MPS-MOPAC JOINT AUDIT PANEL
Monday, 20 January 2025, 14:00

New Scotland Yard – Room 8.1

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

Attendees

MOPAC
Darren Mepham, Interim Chief Executive Officer
Amana Humayun, Chief Finance Officer and Director of Corporate Services
Kenny Bowie, Director of Strategy and MPS Oversight
Will Balakrishnan, Director of Commissioning and Partnerships

MPS
Dan Worsley, Chief Finance Officer
Clare Davies, Chief People and Resources Officer
Pippa Mills, AC Met Ops
Sharon Sawer, Chief Communication and Engagement Officer
Adrian Scott, Chief Strategy and Governance Officer
Darren Scates, Chief Digital Data and Technology Officer
Laurence Taylor, AC Professionalism
Matt Twist, AC Frontline Policing
Matt Jukes, AC Special Ops
Brett Welch, Chief Legal Officer
Oscar Ramudo, Transformation Director
Rachel Williams, T/AC Trust and Legitimacy

Audit Representatives
External Audit Grant Thornton – Lucy Nutley, Jasmine Kemp - tbc
Internal Audit – Julie Norgrove, Head of Internal Audit MOPAC and MPS; David Esling, Head of Audit and Assurance

Business to be considered:

	Item	Page
1.	Apologies for absence, introductions and declarations of interests	Oral

The next meeting of the Audit Panel is scheduled for 6 May 2025

MPS-MOPAC JOINT AUDIT PANEL

21 October 2024

Record of the Meeting

PRESENT

Panel:
Jayne Scott – Audit Panel Chair (absent for agenda item 9)
Sam des Forges – Member
Jon Hayes – Member
Ros Parker – Member
Marta Phillips – Member

MPS:
Adrian Scott, Chief Strategy and Transformation Officer
Dan Worsley, Chief Finance Officer
Paul Oliffe, Director of Financial Accounting and Operations
Marie Heracleous, Interim Chief People and Resources Officer
James Hunter, Head of Strategic Planning and Risk
Tara Coles, Transformation Director (Agenda item 5)

MOPAC:
Darren Mepham, Chief Executive Officer
Amana Humayun, Chief Finance Officer and Director of Corporate Services

Audit Representatives:
Julie Norgrove, Head of Internal Audit for MPS and MOPAC
Lindsey Heaphy, Head of Audit and Assurance, Internal Audit
David Esling, Head of Audit and Assurance, Internal Audit
Mark Stocks, Grant Thornton, External Audit
Lucy Nutley, Grant Thornton, External Audit

1. APOLOGIES FOR ABSENCE, INTRODUCTIONS AND DECLARATIONS OF INTERESTS

1.1 An apology was noted from Clare Davies, Chief People and Resources Officer. Marie Heracleous, the Interim Chief Officer, attended in her place. The Chair advised that she may need to leave the meeting before it is finished, and that Marta Phillips would chair the meeting in her absence.

2. RECORD OF MEETING HELD ON 15 JULY 2024

2.1 The record of the meeting held on 15 July 2024 was agreed. The action update was noted.

3. JOINT AUDIT PANEL ANNUAL REPORT

3.1 The Chair advised, following the refresh of the membership of the Panel in June 2023, the Panel's annual report would cover the period July 2023 – October 2024. The report had been substantially drafted and would be finalised once the External Auditor's Annual Report 2023/24 had been received.

3.2 The Panel's Annual Report would be considered alongside the External Auditor's Annual Report 2023/24, at the extraordinary Joint Audit Panel meeting (see agenda item 8 below for more details).

4. BUDGET GOVERNANCE AND INTERNAL CONTROL FRAMEWORK

4.1 Amana Humayun introduced the report which provided an update on the 2024/25 budget position, the development of the 2025/26 budget and an update of MOPAC's assessment against the CIPFA Financial Management Code. The Panel was advised:

- MOPAC and the MPS would update the Panel on a quarterly basis on financial resilience, the internal control framework and budget build.
- It was anticipated that receipt of the Q2 data would show that the mitigations had resulted in an in-year forecast of an underspend.
- The Commissioner, Deputy Mayor for Policing and Crime and the Mayor's Chief of Staff were holding regular meetings to discuss the development of the 2025/26 budget.
- A significant level of efficiencies had been identified, with difficult choices needed on how to close the remainder of the gap.
- There had been an assessment of delivery against the controls, with all but one implemented.

4.2 Dan Worsley advised that the MPS Management Board was continuing to take decisions on the development of the draft 2025/26 budget and that there was positive progress on closing the gap.

4.3 There was a discussion of the Local Government Act 2003 Section 25 statement and the governance and reporting arrangements that were now in place to support this, including a Quarter 1 review.

4.4 There was a discussion of the detail, with the MPS providing additional information on:

- the vacancy rates built into the budget;
- the ongoing discussions with the Home Office regarding the London Allowance, and the implication for the budget;
- the forecasted expenditure on New Met for London (NMfL);
- the considerations being given by the MPS Management Board for closing the 2025/26 budget gap.

4.5 The Panel thanked MOPAC and the MPS for the paper and requested that they continue to report quarterly, focussing on the internal control framework. It also requested the MPS to share with the Panel the Q2 monitoring position when finalised.

Action 1: The MPS and MOPAC to continue to provide a quarterly report to the Panel on budget governance and the internal control framework.

Action 2: MPS to share with the Panel the Q2 monitoring position when it is ready.

Resolved: The Joint Audit Panel noted the progress, that significant financial challenges remained and the ongoing monitoring of the financial position.

5. MPS TRANSFORMATION PORTFOLIO – PROGRESS UPDATE

5.1 Tara Coles introduced the paper which provided an update on the governance, oversight and progress with the delivery of the transformation portfolio against the NMfL strategic aims.

5.2 The Panel was advised:

- The new Investment Portfolio Group (IPG) is to ensure the MPS has sufficient rigour, support and oversight in its investment and transformation portfolio.
- Work has been undertaken to understand interdependencies, capacity and pinch points for delivery.
- Programmes would be baselined, and SROs held to account for implementation.
- The milestones for exiting the HMICFRS Engage status were being tracked.
- The monitoring of the realisation of benefits would occur in programmes and projects and be reported to the IPG.
- That it was anticipated that the transformation portfolio could continue as described on the current budget.
- The efficiencies and savings identified had not yet been reflected in the portfolio delivery plan.

5.3 There was a discussion of:

- The need for care in stating commitments as being completed, recognising that it may take time for some of the changes to be embedded and outcomes realised.
- The feasibility of the IPG taking the decision to stop a programme that was underway.
- The capacity of the enabling teams to undertake the work associated with implementing the transformation work alongside business as usual.

Resolved: The Joint Audit Panel:

- Noted the commencement of the Investment and Portfolio Group (IPG), which provided a single point of oversight of the MPS delivery of the NMfL, and assurance of the organisation’s investment decisions in advance of MOPAC level scrutiny (in line with the Scheme of Delegation and Consent)
- Noted the progress against the NMfL strategy and progress against the milestones agreed with HMICFRS for monitoring progress towards exiting Engage status.

6. MPS AUDIT AND RISK ASSURANCE REPORT

6.1 James Hunter introduced the report which outlined the MPS's audit and risk management activity in the last quarter. It summarised the key discussions and decisions at the MPS's Audit and Risk Assurance Committee (ARAC) September meeting including:

- The follow-up audit for the framework supporting Automatic Number Plate Recognition – which was rated as limited.
- ARAC's decisions on the Effective Controls Action Plan (ECAP).
- ARAC's approval of the MPS's Annual Governance Statement 2023/24.
- The findings of corporate risk deep dives on criminal justice, cyber and financial resilience.

6.2 The Panel asked the MPS what levers the organisation used to reduce the level of risk. It was agreed that it would be useful for this information to be included to understand where the MPS was putting its focus to improve the risk position.

6.3 There was a discussion of the MPS's desire to drive up adherence to the Working Time Regulations (WTR), noting that ARAC had requested that a report be provided to the MPS's Health, Safety and Wellbeing Board on themes, solutions and risk tolerance. The MPS advised that it would value having the Panel's advice and support on WTR compliance and as well as on its Automatic Number Plate Recognition (ANPR) plans following a limited audit of the ANPR framework.

6.4 The Panel asked when the MPS would develop its risk appetite and was advised that the use of risk appetite was being piloted in 2-3 areas as a proof of concept and that this would be discussed at a corporate level once the evidence base was established.

6.5 The MPS advised the Panel of the operational risks being managed in relation to the outcome of the current court case relating to a firearms officer, which was awaited.

Action 3: MPS to include in its risk reporting to the Joint Audit Panel advice on its levers for improving the position of certain risks.

Action 4: MPS would follow up with the Panel on its request for the Panel's advice on WTR compliance and its ANPR framework.

Resolved: The Joint Audit Panel noted the audit and risk updates from ARAC and agreed to provide advice on WTR compliance and ANPR framework on further clarification of the action required.

7. MOPAC RISK MANAGEMENT REPORT

7.1 Amana Humayun introduced the paper setting out MOPAC's current approach to risk management and high-level summary of the corporate risks. The Panel was advised that a restructure had brought all the enabling functions under one directorate, aligning business planning, risk management and performance management under the leadership of a newly created Head of Business Planning Risks and Performance.

7.2 The Panel was advised that since the paper had been drafted, there had been improvement in Risk 5 – finance.

7.3 Regarding Risk 6 – IT Shared Services, the impact on MOPAC's operations of the cyber security incident that had affected Transport for London (the providers of MOPAC's IT) had resulted negatively on its score. MOPAC advised that it would undertake a lessons learnt exercise and would map out who and which organisations would be impacted by particular systems being compromised and out of action.

Resolved: The Joint Audit Panel noted progress regarding MOPAC's corporate risk register.

8. EXTERNAL AUDIT DRAFT AUDIT FINDINGS REPORT 2023/24

8.1 Lucy Nutley introduced the External Auditor's draft Joint Audit Findings report arising from the statutory audits of MOPAC and MPS financial statements for 2023/24. The Panel was advised that the audit of the financial statements had been substantially completed at the time the report was written, subject to some outstanding queries, and that it was anticipating issuing an unqualified audit opinion on the financial statements of MOPAC and the MPS.

8.2 The risks and related conclusions set out in the report were discussed, including:

- Closing valuation of land and buildings – no material issues had been identified, but audit work remained ongoing and there were recommendations relating to this issue.
- No material issues had been identified in respect of the closing valuation of pension funding net liability, and the accuracy and existence of the creditors' liability.

8.3 There was a discussion of the resources within the MPS's finance team to support the external auditors, and the Panel requested the MPS to share its new Target Operating Model for the finance team.

8.4 Mark Stocks advised the Panel that the draft Auditors Annual Report had been completed and issued to the MPS and MOPAC in early October. Discussions were ongoing on some of the contents of the report, particularly regarding the financial challenge, delivery of NMfL and the relationship between the MPS and MOPAC. The report would be finalised once the management responses had been received.

8.5 Dan Worsley advised that the discussions were ongoing as the MPS wanted a clear understanding of how the conclusions were reached and for recommendations to assist the organisation in achieving its goals.

8.6 The Panel agreed that it would hold an extraordinary meeting to consider the Auditors Annual Report once it was finalised.

Action 5: MPS would share with the Panel the Target Operating Model for the finance team.

Action 6: The secretariat would arrange an extraordinary meeting to consider the Auditors Annual Report.

Resolved: The Joint Audit Panel noted the draft Joint Findings report for MOPAC and the MPS, the draft Management Letters for Representation from MOPAC and the MPS, and the Draft Audit Opinion for MOPAC and the MPS.

