

MOPAC MAYOR OF LONDON OFFICE FOR POLICING AND CRIME

MPS-MOPAC JOINT AUDIT PANEL Monday, 15 July 2024, 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 James Bottomley, Head of Oversight and Performance

MPS

Clare Davies, Chief People and Resources Officer Dan Worsley, Chief Finance Officer Vicki Palazon, Interim Finance Consultant Anthony Green, Director of Strategy DAC Alexis Boon, Performance and Insight James Hunter, Head of Strategic Planning and Risk Pippa Mills, AC Professionalism Solomon Smith, Staff Officer to Adrian Scott (observing) Haley Cork, Secretariat (observing)

Audit Representatives

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

Business to be considered

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The next meeting of the Audit Panel is scheduled to be held on 21 October 2024





MAYOR OF LONDON

MPS-MOPAC JOINT AUDIT PANEL 19 April 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:

Clare Davies, Chief People and Resources Officer Adrian Scott, Chief Strategy and Transformation Officer Annabel Scholes, Interim Chief Finance Officer Anthony Green, Director of Strategy James Hunter, Head of Strategic Planning and Risk Paul Oliffe, Director of Financial Accounting and Operations Michelle Thorp, Director, Transformation (Item 4) Pippa Wicks, Non-Executive Director and Chair of ARAC

MOPAC:

Diana Luchford, Chief Executive Officer Lisa Kitto, Interim Chief Finance Officer and Director of Corporate Services Kenny Bowie, Director of Strategy and MPS Oversight James Bottomley, Head of Oversight and Performance

Audit Representatives:

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

1. APOLOGIES FOR ABSENCE, INTRODUCTIONS AND DECLARATIONS OF INTERESTS

1.1 Apologies were noted from MPS attendees DAC Alexis Boon, Performance and Insight, and Tony Spencer, Transformation. Pippa Wicks, Non-Executive Director and Chair of the MPS's Audit and Risk Assurance Committee (ARAC) was welcomed to the meeting as an observer.

- 1.2 The Chair provided the following update:
 - This was the last Joint Audit Panel meeting that Diana Luchford and Annabel Scholes would be attending as they were leaving MOPAC and MPS respectively. The Panel thanked them for their insights and the support they had provided the Panel.
 - Since the Panel's last formal meeting in January 2024, the Panel had met with Clare Davies, Adrian Scott and Anthony Green.
 - The Chair had attended meetings with the Deputy Mayor for Policing and Crime, Diana Luchford, Lisa Kitto, Clare Davis, Pippa Wicks and Julie Norgrove.
- 1.3 The Chair advised that she had consulted the MPS and MOPAC on the agenda for the meeting and as a result:
 - The External Auditor's Annual Audit Report 2022/23 and Audit Findings Report 2022/23 would be deferred to an extraordinary meeting on 29 April to allow time for the MPS to consider through its internal governance processes the reports and its management response.
 - A deep dive into the key risks associated with the MPS's major IT programmes would be scheduled for a future Joint Audit Panel meeting.

2. RECORD OF THE MEETING HELD ON 15 JANUARY 2024

2.1 The record of the meeting held on 15 January 2024 was agreed, with one correction. The completed actions were noted.

3. BUDGET GOVERNANCE AND INTERNAL CONTROL FRAMEWORK

- 3.1 The Chair thanked the CFOs of MPS and MOPAC for the report which set out the final position on the 2024/25 budget, the internal control framework to manage the financial risks and the Medium-term Financial Plan (2024/25-2026-27).
- 3.2 Lisa Kitto advised that the financial position was extremely challenging, with the need to balance investing in the reform of the MPS, with a financial envelope that would not fund all of the reforms. Savings, funding reserves and prioritisation of the reforms would be required. In addition, a £300m funding gap had been identified for 2025/26 and future years.
- 3.3 The MPS and MOPAC had worked to enhance the governance and internal controls within the Met to assure that it was feasible to deliver the budget in the financial envelop available.
- 3.4 Annabel Scholes advised that the improvements made to the Met's governance and internal controls included better transparency and reporting, improved knowledge and understanding throughout the organisation and better use of existing systems.
- 3.5 Mark Stocks outlined a number of issues that External Audit had identified as areas requiring focus, including the level of reserves and the savings required.
- 3.6 The Met provided the latest update on the provisional outturn for 2023/24, advising that additional funding from the Home Office had just been allocated to the MPS.
- 3.7 In response to questions raised by the Panel, the MPS advised:

- The monthly meeting of the MPS Budget and Business Plan Implementation Group (BPIG) would review the over and underspends. In addition, weekly financial data would be shared at director level, with analysis and scrutiny occurring before the BPIG meetings.
- It was aiming to create a culture of financial openness and capability across the organisation.
- It was building a strategic picture which would support decision-making on prioritisation of the proposals set out in New Met for London.
- Priority based budgeting had started for the development of the 2025/26 budget.
- 3.8 The proposal for reporting to the Panel set out in the paper was agreed, with the Chair noting that reporting would be quarterly and focused on the areas where the Panel could add value.

<u>Action 1:</u> The MPS and MOPAC would provide a quarterly update to the Joint Audit Panel, including an assessment by the Chief Finance Officers of the effectiveness of the internal control framework supported by the work that BPIG was delivering. The CFOs would advise on the content of the report.

<u>Action 2:</u> Plans were being developed by both MOPAC and the MPS to provide a more detailed overview of the investment and change required across the organisation to enhance the financial management and deliver the required capacity and capability, and ensure the financial resilience of each organisation. The plans were in development and linked to each entity's self-assessment of the guidance issued by CIPFA through the Financial Management Code. These plans would be presented to the next meeting of the Joint Audit Panel.

<u>Action 3:</u> Marta Phillips agreed to discuss with the Chief Strategy and Transformation Officer, as Chair of BPIG, the potential use of dashboards to support updates to the Panel.

<u>Resolved</u>: The Joint Audit Panel noted the 2024/25 budget and the medium-term financial plan (2024/25 – 2026/27), including the enhanced governance arrangements and the internal controls framework that have been established, and the associated financial challenges.

4. A NEW MET FOR LONDON AND TRANSFORMATION UPDATE

- 4.1 Michelle Thorp introduced the paper, which provided an update on the Transformation Group Assurance Sub-Committee and the prioritisation framework and re-planning work the MPS was undertaking on the New Met for London and transformation work. The Panel was advised that individual strands of transformation were being brought together into themes to get benefits from scale, joining-up related areas of work and managing the impact of change.
- 4.2 Adrian Scott advised that it was too early to say how New Met for London would change following the necessary prioritisation. Decisions would be made focussing on the most important changes required to deliver New Met for London and the Baroness Casey Report recommendations. The Chair asked that the Panel be involved in the discussions on prioritisation of New Met for London ahead of its finalisation.
- 4.3 The Chair thanked the MPS for the report, noting the work that the MPS had undertaken. The MPS was asked to continue reporting to the Panel quarterly, with the reports focussing on the areas where issues had arisen.

<u>Action 4:</u> The MPS to involve the Panel in discussions on the prioritisation of New Met for London ahead of its finalisation, reporting on the outcome of the prioritisation discussions to the July 2024 Joint Audit Panel meeting.

<u>Action 5:</u> The MPS to report quarterly to the Joint Audit Panel on New Met for London and transformation.

Resolved: The Joint Audit Panel noted:

- The improvements the MPS had put in place around the assurance of progress against the New Met for London commitments and insights it was drawing out around common themes.
- The approach to prioritisation and re-planning New Met for London and transformation.

5. EXTERNAL AUDIT REPORT

- 5.1 An extraordinary meeting of the Joint Audit Panel had been arranged for 29 April 2024 to consider the External Auditor's Annual Audit Report 2022/23 and Audit Findings Report 2022/23. The extra time was required for the MPS to consider the reports and its management response via its internal governance processes.
- 5.2 Mark Stocks briefly outlined the key findings and recommendations that would be discussed on 29 April.

6. MPS RISK MANAGEMENT REPORT

- 6.1 James Hunter introduced the MPS's Risk Management Report, advising:
 - there was one risk with a worsening trend Technology and Data Availability;
 - a new Money risk had been added expanded to focus on the medium-term financial plan;
 - three deep-dives had been presented to ARAC Managing Offenders, Standards and Workforce. Lessons were being taken forward for future deep-dives;
 - more training was being delivered to imbed the Risk Management Framework; and
 - an Assurance Framework was being developed in consultation with the Directorate of Audit and Risk Assurance (DARA).
- 6.2 Pippa Wicks (the Chair of ARAC) advised that a useful outcome of the deep-dives was the development of a clear definition of each risk.
- 6.3 The Chair noted the progress reported by the MPS and that the Panel would continue to receive quarterly reports on risk management. It was agreed that the Joint Audit Panel and the ARAC would have a joint deep-dive in the summer on the financial risk.

Action 6: MPS to report to the Joint Audit Panel quarterly on Risk Management.

<u>Action 7:</u> The Joint Audit Panel and the ARAC to have a joint deep-dive in the summer on the financial risk.

<u>Resolved</u>: The Joint Audit Panel noted the MPS's key corporate risks and issues and the governance in place to ensure effective management of them.

7. MOPAC RISK MANAGEMENT REPORT

- 7.1 James Bottomley introduced MOPAC's Risk Management Report, highlighting:
 - Diana Luchford, MOPAC's CEO, would be leaving the organisation in June and that planning was underway for appointing an interim CEO;
 - MOPAC's oversight of the MPS's major technology programmes;
 - that the work programme for the London Policing Board was being finalised, focussing on key risks; and
 - MOPAC's preparation for the Mayoral election and the development of a new Police and Crime Plan.
- 7.2 The Chair noted that the Joint Audit Panel would be receiving at a future meeting a deep dive from the MPS on its major IT programmes and it was useful to have MOPAC's oversight of this area outlined in the paper. The Panel requested that the MPS's deepdive include the external assurance it received on its major IT programmes.

Action 8: MPS to include in its deep dive on its major IT programmes, the external assurance it receives on its major IT programmes.

<u>Resolved</u>: The Joint Audit Panel noted MOPAC's current oversight of the MPS major technology programmes and the progress with the corporate risk register.

8. MPS AUDIT AND GOVERNANCE REPORT

- 8.1 James Hunter introduced the paper which provided an overview of progress against internal audit activity, an update on the Met's Governance Action Plan arising from the 2022/23 Annual Governance Statement (AGS), and the action plan being developed to address the strategic issues highlighted by DARA. Noting that going forward it was the intention to have a consolidated plan.
- 8.2 The Panel noted that, in the table outlining the outstanding overdue actions, some of the expected completion dates had passed. The MPS was asked to provide, before the next meeting, an update on those actions.
- 8.3 The Panel noted the information provided on how the MPS monitors compliance with the Working Time Directive and requested that the next regular report to the Panel on Health, Safety and Wellbeing provide assurance that the MPS understood the risks and how it was addressing them.

<u>Action 9:</u> The MPS to provide to the Panel before the next meeting, an update on those actions which had expected completion dates that had passed (as set out in the table in the MPS Audit and Governance Report).

<u>Action 10:</u> The MPS's next report to the Panel on Health, Safety and Wellbeing to provide assurance that the MPS understood the risks with opting out of the Working Time Directive and how it was addressing those risks.

<u>Resolved</u>: The Joint Audit Panel:

 noted the activity over the last quarter in relation to internal audit actions and the action taken to address strategic underlying issues raised by DARA.

- noted the timeline and process for developing and publishing the Met's 2023/24 Annual Governance Statement;
- Reviewed the monitoring of breaches to the Working Time Directive.
- Noted the reported progress made against the ten remaining improvement areas arising from the 2022/23 AGS.

9. MPS INSPECTION REPORT

- 9.1 James Hunter introduced the report which provided an overview of the inspection activity taking place within the MPS.
- 9.2 The Panel was advised that the MPS had just received from the HMICFRS an initial debrief of its latest PEEL (Police Efficiency, Effectiveness, Legitimacy) Assessment. While there were no areas of accelerated concern, it had noted that there were still areas where improvement was required. It was anticipated that the HMICFRS would publish its report in summer.

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

10. MOPAC GOVERNANCE IMPROVEMENT PLAN UPDATE

- 10.1 James Bottomley introduced MOPAC's Governance Improvement Plan (GIP) update, advising that MOPAC was in the process of reviewing the GIP ahead of drafting its Annual Governance Statement for 2023/24. The paper outlined the improvement actions that had been completed and the actions where timescales had slipped.
- 10.2 The Panel noted that it was a clear, easy to read report and that good progress had been made. It noted the work MOPAC had undertaken to improve its transparency and awareness of the reach and impact of its commissioned services and requested that MOPAC's next governance report to the Panel outline the implementation plan for this.

<u>Action 11:</u> MOPAC's next Governance Improvement Plan update to the Joint Audit Panel to outline its implementation plan for improving its transparency and awareness of the reach and impact of its commissioned services.

<u>Resolved</u>: The Joint Audit Panel noted the improvements being made in MOPAC Governance through the Governance Improvement Plan.

11. DIRECTORATE OF AUDIT, RISK AND ASSURANCE ACTIVITY REPORT

- 11.1 Julie Norgrove introduced the report updating on the internal audit activity, which included risk and assurance reviews, advisory work and counter fraud activity, and providing a forward look to activity planned for the next quarter. Key areas highlighted included:
 - advisory work supporting the development of enhanced financial governance arrangements to support action being taken to address the current budget pressures and challenges;
 - advisory work with MOPAC on the development of revised financial oversight arrangements and on the work programme of the London Policing Board;
 - future work supporting the MPS's work on Culture, Diversity and Inclusion;

- MPS governance review, working to bring all governance improvements together to have a cohesive understanding of what was required and the timescales; and
- the Public Sector Internal Audit Standards were being revised and DARA would provide a briefing note to the Panel on the revisions, which would be adopted by DARA.
- 11.2 There was a discussion of the advisory work DARA had undertaken with the MPS on counter corruption governance:
 - The focus of that work had been on streamlining the processes and getting greater visibility in the organisation around the fraud risk.
 - The importance of the organisation's cultural attitude to corruption and fraud was noted and the Panel was advised that the MPS needed to clearly articulate the strategy, the plan that sat beneath that, and what constituted corruption and fraud.
 - It was noted that the Audit Panel had previously worked with the MPS on its Counter Corruption and Fraud Strategy. A future update will be coming to Panel as part of its work programme.
- 11.3 The Panel was advised that DARA was consulting with MOPAC and the MPS on the internal audit work programme for the next reporting year. The draft MPS programme would be considered at the June ARAC meeting. The Chair requested sight of the draft work programme prior to the next meeting.

<u>Action 12:</u> DARA to provide a briefing note to the Panel on the revisions arising from the review of the Global Standards for Internal Audit, following a decision on how of this will impact on Public Sector Internal Audit Standards.

Action 13: DARA to share the draft work programme for 2024/25 with the Panel prior to the next meeting.

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

12. CAPITAL STRATEGY FRAMEWORK

- 12.1 Lisa Kitto introduced the paper setting out the approved 2024/25 Capital Strategy and the framework within which the capital programme had been set. The Capital Strategy set out a 20-year strategy, complying with the Greater London Authority budget requirements.
- 12.2 The programme was largely focussed around property, estate, digital and data and transformation. The new estate strategy was still being finalised, taking into account operational needs, New Met for London requirements and working from home policy. Therefore, the full impact of the estate strategy was not yet fully reflected in the capital programme.
- 12.3 Affordability of the capital programme was a significant risk. With no capital grants available other than for some specific digital related projects and decarbonisation projects, funding the capital programme required a reliance on borrowing and capital receipts.

<u>Resolved:</u> The Joint Audit Panel noted:

- the 2024/25 Capital Strategy and the internal control framework within which the strategy was set and monitored; and
- that the review of the 2025/26 capital programme was part of the budget process for 2025/26 and that this would consider the overall affordability of the programme.

13. JOINT AUDIT PANEL WORK PLANNING

- 13.1 The Joint Audit Panel:
 - Noted the paper setting out the ways of working for the Joint Audit Panel and the MPS Audit and Risk Assurance Committee (ARAC).
 - Agreed that the process for the Panel to review its effectiveness would include asking MPS and MOPAC for feedback on their views on the Panel's effectiveness and ways of working, and the Panel would meet ahead of the July meeting to undertake the review.
 - Noted its workplan for 2024/25, agreeing that it would be amended as required to reflect emerging issues.

