METROPOLITAN POLICE

MOPAC | MAYOR OF LONDON OFFICE FOR POLICING AND CRIME

MPS-MOPAC JOINT AUDIT PANEL
Monday, 29 April 2024, 12:30

Teams

Members
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

MPS
Adrian Scott, Chief Strategy and Transformation Officer
Annabel Scholes, Chief Finance Officer
Anthony Green, Director of Strategy
James Hunter, Head of Strategic Planning and Risk

Audit Representatives
External Audit Grant Thornton – Mark Stocks, Lucy Nutley
Internal Audit – Julie Norgrove, Head of Internal Audit MOPAC and MPS; David Esling

Business to be considered

Item

1. External Audit Annual Audit Report 2022/23
2. External Audit Findings Report 2022/23
3. Statement of Accounts 2022/23 – MOPAC, MOPAC Group and MPS
4. AOB

MPS-MOPAC JOINT AUDIT PANEL
29 April 2024

Annual Audit Report 2022/23

Report by: The Interim Chief Finance Officer and Director of Corporate Services and MPS Interim Chief Finance Officer

Report Summary

Overall Summary of the Purpose of the Report
This paper sets out the conclusions of the Annual Audit Report (AAR) for 2022 23

Key Considerations for the Panel
To note the conclusions of the Annual Audit Report (AAR) for 2022/23 and Grant Thornton's assessment of MOPAC and the MPS arrangements to secure economy, efficiency and effectiveness in the use of resources.

Interdependencies/Cross Cutting Issues
Transparency of stewardship and timely reporting of accounts and effective use of resources supports rebuilding trust and confidence.

Recommendations
The Audit Panel is recommended to:
a. Note the Annual Audit report for MOPAC and the MPS.

1. Annual Audit Report – Appendix One

1.1. This paper sets out the conclusions of the Annual Audit Report (AAR) for 2022/23 and Grant Thornton's assessment of MOPAC and the MPS arrangements to secure economy, efficiency and effectiveness in the use of resources.

1.2. Grant Thornton have concluded there are significant weaknesses in arrangements relating to financial sustainability, governance and improving economy, efficiency and effectiveness. Both financial sustainability and improving economy, efficiency and effectiveness show a worsening position to 2021/22, with governance remaining static.

1.3. The report includes 6 key recommendations and 8 improvement recommendations. The proposed management responses are attached at Appendix Two. MOPAC will monitor progress alongside the Audit Finding Recommendations.

1.4. Grant Thornton continue to monitor the financial performance of MOPAC and the MPS and may consider whether there is a cause for them to use their wider audit powers including issuing statutory recommendations or an advisory notice if the financial position worsens.

2. Equality and Diversity Impact

There are no equality and diversity implications directly arising from this report.

3. Financial Implications

The final audit fee for 2022/23 is £305,808. Of which £169,108 relates to MOPAC and £136,700 relates to the MPS. Costs will be met from existing resources within MOPAC and the MPS.

4. Legal Implications

There are no direct legal implications arising from the report.

5. Risk Implications

This paper relates to the corporate risk register entries for resources and value for money.

6. Contact Details

Annabel Cowell Deputy Chief Finance Officer and Head of Financial Management MOPAC, Lisa Kitto Interim Chief Finance Officer and Director of Corporate Services

7. Appendices and Background Papers

Appendix 1 – Annual Audit Report 2022/23 [updated post meeting to include management responses]
Appendix 2 – Proposed Management Responses – Draft – Official Sensitive

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

2022/23

April 2024

Contents

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

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

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

Executive summary

Value for money arrangements and key recommendation(s)

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

Auditors are required to report their commentary on MOPAC and CPM arrangements under specified criteria and 2022/23 is the third year that we have reported our findings in this way. As part of our work, we considered whether there were any risks of significant weakness in MOPAC and CPM arrangements for securing economy, efficiency and effectiveness in their use of resources.

Our findings for 2022/23 concluded that there were six significant weaknesses in arrangements during the period giving rise to six key recommendations. We also concluded that there were eight weaknesses in arrangements which we do not consider to be significant giving rise to eight improvement recommendations.

Our conclusions and the direction of travel between 2021/22 and 2022/23 are shown in the table overleaf.

Our key recommendations are summarised on pages 8 to 25 in this report.

Progress made in 2022/23 against the five key and eight improvement recommendations made for 2021/22 is summarised in Appendix C to this report.

Executive summary

Value for money arrangements and key recommendation(s)

Our conclusions in considering whether there were any risks of significant weakness in MOPAC and CPM arrangements for securing economy, efficiency and effectiveness in their use of resources; and direction of travel compared to our conclusions in 2021/22 are summarised in the table below.

Criteria	2022/23 Risk assessment	2022/23 Auditor Judgement on arrangements	2021/22 Auditor Judgement on arrangements	Direction of travel
Financial sustainability	One risk of significant weakness identified pertaining to budgeting and impact of major capital projects	One significant weakness in arrangements identified. One key recommendation and six improvement recommendations made. In addition, two significant weaknesses identified in the arrangements in relation to improving economy, efficiency and effectiveness also impact financial sustainability.	No significant weakness in arrangements identified, but three improvement recommendations made.	Worsening
Governance	Two risks of significant weakness identified pertaining to revised Governance arrangements, and Standards and Compliance	Two significant weakness in arrangements identified. Two key recommendations and one improvement recommendation made. In addition, one significant weakness identified in the arrangements in relation to improving economy, efficiency and effectiveness also impacts governance.	Two significant weaknesses in arrangements identified. Three key recommendations and four improvement recommendations made.	Static
Improving economy, efficiency and effectiveness	Two risks of significant weakness identified pertaining to Trust and Confidence, and Project management	Three significant weakness in arrangements identified. Three key recommendations and one improvement recommendations made. Two of these also impact financial sustainability.	Two significant weaknesses in arrangements identified. Two key recommendations and one improvement recommendation made.	Worsening

No significant weaknesses in arrangements identified or improvement recommendation made.

No significant weaknesses in arrangements identified, but improvement recommendations made.

Significant weaknesses in arrangements identified and key recommendations made.

Executive summary

Financial sustainability

MOPAC and particularly the CPM face significant financial challenges in the current and longer term against the backdrop of the current economic climate, and the need to deliver transformation to address HMICFRS and Casey recommendations to deliver the rebuilding of trust and confidence. As illustrated in the following bullet points, there is currently an unsustainable reliance on the use of revenue reserves to deliver a balanced budget. This is exacerbated by the additional costs relating to the New Met for London (NMfL) ambitions, some of which are not currently included in the budget for 2024/25. We note the following:

- In 2022/23, a revenue budget of £3,185m million was set. This was delivered with the drawdown of £74 million of reserves leaving a balance of £501 million as at 31 March 2023
- For 2023/24, a revenue budget of £4,011 million was set with the planned drawdown of £194 million of reserves which would leave a balance of £307 million. At Quarter 2 2023/24, the forecast planned use of reserves is £220 million which would leave a balance of £281 million. A £40 million over spend is forecast which, if not resolved, would reduce reserves further to £180 million as at 31 March 2024
- For 2024/25, a revenue budget of £4,288 million is proposed with the planned drawdown of £156 million of reserves which would leave reserves at £151 million (if the 2023/24 budget is delivered) or £111 million if the £40 million overspend forecast at Quarter 2 2023/24 materialises. Savings required to deliver this budget are £173 million. This scale of savings presents additional risk to the financial sustainability of the organisations.
- The proposed 2024/25 to 2026/27 MTFP currently describes a budget gap of £594 million. Officers consider that this represents prudent assumptions concerning future government funding and desired NMfL expenditure not currently deemed affordable. This is described as a “funding gap” in the budget. Officers consider that this reduces the ability of the organisations to deliver the NMfL programme.

Officers have indicated that difficult decisions are having to be taken relating to the delivery of policing services and pace of transformation. Some transformation is being deferred or paused due to the gap identified. Work is in train to address the funding gap, and we understand the Commissioner has ongoing discussions with the Mayor and the Home Office to discuss solutions. The 2024-25 final budget publication includes new governance arrangements to ensure there is an agreed approach between MOPAC and MPS to address budget gaps. We will assess these as part of future Value for Money assessments.

MOPAC’s capital programme is extensive and aligned to CPM transformation and increasingly reliant on borrowing. Given the revenue implications of increased borrowing, it is not clear that the capital programme is affordable. This is likely to impact some of the transformation projects reliant on capital funding. The Capital Programme should be reassessed against the financial funding shortfall facing the organisations to assess whether the level of borrowing is sustainable. Additionally, there continue to be large overspends and delays on two significant IT projects: Connect, and Command & Control. We do not consider that this is sustainable and it is critical that better corporate grip is exercised over these projects.

We are concerned about the financial resilience of MOPAC and CPM in particular. The budgets for 2023/24 and 2024/25 are reliant on significant use of reserves alongside a very challenging savings targets. We consider this is unsustainable. The planned use of borrowing to fund the capital programme enhances the pressures on delivery of the revenue budgets and hence long term financial sustainability. We have raised a key recommendation which has been accepted by management.

We will continue to monitor the financial performance of both organisations and consider whether there is cause for us to use our wider audit powers. In particular, there may be the need to issue Statutory Recommendations or an Advisory Notice if the financial position of the organisations worsens.

Executive summary

Governance

2022/23 was a difficult year for the CPM. Negative findings from the review by Baroness Casey into the standards of behaviour and internal culture of the CPM, added to the other causes of concern and recommendations from His Majesty's Inspectorate of Constabulary, the Independent Office of Police Conduct and others. Starting in September 2022, the new Commissioner consolidated all the recommendations into themes. He reviewed and revised the governance arrangements for the CPM, created a comprehensive strategy for change and has started to achieve results.

A number of governance changes were subsequently made at CPM including the launch of the New Met for London Strategy and a revised management board structure. MOPAC also revised its governance structures with its internal oversight boards being replaced by the London Policing Board. We will review the approach in our 2023/24 audit. We note that there has been a great deal of change both in the structure and governance of MOPAC and the CPM, and of the leadership in both. This has come at a time of significant challenges for MOPAC and the CPM, and both would benefit from a period of stability to recover and start to push through new agendas.

It is too soon to conclude whether these revised arrangements are effective and are having a positive impacting on policing in London. In particular, we note that the CPM remains in 'Engage' as HMICFRS does not consider sufficient sustainable improvement has been demonstrated. We have raised a key recommendation on the need to speed up the implementation of changes needed to address any gaps or issues identified by HMICFRS.

On Trust and Confidence, the Professionalism Directorate has been reviewed since the last audit. There is now a deputy assistant commissioner in post to oversee 'operations'. There has been increases in the proportion of female officers and ethnic minority officers. Improvements have also been made to 'stop and search' through 'precise policing' to reduce disproportionality. There is also some evidence that certain aspects of crime are reducing and there are also several operations in place to identify and remove officers and staff who fail to adhere to the new high standards of the CPM.

In our 2021/22 audit, we identified vetting as a significant weakness. As of 8 December 2023, the number of CPM employees (officers, staff, PCSOs, specials) with no vetting held was 512. This figure was down from 818 in May 2023. The number of people in the vetting team has risen and the length of time it takes to complete vetting for new starters is around 50 days. Enhanced vetting (required for more specialist and more risk related roles such as counter terrorism) is taking 336 days. This is an area for further work and we have included a key recommendation on this matter.

In summary, both CPM and MOPAC have responded positively to the Casey and HMICFRS review, including significant changes to the governance structures. There is some evidence of improvement but this is at an early stage and it is not possible to conclude yet on the effectiveness of these revised governance arrangements. We have raised key recommendation with regard to the pace of change in response to HMICFRS and on the time taken to vet officers and contractors.

Executive summary

Improving economy, efficiency and effectiveness

The arrangements in place to monitor and improve performance have been refreshed by the new Commissioner but will take time to embed. As part of the 'Engage' process, 'responding to the public' was under specific scrutiny and there have been significant improvements to the arrangements in this area. There is some evidence of performance improvement but overall performance metrics demonstrate that continued action is needed to improve performance.

Workforce planning remains a concern. The CPM does not have a full understanding of where its resources are, or where they need to be. Considerable overtime is being spent to fill the gaps. Student officers are considered a 'whole time' resource but have protracted periods of absence leaving front line teams short. A baseline assessment of resources and demand for BCUs should be prioritised as part of the "Resourcing the Met" Programme to fully understand where resources are, and where they are most needed (both geographically and operationally) before further modelling and movement of resources takes place. The overall workforce plan should be aligned with financial planning so the financial risk around deliverability of the plan can be quantified.

One of the items discussed regularly at the Performance Group and Performance Board, is the programme of work the CPM has undertaken to improve its response to the public since concern was raised by HMICFRS in 2021. The programme has been in place since late 2022, and significant improvements have been achieved. Changes have been made to increase staffing levels and supervision. As a result of these and other measures, performance has improved considerably, despite an increase in demand.

CPM relies upon 'Command and Control' technology that is now outdated. The existing computer aided despatch system is now 40 years old. A supplier was chosen to replace the current system and the programme started in January 2020. The programme has deviated significantly from its approved full business case, and it's estimated that an additional £50-£100 million funding will be required to see the programme through to conclusion. We understand that this cost pressure is driven by an increase in CPM requirements, a longer delivery schedule, and underestimation of some costs at the original full business case stage. We made a key recommendation in 2021/22 that the CPM should improve its arrangements around financial governance over the project. We have repeated this recommendation for 2022/23.

The CONNECT programme delivers an integrated core policing IT solution, which will enable the transformation of operational policing services within the CPM. This will be achieved through the replacement of standalone legacy applications. It entered delivery following the approval of the Full Business Case (FBC) in May 2018 for £171 million. It is now estimated that the project will cost £296m and there have been significant delays in delivery, combined with operational and training issues. While governance arrangements have been recently been strengthened for this project we are concerned over the delay and cost of the project. We have repeated our key recommendation from last year.

The level of overspend on both of these projects is significant. We have included within the key recommendations a comment that an internal review should be undertaken of these projects and the causes of the delays and overspends.

In summary, we note that CPM and MOPAC have taken a number of key steps to improve performance and that there is evidence of some performance improvement. Continued work is needed across all performance areas but most notably on the alignment of its workforce to its key objectives. We are significantly concerned over the management of the CONNECT and Command and Control projects, the level of overspend against budget, and the operational issues arising from the delays and implementation issues.

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

We bring the following matters to your attention:

Opinion on the financial statements Auditors are required to express an opinion on the financial statements that states whether they: (i) present a true and fair view of the MOPAC and CPM's financial position, and (ii) have been prepared in accordance with the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2021/22	Our audit of your financial statements is ongoing (February 2024). The audit has been delayed by accounting issues relating to property, pensions and accounts payable.
Statutory recommendations Under Schedule 7 of the Local Audit and Accountability Act 2014, auditors can make written recommendations to the audited body which need to be considered by the body and responded to publicly	None issued, although we continue to consider whether we need to exercise these powers in respect of the organisation's financial sustainability.
Public Interest Report Under Schedule 7 of the Local Audit and Accountability Act 2014, auditors have the power to make a report if they consider a matter is sufficiently important to be brought to the attention of the audited body or the public as a matter of urgency, including matters which may already be known to the public, but where it is in the public interest for the auditor to publish their independent view.	None issued.
Application to the Court Under Section 28 of the Local Audit and Accountability Act 2014, if auditors think that an item of account is contrary to law, they may apply to the court for a declaration to that effect.	None issued.
Advisory notice Under Section 29 of the Local Audit and Accountability Act 2014, auditors may issue an advisory notice if the auditor thinks that the authority or an officer of the authority: • is about to make or has made a decision which involves or would involve the authority incurring unlawful expenditure, • is about to take or has begun to take a course of action which, if followed to its conclusion, would be unlawful and likely to cause a loss or deficiency, or • is about to enter an item of account, the entry of which is unlawful.	None issued.
Judicial review Under Section 31 of the Local Audit and Accountability Act 2014, auditors may make an application for judicial review of a decision of an authority, or of a failure by an authority to act, which it is reasonable to believe would have an effect on the accounts of that body.	None issued.

Key recommendations

	Budget gap and unsustainable reliance on revenue reserves
Key Recommendation 1	MOPAC and CPM should set a balanced budget for 2024/25 and future years that does not rely on the use of reserves and achievement of a challenging savings programme. They should set a minimum level of reserves that they will maintain to ensure their financial resilience. A review of the capital programme should be undertaken to ensure that planned levels of borrowing are sustainable.
Identified significant weakness in arrangements	Unsustainable use of reserves alongside insufficient identification and delivery of savings to support delivery of the budget resulting in challenges to CPM's financial resilience. The planned use of borrowing to support the capital programme is not sustainable given the current financial challenges.
Summary findings	We do not consider the current budgeting arrangements are effective to deliver a balanced budget alongside delivering the policing service required. In particular, we note that there is an increasing reliance on the use of reserves and achievement of significant savings to support the budget. We do not consider that this is sustainable. The 2022/23 budget delivery was supported by the drawdown of £74 million from revenue reserves. The 2023/24 budget is supported by forecast use of £220 million reserves alongside savings of £61 million of which £28 million are deemed at risk as at Quarter 2. For 2024/25, a revenue budget of £4,288 million is proposed with the planned drawdown of £156 million of reserves which would leave reserves at £151 million (if the 2023/24 budget is delivered) or £111 million if the £40 million overspend forecast at Quarter 2 2023/24 materialises. Savings required to deliver this budget are £173 million. This scale of savings presents additional risk to the financial sustainability of the organisations. The proposed 2024/25 to 2026/27 MTFP currently describes a budget gap of £594 million. Officers consider that this represents prudent assumptions concerning future government funding and desired NMfL expenditure not currently deemed affordable. This is described as a "funding gap" in the budget. Officers consider that this reduces the ability of the organisations to deliver the NMfL programme. Officers have indicated that difficult decisions are having to be taken relating to the delivery of policing services and pace of transformation. Some transformation is being deferred or paused due to the gap identified. Work is in train to address the funding gap, and we understand the Commissioner has ongoing discussions with the Mayor and the Home Office to discuss solutions including addressing underfunding. Aligned to this the capital programme is extensive and aligned to CPM transformation. The main source of funding is borrowing. Given the revenue implications of borrowing, the significant challenge to overall financial resilience in the MOPAC group may challenge the affordability of borrowing impacting transformation projects reliant on capital funding.

Continued overleaf….

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

Key recommendations

Key Recommendation 1	**Budget gap and unsustainable reliance on revenue reserves**
Criteria impacted by the significant weakness	Financial Sustainability
Auditor judgement	Based on the work undertaken, we are not satisfied MOPAC and CPM have proper arrangements in place to secure economy, efficiency and effectiveness in its use of resources in 2022/23. We have therefore identified a significant weakness in arrangements.
Management comments	**MOPAC:** The financial challenge is significant and the Section 25 statement clearly sets out the risk and the need for the enhanced control and governance arrangements that have been introduced. Delivery against these is essential and enhanced oversight arrangements are being introduced for 2024/25 which will be discharged through Investment Advisory Meetings, the terms of reference for which are being reviewed, and the London Policing Board including the Performance and Finance Delivery Committee. In particular there will be a focus on the deliverability of savings and assurances will be sought throughout the year with regular reporting to the Audit Panel also being introduced MOPAC agrees that using reserves to manage the budget is not sustainable and the financial plan for 2025/26 has removed the reliance on reserves and there is a requirement for reserves to build back up to a more sustainable level over the lifetime of the MTFP. This is clearly set out in the reserves strategy which also introduces additional controls for the Chief Finance Officer in the accessing and use of reserves. MOPAC agrees that the affordability of the capital programme and capital strategy needs to be reviewed and this will form part of a review of the Capital Programme that is commencing in May 2024.

Progressing the actions management has identified to address the recommendations made will support MOPAC and CPM in addressing the weaknesses identified from our work. We consider that the timescales provided by management are appropriate and encourage the Audit Panel to monitor progress of implementation to gain assurance over the arrangements in place.

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

Key recommendations

Key Recommendation 1 - continued	Budget gap and unsustainable reliance on revenue reserves
Management comments	**CPM (i.e. the MPS):** As stated in the Commissioner's letter supporting the 2024-25 budget submission, his has been a particularly hard process as the Met and MOPAC have little track record of building budgets to a strategy – and have been reactive to challenges during a period of intense difficulty. The budget was developed to use the funding available in the best way to head in the direction set out by A New Met for London (NMfL) and deliver the most effective and efficient policing we are able to, within funding constraints. The task has been made more complex by the lack of overall flexibility available to the Commissioner. Of our £4.26bn budget, £700m is ring-fenced for specific purposes. The majority of this funding represents direct funding of national policing functions, and is not available to the Commissioner for policing London – leaving £3.6bn within our budget we can actually use to balance the significant pressures we are facing. On top of this – we cannot structure the organisation in the way that best serves our people and the people of London. Police funding is structured in a way that punishes Chief Constables for investing in staff and rewards them for investing in officers. The result is that the MPS is not big enough and out of shape – as Casey and HMICFRS have both said – since 2012 the MPS efficiencies have fallen most hard on staff and support roles, leading to weak foundations in areas like finance, HR, strategy, transformation and training. But we lack levers to rebalance this without significant additional investment that is not ring-fenced for officers. The long-term funding context is especially tough given that we know that in real terms per capita the Met has lost £878m since 2012 and has made over a billion of savings. Real-terms cuts to national grants has been aggravated by the underfunding of the NICC by around £240m. As set out in NMfL, the gap between what we need to do and the funding we have available to do it is enormous. We estimate the total additional cost of policing London by the end of 2028/29 to be at least £850-950m. Against that context, the MPS has set a budget in 2024/25 that has been based around difficult decisions and necessarily includes a combination of cost saving measures: utilisation of reserves and one-off funding; and, reducing the scale and/or pace of ambition for transformation as set out in NMfL. The MTFP assumptions for 2025/26 onwards do not though assume use of reserves with the projected gap for 2025/26 c£300m.

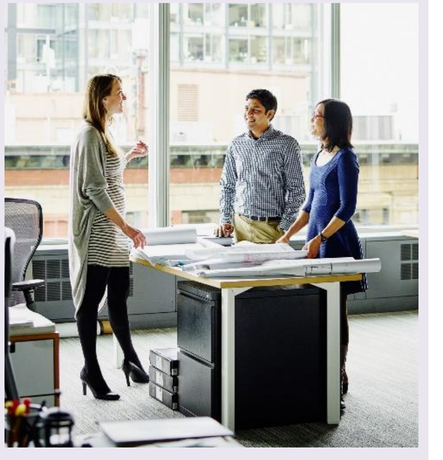
Progressing the actions management has identified to address the recommendations made will support MOPAC and CPM in addressing the weaknesses identified from our work. We consider that the timescales provided by management are appropriate and encourage the Audit Panel to monitor progress of implementation to gain assurance over the arrangements in place.

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

Key recommendations

Key Recommendation 1 - continued	**Budget gap and unsustainable reliance on revenue reserves**
Management comments	The MPS agrees that the utilisation of reserves is not a sustainable financial model for any organisation, and certainly not one of the complexity and with the risk profile of the MPS. The 2024/25 budget has begun the challenge of right sizing the budgets and focused on areas of highest need. The Board has also approved an efficiency programme due to save £120m over the next 4 years to ensure it is delivering best value from all services. There is a reality though that in order to start to rebalance the workforce mix between officers and staff, and deliver the necessary transformation that Londoners deserve, it was necessary to continue the use of reserves in the 2024/25 but alongside the new efficiency programme, improved governance and oversight of the resources across the MPS with monthly reporting being implemented for 2024/25. We welcome also the recommendation acknowledging that the Scheme of Delegation that the MPS operates under needs revisiting. The MPS are also establishing new business planning and budgetary control arrangements overseen by the new the Business Plan Implementation Group. The Group will also oversee the delivery of the savings programme approved within the budget. The S25 statement of both the MOPAC and MPS CFOs, clearly identifies the risk and actions required to ensure the financial resilience of MPA and should be read in response to this audit recommendation. MPS will continue to make the case for appropriate funding to match the ambition set out in NMfL.

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



Progressing the actions management has identified to address the recommendations made will support MOPAC and CPM in addressing the weaknesses identified from our work. We consider that the timescales provided by management are appropriate and encourage the Audit Panel to monitor progress of implementation to gain assurance over the arrangements in place.

Key recommendations

Key Recommendation 2	**CPM's and MOPAC's arrangements in place to monitor force performance** The CPM and MOPAC should increase resources to speed up the implementation of changes needed to address any gaps or issues identified by HMICFRS. By 31 May 2024, they should prioritise the most significant changes and ensure that they have the necessary resources and funding by 31 August 2024, to implement the changes effectively.
Identified significant weakness in arrangements	CPM remains in 'Engage' and change is still required to improve performance.
Summary findings	The CPM has consolidated all recommendations from external bodies and put them into themes, creating the New Met for London in the process. However, the CPM remains in 'Engage' which illustrates there are still weaknesses in arrangements, and change is still required to improve performance.
Criteria impacted by the significant weakness	Governance
Auditor judgement	Based on the work undertaken, we are not satisfied that MOPAC and CPM have proper arrangements in place to secure economy, efficiency and effectiveness in its use of resources in 2022/23. We have therefore identified a significant weakness in arrangements.
Management comments	**MOPAC:** The Mayor is committed to reforming the Met, in addition to maximising his precept flexibility the 2024/25 budget includes an additional £48.9m funded through business rates to support delivery of NMfL. In addition MOPAC is focused on providing effective oversight of the MPS's human resourcing decisions and strategic workforce plan - including via the London Policing Board - to help provide assurance that the action being taken will address the underlying issues identified not only by Dame Louise Casey and HMICFRS, but also DARA.

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

Key recommendations

Key Recommendation 2 - Continued	CPM's and MOPAC's arrangements in place to monitor force performance
Management comments	**CPM (i.e. the MPS):** Addressing this recommendation in full by these dates is a significant task and will not be achieved. The spirit of improvements will take a number of years to address through delivery of the Met's wider reform plan (NMFL). We have already prioritised resources to address a significant amount of the changes and issues identified by HMICFS, this includes: • Investing in an uplift of 565 officers and staff public protection, with an additional 238 officers being surged into public protection through moving them from non-operational roles; • We have grown our DPS function (circa 150 additional people) to reform our Professional Standards & Vetting - introducing new policies to remove those who corrupt our integrity and now hearing more misconduct cases (c30/month) and concluded them more quickly • We've invested in the creation of new CDI Directorate and launch of a new culture strategy • We have transformed leadership development with first level leadership programme (c.7000 officers and staff equivalents) • We are shortly going to launch a new Neighbourhood Op Model to create more resilient teams, reduce siloed working nd increase police visibility • We've invested in the creation of new Proactive Crime Fighting Teams on each BCU • Launched of V100, dealing with most dangerous offenders • Procured and introduced a new strategic delivery partner – to support transformation & reform • Investment in place to grow our strategy functions, HR & Finance • There has been over £7.5 million investment into MetCC to improve outcomes and an additional £8 million will be invested in 2024/2025; • We have invested significant resources into responding to the findings of the Daniel Morgan Inquiry Panel report to start to address recommendations and findings around vetting, counter corruption and property stores – as a result 42/44 recommendations are now complete.

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

Key recommendations

Key Recommendation 2 - Continued	CPM's and MOPAC's arrangements in place to monitor force performance
Management comments	We know there are still gaps and significant issues still to address, including: • How we balance resources in call handling and telephone investigation unit to ensure timeliness and also proper identification of risk at the first point of contact and ensuring risk is managed as cases as triaged and referred; • We still have weak foundations and are under-resourced and under powered in key functions like strategy, transformation, HR and finance; • We have significant operational challenges in areas like neighbourhood policing, volume crime investigations and public protection where there is significant investment needed to address the volume of demand and scale of reform needed – beyond what is available to the Met; • We are yet to complete our strategic workforce capability. The Met is subject to over 670 recommendations from HMICFRS and other external partners who have looked at how the Met should improve. The New Met for London plan brought all those findings together to set a clear MPS plan and strategy for how those gaps should be addressed. The budget for 24/25 was developed to use the funding available in the best way to head in the direction set out by A New Met for London (NMfL) and deliver the most effective and efficient policing we are able to, within funding constraints. There are, however, trade offs that are necessary to make within the MPS budget as a result of the MPS not having all the funding it needs to fully reform. HMICFRS recommendations should not be the singular focus for where resources should be prioritised. The Met has been subject to +670 recommendations over recent years, including over 100 from HMICFRS inspections (both national and Met specific), and various other external scrutiny partners or other bodies for example the Ethics Panel. It has been acknowledged by HMICFRS, Home Office, the Mayor, Independent Office for Police Conduct (IOPC) and others via PPOG, that the Met will not achieve progress and exit from Engage through a recommendation by recommendation approach.

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

Key recommendations

Key Recommendation 2 - Continued	CPM's and MOPAC's arrangements in place to monitor force performance
Management comments	When developing the New Met for London (NMfL), a deep dive analysis was undertaken of HMICFRS findings, recommendations and causes of concern to identify the root cause issues and strategic priorities for reform that were driving the issues identified by HMICFRS. Our resources and work to address HMICFRS' findings is prioritised accordingly through the NMfL so we ensure resources are geared towards addressing symptoms, and not causes, of our key challenges. This is particularly important in the context of our wider financial challenges. The MPS provided a full update on our progress out of Engage, and our progress against our causes of concern on call handling to the last London Policing Board. Those papers can be found at: Progress against Engage Status Met CC Those reports highlighted that at the most recent meeting of PPOG in January 2024, HMICFRS confirmed that in relation to the specific causes of concern placed on the Met when we entered Engage, the Met has made good progress. As a result, the vast majority of causes of concern are considered closed, with the remaining final issues being 'reality tested' during our PEEL inspection in March 2024. At that meeting HMICFRS and the Met agreed to work on a final set of milestones to map the Met's journey out of Engage after the PEEL inspection.

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

Key recommendations

Key Recommendation 3	**CPM' arrangements in relation to vetting** We recommend that further investment is made to ensure that vetting time is significantly reduced. Consideration should also be given to charging contractors for vetting their employees.
Identified significant weakness in arrangements	CPM is unable to complete the vetting necessary to comply with national standards, causing considerable risk to the CPM, it's staff and the general public. Lost opportunity to charge contractors to recoup the costs of vetting their employees.
Summary findings	The number of people in the vetting team has risen to 176 since the last audit report (from 156) , but capacity still doesn't meet demand which continues to rise and is up 153%. Meeting minutes show that the length of time it takes to complete vetting for new starters is around 50 days. Enhanced vetting (required for more specialist and more risk related roles such as counter terrorism) is taking 336 days. The CPM recognise that there is a significant risk to the organisation through the current level of vetting compliance. Contractors take up a considerable proportion of vetting. The CPM do not charge for contractor vetting.
Criteria impacted by the significant weakness	Governance
Auditor judgement	Based on the work undertaken, we are not satisfied that the MOPAC and CPM have proper arrangements in place to secure economy, efficiency and effectiveness in its use of resources in 2022/23. We have therefore identified a significant weakness in arrangements.
Management comments	As part of our New Met for London plan, we are reforming the way we vet officers and staff. In 2023/24, there has been urgent and pragmatic change to overhaul existing processes and systems to do better with what we have. A broad range of interventions using agile methodology has seen our vetting 'work in progress' cases reduce by c30% over this period and lower risk tolerances being observed, with increased refusal rates. This is while also delivering Op Assure, enabling the MPS to become the first force to review the vetting of serving officers at scale.

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

Key recommendations

Key Recommendation 3 - Continued	CPM' arrangements in relation to vetting
Management comments	The triage process we have introduced is an additional 'filter', together with the Quality Assurance process we are putting in place, improves our governance and reduces the risk to CPM, staff and the public. Since we began the 'front door' process in February to return, refuse or cancel an application due to incomplete / inaccurate information or ineligibility, we have seen a 58% refusal rate. The MPS' vetting 'recovery' work is continuing based on five strategic principles: • Demand avoidance • Demand management • Waste elimination • Improving situational awareness of performance, inefficiencies, and waste • Building capacity and productivity A vetting transformation programme has also commenced and will, through focus on our operating model; people; processes; and technology: • Improve user experience • Increase confidence in decision making • Create a climate of continuous improvement • Enhance integration across and outside the force • Improve customer service • Reduce time to vet/hire/renew A productivity review, carried out in partnership with an external partner as part of the transformation programme, has identified that current resource is sufficient to meet demand – subject to the continued professional development of our team and delivery of the broader programme of vetting improvement and transformation activity. To ensure we develop a robust, efficient, and effective vetting regime, the MPS will continue to build on this progress and, in the financial year 2024/25, £2.5m has been allocated for the Vetting Unit to deliver Op Assure and related activities. A further £1.3m is allocated for 25/26. This is in addition to a £1m investment into vetting transformation in 24/25. The MPS' new vetting policy will come into effect on 1 June 2024. It will require contractor vetting to be obtained through the national vetting capability in Warwickshire. In the policy, MPS is reserving the right to charge suppliers at the same cost as Warwickshire should this not be obtained. These changes will release further capacity in the MPS vetting system.

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

Key recommendations

	CPM's arrangements to scrutinise finances for transformation projects - Command and Control
Key Recommendation 4	The CPM must improve its arrangements around financial governance over the Command and Control (C&C) project. This includes getting a better grip and control over individual cost lines and providing challenge and scrutiny over contractor spend. A lessons learned project should be commissioned to consider how future large projects can be managed better.
Identified significant weakness in arrangements	A review was undertaken in February 2023, which resulted in the decision to complete a full reset of the project, and this was initiated in June 2023. The first challenge was to resolve 2-year-old commercial and financial challenges. The team was subsequently reconstructed. The programme had deviated significantly from its approved full business case, and it's estimated that an additional £50-£100m funding will be required to see the programme through to conclusion.
Summary findings	We found arrangements to monitor and manage projects such as C&C were in place, but we found insufficient documentary evidence of challenge in relation to actual costs, including contractor costs. We recommend that arrangements are put in place to monitor ongoing costs and more robust arrangements are created to manage contractor performance and spend; with accompanying minutes documented.
Criteria impacted by the significant weakness	Economy, Efficiency and Effectiveness; Financial sustainability
Auditor judgement	Based on the work undertaken, we are not satisfied that the MOPAC and CPM have proper arrangements in place to secure economy, efficiency and effectiveness in its use of resources in 2022/23. We have therefore identified a significant weakness in arrangements.
Management comments	We welcome the fact that the review recognises that improvements have been made and the CPM has also initiated the following improvements to governance recognising the critical importance of this project.

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

Key recommendations

Key Recommendation 4 - Continued	CPM's arrangements to scrutinise finances for transformation projects - Command and Control
Management comments	The CPM has improved governance arrangements with a weekly Steering Group with Management Board and Non-Executive representation overseeing progress of the Command & Control Project. During 2022 the MPS introduced a more robust change control process including finance, commercial and project leads alongside a monthly meeting with project managers and finance which involved due diligence on the forecast, actuals including accuracy and reliability on assumptions. Costs were then reviewed against the extant Full Business Case where areas of risk were highlighted and mitigated. Additional dedicated finance support was put in place to enhance scrutiny. External assurance was commissioned in 2022, on the project and resulted in increased programme controls and scrutiny, which ultimately led to the decision taken by the Met's Executive Committee to enter a full reset of the project in June 2023. This was in light of the delivery, financial, and commercial concerns that were evident to the MPS. The reset period initially addressed some outstanding commercial challenges – putting in place new leadership, and enhanced financial and commercial controls. During this period the MPS initiated an Open Book Review through 'Mazars' which reported 2023/4. In August 2023 the programme completed the submission of an Interim Funding paper to MOPAC which was approved. The reset activity has yielded some delivery results – with some technical elements now having been delivered and undergoing testing (e.g. Go Live Infrastructure Environments) and Leidos has indicated to the MPS that further delivery should be expected in summer 2024. Until testing and delivery is verified, the project remains in reset and work is still ongoing to determine the future state of delivery of this complex programme. The delivery of such a complex programme will always come with risk and we will continually review its deliverability as is best practice. A refreshed Full Business Case and approach, will incorporate lessons learnt from the recent CONNECT implementation.

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

Key recommendations

Key Recommendation 5	**CPM's arrangements to scrutinise finances for transformation projects - CONNECT** The CPM must continue to strengthen its arrangements around financial governance over the CONNECT project. This includes: • Ongoing challenge of contractual performance in the context of growing capital spend within the Delivery Agreement monitoring exercises. • Delivery and monitoring of benefits realisation. Including non-financial benefits, such as savings in officer time • Monitoring and evaluation of operational impacts of delivery. A lessons learned project should be commissioned to consider how future large projects can be managed better.
Identified significant weakness in arrangements	Inadequate understanding of the costs of CONNECT has resulted in additional Full Business Cases being required to approve additional expenditure. Inadequate governance arrangements leading up to Drop 1 has resulted in lack of mitigation for the issues encountered and stakeholder uncertainty in relation to successful implementation of CONNECT.
Summary findings	Drop 1 of CONNECT went live in November 2022. Drop 1 included key modules of custody, property, and case file management. The software suffered issues and outages impacting on operational policing resulting in reduced stakeholder confidence in the system's resilience. In addition to this, the costs have continually escalated resulting in capital costs increasing from £111 million to £156 million (£45 million increase primarily due to changes in scope); and revenue costs increasing from £61 million to £141 million (£80 million increase primarily due to enhanced training requirements ahead of Drop 2 and additional consultant support). We note that the governance frameworks to oversee the programme has strengthened , including the introduction of a programme board and a steering group in March 2023.
Criteria impacted by the significant weakness	Improving Economy, Efficiency and Effectiveness; Governance; Financial sustainability
Continued overleaf…	

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

Key recommendations

Key Recommendation 5	**CPM's arrangements to scrutinise finances for transformation projects – CONNECT continued**
Auditor judgement	Based on the work undertaken, we are not satisfied that the MOPAC and CPM have proper arrangements in place to secure economy, efficiency and effectiveness in its use of resources in 2022/23. We have therefore identified a significant weakness in arrangements.
Management comments	The report commented on findings relating to Drop 1 of CONNECT and we have learned a great deal from our experience of Drop 1, putting in place appropriate measures for Drop 2. I am pleased to say that the measures we have put in place and the preparations we have made have had a significant positive impact. CONNECT Drop 2 was deployed, to plan, on 28th February 2024, and has been operational for nearly two months (at the time of writing). Whilst we are naturally dealing with day to day issues, the scale is currently well within expectations of a project of this scale and we are effectively managing the same with no significant impact on our operational delivery. The impact of the new system on performance is being actively tracked and we are seeing consistent metrics in terms of crimes recorded and the expected levels of policing activity (this is monitored twice a day). The Met put in place significant extra governance to manage the lead up to Drop 2 to provide more senior challenge to NEC and our other suppliers to ensure appropriate performance and responsiveness to concerns over delivery. Throughout 2022/23 there was a regular cadence of governance and meetings at a senior level including the Senior Responsible Owner, Chief Digital, Data and Technology Officer, Deputy Commissioner, and Commissioner at which was all providers were challenged about performance. A new Steering Group for Major technology Delivery Projects was put in place, including non-executive director involvement. External assurance was strengthened and a continuous assurance arrangement agreed with a third party supplier to further strengthen oversight and scrutiny. The Met put in place more stringent reviews of milestone completion criteria, with payment released contingent upon enhance evidence expectations. It also put in place closer performance management and service credits were withheld when service levels did not meet contracted levels. In replanning and managing change, the Met retained its commercial position and did not agree any change that would threaten future rights and focused its strategy on incentivising effective go live utilising a range of contractual and commercial approaches.

Progressing the actions management has identified to address the recommendations made will support MOPAC and the CPM in addressing the weaknesses identified from our work. We consider that the timescales provided by management are appropriate and encourage the Audit Committee to monitor progress of implementation to gain assurance over the arrangements in place.

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

Key recommendations

Key Recommendation 5	CPM's arrangements to scrutinise finances for transformation projects – CONNECT continued
Management comments	We agree that delivery and monitoring of benefits is an important outcome for CONNECT and for the MPS. Plans are in place for a post-implementation benefits review to be as part of the Programme Closure process. A full lessons learned process will be carried out as part of closure.

Progressing the actions management has identified to address the recommendations made will support MOPAC and the CPM in addressing the weaknesses identified from our work. We consider that the timescales provided by management are appropriate and encourage the Audit Committee to monitor progress of implementation to gain assurance over the arrangements in place.

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

Key recommendations

Key Recommendation 6	**Workforce Planning** A baseline assessment of resources and demand for BCUs should be carried out as part of the "Resourcing the Met" Programme. This will enable a full understanding of where resources are, and where they are most needed (both geographically and operationally). The overall workforce plan should be aligned with financial planning so the financial risk around deliverability of the plan can be quantified.
Identified significant weakness in arrangements	We identified that the CPM currently has a limited understanding of where its resources are, and where they need to be. It is spending considerable money on overtime to fill gaps in resourcing. It currently hasn't got a baseline assessment of resources against demand. This would provide assurance that resources are in the best place to meet demand and deliver New Met for London. Financial plans should align to realistic workforce plans to identify any cost pressures requiring resolution.
Summary findings	There is a great deal of change underway in the CPM, and the New Met for London appears to be seen as the answer to many of the issues. There is a risk that simply moving resources from A to B will only provide a temporary solution. Without a proper assessment of the 2024 workforce requirements against demand, and a full assessment of the existing skills of the current workforce, it's difficult to see how any changes made can lead to long term cost-effective solutions. At the time of writing this report, CPM is undertaking the "Resourcing the Met Programme" to have the right people, with the right capabilities, in the right place, at the right time. The Programme is aligned to the New Met for London transformation programme. The resulting workforce model should be closely aligned to the financial plans as workforce is the key revenue cost driver and there are currently risks related to there being sufficient funding in place to support transformation.
Continued overleaf….	

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

Progressing the actions management has identified to address the recommendations made will support MOPAC and CPM in addressing the weaknesses identified from our work. We consider that the timescales provided by management are appropriate and encourage the Audit Panel to monitor progress of implementation to gain assurance over the arrangements in place.

Key recommendations

Key Recommendation 6	Workforce Planning continued
Criteria impacted by the significant weakness	Economy, Efficiency and Effectiveness; Financial sustainability
Auditor judgement	Based on the work undertaken, we are not satisfied that the MOPAC and CPM have proper arrangements in place to secure economy, efficiency and effectiveness in its use of resources in 2022/23. We have therefore identified a significant weakness in arrangements.
Management comments	The Resourcing the Met programme has been established to resolve a range of workforce challenges that have been identified as key to unlocking the overarching ambitions of reform as set out in a New Met for London (NMfL). The programme's objectives are to establish a baseline officer and staffing requirement and embed strategic workforce and resource planning, to meet current and future operational requirements. The programme aims to set up MPS to be well-run, starting with how we understand demand and then how we deploy our resources and deliver value for money policing services. Improving strategic planning and organisational management is also a key finding from HMICFRS and the Casey review. Developing a clear strategic workforce planning approach to better manage workforce, resourcing, and demand decisions in line with business planning is one of the HMICFRS Engage milestones that are being tracked. As part of the Resourcing the Met programme, work is in progress to improve workforce planning at a strategic, corporate, and operational level for the Met. A more granular and sophisticated approach to how we make resourcing decisions and deploy officers across the organisation has been established, focused on rebalancing resources through monthly posting panels, unlocking greater officer movement to support NMfL priority services. The strategic workforce planning capability is under development and will see us build workforce planning capability at both a local and central level, supporting LRPMs manage resources locally as well as enabling DAC / Directors to make data driven decisions aligning people and budget and manage risk at a Business Group level.

Progressing the actions management has identified to address the recommendations made will support MOPAC and CPM in addressing the weaknesses identified from our work. We consider that the timescales provided by management are appropriate and encourage the Audit Panel to monitor progress of implementation to gain assurance over the arrangements in place.

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

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

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

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

Under the Local Audit and Accountability Act 2014, we are required to be satisfied whether MOPAC and the CPM have made proper arrangements for securing economy, efficiency and effectiveness in their use of resources.

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

Financial Sustainability

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

Governance

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

Improving economy, efficiency and effectiveness

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

Our commentary on the MOPAC and CPM's arrangements in each of these three areas, is set out on pages 27 to 64. Further detail on how we approached our work is included in Appendix B.

