



MOPAC

MAYOR OF LONDON
OFFICE FOR POLICING AND CRIME

MPS-MOPAC JOINT AUDIT PANEL

Friday, 19 April 2024, 14:00

New Scotland Yard – Room 8.1

Membership

Jayne Scott (Chair)
Sam des Forges
Jon Hayes
Ros Parker
Marta Phillips

Attendees

MOPAC

Sophie Linden, Deputy Mayor for Policing and Crime
Diana Luchford, Chief Executive Officer
Lisa Kitto, Interim Chief Finance Officer and Director of Corporate Services
Kenny Bowie, Director of Strategy and MPS Oversight
James Bottomley, Head of Oversight and Performance

MPS

Clare Davies, Chief People and Resources Officer
Adrian Scott, Chief Strategy and Transformation Officer
Annabel Scholes, Chief Finance Officer
Anthony Green, Director of Strategy
DAC Alexis Boon, Performance and Insight
James Hunter, Head of Strategic Planning and Risk
Pippa Wicks, Non-Executive Director and Chair of ARAC (Observing)
Michelle Thorp, Director, Transformation (Item on NMfL)
Tony Spencer, Transformation (Item on NMfL)

Audit Representatives

External Audit Grant Thornton – Mark Stocks, Parris Williams - tbc
Internal Audit – Julie Norgrove, Head of Internal Audit MOPAC and MPS; David Esling;
Lindsey Heaphy

Business to be considered

Item

1. Apologies for absence, introductions and declarations of interests
2. Record of the meeting held 15 January 2024 and actions arising

3. Budget Governance and Internal Control Framework
4. A New Met for London and Transformation Update
5. External Audit Report (oral item)
6. MPS Risk Management Report
7. MOPAC Risk Management Report
8. MPS Audit and Governance Update
9. MPS Inspection Report
10. MOPAC Governance Improvement Plan Update
11. Internal Audit Quarterly Activity Report
12. Capital Strategy Framework
13. Joint Audit Panel Work Planning

**The next meeting of the Audit Panel is
scheduled to be held on 15 July 2024**



M O P A C

MAYOR OF LONDON
OFFICE FOR POLICING AND CRIME

MPS-MOPAC JOINT AUDIT PANEL

15 January 2024

Record of the Meeting

PRESENT

Panel:

Jayne Scott – Audit Panel Chair
Sam des Forges – Member
Jon Hayes – Member
Ros Parker – Member
Marta Phillips – Member

MPS:

Adrian Scott, Chief Strategy and Transformation Officer
DAC Alexis Boon, Performance and Insight
James Hunter, Head of Strategic Planning and Risk
Paul Oliffe, Director of Financial Accounting and Operations
Mark Roberts, Director of Commercial Services

MOPAC:

Diana Luchford, Chief Executive Officer
Lisa Kitto, Interim Chief Finance Officer and Director of Corporate Services
Kenny Bowie, Director of Strategy and MPS Oversight
Will Balakrishnan, Director of Commissioning and Partnerships

Audit Representatives:

Julie Norgrove, Head of Internal Audit for MPS and MOPAC
David Esling, Head of Audit and Assurance, Internal Audit
Lindsey Heaphy, Head of Audit and Assurance, Internal Audit
Mark Stocks, Grant Thornton, External Audit
Jasmine Kemp, Grant Thornton, External Audit

1. APOLOGIES FOR ABSENCE, INTRODUCTIONS AND DECLARATIONS OF INTERESTS

- 1.1 Apologies were noted from Clare Davies, Chief People and Resources Officer (MPS) and Annabel Scholes, Chief Finance Officer (MPS)
- 1.2 The Chair advised that since the Panel's last formal meeting in October 2023, the Panel had met with DAC Alexis Boon to discuss the MPS's performance framework, Will Balakrishnan to discuss MOPAC commissioning, and Adrian Scott to discuss the MPS's risk and assurance processes. The Chair had held discussions with the Deputy Mayor

for Policing and Crime, and the external auditors. The Panel had visited Lambeth Met Contact Centre to learn more about the MPS's Command and Control operations.

- 1.3 The Chair had also met with Pippa Wicks, a non-executive director for the MPS and the Chair of the MPS's Audit, Risk and Assurance Committee (ARAC). They agreed to a follow-up meeting to consider how the Panel and the Committee will work together to ensure maximum effectiveness of the assurance process and avoid any duplication.

2. RECORD OF THE MEETING HELD ON 2 OCTOBER 2023

- 2.1 The record of the meeting held on 2 October 2023 was agreed and the completed actions were noted.
- 2.2 There was a discussion of the MPS's governance model, provided in response to an action. The Chair noted work continued on shaping it and advised that the Panel was interested in how the terms of reference for the various boards and committees fitted together and the reporting arrangements. It was noted that DARA are conducting a review of the Met's revised governance arrangements as part of its work programme and this would be covered in the scope.
- 2.3 The Chair also noted that the Joint Audit Panel was captured under the model as a 'MOPAC Governance Forum', which was not correct and that the reporting line for ARAC into the Joint Audit Panel should also be reviewed.

Action 1: Audit Panel to be advised of the outcome of the DARA review of Met governance and MPS to provide the Panel with a revised schema as appropriate.

3. MPS STOCKTAKE AND A NEW MET FOR LONDON PROGRESS UPDATE

- 3.1 Adrian Scott advised that the MPS was in a challenging position, with funding pressures and the impact of the public order events arising from the conflict in the Middle East. This was impacting on the MPS making the improvements required on crime performance and public trust, and on delivering reform, summarising as follows;
 - Officers and detectives were dealing with a significant number of arrests resulting from the recent protests, including Just Stop Oil, taking resources away from other areas such as emergency response, proactive crime reduction and neighbourhood policing, and impacting on the welfare of officers, with rest days being cancelled.
 - There was currently a budget gap of £250 million for 2024-25, with that expected to grow to deliver New Met for London. In real terms, the MPS had experienced a funding cut and was not fully funded for its work as a capital city police force.
 - The MPS has committed to finding 2% of efficiencies for 2024-25 and was working to close the budget gap.
- 3.2 The progress the MPS had made on reform was set out in its paper to the Panel. Examples of success were the implementation of Right Care Right Person, improvements to victim support and the Clear Hold Build pilot. Adrian Scott advised that assurance on the delivery of the New Met for London was being overseen by a new Assurance Sub-group, which he Chaired and offered to bring an initial review of assurance to the Panel's April meeting.
- 3.3 The Panel noted that the paper to the Panel stated that there were no direct financial implications and this could create an inaccurate perception of the situation regarding

funding for the New Met for London reforms. Adrian Scott agreed that there were significant issues regarding funding pressures and that the team would review the presentation of financial implications in future reporting to Panel.

- 3.4 Paul Oliffe gave an update on the work that was underway across the MPS to close the budget gap and identify efficiencies, and the process for decision-making.
- 3.5 The Chair thanked the Met for the update and asked that an update on the implementation of New Met for London be reported to every quarterly meeting. An out-of-committee briefing to the Panel on the budget on conclusion of the budget round was also requested.
- 3.6 The Panel noted that the report focused on the resourcing position and the inputs, but the Panel was also interested in the outcomes, acknowledging that there would be some areas where it would not be possible to make a causal link between the changes made and the outcomes. Adrian Scott agreed with the importance of evidencing the outcomes and advised that he anticipated that in the next three to six months they would be able to evidence transformation of the MPS.
- 3.7 The Panel requested that future reports include data on progress with achieving the New Met for London ambitions, a narrative on what the data was indicating and national comparisons for context, where appropriate.

Action 2: The MPS to provide for the Panel's April meeting the initial review of its assurance process for New Met for London.

Action 3: The MOPAC and MPS Chief Finance officers to brief the Panel on the outcome of the 2024/25 budget submission.

Action 4: Quarterly New Met for London update reports to the Panel to include data on progress with achieving the New Met for London ambitions, a narrative on what the data was indicating and national comparisons for context.

Resolved: The Joint Audit Panel noted the progress and the challenges the MPS faced, as set out in its report.

4. MPS RISK MANAGEMENT REPORT

- 4.1 James Hunter introduced the MPS's Risk Management Report, advising it was continuing with implementing a new approach to corporate risk management. The organisation now had a clear direction, with the next steps to embed the Risk Management Statement, Risk Management Framework and the refreshed Corporate Risk Register. He advised that there had not been progress on corporate assurance due to capacity issues and this would be focussed on over the next few months.
- 4.2 The Panel was advised that:
 - Training and capability building would be the main mechanisms for ensuring that the Risk Management Statement is understood at all levels of the MPS, but that success in achieving this would be difficult to measure.
 - Risk appetite and tolerance levels were not applied to the risk categories and the corporate risks within them due to the different ways of handling operational risks and non-operational risks. A pilot was being developed for Frontline Policing assurance, and that would include risk appetite.

- The MPS executive team used the Corporate Risk Register to inform its prioritisation discussions.
- 4.3 The Panel acknowledged the reasons for the MPS's decision regarding risk appetite but noted that as its approach to corporate risk matured, the Panel would want to see the journey from current risk level to target risk level and be assured on mitigating actions.
- 4.4 There was a discussion of the refreshed corporate risks and issues set out in Annex D. The Panel suggested that the narrative for the risk/issues discussed needed to be clearer if the Red/Amber/Green rating only related to a specific element of the overall risk/issue, to avoid any misunderstanding.
- 4.5 The Panel recognised the progress made and the impact of capacity issues in progressing further in some areas. It agreed that it would be useful to have a joint discussion with ARAC, which the Chairs will discuss.

Action 5: The Chair to discuss with the Chair of the MPS's Audit and Risk Assurance Committee having a joint session.

Resolved: The Joint Audit Panel noted and endorsed the improvements to the MPS's approach to risk management following the decisions made by the Executive Team, and noted the refreshed key corporate risks and issues.

5. MPS AUDIT AND GOVERNANCE REPORT

- 5.1 James Hunter introduced the report which provided an update on internal audit activity and the MPS's Governance Action Plan (GIP) arising from its Annual Governance Statement (AGS). There had been an improved grip on understanding the internal audits and progress with addressing the issues. There were clear action plans for addressing the areas rated limited.
- 5.2 There were three principal areas of improvement highlighted in the AGS with progress reported under each theme:
- Delivering better policing through community crime-fighting
 - Renewing policing by consent and culture change
 - Fixing the foundations
- 5.3 The Panel was advised that limited progress had been made in some areas and the outcome of the budget process may have an impact on delivery. There was a discussion on the reliance currently placed on a limited resource to deliver a lot of the change required.
- 5.4 The Panel noted the areas of progress that had been made and agreed that the reports to Panel should align with the reporting to ARAC. The issue of breaching the Working Time Directive was raised and the MPS advised that its Health and Safety Board monitored this and that there was grip on this issue. The Panel asked that the report to its April meeting provide more information on this.
- 5.5 The report gave a high-level summary, aligning the strategic underlying issues raised in the DARA Annual Report to the GIP. Julie Norgrove reiterated the importance of setting out clearly what action was being taken, how it was monitored, what progress had been made to date and realistic timescales for those areas that remained outstanding. The

challenges presented by the budget pressures were understood but it was clear the governance improvements highlighted were needed to support New Met for London and reform objectives. DARA activity was supporting in key areas.

Action 6: The MPS's report to the April meeting to cover a) the monitoring of breaches to the Working Time Directive and b) Progress on action taken to address strategic underlying issues raised by DARA.

Resolved: The Joint Audit Panel:

- noted the continued progress to address outstanding internal audit actions;
- reviewed the progress made to address the risks identified as limited; and
- noted the progress made in the last quarter on the governance improvement plan.

6. MPS INSPECTION REPORT

- 6.1 James Hunter introduced the report which provided an overview of the inspection activity taking place within the MPS, including an update of the HMICFRS PEEL (Police Efficiency, Effectiveness, Legitimacy) Assessment. He advised that there was a significant amount of activity in this area, with significant resource implications.
- 6.2 The Panel agreed that it was a useful report to see and it noted the capacity issues for the MPS in responding to the information requests and actioning the resulting recommendations. It requested that the Panel be kept updated on this area.

Action 7: The MPS to continue to provide quarterly reports to the Panel on HMICFRS inspection activity.

Resolved: The Joint Audit Panel noted the contents of the paper and the activity taking place.

7. EXTERNAL AUDIT REPORT

- 7.1 Grant Thornton provided an update on the progress with the 2022/23 audit and sector update. The Panel was advised that good progress on the audit was now being made, although finalisation was delayed due to a financial reporting issue relating to pensions. MOPAC and the MPS were working towards having the accounts signed off by the end of March 2024. The value for money work was now progressing, with findings due to be shared at the April 2024 meeting.
- 7.2 The draft Audit Findings for 2022/23 were presented, with three areas brought to the Panel's attention:
- Updated membership data was being obtained in order to inform the actuarial valuation of the Police Pension Scheme. The MPS outlined the reasons why it had a different view of the requirements under the Code to Grant Thornton, and the steps it was taking so that that this issue did not arise in future years.
 - Unadjusted misstatements in expenditure and payables which, while not material, there will be a recommendation for the MPS on goods received. The MPS advised that automated systems should ensure this would not be a future issue.
 - Property plant and equipment – a refresh of data on the floor areas of estates resulted in significant movement. While audit work on this was continuing, Grant

Thornton was satisfied that the estimate of land and buildings was not materially misstated.

- 7.3 There was a discussion of the journal authorisation procedures, with the MPS advising that it was taking a risk-based judgement and was comfortable with the controls in place.
- 7.4 The Panel was advised that there were a few adjustments to be made to the financial statements which were important but not material.
- 7.5 The audit plan for the MPS and MOPAC for the year ending 31 March 2024 was discussed with the Panel advised that there were only limited changes to the previous year's plan. The plan for the 2023/24 value for money audit would be developed once the 2022/23 value for money audit was completed. The outcome of the 2022/23 audit would be provided to the Panel's April 2024 meeting.
- 7.6 The increase in the audit fees was noted.

Action 8: Grant Thornton would submit to the April Joint Audit Panel meeting the 2022/23 audit findings.

Resolved: The Joint Audit Panel noted the Grant Thornton reports.

8. DIRECTORATE OF AUDIT, RISK AND ASSURANCE ACTIVITY REPORT

- 8.1 Julie Norgrove introduced the report updating on the internal audit activity, which included risk and assurance reviews, advisory work and counter fraud activity, and providing a forward look to activity planned for the next quarter. Key areas highlighted included:
 - The support internal audit was providing to the MPS to develop the risk management framework and the Front Line Policing assurance process.
 - The provision of advice to MOPAC on the development of the London Policing Board governance arrangements.
 - Risk and assurance reviews concluded included the MPS's environment and sustainability planning and the MOPAC framework supporting the Independent Custody Visitor Scheme.
 - Key work to commence in the next quarter included the review of the MPS's revised governance arrangements and evaluating how the strategic issues to strengthen the MPS's internal control environment are being addressed.
- 8.2 Lisa Kitto provided an update on the work underway by MOPAC to address the issues identified in the Business Support Services follow-up review which received a limited assurance rating.
- 8.3 Julie Norgrove advised the Panel that internal audit looked at the national picture to identify themes across policing, which may be applicable to the MPS and MOPAC.

Resolved: The Joint Audit Panel considered the work of internal audit and the status of the current and planned activity.

9. MPS COMMERCIAL SERVICES UPDATE

- 9.1 Mark Roberts introduced the paper which provided an update on the ongoing developments being made within the commercial function and the wider commercial capability of the MPS.
- 9.2 The Panel was advised of the work undertaken to ensure value for money, the main risks, the change in the Procurement Act 2023 bringing more flexibility by removing the requirement to award contracts to the most 'economically' advantageous tender; and challenges in the global supply chain.
- 9.3 There was a discussion of the social value targets set by the Mayor for contributing to London-based businesses, which the MPS was on track to deliver, noting that social benefits were difficult to evaluate.

Action 9: The MPS to report to the Panel's April meeting on:

- How it evaluated value for money in respect of social benefits;
- An assessment of key risks in the commercial area;
- An update on delivering the Command and Control and CONNECT IT programmes.

Resolved: The Joint Audit Panel noted the progress being made by Commercial Services since the last update in October 2022.

10. MOPAC COMMISSIONING FRAMEWORK UPDATE

- 10.1 Will Balakrishnan introduced the report updating the Panel on MOPAC's ongoing improvement work to further develop its approach to commissioning, which followed a briefing that had been given to the Panel in November 2023.
- 10.2 The Panel was advised that for all the services MOPAC commissioned, there was a clear articulation of why it was being commissioned and an evaluation of its outcomes. He gave the examples of GPS Knife Crime Tagging, London Gang Exit programme, and services provided to victims.

Resolved: The Joint Audit Panel noted the report and the progress being made.

11. MOPAC TREASURY MANAGEMENT MID-YEAR REVIEW FOR 2023/24

- 11.1 Lisa Kitto introduced the report which set out the 2023/24 Treasury mid-year performance for the first six months of 2023/24.
- 11.2 There was a discussion on the nature of reporting to Panel on Treasury Management and it was agreed a six-monthly report could be provided to note and that the discussion on the Strategy would be the Panel's main point of focus.

Resolved: The Joint Audit Panel noted the report and the treasury management activity in the year to date.

12. ACCOUNTING POLICIES AND KEY JUDGEMENTS IN PREPARING THE 2023/24 STATEMENT OF ACCOUNTS

- 12.1 Paul Oliffe introduced the report which set out the proposed changes to the accounting policies and key judgements for MOPAC and the MPS for the 2023/24 statement of accounts. The Panel was advised that there were no key changes to accounting policies required to comply with the 2023/24 CIPFA Code of Practice.
- 12.2 The changes in 2024/25 relating to leases were noted and the Panel was advised that the MPS was discussing this requirement with the auditors and that work was underway to generate the information required relating to property leases.

Resolved: The Joint Audit Panel noted the changes outlined in the report for current and future years and approved the accounting policies for the Group for the 2023/24 production of the statement of accounts outlined in detailed in Annexes 1 and 2 of the report.

13. AOB

- 13.1 There was a discussion of the MPS's need to upgrade its corporate finance system. The size and complexity and importance of doing this was noted, along with the benefit of learning from organisations that had already undertaken a similar exercise.
- 13.2 The Chair advised that it would be beneficial in future years for MOPAC and the MPS to engage with the Panel earlier in the budget process. The Chair, Diana Luchford and Lisa Kitto would discuss this ahead of the April meeting.

Action 10: The Chair, Diana Luchford and Lisa Kitto would discuss, ahead of the April meeting, future engagement with the Panel on the MOPAC/MPS budget.

- 13.3 The Chair advised that there would be a continual reassessment by the Panel of its draft meeting agendas, to ensure that it was assessing and discussing the most relevant issues for the MPS and MOPAC.
- 13.4 Papers to the Panel needed to be concise and to the point. In particular, it would be helpful if there was a focus on the aim/objectives, how outcomes are to be achieved and the progress made. This would assist in directing the Panel to the areas where it could add most add value.

The next meeting is scheduled for 19 April 2024.

Audit Panel Meeting Actions

15 January 2024

Ref	Actions	Status
1	Audit Panel to be advised of the outcome of the DARA review of Met governance and MPS to provide the Panel with a revised schema as appropriate.	Will be included in the July Internal Audit report
2	The MPS to provide for the Panel's April meeting the initial review of its assurance process for New Met for London.	Agenda item 4 Ongoing
3	The MOPAC and MPS Chief Finance officers to brief the Panel on the outcome of the 2024/25 budget submission.	Agenda item 3
4	Quarterly New Met for London update reports to the Panel to include data on progress with achieving the New Met for London ambitions, a narrative on what the data was indicating and national comparisons for context.	Agenda item 4
5	The Chair to discuss with the Chair of the MPS's Audit and Risk Assurance Committee having a joint session.	Completed
6	The MPS's Audit and Governance report to the April meeting to cover a) the monitoring of breaches to the Working Time Directive and b) Progress on action taken to address strategic underlying issues raised by DARA.	Agenda item 8
7	The MPS to continue to provide quarterly reports to the Panel on HMICFRS inspection activity.	Agenda item 9
8	Grant Thornton would submit to the April Joint Audit Panel meeting the 2022/23 audit findings.	An exceptional meeting arranged for 29 April
9	The MPS to report to the Panel's April meeting on: <ul style="list-style-type: none"> - How it evaluated value for money in respect of social benefits; - An assessment of key risks in the commercial area; - An update on delivering the Command and Control and CONNECT IT programmes. 	Deferred to a future meeting and ongoing
10	The Chair, Diana Luchford and Lisa Kitto would discuss, ahead of the April meeting, future engagement with the Panel on the MOPAC/MPS budget.	Completed

2 August 2023

Ref	Actions	Update
4	The Panel and the MPS to agree reporting to the Panel on the implementation of recommendations made by oversight and review bodies to give the necessary assurance on action taken to address areas of improvement identified.	Ongoing
6	MOPAC would develop a proposal for discussion with the Chair, regarding the relationship between the Panel and the London Policing Board, and appropriate reporting arrangements.	In progress

MPS-MOPAC JOINT AUDIT PANEL

19 April 2024

Budget Governance and Internal Control Framework

Report by: Interim Chief Finance Officer MOPAC and
Interim Chief Finance Officer MPS

Report Summary

This report provides Audit Panel with the final position on the 2024/25 budget which details the internal control framework in place to manage the financial risks. The budget report attached for information also sets out the Medium-Term Financial Plan (2024/25 – 2026/27).

This report also provides an update on the replacement of the finance system following a discussion at the last Audit Panel.

Key Considerations for the Panel

The final position for 2024/25 is challenging and enhanced governance arrangements and an internal controls framework have been agreed. The effectiveness of these controls are being monitored throughout the year by the MPS Budget and Business Plan Implementation Group (BPIG) to provide assurance, which can form the basis of any reporting through to the audit panel. The extent of the internal controls is set out in the final budget paper and are reflected in the S25 report on the robustness of the estimates and the adequacy of reserves.

Additionally, there is a forecast gap of c£300m in 2025/26 and future years that needs to be addressed. The enhanced MPS governance arrangements will develop a budget submission for 2025/26 that closes the budget gap and aligns the financial resources to the business plan for the organisation. This will reflect the ambition to deliver New Met for London (NMfL).

It is proposed that regular reports (minimum twice yearly) be provided to the Audit Panel to provide assurance and/or highlight any emerging risks. Audit Panel are requested to consider whether there are any additional requirements to support them in their role.

Interdependencies/Cross Cutting Issues

The budget impacts on the whole organisation and is a key inter-dependency.

Recommendations

The Audit Panel is recommended to:

- Note the 2024/25 budget and the medium-term financial plan (2024/25 – 2026/27), including the enhanced governance arrangements and the internal controls framework that have been established.
- Note that:
 - regular updates will be provided to the Audit panel including an assessment by the Chief Finance Officers of the effectiveness of the internal control framework supported by the work that BPIG are delivering.
 - Fixing the foundations - finance plans are being developed by both MOPAC and MPS to provide a more detailed overview of the investment and change required across all organisation to enhance the financial management and therefore deliver the required capacity, capability and critically ensure the financial resilience of each organisation. The plans are in development and link to the each entities self-assessment of the guidance issued by CIPFA through the Financial Management Code. These plans will be presented to the next meeting of the Audit Panel.
- Consider the content and form of any updates to the Panel by the Director of Strategy and Transformation as Chair of BPIG.

1. 2024/25 Budget Update

- 1.1. The final 2024/25 budget for MOPAC and MPS has been set and a copy of the report is attached at Appendix 1. This report sets out the detail on the 2024/25 budget including growth, savings and an assessment of the financial risks that formed part of the Mayor's consolidated budget. The report also sets out the final allocations against which the budget will be monitored throughout the year.
- 1.2. In the medium term, a gap of c£300m in 2025/26 and future years is forecast and an approach to delivering a balanced budget is being developed by MPS as part of the overall approach to business planning. The forecast will change as greater certainty on funding and costs emerge and will be updated on a regular basis - the first update to reflect any issues/opportunities that may emerge once the 2023/24 out-turn position is known.
- 1.3. Recognising the financial challenges and the risks, the report sets out enhanced governance arrangements within MPS and an agreed internal control framework that is further referenced in the S25 Statement that is attached at Appendix 2.

Reporting to Audit Panel

- 1.4. Monthly monitoring of resources including finance and HR data initially is being introduced for 2024/25 and a first monitoring of the 2024/25 position is

to be carried out at the end of May and will inform a review of the budget at the end of Quarter 1. This is a key component of the internal control framework that has been agreed.

- 1.5. External expertise has also been procured by MPS to support the delivery of the efficiency programme and to ensure that the savings required can be delivered. This is a critical part of the budget and progress will be reported through the enhanced governance arrangements and, as a minimum, as part of the formal quarterly financial monitoring process.
- 1.6. Enhanced governance arrangements have been introduced by MPS including the new BPIG. This group is chaired by the Director of Strategy and Transformation and is responsible for overseeing the internal controls in place for 2024/25 and for developing a draft balanced budget for 2025/26 as part of the business planning process by Autumn 2024. Audit Panel may want to consider the content and form of any updates they wish to receive.
- 1.7. It is also proposed that the Audit Panel receive regular reports (at least twice yearly) from the CFOs on specific elements set out in the S25 Statement including:
 - A self-assessment against the Financial Management Code (FMCP). It is proposed that this be presented to the next meeting of the Panel.
 - The fixing the foundations - Finance plans that flow from the self-assessment. Updates against the plan to be provided regularly to the Audit Panel.
 - Updates on progress against the data cleanse and the development of a costed establishment.

Replacement of the Finance System

- 1.8. Audit Panel were advised in January of a project that would seek to see the replacement of the existing finance system. Since then, the project board has met and it has been agreed that:
 - the current contract with SSCL which provides the system will be extended for a period of 2 further years, thereby allowing time for a new system to be implemented successfully;
 - an improvement plan be developed to provide additional functionality including workflow, and financial reporting.
- 1.9. Updates to the Audit Panel will be provided as part of the finance improvement plan updates.

2. Equality and Diversity Impact

There are no quality and diversity implications arising from this report.

3. Financial Implications

There are no direct financial implications arising from this report to the Audit Panel however the role of the Panel in seeking assurances on the budget governance and internal control environment may influence the control framework.

4. Legal Implications

There are no direct legal implications arising from this report.

5. Risk Implications

The risks are set out in the attached documents together with details of the mechanisms in place to manage and mitigate the risks. Updates will be provided to the Audit Panel at every meeting.

6. Contact Details

Report authors: Lisa Kitto, Interim Chief Finance Officer MOPAC
Annabel Scholes, Interim Chief Finance Officer MPS

7. Appendices and Background Papers

Appendix 1 – 2024/25 Budget and Medium-Term Financial Plan (2024/25 – 2026/27)

Appendix 2 – S25 Statement Robustness of the Estimates and Adequacy of Reserves

MOPAC AND MPS FINAL BUDGET 2024/25 AND MEDIUM-TERM FINANCIAL PLAN 2024/25 – 2026/27

1 Executive Summary

- 1.1 The Mayor's consolidated budget for the Greater London Authority (GLA) group for 2024/25 was agreed on 22 February 2024. It brings together the plans of the GLA and its functional bodies of which the Mayor's Office for Policing and Crime (MOPAC) is one. MOPAC's budget includes the budget for the Metropolitan Police Service (MPS) and also the Violence Reduction Unit (VRU).
- 1.2 Following the completion of the Mayor's budget process, this report sets the final budget for MOPAC and MPS. It sets out a number of changes since the draft published in November 2023. The Mayor's Final Consolidated Budget 2024/25 (link) has been published on the Greater London Authority website.
- 1.3 The Mayor has been clear that keeping Londoner's safe is his top priority and police reform is a critical part of this. In response to the Baroness Casey review the Commissioner launched A New Met for London (NMfL), the MPS plan to address the systemic and foundational issues raised by Baroness Casey, HMICFRS, the people of London and the MPS own officers and staff. The plan set three priorities: Community Crime Fighting, Culture Change and Fixing Foundations.
- 1.4 The Mayor's Police and Crime plan sets out his vision for a city in which Londoner's are safer – and feel safe. The four key themes of the plan are:
 - **Reducing and preventing violence** – preventing and reducing violence affecting young people, making London a city in which women and girls are safer and feel safer; tackling the harm caused by drugs; reducing reoffending by the most violent and high-risk groups; preventing hate crime, and working together to prevent terrorism and violent extremism.
 - **Increasing trust and confidence** – increasing public trust in the MPS and reducing gaps in confidence between different groups; ensuring that the MPS engages with Londoners and treats them fairly; and ensuring that the MPS, borough councils and all community safety partners respond to neighbourhood crimes such as burglary and anti-social behaviour.
 - **Better supporting victims** – improving the services and support that victims receive from the MPS and the criminal justice service; working to ensure victims receive a better criminal justice response and outcome; and reducing the number of repeat victims of domestic abuse and sexual violence
 - **Protecting people from being exploited or harmed** – reducing the number of young people and adults who are criminally exploited or harmed; keeping young people in the justice system supported and safe; and keeping people safe online.
- 1.5 It is on this basis that the budget has been developed and includes growth for the new investment the Commissioner believes is needed for NMfL. The investment is set at a pace that the Commissioner deems necessary however there is a need to manage within the available resources and this needs to be carefully considered in the setting of the budget.
- 1.6 The Medium-Term Financial Plan (MTFP) has been constructed on a medium-term basis and there is a need to ensure adequate resilience in future years. The MTFP provides

for a balanced budget in 2024/25 however there are risks that will need to be carefully managed in 2024/25 through an enhanced control environment. More detail is set out later in the report.

