Mayor's Office For Policing And Crime and Group

Statement of Accounts 2022/23

MOPAC | MAYOR OF LONDON
OFFICE FOR POLICING AND CRIME

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Narrative report

Introduction

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

The Mayor delivers the responsibilities given to him via the Act through the Mayor's Office for Policing and Crime (MOPAC), which was established as a Corporation Sole in January 2012. The Mayor has appointed a statutory Deputy Mayor for Policing and Crime – Sophie Linden – to lead MOPAC. A separate body of the Commissioner of Police of the Metropolis (CPM) remains, Dame Cressida Dick was the Commissioner during 2021/22. Sir Steve House became Acting Commissioner on 11 April 2022 following the departure of Dame Cressida Dick. Sir Mark Rowley was appointed as Commissioner and took up the post on 12 September 2022.

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

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

The four priorities of the Plan are: Reducing and preventing violence; Increasing trust and confidence; Better supporting victims; and Protecting people from being exploited or harmed. These Accounts reflect the administration's priorities to meet the objectives within MOPAC's published Police and Crime Plan for 2022-2025.

All the financial transactions incurred during 2022/23 for policing London have been recognised and recorded within this Statement of Accounts, which sets out the overall financial position of MOPAC and the MOPAC Group for the year ending 31 March 2023. The term 'Group' refers to the consolidated accounts of the MOPAC and CPM. Where the Group's position differs from MOPAC's position this is made clear in the statements and notes. Separate statutory accounts are prepared for the CPM.

This narrative report provides an overview of the accounting arrangements and outlines the financial and operational performance of MOPAC and the MOPAC Group during 2022/23.

Delivering our priorities during 2022/23

Following the publication of the Mayor's Police and Crime Plan for London in March 2022, 2022/23 was a year of focused delivery on the Mayor's priorities.

Trust and confidence in policing – a key Police and Crime Plan priority and the focus of the Mayor's 2020 Action Plan for Transparency, Accountability and Trust - remained a dominant issue in London during 2022/23, following a series of appalling scandals, continued declines in public confidence and the resignation of the Commissioner. In June 2022, Her Majesty's Inspectorate of Constabulary, Fire and Rescue Services (HMICFRS) announced that it would be moving the MPS into the Engage process of monitoring, following substantial and persistent concerns about the Service's performance in key areas of its work, including investigating crime, responding to the public and protecting people from harm.

In July 2022, the Mayor and Home Secretary announced the appointment of Sir Mark Rowley QPM as the new Commissioner of the Met, and since taking up office in September 2022, he has begun an extensive programme of reform of the capital's police service. The Commissioner's draft Turnaround Plan published for consultation in January 2023, focuses on addressing the concerns raised by HMICFRS and in response to this consultation the Met has now published New Met for London.

The importance of these reforms has been underlined by the findings of Baroness Casey's Review – the Mayor requested that this review be commissioned by the Met - into the standards of behaviour and internal culture of the Met. Baroness Casey found institutional racism, misogyny and homophobia at the Met, findings that the Mayor accepted. She has described the Met as defensive, resistant to change and unwilling to engage with communities.

The Mayor continues to act to put the Met on a path of far-reaching systematic and cultural reform, with the appointment of the new Commissioner and leadership team who acknowledge the scale of the problems. In 2022/23 the number of BAME officers and women officers in the Met reached record highs, and the Mayor announced new £12m investment for a new Leadership Academy for all Met leaders to raise standards, £2.5m to improve the service Londoners receive when they first call police and new £3m annual investment to make it easier for victims to access key information about their case, increase the number of Met staff responsible for victim care and signpost victims to specialist support services.

The Mayor remains unflinching in his resolve to support and hold the new Commissioner to account as he works to overhaul the MPS. It is clear that there is more for MOPAC and the Met to do and we are reflecting carefully on Baroness Casey's findings and recommendations. Steps are being taken to further strengthen MOPAC oversight in 2023/24, including bringing together national oversight bodies to understand how best to apply our collective levers for reform

Intensive efforts to reduce violence in London continued over this period. MOPAC has continued to make record investment in policing, and in 2022/23 officer numbers reached a record high in London. The MOPAC-convened Reducing Homicide Partnership has brought together the MPS and other partners to co-ordinate efforts to reduce and prevent serious violence. The Mayor continued to prioritise tackling the causes of crime through the work of his Violence Reduction Unit (VRU). With the Mayor's support and investment, the VRU has supported more than 150,000 young people over the last two years. This includes measures to support families, funding to keep young people in education, investment in the vital role played by youth workers and mentors, and support and resources for communities to tackle the issues affecting their neighbourhoods. The Mayor also announced additional investment of £2.5m to tackle the violence and harm associated with drugs, which remains a priority for communities.

This work began to show results in 2022/23. Comparing the twelve-month period to March 2023 to the twelve-month period prior to the Mayor taking office (to May 2016), knife crime with injury was down 5%, gun crime was down 15% and homicide was down 4%. In the calendar year 2022, the number of murders in London fell to its lowest since 2014, and teenage murders also reduced by more than 50 per cent compared to the previous year.

Building on the Police and Crime Plan and the Mayor's wider work to tackle violence, in June 2022 he published his refreshed tackling Violence Against Women and Girls Strategy for London. The Strategy - published after extensive consultation with Londoners, victims of crime, partner agencies and community and voluntary groups - champions a public health approach and encourages everyone in London to play their part in ending the epidemic of violence against women and girls by: placing a stronger emphasis on partnership working, prevention and education across a wide range of services in London; targeting the behaviour and actions of perpetrators of abuse and violence and making sure they are the focus for change; investing an additional £17.7m for support services– including a specialised response to support all victims; recognising that violence starts with words, and we all have a responsibility to challenge the behaviour that can lead to violence and making women feel unsafe; and taking action to rebuild confidence and trust in the police and criminal justice system to ensure victims are supported and empowered to get the justice they deserve.

The financial statements

Like all public services, policing has continued to operate within a challenging financial environment. In spite of the ongoing financial pressures we face, we have continued our investment in projects and programmes to deliver transformation. These include investment in estates and equipment to support a modern police force. Much of the investment to date has been funded from receipts from the disposal of surplus property. Whilst future investment will still include some disposal proceeds, we will need to continue to look to long term borrowing to fund this necessary investment. Before the police officer pension liability, which is subject to a separate year on year funding arrangement agreed with the Home Office, the Balance Sheet shows a positive net worth of £2,044 million, an increase of £32 million from last year (£2,012 million) reflecting movements in working capital.

More specifically, the consolidated financial statements consist of:

- The Comprehensive Income and Expenditure Statement (CIES) for the Group and MOPAC – this summarises the resources generated and consumed in the year. Whilst it shows a deficit on the provision of services of £474 million, after taking accounting adjustments into consideration there is a surplus of £16 million after transfers from earmarked reserves of £75 million;

- The Movement in Reserves Statement (MIRS) for the Group and MOPAC – this shows how the £474 million deficit and other income and expenditure generated in the CIES is spread over the usable and unusable reserves in the Balance Sheet. Usable reserves reduced from £578 million to £519 million during 2022/23 which reflects transfers from earmarked reserves which have been established to manage future budget pressures, operational costs falling in future years and management of on-going change programmes.

- The Balance Sheet for the Group and MOPAC – this sets out the assets, liabilities owed by MOPAC to others, and the usable and unusable reserves which MOPAC maintains. The Balance Sheet shows a negative net worth of £22,264 million. This figure however includes the cost of police officer pensioners' liabilities which are subject to a separate year-on-year funding arrangement agreed with the Home Office. If the police pension liabilities are excluded, the Balance Sheet would show a positive net worth of £2,079 million;

- The Cash Flow Statement for the Group and MOPAC – this shows the in- and out-flows of cash to and from MOPAC. During 2022/23 there was a net cash inflow to MOPAC of £185 million.

In addition to the financial statements the Statement of Accounts include a Statement of Responsibilities for the Accounts and are published alongside MOPAC's Annual Governance Statement for 2022/23.

Financial performance of the Group

Setting the budget

The Deputy Mayor for Policing and Crime recommends an annual budget to the Mayor, following consultation with the Commissioner. The approved budget for 2022/23 for the whole MOPAC Group provided for gross expenditure of £4,269.9 million. Within this amount, £109.7 million was attributable to MOPAC, and included some £95.5 million relating to London initiatives such as crime prevention, rape crisis centres, safer neighbourhood boards and for delivering victims services which became a MOPAC responsibility with effect from 1 October 2014. The MOPAC Group net budget, after taking into account income, specific grant before reserve usage, was £3,310.3 million.

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

Performance against the Revenue Budget

Table 1 provides a summary of the final MOPAC outturn position for 2022/23 compared with the revised budget. Figures in brackets in the variance column represent reduced expenditure or increased income against the revised budget.

Table 1 MOPAC Group - Final outturn position for 2022/23 compared with 2021/22 and the revised budget

Outturn 2021/22	£million	Approved annual budget 2022/23	Revised annual budget 2022/23	Outturn 2022/23	Variance Overspend / (underspend) 2022/23	Variance % 2022/23
	Pay					
2,279.5	Police officer pay and overtime	2,414.6	2,450.4	2,442.1	(8.3)	(0.3)
675.1	MOPAC and police staff pay and overtime	687.2	751.3	725.3	(26.0)	(3.5)
2,954.6	**Total pay**	**3,101.8**	**3,201.7**	**3,167.4**	**(34.3)**	(1.1)
	Running expenses					
26.6	Employee related expenditure	16.7	51.2	51.7	0.5	1.0
164.1	Premises costs	160.9	178.2	184.9	6.7	3.8
79.1	Transport costs	80.9	83.6	93.0	9.4	11.2
615.0	Supplies & services	734.4	716.9	687.2	(29.7)	(4.1)
116.6	Capital financing costs	140.8	170.3	171.3	1.0	0.6
34.1	Discretionary pension costs	34.4	34.4	39.2	4.8	14.0
1,035.5	Total running expenses	1,168.1	1,234.6	1,227.3	(7.3)	(0.6)
3,990.1	Total gross expenditure	4,269.9	4,436.3	4,394.7	(41.6)	(0.9)
(1,011.2)	Total income and grants	(959.6)	(1,170.3)	(1,151.3)	19.0	(1.6)
2,978.9	**Net expenditure**	**3,310.3**	**3,266.0**	**3,243.4**	(22.6)	(0.7)
6.1	Transfer to/(from) earmarked reserve	(124.0)	(80.8)	(74.0)	6.8	(8.4)
0.0	Transfer to/(from) general reserve	0.0	0.0	0.0	0.0	0
2,985.0	**Budget requirement**	**3,186.3**	**3,185.2**	**3,169.4**	**(15.8)**	(0.5)
(2,985.0)	Total Funding	(3,186.3)	(3,185.2)	(3,185.2)	0	0.0
0	**Total MOPAC Group**	**0**	**0**	**(15.8)**	**(15.8)**	**0**

After transfers to reserves, expenditure was in line with budget. The underspends on pay was offset by overspends on overtime with also a small overspend on running costs. At the year-end we had just over 34,500 officers which is c1000 below the Police Officer Uplift (PUP) target for the year. This resulted in a reduction in ring-fenced grant funding of £30.8m. The underspend on staff pay reflects the large number of vacancies that are skilled roles and therefore a challenge to recruit to. The year saw the MPS deliver policing for the Queen's Platinum Jubilee and Operation London Bridge for which the Home Office provided funding through Special Grant Receipts.

The budget for running costs (excluding capital financing costs and discretionary pension costs) was overspent by £2m. £1.9 million relates to overspends across transport and premises costs, which reflects the inflationary increases by suppliers, with an underspend on Supplies and Services.

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

The net movement on earmarked and general reserves during 2022/23 is a decrease of £59.5 million as shown in Table 2 below.

Table 2 Net movement on earmarked and general reserves 2022/23

Description	£ million
Opening reserves balance 1 April 2022	575.9
Transfers to/(from) reserves	(58.2)
Transfers to/(from) reserves – NPCC/NPOC	(1.3)
Closing reserves balance 31 March 2023	**516.4**

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

Performance against the 2022/23 Capital Programme

Capital expenditure 2022/23

Capital expenditure for 2022/23 was financed in accordance with the prudential code from capital grants, third party contributions, capital receipts and borrowing. Capital expenditure for 2022/23 was £269.2 million. This compares with the revised annual budget of £321.8 million.

Table 3 Capital Outturn position 2022/23

Actual expenditure 2021/22	Summary by programme £million	Revised budget 2022/23	Actual expenditure 2022/23	Variance overspend/ (underspend)
86.7	Property Services	86.4	74.7	(11.7)
47.1	CTPHQ	56.4	48.7	(7.7)
39.3	Digital Policing	53.2	56.5	3.3
45.4	Transformation	93.4	54.8	(38.6)
25.5	Fleet Services	27.1	26.6	(0.5)
3.2	Met Operations	5.3	7.9	2.6
247.2	**Total**	**321.8**	**269.2**	**(52.6)**

Property based programmes - Property Services capital expenditure was £74.7 million reflecting the commitment to deliver an estate that is fit for purpose for a modern police force. The variance reflects slippage against projects including Limehouse, Personal Storage and Smarter Working.

Digital Policing based programmes - Digital Policing spent £56.5 million across replacement of IT equipment (mostly new laptops) and core IT infrastructure which includes networks, hosting, infrastructure maintenance and applications and services upgrades. The overspend is mainly due to greater than expected spend supporting the IT replacement programme.

Transformation programme – Transformations spent £54.8 million in the year, which is £38.6 million below budget. This was a result of slippages and underspends across a range of programmes, including 'Command and Control' and 'Connect'.

Fleet Services based programme – Investment in transport for 2022/23 was £26.6 million. The small underspend is a result of supply chain issues for new vehicles.

Capital financing

Capital expenditure of £269.2 million on non-current assets in 2022/23 was financed in accordance with the Prudential Code, from capital grants and other third party contributions of £64.8 million, capital receipts applied of £93.4 million, and revenue contributions of £77.5 million.

This meant that external borrowing of £33.5 million was used to finance this expenditure. MOPAC complies with the CIPFA Code of Practice for Treasury Management in Public Services. All decisions by MOPAC about capital financing were taken in the context of the CIPFA Prudential Framework. The Framework provides authorities with borrowing flexibility, provided controls on affordability, sustainability and prudence are met. Net borrowing over the medium term will only be for a capital purpose. Borrowing will be contained within the borrowing limits agreed by the Mayor of London for MOPAC.

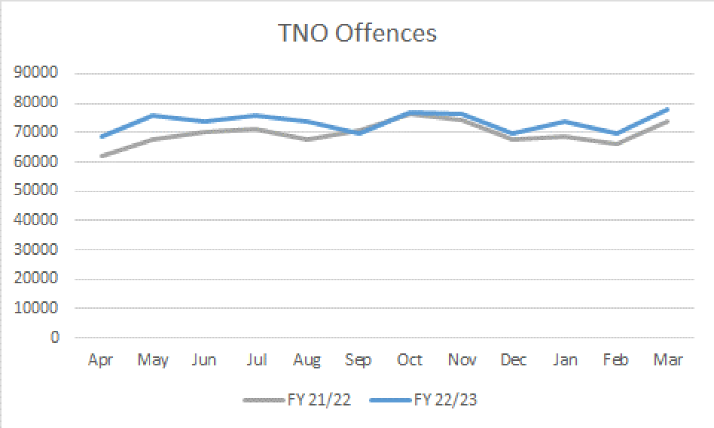
As part of the Prudential Framework a Capital Financing Requirement (CFR) is approved by MOPAC each year, which represents MOPAC's underlying need to borrow for capital expenditure. For the purposes of calculating the CFR, the amount required to be borrowed reflects both external and internal borrowing (applying our own cash balances).

Under the Framework MOPAC is required to set aside an amount called the Minimum Revenue Position (MRP). For 2022/23 the MRP was £67.4 million. The MRP is the prudent amount that the Group is required to set aside from revenue to meet the repayments of borrowing undertaken to support capital investment.

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

MPS Operational Performance

End of Financial Year Crime Figures - 2022/23



Overall, total notifiable offences were higher (+5%) when compared to the previous financial year, with offence volumes peaking in May, October and March. September was the only month to see a reduction (-1%), compared to 2021/22, this coincided with the Queen's funeral.

The MPS experienced increases in offences across six crime types, monitored by the MPS Performance Framework, and decreases in four. The largest increases were Theft from a Person (+32%) and Personal Robbery (+19%), followed by increases in Vehicle Offences (+5%), Lethal Barrel Discharges (+2%) and Violence with Injury (+2%). The four crime types that saw reductions were; Homicide (-10%), Residential Burglary (-8%), Rape (-3%) and Domestic Abuse (-2%).

Aside from the offences measured in the Performance Framework, Theft (+22%) also saw a significant increase, whilst Drug Offences saw a significant reduction (-10%).

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

Review of MPS 2022/23 performance

The priorities of the Met over 2022/23 have continued to evolve in response to findings from internal and external assessments. The Met has now revised the Turnaround Plan - and launched A New Met for London. We have also introduced a new performance framework with a new team to drive progress. To track our progress in achieving More Trust, Less Crime and High Standards, we've agreed a set of headline measures with the Mayor that is outlined in A New Met for London. As we finalise our forward look set out below is an overview assessment of performance against the mission of More Trust, Less Crime, High Standards.

More Trust

Since MOPAC's Public Attitudes Survey began the proportion of respondents who felt the police do a good job in their local area has stood at around 68-69%. This fell significantly to below 49% for 2021/22. We have started to see a small recovery in views towards the police but have a long way to go to recover the trust and confidence lost over recent years.

	% agree 2022/23	Change from 2021/22
Police do a good job in the local area	50	1
Agree the police are dealing with the things that matter to this community	59	-1
Agree the police can be relied upon to be there when needed	59	2
Agree the police listen to the concerns of local people	59	-1
Agree the police treat everyone fairly regardless of who they are	65	3

Public Perceptions of the Police - London Datastore

The findings of the Baroness Casey Review was a significant moment and created further impacts on trust by the nature of the difficult issues the Review covers. To rebuild the trust of London we have to root out those corrupting our integrity. But the more successful we are in this element of reform, the more horrific stories will emerge, the more worried the public will be. The harder we try to deliver the scale of reform required, the worse we will appear from the outside looking in.

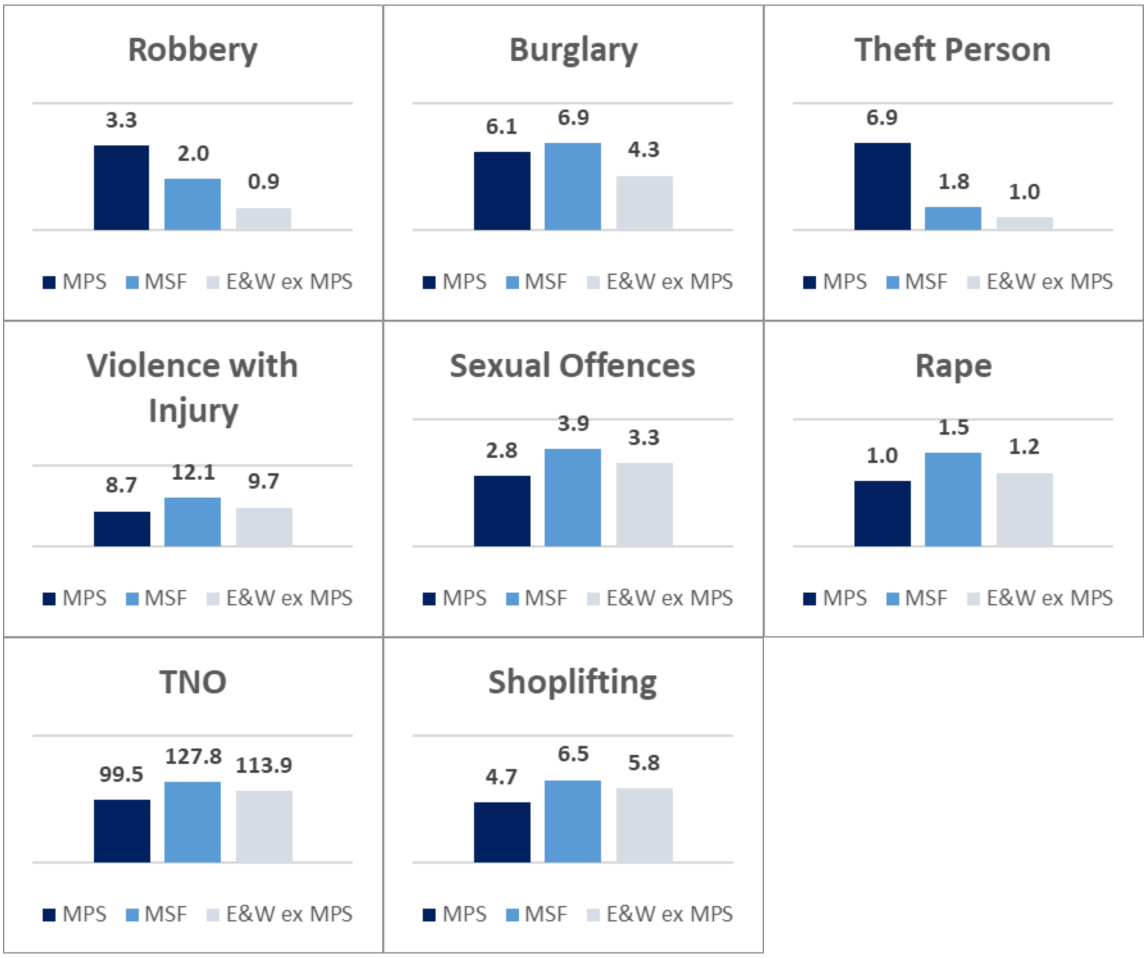
We speak regularly about the tough measures we are taking against those who do not meet our high standards. But we cannot lose sight of the tens of thousands of officers and staff delivering one of the hardest jobs in the capital. They want the MPS to rid itself of those who have no place in policing just as much as the public do. They are up for the fight. This is evident in the number of internal reports about wrongdoing doubling over the last year.