Financial sustainability

We considered how MOPAC and the CPM:

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

Financial performance

As shown in the table overleaf MOPAC and the CPM reported in their annual accounts for 2022/23 that a balanced budget was delivered which was also the case for 2021/22. Within the balanced outturn position for 2022/23 there were some notable variances:

- Pay costs (which represent a approximately 73% of total gross expenditure) were underspent by £74 million offset by an overspend of £40million of overtime required to help service operational requirements. Underspends were largely due to vacancies/recruitment delays
- The budget for running costs (excluding capital financing costs and discretionary pension costs) was overspent by £2 million. £19 million relates to overspends across transport and premises costs, which reflects the inflationary increases by suppliers, with a £17 million underspend on Supplies and Services.

Overall, whilst the budget is described as balancing for 2022/23, this is after the use of £75 million of earmarked reserves to support the delivery of the budget. We return to the use of reserves to balance the budget later in this report.

The capital budget underspent by £53 million in 2022/23 compared to an underspend of £25 million in 2021/22. The main underspends in 2022/23 related to:

- Property based programmes were underspend by £12 million reflecting slippage against projects including Limehouse, Personal Storage and Smarter Working
- CTPHQ programmes were underspent by £8 million due to supply chain issues and re-profiling of some construction work
- Transformation programmes were underspent by £39 million due to slippages and underspends across a range of programmes, including 'Command and Control' and 'Connect'. We comment further on 'Command and Control' and 'Connect' on pages 61 to 63.

The savings target of £68 million was underachieved by £8 million. Of this, £3 million savings have been re-profiled for delivery in later years resulting in £5 million of savings not being delivered which places pressure on future savings programmes as equivalent schemes will need to be identified.

Cash balances have increased as at 31 March 2023 mainly due to the increased value of investments due to mature within three months held with the London Treasury Liquidity Fund LLP.

Financial sustainability

Financial performance in 2022/23 and 2021/22 is illustrated below:

	2022/23 draft accounts (source: draft MOPAC Group Accounts)	2021/22 audited accounts (source: audited MOPAC Group Accounts)
Planned net revenue expenditure after transfer to/(from) reserves	£3,185m	£ 2,985m
Actual net revenue expenditure after transfer to/(from) reserves	£3,185m	£2,985m
Planned (use of)/addition to earmarked reserves	£(81)m	£(35)m
Actual (use of)/addition to earmarked reserves	£(74)m	£6m
Planned capital spend	£322m	£272m
Actual capital spend	£269m	£ 247m
Capital underspend	£(53m)	£(25m)
Planned savings target	£68m	£60m
Actual savings delivered	£60m	£60m
Savings shortfall	£8m	£0m
Year-end cash position	£195m	£10m

Financial sustainability (continued)

2023/24 budget and Medium-Term Financial Planning

2023/24 budget

The 2023/24 budget was submitted on 25 November 2022 and was approved as part of the Mayor's Final Budget for 2023/24 on 23 February 2023 by the London Assembly. MOPAC and the CPM have worked together to produce a budget for 2024/25, 2025/26 and 2026/27. The final budget for 2024/25 and plans for 2025/26 and 2626/27 and the forecast outturn for 2023/24 was submitted in February 2024. This is illustrated in the table below.

	Forecast outturn 2023/24 £m	2024/25 budget £m	2025/26 Plan £m	2026/27 Plan £m
Total pay	3,176	3,410	3,517	3,552
Total overtime	218	173	174	175
Total running expenses	1,157	1,012	1,062	1,037
Capital Financing costs	112	150	207	218
Total expenditure	**4,663**	**4,745**	**4,960**	**4,982**
Other income	-372	-353	-353	-364
Discretionary pension costs	56	52	51	52
Budget Gap/Savings yet to be identified	**-40**	0	-300	**-294**
Net revenue expenditure	**4,307**	**4,444**	**4,358**	**4,376**
Transfer to/(from) reserves	-211	-156	-32	-12
Financing requirement	**4,096**	**4,288**	**4,326**	**4,364**
Specific grants	814	738	733	732
Retained business rates	95	129	132	134
Council Tax collection fund surplus/(deficit)	-7	50	0	0
Local Government Settlement Grant	0	5	0	0
Home Office Police Grant	2,285	2,402	2,464	2,464
Council tax requirement	909	964	998	**1,033**
Total funding	**4,096**	**4,288**	**4,326**	**4,363**

Financial sustainability (continued)

2023/24 budget and Medium-Term Financial Planning

2023/24 budget continued

The 2023/24 budget reflected a £194 million use of reserves of which £31 million will be drawn down from the business rates reserve to fund the additional 1,000 police officers until 2024/25. £127 million of reserves is also being drawn down to support the balanced budget by using the 'managing the budget reserve'. We consider that the high level of reserve usage is unsustainable.

Budget Monitoring indicates that CPM is forecasting a £40 million overspend on its revenue budget for 2023/24 as at Quarter 2. If not addressed this could result in a further drawdown in reserves forecasted to be £211 million compared to budget of £194 million. CPM has reported that this would reduce the general fund reserve to £7 million. Again, we do not consider that this is sustainable and action is needed to reduce the overspend in 2023/24.

The CPM approved a saving target of £61 million for 2023/24. Of this, at Quarter 2 £32 million (52%) have been delivered with another £1 million deemed to have high confidence of delivery but £28 million (46%) are at risk. £13 million are considered not deliverable, and £15 million have no savings plans in place. The difficulty in achieving these savings puts further pressure on the budget for 2023/24 and will result in additional pressure on the financial position in 2024/25 and beyond.

2024/25

For 2024/25, a revenue budget of £4,288 million is proposed with the planned drawdown of £156 million of reserves which would leave reserves at £151 million (if the 2023/24 budget is delivered) or £111 million if the £40 million overspend forecast at Quarter 2 2023/24 materialises. Savings required to deliver this budget are £173 million. This scale of savings presents additional risk to the financial sustainability of MOPAC and CPM.

Work is in train to identify these savings but the budget report acknowledges that it cannot be guaranteed savings can be delivered without some impact on services. Further, due to the budget gap identified, some areas of NMfL has been delayed to future years; and the proposed workforce reform to address the imbalance between police officers and staff has been deferred as this is subject to a separate funding bid to the Home Office. It is likely that this will make it difficult for the CPM to demonstrate adequate progress in delivering improvement resulting in it remaining under intense scrutiny by HMICFRS.

An earlier iteration of the 2024/25 budget included this unfunded additional investment in transformation related to NMfL (£70 million) and workforce reform to address the imbalance between police officers and staff (£74 million).

Medium term financial planning

The proposed 2024/25 to 2026/27 MTFP currently describes a budget gap of £594 million. Officers consider that this represents prudent assumptions concerning future government funding and desired NMfL expenditure not currently deemed affordable. This is described as a "funding gap" in the budget. Officers consider that this reduces the ability of the organisations to deliver the NMfL programme.

Officers have indicated that difficult decisions are having to be taken relating to the delivery of policing services and pace of transformation. Some transformation is being deferred or paused due to the gap identified. Work is in train to address the funding gap, and we understand the Commissioner has ongoing discussions with the Mayor and the Home Office to discuss solutions including addressing underfunding.

Use of reserves and reserve balances

In 2022/23 the organisations drew down £74 million of reserves leaving a balance of £501 million as at 31 March 2023. For 2023/24, there was a planned drawdown of £194 million of reserves which would leave a balance of £307 million. A £40 million overspend is forecast which, if not resolved, would reduce reserves further to £180 million as at 31 March 2024

For 2024/25, a revenue budget of £4,288 million is proposed with the planned drawdown of £156 million of reserves which would leave reserves at £151 million (if the 2023/24 budget is delivered) or £111 million if the £40 million overspend forecast at Quarter 2 2023/24 materialises.

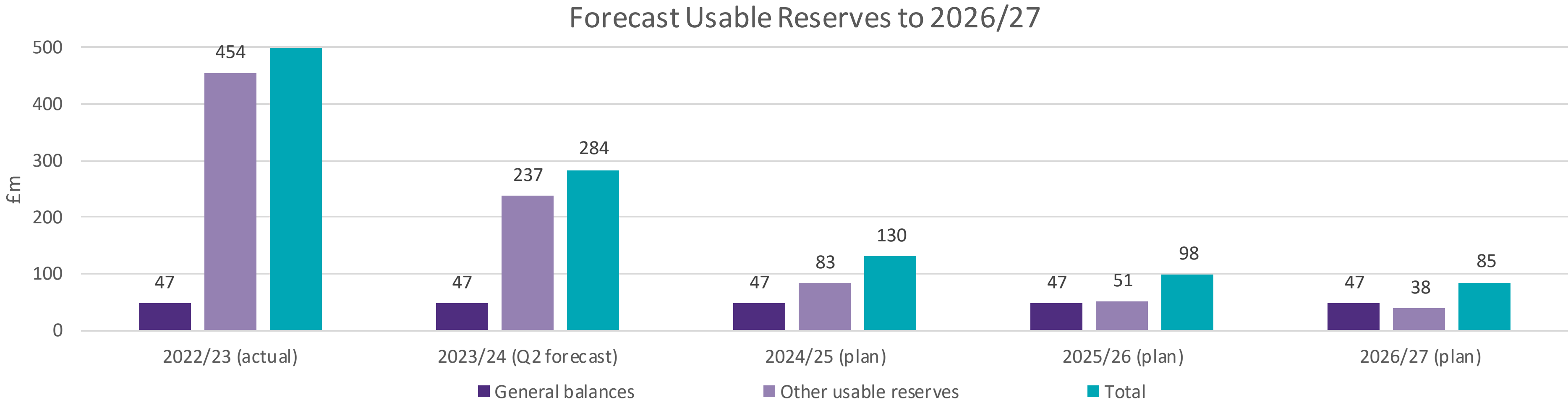
The final 2024/25 to 2026/27 MTFP forecasts that MOPAC Group's reserves will reduce from the balance of £501 million as at 31 March 2023 to £84 million, of which £47 million are general reserves, by 31 March 2027. The drawdown of £417 million (balance of £501 million as at 31 March 2023 less forecast balance of £84 million as at 31 March 2027) is not, in our view, sustainable.

Financial sustainability (continued)

Use of Reserves and Balances continued

Illustration of reserves trajectory

We illustrate the current trajectory of revenue reserves below. This does not take account of the potential use of reserves to address the forecast £40 million overspend in 2023/24 to deliver a balanced budget. If this happened, reserves as at 31 March 2027 would be £45 million.



In the 202425 budget MOPAC and CPM state that the significant reduction in reserves will need to be closely monitored and managed. They are aware that they will need to budget for an increase in the reserves over the medium term to ensure there are sufficient reserves to manage financial risks. However, this is not currently included in the budget forecast. While we note these comments we do not consider that the Medium-Term Plan presents a sustainable financial position for the organisations. In particular, should the forecast overspend of £40 million for 2023/24 materialise resulting in a further drawdown of reserves this could reduce MOPAC Group's reserves to from £85 million to £44 million by 31 March 2027 which is unsustainable.

The challenge to financial resilience is exacerbated by the planned use of borrowing to support the capital programme during this period. We comment further on this on page 32.

We understand the Mayor and Commissioner are having ongoing conversations with the Home Office in relation to addressing structural underfunding, no assumptions have been made in the budget in relation to this. Given the challenges outlined on pages 28, 29 and 30, we are concerned about the financial resilience of MOPAC Group. Due to the significance of this matter, we have raised a **key recommendation**:

Key Recommendation

MOPAC and CPM should set a balanced budget for 2024/25 and future years that does not rely on the use of reserves and achievement of a challenging savings programme. They should set a minimum level of reserves that they will maintain to ensure their financial resilience. A review of the capital programme should be undertaken to ensure that planned levels of borrowing are sustainable.

Financial sustainability (continued)

Capital

Programme delivery

The capital expenditure outturn for 2022/23 was £269 million against an approved budget of £322 million therefore resulting in a £53 million underspend (16% slippage). The variance was mainly attributable to an overspend of £39 million in the Transformation Directorate (TD) and an underspend in the Property Services Directorate (PSD) of £12 million. The underspend relating to TD resulted from slippages and underspends across a range of programmes, including 'Command and Control' and 'Connect' (we comment further on management of these two projects on pages 61-63):

- £32 million slippage against Command and Control due to project reprofiling
- £4 million slippage against the Connect project due to Drop 2 now being scheduled for the end of February 2024.

The underspend relating to PSD relates mainly to slippage in projects including Limehouse, Personal Storage and Smarter Working.

We have raised an Improvement recommendation that CPM and MOPAC should improve processes for budgeting and delivering capital programmes.

Capital expenditure and funding

MOPAC has budgeted £361 million of capital expenditure in 2023/24 decreasing to £211 million by 2026/27. The budget reflects investment in areas such as National Counter Terrorism Policing Headquarters (NCTPHQ), core capital essential asset maintenance activities, development and modernisation to ensure the CPM is fit for purpose such as the Connect and Command and Control IT projects and building its capability to explore data and become more intelligence led.

We set out in the table opposite how capital expenditure was funded in 2022/23 and how it is planned to be financed in the period to 2026/27.

	2022/23 Actual £m	2023/24 Forecast £m	2024/25 Plan £m	2025/26 Plan £m	2026/27 Plan £m	2027/28 Plan £m	Total 2023/24 to 2027/28
Total expenditure	269	336	341	255	249	254	1,435
Funding:							
Capital Receipts	93	15	12	1	11	1	40
Capital Grants & Third Party Contributions	65	63	46	30	32	31	202
Revenue Contributions	78	4	0	12	3	3	22
Borrowing	33	254	283	212	203	219	1,171
% funding by borrowing	12%	76%	83%	83%	82%	86%	82%
Borrowing Limit	873	1,047	1,302	1,424	1,508	TBA	-

We have commented in previous reports that the opportunity to generate capital receipts by disposing of high value capital assets such as land and buildings is diminishing as the portfolio of the estate becomes smaller and officer numbers increase.

As shown in the table there is increasing reliance on borrowing to fund the capital programme. In 2023/24 the underlying need to borrow is expected to rise to £196 million representing 54% of capital financing with the trend for borrowing being maintained to 2026/27. This increases the cost of capital financing, which is funded from the revenue budget and as a result creates additional pressures on resources. Further detail is provided above.

Financial sustainability (continued)

Capital continued

Capital expenditure and funding continued

Per the table on the previous page, forecasted capital spend between 2023/24 and 2027/28 is £1.4 billion. Of this, £1.2 billion is unfunded which means that MOPAC would have to borrow to finance the acquisitions. This would increase MOPAC's long term borrowing from £480 million (as at 31 March 2023) to over £1 billion by 31 March 2028. This is a trend that is unlikely to change given the current capital grant funding from central government. At £1.2 billion, financing costs would increase significantly. With Public Work Loans Board (PWLB) borrowing costs for a 20 year fix at circa 4.5%, the additional £691 million borrowing would have a revenue impact of £31 million per annum.

Management have included increases in financing costs in their MTFP and the Treasury Management Strategy has established a limit on total borrowing for the period to 2026/7. MOPAC Group's financial plans are clear that with significant pressure on the revenue budget, the need to borrow must be balanced against affordability and the limits set in the Treasury Management Strategy.

While appropriate controls are in place we consider that MOPAC should review the capital programme to ensure the level of borrowing is sustainable. This is included in **our key recommendation** on page 31.

Capital strategy

The CIPFA Prudential and Treasury Management Codes require all local authorities to prepare a capital strategy report which forms the foundation of the authority's long term planning and delivery of its capital investment. We reported in 2021/22 that MOPAC did not have an up- to-date capital strategy and this remained the case during 2022/23. Whilst the capital strategy is outdated, MOPAC and CPM have continued to review and update the capital programme on a tactical basis. There remains effective oversight over the capital programme but there is a risk that existing and future capital projects do not contribute to the objectives and priorities of both organisations.

MOPAC and CPM are in the process of finalising a revised capital strategy as part of the 2024/25 budget setting process. It will outline the 5-year capital programme as well as the wider 20-year Capital Ambition. It is important that this new strategy is a reset and not simply an extension of the capital programme. The strategy needs to provide the framework upon which decisions about capital are made that ensures MOPAC and CPM invests in those things that contribute to its vision and priorities.

MOPAC and CPM are in the process of finalising a revised capital strategy as part of the 2024/25 budget setting process. It will outline the 5-year capital programme as well as the wider 20-year Capital Ambition. It is important that this new strategy is a reset and not simply an extension of the capital programme. The strategy needs to provide the framework upon which decisions about capital are made that ensures MOPAC and CPM invests in those things that contribute to its vision and priorities.

Aligned to this the ongoing development of the Estates Strategy 2021-25 was paused pending the arrival of the new Commissioner and development of a strategy to address HMICFRS 'Engage' recommendations and those from Baroness Casey's review. Pending work scheduled for the latter part of 2023/24 to inform the future estate requirements, an interim estates position alongside the financial implications was proposed in June 2023. As a result, the budget and MTFP 2024/25 onwards includes estates projects and maintenance within the capital budget. We will follow up progress with both the Capital and Estates Strategies as part of our 2023/24 work.

Improvement recommendation

MOPAC/CPM should complete the work to publish its Capital Strategy alongside the Mayor's budget for 2024/25. Aligned to this work should be concluded on developing the Estates Strategy to inform this element of the Capital Strategy.

Financial Governance

Annual Budget Setting Process and Budgetary Control

The annual budget and Medium Term Financial Plan (MTFP) are developed in parallel each year. We have considered budget setting and financial plans for 2022/23, 2023/24 and future years earlier in this report.

MOPAC and CPM share a responsibility to identify and agree, in consultation with partners and stakeholders, financial plans which include funding and spending plans for both revenue and capital. The Mayor consults with the public on the wider London Assembly (GLA) budget including MOPAC/CPM setting out the results of this as part of his budget submission. For MOPAC and CPM, budgets are approved by MOPAC and CPM Chief Finance Officers, members of the CPM Portfolio and Investment Board (PIB) and ultimately approved by the Deputy Mayor for Policing and Crime (DMPC). The overall GLA budget is subject to review and approval by the London Assembly. We note that while appropriate processes are in place for producing the budget, the governance structures have not prevented the budgets having an over reliance on reserves. This is an area for improvement as described in our key recommendation on page 9.

During the year quarterly outturn reports are presented to PIB to review financial performance. Variances to budget are clearly explained within the outturn reports with actions identified to resolve any adverse variances. This provides senior management with the opportunity to review, challenge and scrutinise financial performance. this includes forecast outturn. It also provides a summary of the reserves position, update on capital programme and overview of delivery of savings. There is reference to workforce information such as police officer numbers

We note that in accordance with CPM Financial Regulations (FR) budget holders do not participate in budget setting. The FR prescribe that following approval of the budget, the Director of Finance via the Finance Business Partners will notify the Accountable Officers of budget allocations or cash limits and the purposes for which these resources have been approved by MOPAC/GLA. The approved cash limit for each business group and unit will be calculated to take account of service developments and savings agreed by MOPAC/GLA as part of the budget process. The FR further prescribe that budget holders are required to deliver the services for which they are responsible within the approved budget allocated. We consider this is a missed opportunity. Borough Commanders, for example would understand local issues and related demand for policing services so would inform resourcing needs. The wider implementation of PBB as described on page 35 should address this so we have not raised a recommendation here.

Finance Business Partners (FPBs) support their areas of the business with the provision of detailed budget monitoring reports along with interpretation of these each month. They are key members of local business teams engaging with colleagues in managing the budget, and identifying actions to address forecast overspends. FPBs also support with development of business cases and scrutiny of the delivery of contracts, challenging suppliers for cost overruns where applicable. But, as acknowledged publicly by the Commissioner, there is an officer and staff imbalance and skills gaps. This view is borne out by our audit work which found that there is a lack of capacity in the wider finance function.

It is clear that finance staff are delivering their roles to the best of their ability and available resource, but their scope to add value is limited by the level of vacancies, available skills, and knowledge of the business where officers are new to role. For example, vacancies in the FPB structure understandably results in focus being on detailed monitoring and support of budget delivery. Aligned to this the level of detail in the PSOP financial system can restrict self-service functionality for business users resulting in FBPs being called upon to drill into detail further impacting capacity to fully support strategic planning. These factors inhibit the ability of the wider finance team to provide their expertise in developing the financial plans to support new ways of working including NMfL. We note there is a current review of resourcing which may address this and consider the self-service function in PSOP should be reviewed with view to release further capacity for the FPBs.

We note that while processes are in place for budget setting and monitoring that they have not been effective in ensuring that budgets aren't over reliant on the use of reserves. Similarly, we note that they have not been effective in producing clear and detailed savings plans prior to the start of the financial year. There is also an indication that they may not be effective in preventing the forecast overspend for 2023/24.

Improvement recommendation

Address resourcing gaps and improve the self-service function in PSOP to ensure the wider finance team have the capacity to fully support strategic planning and transformation.

Financial Governance (continued)

Police Officer Uplift and Workforce Strategy links to annual budget setting

We stated in 2021/22 our view that MTFP is optimistic in assuming that the CPM will recruit all the officers to satisfy the Police Uplift Programme (PUP) funding requirements. We recommended that management should ensure MTFP assumptions are based on credible workforce plans and if this presents shortfalls, put in plans actions to mitigate the loss of funding.

The 2023/24 budget was finalised ahead of our improvement recommendation. Hence it still assumed that all the officers to satisfy the PUP Grant conditions would be recruited. There remained a 'non-structural' gap of £81.7 million related to the decision not to include the associated funding to match the costs of taking on a further 1,440 police officers to take numbers to 6,000. Review of the 2024/25 draft budget confirms that officer recruitment numbers do not assume the same growth. Rather the assumption is that at the end of 2024/25 officer numbers would be circa 34,500 which is short of the 35,415 which would reflect the PUP funding received for 4,557 officers. The previously included budget related to growth in police uplift numbers to 6,000 has been removed from the budget. As such, our recommendation has been addressed.

Alongside this we note that work is currently in train to ensure appropriate resourcing of both police officers and civilian staff – the "Resourcing the Met" Programme. As pay costs are a key driver for the revenue budget, representing circa 75% of revenue spend it is essential that the MTFP is clearly aligned to the resulting workforce plans so budgets are set appropriately alongside mitigation to manage any cost pressures arising.

We comment further on workforce planning on page 59.

Improvement recommendation

Ensure the MTFP is clearly aligned to the workforce plans arising from the "Resourcing the Met" Programme to ensure any resulting cost pressures can be managed.

Priority Based Budgeting

In 2021/22, we recommended that CPM continue to revisit PBB as part of their budgeting and medium term financial planning arrangements as this tool may identify efficiency opportunities which would help to address funding gaps.

We found that as part of current budget setting PBB was not widely applied with budgets being mainly rolled forward with no consideration of population changes in boroughs, for example. We note that the July 2023 meeting of CPM Portfolio and Investment Board agreed that PBB be undertaken. The Board's preference was for an approach that looked at end to end processes and services as opposed to PBB based on structures. The Board recognised the potential strain on internal resources and supported the recommendation for external resource being sought to work alongside internal resource in rolling out PBB more widely. We will review progress with this as part of our 2023/24 value for money work.

Improvement recommendation

Complete the PBB exercise agreed at the July 2023 Portfolio and Investment Board meeting to inform budgeting and medium term financial planning arrangements and identify efficiency opportunities.

Financial Governance (continued)

Role of the CPM Chief Financial Officer

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

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

It is evident from our knowledge of CPM that the CFO delivers their role in accordance with this good practice document. For example, the CFO attends Portfolio Investment Board also attended by the Commissioner, presenting financial performance papers and also attends CPM Management Board to provide insight and inform decision making in relation to finance/resourcing.

But, per CPM's Senior Management Team public webpage it is not clear that the CFO is part of the leadership team (Management Board). Rather the CFO is part of the wider Executive Structure reporting to the Chief People and Resources Officer who is a member of the Management Board (leadership team). Further, the AGS does not make it clear how the CFO delivers their role in accordance with CIPFA's good practice publication, in particular how they bring their influence to bear on all material business decisions and having direct access to the Commissioner, other leadership team members, Audit Panel and internal and external audit. We consider that the CFO should be part of the Management Board.

Improvement recommendation

CPM should:
- Ensure the CPM AGS clearly describes how the CFO role has the prominence and authority to discharge their statutory function to their fullest extent in line with CIPFA good practice.
- Expand membership of CPM's Management Board to include the CFO.

CFO Section 25 report on robustness of estimates and adequacy of reserves

In accordance with Section 25 of the Local Government Act 2003, the Mayor's Budget Guidance requires CFOs to provide a report on the robustness of estimates and adequacy of reserves. We consider this an especially key document for publication considering the ongoing financial challenge outlined earlier in this report.

MOPAC's budget submissions do not include a report from the CFO on the robustness of estimates and adequacy of reserves so does not explicitly comply with these requirements. Instead, the budget submission for 2022/23 includes a statement that the MOPAC's CFO has provided assurance as to the robustness of the estimates proposed and the adequacy of the proposed financial reserves. For 2023/24 the Reserves Strategy includes a statement that *"the level of the general reserve is a matter of judgement having regard to the advice from the 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 S25 robustness of estimates and adequacy of reserves assessment."*

Improvement recommendation

MOPAC should include MOPAC CFO's report on the robustness of estimates and adequacy of reserves as part of the budget submission.

Financial sustainability and governance conclusion

Conclusion

MOPAC Group, particularly CPM, face significant challenges to financial sustainability encompassing dwindling reserves balances to support delivery of the budget alongside the increasing challenge to identify further savings and efficiencies. We do not consider that the continuing use of reserves to balance the budget is sustainable and urgent action is needed from both organisations to address this and to return the organisations to financial balance.

Ongoing delays to the capital programme inevitably result in increasing cost of delivery, and the future capital programme relies on borrowing. The affordability of this funding stream may be impacted by the overall challenge to financial sustainability.

As described on page 61 the Command and Control project is facing additional costs of up to £100 million. Likewise as described on page 63 the CONNECT project has been subject to further Full Business Cases seeking approval for additional capital spend of £45 million and additional revenue spend of £80 million. Whilst governance arrangements for these projects were improved during 2022/23 these were not embedded. These additional costs place further challenges to financial sustainability.

The significant challenge to financial sustainability may result in difficult decisions relating to delivery of policing services and pace of ongoing transformation. The Commissioner is in regular communication with the Mayor and Home Office to discuss solutions to the identified gap. Financial planning does not assume this will be addressed resulting in budget gap of £594 million in the period to 31 March 2027.

Staff endeavour to manage the significant challenge to financial sustainability but the wider finance team faces resourcing issues. There is currently a review of workforce which may address these. The wider roll out of Priority Based Budgeting has been approved with external support to support stretched resources.

As described on page 59, a wider workforce review is in train across the CPM. This should be aligned with financial planning so the financial risk around deliverability of the resulting workforce plan can be quantified.

We will continue to monitor the financial performance of both organisations and consider whether there is cause for us to use our wider audit powers. In particular, there may be the need to issue Statutory Recommendations or an Advisory Notice if the financial position of the organisations worsens.

Improvement recommendations

Improvement Recommendation 1	CPM and MOPAC should improve processes for budgeting and delivering capital programmes.
Improvement opportunity identified	Budget planning should be informed by current year outturn forecasting to mitigate against significant slippage or overspending in the capital programme. If the drivers of capital under or overspends are not reflected in budget planning, this could result in decisions being made based on inaccurate information. Mitigations may be required to address delays in the capital programme for example to ensure current accommodation and fleet remains fit for purpose and interim arrangements put in place where necessary.
Summary findings	For the financial year 2022/23 capital expenditure was underspent by £53 million against budget. For 2023/04, there is a forecast overspend of £49 million as at Quarter 2. Slippage in the capital programme can impact on the revenue budget for example, resulting in lower capital financing costs. Conversely overspending could result in higher costs.
Criteria impacted	Financial sustainability
Auditor judgement	Our work has enabled us to identify a weakness in arrangements which we do not consider to be significant, but have raised a recommendation to support management in making appropriate improvements.
Management comments	**MOPAC:** The capital budgeting and delivery process is being reviewed and will include overall affordability of the programme. The capital programme for 2024/25 was set in March 2024 and included the most up to date information and opportunities for slippage have reduced as a result of this. This approach will support more accurate monitoring and reporting as it will ensure MPS are reporting against the latest financial information. A review of the capital programme for 2025/26 is commencing in May 2024. Deep dives on the major transformation projects (CONNECT and Command and Control) have also been scheduled – the CONNECT review will consider the closure report, lessons learned and a focus on benefits realisation ensuring savings crystalise and that ongoing operational benefits are identified, and where appropriate, quantified.

Progressing the actions management has identified to address the recommendations made will support the PCC and CC in addressing the improvements identified from our work. We consider that the timescales provided by management are appropriate and encourage the Audit Committee to monitor progress of implementation to gain assurance over the arrangements in place. The range of recommendations that external auditors can make is explained in Appendix B.

Improvement recommendations

Improvement Recommendation 1	CPM and MOPAC should improve processes for budgeting and delivering capital programmes.
Management comments	**CPM (i.e. the MPS):** Budgeting and forecasting processes are being reviewed and improved for both revenue and capital expenditure. The slippage in the capital programme delivery in 2022/23 related predominantly to the re-profiling of the C&C programme. In addition, there were more minor slippages in CONNECT and a range of smaller property works. There were no systemic drivers for slippage in delivery of the programme. For 2023/24, the programme was adjusted for the Q2 forecast in accordance with GLA guidance. Unfortunately this means the best available information at the time of budget setting was not able to be included in the process for 2024/25 therefore meaning there is likely to be a further slippage in the 2023/24 programme despite the greater oversight and monitoring of the programme. This has been fed back to the GLA with both MOPAC and MPS CFOs working with the GLA to improve the process to avoid this continuing in future years. The 2024/25 capital programme is due to undergo an additional prioritisation exercise which was agreed as part of the budget approval given the future gaps in the MTFP and the need to act now to impact the 2025/26 revenue impacts of borrowing. This is planned for Q1 of 2024/25 as part of the fixing the foundation – finance plan currently being developed for both MOPAC and MPS.

Progressing the actions management has identified to address the recommendations made will support the PCC and CC in addressing the improvements identified from our work. We consider that the timescales provided by management are appropriate and encourage the Audit Committee to monitor progress of implementation to gain assurance over the arrangements in place. The range of recommendations that external auditors can make is explained in Appendix B.

Improvement recommendations

Improvement Recommendation 2	**Workforce Plans and links to MTFP** Ensure the MTFP is clearly aligned to the workforce plans arising from the "Resourcing the Met" Programme to ensure any resulting cost pressures can be managed.
Improvement opportunity identified	Workforce is the largest cost incurred by MOPAC Group. The MTFP should clearly link to workforce plans including growth so any resulting cost pressures can be managed.
Summary findings	In 2021/22 we identified that the costs related to assumed growth in police officer numbers were not matched by PUP grant resulting in a gap in the budget. This approach has been discontinued for the 2024/25 budget. It is important that realistic assumptions related to officer growth and associated grant funding continue to be made. In addition to this, the CPM is currently undertaking a review of officer and staff resourcing – the "Resourcing the Met" Programme to ensure the right resources are in the right place at the right time. The resulting workforce plan will inform future budget setting.
Criteria impacted	Financial sustainability
Auditor judgement	Our work has enabled us to identify a weakness in arrangements which we do not consider to be significant, but have raised a recommendation to support management in making appropriate improvements.
Management comments	The budget for 2024/25 clearly links the current workforce projections and is not based on nationally set targets. This has led to a reduction in assumed grant available to the MPS as the PUP ring-fenced grant will not be achieved in this financial year. The longer term view is being developed through the Resourcing the Met programme, and resources will be aligned to these outcomes and the business planning processes being implemented during 2024/25.

Progressing the actions management has identified to address the recommendations made will support MOPAC and CPM in addressing the improvements identified from our work. We consider that the timescales provided by management are appropriate and encourage the Audit Panel to monitor progress of implementation to gain assurance over the arrangements in place. The range of recommendations that external auditors can make is explained in Appendix B.

Improvement recommendations

Improvement Recommendation 3	**Priority Based Budgeting in CPM** Complete the PBB exercise agreed at the July 2023 meeting of the Portfolio and Investment to inform budgeting and medium term financial planning arrangements and identify efficiency opportunities.
Improvement opportunity identified	PBB is a tool which may identify opportunities to achieve efficiencies helping to address the financial gap faced by CPM.
Summary findings	PBB in CPM has previously been applied for Human Resources and Met Operations but not rolled out across policing operations. Currently budgets are rolled forward so budget allocations are not revisited to reflect population changes in boroughs for example. PBB is a tool which costs the services to be provided along with examining savings that could be made / investments that are needed, without impacting on service levels. We note that the July 2023 meeting of CPM Portfolio and Investment Board agreed that PBB be undertaken. The Board's preference was for an approach that looked at end to end processes and services as opposed to PBB based on structures. The Board recognised the potential strain on internal resources and supported the recommendation for external resource being sought to work alongside internal resource in rolling out PBB more widely.
Criteria impacted	Financial sustainability
Auditor judgement	Our work has enabled us to identify a weakness in arrangements which we do not consider to be significant, but have raised a recommendation to support management in making appropriate improvements.
Management comments	The MPS have commissioned an external partner to support in the delivery of an efficiency programme, incorporating significant elements of PBB. The initial savings report has been produced and will be taken forward via the Efficiency Programme Board which includes senior representation from across the MPS. Identified efficiencies will inform budget setting and monitoring in year and feed into the MTFP refresh and 2025/26 business planning and budget setting processes.

Progressing the actions management has identified to address the recommendations made will support MOPAC and CPM in addressing the improvements identified from our work. We consider that the timescales provided by management are appropriate and encourage the Audit Panel to monitor progress of implementation to gain assurance over the arrangements in place. The range of recommendations that external auditors can make is explained in Appendix B.

Improvement recommendations

Improvement Recommendation 4	**Capital strategy** MOPAC/CPM should complete the work to publish its Capital Strategy alongside the Mayor's budget for 2024/25. Aligned to this work should be concluded on developing the Estates Strategy to inform this element of the Capital Strategy.
Improvement opportunity identified	The capital strategy should align to the Mayor's Police and Crime Plan and the Commissioner's transformation programme. The current refresh should ensure the framework is in place for appropriate capital decisions to be taken to support delivery of these.
Summary findings	Our 2021/22 Auditors Annual Report recommended that MOPAC should set out a new capital strategy covering both the medium term and the forward 20 year vision. Management accepted the recommendation stating this would be done as part of 2024/25 budget setting. The draft 2024/25 budget submission refers to the capital strategy being drafted. Alongside this work is in train to complete the review of the Estates Strategy.
Criteria impacted	Financial sustainability
Auditor judgement	Our work has enabled us to identify a weakness in arrangements which we do not consider to be significant, but have raised a recommendation to support management in making appropriate improvements.
Management comments	**MOPAC:** The capital strategy is now updated and refreshed on an annual basis and work to inform the 2025/26 strategy is commencing in early May 2024. The cost and affordability of transformation including New Met for London and the estates strategy will be considered as part of the prioritisation process. Given the likely financial constraints, MOPAC will develop an approach that strengthens the requirement to consider the outcomes of the investment and the wider benefits realisation. **CPM (i.e. the MPS):** The capital strategy for 2024/25 has been published. Work continues on the development of the Estates Strategy and is due to be considered by ExCo in Q1 of 2024/25. The financial assumptions for future investment were therefore not included in the 2024/25 budget setting process as the strategy was and the necessary funding and revenue implications are being developed as the Strategy flows through the approval cycle.

Progressing the actions management has identified to address the recommendations made will support MOPAC and CPM in addressing the improvements identified from our work. We consider that the timescales provided by management are appropriate and encourage the Audit Panel to monitor progress of implementation to gain assurance over the arrangements in place. The range of recommendations that external auditors can make is explained in Appendix B.

Improvement recommendations

Improvement Recommendation 5	**Capacity of the wider finance function** Address resourcing gaps and improve the self-service function in PSOP to ensure that the wider finance team have the capacity to fully support strategic planning and transformation.
Improvement opportunity identified	Adequate resourcing of the wider finance function would ensure finance professionals have the capacity to fully support strategic development and new ways of working. The extension of available detail in PSOP would improve self-service functionality for business users which would further improve the capacity of the Finance Business Partners to support strategic planning.
Summary findings	As publicly acknowledged by the Commissioner in his budget submission for 2024/25, CPM does not have sufficient skills and people in key support roles. The NMfL investment included in the draft 2024/25 budget submission includes boosting the finance function. This view is borne out by our audit work which found that there is a lack of capacity in the wider finance function. It is clear that finance staff are delivering their roles to the best of their ability and available resource, but their scope to add value is limited by the level of vacancies, available skills, and knowledge of the business where officers are new to role. For example, vacancies in the Finance Business Partner (FPB) structure understandably results in focus being on detailed monitoring and support of budget delivery. Aligned to this the level of detail in PSOP can restrict self-service functionality for business users resulting in Finance Business Partners being called upon to drill into detail further impacting capacity to fully support strategic planning. These factors inhibit the ability of the wider finance team to provide their expertise in developing the financial plans to support new ways of working including NMfL.
Criteria impacted	Financial sustainability
Auditor judgement	Our work has enabled us to identify a weakness in arrangements which we do not consider to be significant, but have raised a recommendation to support management in making appropriate improvements.
Management comments	Recruitment has already commenced for the appointment of key finance roles, including the Chief Finance Officer. In addition, a wider recruitment campaign to fill vacancies in the business partnering teams has just completed. This will allow for the appointment of permanent staff to replace current use of interim staff. Through the Met Business Services (MBS) programme, work is underway to look at how we can enhance our use of the existing system (PSOP) and outsourced service provider to automate processes, improve user experience and reduce failure demand. Key improvements to be rolled out in relation to finance include the implementation of a new reporting solution and global process review of source to pay. The MBS programme has received approval to commence work to lead to procurement of a new ERP (and associated modules) and outsourced service provider from 2027. This will create an opportunity for a step change in system and service capability, but work within the programme will also look at opportunities to enhance capability ahead of this date.

Progressing the actions management has identified to address the recommendations made will support MOPAC and CPM in addressing the improvements identified from our work. We consider that the timescales provided by management are appropriate and encourage the Audit Panel to monitor progress of implementation to gain assurance over the arrangements in place. The range of recommendations that external auditors can make is explained in Appendix B.

Improvement recommendations

Improvement Recommendation 6	**Role of the CPM Chief Financial Officer (CFO)** Expand membership of CPM's Management Board to include the CFO. Ensure the CPM AGS clearly describes how the CFO role has the prominence and authority to discharge their statutory function to their fullest extent in line with CIPFA good practice.
Improvement opportunity identified	Clear description within the AGS of the CFO being a key member of the wider CPM leadership team bringing influence to bear on all material business decisions with direct access to the Commissioner and other stakeholders. Include the CFO on CPM's Management Board.
Summary findings	The draft 2022/23 AGS for CPM does not explicitly document how the CFO delivers their role in accordance with CIPFA's 2021 good practice publication "The Role of CFOs in Policing". It is evident from our knowledge of CPM that the CFO delivers their role in accordance with this good practice document. But, per CPM' Senior Management Team public webpage it is not clear that the CFO is part of the leadership team. Rather the CFO is part of the wider Executive Structure reporting to the Director of Resources and People who is a member of the Management Board (leadership structure). It is not evident how the CFO delivers their role in accordance with CIPFA's good practice publication, in particular as they do not appear to be a member of the Commissioner's leadership team with the influence this would bring to bear on all material business decisions and having direct access to the Commissioner, other leadership team members, Audit Panel and internal and external audit. We consider the CFO should be a member of the Management Board.
Criteria impacted	Financial sustainability
Auditor judgement	Our work has enabled us to identify a weakness in arrangements which we do not consider to be significant, but have raised a recommendation to support management in making appropriate improvements.
Management comments	The Chief Financial Officer is now a full member of the MPS Management Board. We will ensure that the AGS includes sufficient and appropriate disclosure regarding how the CFO discharged their responsibilities during 2022-23.

Progressing the actions management has identified to address the recommendations made will support MOPAC and CPM in addressing the improvements identified from our work. We consider that the timescales provided by management are appropriate and encourage the Audit Panel to monitor progress of implementation to gain assurance over the arrangements in place. The range of recommendations that external auditors can make is explained in Appendix B.

Improvement recommendations

Improvement Recommendation 7	**Section 25 report on robustness of estimates and adequacy of reserves** Include MOPAC Chief Finance Officer's Report on the robustness of estimates and adequacy of reserves as part of the budget submission.
Improvement opportunity identified	Clear evidence of compliance with Section 25 of the Local Government Act 2003, and the Mayor's Budget Guidance requiring CFOs to provide a report on the robustness of estimates and adequacy of reserves.
Summary findings	MOPAC's budget submissions do not include a report from the Chief Finance Officer on the robustness of estimates and adequacy of reserves. We consider this a key document for publication considering the ongoing financial challenge. Instead, the budget submission for 2022/23 includes a statement that the MOPAC's Chief Finance Officer has provided assurance as to the robustness of the estimates proposed and the adequacy of the proposed financial reserves. For 2023/24 the Reserves Strategy includes a statement that *"the level of the general reserve is a matter of judgement having regard to the advice from the 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 S25 robustness of estimates and adequacy of reserves assessment."*
Criteria impacted	Financial sustainability
Auditor judgement	Our work has enabled us to identify a weakness in arrangements which we do not consider to be significant, but have raised a recommendation to support management in making appropriate improvements.
Management comments	The final MOPAC budget for 2024/25 was approved in March 2024, and was supported by a comprehensive Section 25 Statement. As part of the GLA process, a S25 statement is always provided by the MOPAC CFO. The financial challenges that are currently being faced necessitated a more detailed S25 Statement for the 2024/25 budget and this practice will now be embedded and continue into future years. MOPAC is reviewing the budget process with the Greater London Authority and this will include the S25.

Progressing the actions management has identified to address the recommendations made will support MOPAC and CPM in addressing the improvements identified from our work. We consider that the timescales provided by management are appropriate and encourage the Audit Panel to monitor progress of implementation to gain assurance over the arrangements in place. The range of recommendations that external auditors can make is explained in Appendix B.

Governance

We considered how the MOPAC and CPM:

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

Overview of Governance Arrangements

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

In February 2022, Baroness Casey of Blackstock started her commissioned independent review into the culture and standards of the CPM. In September 2022, Sir Mark Rowley QPM was sworn in as the new Commissioner for the CPM, just in time to receive her initial findings in October 2022, which were then made public. The full Casey review was published on 13 March 2023. As a result, the governance framework changed again. The revised structure is detailed on the next page.

During 2021/22, MOPAC revised its oversight governance framework to better support the delivery of the new PCP and to ensure it was able to discharge its oversight and scrutiny responsibilities over the CPM (see Fig 3.). One of the key changes that came into effect at the end of 2021/22 was to split the oversight board into two. Part of the reason to split the oversight board into two was to ensure sufficient time and scrutiny was afforded to all the key risk areas.

Following the issue of the Casey Report, MOPAC's internal oversight boards were replaced by the London Policing Board. This was created by the Mayor in response to one of Baroness Casey's recommendations. The Board has two sub-committees – the Performance and Finance Delivery Committee, and the People and Culture Committee. The inaugural meeting of the Board took place on 26 September 2023.

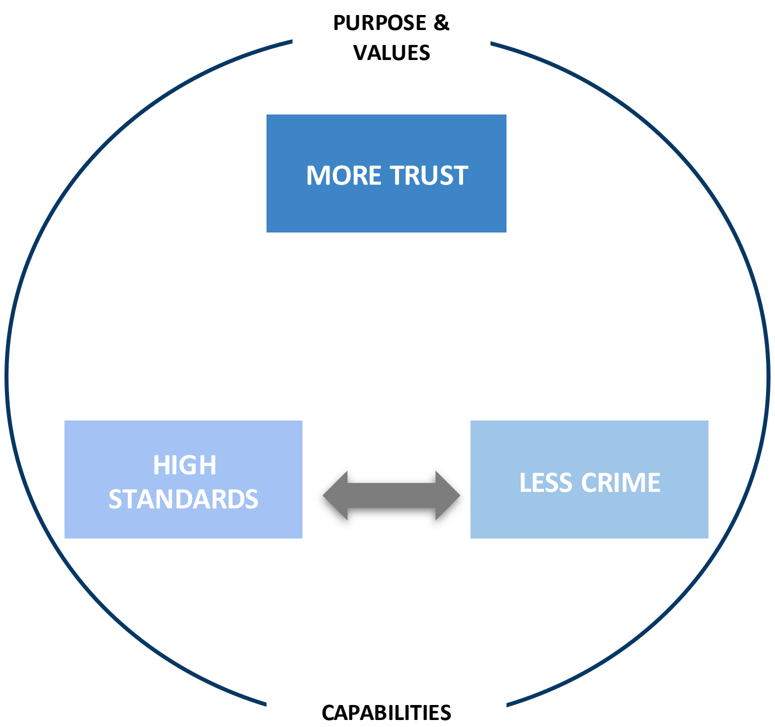
It is too early to comment on the effectiveness of the revised governance structures. We will therefore review the impact of the new structures in more detail in our 2023/24 audit. We note, however, that there has been a great deal of change both in the structure and governance of MOPAC and the CPM, and of the leadership in both. This has come at a time of significant challenges for MOPAC and the CPM, and both would benefit from a period of stability to recover and start to push through new agendas.