- 1.7 There is a forecast gap of c£300m in 2025/26 increasing in £350m in 2027/28 and urgent work to develop a business planning approach that supports the reprioritisation of existing resources is needed. Addressing the gap is a priority for MOPAC and MPS and the new governance arrangements will ensure that there is an agreed approach to doing so is addressed early in the new financial year.
- 1.8 The revenue budget and the capital programme are intrinsically linked and there is an increasing revenue impact that has been a key consideration in developing the budget. Borrowing levels that have been subdued due to high levels of capital receipts in previous year are forecast to increase in the future. Affordability of the capital plans in the context of the challenges on the revenue budget and knock on impact on operational delivery will be a key consideration in future budget setting processes.

2 Funding and Expenditure Overview

- 2.1 Core funding for policing is provided through the Police Grant and special grants awarded by the Home Office on annual basis. In addition, the Mayor raises funds through the precept and by allocating funding from business rates. Funding allocations beyond 2024/25 have not been announced and future forecasts have been made on a number of assumptions.

Settlement and Mayoral Funding

- 2.2 The government published the final grant allocations for 2024/25 for Police and Crime Commissioners in England, the Mayor's Office for Policing and Crime, and the City of London on 31 January 2024. This announcement included the Home Office Police Grant and police formula grant (formerly paid by DLUHC), along with the legacy council tax support and freeze grant funding for local policing bodies and, for both MOPAC and the City of London Police, the National and International Capital City (NICC) grant.
- 2.3 The Final Police Settlement announced a 6% increase in funding nationally and was predicated on the assumption that Police and Crime Commissioners would increase the precept by the maximum £13 allowable. The increase for MOPAC was considerably less and, at 3.5%, took account of £63m of Police Uplift Funding, that was reallocated to other forces in recognition of the fact that MPS officer recruitment target had not been met thus reducing the resources available to police London.
- 2.4 The final police settlement for 2024/25 confirmed that the precept for local policing bodies in England could be increased by a maximum of £13 for police services before a referendum would be required. The Mayor has approved an increase in the Band D precept of £13 for 2024/25.
- 2.5 Other key funding updates are:
 - The National and International Capital City Grant has remained flat cash at £185.3m despite calculations, based on the Home Office's 2015 independent review, that MPS is underfunded by c£240m per annum to carry out the duties needed in policing London. Representations to the Home Office were made in advance of the

Settlement but no further funding has been provided, despite the Chancellor accepting that policing the capital involved ‘increased demands’.

- Counter Terrorism grants are still being finalised and will be updated once all funding has been announced.
- Special grants are reducing by 32% from 2023/24 nationally which means that more of the cost of the activities linked to these grants will fall to MPS, notwithstanding the disproportionate impact these can have on policing the capital (e.g. the consequences of the Israel-Gaza conflict).
- Police Uplift Funding has been reduced by £63m due to the fact that MPS were not able to achieve the target officer numbers on which the funding is based. This level of funding was also clawed back in 2023/24.
- Further PUP funding of £29.3m has been made available however MPS are unlikely to achieve the target officer numbers and therefore this has not been assumed in the funding forecasts for 2024/25.

2.6 In recognising the financial challenges faced in policing, the Mayor has made available additional funding of £151.2m of which:

- £30m is to provide ongoing funding to support the 500 police officers that Mayor initially funded for a 3-year period through a one-off allocation of business rates monies into reserves – all 1300 officers enabled by the Mayor are funded on an ongoing basis
- £5m ongoing funding to NMfL priorities
- £48.9m of one-off funding from business rates in 2024/25 of which:
 - £38.8m has been used to help support MPS in closing the budget gap in 2024/25
 - £5m to fund Operation Yamata to provide a continuation of funding that is due to end at the end of 2023/24.
 - £5.1m to be re-invested in rebalancing the workforce by funding 50-70 staff posts in ‘back-office’ roles in order to release officers to the front-line.
- £6.5m from business rates to support prevention and early intervention through the Violence Reduction Unit.
- £54.9m from the increase in the precept and £5.9m from other funding streams from GLA to support the overall policing budget.

2.7 This funding means that Mayoral support for MOPAC will have more than doubled compared to the 2016-17 budget. Compared to 2010-11, government funding for the Met has only increased by 2 per cent in cash terms, on a like for like basis and excluding funding which has been provided for new pressures which have emerged since 2010. In real terms, this is a funding cut of over £1 billion, or a 32.4 per cent real terms reduction up to December 2023.

2.8 In total, the funding available in 2024/25 is £4,288.2m and includes funding for specific purposes such as the MPS National Counter Terrorism function. No funding allocations beyond 2024/25 have been announced. Any change in funding in these financial years will impact on the financial gap. A summary of the 2024/25 funding and the forecast funding for 2025/26 and 2026/27 is set out in Table 1 below.

Table 1

Funding	2024/25	2025/26	2026/27
	£m	£m	£m

Police Grant	(2,401.6)	(2,464.0)	(2,464.0)
Special Grants	(738.4)	(732.4)	(732.4)
Precept	(963.7)	(997.7)	(1,032.9)
Retained Business Rates	(129.1)	(132.0)	(133.9)
Local Government Settlement Grants	(5.2)	0.0	0.0
Collection Fund Surplus/(Deficit)	(50.2)	0.0	0.0
Total Funding Available	(4,288.2)	(4,326.2)	(4,363.3)

Note: Roundings to 1dp

Expenditure Budget

- 2.9 Expenditure has increased from £4,286.8m in 2023/24 to £4,626.6m in 2024/25. This is forecast to increase to £4,816.6m in 2026/27. Table 2 below summarises the key drivers for the increase in expenditure.

Table 2

Expenditure	2024/25	2025/26	2026/27
	£m	£m	£m
Base Budget	4,286.8	4,286.8	4,286.8
Adjustments	(91.9)	(55.1)	(53.2)
Pay Award	215.0	267.2	317.2
Inflation - Non-Pay	16.2	29.8	40.3
NMfL Growth	78.8	136.6	83.7
Structural Growth	121.7	125.9	141.8
Forecast Expenditure	4,626.6	4,791.2	4,816.6

Note: Roundings to 1dp

- 2.10 Expenditure has increased by £339.8m since 2023/24 due to:

Pay Award

- 2.11 Pay Award inflation of 2% has been built into the budget. In 2024/25, £215m has been added and includes the 5%, above budgeted pay award that was agreed in September 2023 and the London Allowance uplift, neither of which were included in the original budget. Pay awards are set nationally by the Police Remuneration Review Body (PRRB). In 2023/24, the Home Office made available additional funding to police forces to reflect the higher than budgeted for element of police pay award. In the event that the 2024/25 pay award is higher than budgeted and that no additional funding is made available, the difference will need to be found from within the existing revenue budget.
- 2.12 Pay inflation budgets for the 2024/25 pay award are being held corporately until the final police pay award is announced. This is done to aid in year monitoring particularly at the start of the financial year.
- 2.13 The budget provides for 34,000FTE police officers. The Mayor has provided additional funding for MPS to get to 500 additional PCSOs by the end of 2024/25.

Inflation

- 2.14 Additional inflation of £16.2m equating to 3.5% has been built into the budget to reflect general non-pay inflation.

Growth – Structural (including NMfL)

- 2.15 Structural growth of £121.7m to strengthen existing services has been built into the budget and a full breakdown is attached at Appendix 1. Within this, are allocations specific to meeting NMfL priorities as well as the overall NMfL plan. The main areas of growth include the cost of meeting new legislative requirements, investing in technology, capital financing costs to support the capital programme and structural pressures in the current budget. A summary is set out below and is shown on a cumulative basis.

Table 3

Structural Growth By Type	2024/25	2025/26	2026/27
	£m	£m	£m
PFI Inflation	3.8	3.8	3.8
Financing Costs	45.6	69.7	89.0
Reversal of previous year growth	(0.5)	(1.3)	(0.5)
Right-sizing MetCC and Finance	19.3	19.3	19.3
Operational Requirements	31.3	16.5	16.0
Legislative Requirements	3.0	3.0	3.0
Investing in Technology	13.6	9.9	6.2
Recruitment Campaign	5.0	5.0	5.0
Target Operating Model Redesign	0.6	0.0	0.0
Total Structural Growth	121.7	125.9	141.8

Note: Roundings to 1dp

Growth – New Met for London

- 2.16 New Met for London growth totalling £78.8m has been added into the budget. To determine where additional funding is needed, a prioritisation process has been undertaken within MPS. The level of investment is lower than the £174m the Commissioner estimated was needed to deliver NMfL in 2024/25 and start to deliver the scale of the reform HMICFRS and Casey has called for. This latter figure included £73.5m of funding to support civilianisation for which a bid to the Home Office was made but was not successful. A full breakdown of growth in new areas is attached at Appendix 2. A summary is set out below and is shown on a cumulative basis.
- 2.17 Whilst additional funding has been built into the budget, with the financial challenges that are being faced, the investment has been through a prioritisation process within MPS meaning that some areas of NMfL delivery have slowed compared to original proposals. As a result, the Commissioner has committed to reissue the New Met for London delivery ambitions to align with what is funded this year.

Table 4

NMfL Growth By Type	2024/25	2025/26	2026/27
	£m	£m	£m

Community Crime Fighting	10.8	9.3	0.5
Culture Change	10.2	8.6	7.1
Fixing Foundations	33.7	48.8	36.7
Other	15.6	67.1	37.8
Strategic Partner	8.4	3.0	1.6
Total NMfL Growth	78.8	136.6	83.7

Note: Roundings to 1dp

- 2.18 There was also a further need to support civilianisation that would have seen police officers deployed back-office roles being transferred back to the front line. The costs of this was subject to a Home Office bid that has not been successful. The budget supports the transfer of c300 officers back to the frontline (238 Rape and Serious Sexual Offence Officers and 50-70 Crime Investigators. With sufficient funding, MPS would have been able to redeploy 3,000 officers over the next 3 years to the front line.
- 2.19 The growth and investment in this budget seeks to strike a careful and difficult balance between the Met's strategic and operational priorities, but it does start to deliver the reprioritisation of the Met's budget and resources to meet some of the challenges Casey and HMICFRS have identified. The outcome shifts the focus of the MPS budget in three main ways, in line with the strategic priorities set out in NMfL:
- Beginning to change the mix of the MPS workforce so there is a greater proportion of officers on the frontline and more skilled police staff in the right roles
 - Putting more resources in local policing, where there is 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 the foundations, including the provision of the kit and equipment needed to succeed operationally.

Adjustments

- 2.20 Adjustments reducing expenditure by £91.9m have been made and reflect changes to previous budget assumptions and decisions

3 Bridging The Gap

- 3.1 Once all funding and expenditure is taken into consideration, the financial gap for 2024/25 is £338.4m and increases to £453.3m in 2026/27. The gap in 2024/25 has been closed through savings, budget reductions and the use of reserves. When taken into account, and one-off additional funding is excluded, the gap in 2025/26 is £299.8m and £294m in 2026/27, which represents a significant risk to operational priorities and the pace at which reform can be delivered.

Table 5

Bridging The Gap	2024/25	2025/26	2026/27
	£m	£m	£m
Funding	(4,288.2)	(4,326.2)	(4,363.3)

Expenditure	4,626.6	4,791.2	4,816.6
Financial Gap	338.4	465.0	453.3
Savings - MPS	(182.8)	(132.8)	(147.0)
Reserves - MPS	(155.6)	(32.4)	(12.3)
Total gap	-	299.8	294.0

Note: Roundings to 1dp

Savings

- 3.2 Savings totalling £182.8m are included in the budget and a full list is set out in Appendix 3. These are a challenging set of additional reforms which introduce new models in order to police London effectively within the available budget. A summary of these savings is set out in the table below and are shown on a cumulative basis. They have been designed to minimise impact on service delivery wherever possible. MPS through its Budget and Business Planning and Implementation Group (BPIG) will put plans in place that seek to mitigate impacts on frontline services where efficiencies can be found or services can be delivered differently.
- 3.3 A significant amount of savings will be achieved through controlling and managing expenditure through commercial activities and additional controls, savings arising from greater use of technology and the management and removal of vacant posts. This will be monitored through governance processes throughout the year and action taken if required.

Table 6

Summary of Savings	2024/25	2025/26	2026/27
	£m	£m	£m
Neighbourhood Policing	(13.2)	(6.3)	(6.3)
Local Policing Units	(2.6)	(4.4)	(4.4)
Major Investigation Operating Model	(2.2)	(3.8)	(3.8)
Streamlining Dispatch Channels	(1.0)	(1.5)	(1.5)
Reconfiguring Forensics	(4.1)	(5.6)	(5.6)
Management and Storage of Data	(1.0)	(1.0)	(1.0)
Special Operations Savings	(1.0)	(1.0)	(1.0)
Operational Teams	(10.5)	(10.5)	(10.5)
Commercial Savings	(19.2)	(15.2)	(15.2)
Human Resources Savings	(0.7)	(0.7)	(0.7)
Digital, Data and Transformation Savings	(12.2)	(7.5)	(7.5)
Communications and Engagement Savings	(0.6)	(0.7)	(0.7)
Treasury Management Activities	(30.4)	(13.0)	(10.0)
Centrally Held Budgets	(31.2)	(17.1)	(13.5)
Efficiency Programme	(22.7)	(28.4)	(34.1)
General Savings	(2.0)	(6.1)	(21.1)
Management Controlled Savings	(28.3)	(10.0)	(10.0)
Total Savings	(182.8)	(132.8)	(147.0)

Note: Roundings to 1dp

Reserves

- 3.4 In balancing the budget, £155.6m of reserves are being used of which £84.5m is being used to support balancing the budget and the rest is for earmarked purposes. Use of reserves is not recommended to support ongoing costs and MOPAC and MPS are committed to removing this reliance in future years. The need to build back reserves is recognised in the 2024/25 reserves strategy and is a priority for the 2025/26 budget setting process.

Final Allocations

- 3.5 The final budget allocations by service and by type of expenditure and income are set out at Appendices 4 and 5 and it is these allocations on which the budget is set. Governance arrangements as per the Greater London Authority will apply to these budgets and it is against these that monitoring in 2024/25 will be carried out. Approval for virements will be the subject to rules set out in the GLA guidance.

4 MOPAC's Budget

- 4.1 MOPAC's budget is set out at Appendix 6 and a summary position is set out in the table below.

Table 7

MOPAC SUMMARY BUDGET 2024/25 – 2026/27			
	2024/25	2025/26	2026/27
	£m	£m	£m
Funding	(114.4)	(102.4)	(102.9)
Net Expenditure	135.5	115.2	109.5
Financial Gap	21.1	12.8	6.6
Reserves	(18.8)	(11.1)	(0.6)
Savings	(2.3)	0.0	(0.3)
Financial Gap	0.0	1.7	5.7

- 4.2 MOPAC's budget takes account of changes to grant income. In balancing the 2024/25 budget, reserves of £18.8m have been used and savings of £2.3m have been identified. It should however be noted that many of the grants available to MOPAC are for multi-year periods to support the delivery of longer-term projects and therefore the drawdown from reserves is planned in order to support these.
- 4.3 There is currently a gap of £1.7m in 2025/26 increasing by £5.7m in 2026/27. This is largely due to a reduction in reserves funding that is supporting some projects for which the expenditure has not been reduced in the forecast. A full review of these is to be carried out during 2024/25 in order to ensure that a balanced budget can be achieved.

5 Capital

- 5.1 Capital is an intrinsic part of the overall budget and the borrowing costs are a key part of the revenue budget. A separate capital strategy has been approved and sets out the capital programme for 2024/25 – 2027/28 and a further 15 years.

- 5.2 The capital programme will continue to be updated annually to reflect new and emerging priorities. The impact on the revenue budget will continue to be considered in the context of affordability. To support this, more detailed work on the capital programme will be carried out in 2024/25.
- 5.3 The capital programme 2023/24 – 2027/28 is set out in the table below. This sets the capital programme for 2024/25 and will be used for monitoring purposes during the year.

Table 8

	2023-24 Forecast Outturn	2024-25 Plan	2025-26 Plan	2026-27 Plan	2027-28 Plan	Total
	£m	£m	£m	£m	£m	£m
PSD- Forward Works and BAU	40.2	46.1	66.3	42.5	66.0	261.1
Fleet	35.4	35.0	36.2	27.3	31.9	165.9
DDaT	68.1	67.3	59.6	66.6	59.3	320.9
CTPHQ	53.5	36.4	20.6	24.0	26.0	160.6
Met Operations- Covert and Forensics	8.8	11.5	5.5	9.2	6.4	41.5
Sub-total excluding Transformation	206.0	196.4	188.2	169.6	189.7	949.9
Optimising Contact and Response	62.2	51.8	0.3	3.0	0.0	117.4
Transforming Investigation and Prosecution	37.2	13.1	6.0	6.0	6.0	68.3
Operational Support Services	0.5	0.0	0.0	0.0	0.0	0.5
Learning and Professionalism						
Transformation	0.5	1.0	0.5	0.5	0.0	2.5
TD Flexible Service Portfolio & Met CC	5.4	7.3	5.6	1.2	0.4	19.8
PSD- Central Estates Programme	16.4	26.4	29.4	5.5	0.0	77.6
PSD- Transforming the Workplace	7.4	13.1	22.6	54.4	45.5	143.1
Transformation - long term estimate	0	3.0	2.0	9.0	12.0	26.0
New Met for London	0	28.3	0	0	0	0
Sub-total Transformation	129.6	144.1	66.3	79.6	63.9	483.5
Total	335.6	340.5	254.5	249.2	253.6	1,433.4

- 5.4 Funding of the capital programme is changing with lower capital receipts in future years and a greater dependency on borrowing. This is creating pressure on the revenue budget and is contributing to the overall financial gap in the current and future years.
- 5.5 The overall funding and affordability of the capital programme will continue to be a factor in the development of budgets in future years. A summary of the funding of the capital programme is set out below.

Table 9

MPS Capital Programme 2023/24-2026/27						
	2023-24 Forecast Outturn	2024-25 Plan	2025-26 Plan	2026-27 Plan	2027-28 Plan	Total
	£m	£m	£m	£m	£m	£m
Funding						
Capital Receipts	15.3	11.9	0.8	10.9	1.0	39.9
Capital Grants & Third Party Contributions	63.1	46.0	29.8	32.1	30.6	201.7
Borrowing	253.5	282.6	211.6	202.9	218.7	1,169.2
Revenue Contributions	3.7	0.0	12.3	3.3	3.3	22.6
Total Funding	335.6	340.5	254.5	249.2	253.6	1,433.4

- 5.6 The Treasury Management Strategy sets out the borrowing limits as well as the borrowing requirements over the lifetime of the capital programme. This is subject to a separate decision however needs to be considered alongside the capital programme.

6 Financial Stability and Management of Risk

- 6.1 Financial stability and resilience is key to the MOPAC and MPS financial strategy. The Chief Finance Officers in both MOPAC and MPS have a statutory duty, under sections 25-27 of the Local Government Act 2003, to report on the robustness of estimates and adequacy of reserves. Their advice is based on best practice and professional experience.
- 6.2 The 2024/25 reserves strategy recommends that reserves should be held to the value of 2%-3% of the net revenue expenditure subject to the sensitivity and risks in the Medium-Term Financial Plan. Using these thresholds would require general reserves of £87m - £131m. This is not achieved in 2024/25 although should opportunities arise to bolster reserves during the year, they will be considered.
- 6.3 The level of the general reserve is a matter of judgement having regard to the advice from the Chief Finance Officer (S151 Officer) and will take account of specific risks identified through the budget setting process. This is considered on an annual basis as part of the budget setting process and will take into account the extent of which specific risks are supported through earmarked reserves. The S25 statement is published on the MOPAC website.
- 6.4 The forecast position on reserves is set out in the table below.

Table 10

Groupings for Final Submission	Closing Balance 2022/23 £m	Forecast Usage Q2 2023/24 £m	Closing Balance 2023/24 £m	Planned Usage 2024/25 £m	Closing Balance 2024/25 £m	Planned Usage 2025/26 £m	Closing Balance 2025/26 £m	Planned Usage 2026/27 £m	Closing Balance 2026/27 £m
Supporting Local Change	44.3	-30.9	13.3	-7.3	6.0	-5.7	0.3	-0.2	0.1
Managing the Budget	59.7	-28.3	31.4	-31.4	0.0	0.0	0.0	0.0	0.0
Business Group Initiatives	2.3	-1.5	0.8	-0.4	0.4	-0.3	0.1	-0.1	0.0
Operational Costs	105.1	-74.8	30.3	-20.0	10.4	-3.5	6.9	-3.3	3.6
Historical Public Inquiries	2.2	-1.0	1.2	-1.0	0.2	-0.2	0.0	0.0	0.0
Managing Officer FTEs	23.1	0.0	23.1	-23.1	0.0	0.0	0.0	0.0	0.0
Insurance	6.7	-6.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Property	61.8	-13.0	48.7	-8.2	40.5	-9.5	31.0	-7.6	23.4
Vetting Delays	0.1	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other earmarked (POCA)	11.4	-0.5	10.8	-1.9	8.9	-1.8	7.1	-0.6	6.5
Specifically Funded for Third Parties	13.4	0.6	14.0	-13.6	0.3	-0.3	0.1	-0.1	0.0
Business Rates	60.0	-30.0	30.0	-30.0	0.0	0.0	0.0	0.0	0.0
Contribution to the Council Tax deficit	6.6	-6.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0
General Reserves	46.6	0.0	46.6	0.0	46.6	0.0	46.6	0.0	46.6
MOPAC Earmarked	52.1	-17.8	34.3	-18.7	15.7	-11.1	4.6	-0.6	4.0
Grand Total	495.3	-210.7	284.6	-155.6	129.0	-32.4	96.6	-12.3	84.3

- 6.5 The general reserve is forecast to be £46.6m which is below the recommended threshold. This is below the average for the sector that is currently 3%. In addition to the general reserve there are earmarked reserves totalling £238m at the start of the financial year. This provides some resilience during the year however as these reserves are utilised, there needs to be a mechanism for building back general reserves. This is part of the work to be undertaken by the newly established Business Planning and Investment Group (BPIG).

- 6.6 The budget proposes that £155.6m of these reserves will be utilised in 2024/25. Earmarked reserves are to support the projects and expenditure that they have been set up to do however some of the reserves are being used to manage the in-year gap. The budget in future years is to be developed to remove any ongoing dependency on reserves to support ongoing costs and to build the general reserves level to the 2-3% recommended level.
- 6.7 To manage reserves and ensure they are only used when they have to be, additional controls have been built into the reserves policy that require CFO sign-off for all transfers to and from reserves.

Governance

- 6.8 The MPS has well established governance arrangements which include a Strategic Management Board, Executive Committees, Transformation Group, and a Non-Executive Director-chaired Audit and Risk Assurance Committee. Recognising the complexity presented by the budget, the MPS have supplemented this to include:
- Budget and Business Planning and Investment Group (BPIG)
 - Assurance Sub-Group
- 6.9 This governance is supplemented by MOPAC and the Mayor, who approve and finalise MPS and MOPAC budgets on an annual basis, and approve all spending above £500k through the Scheme of Delegation and Consent via the IAM process. The remit of all these groups is set out at Appendix 7. To strengthen further the governance arrangements, the Terms of Reference for the Investment Advisory Meeting will be updated. There is also a commitment to complete the work on the Scheme of Delegation including the thresholds contained within it.

Internal Controls

- 6.10 A set of internal controls have been agreed which are fundamental to assuring the robustness of the budget. These controls have been designed to ensure that the budget is delivered and that assurance between MOPAC and MPS is provided. These are set out in full at Appendix 8.
- 6.11 The internal controls sets out an approach that has:
- Introduced more governance
 - Formalised the CFO as a member of the Management Board
 - Created additional central oversight and decision making of NMfL investment with underspends and other controls
 - Initiated a detailed Q1 review to take account of the 2023/24 out-turn position in any revised budget
 - Introduced regular monthly reporting
 - Committed to the development of an Information Sharing Protocol.
- 6.12 These arrangements reflect the scheme of delegation and consent which operates between the MPS and MOPAC, who have both agreed that these arrangements should be reviewed as part of the work to put the budget on a sustainable footing.

Oversight Arrangements

- 6.13 To support oversight and the delivery of the budget, MOPAC will:
- Lead on the development of an Information Sharing Protocol and, with the support of MPS, will progress for this to be in place for the first quarter of the new financial year
 - Review and update the Terms of Reference for the Investment Advisory Meeting
 - Engage and work with MPS to ensure that budget planning arrangements are in place by no later than May 2024 and that these link budget planning to reform and delivery options.

S25 Statement

- 6.14 It is likely that there will continue to be volatility in both spending and income. Reserves therefore need to be considered as part of the overall financial planning and a new reserves strategy has been developed to ensure there remains a focus on longer term financial resilience and sustainability.
- 6.15 In considering the S25 Statement, consideration has been given to the new governance arrangements and the internal controls that have been agreed. Without these in place a legal budget cannot be set and there would be a S114 notice. There are however levers available that would ensure that costs can be controlled and managed and the assurance that these are effective will be considered at the end of May when the mini budget is concluded.
- 6.16 Consideration has also been given to the deliverability of savings. MPS assurance processes indicates that £104.8m (57%) are delivered or deliverable. MPS is also working with a strategic partner to ensure that other savings are delivered. The confidence in delivery is encouraging however leaves £78m that is still undergoing further work. To manage risk, MPS has agreed that NMfL expenditure will be centralised with the cross-cutting savings into one budget held by the Chief Strategy and Transformation Officer. The Budget and Business Planning and Investment Group will oversee NMfL expenditure, delivery of savings, underspends and controls. Transformation Group will approve all business cases for NMfL spending and assure delivery. Transformation Group also sits under the Chief Strategy and Transformation Officer.
- 6.17 This provides a critical lever to manage the risk of expenditure being incurred at the same time as savings to being delivered. It also gives MPS an incentive to ensure that savings plans are delivered. The control however needs to be effective and the Q1 review will provide an opportunity to consider the effectiveness of these controls. The MPS will, as part of this, review the controls in place to ensure any in year risks can be managed balanced against the need to maintain operational agility.
- 6.18 The financial planning and budget setting process was made more difficult due to a number of factors, including, a reliance on reserves, insufficient central government funding, new demand and inflationary pressures, as well as significant new operational pressures. Similarly, the need to address structural issues within the MPS budget has created further pressure. In the longer term, this approach will be valuable as it

provides more stable and realistic budgets which will support activity to strengthen overall budget holder accountabilities and responsibilities. The Met, through this process, is committed to new business planning processes, this is of particular importance when considering the longer-term financial position which forecasts a budget gap of £300m in 2025/26.

- 6.19 Activities that strengthen financial management and provide more accurate, realistic and up to date financial and non-financial data to support decision making are essential and will form part of an agreed framework with MPS within which financial management will operate. Alongside this, under investment in our Finance function is identified as an NMfL fixing foundations priority, and accordingly, additional investment is provided within the £78million.
- 6.20 A full S25 Statement is published on the MOPAC website.

7 CIPFA Financial Management Code

- 7.1 The Chartered Institute of Public Finance and Accountancy (CIPFA) published a Financial Management Code in 2019. This code is designed to support good practice in financial management and to assist local authorities (include policing) in demonstrating their financial sustainability. The Code has been introduced because the exceptional financial circumstances faced by local authorities have revealed fundamental weaknesses in financial management, particularly in relation to organisations that may be unable to maintain services in the future.
- 7.2 The FM Code sets out the principles by which authorities should be guided in managing their finances and the specific standards that they should, as a minimum, achieve. Additionally, the Home Office has published the Financial Management Code (for Policing).
- 7.3 Mandatory compliance with the Code was introduced from 2021/22. Both MOPAC and MPS are updating their assessments of compliance against the Code and this will be subject to reporting to the Joint Audit Panel together with a finance improvement plan that may emerge from the self-assessment.