Less Crime

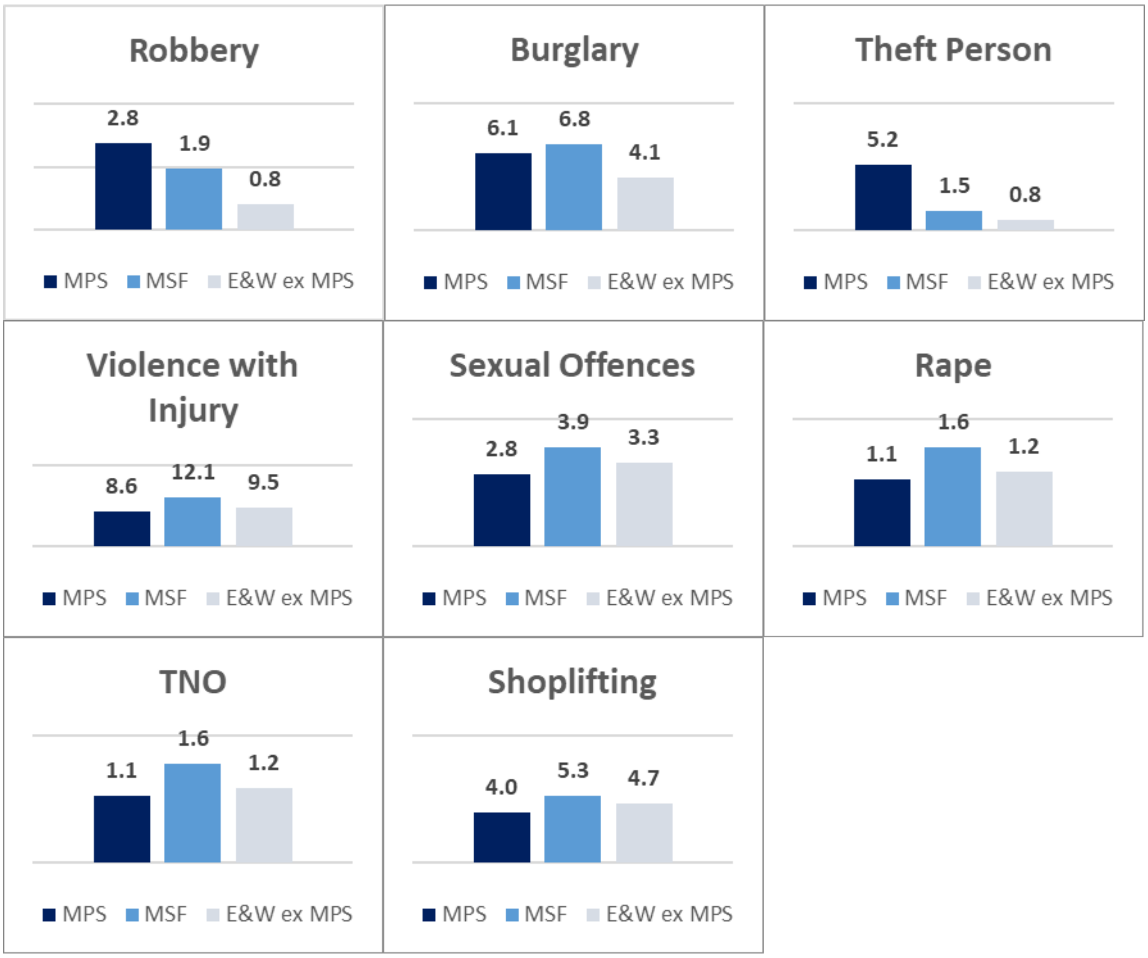
Through the NMfL we have reformed our performance framework and rolled out new performance and 'tasking and coordination' processes which we expect to be strongly embedded by July 2024. This is a reset of our approach to performance and tasking and we have already seen much improvement.

The data below compares recorded crime per 1,000 of the population for financial year 2022/23 compared with financial year 2021/22. Robbery and shoplifting offences continue to be a concern. Notably with robbery we are worse than the average in E&W where the unique volumes we see in the capital are a significant challenge. Increases in shoplifting is potentially being driven by broader challenges in terms of cost of living.

FY22/23	MPS	MSF	E&W ex MPS	GMP	WMP	WYP
Robbery	3.3	2.0	0.9	1.8	2.9	1.3
Sexual offences	2.8	3.9	3.3	4.0	3.5	4.0
TNO	99.5	127.8	113.9	127.7	124.3	132.2
Burglary	6.1	6.9	4.3	7.3	7.2	6.2
Violence with Injury	8.7	12.1	9.7	10.6	13.3	12.3
Theft Person	6.9	1.8	1.0	2.4	1.5	1.4
Rape	1.0	1.5	1.2	1.4	1.5	1.5
Shoplifting	4.7	6.5	5.8	5.7	6.1	8.1



FY21/22	MPS	MSF	E&W ex MPS	GMP	WMP	WYP
Robbery	2.8	1.9	0.8	1.8	2.7	1.1
Sexual offences	2.8	3.9	3.3	3.9	3.9	3.9
TNO	93.8	122.2	107.2	120.7	122.4	123.7
Burglary	6.1	6.8	4.1	7.8	6.8	5.4
Violence with Injury	8.6	12.1	9.5	10.6	13.6	12.0
Theft Person	5.2	1.5	0.8	2.0	1.3	1.2
Rape	1.1	1.6	1.2	1.4	1.7	1.5
Shoplifting	4.0	5.3	4.7	4.9	4.9	6.2



When looking at positive outcomes we have challenges, especially for robbery, which remains a key issue for the Met compared to performance across England & Wales and our MSF. Much work has taken place to improve our performance with surge unding of £250k per year which has enabled a number of key operations targeting robbery hotspots as well as preventative work. Furthermore performance is now overseen by a Tactical and Strategic Robbery Working Group which was set up in January 2024 to ensure grip and ownership of tackling robberies, with a focus on personal and knife point robbery.

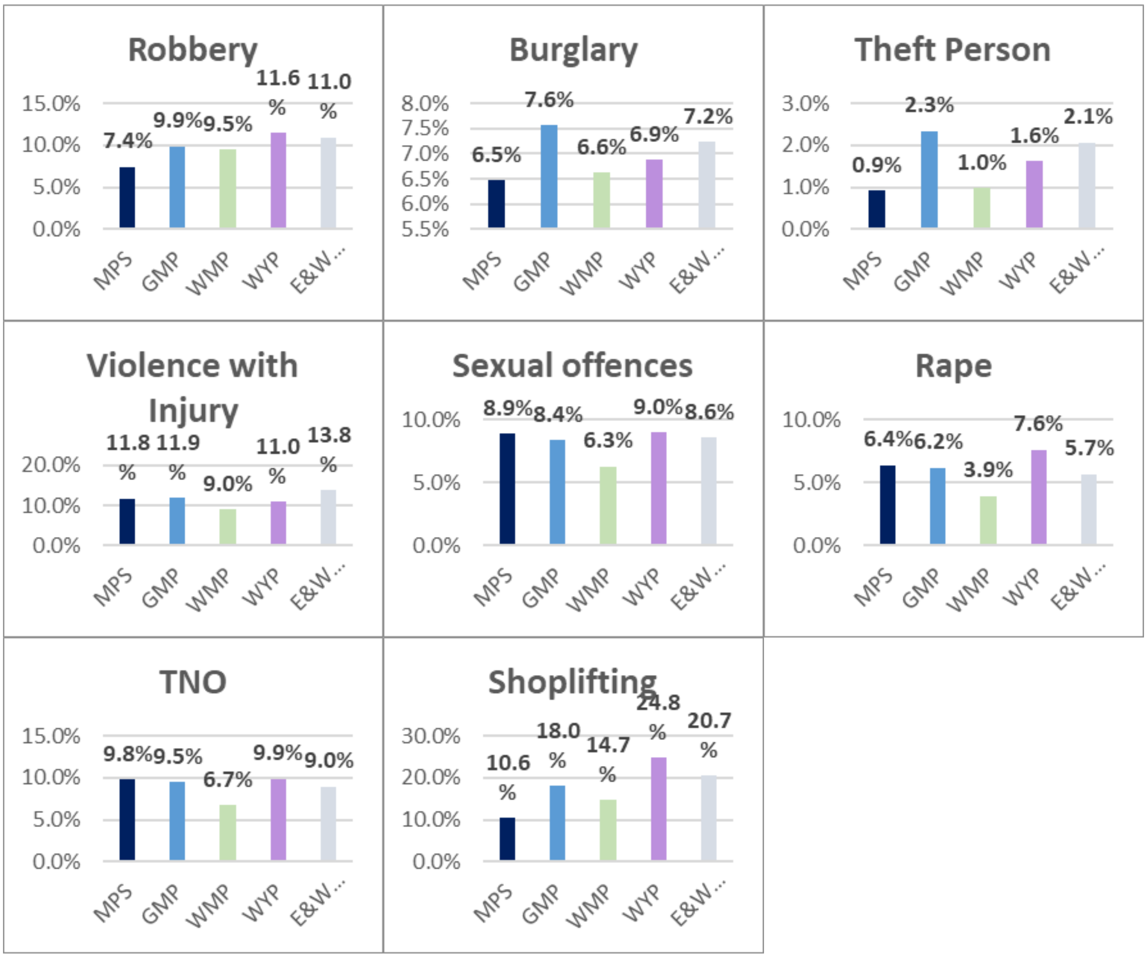
On public protection offences, we are improving, but challenges remain. The positive outcome rate for sexual offences has increased from 6.6% to 8.9% and for rape has increased 4.2%

to 6.4%, bringing us higher than the England & Wales and MSF average. We have done significant work through the NMfL to expand capacity within our public protection teams.

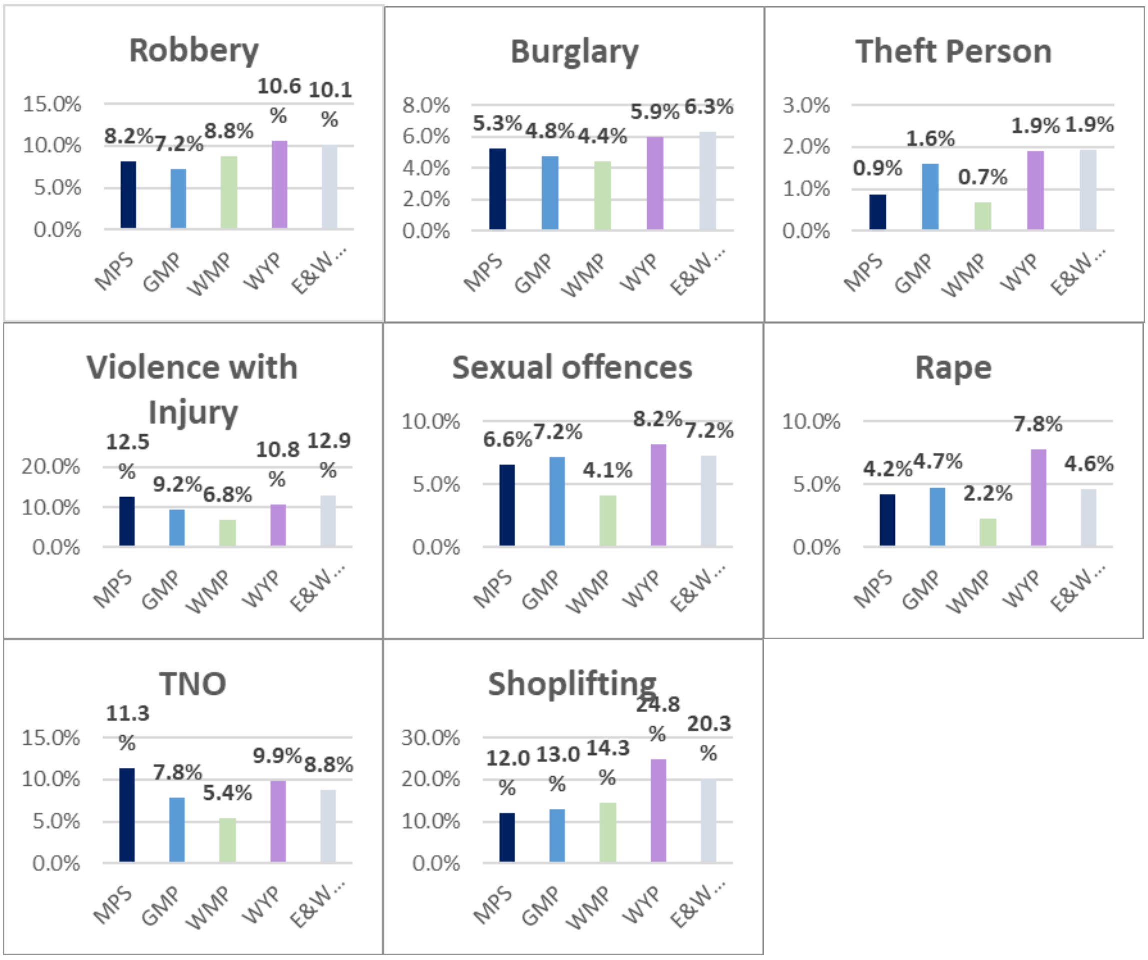
Other notable positive improvements can be seen in our increase in positive outcomes for Total Notifiable Offences (TNOs) at 9.8% compared with the England & Wales average of 9.0% and our MSFs at 8.6%. In addition our Violence with Injury outcomes our higher than our MSFs at 11.8% compared to 10.5%.

Crimes recorded with a charge/summons/caution/diversionary outcome (%)

MSF	**PO rate FY22/23**	MPS	GMP	WMP	WYP	E&W ex MPS
10.0%	Robbery	7.4%	9.9%	9.5%	11.6%	11.0%
7.9%	Sexual offences	8.9%	8.4%	6.3%	9.0%	8.6%
8.6%	TNO	9.8%	9.5%	6.7%	9.9%	9.0%
7.0%	Burglary	6.5%	7.6%	6.6%	6.9%	7.2%
10.5%	Violence with Injury	11.8%	11.9%	9.0%	11.0%	13.8%
1.8%	Theft Person	0.9%	2.3%	1.0%	1.6%	2.1%
5.8%	Rape	6.4%	6.2%	3.9%	7.6%	5.7%
19.3%	Shoplifting	10.6%	18.0%	14.7%	24.8%	20.7%



MSF	PO Rates FY21/22	MPS	GMP	WMP	WYP	E&W ex MPS
8.5%	Robbery	8.2%	7.2%	8.8%	10.6%	10.1%
6.4%	Sexual offences	6.6%	7.2%	4.1%	8.2%	7.2%
7.5%	TNO	11.3%	7.8%	5.4%	9.9%	8.8%
4.9%	Burglary	5.3%	4.8%	4.4%	5.9%	6.3%
8.7%	Violence with Injury	12.5%	9.2%	6.8%	10.8%	12.9%
1.4%	Theft Person	0.9%	1.6%	0.7%	1.9%	1.9%
4.6%	Rape	4.2%	4.7%	2.2%	7.8%	4.6%
17.4%	Shoplifting	12.0%	13.0%	14.3%	24.8%	20.3%



High Standards

More assertive investigations (100% increase in gross misconduct hearings) mean we will be removing more bad officers this year than in the history of the MPS' existence. Our aim is that we will regularly be holding approximately 30 gross misconduct hearings and 30 gross incompetence hearings a month for the foreseeable future. More reporting, better investigations, swifter decisions (which will soon be enabled by regulation changes) will lead to a series of regular dismissals. These cases and their volume will make uncomfortable reading for all, but the MPS will be stronger, and London will be safer as a result.

This has been a key area of focus in 2022/23 – both to tackle legacy cases and proactively identifying new corruption intelligence and acting robustly. Early progress has been made in both areas, including:

Legacy Cases

- Operation Assure is a new process for reviewing the vetting of serving officers and staff where we have identified concerns regarding their behaviour. 30 cases have already been referred through this process.
- Operation Dragnet has seen a process to check every member of the Met against the Police National Computer (PNC) that records convictions. This shows that 161 police officers in the Met have a criminal conviction, which is around 0.5% of the officer workforce. A review of each of these cases is underway.
- Operation Trawl is a process of checking every member of the Met against the Police National database (PND), the national intelligence database for policing. The initial data wash is complete for the workforce. 10,000 (approximately a quarter of the total) of data matches have been reviewed. From these first 10,000, 38 cases of potential misconduct by officers have been identified and are now being investigated.
- Operation Onyx is work to re-assess some of the most sensitive professional standards investigations in recent years. All cases in relation to allegations of sexual offending or domestic violence made against Met officers and staff between April 2012 and April 2022 are being reviewed. By March 2023, 689 cases will be subject to a new assessment of the original allegation and 196 cases will be subject to a referral into formal risk management measures and potentially a review of vetting status to determine if the individuals should remain in the Met.

Proactive Prevention and Enforcement

- In November 2022, the Met became the first police force in the UK to launch a public facing hotline asking for reports of Met officers abusing their position of trust. This was delivered in partnership with Crimestoppers. Since the launch, there have been over 1000 contacts resulting in 350 reports that are being responded to.
- Following investment into the Directorate of Professional Standards (DPS), resulting in a 62% increase in gross misconduct investigations concluded in the last 6 months of the financial year.
- There has been more than a 100% increase in the number of officers suspended compared between September 2022 and March 2023.
- In the last 6 months of the financial year, 51 officers were (or would have been if still serving) dismissed for gross misconduct, which is 70% higher than a typical 6 month period prior to this.
- All recruit training now includes a firm professional standards input; and, leadership programmes for new and existing leaders prioritise content relating to professionalism, and the standards the organisation expects of them as leaders.

NMfL Highlights

The MPS' 2024/25 budget means we will have to review our ambition, and we will publish a revised reform agenda for the next two years, yet we have made significant progress in a number of key areas where reform was needed.

As part of our commitment to build the strongest ever neighbourhood policing and launch a new neighbourhood model more focused on 'place', we have already grown by more than 300 PCSOs, and are now 167 towards the aspiration to grow by a further 500. We began 1,600 below the peak number of PCSOs a decade ago.

We continue to transform public protection, with a new operating model to be launched in 2024. We have now put an additional 156 officers (of the 465 planned) into priority areas including child abuse, domestic abuse and RASSO. We have already expanded the Stalking and Threat Assessment Centre, with our detection rates now higher. We have begun a second pilot for the Central Vulnerability Hub, which will improve our response to missing persons' cases.