There is an extraordinary meeting scheduled for 29 April 2024



MOPAC MAYOR OF LONDON OFFICE FOR POLICING AND CRIME

MPS-MOPAC JOINT AUDIT PANEL 29 April 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 Annabel Scholes, Interim Chief Finance Officer Anthony Green, Director of Strategy James Hunter, Head of Strategic Planning and Risk Paul Oliffe, Director of Financial Accounting and Operations

MOPAC:

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

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 Jasmine Kemp, Grant Thornton, External Audit Lucy Nutley, Grant Thornton, External Audit

1. APOLOGIES FOR ABSENCE, INTRODUCTIONS AND DECLARATIONS OF **INTERESTS**

- 1.1 Apologies were noted from Clare Davies, Chief People and Resources Officer, MPS.
- 1.2 The Chair advised that this was an extraordinary meeting of the Joint Audit Panel, to consider the External Auditor's Annual Audit Report 2022/23 and Audit Findings Report 2022/23 as well as the Statement of Accounts 2022/23.

2. EXTERNAL AUDIT ANNUAL AUDIT REPORT 2022/23

- 2.1 Mark Stocks introduced Grant Thornton's Annual Report for MOPAC and the MPS for 2022/23, acknowledging the difficulty of the task facing the MPS and MOPAC, and advising that External Audit was yet to see the structures, processes and procedures to deliver significant improvement at pace.
- 2.2 The following issues were raised in discussion of the key recommendations arising from the report:
 - Setting a balanced budget that does not rely on the use of reserves or achieving a challenging savings programme. Mark Stocks emphasised the level of savings that was needed to be achieved and that this represented a significant challenge. He also stressed the importance of maintaining reserves at an acceptable level and that further significant challenges lay ahead in respect of the financial position for 2025/26. The two organisations recognised the scale of the challenge and the need to ensure that financial governance and controls were effective. Adrian Scott outlined steps that the MPS had taken, including the building of the business plan, allocating resources against demand priorities, budget delegation letters and communication to senior leaders. The Panel noted the need to ensure that those with budget responsibilities were properly supported to make the required changes to deliver savings and effectively manage budgets.

The Chair reflected on discussions at the previous meeting of the Panel on 19 April, where it was agreed that the Panel would receive regular reports from MOPAC and MPS CFOs on the implementation and effectiveness of the revised financial governance and internal control arrangements. The Panel would also be engaged at an earlier stage on the governance and development of the budget for 2025/26.

- <u>Prioritising the changes that address the issues that caused the HMICFRS to</u> <u>put the MPS in 'Engage'.</u> The Panel noted the implementation dates in the recommendation and asked the MPS if they were achievable. Adrian Scott advised that the MPS agreed with the spirit and ambition of the recommendation but noted that the dates would be challenging.
- <u>Further investing in vetting to ensure that vetting time is significantly reduced.</u> The Panel noted that vetting can be a barrier to having a diverse workforce and asked about transformation work in this area. Adrian Scott advised that the MPS recognised this but did not have a programme plan for transforming vetting.
- Improving financial governance over the Command and Control and CONNECT projects. The Panel reflected that the increased expenditure on these projects, noting that while this may not be unusual for major ICT programmes, raised questions of whether budget holders fully understood their responsibilities and the wider financial impact of the decisions they were making. There was also a discussion of the resources required to deliver these projects, and the benefits and risks of having the capabilities in-house or provided externally. Annabel Scholes advised that MPS was tightening the processes relating to capital spend and noted that some of the additional costs associated with CONNECT were a positive investment (e.g. training) rather than scope creep.
- <u>Undertaking a baseline assessment of resources and BCU demand and</u> <u>aligning the workforce plan with financial planning.</u> The Panel noted the MPS management response outlining the Resourcing the Met programme, which had the objective of establishing a baseline officer and staffing requirement, and

asked if it would also help with the deployment of resources. Adrian Scott outlined the fixing the foundations work that would assist with workforce planning and advised that they would be looking at deployment, building demand models and the civilianisation of some roles.

- 2.3 The Panel welcomed the Grant Thornton report, noting that it reflected a number of the governance issues that the Panel had considered and on which it was focusing. The Chair acknowledged that there was understanding in the MPS and MOPAC of the scale of the challenge and the issues, advising that the Panel would proactively support the organisations with this challenge while remaining independent. The Panel would like to receive regular updates to its quarterly meetings on progress with the recommendations.
- 2.4 There was agreement of the importance to ensure the External Audit Annual Audit Report was finalised earlier in future years.

<u>Action 1:</u> MPS and MOPAC to update the Panel at its quarterly meetings on progress with implementing the Annual Audit Report 2022/23 recommendations.

<u>Resolved</u>: The Joint Audit Panel noted External Audit's Annual Audit Report 2022/23 for the MPS and MOPAC.

3. EXTERNAL AUDIT FINDINGS REPORT 2022/23

3.1 Mark Stocks introduced the Audit Findings Report noting that it had been updated since the draft report had been discussed at the Panel's January meeting. The audit of the accounts was substantially complete and, subject to some final minor points being addressed, the External Auditors were expecting to issue an unqualified opinion.

Resolved: The Joint Audit Panel noted the Joint Findings Report for the MPS and MOPAC.

4. STATEMENT OF ACCOUNTS 2022/23 – MOPAC, MOPAC GROUP AND MPS

4.1 The paper updated the Joint Audit Panel on the 2022/23 statement of accounts for MOPAC, MOPAC Group and the MPS which, following conclusion of the audit, were due to be approved and published by 30 April 2024.

<u>Resolved</u>: The Joint Audit Panel noted the Statements of Accounts and the timelines for finalising and publishing the accounts on the respective bodies' websites.

The next meeting is scheduled for 15 July 2024

Audit Panel Meeting Actions 19 April 2024

Ref	Actions	Status
1	The MPS and MOPAC would provide a quarterly update to the Joint Audit Panel, including an assessment by the Chief Finance Officers of the effectiveness of the internal control framework supported by the work that BPIG was delivering. The CFOs would advise on the content of the report.	Agenda item 3
2	Plans were being developed by both MOPAC and the MPS to provide a more detailed overview of the investment and change required across the organisation to enhance the financial management and deliver the required capacity and capability, and ensure the financial resilience of each organisation. The plans were in development and linked to each entity's self-assessment of the guidance issued by CIPFA through the Financial Management Code. These plans would be presented to the next meeting of the Joint Audit Panel.	Agenda item 3
3	Marta Phillips agreed to discuss with the Chief Strategy and Transformation Officer, as Chair of BPIG, the potential use of dashboards to support updates to the Panel.	Arranged for 12 June
4	The MPS to involve the Panel in discussions on the prioritisation of New Met for London ahead of its finalisation, reporting on the outcome of the prioritisation discussions to the July 2024 Joint Audit Panel meeting.	Agenda item 4
5	The MPS to report quarterly to the Joint Audit Panel on New Met for London and transformation.	Agenda item 4
6	MPS to report to the Joint Audit Panel quarterly on Risk Management.	Agenda item 12
7	The Joint Audit Panel and the ARAC to have a joint deep-dive in the summer on the financial risk.	Changed from financial risk to Command and Control – 1 Oct tbc
8	MPS to include in its deep dive on its major IT programmes, the external assurance it receives on its major IT programmes.	To be covered in action 7 above
9	The MPS to provide to the Panel before the next meeting, an update on those actions which had expected completion dates that had passed (as set out in the table in the MPS Audit and Governance Report).	Sent to Panel on 1 July and included below
10	The MPS's next report to the Panel on Health, Safety and Wellbeing to provide assurance that the MPS understood the risks with opting out of the Working Time Directive and how it was addressing those risks.	Scheduled for October meeting

Ref	Actions	Status
11	MOPAC's next Governance Improvement Plan update to the Joint Audit Panel to outline its implementation plan for improving its transparency and awareness of the reach and impact of its commissioned services.	Agenda item 7
12	DARA to provide a briefing note to the Panel on the revisions arising from the review of the Global Standards for Internal Audit, following a decision on how of this will impact on Public Sector Internal Audit Standards.	CIPFA have not yet concluded their analysis
13	DARA to share the draft work programme for 2024/25 with the Panel prior to the next meeting.	Discussed with Chair

29 April 2024

Ref	Actions	Status
1	MPS and MOPAC to update the Panel at its quarterly meetings on progress with implementing the External Audit Annual Audit Report 2022/23 recommendations	Agenda item 3





MPS-MOPAC JOINT AUDIT PANEL 15 July 2024

Budget Governance and Internal Control Framework Update

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

Report Summary

The Joint Audit Panel received a report in April 2024 that set out the budget governance and internal control framework that has been introduced for the 2024/25 budget. Given the significant financial challenges, it was agreed that updates would be provided to each meeting of the Panel and would include the assessment by the respective Chief Finance Officers of the effectiveness of the controls.

This report provides the Joint Audit Panel with an update on progress and the initial assessment of effectiveness by the CFOs.

Key Considerations for the Panel

The budget position is challenging both for 2024/25 and future years. MPS has created the Budget and Business Planning Implementation Group which is meeting on a regular basis with updates provided to MOPAC retrospectively after each meeting.

The focus to date has been to complete the Quarter 1 review which is recognised in the S25 Statement as a key activity in the early assessment of the financial resilience of the MPS. Some elements of the review have been completed, however, the Period 3 monitoring is still being finalised and an overall view of the position cannot be confirmed until then.

The business planning process that will support MPS in delivering a balanced budget for 2025/26 is underway with a key workshop in July between MOPAC and MPS.

Recommendations

The Audit Panel is recommended to note the progress and that significant financial challenges remain. Reporting will continue to the panel as work continues to develop towards delivering the identified savings for a balanced budget in 2024/25 and the work progresses towards Business planning for 2025/26.

1 QUARTER 1 REVIEW

- 1.1. MPS has committed to a Quarter 1 review which comprises of a number of elements including:
 - A review of the 2023/24 out-turn position
 - A review of reserves
 - Period 2 monitoring (including an assessment of savings delivery)
 - A Quarter 1 monitoring update
- 1.2. To date, some of the elements contributing to the quarter 1 review have been completed and others are still underway. The existing controls and transparency of approach will continue, and after the quarter 1 review the MPS will determine whether those will continue or whether further controls will be required. It is, however, essential that an effective ongoing monitoring remains in place. A summary of progress to date is set out below.

2023/24 Out-Turn

- 1.3 The 2023/24 out-turn position was more favourable than forecast due to additional grant funding received from the government in respect of the cost of policing the protests and also from some technical adjustments.
- 1.4 In summary, this created an opportunity to strengthen general reserves by £20m. Whilst this is positive, general reserves, at 1.9% of Net Revenue Expenditure (NRE) remain below the 2% 3% set out in the reserves strategy and there is a continued commitment for these to be strengthened throughout the lifetime of the MTFP.
- 1.5 A more nuanced approach to the reserves strategy that links financial risks, the likelihood and the timing of when they could crystallise, is to be developed as part of the 2025/26 budget setting process and the need to build back reserves has been accepted as a key principle.
- 1.5 The draw down on earmarked reserves was also less than previously forecast which means that overall, reserves were £56.7m higher than anticipated. The reasons for this reduced drawn down is forming part of the review of reserves which is a key part of the Quarter 1 review.

Review of Reserves

- 1.6 It is recognised that the draw down on reserves is significant in 2024/25 and there is concern that reserves in future years are insufficient to manage the financial risks faced by MPS. A review of the earmarked reserves is underway and is assessing whether spending plans are robust and if the expenditure is committed. The review so far, has identified that some earmarked reserves could be released although the value of this is not yet available until conclusion of the Q1 review.
- 1.7 Tighter controls over earmarked reserves and the reporting into BPIG is a significant development and has created the opportunity for greater oversight and influence. Reporting on the reserves position is now embedded in the BPIG process.

Period 2 Monitoring

- 1.7 MPS has moved to monthly reporting in 2024/25 with period 2 monitoring undertaken. The year to date position indicates a small overspend of £5.3m and notes that this is a checkpoint report as part of Q1 with work still to complete to provide a robust forecast for quarter 1. An assessment of progress against savings has completed and established that £119.6m (64%) of savings have been delivered or are on track to be delivered. The remaining £67.5m of savings are assessed as amber or red. Overall, progress can be assessed as good, with further work underway to develop more confidence on delivery of these savings including an independent assurance review and the stand up of weekly progress meetings.
- 1.8 A risks, issues and opportunity schedule has also been introduced capturing 2024/25 activity that may impact in future years to facilitate reviewing the budget gap for 2025/26.

2 IMPACT ON 2025/26

- 2.1 Looking ahead, the current estimates suggest a budget gap of c£300m -£400m for 2025/26. More due diligence is required to understand these increases and some scenarios are currently under development and they will form part of a MOPAC/MPS workshop in July, which will start to consider the business planning process that will support the delivery of a balanced budget.
- 2.2 To support this work, a pay model on workforce scenarios has been developed and implemented which provides a quick and effective way to model various scenarios regarding pay. With c78% of the MPS budget focussed on pay this is a critical tool. Effectiveness of the model will be enhanced even further once the work on the workforce strategy is complete.
- 2.3 The new Estates Strategy is now fully costed and will form part of the discussions with MOPAC/MPS as to affordability with the intention of starting to build funding into the MTFP appreciating that this will increase the funding gap and require additional borrowing.
- 2.4 There is further work underway to look at the strategic framework for MPS, the prioritisation and sequencing of the change portfolio and an efficiency programme using value for money benchmarking including the police productivity review.
- 2.5 External expertise has also been procured by MPS to support the delivery of the efficiency programme and to ensure that the savings required can be identified and delivered.

3 FINANCIAL RESILIENCE TRACKER

3.1 A financial resilience tracker has been developed and is to be used on a monthly basis to consider all the component parts of the budget and to support an assessment of whether the statutory requirements to deliver a

balanced budget and remain financially resilient and sustainable have been met.

4 BUDGET AND BUSINESS PLANNING IMPLEMENTATION GROUP (BPIG)

BPIG was established at the start of the 2024/25 financial year and has started to embed within MPS. Regular reports are provided that are of a good quality and provide useful information to assess the overall financial position. The group has an understanding of the potential additional internal controls that can be exercised based on an understanding of the financial position. Oversight by the group is having an impact and the question of whether to exercise greater control will be informed by the outcome of the Quarter 1 review

5 FINANCIAL MANAGEMENT CODE

5.1 The CIPFA Financial Management Code of Practice sets out the principles by which authorities, including PCCs and Police Forces should be guided in managing their finances and the specific standards that they should, as a minimum, achieve. Additionally, the Home Office has published a Financial Management Code for Policing. As with all PCCs and Police forces MOPAC is required to undertake an annual assessment against the code.

MOPAC Self-Assessment

- 5.2 The outcome of the assessment undertaken in 2023/24 confirmed that MOPAC were broadly compliant but there were areas requiring improvement, and an action plan was developed to progress the changes needed. In response to this MOPAC has:
 - Increased awareness of MOPACs financial sustainability, publishing a refreshed reserves strategy for 2024/25 and a comprehensive S25 statement alongside the 2024/25 budget.
 - Strengthened financial management and control by developing a finance service offer, creating finance repositories to provide accessible up to date finance information for all MOPAC Directorates and putting in place a new cost centre structure.
 - Improved the financial literacy in MOPAC through the introduction of get to know finance sessions and finance training for all budget holders.
 - Enhanced value for money by providing additional resources to support procurement, increasing scrutiny of decisions through the introduction of the Commercial Assurance Group.
- 5.3 MOPAC has recently undertaken their latest assessment against the Financial Management Code and are in the process of finalising an action plan to set out and monitor the improvements that will be delivered over the next 12 months. This is supported by a detailed analysis against the Code. Where progress has been made but there is further work to be done, an assessment of the direction of travel has been incorporated to evidence this.