Appendix 1

Structural Growth/Investment including NMfL (Cumulative)				
		2024/25	2025/26	2026/27
Theme	Detail	£m	£m	£m
PFI contract inflation	To meet obligations under the PFI contract	3.8	3.8	3.8
Corporate pressures	Right-sizing pay pressures	5.0	5.0	5.0
	Enhanced Returners Scheme	1.7	0.0	0.0
	Increased Injury and Ill Health Pensions costs (CPI increase)	1.0	1.9	2.7
	Capital Financing costs	45.6	69.7	89.0
	Reversal and reduction of previous year growth (pension administration and surge capacity funding)	-8.2	-8.2	-8.2
Right-sizing critical functions	MetCC and Met Detention to meet operational demand and HMIC requirements	18.0	18.0	18.0
	Finance Capacity	1.3	1.3	1.3
Operational requirements	Streamlined Forensic Report (SFR) Medical, obtaining medical evidence on behalf of UK police forces.	0.5	0.5	0.5
	Increased usage costs associated with communications data	2.3	2.3	2.3
	Fleet contract transition	2.1	0.0	0.0
	Connect implementation and ongoing maintenance/upgrades	13.3	10.7	10.2
	Occupational Health additional demands	3.0	3.0	3.0

		2024/25	2025/26	2026/27
Theme	Detail	£m	£m	£m
	Operation Yamata	5.0	0.0	0.0
	Rebalancing the workforce – staff backfill to enable officers back into volume crime investigations (incl. PCSO recruitment costs)	5.1	0.0	0.0
Legislative requirements	Kennelling costs associated with XL bully legislation	3.0	3.0	3.0
Technological requirements	Delay in realising data centre savings	7.4	3.7	0.0
	Delay in realising savings from decommissioning apps	6.2	6.2	6.2
Communications and Engagement	Police Officer attraction campaign	5.0	5.0	5.0
	Resource to support target operating model redesign	0.6	0.0	0.0
Total Growth/Investment		121.7	125.9	141.7

New Met for London Growth

Strategic	Project	2024/25	2025/26	2026/27
		£m	£m	£m
Community Crime Fighting	Neighbourhood Alert - platform and license	0.4	0.2	0.2
	Domestic Abuse Matters Training	1.3	0.0	0.0
	Increased numbers of officers (RASSO 238 officers and 162 officers for public protection)	8.8	8.8	0.0
	Investment in victim demand modelling	0.1	0.0	0.0
	Staff Uplift £5m MOPAC funding	0.4	0.4	0.4
Culture Change	Baseline audit for CDI	0.3	0.0	0.0
	MPS new CDI Directorate Operating Model	2.6	2.6	2.6
	Training innovation to drive cultural change	0.0	0.3	0.1
	DPS - Misconduct hearings steady state post surge	1.4	1.6	1.6
	Lawful Business Monitoring	0.7	0.7	0.7
	Op ONYX - Misconduct cases into BAU	0.6	0.0	0.0
	IS Optimisation / Integration Layer (across DPS, Vetting and IRSC)	0.0	1.0	1.0
	Stabilisation turnaround - root out corruption (part of 150 uplift in 2022/23)	1.1	1.1	1.1
	Referencing and Vetting (demand pressures, pending transformation)	1.3	1.3	0.0
	Operation ASSURE	1.2	0.0	0.0
	Growth - Case Management System	0.4	0.0	0.0
	Growth - Employee Assurance Tool	0.1	0.0	0.0
	Growth - Financial Intelligence solution	1.0	0.0	0.0
	Growth - Open Source Intelligence	0.7	0.0	0.0
	Growth - Physiological and Psychological screening	0.2	0.0	0.0
	Growth - Project Guardian	0.2	0.0	0.0
	Growth - Robotic Process Automation (RPA)	0.1	0.0	0.0
	Adjustment	-1.8	0.0	0.0

Strategic	Project	2024/25	2025/26	2026/27
		£m	£m	£m
Fixing Foundations	NMFL Capital - Cost of borrowing	0.8	4.9	4.7
	Fixed Term Leadership Transformation Capacity	0.4	0.2	0.0
	Building Managers and Auditors	1.5	1.5	1.5
	Performance and Insights	1.8	1.8	1.8
	PSD running costs from delayed disposal	2.3	2.3	2.3
	Transformation and Strategy Uplift	4.0	4.5	4.5
	NMfL Estates Transformation	0.9	0.9	0.9
	Trauma peer support	0.5	0.5	0.5
	HR directorate rightsizing	6.0	6.0	6.0
	L&D directorate rightsizing	7.0	7.0	7.0
	Cost of vehicles to manage driver training	0.3	0.8	0.0
	Fixing L&D Foundations	2.6	2.6	0.0
	Increased driver training supply	1.2	0.9	0.0
	Recruit training	1.0	0.0	0.0
	Right sizing the driver academy - increase to fuel budget	0.3	0.3	0.0
	Right-sizing the driving academy - adjustment to the maintenance budget	0.3	0.0	0.0
	L&D Capacity Planning Tool	0.0	0.2	0.2
	LMS Configuration	0.0	0.0	0.0
	Working Environment and equipment improvements	0.0	0.0	0.0
	Analytics Capability Project (Capital)	0.0	0.3	0.3
	Data Governance Projects (Revenue)	1.5	1.5	1.5
	DDaT (Licence costs)	1.0	1.0	1.0
	Enterprise Data Platform	0.0	1.0	2.0
	Mobile phone roll out to frontline officers.	0.0	8.6	-0.4
	Performance Project	0.5	0.0	0.0
	Situational Awareness	0.0	1.0	1.0
	Automatic Number Plate Recognition project and Live Facial Recognition Project	0.0	1.0	1.0

Strategic	Project	2024/25	2025/26	2026/27
		£m	£m	£m
Other	Automation Projects (Capital)	0.0	0.0	1.0
	Command and Control	4.4	0.2	0.0
	DDaT METIP additional running costs	5.0	5.0	5.0
	Enterprise data ware house part funding	2.5	-2.5	-2.5
	Met Business Services (MBS) future programme costs	7.4	28.9	26.9
	The National Law Enforcement Data Programme	0.5	0.0	0.0
	Resource Management - TBC	0.8	0.8	0.8
	Two Tier framework	0.0	2.6	3.5
	Phasing NMFL programme	-20.0	20.0	0.0
	Growth - Defibs and Bleed kits	1.0	0.0	0.0
	Uniforms - winter coats and body armour	13.4	12.1	4.1
	L2 uplift in Public Order to meet high demand	0.7	0.0	0.0
Strategic Partner	6 staff (1xA, 2xB, 3xC) for demand authority	0.5	0.5	0.5
	Commercial surge capacity to support contracting/third party requirements across NMfL and Delivery Partner contracts	0.8	0.0	0.0
	Design and delivery of Neighbourhood op model	1.3	0.2	0.0
	Embedding leadership development programme outcomes to improve firearms Leadership & Supervision	0.2	0.0	0.0
	Fixing the foundations (6 staff for Workforce Planning TOM; 8 staff for Career Management TOM)	1.0	1.0	1.0
	SME support to design and implement workforce planning tooling and support system	0.5	0.0	0.0
	SPP Operating Model Design	0.5	0.0	0.0
	Targeted intervention to improve Gender, Diversity & Representation	0.3	0.1	0.0
	Targeted intervention to improve Standards & Behaviour	0.2	0.0	0.0
	Workforce Planning System	0.0	0.1	0.1
	Programme Team (RD3)	1.3	0.0	0.0

Strategic	Project	2024/25	2025/26	2026/27
		£m	£m	£m
	Finance surge capacity to support requirements across NMfL emerging programmes	0.5	0.0	0.0
	HR Surge Capacity to support personnel and HR requirements across NMfL emerging programmes	1.5	1.1	0.0
TOTAL New Met for London Growth		78.8	136.7	83.7

Note that this table excludes New Met for London growth items that relate to strengthening existing services. These are included within the table in Appendix 1.

Appendix 3

SAVINGS	2024/25	2025/26	2026/27
	£m	£m	£m
Savings in neighbourhood policing	(13.2)	(6.3)	(6.3)
Reshaping and Re-Scoping Local Police Units	(2.6)	(4.4)	(4.4)
Major Investigations Team Operating Model	(2.2)	(3.8)	(3.8)
Streamline Dispatch Channels	(1.0)	(1.5)	(1.5)
Reconfigure forensics	(4.1)	(5.6)	(5.6)
Changing storage and management of historic case material	(1.0)	(1.0)	(1.0)
Maximise External Funding for Specialist Ops	(1.0)	(1.0)	(1.0)
Savings in specific operational teams	(10.5)	(10.5)	(10.5)
Commercial Savings	(19.2)	(15.2)	(15.2)
Human Resources Savings	(0.7)	(0.7)	(0.7)
Data, digital and technology Savings	(12.2)	(7.5)	(7.5)
Communications and Engagement Savings	(0.6)	(0.7)	(0.7)
Investment Income	(13.0)	(13.0)	(10.0)
Financing Costs	(17.4)	0.0	0.0
Centrally Held Budgets	(31.2)	(17.1)	(13.5)
Efficiency Programme	(22.7)	(28.4)	(34.1)
General Savings - Property	(1.3)	(2.2)	(2.2)
General Savings - ICT	(6.6)	(9.1)	(9.1)
General Savings - Priority Based Budgeting	(1.3)	(2.0)	(2.0)
General Savings - Police Pay Adjustment	7.2	7.2	7.2
General Savings - Other	0.0	0.0	(15.0)
Reduce Police Staff Overtime	(5.0)	(5.0)	(5.0)
Reduce Contingency	(5.0)	0.0	0.0
Business Series Review	(2.6)	0.0	0.0
Officer Oncosts	(5.0)	(5.0)	(5.0)
Reduction in agency costs and other allowances	(10.7)	0.0	0.0
TOTAL SAVINGS	(182.9)	(132.8)	(147.0)

Appendix 4

2024/25 Budget Allocations By Business Group

	Frontline Policing	Operations and Performance	Specialist Operations	Professionalism	Comms and Engagement	People and Resources	DDaT	Strategy and Transformation	Centrally Held	TOTAL	MOPAC	Total including MOPAC	Specific grant shown as funding	Total Expenditure
	£ m	£ m	£ m	£ m	£ m	£ m	£ m	£ m	£ m	£ m	£ m	£ m	£ m	£ m
Base Budget	1,677.3	946.3	0.6	96.9	9.8	328.3	229.3	29.3	-8.9	3,308.9				
Inflation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	231.1	231.1				
Pressures	10.5	23.3	0.0	0.0	5.6	5.1	13.6	15.4	48.3	121.7				
NMFL	0.0	0.0	0.0	0.0	0.0	0.0	0.0	78.0	0.8	78.7				
Savings / Additional Income	-18.0	-17.6	0.0	0.0	-0.6	-3.5	-18.8	-57.4	-66.9	-182.8				
Reserves to support budget	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-84.5	-84.5				
Budget 2024/25 £m	1,669.7	952.0	0.6	96.9	14.8	329.9	224.1	65.2	119.9	3,473.1	76.8	3,549.9	738.4	4,288.3
£m change (Base to Budget)	-7.6	5.7	0.0	0.0	5.0	1.6	-5.2	35.9	128.8	164.3				
% change (Base to Budget)	-0.5%	0.6%	0.0%	0.0%	51.1%	0.5%	-2.3%							

Note that the centrally held budget includes provision for pay inflation which, when distributed to business units (predominantly frontline policing) following confirmation of the police pay settlement, will increase the budgets of those units.

2024/25 Budget Allocations By Type of Expenditure

	Frontline Policing	Operations and Performance	Specialist Operations	Professionalism	Comms and Engagement	People and Resources	DDaT	Strategy and Transformation	Centrally Held	TOTAL	MOPAC	TOTAL Including MOPAC
	£ m	£ m	£ m	£ m	£ m	£ m	£ m	£ m	£ m	£ m	£ m	£ m
Police officer pay	1,513.5	508.8	320.7	62.6	0.1	65.5	2.8	2.0	58.2	2,534.2		2,534.2
Police staff pay	59.4	398.8	79.0	40.5	11.7	61.5	42.6	55.4	18.8	767.7	24.4	792.1
PCSO pay	44.2	25.1	0.2	0.0	0.0	0.0	0.0	0.0	4.7	74.2		74.2
Police officer overtime	66.4	40.8	42.4	1.3	0.0	0.4	0.0	0.0	1.7	153.1		153.1
Police staff overtime	1.6	17.3	5.2	0.7	0.1	0.3	0.1	-5.0	0.0	20.2		20.2
PCSO overtime	0.0	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.3		0.3
Employee-related expenditure	4.4	-0.5	12.9	0.4	0.0	14.5	0.1	2.6	0.8	35.2	0.5	35.7
Premises costs	0.2	2.3	2.1	0.0	0.0	171.5	9.3	2.3	8.7	196.5	1.2	197.7
Transport costs	8.9	41.2	17.0	0.2	0.0	0.6	0.0	0.6	15.9	84.4	0.0	84.4
Supplies and services	31.9	121.1	80.0	10.0	9.9	74.2	189.2	7.0	67.2	590.5	112.6	703.2
Capital Financing costs	0.0	0.5	18.2	0.0	0.0	20.0	-2.6	0.3	114.1	150.4		150.4
Other income	-16.6	-141.9	-96.7	-14.1	-6.9	-39.4	-0.2	0.0	-31.8	-347.6	-5.7	-353.4
Discretionary pension costs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	51.8	51.8		51.8
Transfer to/(from) reserves	-4.2	-4.2	-13.6	-1.1	0.0	-19.4	-9.9	0.0	-84.5	-136.9	-18.7	-155.6
Net Expenditure	1,709.8	1,009.5	467.4	100.6	15.1	349.5	231.4	65.2	225.6	4,174.0	114.4	4,288.3

MOPAC 2024/25 BUDGET AND THE MEDIUM-TERM FINANCIAL PLAN 2024/25 - 2026/27

1 Summary

- 1.1 This report sets out the final 2024/25 MOPAC budget that is part of the overall MOPAC/MPS budget. The MOPAC budget also includes the Violence Reduction Unit (VRU). The budget has been developed taking into account funding changes, statutory requirements and cost pressures as well as priorities to support the delivery of the Police and Crime Plan.
- 1.2 MOPAC's Budget 2024/25 – 2026/27 is set out in the table below and is shown on an incremental basis. The summary table shows a balanced position in 2024/25 and a gap of £1.691m in 2025/26 increasing to £5.737m in 2026/27.

Table 1

Summary Budget 2024/25 - 2026/27			
	2024/25	2025/26	2026/27
	£m	£m	£m
2023/24 Base Budget	72.799	76.788	70.753
Net Funding Changes	0.388	(13.383)	(0.475)
Net Changes in Mayoral Funding	(0.500)	(6.500)	0.000
Reserve Funding Changes	(0.388)	13.383	7.599
Previous MTFP Decisions/Realignment	(0.098)	0.619	(0.001)
Pay Award	0.746	0.007	0.379
Growth	6.168	1.575	(0.982)
Savings	(2.327)	(0.045)	(0.249)
Total Forecast Budget Requirement	76.788	72.444	77.024
Forecast Funding Available	(76.788)	(70.753)	(71.287)
Budget Gap	0.000	1.691	5.737

Funding Changes

- 1.3 MOPAC currently receives a number of specific grants, predominately from Ministry of Justice (MoJ) and the Home Office. Whilst MOPAC only has confirmation of MoJ funding in support of Victims Support Services, and Home Office funding in support of the VRU for 2024/25, it has been assumed for planning purposes that funding for these services will continue at current levels, in the event that funding reduces the assumption is that there will be an equivalent reduction in the expenditure.
- 1.4 In 2024/25, net funding changes of £0.388m are offset by an increase in contributions from reserves. Mayoral funding of £6.5m was announced as part of the Mayor's final budget. This has been included in the 2024/25 budget to support prevention and early intervention through the VRU. This funding is provided on a one-off basis but can be used over multiple financial years.

- 1.5 In 2023/24, the Mayor made available funding of £2m to support Operation ADDER. The income and expenditure budget for this was held in the MOPAC budget and reclaimed retrospectively by MPS. From 2024/25 onwards, the ADDER monies have been transferred to MPS.

Pay Award

- 1.5 Pay award has been assumed at 2% in 2024/25 and for future years. The 2024/25 budget also includes the additional pay award over and above that which was budgeted for in 2023/24. Any increase in the pay award beyond 2% will need to be managed within the overall budget. A 1% change in the pay award equates to £0.192m.

Growth

- 1.6 Growth of £6.168m has been added to the 2024/25 and a summary is set out in the table below. A detailed list is set out at Annex 1. Growth is set out on an incremental basis.

Table 2

	2024/25	2025/26	2026/27
	£m	£m	£m
Growth	£m	£m	£m
Commissioned Services	1.648	1.568	0.025
MOPAC Running Costs	0.512	0.000	0.000
Strengthening and Rightsizing Corporate Capacity	0.892	0.000	0.000
Audit Fees	0.104	0.000	0.000
Audit Reviews	0.160	(0.076)	0.000
Enhanced Evidence and Insight	1.244	0.043	(0.642)
HR Capacity	0.388	0.000	0.000
Strategy Capacity Including London Policing Board	1.218	0.040	(0.365)
Total Growth	6.168	1.575	(0.982)

Note: Roundings to 1dp

- 1.7 Growth includes permanent funding for Appropriate Adults (£0.9m) to meet statutory responsibilities and the increased costs of the Sexual Assault Rape Centre (£0.7m) of which MOPAC is a partner organisation. In addition to this the cost of the London Policing Board (£0.4m), enhanced evidence and insight work required to support this new Board, increased surveys (£0.8m) in response to the findings of the Baroness Casey report are included.
- 1.8 Recognising that the level of funding received by MOPAC has increased in recent years there is a need for greater capacity in core enabling functions including procurement and

finance. This extra capacity is needed to support the whole of MOPAC and is, in part, offset by grant funding and a contribution from the VRU.

Reserves

- 1.9 Some grant funding and Mayoral funding is received by MOPAC to fund multi-year projects and programmes and the funding is held in reserves and drawn down on an annual basis. Included in the summary table are projects that have an ongoing cost for which there is no long-term funding is available. These are creating a pressure of £1.691m in 2025/26 and £5.737m in 2026/27 and will be considered as part of the longer-term budget development.

Savings

- 1.10 In responding to the financial challenges, savings of £2.327m have been identified. These are summarised in the table below and a full list is set out in Annex 2. Savings are set out on an incremental basis.

Table 3

	2024/25 £m	2025/26 £m	2026/27 £m
Savings			
Efficiencies in Commissioned Services	(0.835)	0.000	(0.249)
Treasury Management Running Costs	(0.181)	0.000	0.000
Costs of supporting grants	(0.550)	0.000	0.000
Strategy Savings	(0.495)	(0.025)	0.000
VRU Contribution to Enabling Services	(0.243)	0.000	0.000
Other	(0.023)	(0.020)	0.000
Total Savings	(2.327)	(0.045)	(0.249)

2 Reserves

- 2.1 As part of the budget setting process a review of all reserves has been completed. The table below sets out the forecast position on reserves.
- 2.2 Some projects that are funded through the carry forward of monies into reserves have been assumed to continue beyond the end of the funding and this is contributing to the gap in future years. A full review of these will be undertaken in the first quarter of 2024/25 to determine how costs can be reduced including the development of exit plans and the identification of other sources of funding.

Table 4 – MOPAC Reserves – 2023/24 – 2026/27

	Forecast Closing Balance 2023/24 £m	Planned Usage 2024/25 £m	Planned Usage 2025/26 £m	Planned Usage 2026/27 £m	Forecast Closing Balance 2026/27 £m
Carry forwards	(7.820)	5.836	1.399	0.221	(0.363)
Budget resilience/Smoothing	(14.466)	6.910	5.387	0.000	(2.170)
Total MOPAC Reserves	(22.286)	12.746	6.786	0.221	(2.533)
VRU Carry forwards	(5.997)	1.673	4.284	0.000	(0.041)
VRU Budget resilience/Smoothing	(6.052)	4.365	0.000	0.350	(1.337)
Total VRU Reserves	(12.049)	6.038	4.284	0.350	(1.377)
Total Reserves	(34.335)	18.783	11.070	0.571	(3.910)

- 2.3 Reserves are considered to provide sufficient resilience in the short term and will be subject to a review alongside commissioning projects that are ending in 2024/25. This review will be carried out in the first quarter of 2024/25 to provide sufficient time to develop an approach as part of the development of the 2025/26 budget.

3 Setting the 2024/25 Budget

- 3.1 Based on the movements set out above the final allocations by Directorate and by type of spend are set out in Annex 3. A summary by Directorate is set out in the table below.

Table 5

Medium Term Financial Plan 2024/25 - 2026/27 By Directorate			
	2024/25	2025/26	2026/27
	£m	£m	£m
Expenditure			
Evidence and Insight	4.052	4.070	3.428
Finance and Corporate Services	(0.026)	(1.213)	(1.183)
Violence Reduction Unit	25.601	19.101	19.101
Strategy	8.609	8.659	8.293
HR and Private Office	2.862	2.862	2.862
DARA	1.596	1.531	1.531
Commissioning and Partnerships	34.093	35.743	37.255
Total Budget	76.788	70.753	71.287

Note: Finance and Corporate Services includes centrally held items including reserves

4 Risks

- 4.1 There are risks in the MOPAC Medium Term Financial Plan however there are opportunities for these to be managed in future years. Projects that will come to an end before the start of the 2025/26 financial year are to be reviewed to ensure they

are affordable in the long term. A full review is planned in the first quarter of the 2024/25 financial year.

- 4.2 The budget resilience reserve is being used to support some projects in the short term so that they can continue to be provided. These are insufficient in the longer term and the reliance on the smoothing reserve to manage the exit of some projects will need to reduce over the lifetime of the MTFP.

Annex 1 – New growth items

Directorate	Description	2024/25 £m	2025/26 £m	2026/27 £m
Commissioning	Appropriate Adult Service for Vulnerable Adults Statutory Provision	0.908	1.462	0.000
Commissioning	Sexual Assault and Rape Centre Contribution	0.662	0.000	0.000
Commissioning	Road Traffic Victims Service Contractual	0.050	0.050	0.000
Commissioning	Hate Crime Advocacy Service Contractual	0.028	0.000	0.000
Commissioning	Women's Night Safety Charter	0.000	0.108	0.000
Commissioning	Transitions to Adulthood Hub (Y2A)	0.000	(0.083)	0.000
Commissioning	Hate Crime Advocacy Service	0.000	0.031	0.025
Finance and Corporate Services	IT costs	0.275	0.000	0.000
Finance and Corporate Services	Procurement Capacity	0.190	0.000	0.000
Finance and Corporate Services	Rent	0.139	0.000	0.000
Finance and Corporate Services	Audit Fee	0.104	0.000	0.000
Finance and Corporate Services	Additional resourcing Corporate Functions to meet increased demand	0.702	0.000	0.000
Finance and Corporate Services	Legal fees	0.050	0.000	0.000
Finance and Corporate Services	Public Health Shared Service	0.048	0.000	0.000
Directorate Audit Risk and Assurance	Rightsizing Budgets	0.160	(0.076)	0.000
Evidence and Insights	Enhanced Provision	1.041	(0.037)	(0.728)
Evidence and Insights	Research Services Contract	0.203	0.080	0.086
Human Resources & Private Office	Additional resourcing	0.223	0.000	0.000
Human Resources & Private Office	External Training Courses	0.060	0.000	0.000
Human Resources & Private Office	Conference and Seminar Fees	0.055	0.000	0.000

Directorate	Description	2024/25 £m	2025/26 £m	2026/27 £m
Human Resources & Private Office	Other Employee Costs	0.050	0.000	0.000
Strategy	London Policing Board	0.413	0.000	(0.326)
Strategy	Rightsizing Pay Budgets	0.224	0.000	0.000
Strategy	Supporting London Policing Board	0.213	0.000	0.000
Strategy	London Policing Board – Member Salaries	0.205	0.000	0.000
Strategy	GLA Secretariat Support	0.087	0.000	0.000
Strategy	Disciplinary Procedures	0.026	0.000	0.000
Strategy	London Policing Board - Training	0.040	0.000	0.000
Strategy	London Policing Board – Research Commissioning Budget	0.010	0.000	0.000
Strategy	London Policing Board - Other	0.000	0.040	(0.040)
TOTAL GROWTH		6.168	1.575	-0.982

Annex 2 – Savings

Directorate	Description	2024/25 £m	2025/26 £m	2026/27 £m
Commissioned Services	Prison Pathfinder Efficiencies	(0.100)	0.000	0.000
Commissioned Services	MPS county lines training Efficiencies	0.000	0.000	(0.249)
Commissioned Services	Wraparound Services for Women in CJS Efficiencies	(0.150)	0.000	0.000
Commissioned Services	GPS Tagging on Release Efficiencies	(0.285)	0.000	0.000
Commissioned Services	Victims Commissioning – Hospital Based Youth Work Efficiencies	(0.300)	0.000	0.000
F&CS	Treasury Management Cost Reductions	(0.181)	0.000	0.000
F&CS	Grant maximisation	(0.550)	0.000	0.000
F&CS	Stationery and Office Consumables	(0.020)	0.000	0.000
Strategy	Consultants fees	(0.050)	0.000	0.000
Strategy	London Drugs Forum	(0.045)	0.000	0.000
Strategy	Strategy – Safer Neighbourhood Board GENERAL	(0.070)	0.000	0.000
Strategy	HMICFRS	(0.050)	0.000	0.000
Strategy	Conference and Seminar Fees	0.000	(0.025)	0.000
Strategy	Consultative Groups	(0.015)	0.000	0.000
Strategy	Efficiency savings from the Mayors Action Plan	(0.265)	0.000	0.000
HR&PO	Training Materials	(0.003)	0.000	0.000
VRU	Contribution to Overheads (IT Costs - £40k, Police Staff – Other £56k and E&I £147k)	(0.243)	0.000	0.000
DARA	Internal Audit fee savings	0.000	(0.020)	0.000
Total Savings		(2.327)	(0.045)	(0.249)

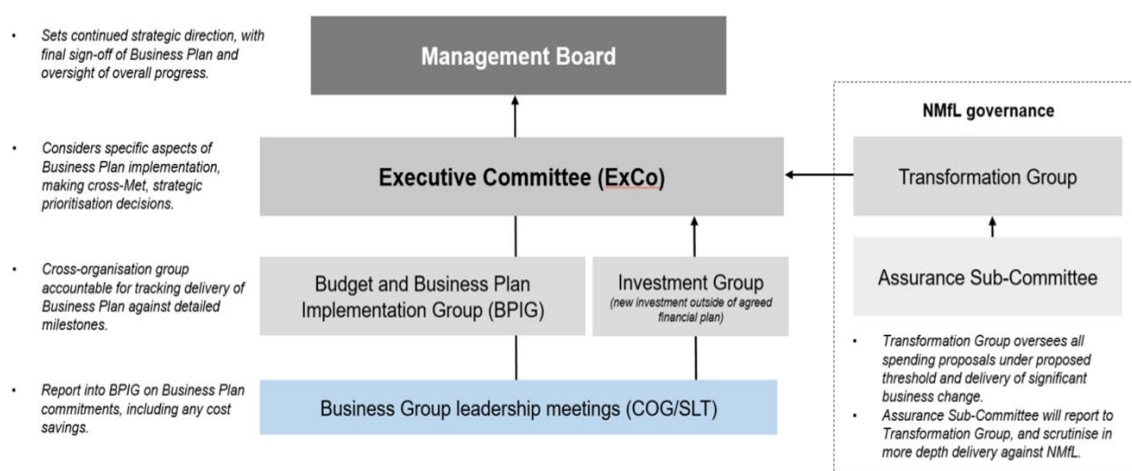
Annex 3- 2024/25 Budget Allocations By Directorate and By Type of Expenditure

Budget Allocations By Directorate 2024/25								
	Evidence and Insights	Finance and Corporate Services	Violence Reduction Unit	Strategy	HR & Private Office	Commissioning and Partnerships	Directorate for Audit Risk and Assurance	TOTAL
	£m	£m	£m	£m	£m	£m	£m	£m
Expenditure								
MOPAC Staff Pay	2.930	3.822	4.069	5.056	2.465	3.990	2.152	24.484
MOPAC Staff Overtime	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Employee Related Expenditure	0.025	0.000	0.000	0.110	0.380	0.000	0.008	0.523
Transport Costs	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Supplies & Services	1.165	1.081	40.202	3.493	0.076	66.547	0.117	112.680
Premises Costs	0.000	1.049	0.000	0.000	0.000	0.150	0.000	1.199
Expenditure Total	4.121	5.952	44.270	8.659	2.921	70.686	2.277	138.886
Income	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Other Income	-0.068	-0.492	0.000	0.000	-0.059	-4.523	-0.600	-5.742
Specific Grants	0.000	0.000	-	0.000	0.000	-24.941	0.000	-37.573
Income Total	-0.068	0.492	12.632	0.000	0.059	29.464	-0.600	-43.315
Total (excluding reserves)	4.052	5.460	31.639	8.659	2.862	41.222	1.677	95.571
Transfers to/(from)Reserves Total	0.000	-5.486	-6.038	-0.050	0.000	-7.129	-0.081	-18.783
Total (including reserves)	4.052	0.026	25.601	8.609	2.862	34.093	1.596	76.788

Governance Arrangements (MPS)

Delivering reform and operational performance in the context of a limited budget will require effective governance, strong leadership and grip at all levels of the organisation. We will need to implement a spending control framework, particularly during the first part of the year whilst we concurrently deliver savings and invest in reform. These controls will be executed in a way that enables rather than inhibits operational performance in priority areas.