9. INTERNAL AUDIT REPORT

9.1 Julie Norgrove introduced the Internal Audit report which summarised the internal audit activity since the Panel last met, including risk assurance, advisory and counter fraud work, and provided a forward look:

- At its December meeting, ARAC would consider prioritising the actions to address the underlying strategic issues identified in the Internal Audit Annual Report, in recognition that it would not be able to achieve all its ambitions in this financial year.
- Internal Audit were developing advice notes to raise awareness and understanding on internal control and are assisting in updating the risk management training tool.
- ARAC would be considering Internal Audit's reviews of Strategic Contract Management and the Expenses Framework, both rated limited, at its December meeting.
- Advice was provided to MOPAC on its planned review of the effectiveness of the London Policing Board.
- Future work included reviews of MPS programme management and offender management and of MOPAC's commissioning impact and internal governance. The Director of Audit Risk and Assurance would be chairing the national Police Audit Group Conference in November 2024.

9.2 It was noted that the Professional Audit Standards were being revised and the Public Sector Internal Audit Standards updated. There was a discussion of the areas of work that would now be mandated under the new standards.

9.3 There was a discussion of the findings from the 2022/23 National Fraud Initiative with the Panel advised of the cause of the majority of the overpayments recovered, which had totalled £608k. Julie Norgrove would provide a more detailed breakdown.

Action 7: DARA to provide the Panel with a breakdown of the causes of the overpayments identified in the 2022/23 National Fraud Initiative in future reporting.

Resolved: The Joint Audit Panel noted the outcome of Internal Audit's work undertaken to date and the status of current and planned activity.

10. JOINT AUDIT PANEL SELF-ASSESSMENT REVIEW OF EFFECTIVENESS

10.1 The Audit Panel Chair introduced the report which provided a draft revised terms of reference for the Panel and revised guidance on the content and format of papers. These changes arose from the Panel's self-assessment review of effectiveness it had carried out in June and reported to the July 2024 meeting.

10.2 In discussion, the following points were made:

- The terms of reference would be amended to include that a quorum for meetings would be a minimum of three Panel members.
- Julie Norgrove would provide to the Chair proposed amended wording for the terms of reference relating to corporate assurance and addressing underlying issues arising from review activity.
- Adrian Scott would review the MPS attendance and advise the Chair of any changes.

10.3 When the final amendments were made to the revised terms of reference, the Chair would seek their formal sign-off by the MPS and MOPAC.

Action 8: The MPS, MOPAC and Internal Audit to provide the Chair with any final suggestions for amending the Panel's terms of reference.

Action 9: Chair would send the revised terms of reference to the MPS and MOPAC for formal sign-off.

Resolved: The Joint Audit Panel endorsed the revised Terms of Reference for the Panel, subject to final amendments discussed, and adopted the revised meeting papers template.

11. TREASURY MANAGEMENT OUTTURN REPORT 2023/24

Resolved: The Joint Audit Panel noted the 2023/24 Treasury Management Outturn Report.

The next meeting is scheduled for 20 January 2025

MPS-MOPAC JOINT AUDIT PANEL

20 December 2024

Record of the Meeting

PRESENT

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

MPS:
Adrian Scott, Chief Strategy and Transformation Officer
Dan Worsley, Chief Finance Officer
Paul Oliffe, Director of Financial Accounting and Operations

MOPAC:
Amana Humayun, Chief Finance Officer and Director of Corporate Services
Lisa Kitto, Financial Advisor

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

1. APOLOGIES FOR ABSENCE, INTRODUCTIONS AND DECLARATIONS OF INTERESTS

1.1 An apology was received from Darren Mepham, Interim CEO of MOPAC.

2. ANNUAL EXTERNAL AUDIT REPORT 2023/24

2.1 Mark Stocks introduced Grant Thornton's Annual Audit Report of the MPS and MOPAC for 2023/24, highlighting the following:

- Key messages included that there had been a lot of improvement since the 2022/23 Auditor's Annual Report, notwithstanding that there were still significant challenges.

- There remained weakness in arrangements, in particular, relating to financial sustainability, force performance, Command and Control, and workforce planning.
- Three key issues which the MPS and MOPAC needed to jointly address and rectify were the ongoing financial challenges, their working relationship and the lack of clarity regarding the delivery of the New Met for London (NMfL).
- While the MPS remained in HMICFRS's Engage process, it had plans in place to secure overall improvement.
- The MPS had to rely on the use of reserves to balance its budget and the budget gap for 2025/26 was significant with challenging savings plans.
- There had been changes to governance and oversight arrangements which were positive.
- Workforce planning had progressed but significant work was still needed.
- Concerns about the ongoing delay and increasing costs of replacing the Command and Control technology.
- Both organisations continued taking key steps to improve performance but further work was needed.

2.2 In summary, the Audit Report concluded that both organisations were making progress, the relationship issues had been acknowledged and they were working on addressing them, plans were in place to balance the budget, and performance was improving but needed to improve further and needed to be sustained.

2.3 The following issues were discussed:

- The MPS advised that it was managing the issues raised in the report and accepted the recommendations.
- MOPAC acknowledged the areas of improvements identified in the report.
- It would be useful for the insights from the annual audit report to be available as early as possible in future years.
- Decisions had been taken on the implementation of NMfL in response to the budget challenge, including the sequencing of the programmes of change.
- The importance of new governance arrangements being proportionate.
- The importance of the MPS and MOPAC working closely to help deliver the reform needed alongside financial sustainability.

2.4 The Chair thanked Grant Thornton for the Annual Audit Report 2023/24. The MPS and MOPAC were asked to provide for the January 2025 Audit Panel meeting, if possible, a detailed response to the actions in the report, including timelines and when outcomes would be delivered, followed by an update at each quarterly meeting.

2.5 The MPS advised that a full business case for Command and Control had been developed. The Panel asked to be updated on this at their January meeting.

2.6 Dan Worsley updated the Panel on the 2025/26 budget and the plans for closing the funding gap.

Action 1: The MPS and MOPAC to provide for the January 2025 Audit Panel meeting, a detailed response to the actions in the report, including timelines and when outcomes would be delivered, followed by an update at each quarterly meeting.

Action 2: The MPS to provide an update to the January meeting on the Command and Control full business case.

Resolved: The Joint Audit Panel:

- Noted the 2023/24 Annual Report findings and management response to the recommendations; and
- Noted that the audit of the 2023/24 financial statements was almost complete, and the auditors intended to issue an unqualified opinion.

3. AOB

The Chair advised that the Panel's Annual Report would be updated in light of the findings in the Annual Audit Report 2023/24 and a draft would be presented to the January 2025 meeting.

The next meeting is scheduled for 20 January 2025

Actions Update
21 October 2024

Ref	Actions	Status
1	The MPS and MOPAC to continue to provide a quarterly report to the Panel on budget governance and the internal control framework.	Scheduled on agendas
2	MPS to share with the Panel the Q2 monitoring position when it is ready	Shared with Panel 10 December
3	MPS to include in its risk reporting to the Joint Audit Panel advice on its levers for improving the position of certain risks.	Included in item 6
4	MPS would follow up with the Panel on its request for the Panel's advice on WTR compliance and its ANPR framework.	The MPS wishes to withdraw this request for advice
5	MPS would share with the Panel the Target Operating Model for the finance team.	A meeting with the Organisational Design Authority took place on 15 Jan, with a target date to implement by summer 2025. MPS is potentially able to provide more detail at the May Panel meeting.
6	The secretariat would arrange an extraordinary meeting to consider the Auditors Annual Report.	Held 20 December 2024
7	DARA to provide the Panel with a breakdown of the causes of the overpayments identified in the 2022/23 National Fraud Initiative in future reporting.	Included in item 8

Ref	Actions	Status
8	The MPS, MOPAC and Internal Audit to provide the Chair with any final suggestions for amending the Panel's terms of reference.	Agenda item 12
9	Chair would send the revised terms of reference to the MPS and MOPAC for formal sign-off.	Agenda item 12

20 December 2024

Ref	Actions	Status
1	The MPS and MOPAC to provide for the January 2025 Audit Panel meeting, a detailed response to the actions in the External Audit Annual Report 2023/24, including timelines and when outcomes would be delivered, followed by an update at each quarterly meeting.	Paper not ready for the January meeting. Date for an out of committee report ahead of the May meeting to be agreed.
2	The MPS to provide an update to the January meeting on the Command and Control full business case.	Agenda item 4

Report to:	**MOPAC/MPS Joint Audit Panel**
Date of the meeting:	20 January 2025
Presented by:	MOPAC and MPS CFOs
Title/Subject	**Budget Governance and Internal Control Framework Update**
Purpose of the Paper	This paper sets out the quarterly update to the Joint Audit Panel

Recommendations

The Joint Audit Panel is asked to:

- note the progress and that significant financial challenges remain
- note the ongoing work on finalising the 2025/26 budget and the development of an evidenced based submission to inform the Government's Spending Review
- note that a report responding to the external audit recommendations will be prepared for the Panel by the end of February 2025

1. Background/summary

1.1. The Joint Audit Panel has requested that a report be provided to each meeting that sets out an update on the internal control framework and an assessment of the effectiveness of these by the respective Chief Finance Officers. This report provides an update on progress since the last update that was provided at the October 2024 meeting.

1.2. Since that meeting there have been some significant developments including the publication of the 2025/26 MOPAC/MPS budget submission, the announcement of the provisional police settlement and the conclusion of the external audit on the 2023/24 statement of accounts.

1.3. The budget position continues to be challenging both for 2025/26 and future years. With a 3 year funding settlement anticipated from 2026/27, engagement with the Spending Review in Spring 2025 is crucial and MOPAC and MPS are working collaboratively to support the strongest evidenced based submission to inform discussions between the Home Office and Treasury.

1.4. The financial position for the 2024/25 continues to improve with the forecast underspend of £12.5m at the end of Quarter 2 increasing to £18.4m based on the latest Period 8 monitoring. This position changes to a c£5m overspend if London Allowance increases are backdated to September 2024. The Home Office has advised informally that there is the potential for the allocation of some one-off funding towards the end of the financial year. Any in year additional funding will likely come with conditions, and therefore how this may be utilised in 2025/26 is not yet known.

1.5. Despite a more positive provisional police settlement than anticipated in the budget submission, there still remains a need to deliver significant financial savings in 2025/26. The impact of the funding settlement and the detail on where savings are to come from, including their impact, is currently being considered. This work will be concluded and agreed as part of the final decisions on the budget in March 2025.

1.6. Some changes to the governance structures within MPS have been introduced to strengthen the internal scrutiny and assessment of investment options and the delivery and monitoring of the New Met For London (NMfL) programme. Central to this is the creation of the Investment and Portfolio Group and the creation of an ‘engine room’ which will lead work on planning, and monitoring delivery of the savings and efficiency decisions agreed through the 2025/26 budget process.

2. Quarter 2 Review

2.1 MPS has continued to produce monthly reports to supplement the Quarterly reports. A summary of the key elements is set out below.

2024/25 Q1 Monitoring Position

2.2 The latest monitoring report forecasts an underspend of £18.4m compared to a forecast underspend of £12.5m at the end of Quarter 2. The improvement has been achieved through a reduction in the forecast expenditure on New Met for London (NMfL) activities offset by some minor overspends elsewhere across the budget. An increase in the London Allowance by £1,250, at a cost of £23m, is however planned and is not yet included in the forecast outturn figures. Discussions with the Home Office to secure funding for this have not resulted in any additional funding. It is however anticipated that the costs can be met from within the 2024/25 budget. The ongoing costs have been reflected in the proposed budget for 2025/26 and future years.

2.3 Delivery of savings has improved slightly since Quarter 1 with £157m (84%) of the total savings target of £187.1m considered to be deliverable/delivered. Undelivered savings largely relate to cross-cutting savings.

Review of Reserves

2.4 Reserves continue to be reviewed as part of the quarterly monitoring and as part of the medium term financial plan (MTFP). Draw down on reserves is in line with plans when the 2024/25 budget was set. As part of the 2025/26 budget process, an updated reserves policy will be agreed. The annual review of the policy is considered a key element of the budget setting process to ensure it continues to reflect the specific challenges faced. For now, the focus is ensuring financial resilience in the medium term and increasing overall reserves by the end of the current MTFP period (2027/28).