- 5.4 Areas for improvement are similar to those identified last year and highlight that whilst progress is being made further improvements are needed. Areas include:
 - Value for money developing an options appraisal process and monitoring the success of the recently introduced Commercial Assurance Group, finalising the scheme of delegation and reviewing the financial regulations that support these.
 - Financial resilience strengthening cash flow forecasting and the budget setting process for 2025/26 ensuring there is a comprehensive understanding of the risks and options for mitigating these, and a greater understanding of budget holders budgets.
 - Strengthening the link between performance and financial information as part of the regular budget monitoring reports presented to MOPAC Board.
 - Financial Management Further developing budget manager self-service.

6. EQUALITY AND DIVERSITY IMPACT

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

7. FINANCIAL IMPLICATIONS

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

8. LEGAL IMPLICATIONS

There are no direct legal implications arising from this report.

9. **RISK IMPLICATIONS**

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





MPS-MOPAC JOINT AUDIT PANEL 15 July 2024

Value for Money Recommendations – **Update on Responses**

Report by: MOPAC CFO and Director of Corporate Resources and The Director of Financial Accounting and Operations, MPS

Report Summary

Overall Summary of the Purpose of the Report

This report provides an update on the management responses to the recommendations made following the 2022-23 value for money audit.

Key Considerations for the Panel

Whilst implementation of some of the key recommendations will span more than one year, good progress is being made. The 2023-24 value for money audit is about to commence which will provide assurance over the delivery of the previous recommendations.

Interdependencies/Cross Cutting Issues

The external audit update paper refers to the initial risk assessment for the 2023-24 value for money audit.

Recommendations

The Audit Panel is recommended to:

Note the progress on implementing recommendations from the 2022-23 a. value for money audit.

1. Supporting Information

- 1.1. The findings of the 2022-23 value for money audit and management responses were discussed by Audit Panel at their meeting on the 29th April 2024.
- 1.2. This paper provides an update on the responses to allow Audit Panel to monitor progress.

Key Recommendation 1 – Budget gap		
Recommendation	MOPAC and CPM should set a balanced budget for 2024-25 and future years that does not rely on the use of reserves and achievement of a challenging savings programme. They should set a minimum level of reserves that they will maintain to ensure their financial resilience. A review of the capital programme should be undertaken to ensure that planned levels of borrowing are sustainable.	
July 2024 Update - Met	The Budget Governance and internal control framework update on the Audit Panel addresses current and planned activity relating to delivering the 2024-25 budget and planning for future years, including: - Q1 Review - Review of Reserves - In year monitoring - Financial resilience tracker - Financial Management Code self-assessment - The role of BPIG. As members will be aware, the 2024-25 budget was based around difficult decisions and necessarily included a combination of cost savings measures; utilisation of reserves; one-off funding; and, reducing the scale and/or pace of ambition for transformation as set out in NMfL. The assumptions for 2025-26 onwards are not predicated on the use of reserves to balance the budget, but will continue to include cost savings measures and delivery of efficiencies to deliver the priorities as defined through our new business planning arrangements and present a balanced budget. A review of the capital programme is being undertaken in Q1 of 24/25 which will include levels of borrowing. This in turn will feed into budget planning processes for 25/26. A reserves paper has been presented to the MPS Executive by the MOPAC CFO including minimum levels of reserves. Future decisions on improving financial resilience including options to grow reserves and/or take a more risk based approach will form part of budget planning for 25/26.	
July 2024 Update - MOPAC	MOPAC has a balanced budget in 2024-25. MOPAC continues to oversee the Met's financial position and implement the enhanced controls prescribed in the published 2024-25 budget. The Reserves Strategy will be reviewed and refreshed.	

MOPAC is working with the GLA investment team to review its borrowing
and investment approach, and improve cash flow forecasting.

Key Recommendation	on 2 – Monitoring force performance
Recommendation	The CPM and MOPAC should increase resources to speed up the implementation of changes needed to address any gaps or issues identified by HMICFRS. By 31 May 2024, they should prioritise the most significant changes and ensure that they have necessary resources and funding by 31 August 2024, to implement the changes effectively.
July 2024 Update - Met	Since the last Audit panel we have mapped our effective control action plan to HMICFRS Engage milestones and recommendations from the VFM audit to ensure a holistic view of internal control.
	ExCo Members recognised the sentiment that the MPS is reaching capacity for "running the organisation" with agreement that the MPS has to sequence the delivery of the NMfL change portfolio in a way that is deliverable and realistic.
	There was also acknowledgement that whilst delivery of the full extent of NMfL remains a key ambition, it was accepted that this cannot currently be completed in the next 18 months given constraints including resources, a risk of change fatigue and resistance, and a reduced budget envelope.
	There was agreement to prioritise initiatives associated with the Engage milestones that have been developed with HMICFRS and alignment on three critical priority areas needed to address key Casey recommendations: Frontline Policing Transformation, Culture Change and Resourcing the Met.
	ExCo also made financial priority changes, deferring some potential areas of spending beyond this financial year, including a physical leadership academy and estates improvements to Gravesend, and agreeing to progress the development of criminal exhibits and wider professionalism transformation work to full business case status, in order to further review funding availability and agree whether to take them forward next financial year.
	Work is underway to create a sequenced plan for delivery of the change portfolio. To date, sequencing has protected those milestones agreed with HMICFRS as critical to exit from Engage, and those for Learning, Leadership, Culture, Resourcing the Met, Frontline Policing and Digital Delivery, including vetting. These are the critical areas identified for transformation to deliver NMfL ambitions.
July 2024 Update - MOPAC	Given the remaining 2024-25 budget gap, MOPAC's priority remains ensuring the Met delivers a balanced position in 2024-25. MOPAC supports the Commissioner's reform plan and the need to prioritise resources to deliver against operational and reform objectives.

Key Recommendation 3 – Vetting		
Recommendation	We recommend that further investment is made to ensure that vetting time is significantly reduced. Consideration should also be given to charging contractors for vetting their employees.	
July 2024 Update - Met	In the financial year 2024/25, £2.5m has been allocated for the Vetting Unit to deliver Op Assure and related activities. A further £1.3m is allocated for 25/26. These will enable backfill for those working on Op Assure, to ensure business as usual is unaffected by this additional capability the Vetting Unit is now providing. This is in addition to a £1m investment into vetting transformation in 24/25, which will focus on automation to speed up processing times – subject to approval of the relevant business cases.	
	The turnaround time for basic police officer and staff clearances in May 2024 was 39 days from point of allocation. The enhanced clearance backlog has reduced from c2500+ in January to c1600 in May.	
	The Vetting Unit continues to take forward the recovery plan presented to ExCo in March, and other improvement measure to ensure more efficient and effective vetting processes, including 'back to the shop floor' weeks for those in non-operational roles (go live July), development of a Fast Track capability to expedite urgent clearance (expected go live July), a simplification of our casework 'pipelines' (go live autumn). The new policy has seen 15% higher output rates in the first three weeks than in the three week period before go live; and 8% higher as compared with the figure for the year until go live. A paper summarising its operational benefits will go to ExCo at the end of the summer; a paper on the broader progress to reform vetting will go to ExCo in the coming weeks.	
	The MPS' new vetting policy came into effect on 3 June 2024. It has given us a policy footing to require contractor vetting to be obtained through the national vetting capability in Warwickshire. In this policy, MPS is reserving the right to charge suppliers at the same cost as Warwickshire should this not be obtained. Implementation of the former is in progress, with engagement with the supply chain imminent. This is alongside with final assessment of Warwickshire's capacity. Once complete, a date will be agreed to transition all clearances to Warwickshire; this is likely to be later in the summer.	
July 2024 Update - MOPAC	MOPAC is supportive of the Met's investment in this area.	

Key Recommendation 4 – Command & Control		
Recommendation	CPM must improve its arrangements around financial governance over the Command and Control (C&C) project. This includes getting a better grip and control over individual cost lines and providing challenge and scrutiny over contractor spend. A lessons learned project should be commissioned to consider how future large projects can be managed better.	
July 2024 Update - Met	The C&C project reset, as approved by MPS Management Board in May 2023, continues. Programme spend remains within approved limits (noting that additional funding was sought from, and approved by, MOPAC in August 2023). Refreshed commercial and financials have been put in place – and a detailed forecast of spend has been completed. This review has been conducted by newly formed project governance processes, in collaboration with MPS finance and commercial teams – and supported by the C&C Steering Group (containing appropriate Management Board representation).	
	Spend has been assessed across the programme – and various workstreams consolidated to deliver improved efficiency and value for money. The C&C team is in the process of assessing the optimal commercial route for the remainder of the programme (including consideration of the recently appointed MPS Delivery Partner).	
	The programme FBC is being drafted, which will encapsulate full programme costs through to conclusion of implementation and commencement of the run phase. The plan incorporates lessons learnt from the reset period itself, wider MPS implementations (e.g. CONNECT), and changes to the operational environment (e.g. MetCC improvements). The FBC will be drafted in July 2024, before going through MPS and MOPAC governance. Approval of the FBC (targeted for September 2024) will signal the end of programme reset (having taken approximately 14 months – which is in alignment with National Audit Office standards for major programme resets) and a return to business as usual programmatic delivery.	
July 2024 Update - MOPAC	MOPAC has flagged its concerns from an Oversight perspective over the Command & Control programme, and has met with the key supplier to raise performance and delivery concerns directly. On receipt of the upcoming FBC and lessons learnt report MOPAC will consider the oversight approach required to evaluate the new FBC to ensure the risk of performance issues is identified promptly.	

Key Recommendation 5 – CONNECT		
Recommendation	 The CPM must continue to strengthen its arrangements around financial governance over the CONNECT project. This includes: Ongoing challenge of NEC's contractual performance in context of growing capital spend within the Delivery Agreement monitoring exercises. 	

July 2024 Update -	 Delivery and monitoring of benefits realisation. Including non-financial benefits, such as savings in officer time. Monitoring and evaluation of operational impacts of delivery. A lessons learned project should be commissioned to consider how future large projects can be managed better. A comprehensive lessons learned review was commissioned with
Met	Baringa as an independent and external supplier. The contents of this review has been delivered to the Met and the findings shared with both the Steering Committee for major technology delivery projects as well as Executive Committee; the content of this review is being considered by both groups.
	A benefits realisation plan has been authored which includes both quantitative and qualitative benefits and a proposal for bi-annual reports to measure the realisation of such benefits until 2028. This realisation plan is currently at final approval stage with the Steering Committee.
	Operationally, and as planned, CONNECT transitioned into a BAU state as of the 1st of June with its day to day management run by the CONNECT Product Team as part of DDaT. The formal closure of the programme is subject to final Executive Committee approval and requires a review of the completed benefits plan and a full financial reconciliation.
July 2024 Update - MOPAC	MOPAC notes the formal closure of CONNECT expected imminently at the time of this report and look forward to sight of the closure report.

Key Recommendation 6 – Workforce Planning	
Recommendation	We identified that the CPM currently has a limited understanding of where its resources are, and where they need to be. It is spending considerable money on overtime to fill gaps in resourcing. It currently hasn't got a baseline assessment of resources against demand. This would provide assurance that resources are in the best place to meet demand and deliver New Met for London. Financial plans should align to realistic workforce plans to identify and cost pressures requiring resolution.
July 2024 Update - Met	 The Resourcing the Met programme has a comprehensive plan to address resourcing challenges and ensure the MPS is a more effective and efficient organisation. To address this specific recommendation the following projects have commenced: Workforce Deployment: Defined a set of priorities mapped at capability level (total of 153 capabilities) so we can align and assure postings from corporate to local level (to individual posts). To ensure greater visibility and allocation of resources based on demand Workforce Planning Capability: is being developed to be able to flex and evolve the services needs matching resources to demand supporting strategic financial decision making.

	 Organisational Alignment: Significant work is underway to make sure our core people and resourcing systems (PSOP, CONNECT and CARM) are aligned to better reflect operational reality developing a comprehensive baseline. Shift Pattern Review: The review will need to establish a Met – wide understanding of resource allocation against demand. Progress is tracked via the programme board chaired by AC Mills and includes representatives from across business areas and support functions. There are 12 projects that are aligned under 3 pillars, Prioritising the Frontline, Fixing our foundations and driving up availability, four of which are detailed above as directly affect the recommendation.
July 2024 Update - MOPAC	MOPAC will monitor the ambitious plan produced by the Met to tackle the resourcing challenges.

2. Equality and Diversity Impact

No new impact from this update report.

3. Financial Implications

No new implications from this update report.

4. Legal Implications No new implications from this update report.

5. Risk Implications

No new implications from this update report.

6. Contact Details

Report author: Paul Oliffe, Director of Financial Accounting and Operations

7. Appendices and Background Papers None





MPS-MOPAC JOINT AUDIT PANEL 15 July 2024

Update on New Met for London Portfolio **Prioritisation**

Report by: Chief Strategy and Transformation Officer

Report Summary

Overall Summary of the Purpose of the Report

This report is to provide the Joint Audit Panel with an update on activity undertaken to improve confidence in delivery of the New Met for London (NMfL) Portfolio and to address the current budget challenge.

This remains work in progress at time of writing this report with further work underway to create a sequenced plan for delivery of the change portfolio, better understanding of what has been taken out and the full financial implications. To date, sequencing has protected those milestones agreed with HMICFRS as critical to exit from Engage, and those for Learning, Leadership, Culture, Resourcing the Met, Frontline Policing and Digital Delivery, including vetting. These are the critical areas identified for transformation to deliver NMfL ambitions.

The Executive committee are aligned that we remain ambitious for transformation but that not all of it will be possible as previously planned given the budget constraints. MPS leadership continue to seek opportunities to deliver better, including:

- Resetting the portfolio structure, including merging some programmes, and • re-aligning others, to improve oversight, drive efficiency, and reduce the risk of duplication of effort;
- Deferring some potential areas of spending beyond this financial year, including a physical leadership academy and estates improvements to Gravesend, and;
- Proceeding with the analysis and options development for wider professionalism transformation and criminal exhibits to full business case stage, building a better picture of potential future requirements and budget.

The paper provides background on the process undertaken and the next steps being put in place. This includes a detailed planning exercise now underway aligned to the recommendations.

Key Considerations for the Panel

- MPS needs to evidence clear progress in key areas to exit HMICFRS Engage status, with key milestones due by Sep 2024.
- MPS needs to be able to evidence clear progress in rebuilding trust with the Public, aligned with the recommendations of the Casey Review and New Met for London in advance of future review expected in spring 2025.
- MPS Transformation have significant budget challenges, which are being worked through in detail now.

Interdependencies/Cross Cutting Issues

There is a clear interdependency on the new MPS estate strategy, which has highlighted challenges with funding the MPS estate to maintain current baselines, and a very significant 10-year funding gap to be able to deliver the full extent of NMfL-linked ambition for the MPS estate. The decisions to defer estate related spend associated with Gravesend and the leadership academy is estimated to have significant financial impact.

Recommendations

The Audit Panel is recommended to:

- a. **Note** the work underway to deliver a simplified, re-prioritised and resequenced portfolio in light of the budget challenge faced.
- b. **Endorse** the sequencing approach as recommended by MPS ExCo.

1. Summary

- 1.1. Following MPS Management Board in late Apr 24, MPS ExCo were tasked with reviewing the prioritisation and sequencing of the New Met for London (NMfL) Portfolio. Workshops were held to progress this work on 16 and 29 May '24.
- 1.2. ExCo members took the opportunity to reflect on some of the challenges identified by Baroness Casey's Review, including around a culture of "initiative-itis", optimism bias and tendency "to look for a positive spin" which has, to some extent, resulted in an ambitious portfolio of transformation which is currently over-programmed and under-funded. They also reflected on the imperative of embedding change initiatives to achieve a true shift in culture.
- 1.3. ExCo members recognised the sentiment that has been widely shared that MPS is reaching capacity for "running the organisation" despite previous investment to increase leadership capacity for transformation, and there was agreement on the need to sequence delivery of the NMfL change portfolio in a way that is deliverable and realistic.
- 1.4. There remains a stark recognition of the short-term need to exit Engage and prepare for the 2-year follow-up of the Casey Review. This needs to be balanced with the financial reality of the budget position for now and FY25/26.