An overview of the governance arrangements is set out below.



Executive Level

- The underpinning work to develop the 2024/25 budget will be developed into a business plan that will be signed off by Management Board. It will include our performance targets and reform outcomes supported by the financial and people plan to deliver it.
- On a quarterly basis a Business Plan Progress Report will be presented to Management Board. The report will be commissioned by the Budget and Business Plan Implementation Group (BPIG, see below), and will set out overall progress against the strategic, operational and financial commitments we set out in the business plan, including NMfL delivery. This report will be supported by more detailed financial, workforce and performance reports.
- Through monthly Executive Committee meetings, specific aspects of the Business Plan implementation will be considered, depending on whether it is Investment and Transformation or People, Performance and Culture.

Budget and Business Plan Implementation Group (BPIG)

- This will be a cross-cutting group of the MPS Executive. It meets on a monthly and is chaired by the Chief Strategy and Transformation Officer.
- It is accountable for developing and then tracking delivery of the Business Plan. It will take a holistic view of reporting from business groups and ensure a corporate approach to addressing emerging pressures and new demand and adjusting

priorities in a strategic way during the financial year. It will assure itself that spending controls are being adhered to and effective i.e. not impeding operational priorities or reform, that budgets remained aligned and that any decisions to redirect under spends or control over spends are taken in a timely matter.

- It will oversee the business planning and budget cycle giving consideration to both capital and revenue budget proposals ensuring there is a balanced draft budget proposal in the Autumn in accordance with the GLA budget guidance issued each year.

Business Group Level

- All business groups, supported by their People and Resource Business partners, will consider and report into BPIG on their own commitments in the Business Plan, financial forecasts including HR establishment data as well as delivery of savings and investment approved through the NMfL programme/budget.

Investment Group will continue to evaluate all new investment proposals/business cases, agreeing those within the delegated limit of £0.5m and reviewing those above this limit before they are submitted to Executive Committee.

As far as possible, reporting against the Budget and Business Plan should encompass both business-as-usual activity and NMfL, and set out the combined impact on delivery of the Met's priorities. However, there is still a requirement for specific NMfL governance to ensure reform is affordable and money is being spent in a responsible way.

Transformation Group

- Transformation Group, chaired by the Chief Strategy and Transformation Officer, will oversee and evaluate plans and investment proposals relating to reform and delivery of all significant business change.
- Once business cases have been agreed, there will be delegated authority to the Chief Strategy & Transformation Officer on behalf of the Executive Committee to prioritise and sequence the use of the agreed NMfL reform budget.
- It will track cashable and non-cashable benefits across all NMfL delivery and other significant business change programmes.

Assurance Sub-Committee

- Reporting to Transformation Group, this committee chaired by the Chief Strategy & Transformation Officer will scrutinise in more depth delivery against NMfL programmes and undertake deep dives into delivery milestones. The committee will include senior representatives from People & Resources including Finance.

Design Authority

- Responsible for creating and maintaining an affordable operating model for the MPS that is transacted into the core ERP system.
- People & Resources will support Strategy & Transformation to maintain the core ERP systems and data for both people and money respectively in accordance with the systems and internal controls agreed.

Reporting Requirements

Full financial reporting will continue to be produced each quarter.

In addition, new monthly financial reporting will be put in place to ensure budgets remain aligned and any decisions to redirect under spends or control over spends are taken in a timely matter through the BPIG.

Spending Controls

A revised and strengthened spending control framework will be introduced to ensure delivery of operational performance and reform whilst taking steps to reduce unnecessary spending. The framework will encourage pan MPS collaboration particularly on cross cutting capabilities and spend.

The framework will describe the levels of delegation for different types of spend and is necessary to protect investment in performance priorities and reform. The spending controls won't always mean cutting costs but will enable the MPS to stick to the budgets that are set and make informed choices where performance or reform is at risk.

More detail on spending internal controls is set out at Appendix 8.

Internal Controls

The following internal controls have been developed and agreed by MPS in recognition of the risks within the 2024/25 budget and the significant financial gap in 2025/26.

Governance

New governance arrangements agreed as set out at Appendix 7.

Principles

The following control framework principles have been developed and agreed:

- a. Leadership – driving activity, demonstrating understanding of the financial challenge
- b. Effective risk management – identify, assess and manage key financial risks with tolerance levels
- c. Defined expectations – achieving confidence in baseline budget and being clear on agreed outcomes
- d. Clear lines of accountability – set at most appropriate level to exercise control
- e. Well-defined guidance and expert support – to those accountable/budget holders
- f. Defined, timely and accurate data and reporting – supporting effective decision making
- g. Robust local management oversight – enabled by accurate and reliable data and expert advice
- h. Decision making aligned to agreed priorities – activity aligns to NMFL and MTFP
- i. Agile and robust forecasting – based on real time and accurate data – release savings to corporate centre at earliest opportunity.
- j. Corporate oversight and assurance – agile reporting of overall budget position, highlighting trends/key areas of risk informing key decisions and providing timely assurance.
- k. Approved budget revisions – set against approved criteria in line with agreed priorities and approved in line with accountability framework.

Role of the CFO

The Chief Finance Officer has been made formalised as a member of the Management Board and will be actively involved and able to influence all material business decisions. This will be through formal governance meetings of the Board, other subsets of Board meetings or other relevant meetings/forums where such decisions are being made. They will also chair the Investment Committee. MPS has confirmed the CFO is line managed by the Chief People and Resources Officer and is a part of the leadership team in People & Resources as well as a member of Management Board. They will also have regular access to both the Commissioner and the Deputy Commissioner.

Q1 Review to take account of 2023/24 year end and any emerging issues

This will be delivered based on a 'layering' approach – it will take into account the April report that will pull out a view on savings and any early budget issues, it will also take into consideration the first monthly report delivered in May that will present a view on the budget position for high risk and demand led budgets. The May report will also include an update in April and intelligence/analytical review of the 23/24 outturn position. This will mean that the Q1 review will be based on the April and May reports but will also have extended to include reporting on other low risk/non-demand led budgets. The outcome of the Q1 review will allow us to take stock and course correct as needed, including revisiting whether tightening or loosening of controls would be appropriate.

Monitoring

Monthly monitoring will commence at the end of May. Monthly monitoring will focus on key budgets and full monitoring will be performed quarterly.

A new reporting tool for PSOP (MOPAC and MPS finance system) that will facilitate more effective monthly reporting will be introduced.

Data cleanse of PSOP to facilitate the development and implementation of a budgeted establishment is planned.

Cross-Cutting Savings

NMfL growth and centrally held savings are held by the Chief Strategy and Transformation Officer who is responsible and accountable for these. Through the Budget and Business Planning and Implementation Group (BPIG) the MPS will oversee the investment, controls and savings in one place.

Central Visibility of Underspends

Threshold of £250,000 has been set to provide some flexibility for Business groups to utilise underspend. Anything above this level will be managed by BPIG and will allow for potential reallocation to wider priorities and manage risks. Underspends will be monitored corporately, providing transparency and decision making on best use of the underspends through BPIG.

Transparency

Agreed in principle to full transparency of financial information being provided through the monthly and quarterly reporting and developing an information sharing protocol.

Virements will continue to operate within the existing MOPAC scheme of consent and delegation where MOPAC will continue to approve virements over £500k. Pay budgets will be set as part of the budget setting process and will be used for monitoring purposes. Internal controls are also in place and the delegation letters to budget holders state that savings on pay cannot be reallocated to support overspends on non-pay expenditure without a review by BPIG and advice from the CFO.

Agreed to a commitment that detailed monitoring information to be made available to MOPAC CFO on a monthly basis through the monthly and quarterly reporting.

Assessment Of Savings

To give the assurances need for the S25 Statement, MPS confirmed that due diligence activities have provided assurance that of the total £182.m of savings:

- £104.8m (57%) of the savings are Green with a clear plan in place or an alteration to the base budget that will be made during the budget build phase
- £65.1m (36%) of the savings are Amber rated and have an approach/methodology identified, with current activities focusing on finalising details.
- £12.1m (7%) of the savings are Red. Work is in place to request that the Budget Leads either confirm detailed plans for the savings, or identify new savings proposals to the same figure. This is a priority action.

2024/25 Savings				
£m	RAG			Grand Total
Business Group	R	A	G	
	£m	£m	£m	£m
Frontline Policing	0.0	-3.5	-14.5	-18
Operations and Performance	-11.9	-2.9	-2.8	-17.6
Comms & Eng	0.0	-0.6	0.0	-0.6
DDaT	-1.0	-0.7	-17.1	-18.8
P&R	0.0	-19	-3.5	-22.5
Centrally Held	0.0	-22.7	-66.9	-89.6
Cross Cutting	0.0	-15.7	0.0	-15.7
Grand Total	-12.9	-65.1	-104.8	-182.8
%	7.1%	35.6%	57.3%	

Other Controls

Detailed delegation letters are to be sent out to all budget holders before the start of the financial year. This sets out the responsibilities of budget holders in managing their budgets. It also sets out the financial framework to make sure that budget holders are fully aware of their budgets and the detail behind it.

A data cleanse of PSOP is underway and will be completed later in the year. This will support MPS to having a cleansed HR establishment for which a budgeted establishment can be created. This will provide much stronger control over the largest element of the MPS budget and will support future financial planning.

Capital Programme

Commitment to a review of the capital programme to consider affordability and priorities. Committed to do this through our business planning process to take a further look at future years in the context of continued funding gaps balanced against the critical need for investment identified in NMfL.

Investment and Advisory Meeting (IAM)

The terms of reference for the Investment and Advisory Meeting (IAM) will be reviewed. In addition a review of timelines to progress reports as efficiently as possible from MPS internal governance to formal decision making will be carried out.

Scheme of Consent and Scheme of Delegation

The Scheme of Delegation will be reviewed in the first few months of the new financial year and will include consideration of a change in the delegation levels. This will be considered in the context of the financial challenge.

S25 STATEMENT FOR FINAL BUDGET SUBMISSION

ROBUSTNESS OF BUDGET AND ADEQUACY OF RESERVES

1 INTRODUCTION

The Local Government Act (Part II) 2003 requires the Chief Finance Officer (Section 151 officer) to report on the robustness of budget estimates and the adequacy of the financial reserves.

The approach to the Medium-Term Financial Plan (MTFP) is set out in the Mayor's guidance to all functional bodies and forms the overarching framework for financial planning and management. The annual budget is an integral part of the rolling multi-year MTFP.

This report has been written as part of the Mayor's Final Draft Consolidated Budget 2024/25 Budget which is set by the Mayor in February 2024 and the final budget for MPS and MOPAC. The Mayor's Office for Policing and Crime (MOPAC)'s CFO and Section 151 Officer holds the post of the Chief Finance Officer and Director of Corporate Services. A summary of the evaluation is set out below.

2 OVERALL ROBUSTNESS OF THE BUDGET

The Medium-Term Financial Plan (MTFP) forms the overarching framework within which the MOPAC and MPS financial planning and management activity takes place. The annual budget is an integral part of the rolling multi-year MTFP which feeds into the wider Mayoral budget for the Greater London Authority (GLA).

3 CONTEXT

Nationally funding for policing is challenging and has not kept pace with increased demand for policing and with inflation. For MOPAC and MPS this is further exacerbated by a number of other factors including:

- The continued underfunding in the National and International City Grant which is now estimated to be c£240m lower than the true cost of policing a major city like London.
- Increased demands on policing that is evident through the recent protests including Just Stop Oil and Israel/Palestine for which no additional funding has been provided
- Increased costs of statutory activities that are not reflected in funding allocations
- The need for reform and address the issues raised in the Baroness Casey review and HMICFRS reports
- The clawback of Police Uplift Funding as a consequence of challenges in recruiting police officers and the setting by government of targets that cannot be achieved to retain this funding in the short term

It is on this basis that the budget has been developed and includes growth for the new investment MPS believes is needed to reform and deliver NMfL.

Funding allocations beyond 2024/25 have not been announced and future forecasts have been made on a number of assumptions. It is likely that there will continue to be volatility in both spending and income. Reserves therefore need to be considered as part of the overall financial planning and a new reserves strategy has been developed to ensure there remains a focus on longer term financial resilience and sustainability.

The financial planning and budget setting process is made more difficult due to the impact of policing protests and the reduction in special grant to fund all of the costs associated with this and other similar activities. Similarly, the need to address structural issues within the MPS budget has created further pressure. In the longer term, this approach will be valuable as it provides more stable and realistic budgets which will support activity to strengthen overall budget holder accountabilities and responsibilities. This is of particular importance when considering the longer-term financial position which forecasts a budget gap of c£300m in 2025/26 and future years.

Activities that strengthen financial management and provide more accurate, realistic and up to date financial and non-financial data to support decision making are essential and will form part of an agreed framework with MPS within which financial management will operate.

This report sets out the strategic direction and the actions required to ensure financial sustainability and resilience can be achieved.

4 FINANCIAL ENVIRONMENT AND FRAMEWORK

The following section details key elements that have shaped the construction of the 2024/25 budget.

Previous and Current Financial Performance

Until 2022/23, the MOPAC/MPS budget has underspent and reserves have increased as a result of this. Balancing the budget in 2022/23 was only achieved through a decision not to make a revenue contribution to the capital programme. In 2023/24, an overspend of £27.6m is forecast based upon the Q3 2023/24 reporting date. This is a reduction of £12.5m the £40.1m overspend that was forecast at the end of Q2. MPS are continuing to work towards delivering a balanced outturn against their revised budget.

The capital programme has traditionally seen significant slippage with budgets reprofiled to future years. This is not the case in the current financial year that is showing a small variance (£9.7m underspend at Q3) and includes expenditure for devices that has been brought forward.

Undoubtedly with the need to reform and to address the concerns raised by Baroness Casey and HMICFRS, means that the future budget is changing and the controls around it need to be different.

Demand and Pressures

Policing one-off events that are unique to a capital city are increasing. In the current financial year, the cost of policing including protests relating to Just Stop Oil and Israel/Palestine have placed additional costs on the MPS budget. Additional funding has been received for some of these but not all. The ability to absorb these costs and manage within the current resources is becoming more challenging and is contributing to the current financial position and financial outlook. Special grants are also tapering which is placing more pressure the financial position. This is at a time when demand is increasing and inflation fluctuations are common.

CIPFA Financial Resilience Index and HMICFRS Benchmarking

In response to the unprecedented financial challenges faced by local government and other parts of the public sector, CIPFA has developed a Financial Resilience Index to act as an analytical tool for Chief Finance officers to support good financial management and shows the financial position on a range of measures associated with financial risk. HMICFRS has also released a set of benchmarking data and has also recently released a productivity review of all police forces across England.

CIPFA provide guidance to public bodies regarding the signs that an organisation is suffering from financial stress indicators:

- Running down reserves or a rapid decline in reserves - using up reserves to avoid cuts can only provide temporary relief
- Failure to plan and deliver savings to ensure the council lives within its resources
- Shortening medium-term financial planning horizons - could indicate a lack of strategic thinking and an unwillingness to confront tough decisions
- Greater “still to be found” gaps in saving plans
- Growing tendency for unplanned overspends and/or carrying forward undelivered savings into the following year - sign an authority is struggling to translate its policy decisions into actions.

The current MTFP is showing that the MOPAC/MPS budget is showing signs of many of these and enhanced governance is needed to ensure that this indicators are monitored in real time and updated to take account of future financial forecasts:

- MOPAC/MPS reserves have been high for a number of years however the financial pressures needed to deliver reform has resulted in a greater ‘call’ on reserves. Compared to comparators, MOPAC/MPS reserves beyond 2023/24 are low and general reserves remain at 1.1%.
- The delivery of savings has not always been achieved with 54% of the 2023/24 forecast to be delivered. These have however not always been subject to the same level of scrutiny as they have been in the building of the

2024/25 budget. Improved financial reporting during 2023/24 has enabled us to address these issues as part of the 2024/25 budget submission.

- The level of debt is currently not showing a stress indicator however MOPAC/MPS has, over recent years, relied on capital receipts following a rationalisation of the estates portfolio. The opportunity to release capital receipts to support capital investment has reduced significantly and therefore future ambition including the remaining estate, investment in technology and transformation will need to be funded from borrowing. The cost of borrowing and the affordability within the revenue budget needs to be carefully monitored and controlled through the capital process to avoid this being a stress in future years.
- The financial gap in 2025/26 and future years is significant and has increased significantly to previous forecasts, exacerbated by uncertainty about future funding levels.

Police Funding Formula

The Home Office has signalled for a number of years that a formula review is to be undertaken. Whilst the commitment to undertake a review of the funding formula remains, the time frame for doing so has still not been confirmed. The current MTFP assumes no changes to the funding formula.

Consideration of the following key areas has been given and a control framework has been developed that will ensure ongoing monitoring of these and the financial position:

5 INTERNAL CONTROLS

In light of the significant financial challenges facing MOPAC/MPS in future years, enhanced governance arrangements and a strengthened internal control framework have been agreed with MPS to drive forward stronger financial control and enhanced monitoring and oversight. The assessment of the budget for 2024/25 takes account of these and it is essential that the arrangements are effective immediately, noting that some of the work is improvement and will need to be set out with a structured plan for delivery with agreed timescales. This approach forms the basis under which the CFO is therefore able to propose the budget noting the risks associated with the challenging financial environment MOPAC and MPS finds itself operating within.

Recognising that there are risks in the budget and that there is a forecast overspend in the 2023/24 financial year, a Q1 review is to be carried out early in 2024/25. This will take account of the final out-turn position for 2023/24 and any emerging risks. This may result in changes and realignment to the budget. A review of the effectiveness of internal controls will be carried out as part of this process.

Corporate Strategy and Policy Framework

MPS has developed a Business Plan and Budget framework which has been proposed by the MPS Chief Officer – Strategy and Transformation and MPS

Chief Officer – People & Resources for 2024/25. More of the detail is still emerging however there is a commitment from MPS that:

- the newly created Business Planning and Budget Implementation Group (BPIG) will oversee the business planning and budget cycle giving consideration to both capital and revenue budget proposals ensuring there is a balanced draft budget proposal in the Autumn in accordance with the GLA budget guidance issued each year.
- will introduce a business planning function and that business plans will be aligned to the MTFP
- Introduce internal controls to key cost drivers where there is some discretion to exercise control.

Financial Leadership and Delivery

The need for accurate, timely and robust financial monitoring is a key priority and one that allows for effective oversight of MPS finances. The following improvements have been agreed and will be implemented for the 2024/25 and future financial years:

- **Role of the CFO**

The importance of the role of the MPS CFO and is recognised and the CFO is now a member of the Management Board and all of the relevant Boards/Groups. This is necessary to ensure that the influence and leadership needed from a CFO in a time of financial challenge is at the highest level.

- ***Monitoring of Financial Performance***

Monthly financial monitoring to be introduced to supplement the current quarterly reporting. Monthly monitoring is to be reported to the newly established Business Planning and Budget Implementation Group and reported monthly through to MOPAC via the Executive Committee (ExCo) arrangements of which MOPAC representatives are observers.

Monitoring and controls of key levers that can impact on the in-year monitoring and the MTFP are being introduced together with delegations and thresholds for underspends.

Separate to these arrangements, MOPAC is to receive more detail on the monitoring position and more detailed reviews outside of ExCo. The Terms of Reference for the MOPAC Investment Advisory Committee will be reviewed.

A newly established Sub-Committee of the London Policing Board (Finance and Performance Committee) will also receive financial monitoring information in order to further inform and enhance the scrutiny/oversight function. Enhanced reporting to the Joint Audit Panel will also be developed.

- ***Delivery of Savings***

More due diligence on the deliverability of savings has been carried out since the Mayor's 2024/25 Draft Final Consolidated Budget.

2024/25 Savings				
£m	RAG			
Business Group	R	A	G	Grand Total
	£m	£m	£m	£m
Frontline Policing	0.0	-3.5	-14.5	-18
Operations and Performance	-11.9	-2.9	-2.8	-17.6
Comms & Eng	0.0	-0.6	0.0	-0.6
DDaT	-1.0	-0.7	-17.1	-18.8
P&R	0.0	-19	-3.5	-22.5
Centrally Held	0.0	-22.7	-66.9	-89.6
Cross Cutting	0.0	-15.7	0.0	-15.7
Grand Total	-12.9	-65.1	-104.8	-182.8
%	7.1%	35.6%	57.3%	

- £104.8m (57%) of the savings are Green with a clear plan in place or an alteration to the base budget that will be made during the budget build phase
- £65.1m (36%) of the savings are Amber rated and have an approach/methodology identified, with current activities focusing on finalising details.
- £12.1m (7%) of the savings are Red. Work is in place to request that the Budget Leads either confirm detailed plans for the savings, or identify new savings proposals to the same figure. This is a priority action.

This is greater assurance than in previous years and demonstrates a commitment to ensure that savings are deliverable before the start of the financial year. The role of BPIG will support greater assurance and challenge.

- **Financial Systems**

The current financial system does not provide all of the features expected for the organisation the size of MOPAC/MPS. In recognition of this and the need to ensure both organisations have the technology to support them:

- An improvement plan for the current financial systems is being developed to provide greater workflow, automation and improved financial reporting.
- A programme board has already been established and progress against this will form part of the regular monitoring and oversight arrangements. It is essential that key components of the improvement plan are delivered at pace and will need to be monitored.

- **Budget Holder Accountabilities and Responsibilities**

- It is recognised that this is an area of focus and development. The improvement work required in relation to this is considered as part of

the improvement plan that will be an output of the assessment against compliance with the Financial Management Codes.

- **Finance Capacity and Capability**
 - Finance capacity has reduced over recent years and, with a more challenging financial environment, the skillset needed from finance professionals is changing. A review of the required finance capacity and capability is planned to ensure that the professional advice needed is available.

6 BUILDING THE 2024/25 BUDGET

The environment and framework set out has influenced the way in which the 2024/25 budget has been developed. Throughout the process both the MPS Executive Committee and MOPAC Board have been significantly involved in the development of their budgets. Engagement with MOPAC and the GLA has continued.

Assumptions

Underlying assumptions have been reviewed by the MOPAC and MPS CFOs

- The provision of inflation and other grants and income is considered to be appropriate and is consistent with trends. The risks associated with changes in assumptions, in particular inflation, is recognised within the MTFP.
- Risks continue in relation to the policing of protests and the reduction in special grant as well as achieving the targets set by Home Office in order to access more Police Uplift Funding.
- Structural issues in the budget have been addressed based on current and historic trends and an assessment of what is required to deliver NMfL priorities.
- Growth to support reform and NMfL has been incorporated and will be managed and monitored through the new governance arrangements with decisions made at ExCo. Arrangements to manage the NMfL growth against the delivery of the cross-cutting savings have been introduced which places budget responsibility in one place. This provides greater control and provides greater assurance.
- The impact of the capital programme on borrowing assumptions including the application of capital receipts has been tested with specialist advice from the GLA Treasury Management team.
- The impact of key Digital/Transformational projects including CONNECT and Command and Control has been considered including the resetting of the CONNECT business case which has been factored into the budget as ongoing growth

Capital Programme Risk Management & Governance

The Capital Strategy has been developed on an incremental basis and the process for accepting new schemes needs further development. The governance

arrangements for capital and capital scrutiny will need to be reviewed in the context of the new governance arrangements that are being introduced.

The reliance on borrowing is increasing due to the lack of other sources of funding. Further prioritisation of the capital programme will be necessary if additional funding sources cannot be identified. This prioritisation exercise is being carried out in the context of the affordability of the capital financing costs given the provisional settlement and confirmation from other funding partners that there is no further support available to MOPAC/MPS.

CIPFA Financial Management Code

The Chartered Institute of Public Finance and Accountancy (CIPFA) published a Financial Management Code I 2019. This code is designed to support good practice in financial management and to assist local authorities (include policing) in demonstrating their financial sustainability. The Code has been introduced because the exceptional financial circumstances faced by local authorities have revealed fundamental weaknesses in financial management, particularly in relation to organisations that may be unable to maintain services in the future. The FM Code sets out the principles by which authorities should be guided in managing their finances and the specific standards that they should, as a minimum, achieve.

Additionally, the Home Office has published the Financial Management Code (for Policing)

MOPAC's Self-Assessment is being updated to reflect progress on the improvement plan. MPS is reviewing compliance against the code and it is anticipated that this will result in the need for an improvement plan in order to achieve full compliance. The CIPFA Financial Management Standards are set out in the Diagram below:



Throughout the Code there are several references that demonstrating compliance is the collective responsibility of Board members, the Chief Finance Officer and the Senior Leadership Team.

The first full year of mandatory compliance was 2021/22 and best practice requires an update on an annual basis. There are areas of improvement that will need to be

addressed and the findings of the assessments (for both MOPAC and MPS) will be presented to the Joint Audit Panel with regular progress updates.

Training within MOPAC to support budget holders has been introduced during 2023/24.

7 ADEQUACY OF RESERVES AND RISK ASSESSMENT

The assessment of reserves is important in the context of significant investment requirements, the need to deliver high levels of savings and re-prioritisation of budgets and sustained cuts in funding and depletion of reserves. It is important to acknowledge that reserves are 'one off' funds and are therefore suitable for funding 'one off' or unexpected costs. The use of reserves to fund ongoing expenditure or a failure to achieve budgeted savings is never advised, except in emergencies and/or to enable transition to new ways of working.

Whilst the use of reserves to date has been deemed to be affordable, they were not used for emergencies or to transition to a new way of working and therefore now at a level whereby any significant further use would leave the MPS exposed to risk and unable to manage potential risks. This is particularly important in the context of an MTFP which has significant investment requirements and significant funding gaps in future years.

In recommending an adequate level of reserves, the CFO considers and monitors the opportunity cost of maintaining particular levels of reserves. This opportunity cost may be the lost opportunity of investing those funds in service improvement and/or spending on alternative activities. There is a balance to be struck between setting prudent levels of contingencies and reserves considered to be an adequate 'safety net' and ensuring sufficient funds are in place for the delivery of policing.

The assessment is made on the basis that the governance arrangements, the due diligence and the internal control framework set out in this report are in place from 1 April 2024 and that the business planning arrangements for 2025/26 take account of the need to build back reserves.

The projected profile for reserves over the current MTFP period is set out below and assumes that the 2023/24 projected overspend can be mitigated through management action during Q4 2023/24.

Forecast Balances at the end of Financial Year				
	2023/24	2024/25	2025/26	2026/27
	£m	£m	£m	£m
Earmarked Reserves	237.9	82.4	50.1	37.6
General Reserves	46.6	46.6	46.6	46.6
Total Forecast Reserves	284.6	129.0	96.6	84.3
% to Net Budget	6.6%	2.9%	2.1%	1.8%
% General Reserves to Net Budget	1.1%	1.1%	1.1%	1.1%

General Fund Balance

General reserves average 3.1% across police and crime commissioner offices nationally. At 1.1%, the general reserves for MOPAC/MPS are significantly lower than this. However the significant earmarked reserves in previous years have acted as a buffer. With this 'buffer' dwindling, the level of general reserves must increase and a recommended level of 2-3% has been set. This equates to £87m - £131m.

For 2024/25, the availability of earmarked reserves (up to 2.9%) provides some additional resilience however cannot be relied on in the longer term as the funds will be needed in future years. This has been accepted as a key part of the financial strategy for 2025/26 onwards and will form part of the business planning process that will start early in 2024/25.

Enhanced governance arrangements have been set out in the reserves strategy to provide a lever that can control access to reserves during the year. Should unfunded pressures emerge, access to reserves will need to be carefully considered and take account of the overall financial position. Greater control and oversight of underspends within budgets and enhanced internal controls and governance will provide more opportunity for risks to be managed at a more strategic level. As previously set out, the effectiveness of this as a control mechanism will be evaluated at the end of May when the Q1 review is carried out.

To manage reserves and to make sure that the overall financial risks to the MTFP are fully considered, the reserves strategy has enhanced the governance and control arrangements so that S151 sign off is needed for all movements.

The trajectory of reserves shows a reduction in future years although there is an expectation that the general reserves will be built back up in 2025/26 and future years and therefore it is expected that the position will improve over time.