2.5 As previously reported to the Joint Audit Panel, tighter controls over the use of reserves have been introduced which is a welcome development.

3 IMPACT ON 2025/26 AND FUTURE YEARS

3.1 MOPAC's 2025/26 budget submission was published on 22 November 2024. At that time, it was reported that savings of £273.3m were needed within MPS to achieve a balanced budget. MOPAC's own budget position was balanced using £6.7m of savings. The provisional police settlement was announced on 17 December 2024 and announced a funding increase of 6.4% for MOPAC compared to a 6% increase nationally for other force areas. This created a benefit of £46.5m over and above that which had already been reflected in the budget submission. It should however be noted that the increase is dependent upon the Mayor increasing the precept to the maximum of £14 and there being no conditions on the new Neighbourhood Policing Grant. Details on both of these are not yet available and a verbal update will be provided at the meeting.

3.2 MPS has produced an initial list of savings options and these are still being considered. Details on the impact of any reductions will be developed before any final decisions are made. It is critical that these savings are delivered and an assessment of the deliverability as part of the S25 process will be carried out by the respective Chief Finance Officers. Other risks that also need to be considered include:

- Potential conditions for the Neighbourhood Policing Grant (£22.8m)
- TFL income risk (£30m)
- Inflation, including Pay Award (potential for this to be 2.8% compared to the budgeted 2%)

3.3 The MPS have created a new unit named the Engine Room. It will lead and bring together interconnected work streams to enable the required workforce movement and reductions for examples programme such as 'Resourcing the Met' and 'organisational alignment' will be brought into the Engine room. The unit has been created in recognition of the speed and degree of difficulty of the changes required, and in recognition that a new approach is required. It will be a multi-disciplinary unit with the ability to commission and draw upon resources from finance, HR, communications, frontline policing, digital, legal and others. It will work through all of the changes that have to be made, understand and quantify their impacts, sequence and coordinate them across the organisation and, ultimately, deliver them. The team will be led by a Chief Officer - Marie Heracleous.

3.4 In preparation for the Spending Review in the Spring, both MOPAC and MPS are pulling together a submission supported by evidence and data. In addition to this, a wider submission from the Greater London Authority (GLA) is also being made and will include key information relating to police and crime funding.

4 CONCLUSION OF THE 2023/24 STATEMENT OF ACCOUNTS EXTERNAL AUDIT

4.1 The external auditor issued their opinion on the 2023/24 statement of accounts following conclusion of the audit on 20 December 2024. A briefing of the Joint Audit Panel was arranged and the findings and recommendations have been fully discussed. In response to this, the Joint Audit Panel has asked for quarterly reports to the panel that sets out the detailed responses to the recommendations/actions including timelines and when outcomes will be delivered.

4.2 Given the significant amount of work required in December and January relating to the budget setting process, capacity within the finance teams has not been available to produce a report for the January meeting. It is however recognised that the next meeting is not until May 2025 and therefore it is proposed that the first report be prepared and presented to the Joint Audit Panel by the end of February 2025.

5. Financial Information

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

6. Key Risks and metrics

6.1 Strong internal controls and governance is needed to support effective financial management and long-term financial resilience. The financial risks and issues are set out in the report.

7. Further Considerations

7.1 There are no further considerations.

8. Conclusion

8.1 The financial outlook is challenging and arrangements for internal control and governance continue to be refined and embedded within MPS to ensure that financial risks are managed as effectively as possible. Good progress is however being made.

9. Recommendations

9.1 The Joint Audit Panel is asked to:

- note the progress and that significant financial challenges remain
- note the ongoing work on finalising the 2025/26 budget and the development of an evidenced based submission to inform the Government's Spending Review
- note that a report responding to the external audit recommendations will be prepared for the Panel by the end of February 2025.

Approval / consultation

This paper has been prepared for the Joint Audit Panel.

Name, job title of paper author

Report to:	**MOPAC / MPS Joint Audit Panel**
Date of the meeting:	20 January 2025
Presented by:	Oscar Ramudo, Transformation Director
Title / Subject:	Transformation Portfolio - Progress Update
Purpose of the paper:	To provide an update on our delivery and future plans and how this will be impacted by budget constraints and the tough choices and efficiencies we will need to manage.

Recommendations

The Joint Audit Panel is asked to:

- Note the progress in delivering transformational change and the New Met for London plan and HMICFRS Engage milestones
- Note the impact of our 2025-26 budget position and the implementation of tough choices on delivery

---

1. Portfolio Delivery Progress Update

1.1 In July 2024, our Management Board agreed a revised portfolio structure which now comprises the following 12 programmes: Frontline Policing Transformation, Culture Change, Met Business Services, Learning and Leadership, Digital Enablers, Professionalism and Vetting, Resourcing the Met, Command and Control, Law Enforcement Data Services (LEDS) Implementation, Central Estates, Estates Transformation and Criminal Exhibits.

1.2 The revised portfolio structure and associated budget was built around three key principles:

- **Initiatives associated with Engage milestones developed with HMICFRS should be prioritised**, along with the three critical NMfL areas needed to address key recommendations from The Baroness Casey Review.
- **We need to deliver more with less**, simplifying the portfolio structure, including rationalisation of initiatives in some areas and transition of continuous improvement initiatives to business as usual (BAU). This would support more efficient and effective transformation delivery.
- **We would identify opportunities to defer spend** on some programmes (e.g. on our Leadership Academy) and would provide further decision points for spending on initiatives which were developing full business cases – recognising that we cannot deliver everything at once.

1.3 Within that revised portfolio structure, we have now baselined programme delivery plans and reviewed the interdependencies between them, providing us with oversight of the whole transformation portfolio, which is overseen by the newly-established Investment and Portfolio Group (IPG) – attached as Appendix 1. Adrian Scott and Tara Coles updated the London Policing Board Performance and Finance Delivery Sub-committee on this in November 2024.

1.4 Overall, the portfolio delivery confidence has improved to Amber from Amber-Red as reported to the Joint Audit Panel on 21 October as we have delivered progress against Engage milestones and the New Met for London (NMfL).

1.5 We remain committed to an ambitious programme of delivery but it will be impacted by the tough choices and efficiencies required to meet our 2025-26 budget. The detailed impacts of these tough choices are not yet known but it will need to be managed (see below).

Progress against NMfL

1.6 During the last quarter we prioritised our exit from HMICFRS Engage. Of 116 milestones agreed with HMICFRS, 103 of 104 milestones have been delivered by December as agreed, with only 1 milestone delayed - Formal rotation policy (due to be finalised in December, now expected in January.) The remaining 12 are all on track.

1.7 A series of strategic briefings and engagement activity with HMICFRS concluded in December, and preparations are being made for January's Police Performance and Oversight Group (PPOG), which will take a decision on whether we will exit engage.

1.8 Alongside this, we are progressing against our ambitious and extensive NMfL plans – we have either delivered or are on track to deliver 115 out of 152 NMfL commitments (76%), down from 77% reported to London Policing Board in November. Despite the challenges of a changing operational, resourcing and financial environment, we have plans in place to deliver 26 of the remaining 37 commitments within the remaining two year timeframe by 30 June 2025.

1.9 Since the last report to this Panel, we have delivered:

Community Crime Fighting

1.10 Crime Management Units (CMUs) are now live across all Basic Command Units (BCUs), supporting better crime allocation based on vulnerability, proportionality and solvability. The trial of the model on three BCUs showed a reduction in complaints from victims and an improvement to the performance of investigations, because we are re-doubling our efforts to put victims at the centre of our decision making.

1.11 Realignment of officers from localised BCU Online Child Sexual Exploitation teams to Central Specialist Crime Units, improving the quality of response and investigations in relation to children at risk of sexual abuse and exploitation.

1.12 Local Missing Hubs designs have been approved following pilots at North East (NE) BCU which resulted in 94% of Missing Persons being found in less than 48 hours, as opposed to 81% pre-pilot.

1.13 Operation Soteria training for Sexual Offences Investigation Teams (SOITs) will continue until March 2025 changing the way our service supports victims of rape and sexual violence and ensures a victim-centred, context led approach

Culture Change

1.14 Our Culture Plan sets out our commitment to become a pro-inclusion organisation and the steps we will take to get there. We have developed new values and guiding principles which underpin everything we do, supported by the roll out of leadership training to over 6,000 managers to ensure they are equipped to lead in line with our values. We've also trained 160 upstanders with the skills to challenge behaviour that is not acceptable and not in line with our values.

1.15 Following the roll out of local Professional Standards Units (PSUs), the number of live cases has reduced by 20% (500 cases) and those over 12 months reduced by 33% (124 cases)

1.16 In late September 2024, we launched the London Race Action Plan setting our next steps in becoming an anti-racist organisation and a service that is more inclusive, diverse and representative of London.

1.17 Our Cultural Maturity Self Assurance Framework pilot has been launched. This tool will collate activity occurring across the Met to improve our Culture, by enabling the sharing of best practice and encouraging the standardisation of approach

1.18 Work continues to embed the new Leadership Charter across all four Firearms Commands; it is a guiding framework for leaders, enhancing professionalism, promoting wellbeing and fostering accountability.

1.19 We continue to build the new Culture, Diversity and Inclusion Directorate (CD&I), with 33 posts filled and recruitment for a further 62 posts underway at pace. This team supports the delivery of the Culture Plan.

1.20 The remodelled Staff Survey closed in November 2024, which for the first time has been shaped by our officers and staff and will support the new CD&I Directorate build an action plan to directly respond to the voices of our workforce.

1.21 We continue to focus on embedding our new performance development approach into the organisation, having concluded the Mid-Year Performance Reviews, ensuring that we are formally and consistently measuring our people's performance and investing time into quality career conversations. Through the new approach we have seen performance and development compliance rise from 33% to 82%.

Fixing our Foundations

1.22 We have launched Phase 1 of “A New Met for London for Everyone” training, which covers topics on inclusion including the London Race Action Plan, priorities for Violence Against Women and Girls (VAWG) and improvements for our interactions with children and young people. It brings to life our values and principles anchored to a variety of operational scenarios.

1.23 We continue to roll out training for our First Line and Mid Line leaders and as of the end of December 2024, we have delivered this to 1,401mid line leaders (65% of the eligible pool) and 3,845 first line leaders (also 65% of the eligible pool).

1.24 We have launched the new Hybrid Working Policy setting out expectations for how and where we work, aligning to our values and guiding principles and to ensure we are providing the best service for Londoners.

1.25 As part of NMfL, we are also investing in our business as usual services, including Learning & Development, right sizing enabling functions and improving capability and capacity within those functions (including within strategy and transformation, and Human Resources). The re-designed initial training for new PCSOs has been launched. Launching the procurement for Met Business Services (MBS) with the objective of simplifying, automating and improving back office processes across Finance, HR and Commercial services.

Deliverables over the next 12 months

1.26 Budget aside, the plans we have developed mean that over the next 12 months, we will deliver:

Community Crime Fighting

1.27 Transforming our interactions with communities, by continuing to hold quarterly community events in every borough, delivering Neighbourhood Alert to improve direct communications and identify appropriate evaluation methods to monitor engagement

1.28 Bolstering our frontline by completing the Public Protection uplift of 565 officers and staff, continuing to bring in additional PCSOs and establishing 18 People Performance Improvement Teams (PPIT) teams, providing local HR support to officers that has helped bring people back to work and reduce sickness.

Culture Change

1.29 Complete the First Line and Mid-Line Leaders Programme to 4,000 leaders, as well as completing NMfL for Everyone within 12 months. We will have also focused on our leaders by launching the Leadership Academy for first line, mid-line and senior leaders. Further support from learning and development teams will be focussed on recruits, with Higher Education Institute contract award anticipated for the 2025 Recruit Training Model.

1.30 Further embedding of our values and guiding principles into the organisation through Performance Development Reviews, promotion processes and recruitment, alongside completing the roll out of the Upstander Programme, ensuring our people are confident to call out inappropriate behaviour. This follows the publication of our culture plan.