Since the HMICFRS child exploitation inspection we have almost doubled the number of children reported missing with exploitation concerns that are being graded as high-risk. We have also adopted National Best Practice, training more than 1,200 staff in identifying exploitation and more than 500 in correctly grading missing children since receipt of the draft inspection report.

We have taken steps towards significantly improving our service to victims of crime.

- We have seen a major and sustained improvement in our response to emergency, 999 calls. In January 2024, we answered 91% of 999 calls within 10 seconds, with an average wait time of 7 seconds. We launched a 101-triage desk in January 2024, which enables the needs of the caller to be assessed more quickly and removes non-policing calls and directs people to the correct lead agency. As a result of this, the average wait time in January was under 2 minutes (110 seconds), caller attrition was 15% (down from 35% a year ago).
- We have adopted the Right Care Right Person (RCRP) approach which ensures that Londoners receive the right support from the right agency, and means police officers are now spending more time on priority policing tasks and less time detaining people who would be better cared for by our partners. Our deployment rate to RCRP related calls has reduced from 41% to 29%, a reduction of 12%. In the first two months following “go-live” we estimate that RCRP has saved over 100,000 police officer hours.
- Our Victim Focus Desk is now live and dealing with 27,000 calls a month, with nearly all 52 staff in post, with training and development plans in place.

We are improving the way we vet officers and staff, changing our approach so we are confident that only those who meet the highest standards will be granted clearance and able to join the Met. We have grown our vetting unit by 45% since 2021, meaning we have been able to undertake proactive vetting reviews (leading to the removal of vetting for 51 officers) and increased our vetting refusal rates through additional and more thorough checks. We are also seeking to exploit new technology for open-source social media checks.

We will go further and in Spring 2024, we will implement a comprehensive new vetting policy, which will further raise standards. We will also make additional structural improvements to our vetting unit by Autumn 2024 and continue with our vetting transformation programme throughout the year, focusing on digitisation and the creation of a culture of continuous assurance across the MPS.

We are continuing to make progress on transforming our leaders:

- By April 24 all c5,200 MPS Sergeants and Band D staff will have received five days of face-to-face leadership development in the last 12 month through our First Line Leaders programme.
- Our new leadership programmes for Mid-Level and Senior Level leaders will launch in March 2024.
- We have introduced a new talent management structure for leaders, operationalised through Career Review Boards, and so far over 300 leaders have been through a Career Review Board.

In the face of significant, continued workforce and recruitment challenges, we have launched a major programme to ensure the MPS is resourced as effectively as possible. This includes the development of a long-term strategic workforce plan.

We have put in place new governance to support a more effective strategic business planning process. This will be supported by growth in our enabling functions, including Strategy, HR and Finance. We have also procured a new transformation delivery partner to drive reform more quickly.

Demand Pressures from Protests

Since 7 October 2023 we are continuing to experience significant operational challenges due to the protests relating to the Israel/Hamas conflict. We estimate the total cost to the Met to date to be approximately £30 million:

- 32,901 Met officer shifts have been completed under Operation BROCKS as of 22 February 2024.
- With 6,865 shifts by officers on mutual aid.
- More than 4,000 officer rest days have been worked, impacting on officer welfare.

Dame Elish Angiolini's Inquiry

Part 1 Report of the Angiolini Inquiry, published on 29 February 2024 is an urgent call to action for all of policing. It emphasises the need for all of policing to go further and faster, to earn back the trust of all those whose confidence in policing has been shaken by events of recent years.

Regardless of our significant progress highlighted above over the past year, the scale of the change that is needed inevitably means it will take time and it is not yet complete. The majority of the MPS are determined to reform by both confronting the risk posed by predatory men in policing, and also, improving our protection of women and children across London.

The report set serious failings by the Met, Kent and CNC and exposes the fundamental flaws in the way we decide who is fit to be a police officer and how a corrupt and abusive police officer was able to transfer between forces. The report also sets out starkly how the policing response to non-contact sexual offences lets down victims and allows predators to become repeat offenders. We need to make sure NMfL delivers the scale and ambition of reform we need, especially on vetting and non-contact sexual offences. We accept the findings in full and are working closely with the NPCC and College of Policing to consider the 16 recommendations.

Delivering the 2024/25 budget and addressing our financial challenges

This budget strikes a careful and difficult balance between the MPS' strategic and operational priorities, but it does deliver a start of a rebalancing of the MPS' budget and resources to meet some of the challenges Casey and HMICFRS have identified. The outcome shifts the focus of our budget in three main ways, in line with the strategic priorities we set out in NMfL:

- Beginning to change the mix of our workforce so we have more officers on the frontline and more skilled police staff in the right roles.
- Putting more resources in local policing, where we see the most stretch and risk – helping to address what Casey called 'imbalance [...] between well-resourced specialist units and a denuded frontline'.
- Placing more emphasis on fixing our foundations, including the provision of the kit and equipment needed to succeed operationally.

Delivering in the context of a limited budget requires effective governance, strong leadership and grip at all levels of the organisation. This is particularly true given our projections of future years – where we expect significant budget gaps, and where there is a need to rebuild our reserve position following a 5 year period of overuse to close the budget gap.

A spending control framework will be introduced to ensure delivery of operational performance and reform whilst taking steps to reduce unnecessary spending. It will outline the levels of delegation for different types of spend and is necessary to protect investment in performance priorities and reform.

A 2024/25 Business Plan will be developed and published, which will include performance targets and reform outcomes and the people plan required to deliver.

The Balance Sheet

The net worth of MOPAC and the MOPAC Group (excluding the cost of Police Officer pensions liabilities which are subject to a separate funding arrangement agreed year on year with the Home Office) increased by £32 million (from £2,012 million to £2,044 million) during 2022/23. MOPAC considers that the Balance Sheet remains 'robust' as evidenced by earmarked reserves and the General Reserves maintained at prudent levels.

Reserves

MOPAC's policy is to have a General Reserve of at least 1.5% of net revenue expenditure. The General Reserve has remained at £46.6m for the year and the balance represents 1.4% of the outturn Net Revenue Expenditure (NRE).

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

MOPAC also hold Earmarked reserves, the balance of which was £454.0 million as at 31 March 2023. Earmarked reserves are being held for specific purposes, including facilitating the transformation programme, managing one-off impacts against the medium-term budget, and statutorily ring-fenced accounts (such as the Proceeds of Crime Act income).

Pensions

The Police Officer Pension Liability and Police Officer Pension Reserve, which are disclosed on the Group Balance Sheet, reflect the cost of paying police officers in the future to the extent they had earned entitlement to pension benefits for periods up to and including 2022/23 in line with IAS 19. Police pension costs are recognised in the Commissioner of Police of the Metropolis CIES in the first instance along with other employee costs but are ultimately funded by MOPAC. Recognition of the total liability has a substantial impact on the net worth of the MOPAC Group. The fund valuation shows a decrease in liabilities due in the main to the change in actuarial assumptions used to calculate the pensions liability. Pension contributions of 31% of pensionable pay are made to finance the liability, with the actual pensions and commuted lump sums being met directly by the Police Pension Fund Revenue Account. The shortfall on the pension fund between contributions and other income receivable and benefits payable was met by the Home Office in 2023/24.

Outlook for 2023/24

The 2023/24 gross revenue budget has been set at £4,533.1 million, an increase of £163.9 million from the revised 2022/23 budgeted figure of £4,369.2 million. The budget is funded by a general government grant of £2,284.4 million, retained business rates of £94.8 million and council tax of £909.6 million. Additionally, MOPAC is budgeting to receive £728.5 million in specific grants, and is planning to draw down £193.4 million from reserves. More detail can be found in the Mayor's budget for 2023/24 https://www.london.gov.uk/media/100391/download?attachment

The MOPAC five-year capital spending plan, for 2022-23 to 2026-27 totals approximately £1.4 billion, across transformation and other activities such as property lifecycle works, vehicle fleet, Core IT infrastructure and National Counter Terrorism Policing Headquarters. Capital expenditure of £360.8 million is planned for 2023/24. This expenditure will continue to focus on transforming the MPS estate, IT core infrastructure and transforming investigation and prosecution. As well as improving operational effectiveness, this investment will be required to deliver planned future revenue savings and meet the needs of larger force given planned increase in officer numbers. Capital expenditure will be financed through a combination of receipts, grants and borrowing.

The Statement of Accounts

The 2022/23 MOPAC Group Statement of Accounts is prepared in accordance with the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting 2022/23.

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

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

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

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

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

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

Accounting Changes for 2022/23

There were no changes in the CIPFA Code 2022/23 which materially affected the MOPAC Statement of Accounts.

Annual Governance Statement

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

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

Report on the audit of the financial statements

Opinion on financial statements

We have audited the financial statements of the Mayor's Office for Policing and Crime (MOPAC) and its subsidiary the Commissioner of Police of the Metropolis (the 'group') for the year ended 31 March 2023, which comprise the MOPAC Group Comprehensive Income and Expenditure Statement, MOPAC Comprehensive Income and Expenditure Statement, MOPAC Group Movement in Reserves Statement, MOPAC Movement in Reserves Statement, MOPAC Group Balance Sheet, MOPAC Balance Sheet, MOPAC Group and MOPAC Cash Flow Statement and notes to the financial statements. The notes to the financial statements include a statement of accounting policies, and include the police pension fund financial statements comprising the Police officer pension fund revenue account, Police officer pension fund asset statement and notes to the police officer pension fund account financial statements. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the group and of MOPAC as at 31 March 2023 and of the group's expenditure and income and MOPAC's expenditure and income for the year then ended;
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law, as required by the Code of Audit Practice (2020) ("the Code of Audit Practice") approved by the Comptroller and Auditor General. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of MOPAC and the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the Chief Finance Officer's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the MOPAC and group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause MOPAC and the group to cease to continue as a going concern.

In our evaluation of the Chief Finance Officer's conclusions, and in accordance with the expectation set out within the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 that MOPAC and the group's financial statements shall be prepared on a going concern basis, we considered the inherent risks associated with the continuation of services provided by MOPAC and the group. In doing so we had regard to the guidance provided in Practice Note 10 Audit of financial statements and regularity of public sector bodies in the United Kingdom (Revised 2022) on the application of ISA (UK) 570 Going Concern to public sector entities. We assessed the reasonableness of the basis of preparation used by the MOPAC and the group and group's disclosures over the going concern period.

In auditing the financial statements, we have concluded that the Chief Finance Officer's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the MOPAC and the group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Chief Finance Officer with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Annual Governance Statement and the Statement of Accounts, other than the financial statements and our auditor's report thereon. The Chief Finance Officer is responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other information we are required to report on by exception under the Code of Audit Practice

Under the Code of Audit Practice published by the National Audit Office in April 2020 on behalf of the Comptroller and Auditor General (the Code of Audit Practice) we are required to consider whether the Annual Governance Statement does not comply with 'Delivering Good Governance in Local Government Framework 2016 Edition' published by CIPFA and SOLACE or is misleading or inconsistent with the information of which we are aware from our audit. We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

We have nothing to report in this regard.

Opinion on other matters required by the Code of Audit Practice

In our opinion, based on the work undertaken in the course of the audit of the financial statements, the other information published together with the financial statements in the Statement of Accounts and the annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

Under the Code of Audit Practice, we are required to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make a written recommendation to MOPAC under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014, in the course of, or at the conclusion of the audit.

We have nothing to report in respect of the above matters.

Responsibilities of the Deputy Mayor for Policing and Crime and the Chief Finance Officer

As explained more fully in the Statement of responsibilities for the Accounts, the Deputy Mayor for Policing and Crime is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. That officer is the Chief Finance Officer. The Chief Finance Officer is responsible for the preparation of the Statement of Accounts, which includes 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 2022/23, for being satisfied that they give a true and fair view, and for such internal control as the Chief Finance Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chief Finance Officer is responsible for assessing MOPAC and group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have been informed by the relevant national body of the intention to dissolve MOPAC and the group without the transfer of its services to another public sector entity.

Auditor’s responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

We obtained an understanding of the legal and regulatory frameworks that are applicable to MOPAC and the group and determined that the most significant which are directly relevant to specific assertions in the financial statements are those related to the reporting frameworks the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23, the Local Audit and Accountability Act 2014, the Accounts and Audit Regulations 2015 and the Local Government Act 2003). We also identified the following additional regulatory frameworks in respect of the police pension fund Public Service Pensions Act 2013, The Police Pensions Regulations 2006, and The Police Pensions Regulations 2015.

We enquired of senior officers and the Deputy Mayor for Policing and Crime, concerning MOPAC and the group's policies and procedures relating to:

- the identification, evaluation and compliance with laws and regulations;
- the detection and response to the risks of fraud; and
- the establishment of internal controls to mitigate risks related to fraud or non-compliance with laws and regulations.

We enquired of senior officers, internal audit and the Deputy Mayor for Policing and Crime, whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud.

We assessed the susceptibility of MOPAC and the group's financial statements to material misstatement, including how fraud might occur, by evaluating management's incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls, risk of judgements derived by management with high estimation uncertainty and other fraud risks including fraudulent recognition of revenue and incompleteness of expenditure and associated liabilities. We determined that the principal risks were in relation to:

- Manual journal entries that may be prone to management override of controls; and
- Key estimates that are subject to management judgement and increased estimation uncertainty such as the valuation of property and the valuation of the net pension liability.

Our audit procedures involved:

- evaluation of the design effectiveness of controls that management has in place to prevent and detect fraud,
- journal entry testing, with a focus on manual journals which are at higher risk of manipulation in comparison to automatic system generated journals,
- challenging assumptions and judgements made by management in its significant accounting estimates in respect of property, plant and equipment valuations and the valuation of the net pension liability, and
- assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item.

These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.

We communicated relevant laws and regulations and potential fraud risks to all engagement team members, including potential for fraud in expenditure recognition and significant accounting estimates related to property, plant and equipment and accruals. We remained alert to any indications of non-compliance with laws and regulations, including fraud, throughout the audit.

Our assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's.

- understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation
- knowledge of the police sector
- understanding of the legal and regulatory requirements specific to MOPAC and the group including:
    - the provisions of the applicable legislation
    - guidance issued by CIPFA/LASAAC and SOLACE
    - the applicable statutory provisions.

In assessing the potential risks of material misstatement, we obtained an understanding of:

- MOPAC and group's operations, including the nature of its income and expenditure and its services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement.
- MOPAC and group's control environment, including the policies and procedures implemented by the MOPAC and the group to ensure compliance with the requirements of the financial reporting framework.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements – MOPAC's arrangements for securing economy, efficiency and effectiveness in its use of resources

Matter on which we are required to report by exception – MOPAC's arrangements for securing economy, efficiency and effectiveness in its use of resources

Under the Code of Audit Practice, we are required to report to you if, in our opinion, we have not been able to satisfy ourselves that MOPAC has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2023.

We have nothing to report in respect of the above matter except on 29 April 2024 in our joint auditor's annual report we identified:

1. a significant weakness in how MOPAC plans and manages its resources to ensure it can continue to deliver its services. This was in relation to the unsustainable use of reserves alongside insufficient identification and delivery of savings to support delivery of the budget resulting in challenges to MOPAC and the Group's financial resilience. We recommended that MOPAC should:
    - set a balanced budget for 2024/25 and future years that does not rely on the use of reserves and achievement of a challenging savings programme. They should set a minimum level of reserves that they will maintain to ensure their financial resilience. A review of the capital programme should be undertaken to ensure that planned levels of borrowing are sustainable.

2. a significant weakness in MOPAC's governance arrangements. The HM Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) placed the Metropolitan Police

Service (Met) into the ‘Engage’ phase in June 2022. A force is placed in engage if it not responding to a cause of concern or it is not succeeding in managing, mitigating or eradicating the cause of concern. Whilst some progress has been made, the Met are still in engage which illustrates there are still weaknesses in arrangements, and change is still required to improve performance. We recommended that MOPAC should:

- increase resources to speed up the implementation of changes needed to address any gaps or issues identified by HMICFRS. By 31 May 2024, they should prioritise the most significant changes and ensure that they have the necessary resources and funding by 31 August 2024, to implement the changes effectively.

3. a significant weakness in MOPAC’s governance arrangements. This was in relation to MOPAC and the group’s arrangements for vetting. We found MOPAC and the group are unable to complete the vetting necessary to comply with national standards, causing considerable risk to the MOPAC and the Group, it's staff and the general public and lost opportunity to charge contractors to recoup the costs of vetting their employees. We recommended that MOPAC should:

    - further invest to ensure that vetting time is significantly reduced. Consideration should also be given to charging contractors for vetting their employees.

4. a significant weakness in MOPAC’s arrangements for improving economy, efficiency and effectiveness. This is in relation to MOPAC and the Group’s arrangements to scrutinise finances for a transformation project named ‘Command and Control’ (C&C). Our detailed work found that project costs had deviated significantly from its approved full business case, and it’s estimated that an additional £50-£100m funding will be required to see the programme through to conclusion. We recommended that MOPAC and the Group should:

    - improve its arrangements around financial governance over the C&C project. This includes getting a better grip and control over individual cost lines and providing challenge and scrutiny over contractor spend; and
    - commission a lessons learned project to consider how future large projects can be managed better.

5. a significant weakness in MOPAC’s arrangements for improving economy, efficiency and effectiveness. This is in relation to MOPAC and the Group’s arrangements to scrutinise finances for a transformation project named ‘CONNECT’. In relation to CONNECT, we found there to be an inadequate understanding of the costs of CONNECT. This resulted in additional full business cases being required to approve additional expenditure. We also found there to be inadequate governance arrangements leading up to Drop 1 of CONNECT which resulted in a lack of mitigation for the issues encountered and stakeholder uncertainty in relation to successful implementation of CONNECT. We recommended that MOPAC should:

    a. implement a process of ongoing challenge of contractual performance in the context of growing capital spend within the Delivery Agreement monitoring exercises;

    b. ensure delivery and monitoring of benefits realisation. Including non-financial benefits, such as savings in officer time;

    c. improve monitoring and evaluation of operational impacts of delivery; and

    d. conduct a lessons learned project to consider how future large projects can be managed better.

6. a significant weakness in MOPAC's arrangements for improving economy, efficiency and effectiveness. This is in relation to MOPAC and the group's workforce planning. We identified that MOPAC and the Group currently have a limited understanding of where its resources are, and where they need to be. It is spending considerable money on overtime to fill gaps in resourcing. It currently hasn't got a baseline assessment of resources against demand. This would provide assurance that resources are in the best place to meet demand and deliver New Met for London. Financial plans should align to realistic workforce plans to identify any cost pressures requiring resolution. We recommended that MOPAC should:
    - conduct a baseline assessment of resources and demand for Basic Command Units as part of the "Resourcing the Met" Programme. This will enable a full understanding of where resources are, and where they are most needed (both geographically and operationally). The overall workforce plan should be aligned with financial planning so the financial risk around deliverability of the plan can be quantified.

Responsibilities of MOPAC

MOPAC is responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

Auditor's responsibilities for the review of the Mayor's Office for Policing and Crimes' arrangements for securing economy, efficiency and effectiveness in its use of resources

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to be satisfied that MOPAC has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the MOPAC's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We undertake our review in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in January 2023. This guidance sets out the arrangements that fall within the scope of 'proper arrangements'. When reporting on these arrangements, the Code of Audit Practice requires auditors to structure their commentary on arrangements under three specified reporting criteria:

- Financial sustainability: how MOPAC plans and manages its resources to ensure it can continue to deliver its services;
- Governance: how MOPAC ensures that it makes informed decisions and properly manages its risks; and
- Improving economy, efficiency and effectiveness: how MOPAC uses information about its costs and performance to improve the way it manages and delivers its services.

We document our understanding of the arrangements MOPAC has in place for each of these three specified reporting criteria, gathering sufficient evidence to support our risk assessment and commentary in our Auditor's Annual Report. In undertaking our work, we consider whether there is evidence to suggest that there are significant weaknesses in arrangements.

Report on other legal and regulatory requirements – Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate for MOPAC and the group for the year ended 31 March 2023 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice until we have completed the work necessary to issue our Whole of Government Accounts (WGA) Component Assurance statement for

MOPAC and the group for the year ended 31 March 2023. We are satisfied that this work does not have a material effect on the financial statements for the year ended 31 March 2023.