7 CONCLUSIONS

The financial environment remains challenging and the police settlement was disappointing and has added to the gap. The flexibilities available to the Mayor have been fully used with the agreed increase in the precept. With no indication on future funding, the ongoing ringfencing of the PUP monies to officer numbers and reduced reserves, the financial position from MPS is uncertain. This is further evidenced by the forecast budget gap of c£300m in the 2025/26 financial year.

The 2024/25 budget is complex with many component parts that need to be managed and monitored carefully. It is essential that the governance and internal controls that are being introduced are effective and that there is an early opportunity to review these so that early assurance can be given. It is on this basis that the budget can be signed off.

The risks going forward cannot however be ignored and there needs to be a collective approach to managing resources within the funding available. The development to the Business Plan and the alignment of resources will support this

and progress will need to be sufficiently advanced early in 2024/25 to give assurance that a balanced position can be achieved for 2025/26 and future years.

MOPAC will need to be assured throughout the year that the governance arrangements and internal controls set out in the report are working and that management action is being taken where financial variances start to emerge and/or when plans are not being met. Failure to do so poses the risk of expenditure exceeding income which could lead to the issue of a S114 notice. To avoid this, strong financial leadership from leaders across the organisation and the right levers in place to control expenditure, must be in place. The approach outlined in the final budget report sets out the control framework to support this and it is on this basis and with these controls in place that the budget is approved.

The financial position will however be monitored carefully throughout the year and the statutory powers will need to be considered if the outcomes required are not being achieved.



MOPAC

MAYOR OF LONDON
OFFICE FOR POLICING AND CRIME

MPS-MOPAC JOINT AUDIT PANEL 19 April 2024

New Met for London and Transformation Update

Report by: Michelle Thorp, Transformation Director

Report Summary

Overall Summary of the Purpose of the Report

To provide an update on:

- a. The Transformation Group Assurance Sub-Committee
- b. The prioritisation framework and re-planning work in light of the January FY24/25 budget decisions. The paper also covers how priorities and sequencing will continue to be managed in FY24/25.

Key Considerations for the Panel

To note:

- a. The additional controls that have been put in place to ensure adequate oversight of the progress against New Met for London commitments and transformational change.
- b. How we are ensuring we maximise delivery under financial constraints to ensure we maximise value add to the public from our strategic aims.

Interdependencies/Cross Cutting Issues

No interdependencies to note with other reports/issues to be considered by the Panel at this meeting.

Recommendations

The Audit Panel is recommended to:

- a. **Note** the improvements we have put in place around the assurance of progress against the New Met for London commitments and insights we are drawing out around common themes.
- b. **Note** the approach to prioritisation and re-planning

1. Supporting Information

a) Assurance and refining the delivery model

- 1.1. The Transformation Group Assurance Sub-Committee meets monthly and its purpose is to provide delivery assurance of progress against the strategic aims and commitments of the New Met for London (NMfL) and other transformational programmes that impact strategic delivery commitments, including Engage, Mayor's Action Plan etc. It takes a milestone-based approach to ensure Senior Responsible Owners (SROs) are delivering against milestones, taking remedial action where commitments are off-track and supporting them through problem solving and driving delivery.
- 1.2. The subcommittee will also undertake deep dive scrutiny sessions to examine progress in specific business areas, programmes and projects, providing assistance and driving change. This will help ensure Transformation Group:
 - Has full oversight of the total activity required to deliver NMfL and other transformational programme milestone commitments (including progress against HMICFRS recommendations etc.) and the associated improvement in performance and benefits necessary to meet the organisation's strategic aims of More Trust, Less Crime and High Standards.
 - Has the information necessary to prioritise the schedule of activity to maximise benefits realisation and delivery improvements at a rate that the business can manage within acceptable risk levels and delivery constraints (including finance, resources, and the organisation's capacity to absorb change).
 - Can identify key risks, issues, challenges and opportunities around progress against the NMfL and other transformational programme milestone commitments with recommendations for intervention and support raised to Transformation Group on a timely basis as necessary.
- 1.3. The Assurance Sub-Committee will report into the Transformation Group that has responsibility for assuring the Commissioner and Management Board that a portfolio of activity is in place to effectively deliver a NMfL and other transformational programmes.
- 1.4. The nature of the assurance portfolio report is included in Appendix 1.

b) Prioritisation and re-planning

- 1.5. In order to address the FY24/25 budget challenges, difficult decisions were made through the ExCo budget exercise undertaken in January 2024 which resulted in reduced or limited funding across NMfL programmes.
- 1.6. An updated Portfolio Plan has been developed and impact assessed based on this agreed budget prioritisation and includes latest updates and sequencing. The revised budget impacts programmes responsible for core commitments including Neighbourhood Policing, Strengthening Public Protection, Proactivity and Professionalism, through risk to the delivery of milestones and/or the quality of delivery. In addition, there is a risk that other

priority programmes, Resourcing the Met and Culture, or critical enabling programmes such as Relentless Data Driven Delivery (RD3), will require further funding when current planning has completed.

- 1.7. To mitigate this risk/impact, the Portfolio Plan will be iteratively updated during FY24/25. In order to facilitate this the following will be undertaken:
 - 1.7.1. Transformation budget managed as a single funding pot to enable in year realisation of savings and further prioritisation (governed through the Transformation Group with oversight from Business Plan Implementation Group (BPIG)).
 - 1.7.2. BPIG will be accountable for tracking delivery of the MPS Business Plan and overseeing that a balanced budget is maintained. It will take a holistic view of reporting from business groups and ensure a corporate approach to addressing emerging pressures and new demand and adjusting priorities in a strategic way during the financial year.
 - 1.7.3. Introduction of Portfolio Themes: The 26 transformation programmes have been grouped into 7 portfolio themes to maximise efficient delivery and benefit realisation whilst not creating additional governance.

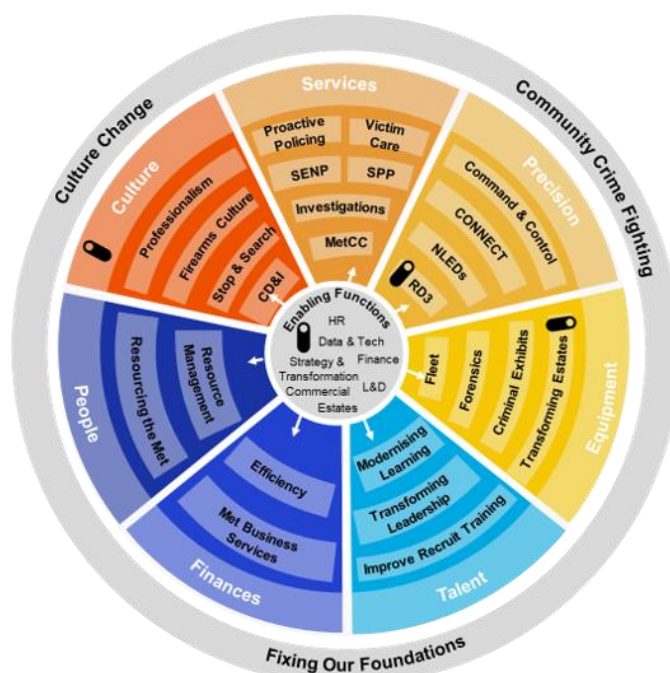


Figure 1: Portfolio Themes for the 26 programmes

- 1.7.4. Wider portfolio management activities: Ongoing assessments of priority and sequencing will be conducted as programme information and data matures. This will inform continued assessment of commitment delivery dates and budget prioritisation decisions.

1.7.5. This includes the creation of a **Prioritisation Framework** to respond to reduced funds or effectively allocate any additional funding that may become available; using

Value levers such as number of commitments, link to HMI Engage requirements, benefits; and

Deliverability levers such as confidence, risk & complexity

Applying the levers will result in decisions being taken as part of ongoing management of the portfolio such as:

- Prioritise initiatives that add the most value: focusing on areas which offer strongest value for investment
- Drive efficiencies through different ways of delivery: such as work to consolidate BCU Op Model Design, Training and Change implementation across Met Services (e.g. Strongest Ever Neighbourhood Policing, Strengthening Public Protection, Proactivity) to enable efficiencies through shared resource.
- Adjust depth and breadth of delivery: focus on 'critical scope' to achieve outcomes in the short-term, with options to build out scope over time where/if additional funding made available
- Pausing or stopping 'low-value' initiatives: As clarity builds, and understanding of outcomes and value increases, evidence-based decisions could be made to pause/stop specific initiatives.

1.8. An update on prioritisation will be provided to Management Board on 30th April.

2. **Equality and Diversity Impact**

None – programmes have impacts that they assess individually.

3. **Financial Implications**

None – prioritisation and budget allocations are managed separately as part of portfolio management.

4. **Legal Implications**

None

5. **Risk Implications**

None – risk impact is managed as part of portfolio management and assurance.

6. **Contact Details**

Report author: Tony Spencer, Portfolio Office Manager

7. **Appendices and Background Papers**

Appendix 1 – Copy of March Portfolio Office Assurance Sub-Committee Report – Official Sensitive



MPS-MOPAC JOINT AUDIT PANEL

19 April 2024

MPS Risk Management Report

Report by: Chief Strategy and Transformation Officer

Non-restricted paper

Overall Summary of the Purpose of the Report

To provide:

- A summary of the Met's risk profile and risk and issues register (Annex A)
- An overview of discussions held at the Met's Audit and Risk Assurance Committee (ARAC) on 11 March 2024.
- A summary of some of the key points from the first risks to have received a deep dive.

Key Considerations for the Panel

1. At its meeting on 11 March 2024, ARAC noted the progress made against risks and issues over the last quarter.
2. ARAC discussed and agreed the closure of one issue and the escalation of one new risk, both related to Resources.
3. ARAC was presented with detailed reports for the first three deep dives (focused on the efficacy of controls and assurance activity) for discussion, scrutiny, and challenge. Initial key learning points to improve the overall process have been enacted; this will be an iterative process.

Interdependencies/Cross Cutting Issues

- The Met's governance improvement plan, reported in a separate paper, includes controls for some of our risks.

Recommendations

Audit Panel are asked to:

1. Note the Met's key risks and issues and the governance in place to ensure effective management of them.

Context

1. The first full iteration of the Met's refreshed corporate risk and issue register was presented to the Audit and Risk Assurance Committee (ARAC) on 11 March. We have adopted a new approach and moved all corporate risks and issues onto a SharePoint site, so that owners (and their respective working leads) can update their risks and issues iteratively.
2. This is a notable change of practice which has seen various levels of engagement. As a result, we are continuing to work with owners and working leads to ensure they are aware of their responsibilities to effectively manage their risks and issues, and they are confident in the mechanisms required to assure the controls.

Update following ARAC (11 March)

3. ARAC were apprised of key changes in corporate risk and issue profiles over the quarter. The control activity to manage the risks and issues is broadly positive. The summary position for each corporate risk and issue is at Annex A. This sets out the reasons for these trends and what controls are in place.
4. 9 risks and issues reported a stable position (including Criminal Justice; Standards; Cyber; Workforce; Vetting; Critical Technology reform; and Demand and Strategic Planning). 7 risks and issues reported an improving trend (including Community Engagement; Victim Care; Public Protection; Managing Offenders; and Culture Reform). 1 risk reported a worsening trend (Technology and Data Availability).
5. At the meeting, the Chief People and Resources Officer requested that one issue – 4a Money, be closed; the rationale, that funding had been secured from the Greater London Authority to close the budget gap.
6. The budget report presented to Management Board on 30 January highlighted the risks associated with the 2024/25 budget and therefore an impact on core policing activity and the reform ambition under A New Met for London. As a result, ARAC agreed to the escalation of a new Money risk, initially described as *"Inability to ensure the 2024/25 budget remains balanced and savings are delivered, thereby putting at risk the ability to deliver reform due to the need to reduce our agreed investment"*. ARAC asked for this to be expanded to include a focus on the medium-term financial plan.

Deep Dive process

7. Deep dives into three risks were presented to ARAC:
 - 2b – Managing Offenders
 - 3a – Standards
 - 4c - Workforce
8. Each risk owner or working lead provided to ARAC a detailed report of their deep dive (which was conducted out of committee) for discussion, scrutiny,

and challenge. This was focused on controls and processes in place to manage the risk and the coverage of assurance activity.

Managing Offenders

- Only part of the picture is known; a more detailed update will be brought back. The initial investment in commissioning the deep dive supported enhanced learning opportunities and knowledge from subject experts.
- Cultural issues are being worked through, with a more specific description of the risk.

Standards

- Considerable work had been carried out. The deep dive was a useful process, revealing cross-cutting themes, as well as challenges posed by significant funding requirements and vetting processes. It highlighted areas for improvement and review.
- There were some issues which will not be resolved or achievable in the next 12 months, requiring further investment. Momentum, however, will need to be maintained.

Workforce

- This is a wide-ranging workforce capacity and capability risk. The deep dive highlighted the improvement in areas of capacity suggesting there was a good grip; capability needs further focus. Metrics and governance were strong and embedded in the Met's performance framework.

9. ARAC was interested in exploring further the lessons learnt from carrying out these deep dives. This will be a continuous process and, following discussion at the ARAC, amendments have been made to the guidance template (primarily related to assurance controls and what should be in place) to support further deep dives. An action was also raised to determine what good assurance controls are and how risk owners can gain this assurance.

10. We reported to the Panel in January a proposed schedule for the deep dives; this has now been revised as follows:

Risk	Risk Owner	Reporting to ARAC
1a – Community Engagement	AC FLP	4 June 2024
1b – Victim Care	AC Ops & Performance	4 June 2024
4b – Technology & Data Availability	Chief Digital, Data & Technology Officer	4 June 2024
4e – Money	Chief People & Resources Officer	4 June 2024
2c – Criminal Justice	AC Ops & Performance	3 Sept 2024
2d – Conflicting Accountability	AC Trust & Legitimacy	3 Sept 2024
4a – Cyber	Chief Digital, Data & Technology Officer	3 Sept 2024
2a – Public Protection	AC FLP	10 Dec 2024
3b – Culture Reform	AC Trust and Legitimacy	10 Dec 2024
4d – Reform Delivery	Chief Strategy & Transformation Officer	10 Dec 2024

Equality and Diversity Impact

11. Individual control owners should ensure that their work to prevent and mitigate corporate risk has a positive race and diversity impact. Equality impact assessments will be undertaken on significant programmes of work.

Financial Implications

12. It is anticipated that the costs associated with the areas of work identified in the register will be met from the relevant unit's staff and officer budgets. Any funding required over and above these existing budgets will be subject to the normal MOPAC/Met governance approval and planning processes.

Legal Implications

13. There are no direct legal implications arising from the recommendations contained in this report. Regulation 3 of the Accounts & Audit Regulations 2015 requires both the MOPAC and the Commissioner, as relevant authorities, to ensure that they have a sound system of internal control, which includes effective arrangements for the management of risk.

Risk Implications

14. The corporate risk report assists the Met to manage and track risk to the achievement of organisational objectives focusing particularly on whether controls are fit for purpose and manage risk areas as intended.

Contact Details

Report author: Tracy Rylance, Strategy & Transformation

Annexes

Annex A – Summary of corporate risks and issues – Official Sensitive

MOPACMAYOR OF LONDON
OFFICE FOR POLICING AND CRIME

MPS-MOPAC JOINT AUDIT PANEL

19 April 2024

MOPAC Risk Management Report

Report by: The Director of Strategy and MPS Oversight

Report Summary

Overall Summary of the Purpose of the Report

This paper sets out MOPAC's current approach to risk management and a high-level summary of the corporate risks.

Key Considerations for the Panel

MOPAC has reviewed its risk management framework and sets out its risk appetite statement.

Interdependencies/Cross Cutting Issues

The Baroness Casey review of the MPS is a cross cutting issue that has influenced risk for both organisations.

Recommendations

The Audit Panel is recommended to:

- b. Note MOPAC's current oversight of MPS technology programmes
- c. Note the progress to the corporate risk register

Supporting Information

- 1.1 This paper is a 6-monthly update on MOPAC's Risk Management position.
- 1.2 The paper provides further detail of MOPAC's oversight and assurance of the MPS technological programmes as requested by the Panel, as well as a regular update against MOPAC's corporate risks.
- 1.3 Since drafting this paper MOPAC's Chief Executive, Diana Luchford, has announced that she will leave the organisation in early June. This is not reflected in the updates given on the specific risks below but is recognised by the Board as a pivotal moment for MOPAC. Plans are in place to recruit an interim Chief Executive for 12 months, prior to a permanent appointment being made. Discussions are already happening about how to support the transition.

MOPAC Oversight of MPS technology programmes

- 1.4 Since the Casey findings, MOPAC's oversight of the Metropolitan Police Service (MPS) requires a refresh. This is particularly necessary in relation to transformation. In various reviews, DARA, and consulting partners such as EY, Accenture and Moorhouse, have all highlighted limited evidence of real opportunities for scrutiny over transformation and finance. Existing governance structures have been critiqued, as have the project management approach, culture, and lack of effective data within the MPS.

There are several benefits to improved oversight. These are:

- Greater transparency over projects and programmes being run by the MPS and more visibility over how they are being managed and financed;
- More strategic drive, with programmes having clearer sets of priorities, objectives and milestones to work towards;
- An improved working relationship between the MPS and MOPAC, with opportunities for both challenge and collaboration;
- A requirement for improved data reporting, and therefore more data and evidence driven outcomes; and
- A rigorous yet proportionate system of governance, which does not present an undue burden to either the MPS or MOPAC.

- 1.5 Business cases are subjected to financial scrutiny including assurance that there is an alignment to mayoral and organisational priorities, and that opportunities for collaboration with the wider GLA are maximised where it makes sense to do so.
- 1.6 The financial oversight also provides assurance of programme management and delivery including supplier performance and benefits realisation. As part of this work, MOPAC assess cross-portfolio impact of programme dependencies, to reduce the risk of milestones overlapping and impacting negatively on delivery.

- 1.7 Assurance is also provided for national programmes such as the Single Online Home and the Emergency Services Network, given their financial impact on the MPS.
- 1.8 Further oversight is provided by MOPAC's Head of Oversight and Performance through attendance at MPS boards where the use of technology and digital activity is discussed and considered. This gives MOPAC oversight of novel initiatives such as live facial recognition (LFR), closed-circuit technology (CCTV) and body worn video (BWV) as perceptions about the use of this technology is contentious and/or its use has raised ethical concerns and risks.
- 1.9 In addition, MOPAC's financial oversight also covers technology that could impact MPS performance, services, and standards, for instance call handling and complaints, as well as related data as part of the wider oversight work in these areas. This invariably includes technical solutions implemented by programmes that have undergone or are undergoing financial assurance.
- 1.10 There is a gap in MOPAC's technical oversight capability and capacity as access to in-house technology expertise that can robustly challenge the technical aspects of technology programme delivery and the use of technology and data is limited. Further expertise is available through the London Policing Board and MOPAC is in the process of identifying opportunities, including deep dives, to maximise the benefit that can be achieved.
- 1.11 There also needs to be greater scrutiny after programme implementation to track whether cashable and non-cashable benefits stated in the business cases are indeed being realised. The approach that is being adopted for CONNECT will include a review of the closure report, oversight and scrutiny of that has been achieved, ensuring there is a business owner in place and that there is full articulation of what benefits are to be achieved. Monitoring against these will be carried out as part of the established oversight mechanisms.
- 1.12 MOPAC is strengthening its oversight by taking an holistic approach and bringing together the financial with the operational/non-financial. The joining up of the oversight teams across MOPAC to focus on specific projects/issues is being strengthened and will be a core part of oversight model in future..

Summary of MOPAC's Corporate Risks

1.13 Risk 1 – Resources – VH (likelihood) / VH (impact)

MOPAC does not have the right capabilities and capacity to achieve MOPAC's mission, including delivery against statutory functions

- 1.14 As set out in our previous paper to the Audit Panel (October 2023), and above at 1.4, the Casey Review and its recommendation to create a London Policing Board necessitated MOPAC undertaking a full review of how we oversee the MPS, including its New Met for London plan. This mostly impacts the Strategy

and MPS Oversight Directorate and the Finance and Corporate Services Directorate but will have knock-on impacts across the business and affect our organisational design, as well as requiring growth in capacity and capability. Given the uncertain financial position for both MPS and MOPAC, a decision was taken not to progress with this work until we were confident it was affordable over the medium term.

- 1.15 Having agreed the MOPAC budget and MTFP and assured ourselves of its financial sustainability, we are now progressing with the growth plans. This will ensure that our oversight is strengthened, but also that core corporate services within MOPAC are strengthened to support organisational growth overall.
- 1.16 In particular, strengthening our financial oversight is a priority for MOPAC, to ensure we have the capacity and capability to oversee the MPS's financial plans to help assure the controls put in place to support balancing the budget for future years.
- 1.17 Progress on the controls for this risk were dependent on the final budget which was published on 18th March 2024. Therefore, the current trend for this risk is maintained due to limited progress, and the score remains unchanged as Very High for both likelihood and impact. Over the course of the next six months we would expect to see that improve.
- 1.18 **Risk 2 – Partnerships – M (likelihood) / M (impact)**
MOPAC does not have the right partnership structures and relationships to work effectively with partners and influence and frame the actions of others to deliver the Mayor's ambitions and the Police and Crime Plan
- 1.19 MOPAC convenes a large number of formal meetings in order to ensure we work effectively with partners. These include the London Criminal Justice Board (LCJB) and its sub-Boards, the London Drugs Forum, CONTEST and the ASB Forum. We also attend a number of formal meetings which London Councils run on specific topics, such as community safety and child safeguarding. We believe this provides a good basis for our work in this space.
- 1.20 Given the creation of the London Policing Board and the DMPC now chairing the LCJB, MOPAC consulted on a proposal to decommission the London Crime Reduction Board (LCRB). Whilst the LCRB has now ceased, having listened to feedback from Local Authorities we retained a quarterly meeting between MOPAC, the MPS and Local Authorities to ensure that key issues are still addressed. The first of those meetings has now taken place and was positively received. Feedback from CJ partners regarding contact with the mayor (and other LCRB partners) needs further exploration.
- 1.21 Progress on the control plan has focused on the Head of Partnerships at MOPAC developing a new stakeholder engagement approach, setting out principles for how we work with all of our partners. MOPAC Board has agreed

that this become a corporate priority and will be incorporated as a new programme of work within its Portfolio.

- 1.22 The work details a plan for mapping the current connections with partners in place and identifying gaps in harder to reach relationships. A stakeholder engagement plan will then link to our strategic priorities and will ensure that we have the right dialogue with the right partners in the right way.
- 1.23 A key relationship that will also be reviewed through this work is between MOPAC and Local Authorities. We want to improve our two-way collaboration on partnership, policy, oversight and commissioning. We want to be more transparent, accessible and supportive with Local Authorities and ensure that this partnership is core to our oversight of the MPS.
- 1.24 Work to define this strategic engagement approach will be done over the next quarter, with a view of embedding in Q2/Q3.
- 1.25 The risk score has not changed since last reported, but progress has been made over the recent quarter in progressing the remaining control actions.

Risk 3 – Culture – M (likelihood) / H (impact)

Due to hybrid working and diminished space MOPAC loses its corporate identity which impacts on staff engagement and inclusion, shared purpose and effective understanding and working, leading to dissatisfaction and reduced delivery.

- 1.26 Our approach to staff engagement and communications has developed over the last 18 months – with birdtable, weekly note, team and directorate meetings, away days and conferences. All providing regular communication and collaboration opportunities. However, there is more that can be done around communication and our approach to this, which will come out through the Business Plan that is in its initial scoping phase.
- 1.27 Key work to strengthen MOPAC's identity, culture and connection from the People Strategy has included a new corporate induction process being established, promoting our values with staff at key corporate events, and progressing our approach to hybrid working through a new policy which is due to be published shortly.
- 1.28 As previously reported to Panel, the People Strategy holds the key to progress for this risk and this will run over a 3-year period. We accept that the score for this risk will take longer to change, but progress is being made steadily on the controls all helping to improve our engagement with staff and impact on MOPAC's culture.

Risk 4 – Impact – M (likelihood) / H (impact)

MOPAC is unable to demonstrate impact as work is not prioritised in line with a set of defined outcomes supported by data/evidence. Impacted by the lack of understanding /visibility of the role of MOPAC/VRU.

- 1.29 Time has been taken to learn the lessons and review key areas of the Casey Review Programme, which focusses on the London Policing Board and how it operates. The impact of this new way of working will be realised over the coming months and used to improve our oversight mechanisms.
- 1.30 As previously reported, we continue to focus on how we communicate our impact to Londoners, with key video content posted on our digital platforms. This will become more important in the run up to the Mayoral Elections, to demonstrate impact of the PCP and manifesto commitments.
- 1.31 A decision was taken at the December 2023 Portfolio Board to re-frame the Impact Narrative project, which will have direct links to the control plan for this corporate risk. MOPAC Board has proposed that the corporate priority will look at both the impact of MOPAC's work and also how MOPAC can support the Met to improve trust and confidence in policing. This will be developed further once the result of the Mayoral election is known.
- 1.32 The risk score has not changed, and the trend shows a maintained position.

Risk 5 – Finance – M (likelihood) / H (impact)

Failure to deliver the Medium-Term Financial Strategy and service delivery within the funding available.

- 1.33 The budget for 2024/25 has been set and the Medium-Term Financial Plan forecasts a budget gap in 2025/26 and future years of c£300m. Arrangements are in place to refresh and update the MTFP on a regular basis, the first opportunity being when the 2023/24 out turn position is known.
- 1.34 As part of the budget setting process, enhanced governance arrangements have been introduced by the MPS and a set of internal controls are in place to manage the risks of delivering a balanced budget in 2024/25 and in future years. These controls are a key element of the 2024/25 budget. The effectiveness of these controls is critical and will be monitored on an ongoing basis throughout the year to ensure that the appropriate level of financial grip is in place and that the budget is on track. Where plans are not on track, remedial action will be required.
- 1.35 Financial resilience is low over the lifetime of the MTFP and there is a requirement on MPS to build back general reserves to a level of c2-3% in order to comply with the reserves strategy. This is to be considered as part of the process for developing the 2025/26 budget. A Budget and Business Planning Implementation Group (BBIG) chaired by the MPS Director of Strategy and Transformation has been established to oversee and deliver a draft balanced 2025/26 budget by Autumn 2024 and to oversee the controls for the 2024/25 budget delivery.
- 1.36 Specialist external resource has been commissioned to support the delivery of the efficiency programme and to provide assurance that the savings required will be delivered. LPB will enhance its scrutiny through the performance and

finance delivery committee. The scale of the challenge requires MOPAC to enhance its financial oversight capabilities, to ensure that we have sufficient resource to hold the MPS to account. A review of the Terms of Reference for the Investment Advisory Committee is underway to ensure that the oversight arrangements are updated and reflect the financial challenge ahead.

- 1.37 Further controls will arise from DARA's review of the MPS governance arrangements, and the Panel has agreed to strengthen its involvement in the budget process.
- 1.38 The trend shows a maintained position, with progress on track. The risk score remains the same.

Risk 6 – IT Shared Services – M (likelihood) / H (impact)

Failure to deliver a modern, consistent and reliable technology experience for MOPAC's users.

- 1.39 MOPAC is in the testing phase for the implementation of the new shared service with TfL, with early adopters now in possession of new devices. We are looking towards other functional bodies who are ahead of us in the rollout, so that any issues can be resolved ahead of them becoming risks for MOPAC. MOPAC is working with the provider to minimise any risks of the programme and ensure that the transfer is seamless for staff.
- 1.40 The programme timeline for transfer of IT services from one provider to another remains on schedule for Jun24. A control plan has been agreed and progress is being monitored.
- 1.41 The main concern moving forward is cost escalation, with potential for scope creep with the need for additional functionality of IT that was not costed initially. We are mitigating against this through our strong client management function, which continues to work well.
- 1.42 The likelihood risk score has reduced to Medium as this work has progressed.
- 1.43 A summary of risk scores and position is at **Appendix 1**.

2 Equality and Diversity Impact

MOPAC consider risk on a Project, Programme, Directorate and Corporate level, with risk alignment taking place at a forum that is representative of the diversity of MOPAC staff and enables a transparent assessment of risks. Risks and controls identified recognise that equality, diversity, and community engagement should be treated as strategic priorities.

3 Financial Implications

The MOPAC risk management framework will contribute towards the management of MOPAC budgets and ensure that financial pressures are responded to effectively

4 Legal Implications

There are no direct legal implications arising from this report.

5 Risk Implications

The paper details the risk implications facing MOPAC and any interdependent risks or issues with the MPS.