1.31 Strengthening our culture capability by completing recruitment for all posts in the Culture, Diversity & Inclusion Directorate.

1.32 Enhanced professionalism and vetting processes to embed the work underway to uphold the highest standards internally, and remove those who shouldn't be in the MPS, by launching the new Automated Credit/Address check solution, the Vetting Case Management system, and completing the design and launch of the new Professionalism operating model.

Fixing our Foundations

1.33 Civilianisation of posts to recruit staff into roles currently filled by officers; freeing up officers to be more effectively deployed, maximising the use of their training and warranted powers. For example, 238 posts are being filled via civilianisation, freeing up roles for detectives to work on sexual investigations.

1.34 Improving our workforce planning and deployment by completing the development and embedding of our full Target Operating Model for workforce planning. Improved understanding of our workforce by completing organisational alignment.

1.35 Progress on the Law Enforcement Data Services (LEDS) to transition 26,000-30,000 users of the Police National Computer (PNC) onto the new LEDS system. The PNC being the most important national policing information system in the United Kingdom (UK) and the primary database of criminal records; it is being decommissioned by the Home Office in March 2026.

2. Budgets, tough choices and efficiencies

2.1. We continue to deliver this complex reform in a challenging financial context, and the implications of reaching a balanced budget for 2025/2026 have demonstrated that. We faced a starting budget gap of around £450m. To reach a sustainable financial position for next year, we are developing plans to implement tough choices and efficiencies. Namely:

a. Building on our existing programme, we have set a target of circa. £100m in efficiencies (2.5% of our running costs).
b. We will be forced to make £258m of savings. This will include necessary reductions to our services themselves and means cutting back on the core policing activity at a time when demand is increasing.
c. We have reduced our budget for delivering NMfL transformation from £137m to £107m.

2.2. Recognising the scale of our portfolio, our ambition for delivery, and the resourcing challenges - the next step is to produce a delivery plan for each of the possible savings options the Met is identifying. This will involve choices around how we deliver each of the BAU activities, impacts on existing projects and programmes, and implications for new projects.

2.3. In recognition of the speed and degree of difficulty of the changes required, we have stood up a multi-disciplinary team with a dedicated full-time Board Lead. The team can draw on resources from finance, HR, transformation, communications, Digital and Data, legal and others. It will implement both non-workforce and workforce changes, including how we make the required workforce movement and reductions – our 'Resourcing the Met' programme will be brought into this activity.

2.4. The team were set up in December 2024 and are established the controls and mechanisms to manage the delivery. Engagement is underway with each accountable Tough Choice/Efficiency Lead to confirm delivery and savings timelines, so that a plan can be baselined. This will be monitored and tracked by the team, with governance arrangements in place to rapidly resolve delays or blockers.

3. Key risks and metrics

3.1 The main strategic risk is the need to deliver the portfolio alongside the complex tough choices. Portfolio delivery risks are covered in the Portfolio Report attached as Appendix 1.

4. Further considerations

4.1 None

5. Conclusion

5.1 The MPS is driving delivery. We have made strong progress against the delivery of Engage milestones, steady progress against New Met for London and we continue to mature our planning (programme plans) and delivery assurance (through IPG).

5.2 The challenging budget position for 2025-26 will require us to make significant tough choices and efficiencies – these will impact delivery but the scale of that impact is not yet known.

5.3 **Next steps**: We will be updating Management Board on 28 January and London Policing Board on 27 February.

Approval / Consultation

The Portfolio Report was reviewed and discussed at the IPG meeting on 25 November 2024, chaired by Chief of Strategy and Transformation. A full IPG meeting was not held in December and the latest data on delivery is currently being reviewed ahead of IPG on 21 January.

Name, job title and contact details of paper author

Tony Spencer, Head of Portfolio Office

Appendix 1 Copy of November Portfolio Report – Official Sensitive

MPS-MOPAC JOINT AUDIT PANEL
20 January 2025

MPS Audit and Risk Report

Report by: Chief Strategy and Transformation Officer

Overall Summary of the Purpose of the Report

To provide the Joint Audit Panel (JAP) with:

- Assurance on the Met's audit and risk management activity in the last quarter.
- A summary of the key discussions at, and decisions made by, the Met's Audit and Risk Assurance Committee (ARAC) on 10 December 2024.
- Response to action 3 (21 October 2024).

Interdependencies/Cross Cutting Issues

- The entirety of this report captures the interdependencies and relevant cross-cutting controls through the Met's corporate risk and issue register and Effective Controls Action Plan.

Recommendations

The Panel is asked to:

1. Note the audit and risk updates from ARAC.
2. Note the progress with the Effective Control Action Plan and agree the proposed way forward.

AUDIT

1. ARAC focused on progress against the Effective Controls Action plan (ECAP), which has been mapped across existing activity and key milestones identified. As directed by ARAC, the focus over the last quarter has been on Governance, Risk and Assurance, Managing the Scale of Cultural and Organisational Change, and Demand. We have seen progress across all three.

2. **ARAC agreed** that, by the next meeting in March, members should review: what actions are being addressed through other formal activity and where the work is being reviewed to ensure appropriate oversight; identify what actions we cannot do due to budget constraints and lack of resources; and prioritise activity on what can and should be done and focus reporting on this area. **JAP members are asked for their views on this approach.**

3. Since the last JAP meeting and the reporting cut-off in November, we received six audit reports, which generated 43 actions.

Audit	Rating
Cloud Security and Management Framework	Adequate
Financial Assurance - Expenses	Limited
Strategic Framework for Management of MPS Contracts	Limited

Trauma Support Effectiveness and Accessibility	Adequate
Grievance Management Framework (follow-up)	Adequate
Taser Use and Control (follow-up)	Adequate

4. ARAC noted the progress reports for the Limited audits (Financial Assurance - Expenses and Strategic Framework for Management of MPS Contracts).

RISK

5. At the last meeting in October 2024, Panel members asked to understand the '*levers for improving the position of certain risks*'. The MPS risk management framework is predicated on fully understanding the causal factors of risk and a weighting factor is applied to each one. This allows the risk owner to ensure preventative controls are applied to the most significant causes and upon consideration of the necessary controls, identify the most effective lever(s) to manage the risk and work towards releasing the lever(s).

6. Whilst many of these are specific to individual risks, some non-financial levers are cross-cutting. For example, outcomes from the Resourcing the Met work are significant levers to ultimately improve the risk profile for several corporate risks and issues such as Workforce, Recruitment and Public Protection (as per para 8). Engagement with Home Office, Ministry of Justice and MOPAC also play a significant role in our management of corporate risk (non-financial and financial), currently in specific relation to the Managing Offenders, Criminal Justice and Financial Resilience risks.

7. Risk discussions at ARAC always include a challenge from the Chair as to what else could be done to improve the position of the risk, including whether additional leverage ought to be sought/applied. The deep dives each quarter will continue to ensure levers for improving risk positions are well understood.

8. ARAC noted that the **overall effectiveness of the controls the Met has in place to manage its corporate risks and issues is stable**, and we have seen an increase in the number of risks and issues with an improving position, with one achieving its target position (Public Protection). No risks or issues reported a worsening trend.

9. ARAC approved the closure of one issue (Vetting) and one risk (Reform Delivery). Both areas also submitted risks for escalation; while escalation itself was approved, the risk descriptions for both were not agreed and the Risk Owners actioned to redraft. This is being taken forward as part of the corporate risk and issues refresh process as detailed at para 11.

10. ARAC considered the **findings of three corporate risk deep dives:**

    <u>Victim Care</u>

    - The different elements of this risk make it complex to control. Following a decision to close the Victims' Care Programme, projects have been moved into different areas; either the Frontline Transformation Programme or into MO10 (Met Prosecutions) Victim Care Continuous Improvements Team. Resourcing some of the projects is a currently challenging, either at a Senior Responsible Owner level or project staff and those affected projects are currently held under review. A new full-time Lead Responsible Officer within Criminal Justice will lead victim care improvements including addressing HMICFRS recommendations, compliance with Victims' Code of Practice and improving victim satisfaction. To check progress, **ARAC asked for a second deep dive into this risk, reporting in June 2025**.

Public Protection

- This risk achieved its target position this quarter and the deep dive provided assurance to ARAC of the effectiveness of the controls. The Strengthening Public Protection Programme has progressed work to build skills, capacity and capability across Public Protection. The growth of 565 officers and staff will control workload pressures in Offender Management, Domestic Abuse, Rape and Sexual Offences and build capability in Child Exploitation. A plan to deliver a further 238 posts into teams tackling sexual violence is underway, with HR support. HMICFRS has recently conducted a reinspection into Child Exploitation and noted considerable progress.

Conflicting Accountability

- The risk centres around the decline in officers having confidence to use their policing powers and how that impacts on the Met's ability to protect the public. The Home Secretary commissioned a wide-scale Accountability Review of Policing, which is focused on legal frameworks and guidance. To further support officers and improve confidence, there has been work conducted internally to understand the extent of the risk. Extensive work by the Strategic Insights Unit led to 15 recommendations which would increase officer confidence – these are being actioned. Although internal work can seek to improve officer confidence, the conflicting accountability aspect of this risk requires more from the government in terms of legislative change.

11. Although there has been positive movement across our risk and issue profile over the quarter, it is healthy to review our corporate risks and issues on a regular basis to ensure we understand our level of risk exposure. In January 2025, we will engage with ExCo to start that review, which is particularly important considering current circumstances:

    - We have developed a new strategic framework for the Met, so we will want to set risk against the service areas within that framework;
    - There are significant implications from the Met's 2025/26 budget, including in terms of finance, workforce, and operational performance;
    - As we seek to move out of the Engage phase of monitoring by HMICFRS, we must be able to show we understand the risks to delivering reform with a reduced budget and be able to flex our plans if necessary, according to the level of risk;
    - A reshuffle of Assistant Commissioner responsibilities has altered risk ownership.

12. The outcome will be presented to ARAC in March and shared with Joint Audit Panel in April.

ASSURANCE

13. Following feedback from ARAC, we are taking steps to refine the Corporate Assurance Framework to ensure it articulates the principles of assurance concisely. Met Detention have agreed to be a pilot for testing the principles in the draft framework. Using the dedicated resources in this area, we will learn lessons from the planned activity in custody and use it to operationalise the framework to ensure it meets the needs of the organisation.

14. We have also established a new working level assurance forum for the Met. The initial introductory meeting was held in December with another planned for February. This forum will establish and develop relationships between level 1 and level 2 assurance activity to gain an understanding of what activity is taking place, how we track and test effectiveness of internal controls and support the implementation of an effective corporate framework.

Annual Governance Statement (AGS) process 2024/25

15. ARAC noted the proposed approach to the 2024/25 AGS. Members agreed to support this process, especially in driving engagement with the survey, where in previous years we have had a low rate of responses. Once the survey is launched, the Met's Strategic Planning and Risk team will provide weekly response updates to business groups to ensure we have enough responses to accurately reflect the views of the organisation for this statutory report.

INSPECTION

16. Since the last Panel, we have been conducting an 'Autumn Sprint' to demonstrate to HMICFRS our progress against the Engage milestones and measurables. They have conducted visits and engagement to assure themselves we have made the progress we have reported. There is a realistic prospect of the Met exiting the Engage phase of monitoring at the PPOG meeting on 22 January 2025.

17. HMICFRS has released the **d**raft inspection report on Child Criminal Exploitation and Child Sexual Exploitation for pre-publication checks (for factual accuracy) to be completed. It is anticipated the final report will be published late January / early February 2025.

Equality and Diversity Impact

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

Financial Implications

19. It is anticipated the costs associated with the areas of work identified in the corporate risk register will be met from the relevant unit's staff and officer budgets.

Legal Implications

20. There are no direct legal implications from the recommendations in this report.

Risk Implications

21. This paper reflects aspects of the Met's corporate risk report and ECAP, which assist the Met to manage and track risk to achieving its objectives.