Use of our report

This report is made solely to MOPAC, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 44 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to MOPAC those matters we are required to state to MOPAC in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than MOPAC as a body, for our audit work, for this report, or for the opinions we have formed.

Mark Stocks, Key Audit Partner
for and on behalf of Grant Thornton UK LLP, Local Auditor

Date: 3 May 2024

Statement of responsibilities for the Accounts

Deputy Mayor's Responsibilities

The Deputy Mayor For Policing And Crime is required to:

- Make arrangements for the proper administration of the Mayor's Office for Policing And Crime's financial affairs and to secure that one of its officers (Chief Financial Officer) has responsibility for the administration of those affairs;

- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;

- Approve the Statement of Accounts.

I approve these Statement of Accounts on behalf of the Mayor's Office for Policing and Crime and Group.

Signed
Sophie Linden
Deputy Mayor for Policing and Crime

Dated: 29 April 2024

Chief Financial Officer's Responsibilities

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

In preparing this Statement of Accounts, MOPAC has:

- Selected suitable accounting policies and then applied them consistently;

- Made judgements and estimates that were reasonable and prudent;

- Complied with the Code;

- Kept proper accounting records which were up to date; and

- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

I certify that the Statement of Accounts gives a true and fair view of the financial position of MOPAC and MOPAC Group at the accounting date and of the income and expenditure for the year ended 31 March 2023.

Signed
Lisa Kitto FCCA
Interim Chief Financial Officer

Dated: 29 April 2024

MOPAC Group Comprehensive Income and Expenditure Statement (CIES) for 2022/23

£000	Notes	Year ending 31 March 2023 Gross expenditure	Year ending 31 March 2023 Income	Year ending 31 March 2023 Net expenditure	Year ending 31 March 2022 Gross expenditure	Year ending 31 March 2022 Income	Year ending 31 March 2022 Net expenditure
Frontline Policing		1,256,871	(65,350)	**1,191,521**	1,696,732	(51,275)	**1,645,457**
Specialist Operations		527,095	(581,945)	**(54,850)**	586,411	(545,457)	**40,954**
Met Operations		1,047,174	(265,523)	**781,651**	1,082,839	(205,039)	**877,800**
Professionalism		159,301	(17,844)	**141,457**	146,523	(16,596)	**129,927**
Corporate Services		427,116	(56,608)	**370,508**	394,151	(52,776)	**341,375**
Digital Policing		209,268	(8,991)	**200,277**	214,545	(10,425)	**204,120**
Centrally Held		110,313	(126,747)	**(16,434)**	64,933	(113,738)	**(48,805)**
MOPAC		112,251	(52,432)	**59,819**	107,025	(43,695)	**63,330**
Cost of services	1.1	**3,849,389**	**(1,175,440)**	**2,673,949**	4,293,159	(1,039,001)	3,254,158
Other operating expenditure							
Net gains on disposal of non-current assets	13.1			**(30,548)**			**(15,971)**
Financing and investment							
Interest payable and similar charges	11			**26,684**			**22,968**
Interest on Police Officer Pension Defined Benefit Liability	6.2 12.1			**1,061,600**			**825,800**
Interest and investment income				**(10,842)**			**(1,275)**
Investment properties revaluation	16			**3,330**			**335**
Grants							
Non Specific Grants	14			**(3,185,180)**			**(2,984,998)**
Capital grants	14.1			**(64,516)**			**(60,199)**
Deficit on provision of services				474,477			1,040,818
Other comprehensive income and expenditure							
Surplus on revaluation of non-current assets				**(150,284)**			**(88,110)**
Re-measurements of the defined benefit liability	6.2 12.1			**(15,294,500)**			**(2,908,100)**
Other comprehensive income and expenditure				**(15,444,784)**			**(2,996,210)**
Total comprehensive income and expenditure				**(14,970,307)**			**(1,955,392)**

The statement above shows the accounting cost for the period 1 April 2022 to 31 March 2023 (with prior year as a comparative year) of providing services for the Group, in accordance with generally accepted accounting practices, in addition to the amount of funding by way of grant income.

MOPAC Comprehensive Income and Expenditure Statement (CIES) for 2022/23

£000	Notes	Year ending 31 March 2023 Gross expenditure	Year ending 31 March 2023 Income	Year ending 31 March 2023 Net expenditure	Year ending 31 March 2022 Gross expenditure	Year ending 31 March 2022 Income	Year ending 31 March 2022 Net
Intra-group funding -policing		3,604,682	(1,123,008)	**2,481,674**	4,172,271	(995,306)	3,176,965
MOPAC - Other		112,251	(52,432)	**59,819**	107,025	(43,695)	63,330
Revaluation loss not charged to CPM		132,456	0	**132,456**	13,863	0	13,863
Cost of services	1.2	**3,849,389**	**(1,175,440)**	**2,673,949**	**4,293,159**	**(1,039,001)**	**3,254,158**
Other operating expenditure							
Net gains on disposal of non-current assets	13.1			**(30,548)**			**(15,971)**
Interest on Police Officer Pension Defined Benefit Liability - intra-group funding	6.2, 12.1			**1,061,600**			**825,800**
Re-measurements of the defined benefit liability - intra-group funding	6.2, 12.1			**(15,294,500)**			**(2,908,100)**
Financing and investment							
Interest payable and similar charges	11			**26,684**			**22,968**
Interest and investment income				**(10,842)**			**(1,275)**
Investment properties revaluation	16			**3,330**			**335**
Grants							
Non Specific Grants	14			**(3,185,180)**			**(2,984,998)**
Capital grants	14.1			**(64,516)**			**(60,199)**
Surplus on provision of services				**(14,820,023)**			**(1,867,282)**
Other income and expenditure							
Surplus on revaluation of non current assets				**(150,284)**			**(88,110)**
Total comprehensive income and expenditure				**(14,970,307)**			**(1,955,392)**

The statement above shows the accounting cost for the period 1 April 2022 to 31 March 2023 (with prior year as a comparative year) of providing services in accordance with generally accepted accounting practices for MOPAC, in addition to the amount of funding by way of grant income. The consolidated accounting cost and funding for the MOPAC Group to 31 March 2023 is shown on the page before.

MOPAC Group Movement in Reserves Statement (MIRS) for the year ended 31 March 2023

£000	General Reserves Balance	Earmarked revenue reserves	Total General and Earmarked reserves	Capital receipts reserve	Other useable capital reserves	Total usable reserves	Unusable reserves	Total group reserves
At 31 March 2022	**(46,576)**	**(529,347)**	**(575,923)**	**0**	**(2,469)**	**(578,392)**	**37,812,388**	**37,233,996**
Movement in reserves during 2022/23								
Total comprehensive income and expenditure	**474,477**	**0**	**474,477**	**0**	**0**	**474,477**	(15,444,784)	**(14,970,307)**
Adjustments between accounting basis & funding basis under regulations (note 29)	(414,953)	0	**(414,953)**	0	265	**(414,688)**	414,688	**0**
Net (increase) / decrease before transfers to earmarked reserves	**59,524**	**0**	**59,524**	**0**	**265**	**59,789**	**(15,030,096)**	**(14,970,307)**
Transfers (to) / from earmarked reserves (note 28.3)	(75,313)	75,313	0	0	0	**0**	0	**0**
(Increase) / decrease in year	**(15,789)**	**75,313**	**59,524**	**0**	**265**	**59,789**	**(15,030,096)**	**(14,970,307)**
Balance at 31 March 2023	**(62,365)**	**(454,034)**	**(516,399)**	**0**	**(2,204)**	**(518,603)**	**22,782,292**	**22,263,689**

This statement shows the movement in the year to 31 March 2023 on the different reserves held by the Group, analysed into usable reserves and unusable reserves. MOPAC is required to show the movement of resources on a statutory basis within the financial statements and adjustments are made to convert from an accounting basis to a statutory funding basis. The 'Net (Increase)/Decrease Before Transfers to Earmarked Reserves' line shows the statutory General Reserves Balance after the adjustments (above), before any discretionary transfers to or from Earmarked Reserves are undertaken by the Group.

There are no adjustments between the authority and group accounts

MOPAC Movement in Reserves Statement (MIRS) for the year ended 31 March 2023

£000	General Reserves Balance	Earmarked revenue reserves	Total General and Earmarked reserves	Capital receipts reserve	Other useable capital reserves	Total usable reserves	Unusable reserves	Total group reserves
At 31 March 2022	**(46,576)**	**(529,347)**	**(575,923)**	**0**	**(2,469)**	**(578,392)**	**37,812,388**	**37,233,996**
Movement in reserves during 2022/23								
Total comprehensive income and expenditure	**(14,820,023)**	**0**	**(14,820,023)**	**0**	**0**	**(14,820,023)**	(150,284)	**(14,970,307)**
Adjustments between accounting basis & funding basis under regulations (note 29)	14,879,547	0	**14,879,547**	0	265	14,879,812	(14,879,812)	**0**
Net (increase) / decrease before transfers to earmarked reserves	**59,524**	**0**	**59,524**	**0**	**265**	59,789	**(15,030,096)**	**(14,970,307)**
Transfers (to) / from earmarked reserves (note 28.3)	(75,313)	75,313	0	0	0	**0**	0	**0**
(Increase) / decrease in year	**(15,789)**	**75,313**	**59,524**	**0**	**265**	**59,789**	**(15,030,096)**	**(14,970,307)**
Balance at 31 March 2023	**(62,365)**	**(454,034)**	**(516,399)**	**0**	**(2,204)**	**(518,603)**	**22,782,292**	**22,263,689**

This statement shows the movement in the year to 31 March 2023 on the different reserves held by MOPAC, analysed into usable reserves and unusable reserves. MOPAC is required to show the movement of resources on a statutory basis within the financial statements and adjustments are made to convert from an accounting basis to a statutory funding basis (note 29). The 'Net (Increase)/Decrease Before Transfers to Earmarked Reserves' line shows the statutory General Reserves Balance after the adjustments (above), before any discretionary transfers to or from Earmarked Reserves are undertaken by MOPAC.

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

£000	General Reserves Balance	Earmarked revenue reserves	Total General and Earmarked reserves	Capital receipts reserve	Other useable capital reserves	Total usable reserves	Unusable reserves	Total group reserves
At 31 March 2021	**(58,806)**	**(513,615)**	**(572,421)**	**0**	**(4,755)**	**(577,176)**	**39,766,564**	**39,189,388**
Movement in reserves during 2021/22								
Total comprehensive income and expenditure	**1,040,818**	**0**	**1,040,818**	**0**	**0**	**1,040,818**	(2,996,210)	**(1,955,392)**
Adjustments between accounting basis & funding basis under regulations (note 29)	(1,044,320)	0	**(1,044,320)**	0	2,286	**(1,042,034)**	1,042,034	**0**
Net (increase) / decrease before transfers to earmarked reserves	**(3,502)**	**0**	**(3,502)**	**0**	**2,286**	**(1,216)**	**(1,954,176)**	**(1,955,392)**
Transfers (to) / from earmarked reserves (note 28.3)	15,732	(15,732)	0	0	0	**0**	0	**0**
(Increase) / decrease in year	**12,230**	**(15,732)**	**(3,502)**	**0**	**2,286**	**(1,216)**	**(1,954,176)**	**(1,955,392)**
Balance at 31 March 2022	**(46,576)**	**(529,347)**	**(575,923)**	**0**	**(2,469)**	**(578,392)**	**37,812,388**	**37,233,996**

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

There are no adjustments between the authority and group accounts

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

£000	General Reserves Balance	Earmarked revenue reserves	Total General and Earmarked reserves	Capital receipts reserve	Other useable capital reserves	Total usable reserves	Unusable reserves	Total group reserves
At 31 March 2021	**(58,806)**	**(513,615)**	**(572,421)**	**0**	**(4,755)**	**(577,176)**	**39,766,564**	**39,189,388**
Movement in reserves during 2021/22								
Total comprehensive income and expenditure	**(1,867,282)**	**0**	**(1,867,282)**	**0**	**0**	**(1,867,282)**	(88,110)	**(1,955,392)**
Adjustments between accounting basis & funding basis under regulations (note 29)	1,863,780	0	**1,863,780**	0	2,286	**1,866,066**	(1,866,066)	**0**
Net (increase) / decrease before transfers to earmarked reserves	**(3,502)**	**0**	**(3,502)**	**0**	**2,286**	(1,216)	**(1,954,176)**	**(1,955,392)**
Transfers (to) / from earmarked reserves (note 28.3)	15,732	(15,732)	0	0	0	**0**	0	**0**
(Increase) / decrease in year	**12,230**	**(15,732)**	**(3,502)**	**0**	**2,286**	**(1,216)**	**(1,954,176)**	**(1,955,392)**
Balance at 31 March 2022	**(46,576)**	**(529,347)**	**(575,923)**	**0**	**(2,469)**	**(578,392)**	**37,812,388**	**37,233,996**

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

MOPAC Group Balance Sheet

£000	Notes	31 March 2023	31 March 2022
Non current assets			
Property, plant and equipment	16	2,703,642	2,562,687
Heritage assets	16	1,308	1,308
Investment properties	16	2,760	6,090
Intangible assets	16	2	68
Total non current assets		**2,707,712**	**2,570,153**
Long Term Investments		3,732	0
Long term debtors	17	0	8,750
Total long term assets		**2,711,444**	**2,578,903**
Current assets			
Assets held for sale	18	25,174	80,868
Inventories		2,684	2,539
Short term debtors	19	384,540	341,128
Short term investments	20	0	565
Cash & cash equivalents	21	198,455	9,494
Total current assets		**610,853**	**434,594**
Current liabilities			
Short term creditors	22	(645,569)	(609,618)
Short term borrowing	23	(15,972)	(9,972)
Provisions	25.1	(24,989)	(19,554)
Bank overdrafts	21	(3,856)	0
Total current liabilities		**(690,386)**	**(639,144)**
Long term liabilities			
Provisions	25.2	(19,311)	(17,006)
Long term borrowing	26	(479,550)	(286,150)
Capital grants receipts in advance		(4,553)	(4,553)
Long term contractor liability	27	(49,686)	(54,440)
Police officer pension liability	12.1	(24,342,500)	(39,246,200)
Total long term liabilities		**(24,895,600)**	**(39,608,349)**
Net assets/(liabilities)		**(22,263,689)**	**(37,233,996)**
Financed by:			
Unusable Reserves	28.1	(22,782,292)	(37,812,388)
Usable reserves	28.2-3	518,603	578,392
Total reserves		**(22,263,689)**	**(37,233,996)**

The Balance Sheet shows the value as at 31 March 2023 (with prior year as a comparative year) of the assets and liabilities recognised by the Group. The net liabilities of the Group (assets less liabilities) are matched by the reserves held by the Group.

MOPAC Balance Sheet

£000	Notes	31 March 2023	31 March 2022
Non current assets			
Property, plant and equipment	16	2,703,642	2,562,687
Heritage assets	16	1,308	1,308
Investment properties	16	2,760	6,090
Intangible assets	16	2	68
Total non current assets		**2,707,712**	**2,570,153**
Long Term Investments		3,732	0
Long term debtors	17	0	8,750
Total long term assets		**2,711,444**	**2,578,903**
Current assets			
Assets held for sale	18	25,174	80,868
Inventories		2,684	2,539
Short term debtors	19	384,540	341,128
Short term investments	20	0	565
Cash & cash equivalents	21	198,455	9,494
Total current assets		**610,853**	**434,594**
Current liabilities			
Short term creditors	22	(447,864)	(396,088)
Short term borrowing	23	(15,972)	(9,972)
Provisions	25.1	(24,989)	(19,554)
Intra-group Creditor	6.2	(197,705)	(213,530)
Bank Overdrafts	21	(3,856)	0
Total current liabilities		**(690,386)**	**(639,144)**
Long term liabilities			
Provisions	25.2	(19,311)	(17,006)
Long term borrowing	26	(479,550)	(286,150)
Capital grants receipts in advance		(4,553)	(4,553)
Long term contractor liability	27	(49,686)	(54,440)
Police officer pension liability - Intra-group liability	6.2	(24,342,500)	(39,246,200)
Total long term liabilities		**(24,895,600)**	**(39,608,349)**
Net assets/(liabilities)		**(22,263,689)**	**(37,233,996)**
Financed by:			
Unusable Reserves	28.1	(22,782,292)	(37,812,388)
Usable reserves	28.2-3	518,603	578,392
Total reserves		**(22,263,689)**	**(37,233,996)**

The Balance Sheet shows the value as at 31 March 2023 (with prior year as a comparative year) of the assets and liabilities recognised by MOPAC. The net liabilities of MOPAC (assets less liabilities) are matched by the reserves held by MOPAC.

MOPAC Group and MOPAC Cash Flow Statement

£000	Notes	Year ending 31 March 2023-Group	Year ending 31 March 2022-Group	Year ending 31 March 2023-MOPAC	Year ending 31 March 2022-MOPAC
Net (surplus) or deficit on the provision of services		474,477	1,040,818	(14,820,023)	(1,867,282)
Adjustments to net (surplus)or deficit on the provision of services for non-cash movements	30.2	(729,389)	(1,248,506)	14,565,111	1,659,594
Adjustments for items in the net (surplus) or deficit on the provision of services that are investing or financing activities	30.3	149,197	115,474	149,197	115,474
Net cash flows from operating activities		**(105,715)**	**(92,214)**	**(105,715)**	**(92,214)**
Investing activities	30.4	110,850	92,840	110,850	92,840
Financing activities	30.5	(190,240)	10,369	(190,240)	10,369
Net (increase)/decrease in cash and cash equivalents		**(185,105)**	**10,995**	**(185,105)**	**10,995**
Cash and cash equivalents at the beginning of the period		9,494	20,489	9,494	20,489
Cash and cash equivalents at the end of the period		**194,599**	**9,494**	**194,599**	**9,494**

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

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

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

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

This set of notes represents the consolidated notes for the Statement of Accounts for 2022/23 as presented in the preceding pages 1 to 9.