6 Contact Details

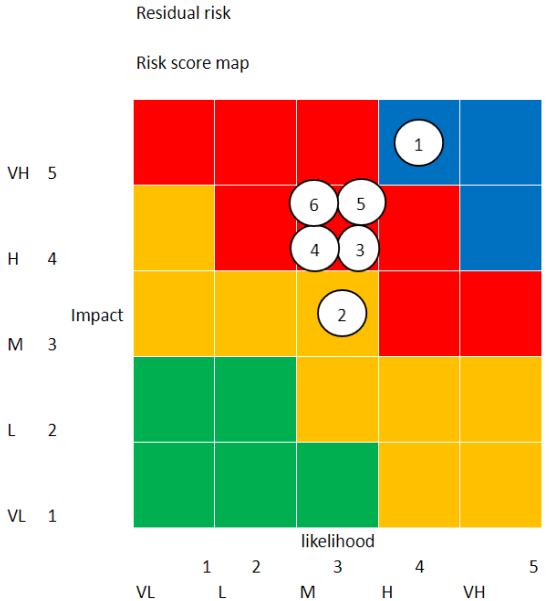
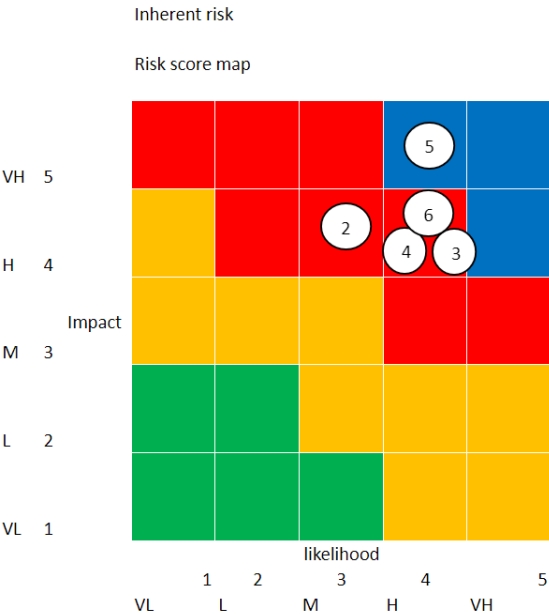
Report author: Gemma Deadman, Governance, Risk and PMO Manager,
MOPAC

Appendix 1 – MOPAC summary risk position

Appendix A: MOPAC corporate risk and issue overview

MOPAC Corporate Risks and Issues

	Risk Description	Risk Owner
1	(Risk) MOPAC does not have the right capabilities and capacity to achieve MOPAC's mission including delivery against statutory function	CEO
2	(Risk) MOPAC does not have the right partnership structures and relationships to work effectively with partners and influence and frame the actions of others to deliver the Mayor's ambitions and the Police and Crime Plan	Dir of Commissioning & Partnerships
3	(Risk) Due to hybrid working and diminished space MOPAC loses its corporate identity which impacts on staff engagement and inclusion, shared purpose and effective understanding and working, leading to dissatisfaction and reduced delivery.	Chief People Officer
4	(Risk) MOPAC is unable to demonstrate impact as work is not prioritised in line with a set of defined outcomes supported by data/evidence. Impacted by the lack of understanding/visibility of the role of MOPAC/VRU.	Dir of Strategy & MPS Oversight
5	(Risk) Failure to deliver the Medium Term Financial Strategy and service delivery within the funding available.	Chief Finance Officer
6	(Risk) Failure to deliver a modern, consistent and reliable technology experience for MOPAC's users.	Chief Finance Officer




MOPAC
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MPS-MOPAC JOINT AUDIT PANEL

19 April 2024

MPS Update: Audit and Governance Improvement

Report by: Chief Strategy and Transformation Officer

Overall Summary of the Purpose of the Report

To provide an overview of progress against internal audit activity, including our Effective Control Action Plan (ECAP). To update on the Met's Governance Action Plan arising from the 2022/23 Annual Governance Statement (AGS) and to inform the panel on the timeline and process for developing and publishing the Met's 2023/24 AGS.

Key Considerations for the Panel

- Note activity over the last quarter in relation to internal audit actions and the action taken to address strategic underlying issues raised by DARA.
- Note the timeline and process for developing and publishing the Met's 2023/24 AGS.
- To review the monitoring of breaches of the Working Time Directive.
- Progress made against the 10 remaining improvement areas arising from the 2022/23 AGS.

Progress against outstanding actions on Limited audits

1. There are 35 outstanding actions arising from five audits where the MPS has been given a Limited rating.

Overall progress against audit actions

2. Since the last report for Joint Audit Panel, we have received 20 new actions. During the same period, 12 actions have been implemented and proposed as closed.
3. As of 22 February, we have 51 open actions (15 High Priority) from seven audits and four follow-up audits. Of those, six were rated Adequate and five rated Limited. We expect all current open actions to be completed by December 2024.

Figure 1: Outstanding DARA actions

4. 42 of the 51 actions are on track to be delivered in agreed timescales; seven are off track (two have been given an 'ongoing' completion date since they rely on other areas of the organisation to publish key strategies).

Effective Control Action Plan

5. In line with an action agreed previously by ARAC, we have developed a 'path to green,' which sets out our progress against the underlying strategic causes identified by DARA that are driving key risks and issues across the Met. The plan (now renamed the Effective Control Action Plan (ECAP)) details each of those areas of concern and an anticipated completion date. We have developed this in collaboration with DARA. The MPS will work with DARA further to ensure the path to completion is clear, with tangible actions outlined clearly.
6. To complete the ECAP, we have mapped existing progress updates from our current Governance Improvement Plan to the weaker control areas identified within DARA's annual audit opinion. Additional updates have been sourced through quarterly audit updates, known key activity, and mapped to, where relevant, ongoing Transformation project and programme activities. It was agreed the plan would be shared with ARAC twice a year for assurance and oversight.
7. Whilst activities are in progress, a number of these controls are linked to ongoing and future transformation programmes under A New Met for London and are unlikely to be fully implemented before the next audit opinion is published.
8. The ECAP is an internal document for tracking progress, to be shared with DARA to demonstrate how we are addressing their concerns. We are beginning to map overlaps between internal and external audits and HMICFRS findings, which will help inform our organisational prioritisation decisions as we do business planning for 2025/26 and to ensure a holistic view of internal control.
9. Grant Thornton's draft audit report for 2022/23 reinforces some of DARA's findings.

Action 6: Monitoring of breaches of the Working Time Directive 1998

10. Managing compliance with the Working Time Regulations 1998 (WTR) has been on the Corporate Health and Safety Risk Register since 2014. The support of the Business Group leads is required to drive compliance and assurance and to understand the business challenges for non-compliance.
11. The WTR direct the minimum requirements for weekly working time, rest entitlement and annual leave. The primary provisions are:
 - a. A limit of an average 48 hour working week, averaged across 17 weeks may be 26 weeks for limited, defined circumstances).
 - b. A limit of an average of 8 hours in 24 hours for night workers to include:
 - 1) 11 hours rest per day.
 - 2) A rest day each week (can be provided as 2 days in a fortnight).
 - 3) An 'in-work' break if the working day is longer than 6 hours.

- 4) 28 days paid leave for full-time workers (pro-rata for those working part time).
12. The legislation also allows for workers to opt out of the average maximum working week limit. This is restricted to working time only and not the other provisions of the regulations. Employers retain a duty to organise work patterns and arrangements to manage the risk of fatigue.
13. The MPS is required to keep records to demonstrate compliance with WTR. The Working Time Dashboard is updated monthly to provide an overview of compliance for Police Officers and assist managers to make decisions about interventions for individuals. Police Staff are not included in the dashboard and must be monitored and supported locally by line managers.
14. The WTR dashboard indicates there are a number of officers working more than 48 hours, averaged over 17-week reference period, that have not opted out of the WTR as of 31 January 2024.
15. When officers have opted out, the MPS retains a duty of care to ensure that subsequent working hours are not excessive and that the rest periods prescribed in WTR are being applied.
16. An action was placed on the Health, Safety and Wellbeing Board to reduce the non-compliance statistics.

Governance Improvement Plan

17. For 2024/25, and following the completion of the 2023/24 AGS, we will incorporate the Governance Improvement Plan (GIP) into the Effective Control Action Plan (see earlier in the paper) to ensure we track all progress in one place, and in a strategic way.
18. Our existing GIP has been updated by all business groups. Since the previous Joint Audit Panel meeting, progress has been made in key areas:
- Since the last quarter, there has been significant progress in creating new governance structures for business planning, and agreement to expand the Met's central strategic planning function.
 - Following an initial maturity assessment, People & Resources continue to upskill and build Workforce Planning and Deployment capability.
 - 4,471 substantive officers and staff (90% of the target group) have completed the First Line Leaders Programme and the mid-level leaders programme launched on 26 February 2024. The Senior Leaders Programme will launch at the end of April 2024.
 - A new Corporate Assurance framework has been drafted and will now be tested and refined; the new corporate risk deep-dive process was used for the first time at ARAC in March 2024. The refreshed Risk Management

Framework, mandated risk register template, and guidance and role profiles have been circulated to all senior leaders.

Annual Governance Statement 2023/24

19. We have started the AGS process for 2023/24. We are working towards:

- An updated draft to Joint Audit Panel in July.
- Draft submitted to Commissioner in September for sign-off and published alongside the Final Accounts.

Equality and Diversity Impact

20. This paper outlines internal audit and assurance activity. Any significant programmes of work undertaken to implement recommendations will be subject to equality impact assessment.

Financial Implications

21. There are no direct financial implications arising from this report. Any additional financial implications from audit findings will be subject to normal investment processes.

Legal Implications

22. This report identifies legislative breaches relating to the Working Time Directive.

Risk Implications

23. The GIP includes controls for some of the MPS corporate risks.

Background papers

Annex A – Effective Control Action Plan – Official sensitive

Annex B – Governance Improvement Plan – Official sensitive



MPS-MOPAC JOINT AUDIT PANEL

19 April 2024

MPS Inspection Report

Report by: Chief Strategy and Transformation Officer

Non-restricted paper

Overall Summary of the Purpose of the Report

To provide an overview of inspection activity taking place within the Met including an update of the HMICFRS PEEL (Police Efficiency, Effectiveness, Legitimacy) Assessment.

Key Considerations for the Panel

1. Note activity over the last quarter in relation to the PEEL Assessment;
2. Note the publication of the MOPAC commissioned inspection report on Child Criminal Exploitation (CCE) and Child Sexual Exploitation (CSE), which has generated a third Cause of Concern.

Interdependencies/Cross Cutting Issues

By the very nature of the inspection regime, there are considerable cross-cutting elements across the Met, including within corporate risk, internal audit, and A New Met for London.

Recommendations

Audit Panel are asked to:

1. Note the content of this paper and the level of inspection activity taking place.

1. Inspection activity

- 1.1. Since the last Panel, the Met has not received any new inspection activity; the focus has been on the preparation for, and execution of, the final evidence-gathering period of the PEEL Assessment (formerly known as 'fieldwork').

2. PEEL Assessment 2023/24

- 2.1. The five-day Victim Service Assessment concluded on 19 January 2024, but the outcome will not be known until the conclusion of the final evidence-gathering period. The final evidence-gathering period took place 4 – 22 March.
- 2.2. A timetable for the three-week inspection period was developed according to HMICFRS requirements to ensure they obtain the evidence needed to complete the assessment. The three BCUs and two OCUs visited were:
- i. 4-8 March – Central North BCU; MetCC
 - ii. 11-15 March – East Area BCU; Roads and Transport Policing Command (RTPC) Chadwell Heath
 - iii. 18-22 March – Central South BCU; RTPC Catford
- 2.3. As part of the PEEL Assessment, HMICFRS conducted an audit of stop and search records to assess the reasonableness of grounds. The provisional results indicate a significant improvement against the last audit.
- 2.4. HMICFRS were due to deliver a hot debrief to the Commissioner, Deputy Commissioner, Chief Strategy and Transformation Officer and the Force Liaison Officer on 15 April. The final report is expected to be published in July 2024.

3. Recommendations

- 3.1. From June 2022 to February 2024, the Met has received 16 HMICFRS inspection reports and (a total of) 121 Causes of Concern (CoC), Recommendations (REC) or AFIs (Areas for Improvement). The final column on the table below details the number outstanding from each report.

DATE	REPORT TITLE	CoC	REC	AFI	TOTAL	O/S
2021/22	PEEL 2021/22 – An inspection of the Metropolitan Police	1	5	20	26	21
2021/22	An inspection of vetting, misconduct, and misogyny in the police service	0	18	5	23	2
2021/22	Twenty years on, is MAPPA (Multi Agency Public Protection Arrangements) achieving its objectives? A joint thematic inspection of Multi-Agency Public Protection Arrangements	0	3	0	3	1
2021/22	Digital forensics: An inspection into how well the police and other agencies use digital forensics in their investigations	0	3	0	3	3
2021/22	An inspection of how well the police tackle serious youth violence.	0	2	0	2	1
2022/23	An inspection of the Metropolitan Police Service's response to lessons from the Stephen Port murders.	0	15	0	15	12
2022/23	An inspection of how well the police and National Crime Agency tackle the online sexual abuse and exploitation of children	0	11	0	11	9
2022/23	An inspection of the London regional response to serious and organised crime	0	0	4	4	3

2022/23	PEEL Spotlight - The police response to burglary, robbery, and other acquisitive crime - Finding time for crime	0	1	0	1	1
2023/24	PEEL Spotlight report - Police performance - Getting a grip	0	3	0	3	3
2023/24	Homicide prevention. An inspection of the police contribution to the prevention of homicide	0	2	0	2	2
2023/24	An inspection of how effective police forces are in the deployment of firearms	0	5	0	5	5
2023/24	Race and policing: An inspection of race disparity in police criminal justice decision-making	0	3	0	3	3
2023/24	An inspection of the effectiveness of the police and law enforcement bodies' response to group-based child sexual exploitation in England and Wales	0	4	1	5	5
2023/24	Meeting the needs of victims in the criminal justice system: An inspection of how well the police, the Crown Prosecution Service, and the Probation Service support victims of crime.	0	1	0	1	1
2023/24	An inspection of the Metropolitan Police Service's handling of the sexual and criminal exploitation of children.	3	11	0	14	14
Grand Total		4	87	30	121	86

Highlighted areas denote changes since the last ARAC.

- 3.2. Whilst there are 86 outstanding recommendations, these are not all in the gift of the Met to close: they must be inspected and verified by HMICFRS. This is particularly true of the 21 shown for PEEL 2021/22, which HMICFRS is assessing through the current PEEL Assessment. Others outstanding are still being actively progressed and are reported to HMICFRS via their Monitoring Portal on a regular basis.

4. Published reports

- 4.1. Since the last report to the Panel, there has been one Met-specific HMICFRS publication: **An inspection of the Metropolitan Police Service's handling of the sexual and criminal exploitation of children** (Lead Cmdr. Southworth). This is the full report related to the MOPAC-commissioned inspection on CCE and CSE (for which HMICFRS published two Accelerated Causes of Concern (ACoC) for the Met in October 2023).
- 4.2. The report identified an additional Cause of Concern (and an associated recommendation):
- i. *The force needs to make sure its officers and staff, at all ranks and grades, understand what victim blaming is and how it affects the service they provide.*
- 4.3. The report also made a further eight recommendations. An action plan to address these recommendations has been developed and sent to the HMI on 8 March for their review and scrutiny.
- 4.4. The lead inspector conducted a 'health-check' light-touch review of progress against the two ACoCs during the second week of the PEEL Assessment. They have yet to determine how and when it will review progress against all CoC and associated recommendations.

5. HMICFRS Monitoring Portal

- 5.1. HMICFRS's Monitoring Portal (on which all the causes of concern, recommendations and AFIs they make in their inspection reports are recorded) is being replaced as it is outdated. They are moving onto a new platform and building a new portal. The existing portal is currently closed to allow for full data migration and testing; the new portal is due to be up and running in April 2024.

6. Equality and Diversity Impact

This paper outlines HMICFRS inspection activity. Any significant programmes of work undertaken to implement recommendations will be subject to equality impact assessment.

7. Financial Implications

There are no direct financial implications arising from this report. Any additional financial implications from the findings of inspections will be subject to normal investment processes.

8. Legal Implications

There are no direct legal implications arising from this report.

9. Risk Implications

This paper has no direct risk implications.

10. Contact Details

Report author: Tracy Rylance, Strategy & Transformation

MOPACMAYOR OF LONDON
OFFICE FOR POLICING AND CRIME

MPS-MOPAC JOINT AUDIT PANEL

19 April 2024

MOPAC Governance Improvement Plan

Report by: The Director of Strategy and MPS Oversight

Report Summary

Overall Summary of the Purpose of the Report

This report is presented to Audit Panel to provide an overview of MOPAC's approach to governance going forward, outline the key areas of improvement and the actions in place to address them.

Key Considerations for the Panel

The Governance Improvement Plan is a live improvement plan bringing together the improvements identified in the AGS 2022/23 with those carried forward from the Governance Improvement Plan last year.

This report provides a review on MOPAC's Governance Improvement Plan, showing completed actions and progress updates on those still live up until end of March 24. The full Governance Improvement Plan is included at Appendix A.

Interdependencies/Cross Cutting Issues

Improvement actions are often linked to control plans for our corporate risk register. Any action taken is to reduce risk for the organisation. Please refer to the MOPAC Risk Management update paper.

Recommendations

The Audit Panel is recommended to:

- a. Note the improvements being made in MOPAC Governance through the Governance Improvement Plan.

Supporting Information

- 1.1. Appendix A, the Governance Improvement Plan (GIP) for 2023/24, collates MOPAC's areas for improvement and sets out their source, the specific recommendation they relate to, actions taken or proposed, action owners and a proposed completion date. The areas for improvement identified have been compiled from:
 - Outstanding actions from the Governance Improvement Plan 2022/23, which are carried forward into this year's plan;
 - Areas identified in the Annual Governance Statement (AGS) in sections marked 'what could be improved';
 - The DARA internal audit annual report and subsequent inspection reports.
- 1.2. This is a live document, refreshed monthly for internal review purposes, allowing leads to set realistic timescales for improvement actions and to capture in year DARA recommendations.
- 1.3. MOPAC is in the process of reviewing the GIP ahead of drafting its Annual Governance Statement for 2023/24, helping to identify any gaps in governance that we require further improvement on in the future. The draft Annual Governance Statement will be reported to the Panel in July 24.

Key GIP updates in Q3 and Q4

- 1.4. There are 43 work-streams captured in the MOPAC Governance Improvement Plan for 2023/24.
- 1.5. Since last reported, and up to 31st March 2024, 11 actions have been marked as complete, with a further 11 closed, where work has been superseded by new improvements from the AGS. 16 actions are reported as on track, whereas 5 recommendations have had their initial delivery timescale revised.
- 1.6. Work continues to progress through improvements in MOPAC's governance and control mechanisms, although resourcing pressures have resulted in some timescales being pushed back. Since MOPAC last reported to Audit Panel in October there has been 5 new completed actions.

Completed actions

- 1.7. **B2 - develop a performance framework for the London Policing Board -**
The topline measures for the LPB are in place and has formed the basis of a joint framework. Progress against this framework is published before each London Policing Board meeting. A more detailed framework of measures has been derived from this and was presented to the Performance and Budget Committee held on 18th December 2023. This covered both performance and

financial monitoring and will be published routinely as part of the MOPAC Quarterly Performance Report.

- 1.8. **C6 - develop a standard set of data to improve the reporting of the work of commissioned services** - MOPAC has worked with EY to develop proposals to help improve its transparency and awareness of the reach and impact of commissioned services through publication of key performance information. This work has been completed but will now form an implementation programme plan that will run for 12-18 months and will be monitored through MOPAC's Portfolio Board.
- 1.9. **E5 - VRU will ensure compliance with the Serious Violence Duty for London by working with all 32 boroughs** - The VRU supported all boroughs to submit the 32 Strategic Needs Assessments (SNA) and 32 strategies in line with the duty legislation to meet the requirement. Crest Advisory conducted a brief assessment, which combined with the VRU's own review of the SNAs, and strategies will provide for learning and sharing of best practice in the future. Separately to this, Crest Advisory have also been awarded the contract by the VRU to complete its next Assessment of violence across London. This will also draw upon the content of the SNAs.
- 1.10. **G6 - Implement an effective and sustainable operating model in Finance and Corporate Services directorate, that maximises resources available, creating effective enabling functions and providing resilience to MOPAC** - Target Operating Model for Finance is in place providing a more self-service system with a new repository of key financial information available to staff. The TOM sets out accountabilities, clear expectations for services and monitoring arrangements.
- 1.11. **G13 - Review all service level agreements, MoUs and contracts to ensure data protection and information governance clauses are robust, and that secure controls are in place to manage personal information** - This was in response to the data breach and MOPAC is assured that all data is now stored securely and the webforms have been removed from the GLA site promptly. There is now a Data Processing Agreement in place with GLA and data from previously submitted forms now has a 2-year retention period which has been implemented. The prompt reporting of the breach and swift action to contain and investigate the breach once it was discovered demonstrates good awareness and processes are in place within MOPAC.
- 1.12. **C8 - progress the terms of reference for Procurement during 2023/24 and incorporate this within the Finance and Corporate Services transformation programme** – this action has been closed and a new action has been put in its place (C10).
- 1.13. **C10 – new action** - MOPAC Head of PCG will publish Procurement Transformation Strategy 2024, set out roles and responsibilities for procurement, and progress the actions in the Indicative Corporate Procurement Team Development Plan 2024.

Actions where timescales have slipped

- 1.14. **C1/G5 - Continue to refine and update the Scheme of Delegation and Consent to ensure it remains fit for purpose, based on the most recent legislation and guidance** - MOPAC and the MPS has worked closely with its legal department to review the Scheme of Delegation and Consent. A number of revisions have been identified to update the Scheme, and to streamline decision-making in specific areas. MOPAC and the MPS will ensure that this remains up to date and includes the most recent legislation and guidance. It is expected that the new Scheme of Delegation and Consent will be in place by Q1 24/25 following legal and DMPC approval.
- 1.15. **C7 - continue to develop its Outcomes Performance Focused Framework and will further operationalise to ensure alignment across all VRU programmes** – a lot of work has been done to progress this action, including the VRU internal performance dashboard which is now live and actively informing strategic decision making, and the Outcomes toolkit pilot, which is due to go live in the Stronger Futures Programme, followed by further pilots in the coming months. However, the VRU continues to work to overcome technical challenges relating to the GLA digital transfer that have slightly delayed our external dashboard launch. The online Evidence Hub is progressing, bringing together a host of key learning and insights from the VRU programmes – with launch anticipated in May/June 2024.
- 1.16. **G1 - DARA review of MOPAC's business support processes** - a follow up review has concluded that the control framework is not designed adequately, and a number of key controls are absent or are not operating effectively to mitigate key system risks. DARA has suggested further action which has pushed the expected timescales to Q2.
- 1.17. **G2 - MOPAC to ensure that the correct number of shared service staff are vetted and ensure that this level is maintained** – Work has progressed well in this area, however the timescale for this action has been pushed back to align with the shared services programme, to ensure that the vetting processes have been successfully operationalised.
2. **Equality and Diversity Impact**
The governance improvement plan itself contains a number of actions relating to equality and diversity, not least the focus on our EDI strategy.
3. **Financial Implications**
There are no direct financial implications from this report.
4. **Legal Implications**
Under the Local Government Act 1999, MOPAC has a statutory duty to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness. In discharging this overall responsibility, MOPAC is responsible for putting in place proper arrangements for the governance of

its affairs and facilitating the exercise of its functions, including a sound system of internal control and management of risk.

5. Risk Implications

The paper identifies the key risk areas in the GIP and shows how these are being managed.

6. Contact Details

Report author: Gemma Deadman, Governance, Risk and PMO Manager, MOPAC

7. Appendices and Background Papers

Appendix A – Governance Improvement Plan March 2024 – Official Sensitive



MAYOR OF LONDON
OFFICE FOR POLICING AND CRIME



MPS-MOPAC JOINT AUDIT PANEL

19 April 2024

Directorate of Audit, Risk and Assurance Activity Report

Report by: Director of Audit, Risk and Assurance, HIA for MOPAC and the MPS

Report Summary

This report highlights internal audit activity since the Panel last met, including risk and assurance reviews, advisory work and counter fraud activity. A forward look is also included.

Key Considerations for the Panel

- Key advisory work this quarter included supporting the development of enhanced financial governance arrangements to support action being taken to address the current budget pressures and challenges.
- Significant advice is also being provided across a variety of areas to support improvement activity taking place. In liaison with Met colleagues, further work is being undertaken to provide clarity on the status of action taken to address the underlying strategic issues identified by DARA in last year's Annual Report. Key themes arising from current activity continue to align with the areas identified.
- Risk and assurance reviews published include; the Youth Offender Teams Framework and Expenses both rated limited and the MOPAC budgetary control framework and Aviation Command follow up, both rated adequate.
- Key work due to commence in the next quarter includes a review of the Met's Programme Management Framework and advice on business and financial planning.

Interdependencies/Cross Cutting Issues

DARA review activity informs the Met Governance Improvement Plan and provides assurance on key areas of risk identified in the MPS risk assessment, presented to this meeting of the Panel.

Recommendations

The Audit Panel is recommended to consider the outcome of DARA work undertaken to date and the status of current and planned activity.

1. Supporting Information

Audit Activity Undertaken

- 1.1. An overview of DARA activity since the Panel last met is attached at **Appendix**. The outcome of work concluded is summarised as follows;
- **Youth Offending Teams (YOT) Framework: Limited Assurance.** Clearer definition of outcomes supporting delivery of Youth Justice Service (YJS) and Met objectives will enable development of the performance framework. Agreeing a corporate position on location of teams within BCUs is to strengthen management of internal partnerships, ensuring consistency in delivery of YOT and wider objectives relating to children and young people. Internal policies and procedures are to be aligned with updated national guidance and changes in the Met, including vetting and CONNECT. The risks and impact on service delivery with high levels of YOT officers on restricted duties could be better understood and ongoing risks around training and vetting status, require continued management. Consistency of Met representation of appropriate seniority at YJS Management Boards is also to be addressed.
 - **Expenses Control Framework: Limited Assurance.** The significant majority of expenses paid are self- authorised as they are submitted under the £50 limit, which requires line manager approval. Reliance is placed on payroll provider sample checks and the payroll lead and B/OCUs monitoring, to assure validity of claims. There is a need to revisit risk exposure of the overall approach. The corporate position on the investigation, escalation and reporting of non-compliance with expenses policy needs clarification, and guidance remains unclear on B/OCU management's role in monitoring compliance, including identification of duplicate or disaggregated claims, leading to potential inconsistencies in oversight, financial recovery and addressing misconduct. Information is not readily available to line managers on claims made, including access to supporting evidence. HR are developing a Payroll Assurance Framework and are to fully identify and evaluate expenses risks and controls.
 - **MOPAC Budgetary Control Framework: Adequate Assurance.** There is a defined budgetary framework with accountabilities, roles and responsibilities clearly defined and budgets allocated in line with agreed priorities. Regular monitoring and scrutiny of budget performance takes place. Work is underway to enhance and embed financial acumen and vfm principles across the organisation, which is to be supported by improved reporting functionality.
 - **SO18 Aviation Command Follow Up: Adequate Assurance.** The Command refreshed its Patrol and People Strategies to support delivery of NMfL. Controls to manage the wellbeing risk of Armed Firearms Officers working excessive hours are strengthened through implementation of welfare discussions and review of WTR data. This needs to continue and align with any plans developed to effectively manage this corporate risk.

- **Proactive Review of Specialist Command:** The review and analysis of overtime, allowances and expenses and procurement activity within the Command has concluded with a meeting planned with the DAC for the end of April to discuss the outcome.
- **Framework Supporting Implementation of THRIVE+ Advisory Follow Up:** Control framework has improved within MetCC with THRIVE+ risk assessments embedded within first contact and performance data showing 100% compliance. Cases do, however, need to be re-assessed consistently within Despatch to ensure appropriate risk-based interventions. Transformation Directorate are working with MetCC to develop a solution to improve compliance and achieve consistent outcomes.
- **Management and Spending Control Framework - Advisory:** In liaison with the MPS CFO, advised on the development of a Spending Controls Framework to support delivery of essential budget savings and the management of the 2023-24 budget within approved allocations for the coming year. Further work is planned, which includes an assessment against the Financial Management Code, as the Met moves towards implementation of the framework and to strengthen financial governance.
- **MOPAC Oversight - Advisory:** Continued to advise on the work programme for the London Policing Board and its sub committees. In liaison with the MOPAC CFO advised on the development of the revised financial oversight arrangements to oversee the implementation of enhanced financial governance arrangements agreed as part of the budget submission.
- **MOPAC Procurement and Contracts Management - Advisory:** Recently issued an emerging findings note to MOPAC Board to inform consideration of the strategic approach to procurement and contract management across MOPAC going forward. This centred on role the new Procurement team within Corporate Services and steps being taken to further improve
- **Addressing Underlying Strategic Issues - Advisory:** DARA are providing advice on the framework for the improvement plan addressing strategic issues raised in the Internal Audit Annual Report, key to enhancing effectiveness of the control environment supporting delivery of the NMfL. Further work is to be carried out to evaluate planned action and progress made to date.
- **Front Line Policing Assurance Framework - Advisory:** DARA continue to advise on the implementation of the assurance framework and function. FLP are currently working to recruit the appropriately skilled resource to take forward the agreed proposals. In liaison with the Director, Frontline Policing Delivery Unit DARA are also following up their previous BCU Review to evaluate how improvements to the control framework are being taken forward. Risk and control training for the recent new cohort of Commanders is also planned.
- **SO Risk Management Framework Follow up- Advisory:** DARA worked in liaison with the CT Risk manager following up on previous advice, including

developing risk appetite and approach to assessing risk management maturity.