Contact Details

Report authors: Rosiân Jones, Senior Audit and Risk Manager, Strategy & Transformation
Tracy Rylance, Senior Risk and Inspection Lead, Strategy & Transformation

Report to:	**MOPAC/MPS Joint Audit Panel**
Date of the meeting:	20 January 2025
Presented by:	MOPAC CFO
Title/Subject	**MOPAC Governance Improvement Plan**
Purpose of the Paper	This paper provides the Joint Audit Panel with an update on important elements of MOPAC governance and the actions required to improve arrangements.

Recommendations

The Joint Audit Panel is asked to:

- note the latest position on the Governance Improvement Plan, including the resource gap in overseeing this area in the period August 2024 – January 2025. Dedicated resource will be in place from the end of January 2025 to take forward ownership of the Governance Improvement Plan
- note new actions and milestones added to MOPAC's Governance Improvement Plan

1. Background

1.1 The Joint Audit Panel has previously received reports setting out MOPAC's approach to governance. The Joint Audit Panel has asked for 6 monthly updates on progress against key actions.

1.2 This summary report presents:

- An update on MOPAC's restructure of Corporate Services which has impacted temporarily on the management and implementation of the Governance Improvement Plan;
- An update on updating MOPAC's Scheme of Consent & Delegation; and
- An update on new additions to MOPAC's Governance Improvement Plan following finalisation of the 2023-24 Annual Governance Statement.

2. MOPAC Restructure of Corporate Services

2.1 In August – September 2024, MOPAC completed a restructure of corporate functions to centralise key enabling services, teams and roles within one central Directorate.

2.2 This restructure saw the creation of a new Corporate Risk, Business Planning & Performance function which has not been in place previously (corporate risk being covered within other roles/ teams prior to the restructure). In late Autumn, MOPAC successfully recruited to the new post of Head of Business Planning, Performance and Corporate Risk; the successful candidate is due to start in January 2025.

2.3 A priority for MOPAC's new Head of Business Planning, Performance and Corporate Risk will be to own the Governance Improvement Plan, and review arrangements for assessing its implementation, and reporting. It is expected this will result in a change to how this information is presented to Joint Audit Panel going forward, and a more detailed report will be presented in May 2025.

3 Scheme of Consent and Delegation

3.1 The Scheme of Delegation has been under review for some time. Good progress has been made and an updated version of the Scheme of Consent and Delegation (SoCD) has been produced with oversight from legal services provided through Transport for London. The structure of the draft SoCD, focusses on:

- delegation from the Mayor as occupant of the office of Mayor's Office for Policing and Crime
- decisions of the Mayor as occupant of Mayor's Office for Policing and Crime
- delegation from the Deputy Mayor for Policing and Crime
- delegations to the Director of the MOPAC Violence Reduction Unit
- consents to the Commissioner of the Metropolis
- delegations from the Commissioner of the Metropolis

3.2 In addition to the Scheme of Consent and delegation, the Contract Regulations and Financial Regulations are under review and it is anticipated that a full suite of governance documentation will be in place for the start of the new financial year.

3.3 MOPAC recognises the need to ensure that the new requirements are understood across MOPAC so that they can be fully embedded in day to day decision making. In recognition of this, training is to be provided with an initial focus on report authors and the Senior Leadership Team (SLT). Ongoing training for new members of staff and refresher training will be incorporated into MOPAC's learning and development programme.

3.4 The Directorate for Audit, Risk and Assurance (DARA) has undertaken a review of decision making within MOPAC. The findings of the review are scheduled to be discussed with MOPAC Board in January 2025 and any recommendations from the review will be incorporated into the Governance Improvement Plan. It is anticipated that the revised Scheme of Consent and Delegation will support the delivery of any recommendations that are to emerge.

4 Finalisation of MOPAC's Annual Governance Statement

4.1 The 2023/24 Annual Governance Statement has been published. It sets out additional actions and that will be added to the existing Governance Improvement Plan. This report provides a summary of these to the Joint Audit Panel for information at Appendix 1.

5 Financial information

5.1 There are no direct financial implications arising from this report.

6 Conclusion

6.1 The Joint Audit Panel is asked to:

- note the latest position on MOPAC's arrangements to monitor the Governance Improvement Plan and Corporate Risk more broadly, noting that there has been a temporary resource gap in this area which is filled at the end of January
- note the progress in revising the Scheme of Consent and Delegation, and the next steps to implement changes and
- Note additional actions and milestones for inclusion in MOPAC's Governance Improvement Plan following finalisation of the Annual Governance Statement

---

Appendix 1

Actions in the 2023/24 Annual Governance Statement to be added to the Governance Improvement Plan

Principle of good governance	Area of Focus	Improvement action
Managing risks and performance through robust internal control and financial management	The financial challenges in 2024/25 and future years are significant. For 2024/25, c£180m of savings needed to be delivered in order to balance the budget. For 2025/26 and future years,	For 2024/25 a financial resilience index to supplement existing financial monitoring arrangements and reporting to the Deputy Mayor for Policing and Crime DMPC) is being developed. This is in recognition of the significant financial challenges ahead and the need to ensure that the underlying financial

	there is a gap of c£300m and with reduced reserves to smooth the impact, financial resilience and sustainability is a key risk.	risks are continually managed so that appropriate mitigations can be put in place. Enhanced oversight arrangements for the monitoring of the MPS budget position, including the oversight of the effectiveness of the additional internal controls that have been agreed, has been introduced. This will include a review of the Investment Advisory and Monitoring meeting held between DMPC and senior MPS colleagues. MOPAC will introduce more robust oversight of the MPS's investments to provide assurance that the MPS's revised budget plans will deliver the savings identified and provide the expected outcomes and value for money.
	For MOPAC, the continuation of the finance improvement plan will build on the work carried out in 2022/23 that has addressed some of the weaknesses that have previously been reported. The move to greater ownership and accountability of budget holders is a key focus for 2024/25.	The financial literacy across MOPAC will be a key focus and an improvement plan that seeks to improve on findings of the self-assessment against the Financial Management Code will be developed and reported to each meeting of the Audit Panel.
Implementing good practices in transparency, reporting and audit to deliver effective accountability	Governance has changed due to the introduction of the London Policing Board following the Casey review. Ensuring that governance remains effective is a key area of focus for MOPAC.	In support of the London Policing Board, MOPAC has developed a shared performance framework, and refreshed oversight framework. Now that the LPB has been established, MOPAC will review its supporting internal governance to ensure that it develops and maintains a strategic approach to overseeing the efficiency and effectiveness of the MPS. This review will include learning from other PCC offices and more widely across the public sector.
	Improving openness and transparency remains a priority for MOPAC and the VRU. To ensure greater effectiveness and impact we will determine an agreed set	MOPAC and the VRU will work to increase transparency internally and externally on key policy areas and provide greater oversight for the DMPC and the Director of the VRU.

	of responsibility for key policy areas.	
Ensuring openness and comprehensive Stakeholder Engagement	Partnership working is a key part of the work that MOPAC does. Following an independent review, improvements have been identified and will be implemented during the year.	We will develop a two-fold programme to improve our engagement with stakeholders. This will define our overarching approach to stakeholder relationships across MOPAC through a new Partnership Strategy and will define and strengthen the relationship with local authorities across London.
		The work to overhaul community scrutiny (set out in last year's AGS) has now been received by Ernst & Young, and there is broad agreement on removing duplication and streamlining the overall approach to this. Further work is now needed to identify a preferred operating model. This is expected to take approximately six months
Determining the interventions necessary to achieve the intended outcomes	Procurement practices are being reviewed to make sure MOPC is compliant with new legislation. The introduction of specialist staff within MOPAC has also provided an opportunity to review internal governance arrangements and working practices to ensure MOPAC is achieving value for money.	MOPAC will seek to mirror the national transformation of public sector procurement policy and develop its own procurement capabilities. We will publish a Procurement Transformation Strategy 2024, setting out roles and responsibilities for procurement, and progress the actions in the Indicative Corporate Procurement Team Development Plan 2024.
		The VRU will develop a Research, Evaluation and Learning Partner Framework to streamline pipeline procurements. This would hope to increase capacity, reduce risk of challenge as well as enhance user experience
		The VRU will agree a key performance indicator for each priority area. Providing a spotlight to the outcomes that will benefit Londoners the most.
		MOPAC will implement the project that will improve the way that it collects, analyses, and manages data from its commissioned services, in order to improve understanding of the impact.

Report to:	**MOPAC/MPS Joint Audit Panel**
Date of the meeting:	Monday 20 January 2025
Presented by:	Director of Audit, Risk and Assurance, HIA for MOPAC and the MPS
Title:	**Directorate of Audit, Risk and Assurance Activity Report**
Purpose of the Paper:	Provides an update on Internal Audit activity since the Panel last met, including risk and assurance, advisory and counter fraud work and a forward look.

Recommendations

The Joint Audit Panel is asked to consider the outcome of DARA work undertaken since it last met and note the status of current and planned activity.

1. Background

1.1 The audit work programme is aligned to MOPAC and Met strategic objectives, providing assurance over measures to mitigate key risks with a specific emphasis on providing professional advice in support of the Police and Crime Plan (PCP) and New Met for London (NMFL). Key review activity also supports objectives in ensuring the most efficient and effective use of resources as the significant financial challenges continue and the transition of transformation activity as it moves into business as usual.

1.2 Current and planned activity for the coming quarter is highlighted at **Appendix.** The outcome of reviews concluded are highlighted below with further work on the MPS Performance Management Framework, MOPAC Budget Accountabilities Roles and Responsibilities, Professional Standards Units and Offender Management, underway. Reviews to commence include; Vetting, Met Leadership Programme and MOPAC reviews of Commissioning Impact, Grants Allocation and Management and a number of follow up reviews.

1.3 The Programme Management report, which includes advising on the implementation of the revised governance arrangements and how lessons learnt from major programmes such as CONNECT are being addressed, is currently being drafted. Discussions are also taking place with senior management prior to sign off of agreed action for the ICT Contract Management report. The scope of the review of budgetary control is to be finalised in liaison with finance colleagues and will include an initial view on how the new business planning process is working across the Met.

1.4 Meetings have taken place with senior managers in the Met to improve engagement particularly at the outset and conclusion of reviews and discuss the scope of planned review activity. At this stage it is anticipated that 90% of the planned work programme will be completed to at least draft report at the time of the annual report as planned.

2. Outcome of Review Activity

2.1. DARA have continued to work in liaison with Strategy colleagues on the framework for the Effective Control Action Plan (ECAP), which is the strategic response to the underlying issues identified arising from review activity. It was agreed at September's ARAC that this will be aligned with current transformation activity and rationalised and work prioritised in line with available resource.

2.2 DARA have been working with Met colleagues on initiatives to raise awareness and disseminate learning, in particular, to address the most frequent control issues highlighted in the Internal Audit Annual Report (latest analysis for this year to date shared with ARAC is below). A series of Advice Notes have been drafted: 'The Value of Internal Control', 'Management Control of Police Overtime' and 'Raising Fraud Awareness'. Once finalised the content will be integrated in existing learning platforms/forums, supplemented by risk and control workshops and direct engagement with Senior Leadership/Management Teams.

Table: Analysis of Control Issues/Agreed Actions

Control Issue	Frequency
Management Oversight and Reporting	22%
Accountability	22%
Strategy, Policy and Process	18%
Assurance	15%
Risk Management	12%
Capability and Capacity	9%
Security/Safeguarding	2%

2.3 Key outcomes of further work concluded this quarter includes:

- **MOPAC Decision Making Framework – Adequate:** Risks are generally being managed with action to; better align the decision making process with corporate and budget planning, improve the consistency of assurance provision and provide greater clarity on respective roles and responsibilities, being considered by MOPAC Board.

- **Grey Estate Follow Up – Adequate improved from Limited:** Significant work has been undertaken to reduce the Grey Estate and a more robust framework established to provide assurance on those systems that continue to operate outside of the DDaT corporate infrastructure. Work continues to further strengthen procurement controls and analysis.