1. Expenditure and Funding Analysis

1.1 Group expenditure and funding analysis

Group expenditure and funding analysis 2022/23 £000	As reported for resource management	Adjustments to arrive at the amount chargeable to the General Reserves balance Note 1	Net Expenditure chargeable to the General Reserves balance	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
Frontline policing	1,504,975	(4,086)	1,500,889	(309,368)	1,191,521
Specialist operations	(2,852)	(3,464)	(6,316)	(48,534)	(54,850)
Met operations	830,772	3	830,775	(49,124)	781,651
Professionalism	148,967	6,404	155,371	(13,914)	141,457
Corporate services	375,540	10,170	385,710	(15,202)	370,508
Digital policing	217,076	(6,999)	210,077	(9,800)	200,277
Centrally held	45,851	46,686	92,537	(108,971)	(16,434)
MOPAC	64,851	(5,032)	59,819	0	59,819
Net cost of service	**3,185,180**	**43,682**	**3,228,862**	**(554,913)**	**2,673,949**
Other income and expenditure	(3,185,180)	15,842	(3,169,338)	969,866	(2,199,472)
Surplus or deficit on General Reserves	**0**	**59,524**	**59,524**	**414,953**	**474,477**
Opening General Reserves at 31 March 2022			(46,576)		
Deficit on General Reserves in year			59,524		
Transfers to/(from) Earmarked Reserves			(75,313)		
Closing General Reserves at 31 March 2023			**(62,365)**		

Adjustments between the funding and accounting basis **2022/23** **£000**	Adjustments for capital purposes Note 2	Net change for the pensions adjustments Note 3	Other differences Note 4	Total Adjustments
Frontline policing	144,983	(443,964)	(10,387)	(309,368)
Specialist operations	31,042	(77,744)	(1,832)	(48,534)
Met operations	69,759	(116,080)	(2,803)	(49,124)
Professionalism	11,912	(25,224)	(602)	(13,914)
Corporate services	(7,808)	(7,209)	(185)	(15,202)
Digital policing	(9,205)	(579)	(16)	(9,800)
Centrally held	(108,971)	0	0	(108,971)
MOPAC	0	0	0	0
Net cost of service	131,712	(670,800)	(15,825)	(554,913)
Other income and expenditure	(91,734)	1,061,600	0	969,866
Difference between General Reserves surplus or deficit and CIES surplus or deficit on the provision of services	39,978	390,800	(15,825)	414,953

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

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

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

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

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

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

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

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

1.2 MOPAC expenditure and funding analysis

MOPAC expenditure and funding analysis 2022/23	**As reported for resource management**	**Adjustments to arrive at the amount chargeable to the General Reserves balance**	**Net Expenditure chargeable to the General Reserves balance**	**Adjustments between the Funding and Accounting Basis**	**Net Expenditure in the Comprehensive Income and Expenditure Statement**
		Note 1			
£000					
Intra-group funding policing	3,120,329	(83,742)	3,036,587	(554,913)	2,481,674
Other	64,851	(5,032)	59,819	0	59,819
Revaluation loss not charged to CPM	0	132,456	132,456	0	132,456
Net cost of service	**3,185,180**	**43,682**	**3,228,862**	**(554,913)**	**2,673,949**
Other income and expenditure	(3,185,180)	15,842	(3,169,338)	(14,324,634)	(17,493,972)
Surplus or deficit on General Reserves	0	59,524	59,524	(14,879,547)	(14,820,023)
Opening General Reserves balance at 31 March 2022			(46,576)		
Deficit on General Reserves in year			59,524		
Transfer to/(from) Earmarked Reserves			(75,313)		
Closing General Reserves balance at 31 March 2023			(62,365)		

Adjustments between the funding and accounting basis 2022/23 £000	**Adjustments for capital purposes**	**Net change for the pensions adjustments**	**Other differences**	**Total Adjustments**
	Note 2	**Note 3**	**Note 4**	
Intra-group funding policing	131,712	(670,800)	(15,825)	(554,913)
MOPAC	0	0	0	0
Revaluation loss not charged to CPM	0	0	0	0
Net cost of service	131,712	(670,800)	(15,825)	(554,913)
Other income and expenditure	(91,734)	(14,232,900)	0	(14,324,634)
Difference between General Reserves surplus or deficit and CIES surplus or deficit on the provision of services	39,978	(14,903,700)	(15,825)	(14,879,547)

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

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

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

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

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

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

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

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

2. Statement of accounting policies

2.1 General principles

These financial statements have been prepared in accordance with the Code of Practice (the Code) on Local Authority Accounting in the United Kingdom 2022/23 issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Accounts and Audit Regulations 2015. The accounting policies contained in the Code apply International Financial Reporting Standards (IFRS) as adapted for the public sector by the International Public Sector Accounting Standards (IPSAS).

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

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

The Financial Statements included here represent the accounts for MOPAC and also those for the MOPAC Group, consolidating the financial activities of MOPAC and the CPM. The Financial Statements cover the 12 months to the 31 March 2023 (with prior year as a comparative year). The term 'Group' is used to indicate combined transactions and policies of MOPAC and its subsidiary and CPM for the year ended 31 March 2023. The identification of MOPAC as the holding organisation and the requirement to produce group accounts stems from the powers and responsibilities of MOPAC under the Police Reform and Social Responsibility Act 2011.

The significant accounting policies adopted are set out below.

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

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

2.3 Accruals of income and expenditure

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

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligation in the contract;

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

2.4 Provisions

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

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

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

2.5 Reserves

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

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

2.6 Government and other organisations' grants and contributions

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

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

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

2.7 Employee benefits

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

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

Termination benefits

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

Post-employment benefits

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

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

The police pension schemes are defined benefit schemes paid from revenue (without managed pension assets). Following the Code's requirements, IAS 19 has been fully recognised in the Group Accounts. Scheme liabilities as shown on the Group's Balance Sheet are calculated by determining future liabilities for pension payments and applying a discount rate to reduce them to present day values. IAS 19 specifies the use of a discount rate equal to the current rate of return available on a high quality corporate bond of equivalent currency and term to the scheme liabilities. The pension liabilities in these Accounts have been calculated accordingly at a discount rate of 4.75% for all schemes.

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

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

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

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

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

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

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

2.8 Property, plant and equipment

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

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

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

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

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

Assets included in the Balance Sheet at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their value at the year end. Property revaluations are based on a rolling review programme. Property revaluations reflect the values as at 31 March 2023. Properties are revalued at 30 September each year; the top 20 properties in value as well as 20% of the assets are physically inspected whilst 80% are revalued on a desktop basis. A further review is carried out at 31 March each year to determine whether the value at 31 March is materially different to the value at 30 September. This approach complies with the CIPFA Code of Practice on Local Authority Accounting 2022/23 requirements on measurement of property plant and equipment.

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

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

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

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

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

Principal asset categories and their useful economic lives

Operational Assets	Category	Years
Property	Land	Not depreciated
	Buildings	10 – 65 years
Plant and equipment	Information Technology and communications equipment	2 - 20 years
	Software development	3 - 5 years
	Policing support vehicles including Patrol vehicles	3 - 20 years
	Other Equipment	4 – 25 years
Intangible assets	Software licences.	3-11 years
Non-operational assets		
Assets under construction		Not depreciated
Surplus Assets		Depreciated
Assets held for sale		Not depreciated
Investment properties		Not depreciated

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

2.9 Charges to revenue for property, plant and equipment

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

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

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

2.10 Non-current assets held for sale

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

2.11 Investment properties

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

Investment properties are measured initially at cost and subsequently at 'fair value' (as defined in the Section below). Properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

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

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

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

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

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

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

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

2.14 Leases

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

Finance leases
Property, plant and equipment held under finance leases is initially recognised at the inception of the lease at fair value or, if lower, at the present value of the minimum lease payments, with a matching liability for the lease obligation to the lessor. Lease payments are apportioned between finance charges (charged to the CIES) and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability.

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

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

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

2.15 Value Added Tax (VAT)

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

2.16 Financial liabilities

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

2.17 Financial assets

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

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

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

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

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

2.18 Contingent assets and liabilities

The Group recognises material contingent liabilities as either:

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

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

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

2.19 Private Finance Initiative

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

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

2.20 Cash and cash equivalents

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

2.21 Events after the reporting period

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

2.22 Overhead costs

The costs of overheads and support services are charged to service segments within the Group CIES in accordance with the Group's arrangements for accountability and financial performance. In practice this means support costs other than Corporate and Democratic Core (CDC) are recognised in the intra-group funding - policing line of the MOPAC CIES on the basis that all services to which support costs are allocated were delivered by the CPM in 2022/23.

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

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

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

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

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

There are amendments to issued accounting standards which have not yet been adopted by the Code which will apply to the Group and MOPAC in 2023/24:

- Definition of Accounting Estimates (Amendments to IAS 8) issued in February 2021.
- Disclosure of Accounting Policies (Amendments to IAS1 and IFRS Practice Statement 2) issued in February 2021.
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS12) issued in May 2021.
- Updating a Reference to the Conceptual Framework (Amendments to IFRS 3) Issued in May 2020.

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

4. Significant estimates and judgements in applying the accounting policies

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

Estimates

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

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

- The costs of providing pension benefits to police officers, requires estimates regarding future cash flows that will arise to meet the scheme liabilities, see Note 12. The assumptions underlying the valuation used for IAS 19 reporting are the responsibility of the MOPAC CFO as advised by the scheme actuaries. The financial assumptions used by the actuaries are largely prescribed at any point and reflect market expectations at the reporting date. Assumptions are also made around the life expectancy of the UK population. The last full valuation of the pension scheme undertaken using full membership data was conducted in 2022. Under IAS19, the actuaries have projected the results of this valuation using approximate methods. In particular, the roll-forward allows for:

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

Judgements

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

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

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

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

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

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

6.1 Introduction

Following the Police Reform and Social Responsibility Act 2011 (The Act), the Metropolitan Police Authority (MPA) was replaced on 16 January 2012 with two corporations sole, the Mayor's Office for Policing And Crime (MOPAC) and the Commissioner of Police of the Metropolis (CPM). These financial statements for 2022/23 show the financial positions of the MOPAC and MOPAC Group together with comparative figures for 2021/22.

6.2 Accounting principles

The accounting recognition of assets, liabilities and reserves in 2022/23 reflects the powers and responsibilities of MOPAC as designated by the Police Reform and Social Responsibility Act 2011 and the Home Office Financial Management Code of Practice for the Police Service, England and Wales 2018. This accounting treatment is also underpinned by the working relationship between the Deputy Mayor and the Commissioner as defined by local regulations, (MOPAC Financial Regulations and Scheme of Consent and Delegation), local agreement and practice. On 16 January 2012 the assets, liabilities and reserves of the MPS were transferred directly to MOPAC and during 2022/23 they remain under MOPAC control. Statutory and local arrangements determine that MOPAC holds all the assets, liabilities and the reserves and is responsible for the police pension liability. All payments for the Group are made by MOPAC from the MOPAC Police Fund and all income and funding received by MOPAC. MOPAC has the responsibility for managing the financial relationships with third parties and has legal responsibilities for discharging the contractual terms and conditions of suppliers.

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

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

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

Accounting treatment

The table below shows the movement through an intra-group account within the respective CIES during 2022/23. Corresponding accounting entries in the MOPAC CIES and CPM CIES can be seen in the financial statements.

Intra-group adjustments between MOPAC and CPM within the CIES

Intra-group - total transactions for 2022/23 £million	MOPAC	CPM	Group
IAS 19 pension costs within net cost of services	0	111	111
Accumulated absences	0	(16)	(16)
Other costs within net cost of services	0	2,387	2,387
Intra-group adjustment (MOPAC funding)	2,482	(2,482)	0
Pension interest cost	0	1,061	1,061
Intra-group adjustment (MOPAC funding pension)	1,061	(1,061)	0
Actuarial losses/(gain) on police fund	0	(15,294)	(15,294)
Intra-group adjustment (MOPAC funding pension)	(15,294)	15,294	0
Total transactions for the year	**(11,751)**	**0**	**(11,751)**

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

Accounting entries reflected in the respective Balance Sheet at year end

Intra-group - total transactions for 2022/23 £million	MOPAC	CPM	Group
CPM - Long term Intra-group Debtor	0	24,343	0
CPM - Short term Intra-group Debtor	0	198	0
CPM - Police Officer pension liability	0	(24,343)	(24,343)
CPM - Creditor - accumulated absences	0	(198)	(198)
MOPAC - Long term Intra-group Creditor	(24,343)	0	0
MOPAC - Short term Intra-group Creditor	(198)	0	0
MOPAC - Unusable Reserves	24,343	0	24,343
MOPAC - Unusable Reserves	198	0	198

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

The CIES for MOPAC and the Group are similar at 'summary level'. The MOPAC CIES includes not only the cost of administering the MOPAC itself, but also payment for MOPAC resources consumed at the request of the CPM. Correspondingly in the CPM CIES, total Comprehensive Income and Expenditure is nil for 2022/23 as the 'resources consumed at the request of the CPM' are completely offset by the intra-group adjustment.

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

7.1 Service expenditure analysis

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

7.2 Income

Income received by MOPAC includes fees and charges, interest, investments, contributions, specific grants and other service income. A breakdown under these headings for 2022/23 is shown in the table in Section 7.3 below.

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

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

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

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

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

In the table below the operating income and expenditure for MOPAC and the MOPAC Group for the period 1 April 2022 to 31 March 2023, is presented in a subjective analysis format. The subjective analysis format is used by management to make decisions about resource allocation in internal management reports.

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

£000	MOPAC 2022/23	CPM 2022/23	Group 2022/23	Group 2021/22
Expenditure				
Employee costs				
Police officer salaries	0	2,034,710	2,034,710	1,917,771
MOPAC and Police staff wages and salaries	14,607	589,758	604,365	558,282
Employee related expenditure	467	51,539	52,006	26,945
Net police officer pensions	0	(224,936)	(224,936)	624,755
Net MOPAC police staff pensions	2,948	125,086	128,034	120,265
Premises related	1,230	185,258	186,488	165,608
Transport related	2	93,451	93,453	79,305
Supplies and services*	92,997	605,686	698,683	625,305
Depreciation, amortisation, impairment	132,456	144,130	276,586	174,923
Actuarial losses on police pensions funds - intra group funding	(15,294,500)	15,294,500	0	0
Interest payments	1,091,614	0	1,091,614	849,103
(Gain)/Loss on the disposal of assets	(30,548)	0	(30,548)	(15,971)
Total gross expenditure	**(13,988,727)**	**18,899,182**	**4,910,455**	**5,126,291**
Income				
Fees and charges and other service income**	(4,731)	(326,650)	(331,381)	(312,729)
Interest and investment income	(10,842)	0	(10,842)	(1,275)
Government grants and contributions	(3,297,397)	(796,358)	(4,093,755)	(3,771,469)
Total income	**(3,312,970)**	**(1,123,008)**	**(4,435,978)**	**(4,085,473)**
Intra group adjustment ***	2,481,674	(2,481,674)	0	0
(Surplus) or deficit on provision of services	**(14,820,023)**	**15,294,500**	**474,477**	**1,040,818**

** £93m supplies and services incurred by MOPAC includes costs of working with local communities, victims support and payments by MOPAC of crime prevention grants*
***Includes revenue recognised of £195.8m from contracts with service recipients under IFRS15 (£179.7m 2021/22)*
**** MOPAC payment for MOPAC financial resources consumed at the request of the CPM*

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

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

8. Police officers and police staff remuneration

8.1 Police and police staff remuneration

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

Remuneration band £ MOPAC	2022/23		2021/22	
	Number of employees exc exit packages	Number of employees inc exit packages	Number of employees exc exit packages	Number of employees inc exit packages
50,000 - 54,999	6,569	6,568	6,498	6,499
55,000 - 59,999	5,284	5,284	4,282	4,281
60,000 - 64,999	3,408	3,410	2,832	2,833
65,000 - 69,999	2,719	2,719	2,149	2,149
70,000 - 74,999	1,393	1,393	1,038	1,039
75,000 - 79,999	734	734	623	623
80,000 - 84,999	570	570	365	365
85,000 - 89,999	382	384	282	282
90,000 - 94,999	234	234	184	183
95,000 - 99,999	162	162	109	110
100,000 - 104,999	125	125	82	83
105,000 - 109,999	58	58	33	33
110,000 - 114,999	19	19	10	10
115,000 - 119,999	13	14	6	6
120,000 - 124,999	7	7	4	4
125,000 -129,999	5	5	2	2
130,000 -134,999	6	6	6	6
135,000 -139,999	6	7	8	8
140,000 -144,999	2	3	4	4
145,000 - 149,999	1	2	3	3
150,000 - 154,999	1	2	0	0
155,000 - 159,999	1	1	0	0
160,000 - 164,999	1	1	0	0
165,000 - 169,999	0	0	0	0
170,000 - 174,999	0	1	0	0
175,000 - 179,999	0	0	0	0
180,000 - 184,999	0	0	0	0
185,000 - 189,999	0	0	0	0
190,000 - 194,999	0	0	0	1
195,000 - 199,999	0	1	0	0
200,000 - 204,999	0	0	0	0
205,000 - 209,999	0	0	0	0
210,000 - 214,999	0	0	0	0
215,000 - 224,999	0	0	0	0
225,000 +	0	0	0	0

The banding scale is based on taxable remuneration, excluding pension costs, paid in the year rather than annual salary. Taxable remuneration includes overtime, compensation for loss of office and may also include back dated pay awards, which relate to previous years but were actually paid in the year in question. In 2022/23 backdated pay awards were made to a number of officers following the ruling on overtime payable to CHIS handlers. The numbers in the table above exclude senior staff and relevant police officers as defined below in Note 8.2. In these particular cases, a more detailed analysis of remuneration for 2022/23 is shown on the following pages.

Exit packages

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

Exit package cost band (including special payments)	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band (£)	
	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22
£0 - £20,000	0	0	2	2	2	2	31,783	25,058
£20,001 - £40,000	0	0	2	4	2	4	68,590	96,151
£40,001 - £60,000	0	0	4	2	4	2	216,607	83,347
£60,001 - £80,000	0	0	5	1	5	1	333,481	73,443
£80,001 - £100,000	0	0	5	2	5	2	460,826	184,475
£100,001 - £150,000	0	0	1	0	1	0	114,433	0
£150,001 - £200,000	0	0	0	0	0	0	0	0
	0	0	19	11	19	11	1,225,720	462,474

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

8.2 Relevant police officers and senior staff remuneration

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

8.3 Relevant police officers and senior staff remuneration* - year ended 31 March 2023

Post holder information (post title)	Name	Notes	Salary (including fees & allowances) (£)	Benefits (£)	Other Payments (£)	Total remuneration excluding pension contributions 2022/23 (£)	Pension contributions (£)	Total remuneration including pension contributions 2022/23 (£)
CPM								
Commissioner	C Dick	1	17,008	3,075	165,727	185,810	0	185,810
Commissioner	M Rowley	2	166,870	1,794	0	168,664	0	168,664
Deputy Commissioner	S House	3	123,462	3,075	0	126,537	0	126,537
Deputy Commissioner	L Owens	4	138,624	1,794	0	140,418	0	140,418
Assistant Commissioner	H Ball	5	136,296	3,075	0	139,371	0	139,371
Assistant Commissioner	N Ephgrave	6	227,633	3,075	0	230,708	53,827	284,535
Assistant Commissioner	L Rolfe		245,772	3,075	0	248,847	64,519	313,366
Assistant Commissioner	M Jukes		240,963	3,075	0	244,038	64,519	308,557
Assistant Commissioner	B Gray	7	215,970	3,075	0	219,045	0	219,045
T/Assistant Commissioner	M Twist	8	194,355	3,075	0	197,430	49,738	247,168
Deputy Assistant Commissioner	G McNulty	9	141,677	3,075	0	144,752	39,389	184,141
Deputy Assistant Commissioner	L Taylor		175,284	3,075	0	178,359	49,738	228,097
Deputy Assistant Commissioner	D Haydon	10	61,875	3,075	0	64,950	0	64,950
Deputy Assistant Commissioner	M Horne		178,878	3,075	0	181,953	0	181,953
Deputy Assistant Commissioner	A Pearson	11	191,889	3,075	0	194,964	45,571	240,535
Deputy Assistant Commissioner	S Cundy		178,878	3,075	0	181,953	49,738	231,691
Deputy Assistant Commissioner	B Javid	12	179,745	3,075	0	182,820	0	182,820
T/Deputy Assistant Commissioner	J Connors	13	154,359	3,075	0	157,434	43,637	201,071
Deputy Assistant Commissioner	H Millichap	14	152,696	3,075	0	155,771	39,401	195,172
Deputy Assistant Commissioner	A Boon	15	134,080	3,075	0	137,155	36,965	174,120
Deputy Assistant Commissioner	A Adelekan	16	141,824	3,075	0	144,899	39,366	184,265
Deputy Assistant Commissioner	T Jacques	17	51,023	3,075	0	54,098	12,500	66,598
T/Deputy Assistant Commissioner	N John	18	141,629	3,075	0	144,704	35,323	180,027
T/Deputy Assistant Commissioner	C Roper	19	139,464	3,075	0	142,539	33,895	176,434
Commander	A Heydari		154,542	3,075	0	157,617	37,728	195,345
Chief of Corporate Services	R Wilkinson	20	69,873	3,075	0	72,948	21,172	94,120
Chief People and Resources Officer	C Davies	21	171,854	3,075	0	174,929	49,243	224,172
A/Chief of Corporate Services	R Hughes	22	109,773	0		109,773	28,786	138,559
Chief Digital Data and Technology Officer	J Clarke	23	140,001	0	78,145	218,146	0	218,146
Interim Chief Digital Data and Technology	D Scates	24	172,226	0	0	172,226	37,409	209,635
Director of Service Delivery	A Blatchford		156,693	0	0	156,693	35,964	192,657
Director of Solution Delivery	D Pitty		159,805	0	0	159,805	36,907	196,712
Director of Finance	I Percival		142,941		0	142,941	39,675	182,616
Director of Operational Support Services	M Heracleous		150,000	3,075	0	153,075	34,997	188,072
Director of Communications and Engagement	P Stuart-Lacey		155,000	0	0	155,000	45,450	200,450
Chief Scientific Officer	L Sherman	25	75,000	1,537	0	76,537	19,695	96,232
Interim Director of Strategy and Transformation Officer	M Thorp	26	141,250	0	0	141,250	36,360	177,610
Chief Legal Officer	S Bramley		149,459	0	0	149,459	45,286	194,745

