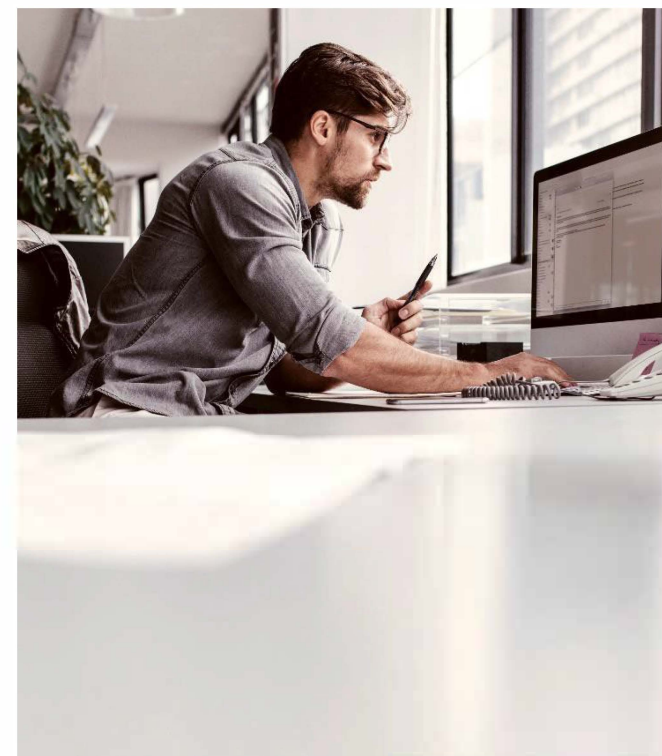
#### Why/impact

- Non timely publication of information creates a risk that data being relied upon from stakeholders is out of date and therefore may no longer be reliable.
- Mapping governance and oversight structures will enable MOPAC to clearly articulate how it is meeting its strategic priorities in delivering the PCP as well as fulfilling its statutory oversight function.

#### Management comment

ACCEPTED.  
In general MOPAC is one of the most (probably the most) transparent OPCC's in the country and keeps a wide range of dashboards updated which provide Londoners with the information they need to assess delivery and partners the information they rely on. We acknowledge that one page has become out of date and will rectify this.

MOPAC is reviewing its governance of oversight of MPS performance and finance. The Police and Crime Plan includes an outcomes framework which will provide the structure for MOPAC's approach to oversight.



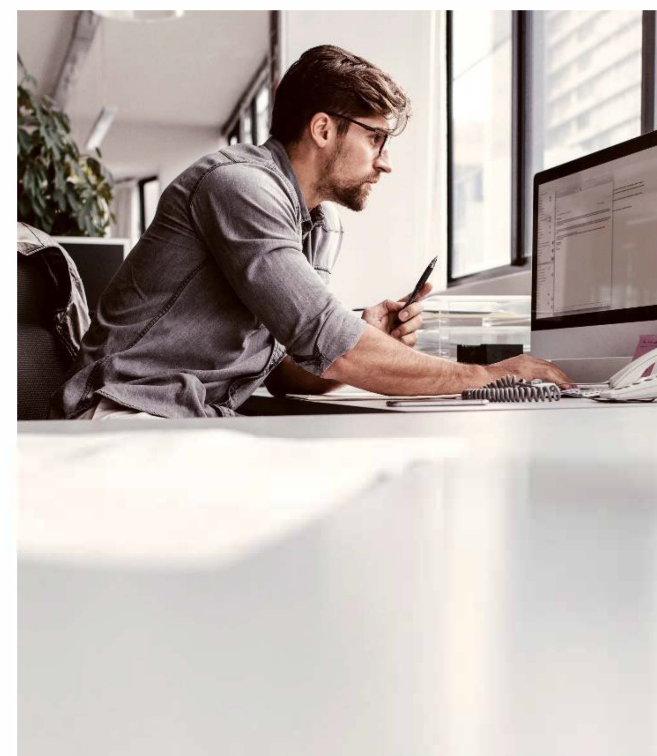
The range of recommendations that external auditors can make is explained in Appendix C.