- 1.5. ExCo members have clarity that the prioritised ambition is currently unaffordable and that further cuts will be required, as well as decisions on the appetite for risk around over-programming.
- 1.6. However, there remains a deliverability challenge beyond finances, incorporating capacity and capability to run programmes (including SRO and enabling transformation functions) and capacity to absorb this level of change in operational business.
- 1.7. Whilst it is recognised that delivery of the full extent of NMfL remains a key ambition, it was also recognised that this cannot currently be completed in the next 18 months given constraints including:
 - **Scarce resource** with the skills to deliver transformational change.
 - Risk of change fatigue and change resistance in the future.
 - A significantly reduced transformation budget envelope, which is challenging given:
 - A significant proportion of the budget for FY24/25 is already allocated to BAU and Growth/Pressures, which are not all directly delivering transformational change activity.
 - Reduced flexibility around use of the remaining budget, particularly where spend is already underway or committed to prioritised change initiatives.
- 1.8. There was agreement to prioritise initiatives associated with the Engage milestones that have been developed with HMICFRS, alongside agreement on the need to simplify the Portfolio structure and update the delivery model. This restructuring will seek to drive efficiency and reduce the risk of duplication of effort, and to separate activity involved in 'running' the organisation (i.e. continuous improvement) and 'changing' the organisation (i.e. transformational change).
- 1.9. ExCo made the following financial priority changes:
 - Decided to stop pursuing a physical Leadership Academy and any changes to Gravesend specialist training facility this financial year, with no current expectation of revisiting in the next, though there is a decision point at the next financial year if money becomes available.
 - Agreed to progress the development of Criminal Exhibits and wider Professionalism transformation work to full business case status, in order to further review funding availability and agree whether to take them forward next financial year.

Key Priorities

- 1.10. The key priorities for **Engage** are around reforming public protection and child exploitation; transforming neighbourhood policing and end-to-end investigations; embedding and realising our reformed values and principles; and maturing our strategic workforce planning capacity.
- 1.11. Beyond this, there was alignment on three critical priority transformation areas based on the NMfL transformation needed to address key Casey

recommendations: Frontline policing transformation, Culture change and Resourcing the Met.

- Frontline policing transformation: Work is already underway to establish a consolidated Frontline Policing Programme (likely to include current work across Neighbourhoods, Public Protection, Proactivity, End-to-end Investigations and Victims). This has been prioritised given urgent Engage milestones, and the consolidation will deliver more efficient ways of working, and improved delivery outcomes, in light of the increased funding pressures. Priority initiatives identified in this area included those delivering officer and staff uplifts and resulting in improved ways of operating in Neighbourhoods and Public Protection. This includes Frontline Operating model work (e.g. neighbourhood model).
- **Culture change**: This is another critical priority area for this year, particularly given that these initiatives will need to be embedded over a longer period of time to see the full outcomes of behavioural changes in line with the vision for NMfL. This will likely include the current Culture, Diversity, and Inclusivity (CDI) Programme and Firearms Culture initiatives.
- **Resourcing the Met**: This is a priority due to its influence in driving other change initiatives across the NMfL portfolio. There is a need to be realistic on delivery and sequencing of a longer-term (e.g. 3-year) plan beyond initial priorities, given the scale and scope of this area.
- 1.12. After the prioritisation of these three critical areas, there are key areas containing priority initiatives for wider transformational change and setting the organisation up for success:
 - Vetting case management system: These are several areas of debate requiring imminent decision given the prominence in Casey and Angiolini. Agreement was reached to proceed with the development of a case management system and move to full business cases in order to better determine the future funding requirements in the wider professionalism area.
 - Efficiency: This was agreed as a priority. Work is ongoing to remodel this programme with ambitions around Lean methodology and de-duplication across functions.
 - Learning and Leadership: Consolidated learning across programmes as a result of the Learning Needs Analysis (improving effectiveness of learning delivery), and work on leadership (e.g. Leadership Academy and Leaders Programmes) were all identified as priorities.
 - The ambition for a physical Leadership Academy was identified as a candidate for pausing.
 - **Digital Enablers**: A specific Digital Enablers Programme, replacing Relentless Data Driven Delivery (RD3), and expanding to cover digital initiatives from other Programmes to consolidate and de-conflict delivery, has been agreed within the NMfL governance.

- **Criminal Exhibits**: Agreement to proceed to full business case permitting further review on whether and what level of funding will be available to take forward next financial year
- **Estates**: Following the approval of the updated Estates Strategy, further work is ongoing to sequence investment for those NMfL initiatives which have a dependency on Estates. This is an area of significant challenge given existing funding restrictions and which would exacerbate the funding gap identified (estimated as requiring an additional £1.7bn capital and £56m revenue over 10 years, above current funding levels).
- Long-term Transformation programmes setting the organisation up for success were discussed in the context of work to drive efficiencies through the integration of the Met Business Services and Resource Management programmes. It is assumed Command & Control (C&C) and National Law Enforcement Data System (NLEDS) implementation work continues.

Revision of delivery methods and portfolio structure.

- 1.13. The current delivery model is not conducive to being able to 'run' the organisation and to 'change' the organisation concurrently.
- 1.14. There is an opportunity to define a "dual track" delivery portfolio including critical, complex Transformation change, and continuous improvement / BAU change. It was agreed that for any initiatives transitioned to BAU, Transformation Directorate will need to be able to track to maintain a holistic view of change. This will also support tracking and decision making on new initiatives across the organisation which are regularly identified.
- 1.15. There is also a need to simplify the size and shape of the transformation portfolio to join up our approach. A simpler portfolio model aligned with the sequencing discussions include:
 - Four critical priority programmes for exiting engage and transformation (1) Frontline policing transformation; (2) Resourcing the Met; (3) Culture change (to include Firearms Culture); (4) Vetting case management system;
 - Three enabling / functional programmes: (5) Efficiency programme; (6)
 Digital enablers programme; (7) Learning & leadership programme
 - Three long-term transformation programmes (8) Met Business Services;
 (9) Command & Control and (10) NLEDS.

Next steps

1.16. The following next steps will be required:

- **Delivery**: Maintain current delivery on all ongoing work, especially Engage milestones and critical priorities such as Neighbourhoods, Investigations and Public Protection, whilst developing updated transformation plans rooted in the new portfolio structure.
- **Structure**: Validate and build out the detail for the simplified portfolio structure with a smaller number of priority programmes, ensuring all

programmes are appropriately supported and equipped with updated understanding of outcomes, benefits and plans.

- **Finance**: With an updated transformation plan in place develop an enhanced view of Portfolio costs, and create a view of funding per programme to confirm funding position.
- **Structure**: Develop the longer-term integrated transformation model between "Run" the organisation and "Change" the organisation.

2. Equality and Diversity Impact

The changes proposed do not have any assessed impact in their own right, but we believe that joining the existing CDI Programme and Firearms Culture initiatives will improve the ability to drive equality and diversity improvement across the organisation.

3. Financial Implications

The current financial position is challenging, and ExCo remains firmly committed to delivering the transformation of the MPS, whilst ensuring it represents value for money for London's taxpayers. It is recognised that further efforts are required to ensure efficient delivery of the portfolio and to improve longer-term planning and financial management support.

4. Risk Implications

There is a real risk that the NMfL transformation doesn't achieve what Londoners expect from the commitments made prior to budget reductions. This could be through MPS attempting to deliver too much simultaneous change, and not being able to fully deliver/embed that change to the extent required, or through having to significantly scale back scope and ambition in order to deliver savings. Both areas are being part mitigated by the change to portfolio and programmes structures to deliver more effectively and efficiently, but additional communication and engagement will be required to reduce the potential risk impacts.

Report author: Adrian Scott, Chief Strategy and Transformation Officer

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MPS-MOPAC JOINT AUDIT PANEL 15 July 2024

Culture, Diversity and Inclusion Plan: Governance and Delivery Framework

Report by: CD&I

Report Summary

Overall Summary of the Purpose of the Report

Summary of the key achievements in Culture, Diversity and Inclusion across the last year and a summary of key risks and how are we measure success.

Key Considerations for the Panel

This paper was prepared for the panel to note progress on the Culture, Diversity and Inclusion plan and associated governance framework.

1. **Directorate Objective, Design and Build**

- The new directorate is tasked with improving culture, diversity and inclusion 1.1. across the MPS. This is in support of the New Met for London culture change:
 - We'll reset our values and the way we work.
 - We'll uphold the highest standards and remove those who don't meet them.
 - We'll change how we work with communities so they're confident we treat them fairly.
 - We'll become a more diverse and inclusive organisation.

1.2. **Project Milestones:**

We are ensuring values & principles are driving our organisational behaviour, focusing on embedding them within the 'Hire to Retire' journey, specifically;

- We have launched our new approach to performance management aligned to values & principles.
- Values & principles are embedded in Officer promotions, Performance & Development Review (PDR) & recruitment policies. In March '24, 68.7% of

the workforce uploaded PDR objectives, the highest since the new system was introduced in August '23.

- We have an Assistant Commissioner (AC) Trust & Legitimacy in place.
- Vetting refusal rates have grown year on year, from 5.4% in 2020/21, to 11.4% in 2023/24.
- In 2023/24, there were 97 Officers/Staff dismissals vs. 62 in 2022/23.

Leadership training and expectations continue to improve and ensure our leaders embody and drive the values and principles, through;

- Refreshed management board with new members.
- FY23/24 First-line leaders' programme (FLLP) concluded driving leadership behaviour / performance. 90% of participants of FLLP have told us they leave the course with improved knowledge & clear expectations in their role as a first line leader. FLLP delivered to 98% of leaders (c. 6200) in 2023/24.
- Formal Career Review Boards for our 300 most senior leaders.
- FLLP FY24/25 (new training content) launched, building on FY23/24.
- Mid-level leaders' programme (MLLP) and Senior Leaders Programme (SLP) live.
- New approach to performance & development has been launched.
- Evaluation framework currently under development & due to be finalised by October '24.
- 1.3. The new CD&I Directorate has been designed with three principle units:
 - London Race Action Plan
 - Interventions
 - Strategy, Coordination and Insights

Leads for each of these areas have been recruited and are in post, with a Commander and Deputy Assistant Commissioner overseeing delivery against the New Met for London objectives, reporting directly to Assistant Commissioner, Trust and Legitimacy.

Progress is reported into CD&I Board, Chaired by AC Trust and Legitimacy and is currently summarised as follows:

1.4. London Race Action Plan:

The London Race Action Plan is designed around the 4 Police Race Action Plan areas of Represented, Respected, Involved and Protected.

The MPS are currently recruiting for 4 new full time Band B (senior police staff) to lead each of the 4 LRAP work streams. Change is and will continue to be driven by a collective focus across the whole organisation.

Key MPS LRAP objectives mirror the national objectives – improve policing for black people, improving trust and creating an anti-racist organisation.

We have engaged with over 1000 people over the past year to listen to views both internally and externally and in creating the new LRAP document have launched consultation with young people in London. We will soon launch consultation with adults

and key stakeholders. The consultation is focused on listening to views from the people we serve to directly influence the plan. The plan will be formally launched in autumn 2024, yet in the interim work continues against the 4 work streams.

The National PRAP team are in the process of finalising what performance metrics might be produced for national use, we will work to ensure that these are incorporated into our existing framework.

1.5. *Interventions:*

The interventions team is responsible for delivering and supporting individual departments and teams across the organisation to improve culture and enhance delivery for our communities.

The team have designed a number of products, the use of which will be informed by a self-assessment framework and data provision that we are building. Upstander (a product developed for armed commands) will be rolled out MPS wide over the coming months. Furthermore, the unit has started a values intensification pilot to test a product developed to improve focus on our values. This is being trialled on a central OCU and two BCUs.

The team also support the delivery of events which provide additional focus on diversity and inclusion – such as Black History Month, Windrush, Pride and numerous others. Our engagement team continues to build and maintain relationships across communities – this supports our delivery of fair policing of protest and management of critical incidents. The team will also support our 8 thematic leads – who have each identified 3 internal and 3 external objectives which provides an improved focus on; disability, gender, race, LRAP, issue-led (currently completing a sprint on family friendly policies), culture, faith and LGBT+.

1.6. Strategy, Coordination and Insights:

This unit ensures the most effective coordination of our interventions, measuring progress and applying a scientific lens to our approach. With dedicated analysts and behavioural scientists we will direct efforts to ensure our sub-cultures are targeted for support which is appropriate and effective.

The Professionalism and Legitimacy Framework is in design, which will provide a dashboard for the Met. The Strategy, Coordination and Insights team are designing a self-assessment framework, which will sit alongside a new SharePoint page, providing details of local performance, key questions to prompt action, a guide to interventions and self-help, a means to share ideas and best practice, and a local governance template. Part of the team will support Equality Impact Assessments and Community Impact Assessments to improve consideration of impact on under-represented groups across internal and externally focused policies and processes.

A baseline audit, created in partnership with our delivery partner, has provided us with an overview of ground up CD&I programmes that have the potential to be scalable, with support from the new directorate. A shadow board provides ground up oversight of the directorate's activity, supported by Staff Support Associations. Shadow Board
members also support across the 8 thematic areas and a representative sits on the CD&I Board. The shadow board first sat in June.

1.7. Governance, Accountability and Oversight:

- Senior Governance Provided by Culture, Diversity and Inclusion Board, Chaired by AC Trust and Legitimacy.
- Local Governance Local OCU/BCU Commanders provide structured governance of departmental work streams; recruit, retain, engage.
- Thematic Governance 8 senior thematic leads oversee and drive work streams internally and externally.
- Ground up accountability Shadow board mirrors CD&I agenda and provides a footprint in the 8 thematic groups.
- External/ independent scrutiny and oversight IAGs, Scrutiny groups, MOPAC, HMICFRS, delivery partner, NEDs, specific consultation (e.g. LRAP)
- Measurement and monitoring capability Medium term (9-12 months) provision of an automated performance measurement tool will be launched. Short term a Culture Maturity Self-Assessment Framework will be used. Strategic Insight Unit support scientific delivery and analysis of key culture programmes.



2. Financial Implications

The directorate is currently in the latter stages of the build and recruitment phases. In the interim this has been supported by the delivery partner. As the build and recruitment progresses that support will be tapered for a seamless handover.

3. Legal Implications

The directorate will support the MPS to move out of HMICFRS Engage and deal with key criticisms found in reports such as the Baroness Casey Review, Operation Levan, IOPC Hotton Report and others.

4. Risk Implications

There has been a slight delay for recruitment into key roles across the directorate, work is under way to allow recruitment into these roles. This delay relates to sign off at Design Authority to ensure workforce and financial planning align. The provision of an automated system of measurement is 9-12 months from completion, an interim solution has been identified.

5. Contact Details

Report author: Claire Smart, Commander, CD&I.

6. Appendices and Background Papers

Appendix 1 – LRAP Consultation Approach Appendix 2 – LRAP Work Stream Activity Report Appendix 3 – Upstander feedback report

London Race Action Plan – Consultation Approach 2024

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Section 1 – Introduction to LRAP Consultation

LRAP Context and Background to Consultation

The London Race Action Plan (LRAP) forms an integral part of the Metropolitan Police's culture plan and is crucial to delivering the New Met for London (NMfL) plan which aims to deliver More Trust, Less Crime, and High Standards, as well as addressing the significant cultural concerns outlined in the Baroness Casey Review.

Overarching strategic aims/enablers have been created as part of the LRAP which are in line with the national approach; designing and then facilitating a period of consultation on where we are now and the actions that our black people state we need to take helps us ensure the plan is co-created and truly resonates with and meet the needs of the communities it serves. By incorporating lived experiences into the development of LRAP commitments, we can build



trust and ensure black communities are not only represented and respected, but also actively involved in shaping the areas that are impacting them most.

Learning from MPS Best Practice Conversations

Before defining the London Race Action Plan consultation, we need to first understand what best practice is within the Metropolitan Police & wider. By learning from past successes and challenges, we aim to design an approach that facilitates the impactful development of the LRAP. This document summaries learning from the consultations on the Children's strategy, Stop and Search Charter, national race action plan consultation, and the Violence Against Women and Girls Action Plan.



The key themes at emerged from these conversations were:

Action-Orientated – Understanding the importance of demonstrating how the consultation will result in actionable change to increase trust and accountability, as past consultations have shown a perceived gap between conversation and police action.

Sustained Community Involvement – Communicating how their feedback will be used providing updates on the consultation plan to those involved throughout the process helps maintain trust and credibility.