8.3 Relevant police officers and senior staff remuneration* - year ended 31 March 2023

Post holder information (post title)	Name	Notes	Salary (including fees & allowances) (£)	Benefits (£)	Other Payments (£)	Total remuneration excluding pension contributions 2022/23 (£)	Pension contributions (£)	Total remuneration including pension contributions 2022/23 (£)
NPCC and other secondees out of the Met								
Assistant Commissioner	M Hewitt	27	226,557	3,075	0	229,632	64,519	294,151
Assistant Commissioner	A Basu	28	150,124	3,075	0	153,199	42,745	195,944
Assistant Commissioner	S Kavanagh		205,482	0	0	205,482	0	205,482
Assistant Commissioner	R Beckley		69,945	3,075	0	73,020	0	73,020
Assistant Commissioner	A Marsh		171,108	0	0	171,108	0	171,108
T/Deputy Assistant Commissioner	N Jerome		178,878	3,075	0	181,953	0	181,953
Assistant Commissioner	S Jupp	29	87,511	0	0	87,511	0	87,511
NPCC Programme Director, Programme Productivity Review	S House	30	143,307	0	0	143,307	0	143,307
MOPAC								
Chief Executive Officer	D Luchford		159,697	0	0	159,697	48,237	207,934
Deputy Mayor for Policing And Crime			135,797	0	0	135,797	40,995	176,792
Director of Audit, Risk and Assurance			123,412	0	0	123,412	37,242	160,654
Director of Strategy and MPS Oversight			122,900	0	0	122,900	37,087	159,987
Director of Partnerships and Commissioning			122,900	0	0	122,900	37,087	159,987
Victims Commissioner			107,702	0	0	107,702	32,158	139,860
Director of Corporate Services and CFO			133,100	0	0	133,100	40,178	173,278
Director of Corporate Services and CFO (maternity cover)		31	0	0	0	0	0	0
Chief People Officer			97,324	0	0	97,324	29,338	126,662
Director of Violence Reduction Unit			122,227	0	0	122,227	36,883	159,110
Violence Reduction Unit Director of Strategy and Operations		32	97,141	0	0	97,141	29,384	126,525
						0		0

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

8.3 Relevant police officers and senior staff remuneration - year ended 31 March 2023

1. C Dick left on 24/4/22 and received a payment in relation to her resignation
2. M Rowley was appointed on 12/9/22 with an annualized salary of £294,840
3. S House was acting Commissioner from 11/4/22 to 11/9/22 and they took a position with the NPCC see note 30
4. L Owens joined on 12/9/22 as acting Deputy Commissioner and appointed Deputy Commissioner on 20/2/23 with an annualized salary of £243,744
5. H Ball was Acting Deputy Commissioner from 9/5/22 to 11/9/22 and retired on 31/10/22
6. N Ephgrave retired on 6/4/23
7. B Gray previously DAC was appointed Assistant Commissioner on 10/10/22
8. M Twist previously DAC was temporarily appointed Assistant Commissioner on 10/10/22
9. G McNulty left on 16/1/23
10. D Haydon left on 21/7/22
11. A Pearson left on 28/2/23
12. B Javid was T/DAC and was appointed DAC on 27/6/22
13. J Conners was T/DAC until 15/2/23 when they left
14. H Millichap held the post of Commander until their appointment to T/DAC on 11/10/22 and was appointed DAC on 20/2/23
15. A Boon held the post of Commander until their appointment to DAC on 20/2/23
16. A Adelekan held the post of Commander until their appointment to DAC on 20/2/23
17. T Jacques joined the MPS as DAC on 1/1/23 and they also old the position of Senior National Coordinator with an annualized salary of £158,595
18. N John held the position of Commander until their appointment to T/DAC on 11/10/22 until 20/2/23
19. C Roper held the post of Commander until their appointment to T/DAC on 21/12/22. They left on 20/2/23
20. R Wilkinson left on 12/8/22
21. C Davies held the post of Director of Human Resources until their appointment as Interim Deputy Chief of Corporate Services from 21/2/22 to 4/1/23 when they were appointed Chief People and Resources Officer
22. R Hughes was appointed Acting Chief of Corporate Services on 13/6/22 until 28/10/22
23. J Clarke left on 31/10/22
24. D Scates held the post of Director of Technology until their appointment on 1/8/22 to Interim Chief Digital Data and Technology Officer

25. L Sherman joined on 1/10/22 as Chief Scientific Officer with an annualized salary of £150,000
26. M Thorp was appointed T/Director of Strategy and Data on 1/11/22 with an annualized salary of £150,000
27. M Hewitt retired on 6/4/23
28. A Basu retired on 29/11/22
29. S Jupp joined on 3/10/22
30. S House left the MPS on 11/9/22 and took up a role with the NPCC
31. The individual was employed on an interim basis from 1/4/22 until the 1/2/23. They were not salaried and a total payment of £197,784 was made for this period. Unlike remuneration payments made to employees in the table, interims do not receive pensions, benefits and holiday pay.
32. This new role that was created to accommodate the growth within the Violence Reduction Unit. The individual was appointed to the role on 16/11/22 on an annualized salary of £115,000

Additional information

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

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

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

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

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

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

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

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

Additional information

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

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

9. Related party transactions

IAS 24 (Related Party Transactions) requires the Group to disclose all material transactions with related parties, that is bodies or individuals that have the potential to influence the Group or to be controlled or influenced by key individuals of the Group including the Mayor and Deputy Mayor, the Commissioner, members of the MOPAC Senior Management Team, and MPS Management Board. Disclosure of these transactions allows readers to assess the extent to which the Group might have been constrained in its ability to operate independently, or might have secured the ability to limit another party's ability to bargain freely with the Group. This disclosure note has been prepared on the basis of specific declarations obtained for the year ended 31 March 2023, in respect of related party transactions.

CPM and MOPAC

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

Central Government and other public bodies

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

Greater London Authority

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

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

The net receipts from Transport for London were £120.238 million in 2022/23 (£87.551 million in 2021/22).

The net expenditure with the London Fire Commissioner was £0.235 million in 2022/23 (£0.087 million in 2021/22).

The net receipts from Old Oak and Park Royal Development were £0.044 million in 2022/23 (£0.043 million in 2021/22).

The net receipts from London Legacy Development Corporation were £0.058 million in 2022/23 (£0.091 million in 2021/22).

Other bodies

Police Now was established in January 2016 to run the National Graduate Leadership Development Programme. MOPAC spent £0.586 million in 2022/23 (£0.750 million in 2021/22). The Assistant Commissioner of Professionalism and Assistant Commissioner of Met Operations are Board members.

MOPAC is the member of, and the sole owner of, the Police Crime Prevention Initiatives' Ltd (PCPI) which is a company limited by guarantee without share capital. The MOPAC Head of Operational Oversight and the former Deputy Commissioner (until September 2022) are directors of the Company and have influence over the operation and running of the company. Police Crime Prevention Initiatives main operation is through 'secure by design' which supports the principles of 'designing out crime' through physical security and processes. MOPAC spent £0.478 million (£0.175 million in 2021/22) and owed £0.032 million with Police Crime Prevention Initiatives Ltd in 2022/23 (£nil in 2021/22). Police Crime Prevention Initiatives is a not for profit company, run for the national good with all money made supporting crime prevention. MOPAC does not receive any financial benefit from this company.

The MOPAC Group administers a number of charities on behalf of third parties. Full details of the charities and their purpose are disclosed in Note 24. The Assistant Commissioner of Frontline Policing is a Trustee of the Metropolitan Police Sports Fund. In 2022/23 the MOPAC Group paid £35k (£33k 21/22) to the MPS Sports Fund. The Chief People and Resources Officer is a Trustee of the Metropolitan Police Staff Welfare Fund. In 2022/23 the MOPAC Group paid £11k (£11k in 2021/22) to the MPS Staff Welfare Fund.

10. Auditors' remuneration

The audit fee payable to Grant Thornton UK LLP during the year totalled £305,808 (£309,529 in 2021/22) for the Group, of which £169,108 related to MOPAC and £136,700 related to the CPM (£169,052 for MOPAC in 2021/22, £140,477 for CPM).

11. Interest payable and similar charges

Interest paid in 2022/23 and 2021/22 is as follows:

£000	2022/23	2021/22
Public Work Loans Board	14,328	9,507
PFI and finance lease	12,356	13,461
Other interest cost	0	0
Total	**26,684**	**22,968**

12. Pension costs

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

12.1 Police officers'

The pension scheme for police officers, the Police Pension Scheme 2015, is an unfunded, defined benefit scheme. An unfunded, defined benefit scheme has no investment assets to meet its pension liability and must generate cash to meet the actual pension payments as they fall due. These benefits payable are funded by contributions from employers and police officers and as a rule any shortfall is met by a top up grant from the Home Office, as was the case in 2022/23. The Group pays employer contributions at a rate of 31% of pensionable salary into the Fund. Further details of the schemes can be found in the Police Officer Pension Fund Accounts.

The Commissioner is the administering body under the Police Reform and Social Responsibility Act 2011. The Police Officer Pension Fund's Financial Statements and notes are included on Pages 72-74 of this document.

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

Police officers' pensions income and expenditure

£000	2022/23	2021/22
Comprehensive Income and Expenditure Statement		
Cost of Services:		
Service cost comprising:		
Current Service Cost	925,600	1,053,100
Past service cost	2,700	4,200
Transfers in/(out)	3,800	2,700
Actuarial loss/(gain) - injury pensions	(821,400)	(139,900)
Financing and Investment Income and Expenditure		
Interest Expense	1,061,600	825,800
Total Post Employment Benefits charged to the Surplus or Deficit on the Provision of Services	**1,172,300**	**1,745,900**
Re-measurement of the defined benefit liability comprising:		
Actuarial loss/(gain) arising on changes in demographic assumptions - excluding injury pensions	(418,300)	(374,000)
Actuarial loss/(gain) arising on changes in financial and other assumptions - excluding injury pensions	(14,876,200)	(2,534,100)
Total Post Employment Benefits charged to the Comprehensive Income and Expenditure Statement	**(15,294,500)**	**(2,908,100)**
Movement in Reserves Statement (MIRS)		
Reversal of charges made to Surplus or Deficit on the Provision of Services for post employment benefits	(1,172,300)	(1,745,900)
Actual amount charged against the General Reserves Balance for pensions in the year - Pension Costs	781,500	712,600

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

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

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

Police officers' contributions to the schemes amounted to £176.1 million in the year ended 31 March 2023. In the year ended 31 March 2023, employer pension contributions have been charged to the revenue account on the basis of pensions payable in the year and totalled £735.4 million. In the year to 31 March 2023 the net costs of pensions and other benefits amounted to £774.4 million, representing 53.0% of pensionable pay.

Assets and liabilities in relation to retirement benefits

In accordance with IAS 19 requirements, the total liability of the Police Officer Pension Fund is included in the Balance Sheet. Although these will not actually be payable until officers retire, the Group has a commitment to make the payments that need to be disclosed at the time that officers earn their future entitlement. The Group had the following overall liabilities for pensions at 31 March 2023 that have been included in the Balance Sheet:

£ million	2022/23	2021/22
Officer members	(7,794)	(19,669)
Deferred pensioners	(1,291)	(1,447)
Pensioners	(14,242)	(16,361)
Injury pensions	(1,016)	(1,769)
Total value of scheme liabilities	**(24,343)**	**(39,246)**

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. Hymans Robertson LLP, an independent firm of actuaries, has assessed the scheme liabilities as at 31 March 2023. The movement in the present value of the scheme liabilities for the year to 31 March 2023 can be reconciled as follows:

£ million	Excluding injury benefits 2022/23	Excluding injury benefits 2021/22	Injury benefits only 2022/23	Injury benefits only 2021/22
Scheme liabilities at 1 April	**(37,477)**	**(39,276)**	**(1,769)**	**(1,845)**
Current service cost including Home Office contribution.	(873)	(995)	(53)	(58)
Officer contributions	(176)	(165)		0
Benefits paid	925	847		0
Injury award expenditure		0	32	31
Transfers from / to other authorities	(4)	(3)		0
Past service cost (injury benefits)	(3)	(4)		0

Interest cost on pension liabilities.	(1,014)	(789)	(48)	(37)
Re-measurement gains and losses:				
Actuarial (loss)/gain arising on changes in demographic assumptions	418	374	20	18
Actuarial (loss)/(gain arising on changes in financial assumptions	14,042	2,877	703	122
Other Experience	835	(343)	99	0
Scheme liabilities at 31 March	**(23,327)**	**(37,477)**	**(1,016)**	**(1,769)**

Actuarial assumptions

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

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

The significant actuarial assumptions used in their calculations are:

Assumptions	All Schemes 2022/23	All Schemes 2021/22
CARE revaluation rate	4.20%	4.5%
Rate of increase of salary (note i)	3.20%	3.7%
Rate of increase in pensions	2.95%	3.2%
Rate for discounting scheme liabilities (note ii)	4.75%	2.7%

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

Mortality

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

Mortality rate	Males 2022/23	Males 2021/22	Females 2022/23	Females 2021/22
Current pensioners	26.7 years	27.1 years	29.2 years	29.4 years
Future pensioners*	28.1 years	28.4 years	30.6 years	30.8 years

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

Sensitivity analysis

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

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

Financial assumptions	Approximate % increase to employer liability		Approximate monetary amount (£000)	
	2022/23	2021/22	2022/23	2021/22
0.5% decrease in real discount rate	10%	11%	2,416,096	4,483,905
1 year increase in member life expectancy	3%	3%	730,274	1,167,022
0.5% increase in the salary increase rate	1%	1%	118,272	500,656
0.5% increase in the pension increase rate (CPI)	8%	8%	1,913,659	3,279,201

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

£ million	2022/23	2021/22
Projected current service cost	310	873
Interest on obligation	1,146	1,062
Total	**1,456**	**1,935**

The weighted average duration of the defined benefit obligation is:

Weighted average duration	2022/23	2021/22
Active members	27.9 Years	28.2 Years
Deferred pensioners	25.8 Years	27.5 Years
Pensioners	13.2 Years	13.4 Years
Injury pensions	18.8 Years	21.9 Years

Legal Cases

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

Subsequently, the government have consulted on the approach to remedy, and this has now been enacted through the *Public Service Pensions and Judicial Offices Act 2022* *(PSPJOA 2022).*
The main elements of the Act are:

- *Changes implemented across all the main public service pension schemes in response to the Court of Appeal judgment in the McCloud and Sargeant cases:*
- *Eligible members of the main unfunded pension schemes have a choice of the benefits they wish to take for the "remedy period" of April 2015 to 31 March 2022.*
- *From 1 April 2022, when the remedy period ends, all those in service in main unfunded schemes will be members of the reformed pension schemes, ensuring equal treatment from that point on.*

Given there exists a deferred choice for members upon retirement as to which benefits they wish to take for the remedy period, there is a judgement to apply in the valuation of current pension scheme benefit liabilities. The majority of members will receive greater benefits accruing form their legacy pension scheme, so this assumption has been applied to the valuation of the pension scheme liability.

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

12.2 Police staff

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

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

For the year ended 31 March 2023, employer's contributions of £127.6 million were payable to the Cabinet Office at one of four rates in the range 26.6 to 30.3 percent of pensionable pay, based on salary bands. In the year to 31 March 2023, the net cost of pensions amounted to £129.4 million, representing 27.2% of pensionable pay. The Group is not liable for any other entities' obligations under the plan.

13. Other operating expenditure

13.1 Gains and losses on disposal of non-current assets

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

	2022/23			2021/22		
£000	Property	Plant and Equipment	Total	Property	Plant and Equipment	Total
Losses	11,772	2,403	14,175	11,635	847	12,482
Gains	(44,375)	(348)	(44,723)	(28,150)	(303)	(28,453)
Net (gain)/loss	**(32,603)**	**2,055**	**(30,548)**	**(16,515)**	**544**	**(15,971)**

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

14. Non-specific grant income

The Greater London Authority precepts London Boroughs for Council Tax and receives Police Formula Grant, Police Revenue Grant and Council Tax Support Grant directly from central government. The central funding allocated and the police precept for the year ended 31 March 2023 was:

£000	2022/23	2021/22
Retained Business Rates	(65,393)	(27,923)
Formula Grant	(903,838)	(853,246)
Police Precept	(842,267)	(798,649)
Police Revenue Grant	(1,254,006)	(1,185,504)
Council Tax Support	(119,676)	(119,676)
Total	**(3,185,180)**	**(2,984,998)**

14.1 Capital grants

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

£000	2022/23	2021/22
Capital grants	**(64,516)**	**(60,199)**

15. Specific grants

The Group received the following grants for specific operational activities:

£000	2022/23	2021/22
Home Office - Counter Terrorism	(366,752)	(356,415)
Home Office - CT Protective Security Grant	(187,037)	(173,004)
Ministry of Justice - Victim Services	(21,715)	(10,869)
Home Office – Specific Operational Projects	(258,151)	(174,213)
Miscellaneous grants	(1)	(24)
Partnership Funding	(10,402)	(11,747)
Total	**(844,058)**	**(726,272)**

16. Group and MOPAC non current assets at 31 March 2023

£000	Property	Plant and equipment	Assets under construction	Surplus Assets	Sub total	Heritage assets	Investment properties	Intangible assets	Total
Cost or valuation at 1 April 2022	**1,974,081**	**537,790**	**440,941**	**0**	**2,952,812**	**1,319**	**6,090**	**5,870**	**2,966,091**
Reclassifications (transfers)	57,295	140,902	(198,197)	0	0	0	0	0	**0**
Assets reclassified (to)/from held for sale	16,405	(1,959)	0	0	14,446	0	0	0	**14,446**
Additions	10	22,614	243,006	0	265,630	0	0	0	**265,630**
Disposals	(17,010)	(27,255)	(43)	0	(44,308)	0	0	(135)	**(44,443)**
Impairment	0	0	0	0	0	0	0	0	**0**
Revaluation movements through CIES	(155,994)	0	0	0	(155,994)	0	(3,330)	0	**(159,324)**
Revaluation movements in reserves	105,877	0	0	0	105,877	0	0	0	**105,877**
Cost or valuation at 31 March 2023	**1,980,664**	**672,092**	**485,707**	**0**	**3,138,463**	**1,319**	**2,760**	**5,735**	**3,148,277**
Depreciation at 1 April 2022	**(93,250)**	**(296,875)**	**0**	**0**	**(390,125)**	**(11)**	**0**	**(5,802)**	**(395,938)**
Depreciation/amortisation for the year	(50,763)	(96,061)	0	0	(146,824)	0	0	(62)	**(146,886)**
Depreciation written out on valuation to the Revaluation Reserve	44,407	0	0	0	44,407	0	0	0	**44,407**
Depreciation on assets sold	4,372	25,734	0	0	**30,106**	0	0	131	**30,237**
Depreciation written out on revaluation recognised in the CIES	25,927	0	0	0	25,927	0	0	0	**25,927**
Depreciation on assets held for sale	(169)	1,857	0	0	1,688	0	0	0	**1,688**
Depreciation at 31 March 2023	**(69,476)**	**(365,345)**	**0**	**0**	**(434,821)**	**(11)**	**0**	**(5,733)**	**(440,565)**
Net Book Value at 31 March 2023	**1,911,188**	**306,747**	**485,707**	**0**	**2,703,642**	**1,308**	**2,760**	**2**	**2,707,712**
Net Book Value at 31 March 2022	**1,880,831**	**240,915**	**440,941**	**0**	**2,562,687**	**1,308**	**6,090**	**68**	**2,570,153**

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

£000	Property	Plant and equipment	Assets under construction	Surplus Assets	Sub total	Heritage assets	Investment properties	Intangible assets	Total
Cost or valuation at 1 April 2021	**1,945,262**	**563,550**	**400,659**	**19,806**	**2,929,277**	**1,321**	**6,425**	**9,361**	**2,946,384**
Reclassifications (transfers)	114,817	66,513	(181,330)	0	0	0	0	0	**0**
Assets reclassified (to)/from held for sale	(59,004)	(5,389)	0	(21,208)	(85,601)	0	0	0	**(85,601)**
Additions	0	26,675	221,612	0	248,287	0	0	0	**248,287**
Disposals	(38,058)	(113,559)	0	0	(151,617)	(2)	0	(3,491)	**(155,110)**
Impairment	0	0	0	0	0	0	0	0	**0**
Revaluation movements through CIES	(28,306)	0	0	0	(28,306)	0	(335)	0	**(28,641)**
Revaluation movements in reserves	39,370	0	0	1,402	40,772	0	0	0	**40,772**
Cost or valuation at 31 March 2022	**1,974,081**	**537,790**	**440,941**	**0**	**2,952,812**	**1,319**	**6,090**	**5,870**	**2,966,091**
Depreciation at 1 April 2021	**(94,854)**	**(320,338)**	**0**	**0**	**(415,192)**	**(11)**	**0**	**(7,949)**	**(423,152)**
Depreciation/amortisation for the year	(66,081)	(93,636)	0	0	(159,717)	0	0	(1,344)	**(161,061)**
Depreciation written out on valuation to the Revaluation Reserve	47,338	0	0	0	47,338	0	0	0	**47,338**
Depreciation on assets sold	5,561	112,700	0	0	118,261	0	0	3,491	**121,752**
Depreciation written out on revaluation recognised in the CIES	14,435	0	0	0	14,435	0	0	0	**14,435**
Depreciation on assets held for sale	351	4,399	0	0	4,750	0	0	0	**4,750**
Depreciation at 31 March 2022	**(93,250)**	**(296,875)**	**0**	**0**	**(390,125)**	**(11)**	**0**	**(5,802)**	**(395,938)**
Net Book Value at 31 March 2022	**1,880,831**	**240,915**	**440,941**	**0**	**2,562,687**	**1,308**	**6,090**	**68**	**2,570,153**
Net Book Value at 31 March 2021	**1,850,408**	**243,212**	**400,659**	**19,806**	**2,514,085**	**1,310**	**6,425**	**1,412**	**2,523,232**

16.1 Basis of valuation

MOPAC's operational property was revalued as at 31 March 2023 as a part of the revaluation programme. For the revaluation programme 20% of the assets are physically inspected as well as the top 20 properties by value. The remaining 80% are revalued on a desktop basis. This approach is part of a rolling programme of revaluations that is conducted by Avison Young (member of the Royal Institute of Chartered Surveyors) ensuring that all operational land and buildings within the estate are subject to inspection and revaluation at least once every five years.