Governance (continued)

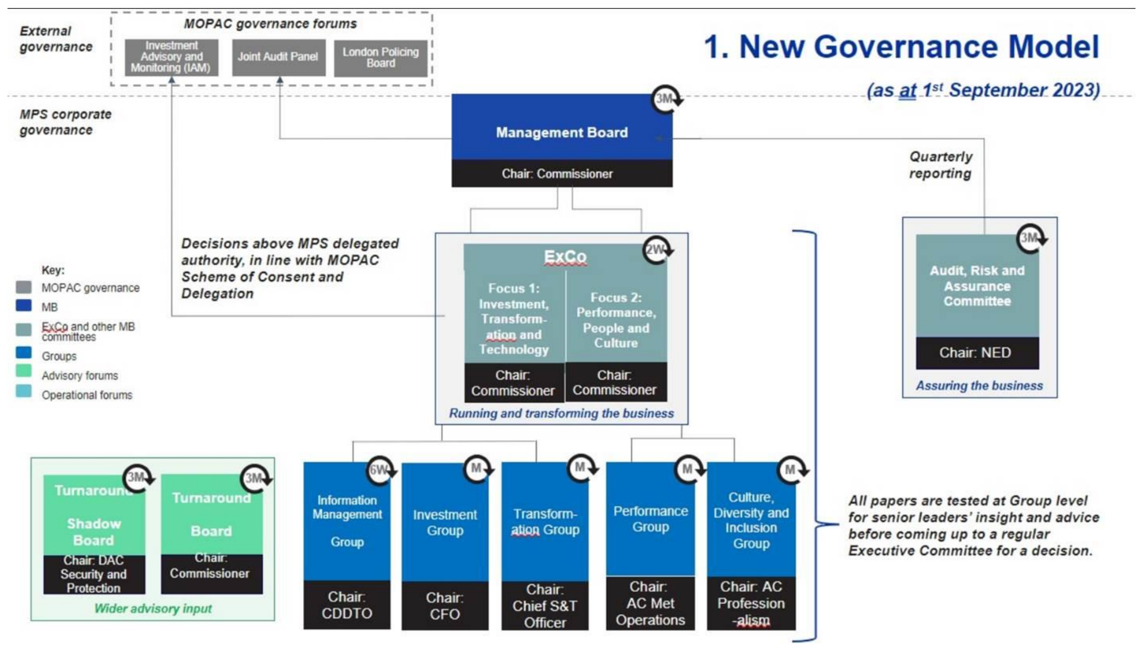
Overview of Governance Arrangements (continued)

In June 2022, His Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) placed the CPM into enhanced monitoring, otherwise known as 'Engage'. When Sir Mark Rowley QPM was appointed in September 2022, he redesigned the governance structure of the CPM and created a 'Turnaround' programme to address the systemic issues in the CPM. More trust, less crime and high standards became the CPM focus. The Turnaround Board continued until September 2023 when the Mayor's London Policing Board started.

The revised CPM strategy



Revised management Board structure



Governance (continued)

Overview of Governance Arrangements (cont.)

HMICFRS has published the causes of concern resulting in the CPM being placed in Engage on its website at link: https://hmicfrs.justiceinspectorates.gov.uk/about-us/what-we-do/our-approach-to-monitoring-forces/police-forces-in-engage/. The information is replicated below:

Entered Engage

2022

Reasons

1. The Metropolitan Police Service's (MPS) counter-corruption arrangements related to the findings of the Daniel Morgan Independent Panel:
    a. The MPS's lack of proactive work to gather counter-corruption intelligence is a cause of concern.
2. Concerns identified in PEEL 2020/21 inspection:
    a. The force needs to improve how it answers 101 calls for service and how it identifies vulnerability at the first point of contact.
3. Concerns in relation to systematic failings in both performance and governance as identified in inspection reports in recent years.
4. In October 2023, two accelerated causes of concern were issued because the force's approach to child protection is putting vulnerable children at risk:
    a. The force needs to improve how it identifies and assesses risks, and how it responds, when children are reported missing.
    b. The force should improve its investigations when children are at risk of, or harmed by, criminal or sexual exploitation.

The CPM remains in Engage because HMICFRS does not consider sufficient sustainable improvement has been demonstrated in addressing the identified causes of concern to remove the police service from its enhanced monitoring processes. As such, we have carried forward the key recommendation from last year that arrangements are put in place to make the necessary changes to respond to HMICFRS. Further commentary on our assessment of arrangements to manage performance in response to HMICFRS findings is provided on page 55. We will review the arrangements again in 2023/24.

Governance (continued)

Monitoring and Compliance with Standards

Following a series of high-profile incidents the Casey review into standards of behaviour and internal culture of the CPM found that a great deal of work was necessary to restore public confidence.

The review found that

- The CPM is failing women and children;
- After a decade of austerity, frontline policing has been deprioritised and degraded;
- There is institutional racism, sexism and homophobia, inside the organisation in terms of how officers and staff are treated, and outside the organisation in terms of how communities are policed;
- And it is unable to police itself.

The CPM accepted all the recommendations in full.

We made a key recommendation in our 2021/22 Value for Money Auditors Annual Report on trust and confidence; to bring together the findings of both external reports and internal findings and carry out a thematic to diagnose pervasive issues enabling it to put in place those transformative changes to effectively rebuild trust and confidence.

The CPM has since reviewed the causes driving the HMICFRS findings, expanding analysis to include all outstanding recommendations received from HMICFRS, internal audit, IOPC and others to identify perennial challenges. It consolidated them into 'themes' and started the Turnaround Board which met regularly to implement change. As a result, the New Met for London (NMfL) programme was launched in July 2023 setting out three priorities – community crime fighting, culture change and fixing foundations.

Culture Change

The Professionalism Directorate has been reviewed since the last audit. There is now a deputy assistant commissioner in post to oversee 'operations' and another responsible for transformation. Transformation includes reforming diversity and inclusion; previously the CPM promoted 'STRIDE – its strategy for inclusion, diversity and engagement. This has now been replaced by a new culture, diversity and inclusion framework.

From July 2021 to July 2023, the proportion of female officers has increased from 28.5% to 30.7% and ethnic minority officers from 15.7% to 17.2%. The CPM has twice completed an external recruitment exercise to identify a new Director of Culture but both failed to find the right candidate. This shows how important the CPM believe this position to be.

Improvements have also been made to 'stop and search' through 'precise policing' to reduce disproportionality. Positive outcome searches (where a search results in something illegal being identified) have gone up from 26% to 29%, and over half of all intimate searches have a positive outcome.

The CPM measure outcomes in relation to more trust, less crime and high standards. In quarter 4 of 2022/23, the number of offences of violence against women and girls was down from 20,353 in Quarter 1 to 18,190 in Quarter 4 and Anti-Social Behaviour calls were reduced by nearly 25% over the same period. Trust in the police had remained steady at around 70% and the number of people believing the police were doing a good job had increased by 5% demonstrating some progress.

Governance (continued)

Culture change (continued)

There are several operations that the CPM are undertaking to improve trust and confidence (see below for Operations Trawl, Dragnet, Onyx, and Assure). Because of this, the results above and the reform of the Professionalism Directorate, we no longer consider that there is a significant weakness in the arrangements around Trust and Confidence. However, we believe that there is still a great deal of work to do, to ensure that the public has trust and confidence in the CPM. Arrangements for culture change need to be strengthened, officers and staff need to continue to strive for improvement and both MOPAC and CPM need to progressively improve and maintain the trust and confidence of the public.

There are currently several operations in place to identify and remove officers and staff who fail to adhere to the new high standards of the CPM.

Operation Trawl was a national requirement for all forces to check all the workforce against the Police National Database. The CPM completed checks of more than five billion intelligence records against 50,000 staff and found no criminal offences identified. Only 144 cases were subject to further assessment for potential conduct, and of those 58 conduct investigations were commenced with 17 relating to allegations of gross misconduct and 41 for misconduct. 24 people received management advice for a non-conduct matter, 2 were referred to review vetting under Operation Assure (see below), and the remaining 60 cases required no further action to be taken.

Operation Dragnet has reviewed all 50,000 officers and staff against the Police National Computer, and discovered over 100 with convictions, some serious.

Operation Onyx is reviewing all officers and staff who, over the last 10 years have had any allegations made against them in relation to domestic abuse or sexual offences. CPM have identified a number of people in this category and aim to complete a full review of their cases by the Autumn of 2024. Over 100 have already left the CPM through resignation, retirement or dismissal.

Operation Assure is dedicated to re-vetting individuals upon any notified change in circumstances. There has been over 100 officers and staff referred to Operation Assure from Operation Onyx, and a significant number of those have subsequently had their vetting removed, which means they can no longer work for the police. They have either left the CPM voluntarily or are going through an enhanced performance related process which the CPM has initiated. This can result in the staff member being sacked for 'gross incompetence'.

Governance (continued)

Arrangements for Vetting

In our 2021/22 audit, we identified vetting as a significant weakness.

As of 8 December 2023, the number of CPM employees (officers, staff, PCSOs, specials) with no vetting held was 512. This figure was down from 818 in May 2023. The 512 includes 357 currently out of the organisation, and therefore with no active vetting requirement or means to renew vetting. This includes those on career breaks (125), secondments (11), suspended (10), and those long-term sick leave.
In addition, there are 269 secondees into the CPM (153 police officers and 116 staff) who are shown with no vetting.

The number of people in the vetting team has risen to 176 since the last audit report (from 156) , but capacity still doesn't meet demand which continues to rise and is up 153%.

Meeting minutes show that the length of time it takes to complete vetting for new starters is around 50 days. Enhanced vetting (required for more specialist and more risk related roles such as counter terrorism) is taking 336 days.

Contractors take up a considerable proportion of vetting time and their turnaround is 88 days on average, with an average of 343 cases per month and a 10% failure rate over the period May-November 2023. Some contractors are in post without vetting – having been risk assessed and deemed suitable to start without. The CPM do not charge for contractor vetting.

In May 2023, the CPM set up a Gold group to address the vetting backlog. It recognised that the vetting performance at the time represented a significant risk to the CPM.

Our key recommendation in 2021/22 was that enhanced vetting of officers and staff in specialist roles should be considered in the same way as routine vetting, with data complied, reported on and scrutinised to ensure compliance (as per the HMICFRS recommendation).

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

Whilst the performance data is now available, and there are more staff in the vetting team, we found there is still a significant weakness around vetting arrangements in 2022/23.

We are aware of considerable work being undertaken during 2023/24 and into 2024/25 to improve arrangements. We look forward to reviewing the impact of this during our review of arrangements in 2023/24.

Key Recommendation

We recommend that further investment is made to ensure that vetting time is significantly reduced.

We recommend that contractors are charged for vetting their employees.

Governance (continued)

Data Breaches

There were a total of 576 data breaches in the CPM in 2022/23, six of which were referred to the Information Commissioners Office (ICO) (one from MOPAC, the rest from CPM) with no further action deemed necessary.

CPM had a significant cyber-attack in 2023. There was a requirement to replace all identity cards, and this was outsourced to a company with all due diligence checks undertaken. Unfortunately, that (checked) company then used a (unchecked) sub-contractor to carry out the work and they were responsible for the data breach. Subsequently, an investigation found that the risk to staff was very low. All staff were contacted and made aware, and risk assessments were carried out with line managers where necessary. The main supplier is no longer contracted to CPM (the sub-contractor was not engaged directly by CPM), and the National Crime Agency are carrying out a thematic investigation to establish how additional suppliers in any supply chain can be held accountable for cyber security.

In 2023, MOPAC identified a data breach relating to information submitted on webforms hosted on the London.gov.uk website. The breach was reported to the ICO and MOPAC and the Greater London Authority are working jointly to manage the risk. We understand that the ICO decision is pending.

Monitoring and Assessing Risk

There is an annual risk assessment process. Departmental teams create their own annual risk registers and there is also a strategic (Corporate) risk register (CRR). The CRR incorporates some of the highest risks set out in some of the departmental risk registers, as well as including the corporate risks. These are assessed and scored and have progress status routinely reviewed. CPM risks are aligned to force priorities. In July 2023 there were 13 risks on the CPM CRR of which eight were rated red risks. There were six risks on the MOPAC CRR of which four were rated red risks.

The CRR from both MOPAC and the CPM is presented to the joint Audit Panel at each quarterly meeting. The CPM CRR is reviewed monthly at the Governance and Risk working group meeting allowing members the opportunity to challenge and scrutinise risks.

The CPM Risk and Assurance Board are reviewing the risk register to incorporate ‘A New Met for London’ priorities. Risks are scored based on likelihood vs impact and rated red/amber/green based on their risk level.

Governance (continued)

Decision Making

Since the creation of MOPAC under the Police Reform and Social Responsibility Act 2011 there has been a Scheme of Delegation. This ensures that decisions are made at the lowest level consistent with efficient and effective decision making. The level of delegated authority to the CPM is £500k. For several years, this has been a point of debate between MOPAC and the CPM. We reported the same arrangements last year. From the CPM's perspective, £500k is still too low a limit given annual expenditure exceeds £4 billion. It means many 'business as usual' (BAU) decisions which are considered routine are required to go through full MOPAC governance for approval.

An example was provided of the requirement to replace breathalyser equipment, which was necessary for operational effectiveness, but was delayed significantly by the requirement to obtain MOPAC authorisation.

The case put forward again this year, is that this leads to bureaucracy and diverts time away from those decisions which are high risk that do require that level of scrutiny.

We are aware that a great deal of time and resources have been dedicated to resolving this issue over several years, with very little progress made. Equally, we note that any increase in delegated limits should be balanced with greater openness and accountability by CPM to MOPAC.

Improvement Recommendation

The level of delegated authority to the CPM by MOPAC should be reviewed in consultation with senior leaders in the CPM, with a view to resolving the issues in the next 12 months.

Conclusion

In his first year, the new Commissioner has reviewed and revised the governance arrangements for the CPM, created a comprehensive strategy for change and has started to achieve results. MOPAC has also revised its governance structures and changed the way it holds the CPM to account through the new London Policing Board. It is too soon to form a view on the effectiveness of the new structures.

The CPM remains in 'Engage' and Vetting is still a significant weakness, but there has been considerable progress in monitoring and compliance of standards since our last audit, and trust and confidence in the CPM is improving through the extensive work being done. We no longer consider Trust and Confidence to be a significant weakness.

The CPM would benefit from a review by MOPAC into the scheme of delegation.

Improvement recommendations

Improvement Recommendation 8	Decision Making The level of delegated authority to the CPM by MOPAC should be reviewed in consultation with senior leaders in the CPM, with a view to resolving the issues in the next 12 months.
Improvement opportunity identified	Increasing the level at which the CPM are required to have MOPAC authority, would remove bureaucracy and constraints that are currently inhibiting senior leaders, and is a barrier to operational effectiveness. We note that any increase in delegated limits should be balanced with greater openness and accountability by CPM to MOPAC.
Summary findings	The level of delegated authority to the CPM is £500k. For several years, this has been a point of debate between MOPAC and the CPM. Senior Metropolitan Police leaders are calling for an increase in the level of delegated authority and gave tangible examples of where this has been an issue, leading to operational ineffectiveness. We note that any increase in delegated limits should be balanced with greater openness and accountability by CPM to MOPAC.
Criteria impacted	Governance
Auditor judgement	Our work has enabled us to identify a weakness in arrangements which we do not consider to be significant, but have raised a recommendation to support management in making appropriate improvements.
Management comments	A review of the scheme of delegation is underway with an updated scheme due to be presented to the DMPC by the end of June 2024. The review will seek to understand where the problems lie and what the barriers are and will also consider the wider assurances that are needed including transparency and reporting. Measures to ensure greater transparency will need to be in put in place before the threshold of delegation can be reviewed.

Progressing the actions management has identified to address the recommendations made will support MOPAC and CPM in addressing the improvements identified from our work. We consider that the timescales provided by management are appropriate and encourage the Audit Panel to monitor progress of implementation to gain assurance over the arrangements in place. The range of recommendations that external auditors can make is explained in Appendix B.

Improving economy, efficiency and effectiveness

We considered how the MOPAC and CPM:

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

Performance management

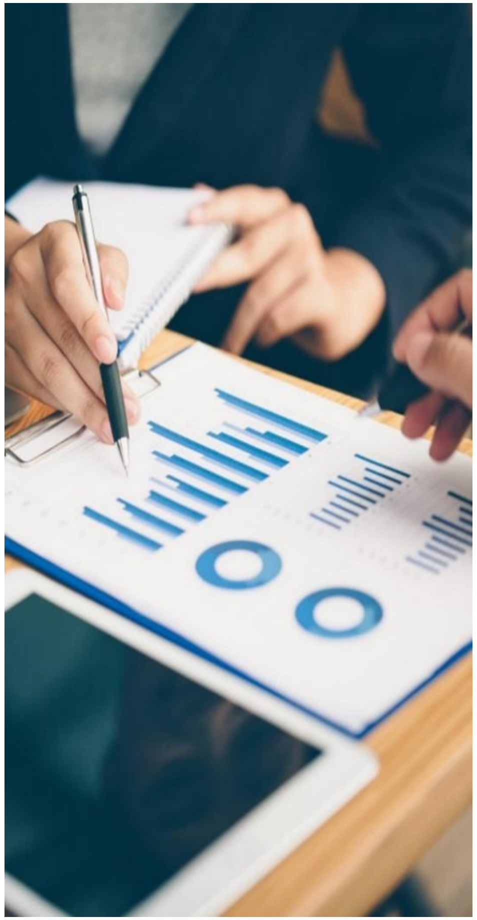
As discussed in our 2021/22 report, HMICFRS had several concerns about the efficiency and effectiveness of the CPM. It's PEEL report published in September 2022, highlighted that:

- The force needs to get better at how it responds to the public (see page 60)
- The force should improve its understanding of its demand and the capability, capacity and skills of its workforce (see page 59).

Summary of HMICFRS PEEL inspection findings 2021/22

Outstanding	Good	Adequate	Requires improvement	Inadequate
	Preventing crime	Recording data about crime	Investigating crime	Responding to the public
		Treatment of the public	Protecting vulnerable people	
		Disrupting serious organised crime	Managing offenders	
			Developing a positive workplace	
			Good use of resources	

In March 2022, HMICFRS inspection of the CPM's counter corruption arrangements and other matters related to the Daniel Morgan Independent Panel described a range of systemic failures. These were not just in relation to counter corruption but more general matters too, such as the quality of basic supervision provided to officers. This, together with the PEEL reported which highlighted several causes of concern, led to the CPM being place into enhanced monitoring or 'Engage' In September 2022.



Improving economy, efficiency and effectiveness (continued)

Performance management continued

In March 2023 the Baroness Casey Review was published, which found that "The Met is failing women and children; • After a decade of austerity, frontline policing has been deprioritised and degraded; • There is institutional racism, sexism and homophobia, inside the organisation in terms of how officers and staff are treated, and outside the organisation in terms of how communities are policed; • And it is unable to police itself".

The CPM responded by reviewing all recommendations and causes of concern and consolidating them into 'themes. It started a 'Turnaround Board' which met regularly to implement change, and as a result, the New Met for London (NMfL) was launched in July 2023. There are three strands to the NMfL - Community crime fighting, culture change and fixing foundations. There is evidence of progress in all three areas, but there is significant work still to be done with significant cost implications. The current budget gap of £594 million in the period to 31 March 2027 has resulted in delivery of NMfL being postponed. (see Financial Sustainability page 30).

The Turnaround Board continued until September 2023 when the Mayor's London Policing Board started (see page 46). There is clear monitoring of performance, and thematically in relation to trust and confidence, the MetCC, and the workforce. However, where other forces have set up Gold groups to manage the 'Engage' process, the absence of the Turnaround Board leaves a potential gap in strategic oversight. We will review this in our 2023/24 audit. See Key Recommendation on page 13.

In response to the need to apply ongoing review to performance monitoring arrangements (given that HMICFRS do not consider there has been sufficient improvement in performance to remove MPS from Engage (see page 48)), the new Commissioner has revised the Performance Framework. This now sets out a series of metrics built around 'more trust, less crime, high standards'. Quarterly performance is published on MOPAC's website.

We illustrate on the following two pages a snapshot of published performance information for Quarter 3 2022/23 which linked to the Mayor's Police and Crime Plan, and for quarter 2 2023/24 which demonstrates how the Performance Framework reflects the revised metrics. These both evidence areas where further improvement is required. We comment further on the impact of this on page 58.

A Performance Group meeting, chaired by the Assistant Commissioner for operations and performance, scrutinises data in detail. The data is categorised into 'activities' – which reviews data in relation to preparedness, incident and response, investigation, keeping and protecting the peace, offender, victim, location, prevention and professionalism – and 'enablers' – which reviews data in relation to people, data and technology, finance and commercial, forensics, intelligence, estates and equipment, communications and transformation. 'Outcomes' are also reviewed.

This reports into a bi-monthly Performance Board chaired by the Deputy Commissioner and attended by assistant and deputy assistant commissioners responsible for all areas of performance of the CPM. The Board can direct the Performance Group to review issues and can direct 'deep dives' for areas of particular concern. Senior leaders are held accountable for their response.

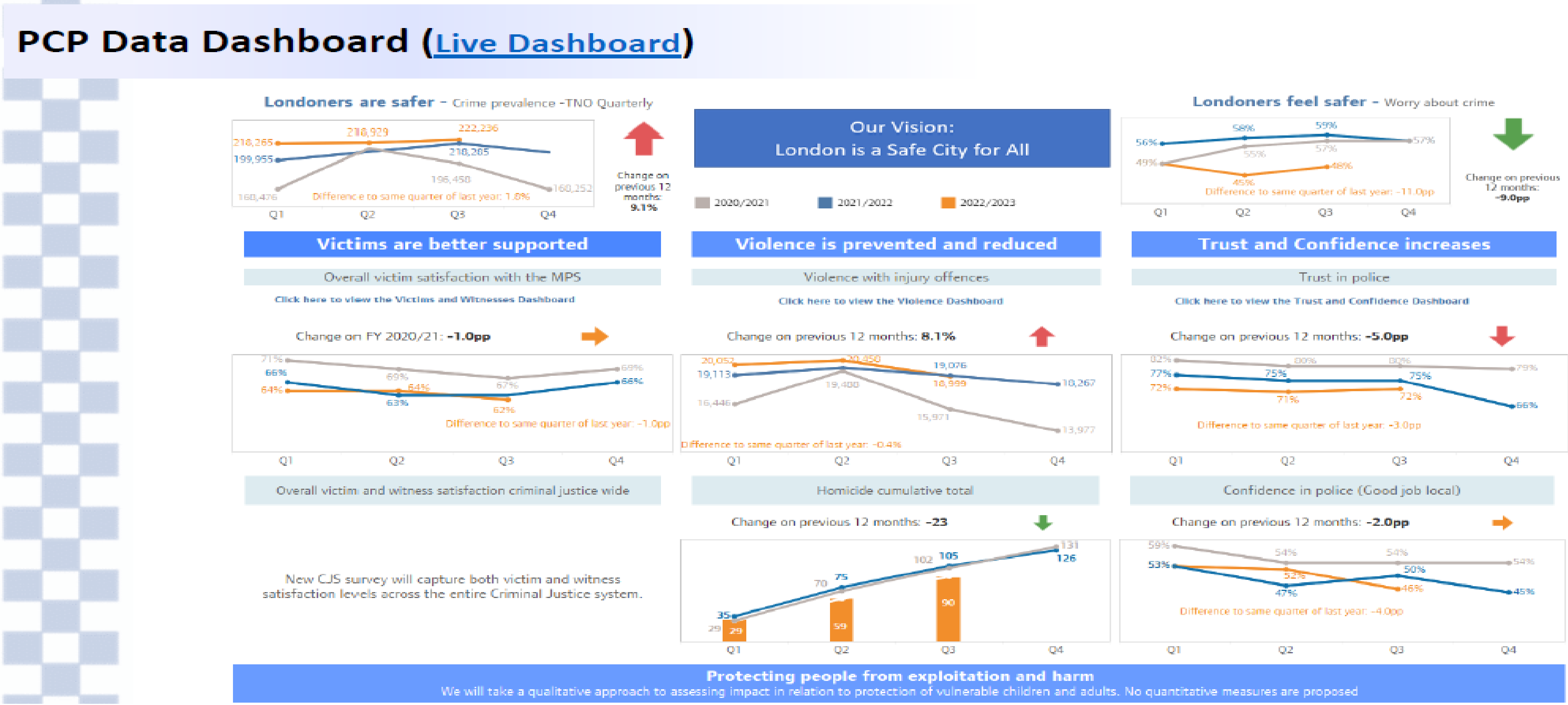
Key Recommendation

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

Improving economy, efficiency and effectiveness (continued)

Performance Management continued

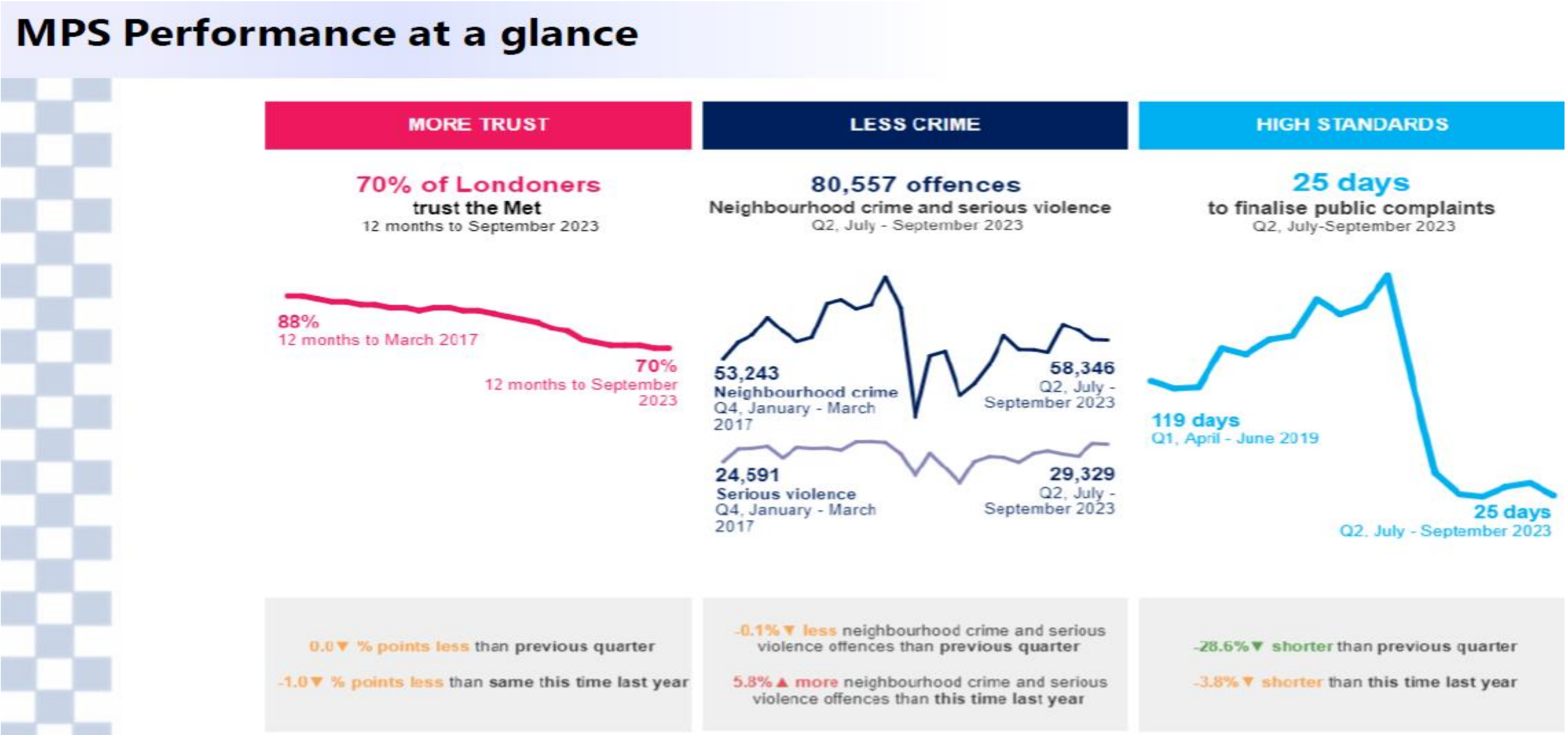
The below table provides a snapshot of published performance information for Quarter 3 2022/23 linked to the Mayor's Police and Crime Plan. This evidences that further improvement in performance is required.



Improving economy, efficiency and effectiveness (continued)

Performance Management continued

The below table provides a snapshot of published performance information for Quarter 2 2023/24. This evidences the evolvement of performance information with metrics built around 'more trust, less crime, high standards. Again, this evidences improvement in performance is still required.



Improving economy, efficiency and effectiveness (continued)

Workforce Planning

HMICFRS said "We found that the force is still struggling to fully understand the capability and capacity of its workforce throughout all areas of policing. It also lacks a detailed understanding of the skills in its workforce. This has led to an unfair allocation of work, which puts undue pressure on some staff. This in turn affects service delivery and makes it harder to use resources efficiently."

Casey said "We saw no evidence that the Met had an evidence-based approach to its workforce planning that took account of past, existing or predicted demand". It was identified as a missed opportunity for the CPM.

As part of New Met for London, strengthening public protection and bolstering neighbourhood policing teams has required a review of structures and resources. Some resources were re-distributed to increase numbers in Borough Command Units (BCU)s. More experienced officers (detectives) have been moved to areas where the workforce or the detectives are inexperienced. Work is ongoing to manage the use of workforce resources better and to ensure there are more resources available. The development of a 'resilience margin' to demonstrate the actual number of available resources, is underway. However, filling the additional posts provided by the New Met for London model has proved difficult and there are many vacancies being held. We were unable to find evidence of a resourcing baseline.

The BCU model has not been reviewed in its entirety for 10 years. In that time, geographic boundaries and populations have changed, so demand has changed – but the resourcing model remains the same, bolstered by overtime budgets controlled by the Borough Commanders. The staffing 'establishment' has been increased in priority areas, without fully understanding the demand requirements., or being able to fill the posts. We found money was being spent on overtime to cover shortfalls in teams such as diplomatic protection, at considerable cost both financially, and to frontline staffing. Student officers are counted as a whole-time resource, despite prolonged periods of absence due to training requirements.

At the time of writing this report, the "Resourcing the Met Programme" is underway with "the aim to become a more effective and well-planned organisation through a better understanding of demand and improved workforce planning capability that ensures resources are deployed to deliver on CPM commitments to Londoners of more trust, less crime, and high standards." This apparently includes a review of BCU resourcing. The ambition is for the overall workforce plan will be aligned to financial plans, so the budget reflects the costs of delivery alongside the funding of this.

Key Recommendation

A baseline assessment of resources and demand for BCUs should be prioritised as part of the "Resourcing the Met" Programme to fully understand where resources are, and where they are most needed (both geographically and operationally) before further modelling and movement of resources takes place. The overall workforce plan should be aligned with financial planning so the financial risk around deliverability of the plan can be quantified. See page 24.

Improving economy, efficiency and effectiveness (continued)

Responding to the Public

One of the items discussed regularly at the Performance Group and Performance Board, is the programme of work the CPM has undertaken to improve its response to the public since concern was raised by HMICFRS in 2021. The programme has been in place since late 2022, and significant improvements have been achieved.

Changes have been made to increase staffing levels and supervision. Daily meetings now take place to review the previous day and look ahead to the next. The simple measure of erecting large screens in the control rooms so that staff can see live time performance data, has had a significant impact. As a result of these and other measures, performance has improved considerably, despite an increase in demand.

Last year we recommended that data for MetCC (the CPM Control Centre responsible for taking all 999 and 101 calls) is considered a priority, and additional resource is provided to analyse the data and produce performance packs that are widely understood.

This year we found that there is a new performance framework for MetCC and data is being used effectively to manage improvement in performance.

Snapshot of MetCC performance in October 2023.

BENEFITS LIST:	MEASURES	BASELINE Jun-22	TARGET	CURRENT
BENEFIT 1: Improved quality of service to the public	% THRIVE+ compliance	65%	100%	100%
	℅ of assessments where THRIVE+ used to satisfactory qualit	27%	100%	84.3%
	% SMF Repeat caller identification	-	-	-
BENEFIT 2: Improved victim and customer satisfaction	999 average wait time	39.8s	10s	9.0s
	101 average wait time	7m 52s	3m	3m 21s
	Public complaints	-	-	2
	User satisfaction survey - "ease of contact"	-	-	83%
BENEFIT 3: Improved the efficiency and productivity of first contact	999 call handling time	8m 26s	8m	9m 22s
	999 call attrition	3.2%	-	0.7%
	101 call attrition	45%	10%	26.0%
	101 call handling time	11m 4s	11m	11m 33s
BENEFIT 4: Improved the effectiveness of the service provided	% of 999 calls answered within the first 10 seconds	57.3%	90%	89.7%
	% of 101 calls answered within the first 3 minutes	26.30%	-	58.2%
	Total telephony + digital incoming demand	397,163	-	447,022

Improving economy, efficiency and effectiveness (continued)

Command and Control

MetCC relies upon technology that is now outdated. The existing computer aided despatch system is now 40 years old, and its difficulties make transformation challenging. A supplier was chosen, and the programme started in January 2020. There have been several reviews since then, which provided assurance that the programme should continue. However, it has been severely delayed and costs have escalated considerably.

A further review was undertaken in February 2023, which resulted in the decision to complete a full reset, and this was initiated in June 2023. Financial calculations illustrated the benefits of remaining with the current supplier as opposed to reprocuring, or walking away, and this decision was ratified in July 2023. The first challenge was to resolve 2-year-old commercial and financial challenges. The team was reconstructed and is now led by an external programme director with support from various consultancy firms, including specialists in contract negotiation. There are now 6 workstreams in place and confidence in delivery is increasing. The two-year-old commercial and financial challenges were successfully concluded in August 2023.

However, the programme had deviated significantly from its approved full business case, and it's estimated that an additional £50-£100 million funding will be required to see the programme through to conclusion. We understand that this cost pressure is driven by an increase in CPM requirements, a longer delivery schedule, and underestimation of some costs at the original full business case stage.

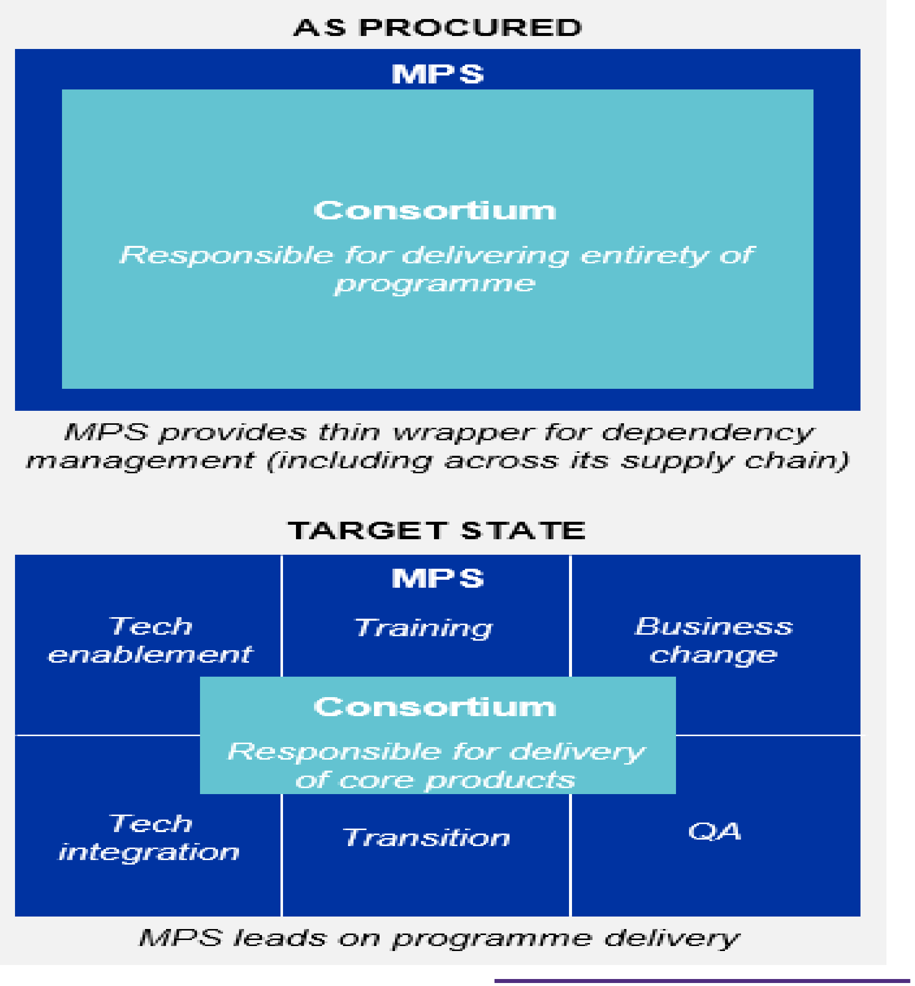
We made a key recommendation in 2021/22 that the CPM should improve its arrangements around financial governance over the project. The CPM Programme Review highlighted issues in governance and ways of working, causing problems with accountability, responsibility and decision-making. Whilst its apparent that improvements have been made, these were not embedded in 2022/23. We have therefore carried this recommendation over.

Key recommendation

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

A lessons learned project should be commissioned to consider how future large projects can be managed better.

Illustration to show how CPM programme delivery has changed.



Improving economy, efficiency and effectiveness (continued)

CONNECT

The CONNECT programme delivers an integrated core policing IT solution, which will enable the transformation of operational policing services within the CPM. This will be achieved through the replacement of standalone legacy applications. It entered delivery following the approval of the Full Business Case (FBC) in May 2018 for £171,380 million. The programme entered final end-to-end testing of the solution in November 2021 and go-live for drop 1 of the solution occurred in November 2022, with drop 2 expected in February 2024.

As part of our risk assessment and planning work, we identified a risk of significant weakness for the CONNECT project, as a result of the project going live and the reported impacts upon force performance. Within our assessment, we have evaluated whether both MOPAC and the CPM has sufficient oversight of the CONNECT project to ensure effective delivery.

The updated business case taken to PIB in February 2022 demonstrates that the CPM continually revisit expected benefits, issues arising and the performance of contractors with regular contract delivery agreements being undertaken to manage performance and delivery issues to date. However, it also highlights the prevalence of delays - “Since Contract Award, the programme has experienced three delays. The first two delays extended implementation by a cumulative 19 months but were able to be funded within the overall approved budget. The 3rd delay (Delay 3) was caused by the impact of Covid-19 as well as the identification of scope and delivery method changes required for the programme to be successfully delivered.”

Despite these delays, the key priority of system implementation was operational readiness. Therefore, prior to going live, the CPM went through phases of 'readiness gates' to evaluate whether drop 1 should go ahead. This was supported by an external assessment of readiness by Baringa in October 2022, which confirmed that the CONNECT programme was ready to go live in November 2022.

Since go live of Drop 1, the CONNECT software has suffered a number of software issues and service outages. As Drop 1 includes key modules of custody, property and case file management, the impact of this upon operational policing must not be understated. We were advised by several stakeholders that operational issues were not limited to IT outages. The training provided ahead of Drop 1 was online, rather than face to face which inhibited the raising of queries/clarification points when in progress. In addition to this, the training was not delivered timely as it was not aligned to the timing of software roll out. This impacted on officer confidence using the system and therefore efficiency of data input. Further, service outages result in backfilling being required to enter data recorded on paper forms into CONNECT once the system is available. This includes review time to ensure data is entered correctly. In response to these issues, the training budget was increased for Drop 2 so that face to face training could be provided thus facilitating the raising of queries/clarification points. The timing of the training has also been aligned to coincide with Drop 2 so knowledge gained can be more immediately applied.

Overall, the challenges have impacted stakeholder confidence in the resilience of the CONNECT system. In response the Met engaged specialist reviews by CGI to assess the underlying infrastructure and hardware to identify how this impacted on the performance and stability of the CONNECT system. The issues identified were not communicated to management as part of the go live assessment and are therefore deemed to be unforeseen challenges of implementation.

Improving economy, efficiency and effectiveness (continued)

CONNECT (continued)

Overall, we have seen evidence demonstrating improving governance frameworks to oversee the programme, including the introduction of a programme board and a steering group in March 2023 following the emergence of challenges with drop 1. These arrangements were not therefore embedded during 2022/23. As CPM head towards Drop 2 in February 2024, it is vital that management continue to monitor and assess both the financial and operational risks of the CONNECT project through oversight and governance. As part of our 2023/24 Value for Money review, we will assess the arrangements for the upcoming implementation of Drop 2.

Throughout our 22/23 VFM assessment, we have seen evidence that the supplier is regularly held to account for system development. However, we note that the costs of CONNECT have continually escalated and are well above the initial FBC. This is expressed in the below table that summarises funding requested throughout the business case timeline.

FBC Version	Approved	Capital	Revenue	Total
Original MiPS FBC 1.0	Nov 2018	£110,657m	£60,723m	£171,380m
CONNECT FBC Update 2	Mar 2022	£29,056m	£0	£29,056m
CONNECT FBC Update 3	July 2023 - Draft	£16,640m	£80,093m	£96,733m
	Total	**£156,353**	**£140,816**	**£297,169**

While we understand that the capital spend has increased primarily as a result of changes in scope, the growth in revenue expenditure primarily due to enhanced training requirements ahead of Drop 2 and additional consultant support is significant. Despite this, investment in the CONNECT system remains a vital replacement for legacy standalone systems.

MOPAC has an important role to provide oversight, scrutiny challenge and support over arrangements for the CONNECT programme. Discharging this responsibility will include communication and accountability for CPM throughout delivery of the programme.

Key recommendation

The CPM must continue to strengthen its arrangements around financial governance over the CONNECT project. This includes:

- Ongoing challenge of contractual performance in the context of growing capital spend within the Delivery Agreement monitoring exercises.
- Delivery and monitoring of benefits realisation. Including non-financial benefits, such as savings in officer time
- Monitoring and evaluation of operational impacts of delivery

A lessons learned project should be commissioned to consider how future large projects can be managed better.

Improving economy, efficiency and effectiveness (continued)

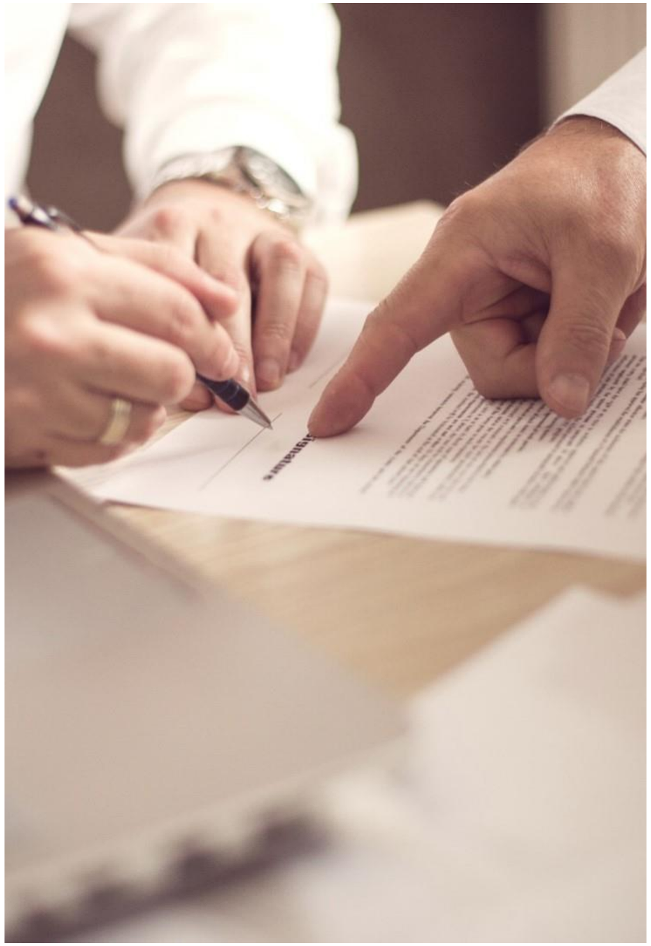
Conclusion

Whilst there have been significant improvements in call demand performance, other areas such as workforce planning (which forms part of the HMICFRS 'Engage' remit) remain a concern. Considerable money is being spent to fill resourcing gaps that are not fully understood. There is no baseline assessment of the resources required to meet demand. New Met for London is bolstering resources in priority areas, but these vacancies are proving hard to fill.