- **Response to Serious Personal Injury and Fatality Investigations (Advisory Report):** Supporting the operational team, DARA advised on strengthening the control framework for these high profile/risk investigations, in particular, in the areas of performance management and quality assurance.

- **Covert Accounts Control Framework:** Carried out at the request of finance colleagues, DARA advice is to address issues relating to resilience within the Covert Finance Unit impacting on the effective operation of cash handling controls. This is to be supported by more robust documented procedures and supervisory checks.

- **MOPAC Procurement Proactive Review:** Advised on a re-procurement exercise ensuring that lessons learnt were addressed and the overall corporate framework enhanced. In particular, to strengthen tender evaluation and provide greater assurance on contract award. Steps have been taken to act on DARA advice with the re-procurement progressing.

- **Framework Supporting Handling of Non-Police Firearms:** Following a workshop bringing together representatives from across the Met and further evaluation, key outcomes are under discussion with management. They primarily relate to the need for an overarching framework clarifying the corporate position on ownership, accountability, and non-compliance issues for NPFs to be supported by more clearly defined policy and process.

- **FLP Assurance Framework:** DARA continue to support development of a frontline assurance function and the FLP Transformation Programme. Both aim to strengthen frontline delivery with the transformation programme addressing issues identified in the previous DARA BCU review. The assurance function is not yet fully operational as recruitment continues. DARA advised FLP Delivery Unit colleagues on the development of a risk, control and assurance framework to support the autumn Community Crime Fighting Plans. DARA are also to advise on the implementation of the three lines model within DPS, supporting the identification and mapping of corporate assurance.

- **Counter Fraud Activity:** The mandatory privacy notification has been issued to all employees. Payroll, pension and creditor data for the 2024-2025 National Fraud Initiative exercise has now been verified and uploaded and investigations commenced. DARA, in liaison with DPS are also reviewing the governance framework supporting the Anti-Fraud Strategy for the Met, which includes taking proactive action to promote fraud prevention and awareness, integration and embedding of fraud risk management into the corporate approach and improved reporting of fraud.

3. Key Developments in Internal Audit

3.1 The national Police Audit Group Conference held in Warwick in November 2024, chaired by the Director of Audit, Risk and Assurance was well attended and received. Key developments in policing and the audit profession were considered including the advent of AI and revised internal audit standards. Chief Constable Andy Marsh, head of the College of Policing, gave invaluable insight into leadership within policing and the role of the College. A more formal link with PAG is to inform course content, in particular relating to governance and working with review bodies to secure continuous improvement.

3.2 The revised Global Internal Audit Standards were introduced at the beginning of this month. CIPFA will be issuing revised standards based on the global standards supported by a code of practice, to be applied in the public sector from April 2025. They reinforce internal audit independence and status and formally introduce new concepts and principles e.g. professional scepticism and courage and the provision of insight and foresight in reporting. DARA are updating its audit methodology, mandate and strategy in preparation. An External Quality Assessment against the professional standards is due, it is proposed this takes place aligned to the revised standards at the end of the year.

3.3 The two DARA trainees successfully passed their professional examinations and are now qualified and have been promoted. Further staff movements include the Unit Head of Assurance and a Group Audit Lead recently retiring, presenting an opportunity to revisit the DARA management structure.

4. Financial Information

4.1 No direct financial implications. There is a risk of loss, fraud, waste and inefficiency if agreed actions are not implemented effectively. Savings and recoveries as a result of activity can be directed towards core policing.

5. Key Risks

5.1. No direct implications. DARA's approach and work programme is designed to strengthen MOPAC and the Met's management of key risks.

6. Equality and Diversity Impact

6.1. The MOPAC and MPS commitment to diversity and inclusion are considered in review activity. The DARA work plan is designed to provide as wide a range of coverage of MOPAC and the MPS as possible.

Author: Julie Norgrove, Director of Audit, Risk and Assurance
Appendix – Internal Audit Review Activity – official sensitive

Report to:	**MOPAC/MPS Joint Audit Panel**
Date of the meeting:	20 January 2025
Presented by:	Will Balakrishnan, Director of Commissioning and Partnerships
Title/Subject	**MOPAC Commissioning Update**
Purpose of the Paper	This paper provides an update on ongoing improvement work being carried out by MOPAC to further develop its approach to commissioning following the last update to the panel in January 2024.

Recommendations

The Joint Audit Panel is asked to:

- note the report and the progress made since the last report submitted to the Audit Panel in January 2024; and
- agree that in future the scope of this paper should be widened to include updates from the Procurement, Contracts and Grants team given the links between their work and commissioning activity across MOPAC.

1. Background/summary

1.1. MOPAC's direct commissioning budget for 2024/25 is £71.23m, and accounts for a significant proportion of MOPAC's total expenditure.

1.2. MOPAC also manages services with a value of approximately £20m per annum as part of the Mayor's Domestic Abuse Safe Accommodation (DASA) programme. This is delivered in partnership with the GLA and while MOPAC is responsible for commissioning and managing the services, the budget sits with the GLA.

1.3. This report provides an update on developments and improvements in MOPAC's commissioning since the last report to the Joint Audit Panel in January 2024.

2. Key Developments in 2024/25 and Priorities for 2025/26

Commissioning Improvement Activity

2.1. The Commissioning Improvement Group (CIG), established following completion of the Commissioning Academy training programme in late 2021, continues to drive the continuous improvement of MOPAC's approach to commissioning. In Q3 2024/25, CIG started a review of MOPAC's grant and contract management processes. This will continue into 2025/26, working alongside the Procurement, Contracts and Grants team to share good practice across MOPAC and identify opportunities for further development.

2.2. Reflective practice sessions at directorate awaydays, which focus on different aspects of commissioning, have continued throughout 2024/25 to maintain the focus on staff training and development.

2.3. MOPAC continues to formally evaluate its commissioned services to understand how well they are meeting the outcomes they were commissioned to deliver. They are carried out by MOPAC's Evidence and Insight team or external independent evaluators and are published on MOPAC's website. These evaluations are in addition to ongoing grant and contract management arrangements, which enable officers to monitor service delivery effectively and work with providers to identify any areas for improvement and how to respond to challenges they may face, including how to manage increases in demand which can put services under strain.

2.4. The Commissioning and Partnerships (C&P) directorate continue to work closely with the Procurement, Contracts and Grants team, including on the collation of lessons learned and the dissemination of good practice in procurement. In Q4 2024/25 and 2025/26, C&P will be working with them on preparation for the introduction of the new Procurement Act to ensure that MOPAC is compliant with the requirements of the Act and our commissioned service providers are briefed on any changes that may affect them.

Major Commissioning Activity

2.5. MOPAC successfully commissioned a number of major services in 2024/25. This included its core services supporting adult and young victims of crime; the new London Violence and Exploitation Support Service; specialist prison violence reduction and integrated offender management services and a new pan-London service providing appropriate adults to advocate for vulnerable adults in police custody.

2.6. Following the completion of the tender evaluation process for the Universal and Specialist Service for Victims and Survivors of Domestic Abuse in March 2024, MOPAC took the decision to discontinue the procurement process and to relaunch the competition. Continuity of service provision for victims of domestic abuse and the safety of service users was the first priority following the discontinuation of the process and steps were immediately taken to agree interim arrangements for the extension of the existing services to ensure there is no gap in support. The new tender for MOPAC's pan-London specialist service for victims of domestic abuse was published in October 2024.

Performance Reporting Framework

2.7. Following the update to the Audit Panel in January 2024, work has continued throughout 2024/25 on the on the implementation of a new performance reporting framework to transform the way that MOPAC collects, analyses, and manages service performance data, in order to improve MOPAC's understanding of the impact of its commissioned services.

2.8. A new set of standardised data definitions, to be used across all of its services has been developed. Providers were consulted on the draft definitions in Q2 2024/25, and the final set of definitions was signed off following this consultation activity. The standardised data definitions are now being rolled out, starting with newly commissioned services that started delivering in 2024/25. A plan for the roll out of these new reporting requirements to existing services has been developed and discussions with individual providers regarding their implementation in 2025/26 have started.

2.9. An options appraisal of potential caseload/ data management systems to enable the automation of data collection and reporting over the longer term was completed in Q4 2023/24. MOPAC Board agreed in principle to proceed with the development of a full business case for a data management system, which will be completed in Q4 2024/25. Following completion of this business case a report, including recommendations for next steps, will be presented to MOPAC Board in Q1 2025/26.

3. Financial information

3.1. There are potentially significant financial implications associated with the introduction of a data management system. The business case will set these out, alongside the benefits, for consideration by MOPAC Board.

4. Key risks and metrics

4.1. The management of risks relating to the delivery of MOPAC's commissioned services is embedded into MOPAC's internal governance processes, including through budget meetings, the Commissioning Delivery Group and the fortnightly Commercial Assurance Group.

4.2. Risks associated with the implementation of the new performance reporting framework and, potentially, a new caseload management system are managed through the Commissioning Delivery Group.

5. Further considerations

5.1. Given the links between the updates provided in this paper and the work of the Procurement, Contracts and Grants team, it is proposed that in future this paper should be a joint update on procurement and wider commissioning activity across MOPAC from both the Director of Commissioning and Partnerships and the Chief Financial Officer.

6. Conclusion

6.1. Since the last update to the Joint Audit Panel in January 2024, MOPAC has continued work to develop and further improve its approach to commissioning. Key project activity in relation to improving the collection and management of commissioned services data will continue into 2025/26.

7. Recommendations

7.1. The Joint Audit Panel is asked to:

- note the report and the progress made since the last report submitted to the Audit Panel in January 2024; and
- agree that in future the scope of this paper should be widened to include updates from the Procurement, Contracts and Grants team given the links between their work and commissioning activity across MOPAC.

Approval / consultation

The paper has been approved by Will Balakrishnan in his role as Director of Commissioning and Partnerships.

Name, job title of paper author

Louise Capel-Cure, Head of Policy and Commissioning

Appendices

None

Report to:	**MOPAC / MPS Joint Audit Panel**
Date of the meeting:	20 January 2025
Presented by:	Jayne Scott, Audit Panel Chair
Title / Subject:	Joint Audit Panel Annual Report December 2024
Purpose of the paper:	This paper provides the final draft of the Joint Audit Panel's Annual Report for 2023/24.

Recommendations

The Joint Audit Panel is recommended to discuss the final draft of the Panel's annual report for 2023/24 and request final comments from the MPS and MOPAC ahead of the Panel submitting the report to the Deputy Mayor for Policing and Crime (DMPC) and the MPS Commissioner/Deputy Commissioner.

1. Contents

1.1. The final draft of the Panel's annual report is provided in **Annex A**. This report covers a longer period than usual due to the changed panel composition. It was also delayed to allow consideration of the 2023/24 external audit report.

1.2. In drafting this report, the panel has considered all the reports and papers presented to the panel, discussions which have taken place during panel meetings as well as informal meetings with panel attendees. The report aims to be balanced, recognising the improvements made over the period while recognising that there is still much to be done with significant challenges remaining.

1.3. The Panel has also undertaken a self-assessment, discussed its performance with MOPAC and MPS colleagues, as well as internal and external audit.

1.4. The Panel asks that MOPAC, the MPS and Internal Audit provide any final comments on the report to the Chair of the Panel by a date to be agreed at the meeting.

1.5. The Chair of the Panel will present the final report to the DMPC and the MPS Commissioner/Deputy Commissioner.

Annex A – Final Draft – Annual Report 2023/24

MOPAC/MPS Joint Audit Panel

Report to Deputy Mayor Policing and Crime (DPMC) and the MPS Commissioner

December 2024

Introduction

1. This report to DMPC and the MPS Commissioner is the first from the Joint Audit Panel since the panel membership was refreshed in June 2023. As a result, this report covers the period from July 2023 until December 2024 and has been delayed to allow receipt of the external audit report for 2023/24. The report provides an overview of our findings during that period based on discharging our responsibilities as set out in the panel's Terms of Reference. The report also includes an overview of the results of our review of the panel's effectiveness carried out during the period.