The residential and investment property portfolios were also revalued as at 31 March 2023 as a part of the revaluation programme. Again 20% of the assets are physically inspected each year whilst 80% are revalued on a desktop basis. This rolling programme of residential revaluations is performed by Avison Young ensuring that all of the residential properties are subject to inspection and revaluation at least once every five years.

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

Investment properties and surplus assets values are as at 31 March 2023. The assets are revalued as at 30 September 2022 using the IFRS 13 Fair Value market approach. The IFRS 13 Fair Value market approach uses prices and other relevant information (inputs) generated by market transactions involving similar properties and applies the valuer's professional judgment in accordance with the RICS Valuation - Professional Standards 2014 published by the Royal Institution of Chartered Surveyors.

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

Level 1: Observable quoted prices, in active markets;

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

Level 3: Unobservable inputs.

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

At 31 March 2023 the group carrying value of investment properties was £2.8 million, (2022 £6.1 million).

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

Buildings under construction and other property works are valued on the basis of the associated land value plus the cumulative construction costs incurred at 31 March 2023.

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

During the year, transfers of £198 million were made for those assets under construction, which were completed and became operating assets.

16.2 Impairment

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

16.3 Capital Financing Requirement

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

£000	2022/23	2021/22
Opening Capital Financing Requirement	**1,019,123**	**993,475**
Capital Investment		
Property	10	
Plant and equipment	22,614	26,691
Intangible assets		
Assets under construction	243,006	221,612
Investment properties		
Sources of finance		
Capital receipts	(93,431)	(66,167)
Government grants and other contributions	(64,781)	(62,484)
Sums set aside from revenue:		
Direct revenue contributions	(77,509)	(29,783)
Minimum Revenue Provision	(67,365)	(64,221)
Closing Capital Financing Requirement	**981,667**	**1,019,123**
Explanation of movements in year		
(Decrease)/increase in underlying need to borrow (supported by government financial assistance)	(9,633)	(10,034)
(Decrease)/Increase in underlying need to borrow (unsupported by government financial assistance)	(21,805)	42,292
(Decrease)/increase in underlying need to borrow for PFI and Finance Lease assets	(6,018)	(6,609)
Increase in Capital Financing Requirement	**(37,456)**	**25,649**

The Local Authorities (Capital Finance and Accounting) (England) Regulations 2003, as amended by the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008, require MOPAC to charge to the MIRS a prudent level of Minimum Revenue Provision (MRP) for the redemption of debt. For the year ended 31 March 2023 MOPAC has made an MRP charge based on:

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

16.4 PFI assets

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

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

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

£000	2022/23	2021/22
Balance as at 1 April	**124,907**	**116,069**
Additions	0	0
Depreciation for year	(13,505)	(13,120)
Redundant depreciation	15,598	14,002
Transfer from work in progress	601	1,293
Revaluation movement	42,673	6,663
Balance as at 31 March	**170,274**	**124,907**

16.5 Payment analysis

The PFI agreements impose 25 year commitments on the Group from occupation and use of the facilities from 2003 and 2004. The unitary payments to be made under the PFI contracts as at 31 March 2023 are shown below. PFI liabilities are shown in Note 27.1

Payment Analysis 2022/23

£000	Liability	Interest	Service charge	Total
Within 1 year	4,569	9,103	18,860	32,532
2 to 5 years	36,255	45,605	91,118	172,978
6 to 10 years	7,359	7,798	31,537	46,694
11 to 15 years	0	0	0	0
Total	**48,183**	**62,506**	**141,515**	**252,204**

Payment Analysis 2021/22

£000	Liability	Interest	Service charge	Total
Within 1 year	5,918	10,565	14,697	31,180
2 to 5 years	31,097	43,402	55,351	129,850
6 to 10 years	17,085	19,105	18,329	54,519
11 to 15 years	0	0	0	0
Total	**54,100**	**73,072**	**88,377**	**215,549**

16.6 Leases

MOPAC as lessee

Operating leases

The Group has acquired a large and diverse portfolio of property leases, for example, office accommodation, police stations and patrol bases. In addition the Group leases include many safer neighbourhood offices, most of which have 10 year lives. In the year to 31 March 2023, the Group spent £21.9 million on operating leases for property and £0.01 million on operating leases for vehicles, most of which have 3 year lives. The lease payments due under non-cancellable leases in future years are:

	31 March 2023		31 March 2022	
£000	**Property**	**Vehicles**	**Property**	**Vehicles**
Operating leases				
Not later than 1 year	7,378	2	7,469	40
Later than 1 year and not later than 5 years	21,259	0	22,753	2
Later than 5 years	19,607	0	23,871	0
Total	**48,244**	**2**	**54,093**	**42**

Finance leases

The Group does not have any finance leases for vehicles, plant, or equipment. Following the adoption of IAS 17 the Group reviewed all existing property leases to evaluate the leases as at 31 March 2023 in order to determine whether they are a finance lease or an operating lease for land and/or for building. There are, in total, five property leases for which the building element is classified as a finance lease. The movements for the current year are shown below:

£000	**2022/23**	**2021/22**
Opening value 1 April	**115,239**	**84,345**
Additions	997	375
Revaluations	15,324	40,920
Disposal	(8,884)	0
Depreciation	(3,475)	(10,401)
Net carrying value 31 March	**119,201**	**115,239**

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

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

£000	**31 March 2023**	**31 March 2022**
Current liability	31	312
Long term liability	6,073	6,257
Finance costs payable in future years	14,051	14,686
Total of minimum lease payments (Net Present Value)	**20,155**	**21,255**

The minimum lease payments payable over the following periods are:

£000	Minimum lease payments 31 March 2023	Minimum lease payments 31 March 2022	Finance lease liabilities 31 March 2023	Finance lease liabilities 31 March 2022
Not later than 1 year	627	942	31	312
Later than 1 year and not later than 5 years	2,507	2,665	150	292
Later than 5 years	17,021	17,648	5,923	5,965
Total	**20,155**	**21,255**	**6,104**	**6,569**

Group as lessor

Operating leases
The Group leases out various interests in properties, including office space and short term leases for several blocks of flats classified as investment properties. The Group received rents amounting to £5.7 million (£3.5 million in 2021/22). The current lease payments receivable under non-cancellable leases in future years are:

£000	2022/23	2021/22
Not later than 1 year	7,583	3,423
Later than 1 year and not later than 5 years	30,312	13,690
Later than 5 years	64,041	32,689
Total	**101,936**	**49,802**

The Group has not granted any finance leases.

16.7 Component assets

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

16.8 Heritage assets

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

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

The Group owns an historic vehicle fleet consisting of 16 vehicles, currently housed at a secure garage at Hendon. They are not operational but are used in public events and maintained as part of MOPAC fleet. They are currently held on the Balance Sheet at a value of £58,000.

16.9 Future capital expenditure commitments

£000	2023/24 and later years	2022/23 and later years
IT Projects	57,239	48,014
Building Works	44,642	46,319
Vehicles. Plant and Equipment	20,335	32,113
Total	**122,216**	**126,446**

17. Long term debtors

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

£000	2022/23	2021/22
Accrued income	0	8,750
Balance per balance sheet	**0**	**8,750**

18. Assets held for sale

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

£000	2022/23	2021/22
Opening balance	80,868	8,095
Additional assets identified for disposal	101	80,851
Revaluation gains (losses)	367	24
Assets which are no longer being actively marketed	(16,236)	0
Assets disposed in year	(39,926)	(8,102)
Total	**25,174**	**80,868**

19. Short term debtors

£000	2022/23	2021/22
Trade receivables	45,322	17,429
Prepayments	32,110	20,973
Accrued income	257,561	244,384
Other receivable amounts*	49,988	58,724
Total before impairment loss allowance	**384,981**	**341,510**
Impairment loss allowance	(441)	(382)
Balance per balance sheet	**384,540**	**341,128**

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

*The other receivable amounts balance is mainly made up of reimbursements due from HMRC for VAT incurred of £39.0m (£47.7m, 2021/22)

20. Short term investments

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

£000	2022/23	2021/22
Banks and financial Institutions	**0**	**565**
Total	**0**	**565**

21. Cash and cash equivalents

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

£000	2022/23	2021/22
Banks and financial Institutions	**(3,856)**	**8,880**
London Treasury Liquidity Fund LP	**198,455**	**614**
Total	**194,599**	**9,494**

In 2022/23 all the Group's investments were placed with the London Treasury Liquidity Fund LP. The loan note element of this investment has been classified as a cash equivalent. More information can be found in note 32.

22. Short term creditors

£000	2022/23	2021/22
Trade payables	(105,353)	(58,750)
Accruals	(392,118)	(389,803)
GRNI	(72,731)	(73,498)
Other payables*	(75,367)	(87,567)
MOPAC Group balance	**(645,569)**	**(609,618)**
Intra-group creditor (see Note 6.2)	**(197,705)**	**(213,530)**
MOPAC balance	**(447,864)**	**(396,088)**

*** The other payables balance is mainly made up of payments to central government totalling £72.1m (£79.8m in 2021/22) in respect of Income Tax, National Insurance, Civil Service and Police Pensions payments.**

23. Short term borrowing

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

Due for repayment in 12 months or less (£000)	Note	2022/23	2021/22
Public Works Loan Board		(11,372)	(3,742)
Local authorities			0
PFI liabilities	27.1	(4,569)	(5,918)
Finance lease liabilities	27.1	(31)	(312)
Balance		**(15,972)**	**(9,972)**

24. Third party monies

Fund Name £000s 2022/23	Income	Expenditure	Assets	Liabilities
MOPAC Police Property Act Fund	776	5,664	12,145	0
MOPAC Detained Monies Account	15,043	12,281	21,375	0
Metropolitan Police Benevolent Fund	2,431	2,605	4,345	352
Metropolitan Police Commissioner's Fund	18	15	738	7
Metropolitan Police Sports Fund	283	254	343	61
Metropolitan Police Staff Welfare und	20	27	226	1
Metropolitan Police Athletic Association	2,186	1,409	2,233	156
COMETS	109	115	207	10
Total	**20,866**	**22,370**	**41,612**	**587**

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

The MOPAC Group administers funds on behalf of third parties. Money held by the funds is not owned by the Group and is not included in the Balance Sheet. The principal funds are described below. Group staff administer the MOPAC Police Property Act Fund and the MOPAC Detained Monies Account on behalf of the Group and the remaining funds on behalf of their respective governing bodies. Details of the principal funds, together with their income and expenditure for their respective financial years which ended during the 12 months to 31 March 2023 (or, in the case of the Charities, the most recently audited set of accounts) and values at their financial year-end dates, are given above.

MOPAC Police Property Act Fund (MOPAC PPAF)

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

MOPAC Detained Monies Account (MOPAC DMA)

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

Metropolitan Police Benevolent Fund (MPBF)

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

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

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

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

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

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

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

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

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

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

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

£000	**2022/23**	**2021/22**
Proceeds Of Crime Act monies	54,505	55,620
Prisoners' property and lost cash	3,495	2,807
Other	851	882
Total	**58,851**	**59,309**

In addition, MOPAC also holds non cash assets which are not valued in the above table. The prisoners' property and lost cash relates to the total amount held in property stores at 31 March 2023 and has therefore been stated separately from the Police Property Act Fund value.

25. Provisions

25.1 Short term provisions

£000	Third party liabilities	Other provisions	Total
Balance at 1 April 2021	**(14,003)**	**(5,311)**	**(19,314)**
Additional provisions made in 2021/22	(9,229)	(17)	(9,246)
Amounts used in 2021/22	14,003	3,607	17,610
Reduction in provisions made in 2021/22	0	0	0
Transfer to/(from) long term	(4,504)	(4,100)	(8,604)
Balance at 31 March 2022	**(13,733)**	**(5,821)**	**(19,554)**
Additional provisions made in 2022/23	(13,291)	(5,305)	(18,596)
Amounts used in 2022/23	13,733	2,407	16,140
Reduction in provisions made in 2022/23	0	0	0
Transfer to/(from) long term	(2,979)	0	(2,979)
Balance at 31 March 2023	**(16,270)**	**(8,719)**	**(24,989)**

25.2 Long term provisions

£000	Third party liabilities	Other provisions	Total
Balance at 1 April 2021	**(12,721)**	**(8,632)**	**(21,353)**
Additional provisions made in 2021/22	(8,382)	0	(8,382)
Reduction in provisions made in 2021/22	0	0	0
Amounts used in 2021/22	4,125	0	4,125
Transfer to/(from) short term	4,504	4,100	8,604
Balance at 31 March 2022	**(12,474)**	**(4,532)**	**(17,006)**
Additional provisions made in 2022/23	(12,074)	0	(12,074)
Reduction in provisions made in 2022/23	0	0	0
Amounts used in 2022/23	6,790	0	6,790
Transfer to/(from) short term	2,979	0	2,979
Balance at 31 March 2023	**(14,779)**	**(4,532)**	**(19,311)**

MOPAC seeks to make provision for realistic estimates of the future settlement of known liabilities in respect of legal compensation and accident claims that are not covered by insurance. Accordingly a provision has been created for £31.0 million (of which £14.8m is long term). At 31 March 2022 the value of this provision was £26.2 million (of which £12.5m was long term). Over the course of the year agreed claims have been paid from this account totalling £20.5million.

Other provisions total £13.3 million and consist of:

- A provision of £6.3 million in respect of other legal claims;
- A provision for officer injury awards of £4.6 million;
- A provision of £2.4m in respect of other employee related costs;

26. Long term borrowing

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

£000	2022/23	2021/22
Loans	**(479,550)**	**(286,150)**
Analysis of loans by maturity:		
Between 1 and 2 years	(6,600)	(6,600)
Between 2 and 5 years	(17,799)	(13,000)
Between 5 and 10 years	(81,000)	(7,500)
Over 10 years	(374,151)	(259,050)

27. Long term contractor liability

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

£000	2022/23	2021/22
PFI liability	(43,613)	(48,183)
Finance lease liability	(6,073)	(6,256)
Balance at 31 March	**(49,686)**	**(54,439)**

27.1 PFI and finance lease contracts

Analysis of contractor liabilities between short term and long term.

£000	2022/23 PFI liability	2021/22 PFI liability	2022/23 Finance lease liability	2021/22 Finance lease liability
Balance as at 1 April	(54,101)	(60,425)	(6,568)	(6,853)
Net movement in year	5,918	6,324	463	285
Total liability	**(48,183)**	**(54,101)**	**(6,105)**	**(6,568)**
Classified as:				
Short term liability	(4,570)	(5,918)	(32)	(312)
Long term liability	(43,613)	(48,183)	(6,073)	(6,256)

28. Reserves

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

28.1 Unusable reserves

Movements on unusable reserves - Group and MOPAC 2022/23

£000	Revaluation reserve	Capital adjustment account	Accumulated absences account	Police officer pension	Deferred capital receipts	Total
Balance as at 1 April 2022	**(561,550)**	**(1,068,292)**	**213,530**	**39,246,200**	**(17,500)**	**37,812,388**
Upward revaluation of assets	(150,284)	0	0	0	0	**(150,284)**
Difference between fair value and historic cost depreciation	40,171	(40,171)	0	0	0	**0**
Accumulated gains on assets disposed	28,822	(28,822)	0	0	0	**0**
Other capital adjustments	0	0	0	0	0	**0**
Downward revaluation of assets and impairment losses not charged to the CIES	0	0	0	0	0	**0**
Statutory provision for financing capital investment charged against CIES (MRP)	0	(67,365)	0	0	0	**(67,365)**
Revaluation losses/(gains) on L&B	0	132,456	0	0	0	**132,456**
Depreciation and impairment	0	144,067	0	0	0	**144,067**
Amortisation of intangible assets	0	62	0	0	0	**62**
Movements in market value of investment property	0	3,330	0	0	0	**3,330**
Amounts written out on disposal	0	54,133	0	0	0	**54,133**
Capital grants and contributions credited to CIES applied to capital finance	0	(53,161)	0	0	0	**(53,161)**
Application of grants from capital grants unapplied account	0	(11,620)	0	0	0	**(11,620)**
Use of capital receipts reserve	0	(93,431)	0	0	0	**(93,431)**
Capital expenditure charged against CIES	0	(77,508)	0	0	0	**(77,508)**
Movement of reserves	0	0	(15,825)	(14,903,700)	0	**(14,919,525)**
Donated assets	0	0	0	0	0	**0**
Transfer of deferred sale proceeds credited as part of the gains/loss on disposal to the CIES	0	0	0	0	8,750	**8,750**
Balance as at 31 March 2023	**(642,841)**	**(1,106,322)**	**197,705**	**24,342,500**	**(8,750)**	**22,782,292**

Movements on unusable reserves - Group and MOPAC 2021/22						
£000	**Revaluation reserve**	**Capital adjustment account**	**Accumulated absences account**	**Police officer pension**	**Deferred capital receipts**	**Total**
Balance as at 1 April 2021	**(534,057)**	**(1,001,724)**	**207,595**	**41,121,000**	**(26,250)**	**39,766,564**
Upward revaluation of assets	(88,110)	0	0	0	0	**(88,110)**
Difference between fair value and historic cost depreciation	45,009	(45,009)	0	0	0	**0**
Accumulated gains on assets disposed	15,608	(15,608)	0	0	0	**0**
Other capital adjustments	0	0	0	0	0	**0**
Downward revaluation of assets and impairment losses not charged to the CIES	0	0	0	0	0	**0**
Statutory provision for financing capital investment charged against CIES (MRP)	0	(64,221)	0	0	0	**(64,221)**
Revaluation losses/(gains) on L&B	0	13,863	0	0	0	**13,863**
Depreciation and impairment	0	159,717	0	0	0	**159,717**
Amortisation of intangible assets	0	1,344	0	0	0	**1,344**
Movements in market value of investment property	0	335	0	0	0	**335**
Amounts written out on disposal	0	41,446	0	0	0	**41,446**
Capital grants and contributions credited to CIES applied to capital finance	0	(60,199)	0	0	0	**(60,199)**
Application of grants from capital grants unapplied account	0	(2,286)	0	0	0	**(2,286)**
Use of capital receipts reserve	0	(66,167)	0	0	0	**(66,167)**
Capital expenditure charged against CIES	0	(29,783)	0	0	0	**(29,783)**
Movement of reserves	0	0	5,935	(1,874,800)	0	**(1,868,865)**
Donated assets	0	0	0	0	0	**0**
Transfer of deferred sale proceeds credited as part of the gains/loss on disposal to the CIES	0	0	0	0	8,750	8,750
Balance as at 31 March 2022	**(561,550)**	**(1,068,292)**	**213,530**	**39,246,200**	**(17,500)**	**37,812,388**

Revaluation Reserve
The Revaluation Reserve was created on 1 April 2007 and records the unrealised revaluation gains on land and buildings arising in the year ended 31 March 2023. This amount is also used for accumulated gains which are removed from this account when re-valued assets are sold and also to amortise the gains over the lives of the assets held at 31 March 2023.