# Improvement recommendations

## Governance

### 3 Recommendation **Your arrangements in place to ensure robust governance and oversight, including decision making structures between the MPS and MOPAC**

- 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 progress.
- 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.



#### Why/impact

- Use of the new templates and ensuring risks and impacts of decisions are clear will ensure there is clarity in information to aide senior personnel make effective decisions as well as create efficiencies by ensuring business decisions are flagged through the correct route first time.
- Defining novel and contentious items as well as incorporating this into a checklist will ensure individuals drafting business cases are clear on what is a novel or contentious item as well as mitigate the risk that novel and contentious items are not flagged through the appropriate channels.

#### Management comment

ACCEPTED AND IN PROGRESS. This work has commenced as part of MOPAC's change programme, specifically our work on core processes and updating the Scheme of Delegation. The new draft Scheme seeks to define 'novel, contentious and repercussive'. Also, any proposed changes to the Scheme of Delegation (if approved, following a pilot) will be supported by an assurance checklist, a draft of which has been developed and will be tested as part of the pilot.

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

# Improvement recommendations



## Improving economy, efficiency and effectiveness

### 4 Recommendation Your arrangements for the effective use of data to make informed business decisions

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.

#### Why/impact

Ensuring data input into systems is right first time will mitigate the risk that the output of data is incomplete or inaccurate and therefore in turn mitigate the risk that information fed up through the business is inaccurate which could lead to uninformed decision making.

#### Management comment

TBC



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



# Improvement recommendations



## Improving economy, efficiency and effectiveness

### 5 Recommendation Your arrangements around transformation and innovation to secure savings and efficiencies for the MPS and MOPAC

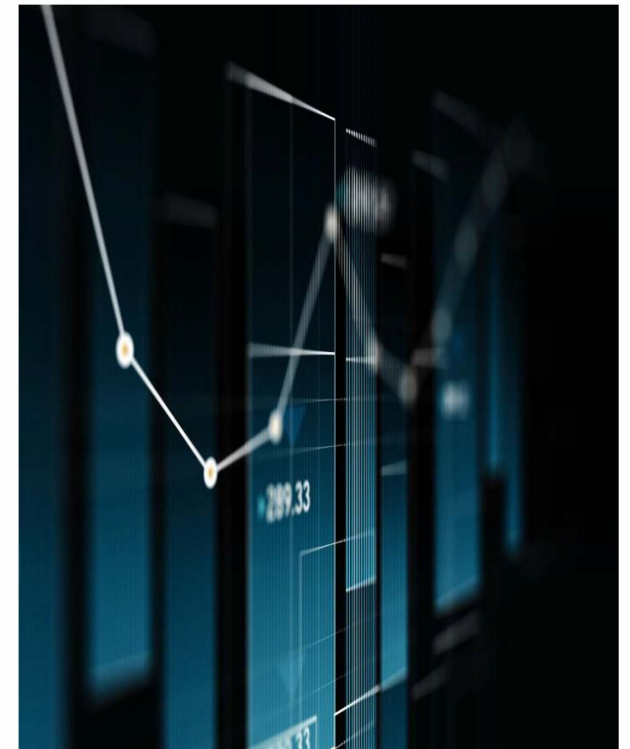
- The Met should map the impact, outcomes and intended benefits of its transformation portfolio to the performance framework to ensure that organisational performance is being met as intended and in turn meeting the overall strategic objectives of the organisation as reflected within Met Direction.
- 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.

#### Why/impact

- By mapping the impact, outcomes and intended benefits of its transformation portfolio to the performance framework this will allow the Met to ensure it is achieving required performance as anticipated from the programme as well as ensure the Met is meeting its strategic objectives.
- By managing the risks and interdependencies associated with the CONNECT and Command and Control programmes this will mitigate the risk of non delivery of these large and complex programmes.