- **Counter Corruption Governance - Advisory:** Advising on governance arrangements overseeing implementation of the Met's Counter Fraud Strategy and Plan and wider alignment with counter corruption governance arrangements and activity. A proactive counter fraud programme developed by DARA and DPS colleagues is now underway with plans to help embed effective fraud risk management in progress.
- **Draft Reports:** The review of Cloud Security is awaiting management sign off. Outcomes of the Engagement in Major Event Planning and Delivery, Management of Major ICT Contracts, Trauma Support Effectiveness and Accessibility and MOPAC VRU Commissioning Framework reviews are being shared with the business.
- **Key work in progress:** Reviews of the Strategic Contract Management Framework and Programme Management Framework are progressing with the follow ups of Grievance Management and Governance of Voluntary Official Organisations underway.

Developments in Internal Audit

- 1.3 The Director of Audit, Risk and Assurance, chaired the annual seminar of the national Police Audit Group in February, considering key emerging risks across policing and audit plans. Risks included; trust and confidence, financial sustainability, culture, professional standards, cyber security, demand management and recruitment and retention.
- 1.4 The new Global Internal Audit Standards effective from 9 January 2025, were discussed at the seminar. The impact on the Public Sector Internal Audit Standards (PSIAS) is currently being assessed by CIPFA with the Director of Audit, Risk and Assurance advising. DARA plan to issue a briefing note to Panel following confirmation of CIPFA's position on the revision of PSIAS, which will subsequently be adopted by DARA.

Planned Activity for the Next Quarter

- 1.5 The DARA review of Met Governance is at scoping stage awaiting the outcome of the internal review currently underway. Key advisory work will include MPS business and financial planning and continued support on the financial control framework. The reviews of the framework supporting the Capital Strategy and the Met's Compliance with the Financial Management Code, will be carried out in an advisory capacity as both now form part of financial governance improvement plans. Discussions are also taking place with Property Services colleagues on the timing of the Property Security and Safety review.
- 1.6 Consultation on the internal audit work programme for the next reporting year is commencing with the draft plan to be submitted to the next Panel meeting.

DARA Performance

- 1.7 Work is underway in line with that planned, anticipating 90% completion of the plan to reporting stage, noting a number of areas of advisory work will carry forward into next year in line with on-going improvement activity in MOPAC and the Met. Time is being spent across areas of activity broadly as planned.

2. **Equality and Diversity Impact**

The MOPAC and MPS commitment to diversity and inclusion are considered in all activities carried out. The DARA work plan is designed to provide as wide a range of coverage of MOPAC and the MPS as possible.

3. **Financial Implications**

There are no direct financial implications arising from the report. There is a risk of loss, fraud, waste and inefficiency if agreed actions arising as a result of audit activity are not implemented effectively. Savings and recoveries made as a result of DARA activity enable funds to be better directed towards core policing.

4. **Legal Implications**

There are no direct legal implications arising from the report.

5. **Risk Implications**

There are no direct risk implications arising from the report. Completion of the audit plan enables the Director of Audit, Risk and Assurance to provide assurance on the effectiveness of risk management arrangements.

6. **Contact Details**

Report author: Julie Norgrove, Director of Audit, Risk and Assurance

7. **Appendices and Background Papers**

Appendix – Summary of DARA Activity

OFFICIAL
Internal Audit Quarterly Activity

Appendix

Risk & Assurance Reviews Concluded	Rating
Youth Offending Teams	Limited
Expenses Control Framework	Limited
MOPAC Budgetary Control Framework	Adequate
SO18 Aviation Command Follow Up	Adequate
Cloud Security Management	Awaiting sign off

Advisory Reviews Concluded	Rating
MOPAC Financial Oversight	Advisory
Spending Control Framework	Advisory
Implementation THRIVE+ Follow Up	Advisory
Proactive Review Specialist Command	Advisory
SO Risk Management Framework	Advisory

Risk and Assurance Reviews – Draft Report
Engagement in Major Event Planning and Delivery
Management of Major ICT Contracts
Trauma Support Effectiveness and Accessibility

Risk and Assurance Reviews – Draft Report
MOPAC VRU Commissioning Framework
Framework Supporting Use of ANPR Systems - Follow Up
MOPAC Financial Management Code Compliance

Risk and Assurance Reviews - In Progress
Strategic Contract Management Framework (incl. Supplier Policy)
Programme Management Framework incl. benefits realisation
Met Governance (inc. revised Performance Framework) – scoping

Risk and Assurance Reviews - In Progress
Funding & Governance of MPS Voluntary Organisations – Follow Up
Grievance Management Framework – Follow Up

On-going Advisory Work
Counter Corruption Governance and Activity
Organisational Learning – Addressing Underlying Strategic Issues
CDI and Community Engagement

On-going Advisory Work
MOPAC Community Engagement
MOPAC Support Transition to TfL ICT Shared Service
MOPAC Procurement and Contracts Management

Advisory Reviews – Planned Next Quarter
MOPAC HR Policy Review
Frontline Leadership Programme Evaluation
Met Business Planning Framework
Data Governance Assurance

Risk and Assurance Reviews - Planned Next Quarter
MOPAC GDPR Oversight and Compliance Framework
MOPAC Decision Making Framework
BCU Follow Up
DDaT Control Environment: Grey Estate Follow Up

MOPACMAYOR OF LONDON
OFFICE FOR POLICING AND CRIME

MPS-MOPAC JOINT AUDIT PANEL

19 April 2024

Capital Strategy Framework Update 2024/25

Report by: Interim MOPAC Chief Finance Officer

Report Summary

Overall Summary of the Purpose of the Report

This 2024/25 capital strategy has been approved and sets out the framework within which the capital programme has been set. The strategy is to be refreshed alongside the capital programme as part of the developing the 2025/26 budget.

Key Considerations for the Panel

Areas of focus for the Audit Panel include the alignment of the capital programme with priorities, the funding requirement in future years, most notably the increased reliance on borrowing and the overall affordability within the revenue budget and medium-term financial plan.

Interdependencies/Cross Cutting Issues

Interdependencies include the Police and Crime plan priorities, New Met for London (NMfL) and the medium-term financial plan (MTFP).

Recommendations

The Audit Panel is recommended to:

- a. Note the 2024/25 Capital Strategy and the internal control framework within which the strategy is set and monitored..
- b. Note the review of the 2025/26 capital programme as part of the budget process for 2025/26 and that this will consider the overall affordability of the programme.

1. Supporting Information

- 1.1. This paper meets the requirement from Audit Panel for an annual report on the Capital Strategy. This is the final approved version following the wider budget discussions during January and February.
- 1.2. The Audit Panel in January 2024 asked that this paper “focus on the control framework supporting delivery of the Strategy.”

Capital Strategy 2023/24-2042/43 – Appendix 1

- 1.3. The Capital Strategy is set out at Appendix 1 and sets out a 20-year strategy in order to comply with the Greater London Authority (GLA) budget requirements. The programme will evolve over time and has been developed using the following prioritisation process:
 - Schemes entirely funded by external grant with no impact on the revenue budget
 - Approved projects that enable compliance with statutory or legal duties (e.g. Health and Safety)
 - Planned projects that enable compliance with legal and statutory duties (e.g. Health and Safety)
 - Schemes that support MOPAC and MPS priorities
 - Other Schemes
- 1.4. The programme is largely focussed around property, estates, digital and data and transformation each of which have identified leads within the MPS.
- 1.5. A new estates strategy has been under development and is currently in the process of being finalised to take account of its operational needs, NMfL requirements and working from home requirements. The impact of the estates strategy has not yet been fully reflected in the capital programme and will need to be considered in the context of affordability.
- 1.6. The estates strategy is set to be finalised during 2024/25 and before the 2025/26 budget setting process is concluded.
- 1.7. Details on the control framework and approach are set out in the Capital Strategy. The capital programme is updated through the annual budget cycle and scrutinised by the MPS Management Board and is subject to oversight by MOPAC officers and the Deputy Mayor through her regular meetings with the Commissioner, and regular bilateral meetings with the MPS Chief People and Resources Officer.
- 1.8. MOPAC continues to strengthen it's oversight of capital investment:
 - The interim MOPAC CFO and Director of Corporate Services now attends the MPS Quarterly Capital Scrutiny meetings,
 - the newly established London Policing Board with its supporting Performance and Finance Delivery Committee will provide further opportunities to scrutinise capital investment.

- Corporate Services is looking to strengthen its oversight function as part of the review of the Finance Oversight Target Operating Model.
- MOPAC is working with the MPS on the control framework.

Affordability

- 1.9. Affordability of the capital programme is a significant risk. With no capital grants available other than for some specific digital related projects and decarbonisation projects, affording the capital programme requires a reliance on borrowing and capital receipts.
- 1.10. Following an extensive estates rationalisation programme over recent years, the opportunity to use capital receipts is reducing thereby creating greater reliance on borrowing. These costs and the associated Minimum Revenue Provision (MRP) costs are creating pressure on the Medium Term Financial Plan (MTFP).
- 1.11. In recognition of this, a review of the capital programme and the capital strategy is to be undertaken as part of the MPS enhanced governance arrangements, progress on which is to be reported as part of the process for overseeing the 2025/26 budget development.

2. Equality and Diversity Impact

There are no equality and diversity implications directly arising from this report. Equality Impact Assessments (EIAs) will be provided within each discrete decision on investment. Those assessments will then be published as part of the decision-making process.

3. Financial Implications

There are no direct financial implications arising from this report. Following approval of the capital programme all MPS capital investment follows a clearly defined governance process with review by the MPS Executive Committee (ExCo) and MOPAC Investment Advisory and Monitoring (IAM) meeting and approval by the Deputy Mayor for Policing and Crime.

4. Legal Implications

There are no direct legal implications arising from the report. Where relevant to specific projects these will be included in the individual approvals for capital investment.

5. Risk Implications

There are no direct risk implications arising from the report. Risk management for the capital programme is in line with the wider MPS corporate approach, with risks managed at three levels (portfolio, programme and corporate).

6. Contact Details

Report author: Alex Anderson, Strategic Accountant, MOPAC
 Director: Lisa Kitto, Interim MOPAC Chief Finance Officer

7. Appendices and Background Papers

Appendix 1 – Capital Strategy 2023/24 - 2042/43

MAYOR'S OFFICE FOR POLICING AND CRIME – CAPITAL STRATEGY 2024/25 – 2027/28

1 INTRODUCTION

1.1 The CIPFA Prudential and Treasury Management Codes require all local authorities to prepare a capital strategy report which forms the foundation of the authority's long-term planning and delivery of its capital investment. These codes apply equally to Policing bodies. It sets the parameters for the capital programme, which will be updated each year and will help to ensure that capital resources are used efficiently to achieve the best possible outcomes within constrained budgets.

1.2 Authorities, including policing, continue to operate in an extremely challenging financial environment with reduced levels of government funding and how capital resources are acquired, deployed and managed is a key part of the strategic response.

1.3 The Prudential Code for Capital Finance in Local Authorities (The Code) sets a framework to ensure that the capital expenditure plans of local authorities are affordable, prudent, and sustainable. The Code which is published by the Chartered Institute of Public Finance (CIPFA), has legislative backing. As part of the prudential approach the code requires authorities to have in place the capital strategy. It says:

'In order to demonstrate that the authority takes capital expenditure and investment decisions in line with service objectives and properly takes account of stewardship, value for money, prudence, sustainability and affordability, authorities should have in place a capital strategy that sets out the long term context in which capital expenditure and investment decisions are made and gives due consideration to both risk and reward and impact on the achievement of priority outcomes'.

1.4 This Strategy has been prepared in accordance with the Prudential Code 2021 to meet the following objectives and benefits:

- Ensure capital investment is targeted towards strategic priorities and outcomes;
- Capital investment complements revenue spend on services, are affordable and proportionate;
- Stewardship of assets is properly considered in capital planning;
- Capital investment is prudent, sustainable, affordable, provides value for money;
- Capital projects are delivered on time and within budget;
- External borrowing and other long-term liabilities are within prudent and sustainable levels;
- The risks associated with investments for service and commercial purposes are proportionate to our financial capacity; and
- Treasury management and other investment decisions are in accordance with professional good practice.

1.5 MOPAC and the MPS will deliver its capital programme through effective and coherent processes for formulating the capital programme with clear criteria:

- To ensure that capital investment continues to be directed towards meeting corporate objectives;
- For approving and amending the capital programme and the scrutinising decisions relating to capital planning, and;
- For managing resources holistically to support spending priorities with regard to long term sustainability.

2 CONTEXT AND STRATEGIC INTENTIONS

- 2.1 The Mayor's vision is for London to be the safest global city, by boosting police presence in neighbourhoods, tackling violence in all its forms, renewing focus on safeguarding vulnerable people and improving Londoners' confidence in the service provided. Achieving these goals involves transforming how the MPS operates at every level, operating with a more efficient establishment, whilst at the same time as meeting the rising volume and complexity of crime.
- 2.2 In 2023, the Commissioner launched the New Met for London Plan (NMfL) to address issues raised by Baroness Casey and the findings from the HMICFRS PEEL inspection. Supporting this ambition and addressing the acute challenges faced by the Metropolitan Police Service (hereafter 'MPS') in the short term on driving the focus on More Trust, Less Crime and High Standards has been considered as part of the development of the capital strategy. The Commissioner has developed this new strategy that will initially focus on 3 priorities that will stabilise and build new foundations for the MPS whilst simultaneously building momentum for wider reform and the implications for the estate.
- 2.3 In addition, the strategy has also taken account of other Mayoral priorities and ambitions including Net Zero Carbon and the delivery of 50% affordable housing on sites that are disposed of across the GLA Group.
- 2.4 Significant capital investment is required over the short to long term and the proposals within this strategy supports the Mayor's overall vision and aims and to deliver the ambition set out in the NMfL Plan.
- 2.5 On 24 March 2022, the Mayor published the Police and Crime Plan for London that sets out his vision for a city in which Londoners are safer – and feel safer. The four key themes of the plan are:
- **Reducing and preventing violence** – preventing and reducing violence affecting young people; making London a city in which women and girls are safer and feel safer; tackling the harm caused by drugs; reducing reoffending by the most violent and high-risk groups; preventing hate crime; and working together to prevent terrorism and violent extremism.

- **Increasing trust and confidence** – increasing public trust in the MPS and reducing gaps in confidence between different groups; ensuring that the MPS engages with Londoners and treats them fairly; and ensuring that the MPS, borough councils and all community safety partners respond to neighbourhood crimes such as burglary and anti-social behaviour.
- **Better supporting victims** – improving the service and support that victims receive from the MPS and the criminal justice service; working to ensure victims receive a better criminal justice response and outcome; and reducing the number of repeat victims of domestic abuse and sexual violence.
- **Protecting people from being exploited or harmed** – reducing the number of young people and adults who are criminally exploited or harmed; keeping young people in the justice system supported and safe; and keeping people safe online.

Capital Investment

- 2.6 The aim of capital investment is to ensure MOPAC and the MPS has the assets required to meet its objectives. This includes fulfilling statutory duties and pursuing priorities set out in the NMfL Plan. Capital investment must be responsive to economic, legislative and demographic changes.
- 2.7 The process for prioritising projects in accordance with the corporate objectives is set out later in the strategy. Ensuring that the evaluation criteria reflects objectives is a key part of the prioritisation process.

Statutory Duties

- 2.8 It is essential that MOPAC and MPS statutory duties are met. This requires ongoing capital investment both to maintain existing assets and to meet changing needs. This statutory requirement is a key consideration in the prioritisation process.
- 2.9 The broad areas of investment are as follows:
- **Property Services:** broadly split between estates transformation work (the Central Estates and Transforming the Workplace programmes), and essential maintenance of the estate through Business as Usual (BAU) and forward works activity.
 - **Fleet Services:** the MPS maintains a fleet of c5,000 vehicles. The majority of proposed capital investment relates to the purchase of new vehicles (the Vehicle Replacement Programme) with smaller amounts spent on areas such as telematics and electric charging infrastructure.
 - **Digital Policing:** investment across core IT infrastructure (e.g. networks, hosting, maintenance, application and service upgrades), IT replacement (e.g. laptops) and contributions to national IT programmes (e.g. the Home Office's Emergency Services Network ESN/ESMCP).

- **Counter Terrorism Policing HQ (CTPHQ):** investment in data, technology and transformational activity in support of the strategic priority of ‘Protecting London from Terrorism’. Much investment in this space is sensitive and further detail cannot be set out in this document, however from a funding perspective all CTPHQ expenditure is matched by ring-fenced grants or third-party contributions.
- **Reform** investment in major change programmes including New Met for London,

3 INFLUENCES

3.1 Internal influences

- 3.1.1 **Reform (including New Met for London):** The Commissioner has developed, consulted on and published the two-year NMfL plan. This sets out three priorities for reform: community crime-fighting, culture change and fixing our foundations. The Capital Strategy and Programme reflects the Commissioner’s initial requirements of the MPS to invest in the capabilities it needs for operational policing. The capital strategy and programme may be further reviewed to ensure that it continues to meet operational requirements.
- 3.1.2 **Digital Policing:** The MPS is committed to ensuring everyone has the data and technology they need to do their jobs. Citizens will be able to use a variety of digital channels to communicate with us, report crime and carry out routine transactions. The investment in maintaining the core IT estate, services and keeping the MPS up-to date with advances in technology is critical to providing front line officers and support staff with the technology they need to deliver the service to focus on what matters most to Londoners.
- 3.1.3 **Property Services:** A new Estates Strategy is being developed to reflect changing operational requirements arising from New Met for London. Delivery of the strategy will require significant investment to achieve increased capacity, locations closer to the communities we serve, improved quality of accommodation whilst also maximising value for money and reducing environmental impacts.
- 3.1.4 **Net Zero Carbon:** The MPS commissioned specialist consultants and engaged in activities to address the challenges of Net Zero Carbon by 2030 in line with the Mayor’s manifesto (NZN2030). Having undertaken an impact assessment of delivering this, the MPS has developed a Heat Decarbonisation Plan and continues to assess the requirements for electric vehicle charging infrastructure while implementing NZC measures as part of funded and approved schemes in this capital programme where opportunities arise. The MPS is part of the GLA’s NetZero 2030 working group, reporting monthly on progress in planning for the 2030 target.

- 3.1.6 **Fleet:** The MPS requires sufficient fleet to operate effectively. The Vehicle Replacement Programme is influenced by the changing needs of the organisation, recent expansion of officer FTEs via the Police Uplift Programme, and reflects emerging technological or environmental requirements, such as emerging electric vehicle technology and Net Zero Carbon.

3.2 External influences

- 3.2.1 **Economic conditions:** Inflation, driven by various factors, whilst declining in the last 12 months, are at higher levels than have been previously experienced. This has led to rising interest rates that will increase the cost of delivery as well as borrowing costs. Prevailing market conditions may have an impact upon the MPS's ability to generate capital receipts via the disposal of surplus properties.
- 3.2.2 **Government/Mayoral priorities:** Changes in Government priorities, and legislation may influence the MPS's Capital Strategy and investment. Mayoral priorities have been taken into account in developing the capital programme. Of particular note are:
- The GLA Group commitment to doing all it can within its statutory powers to support a more unified, coherent and streamlined approach to housing delivery. This includes a commitment, following the Kerslake review, to 50% affordable housing on all sites disposed of across the GLA group.
 - Investment in reducing carbon emissions and Net Zero Carbon in response to the Mayor's ambitious target of making London net zero carbon by 2030. There is however a funding gap to achieve the Mayor's ambition and how this can be funded is being considered by the Greater London Authority.
- 3.2.3 **Pace of technological change:** Advances in technology can change public expectations of service and accessibility. This includes the technology that the MPS uses and increasing uses of advanced technology in criminality.

4 POLICIES AND FUNDING

- 4.1 MOPAC and MPS comply with the CIPFA Code of Practice for Treasury Management in Public Services. All decisions by MOPAC about capital financing are 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.
- 4.2 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 indicated in the Treasury Management Strategy. The link to the 2023/24 strategy can be found here:
<https://www.london.gov.uk/programmes-strategies/mayors-office-policing-and-crime-mopac/mopac-governance-and-decision-making/mopac-decisions/pcd-1389-capital-strategy-202223-4142-and-treasury-management-strategy-202324>

- 4.3 The Local Government Act 2003 requires MOPAC to have regard to the Ministry of Housing, Communities and Local Government's Guidance on Minimum Revenue Provision, issued in 2012. The MOPAC Group will make a minimum revenue provision in accordance with:
- The capital financing requirement method for any borrowing undertaken prior to 2008/09, and for all borrowing undertaken since that date supported through the revenue grant settlement.
 - For unsupported capital expenditure incurred after 31st March 2008, MRP will be determined by charging the expenditure over the expected useful life of the relevant asset in equal instalments, starting in the year after the asset becomes operational. A review of the MRP policy will be carried out before the finalisation of the budget.
- 4.4 Based on the statutory responsibilities and local arrangements within which MOPAC operates in, all the assets, liabilities and reserves are recognised on the MOPAC Balance Sheet. This reflects the fact that MOPAC retains control over all assets including those 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.
- 4.5 Under the MOPAC (including the MPS) Financial Regulations, the acquisition, disposal and maintenance of long-term assets are the responsibility of the Deputy Mayor for Policing and Crime (DMPC) through the MOPAC Capital Programme.

5 APPROACH

Definition of Capital Expenditure

- 5.1 Capital expenditure is spending on assets that will provide a benefit beyond the current financial year and is defined in financial statements as: 'Expenditure on the acquisition, creation or enhancement of fixed assets'.

Prioritisation Process

- 5.2 Capital schemes will be prioritised based on the following:
- Schemes entirely funded by external grant with no impact on the revenue budget;
 - Approved projects that enable compliance with statutory or legal duties (e.g. Health and Safety);
 - Planned projects that enable compliance with legal and statutory duties (e.g. Health and Safety);
 - Schemes that support MOPAC and MPS priorities, and;
 - Other Schemes.

- 5.3 In evaluating project proposals, the following will be considered:
- The whole life cost implications of the proposed scheme, including those arising from ongoing maintenance requirements, both capital and revenue;
 - How the investment will play a part in managing the medium to long term demand for services;
 - How the investment will be made to maximise the benefits across a range of priorities and objectives, and;
 - Ability to deliver so that projects are accepted into the programme can realistically be delivered in accordance with the timescales indicated by the phasing of the project within the multi year programme.
- 5.4 The criteria and evaluation criteria will be reviewed on a regular basis.
- 5.5 Affordability within the wider MTFP is a key consideration. Additional schemes to further support NMfL have been identified however are dependent upon the identification of additional funding and are not included in the draft capital programme.
- 5.6 In updating the Capital Programme, the MPS followed a rigorous review process including:
- A formal capital scrutiny process involving MPS Management Board and representatives from MOPAC. The scrutiny process included a review of all capital estimates with a view to reducing optimism bias where appropriate, reviewing risk and contingency, and a review of capacity to deliver. The opportunity to address the current trend of significant year on year slippage was addressed as part of this process.
 - A review of the anticipated capital receipts, both in terms of the expected values and timing, has been undertaken, and receipts are consistent with the planned programme of works.
 - Further work is underway prior to the finalisation of the capital programme.

6 GOVERNANCE

- 6.1 The capital programme, capital strategy and the treasury management strategy are intrinsic parts of a medium-term financial strategy. Formal approval is required to approve the role in multi year capital programme. This will formally be achieved when the final MOPAC budget is set as part of the Mayor's Consolidated Budget process. This will ensure that the revenue implications of the capital programme are reflected in the revenue budget.
- 6.2 Where individual schemes are formally approved for acceptance into the capital programme, the capital budgets for the relevant financial years will also be deemed to have been approved. Amendments to the programme will require approval in accordance with the scheme of delegation. In exceptional circumstances a new scheme may need to be progressed outside the normal annual cycle and the decision to allow the scheme to be considered will be made by the DMPC.

- 6.3 All MPS capital investment follows a clearly defined governance process with review and approval by the MPS Executive Committee (ExCo) and MOPAC Investment Advisory and Monitoring meetings (IAM). Internal governance adopts the HMT Green Book and Better Business Cases guidance including the Five Business Case model through Strategic Outline Case (SOC), Outline Business Case (OBC) and Full Business Case (FBC) stages. As per Green Book guidance, an adjustment for optimism bias is included in the development of business cases.

Monitoring the Capital Programme

- 6.4 The S151 officer is responsible for ensuring that there is an effective system for capital monitoring. This will ensure that capital investment is delivered on time and within allocated resources, whilst meeting the objectives and outcomes. Capital programme monitoring will be undertaken quarterly and reported to the MPS Management Board and Executive Committee. Oversight of the quarterly capital monitoring will be carried out by MOPAC and will be considered by the DMPC as part of the quarterly financial and performance monitoring reporting process.

7 RISK MANAGEMENT

- 7.1 The approach to risk management for the Capital Programme is in line with the wider MOPAC and MPS corporate approach, with risks managed at three levels (portfolio, programme and corporate). The Portfolio Risk function is audited on a yearly basis by the Directorate of Audit, Risk and Assurance. Portfolio risks are managed according to four major themes: complexity of delivery, commercial dependency, business change, and finance and resources.
- 7.2 Other risks to the Capital Programme include:
- Based on the historic trend of slippage, an over-estimation of, for example, the capacity, capabilities, and optimism of delivery of the programme;
 - Limited capacity for further borrowing. Future needs will be scrutinised closely by MOPAC and MPS in the context of cost, benefit and affordability;
 - Inflation, which may put pressure on capital budgets. Scenario planning around different levels of inflation is part of MPS strategic financial planning to help anticipate issues and risks and put in place suitable mitigations;
 - Rising interest rates which may affect capital financing costs. We work closely with the GLA Treasury Function to secure favourable long-term borrowing rates where possible, and
 - Economic conditions, which may affect the ability to dispose of surplus assets or the amount of income generated by their sale.

8 CAPITAL PROGRAMME

Proposed Capital Programme 2023/24 to 2027/28

- 8.1 The MOPAC Group Capital Programme is delivered and managed by the MPS with strategic oversight from MOPAC. Over the five-year period to 2027/28 the MPS estimates total capital expenditure of c£1.4bn. The estimates for 2024/25 recognise the overspend from 2023/24, details of which are set out in the 2023/24 Q2 performance monitoring report.
- 8.2 The key areas of investment within the capital programme are:

PROPERTY SERVICES (£482m) which is made up of:

- **Forward Works and Business as Usual Expenditure (£261m)**
Primarily to support lifecycle and minor works across the MPS estate. Expenditure peaks in 2025/26 due to an anticipated property purchase.
- **Central Estates Programme (£78m)**
Includes delivery of the Counter Terrorism Operations Centre (CTOC) hub (e.g. security upgrades, lifecycle works throughout the building including lift refurbishment, and external works including changes to access and parking). Other projects include the redevelopment of Cobalt Square and design and delivery of the flexible accommodation model across the MPS estate.
- **Transforming the Workplace (£143m)**
Relates primarily to the costs of major refurbishments to MPS properties including Limehouse Station, Forest Gate, Chingford, Hayes and Harrow. Other significant areas of investment include the redesign of locker storage across the estate

FLEET SERVICES (£166m) which is made up of:

Vehicle Replacement Programme, which is essentially the purchase and fit-out of new vehicles. Smaller amounts are set aside for investment in zero emissions technology, including electric charging infrastructure and equipment such as telematics.

DIGITAL DATA & TECHNOLOGY (£321m) which is made up of:

- **IT Core Infrastructure**
Based on Technology Roadmaps for replacements on end of life equipment and planned service upgrades and includes networks, hosting and data centres, 30,000 radio estate, infrastructure maintenance and application and service upgrades. This also included the cost of the MPS's priority of giving mobile phones to all officers and staff.
- **IT Replacement Programme**
Based on the replacement of mobility tools including c40,000 laptops, 11,000 tablets, 8,000 desktop devices, c40,000 radios, c30,000 smartphones, and 2,000 terminals in vehicles. This includes the cost of the MPS's priority for laptops to replace tablets for frontline officers.