Diverse Perspectives – Incorporating a range of perspective, lived experiences, and expert opinions enriches the consultation process and leads to a more comprehensive understanding of the issues facing the communities we serve.

Organisational Transparency – Recognising the need for greater transparency and communication about the Met's efforts and successes in addressing the issues surrounding each action plan/charter and creating change.

Building Trust – Directly involving the communities each strategy will serve not only ensures the resulting change are genuinely reflective of their needs, but also builds trust that the Met listens to and respects them.

These conversations also highlighted challenges encountered during the consultation process, as well as potential strategies to overcome these barriers.

	Resourcing	Data	Ongoing	Sample
	Constrains	Management	Engagement	Representation
	Managing limited	Effectively	Not having a clear	Unrepresentative
	resources including	organising and	strategy for ongoing	sampling can skew
	time, budget, and	analysing the	engagement with	results by not accurately
	personnel, can	feedback from	those consulted can	reflecting the broader
	impact the depth	diverse sources can	damage trust and	population's
e	and breadth of the	be challenging due	credibility built during	demographics.
ng	consultation.	to the scale of data	sessions.	
lle		collection. Also		
Challenge		ensuring		
C		consistency in		
		consultation		
		approach.		



	Creation of a	Establishing	Developing an	Utilising demographic
	detailed project plan	processes for data	engagement strategy	data to determine
	to track resources	collection (templates	following consultation	locations of engagement
	and timelines will	etc.) and record	sessions will prevent	sessions, and providing
c	help manage the	keeping practices	trust being lost.	feedback channels to
i <u>o</u>	consultation	will ensure rigour		collect the wider views
gat	process.	throughout. Defining		will help manage this
Mitigation		the criteria for		risk.
Σ		consultation and		
		briefing those		
		leading.		

New Met for London Guiding Principles

It is vital that the LRAP consultation is conducted in alignment with the NMfL principles which will be embedded throughout the whole process, from initial design to final outcomes. To do this, the following has been considered:

Communities- First	LRAP will consult directly with community members to understand their needs and priorities and implement clear and simple feedback mechanisms that enable community voices to shape outcomes and create a sense of shared ownership.
Frontline-Focus	We will utilise insights from frontline experiences to inform the commitments of LRAP. Our SSA Black Police Association (BPA) will be supported to consult their members, as well as wider engagement across Black Police Networking Strand and wider officers and staff.
Inclusive	The consultation process will ensure representation from a diverse cross- section of stakeholders and facilitate accessible and varied feedback opportunities to cater to different needs. We will consider possible barriers to involvement and enable equitable involvement.
Collaboration	The consultation process intends to create a sense of shared ownership amongst stakeholders, recognising the value of contributions from every perspective.
Precise	Our approach will establish clear data protection and analysis methodology to create consistency throughout the data collection and analysis periods.

Section 2 – LRAP Consultation Approach

Consultation Objectives

The LRAP consultation approach is centred on achieving key objectives including capturing a broad spectrum of community perspectives, fostering trust through transparency and integrating lives experiences into the development of commitments with associated required action whilst being inclusive and collaborative. Additionally, the approach is designed to facilitate ongoing improvement and to establish clear metrics for assessing the impact and success of both the consultation and the LRAP's implementation. To support consultation funding has been obtain from proceeds of crime (ARIS) funding, this will enable community facilitators to be paid for their time, food and travel expenses to be paid to those attending.





Groups Activities and Timelines

After consolidating our learning from previous Met consultations and reflecting on LRAP's key objectives and guiding principles, the following stakeholder groups and engagement methods have been decided upon. Sessions will run between the 7th of June and the 12th of July 2024, and have been designed to capture perspectives both broadly across the organisation and wider communities, and deeply within the communities LRAP aims to serve.

Stakeholder Group	Engagement Sessions	Description and Outcomes	Timeline	
Young People	12 sessions in partnership with Elevated Minds. 4 x youth groups (inc. Princes trust and Arsenal football youth projects), 2 PRU'S, 6 x schools. Locations selected using a prioritisation matrix assessing demographic, stop and search and crime data (Enfield, Brent, Newham, Lambeth, Lewisham, Croydon).	Conducting engagement sessions in schools allows for the inclusion of youth perspectives, ranging from 8 – 18 years of age, to inform LRAP's development as well as fostering early community-police relationships. Utilising the prioritisation matrix ensures the voices of young people where the LRAP intends to have the most significant impact are heard and considered.	7 th June – 14 th June	
Community	6 sessions co-delivered by members of the local black communities. Locations selected by assessing demographic data as well as considering historical significance to black communities (Lambeth, Southwark, Hackney, Newham, Lewisham, Croydon – neighbouring boroughs invited to each session). 4 sessions with IAG's (LGTBQ+, Women & Girls, Faith, Race).	Valuing and incorporating the lived experiences of black communities into the development of LRAP commitments, we ensure the communities are not only represented and respected, but also actively involved in shaping the strategies that affect them. Inviting neighbouring boroughs to the sessions aims to result in a wider, and more representative consultation approach.	24 th June – 12 th July	
3 rd Party	2 roundtable discussions with leading charities and external organisations to be held in New Scotland Yard.	Engaging with charities and other organisations means we can capture specialised and 'expert' knowledge in a collaborative environment to facilitate an exchange of ideas, and best practice.	8 th July – 12 th July	
Internal	Minimum of 5 online/in person internal engagement sessions to capture perspectives of staff and officers. 1 x BPNS, 1 x BPA, 3 x Met-Wide Groups.	Working to empower black officers and staff to voice their opinions and contribute to the development of LRAP, providing targeted insights from those within the policing community who may have direct experience of the issues LRAP aims to address. Holding sessions for a wider audience means the consultation process benefits from a broader range of viewpoints.	1 st July – 22nd July	



Online		Dual survey approach will enable a comprehensive review and collection of data, providing a holistic view of the perceptions and suggestions from both inside and outside the Met.	
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Appendix

Plan on a Page





Community Session Location Rationale

Community

Community Session Locations



The locations for the 6 LRAP community consultation sessions aim to capture the lived experiences of London communities with the largest of black and black heritage populations to ensure their perspectives are directly captured and represented.

Community Session	Session Location	Included Boroughs		
1	Enfield	Haringey & Waltham Forest		
2	Brent	Ealing		
3	Newham	Barking & Dagenham, Hackney		
4	Lambeth	Southwark		
5	Lewisham	Greenwich		
6	Croydon	-		
		MORE LESS HIGH TRUST CRIME STANDARDS		





Youth

PRIORITISATION MATRIX

BCU	Borough	Top Borough for Black 10- 24 year olds	Top Borough for Female Stops (Black 10-24 years)	Top Borough for Male Stops (Black 10-24 years)	Top Borough for TNO Crime	Top Borough for Knife Crime	Top Borough for Gun Crime	Top Borough for Serious Youth Violence	Top Borough for VAWG	Score out of 8
AS	Lambeth	✓	~	1	×	1	×	1	~	8
AS	Southwark	✓	~	1	1	1	1	1	1	8
AW	Hammersmith									
AW	Kensington									
AW	Westminster		~	1	1	~		1	~	6
CE	Hackney	~	~	1	1	1	1		1	7
CE	Tower Hamlets				~	~			~	3
CN	Camden				~					1
CN	Islington			~						1
EA	Barking	✓								1
EA	Redbridge									
EA	Havering									
NA	Enfield	1					1		~	3
NA	Haringey			1		~	×	1		4
NE	Waltham Forest			~						1
NE	Newham	~	~	~	~	~	×	~	~	8
NW	Harrow									
NW	Brent	✓			1	1	1	~	S	5
NW	Barnet									
SE	Lewisham	1	1	1		~	1	~	~	7
SE	Greenwich	✓	~	~			~	~	~	6
SE	Bexley									
SN	Croydon	1	1	1	1	1	1	1	1	8
SN	Bromley		1							1
SN	Sutton									
sw	Richmond									
sw	Wandsworth		~				1			1
sw	Kingston									
sw	Merton									
WA	Hillingdon									
WA	Ealing				~					1
WA	Hounslow									



MORE LESS TRUST CRIM

LESS HIGH CRIME STAN

STANDARDS





Borough	% Of Black Female Stops	Borough	% Of Black Male Stops	
Barking and Dagenham	2.8	Barking and Dagenham	2.4	
Barnet	1.4	Barnet	1.6	
Bexley	2.0	Bexley	1.2	
Brent	2.9	Brent	3.0	
Bromley	5.9	Bromley	2.3	
Camden	2.0	Camden	2.7	
Croydon	7.6	Croydon	5.5	
Ealing	2.4	Ealing	2.6	
Enfield	2.0	Enfield	2.3	
Greenwich	4.3	Greenwich	3.8	
Hackney	3.7	Hackney	4.1	
Hammersmith and Fulham	2.6	Hammersmith and Fulham	2.7	
Haringey	3.7	Haringey	4.8	
Harrow	1.1	Harrow	1.0	
Havering	2.0	Havering	2.0	
Hillingdon	1.6	Hillingdon	1.5	
Hounslow	1.4	Hounslow	1.5	
Islington	2.9	Islington	4.4	
Kensington and Chelsea	2.0	Kensington and Chelsea	2.6	
Kingston upon Thames	1.4	Kingston upon Thames	0.9	
Lambeth	5.1	Lambeth	7.2	
Lewisham	5.2	Lewisham	4.2	
Merton	2.2	Merton	1.2	
Newham	3.9	Newham	4.2	
Redbridge	1.5	Redbridge	1.5	
Richmond upon Thames	0.5	Richmond upon Thames	0.3	
Southwark	7.5	Southwark	9.6	
Sutton	0.8	Sutton	0.7	
Tower Hamlets	1.7	Tower Hamlets	1.8	
Waltham Forest	3.0	Waltham Forest	3.3	
Wandsworth	4.3	Wandsworth	3.0	
Westminster	8.6	Westminster	10.0	



June 2024

LRAP WORK STREAM UPDATES

Updates from the 4 work streams: Represented, Respected, Involved and Protected.

DCS Georgina Zumeris Culture, Diversity and Inclusion



Work stream 1

- Review of wellbeing support to black employees to tailor interventions work ongoing in MPS and nationally
- Data deep dive into disproportionality within misconduct for black employees with 19 recommendations, new action focused group created to drive improvement.
- New Upstander program commenced in June 2014 to challenge discriminatory behaviour including racist behaviour.
- Through her eyes VR pilot evaluated by a University which aims to build empathy and see a black female officers experience first-hand. Due to its success work is underway to expand its use across the MPS.
- Promotion data deep dive to understand where black officers are disproportionality impacted. Identified barrier at the sergeant and inspector exam stage with white colleagues twice more likely to pass these exams than black colleagues. Work now underway with CoP to better identify root causes to tailor interventions.
- Learning from NoW and PSMN mentoring support being translated into a new promotion mentoring offer for black officers starting with the current sergeants process. This will be evaluated with the vision to expand to wider processes and for police staff.



Work stream 1 Continued...

- MPS involved in national cross mentoring pilot with 3 other forces
- MPS collaboration with elevated minds for the elevated aspiration project to mentor 20 young people from a south London secondary school & provide an insight into policing over a 12 month period with mentoring support
- Enhanced princes trust collaboration with new 'get into policing' taster course being designed with elevated minds to be trialled and evaluated in the next 6 months.
- Reviewing insight sessions for underrepresented officers wanting to apply to join the MPS
- Reviewing how we can run insight sessions more widely for young people who are considering joining the MPS to aid recruitment
- Reviewing LRAP/CDI content is integrated within leadership courses



Work stream 2

- Stop and search charter being co-created with young black people
- All strip searches of young people are reviewed by central stop and search team with feedback provided to the person conducting it, authoring and supervising etc.
- All S60 authorities reviewed by central stop and search team with feedback provided to the person conducting it, authoring and supervising etc.
- Greater transparency around 163 Road Traffic Stops, new pilot and evaluation to commence Summer 2024
- New Children's strategy being published in Summer 2024 with a focus on reducing adultification of young children including black young people
- Work ongoing to better understand disproportionality in Taser use and introduction of a new Taser scrutiny panel (First panel sat in May)
- Stop and search BWV scrutiny pilot in Hackney with MOPAC. Evaluation being conducted soon after the year long pilot
- Ongoing work to review use of facial recognition
- Ongoing work to understand disproportionality within music licensing



Work stream 3

• LRAP SLT SPOC's identified across every BCU/OCU – new monthly engagement meeting to raise awareness and spotlight different areas – will develop into LRAP Sprints from autumn onwards to drive collective MPS activity on key themes

- Internal black think tank to better understand perspectives
- Wider ongoing consultation with internal employees to inform LRAP
- Wider ongoing consultation with external stakeholders to inform LRAP
- Work underway to identify disgruntled marginalised group via intranet comments to proactively engage to better understand their perspective and work towards positive engagement within wider culture focus and LRAP
- Community Reference Group established with external chair
- New quarterly meetings with black young people to be commenced from Summer 2024 to hear their perspectives and take action to address, includes princess trust youth voice, Arsenal football club young people involved in outreach projects



Work stream 3 Continued....

• POCA funding obtained to run consultation on LRAP, for 100 black influencers within their community to attend ride alongs in summer 2024, & for wider communication video content.

- A new pilot to raise trust in police within primary schools with a grass roots gardening project, pilot in Barking and Dagenham. This will be evaluated with proposed next phase to start in wider schools from Jan 2025
- Community led training for new recruits
- Community led training for new joiners within their BCU to improve cultural awareness and better understand the local context they will operate within.
- Community led training for senior leaders across BCU's.
- A new pilot using best practice from Croydon to improve engagement with black churches, local black stakeholders and 3rd sector which will be led by the community. Pilot to commence in 6 Boroughs with the highest population of black people Summer 2024.
- Black academics monthly meeting with UCL
- Internal and external LRAP comms plan developed which is currently with C&E for review



Work stream 4

• Creation of a new cultural awareness portal to enhance knowledge of employees to improve service delivered to underrepresented victims of crime including black victims. This has been created and currently being tested.

• New deep dive data review commenced to understand the gaps in recording of protected characteristic data including ethnicity to improve understanding of intersectionality. This will help MPS to better understand where disproportionality exists to then tailor interventions

• Looking at existing best practice for victim care i.e. specialist crime to identify key principles to distil and apply to volume crime.

• Work ongoing to improve out of court disposal options for young people and provide access to better quality legal advice

• Reviewing how MPS presents data to ensure it is culturally competent and accurately contextualises the data with the appropriate narrative and moves away from victim blaming etc.

• Victim forums being established for different crime types to better hear experiences to improve safety

• Scoping a way to capture where black people feel safe or not to inform precision policing and allocate appropriate resources via TTCG etc.



Values Advocates Post-Event survey: Interim report

Julia Perdek and Eleanor Prince on behalf of the Strategic Insight Unit (SIU)

Intro

This interim report outlines the current landscape of values advocates' awareness attitudes and behaviours concerning being an Upstander following the training event on May 21st 2024. At the time of writing 63 response have been collected and the average time it took participants to complete the survey was 13 minutes and 34 seconds. It is important to note that the response rate has decreased by 40% from the pre survey.

The sample was 43% female and 62% white. 44% of respondents had more than 20 years of service, and the majority of participants were over 35. 75% identified as heterosexual and the majority of participant did not consider themselves to have a disability.

Summary

Seeing SLT was a big step - they were personally engaged and enthusiastic, which was a pleasant change after the Casey Report (among others) has highlighted our ongoing failings.