Purpose and composition of the panel

2. The purpose of the panel is to enhance public trust and confidence in the governance of MOPAC and the MPS. It also assists MOPAC in discharging its statutory responsibilities in holding the MPS to account, and in delivery of the Police and Crime Plan (PCP) and the transformation of the MPS.

3. The panel is comprised of five members all of whom are independent of both MOPAC and the MPS. Jayne Scott was appointed chair of the panel in June 2023. Jon Hayes has been a member of the panel since April 2020, while Rosalyn Parker, Sam des Forges and Marta Phillips were appointed to the panel in July 2023. All members of the panel have recent and relevant financial experience, and the necessary skills and experience to discharge the panel's responsibilities.

4. The panel meets at least quarterly, and all meetings are attended by representatives of the MOPAC Board and the MPS Management Board. Internal and external audit attend all meetings of the panel, and they have direct access to the panel when necessary.

Key messages to DMPC and the Commissioner

5. During the period under review, the MPS has been undergoing significant transformation. The objectives of this transformation are set out in' A New Met for London' which was published in July 2023. The panel recognised that this major transformation programme has been underway during a period of significant operational and financial challenges. When 'A New Met for London' was first published, the panel welcomed the clear aspirations set out but raised concerns that there was no clear operational or financial strategy in place to

support the delivery and monitoring of the transformation programme. This concern also featured in the External Auditor's Report for 2023/24.

6. The panel recognises the improvements which have taken place during the period under review, especially within the last 9 months, however, there is still a significant amount of work to do to fully embed good governance. It is suggested that MOPAC and the MPS.

- Continue to improve the MPS governance arrangements and ensure the resilience of the corporate functions needed to deliver transformation. This includes considering capacity as well as recruitment and retention, alongside recognising the importance of these functions being respected and valued by the wider organisation.
- Focus on implementing the outstanding recommendations from external and internal audit ensuring the proposed outcomes are delivered.
- Oversee full implementation of the integrated business planning and budgeting process and deliver effective prioritisation of resources to deliver transformation plans.
- Build on the improved budget setting arrangements put in place to deliver financial resilience and underpin the implementation of the vision set out in a New Met for London.
- Develop risk maturity and embed the use of risk appetite, and assurance mapping, to support decision making.
- Focus on the development of outcomes to demonstrate the changes in culture arising from the work already underway, recognising the longer timescales and the risk of organisational fatigue.
- Fully embed and evaluate the effectiveness of MOPAC's revised oversight arrangements.
- Continue to build effective working relationships between MOPAC and the MPS to enhance joint working.

Overview of the Panel's Work

Governance

7. The panel recognises that significant progress has made by the MPS in addressing a number of key governance issues, although there still remains a lot to do to address a range of weaknesses which have been identified in various reports including from HMICFRS, the Casey Review, external audit and internal audit. For 2023/24, internal audit concluded that the MPS internal control

environment is limited in its effectiveness in supporting the achievement of strategic objectives. Internal audit recognised that some progress had been made and that a definitive plan to improve effectiveness was now in place.

8. The panel noted that for 2023/24, internal audit confirmed that MOPAC has an adequate internal control environment supporting achievement of its strategic objectives, which generally operates effectively but noted the need to fully embed the revised oversight arrangements. The MOPAC governance statement and governance improvement plans have also demonstrated a high level of maturity in governance arrangements.

9. During the first part of the period under review, the panel noted a wide range of issues in the MPS which appeared to result from a lack of capacity and capability in central corporate functions. This appeared to have been exacerbated by the lack of value previously shown by the MPS to these functions, which are critical to any successful organisation. This was particularly evident in the areas of finance, business planning and performance management. It is therefore pleasing to be able to report significant improvements in this area, with a number of key corporate appointments over the last year. This is also helping to establish a greater level of organisational maturity. The appointment of the CFO to the MPS Management Board is also a development welcomed by the panel.

Transformation

10. The panel has regularly received reports on the implementation of a New Met for London and the supporting transformation programme. The panel recognises the impact on delivery of the plan as a result of the budget challenges.

11. When A New Met for London was first published, the panel welcomed the clear aspirations set out but raised concerns that there was no clear financial strategy in place to support the delivery of the transformation programme.

12. The panel considers the integrated approach to business planning and budgeting, recently developed by the MPS, to be a major improvement although the resultant impacts of this new approach are still to be seen.

13. The panel also notes the focus now being given by the MPS Management Board to ensuring effective prioritisation of resources, both financial and people, to deliver the plan.

14. The panel considers that performance management across the MPS still requires improvement and there is a need to focus on the availability of clear outcome measures with robust supporting data.

Financial Management and Budget Setting

15. The financial constraints facing MOPAC and the MPS were clearly set out in the Mayor's MOPAC/MPS Budget Submission for 2024/25 to 2026/27 which identified significant budget gaps in 2024/25 and the following two years. The budget submission for 2025/26 identified the need for further significant savings and the final budget for 2025/26 is still to be agreed at the time of writing this report.

16. The External Auditor's Report for 2023/24 concluded that the financial challenges identified the previous year remained, and significant weaknesses in arrangements were identified. The draft estates strategy 2024/34 also identifies the requirement for significant investment beyond the funding currently available and recommends finalising the estates strategy, estate investment plan and updating the Capital strategy for 2025/26.

17. The panel endorses the need for heightened focus on longer-term financial sustainability including the delivery of an affordable estate's strategy.

18. The panel had limited involvement in the assurance of the budget setting process for 2024/25, but we have been regularly involved since the budget publication. We have seen improvements in the process which is underway for setting the 2025/26 budget although it is too early to assess how far these improvements translate into a successful outcome.

19. While the longer-term financial position remains very challenging, the improved budget setting arrangements, increased resilience within the MPS finance function, the MPS prioritisation process and business planning arrangements should all support the development of a sustainable financial plan going forward.

Risk Management

20. The establishment of the MPS Audit and Risk Assurance Committee (ARAC) has strengthened governance and risk management processes within the MPS. The panel and ARAC are in regular communication through the respective chairs to ensure the work of both groups are aligned as far as possible.

21. The MPS system of risk management has undergone a significant overhaul during the period under review and regular reports have been provided to the panel on the development of risk management systems and on the MPS key risks. The panel is also pleased to note the focus being given by ARAC to ensure risk maturity and on undertaking a range of deep dives into key risks to consider the effectiveness of proposed mitigations. Despite these improvements, MPS risk management still requires further improvement, and the panel encourages MPS to continue to embed risk management across the organisation and to develop the use of risk appetite to underpin effective discussion making. Further work on assurance mapping will support both of these initiatives.

22. The panel considers MOPAC's approach to risk management to be effective and there may be opportunities to help the MPS learn from the MOPAC approach.

Inspection

23. The panel routinely reviews MPS audit and inspection reports and the outstanding recommendations. The panel is pleased to note the focus on addressing HMICFRS recommendations as part of the prioritisation exercise which is under way to support the transformation programme.

Casey Review

24. A key strand of a New Met for London relates to improving the culture across the MPS which was highlighted in the Casey Review published in 2023. The MPS performance management arrangements remain under development and, as a result, the panel has yet to see evidence of significant improvements in this area. There is also a significant risk of organisational fatigue as these changes will require to be embedded over a long period of time. Despite these concerns, we have seen evidence of the work which is underway on culture, diversity and inclusion and the panel encourages MOPAC and MPS to continue to focus on the measurement of outcomes in this area.

25. The Casey Review also highlighted concerns about the effectiveness of the relationship between MOPAC and the MPS. The panel can report that significant efforts have visibly been made to improve the relationship and that the panel has seen evidence of improved joint working. MOPAC oversight of the MPS has also undergone a period of change, with more focus now apparent on strategic oversight, although the revised oversight arrangements still require to be fully embedded and evaluated. The establishment of the London Policing Board has been a significant change in the oversight arrangements and brings about an increased level of transparency.

External Audit

26. The panel noted the number of high risks identified in the External Auditor's Report for 2022/23 and a number of key recommendations. The report was also issued after its due date of 20 September 2023. Despite significant effort by all parties to deliver the 2023/24 report on schedule, issue of the report was again delayed to December 2024.

27. The panel also notes the number of key recommendations raised in the 2023/24 report which had been carried forward from the previous year however recognises that many of the issues were always likely to take more than one year to address in full.

28. The panel recognises all of the key issues raised in the report, including financial resilience, improving the working relationship between MPS and MOPAC, alignment of financial and workforce planning, addressing HMICFRS concerns in alignment with NMfL priorities and finalising the Command and Control Full Business Case as soon as possible to facilitate a return to programme delivery. All of these issues have been regularly discussed at panel meetings over the period under review and we welcomed the management acceptance of the recommendations, the open dialogue which took place at the panel meeting to discuss the report and the agreement to detail the management actions to allow effective performance management and track delivery. The panel also notes the Independent External Review of the Governance of Command and Control Project recently commissioned by the Commissioner and Deputy Commissioner in response to MPS Management Board concerns and will be assessing the management response and follow up actions to any recommendations arising from the review.

29. The financial audits for both 2022/23 and 2023/24 resulted in unqualified audit reports and no significant audit findings were made in respect of either organisation.

Panel Approach to Discharging its Terms of Reference

30. During the period under review the panel has routinely.

    - Endorsed the annual internal audit plan and reviewed reports from internal audit on the delivery of the plan and the internal audit annual opinion.
    - Received updates from external audit, endorsed the audit plan, considered external audit reports and followed up on agreed recommendations arising from these reports.

- Considered progress on the implementation of A New Met for London and the MPS transformation plan.
- Reviewed the MOPAC and MPS annual governance statements, supporting governance improvement plans and progress made against these plans.
- Reviewed MOPAC and MPS risk management reports and considered the effectiveness of the systems of risk management.
- Considered updates on the budget governance process and supporting internal control framework.
- Received updates on MPS audit and inspection activity and progress towards implementing outstanding recommendations.
- Reviewed the financial statements and accounting policies.

31. In addition to the formal meetings, the Panel has also engaged in a series of informal briefing sessions with MOPAC, MPS colleagues and internal audit. The panel chair has also met regularly with external audit and the MPS ARAC chair. In addition, panel members have also provided support and challenge on a range of issues including the review of progress against budget, informal briefing of London Policing Board members on assurance and the recruitment and appointment of key staff.

Joint Audit Panel Review of Effectiveness

32. In June 2024 the panel carried out a self-assessment review of the panel's effectiveness. This included feedback from all attendees at panel meetings (MOPAC, MPS, internal audit, external audit). We also considered our experience over the previous year to identify what was working well and where improvements could be made, and we also reviewed our approach against the National Audit Office's ARAC effectiveness tool.

33. The feedback received from attendees at panel meetings, alongside our own assessment of performance and consideration of best practice, confirmed that the panel is operating effectively. The focus of the panel continues to be on working constructively with both MOPAC and the MPS to identify areas where the panel can add most value, with a greater focus on providing support while challenging where appropriate. The panel also brings external perspective where possible and has focused on improving relationships with attendees while maintaining our independence.

34. The review also highlighted a number of areas where our performance could be strengthened and, as a result, we have taken action to prioritise future work

plans, restructure meeting agendas and provide guidance on the style and format of papers. We have also recommended a further review of the panel's Terms of Reference.

Reporting

35. The panel will review the reporting arrangements going forward, to ensure we provide greatest value throughout the year.

36. The panel will produce a short summary of considerations and conclusions immediately after each meeting of the panel for distribution to MOPAC and the MPS. We will also continue to report after each panel meeting to DMPC as well as the Commissioner/Deputy Commissioner or their representatives. It has also been agreed that the panel should report annually to the London Policing Board.