- ***Contributions to Home Office Programmes***
Emergency Services Network (ESN) and National ANPR Service (NAS).

COUNTER TERRORISM POLICING HQ (CTPHQ) (£161m):

- ***CTPHQ expenditure*** is matched by capital contributions and therefore does not have an impact on the MPS' overall financing requirement (and is therefore cost neutral to the MPS MTFP).

MET OPS – COVERT & FORENSICS (£42m)

- ***Covert*** – on-going investment in covert policing assets
- ***Forensics*** - relates to investment in Digital Forensic capabilities including Kiosks and increasing the number of Digital Forensic Hubs

REFORM including New Met for London (£263m) which is mainly made up of:

- ***Optimising Contact and Response and Transforming Investigation and Prosecutions(I&P).***
Optimising Contact and Response is the national lead for Single Online Home (SOH) that aims to standardise and modernise our online platform and access to services via digital means. Significant projects include Resource Management, Command and Control, and the Customer Contact Service and Resolution Centre. Transforming I&P aims to transform our approach to intelligence, investigation and prosecution functions to prevent and detect crime, build trust with victims and delivering maximise justice outcomes. The major project, CONNECT, will replace eight data capture systems and replace them with one connected system.
- ***New Met for London (NMfL)*** – investment in capabilities to enable the delivery of the reform set out in New Met for London, including data and technology, public order policing and modernising learning.

8.3 The breakdown of the proposed capital programme 2023/24 – 2027/28 is set out at Appendix A Schedule 1a.

Appendix C sets out the potential capital spend and funding including the MPS initial estimate for investment needed in the estate arising from the NMfL plan.

Sources of funding

- 8.4 Investment is governed by the Prudential Code for Capital Finance in Local Authorities (Prudential Code). The Prudential Code provides MOPAC with the regulatory framework within which it has discretion over the funding of capital expenditure and the level of borrowing it wishes to undertake to deliver capital plans and programmes.
- 8.5 The strategy is intended to maximise the financial resources available for investment in service provision and improvement within the NMfL ambition and the Mayoral priorities. At the same time, it seeks to ensure that all business cases have a robust self-sustainable financial model that deliver against priorities and its objectives.
- 8.6 The funding available to MOPAC consists of:
- Capital Receipts
 - Government and Contributions
 - Revenue Resources
 - Borrowing
- 8.7 The value of the proposed capital programme is £1.4bn between 2023/24 and 2027/28 and the forecast of resources to fund the capital programme over the 5 years is set out at Appendix B Schedule 2a.
- 8.8 There is an increased dependency on borrowing to support the capital programme and this is forecast to increase significantly in future years. The main reason for this is a reduction in capital receipts and other sources of funding. With no capital grant funding available from the government, pressures on the revenue budget to make substantial revenue contributions to capital, borrowing is becoming the main source of funding.

Borrowing

- 8.9 MOPAC has discretion to undertake borrowing on capital schemes if the borrowing is deemed value for money and meets the following criteria as set out in the Prudential Code:
- Affordable;
 - Sustainable;
 - Prudent, and;
 - Proportionate for the size of the organisation.
- 8.10 Capital financing costs over this five-year period are shown in Appendix B Schedule 2c.

20 Year Capital Requirement

- 8.11 This Capital Strategy forecasts capital investment requirements over the 20-year period to 2042/43. Total expenditure over 20 years is estimated at c£4.4bn, with £1.4bn of expenditure over the five years of the published Capital Programme and a further £3.0bn between 2028/29 and 2042/43. Of the total expenditure, c£631m is in CTPHQ, which as noted earlier, is fully matched by funding.
- 8.12 There are many uncertainties over this longer time horizon on both the funding and expenditure side and expenditure plans are more robust over the initial five years. Beyond the initial five years, for now, it is assumed that capital expenditure will mostly be to maintain and replace existing assets, with an estimate for each of the three 5-year tranches of c£310m for Digital Data and Technology (DDaT) and c£100m for Transformation. The MPS and MOPAC will need to balance capital investment in the longer term against available funding and revenue commitments.
- 8.13 The full 20-year view is attached at Appendix A and is based on current price i.e. excluding inflation. Appendix A schedule 1 a) sets out expenditure for the first 5 years and schedule 1 b) sets out the expenditure for the final 15 years grouped into five-year tranches. It should be noted that in the 5-year capital programme there is provision for planned energy efficiency works and activities, which with Public Sector Decarbonisation Scheme (PSDS) funding, are helping to reduce carbon emissions but the full costs of Net Zero Carbon 2030 are not included in these estimates as the cost of these and the funding arrangements are being taken forward by the GLA as part of the carbon budget process.
- 8.14 Funding over the first five years is set out in Appendix B Schedule 2a). Funding for the subsequent 15 years, shown in five-year tranches, is shown in Schedule 2b). All prices are current.

9 TREASURY MANAGEMENT

- 9.1 The requirements to borrow is driven by prior year capital expenditure and future capital plans as outlined in the capital strategy. The method and timing of financing this borrowing requirement and managing the associated risks of these financing decisions are covered within MOPAC's treasury management strategy. This includes strategies to manage the overall level of debt and to manage the timing and profile that debt is repaid so no one year has large amounts of debt to be refinanced or repaid and that the balance of debt outstanding is appropriate for the forecast Capital Financing Requirement (CFR) which reduces over the useful life of the assets financed by borrowing.

- 9.2 MOPAC's current and forecast debt position and borrowing strategy are reported and approved within the annual Treasury Management Strategy (TMS) received by the DMPC prior to the financial year that it applies. The TMS sets several Prudential Indicators as prescribed by the CIPFA Treasury Management Code of Practice. These include a projection of capital expenditure, external debt and use of internal borrowing and MOPAC's overall borrowing requirement, which is known as the capital financing requirement (CFR). The Prudential Indicators include the operational boundary and the authorised limit for external debt which is a statutory limit determined under Section 3(1) of the Local Government Act 2003: *'A local authority shall determine and keep under review how much money it can afford to borrow'*.
- 9.3 The annual Treasury Management Strategy includes the policy for the repayment of debt known as the Minimum Revenue Provision (MRP). MOPAC adopts the principle of making revenue provision for the repayment of debt over the useful life of the assets being created/purchased that were financed by borrowing.

Prudential Indicators

- 9.4 Details of MOPAC's Prudential Indicators can be found within the Treasury Management Strategy 2023/24.

Revenue Implications of Capital Expenditure

- 9.5 The revenue implications of capital expenditure need to be considered both when:
- Determining overall size of the capital programme and how it is to be financed, particularly the amount of prudential borrowing to be undertaken, and;
 - Evaluating individual projects.
- 9.6 In addition, as part of the asset planning process the running costs of existing assets need to be considered to determine priorities for maintenance, enhancement, and replacement of assets and, accordingly, for the development of suitable capital investment proposals.
- 9.7 The key constraints on MOPAC's ability to fund capital expenditure is its ongoing revenue budget position. In considering how much capital investment it can afford, MOPAC will estimate the overall impact of future revenue budgets and exercise prudence to ensure that the level of capital investment is sustainable.
- 9.8 The Chief Finance Officer will advise the DMPC on the overall size and financing of capital expenditure as part of the report to set the final budget in February each year asking to approve the role in multi-year capital programme. Decisions on the revenue budget and the capital programme will be taken at the same time to ensure they are joined up.
- 9.9 When individual project proposals are being evaluated, it is essential that the revenue implications are fully understood so that the aggregate revenue effective of projects accepted into the capital programme matches what is been assumed in determining the overall size of the programme and its funding.

Costs of Prudential Borrowing

- 9.10 Where MOPAC undertakes prudential borrowing, it incurs debt charges in the form of repayments of principal and interest payments which depends on the terms of the loan. As part of the treasury management function MOPAC takes out loans on the best terms available to meet its overall prudential borrowing requirements rather than loans related to specific projects. A common interest rate, reflecting the overall cost of borrowing and standard repayment periods, depending on the type of asset is therefore used to assess the financing costs on projects.

Feasibility Costs

- 9.11 The cost of developing a proposed capital project must be charged to revenue until it is assessed that there is a high degree of certainty that an economic benefit will flow from the new asset. Such costs are therefore chargeable to revenue where the project does not go ahead. Where the project does go ahead, any costs incurred in financial periods prior to the commencement of the project, for which the accounts have been closed, must also remain charged to revenue.
- 9.12 Such cost depends on the size and complexity of the proposed project and how far the proposal is developed before a decision is taken not to proceed. Increasing costs are committed at the following stages:
- Engagement of a project manager;
 - Engagement of a specialist external advisors;
 - Commissioning of a feasibility study;
 - Commissioning of further work in advance of a main procurement process, e.g. ground investigation, outline design, enabling works, and:
 - Commencement of main procurement process entering a contract.

Schedule 1a) Planned expenditure 2023/24-2027/28

MPS Capital Programme 2023/24 - 2026/27						
	2023-24 Forecast Outturn	2024-25 Plan	2025-26 Plan	2026-27 Plan	2027-28 Plan	Total
	£m	£m	£m	£m	£m	£m
PSD- Forward Works and BAU	40.2	46.1	66.3	42.5	66.0	261.1
Fleet	35.4	35.0	36.2	27.3	31.9	165.9
DDaT	68.1	67.3	59.6	66.6	59.3	320.9
CTPHQ	53.5	36.4	20.6	24.0	26.0	160.6
Met Operations- Covert and Forensics	8.8	11.5	5.5	9.2	6.4	41.5
Sub-total excluding Transformation	206.0	196.4	188.2	169.6	189.7	949.9
Optimising Contact and Response	62.2	51.8	0.3	3.0	0.0	117.4
Transforming Investigation and Prosecution	37.2	13.1	6.0	6.0	6.0	68.3
Operational Support Services	0.5	0.0	0.0	0.0	0.0	0.5
Learning and Professionalism Transformation	0.5	1.0	0.5	0.5	0.0	2.5
TD Flexible Service Portfolio & Met CC	5.4	7.3	5.6	1.2	0.4	19.8
PSD- Central Estates Programme	16.4	26.4	29.4	5.5	0.0	77.6
PSD- Transforming the Workplace	7.4	13.1	22.6	54.4	45.5	143.1
Transformation - long term estimate	0	3.0	2.0	9.0	12.0	26.0
New Met for London	0	28.3	0	0	0	0
Sub-total Transformation	129.6	144.1	66.3	79.6	63.9	483.5
Total	335.6	340.5	254.5	249.2	253.6	1,433.4

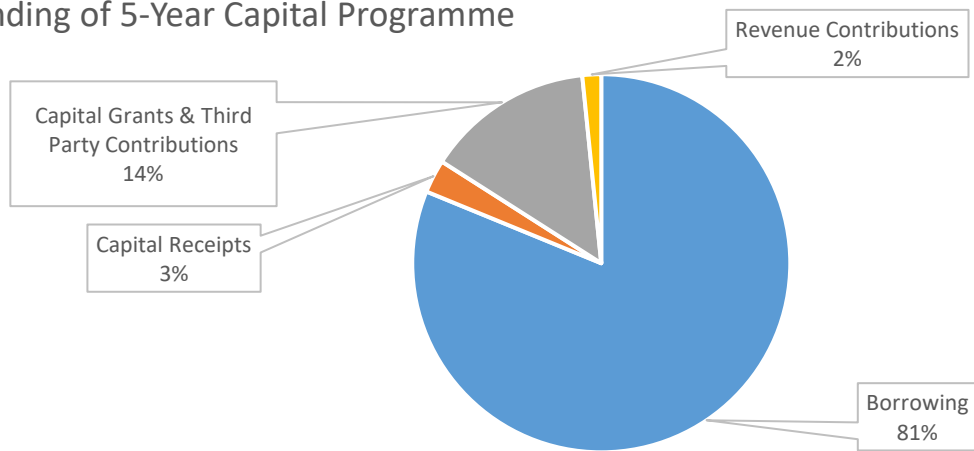
Schedule 1b) Planned expenditure 2028/29-2042/43

MPS Capital Programme 2028/29- 2042/43	2028-29 to 2032-33	2033-34 to 2037-38	2038-39 to 2042-43	Total
	Plan	Plan	Plan	
	£m	£m	£m	£m
PSD- Forward Works and BAU	200.2	205.3	206.7	612.1
Fleet	161.4	160.2	193.5	515.0
DDaT	379.3	310.0	310.0	999.3
CTPHQ	152.7	156.8	160.9	470.5
Met Operations- Covert and Forensics	24.4	22.5	24.9	71.9
Sub-total excluding Transformation	918.0	854.8	896.0	2,668.7
Optimising Contact and Response	6.0	0.0	0.0	6.0
Transforming Investigation and Prosecution	0.0	0.0	0.0	0.0
Operational Support Services - P6	0.0	0.0	0.0	0.0
Learning and Professionalism Transformation	0.0	0.0	0.0	0.0
TD Flexible Service Portfolio & Met CC	0.0	0.0	0.0	0.0
PSD- Central Estates Programme	0.0	10.1	0.0	10.1
PSD- Transforming the Workplace	2.5	0.0	0.0	2.5
Transformation - long term estimate	92.4	100.0	100.0	292.4
Sub-total Transformation	100.9	110.1	100.0	311.0
Total	1,018.9	964.8	996.0	2,979.7

Schedule 2 a) Funding 2023/24-2027/28

MPS Capital Programme 2023/24-2026/27						
	2023-24 Forecast Outturn £m	2024-25 Plan £m	2025-26 Plan £m	2026-27 Plan £m	2027-28 Plan £m	Total £m
Funding						
Capital Receipts	15.3	11.9	0.8	10.9	1.0	39.9
Capital Grants & Third Party Contributions	63.1	46.0	29.8	32.1	30.6	201.7
Borrowing	253.5	282.6	211.6	202.9	218.7	1,169.2
Revenue Contributions	3.7	0.0	12.3	3.3	3.3	22.6
Total Funding	335.6	340.5	254.5	249.2	253.6	1,433.4

Funding of 5-Year Capital Programme



Schedule 2 b) Funding 2028/29-2042/43

	2028-29 to 2032-33 Plan £m	2033-34 to 2037-38 Plan £m	2038-39 to 2042-43 Plan £m	Total £m
Capital Receipts	4.7	60.9	2.3	67.8
Capital Grants & Third Party Contributions	194.5	200.8	210.1	605.4
Borrowing	803.2	686.6	767.1	2256.9
Revenue Contributions	16.5	16.5	16.5	49.5
Total Funding	1,018.9	964.8	996.0	2,979.7

Schedule 2 c) Capital Financing Costs 2023/24 - 2027/28

	2023-24 Forecast Outturn £m	2024-25 Plan £m	2025-26 Plan £m	2026-27 Plan £m	2027-28 Plan £m
Provision for repayment of debt	66.2	94.5	125.6	146.1	169.7
External interest	36.9	55.8	52.9	51.4	65.2
Total	103.0	150.3	178.5	197.6	234.8

Schedule 3 a) 20-Year Planned Expenditure including the NMFL Estate Strategy

	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29 to 2032-33	2033-34 to 2037-38	2038-39 to 2042-43	Total
	Forecast Outturn	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan
	£m	£m	£m	£m	£m	£m	£m	£m	£m
PSD- Forward Works and BAU	40.2	46.1	66.3	42.5	66.0	200.2	205.3	206.7	873.2
Fleet	35.4	35.0	36.2	27.3	31.9	161.4	160.2	193.5	680.9
DDaT	68.1	67.3	59.6	66.6	59.3	379.3	310.0	310.0	1,320.2
CTPHQ	53.5	36.4	20.6	24.0	26.0	152.7	156.8	160.9	631.0
Met Operations- Covert and Forensics	8.8	11.5	5.5	9.2	6.4	24.4	22.5	24.9	113.3
Sub-total excluding Transformation	206.0	196.4	188.2	169.6	189.7	918.0	854.8	896.0	3,618.6
Optimising Contact and Response	62.2	51.8	0.3	3.0	0.0	6.0	0.0	0.0	123.4
Transforming Investigation and Prosecution	37.2	13.1	6.0	6.0	6.0	0.0	0.0	0.0	68.3
Operational Support Services	0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.5
Learning and Professionalism									
Transformation	0.5	1.0	0.5	0.5	0.0	0.0	0.0	0.0	2.5
TD Flexible Service Portfolio & Met CC	5.4	7.3	5.6	1.2	0.4	0.0	0.0	0.0	19.8
PSD- Central Estates Programme	16.4	26.4	29.4	5.5	0.0	0.0	10.1	0.0	87.7
PSD- Transforming the Workplace	7.4	13.1	22.6	54.4	45.5	2.5	0.0	0.0	145.6
Transformation - long term estimate	0.0	3.0	2.0	9.0	12.0	92.4	100.0	100.0	318.4
New Met for London (NMfL)	0.0	28.3	0.0	0.0	0.0	0.0	0.0	0.0	28.3
NMfL Estate Strategy		34.2	101.3	215.0	232.0	717.0	400.0	0.0	1,699.5
Sub-total Transformation	129.6	178.2	167.6	294.6	295.9	817.9	510.1	100.0	2,494.0
Total	335.6	374.6	355.8	464.2	485.6	1,735.9	1,364.8	996.0	6,112.6

Schedule 3 b) 20-Year Planned Funding including the NMFL Estate Strategy

	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29 to 2032-33	2033-34 to 2037-38	2038-39 to 2042-43	Total
Funding Type	Forecast Outturn	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan
	£m	£m	£m	£m	£m	£m	£m	£m	£m
Capital Receipts	15.3	11.9	0.8	10.9	1.0	4.7	60.9	2.3	107.7
Capital Grants & Third Party Contributions	63.1	46.0	29.8	32.1	30.6	194.5	200.8	210.1	807.1
Borrowing	253.5	316.8	312.9	417.9	450.7	1,520.2	1,086.6	767.1	5,125.7
Revenue Contributions	3.7	0.0	12.3	3.3	3.3	16.5	16.5	16.5	72.1
Total Funding	335.6	374.6	355.8	464.2	485.6	1,735.9	1,364.8	996.0	6,112.6



MAYOR OF LONDON
OFFICE FOR POLICING AND CRIME



MPS-MOPAC JOINT AUDIT PANEL

19 April 2024

MPS-MOPAC Joint Audit Panel Work Plan 2024/25 and Terms of Reference

Report by: Chair of the MPS-MOPAC Joint Audit Panel

Report Summary

Overall Summary of the Purpose of the Report

The 2024/25 Work Plan for the joint Audit Panel is presented for consideration and approval.

Key Considerations for the Panel

The Panel will want to be satisfied that the work plan will enable it to discharge its responsibilities, as set out in its terms of reference, while being flexible to enable it to respond to issues that arise.

Interdependencies/Cross Cutting Issues

The work plan will set the agenda and reporting requirements for MOPAC and the MPS for each of the meetings of the Panel for 2024/25.

Recommendations

The Audit Panel is recommended to consider and agree the proposed 2024/25 Work Plan for the MPS-MOPAC Joint Audit Panel and review its Terms of Reference.

1. Supporting Information

- 1.1 The proposed work plan for the joint Audit Panel for 2024/25 is at Appendix 1 and is designed to ensure that the Panel is able to effectively discharge its function in line with its agreed terms of reference (Appendix 2). The Panel will want to have the ability to flex the agendas to respond to issues that arise, and the work plan can be amended and added to during the year as agreed by the Audit Panel.
- 1.2 The intention is for the Panel to continue to meet on a quarterly basis with the option to arrange additional ad hoc meetings should it be determined necessary. Briefing sessions for members of the Panel will supplement the formal meetings.
- 1.3 An annual review of the Audit Panel's effectiveness will be conducted in the period between April and July 2024 and reported to the October 2024 Panel meeting.
- 1.4 The Panel will also review its Terms of Reference as part of the effectiveness review. The work plan will be amended, as necessary, to reflect any significant changes to the Panel's Terms of Reference.

3. Equality and Diversity Impact

There are no immediate equality and diversity implications arising from this report. However, the Audit Panel has a remit to satisfy itself on behalf of the Deputy Mayor for Policing and Crime and the Metropolitan Police Commissioner that an efficient and effectively performing framework is in place to discharge statutory requirements for equalities and diversity and to ensure continual improvement.

4. Financial Implications

There are no immediate financial implications arising from this report.

5. Legal Implications

There are no direct legal implications arising from this report.

6. Risk Implications

There are no immediate risk implications arising from the report. However, the Audit Panel has a remit to advise the Deputy Mayor for Policing and Crime and the Metropolitan Police Commissioner on the effectiveness of their respective risk management frameworks.

7. Contact Details

Report author: Sarah Egan, MPS Oversight and Governance Officer, MOPAC

8. Appendices and Background Papers

Appendix 1: Proposed Audit Panel Work Plan 2024/25

Appendix 2: Audit Panel Terms of Reference

Appendix 1 – Draft Joint Audit Panel Work Plan 2024/25

15 July 2024

QUARTERLY REPORTS	
1	New Met for London and Transformation Update
2	MPS Risk Management Report
3	MPS Annual Governance Statement and Governance Improvement Plan
4	MPS Audit and Inspection Report
5	External Audit Report – Progress Plan and Audit Plan 2023/24
DEEP DIVE	
6	Potential – Command and Control; CONNECT
6-MONTHLY AND ANNUAL REPORTS	
7	MOPAC Annual Governance Statement and Governance Improvement Plan
8	Internal Audit Draft Annual Report and Opinion 2023/24
9	Internal Audit Draft Plan for MOPAC and MPS 2024/25
10	Treasury Management Strategy 2024/25
11	Review of MOPAC/MPS Annual Accounts
To Note	
12	MPS Write-off of Irrecoverable Debts 2023/24
13	MPS Diversity and Inclusion Strategy – Governance and Delivery Framework

21 October 2024

QUARTERLY REPORTS	
1	New Met for London and Transformation Update
2	MPS Risk Management Report
3	MPS Governance Improvement Plan
4	MPS Audit and Inspection Report
5	External Audit Report
6	Internal Audit Activity Report
6-MONTHLY AND ANNUAL REPORTS	
7	MOPAC Risk Management Report
8	MPS Commercial Services
9	MOPAC Commissioning Framework
10	Audit Panel Annual Report & Review of Effectiveness
11	MPS Health Safety and Wellbeing
To Note	
12	Treasury Management Outturn 2022/23
13	Counter Fraud Strategy and Implementation Framework

20 January 2025

QUARTERLY REPORTS	
1	New Met for London and Transformation Update
2	MPS Risk Management Report
3	MPS Governance Improvement Plan
4	MPS Audit and Inspection Report
5	External Audit Report – Progress Report and Findings Report
6	Internal Audit Activity Report
6-MONTHLY AND ANNUAL REPORTS	
7	MOPAC Governance Improvement Plan
8	MPS Diversity and Inclusion Strategy – Governance Framework and Delivery
To Note	
9	Treasury Management Mid-Year Review 2024/25
10	Accounting Policies and Key Judgements 2024/25

March/April 2025

QUARTERLY REPORTS	
1	New Met for London and Transformation Update
2	MPS Risk Management Report
3	MPS Governance Improvement Plan
4	MPS Audit and Inspection Report
5	External Audit Report
6	Internal Audit Activity Report
6-MONTHLY AND ANNUAL REPORTS	
7	MOPAC Risk Management Report
8	Capital Strategy 2025/26 – Framework Supporting Implementation
9	Audit Panel Work Plan 2025/26

Appendix 2 – MPS and MOPAC Joint Audit Panel Terms of Reference

Composition of the Panel

The joint Audit Panel comprises a Chair and four members, who are independent of the Mayor's Office of Policing and Crime (MOPAC) and the Metropolitan Police Service (MPS). Where it is considered that specialist skills are required, the Panel is able to seek approval from the Deputy Mayor Policing and Crime (DMPC) and Commissioner to add to the membership accordingly.

Representatives of the MOPAC Board and the MPS Management Board are required to attend the formal meetings of the Panel. Attendees are to include:

- MOPAC: Chief Executive; Director of Strategy and MPS Oversight; Chief Financial Officer.
- MPS: Chief People and Resources Officer; Chief Strategy and Transformation Officer; Chief Finance Officer; Head of Strategic Planning and Risk Strategy; DAC Met Operations.

Also attending each meeting will be the Head of Internal Audit for MOPAC and the MPS, and a representative of external audit.

Purpose

The joint Audit Panel is responsible for enhancing public trust and confidence in the governance of MOPAC and the MPS. It also assists MOPAC in discharging statutory responsibilities in holding the MPS to account, and in delivery of the Police and Crime Plan (PCP) and the transformation of the MPS. This is achieved by;

- Advising the DMPC and the Metropolitan Police Commissioner according to good governance principles.
- Providing independent assurance on the adequacy and effectiveness of the MOPAC and MPS internal control environments and risk management frameworks.
- Overseeing the effectiveness of the frameworks in place for ensuring compliance with statutory requirements in health and safety; and inclusion, diversity and equalities.
- Independently scrutinising financial and non-financial performance to the extent that it affects the MOPAC and MPS exposure to risks and weakens internal control.
- Overseeing the financial reporting process.

Objectives

The Audit Panel has a rolling programme of meetings, typically meeting four times a year (March, July, October, January). In effectively discharging its function it is responsible for:

Internal Control Environment and Governance Framework

- Satisfying itself as to the effectiveness of the internal control framework in operation within MOPAC and the MPS and advising the DMPC and Metropolitan Police Commissioner as appropriate.
- Considering the Annual Governance Statements together with associated action plans for addressing areas of improvement and advising MOPAC and the MPS as appropriate.

Police and Crime Plan (PCP) and MPS Transformation

- Regular review of the risks to the delivery of the PCP and MPS transformation and providing assurance of the effectiveness of mitigating actions.

Corporate Risk Management

- Approving the MOPAC and MPS risk management strategies and frameworks; ensuring an appropriate framework is in place for assessing and managing key risks to MOPAC and the MPS.
- Providing assurance to the DMPC and Metropolitan Police Commissioner as appropriate on the effectiveness of the risk management frameworks in operation.

Financial Reporting

- Considering the financial risks to which MOPAC and the MPS are exposed (including those that relate to treasury management) and approving measures to reduce or eliminate them or to insure against them.
- Reviewing the outcome of the external audit of the Annual Accounts and considering any potential issues raised.
- Considering significant financial strategies (including treasury and commercial management), policies and any changes to them.
- Reviewing the annual accounts, including considering accounting policies and any changes to accounting policies.

Inclusion, Diversity and Equalities

- Satisfying itself on behalf of the DMPC and Metropolitan Police Commissioner that an efficient and effectively performing framework is in place to discharge statutory requirements for inclusion, diversity and equalities and to ensure continual improvement.

Safety and Health

- Satisfying itself on behalf of the DMPC and Metropolitan Police Commissioner that an efficient and effectively performing framework is in place to discharge legal duties in relation to health and safety and to ensure continual improvement. In particular with regard to the safety, health and welfare of police officers and staff, people in the care and custody of the MPS, and members of the public on police premises or property.

Internal Audit

- Advising the DMPC and Metropolitan Police Commissioner on the appropriate arrangements for internal audit and approving the Internal Audit Charter and Strategy.
- Approving (but not directing) the internal audit annual programme.
- Overseeing and giving assurance to the DMPC and Metropolitan Police Commissioner on the provision of an adequate and effective internal audit service; receiving progress reports on the internal audit work plan and ensuring appropriate action is taken in response to audit findings, particularly in areas of high risk.
- Considering the Director of Audit, Risk and Assurance Annual Report and annual opinion on the internal control environment for MOPAC and the MPS; ensuring appropriate action is taken to address any areas for improvement.

External Audit

- Noting the external audit programme and associated fees.
- Reviewing the external auditor's Audit Findings Report and any other reports, reporting on these to the DMPC and Metropolitan Police Commissioner as appropriate and including progress on the implementation of agreed recommendations.
- Reviewing the External Auditor's Annual Audit Letter making recommendations as appropriate to the DMPC and Metropolitan Police Commissioner.

Integrity, Ethics, Fraud and Corruption

- Reviewing and monitoring the effectiveness of MOPAC and MPS strategies and policies for addressing issues of integrity and ethical behaviour and tackling fraud and corruption.

Assurance Framework

- Considering HMICFRS, external review agencies and any internal inspection reports that provide assurance on the internal control environment and/or may highlight governance issues for MOPAC and/or the MPS.
- Advising the DMPC and Metropolitan Police Commissioner on the effectiveness of the overall assurance framework in place.

Audit Panel Effectiveness

- Annual appraisal of the Audit Panel operations is conducted and an annual report produced and reported to the DMPC and the MPS Commissioner, which is published on the Audit Panel webpage.
 - Annual performance appraisals of members are conducted by the Chair of the Panel. An annual performance appraisal of the Chair is conducted by the DMPC and Commissioner, informed by the review of Panel effectiveness.
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