The Commissioner has only had a short period of time to embed a new set of arrangements and it is clear that there has been a re-prioritisation of the challenges faced by the CPM, and there is an upward trajectory for performance overall.

The two biggest transformation projects of the CPM, namely CONNECT and Command and Control, are both considerably overspent and continue to suffer significant challenges. Whilst governance arrangements for these projects have been improving these are yet to embed.

However, the scale of the challenge to deliver frontline policing alongside transformation within a limited budget envelope should not be underestimated.



Opinion on the financial statements

Grant Thornton provides an independent opinion on whether the MOPAC and CPM's financial statements:

- give a true and fair view of the financial position of the MOPAC and CPM as at 31 March 2023 and of its expenditure and income for the year then ended, and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2022/23

We conducted our audit in accordance with:

- International Standards on Auditing (UK)
- the Code of Audit Practice (2020) published by the National Audit Office, and
- applicable law

We are independent of the MOPAC and CPM in accordance with applicable ethical requirements, including the Financial Reporting MOPAC and CPM's Ethical Standard.

Audit opinion on the financial statements

Our work on the financial statements is ongoing (February 2024). Our work has been significantly delayed by accounting issues relating to property valuation, pension valuation and the accounting for accounts payable. We are working closely with CPM and MOPAC to resolve these matters.

Appendices

Appendix A – Responsibilities of the MOPAC and CPM

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

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

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

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

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

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

Appendix B – Risks of significant weaknesses, our procedures and findings

As part of our planning and assessment work, we considered whether there were any risks of significant weakness in the MOPAC and CPM's arrangements for securing economy, efficiency and effectiveness in their use of resources that we needed to perform further procedures on. The risks we identified are detailed in the table below, along with the further procedures we performed, our findings and the final outcome of our work:

Risk of significant weakness	Procedures undertaken	Findings	Outcome
Financial sustainability was identified as a potential significant weakness, in relation to budgeting and monitoring of major capital projects.	We reviewed the budgeting arrangements at the CPM and the arrangements within MOPAC to oversee and scrutinise the process. We also reviewed the potential financial impact of any issues arising from the two major capital projects Command and Control and CONNECT	See page 9 - 12	Appropriate arrangements not in place, one key recommendation made.
Governance was identified as a potential significant weakness in relation to trust and confidence, governance structure, and standards and compliance.	We: • reviewed the arrangements in place in both MOPAC and the CPM to respond to the recommendations raised from HMICFRS and Casey, ensuring they are appropriate to oversee effective delivery of rebuilding trust and confidence; • considered the effectiveness of the revised governance arrangements in the CPM and in MOPAC and whether they are effective in delivering improvement in London policing and performance; • assess the progress made by the professionalism directorate since last year, the effectiveness of vetting arrangements and management of recruitment, and we will review the arrangements in place to oversee the diversity and inclusion strategy.	See pages 13 - 18	We found appropriate arrangements in place in relation to oversight of delivery of rebuilding cost and confidence. Appropriate arrangements not in place, in relation to revised governance arrangements as not embedded during 2022/23 and in relation to vetting. Two key recommendations made.

Appendix B – Risks of significant weaknesses, our procedures and findings

As part of our planning and assessment work, we considered whether there were any risks of significant weakness in the MOPAC and CPM's arrangements for securing economy, efficiency and effectiveness in their use of resources that we needed to perform further procedures on. The risks we identified are detailed in the table below, along with the further procedures we performed, our findings and the final outcome of our work:

Risk of significant weakness	Procedures undertaken	Findings	Outcome
Improving economy, efficiency and effectiveness was identified as a significant weakness in relation to delivery of the CONNECT and Command and Control Projects	We considered the effectiveness of the governance arrangements in both MOPAC and the CPM and whether they offer sufficient oversight to ensure effective delivery	See pages 19 - 23	Appropriate arrangements not in place, two key recommendations raised.

Appendix C - Follow-up of previous recommendations

	Recommendation	Type of recommendation	Date raised	Progress to date	Addressed?
1	The CPM' and MOPACs arrangements to restore and rebuild trust and confidence were not effective in 2021/22. Both must bring together the findings of external reports, and internal findings, and carry out a thematic review to diagnose pervasive issues enabling it to put in place those transformative changes to effectively rebuild trust and confidence. Whilst the restoration of trust and confidence is a long term process, putting in place the necessary arrangements to facilitate that change is achievable in the medium term.	Key	July 2023	The MPS reviewed all external recommendations and causes of concern and consolidated them into themes. It started a 'Turnaround Board' which met regularly to implement change, and as a result, the New Met for London was launched in July 2023. There are three strands to the NMfL - Community crime fighting, culture change and fixing foundations. As noted for recommendation 5 on page 71, change is still required to improve performance.	Ongoing
2	We recommend that enhanced vetting of officers and staff in specialist roles should be considered in the same way as routine vetting, with data compiled, reported on and scrutinised to ensure compliance (as per the repeated HMICFRS recommendations).	Key	July 2023	Insufficient progress to address the significant weakness identified. The number of people in the vetting team has risen to 176 since the last audit report (from 156) , but capacity still doesn't meet demand which continues to rise and is up 153%. Meeting minutes show that the length of time it takes to complete vetting for new starters is around 50 days. Enhanced vetting (required for more specialist and more risk related roles such as counter terrorism) is taking 336 days. The CPM recognise that there is a significant risk to the organisation through the current level of vetting compliance. Contractors take up a considerable proportion of vetting. The CPM do not charge for contractor vetting.	Ongoing
3	We recommend that there is increased investment in the vetting team to ensure that vetting renewals are managed more effectively and completed within the recommended 10 years.	Key	July 2023	Please see comments for recommendation 2 above.	Ongoing
4	The CPM must improve its arrangements around financial governance over the Command and Control (C&C) project. This includes getting a better grip and control over individual cost lines and providing challenge and scrutiny over contractor spend.	Key	July 2023	Evidence obtained that governance arrangements have improved in this area and that there is challenge and scrutiny over both contractor and key supplier spend. However for Command and Control we found that the arrangements were not sufficiently embedded in 2022/23 hence the significant weakness has been carried forward.	Ongoing

Appendix C - Follow-up of previous recommendations

	Recommendation	Type of recommendation	Date raised	Progress to date	Addressed?
5	The CPM and MOPAC should put in place arrangements to review the findings of HMICFRS and make the necessary changes to respond. The suite of actions to respond to HMICFRS need to be funded and resourced appropriately to ensure the change is delivered.	Key	July 2023	Please see pages 47 and 48. The CPM has consolidated all recommendations from external bodies and put them into themes, creating the New Met for London in the process. However, the CPM remains in 'Engage' which illustrates there are still weaknesses in arrangements, and change is still required to improve performance.	Ongoing
6	We are of the view that the MTFP is optimistic insofar as it makes the assumption that the CPM will recruit all of the officers to satisfy the PUP. Given where the CPM currently is in terms of recruitment, achieving the PUP target is not the most likely scenario. In the MTFP, whilst all of the costs associated with the PUP are included, no associated revenue from the grant is included. This therefore portraits both a misleading and non-realistic outcome for the future. Management should ensure MTFP assumptions are based on credible workforce plans and if this presents shortfalls, put in plans actions to mitigate the loss of funding.	Improvement	July 2023	The draft accounts for 2022/23 state that as at 31 March 2023, the CPM had just over 34,500 officers which is c900 below the Police Officer Uplift (PUP) target for the year which resulted in a reduction in ring-fenced grant funding of £30.8million. The 2023/24 budget was finalised ahead of the issue of our improvement recommendation. Hence it included a 'non-structural' gap of £81.7 million which relates to the decision to not include the associated funding related to the additional costs of taking on a further 1,440 police officers to take numbers to 6,000. Review of the 2024/25 budget confirms that officer recruitment numbers do not assume the same growth. Rather the assumption is that at the end of 2024/25 officer numbers would be circa 34,500 which is short of the 35,415 which would reflect the PUP funding received for 4,557 officers. The previously included budget related to growth in police uplift numbers has been removed from the budget. We thus consider this recommendation addressed.	Yes

Appendix C - Follow-up of previous recommendations

	Recommendation	Type of recommendation	Date raised	Progress to date	Addressed?
7	It is important that the CPM continue to revisit PBB as part of their budgeting and medium term financial planning arrangements. PBB is one of the tools the CPM can use to address the structural deficit it is in.	Improvement	July 2023	No only applied for HR and MetOps. Currently budget allocations are not revisited to reflect population changes in boroughs for example. The implementation of NMFL provides an ideal opportunity to revisit the policing model and reset budgets. We note that the July 2023 meeting of CPM Portfolio and Investment Board agreed that PBB be undertaken. The Board's preference was for an approach that looked at end to end processes and services as opposed to PBB based on structures. The Board recognised the potential strain on internal resources and supported the recommendation for external resource being sought to work alongside internal resource.	Ongoing
8	MOPAC should ensure it reports transparently on the planned use of reserves in its annual budget with the MTFP differentiating clearly where revenue reserves are used to fund a structural deficit and where they are used to pump prime one-off investments. Into the medium term, savings plans should be put in place to fund spend from in year revenue rather than from revenue reserves.	Improvement	July 2023	There is no evidence that sufficient savings plans have been developed to fund in year revenue expenditure. There is increasing reliance on reserves to address in year overspends resulting in there being insufficient reserves available to cushion future unforeseen pressures or reserves earmarked for specific projects no longer being available. There is a risk that there may be insufficient income (reserves no longer being available) to match spending requirements resulting in the requirement for additional spending controls and restrictions. We consider this a significant weakness in arrangements and have raised a key recommendation that this is addressed.	No, significant weakness in arrangements identified and key recommendation raised.

Appendix C - Follow-up of previous recommendations

	Recommendation	Type of recommendation	Date raised	Progress to date	Addressed?
9	MOPAC should set out a new capital strategy covering both the medium term and the forward 20-year vision.	Improvement	July 2023	Reviewing the 2024/5 budget indicates that capital costs related to NMFL estimated at £34.2 million in 2024/25 increasing to £232 million by 2027/28 have not been included. The £1.4 billion capital programme to 2027/28 is to be funded by borrowing of £1.1 billion. The budget states that MOPAC/CPM will publish a draft Capital Strategy in line with CIPFA's Prudential Code requirements. The draft Capital Strategy will outline the CPM' capital investment ambition and will form part of the GLA Group-wide Capital Strategy published with the Mayor's 2024/25 budget. The Capital Strategy will outline the 5-year capital programme as well as the wider 20-year Capital Ambition. Given the increasing challenges to delivering a balanced budget consideration should be given to the affordability of this. Also, there may not be scope to fund the capital programme with planned £22.6 million contributions from the revenue budget given the challenge of delivering a balanced budget due to the gap identified. We consider that the capital programme should be reviewed to ensure it fully reflects the planned transformation, and to ensure it remains affordable. This is linked to the significant weakness in item 8 above and the related key recommendation.	Ongoing
10	With the CPM currently undergoing an executive redesign, we recommended that management should consider the best practice recommendation of CIPFA to ensure the CFO role has the prominence and authority to discharge their statutory function to their fullest extent.	Improvement	July 2023	Whilst we have assurance that the CFO role has the prominence and authority to discharge their statutory function to their fullest extent, the commitment by CPM to reflect this within the Annual Governance Statement is not evidenced from our review of the draft document for 2022/23.	Ongoing
11	Given the scale of transformation and reset in the CPM, revenue reserve should be reviewed and scrutinised to ensure their planned use and purpose is aligned to the new strategy.	Improvement	July 2023	See follow up of previous recommendation 8. Significant weakness in arrangements identified with related key recommendation. Currently revenue reserves are being drawn down to support delivery of the overall budget risking the depletion of these and consequently adversely impacting financial sustainability.	No

Appendix C - Follow-up of previous recommendations

	Recommendation	Type of recommendation	Date raised	Progress to date	Addressed?
12	MOPAC should make changes and additions to its arrangements to better collate, analyse and utilise the information and intelligence its officers are obtaining from interactions with the CPM. The aim is to establish a holistic view of oversight and this will also require an element of cultural change.	Improvement	July 2023	London Policing Board Introduced too early to assess the impact of this on oversight arrangements. Superceded by key recommendation that the CPM and MOPAC should maintain arrangements to review the findings of HMICFRS and continue to make the necessary changes to respond. The suite of actions to respond to HMICFRS still needs to be funded and resourced appropriately to ensure the change is delivered	Ongoing
13	The FMS opinion on demand for service was in direct contradiction to the findings of the latest HMICFRS report which said that the force was inadequate in providing a timely call handling response. We recommend that data for Met CC is considered a priority, and additional resource is provided to analyse the data and produce performance packs that are widely understood.	Improvement	July 2023	There is a new performance framework for Met CC (Command and Control Contact Centre) and data is being used effectively to manage improvement in performance. Please see page 60.	Yes

Appendix D – An explanatory note on recommendations

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

Type of recommendation	Background	Raised within this report	Page reference
Statutory	Written recommendations to the MOPAC and CPM under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014.	No	N/A
Key	The NAO Code of Audit Practice requires that where auditors identify significant weaknesses as part of their arrangements to secure value for money they should make recommendations setting out the actions that should be taken by the MOPAC and CPM. We have defined these recommendations as 'key recommendations'.	Yes	9-25
Improvement	These recommendations, if implemented should improve the arrangements in place at the MOPAC and CPM, but are not a result of identifying significant weaknesses in the MOPAC and CPM's arrangements.	Yes	38- 45

Appendix E
Key acronymous and abbreviations

The following acronyms and abbreviations have been used within this report

MOPAC – Mayor's Office for Policing and Crime

DMPC – Deputy Mayor for Policing and Crime

CPM – Commissioner of the Police of the Metropolis (and also refers to the Metropolitan Police Service)

PCP – Police and Crime Plan

IAM – Investment and Monitoring (meeting)

PIB – Portfolio and Investment Board

PIB Level 2 – Portfolio and Investment Board sub meeting

TD – Transformation Directorate

BCU – Borough Command Unit

DARA – Directorate of Audit, Risk and Assurance

PBB – Priority Based Budget

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

MOPAC | MAYOR OF LONDON OFFICE FOR POLICING AND CRIME

METROPOLITAN POLICE

MPS-MOPAC JOINT AUDIT PANEL
29 April 2024

Audit Findings Report 2022 23

Report by: The Interim Chief Finance Officer and Director of Corporate Services and MPS Interim Chief Finance Officer

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Report Summary

Overall Summary of the Purpose of the Report
This paper updates the Audit Panel on the Joint Audit Findings arising from the statutory audits of the MOPAC and MPS financial statements for 2022/23. The audit is substantially complete and subject to some final minor points being addressed the auditors are expected to issue an unqualified opinion.

Key Considerations for the Panel
To note the Action Plan included in the report and the Management Responses

Interdependencies/Cross Cutting Issues
The external audit function provides an independent opinion on the statutory accounts and the arrangements for delivering value-for-money which are used as a basis to inform the AGS and governance improvement.

Recommendations
The Audit Panel is recommended to:
a. Note the Joint Findings report for MOPAC and the MPS.

1. Supporting Information

Joint Audit Findings for MOPAC and the MPS - Appendix One

1.1. The report sets out the key findings of the external audit of the MOPAC and MPS financial statements for 2022 23 and has been updated following discussion at Audit Panel in January 2024. The audit of the accounts is substantially complete and subject to some final minor points being addressed the external auditors are expected to issue an unqualified opinion.

1.2. The report makes 6 recommendations, of which 3 are low risk and 3 are medium and includes a follow up to 2 prior year recommendations and sets out the management responses.

1.3. Actions will be monitored to ensure those that are within managements control are implemented in advance of the audit of the 2023/24 accounts completing.

2. Equality and Diversity Impact

There are no equality and diversity implications directly arising from this report.

3. Financial Implications

The final audit fee for 2022/23 is £305,808. Of which £169,108 relates to MOPAC and £136,700 relates to the MPS. Costs will be met from existing resources within MOPAC and the MPS.

4. Legal Implications

There are no direct legal implications arising from the report.

5. Risk Implications

This paper relates to the corporate risk register entries for resources and value for money

6. Contact Details

Annabel Cowell Deputy Chief Finance Officer and Head of Financial Management MOPAC, Lisa Kitto Interim Chief Finance Officer and Director of Corporate Services

7. Appendices and Background Papers

Appendix 1 - Joint Audit Findings report for MOPAC and the MPS

Grant Thornton

The Joint Audit Findings for Mayor's Office for Policing and Crime Commissioner of Police of the Metropolis

Year ended 31 March 2023

April 2024

Contents

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This Audit Findings presents the observations arising from the audit that are significant to the responsibility of those charged with governance to oversee the financial reporting process, as required by International Standard on Auditing (UK) 260. Its contents have been discussed with management and the Deputy Mayor for Policing and Crime and the Commissioner of the Police of the Metropolis.

The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit planning process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect MOPAC, the Group and the MPS or all weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

1. Headlines

This table summarises the key findings and other matters arising from the statutory audits of the Mayor's Office for Policing and Crime (MOPAC) and the Metropolitan Police Services (MPS) and the preparation of MOPAC and the MPS's financial statements for the year ended 31 March 2023 for those charged with governance.

Financial Statements

Under International Standards of Audit (UK) (ISAs) and the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to report whether, in our opinion the financial statements:

- give a true and fair view of the financial positions of the entity's income and expenditure for the year; and
- have been properly prepared in accordance with the CIPFA/LASAAC code of practice on local authority accounting and prepared in accordance with the Local Audit and Accountability Act 2014.

We are also required to report whether other information published together with each set of audited financial statements (including the Annual Governance Statement (AGS) and Narrative Report is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Our audit work was substantially completed during July-September. Our findings are summarised on pages 6 to 30.

Audit adjustments

As at the date of writing this report, there are 8 adjustments to the financial statements of the MPS, MOPAC or the group. Audit adjustments are detailed in Appendix D. The aggregated impact of the 9 adjustments is a £1,305,208,000 credit to total income/expenditure and a £1,305,208,000 debit to the balance sheet. Of this, £1,268,400,000 relates to a single adjustment to your net pension liability. More detail on this issue is set out on pages 12 and 13.

Unadjusted misstatements

We have also identified 5 potential misstatements which management have not adjusted for. These misstatements arise as a result of errors identified within our sample testing which when extrapolated are above our trivial threshold. The potential misstatements are individually and in aggregate below materiality. The aggregate total unadjusted misstatements is a credit to the income/expenditure of £23.779m and a corresponding debit to the balance sheet. Audit unadjusted misstatements are detailed in Appendix D.

Recommendations

We have also raised 6 recommendations for management as a result of our audit work in Appendix B. Our follow up of recommendations from prior year audits are detailed **in Appendix C.** In the prior year we raised 3 recommendations. 2 of the recommendations in relation to journal authorisation and Asset Under Construction (AUC) have not been implemented. The 3rd recommendation in relation to the capitalisation of assets has been implemented.

Audit progress

Our work is substantially complete and subject to the outstanding matters detailed on page 4, there are no matters of which we are aware that would require modification of our audit opinion for MOPAC's financial statements (including the financial statements which consolidate the financial activities of the MPS) or the MPS's financial statements. We are in the process of clearing review points and will update this report for any matters that arise.

Audit opinion

Our anticipated audit report opinions on MOPAC, the Group and the MPS's financial statements will be unmodified. The draft wording for our opinions will be provided in a separate document to this report. We have concluded that the other information to be published alongside the financial statements is consistent with our knowledge of both organisations.

1. Headlines

Financial Statements continued

We are currently processing responses from management on the following areas:

- updated narrative reports for both MOPAC and CPM
- updated financial statements including agreed adjustments
- documentation of the processes and controls for obtaining the new pension membership data for the updated full valuation

Our work is also subject to the following closing procedures which necessarily take place within the concluding stages of the audit:

- engagement team responses to senior engagement team and quality review;
- receipt of management representation letters {sent as a separate document);
- review of the final set of financial statements; and
- review of meeting minutes up until the signing date for relevant boards/committees

1. Headlines

Value for Money (VFM) arrangements	
Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to consider whether in our opinion, both entities have put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. Auditors are now required to report in more detail on the overall arrangements, as well as key recommendations on any significant weaknesses in arrangements identified during the audit. Auditors are required to report their commentary on the arrangements under the following specified criteria: - Improving economy, efficiency and effectiveness; - Financial sustainability; and - Governance	An audit letter explaining the reasons for the delay is provided as a separate document to this report. We expect to issue our Auditor's Annual Report within three months after the date of the opinion on the financial statements. This is in line with the National Audit Office's revised deadline, which requires the Auditor's Annual Report to be issued no more than three months after the date of the opinion on the financial statements. We note that our audit has been delayed due to the late response to our requests for information. As part of our work, we considered whether there were any risks of significant weakness in MOPAC and the MPS's arrangements for securing economy, efficiency and effectiveness in its use of resources. We identified: • the risk that the revised governance arrangements in the MPS and in MOPAC and not effective in delivering improvement in London policing and performance; • the risk that the turnaround arrangements put in place by the MPS and MOPAC fail to adequately respond to the recommendations from HMICFRS and Casey; • the risk that vetting arrangements are not effective; • the risk that arrangements are not effective to mitigate the delivery and financial risk in two major transformation projects relating to CONNECT and Command and Control; and • the risk that budgeting arrangements are not effective in the transparent and realistic reporting of current and forecasted financial performance. Our work on these risks is complete and our Auditors Annual Report (AAR) is presented as alongside this AFR at the April 2024 panel.
Statutory duties	
The Local Audit and Accountability Act 2014 ('the Act') also requires us to: • report to you if we have applied any of the additional powers and duties ascribed to us under the Act; and • to certify the closure of the audit.	We have not exercised any of our additional statutory powers or duties for either entity. We have completed the majority of work under the Code and we expect to certify the completion of the audits upon the completion of our work on MOPAC's and the MPS's VFM arrangements, as well as work required by the WGA.
Significant matters	We did not encounter any significant difficulties or identify any significant matters arising during our audit.

2. Financial Statements

Overview of the scope of our audit

This Joint Audit Findings Report presents the observations arising from the audits that are significant to the responsibility of those charged with governance to oversee the financial reporting process, as required by International Standard on Auditing (UK) 260 and the Code of Audit Practice ('the Code'). Its contents have been discussed with management and those charged with governance.

As auditor we are responsible for performing the audits, in accordance with International Standards on Auditing (UK) and the Code, which are directed towards forming and expressing an opinion on each set of financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities for the preparation of the financial statements.

Audit approach

Our audit approach was based on a thorough understanding of the group's, MOPAC's and the MPS's business and is risk based, and in particular included:

- An evaluation of MOPAC and the MPS's internal controls environment, including its IT systems and controls;
- An evaluation of the components of the group (Empress Holdings Limited and its subsidiaries (Empress Holdings Group)) based on a measure of materiality considering each as a percentage of the group's gross revenue expenditure to assess the significance of the component and to determine the planned audit response. From this evaluation we determined that no procedures were deemed necessary over the component company's as the component's are currently dormant and in the process of being liquidated; and
- Substantive testing on significant transactions and material account balances, including the procedures outlined in this report in relation to the key audit risks.

Conclusion

We have substantially completed our audits of your financial statements and, subject to outstanding work detailed on page 4 being completed, we anticipate issuing unqualified audit opinions on the financial statements of MOPAC, the MPS and the group. The draft wording for our opinions will be provided in a separate document to this report.

Acknowledgements

We would like to take this opportunity to record our appreciation for the assistance provided by the finance team and other staff.

2. Financial Statements

Our approach to materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law.

Materiality levels remain the same as reported in our audit plan. Materiality levels in our audit plan were based on the audited figures from 2021-22. On receipt of the 2022-23 draft financial statements, we recalculated materiality. Whilst gross revenue expenditure increased, the increase was not significant and therefore we decided not to revise our materiality figures upwards.

We detail in the table below besides our determination of materiality.

	Group (£000)	MOPAC (£000)	MPS (£000)	Qualitative factors considered
Materiality for the financial statements	62,000	62,000	60,000	This benchmark is determined as a percentage of the entity's Gross Revenue Expenditure in year and considers the business environment and external factors.
Performance materiality	43,400	43,400	42.000	Performance Materiality is based on a percentage of the overall materiality and considers the control environment / accuracy of accounts and working papers provided.
Trivial matters	3,100	3,100	3,000	Triviality is set at 5% of Headline Materiality.

We have determined financial statement materiality based on a proportion of the gross expenditure of the group, MOPAC and the MPS for the financial year. In the prior year, we used the same benchmark. For our audit testing purposes, we apply the lowest of these materialities, which is £60,000k (PY £58,000k), which equates to 1.4% of the MPS's prior year gross expenditure for the year.

2. Financial Statements: Significant risks

Significant risks are defined by ISAs (UK) as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

This section provides commentary on the significant audit risks communicated in the Audit Plan.

Risks identified in our Audit Plan	Relates to	Commentary
The revenue cycle includes fraudulent transactions Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue. This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition. **(rebutted)**	**Group, MOPAC and MPS** **(rebutted)**	Having considered the risk factors set out in ISA240 and the nature of the revenue streams at MOPAC, we have determined that the risk of fraud arising from revenue recognition can be rebutted, because: • there is little incentive to manipulate revenue recognition; • opportunities to manipulate revenue recognition are very limited; and • the culture and ethical frameworks of local authorities, including MOPAC, mean that all forms of fraud are seen as unacceptable. For clarity, the culture and ethical framework being referred to pertains to those involved in the financial reporting process who could perpetrate material fraud. Therefore we do not consider this to be a significant risk for MOPAC. For the MPS, revenue is recognised to fund costs and liabilities relating to resources consumed in the direction and control of day-to-day policing. This is shown in the MPS's financial statements as a transfer of resources from MOPAC to MPS for the cost of policing services. Income for the MPS is received entirely from MOPAC. Therefore we do not consider this to be a significant risk for the MPS. **Conclusion** **Our work has not identified any material issues in relation to revenue recognition.**

2. Financial Statements: Significant risks

Risks identified in our Audit Plan	Relates to	Commentary
Management override of controls Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities. MOPAC and MPS face external scrutiny of its spending and this could potentially place management under undue pressure in terms of how they report performance. We therefore identified management override of control, in particular journals, management estimates and transactions outside the course of business as a significant risk, which was one of the most significant assessed risks of material misstatement.	Group, MOPAC and MPS	In response to the risk highlighted in the audit plan we have undertaken the following work: • evaluated the design effectiveness of management controls over journals; • analysed the journals listing and determined the criteria for selecting high risk unusual journals; • tested unusual journals recorded during the year and after the draft accounts stage for appropriateness and agreed to supporting documentation; • gained an understanding of the accounting estimates and critical judgements applied made by management and considered their reasonableness with regard to corroborative evidence; and • evaluated the rationale for any changes in accounting policies, estimates or significant unusual transactions. **Findings** In the previous year, we reported to you a control weakness relating to the self authorisation of journal postings. Full details of the control weakness and our follow up of the issue can be found on page 17. From our sample testing, we have not identified any matters with regard to the appropriateness of journals. We have reviewed your accounting estimates and critical judgements. We do not have any areas of concern to report. We have evaluated the rationale for any changes in accounting policies, estimates or significant unusual transactions. We do not have any areas of concern to report. **Conclusion** We are satisfied from our work performed that there has been no intentional management override of controls that would result in a material misstatement of the financial statements.

2. Financial Statements - Significant risks

Risks identified in our Audit Plan	Relates to	Commentary
Valuation of land and buildings **Current Year Value £1,976m** **Prior Year Value £1,974m** MOPAC re-values land and buildings on a rolling basis over a five-year period to ensure that carrying value is not materially different from current value at the financial statements date. The valuation of land and buildings is a key accounting estimate which is sensitive to changes in assumptions and market conditions. In valuing your estate, management have made the assumption that for a number of sites, in the event they need to be replaced, they would be rebuilt to modern conditions. Within the valuation of MOPAC's specialised operational land and building sites the valuer's estimation of the value has several key inputs, which the valuation is sensitive to. These include the build costs, the size and location of the sites and any judgements that have impacted this assessment and the condition of the property site. Non-specialised asset valuation estimates are sensitive to inputs including market rent, yields and size of asset. This year, you have changed your valuer following the contract with your previous supplier coming to an end. The valuer used for the 31 March 2023 valuation was Avison Young. We have pinpointed the significant risk to be the reasonableness of key assumptions pertaining to assets that are individually material, or where there was a significant movement in year outside of our expectations. The value of assets in this significant risk population was £818m. Random sample testing was then carried out on the residual non-significant risk assets. The results of both forms of testing is set out in the 'commentary'.	Group and MOPAC	In response to the risk highlighted in the audit plan we have undertaken the following work: • evaluated management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work. We have engaged our own valuer to assess the instructions to the group's valuer; • evaluated the competence, capabilities and objectivity of the valuation expert; • written to the valuer to confirm the basis on which the valuation was carried out to ensure that the requirements of the Code are met; • challenged the information and assumptions used by the valuer to assess the completeness and consistency with our understanding. We have engaged our own valuer to assess the group's valuer's report and the assumptions that underpin the valuation; • carried out testing of data provided to the valuer to gain assurance if it is complete and accurate; • tested revaluations made during the year to see if they had been input correctly into MOPAC and (group's) asset register; • evaluated the assumptions made by management for those assets not revalued during the year and how management has satisfied themselves that these are not materially different from current value at year end; and **Findings** 1. Within our reconciliation of the Fixed Asset Register to the Valuers report, we noted variances in carrying value for 5 properties because of valuation adjustments from the valuer Avison Young. The result of not revising the fixed asset register and the financial statements is an understatement of gross book value of £3.6m. This is reported to you as an adjusted misstatement as management have verbally confirmed to us that they plan to update for this misstatement in the final accounts. See Appendix D. 2. Within our assessment of Revaluation Movements, we requested explanations from management for significant year on year changes. As part of this exercise, Avison Young noted a error in their valuation workings for one DRC asset. The difference in Avison Youngs workings is a £5.6m downward valuation to the asset. This is reported to you as an adjusted misstatement as management have verbally confirmed to us that they plan to update for this misstatement in the final accounts. See Appendix D. 3. Management processed all of the revaluation movements in month 11 (February 2023) rather than in month 12 (March 2023). As a result, the adjustment only cleared 17 Months of depreciation (11 months from 22/23 and 6 months from 21/22 - where the valuation date was previously 30th September 2021). The adjustment should have cleared 18 months of depreciation, which means there is a one month depreciation discrepancy in the valuation adjustment. This results in a circa £4.9m understatement of PPE. This is reported to you as an adjusted misstatement as management have verbally confirmed to us that they plan to update for this misstatement in the final accounts. See Appendix D.

Continued overleaf . . .

2. Financial Statements - Significant risks

Risks identified in our Audit Plan	Relates to	Commentary
Valuation of land and buildings - continued	Group and MOPAC	**Findings – *continued*** 4. As part of our work we identified several assets that are misclassified in your draft financial statements as operational assets when in fact they are surplus. These assets were Assets Held For Sale (AHFS) during the 2022/23 period but before the 31 March 2023, a decision was taken by management to stop actively marketing them. This decision therefore meant that these assets no longer met the definition of an AHFS. However, because those assets were not brought into operational use, they should have been classified as surplus. This misclassification gives rise to two separate errors in the financial statements as set out below: 4a) There is a disclosure misstatement of £22,000k in your PPE note. Operational land and buildings is overstatement by this amount and surplus assets is understated by the same value. Note, this has no net impact on your financial reported position or the balance sheet. This is reported to you as an unadjusted disclosure misstatement as management have confirmed they are not amending the accounts. This is reported to you in Appendix D. 4b) Under the relevant accounting standards, surplus assets ought to be valued at fair value. This differs to the valuation basis of operational properties which is valued at existing use value. The estimated impact of this is that PPE is understated by £7,169k. The gain would be recognised primarily through the revaluation reserve (£6.1m) with the residual going through the CIES £1.1m. This is reported to you as an adjusted misstatement as management have verbally confirmed to us that they plan to update for this misstatement in the final accounts. See Appendix D. 5. With a change of valuer, management took the opportunity to refresh the data held pertaining to floor areas of its estate before sending this to the valuer. This resulted in a significant movement in floor areas with some assets doubling or halfling in size. We performed work to determine whether the change in floor areas indicates the presence of an error in the prior period valuation. Based on our work, we did form the view that the change in floor areas was most likely an error in the prior year rather than a change in accounting estimate. Work was performed to quantify the impact of this error. This work showed that for several assets, the error in the prior year valuation was material. The valuation differences however did not all go one way – some assets were overstated whilst others were understated. In aggregate, the net error on the balance sheet was £13m. As this is not material, the accounting standards does not require management to amend the opening balances and the prior period comparators. As a result of the issue we have raised a control recommendation for management – see Appendix B for details. 6. As part of our testing of assets revalued in 2022/23, we have noted a discrepancy in the floor area adopted for one asset in our residual DRC Building population. The potential impact upon the valuation would be £327,613 reduction in the valuation. As this asset did not have a floor area measured within Manhatten, we extrapolated this asset overstatement against the population value of other assets identified to also not adopt CAD floor area data. The estimated impact of this is an overstatement of £4,023k. The double entry reported is based on a "worst case scenario" i.e. all of the impact has been reported against the CIES. But in reality, the accounting adjustment would be a mix between RR and CIES, dependent upon accumulated reserves/impairment for individual assets. This is reported to you as an unadjusted misstatement in Appendix D. **Conclusion** **Our work has not identified a material issue in relation to the valuation of land and buildings.**

2. Financial Statements - Significant risks

Risks identified in our Audit Plan	Relates to	Commentary
Valuation of the pension fund net liability **Current Year Value: £25,611m** **Prior Year Value: £39,246m** The pension fund net liability, as reflected in the balance sheet as the net defined benefit liability, represents a significant estimate in the financial statements. The pension fund net liability is considered a significant estimate due to the size of the numbers involved (£39,246m in MOPAC, the Groups and the MPS's balance sheet) and the sensitivity of the estimate to changes in key assumptions. The methods applied in the calculation of the IAS 19 estimates are routine and commonly applied by all actuarial firms in line with the requirements set out in the Code of practice for local government accounting (the applicable financial reporting framework). We have therefore concluded that there is not a significant risk of material misstatement in the IAS 19 estimate due to the methods and models used in their calculation. The source data used your actuary to produce the IAS 19 estimate is provided by your Pension Fund team via Equiniti (the outsourced pensions administrator). Source data is not considered to be a significant risk but work is still performed to ensure the data is complete and accurate and appropriate for the purposes it is being used. The actuarial assumptions used are the responsibility of the entity but should be set on the advice given by the actuary. A small change in the key assumptions (discount rate, inflation rate, salary increase and life expectancy) can have a significant impact on the estimated IAS 19 liability. In particular the discount and inflation rates, where our consulting actuary has indicated that a 0.5% change in the discount rate assumption would have approximately 11% effect on the liability. A 0.5% change in the inflation rate assumption would have approximately 8% effect on the liability. We have therefore concluded that there is a significant risk of material misstatement in the IAS 19 estimate due to the assumptions used in their calculation. With regard to these assumptions we have therefore identified valuation of the pension fund net liability as a significant risk.	**Group, MOPAC and MPS**	In response to the risk highlighted in the audit plan we have undertaken the following work: • updated our understanding of the processes and controls put in place by management to ensure that the pension fund net liability is not materially misstated and evaluated the design of the associated controls; • evaluated the instructions issued by management to their management expert (an actuary) for this estimate and the scope of the actuary's work; • assessed the competence, capabilities and objectivity of the actuary who carried out the pension fund valuation; • assessed the accuracy and completeness of the information provided by the MPS to the actuary to estimate the liability; • tested the consistency of the pension fund net liability and disclosures in the notes to the core financial statements with the actuarial report from the actuary; and • undertaken procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as an auditor's expert) and performing any additional procedures suggested within the report. This included the potential impact of the McCloud/ Sergeant ruling. **Findings – membership data:** Under the instructions of management, your actuary has used membership data from March 2018 and then used roll-forward techniques to estimate the liability as at 31 March 2023. The use of roll-forward techniques is permissible under IAS 19 so long as the full valuation (using updated membership data) is performed with "**sufficient regularity** that the amounts recognised in the financial statements do not differ materially from the amounts that would be determined at the end of the reporting period" (IAS 19). The Code adapts the requirement for **sufficient regularity** to mean "between the formal actuarial valuations every four years for police pension funds, there shall be approximate assessments in intervening years." (6.4.1.8) ***Continued overleaf . . .***

2. Financial Statements - Significant risks

Risks identified in our Audit Plan	Relates to	Commentary
Valuation of the pension fund net liability - continued	**Group, MOPAC and MPS**	The formal fund valuation of the Police Pension Scheme is performed by Government Actuary's Department (GAD) once for all Police forces. The 2022 valuation has been delayed nationally meaning that as at the time of producing the draft financial statements, the valuation of the Police Pension Scheme 2022 was not available. As at the date of writing this report, the formal fund valuation remains unpublished. Management have prepared for us a formal accounting judgement paper setting why their IAS 19 accounting estimate in the financial statements complies with the Code requirement and is materially accurate. We disagree with the view of management. We do not consider that an IAS 19 estimate based on membership data from 5 years ago complies with the requirements of the accounting standards/framework and produces a materially accurate estimate. It is important to note that all other Police forces have provided their actuary with membership data from 2020 (or more recent) to produce their 31 March 2023 estimate. Management instructed your actuary to produce an updated actuarial assessment using up to date membership data. This report was received in March 2024. We have reviewed the updated IAS 19 report and performed work on the completeness and accuracy of membership data provided to your actuary to inform the actuarial estimate. No issues were identified from this testing. The updated IAS 19 report reduced the net liability by circa £1.3 billion and this is reflected in your revised financial statements. See appendix D for details of the adjusted misstatement. **Conclusion** **Following a material adjustment to your financial statements, our work has not identified any further material issues in relation to the valuation of your net pension liability.**

2. Financial Statements - other risks

The below are risks we highlighted to you in our Audit Plan. They are not considered to be significant risks, however these transactions still contain *some* risk of material misstatement for which we have tailored an appropriate audit response. Details of our findings against these 'other risks' are detailed in the table below.

Risks identified in our Audit Plan	Relates to	Commentary
Occurrence, Completeness and Accuracy of Operating Expenditure/Accounts Payable We have determined that Operating Expenditure/Accounts Payable represent significant classes of transactions which rely on highly automated processing with little or no manual intervention. Therefore, MOPAC and the MPS's controls over such risks are relevant to the audit and the auditor shall obtain an understanding of them.	**Group, MOPAC and MPS**	In response to the risk highlighted in the audit plan we have undertaken the following work: • evaluated the design and implementation of controls over Operating Expenditure/Accounts Payable transactions **Findings** • As part of our testing of year end creditors, we selected for testing a £3,045,000 accrual in relation to the supply of tasers. Through our investigation, it transpired that whilst the group was contractually committed to the purchase of these tasers, as at 31 March 2023, those tasers had not been delivered. Therefore, the liability did not exist as at 31 March 2023 and so short term liabilities is overstated. This has been reported to you as an unadjusted misstatement – see Appendix D. • As part of our testing of year end creditors, we selected for testing a £5,546,000 accrual. The accrual has been on the balance sheet for several years and relates to future unlodged claims pertaining to a pre-1990 legal claim for Inner Courts for London. As a result of our inquires, management confirmed that no liability existed and that the liability would be derecognised in 2023/24. This was based on a consideration of IAS 37 and the fact that there was insufficient evidence to support a probable outflow of economic benefit. Management confirmed that the same conditions applied to the balance sheet date (31 March 2023) and therefore current liabilities are overstated by £5,546k. This is reported to you as an unadjusted misstatement – see Appendix D. • As part of our testing of year end creditors, we selected a random sample of 33 transactions from the residual population of creditors that had not been selected individually for testing based on criteria. Misstatements were identified in 4/33 of our sample. The total book value of the errors was £70,466. We projected the misstatement over the population tested and this resulted in an extrapolated overstatement of £2,953,476. The extrapolation is a projection of the overstatement in creditors based on our sample testing. The extrapolation has been reported to you as an unadjusted misstatement – see Appendix D. • As part of our testing of operating expenditure we split the population into transactions which come from the accounts payable (AP) system and those that do not go through the AP system. In our sample testing of transactions from AP, we identified errors in 3/24 samples. The total value of the errors identified was a net overstatement of £8,517.36. When extrapolated over the population tested, the extrapolation was £3.220m. As the extrapolation exceeds our triviality threshold we are required to report this to you as an unadjusted misstatement - see Appendix D. ***Continued overleaf . . .*** No issues were identified as part of our evaluation of the design and implementation of controls. However, there is a linked control finding identified as part of our journals work around the purchase order values. More information on this is set out on page 19. **Conclusion** **Our work has not identified a material issue in relation to this risk.**

2. Financial Statements - other risks

Risks identified in our Audit Plan	Relates to	Commentary
Occurrence, Completeness and Accuracy of Operating Expenditure/Accounts Payable - continued	**Group, MOPAC and MPS**	**Findings – *continued*** • As part of our testing of operating expenditure we split the population into transactions which come from the accounts payable (AP) system and those that do not go through the AP system. In our sample testing of transactions from non-AP, we identified errors in 3/38 samples. The total book value of the errors was £276k. £274k of this related to an accrual where the expenditure related to 2023/24. We projected the aggregate misstatement over the population tested and this resulted in an extrapolation of £4,360,000. As the extrapolation exceeds our triviality threshold we are required to report this to you as an unadjusted misstatement - see **Appendix D.** • As part of our review of your creditors balance, you held £80 million of liabilities in relation to goods receipted but not yet invoiced. Management provided us with a transaction level listing that reconciled to the £80 million. We reviewed the listing and identified that when filtered by transactions over 1 year old, the total net amount was £24.5 million based on purchase order date. Management reviewed this listing and confirmed that they agreed that £7.2m was an error and have adjusted the accounts – see slide (43). The residual £17.3m is still contained within the financial statements. We tested this balance to determine whether they existed as at the balance sheet date. This testing identified errors. We can therefore not conclude that this balance of £17.3m exists as at the balance sheet date. We have therefore reported this as an unadjusted misstatements. Given the issues we have identified, a related control finding has been raised – see slide 39. No issues were identified as part of our evaluation of the design and implementation of controls. However, there is a linked control finding identified as part of our journals work around the purchase order values. More information on this is set out on page 19. **Conclusion** **Our work has not identified a material issue in relation to this risk.**

2. Financial Statements - other risks

Risks identified in our Audit Plan	Relates to	Commentary
Occurrence, Completeness and Accuracy of Police Officer and Staff Expenditure We have determined that Police Officer and Staff Expenditure represent significant classes of transactions which rely on highly automated processing with little or no manual intervention. Therefore, MOPAC and the MPS's controls over such risks are relevant to the audit and the auditor shall obtain an understanding of them.	**Group, MOPAC and MPS**	In response to the risk highlighted in the audit plan we have undertaken the following work: • evaluated the design and implementation of controls over Police Officer and Staff Expenditure transactions **Findings:** No issues were identified as part of our evaluation of the design and implementation of controls. **Conclusion** **Our work has not identified a material issue in relation to this risk.**

2. Financial Statements – issues and risks

This section provides commentary on issues and risks which were identified during the course of the audit that were not previously communicated in the Audit Plan and a summary of any significant matters identified during the year.