Section 1

This section asked participants about their attendance and familiarity of the Upstander project

- 97% of participants answered that they have attended the May event
- 64% of participants answered that having an SLT presence at the event was very positive and 30% of participants thought it was somewhat positive.
- 54% of participants stated that they would very likely recommended the Upstander event to their colleagues compared to 7% of participants who would somewhat unlikely recommend this event
- 96% of participants answered that that they are either extremely or somewhat **confident in recalling the key concepts** from the event
- 85% of participants answered that they are either extremely or somewhat confident in applying they concepts from the event
- 75% of participants either strongly agreed or agreed that the event gave them a **good understanding of the tools to become an active Upstander**

Awareness of the Upstander project

- Post event, 81% of participants answered that they are familiar and know the aims of the project. This is an increase in familiarity from 32% pre survey. (Up 49%)
- Post event, 70% of participants were either extremely confident or somewhat confident that the Upstander project will be a positive change towards changing Met culture compared to 54% pre event (up 16%)

Comments on the venue

Nice venue, good to get out of Met buildings and have people all in civvies as no difference between police staff and officers and ranks etc

Positive feedback

- Majority of participants have thought the venue was a very good choice as it was central and accessible with good facilities
- Participants also expressed their delight that the event was held out of a Met building

Negative feedback

• A small minority of participants mentioned their concerns regarding the event being held at a casino. They mentioned that it was inappropriate as it was not the right environment to talk about standards

Section 2

Encouraging to see so many participants and listen to collective views, felt more positive than pervious 'corporate' attempts to generate interest in change

As someone with ADHD, I was pleased that the event had several breaks, and that the content was a mixed delivery of information presented, Questions and Answers, and group activities.

This section focuses on participant's experience of the **content presented** at the event

- 34% of participants strongly agreed that **the content was presented clearly** compared to 56% who agreed
- 33% of participants strongly agreed that **the content was presented effectively** compared to 53% who agreed.
- 28% of participants thought the **group activities were very effective** compared to 57% of participants who thought they were somewhat effective.
- 47% of participants felt **very comfortable in participating in discussions** compared to 35% of participants who felt somewhat comfortable.

Section 3

Barriers to challenging inappropriate or discriminatory behaviours

In the pre-survey, participants were asked to identify three barriers they perceived when challenging discriminatory or inappropriate behaviour. This was important as we able to assess whether the Upstander event had any impact on the perceived barriers. The barriers identified within the pre survey were **Fear, lack of support, the met culture, peer pressure and confidence**. The barriers remained consistent when comparing the pre and post surveys except one additional theme has emerged in the post survey which was **identifying.** These participants have highlighted that actually identifying what is inappropriate behaviour is a barrier due to how subjective it is.

Section 4

When Ma'am Chapple said that you will be supported, it was the first time I have ever genuinely believed a senior leader in that way

The fact we are serious about restoring our credibility to the public externally. Internally, a strong message that Standards WILL be enforced

The following question provide **participant's perception** with regards to MPS culture. These questions can be tracked for the next 12 months to monitor changes over time. This is the **first follow up**.

- 33% of participants either strongly agreed or agreed that the Met's culture normalises the idea of friendly challenge compared 23% of participant's pre event (up 10%).
- There was no change in either strongly agreed or agreed that the Met holds its staff accountable if they participant in inappropriate or discriminatory behaviour (53% pre and post event).
- 61% of participants either strongly agreed or agreed that the feel supported by the Met to intervene compared to 41% pre event (up 20%).
- 74% of participants either strongly agreed or agreed that the Met id making a genuine effort to become an anti-discriminatory organisation compared to 60% pre event (up 14%).





MPS-MOPAC JOINT AUDIT PANEL 15 July 2024

MPS AGS and Governance Improvement Report

Report by: The Director of Strategy and Transformation

Report Summary

Overall Summary of the Purpose of the Report

This paper (and appendices) provides an update on the Met's progress in addressing internal audit recommendations, as well as an update on work to revise the Effective Control Action Plan (ECAP). It also includes the Met's draft Annual Governance Statement (AGS) for review.

Key Considerations for the Panel

To review the progress in addressing outstanding recommendations and oversight of the draft Annual Governance Statement.

Interdependencies/Cross Cutting Issues

This report provides the progress against DARA audit activity which is also detailed within their report to panel.

Recommendations

The Audit Panel is recommended to:

a. Note continued progress to address outstanding internal audit recommendations.

b. Note the ECAP and next steps to articulate milestones, timescales and priority of the actions identified within it.

c. **Review** the draft AGS, prior to finalisation over the summer.

1. Current audit action tracking process

1.1. In Strategy, we have significantly improved the level of grip we have over outstanding audit actions in the last few years, so that we now have a mature process through which we centrally understand progress, but at the same time business leads are empowered to implement the action without significant interference. The chart below shows how we have reduced the number of outstanding audit actions, as well as DARA's audit opinion that year.



- 1.3. In terms of process:
- 1.4. We obtain quarterly updates from each action owner before ARAC (Audit, Risk and Assurance Committee) to check progress against outstanding actions. For first updates from any new audits, we expect individuals to identify if they intend to implement the DARA action.
- 1.5. A risk can be marked as tolerated. This means the risk is accepted and monitored, but the action is not implemented. We require clear rationale for this decision and agreement that the risk will continue to be monitored through local risk registers; if the risk increases, the status will be changed.
- 1.6. All progress updates are signed off by the relevant Management Board leads before they are entered on a central tracker. This provides an extra layer of scrutiny to ensure the appropriate controls for risks.
- 1.7. All updates are qualitative (i.e. we do not 'score' progress over time, in terms of percentage complete; actions are Open or Closed) and are recorded on the tracker, allowing us to monitor progress and provide oversight to ARAC and the Joint Audit Panel.
- 1.8. Completion dates are agreed with DARA at point of final report sign-off, and action owners and leads are expected where possible to achieve these dates. Leads are permitted to move the expected completion date once (now monitored through the tracker). Any additional delays which impact on the revised deadline will be discussed at ARAC to ensure any support in delivering the activity is provided and then reported to Joint Audit Panel.

1.9. When a Limited Audit is received, a report is commissioned for ARAC which provides a higher level of scrutiny of the plans to address the risks identified. This report identifies the key issues raised, what the auditees intend to do (or have done since the audit) to address high-risk areas, challenges they expect to face, and whether they need support from other areas of the business. It also sets out the governance used to implement the actions, monitor impact and provide assurance that the risks are being controlled.

2. Progress against outstanding actions on Limited audits

2.1. There are 28 actions arising from five audits with a rating of Limited. A detailed report on the *Youth Offending Teams* audit (received in February with 17 actions) is at Appendix A.

Audit	Date Received	Lead	Original Due Date	Expected Completion	No. of actions outstanding
Grievance Management Framework	2023/24 Q2	Clare Davies	Mar 2024	Jul 2024	1
Framework Supporting ANPR	2023/24 Q2	AC Twist	Dec 2023-Apr 2024	May-Oct 2024	5
MPS Voluntary Unofficial Funds	2023/24 Q2	Clare Davies	Nov 2023	May 2024	3
Grey ICT Estate	2023/24 Q3	Darren Scates	Dec 2023-Mar 2024	Jul 2024	2
Youth Offending Teams	2023/24 Q4	AC Rolfe	Jun-Dec 2024	Jun-Dec 2024	17

2.2. <u>Grievance Management Framework</u>: significant progress has been made:

- 2.3. To obtain Met-wide views on the grievance process, including the likelihood of reporting a grievance and barriers to raising concerns, surveys were used to engage with individuals that have participated in the process. Survey results are reviewed at HR Performance Forum to ensure issues are appropriately addressed. Individual participants will be asked to participate in a telephone feedback session and a feedback inbox has been created. There will be continued engagement with the Police Federation, Trade Unions, and staff associations.
- 2.4. Internal communications and HR have worked together to promote awareness of the grievance process, including through Intranet articles due to be published in Q1. We are creating a communications engagement plan, using People Performance Improvement Teams and grievance resolution SPOCs to build local awareness.

- 2.5. The number of grievances raised in the Met is monitored through the corporate performance framework and scrutinised by Performance Board. Accountabilities have been agreed at Management Board and are published in the standard operating procedures. They are also available on the intranet.
- 2.6. We have improved support for SPOCs and provide a monthly grievance dashboard, communicating the findings to encourage its use and identify trends. Grievance data and analysis is also available through the Met's data hub (on the People Analytics dashboard). The information can be cross-referenced with other performance indicators by business users to identify trends in their area.
- 2.7. To ensure key documentation and guidance is reviewed and effectively promulgated, the policy statement and standard operating procedures have been updated with an informal resolution process. The Grievance Management Team helped to develop the First Line Leaders programme, improving managers' response to behavioural issues.
- 2.8. In relation to documentation retention and storage, standards and guidelines are documented, communicated, and adhered to. As a central repository for key documentation, a Box folder has been designed, with a new process and guidance for each case written. We are now working to fully implement the new approach. This action remains outstanding until the approach is implemented and evaluated.
- 2.9. <u>ANPR</u>: progress since the last time Joint Audit Panel met includes:
- 2.10. The ANPR deployment strategy is in development. A review of the resources to support the effective management and deployment of ANPR is complete and we await confirmation of Cleartone delivery, to complete in August 2024.
- 2.11. Movers and leavers sample data is being reviewed to agree the valid fields required.
- 2.12. Development of MO2 policies for ANPR Account Management and audit policy in line with national guidance, with the National Audit Standards Working Group.
- 2.13. <u>Voluntary Unofficial Funds</u>: following consideration at People and Resources SLT, it was proposed that the Met close the majority of Voluntary Unofficial Funds (apart from registered charities). The proposal awaits Management Board agreement at Open House.
- 2.14. <u>Grey ICT Estate</u>: there are only two actions remaining. The category strategy has been partially drafted and shared with stakeholders. Work will be complete by July 2024. The v-card policy now states that v-cards should not be used for technology purchases.
 - 3. Overall progress against audit actions

- 3.1. Since the last Joint Audit Panel, we have not received any formal audits. During the same period, six actions have been implemented and proposed as closed.
- 3.2. As of 10 May (last point of updates), we had 37 open actions (nine High Priority) from six audits, and two follow-up audits. Of those audits, three were rated Adequate and five rated Limited. At the time of writing, all 37 actions were still within their due date. We expect all current open actions to be completed by December 2024.
- 3.3. One action from the Aviation Policing follow-up audit has an 'ongoing' completion date. The Met's Health and Safety lead has advised that this risk is well understood at a corporate level and has been remitted to business groups to manage. It is already included on the Aviation Policing risk register and will also be moved onto the SO Health and Safety Risk Register to ensure alignment.

4. Internal Audit Plan

4.1. We have consulted with senior leaders across the Met, including ARAC members, on potential areas for internal audit and advisory during 2024/25. We used sources such as HMICFRS activity, the Met's 2024/25 Business Plan and the draft AGS, as well as business group proposals. At ARAC, members were asked to review and provide any feedback to DARA on additions and amendments in time for sign off at this meeting.

5. Effective Control Action Plan

- 5.1. In line with the action previously agreed by ARAC, we developed an Effective Control Action Plan (ECAP), which was considered at the March meeting. The ECAP (Appendix B) sets out our progress against the underlying strategic issues identified by DARA. When complete, it will outline a path to completion (key milestones) and an anticipated completion date. Its delivery is intended not only to address long-term strategic issues but also improve the Met's annual audit rating from Limited to Adequate.
- 5.2. Since the last Joint Audit Panel, we have worked with DARA to develop specific actions whose delivery will see us address the strategic issues and improve our internal control environment. The ECAP is only the basis for ensuring the Met has effective controls; as such some actions represent long-term systemic change and are not a 'quick fix; They will take time to implement, but there is already a great deal of activity already underway.
- 5.3. Since ARAC we have amended the template to reflect these specific actions and mapped these to HMICFRS Engage milestones.
- 5.4. We have identified several key next steps which we will take forward before finalising and implementing the ECAP. We will:
 - Ensure the ECAP captures relevant activity from NMfL (New Met for London) programmes that will help to address the same strategic issues and incorporate relevant activity from this year's Annual Governance

statement improvement activity, so we have a single document for tracking progress.

- Build in recommendations by our external auditors.
- 5.5. The ECAP will be the main monitoring tool for all these actions. Once the ECAP has been finalised, we will obtain progress updates from ARAC members. Accountability for delivering these actions will be critical. Progress against the ECAP will be formally reviewed regularly, beginning at ARAC in September 2024.
- 5.6. Critically, we will engage with ARAC out of committee to prioritise and clearly articulate the strategic issues that will be addressed this year, ensuring they are achievable and deliverable and to agree milestones and timelines for implementing the effective controls.

6. Annual Governance Statement (AGS)

- 6.1. The draft AGS assesses the robustness of the Met's governance controls across the CIPFA framework, as well as progress in key improvement areas. MOPAC and the Commissioner of Police are both under a statutory duty to approve an AGS. In order that they can discharge the duty, the Met prepares an AGS against the CIPFA Principles (Delivering Good Governance in Local Government: Framework 2016), which demonstrates how aspects of governance have been implemented.
- 6.2. Overall, the MPS' self-assessment is that, while there has been progress in some areas, there remains a need for further improvement.
- 6.3. Evidence has been drawn from a substantial body of material including current progress against existing governance improvement areas, assessments provided by senior leaders across all major commands; HMICFRS inspections, DARA audits, the corporate risk register, the Corporate Business Plan and A New Met for London. We have also worked closely with the MOPAC team who produce the MOPAC AGS.
- 6.4. Following changes introduced in 2023/24, the draft AGS this year does not contain a Governance Improvement Plan (GIP). Instead, actions will be incorporated into, and managed through, the ECAP. This includes actions carried over from 2023/24 as well as newly identified issues.
- 6.5. In terms of key timings:
 - The draft AGS was submitted to Grant Thornton, alongside the draft Final Accounts on 30 May 2024;
 - It was presented to ARAC on 10 June for review and comment; and
 - The AGS will be finally signed off by the Commissioner in September 2024, also with the Final Accounts.

6.6. It is intended to use the period between now and September to refine the AGS taking into consideration comments from ARAC, Joint Audit Panel and Grant Thornton prior to sign-off.

7. Equality and Diversity Impact

This paper outlines DARA internal audit activity and progress against the Governance Improvement Plan. Any significant programmes of work undertaken to implement recommendations will be subject to equality impact assessment.

8. Financial Implications

There are no direct financial implications arising from this report. Any additional financial implications from the findings of audits or activity detailed in the improvement plans will be subject to normal investment processes.

9. Legal Implications

There are no direct legal implications arising from this report.

10. Risk Implications

This paper has no direct risk implications.

11. Contact Details

Report authors: Rosian Jones and Stephen Greenfield, Strategic Planning and Risk

Appendices and Background Papers

Appendix A - Youth Offending Teams limited audit update – Official Sensitive
Appendix B - Effective Control Action Plan (ECAP) – Official Sensitive
Appendix C – Annual Governance Statement – Official Sensitive





MPS-MOPAC JOINT AUDIT PANEL 15 July 2024

MOPAC Draft AGS and Governance Improvement Plan

Report by: The Director of Strategy and MPS Oversight

Report Summary

Overall Summary of the Purpose of the Report

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

Draft MOPAC Annual Governance Statement 2023/24

The 2023/24 draft Annual Governance Statement (AGS) at Appendix A sets out the framework, processes and procedures in place to enable the Mayor's Office for Policing and Crime (MOPAC) to carry out its functions effectively whilst ensuring the organisation continues to achieve value for money.

Governance Improvement Plan 2024/25

The Governance Improvement Plan is a live improvement plan bringing together the improvements identified in the AGS 2023/24 with those carried forward from the Governance Improvement Plan last year.

The full Governance Improvement Plan is included at Appendix B

Recommendations

The Audit Panel is recommended to:

- a. Note the draft Annual Governance Statement for 2023/24
- b. Note the improvements intended in MOPAC Governance through the Governance Improvement Plan.

1. Supporting Information

- 1.1. More detail on MOPACs approach to governance is set out in the two Appendices accompanying this report.
- 1.2. MOPAC has used the *CIPFA Delivering Good Governance in Local Government guidelines* to conduct an assessment of its current position in respect of governance. The results of this have been used to supplement the existing Audit recommendations within our Governance Improvement Plan. This approach has allowed us to identify some new areas of work to drive further improvement. These are summarised below.