#### Management comment

TBC



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

# Improvement recommendations



## Improving economy, efficiency and effectiveness

### 6 Recommendation Your arrangements in place to inform effective business planning

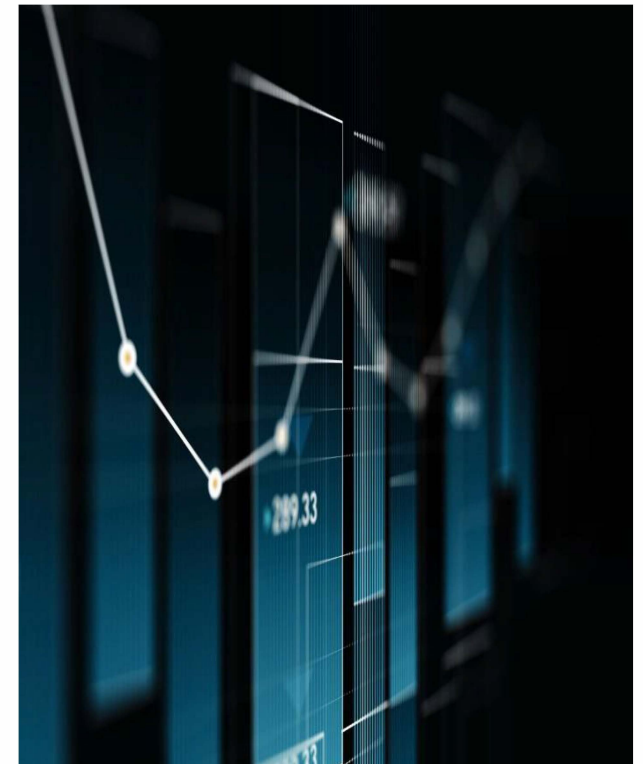
- As the Met develops its plans to effect culture change it will adapt existing workstreams such as the STRIDE strategy, Leading for London (Leadership) and Rebuilding Trust Plan. It will be important that plans and progress in each of these areas and others are captured to provide a holistic view of 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.

#### Why/impact

- Ensuring increased transparency of work undertaken to build trust and confidence in the organisation will in turn increase the trust and confidence of stakeholders. Providing a holistic view of arrangements and of work undertaken will allow the leadership team to monitor and measure performance in rebuilding trust and confidence in the organisation.

#### Management comment

TBC



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

# Opinion on the financial statements



## Audit opinion on the financial statements

We gave an unqualified opinion the financial statements on 1 October 2021.

## Audit Findings Report

More detailed findings can be found in our AFR, which was published and reported to the Deputy Mayor of Policing and Crime and the Commissioner of the Metropolis on 29 September 2021.

## 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 returns prepared by MOPAC and the MPS. This work includes performing specified procedures under group audit instructions issued by the National Audit Office.

Our work has not yet commenced in this area as guidance has not yet been issued by the NAO.

## 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.

## Issues arising from the accounts:

No significant issues were noted from our audit on the financial statements. A list of detailed finding can be found with the Audit Findings Report.

## Grant Thornton provides an independent opinion ensuring 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 MOPAC and the MPS



## Role of the Chief Financial Officer (or equivalent):

- Preparation of the statement of accounts
- Assessing MOPAC and the MPS' ability to continue to operate as going concerns

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) 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 MOPAC and the MPS' ability to continue as going concerns and use the going concern basis of accounting unless there is an intention by government that the services provided by MOPAC and the MPS will no longer be provided.

MOPAC and the MPS 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.





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# Appendix B - Risks of significant weaknesses - our procedures and findings

As part of our planning and risk assessment work, we considered whether there were any risks of significant weakness in MOPAC or the MPS' arrangements for securing economy, efficiency and effectiveness in its use of resources that we needed to perform further procedures on.

No significant risks were identified.

# Appendix C - An explanatory note on recommendations

A range of different recommendations can be raised by the PCC's and CC's auditors as follows:

Type of recommendation	Background	Raised within this report	Page reference
Statutory	Written recommendations to MOPAC and the MPS under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014. A recommendation under schedule 7 requires MOPAC and the MPS to discuss and respond publicly to the report.	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 MOPAC and the MPS. We have defined these recommendations as 'key recommendations'.	No	Not Applicable
Improvement	These recommendations, if implemented should improve the arrangements in place at MOPAC and the MPS, but are not a result of identifying significant weaknesses in MOPAC and the MPS' arrangements.	Yes	Pages 36-41