Issue	Commentary	Auditor view
Self authorisation of journals In 2018/19 MOPAC and the MPS transferred to a new finance ledger system. Management took the decision not to implement a journal authorisation control and therefore users have the ability to post and authorise their own journals. The absence of this control increases the risk that fraudulent or inappropriate journals could be posted without review or detection. We continue to recommend and encourage management to strengthen existing controls around journal authorisation.	Our review of the PSOP journal control environment identified that there is no control to authorise journals raised by journal users within the MPS and MOPAC finance teams. Journals posted by SSCL however have a separate manual authorisation process where journals are reviewed by another member of SSCL finance team before being posted to the ledger. Prior to the PSOP change, all MPS finance team journals above £10k were reviewed and authorised by another appropriate person. The control objective was to identify, detect and correct errors; either from deliberate fraud or unintentional mistakes. MPS management made the decision to not implement a journal authorisation control for PSOP. This decision was arrived at following consideration of the control environment, risk appetite and level of risk inherent in this respect. The judgement MPS management put forward is that budget holder review is an adequate compensating control that achieves the same control objective; the premise being significant errors from journals would be picked up by budget holders during their monthly review of the budget as the errors would present as variations to their expectations. Budget holders would then initiate an investigation and such journals will be identified and corrected. In addition, consideration was given to year end journals. Management was satisfied any errors in year end journals would either be detected by a budget holder or, where not within a specific budget holder's remit, would be identified by the review undertaken by central finance in closing the accounts. In the context of the other mitigating controls, the MPS risk appetite, the effectiveness of journal authorisation as a control in itself, and the wider control environment, management have concluded that the absence of journal authorisation control would not lead to a material misstatement in the financial statements.	It is a matter for management as to the controls that they operate. However, we note the following: • Identification of an error through budget holder review requires there to be a variance to expectation. An erroneous journal can be posted to make *actuals* in line with the budget and therefore such journals would avoid detection. • Not all journals impact budgets i.e. reserves/suspense/holding accounts and so journals posted through these ledger codes will avoid detection. • Journals are often used to mask fraud. Typically, fraud occurs on the '*little and often*' basis and so these journals would avoid detection as they would not present as a significant variance on a budget holder review An effective budget holder review process is dependent on a number of factors. Some key factors are: • the skills and relevant training of the budget holders, • their capacity to perform the procedure • the adequacy of reporting from the system; and • also having regard for the differing levels different budget holders may place on what constitutes a *significant variance* requiring investigation. We have challenged management as to whether there may be a gap in the controls, in light of the above risks. Management's responses set out in the commentary. Management's judgement is that any gap is within the MPS' risk appetite, that the control itself is not, in and of itself, particularly effective, that the benefit of any such control is considerably outweighed by the cost, and the impact on the control environment is not significant. In response to this risk identified we performed additional procedures including: • Review of users posting journals and review of their job role to ensure they are appropriate individuals to be posting journals • Analysis of volume and value of journals posted per user to identify any unusual fluctuations • Added custom routines to our journals testing strategy to target testing on manual journals, clearing accounts and new accounts. We remain of the view that the lack of journal authorisation increases significantly the risk of fraud and/or error in the financial statements and management accounts. We do not consider that budgetary control provides an adequate compensating control.

2. Financial Statements – issues and risks

Issue	Commentary	Auditor view
MOPAC – data breach	During the year we were made aware of a data breach pertaining to personal and sensitive data. Once management were aware of the data breach, they quickly moved to shut the website down, inform the Information Commissioner's Office (ICO) and launch and investigation. We have been informed that the data breach was as a result of human error whilst performing an update to the website rather than a deliberate cyber-attack. MOPAC are currently working with experts to communicate the data breach to those affected.	In terms of the financial statements, we are satisfied that the issue does not pose a risk of material misstatement. It is too soon to quantify any potential liability arising from litigation and there is insufficient information to even report a contingent liability in the financial statements. We continue to remained briefed by management as the situation develops but the issue itself has been considered and does not impact our ability to issue an opinion. We note that there has been a subsequent cyber attack in 2023/24. We have considered this matter and concluded that it does not impact the 2022/23 financial statements.

2. Financial Statements - matters discussed with management

This section provides commentary on the significant matters we discussed with management during the course of the audit.

Significant matter	Commentary	Auditor view and management response
Invoice Price Variances (IPV)- Operating Expenditure **2021-22** In 2021-22, as part of our review of the financial ledger we identified an £8 trillion correcting journal that had been posted to the finance system. We investigated this further to understand the prevent, detect and correct controls in place in order to ensure the accounts were free from material misstatement. **2022-23** As part of our journals work this year, we identified a £1 trillion correct journal posted to the finance system. Similar to the £8 trillion transaction in the prior year, this transaction related to an input error on a PO which was subsequently receipted incorrectly. Again, like 2021-22, this erroneous transaction was detected and corrected such that there was no error in the year end financial statements.	A purchase order had been set up incorrectly whereby the unit price and quantity had been incorrectly entered. Once the invoice was received and entered into the system the wrong unit price per the PO was applied and created an invoice price variance (IPV) of £1 trillion (£8 trillion in the PY) that was posted to the general ledger. This error was subsequently identified by SSCL and corrected. Prevent controls- the system does not prevent a transaction being recorded when it is exceeds the PO amount however the invoice would not be paid due to the 3 way matching controls in place. The accounting entries will however have been posted to the ledger. Therefore prevent controls are limited. Detect and Correct controls- The SSCL P2P team run monthly reports on IPVs checking for attributes such as the size of the IPV as well as the level of decimalisation (as in this case the decimalisation was wrong), and investigate the IPVs to determine if they are true or there is an error. The P2P team also keep a summary of the total IPVs in each report and the number corrected as an audit trail but also for training purposes. As a secondary control the R2R team will also run an IPV report at month end to check if there are any IPVs they believe the AP Team may have missed and send them over for investigation. There is therefore some level of segregation of duties as two separate teams within SSCL run reports for IPVs and should mean that there is reduced chance of IPVs going uncorrected. The MPS also review monthly budget monitoring reports where any large variances of outturn to budget are investigated and where errors are identified corrections are made.	Although a large error was posted into the financial system we have reviewed the controls in place to prevent, detect and correct misstatements. We are satisfied these controls are designed effectively and as evidenced here were able to identify a material misstatement which was subsequently corrected. **Management response** As noted, appropriate compensating controls are implemented and operating effectively to mitigate the risk of Invoice Price Variances leading to a misstatement in expenditure. No changes are proposed. We will explore a system solution to avoid this occurrence through the Met Business Services programme in due course.

2. Financial Statements - matters discussed with management

Significant matter	Commentary	Auditor view and management response

AUC Opening and Closing Balances – Classification of Disclosures

From our testing performed on AUC reclassifications and AUC closing balances we identified a number of assets which had become fully operational in year or in previous years that had not been reclassified in the correct financial year.

There is a risk that the net book value of assets becomes misstated where assets are not classified in the correct asset class in a timely manner and depreciation not charged on the asset once it becomes operational.

This impacts the opening balance presented in the AUC classification of the PPE disclosure note.

Additional work by ourselves and management has been necessary to provide reasonable assurance that addresses the risk of material disclosure misstatement.

This included identifying the population of assets most 'at risk' of being misclassified in the opening balance and evaluating whether they were operational as at 1st April 2022. This 'at risk' population was based upon assets that had very little (or no) addition during 2022/23. This characteristic was consistent with the errors originally identified and makes sense because if the asset had become operational before 1st April 2022, then additional spend was unlikely for the completed asset.

As a result of extending our sample and evaluating the 'at risk population, our combined coverage of the population was 82 assets across both AUC reclassifications and AUC closing balances.

Following this additional work, the cumulative estimate of disclosure error stood as follows:

	Fail	Uncertainty*
AUC items classified within 22/23	25,913k	11,243k
AUC items classified in the closing balance as at 31st March 2023	10,287k	3,262k
Subtotal	**36,200k**	**14,505k**
Total	**50,704k**	

**There is an uncertainty in the assessment representative of low value 'at risk' items not subject to testing and nil responses to items within our at risk testing*

This assessment concluded that the total estimated disclosure error stood at £50,704k. From which management were able to satisfy themselves that this was immaterial in the context of their wider financial statements, and thus the requirements of IAS8 for Prior Period Misstatements had not been met.

As auditors, we are in agreement with this conclusion as the balance sit comfortably below the headline materiality threshold communicated to yourselves in the audit plan. We are therefore able to conclude that the opening balance presented is materially accurate.

In assessing the material accuracy of the closing balance, we note that our testing included a £10,012k error in relation to the in-year movement on CONNECT – reported on page 53). As this is an immaterial disclosure error, we able to conclude that the AUC closing balance presented is materially accurate.

Based on our work, we have seen improvements in the processes and controls management put in place to ensure the correct classification of AUC at the year end. These processes and controls rely on the timely and accurate supply of information from people outside of finance.

As a result, our prior period recommendation, set out on slide 42, that "Management should ensure that controls are enhanced to capture and record assets once they become operational on a timely basis to ensure the correct accounting treatment for operational assets." has still been deemed an 'in progress' item for 22/23.

Management response

This is a recurring issue identified through the audit process. There are agreed processes in place to ensure that the status of assets under construction are communicated to finance on a timely basis to ensure that they are appropriately classified and depreciation commenced in the correct period. These processes are clearly not operating as designed. For 2023-24, we will conduct a full review of AUC balances at the end of period 11 to inform the year end position. From the results of this work, and additional work noted to the left, we will identify areas of the business where there are significant issues and agree necessary changes to processes to address this problem

2. Financial Statements – key judgements and estimates

This section provides commentary on key estimates and judgements inline with the enhanced requirements for auditors.

Significant judgement or estimate	Relates to	Summary of management's approach	Audit Comments	Assessment
Land and Building valuations – £1,976m	**Group and MOPAC**	Land and buildings comprises £1,346m of specialised assets such as police stations, which are required to be valued at depreciated replacement cost (DRC) at year end, reflecting the cost of a modern equivalent asset necessary to deliver the same service provision. The remainder of other land and buildings (£458m) are not specialised in nature and are required to be valued at existing use in value (EUV) at year end. MOPAC also hold £81m of other assets (Investment properties, surplus assets, assets held for sale, finance leases and residential properties) which are valued at market value. MOPAC and the Group have engaged a new valuer this year following the expiration of the contract with Montague Evans. Avison and Young has been engaged to complete the valuation of properties as at 31 March 2023 on a five yearly cyclical basis. This is a change from the previous valuations where the valuation was performed half way through the year at 30 September. With a valuation as at 31 March 2023, there is no risk that the carrying value of revalued assets could different from the current value as at the balance sheet date. Not all assets were subject to revaluation – the total value of these assets were £105m. We have reviewed the reasonableness of management's judgement not to revalue these assets and we are satisfied that it is reasonable and doesn't lead to a material misstatement in the financial statements. The total year end valuation of properties was £1,976m, a net increase of £2m from 2021/22 (£1,974m).	We reviewed your assessment of the estimate considering: • ISA540 requirements; • assessment of management's expert to be competent, capable and objective; • completeness and accuracy of the underlying information used to determine the estimate; • the appropriateness of your alternative site assumptions which remain consistent with previous years; • reasonableness of increase/decrease in estimates on individual assets; • consistency of estimate against indexed property market trends, and reasonableness of the decrease in the buildings estimate / Increase in the land estimate; and • Adequacy of disclosure of estimate in the financial statements. **Findings** Our findings on PPE in terms of misstatements, have already been reported on pages X and X. In terms of the accounting estimate, land and buildings have been appropriately valued by the instructed valuer. Whilst the general method of valuing assets is unchanged, there were changes in the assumptions this year primarily driven by the use of a new valuer. The most significant changes in assumptions were in relation to BCIS costs and floor areas. **Build costs:** Build costs are a key assumption in DRC valuations. It represents the cost per square foot of rebuilding a specialists asset i.e. Police stations. Your previous valuer used RICS published BCIS costs. Avison and Young have however formed their own build cost estimate using recent construction data. We have formed the view that Avison and Young's approach is reasonable by corroborating the source data being used, taking advice from our auditor's expert and comparing the build cost to the published BCIS data. In general, the build cost assumption from Avison and Young is higher than the mean build cost in the BCIS published data. Whilst it is higher than the mean, it still falls within the upper range. Ceteris paribus, the impact of the change in the build cost assumption results in the value of your DRC assets increasing compared to the prior year. Although we note that, in general, the value of DRC buildings have fallen year on year and a result of changes in floor areas adopted. Our audit response to this is defined below. **Continues overleaf . . .**	Green

2. Financial Statements – key judgements and estimates

Significant judgement or estimate	Relates to	Audit Comments	Assessment
Land and Building valuations – £1,976m	**Group and MOPAC**	Floor areas: With a change of valuer, management took the opportunity to refresh the data held pertaining to floor areas of its estate before sending this to the valuer. This resulted in a significant movement in floor areas with some assets doubling or halfling in size. We performed work to: (a) assess the reasonableness/accuracy of the updated floor areas and; (b) determine whether the change in floor areas indicates the presence of an error in the prior period valuation. In terms of (a) we have liaised directly with estates to understand the new CAD floor area tool utilised to prepare the data shared with Avison Young. In terms of (b) we did form the view that the change in floor areas was most likely an error in the prior year rather than a change in accounting estimate. Work was performed to quantify the impact of this error. This work showed that for several assets, the error in the prior year valuation was material. The valuation differences however did not all go one way – some assets were overstated whilst others were understated. In aggregate, the net error on the balance sheet was £13m. As this is not material, the accounting standards does not require management to amend the opening balances and the prior period comparators. Other assumptions: We also reviewed the reasonableness of other assumptions including externals, professional costs, rental values and yields. There are no issues to report and we have concluded that these assumptions are reasonable. **Conclusion** **We are satisfied that the estimate of your land and buildings valuation is not materially misstated.**	**Green**

Assessment

- [Red] We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- [Orange] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic
- [Yellow] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious
- [Green] We consider management's process is appropriate and key assumptions are neither optimistic or cautious

2. Financial Statements – key judgements and estimates

Significant judgement or estimate	Relates to	Summary of management's approach	Audit Comments	Assessment
Net pension liability £25,611m	**MOPAC, the Group and MPS**	MOPAC and the MPS's net pension liability at 31 March 2023 is £24,343m (PY £39,246m) comprising the Police Pension Scheme 2015, the 2006 New police Pension Scheme and the Police Pension Scheme all of which are unfunded defined benefit pension schemes. The group uses Hymans Robertson to provide actuarial valuations of the group's liabilities derived from these schemes. The actuary utilises key assumptions such as life expectancy, discount rates and salary growth. Given the significant value of the net pension fund liability, small changes in assumptions can result in significant valuation movements. The latest full actuarial valuation was completed in March 2024 using membership data as at 31st March 2022. There has been a £14,904m net actuarial gain during 2022/23, of which £15,295m has impacted the Comprehensive Income and Expenditure Statement..	• We have obtained an understanding of the processes and controls put in place by management to ensure the group's pension fund net liability is not materially misstated and evaluated the design of associated controls; • We have assessed the competence, capabilities and objectivity of the actuary who carried out the pension fund valuation; • We have assessed the impact of any changes to the valuation method; • We have assessed the accuracy and completeness of information provided by the MPS to the actuary to estimate the liability; • We have used PwC as our auditors expert to assess the actuary and assumptions made by actuary – see table below for comparison with Actuary assumptions. As assumptions applied have been found to be within the appropriate range by our auditor's expert we have determined the overall assessment of assumptions applied as reasonable.	Green

LGPS Assumptions	Actuary Value	PwC range	Assessment
Discount rate	4.75%	4.75%	Green
Pension increase rate (CPI inflation)	2.95%	2.95% - 3.00%	Yellow
Salary growth	3.2%	2.95% - 4.00%	Green
Life expectancy – Males currently aged 45 / 60	Current males: 26.7 years Future males: 28.1 years	Current males: 25.9-26.7 years Future males: 27.3-28.1 years	Yellow
Life expectancy – Females currently aged 45 / 60	Current females: 29.2 years Future females: 30.6 years	Current females: 28.5-29.2 years Future females: 29.8-30.6 years	Yellow

Assessment

- [Red] We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- [Orange] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic
- [Yellow] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious
- [Green] We consider management's process is appropriate and key assumptions are neither optimistic or cautious

2. Financial Statements – key judgements and estimates

Significant judgement or estimate	Relates to	Summary of management's approach	Audit Comments	Assessment
Net pension liability £25,611m	**MOPAC, the Group and MPS**	See previous slide.	• We have performed additional tests in relation to the accuracy of member data to gain assurance over the 2022/23 full quadrennial valuation carried out by the actuary; • We have tested the consistency of the pension fund net liability and disclosures in the notes to the core financial statements with the actuarial report from the actuary; • We have assessed the reasonableness of decrease in estimate; and • We have undertaken additional procedures to gain assurance that the £1,988m of 'Other Experience' recognised in your net pension fund liability is reasonable. The £1,988m of 'Other Experience' reflects the liability decrease in relation to the updated membership data. **Conclusion** **We are satisfied that disclosures provide sufficient information to the user of the accounts regarding the estimation uncertainty and key judgements underpinning the valuation of the net pension liability.** **We are satisfied that the estimate of your net pension liability is not materially misstated.**	**Green**

Assessment

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2. Financial Statements - key judgements and estimates

Significant judgement or estimate	Relates to	Summary of management's approach	Audit Comments	Assessment
Other estimates and judgements include: • Property, Plant and Equipment: depreciation including useful life of capital equipment.	Group and MOPAC	Depreciation is calculated based on the asset value and expected useful life of assets. The Group monitors the useful life of assets to identify where any changes to the depreciation charge are required during the year;	For buildings, the depreciation charge in the financial statements is based on the historic useful economic life (UEL) data stored in the asset register. Whilst management have regard for the useful UEL supplied by their valuer each year, they do not update the fixed asset register unless the UEL provided by the valuer is significantly different. We performed an analytical procedure by setting an expectation for depreciation based on UELs provided by your valuer. We then compared this to the actual depreciation charged in the financial statements to assess reasonableness. Our analytical procedure identified that the depreciation charge was cautious, but not materially misstated. This means that the depreciation charge in the financial statements is higher than our expected depreciation charge. The key driver for this was the depreciation on buildings. Our expectation for depreciation on buildings was based on a UEL provided by your valuer. Management does not update the UEL on the fixed asset register each year to the UEL provided for the valuer. They only update it where the difference is significant. This inconsistency resulted in the depreciation charge we expect being lower than the charge made.	Yellow
• Provisions	Group and MOPAC	The most significant provision on the balance sheet is the provision for Third Party Liabilities. The calculation of the provision required is based on an established approach using the estimated reserve required to settle ongoing cases from system reports adjusted for the differences between amounts reserved and amounts paid out in settlement on recent settled cases. Other provisions will be based on professional judgement using suitable available supporting documentation.	Our work in respect of the estimate of your provisions has not identified any material issues.	Green

Assessment

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2. Financial Statements - key judgements and estimates

Significant judgement or estimate	Relates to	Summary of management's approach	Audit Comments	Assessment
• Accruals including the annual leave accrual and Home Office pension top-up accrual.	Group, MOPAC and the MPS	The two largest accruals are the Home Office Pension Top-up and employee annual leave accrual, which are documented below. The remaining balance is made up of smaller accruals from around the business. Accruals will be based on actual information on balances owed (eg. invoices) where possible but in some cases estimates may be used where it is not possible to determine the exact amount to be accrued. Assumptions will vary depending on the accrual however, business accountants will use their professional judgement in determining an appropriate estimate. Source data used will depend on the nature of the specific accrual but is likely to include amongst other things invoices, contracts, timesheets and correspondence with third parties to derive a reasonable estimate. **Home Office Pension Top-up Accrual (£330m):** The accrual is a calculation based on the amount accrued from the previous year, the amount received in cash from the Home Office during the current financial year and the deficit on the Pension Fund Revenue Account at the end of the financial year which is recorded on the ledger. Monthly data is used from the ledger for the return to the Home Office to determine the outturn for the current financial year. This data is prepared by Corporate Finance for review and indusion in the return submitted by the Pensions Lead in HR. **Annual leave accrual (£198m):** For police officers and PCSO, computer aided resource management system (CARMS) data is taken and ready reckoner pay rates are applied to calculate the accrual. The key assumption made by management is that the average hours of annual leave carried forward per pay band for those officers registered on CARMS is reflective of the hours of annual leave carried forward by Officers not on the CARMS system, the source data used to calculate the accrual estimate for policer officers and PCSO is CARMS. For police staff, samples are selected to determine the average unused leave that is then applied to the population. The key assumption made in calculating the Holiday accrual for Police staff is that the sample data is representative of the entire population. Data derived from these samples is collected through self reporting (holiday entitlement forms). All data is crossed checked and reconciled to HR data. Sufficient numbers of police staff are sampled to ensure that there is a statistically negligible chance that the sample deviates materially from the population from which it has been selected from.	Our work in respect of the annual leave accrual has not identified any material issues. Our work in respect of the Home Office Pension Top-up accrual and other accruals has not identified any material issues.	Green

Assessment

- [Red] We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
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- [Yellow] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious
- [Green] We consider management's process is appropriate and key assumptions are neither optimistic or cautious

2. Financial Statements - key judgements and estimates

Significant judgement or estimate	Relates to	Summary of management's approach	Audit Comments	Assessment
PFI Liability	Group and MOPAC	PFI transactions which meet the IFRIC 12 definition of a service concession, as interpreted in HM Treasury's FReM, are accounted for as 'on-Statement of Financial Position' by the entity. The PFI liability is determined by the original financial model updated for inflation and relevant variations. The source data is derived from the financial model. Estimates are used for un-invoiced variations (or credits for insurance) based on estimates provided at the time of the variation.	Our work in respect of the estimate of your PFI liability has not identified any material issues.	Green
Consolidation of Empress Holdings Limited and its subsidiaries	Group and MOPAC	On 26 March 2018 the Group acquired the entire issued share capital of Empress Holdings Limited and its subsidiaries ("Empress Holdings Group") which holds the freehold interest in the Empress State Building (ESB). As result of this purchase, a judgement was made that the Empress Holdings Group is a subsidiary of the Group, and its assets, liabilities and reserves would be consolidated into the MOPAC Group Accounts. Management proposed that they consider the rights and obligations of the building to now belong to MOPAC and that there was no residual value to the shares owned by MOPAC (i.e. the only value to the shares was the value of ESB). The Empress State Group is in the process of being dissolved, and as a result will be consolidated at nil value until this is complete.	Our work in respect of the judgement made to consolidate the Empress Holdings Group at nil value is deemed appropriate as a result of the dissolution process. We have not identified any material issues as a result of the judgement made by management.	Green

Assessment

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- [Yellow] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious
- [Green] We consider management's process is appropriate and key assumptions are neither optimistic or cautious

2. Financial Statements - key judgements and estimates

Significant judgement or estimate	Relates to	Summary of management's approach	Audit Comments	Assessment
Minimum Revenue Provision - £67.4m	MOPAC and Group	MOPAC is responsible on an annual basis for determining the amount charged for the repayment of debt known as its Minimum Revenue Provision (MRP). The basis for the charge is set out in regulations and statutory guidance. The year end MRP charge was £67.4m (PY £64.2m). We note the increase is a result of £200m of new borrowing for finance capital expenditure being taken out in 2022/23.	**Findings:** We have carried out the following work: • Confirmed that the MOPAC's policy on MRP complies with statutory guidance. • Assessed that there are no changes to MOPAC's MRP policy in comparison to 2021/22 • Assessed and benchmarked the percentage of MOPAC's MRP charge against the opening capital financing requirement (6.6%). As this is above 2%, it falls within our 'Green' range – no concerns identified. • Assessed and benchmarked the percentage of the MOPAC's total debt against the capital financing requirement (53%). As this is below 100%, it falls within our 'Green' range – no concerns identified. Government have consulted on changes to the regulations that underpin MRP, to clarify that capital receipts may not be used in place of a prudent MRP and that MRP should be applied to all unfinanced capital expenditure and that certain assets should not be omitted. The consultation highlighted that the intention is not to change policy, but to clearly set out in legislation, the practices that authorities should already be following. Government will issue a full response to the consultation in due course.	Green

Assessment

- [Red] We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
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- [Yellow] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious
- [Green] We consider management's process is appropriate and key assumptions are neither optimistic or cautious

2. Financial Statements: Information Technology

This section provides an overview of results from our assessment of Information Technology (IT) environment and controls which included identifying risks from the use of IT related to business process controls relevant to the financial audit. This includes an overall IT General Control (ITGC) rating per IT system and details of the ratings assigned to individual control areas.

IT application	Level of assessment performed	Overall ITGC rating	ITGC control area rating			Related significant risks/other risks
			Security management	Technology acquisition, development and maintenance	Technology infrastructure	
Oracle EBS (PSOP)	ITGC assessment (design and implementation effectiveness only)	●	●	●	●	The Oracle system and its sub-modules link to the following processes where relevant controls have been identified: (1) Payroll (2) Accounts Payable (3) Journals
Real Asset Management (RAM)	ITGC assessment (design, implementation and operating effectiveness)	●	●	●	●	RAM links to PPE where relevant controls have been identified.

Assessment

- ● [Red] We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- ● [Orange] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic
- ● [Yellow] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious
- ● [Green] We consider management's process is appropriate and key assumptions are neither optimistic or cautious

2. Financial Statements: other communication requirements

We set out below details of other matters which we, as auditors, are required by auditing standards and the Code to communicate to those charged with governance.

Issue	Commentary
Matters in relation to fraud	We have previously discussed the risk of fraud with the Deputy Mayor (for MOPAC) and the Commissioner (for the MPS). We have not been made aware of any incidents in the period that would have a material impact on the financial statements and no other material issues have been identified during the course of our audit procedures.
Matters in relation to related parties	As part of our work on the related parties disclosure, we identified 3 control findings. None of these have had an impact on the draft financial statements however we have raised them to management to encourage best practice. See Appendix B for details. Based on the work we have performed, we are not aware of any related parties or related party transactions which have not been disclosed.
Matters in relation to laws and regulations	You have not made us aware of any significant incidences of non-compliance with relevant laws and regulations and we have not identified any incidences from our audit work.
Written representations	Letters of representation have been requested from both the Deputy Mayor (for MOPAC) and the Commissioner (for the MPS), including specific representations in respect of the following issue: • Confirmation that the total value of covert transactions, covert assets, covert bank and cash balances in the MPS, MOPAC and group financial statements is not material. • Confirmation that the total value of covert assets not capitalised and included in the financial statements is not material.
Confirmation requests from third parties	We requested from management permission to send confirmation requests to: • The Greater London Authority (in respect of short-term investments and long-term borrowings); • National Westminster Bank PLC (in respect of cash held at bank) and; • Lloyds Bank PLC (in respect of a bank account held by Equiniti on your behalf to process police officer pension payments). This permission was granted and the requests were sent. We have received confirmations from the The Greater London Authority, National Westminster Bank PLC and Lloyds Bank PLC.
Accounting practices	We have evaluated the appropriateness of MOPAC, MPS and the group's accounting policies, accounting estimates and financial statement disclosures. Our review found no material commissions.
Audit evidence and explanations/ significant difficulties	We did experience some delays in obtain requested evidence from management. Delays were primarily as a result of planned annual leave over the summer holidays.

2. Financial Statements: other communication requirements

Our responsibility

As auditors, we are required to "obtain sufficient appropriate audit evidence about the appropriateness of management's use of the going concern assumption in the preparation and presentation of the financial statements and to conclude whether there is a material uncertainty about the entity's ability to continue as a going concern" (ISA (UK) 570).

Issue	Commentary
Going concern	In performing our work on going concern, we have had reference to Statement of Recommended Practice – Practice Note 10: Audit of financial statements of public sector bodies in the United Kingdom (Revised 2020). The Financial Reporting Council recognises that for particular sectors, it may be necessary to clarify how auditing standards are applied to an entity in a manner that is relevant and provides useful information to the users of financial statements in that sector. Practice Note 10 provides that clarification for audits of public sector bodies. Practice Note 10 sets out the following key principles for the consideration of going concern for public sector entities: • the use of the going concern basis of accounting is not a matter of significant focus of the auditor's time and resources because the applicable financial reporting frameworks envisage that the going concern basis for accounting will apply where the entity's services will continue to be delivered by the public sector. In such cases, a material uncertainty related to going concern is unlikely to exist, and so a straightforward and standardised approach for the consideration of going concern will often be appropriate for public sector entities • for many public sector entities, the financial sustainability of the reporting entity and the services it provides is more likely to be of significant public interest than the application of the going concern basis of accounting. Our consideration of MOPAC, the MPS and the group's financial sustainability is addressed by our value for money work, which is covered in our Auditor's Annual Report. Practice Note 10 states that if the financial reporting framework provides for the adoption of the going concern basis of accounting on the basis of the anticipated continuation of the provision of a service in the future, the auditor applies the continued provision of service approach set out in Practice Note 10. The financial reporting framework adopted by MOPAC, MPS and the group meets this criteria, and so we have applied the continued provision of service approach. In doing so, we have considered and evaluated: • the nature of MOPAC, the MPS and the group and the environment in which they operate; • MOPAC, the MPS and the group's financial reporting framework; • MOPAC, the MPS and the group's system of internal control for identifying events or conditions relevant to going concern; and • management's going concern assessment. On the basis of this work, we have obtained sufficient appropriate audit evidence to enable us to conclude that: • a material uncertainty related to going concern has not been identified for either the MOPAC, the MPS or the group • management's use of the going concern basis of accounting in the preparation of both sets of financial statements is appropriate.

2. Financial Statements: other responsibilities under the Code

Issue	Commentary
Other information	We are required to give an opinion on whether the other information published together with each set of audited financial statements (including the Annual Governance Statements and Narrative Reports), is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. Our work on other information is in progress. Subject to the satisfactory resolution of outstanding matters set out on page 4, we plan to issue an unmodified opinion in this respect. The draft wording for our opinions will be provided in a separate report.
Matters on which we report by exception	We are required to report on a number of matters by exception in a number of areas: • if the Annual Governance Statement does not comply with disclosure requirements set out in CIPFA/SOLACE guidance or is misleading or inconsistent with the information of which we are aware from our audit, • if we have applied any of our statutory powers or duties. • where we are not satisfied in respect of arrangements to secure value for money and have reported significant weaknesses. We do not have any exceptions to report except for the following: We are in the progress of completing our work in respect of the arrangements in place to secure value for money. We have identified risks of significant weaknesses in respect of: • the risk that the revised governance arrangements in the MPS and in MOPAC and not effective in delivering improvement in London policing and performance; • the risk that the turnaround arrangements put in place by the MPS and MOPAC fail to adequately respond to the recommendations from HMICFRS and Casey; • the risk that vetting arrangements are not effective; • the risk that arrangements are not effective to mitigate the delivery and financial risk in two major transformation projects relating to CONNECT and Command and Control; and • the risk that budgeting arrangements are not effective in the transparent and realistic reporting of current and forecasted financial performance. The first four risks highlighted above are carried forward from significant weaknesses identified in our 2021/22 auditor's annual report. The last risk is a new risk identified for 2022/23. We will conclude our findings in respect of these risks on completion of our audit work within the Auditor's Annual Report.
Specified procedures for Whole of Government Accounts	We are required to carry out specified procedures (on behalf of the NAO) on the Whole of Government Accounts (WGA) consolidation pack under WGA audit instructions. As the group exceeds the specified reporting threshold of £2billion we examine and report on the consistency of the WGA consolidation pack with the group's audited financial statements. Note that work is not yet completed and will complete our work in respect of MOPAC's WGA consolidation pack following the issue of our opinion. WGA instructions have not yet been provided to us by the NAO.
Certification of the closure of the audit	We intend to certify the closure of the 2022/23 audit of MOPAC and the MPS following the completion of our audit opinion, WGA and value for money conclusion work. We intend to certify the closure of the 2021/212 audit of MOPAC and the MPS following the completion of review of the WGA consolidation return.

3. Value for Money arrangements (VFM)

Approach to Value for Money work for 2022/23

The National Audit Office issued its guidance for auditors in April 2020. The Code require auditors to consider whether the body has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

When reporting on these arrangements, the Code requires auditors to structure their commentary on arrangements under the three specified reporting criteria.

Improving economy, efficiency and effectiveness

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

Financial Sustainability

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

Governance

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

Potential types of recommendations

A range of different recommendations could be made following the completion of work on the body's arrangements to secure economy, efficiency and effectiveness in its use of resources, which are as follows:

Statutory recommendation

Written recommendations to the body under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014. A recommendation under schedule 7 requires the body to discuss and respond publicly to the report.

Key recommendation

The Code of Audit Practice requires that where auditors identify significant weaknesses in arrangements to secure value for money they should make recommendations setting out the actions that should be taken by the body. We have defined these recommendations as 'key recommendations'.

Improvement recommendation

These recommendations, if implemented should improve the arrangements in place at the body, but are not made as a result of identifying significant weaknesses in the body's arrangements

3. VFM: our procedures and conclusions

In our January 2024 audit panel, we issued our audit findings report which included an audit letter an audit letter explaining the reasons for the delay. This letter is attached in Appendix K to this report. We expect to issue our Auditor's Annual Report in April 2024, although we note that our work has been delayed due to the information needed not being made available to us. This is in line with the National Audit Office's revised deadline, which requires the Auditor's Annual Report to be issued no more than three months after the date of the opinion on the financial statements.

As part of our work, we considered whether there were any risks of significant weakness in the MOPAC and MPS' arrangements for securing economy, efficiency and effectiveness in its use of resources. We identified the risks set below. Our work on these risks are underway.

- the risk that the revised governance arrangements in the MPS and in MOPAC and not effective in delivering improvement in London policing and performance;
- the risk that the turnaround arrangements put in place by the MPS and MOPAC fail to adequately respond to the recommendations from HMICFRS and Casey;
- the risk that vetting arrangements are not effective;
- the risk that arrangements are not effective to mitigate the delivery and financial risk in two major transformation projects relating to CONNECT and Command and Control; and
- the risk that budgeting arrangements are not effective in the transparent and realistic reporting of current and forecasted financial performance.

4. Independence and ethics

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention and consider that an objective reasonable and informed third party would take the same view. We have complied with the Financial Reporting Council's Ethical Standard and confirm that we, as a firm, and each covered person, are independent and are able to express an objective opinion on the financial statements.

We confirm that we have implemented policies and procedures to meet the requirements of the Financial Reporting Council's Ethical Standard and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements.

Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in May 2020 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

Details of fees charged are in Appendix E.

Transparency

Grant Thornton publishes an annual Transparency Report, which sets out details of the action we have taken over the past year to improve audit quality as well as the results of internal and external quality inspections. For more details see Grant Thornton International Transparency report 2023.

Audit and non-audit services

For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to MOPAC, the Group and MPS. No non-audit services were identified which were charged relating to the 2022-23 financial year.

Appendices

A. Communication of audit matters to those charged with governance

Our communication plan	Audit Plan	Audit Findings
Respective responsibilities of auditor and management/those charged with governance	•	
Overview of the planned scope and timing of the audit, form, timing and expected general content of communications including significant risks	•	
Confirmation of independence and objectivity	•	•
A statement that we have complied with relevant ethical requirements regarding independence. Relationships and other matters which might be thought to bear on independence. Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged. Details of safeguards applied to threats to independence	•	•
Matters in relation to the group audit, including: Scope of work on components, involvement of group auditors in component audits, concerns over quality of component auditors' work, limitations of scope on the group audit, fraud or suspected fraud.	•	•
Views about the qualitative aspects of the Group's accounting and financial reporting practices including accounting policies, accounting estimates and financial statement disclosures		•
Significant findings from the audit		•
Significant matters and issue arising during the audit and written representations that have been sought		•
Significant difficulties encountered during the audit		•
Significant deficiencies in internal control identified during the audit		•
Significant matters arising in connection with related parties		•
Identification or suspicion of fraud involving management and/or which results in material misstatement of the financial statements		•
Non-compliance with laws and regulations		•
Unadjusted misstatements and material disclosure omissions		•
Expected modifications to the auditor's report, or emphasis of matter		•

ISA (UK) 260, as well as other ISAs (UK), prescribe matters which we are required to communicate with those charged with governance, and which we set out in the table here.

This document, the Audit Findings, outlines those key issues, findings and other matters arising from the audit, which we consider should be communicated in writing rather than orally, together with an explanation as to how these have been resolved.

Respective responsibilities

As auditor we are responsible for performing the audit in accordance with ISAs (UK), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance.

The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

Distribution of this Audit Findings report

Whilst we seek to ensure our audit findings are distributed to those individuals charged with governance, we are also required to distribute our findings to those members of senior management with significant operational and strategic responsibilities. We are grateful for your specific consideration and onward distribution of our report to all those charged with governance.

B. Action Plan– Audit of Financial Statements

We have identified six recommendations for MOPAC, MPS and the group as a result of issues identified during the course of our audits. We have agreed our recommendations with management and we will report on progress on these recommendations during the course of the 2023/24 audit. The matters reported here are limited to those deficiencies that we have identified during the course of our audit and that we have concluded are of sufficient importance to merit being reported to you in accordance with auditing standards.

Assessment	Issue and risk	Recommendations
Low – best practice	**Declaration of interests (MPS only):** From our related parties work we noted that the draft accounts were published without management obtaining a signed declaration of interests from a senior officer. Without signed declarations, there is a risk that the accounts include a material misstatement due to disclosure omission of a related party transactions. After our challenge of this missing declaration, the senior officer returned a signed declaration which confirmed that they had no interests. There is therefore no disclosure misstatement in the draft financial statements.	We recommend to management that they obtain all signed declarations from senior officers prior to producing draft financial statements. **Management response** Signed declarations of interests are requested from all executive members of the Management Board. We will ensure that a full set of returns are available for audit inspection in 2023-24
Low – best practice	**Website not updated (MPS only):** From our work on related parties, we identified that the Management Board meetings available via the publication scheme on the MPS website had not been updated since October 2022.	We recommend that the management board minutes are published in a timely manner to allow transparency and scrutiny. **Management response** We will update the website to ensure that all items under the publication scheme are up to date
Low – best practice	**Declaration of interests – standing agenda item (MPS only):** From our work on related parties we noted from our review of the Management Board meetings that were available online that it was not documented if the meetings started with any declarations of Interests to identify any potential conflicts which is considered to be good governance practice.	As best practice governance, we recommend that key decision making boards all having conflicts of interest as a standing agenda item at the beginning of meetings. This should be documented clearly in the minutes. **Management response** Declarations of Interest is a standing agenda item at Management Board meetings, and will continue to be so.

Controls

- High – Significant effect on financial statements
- Medium – Limited Effect on financial statements
- Low – Best practice

B. Action Plan– Audit of Financial Statements

Assessment	Issue and risk	Recommendations
Medium	**Floor areas:** As part of our work on PPE we identified that there was significant movements in floor areas for many of your assets compared to the floor areas used in the prior year valuation. Through investigation, it became clear that the floor areas used in the prior year valuation were either incorrect or outdated. Whilst we have gained assurance that this issue has not resulted in a prior year material misstatement, the issue does indicate a weakness in the process and controls management have in place to ensure that floor areas supplied to the valuer remain complete and accurate.	We recommend to management that they put in place additional processes and controls to ensure that floor area information they hold for each asset is kept up to date. The updated information must then be supplied to the valuer annually to ensure the year end valuation exercise produces a materially accurate estimate. **Management response** As noted, there were some issues identified with floor area information used by the previous valuer. We are undertaking a process of ensuring that we have digital records of all floor areas which will help to ensure that records are kept up to date.
Medium	**GRNI – cleansing:** As part of our work on Creditors, we identified that transactions over 1 year old had a total net amount of £24.5 million (based on purchase order date). We raised this with management because in our view, the likelihood of the liability existing is remote. Whilst management agrees with the premise that legacy GRNI's are unlikely to crystalise as future payments, they have told us that the £24.5 million is not the true net figure for GRNI's over 1 year old. Management have explained that they are netted off by several debit transactions in the full listing. For 2022/23, management have prepared a cleansing analysis, as detailed in slide 15.	We recommend that management regularly cleanse the GRNI population to ensure the net balance remains accurate. **Management response** The process for cleansing GRNI records cannot be undertaken in bulk due to system limitations. As a result, it is a time consuming exercise to remove aged POs that are no longer in use. We have commissioned SSCL to use a automation to cleanse low value aged GRNI balances which has removed a significant volume of GRNI balances. We are in the process of reviewing and cleansing higher value GRNI balances using analytic techniques, and where necessary, manual intervention. We have made significant progress in this area post year end already. As noted on slide 15, we have removed balances totalling over £7m already, and are progressing through the remaining balance. Once the aged items are cleansed, the automated cleanse activity should provide an adequate control, but in addition, on a quarterly basis we will review higher value aged GRNI balances for review.
Medium	**Covert Monies:** As part of our work on Cash and Cash Equivalents we have noted that there were Covert Bank Accounts, for which a Bank Reconciliation was not completed as at the 31st March 2023. This was determined to be a result of vetting delays impacting capacity available. We have met with the Head of Covert Finance to establish the wider suite of assurance regarding the balance reported. We are satisfied that there is not a risk of material error for 22/23. However, we note that bank reconciliations are a key control to detect and correct misstatements in the financial reporting process.	We recommend that management prepare regular Bank Reconciliations for all accounts, including those utilised for Covert Monies. **Management response** Bank reconciliations are undertaken on a monthly basis for all non-covert bank accounts. Due to the sensitive nature of the covert accounts, the reconciliations can only be undertaken by staff with appropriate vetting clearance. Due to staff capacity issues, a small number of bank reconciliations were not undertaken as at 31st March 2023.

Controls

- High – Significant effect on financial statements
- Medium – Limited Effect on financial statements
- Low – Best practice

C. Follow up of prior year recommendations

We identified the following issues in the audits of MOPAC and the MPS's 2021/22 financial statements, which resulted in three recommendations being reported in our 2021/22 Audit Findings report. We have followed up on the implementation of our recommendations and note 2 recommendations have not been fully implemented. The recommendation in relation to the capitalisation of assets has been implemented.

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
X	**Self authorisation of journals** From our knowledge of your finance system and its control environment we are aware that management have chosen not implement a control which does not allow the self authorisation of journals. From our review of journals that were tested there was appropriate supporting backing to corroborate the posting of the journal. However, where a journal is initiated by the same person who authorises it, this undermines the segregation of duties and weakens your control environment, as it heightens the risk that inappropriate journals are not identified through your authorisation review process. The individual requesting the journal to be posted should not be the same individual who subsequently authorises the posting of the journal.	**Prior year recommendation** We are aware that management have other mitigating controls to detect and correct unusual or fraudulent journal postings however, to maintain effective segregation of duties and authorisation controls, the individual requesting a journal to be posted should not be the same individual who subsequently authorises the posting of the journal. Management should consider implementing a control which ensures journals are reviewed by a separate individual before being posted to the finance ledger. **2022/23 update** There has been no change to the control environment during the year. Management did take a paper to the Audit Panel explain to Audit Panel members their rationale for not implementing the control. We continue to recommend that journal authorisation procedures are introduced and consider this to be a weakness in the control environment. **Management response** Our existing approach to journal authorisation was designed to create a balance between control and efficiency. As noted, there are other mitigating and compensating controls operating effectively to detect unusual, fraudulent or erroneous journals. Following review, journal authorisation has been introduced from year end 2023-24 and going forward. Additionally, through the Met Business Services programme, we will review the end to end process for journals and consider whether there are further opportunities to improve the control environment in an efficient manner.

Assessment

✓ Action completed

X Not yet addressed

C. Follow up of prior year recommendations

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
✓	**Capitalisation of assets** Our discussions held with your internal auditor DARA highlighted that a number of covert assets had not been capitalised within the fixed asset register (FAR) and therefore did not exist within the Balance Sheet. The value of assets not capitalised is not material however a control weakness exists where covert assets are not capitalised on the fixed asset register and therefore are not accounted for.	**Prior year recommendation** We are aware that covert assets are sensitive in nature and therefore some details of the assets cannot be disclosed within the fixed asset register. We recommend that all covert assets not capitalised are included in the fixed asset register with non sensitive details such as the value and UEL being included in the FAR. Management should ensure there is a control in place to monitor the purchase of covert assets and how these are accounted for within the FAR and subsequently the financial statements. **2022/23 update** The value of covert assets has now been determined and reconciliations conducted. The risks associated with the inconsistent approach to capturing covert assets on the asset register have been accepted by senior management. **Management response** All non-vehide covert assets have been recorded in the fixed asset register (anonymised as appropriate) as at 31st March 23. The value of covert vehicles in trivial in value for the accounts. We have appropriate asset tracking arrangements for these assets which do not rely on the fixed asset register.