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

Accumulated Absences Account
The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Reserves Balance from accruing for unused accumulated absences as at 31 March 2023. Statutory arrangements require that the impact on the General Reserves Balance is neutralised by transfers to or from the Account.

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

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

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

28.2 Usable capital reserves

£000	Capital Receipts Reserve	Capital Grants Unapplied Account	Total
Balance at 31 March 2021	**0**	**(4,754)**	**(4,754)**
Proceeds of disposals	(66,167)	0	**(66,167)**
Financing of fixed assets	66,167	13,454	**79,621**
Capital grants	0	(11,168)	**(11,168)**
Balance at 31 March 2022	**0**	**(2,468)**	**(2,468)**
Proceeds of disposals	(93,431)	0	**(93,431)**
Financing of fixed assets	93,431	11,620	**105,051**
Capital grants	0	(11,355)	**(11,355)**
Balance at 31 March 2023	**0**	**(2,203)**	**(2,203)**
Net movement for 2021/22	**0**	**2,286**	**2,286**
Net movement for 2022/23	**0**	**265**	**265**

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

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

28.3 Usable earmarked revenue reserves

During the financial year 2022/23 we undertook a fundamental review of reserves - this involved reviewing each reserve held on the balance sheet and assessing whether it was still required for the original purpose as well as assessing the need for reserves balances for other purposes. The result has been a strategic decision to realign some balances to mitigate a budget pressure in 2023/24 and to allocate some for new purposes. We are presenting our reserves in a format required by the Minister for Policing and the Fire Service.

£000	Balance at 31 March 2021	Transfer to	Transfer from	Balance at 31 March 2022	Transfer to	Transfer from	Balance at 31 March 2023
Supporting OMM and local change	(57,913)	(11,343)	21,153	(48,103)	(650)	4,427	(44,326)
Managing the Budget	(42,181)	(66,023)	4,425	(103,779)	0	37,500	(66,279)
Property	(67,496)	(300)	859	(66,937)	(3,500)	8,685	(61,752)
Historical public inquires	(3,992)	0	505	(3,487)	0	1,275	(2,212)
Operational Costs	(80,414)	(44,887)	17,124	(108,177)	(20,874)	23,973	(105,078)
Insurance	(6,680)	0	0	(6,680)	0	0	(6,680)
Other earmarked (POCA)	(7,626)	(2,671)	1,396	(8,901)	(3,347)	896	(11,352)
Vetting Delays	(732)		483	(249)	0	143	(106)
Specifically funded for third parties	(16,066)	(6)	2,785	(13,287)	(6)	(72)	(13,365)
Business Group initiatives	(5,848)	(1,103)	3,300	(3,651)	0	1,302	(2,349)
Business Rates	(118,600)	0	29,300	(89,300)	0	29,300	(60,000)
Managing Officer FTEs	(46,800)	0	23,700	(23,100)	0	0	(23,100)
MOPAC	(50,024)	(34,787)	37,720	(47,091)	(24,784)	19,752	(52,123)
Total earmarked reserves	**(504,372)**	**(161,120)**	**142,750**	**(522,742)**	**(53,161)**	**127,181**	**(448,722)**
Emergencies Contingency Fund	(23,093)	0	0	(23,093)	0	0	(23,093)
General revenue reserve	(35,713)	0	12,230	(23,483)	(15,789)	0	(39,272)
Total General reserves	**(58,806)**	**0**	**12,230**	**(46,576)**	**(15,789)**	**0**	**(62,365)**
Total MOPAC revenue reserves	**(563,178)**	**(161,120)**	**154,980**	**(569,318)**	**(53,161)**	**127,181**	**(495,298)**
National functions	(9,243)	(2,279)	4,917	(6,605)	(698)	1,991	(5,312)
Total National Functions	**(9,243)**	**(2,279)**	**4,917**	**(6,605)**	**(698)**	**1,991**	**(5,312)**
Total Revenue Reserves	**(572,421)**	**(163,399)**	**159,897**	**(575,923)**	**(69,648)**	**129,172**	**(516,399)**

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

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

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

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

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

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

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

Managing Officer FTEs
This reserve was established to enable forward planning on the level of officer FTEs over the medium term.

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

Other reserves
The following reserves are also held by MOPAC:

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

28.4 General revenue reserve

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

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

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

The following adjustments are for 2022/23:

Group and MOPAC £000	**General Reserves**	**Capital receipts reserve**	**Capital Grants Unapplied Account**	**Unusable reserves**
Adjustments to the CIES				
Pension costs (transferred to (or from) the Pension Reserve)	(390,800)	0	0	390,800
Holiday pay (transferred to the accumulated absences reserve	15,825	0	0	(15,825)
Reversal of entries included in the surplus or deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	(334,048)	0	0	334,048
Total adjustments to the CIES	**(709,023)**	**0**	**0**	**709,023**
Adjustments between reserves and capital resources				
Transfer of non-current asset sale proceeds from reserves to the capital receipts reserve	84,681	(84,681)	0	0
Deferred sale proceeds	0	0	0	0
Statutory provision for the repayment of debt (transfer to Capital Adjustment Account)	67,365	0	0	(67,365)
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	77,508	0	0	(77,508)
Total adjustment between reserves and capital resources	**229,554**	**(84,681)**	**0**	**(144,873)**
Adjustments to capital resources				
Use of the Capital Receipts Reserve to finance capital expenditure	0	93,431	0	(93,431)
Application of capital grants to finance capital expenditure	64,516	0	265	(64,781)
Cash payments in relation to deferred capital receipts	0	(8,750)	0	8,750
Total capital financing adjustments	**64,516**	**84,681**	**265**	**(149,462)**
Total adjustments - MOPAC Group	**(414,953)**	**0**	**265**	**414,688**
Police pensions	15,294,500	0	0	(15,294,500)
Total - MOPAC	**14,879,547**	**0**	**265**	**(14,879,812)**

The following adjustments were made in 2021/22:

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

30. Notes to the cash flow statement

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

£000	31 March 2023 Group	31 March 2022 Group	31 March 2023 MOPAC	31 March 2022 MOPAC
Operating activities				
Interest received	(10,842)	(1,275)	(10,842)	(1,275)
Interest paid	14,328	9,507	14,328	9,507
Interest element of finance lease and PFI rental payments	12,356	13,461	12,356	13,461
	15,842	**21,693**	**15,842**	**21,693**

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

£000	31 March 2023 Group	31 March 2022 Group	31 March 2023 MOPAC	31 March 2022 MOPAC
Depreciation of non-current assets	(144,067)	(159,717)	(144,067)	(159,717)
Impairment and revaluations of non-current assets	(132,456)	(13,863)	(132,456)	(13,863)
Amortisation of intangible assets	(62)	(1,344)	(62)	(1,344)
Reversal of pension service costs and interest	(390,800)	(1,033,300)	14,903,700	1,874,800
(Increase)/decrease in impairment for provision for bad debts	(59)	(164)	(59)	(164)
(Increase)/decrease in creditors	(35,954)	(71,824)	(35,954)	(71,824)
Increase/(decrease) in debtors	43,472	70,013	43,472	70,013
Increase/(decrease) in inventories	146	(635)	146	(635)
Carrying amount of property, plant and equipment, investment property and intangible assets sold	(54,133)	(41,446)	(54,133)	(41,446)
Other non-cash items	(15,476)	3,774	(15,476)	3,774
	(729,389)	**(1,248,506)**	**14,565,111**	**1,659,594**

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

£000	31 March 2023 Group	31 March 2022 Group	31 March 2023 MOPAC	31 March 2022 MOPAC
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	84,681	57,417	84,681	57,417
Other items for which the cash effects are investing or financing activities	64,516	58,057	64,516	58,057
Proceeds from short term and long term investments	0	0	0	0
	149,197	**115,474**	**149,197**	**115,474**

30.4 Cash flows from investing activities:

£000	31 March 2023 Group	31 March 2022 Group	31 March 2023 MOPAC	31 March 2022 MOPAC
Investing activities				
Purchase of non-current assets	265,630	248,287	265,630	248,287
Purchase of short term and long term investments	3,732	565	3,732	565
Proceeds from short term and long term investments	(565)	(29,646)	(565)	(29,646)
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(93,431)	(66,167)	(93,431)	(66,167)
Other receipts from investing activities	(64,516)	(60,199)	(64,516)	(60,199)
	110,850	**92,840**	**110,850**	**92,840**

Other receipts from investing activities is comprised mainly of capital grant receipts totalling £64.5m in 2022/23 (£60.2m in 2022/23)

30.5 Cash flows from financing activities:

£000	31 March 2023 Group	31 March 2022 Group	31 March 2023 MOPAC	31 March 2022 MOPAC
Financing activities				
Cash receipts of short and long-term borrowing	(200,000)	0	(200,000)	0
Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts (principal)	6,018	6,609	6,018	6,609
Repayments of short and long-term borrowing	3,742	3,760	3,742	3,760
	(190,240)	**10,369**	**(190,240)**	**10,369**

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

£000	Opening Balance 1 April 2022	Financing cash flows	Acquisition	Other non-cash changes	Closing Balance 31 March 2023
Liabilities					
Long term borrowing	(286,150)	0	(200,000)	6,600	(479,550)
Short term borrowing	(3,742)	3,742	0	(11,371)	(11,371)
Lease liabilities	(6,569)	100	0	365	(6,104)
On balance sheet PFI liabilities	(54,101)	5,918	0	0	(48,183)
Total liabilities from financing activities	**(350,562)**	**9,760**	**(200,000)**	**(4,406)**	**(545,208)**

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

31. Contingent liabilities

There are no material contingent liabilities to disclose.

32. Financial instruments

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

	Non current		Current (within 12 months)	
£000	**31 March 2023**	**31 March 2022**	**31 March 2023**	**31 March 2022**
Financial Assets: Amortised cost				
Investments	3,732	0	0	565
Debtors and cash (including cash equivalents)	0	8,750	318,783	127,295
Total financial assets	**3,732**	**8,750**	**318,783**	**127,860**
Financial Liabilities: Amortised cost				
Borrowings	(479,550)	(286,150)	(11,371)	(3,742)
PFI and finance lease liabilities	(49,686)	(54,440)	(4,601)	(6,230)
Creditors	0	0	(549,050)	(492,046)
Total financial liabilities	**(529,236)**	**(340,590)**	**(565,022)**	**(502,018)**

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

£000	**2022/23**	**2021/22**
Expenses		
Interest expense: financial assets at amortised cost	26,684	22,968
Total expense in (surplus)/deficit on the provision of services	**26,684**	**22,968**
Income		
Interest income: financial liabilities at amortised cost	(10,842)	(1,275)
Total income in surplus on the provision of services	**(10,842)**	**(1,275)**
Net (gain)/loss for the year	**15,842**	**21,693**

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

At 31 March 2023, all the Group's investments are placed with the London Treasury Liquidity Fund LP which then places the underlying investments on the Group's behalf. The loan note element of this investment totalling £198.4m has been classified as a cash equivalent and the core commitment element totalling £3.7m has been classified as a long term investment.

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

£000	2022/23 Carrying amount	Fair value	2021/22 Carrying amount	Fair value
Financial liabilities				
Borrowings - (Public Works Loan Board)	490,921	411,390	289,892	310,761
PFI and finance lease liabilities	54,287	62,126	60,670	77,916
Creditors	549,050	549,050	492,046	492,046
Financial Assets				
Investments	3,732	3,732	565	565
Debtors	318,783	318,783	136,045	136,045

The fair value of the PWLB borrowing is lower than the carrying amount because the Group's portfolio of loans includes a number of fixed rate loans where the interest rate payable is lower than the rates available for similar loans at the Balance Sheet date. This shows a notional future gain as at 31 March 2023 arising from a commitment to pay interest below current market rates.

The fair value of the PFI liabilities is higher than the carrying amount because the Group's liabilities are based on interest rates which are higher than the PWLB new loan rates at the Balance Sheet date. This shows a notional future loss as at 31 March 2023 arising from a commitment to pay interest above current market rates.

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

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

Recurring Fair Value Measurements Using: £000	31 March 2023 Quoted Prices in Active Markets for Identical Assets (Level 1)	Other Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Financial liabilities				
Borrowings				
Borrowings-(Public Works Loan Board)	0	411,390	0	**411,390**
Other long term liabilities				
PFI and finance lease liabilities	0	0	62,126	**62,126**
Total	**0**	**411,390**	**62,126**	**473,516**

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

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

Financial Assets	Financial Liabilities
Where an instrument will mature in the next 12 months, the fair value is taken to be the carrying value.	No early repayment is recognised
The fair value of the core commitment element of the investment with the London Treasury Liquidity Fud LP is taken to be the carrying value.	Estimated ranges of interest rates at 31 March 2023 of 4.24% to 4.78% for PWLB loans payable based on PWLB new loan rates.
The fair value of trade and other receivables is taken to be the invoiced or billed amount.	Estimated ranges of interest rates at 31 March 2023 of 4.41% to 4.66% for PFI liabilities based on PWLB new loan rates.
	The fair value of trade and other payables is taken to be the invoiced or billed amount

32.1 Nature and extent of risks arising from financial instruments

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

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

Credit risk

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

Credit risk management practices

Credit ratings form the backbone of the investment policy for selecting institutions with which the GLA Group Treasury Team invests surplus funds on MOPAC's behalf, based on knowledge and understanding of the risks involved. Although no combination of ratings can be viewed as fail-safe, the credit criteria for 2022/23 were based on Fitch, Moody's and Standard and Poor's suite of ratings, supported by broader market information. Relevant changes in counterparties' credit standing are reviewed daily, with updates provided by the GLA Group Treasury Team's treasury advisors. Where counterparties' credit standings are downgraded, the relevant investment limits are reduced with immediate effect or, where minimum criteria fail to be met, further investment is suspended. Maximum limits for principal invested with each counterparty are reviewed regularly with reference to relative risk and the Group's cash flow requirements. All the Group's investments are sterling denominated.

At 31 March 2023, the Group's underlying investments and cash were placed with institutions with at least an A- credit rating. Thus, it has been judged that these investments can be categorised as low credit risk. An assessment of the 12 month expected losses for these investments has been carried out by comparing the credit rating of the investment against historic default tables and the resulting expected impairment loss is not significant and therefore a loss has not been recognised in the accounts.

When considering the expected credit loss in relation to trade debtors, the Group has applied the simplified approach therefore the loss allowance recognised in the accounts relates to lifetime expected credit losses. Due to the fact that these receivables have common risk characteristics, a collective assessment of credit risk has been made, using a provision matrix to calculate expected credit losses based on the number of days that the debt is past due. The expected credit loss in relation to trade debtors at 31 March 2023 is £441k (31 March 2022, £382k). This is the only loss allowance recognised in the accounts.

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

	Credit risk rating	Gross Carrying Amount at 31 March 2023 £000 A
12 month expected credit losses	AAA	79,709
	AA-	52,701
	A+	14,252
	A	21,914
	A-	18,686
	Strategic Investments	14,926
Simplified approach	Customers (general debtors)	45,322

Liquidity risk

As the Group has ready access to borrowings from the PWLB, there is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. The Group can also access short term funding from within the GLA Group. The Group undertook £200 million of new borrowing during 2022/23 with fixed rate loans. The maturity analysis of all the borrowings is as per Notes 23 and 26.

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

Interest rate risk

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

- borrowings at fixed rates – the fair value of the liabilities will fall;

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

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

Police officer pension fund

1. Police officer pension fund revenue account

The Commissioner is responsible for administering the Police Pension Fund in accordance with the Police Reform and Social Responsibility Act 2011. This statement shows income and expenditure for the three Police Pension Schemes for 2022/23 and 2021/22. The statement does not form part of the CPM or the MOPAC Group Statement of Accounts.

£000	Notes	2022/23	2021/22
Contributions receivable			
• Employer contributions	4.1	(405,778)	(383,205)
• Additional income	4.3	(7,626)	(3,079)
Transfers in from other schemes	4.2	(4,477)	(4,865)
Officers' contributions	4.4	(176,055)	(166,262)
Net Income		**(593,936)**	**(557,411)**
Benefits payable			
Pensions paid		759,918	722,913
Lump sum payments		158,582	138,007
Lump sum death payments		2,471	2,481
Other payments	4.6	1,854	1,990
Transfers out to other schemes	4.2	702	1,242
Net expenditure		**923,527**	**866,633**
Net amount payable for the year		**329,591**	**309,222**
Employer additional funding	4.5	**(329,591)**	**(309,222)**
(Surplus)/deficit on fund		**0**	**0**

2. Police officer pension fund asset statement

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

£000	2022/23	2021/22
Current Assets		
Funding to Meet Deficit due from the CPM	0	1,006
Net Current Assets	0	1,006
Current Liabilities		
Unpaid Pensions Benefits	0	(1,006)
Net Current Liabilities	0	(1,006)
Total	**0**	**0**

3. Notes to the police officer pension fund account

The Police Officer Pension Fund includes the accounting transactions of the Police Pension Scheme 2015 which, came into effect on 1 April 2015 under the Police Pensions Regulations 2015.

Prior to 1st April 2022, it also combined the accounting transactions of the following two earlier schemes. On 1 April 2022, all existing member in these two schemes moved to the 2015 scheme:

- The New Police Pension Scheme, which was created by the Home Office under the Police Pensions Regulations 2007;
- The Police Pension Scheme, which was set up in 1987.

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

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

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

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

4. Police Pension Fund - Revenue account notes

4.1 Employer contributions

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

4.2 Transfers

These represent lump sums transferred to and from other pension schemes depending on whether the police officer was transferring in or transferring out their pension.

4.3 Additional income

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

4.4 Officers' contributions

Members of the new 2015 police pension scheme make contributions of between 12.44% and 13.78% of pensionable pay.

4.5 Employer additional funding

This sum represents additional funding required to provide for payment to pensioners. Including the funds received by the Group as part of the settlement of the additional commutation liability, the actual shortfall receipts for the year 2022/23 amounted to £329.6 million. The cash funding received by the group in 2022/23 was £302.2 million. This consists of the additional funding of £62.3 million in respect of 2021/22 and a statutory transfer from the police fund of a further £239.9 million in respect of 2022/23. The remaining 2022/23 shortfall of £89.6 million is to be received from the Home Office in 2023/24.

4.6 Other payments

These consist of contribution refunds and lump sum death benefits.

5. Related party transactions

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

6. Additional voluntary pension contributions

Additional pension contributions (e.g. added pension/years) made by police officers amounted to £17,048 for the PPS scheme, £32,275 for the NPPS scheme and £69,703 for the 2015 scheme.

7. Members of the scheme

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

Glossary of terms

Accruals

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

Balance Sheet

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

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

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

Budget

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

Capital expenditure

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

Cash equivalent

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

Capital receipts

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

Comprehensive Income and Expenditure Statement (CIES)

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

Corporate costs

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

Commissioner of Police of the Metropolis (CPM)

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

Credit arrangements

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

Creditors

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

Debtors

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

Democratic core costs

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

Employee costs

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

Finance lease

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

Government grants

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

Group

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

Long term debtors

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

Mayor's Office for Policing And Crime (MOPAC)

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

Minimum Revenue Provision

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

Non distributed costs

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

National Police Chiefs' Council (NPCC)

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

National Police Coordination Centre (NPoCC)

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

Operating lease

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

PCSPS

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

Provision

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

Revenue expenditure

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

Revenue reserves

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

Special service agreements

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