Draft Annual Governance Statement (AGS)

- 1.3. The draft Annual Governance Statement sets out MOPACs scope of responsibilities, roles, governance provisions and finally provides an assessment of where MOPAC is placed against the seven principles of the CIPFA framework. Overall, we conclude that MOPAC has an adequate system of internal control which facilitates the effective exercise of its functions.
- 1.4. The AGS identifies key areas where MOPAC has improved and where our approach to governance is working well. Among these are;
 - A corporate approach to budget planning was adopted and there is a clearer alignment of financial resources to priorities.
 - An enhanced internal control framework was developed with MPS to provide greater control and assurance over the wider MPS financial position.
 - The London Policing Board was established. The Board uses a high-level performance framework, shared with the MPS, to track MPS's progress on delivery of the MPS mission of More Trust, Less Crime and High Standards, as set out in the New Met for London Plan. MOPAC will be publishing public dashboards on this over the coming year.
 - MOPAC Evidence & Insight unit worked with the MPS to further expand the data available on the London Datastore so that the public can now access a wide range of different datasets on crime and policing in London.
 - All service level agreements, Memorandum of Understandings and contracts have been reviewed to ensure that data protection and information governance clauses are robust, and that secure controls are in place to manage personal information. All data protection products, policies and processes, such as Data Sharing Agreements, Records of Processing Agreements, and Data Protection Impact Assessments have been reviewed and updated

- The work to overhaul community scrutiny and engagement was initiated. This included running a pilot to test community scrutiny mechanisms; developing a proposal for new approaches to community scrutiny, informed by the work of Black Thrive; working together with the MPS to ensure community engagement mechanisms are aligned and informed by good practice; and improving the mechanisms for ensuring community voice informs and is brought into our oversight of the MPS, including but not limited to through the London Policing Board.
- As part of the London VRU coordinating role for the implementation of the Serious Violence duty, the VRU has ensured compliance of the duty for London by supporting all boroughs to submit the 32 Strategic Needs Assessments (SNA) and 32 strategies in line with the duty legislation to meet the requirement.
- MOPAC and the VRU has demonstrated the need, desired outcomes and success measures and provided an evidence base for its commissioned services. Over the last year further developments were made with a final aim of greater transparency and awareness through publication of key performance information.
- 1.5. In line with our commitment to continually improve we have also identified key areas for improvement. Among these are;
 - Enhanced oversight arrangements for the monitoring of the MPS budget position are being 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.
 - MOPAC will review its internal governance to ensure that it develops and maintains a strategic approach to overseeing the efficiency and effectiveness of the MPS.
 - 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.
 - 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 improve the way that it collects, analyses, and manages data from its commissioned services, in order to improve understanding of the impact.

Timings

- 1.6. The draft AGS was approved by the MOPAC Board and Deputy Mayor for Policing and Crime in May 2024 and submitted to Grant Thornton alongside the draft statement of accounts in June 2024.
- 1.7. The final AGS will be signed off by the MOPAC CEO and Deputy Mayor for Policing and Crime in September 2024, with the final accounts.

Commissioned Services data and MI project

- 1.8. Following the panel meeting in April 2024, an action was taken to provide further detail on the implementation plan for improving its transparency and awareness of the reach and impact of its commissioned services, one of the improvement areas that MOPAC has undertaken this year.
- 1.9. Implementation of standardised reporting for providers:
 - On 9th May, the Project Steering Group signed-off the proposed data fields and structures.
 - A letter was sent to Commissioning and Partnership (C&P) providers on 31st May to introduce the new standardised data approach.
 - A provider readiness survey was sent to C&P providers on 6th June, with responses returned by 21st June. The responses to the survey help inform implementation timescales as they will help us to understand how quickly providers can start reporting against the new standardised data fields.
 - Further work is in progress to collate contact details for service providers outside of Commissioned Services who are in scope of this work. When the mailing list has been finalised, the letter and survey will be sent to Strategy providers.
 - From late June, we will be testing the proposed data fields and structures with providers.

- 1.10. Project governance:
 - The Project Steering Group continues to meet on a fortnightly basis and Task & Finish Groups (focused on the data fields and comms/provider engagement) continue to meet regularly.
 - A Working Group with colleagues from C&P and Evidence & Insight has been set up to develop the visualisations product for the new reporting and discuss the data warehouse and data governance. The Working Group met for the first time on 13th June.
- 1.11. Longer-term transition to collecting person-centric data
 - At MOPAC Board on 6th June, agreement in principle to proceed with a business case for a Data Management System (DMS) was made. A DMS would enable MOPAC to automate the data collection from commissioned services and move to collecting person-centric data in the future, which would hugely transform MOPAC's ability to analyse information from services and demonstrate their impact. The next step for this work is to get a formal decision to proceed with the business case and identify the funding for this.

Governance Improvement Plan update

- 1.12. Between the period 1 April and 30 June, 5 further improvement actions are marked as complete. There are currently 3 recommendations where the initial delivery timescale has been revised.
- 1.13. There are 32 workstreams captured in the MOPAC Governance Improvement Plain for 2024/25, including 12 new improvement actions identified from the AGS process.

Completed action

- 1.11 (C2) The VRU Outcomes Performance Focused Framework is further developed – this is now fully embedded across all projects and programmes. The internal performance dashboard is live and will be further enhanced by an external publication which is dependent on GLA wide integration to Power Bi. At the front end of the commissioning cycle, the Area Prioritization Tool developed in collaboration with GLA Intelligence and MOPAC E&I - is now undergoing user testing, bringing together a range of indicators across violent crime, public health and public perception metrics to inform strategic commissioning.
- 1.12 **(C4)** The VRU has develop a Research, Evaluation and Learning Partner Framework to streamline pipeline procurements – this work has increased capacity, reduced risk of challenge as well as enhanced the user experience. The VRU continues to conduct significant consultation and market warming within procurement processes, as well as seeking and responding to feedback on the process to enhance user experience. A commissioning toolkit has streamlined internal processes around procurement.

- 1.13 **(E1) MOPAC has conducted initial work to overhaul community scrutiny and engagement** – the first part of this work has been completed, and a further improvement action is now in place which will see through the preferred approach and implementation.
- 1.14 (G6) As part of the Finance and Corporate Services transformation work, MOPAC has upskilled staff to increase compliance and adherence to rules – 'Get to know you' sessions on Finance have been launched. Finance surgeries are in diaries for all staff to access the team with queries, and a general repository for all staff includes guides for finance processes. Purchase Order training was rolled out and delivered to all Directorates, and year end training completed in March 2024.
- 1.15 **(G9)** Review of all data protection products and policies Following a data breach identified in March 2023, MOPAC undertook a full review of all polices and processes relating to data protection. There is now a robust Data processing/Sharing Agreement in place with GLA and MOPAC has established a set of Data Champions across the organisation to advise and support this ongoing work. Data Sharing Agreements, Records of Processing Agreements, and Data Protection Impact Assessments have all been reviewed and updated. Additional resource has been identified for this area of work, and is part of the Corporate Services review, due to be implemented in Q2.
- 1.16 Within the monthly review of the GIP there are 3 areas where MOPAC has pushed back delivery dates for recommendations. The reason for the slippage is understood and the risks managed. This is summarised below.
- 1.17 **(G5) implementation of effective payment systems** the outstanding area of work is to deliver a new policy for the use of our corporate credit card. This has been drafted and currently being reviewed, ahead of presentation to MOPAC Board in August.
- 1.18 (G7) implementation of a refreshed TOM for finance and corporate services The work to define Corporate Services roles and responsibilities and accountabilities has progressed over the last 6 months, with a number of services consolidated within this part of the business e.g Procurement, Contract and Grants. We have defined the roles and responsibilities for the remaining proposed posts and are currently consulting with affected staff. We aim to have this fully implemented by the end of Q2.
- 1.19 (G10) Continue to strengthen its information governance resource to ensure a permanent in-house team is in place, supported if necessary, by an external provider – this is linked to G7 above and is part of the growth changes.

2. Equality and Diversity Impact

The governance improvement plan itself contains a number of actions relating to equality and diversity, not least the focus on our EDI strategy.
3. Financial Implications

There are no direct financial implications from this report.

4. Legal Implications

Under the Local Government Act 1999, MOPAC has a statutory duty to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness. In discharging this overall responsibility, MOPAC is responsible for putting in place proper arrangements for the governance of its affairs and facilitating the exercise of its functions, including a sound system of internal control and management of risk.

5. Risk Implications

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

6. Contact Details

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

7. Appendices and Background Papers

Appendix A – Draft Annual Governance Statement 2023/24 **Appendix B** – Governance Improvement Plan June 2024 – Official Sensitive

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MOPAC MAYOR OF LONDON OFFICE FOR POLICING AND CRIME

Annual Governance Statement 2023/24

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1. Introduction

MOPAC is responsible for conducting its business in accordance with the law and proper standards, safeguarding and properly accounting for, public money, and using resources economically, efficiently and effectively.

MOPAC is legally accountable for the decisions and operations of both MOPAC and the Violence Reduction Unit (VRU) and both are subject to MOPAC's scheme of delegation and consent. The content of this document applies equally to MOPAC and VRU.

MOPAC's governance framework comprises the systems, processes, culture and values by which the organisation is directed and controlled and how it engages with Londoners. It ensures that resources are directed in accordance with agreed policy and according to priorities within the Police and Crime Plan (PCP), that there is sound and inclusive decision making and that there is clear accountability for the use of those resources to achieve desired outcomes for London's service users and communities. The system of internal control is a significant part of the framework and is designed to manage risk to a reasonable level.

MOPAC conducts an annual review of the effectiveness of its system of internal control and publishes this statutory Annual Governance Statement (AGS) within the annual Statement of Accounts. This Annual Governance Statement for 2023/24 demonstrates how these responsibilities have been discharged and assessed.

The AGS has been drawn up in line with the *CIPFA - Delivering Good Governance in Local Government* guidelines, which sets out the seven principles of good governance. The MOPAC Governance Framework aligns with the CIPFA's *International Framework: Good Governance in the Public Sector*, which enables MOPAC to monitor and evaluate achievements against its strategic objectives outlined in the PCP and its mission. It is against this framework that effectiveness for 2023/24 has been evaluated and areas of focus for the coming year identified.

The AGS draws on a range of inputs and feedback to capture different insights and perspectives. These include senior management review, internal and external audit and external reviews of the Metropolitan Police Service (MPS). Key policies and strategies have also been taken into consideration.

Overall, we conclude that MOPAC has an adequate system of internal control which facilitates the effective exercise of its functions.

2. Context

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

The Mayor delivers the responsibilities given via the Act through the MOPAC, which was established as a Corporation Sole in January 2012. On 8 May 2021, Sadiq Khan was reelected for a second term as Mayor and therefore as the occupant of the Mayor's Office for Policing and Crime for the metropolitan police district. The Mayor appointed a statutory Deputy Mayor for Policing and Crime – Sophie Linden – to lead MOPAC. Both were in their respective posts for the entirety of financial year 2023/2024.

A separate body of the Commissioner of Police of the Metropolis (CPM) remains, and Sir Mark Rowley QPM was in post as Commissioner for the entirety of financial year 2023/2024.

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

In March 2022 the Police and Crime Plan for London 2022-25 was published, setting out the Mayor's plans to discharge his responsibilities through MOPAC and his policing and crime commitments to Londoners during his term in office.

The Plan is clear that the Mayor wants London to be a safe city and Londoners to feel safer. To achieve this, the four priorities of the Plan are: *Reducing and preventing violence; Increasing trust and confidence; Better supporting victims; and Protecting people from being exploited or harmed.*

3. MOPAC's Strategic Objectives

The Mayor's vision is that London is a safe city for all. It is important that not only do we reduce crime, but that Londoners feel the change. To deliver this vision, the Police and Crime Plan has the following objectives:

- Reducing and preventing violence
- Increasing trust and confidence in the MPS
- Better supporting victims
- Protecting people from exploitation and harm; and
- Being fair and inclusive in all we do

MOPAC delivers its responsibilities as follows:



MOPAC and the VRU has around 300 staff, organised across several directorates. These are:

Directorate	Description
Commissioning and Partnerships	Responsible for commissioning services to prevent crime, reduce reoffending and support victims.
Finance and Corporate Services	Supports the Mayor and DMPC to set and deliver a budget in support of the Police and Crime Plan and oversees and scrutinises how the MPS spends public money.
HR, Private Office and Secretariat	HR provide strategic and advisory support on people matters to MOPAC. The Private Office and Secretariat coordinate and advise on democratic functions, MOPAC's governance framework, including the London Assembly, Police and Crime Committee, supporting the DMPC and Chief Executive.
Strategy and MPS Oversight	Supports the Mayor and DMPC to develop their strategies and oversees and communicates the delivery of their commitments to Londoners. The Directorate is also responsible for managing the London Policing Board. It hosts the country's largest civilian policing research unit (Evidence and Insight), providing expert data analysis, capture of Londoners' perceptions, evaluations and research to inform our policy-making and oversight.
Directorate of Audit, Risk and Assurance (DARA)	DARA provides expert internal audit and counter-fraud services to MOPAC and the MPS and to other parts of the GLA Group.

Team	Description
The Violence Reduction Unit (VRU)	Hosted by MOPAC and working across the GLA to prevent violence by identifying and working in partnership to address its root causes.
The Independent Victims' Commissioner	Supported by a team hosted within MOPAC, Claire Waxman OBE was appointed by the Mayor to ensure that the voice of victims of crime is
for London	heard in everything that we do.

MOPAC also hosts a number of specialist teams, including:

4. Assessment of current position

The following section assesses MOPAC's position against each of the seven principles of the CIPFA framework for good governance in the public sector. The assessment is informed by the work of MOPAC Board, the Directorate of Audit, Risk and Assurance and the external auditors and other review agencies.

The roles and processes applied in maintaining and reviewing the effectiveness of the governance framework are outlined in Appendix 1.

4.1 Managing risks and performance through robust internal control and financial management

MOPAC has established a risk management framework and risk appetite statement and embedded this through a series of staff engagement sessions throughout the year. Risk management processes, and the corporate risk register, are reviewed at a monthly Governance and Risk Working Group attended by MOPAC and MPS staff. Regular deep dives review risk definitions, controls and tolerance levels. The risk management framework established for project and programme management is now embedded within MOPAC and is reported regularly to MOPAC Board to inform strategic decision making.

Reports to the Joint Audit Panel on corporate risk are presented regularly and we will continue to communicate the risk management framework to ensure it is being fully utilised across the organisation.

MOPAC's budget has been set for 2024/25 and a balanced budget was achieved through the use of reserves and from savings. A corporate approach to budget planning was adopted and there is a clearer alignment of financial resources to priorities. The 2024/25 budget recognised some corporate risks in delivery and provides for some additional capacity in key areas such as procurement, information governance, support for the newly established London Policing Board and Evidence and Insights team.

MOPAC produces a 3-year rolling Medium-Term Financial Plan (MTFP). The current MTFP covers the period 2024/25 - 2026/27. The current plan sets out a balanced position for the

2024/25 and 2025/26 financial years with a gap of c£6m emerging in 2026/27. The plan is updated and reviewed on a regular basis and informs early discussions with MOPAC Board.

As part of the overarching financial framework, the 2024/25 reserves strategy has been refreshed. This recognises the significant financial risks that exist across the wider MOPAC/MPS budget in future years and the requirement to achieve a general reserve level of 2%-3% is a key part of the budget development for future years to ensure future finances are resilient and sustainable.

Internal performance management is reported through the Portfolio Board, the membership of which comprises of MOPAC Board. More specific reporting linked to the outcomes set in the Police and Crime Plan are monitored and overseen by the PCP Programme Board. Both boards meet quarterly.

The Mayor and DMPC regularly discuss MPS performance through the oversight framework in regular bilateral meetings with the MPS Commissioner and Deputy Commissioner. To aid further, a formal stakeholder group to discuss the partnership approach to reducing homicides in London continues to operate, driving a more collaborative approach across all agencies.

MOPAC's quarterly performance report brings together performance and finance reporting in a consistent format. This report, along with the LPB performance pack, supports the oversight work conducted by the Mayor and DMPC, and is issued to the Police and Crime Committee to support wider scrutiny by Assembly Members. The report is published quarterly.

MOPAC relies on a range of sources of assurance for managing risk and ensuring the effectiveness of internal controls. Senior Managers and designated officers regularly assess controls in place to manage corporate risk and risks to delivery of PCP priorities. MOPAC commissions external reviews to provide assurance. As an example, an external organisation reviewed how MOPAC commissioned services to collect data and provided MOPAC with recommendations for standardising this through a set of data definitions.