Assessment

✓ Action completed

X Not yet addressed

C. Follow up of prior year recommendations

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
In progress	**Assets Under Construction (AUC) Reclassifications** From our testing performed on AUC reclassifications and AUC closing balances we identified a number of assets which had become fully operational in year or in previous years that had not been reclassified in the correct financial year. There is a risk that the net book value of assets becomes misstated where assets are not classified in the correct asset class in a timely manner and depreciation not charged on the asset once it becomes operational.	**Prior year recommendation** Management should ensure that controls are enhanced to capture and record assets once they become operational on a timely basis to ensure the correct accounting treatment for operational assets. **2022/23 update** Based on our work, we have seen improvements in the processes and controls management put in place to ensure the correct classification of AUC at the year end. These processes and controls rely on the timely and accurate supply of information from people outside of finance. Whilst there have been improvements in the processes and controls, we still continue to identify classification misstatements in both your opening, movements and closing balance for AUC. These errors led to both your finance team and our audit team performing a significant amount of additional work. Refer to page 20 for more details on our work performed on AUC. **Management response** This is a recurring issue identified through the audit process. There are agreed processes in place to ensure that the status of assets under construction are communicated to finance on a timely basis to ensure that they are appropriately classified and depreciation commenced in the correct period. These processes are clearly not operating as designed. For 2023-24, we will conduct a full review of AUC balances at the end of period 11 to inform the year end position. From the results of this work, and the current exercise to review AUC balances, we will identify areas of the business where there are significant issues and agree necessary changes to processes to address this problem

Assessment

✓ Action completed

X Not yet addressed

D. Audit Adjustments

We are required to report all non trivial misstatements to those charged with governance, whether or not the accounts have been adjusted by management.

Impact of adjusted misstatements

The table below provides details of adjustments identified during the 2022/23 audit which will be made within the final set of financial statements. We are required to report all non-trivial misstatements to those charged with governance.

Detail	Relates to	Comprehensive Income and Expenditure Statement £'000	Statement of Financial Position £' 000	Impact on total net expenditure £'000
GRNI uncertainty		CR Expenditure	DR Creditors	
As part of our review of your creditors balance, you held £80 million of liabilities in relation to goods receipted but not yet invoiced. Management provided us with a transaction level listing that reconciled to the £80 million. We reviewed the listing and identified that when filtered by transactions over 1 year old, the total net amount was £24.5 million based on purchase order date. We raised this with management because in our view, the likelihood of the liability existing is remote. Whilst management agrees with the premise that legacy GRNI's are unlikely to crystalise as future payments, they have told us that the £24.5 million is not the true net figure for GRNI's over 1 year old. Management have explained that they are netted off by several debit transactions in the full listing. We have challenged management to therefore provide us with a cleansed listing that nets off the old GRNI's with these debits. We have been provided with an analysis by management that evaluates a population of these GRNIs. Based on this analysis, management have determined a £7.2 million downward adjustment to the creditors GRNI balance in the financial statements. These relate to POs where there was no activity post period end. The residual population of GRNIs older than 1 year total £17.3m is still contained within the financial statements. We tested this population and it identified errors i.e. GRNI's where no subsequent invoice came in. We therefore have reported this balance as an unadjusted misstatement given we have not obtained sufficient appropriate evidence over the balance.	MOPAC, MPS and Group	(7,210)	7,210	(7,210)

D. Audit Adjustments

Impact of adjusted misstatements - continued

Detail	Relates to	Comprehensive Income and Expenditure Statement £'000	Statement of Financial Position £' 000	Impact on total net expenditure £'000
Variance to valuation report: Within our reconciliation of the Fixed Asset Register to the Valuers report, we noted variances in carrying value for 5 properties as a result of valuation adjustments from the valuer Avison Young. The result of not revising the Fixed Asset Register or Financial Statements is a net understatement of gross book value of £3,622k. The gross valuation movement would be recognised as a £3,828k increase to the revaluation reserve and a £206k debit to the CIES.	MOPAC and Group	DR Expenditure 206 CR Other comprehensive income (3,828)	DR PPE 3,622	(3,622)
Nil net book value assets: Within our assessment of assets with nil Net Book Value (NBV) Assets, we noted a £10.9m error as a result of an asset re-life not going live on the RAM system. We have isolated the impact of this error to the value that would have been applied to the NBV had the adjustment been made as planned. The £10.9m debit would be to accumulated depreciation which in turn would credit the income and expenditure statement as a reversal of depreciation. Management have agreed to make this adjustment to the 2023/24 financial statements. Note, the impact on the CIES will be reversed through the MIRS into the capital adjustment account therefore this has no net impact on your general fund.	MOPAC and Group	CR Expenditure (depreciation) (10,904)	DR PPE (accumulated depreciation) 10,904	(10,904)
Clerical error by your valuer: Within our assessment of Revaluation Movements we requested explanations from management for significant year on year changes. As part of this exercise Avison Young noted a error in their valuation workings for one DRC asset. The difference in Avison Youngs workings is a £5.662m downward valuation to the asset. £3.157m would go through OCI and clear the revaluation reserve whilst the remaining £2.505m of the loss would go through the CIES.	MOPAC and Group	DR Expenditure (reversal of previous downward revaluation) 2,505 DR Other comprehensive income 3,157	CR PPE (5,662)	5,662

D. Audit Adjustments

Impact of adjusted misstatements - continued

Detail	Relates to	Comprehensive Income and Expenditure Statement £'000	Statement of Financial Position £' 000	Impact on total net expenditure £'000
Valuation processed in M11 rather than M12: Management processed all of the revaluation movements in month 11 (February 2023) rather than in month 12 (March 2023). As a result, the adjustment only cleared 17 Months of depreciation (11 months from 22/23 and 6 months from 21/22 - where the valuation date was previously 30th September 2021). The adjustment should have cleared 18 months of depreciation, which means there is a one month depreciation discrepancy in the valuation adjustment. This results in a circa £4.984m understatement of PPE.	MOPAC and Group	CR Expenditure (depreciation) (2,757) CR Other comprehensive income (2,227)	DR PPE 4,984	(4,984)
Operational assets not valued as surplus assets: As part of our work we identified several assets that are misclassified in your draft financial statements as operational assets when in fact they are surplus. These assets were Assets Held For Sale (AHFS) during the 2022/23 period but before the 31 March 2023, a decision was taken by management to stop actively marketing them. This decision therefore meant that these assets no longer met the definition of an AHFS. However, because those assets were not brought into operational use, they should have been classified as surplus. Under the relevant accounting standards, surplus assets ought to be valued at fair value. This differs to the valuation basis of operational properties which is valued at existing use value. The **<u>estimated impact</u>** of this is that PPE is understated by £7,169k. The gain would be recognised primarily through the revaluation reserve (£6.1m) with the residual going through the CIES £1.1m. We are have liaised with your valuer to ascertain their assessment of fair value for these properties	MOPAC and Group	CR Expenditure (reversal of previous downward revaluation) (1,105) CR Other comprehensive income (6,064)	DR PPE 7,169	(7,169)
Accrual of tasers that have not been delivered: As part of our testing of your accruals, we identified an accrual for £3.045m in relation to the delivery of tasers. To substantiate the tasers, we requested management provide us evidence that the tasers were received from the supplier prior to the balance sheet date. Management were not able to provide us with this evidence and therefore there is an uncertainty as to whether the liability exists. As a result, we are reporting this uncertainty to you as an unadjusted misstatements.	MOPAC, MPS and Group	CR Expenditure (3,045)	DR Creditors 3,045	(3,045)

D. Audit Adjustments

Impact of adjusted misstatements - continued

Detail	Relates to	Comprehensive Income and Expenditure Statement £'000	Statement of Financial Position £' 000	Impact on total net expenditure £'000
IAS 19 adjustment post membership data update: As explained on pages 12-13, the membership data in the IAS 19 report used in the draft financial statement was dated 31 March 2018. We challenged management over the use of this data because it was over 4 years old. Following our challenge, management provided membership data as at 31 March 2022 to your actuary. Based on this information, your actuary provided you with an updated IAS 19 report. Based on the revised IAS 19 report, the liability has reduced by £1.3 billion. As it is material, management have updated the financial statements. Note, the reduction of the liability is recognised through the MIRS in an unusable reserve. There is no net impact on the general fund. We have audited the updated IAS 19 report including testing the accuracy and completeness of the membership data sent to the actuary. No issues were identified from this work.	MPS and Group	**Other comprehensive income** (1,144,200) **Deficit on provision of services** (124,200)	**Net pension liability** 1,268,400	**(1,268,400)** Note – the entire movement is accounted for within unusable reserves and this has no impact on the general fund.

D. Audit Adjustments

Impact of adjusted misstatements - continued

Detail	Relates to	Comprehensive Income and Expenditure Statement £'000	Statement of Financial Position £' 000	Impact on total net expenditure £'000
Creditor - Pre-1990 liability for future unlodged claims in relation to Inner Courts for London. Within our creditor testing we identified £5,535,578.35 which relates to a pre-1990 liability for future unlodged claims in relation to Inner Courts for London. Client has agreed this item is an error (overstatement) in population and have confirmed this has been rectified in 23/24.	MOPAC, MPS and Group	CR Expenditure (5,536)	DR Creditors 5,536	(5,536)
Overall impact		**Surplus or deficit on provision of services** **(155,874)** **Other comprehensive income** **(1,149,334)**	**PPE** **21,017** **Creditors** **15,791** **Pension liability** **1,268,400**	**(1,305,208)**

D. Audit Adjustments

Impact of unadjusted misstatements

The table below provides details of adjustments identified during the 2022/23 audit which have not been made within the final set of financial statements. We are required to report all non-trivial misstatements to those charged with governance, whether or not the accounts have been adjusted by management.

Detail	Relates to	Comprehensive Income and Expenditure Statement £'000	Statement of Financial Position £' 000	Impact on total net expenditure £'000	Reason for not adjusting
Creditors – extrapolation from our sample testing As part of our testing of year end creditors, misstatements were identified in 4/33 of our sample. The total book value of the errors was £70,466. We projected the misstatement over the population tested and this resulted in an extrapolation of £2,953,476. The extrapolation is a projection of the overstatement in creditors based on our sample testing.	MOPAC, MPS and Group	CR Expenditure (2,953)	DR Creditors 2,953	(2,953)	Not material and extrapolated
Non-AP – extrapolation of sample As part of our testing of expenditure transactions that do not go through your accounts payable system, misstatements were identified in 3/38 of our sample. The total book value of the errors was £276k. £274k of this related to an accrual where the expenditure related to 2023/24. We projected the aggregate misstatement over the population tested and this resulted in an extrapolation of £4,360,855. The extrapolation is a projection of the overstatement in creditors based on our sample testing.	MOPAC, MPS and Group	CR Expenditure (4,361)	DR Creditors 4,361	(4,361)	Not material and extrapolated

D. Audit Adjustments

Impact of unadjusted misstatements - continued

Detail	Relates to	Comprehensive Income and Expenditure Statement £'000	Statement of Financial Position £' 000	Impact on total net expenditure £'000	Reason for not adjusting
PPE Valuation floor area discrepancy As part of our testing of assets revalued in 22-23, we have noted a discrepancy in the floor area adopted for one asset in our residual DRC Building population. The potential impact upon the valuation would be £327,613 reduction in the valuation. As this asset did not have a floor area measured within Manhatten, we have projected this asset overstatement against the population value of other assets identified to also not adopt CAD floor area data. The estimated impact of this is an overstatement of £4,023k. The double entry reported is based on a "worst case scenario" i.e. all of the impact has been reported against the CIES. But in reality, the accounting adjustment would be a mix between RR and CIES, dependent upon accumulated reserves/impairment for individual assets	MOPAC, MPS and Group	DR Expenditure 4,023	CR PPE (4,023)	4,023	Not material and estimated
Extrapolation from our testing of AP operating expenditure As part of our sample testing of accounts payable (AP) transactions within operating expenditure we identified errors in 3/24 samples. The errors identified are summarised below: 1. A £641.81 variance between the transaction amount and amount per the invoiced received as evidence for car wash and fuel, therefore treated as overstatement of operating expenditure 2. Expenditure recorded for mobile call/data services from 2014 this should have been recorded in the financial year in which it was related therefore overstating expenditure for 22/23 3. £3.95 understatement on employee dining expenses when comparing transaction amount to evidence receipts The total value of the errors identified was a net overstatement of £8,517.36. When extrapolated over the population tested, the extrapolation was £3.220m. As the extrapolation exceeds our triviality threshold we are required to report this to you as an unadjusted misstatement.	MOPAC, MPS and Group	CR Expenditure (3,220)	DR Creditors 3,220	(3,220)	Not material and extrapolated

D. Audit Adjustments - Unadjusted

Impact of unadjusted misstatements - continued

Detail	Relates to	Comprehensive Income and Expenditure Statement £'000	Statement of Financial Position £' 000	Impact on total net expenditure £'000	Reason for not adjusting
GRNI uncertainty		CR Expenditure	DR Creditors		
As part of our review of your creditors balance, you held £80 million of liabilities in relation to goods receipted but not yet invoiced. Management provided us with a transaction level listing that reconciled to the £80 million. We reviewed the listing and identified that when filtered by transactions over 1 year old, the total net amount was £24.5 million based on purchase order date. We raised this with management because in our view, the likelihood of the liability existing is remote. Whilst management agrees with the premise that legacy GRNI's are unlikely to crystalise as future payments, they have told us that the £24.5 million is not the true net figure for GRNI's over 1 year old. Management have explained that they are netted off by several debit transactions in the full listing. We have challenged management to therefore provide us with a cleansed listing that nets off the old GRNI's with these debits. We have been provided with an analysis by management that evaluates a population of these GRNIs. Based on this analysis, management have determined a £7.2 million downward adjustment to the creditors GRNI balance in the financial statements. (See Slide 41) The residual population of GRNIs older than 1 year total £17.3m is still contained within the financial statements. We tested this population and it identified errors i.e. GRNI's where no subsequent invoice came in. We therefore have reported this balance as an unadjusted misstatement given we have not obtained sufficient appropriate evidence over the balance.	MOPAC, MPS and Group	(17,268)	17,268	(17,268)	Not material and judgemental
Overall impact		**Surplus or deficit on provision of services** **(23,779)**	**PPE** **(4,023)** **Creditors** **27,802**	**(23,779)**	**Not material**

D. Audit Adjustments

We are required to report all non trivial misstatements to those charged with governance, whether or not the accounts have been adjusted by management.

Misclassification and disclosure changes

The table below provides details of misclassification and disclosure changes identified during the audit which have been made in the final set of financial statements.

Disclosure omission	Relates to	Auditor recommendations	Adjusted?
Footnote disclosure in note 7.3 incorrect We identified that the MOPAC draft financial statement Note 7.3 foot note incorrectly states £30.0m for breakdown of supplies and services, while TB confirms breakdown should be £93m.	MOPAC and Group	Management have agreed to the disclosure changes.	✓
Note 27 – maturity of long term borrowing The analysis of PWLB maturity in note 27 of the draft financial statements included a misstatement as a result of not correctly analysis EIP PWLB debt. EIP PWLB debt is a debt instrument where each year part of the principle is repayment. In the draft financial statements the analysis was presented on the basis that the entire principle was repayment in the final year. The correct analysis is show below – lines highlighted in yellow have changed from the draft. £'000s — 2022/23 **Loans — 479,550** Analysis of loans by maturity: Between 1 and 2 years — 6,600 Between 2 and 5 years — 17,799 Between 5 and 10 years — 81,000 Over 10 years — 374,151	MOPAC and Group	Management have agreed to the disclosure changes.	✓

D. Audit Adjustments

Misclassification and disclosure changes - continued

Disclosure omission	Relates to	Auditor recommendations	Adjusted?
Incorrect classification of surplus assets as operational. As part of our work we identified several assets that are misclassified in your draft financial statements as operational assets when in fact they are surplus. These assets were Assets Held For Sale (AHFS) during the 2022/23 period but before the 31 March 2023, a decision was taken by management to stop actively marketing them. This decision therefore meant that these assets no longer met the definition of an AHFS. However, because those assets were not brought into operational use, they should have been classified as surplus. There is a disclosure misstatement of £22,000k in your PPE note. Operational land and buildings is overstated by this amount and surplus assets is understated by the same value. Note, this has no net impact on your financial reported position or the balance sheet. Management have decided not to update the financial statements and therefore we are reporting this to you as an unadjusted disclosure misstatement.	MOPAC and Group	To update the accounts for the misstatement.	X
Cash offsetting: In the draft financial statements, cash and cash equivalents is reported on your balance sheet as £194,599k. In note 21 of the draft financial statements, it is explained that the £194,599k is made up of £198,455k of cash held in the London Treasury Liquidity Fund LP and -£3,856k held with banks and financial institutions. Management therefore presented the financial statements by offsetting their net overdraft position against cash held in the London Treasury Liquidity Fund LP. An overdraft can only be offset where there is a legal right. Management were unable to provide us with evidence that there was a legal right to offset and so they have updated the financial statements to present the overdraft position of -£3,856 as a non-current liability. This is a classification change on the balance sheet – the net reported deficit is unaffected by this adjustment.	MOPAC and Group	To update the accounts for the misstatement.	✓

D. Audit Adjustments

Misclassification and disclosure changes - continued

<table>
<tr><th>Disclosure omission</th><th>Relates to</th><th>Auditor recommendations</th><th>Adjusted?</th></tr>
<tr><td>Third party monies – note 24:
In the draft financial statements, there was a casting error in the table of third party monies. The column for assets should read £41,612k rather than £38,776k. Management have updated the final accounts accordingly.
Note – this is a disclosure only and has no impact on the balance sheet or CIES.</td><td>MOPAC and Group</td><td>To update the accounts for the misstatement.</td><td>✓</td></tr>
<tr><td>AUC – CONNECT
Following the implementation of CONNECT Drop 1 in 2022/23, management reclassified a proportion of the construction cost to an operational asset. In our AUC Reclassifications testing it was noted that the completion percentage was higher than management had adopted. The impact of this was £10,012k. The Note 16 disclosure impact is that the Plant and equipment classification closing balance is understanded and AUC closing balances is overstated.</td><td>MOPAC and Group</td><td>To update the accounts for the misstatement.</td><td>X</td></tr>
<tr><td>Accounting Policy – UELs Adopted:
In the draft financial statements, we noted an inconsistency between the actual UELs adopted and the accounting policy. As documented on slide 25, our evaluation of UELs applied has concluded them to be reasonable.
Therefore we requested that management updated their disclosure for consistency
<table>
<tr><th>Operational Assets</th><th>Category</th><th>Years (Draft)</th><th>Years (Revised)</th></tr>
<tr><td>Property</td><td>Land</td><td>Not depreciated</td><td>Not depreciated</td></tr>
<tr><td></td><td>Buildings</td><td>10 – 50 years</td><td>10 – 65 years</td></tr>
<tr><td>Plant and equipment</td><td>Information Technology and communications equipment</td><td>3 - 20 years</td><td>2 - 20 years</td></tr>
<tr><td></td><td>Software development</td><td>3 - 5 years</td><td>3 - 5 years</td></tr>
<tr><td></td><td>Policing support vehicles including Patrol vehicles</td><td>3 - 15 years</td><td>3 - 20 years</td></tr>
<tr><td></td><td>Other Equipment</td><td></td><td>4 - 25 years</td></tr>
<tr><td>Intangible assets</td><td>Software licences.</td><td>3-8 years</td><td>3-11 years</td></tr>
</table>
</td><td>MOPAC and Group</td><td>To update the accounts for the misstatement.</td><td>✓</td></tr>
</table>

D. Audit Adjustments

Misclassification and disclosure changes - continued

Disclosure omission	Relates to	Auditor recommendations	Adjusted?
AUC – Classifications As outlined on Slide 20, our testing performed on AUC closing balances identified assets which had become fully operational in year or in previous years that had not been reclassified in the correct financial year. These should have been classified as operational assets as at 31st March 2023, and there is therefore a disclosure error in their presentation (with nil impact upon the PPE balance disclosed in the Balance Sheet) The errors identified are summarised below: Operational prior to the opening balance date 1. Key Item – Tottenham Police Station Estates Strategy (£7,454k) was found to be operational prior to the opening balance date. As a PPA was not needed, the correct accounting treatment would have been to present this as a reclassification in year. Instead, your AUC closing balance is overstated by £7,454k. 2. In our residual population and 'at risk' population, a further £28,746k was noted as operational prior to the opening balance date. Total = £36,200k - Which agrees to the opening balance PPA assessment documented on slide 20. As a PPA was not needed, the correct accounting treatment would have been to correct the classification in year. Instead, your AUC closing balance is overstated by £36,200k. Operational within 2022/23 1. Key Item – Forensics Next Gen Infrastructure (£5,029k) was found to be operational within 2022/23. The correct accounting treatment would have been to reclassify the asset in the year of operation (2022/23). Opening balance assessment uncertainty On slide 20 we have documented our opening balance PPA assessment, which included an uncertainty of £14,505k. *There is representative of low value 'at risk' items not subject to testing and nil responses to items within our at risk testing.* We therefore have reported this balance as an unadjusted misstatement given we have not obtained sufficient appropriate evidence over the balance.	MOPAC and Group	To update the accounts for the misstatement.	X

E. Fees

We confirm below our final fees charged for the audit and confirm there were no fees for the provision of non audit services.

Audit fees	Proposed fee	Final fee
MOPAC Audit	£169,108	TBC
MPS Audit	£136,700	TBC
Total audit fees (excluding VAT)	£305,808	TBC

The fees reconcile to the financial statements. The final fee is TBC pending the completion of all audit work including the Value for Money work 2022/23. The final fee is likely to include fees for the additional work performed in respect of PPE Revaluations, AUC classifications, GRNI and the Pensions Liability.

The proposed fee is the same as presented to you in the Audit Plan. The final fee is subject to approval by PSAA.

We can confirm that no-non audit or audit related services have been undertaken for MOPAC, the Group and the MPS relating to the 2022/23 financial year.

F. Auditing developments

Revised ISAs

There are changes to the following ISA (UK):

ISA (UK) 315 (Revised July 2020) 'Identifying and Assessing the Risks of Material Misstatement'

This impacts audits of financial statement for periods commencing on or after 15 December 2021.

ISA (UK) 220 (Revised July 2021) 'Quality Management for an Audit of Financial Statements'

ISA (UK) 240 (Revised May 2021) 'The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements

A summary of the impact of the key changes on various aspects of the audit is included below:

These changes will impact audit for audits of financial statement for periods commencing on or after 15 December 2022.

Area of change	Impact of changes
Risk assessment	The nature, timing and extent of audit procedures performed in support of the audit opinion may change due to clarification of: • the risk assessment process, which provides the basis for the assessment of the risks of material misstatement and the design of audit procedures • the identification and extent of work effort needed for indirect and direct controls in the system of internal control • the controls for which design and implementation needs to be assess and how that impacts sampling • the considerations for using automated tools and techniques.
Direction, supervision and review of the engagement	Greater responsibilities, audit procedures and actions are assigned directly to the engagement partner, resulting in increased involvement in the performance and review of audit procedures.
Professional scepticism	The design, nature, timing and extent of audit procedures performed in support of the audit opinion may change due to: • increased emphasis on the exercise of professional judgement and professional scepticism • an equal focus on both corroborative and contradictory information obtained and used in generating audit evidence • increased guidance on management and auditor bias • additional focus on the authenticity of information used as audit evidence • a focus on response to inquiries that appear implausible
Definition of engagement team	The definition of engagement team when applied in a group audit, will include both the group auditors and the component auditors. The implications of this will become clearer when the auditing standard governing special considerations for group audits is finalised. In the interim, the expectation is that this will extend a number of requirements in the standard directed at the 'engagement team' to component auditors in addition to the group auditor. • Consideration is also being given to the potential impacts on confidentiality and independence.
Fraud	The design, nature timing and extent of audit procedures performed in support of the audit opinion may change due to: • clarification of the requirements relating to understanding fraud risk factors • additional communications with management or those charged with governance
Documentation	The amendments to these auditing standards will also result in additional documentation requirements to demonstrate how these requirements have been addressed.

G. MOPAC audit letter in respect of delayed VFM work

Sophie Linden

Deputy Mayor for Policing and Crime

2nd Floor, City Hall

The Queens Walk

London SE1 2AA

3rd January 2024

Dear Sophie

Under the 2020 Code of Audit Practice, for relevant authorities other than local NHS bodies we are required to issue our Auditor's Annual Report no later than 30 September or, where this is not possible, issue an audit letter setting out the reasons for delay.

As a result of the covid, and the impact it has had on both preparers and auditors of accounts to complete their work as quickly as would normally be expected, the National Audit Office has updated its guidance to auditors to allow us to postpone completion of our work on arrangements to secure value for money and focus our resources firstly on the delivery of our opinions on the financial statements. This is intended to help ensure as many opinions as possible can be issued in line with national timetables and legislation.

The extended deadline for the issue of the Auditor's Annual Report is now no more than three months after the date of the opinion on the financial statements. We anticipate issuing our Auditor's Annual Report in March 2024.

For the purposes of compliance with the 2020 Code, this letter constitutes the required audit letter explaining the reasons for delay.

Yours sincerely

Mark Stocks

Mark Stocks
Key Audit Partner

H. MPS Audit letter in respect of delayed VFM work

Sir Mark Rowley QPM

Commissioner of the Metropolis

New Scotland Yard

Victoria Embankment

London

SW1A 2JL

3rd January 2024

Dear Sir Mark

Under the 2020 Code of Audit Practice, for relevant authorities other than local NHS bodies we are required to issue our Auditor's Annual Report no later than 30 September or, where this is not possible, issue an audit letter setting out the reasons for delay.

As a result of the covid, and the impact it has had on both preparers and auditors of accounts to complete their work as quickly as would normally be expected, the National Audit Office has updated its guidance to auditors to allow us to postpone completion of our work on arrangements to secure value for money and focus our resources firstly on the delivery of our opinions on the financial statements. This is intended to help ensure as many opinions as possible can be issued in line with national timetables and legislation.

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For the purposes of compliance with the 2020 Code, this letter constitutes the required audit letter explaining the reasons for delay.

Yours sincerely

Mark Stocks

Mark Stocks
Key Audit Partner

MAYOR OF LONDON
OFFICE FOR POLICING AND CRIME

METROPOLITAN POLICE

MPS-MOPAC JOINT AUDIT PANEL
29 April 2024

Statement of Accounts 2022/23 – MOPAC, MOPAC Group and the CPM

Report by: The Interim Chief Finance Officer and Director of Corporate Services and MPS Interim Chief Finance Officer

Report Summary

Overall Summary of the Purpose of the Report
This paper updates the Audit Panel on the 2022 23 statement of accounts for MOPAC, MOPAC Group and the CPM which following conclusion of the audit are due to be approved and published by April 30th.

Key Considerations for the Panel
To note the Statements of Accounts and the timelines for finalising and publishing the accounts on the respective bodies' websites.

Interdependencies/Cross Cutting Issues
The Audit Findings report and Annual Audit Report included as separate agenda items report on the Auditors findings following the audit of the 2022 23 Accounts

Recommendations
The Audit Panel is recommended to:
a. To note the Statements of Accounts and the timelines for finalising and publishing the accounts on the respective bodies' websites.

1. Supporting Information

1.1. The Local Audit and Accountability Act 2014 requires that the Mayor's Office for Policing and Crime (MOPAC) and the Commissioner of Police of the Metropolis (CPM) produce annual Statement of Accounts (the accounts), and those accounts are subject to audit by auditors appointed by MOPAC.

1.2. The accounts are complete, and the audit of the accounts is nearing completion. The accounts have been delayed significantly this year because MOPAC were required to obtain a revised estimate of their pension liability using more recent membership data. There is a statutory deadline for the accounts to be published and audit finalised by 30 September 2024.

1.3. The auditors (Grant Thornton) propose to issue an unqualified opinion on the accounts. They have made a number of recommendations as stated in their audit findings report which covers both the CPM accounts and MOPAC group accounts.

2. Equality and Diversity Impact

There are no equality and diversity implications directly arising from this report.

3. Financial Implications

The final audit fee for 2022/23 is £305,808. Of which £169,108 relates to MOPAC and £136,700 relates to the MPS. Costs will be met from existing resources within MOPAC and the MPS.

4. Legal Implications

There are no direct legal implications arising from the report.

5. Risk Implications

This paper relates to the corporate risk register entries for resources and value for money.

6. Contact Details

Annabel Cowell Deputy Chief Finance Officer and Head of Financial Management MOPAC, Lisa Kitto Interim Chief Finance Officer and Director of Corporate Services

7. Appendices and Background Papers

Appendix 1 – MOPAC and Group Statement of Accounts 2022 23
Appendix 2 – CPM Statement of Accounts 2022 23

Mayor's Office For Policing And Crime and Group

Statement of Accounts 2022/23

MOPAC | MAYOR OF LONDON
OFFICE FOR POLICING AND CRIME

Contents

Narrative report

Introduction

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

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

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

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

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

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

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

Delivering our priorities during 2022/23

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

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

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

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

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

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

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

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

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

The financial statements

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

More specifically, the consolidated financial statements consist of:

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

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

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

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

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

Financial performance of the Group

Setting the budget

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

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

Performance against the Revenue Budget

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

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

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

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

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

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

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

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

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

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

Performance against the 2022/23 Capital Programme

Capital expenditure 2022/23

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

Table 3 Capital Outturn position 2022/23

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

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

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

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

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

Capital financing

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

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

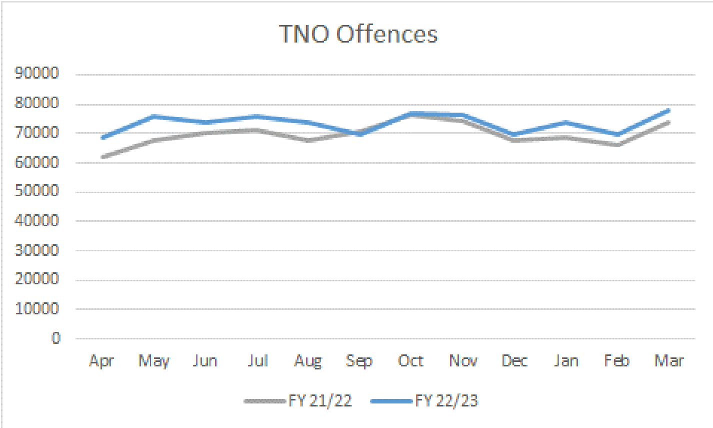
As part of the Prudential Framework a Capital Financing Requirement (CFR) is approved by MOPAC each year, which represents MOPAC's underlying need to borrow for capital expenditure. For the purposes of calculating the CFR, the amount required to be borrowed reflects both external and internal borrowing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

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

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

MPS Operational Performance

End of Financial Year Crime Figures - 2022/23



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

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

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

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

Review of MPS 2022/23 performance

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

More Trust

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

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

[Public Perceptions of the Police – London Datastore]

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

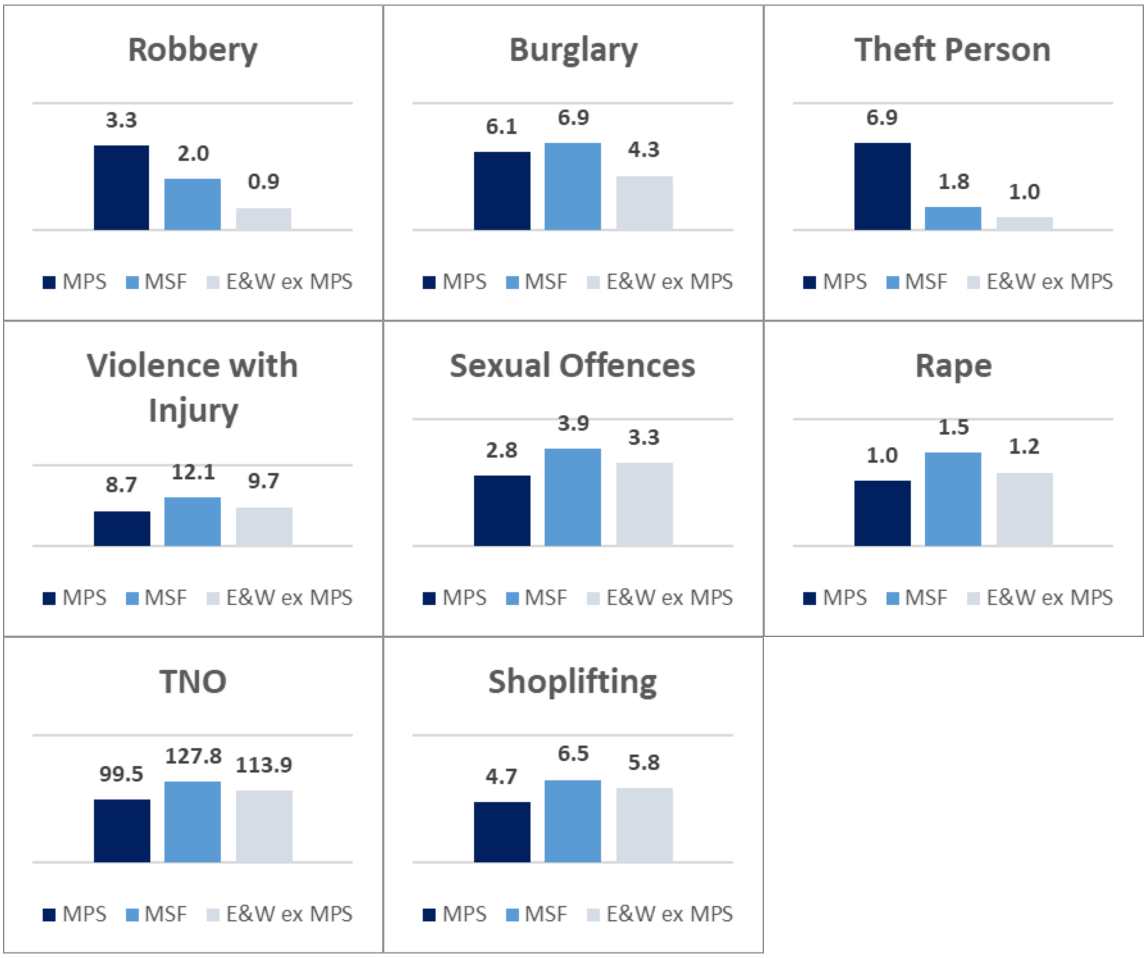
We speak regularly about the tough measures we are taking against those who do not meet our high standards. But we cannot lose sight of the tens of thousands of officers and staff delivering one of the hardest jobs in the capital. They want the MPS to rid itself of those who have no place in policing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

Less Crime

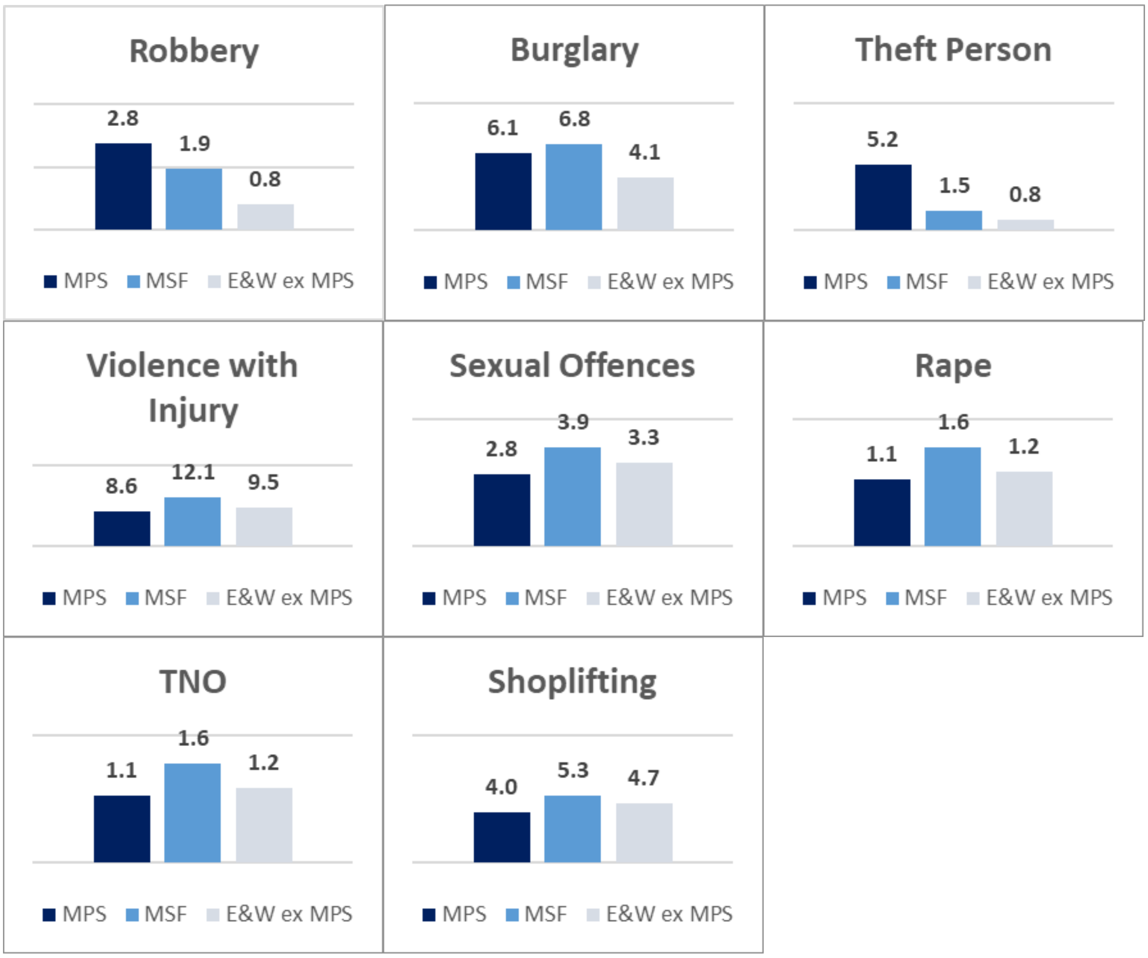
Through the NMfL we have reformed our performance framework and rolled out new performance and 'tasking and coordination' processes which we expect to be strongly embedded by July 2024. This is a reset of our approach to performance and tasking and we have already seen much improvement.

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

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



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



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

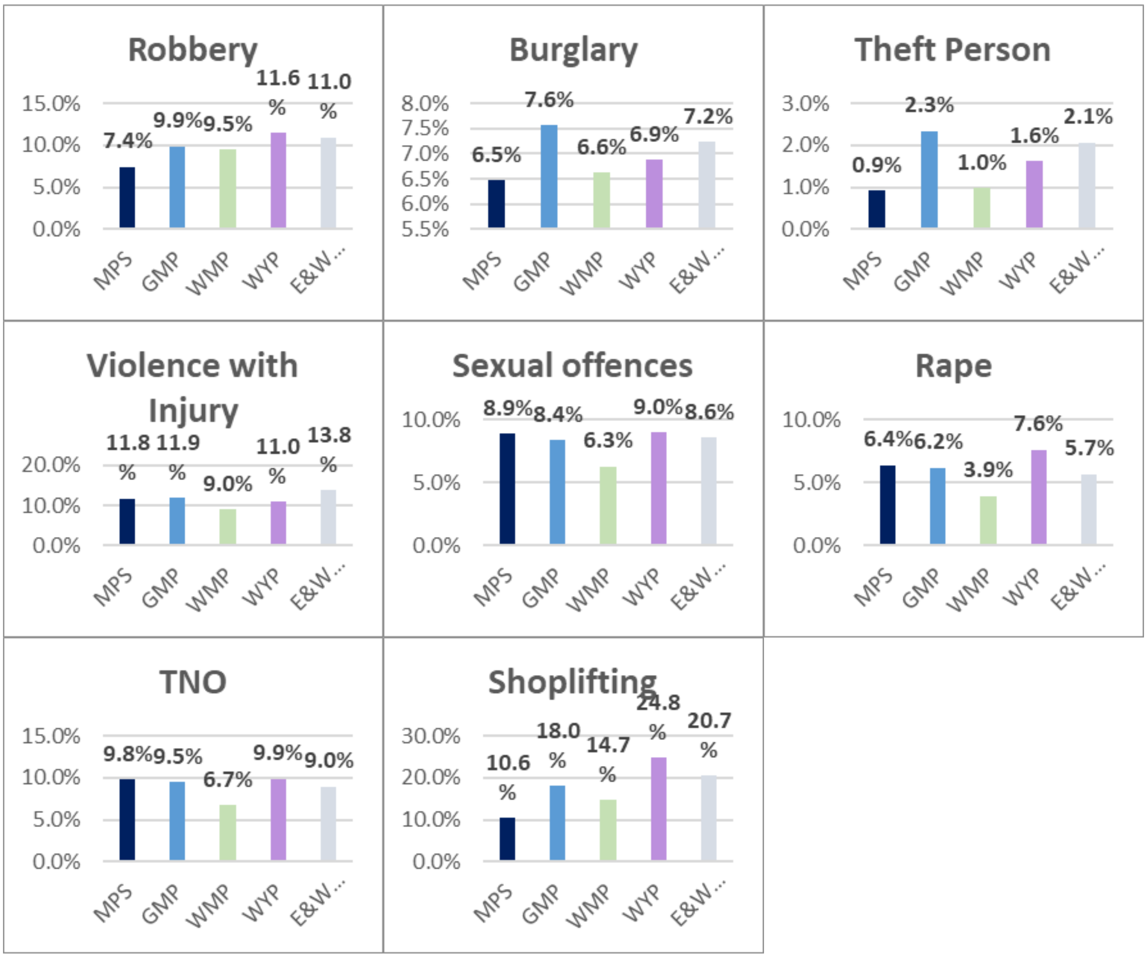
On public protection offences, we are improving, but challenges remain. The positive outcome rate for sexual offences has increased from 6.6% to 8.9% and for rape has increased 4.2%

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

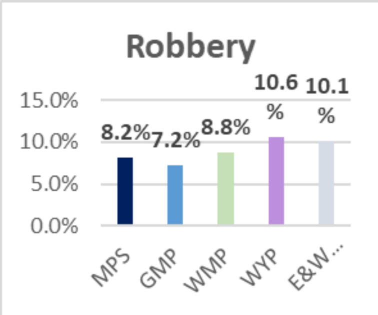
Other notable positive improvements can be seen in our increase in positive outcomes for Total Notifiable Offences (TNOs) at 9.8% compared with the England & Wales average of 9.0% and our MSFs at 8.6%. In addition our Violence with Injury outcomes our higher than our MSFs at 11.8% compared to 10.5%.