Focus for the Coming Year

37. The Panel proposes to focus on the follow issues in the coming year as well as its routine business.

- To review the panel ToR and update the panel's work programme to reflect proposed changes.
- To consider the MPS estates strategy, recognising the impact on longer term financial planning/reserves and the transformation programme.
- To focus on the delivery of the agreed management actions in response to the External Auditor's Report for 2023/24.
- To carry out a series of joint deep dives between the panel and ARAC, to enhance the understanding of risk management and test the effectiveness of proposed risk mitigations. Due to diary constraints, only one such deep dive has been undertaken to date.
- To consider any recommendations arising from the Independent External Review of the Governance of Command and Control Project and to follow up any actions agreed by management in response.
- To better understand the role of ARAC, and further align the work plans of both groups, to avoid duplication and ensure the panel focuses on where it can add most value.
- To consider the emerging approach being taken to managing the transformation programme, and the performance management of outcomes based on robust data.

Conclusion and Recommendations

38. The panel recognises the improvements which have taken place during the period under review, especially within the latter months. There is still a significant amount of work to do to ensure good governance arrangements and risk management are fully established with the MPS. MOPAC and the MPS are now well placed to build on the improvements already made, and the panel will continue to support and challenge the developments going forward, providing external insight wherever possible.

39. The DPMC and the Commissioner are asked to note this report.

Joint Audit Panel
December 2024

Report to:	**MOPAC/MPS Joint Audit Panel**
Date of the meeting:	20 January 2025
Presented by:	MOPAC and MPS CFOs
Title/Subject	**Accounting policies and key judgements in preparing the 2024/25 Statements of Accounts**
Purpose of the Paper	This report updates Audit Panel on proposed changes to the accounting policies and key judgements of MOPAC and CPM for the 2024/25 statements of accounts

Recommendations

The Joint Audit Panel is asked to:

- Note the changes outlined in this report for the current year; and
- Approve the accounting policies for the Group for the 2024/25 production of the statement of accounts outlined in detail in Annex 1 and 2

1. Background/summary

1.1. Following the adoption of IFRS 16, there have been significant changes to the leases section of the CIPFA Code of Practice 2024/25 from last year that require revisions to the accounting policies of MOPAC and the CPM to ensure continued compliance with the Code.

1.2. The sections within Leases (MOPAC 2.14) on lease classification and accounting where MOPAC is the lessee have been completely rewritten. In addition, Private Finance Initiative (MOPAC 2.19) has been updated to reflect the fact that under IFRS 16 when indexation or changes in a rate affect future payments, the lease liability is remeasured as opposed to expensing the additional (or reduced) payment.

1.3. Proposed accounting policies for MOPAC and the CPM to be applied in 2024/25 are disclosed in Annex 1 and Annex 2.

2. Adoption of IFRS 16 Leases

2.1. IFRS 16 Leases was issued to replace IAS 17, effective for accounting periods commencing after January 2019. It was therefore due to be incorporated into the Code for the 19/20 accounts. CIPFA initially deferred the implementation date until 1 April 2020, a decision driven largely by the desire to ensure there is consistency across the public sector, particularly on issues such as subsequent measurement of leased assets. In response to pressures on finance teams across the Local Government sector as a result of the COVID-19 pandemic, the mandatory implementation of the standard was deferred to 1 April 2024. In line with the Code requirements, MOPAC adopted the standard for the 24/25 financial year.

2.2. IFRS 16 removes the previous lease classifications of operating and finance leases for lessees and requires that a right-of-use asset be recognised for all leases, with exemptions for short-term and low value leases. There are no changes to the classifications for lessors. Depreciation and interest is charged to the Surplus or Deficit on provision of services and there are impacts on the capital financing requirements for leased assets as the cost on recognition meets the definition of capital expenditure.

2.3. A detailed data capturing exercise was undertaken with colleagues in the Property Services department to identify all existing property operating leases which were in scope for this standard. As part of this exercise, leases were grouped into types with similar characteristics to assist judgements required around treatment. MOPAC has adopted a threshold of £5,000 for low value leases in line with the deminimis for capitalisation.

2.4. On transition to the new standard 1 April 2024, 31 leases were reclassified under IFRS 16 with a right-of-use asset recognised on the balance sheet along with a corresponding liability. The total effect of this on the balance sheet was to increase the value of assets by £82.5m and lease liabilities by £82.5m. It is expected that during 24/25 £8.3m of operating expenses relating to leases reclassified under IFRS 16 will be reapportioned into lease liability repayments of £5.8m and interest payments of £2.5m. The Code of Practice also lists a series of mandatory disclosures in the accounts concerning initial application of the standard, which will be reflected in the MOPAC Group 2024/25 Statement of Accounts.

Other changes to the Code

2.5. The outlook section within the narrative statement that accompanies the accounts contains a requirement to assess the future sustainability of the organisation. This requirement has now has been extended to cover the consideration that the authority has given to the risk that a section 114 notice might need to be issued in the near future or medium term.

Other key regulatory and legislative changes

2.6. The Accounts and Audit (Amendment) Regulations 2024 came into force on 30 September 2024. They have confirmed the following backstop dates for prior year and future audits, in response to developing a solution to deal with the backlog in local government audits.

2.7. MOPAC have met the statutory backstop dates for audits relating to 2023/24 and 2022/23 and before, and therefore there is no immediate impact with regard to this. The impacts relate to the audits for future years.

Financial year	Statutory backstop date
2022/23 and before	13 December 2024
2023/24	28 February 2025
2024/25	27 February 2026
2025/26	31 January 2027
2026/27	30 November 2027
2027/28	30 November 2028

2.8. The other key change is that the regulations confirmed that the period for the exercise of public rights must commence on or before the first working day of July, which means that the date for publication of draft accounts has reverted back to 30 June for 2024/25.

3. Financial information

3.1. All leases reclassified on transition to IFRS 16 which result in the creation of a right of use asset and corresponding liability will constitute capital expenditure and will therefore be included in MOPAC's Capital Financing Requirement (CFR). Inclusion in the CFR will trigger Minimum Revenue Provision payments (MRP) for the repayment of debt.

3.2. When lease payments are then made, they will be disaggregated into three elements:

- An amount to write down the lease liability in the balance sheet
- Finance costs, representing interest on the outstanding liability charged directly to the surplus or deficit on provision of services
- Service costs charged directly to the surplus or deficit on provision of services

3.3 Depreciation and impairment losses associated with these right-of-use assets are not proper charges to revenue and will be reversed out of the General Reserves balance. They will be replaced by debits against the General Reserves balance in the form of MRP payments. The common treatment as promoted by statutory guidance is that these payments will equate to the amount by which the lease liability has been written down by payments in the year, the overall effect being that in aggregate the General Reserves balance will be debited with the annual lease payment.

4. Key risks and metrics

4.1. There are no key risks and metrics arising from the report.

5. Further considerations

5.1. There are no further considerations arising from the report.

6. Conclusion

6.1. The main changes to accounting policies required in order to comply with the mandatory adoption of IFRS 16 have been made to the draft policies for 2024/25. There are no further key judgements but some further minor Code changes and regulatory changes which have been outlined in the report.

7. Recommendations

The Joint Audit Panel is asked to:

- Note the changes outlined in this report for the current year; and
- Approve the accounting policies for the Group for the 2024/25 production of the statement of accounts outlined in detail in Annex 1 and 2

Approval / consultation

The paper has been approved by Paul Oliffe

Name, job title of paper author

Report author – James Morgan, Senior Accountant

Email: james.morgan2@met.police.uk

Appendices

Annex 1 – draft MOPAC Accounting Policies 2024/25

Annex 2 – draft CPM Accounting Policies 2024/25

Annex 1: Accounting policies for MOPAC for 2024/25

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 2024/25 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. The going concern assessment has been reached by the Chief Finance Officer following a review of the following factors:

- Financial Position
- Medium Term Financial Plan
- CIPFA Financial Resilience Index
- Governance arrangements
- Regulatory and control environment applicable to MOPAC as a PCC.
-

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 2025 (with prior year as a comparative year). The term 'Group' is used to indicate combined transactions and policies of MOPAC and CPM for the year ended 31 March 2025. 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, Financial Instruments Adjustment 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

All active police officers are eligible for membership of the Police Pension Scheme 2015 (PPS2015). Police staff have access to the Alpha pension scheme, as part of the Civil Service Pension arrangement. 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 Scheme is a defined benefit contributory occupational pension scheme which is guaranteed and backed by law. The PPS 2015 is a new Career Average Revalued Earnings (CARE) Scheme and was introduced on 1 April 2015, this scheme is a change from the previous 1987 and 2006 Final Salary Schemes. All officers starting after 1 April 2015 joined the new 2015 Scheme. On

1 April 2022, as part of the McCloud remedy, all existing 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 35.3%, from 1 April 2024. 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 4.85% 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 of inspections at intervals of less than five years. The top 20 properties in value as well as 20% of the assets are physically inspected whilst 80% are revalued on a desktop basis.

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 - 25 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

The Group as lessee

The Group classifies contracts as leases based on their substance. Contracts and parts of contracts are analysed to determine whether they convey the right to control the use of an identified asset, through rights both to obtain substantially all the economic benefits or service potential from that asset and to direct its use. This includes arrangements with nil consideration, peppercorn or nominal payments.

Lease are recognised as right-of-use assets with a corresponding liability at the date from which the leased asset is available for use (or the IFRS 16 transition date, if later). The authority initially recognises lease liabilities measured at the present value of lease payments, discounting by applying the Group's incremental borrowing rate wherever the interest rate implicit in the lease cannot be determined. The right of use asset is measured at the amount of the lease liability, adjusted for any prepayments made and any direct costs incurred to dismantle and remove the underlying asset or restore the underlying asset on the site on which it is located, less any lease incentives received. For peppercorn, nominal payments or nil consideration leases, the asset is measured at fair value.

The right-of-use asset is subsequently measured using the fair value model. The cost model is considered a reasonable proxy for this except when an asset is held under an index-linked lease or a peppercorn or nil consideration leases. In these cases, the asset is carried at a revalued amount. The right-of-use asset is depreciated over the shorter period of the remaining lease term and then useful life of the underlying asset as at the date of adoption.

The lease liability is subsequently measured at amortised cost, using the effective interest method. The liability is remeasured when:

- There is a change in future lease payments arising from a change in index or rate
- There is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee

- The Group changes its assessment of whether it will exercise a purchase, extension or termination option. Or
- There is a revised in-substance fixed lease payment

When such a remeasurement occurs, a corresponding adjustment is made to the carrying amount of the right-of-use asset, with any further adjustment required from remeasurement being recorded as income.

The Group excludes low value leases, defined as items that cost less than £5,000, and leases with a term shorter than 12 months.

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 (plus accrued interest). 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. Financial assets are therefore classified at amortised cost, except for those whose contractual payments are not solely payments of principal and interest. These have been designated at Fair Value through Other Comprehensive Income.

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.

Financial assets that are measured at Fair Value through Other Comprehensive Income are recognised on the Balance Sheet when the authority become party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arise in Other Comprehensive Income.

The Group recognises expected credit losses on all of its financial assets held at amortised cost and Fair Value through Other Comprehensive Income, 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. The profile of repayments of the outstanding liability is calculated using the same principles as for a finance lease.

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 2024/25.

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.

Annex 2: Accounting policies for CPM for 2024/25

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) 2024/25 and the Accounts and Audit [England] Regulations 2015. The accounting policies apply 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 2025.

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, PCSOs 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

All active police officers are eligible for membership of the Police Pension Scheme 2015 (PPS2015). Police staff have access to the Alpha pension scheme, as part of the Civil Service Pension arrangement. 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 Scheme is a defined benefit contributory occupational pension scheme which is guaranteed and backed by law. The PPS 2015 is a new Career Average Revalued Earnings (CARE) Scheme and was introduced on 1 April 2015, this scheme is a change from the previous 1987 and 2006 Final Salary Schemes. All officers starting after 1 April 2015 joined the new 2015 Scheme. On 1 April 2022, as part of the McCloud remedy, all existing 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 35.3%, from 1 April 2024. 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.