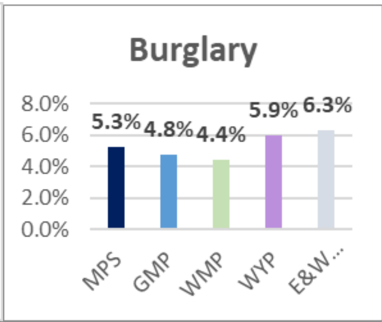
Crimes recorded with a charge/summons/caution/diversionary outcome (%)

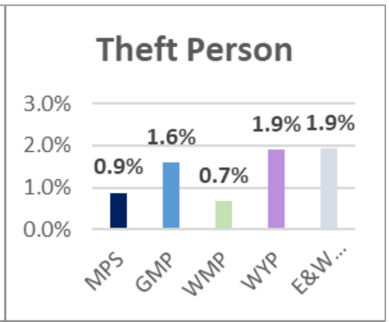
MSF	**PO rate FY22/23**	MPS	GMP	WMP	WYP	E&W ex MPS
10.0%	Robbery	7.4%	9.9%	9.5%	11.6%	11.0%
7.9%	Sexual offences	8.9%	8.4%	6.3%	9.0%	8.6%
8.6%	TNO	9.8%	9.5%	6.7%	9.9%	9.0%
7.0%	Burglary	6.5%	7.6%	6.6%	6.9%	7.2%
10.5%	Violence with Injury	11.8%	11.9%	9.0%	11.0%	13.8%
1.8%	Theft Person	0.9%	2.3%	1.0%	1.6%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

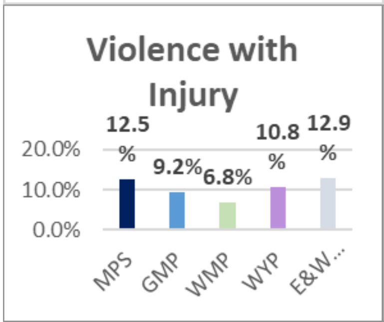


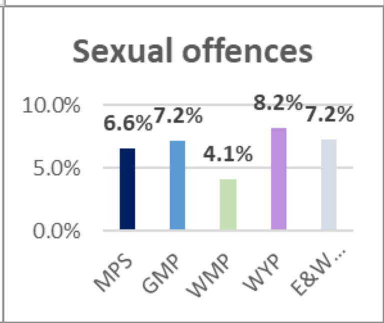
MSF	**PO Rates FY21/22**	MPS	GMP	WMP	WYP	E&W ex MPS
8.5%	Robbery	8.2%	7.2%	8.8%	10.6%	10.1%
6.4%	Sexual offences	6.6%	7.2%	4.1%	8.2%	7.2%
7.5%	TNO	11.3%	7.8%	5.4%	9.9%	8.8%
4.9%	Burglary	5.3%	4.8%	4.4%	5.9%	6.3%
8.7%	Violence with Injury	12.5%	9.2%	6.8%	10.8%	12.9%
1.4%	Theft Person	0.9%	1.6%	0.7%	1.9%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

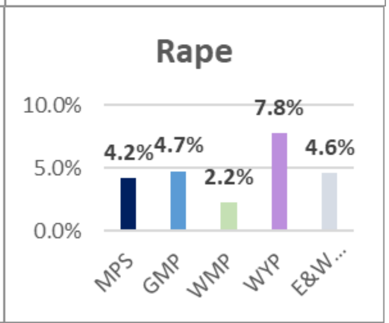


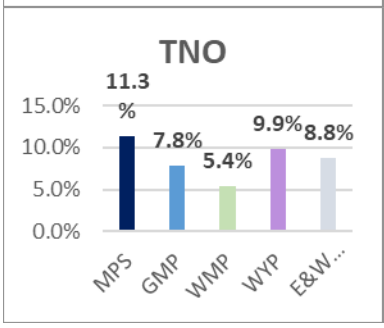


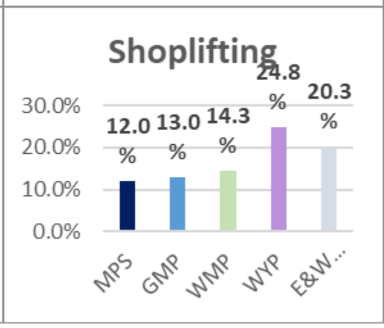












High Standards

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

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

Legacy Cases

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

Proactive Prevention and Enforcement

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

Need to add in a section to cover key events after the year end – e.g. NMfL highlights, demand pressures from protests, budget setting for 24/25, Angiolini

NMfL Highlights

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

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

We continue to transform public protection, with a new operating model to be launched in 2024. We have now put an additional 156 officers (of the 465 planned) into priority areas including child abuse, domestic abuse and RASSO. We have already expanded the Stalking and Threat

Assessment Centre, with our detection rates now higher. We have begun a second pilot for the Central Vulnerability Hub, which will improve our response to missing persons' cases.

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

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

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

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

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

We are continuing to make progress on transforming our leaders:

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

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

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

Demand Pressures from Protests

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

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

Dame Elish Angiolini's Inquiry

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

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

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

Delivering the 2024/25 budget and addressing our financial challenges

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

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

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

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

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

The Balance Sheet

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

Reserves

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

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

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

Pensions

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

Outlook for 2023/24

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

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

The Statement of Accounts

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

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

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

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

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

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

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

Accounting Changes for 2022/23

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

Annual Governance Statement

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

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

To be completed after 2023 audit

Statement of responsibilities for the Accounts

Deputy Mayor's Responsibilities

The Deputy Mayor For Policing And Crime is required to:

- Make arrangements for the proper administration of the Mayor's Office for Policing And Crime's financial affairs and to secure that one of its officers (Chief Financial Officer) has responsibility for the administration of those affairs;
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- Approve the Statement of Accounts.

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

Signed
Sophie Linden
Deputy Mayor for Policing and Crime

Dated: April 2024

Chief Financial Officer's Responsibilities

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

In preparing this Statement of Accounts, MOPAC has:

- Selected suitable accounting policies and then applied them consistently;
- Made judgements and estimates that were reasonable and prudent;
- Complied with the Code;
- Kept proper accounting records which were up to date; and
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

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

Signed
Lisa Kitto FCCA
Interim Chief Financial Officer

Dated: April 2024

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

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

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

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

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

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

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

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

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

There are no adjustments between the authority and group accounts

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

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

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

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

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

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

There are no adjustments between the authority and group accounts

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

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

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

MOPAC Group Balance Sheet

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

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

MOPAC Balance Sheet

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

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

MOPAC Group and MOPAC Cash Flow Statement

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

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

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

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

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

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

1. Expenditure and Funding Analysis

1.1 Group expenditure and funding analysis

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

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

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

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

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

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

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

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

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

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

1.2 MOPAC expenditure and funding analysis

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

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

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

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

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

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

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

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

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

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

2. Statement of accounting policies

2.1 General principles

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

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

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

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

The significant accounting policies adopted are set out below.

2.2 Revenue and expenditure recognition

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

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

2.3 Accruals of income and expenditure

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

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

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

2.4 Provisions

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

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

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

2.5 Reserves

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

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

2.6 Government and other organisations' grants and contributions

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

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

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

2.7 Employee benefits

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

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

Termination benefits

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

Post-employment benefits

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

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

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

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

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

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

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

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

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

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

2.8 Property, plant and equipment

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

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

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

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

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

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

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

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

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

Disposals: When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet is written off to the Other Operating Expenditure line in the CIES as part of the gain or loss on disposal. Receipts from disposals are credited to the same line in the CIES as part of the gain or loss on disposal. The written off carrying value of the asset is transferred from the General

Reserves to the Capital Adjustment Account in the MIRS. Sale proceeds over £10,000 are categorised as capital receipts and are transferred from the General Reserves Balance to the Capital Receipts Reserve in the MIRS.

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

Principal asset categories and their useful economic lives

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

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

2.9 Charges to revenue for property, plant and equipment

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

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

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

2.10 Non-current assets held for sale

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

2.11 Investment properties

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

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

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

2.12 Surplus Assets

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

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

2.13 Fair value measurement

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

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

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

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

2.14 Leases

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

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

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

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

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

2.15 Value Added Tax (VAT)

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

2.16 Financial liabilities

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

2.17 Financial assets

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

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

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

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

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

2.18 Contingent assets and liabilities

The Group recognises material contingent liabilities as either:

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

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

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

2.19 Private Finance Initiative

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

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

2.20 Cash and cash equivalents

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

2.21 Events after the reporting period

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

2.22 Overhead costs

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

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

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

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

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

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

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

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

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

4. Significant estimates and judgements in applying the accounting policies

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

Estimates

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

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

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

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

Judgements

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

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

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

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

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

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

6.1 Introduction

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

6.2 Accounting principles

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

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

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

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

Accounting treatment

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

Intra-group adjustments between MOPAC and CPM within the CIES

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

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

Accounting entries reflected in the respective Balance Sheet at year end

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

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

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

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

7.1 Service expenditure analysis

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

7.2 Income

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

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

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

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

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

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

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

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

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

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

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

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

8. Police officers and police staff remuneration

8.1 Police and police staff remuneration

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

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

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

Exit packages

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

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

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

8.2 Relevant police officers and senior staff remuneration

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

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

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

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

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

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

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

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

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

Additional information

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

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

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

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

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

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

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

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

Additional information

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

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

9. Related party transactions

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

CPM and MOPAC

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

Central Government and other public bodies

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

Greater London Authority

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

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

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

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

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

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

Other bodies

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

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

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

10. Auditors' remuneration

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

11. Interest payable and similar charges

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

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

12. Pension costs

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

12.1 Police officers'

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

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

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

Police officers' pensions income and expenditure

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

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

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

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

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

Assets and liabilities in relation to retirement benefits

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

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

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

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

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

Actuarial assumptions

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

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

The significant actuarial assumptions used in their calculations are:

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

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

Mortality

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

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

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

Sensitivity analysis

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

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

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

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

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

The weighted average duration of the defined benefit obligation is:

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

Legal Cases

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

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

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

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

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

12.2 Police staff

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

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

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

13. Other operating expenditure

13.1 Gains and losses on disposal of non-current assets

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

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

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

14. Non-specific grant income

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

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

14.1 Capital grants

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

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

15. Specific grants

The Group received the following grants for specific operational activities:

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

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

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

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

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

16.1 Basis of valuation

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

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

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

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

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

Level 1: Observable quoted prices, in active markets;

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

Level 3: Unobservable inputs.

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

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

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

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

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

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

16.2 Impairment

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

16.3 Capital Financing Requirement

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

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

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

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

16.4 PFI assets

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

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

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

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

16.5 Payment analysis

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

Payment Analysis 2022/23

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

Payment Analysis 2021/22

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

16.6 Leases

MOPAC as lessee

Operating leases

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

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

Finance leases

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

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

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

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

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

The minimum lease payments payable over the following periods are:

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

Group as lessor

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

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

The Group has not granted any finance leases.

16.7 Component assets

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

16.8 Heritage assets

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

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

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

16.9 Future capital expenditure commitments

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

17. Long term debtors

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

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

18. Assets held for sale

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

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

19. Short term debtors

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

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

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

20. Short term investments

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

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

21. Cash and cash equivalents

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

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

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

22. Short term creditors

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

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

23. Short term borrowing

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

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

24. Third party monies

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

25. Provisions

25.1 Short term provisions

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

25.2 Long term provisions

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

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

Other provisions total £13.3 million and consist of:

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

26. Long term borrowing

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

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

27. Long term contractor liability

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

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

27.1 PFI and finance lease contracts

Analysis of contractor liabilities between short term and long term.

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

28. Reserves

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

28.1 Unusable reserves

Movements on unusable reserves - Group and MOPAC 2022/23

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

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

Revaluation Reserve

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

Capital Adjustment Account

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

Accumulated Absences Account

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

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

Police Officer Pension Reserve

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

Deferred Capital Receipts Reserve

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

28.2 Usable capital reserves

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

Usable capital receipts

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

Capital Grants Unapplied

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

28.3 Usable earmarked revenue reserves

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

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

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

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

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

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

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

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

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

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

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

Other reserves
The following reserves are also held by MOPAC:

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

28.4 General revenue reserve

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

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

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

The following adjustments are for 2022/23:

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

The following adjustments were made in 2021/22:

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

30. Notes to the cash flow statement

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

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

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

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

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

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

30.4 Cash flows from investing activities:

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

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

30.5 Cash flows from financing activities:

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

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

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

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

31. Contingent liabilities

There are no material contingent liabilities to disclose.

32. Financial instruments

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

32.1 Nature and extent of risks arising from financial instruments

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

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

Credit risk

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

Credit risk management practices

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

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

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

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

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

Liquidity risk

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

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

Interest rate risk

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

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

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

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

Police officer pension fund

1. Police officer pension fund revenue account

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

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

2. Police officer pension fund asset statement

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

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

3. Notes to the police officer pension fund account

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

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

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

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

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

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

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

4. Police Pension Fund - Revenue account notes

4.1 Employer contributions

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

4.2 Transfers

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

4.3 Additional income

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

4.4 Officers' contributions

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

4.5 Employer additional funding

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

4.6 Other payments

These consist of contribution refunds and lump sum death benefits.

5. Related party transactions

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

6. Additional voluntary pension contributions

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

7. Members of the scheme

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

Glossary of terms

Accruals

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

Balance Sheet

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

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

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

Budget

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

Capital expenditure

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

Cash equivalent

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

Capital receipts

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

Comprehensive Income and Expenditure Statement (CIES)

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

Corporate costs

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

Commissioner of Police of the Metropolis (CPM)

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

Credit arrangements

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

Creditors

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

Debtors

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

Democratic core costs

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

Employee costs

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

Finance lease

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

Government grants

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

Group

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

Long term debtors

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

Mayor's Office for Policing And Crime (MOPAC)

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

Minimum Revenue Provision

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

Non distributed costs

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

National Police Chiefs' Council (NPCC)

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

National Police Coordination Centre (NPoCC)

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

Operating lease

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

PCSPS

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

Provision

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

Revenue expenditure

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

Revenue reserves

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

Special service agreements

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

Commissioner of Police of the Metropolis

Statement of Accounts 2022/23

How to Contact Us

We welcome your feedback. If you have any comments about this Statement of Accounts they should be sent to:

Corporate Finance - Finance Services
Metropolitan Police Service
2nd Floor, Kilburn Police Station
38 Salusbury Road
London NW6 6LT

Consultation Opportunities

The Mayor's Office for Policing and Crime (MOPAC) holds regular meetings about policing with people who live and work in London. Details of these can be found on MOPAC Internet site at www.london.gov.uk/what-we-do/mayors-office-policing-and-crime-mopac/governance-and-decision-making/our-public-scrutiny-meetings

Copies

The Statement of Accounts 2022/23 will be published as an internet document. Please consider the environment before printing the document.

Internet Addresses:
Mayor's Office for Policing and Crime https://www.london.gov.uk/who-we-are/governance-and-spending/spending-money-wisely/mayors-budget

Metropolitan Police Service: www.met.police.uk

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Contents

Narrative report

Introduction

These Accounts set out the overall financial position of the Commissioner of Police of the Metropolis (CPM), who is responsible for the Metropolitan Police Service (Met), for the year ended 31 March 2023.

Sir Steve House became Acting Commissioner on 11 April 2022 following the departure of Dame Cressida Dick. Sir Mark Rowley was appointed as Commissioner and took up the post on 12 September 2022.

The Met is the largest police force in the UK and amongst the largest in the world. Headquartered in New Scotland Yard, the Met delivers policing services to 9 million Londoners across 620 square miles and to millions of commuters, tourists and visitors to the capital. The Met also co-ordinates Counter Terrorism policing nationally and is responsible for protecting the Royal Family and Parliament, and for Diplomatic Protection.

Since Sir Mark Rowley was appointed Commissioner, the Met has set a new mission to deliver More Trust, Less Crime and High Standards, and has recently launched a plan out to 2025 to create a New Met for London. The plan sets out three priorities:

Sir Mark Rowley, QPM, Commissioner of the Metropolis

Community crime-fighting is how we cut crime, rebuild trust and restore our bonds with communities.
We'll put more officers and Police Community Support Officers (PCSOs) into local neighbourhoods and make sure they're delivering against the priorities of Londoners. We'll work with them to fight crime and anti-social behaviour, bring all the specialist resources of the met together to make a difference in the highest crime, lowest trust communities.

Dame Lynne Owens, QPM ,Deputy Commissioner of the Metropolis

Culture change will be delivered across the Met to embed the values of policing by consent and build a strong culture focused on delivering for London, maintaining high standards and learning from others. We'll become a police service that does not discriminate – tackling racism, misogyny and homophobia – and better reflects the diversity of the city we serve.

Fixing our foundations is how we we'll set up our people to succeed. We'll organise and deploy our people better, and give them the training, equipment and tools they need to cut crime. We'll equip them with the data and technology they need to use their powers precisely while maintaining trust and upholding high standards.

We are determined to achieve the fundamental, long-lasting reform that will make the Met a police service Londoners can be proud of. However, we are doing so in the face of significant immediate and longer term financial challenges.

Our budget for 2024/25 has been set in a wider context where the Met does not have enough money or people to meet all of our challenges and all of our operational demand. This challenge is particularly acute in London because we cannot recruit to the level that we need, our workforce is out of shape and we are underfunded.

Furthermore the budget has been set in the context of the need to deliver major reform through the NMfL to address fundamental challenges evidenced by HMICFRS, Baroness Casey, Angiolini,

public and internal consultation. In particular: reforms to public protection and neighbourhoods, funding to stand up our culture and leadership reform and work to fix our foundations.
Meeting the challenge of reform needs to be balanced against the need to meet our immediate operational priorities – in particular, rising demand in areas like volume crime, ongoing pressures of public order and protest e.g. Israel/Gaza conflict and the continuing need to address caseloads on our public protection teams.

Following a significant amount of work by the Metropolitan Police Management Board the budget gap of circa £400 million for 2024/25 was closed. Ths work involved carefully balancing operational priorities against reform priorities, making difficult decisions, including making savings and reductions in core policing activity (totalling c. £160 million), as well prioritising and resequencing delivery of our reform ambition under NMfL. This budget gap was driven by:

- £110 million of pressures, including from new legislation and capital financing.
- £231 million of inflation, some of which we have to fund since the Home Office grant only partially covers the cost. We assumed a £114 million additional cost to the Met.
- A cost of £174 million to deliver NMfL.

Nevertheless, we are facing significant challenges in future years. We are projected to see substantial budget gaps and are therefore approaching an extremely challenging period with serious financial and operational risks as a result. If we do not close the budget gap it will require additional cuts to frontline services or radically reduced spending on reform in future years.

As a result, in 2024, we will set out a revised reform agenda under the NMfL. However, we will continue to deliver reform in key areas, including:

- 238 additional Rape and Serious Sexual Offence (RASSO) investigators – to help address Baroness Casey's and HMICFRS's recommendation that caseloads need to be reduced; plus 70 volume crime investigators, surged from back office roles. However, this is only a fraction of the 1,000 we wanted to put back on the frontline in 2024/25.
- £5 million of continued funding for Operation Yamata – after funding was discontinued this year.
- The recruitment of 130 more Police Community Support Officer (PCSOs) next year, in line with our ambition to recruit 500 (for which we are already funded).

In the round, through this budget we are rebalancing the Met in three main ways, in line with the strategic priorities we set in NMfL. We are:

- Beginning to change the mix of our workforce so we have more officers on the frontline and more skilled police staff in the right roles.
- Putting more resources in local policing, where we see the most stretch and risk.
- Placing more emphasis on fixing our foundations, including the provision of the kit and equipment needed to succeed operationally.

Much of the funding used to close the budget gap for 2024/25 has been a one-off one-year allocation, meaning the gap in 2025/26 is already projected to be £299.8m and increasing to £345.6m in 2027/28. Over the longer-term there is a critical need to put our finances on a stronger sustainable footing, to address the overreliance on reserves and in-year one-off funding to close budget gaps in future years.

Our new governance approach proposed for 2024/25, as outlined in the budget, will start this activity. Reserves will undergo a full review and financial resilience requirements will be built into our 2025/26 financial plans.

The Statement of Accounts

The CPM was established as a separate body on the 16 January 2012 under the Police Reform and Social Responsibility Act 2011. The CPM is the head of the MPS. The primary function of the CPM is the exercise of operational policing duties under the Police Act 1996. A separate body called the Mayor's Office for Policing and Crime (MOPAC) function was established at the same time. MOPAC holds the CPM to account for the exercise of these duties, thereby securing the maintenance of an efficient and effective Metropolitan Police force in London.

For accounting purposes MOPAC and the CPM together are known as the MOPAC Group. In the MOPAC Group accounts, the financial activities of MOPAC and the CPM are consolidated.

This Narrative Report provides an overview of the accounting arrangements and outlines the financial performance of the CPM during 2022/23.

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

The Accounts reflect the current legislative framework as well as the local arrangements operating in practice. Key elements of this framework in 2022/23 include:

- The Police Reform and Social Responsibility Act 2011 (the Act);
- The Home Office Financial Management Code of Practice for the Police Forces of England and Wales 2013;
- MOPAC Scheme of Delegation and Consent;
- MOPAC Financial Regulations;
- MOPAC Contract Regulations;
- The MPS Chief Financial Officer's Instructions

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

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

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

The accounting arrangements between MOPAC and the CPM are detailed more fully in Note 5 to the Accounts on page 13.

Financial statements

The financial statements for the CPM required under the 2022/23 Code consist of:

- A Comprehensive Income and Expenditure Statement (CIES) - this recognises the accounting cost in the year of providing policing services under the direction of the Commissioner for the 12 months to 31 March 2023. The CIES has been prepared by applying the accounting principles set out in the CIPFA Accounting Code of Practice. The headings used are based on the CPM directorates as defined for the purpose of reporting to management;

- Movement in Reserves Statement – this summarises movements to and from the reserves for the year 2022/23. It is analysed into usable reserves (i.e. those that can be applied to fund expenditure) and unusable reserves. Under the MOPAC/CPM Financial Regulations and the Scheme of Consent and Delegation, MOPAC holds all reserves and accordingly the reserve balances on the CPM Movement in Reserves Statement as at 31 March 2023 are nil;

- The Balance Sheet – this summarises the financial position of the CPM at 31 March 2023 and sets out any assets, liabilities and reserves. All liabilities are ultimately the responsibility of MOPAC, so at year-end the net worth (total assets minus liabilities) is nil. The liability for police pensions is offset by an intra-group debtor reflecting MOPAC's continuing responsibility to provide funds from the Police Fund to enable the CPM to administer pension payments;

- The Cash Flow Statement – as all of the Group's cash flows during the reporting period are presented in the MOPAC Accounts, this statement simply shows the net surplus on provision of services adjusted for non-cash movements.

In addition to the financial statements, the Accounts include a Statement of Responsibilities for the Accounts and information on the Police Officer Pension Fund (providing statements for pension fund income and expenditure, assets and liabilities). An Annual Governance Statement (AGS) accompanies the Statement of Accounts as a separate report.

Financial performance

Setting the budget

The Deputy Mayor for Policing and Crime recommends an annual budget to the Mayor, following consultation with the Commissioner. The approved budget for 2022/23 for the whole MOPAC Group provided for gross expenditure of £4,269.9 million. Within this amount £4,160.2 million was attributed to the MPS and the remaining £109.7 million was attributable to MOPAC, and included some £95.5 million relating to London initiatives. The net budget, after taking into account income, specific grant and before reserve usage, was £3,310.3 million.

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

Performance against the Revenue Budget

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

After transfer to reserves, expenditure was in line with budget. The underspends on pay was offset by overpends on overtime with also a small overspend on running costs. At the year end we had just over 34,500 officers which is c1000 below the Police Officer Uplift (PUP) target for the year. As a result of the under delivery on the PUP target we lost the £30.8 million PUP ring fenced grant funding. The underspend on staff pay reflects the large number of vacancies that are skilled roles and therefore a challenge to recruit to.

The year saw the MPS deliver policing for the Queen's Platinum Jubilee and Operation London Bridge for which the Home Office provided funding through Special Grant Receipts.

The budget for running costs (excluding capital financing costs and discretionary pension costs) was overspent by £10 million. £19 million relates to overspends across transport and premises costs, which reflects the inflationary increases by suppliers, with an underspend on Supplies and Services.

Table 1 Final outturn position for the MPS (CPM) 2022/23 compared with the revised budget*

MOPAC Group £million Approved annual budget	Revised annual budget	Outturn	Variance Overspend/ (underspend)	CPM £million	Revised annual budget	Outturn	Variance Overspend/ (underspend)
				Pay			
2,414.6	2,450.4	2,442.1	(8.3)	Police officer pay and overtime	2,450.4	2,442.1	(8.3)
687.2	751.3	725.3	(26.0)	Police staff pay and overtime	732.6	707.8	(24.8)
3,101.8	**3,201.7**	**3,167.4**	**(34.3)**	**Total pay**	**3,183.0**	**3,149.9**	**(33.1)**
				Running expenses			
16.7	51.2	51.7	0.5	Employee related expenditure	50.9	51.2	0.3
160.9	178.2	184.9	6.7	Premises costs	176.8	183.7	6.9
80.9	83.6	93.0	9.4	Transport costs	83.6	93.0	9.4
734.4	716.9	687.2	(29.7)	Supplies & services	616.1	594.2	(21.9)
140.8	170.3	171.3	1.0	Capital financing costs	170.3	171.3	1.0
34.4	34.4	39.2	4.8	Discretionary pension costs	34.4	39.2	4.8
1,168.1	**1,234.6**	**1,227.3**	**(7.3)**	**Total running expenses**	**1,132.1**	**1,132.6**	**0.5**
4,269.9	4,436.3	4,394.7	**(41.6)**	**Total gross expenditure**	**4,315.1**	**4,282.5**	**(32.6)**
(959.6)	(1,170.3)	(1,151.3)	**19.0**	**Total income and specific grants**	**(1,115.7)**	**(1,098.9)**	16.8
3,310.3	**3,266.0**	**3,243.4**	**(22.6)**	**Net expenditure**	**3,199.4**	**3,183.6**	**(15.8)**
(124.0)	(80.8)	(74.0)	6.8	Transfer to/(from) earmarked reserve	(79.1)	(79.1)	**0.0**
0.0	0.0	0.0	0.0	Transfer to/(from) general reserve	0.0	0.0	0.0
3,186.3	**3,185.2**	**3,169.4**	**(15.8)**	**Budget requirement**	**3,120.3**	**3,104.5**	**(15.8)**

* The amount of budget attributed to the CPM is equal to the MOPAC Group budget less the costs of MOPAC.

Review of 2022/23 performance

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

More Trust

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

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

Public Perceptions of the Police – London Datastore

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

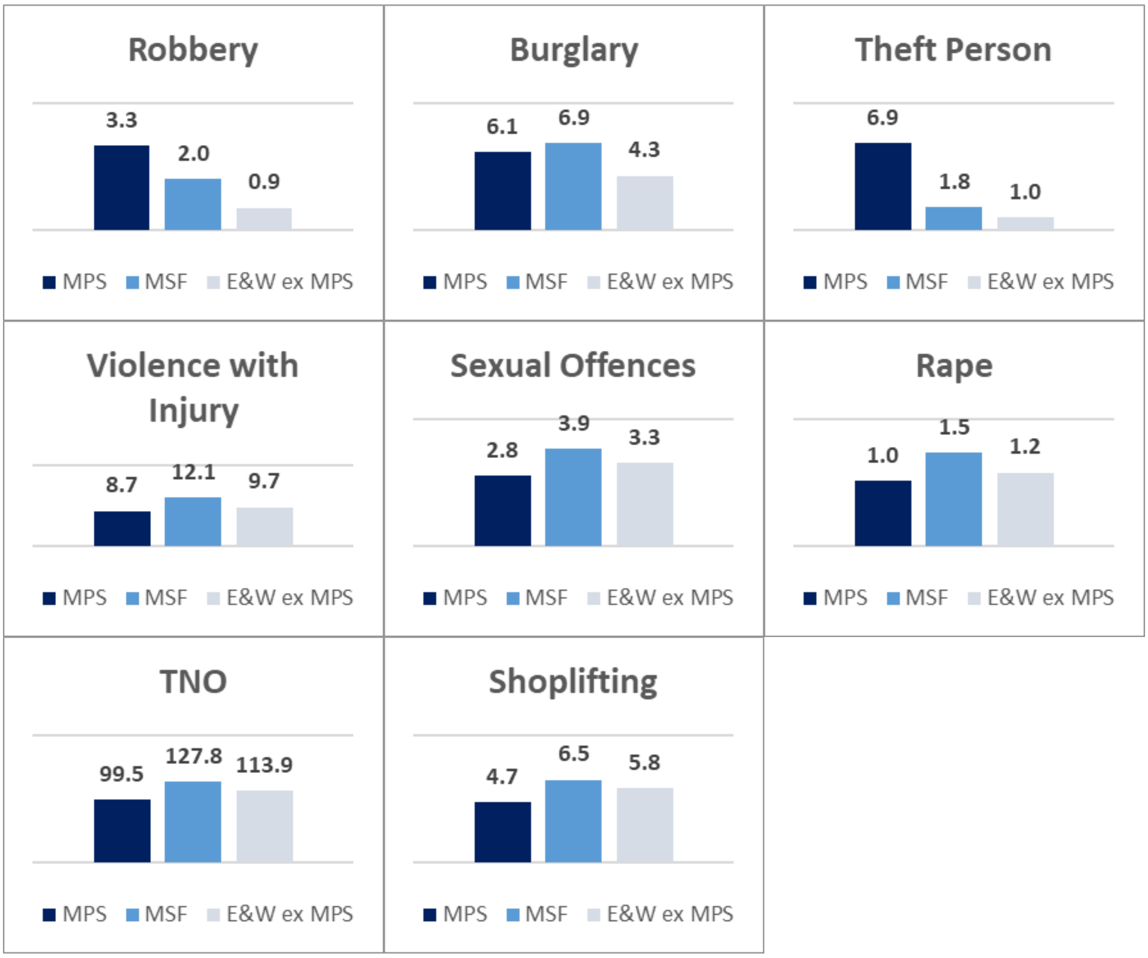
We speak regularly about the tough measures we are taking against those who do not meet our high standards. But we cannot lose sight of the tens of thousands of officers and staff delivering one of the hardest jobs in the capital. They want the MPS to rid itself of those who have no place in policing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

Less Crime

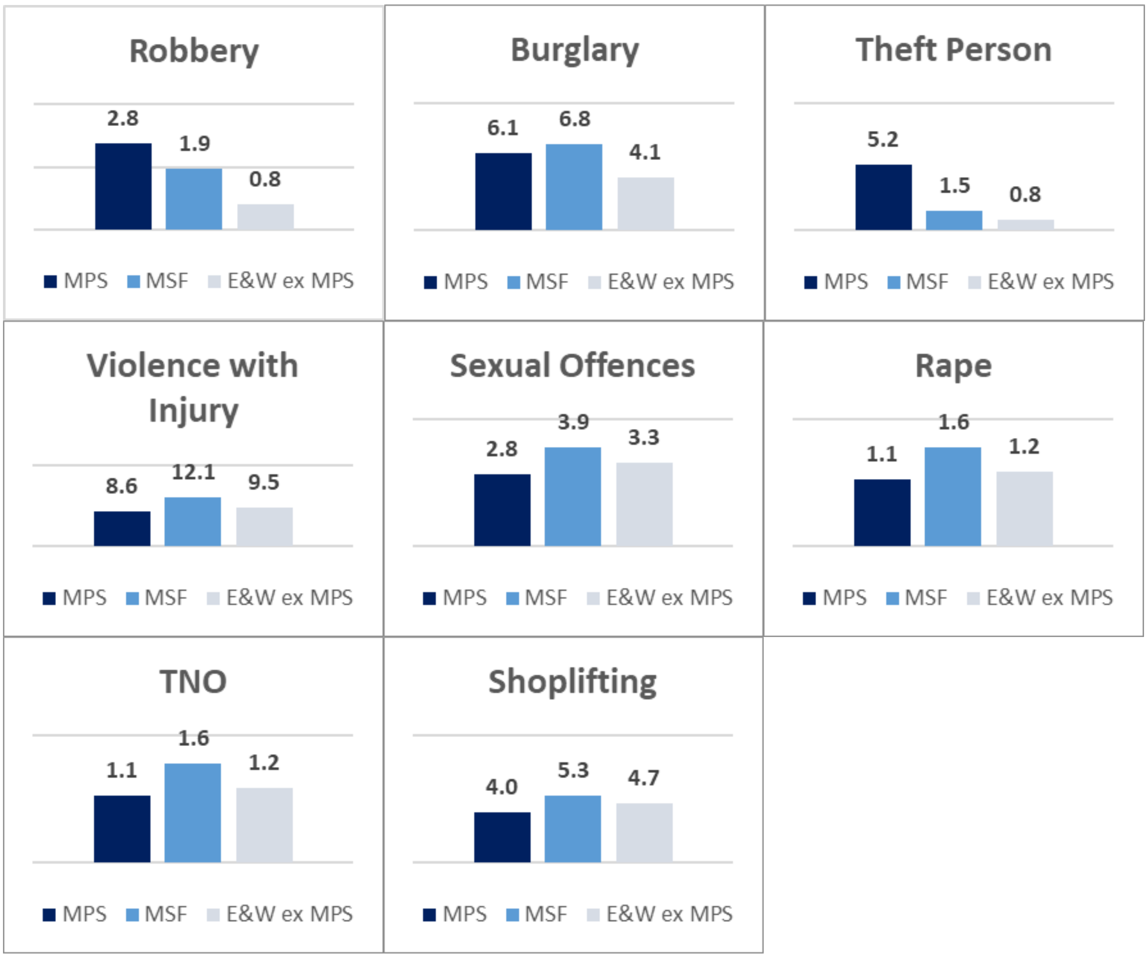
Through the NMfL we have reformed our performance framework and rolled out new performance and 'tasking and coordination' processes which we expect to be strongly embedded by July 2024. This is a reset of our approach to performance and tasking and we have already seen much improvement.

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

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



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



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

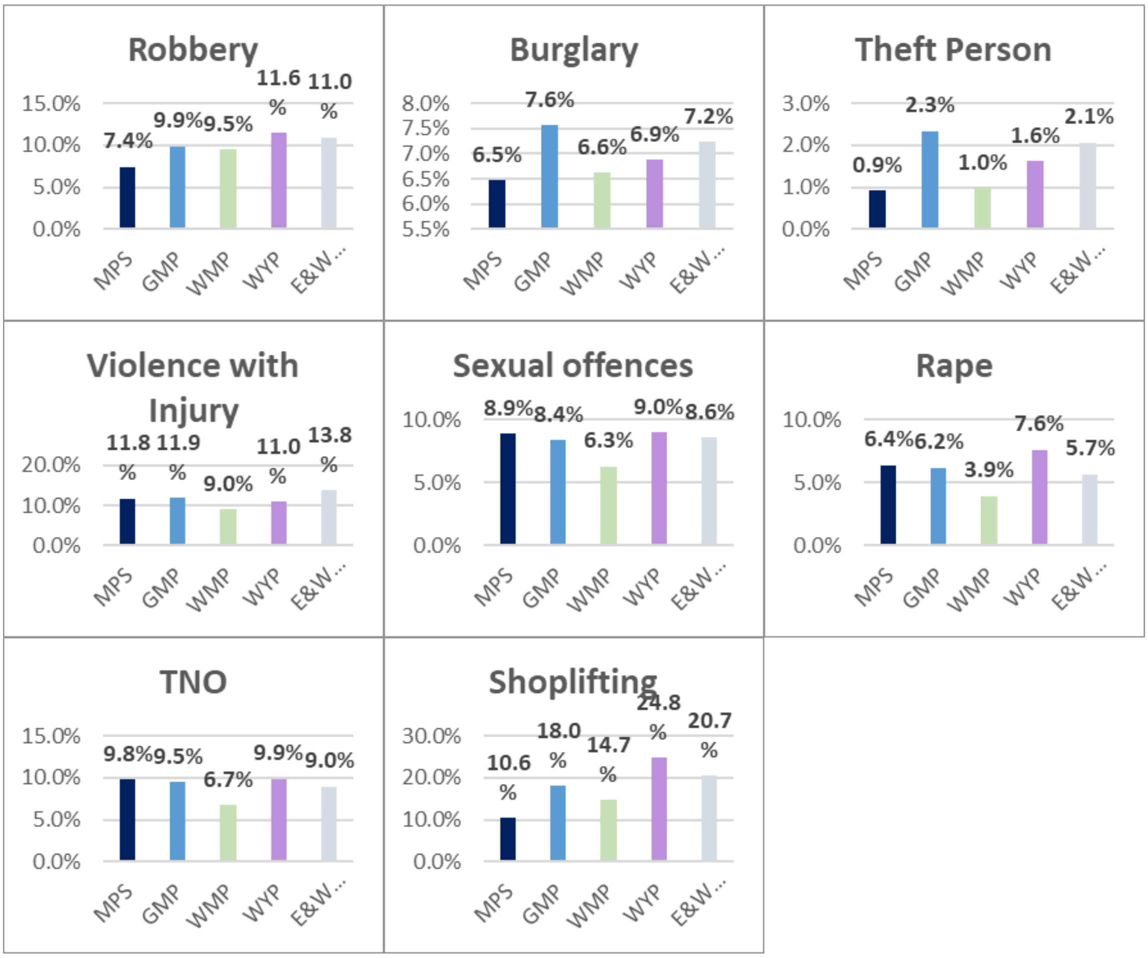
On public protection offences, we are improving, but challenges remain. The positive outcome rate for sexual offences has increased from 6.6% to 8.9% and for rape has increased 4.2%

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

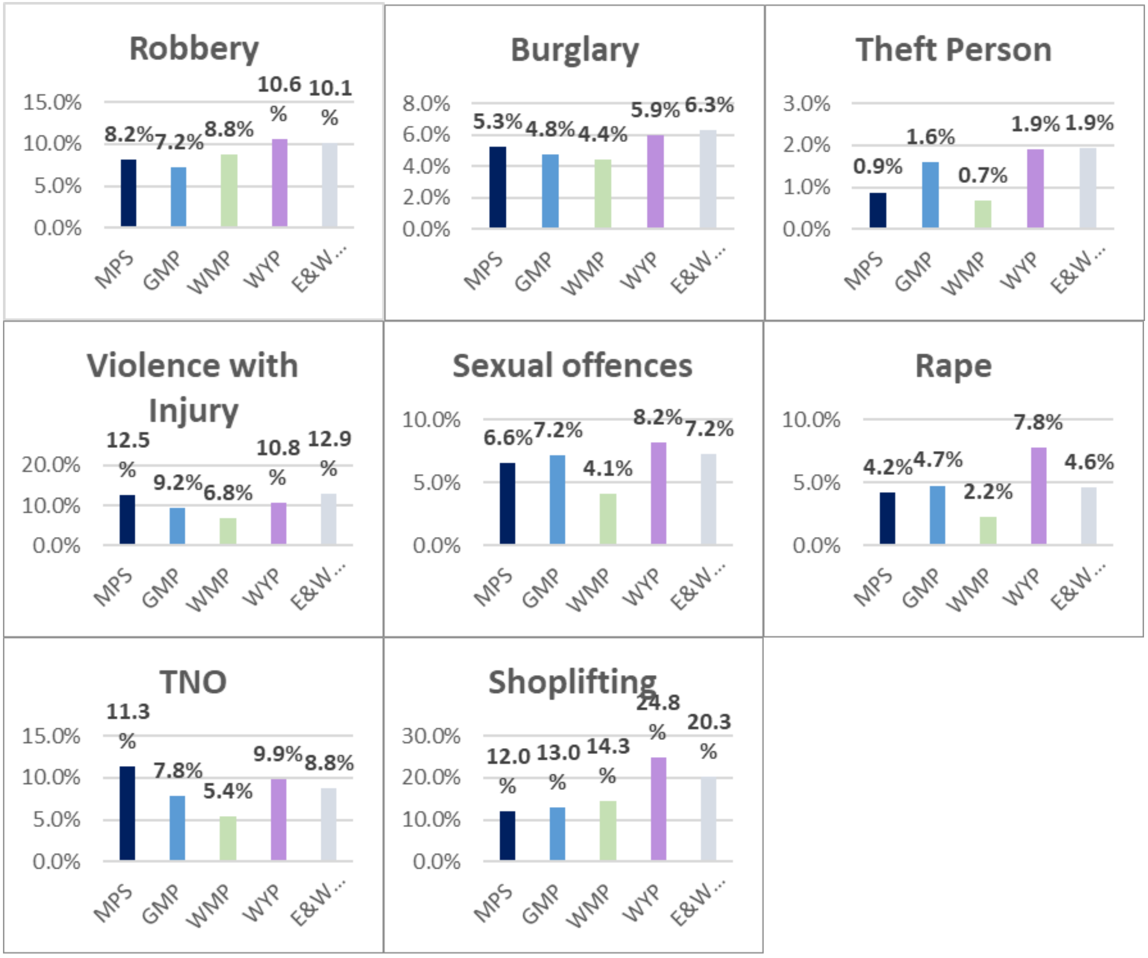
Other notable positive improvements can be seen in our increase in positive outcomes for Total Notifiable Offences (TNOs) at 9.8% compared with the England & Wales average of 9.0% and our MSFs at 8.6%. In addition our Violence with Injury outcomes our higher than our MSFs at 11.8% compared to 10.5%.

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

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



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



High Standards

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

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

Legacy Cases

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

Proactive Prevention and Enforcement

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

Need to add in a section to cover key events after the year end – e.g. NMfL highlights, demand pressures from protests, budget setting for 24/25, Angiolini

NMfL Highlights

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

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

We continue to transform public protection, with a new operating model to be launched in 2024. We have now put an additional 156 officers (of the 465 planned) into priority areas including child abuse, domestic abuse and RASSO. We have already expanded the Stalking and Threat

Assessment Centre, with our detection rates now higher. We have begun a second pilot for the Central Vulnerability Hub, which will improve our response to missing persons' cases.

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

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

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

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

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

We are continuing to make progress on transforming our leaders:

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

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

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

Demand Pressures from Protests

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

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

Dame Elish Angiolini's Inquiry

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

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

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

Delivering the 2024/25 budget and addressing our financial challenges

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

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

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

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

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

End of Financial Year Crime Figures - 2022/23

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

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

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

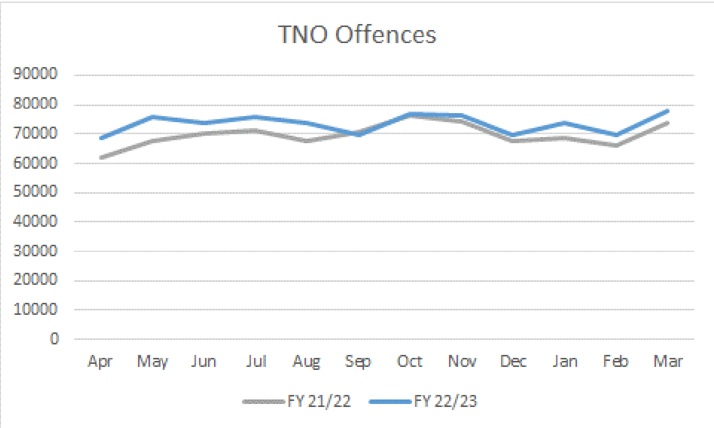
The full set of crime statistics can be found at: https://www.met.police.uk/sd/stats-and-data/

Outlook for 2023/24

The 2023/24 gross revenue budget has been set at £4,533.1 million, an increase of £163.9 million from the revised 2022/23 budgeted figure of £4,369.2 million. The budget is funded by a general government grant of £2,284.4 million, retained business rates of £94.8 million and council tax of £909.6 million. Additionally, MOPAC is budgeting to receive £728.5 million in specific grants, £329.4 million of other income and is planning to draw down £193.4 million from reserves.
More detail can be found in the Mayor's budget for 2023/24 https://www.london.gov.uk/media/100391/download?attachment

The MOPAC five-year capital spending plan totals approximately £1.4 billion, across transformation and other activities such as property lifecycle works, vehicle fleet, Core IT infrastructure and National Counter Terrorism Policing Headquarters.

Capital expenditure of £360.8 million is planned for 2023/24. This expenditure will continue to focus on transforming the MPS estate, IT core infrastructure and transforming investigation and prosecution. As well as improving operational effectiveness, this investment will be required to deliver planned future revenue savings and meet the needs of larger force given planned increase in officer numbers. Capital expenditure will be financed through a combination of receipts, grants and borrowing.



More detail can be found in the Mayor's Capital Spending Plan for 2023/24 https://www.london.gov.uk/sites/default/files/2023-02/Mayor%20Capital%20Spending%20Plan%202023-24.pdf

The Balance Sheet

Under MOPAC/CPM financial regulations the CPM is not responsible for the acquisition, disposal or maintenance of long-term assets which are instead the responsibility of the Deputy Mayor through the MOPAC Capital programme. All long-term assets are therefore recognised on the MOPAC Balance Sheet rather than on the CPM Balance Sheet. The CPM does, however, make use of these assets in the discharge of policing duties. Details of assets held by MOPAC as well as information on other categories of assets and liabilities can be found in the 2022/23 MOPAC and the MOPAC Group Statement of Accounts.

Reserves
The reserves of the Group are held by MOPAC and are available for the Commissioner to utilise in the performance of their duties subject to approval by the Deputy Mayor. These reserves and their purposes can be reviewed in the MOPAC Group Statement of Accounts.

Pensions
The Police Officer Pension Liability and Police Officer Pension Reserve reflect the application of International Financial Reporting Standard IAS 19. The pension liability shows the underlying commitments that the Group has in the long run to pay retirement benefits obligations as they fall due. The CPM Balance Sheet also recognises a long-term debtor with the MOPAC equivalent to the IAS 19 liability. This debtor reflects the commitment of the MOPAC to provide funding to the CPM to meet these obligations. The most recent Police Pension fund valuation by the scheme's actuary showed a decrease in liabilities due in the main to the change in actuarial assumptions used to calculate the pensions liability. Pension contributions of 31% of pensionable pay are made to finance the liability, with the actual pensions and commuted lump sums being met directly by the Police Pension Fund Revenue Account. The shortfall on the Pension Fund between contributions and other income receivable and benefits payable was met by the Home Office in 2022/23.

Accounting changes in 2022/23
There were no changes in the CIPFA Code 2022/23 that materially affected the CPM Statement of Accounts.

Annual Governance Statement
The Accounts and Audit Regulations 2015 require that the Annual Governance Statement (AGS) accompanies the Statement of Accounts. The CPM has elected to publish the AGS as a separate document to the Statement of Accounts. The AGS is a statutory document which explains the governance processes and procedures in place to enable the MPS to carry out its functions effectively. The AGS highlights the CPM's internal control environment, comments on its effectiveness and identifies issues for future work. The CPM performs an annual assurance review appraising the governance arrangements currently in place.

Independent auditor's report to the Commissioner of Police of the Metropolis

To be completed after 2023 audit

Statement of responsibilities for the Accounts

Commissioner’s Responsibilities

The Commissioner of Police of the Metropolis (CPM) is required to:

- Make arrangements for the proper administration of the Metropolitan Police Service financial affairs and to secure that one of its officers (Chief Financial Officer) has responsibility for the administration of those affairs;
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- Approve the Statement of Accounts.

I approve these Statement of Accounts.

Signed
Mark Rowley
Commissioner of Police of the Metropolis

Dated: April 2024

Chief Financial Officer’s Responsibilities

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

In preparing this Statement of Accounts, the CPM has:

- Selected suitable accounting policies and then applied them consistently;
- Made judgements and estimates that were reasonable and prudent;
- Complied with the Code;
- Kept proper accounting records which were up to date; and
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

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

Signed
Annabel Scholes
Interim Chief Financial Officer

Dated: April 2024

CPM Comprehensive Income and Expenditure Statement for 2022/23

** MOPAC funding during the year for financial resources of MOPAC consumed at the request of the CPM*

£000	Notes	Year ending 31 March 2023 Gross exp	Year ending 31 March 2023 Income	Year ending 31 March 2023 Net exp	Year ending 31 March 2022 Gross exp	Year ending 31 March 2022 Income	Year ending 31 March 2022 Net exp
Frontline Policing		1,256,871	(65,350)	**1,191,521**	1,696,732	(51,275)	**1,645,457**
Specialist Operations		527,095	(581,945)	**(54,850)**	586,411	(545,457)	**40,954**
Met Operations		1,047,174	(265,523)	**781,651**	1,082,839	(205,039)	**877,800**
Professionalism		159,301	(17,844)	**141,457**	146,523	(16,596)	**129,927**
Corporate services		427,116	(56,608)	**370,508**	394,151	(52,776)	**341,375**
Digital Policing		209,268	(8,991)	**200,277**	214,545	(10,425)	**204,120**
Centrally Held		(22,143)	(126,747)	**(148,890)**	51,070	(113,738)	**(62,668)**
Financial resources of MOPAC consumed at the request of the CPM	1.1	**3,604,682**	**(1,123,008)**	**2,481,674**	4,172,271	(995,306)	3,176,965
Intra-group adjustment*		(3,604,682)	1,123,008	**(2,481,674)**	(4,172,271)	995,306	**(3,176,965)**
Net cost of policing services		0	0	**0**	0	0	**0**
Financing and investment							
Interest on police officer pension defined benefit liability	10.1			**1,061,600**			**825,800**
Intra-group adjustment (interest on police officer pension defined benefit liability)				**(1,061,600)**			**(825,800)**
Non-specific grant income and contributions							
Intra-group adjustment (re-measurement of the defined benefit liability)	10.1			**15,294,500**			**2,908,100**
Deficit on provision of services				**15,294,500**			**2,908,100**
Other comprehensive income and expenditure							
Re-measurements of the defined benefit liability	10.1			**(15,294,500)**			**(2,908,100)**
Total comprehensive income and expenditure				**0**			**0**

The Comprehensive Income and Expenditure Statement (CIES) above reflects MOPAC financial resources consumed at the request of the CPM for 2022/23 and 2021/22. In practice all the respective costs are paid for by MOPAC and the CIES includes the intra-group adjustment referred to in Note 5 to the Accounts, resulting in a nil balance for total comprehensive income and expenditure. The Expenditure and Funding Analysis provides a reconciliation between the "Net Cost of Policing Services" figures in the CIES above and the Revenue Outturn Statement in the Narrative Report (page vi) which is prepared using internal management reporting methodologies and which in some cases are different from the accounting policies in the financial statements.

CPM Movement in Reserves Statement for 2022/23

This statement shows the movement in the year on the different reserves.

£000	General Reserves Balance	Earmarked revenue reserves	Total General and Earmarked reserves	Total usable reserves	Unusable reserves	Total reserves
At 31 March 2022	**0**	**0**	**0**	**0**	**0**	**0**
Deficit on provision of services	15,294,500	0	15,294,500	15,294,500	0	15,294,500
Other comprehensive income and expenditure	(15,294,500)	0	(15,294,500)	(15,294,500)	0	(15,294,500)
Total comprehensive income and expenditure	**0**	**0**	**0**	**0**	**0**	**0**
Adjustments between accounting basis and funding basis under regulations	0	0	0	0	0	0
Adjustments between accounting basis and intra-group adjustment	0	0	0	0	0	**0**
Net (increase) / decrease before transfers to earmarked reserves	**0**	**0**	**0**	**0**	**0**	**0**
Transfers (to) /from earmarked reserves	0	0	0	**0**	0	**0**
(Increase) / decrease in year	**0**	**0**	**0**	**0**	**0**	**0**
Balance at 31 March 2023	**0**	**0**	**0**	**0**	**0**	**0**

This statement shows only pension related transactions for the year ending 31 March 2023 as all reserves are managed by the Mayor’s Office for Policing and Crime (MOPAC). The financial consequences of the operational activities undertaken by the CPM can be seen in the Comprehensive Income and Expenditure Statement.

CPM Movement in Reserves Statement for 2021/22

This statement shows the movement in the year on the different reserves.

£000	General Reserves Balance	Earmarked revenue reserves	Total General and Earmarked reserves	Total usable reserves	Unusable reserves	Total reserves
At 31 March 2021	**0**	**0**	**0**	**0**	**0**	**0**
Deficit on provision of services	2,908,100	0	2,908,100	2,908,100	0	2,908,100
Other comprehensive income and expenditure	(2,908,100)	0	(2,908,100)	(2,908,100)	0	(2,908,100)
Total comprehensive income and expenditure	**0**	**0**	**0**	**0**	**0**	**0**
Adjustments between accounting basis and funding basis under regulations	0	0	0	0	0	0
Adjustments between accounting basis and intra-group adjustment	0	0	0	0	0	**0**
Net (increase) / decrease before transfers to earmarked reserves	**0**	**0**	**0**	**0**	**0**	**0**
Transfers (to) / from earmarked reserves	0	0	0	**0**	0	**0**
(Increase) / decrease in year	**0**	**0**	**0**	**0**	**0**	**0**
Balance at 31 March 2022	**0**	**0**	**0**	**0**	**0**	**0**

This statement shows only pension related transactions for the year ending 31 March 2022 as all reserves are managed by the Mayor’s Office for Policing and Crime (MOPAC). The financial consequences of the operational activities undertaken by the CPM can be seen in the Comprehensive Income and Expenditure Statement.

CPM Balance Sheet

The Balance Sheet sets out the assets, liabilities and reserves at the year end. As stated previously the CPM does not own any assets nor hold any reserves at year-end. It does include two accounting adjustments to show the reader its accounting for pension liabilities and accumulated absences on the Balance Sheet at 31 March 2023.

£000	Notes	31 March 2023	31 March 2022
Long term assets			
Police Officer pension - Intra-group debtor		24,342,500	39,246,200
Total long term assets		**24,342,500**	**39,246,200**
Current assets			
Accumulated absences - Intra-group debtor		197,705	213,530
Total current assets		**197,705**	**213,530**
Current liabilities			
Creditors	11	(197,705)	(213,530)
Total current liabilities		**(197,705)**	**(213,530)**
Long term liabilities			
Police officer pension liabilities	10.1	(24,342,500)	(39,246,200)
Total long term liabilities		**(24,342,500)**	**(39,246,200)**
Net assets		**0**	**0**
Financed by:			
Unusable reserves		0	0
Usable reserves		0	0
Total reserves		**0**	**0**

CPM Cash Flow Statement

This statement does not show any cash-flows for the year ending 31 March 2023, since all payments were made from the Police Fund which is held by the Mayor's Office for Policing and Crime (MOPAC). Similarly all income receipts and funding are received by MOPAC during the year. The financial consequences of the operational activities undertaken by the CPM can be seen in the Comprehensive Income and Expenditure Statement.

£000	Notes	Year ending 31 March 2023	Year ending 31 March 2022
Net (surplus) or deficit on the provision of services		15,294,500	2,908,100
Adjustments to net (surplus) or deficit on the provision of services for Non-Cash Movements	13.1	(15,294,500)	(2,908,100)
Adjustments for items in the net (surplus) or deficit on the provision of services that are investing or financing activities		0	0
Net cash flows from operating activities		**0**	**0**
Investing activities		0	0
Financing activities		0	0
Net (increase) or decrease in cash and cash equivalents		**0**	**0**
Cash and cash equivalents at the beginning of the period		0	0
Cash and cash equivalents at the end of the period		**0**	**0**

Notes to the Financial Statements for the Commissioner of Police of the Metropolis

The notes for the Statement of Accounts for 2022/23 are presented in the following pages (6 to 32).

1. Expenditure and Funding Analysis

1.1 CPM expenditure and funding analysis

Expenditure and funding analysis 2022/23	As reported for resource management	Adjustments to arrive at the net amount chargeable to the General Reserves balance	Net Expenditure chargeable to the General Reserves balance	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
		Note 1			
£000					
Frontline policing	1,504,975	(4,086)	1,500,889	(309,368)	1,191,521
Specialist operations	(2,852)	(3,464)	(6,316)	(48,534)	(54,850)
Met operations	830,772	3	830,775	(49,124)	781,651
Professionalism	148,967	6,404	155,371	(13,914)	141,457
Corporate services	375,540	10,170	385,710	(15,202)	370,508
Digital policing	217,076	(6,999)	210,077	(9,800)	200,277
Centrally held	45,851	(85,770)	(39,919)	(108,971)	(148,890)
Financial resources of MOPAC consumed at the request of the CPM	**3,120,329**	**(83,742)**	**3,036,587**	**(554,913)**	**2,481,674**
Intra-group adjustment	(3,120,329)	83,742	(3,036,587)	554,913	(2,481,674)
Net cost of services	0	0	0	0	0
Other income and expenditure	0	0	0	0	0
Surplus or deficit on General Reserves			0		
Opening General Reserves balance at 31 March 2022			0		
Less deficit on General Reserves in year			0		
Closing General Reserves balance at 31 March 2023			0		

Adjustments between the funding and accounting basis 2022/23 £000	Adjustments for capital purposes	Net change for the pensions adjustments	Other differences	Total Adjustments
	Note 2	Note 3	Note 4	
Frontline policing	144,983	(443,964)	(10,387)	(309,368)
Specialist operations	31,042	(77,744)	(1,832)	(48,534)
Met operations	69,759	(116,080)	(2,803)	(49,124)
Professionalism	11,912	(25,224)	(602)	(13,914)
Corporate services	(7,808)	(7,209)	(185)	(15,202)
Digital policing	(9,205)	(579)	(16)	(9,800)
Centrally held	(108,971)	0	0	(108,971)
Financial resources of MOPAC consumed at the request of the CPM	131,712	(670,800)	(15,825)	(554,913)
Intra-group adjustment	(131,712)	670,800	15,825	554,913
Net cost of service	0	0	0	0
Other income and expenditure	0	0	0	0
Differences between General Reserves surplus or deficit and Comprehensive Income and Expenditure Statement surplus or deficit on the provision of services	0	0	0	0

Expenditure and funding analysis 2021/22	As reported for resource management	Adjustments to arrive at the net amount chargeable to the General Reserves balance	Net Expenditure chargeable to the General Reserves balance	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
		Note 1			
£000					
Frontline policing	1,408,793	2,954	1,411,747	233,710	1,645,457
Specialist operations	(4,863)	3,162	(1,701)	42,655	40,954
Met operations	798,834	(3,718)	795,116	82,684	877,800
Professionalism	118,768	(2,904)	115,864	14,063	129,927
Corporate services	374,713	(21,665)	353,048	(11,673)	341,375
Digital policing	226,360	(19,830)	206,530	(2,410)	204,120
Centrally held	14,226	(12,220)	2,006	(64,674)	(62,668)
Financial resources of MOPAC consumed at the request of the CPM	**2,936,831**	**(54,221)**	**2,882,610**	**294,355**	**3,176,965**
Intra-group adjustment	(2,936,831)	54,221	(2,882,610)	(294,355)	(3,176,965)
Net cost of services	0	0	0	0	0
Other income and expenditure	0	0	0	0	0
Surplus or deficit on General Reserves			0		
Opening General Reserves balance at 31 March 2021			0		
Less deficit on General Reserves in year			0		
Closing General Reserves balance at 31 March 2022			0		

Adjustments between the funding and accounting basis 2021/22 £000	Adjustments for capital purposes	Net change for the pensions adjustments	Other differences	Total Adjustments
	Note 2	Note 3	Note 4	
Frontline policing	91,668	137,120	4,922	233,710
Specialist operations	17,205	24,719	731	42,655
Met operations	45,766	36,628	290	82,684
Professionalism	6,990	6,945	128	14,063
Corporate services	(13,488)	1,930	(115)	(11,673)
Digital policing	(2,547)	158	(21)	(2,410)
Centrally held	(64,674)	0	0	(64,674)
Financial resources of MOPAC consumed at the request of the CPM	80,920	207,500	5,935	294,355
Intra-group adjustment	(80,920)	(207,500)	(5,935)	(294,355)
Net cost of service	0	0	0	0
Other income and expenditure	0	0	0	0
Differences between General Reserves surplus or deficit and Comprehensive Income and Expenditure Statement surplus or deficit on the provision of services	0	0	0	0

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

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

Note 2 Adjustments for capital purposes – this column adds non-cash asset costs in the services line and removes revenue contributions to capital which are not chargeable under generally accepted accounting practices

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

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

2. Statement of accounting policies

2.1 General principles

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

The Accounts have been prepared on a going concern basis using an historic cost convention, modified to account for the revaluation of the long term asset and the pension liabilities.

The accounting policies below also reflect the powers and responsibilities of the Commissioner of Police of the Metropolis (CPM) as designated by the Police Reform and Social Responsibility Act 2011 and the Home Office Financial Management Code of Practice for the Police Service, England and Wales 2013. The accounting policies defined here are consistent with local regulations, local agreement and practice as well as the MOPAC Group policies. The Accounts cover the 12 months to 31 March 2023.

2.2 Cost and intra-group income recognition

All external income is received by MOPAC, which holds the Police Fund for London and all related financial reserves and cash balances. MOPAC provides an annual budget to the CPM. All resources consumed at the request of the Commissioner are funded by MOPAC, including the wages of police staff and officers, and no actual cash transactions or events take place between the two entities. From an accounting perspective costs are recognised within the CPM Accounts to reflect the financial resources consumed at the request of the CPM and the economic benefit and service potential this brings about. For instance, an economic benefit is recognised to reflect the utilisation of MOPAC owned fixed assets which mirrors depreciation of property, plant and equipment (amortisation in respect of intangible assets), and impairment from obsolescence or physical damage. Income is recognised in the Comprehensive Income and Expenditure Statement of the CPM Accounts, to reflect the funding by MOPAC for expenditure incurred by the CPM.

2.3 Accruals of income and expenditure

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

- Intra-group income is recognised when it is probable that the associated economic benefit or service potential will flow to the CPM;

- Supplies are recorded as expenditure when they are consumed;

- Expenses relating to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made;

- Short term compensated absences - these are periods during which an employee does not provide services to the employer, but employee benefits continue to be earned (such as periods of annual leave and rest days). Short term accumulated absences are recognised in the Comprehensive Income and Expenditure Statement in the period in which officers or police staff render the service which entitles them to the benefit, not necessarily when they enjoy the benefit. An accrual to reflect the cost of leave earned, but not taken by police officers and staff at the end of the financial year recognised on the CPM Balance Sheet, is offset by an intra-group debtor to reflect the responsibility placed on MOPAC to provide funds from the Police Fund to meet this liability.

2.4 Provisions

Provisions are made where an event has taken place that gives an obligation where it is probable that settlement by a transfer of economic benefits will be required and where the amount of the obligation can be estimated reliably, but where the timing of the transfer is uncertain. Under the MOPAC/CPM Financial Regulations, the revenue charge for provisions recognised on the MOPAC Balance Sheet is recognised in the CIES of the CPM. Estimated provisions are reviewed at the end of each financial year. Where it is likely that a provision will not be required, the relevant amount is reversed in the CIES of CPM.

2.5 Employee benefits

Benefits payable during employment
Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits for current employees. The financial consequences of these benefits are recognised in the CPM CIES in the year in which the employee renders service to the CPM. IAS 19 Employee Benefits requires CPM to account for short-term compensating absences (these are periods during which an employee benefits continue to be earned which include time owing for annual leave and rest days), by accruing for the benefits which have accumulated but are untaken by the Balance Sheet date.

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

Post-employment benefits
There are three pension schemes for police officers and a single scheme for police staff.

Police officers

The Police Pension Schemes are contributory occupational pension schemes which are guaranteed and backed by law. A new Career Average Revalued Earnings (CARE) Scheme was introduced on the 1 April 2015, which was a change from the previous Final Salary Schemes. Officers starting after the 1 April 2015 joined the new 2015 Scheme and some members of the 1987 and 2006 Final Salary Schemes moved into the new 2015 Scheme, unless they were covered by the transitional protection arrangements. On 1 April 2022, all remaining members in the 1987 and 2006 schemes moved to the

2015 scheme. Members of the new 2015 Scheme make contributions of between 12.44% and 13.78% of pensionable pay. The employees' contribution rate is set nationally by the Home Office and is subject to triennial revaluation. The employer contribution rate was increased to 31%, for all schemes from 1 April 2019. New financial arrangements were introduced on 1 April 2006 to administer the schemes.

The Police Pension schemes are defined benefit schemes paid from revenue (without managed pension assets). The liability for the Pension Schemes is recognised initially on the CPM Balance Sheet in accordance with IAS 19 Employee Benefits. All liabilities are ultimately the responsibility of MOPAC as MOPAC provides the sole source of funding to meet the CPM's costs, so at year end the pension liability for police pensions is offset by an intra-group debtor, reflecting MOPAC's continuing responsibility to provide funds from the Police Fund to enable the CPM to administer pension payments.

Recognition of the total liability has a substantial impact on the net worth of the CPM and by virtue of the funding arrangement the net worth of MOPAC. Accrued net pension liabilities are assessed on an actuarial basis. The change in net pension liability can be broken down into the following components:
Service cost comprising:

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

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

Transfers into and out of the Scheme representing joining and leaving police officers, are recorded on a cash basis in the Pension Fund, because of the length of time taken to finalise the sums involved.

Police staff

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

2.6 Value Added Tax (VAT)

The CPM does not submit a VAT return and MOPAC submits a single VAT return on behalf of the MOPAC Group. Expenditure in the CPM CIES excludes any amounts relating to VAT as all VAT is remitted to/from the HM Revenue & Customs.

2.7 Contingent assets and liabilities

The CPM recognises material contingent liabilities as either:

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

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

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

2.8 Events after the reporting period

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

2.9 Overhead costs

The costs of overheads and support services are charged to service segments within the CPM CIES in accordance with the CPM’s arrangements for accountability and financial performance. Support service costs identified as Corporate and Democratic Core costs are not charged to service segments within the CPM CIES.

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

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

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

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

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

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

- Definition of Accounting Estimates (Amendments to IAS 8) issued in February 2021.

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

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

4. Significant estimates and judgements in applying the accounting policies

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

<u>Estimates</u>

- The costs of a pension arrangement require estimates regarding MOPAC future cash flows that will arise under the scheme liabilities, see Note 10, as advised by the scheme actuaries. The financial assumptions are largely prescribed at any point and reflect market expectations at the reporting date. Assumptions are also made around the life expectancy of the UK population. The last valuation of the pension scheme undertaken using full membership data was conducted in 2022. Under IAS19, the actuaries have projected the results of this valuation using approximate methods. In particular, the roll-forward allows for:
    - Changes in financial and life expectancy assumptions;
    - Additional benefit accrual;
    - Actual cash flows over the period; and
    - Updated membership information.

<u>Judgements</u>

- 2.2 Cost and intra-group income recognition; judgement has been made of the net expenditure allocated between MOPAC and the CPM to reflect the financial resources of MOPAC consumed at the request of the CPM. In arriving at this approach various interested parties were consulted including senior management in both corporate bodies and careful consideration given to the Police Reform and Social Responsibility Act 2011 and Home Office guidance. More details are included in Note 5.

- 2.5 Employee Benefit; A debtor has been established on the CPM Balance Sheet equal to the employee benefit liability under IAS 19 to reflect the continuing requirement on an elected local policing body, as required under the Police Reform and Social Responsibility Act 2011, to provide funds to the chief constable or the CPM from the Police fund for the payment of employee benefits (as MOPAC provides the sole source of funding to meet the CPM's costs).

- 2.7 Employee benefits; There are relevant legal cases (McCloud and Sargeant) in relation to transitional protections provided in the transition to new career average schemes across the public sector. These cases have concluded that transitional protections applied to some members in the transfer to career average schemes were discriminatory, on age grounds. The remedy arrangements set out in February 2021 offer members a choice as to whether to retain benefits from their legacy provision scheme or their new scheme during the remedy period

(2015-2022). To ensure the accounts present a true and fair view, the IAS 19 pension liability includes an assumption that all eligible members will accrue benefits from their legacy scheme during the remedy period. More detail can be found in note 10.1.

Assumptions made about the future and other major sources of estimation uncertainty
The Code contains a disclosure requirement for assumptions made about the future and other major sources of estimation uncertainty for which there is a significant risk of 'material' adjustment. At the date of publication of the Accounts, the key assumptions and sources of major uncertainty affecting the accounts are set out above. The most significant of these relates to assumptions made regarding the Police pension liability – namely the discount rate, inflation, life expectancy and salary growth. The value of the pension liability requires estimation of financial and non-financial assumptions over a long time period (30-50yrs), and hence represents a source of significant estimation uncertainty. For this reason, sensitivity analysis for movements in these key assumptions is included at Note 10.1. In addition, the assumption adopted in relation to the impact of McCloud and Sargeant could have a material impact on the total liability of the police scheme. See Note 10.1 for more details of these impacts.

5. The basis of operation of the Commissioner of Police of the Metropolis (CPM)

5.1 Introduction

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

5.2 Accounting principles

Recognition of the assets, liabilities and reserves in the Accounts of the CPM and MOPAC during 2022/23 reflects the powers and responsibilities of the CPM and MOPAC as designated by the Police Reform and Social Responsibility Act 2011 and the Home Office Financial Management Code of Practice for the Police Service, England and Wales 2013. This accounting treatment is also underpinned by the working relationship between the Deputy Mayor and the Commissioner as defined by local regulations (MOPAC Financial Regulations and Scheme of Delegation), local agreement and practice. Under these arrangements the assets, liabilities and reserves are under MOPAC's control.

MOPAC receives all government funding and income and the CPM, while fulfilling its functions under the 2011 Act, consumes the MOPAC's financial resources against an annual budget for the discharge of their operational policing responsibilities. The CPM does not hold any cash or reserves. MOPAC has the responsibility for managing the financial relationships with third parties. When MOPAC resources are consumed at the request of the CPM, all payments are made by MOPAC from the MOPAC Police Fund and no cash movements occur between the two bodies. The annual budget is set by MOPAC in consultation with the Commissioner. Similarly access is granted to MOPAC staff and assets and a Scheme of Consent and Delegation operates between the two bodies determining the local arrangements and respective responsibilities. All the assets, liabilities and reserves of the Group are recognised on the MOPAC Balance Sheet except for the liabilities for employee benefits. As a result there is a nil balance at year end on the CPM Movement of Reserves Statement and no cash transactions on the CPM Cashflow Statement for 2022/23. The financial consequences of MOPAC resources consumed at the request of the CPM during 2022/23, in pursuance of the Commissioner's operational responsibilities under the Act are shown in the Comprehensive Income and Expenditure Statement (CIES). As the CPM does not hold reserves, the financial consequences recognised in the CIES are offset by intra-group adjustments to reflect the funding of MOPAC resources consumed at the request of the CPM to give a nil balance on its General Reserves of the CPM at year end. These intra-group adjustments are mirrored in the MOPAC Accounts to reflect the funding of resources at the request of the CPM. Together with community safety and crime prevention initiatives funded by the Deputy Mayor and cost of administering MOPAC itself, the MOPAC CIES shows the overall financial cost of policing London in 2022/23 (see MOPAC Accounts).

Police pension costs are recognised in the CPM Accounts in accordance with IAS 19 (Employee Benefits). The liability for police pensions on the CPM Balance Sheet however is offset by an intra-group debtor reflecting MOPAC's responsibility to provide funds from the police fund each year to enable the CPM to administer police pension payments. Similarly within the CPM CIES the IAS 19 pension costs are offset by intra-group funding adjustments within the Net Cost of Policing Services and within 'Financing and Investment' and 'Non Specific Grant Income and Contributions' lines. The MOPAC Balance Sheet shows a matching liability and police pension reserve to reflect its responsibility to provide funds for the payment of police pensions. The same accounting treatment has been adopted in respect of accumulated absences due to employees, but not taken at the reporting date. The liabilities in the CPM Balance Sheet are offset by an intra-group transfer from MOPAC to reflect the fact that MOPAC ultimately funds the CPM's employee costs.

5.3 Accounting treatment

The table below shows the movement through an intra-group account within the respective CIES during 2022/23. Corresponding accounting entries in the MOPAC CIES and the CPM CIES can be seen in the financial statements on page 1.

Intra-group adjustments between MOPAC and CPM within the CIES

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

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

Accounting entries reflected in the respective Balance Sheet at year end

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

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

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

6.1 Service expenditure analysis

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

6.2 Income

Income received by CPM includes fees and charges, contributions, specific grants and other service income.

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

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

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

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

6.3 Expenditure and income analysed by nature

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

Expenditure and income analysis by nature

£000	2022/23	2021/22
Expenditure		
Employee costs		
Police officer salaries	**2,034,710**	**1,917,771**
Police staff wages and salaries	**589,758**	**545,988**
Employee related expenditure	**51,539**	**26,661**
Net police officer pensions	**(224,936)**	**624,755**
Net police staff pensions	**125,086**	**117,903**
Premises-related	**185,258**	**164,426**
Transport-related	**93,451**	**79,305**
Supplies and services	**605,686**	**534,402**
Non-cash premises costs, amortisation, impairment	**144,130**	**161,060**
Actuarial losses on police pension funds – intra-group funding	**15,294,500**	**2,908,100**
Total expenditure	**18,899,182**	**7,080,371**
Income		
Fees, charges and other service income*	(326,650)	(306,617)
Government grants and contributions	(796,358)	(688,689)
Total income	**(1,123,008)**	**(995,306)**
Intra-group adjustment**	(2,481,674)	(3,176,965)
Deficit on the provision of services	**15,294,500**	**2,908,100**

**Includes revenue recognised of £195.8m from contracts with service recipients under IFRS15 (£179.7m 2021/22)*
***MOPAC funding during the year for financial resources of MOPAC consumed at the request of the CPM*

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

7. Police officers and police staff remuneration

7.1 Police officer and police staff remuneration

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

Remuneration band £ CPM	2022/23 Number of employees excl. exit packages	2022/23 Number of employees incl. exit packages	2021/22 Number of employees excl. exit packages	2021/22 Number of employees incl. exit packages
50,000 - 54,999	6,538	6,537	6,476	6,477
55,000 - 59,999	5,260	5,260	4,267	4,266
60,000 - 64,999	3,402	3,404	2,828	2,829
65,000 - 69,999	2,707	2,707	2,141	2,141
70,000 - 74,999	1,389	1,389	1,035	1,036
75,000 - 79,999	725	725	618	618
80,000 - 84,999	570	570	363	363
85,000 - 89,999	381	383	277	277
90,000 - 94,999	230	230	184	183
95,000 - 99,999	159	159	108	109
100,000 - 104,999	125	125	81	82
105,000 - 109,999	57	57	33	33
110,000 - 114,999	19	19	10	10
115,000 - 119,999	13	14	6	6
120,000 - 124,999	7	7	4	4
125,000 -129,999	5	5	2	2
130,000 -134,999	6	6	6	6
135,000 -139,999	6	7	8	8
140,000 -144,999	2	3	4	4
145,000 - 149,999	1	2	3	3
150,000 - 154,999	1	2	0	0
155,000 - 159,999	1	1	0	0
160,000 - 164,999	1	1	0	0
165,000 - 169,999	0	0	0	0
170,000 - 174,999	0	1	0	0
175,000 - 179,999	0	0	0	0
180,000 - 184,999	0	0	0	0
185,000 - 189,999	0	0	0	0
190,000 - 194,999	0	0	0	1
195,000 - 199,999	0	1	0	0
200,000 - 204,999	0	0	0	0
205,000 - 209,999	0	0	0	0
210,000 - 214,999	0	0	0	0
215,000 - 224,999	0	0	0	0
225,000 +	0	0	0	0

The banding scale is based on all taxable remuneration, excluding pension costs, paid in the year rather than annual salary. Taxable remuneration includes overtime, compensation for loss of office and may also include back dated pay awards, which relate to previous years but were actually paid in the years in question. In 2022/23 backdated pay awards were made to a number of officers following the ruling on overtime payable to CHIS handlers. The numbers in the table above exclude senior staff and relevant police officers as defined below in Note 7.2. In these particular cases, a detailed analysis of remuneration for 2022/23 and 2021/22 is shown on the following pages.

Exit packages

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

Exit package cost band (including special payments)	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band (£)	
	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22
£0 - £20,000	0	0	2	2	2	2	31,783	25,058
£20,001 - £40,000	0	0	2	3	2	3	68,590	62,592
£40,001 - £60,000	0	0	4	2	4	2	216,607	83,347
£60,001 - £80,000	0	0	5	1	5	1	333,481	73,443
£80,001 - £100,000	0	0	5	2	5	2	460,826	184,475
£100,001 - £150,000	0	0	1	0	1	0	114,433	0
£150,001 - £200,000	0	0	0	0	0	0	0	0
	0	0	19	10	19	10	1,225,720	428,915

The numbers in the table above exclude senior staff as defined below in Note 7.2. In these particular cases, any compensation for loss of office is shown in Sections 7.3 -7.4.

7.2 Relevant police officers and senior staff remuneration

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

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

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

NPCC and other secondees out of the Met								
Assistant Commissioner	M Hewitt	27	226,557	3,075	0	229,632	64,519	294,151
Assistant Commissioner	A Basu	28	150,124	3,075	0	153,199	42,745	195,944
Assistant Commissioner	S Kavanagh		205,482	0	0	205,482	0	205,482
Assistant Commissioner	R Beckley		69,945	3,075	0	73,020	0	73,020
Assistant Commissioner	A Marsh		171,108	0	0	171,108	0	171,108
T/Deputy Assistant Commissioner	N Jerome		178,878	3,075	0	181,953	0	181,953
Assistant Commissioner	S Jupp	29	87,511	0	0	87,511	0	87,511
NPCC Programme Director, Programme Productivity Review	S House	30	143,307	0	0	143,307	0	143,307

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

Notes

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

22. R Hughes was appointed Acting Chief of Corporate Services on 13/6/22 until 28/10/22
23. J Clarke left on 31/10/22
24. D Scates held the post of Director of Technology until their appointment on 1/8/22 to Interim Chief Digital Data and Technology Officer
25. L Sherman joined on 1/10/22 as Chief Scientific Officer with an annualized salary of £150,000
26. M Thorp was appointed T/Director of Strategy and Data on 1/11/22 with an annualized salary of £150,000
27. M Hewitt retired on 6/4/23
28. A Basu retired on 29/11/22
29. S Jupp joined on 3/10/22
30. S House left the MPS on 11/9/22 and took up a role with the NPCC

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

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

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

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

Notes

1. C Dick left on 24/4/22
2. S House became acting Commissioner on 11/4/22
3. H Ball became acting Deputy Commissioner on 11/4/22
4. B Gray joined on 8/4/21 with an annualized salary of £156,693
5. A McCallum left on 11/6/21
6. J Clarke joined on 1/10/21 with an annualized salary of £240,000
7. J Helm left on 31/8/21 and received a payment related to his resignation for purposes of career transition.
8. P Stuart-Lacey joined on 1/10/21 with an annualized salary of £155,000
9. A Marsh joined on 20/9/21 with an annualized salary of £170,000
10. L D'Orsi retired on 19/1/22

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

8. Related party transactions

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

MOPAC

The primary function of MOPAC is to secure the maintenance of an efficient and effective Metropolitan Police Service in London and to hold the CPM to account for the exercise of operational policing duties under the Police Act 1996. MOPAC is responsible for setting the Police and Crime Plan. Whilst the Commissioner is operationally independent and receives an annual budget, MOPAC is responsible for financial administration within the Group. The CPM holds no reserves or cash balances or assets. All payments on behalf of the CPM are made by MOPAC from the MOPAC Police Fund and all funding and income is received by MOPAC. The CPM is therefore dependant on MOPAC to discharge any liabilities, for instance to administer police pensions or settle future obligations. More information can be found on this relationship in Note 5.

Central Government and other public bodies

Central Government has significant influence over the general operations of the CPM. It is responsible for providing the statutory framework within which the CPM operates, as well as providing substantial resources in the form of grants which are paid to MOPAC which enables it to fund policing activities. It also prescribes the terms of many of the transactions that the MOPAC Group has with other parties. Grants received from Central Government to MOPAC are set out in the MOPAC Group Accounts 2022/23.

Functional bodies of the Greater London Authority

The MPS and MOPAC are functional bodies of the Greater London Authority (GLA). The other main bodies are the London Fire Commissioner, which replaced the London Fire and Emergency Planning Authority on 1 April 2018, Transport for London, Old Oak and Park Royal Development Corporation and the London Legacy Development Corporation. Whilst the GLA provides funding directly to MOPAC, it is considered that the GLA has potential to indirectly influence the CPM priorities via the Police and Crime Plan and associated funding.

The Mayor sets MOPAC's budget, including the precept for the GLA. The London Assembly approves MOPAC's budget for the MPS and may amend the precept for the GLA. In addition, Section 32 of the Police Reform and Social Responsibility Act 2011 requires the GLA London Assembly to establish a committee called the 'Police and Crime Committee' to exercise functions in relation to scrutiny of MOPAC. The Committee's responsibilities include reviewing the draft Police and Crime Plan and scrutiny of particular decisions made or actions taken by the Mayor in the discharge of his duties. In 2022/23 monies received by MOPAC from the GLA in the form of Home Office non-specific grants and precepts to fund policing and community safety in London were £3,185 million. Further information on the GLA can be found in the MOPAC Group Accounts 2022/23.

Officers work under the direction of the Commissioner on behalf of MOPAC with Transport for London (TfL). The net receipts from Transport for London were £120.238 million in 2022/23 (£87.551 million in 2021/22).

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

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

The net receipts from London Legacy Development Corporation were £0.0058 million in 2022/23 (£0.091 million in 2021/22).

Other bodies

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

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

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

9. Auditors' remuneration

The audit fee payable to Grant Thornton UK LLP during the year for the CPM is £136,700 (£140,477 in 2021/22).

10. Pension costs

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

10.1 Police officers'

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

The Police Officer Pension Fund is administered by the Commissioner in accordance with the Police Reform and Social Responsibility Act 2011. The Police Officer Pension Fund's Financial Statements and notes are included on Pages 34-36 of this document.

The principal risks of the schemes are the longevity assumptions, statutory changes to the schemes and changes to inflation and to bond yields. These are mitigated by the requirement to ultimately charge to the MOPAC General Reserves the amounts required by statute, as described in MOPAC's accounting policy on post-employment benefits in Note 2.7 in MOPAC's Statement of Accounts.

Income and expenditure

MOPAC pays employer contributions for the police officers under the direction of the Commissioner at a rate of 31% of pensionable salary into the Fund. To reflect the full financial consequences of utilising the services of police officers during the year, the accounting cost of police officer pensions is recognised in the CIES in accordance with IAS 19 Employee Benefits.

The cost of retirement benefits is recognised in the CIES when they are earned by the employees rather than when they are eventually paid as pensions. The following transactions have been made in the Comprehensive Income and Expenditure Statement.

£000	2022/23	2021/22
Comprehensive Income and Expenditure Statement		
Cost of Services:		
Service cost comprising:		
Current Service Cost	925,600	1,053,100
Past service cost	2,700	4,200
Transfers in/(out)	3,800	2,700
Actuarial loss/(gain) - injury pensions	(821,400)	(139,900)
Intra Group Adjustment Service Cost	(110,700)	(920,100)
Financing and Investment Income and Expenditure		
Interest Expense	1,061,600	825,800
Intra Group Adjustment Interest Expense	(1,061,600)	(825,800)
Non Specific Grant Income and Contributions		
Intra Group Adjustment Re-measurement of defined benefit liability	15,294,500	2,908,100
Total Post Employment Benefits charged to the Surplus or Deficit on the Provision of Services	**15,294,500**	**2,908,100**
Re-measurement of the defined benefit liability comprising:		
Actuarial loss/(gain) arising on changes in demographic assumptions - excluding injury pensions	(418,300)	(374,000)
Actuarial loss/ (gain) arising on changes in financial and other assumptions - excluding injury pensions	(14,876,200)	(2,534,100)
Total Post Employment Benefits charged to the Comprehensive Income and Expenditure Statement	**(15,294,500)**	**(2,908,100)**

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

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

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

Assets and liabilities in relation to retirement benefits

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

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

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

£million	Excluding injury benefits 2022/23	Excluding injury benefits 2021/22	Injury benefits only 2022/23	Injury benefits only 2021/22
Scheme liabilities at 1 April	**(37,477)**	**(39,276)**	**(1,769)**	**(1,845)**
Current service cost including Home Office contribution.	(873)	(995)	(53)	(58)
Officer contributions	(176)	(165)	0	0
Benefits paid	925	847	0	0
Injury award expenditure		0	32	31
Transfers from / to other authorities	(4)	(3)	0	0
Past service cost (injury benefits)	(3)	(4)	0	0
Interest cost on pension liabilities	(1,014)	(789)	(48)	(37)
Re-measurement gains and losses:				
Actuarial (loss)/gain arising on changes in demographic assumptions	418	374	20	18
Actuarial (loss)/(gain arising on changes in financial assumptions	14,042	2,877	703	122
Other experience	835	(343)	99	0
Scheme liabilities at 31 March	**(23,327)**	**(37,477)**	**(1,016)**	**(1,769)**

Actuarial assumptions

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

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

The significant actuarial assumptions used in their calculations are:

Assumptions	All schemes 2022/23	All schemes 2021/22
CARE revaluation rate	4.20%	4.5%
Rate of increase of salary (note 1)	3.20%	3.7%
Rate of increase in pensions	2.95%	3.2%
Rate for discounting scheme liabilities (note 2)	4.75%	2.7%

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

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

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

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

Sensitivity analysis

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

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

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

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

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

The weighted average duration of the defined benefit obligation is

Weighted Average Duration	2022/23	2021/22
Officer members	27.9 Years	28.2 Years
Deferred pensioners	25.8 Years	27.5 Years
Pensioners	13.2 Years	13.4 Years
Injury pensions	18.8 Years	21.9 Years

Legal Cases

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

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

The main elements of the Act are:

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

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

Guaranteed Minimum Pension

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

10.2 Police staff

The Civil Service pension scheme is an unfunded multi-employer defined benefit scheme. The CPM are unable to identify their share of the underlying assets and liabilities and therefore account for this as a defined contribution scheme as allowed under IAS 19.

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

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

11. Creditors (Accumulated Absences)

£000	Accumulated absences
Balance at 1 April 2021	**(207,595)**
Additional accrual	(213,530)
Amounts used	207,595
Balance at 31 March 2022	**(213,530)**
Additional accrual in 2022/23	(197,705)
Amounts used in 2022/23	213,530
Balance at 31 March 2023	**(197,705)**

In accordance with IAS 19 the Group has created an accrual for accumulated compensated absences representing the cost of police officers and staff who have not taken their full leave entitlement before the financial year-end. Other absences such as flexi-leave are not considered material. Police officers and staff are entitled to carry forward untaken annual leave and officers are entitled to carry forward untaken rest days outstanding. The CIPFA Code permits the creation and use of an Accumulated Absences Account, included in reserves, to offset the charge to revenue created by the accumulated absences accrual. These short-term accumulated absences are initially recognised in the CPM Accounts for police staff and officers under the direction of the Commissioner. Equivalent liabilities are however recognised in the MOPAC Balance Sheet offsetting the liabilities in the CPM accounts, to reflect the continuing requirement of MOPAC to provide funds from the Police Fund to meet these liabilities as they fall due.

12. Third party monies

Fund Name £000 2022/23	Income	Expenditure	Assets	Liabilities
Metropolitan Police Benevolent Fund	2,431	2,605	4,345	352
Metropolitan Police Commissioner's Fund	18	15	738	7
Metropolitan Police Sports Fund	283	254	343	61
Metropolitan Police Staff Welfare Fund	20	27	226	1
Metropolitan Police Athletic Association	2,186	1,409	2,233	156
COMETS	109	115	207	10
Total	**5,047**	**4,425**	**8,092**	**587**

Fund Name £000 2021/22	Income	Expenditure	Assets	Liabilities
Metropolitan Police Benevolent Fund	2,535	2,725	4,246	372
Metropolitan Police Commissioner's Fund	34	23	658	4
Metropolitan Police Sports Fund	307	297	258	5
Metropolitan Police Staff Welfare Fund	20	14	232	1
Metropolitan Police Athletic Association	1,918	1,157	1,916	157
COMETS	79	55	208	4
Total	**4,893**	**4,271**	**7,518**	**543**

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

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

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

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

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

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

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

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

Metropolitan Police Staff Welfare Fund (MPSWF)
This registered charity provides financial assistance to members and past members of police staff, their families and dependents who are in need. Financial assistance may be provided by grant or interest-free loan.
Metropolitan Police Athletic Association (MPAA)
The MPAA is the umbrella organisation for nearly 40 sporting sections of the Metropolitan Police. Each section is individually run but may receive assistance from the Association for its activities.

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

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

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

13. Notes to the cash flow statement

13.1 Adjustments to the net surplus or deficit on the provision of services of non-cash movements

£000	31 March 2023	31 March 2022
Movement in police officer pension liability (non cash)	14,903,700	1,874,800
Increase/(decrease) in debtors (non cash)	(14,919,525)	(1,868,865)
Other non-cash items	(15,278,675)	(2,914,035)
	(15,294,500)	**(2,908,100)**

14. Contingent liabilities

There are no material contingent liabilities to disclose.

Police officer pension fund

1. Police officer pension fund revenue account

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

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

2. Police officer pension fund asset statement

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

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

3. Notes to the police officer pension fund account

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

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

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

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

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

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

Details of the accounting policies can be seen on page 8 to 11. MOPAC provides the accounting and banking systems through which the CPM administers the Fund. Details of the three schemes' actuarial report and the cost of pensions can be seen in Note 10.

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

4. Police Pension Fund - Revenue account notes

4.1 Employer contributions

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

4.2 Transfers

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

4.3 Additional income

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

4.4 Officers' contributions

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

4.5 Employer additional funding

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

4.6 Other payments

These consist of contribution refunds and lump sum death benefits.

5. Related party transactions

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

6. Additional voluntary pension contributions

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

7. Members of the scheme

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

Glossary of terms

Accruals

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

Budget

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

Capital expenditure

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

Cash equivalent

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

Corporate costs

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

The Commissioner of Police of the Metropolis (CPM)

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

Comprehensive Income and Expenditure Statement

A primary financial statement showing the financial resources of MOPAC consumed at the request of CPM for the financial years and corresponding funding of MOPAC resources.

Credit arrangements

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

Employee costs

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

Government grants

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

Group

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

The Mayor's Office for Policing and Crime (MOPAC)

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

PCSPS

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

Provision

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

Revenue expenditure

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

Revenue reserves

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

Special service agreements

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