DARA plays a critical role as the internal auditor to both MOPAC and the MPS. MOPAC also works closely with the appointed external auditor, Grant Thornton, to respond to the recommendations made in their annual report on value for money. Enhanced monitoring of the external auditor recommendations has been introduced for 2024/25 and will be reported to the Joint Audit Panel. Additional processes and controls to address issues raised in the audit of the 2022/23 financial accounts have been implemented as part of the account's preparation of the 2023/24 draft accounts.

As part of the development work in 2023/24, the following key activities have been delivered:

- A new Finance Operating Model was implemented which enhances MOPAC's budgetary planning, control and monitoring processes to support delivery of agreed priorities and objectives.
- Budget accountabilities, roles and responsibilities were clearly defined and targeted training developed and delivered to enhance and embed financial acumen across the organisation.
- Budget management and core finance processes were documented and are available to staff. This includes the processes for procurement and grants.
- Central and Directorate based repositories were created and are available so that key information is easily accessible.
- A self-assessment against CIPFA the Financial Management Code was completed. Some areas for development and improvement have been identified.
- A new coding structure was created and implemented in the MOPAC general ledger to improve the reporting arrangements and to create more capacity for paying our suppliers on a timely basis.
- An enhanced internal control framework was developed with MPS to provide greater control and assurance over the wider MPS financial position.
- The London Policing Board was established. The Board uses a high-level performance framework, shared with the MPS, to track MPS progress on delivery of the MPS mission of More Trust, Less Crime and High Standards, as set out in the New Met for London Plan. MOPAC will be publishing public dashboards on this over the coming year.
- A dedicated performance and finance delivery sub-committee of the London Policing Board was established. This uses data to support the Mayor in providing strong oversight of the MPS, particularly in terms of delivery of the reforms set out in the New Met for London Plan. Each committee meeting has a standing performance item.

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 risks are continually managed so that appropriate mitigations can be put in place.

With improvements in the overall financial processes and budgetary controls, there is an opportunity to develop further the financial literacy across MOPAC and an improvement plan that seeks to improve on the self-assessment against the Financial Management Code will be developed and reported to each meeting of the Audit Panel.

Building on the work undertaken with MPS as part of the budget finalisation process, enhanced oversight arrangements for the monitoring of the MPS budget position are being introduced. This will include a review of the Investment Advisory and Monitoring meeting held between DMPC and senior MPS colleagues.

4.2 Implementing good practices in transparency, reporting and audit to deliver effective accountability

MOPAC sends a comprehensive monthly report to the Police and Crime Committee (PCC) setting out key performance information against agreed objectives/outcomes. The DMPC and MOPAC officers regularly attended meetings of the PCC, and the DMPC, CEO and Chief Finance Officer appeared as required by the Budget and Performance Committee. MOPAC published both MPS and MOPAC operational and financial performance reports on a quarterly basis.

In the year 2023/24, MOPAC:

- answered 4,548 pieces of correspondence, 91% of which were answered on time, in line with agreed service levels.
- answered 789 Mayor's Questions, of which 39% were submitted ahead of, or on time. To provide some context, the majority of these questions require input from the MPS and therefore MOPAC does not have complete control over the response rates.
- answered 101 Freedom of Information requests, 79% of which were responded to on time.

Performance against FOI, MQs and correspondence is reviewed regularly by the MOPAC Senior Leadership Team and DMPC. Mayoral and DMPC Decisions, Oversight Board agendas and minutes continue to be published on the website.

MOPAC has published a complaint escalation procedure for staff matters and internal working practices. MOPAC has a gifts and hospitality policy which is included in the code of conduct.

To support and ensure effective scrutiny of the MPS, the law requires MOPAC to abide by certain regulations in matters relating to statutory functions carried out by MOPAC Professional Standards which are prescribed within Police Pensions Regulations 1987, Police (Conduct) (Amendment) Regulations 2015 and Police Appeals Tribunals (Amendment) Rules 2015.

MOPAC continues to have a strong working relationship with the internal auditors, DARA, taking their formal advice and recommendations through their reports and informally through our internal governance structures and meetings. MOPAC monitors its internal governance improvement actions on a monthly basis and reports to the MPS-MOPAC Joint Audit Panel on a 6-monthly basis.

MOPAC has a statutory duty to make arrangements for police custody detainees to be visited by independent persons to ensure their welfare, rights and entitlements are upheld (s51 Police Reform Act, 2002 as amended). This is done through the Independent Custody Visiting Scheme, which recruits, trains and manages a pool of approximately 200 Independent Custody Visitors (ICVs). In line with the Code of Practice, the Scheme is led by a senior MOPAC officer and ICVs provide written reports to MOPAC.

The VRU Partnership Reference Group (PRG) was established in September 2018 and provides the strategic lead, direction, support and challenge to the work of the Violence Reduction Unit. The PRG is chaired by the Mayor and includes the Deputy Mayors for Policing and Crime; Communities and Social Justice; and Children and Families. The Deputy Mayor for Policing and Crime is the Deputy Chair of the PRG. The VRU Partnership Reference Group meets four times a year. The meetings are closed but the agenda, reports and minutes are available online.

MOPAC continues to fulfil its statutory function regarding information provision and publishes information aligned to the Specified Information Order. This includes a register of interests; senior staff salaries and contracts register. Quarterly performance and finance reports and the agendas and minutes of oversight meetings are published.

As part of the development work in 2023/24, the following key activities have been delivered:

Data

Baroness Casey's review into the culture and standards of the MPS concluded that the MPS lacked transparency and accountability to Londoners and recommended that MPS borough accountability needed to be strengthened, allowing access to high quality data for local authorities and residents to hold their local police to account.

MOPAC has been working with the MPS to explore the most appropriate way to legally access the data required for effective oversight. Work is ongoing between MOPAC and the MPS to identify duplication and opportunities for cross working. MOPAC delivered learning days and bespoke officer meetings to present data and research to front line officers, promoting its greater use and ensure that evidence is informing operational practice. These sessions had a focus on trust and confidence, one of the mayor's priority areas.

MOPAC continues to provide a suite of analytic products, research and public dashboards that allow monitoring of recorded crimes, perception, satisfaction measures and wider insights into crime and policing. The previous year saw new analytics published on the impact of the cost-of-living crisis, disproportionality in police misconduct as well as several evaluations covering MOPAC commissioned services.

A new London Policing Board dashboard was developed alongside the MPS to allow all Londoners as well as LPB members to scrutinise MPS performance on its key measures within A New Met for London. MOPAC also developed a new data science function to enable a more sophisticated level of analytics. The commitment from the MPS to make it a data driven organisation resulted in the creation of the Data Science and Engineering team, which compliments MOPACs approach. They further commit to enable data sharing and collaboration to service the public and external partners. MOPAC Evidence & Insight unit has worked with the MPS to further expand the data available on the London Datastore so that the public can now access a wide range of different datasets on crime and policing in London. Following the implementation of the CONNECT system there have been some difficulties in extracting some data in the same way that it had been previously. Work to remedy this is underway and is expected to be resolved in early 2024/25.

Oversight

MOPAC focused on ensuring that accountability through the London Policing Board is transparent, using the website to publish agendas, minutes, actions and papers, whilst also ensuring that each meeting held in public is accessible in person at City Hall but also via a webcast for a wider audience in real time, or to view offline. The website hosts the terms of reference for the Board and an Equalities Impact Assessment, which has been undertaken in fulfilment of MOPAC's Public Sector Equality Duty and will continue to be used to inform the work of the London Policing Board.

The LPB Performance and Finance Committee has a specific focus on exploring the MPS's response to a range of performance issues. This is an ongoing, evidence based and public conversation.

Contracts and Grants

Police and Crime Commissioners are required to publish certain information to allow the public to hold them to account. This is set out in the Police Reform and Social Responsibility Act 2011. The requirement includes publishing details of what the PCC spends. MOPAC has worked to improve its transparency through publishing greater detail on its website. The public can now view MOPAC's contracts and grants register

(https://www.london.gov.uk/programmes-strategies/mayors-office-policing-andcrime/governance-and-decision-making/mopac-finance-and-audit) alongside the Finance and Performance Quarterly Report.

Contract awards over £25k in value are published on Contracts Finder and/ or Find a Tender Service as required for compliance with legislation, therefore publication on the website is not required in addition.

4.3 Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

Fundamental to MOPAC's role in oversight of the MPS is the duty to ensure that it acts in accordance with the law. This responsibility is fulfilled through the MOPAC governance framework. Supporting this oversight is the work of the London Policing Ethics Panel. The Ethics Panel provides independent advice on complex issues facing policing, and the moral

and ethical implications of them. This information is used to inform oversight and supports the Deputy Mayor's meetings with the MPS.

In accordance with paragraph 3.7.4.3 of the Code of Practice on Local Authority Accounting, it is noted that MOPAC's financial management arrangements conform with the governance requirements of the CIPFA *Statement on the Role of the Chief Financial Officer in Local Government* (2010) as set out in the Application Note to *Delivering Good Governance in Local Government Framework*.

MOPAC is subject to a range of statutory requirements. All MOPAC decisions consider the legal and risk implications amongst others and are published in compliance with the Elected Local Policing Bodies Orders 2011 and 2021 relating to transparency – satisfying the specified order. Where MOPAC is subject to new requirements, these are monitored via MOPAC's Governance and Risk Working Group.

MOPAC has an anti-fraud policy, and the Directorate of Audit, Risk and Assurance provides an effective counter-fraud service to MOPAC and the MPS.

MOPAC and the VRU have a code of conduct for staff in which is outlined the high standards to which staff should conduct themselves. Additionally, both organisations have a set of values that support value-based behaviours amongst all MOPAC staff. Where staff feel that business is not being conducted with honesty and integrity, MOPAC's whistleblowing policy and procedure sets out the process for raising such concerns.

As part of the development work in 2023/24, the following key activities have been delivered:

Information Governance

Further improvements to information governance processes were highlighted when a data breach was identified in 2023. This related to information submitted on webforms hosted on the london.gov.uk website. This was subsequently investigated by the Information Commissioner's Office and a reprimand was issued. The Information Commissioner's Office recognised and welcomed the remedial action taken by MOPAC in particular the awareness and training that was delivered around permission forms.

MOPAC and the GLA worked jointly to manage the risk arising from the data breach including commissioning specialist third party support in areas such as cyber assurance and legal incident management. MOPAC had already completed an initial review of information governance and rolled out to all staff an Information Governance e-learning toolkit which included mandatory Cyber training. All data protection policies and processes were updated.

All service level agreements, Memorandum of Understandings and contracts have been reviewed to ensure that data protection and information governance clauses are robust, and that secure controls are in place to manage personal information. All data protection products, policies and processes, such as Data Sharing Agreements, Records of Processing Agreements, and Data Protection Impact Assessments have been reviewed and updated.

Resource in the Information Governance team has been strengthened and additional permanent staffing resource to ensure a permanent in-house team, supported by an external provider will be in place during 2024/25. Mandatory training packages have been developed and introduced and is embedded in the corporate induction programme. Ongoing training has also been developed and is being rolled out in 2024/25.

MOPAC, including the VRU, has also put in place a group of Information Governance Champions, to ensure that this area of work continues to be prioritised across the organisation, with experts providing advice and support where needed.

4.4 Ensuring openness and comprehensive Stakeholder Engagement

MOPAC convenes a large number of formal meetings in order to ensure it work effectively with partners. These include the London Criminal Justice Board (LCJB) and its sub-Boards, the London Drugs Forum, CONTEST Board and the ASB Forum. MOPAC officers also attend a number of formal meetings which London Councils run on specific topics, such as community safety and child safeguarding.

Given the creation of the London Policing Board in September 2023 and the DMPC now chairing the London Criminal Justice Board, MOPAC consulted on a proposal to decommission the London Crime Reduction Board (LCRB). Whilst the LCRB has now ceased, having listened to feedback from Local Authorities, MOPAC has retained a quarterly meeting between MOPAC, the MPS and Local Authorities to ensure that key issues are still addressed. The first of those meetings has now taken place and was positively received.

The VRU was set up to lead, coordinate and embed a partnership approach to tackling violence. There is no shortage of creative and impactful interventions across London from the charity sector, community organisations and the public sector institutions but there is not enough coordination nor a shared appreciation of what works, and often the voice of young people can be lost.

The VRU's Young People's Action Group (YPAG) works to ensure the voice, opinions and ideas of young people continue to influence policy, MOPAC programmes and funding decisions. The YPAG is a group of young people from across London with 'lived experience of violence' or who had campaigned on youth issues. The aim of the YPAG is to amplify the voices of young Londoners whilst supporting them to lead change.

MOPAC's Evidence and Insight unit oversee various surveys to capture the voices of Londoners - be they members of the public or victims of crime. This includes the Public Attitude Survey (a representative sample of 19,200 Londoners per year including questions around victimisation, fear of crime & crime concerns, attitudes to policing, contact with police) and the User Satisfaction Survey (capturing perceptions of 12,800 victims of crime about the service provided to them by the MPS).

MOPAC continued during 2023/24 to work with stakeholders to deliver the Mayor's Action Plan to improve trust and confidence in the MPS and to address community concerns about the disproportionality in the use of certain police powers affecting Black Londoners. Quarterly review meetings were an opportunity for communities to hear about and contribute to the delivery of key parts of the action plan. In addition, MOPAC established an External Reference Group to support and challenge MOPAC and the MPS in the delivery of the commitments set out in the Action Plan. The chair of the ERG also sits on the People and Culture committee of the London Policing Board, to ensure that relevant voices can be brought into those conversations.

Section 51 of the Police Reform Act 2002 (as amended) sets out the requirement for Police and Crime Commissioners to make arrangements for detainees to be visited by Independent Custody Visitors (ICVs). MOPAC runs the largest ICV Scheme in the United Kingdom and in 2023/24 the ICV volunteer members of the public made 645 visits to custody suites across London (the largest custody estate in the United Kingdom), interviewing and reporting on the experiences of 2,237 detainees to ensure their rights and entitlements have been upheld. Collectively they have given nearly 2,000 hours to the Scheme, ensuring they have seen three quarters of detainees available for interview at the time of those visits.

The ICVs have had a particular focus this year on the experiences of women, children and those suffering mental ill health and have observed various examples of good practice, including around the provision of distraction items for children and neurodivergent detainees, for example. They have observed and commended the work of the embedded custody nurse practitioners operating within the custody suites and the care custody staff take in recognising the vulnerability of detainees with healthcare needs, putting in place additional safeguarding measures, such as placing detainees on constant watch to ensure their welfare and safety.

They have, however, also highlighted some areas for concern, including the availability of custody healthcare nurses across the estate, the time children spend in police custody (particularly overnight detentions), and the experiences of menopausal female detainees.

We will continue to work with the ICVs and with the MPS to ensure there are effective custody visiting arrangements in place and to both address the issues that have been highlighted and to champion good practice in police custody.

As part of the development work in 2023/24, the following key activities have been delivered:

Better working with the MPS

The Baroness Casey review highlighted that "a dysfunctional relationship has developed between the MPS and MOPAC, with defensive behaviours on one side and tactical rather than strategic approaches on the other." As a response, MOPAC took steps to improve oversight and relations with the MPS by moving to a more strategic approach. MOPAC supported the MPS to develop its strategic reform plan, advising on the areas we know Londoners deserve a better service from the MPS, such as support for victims through research provided by our Evidence and Insight unit. MOPAC officers provided advice and support to the MPS in engaging with a broad range of stakeholders, including for example directly linking them up with VAWG sector organisations and organisations working with young people. MOPAC – and colleagues from across City Hall - continue to work with the MPS to facilitate and enable further engagement with Londoners as it delivers reforms for the police service in London.

MOPAC worked closely with MPS performance leads to develop a shared outcomes framework for measuring MPS performance in delivering the commitments set out in the New Met for London Plan (NMfL). Having a single framework used both by the MPS and MOPAC to support internal monitoring and external oversight not only reduces duplication but helps to ensure our strategic oversight priorities are aligned with the MPS's own strategic reform priorities.

Since the establishment of the London Policing Board, MOPAC has facilitated close working between London Policing Board members and the MPS to design a work programme for the Board aligned both with LPB strategic oversight priorities and NMfL delivery milestones to ensure the MPS is being held to account on the right reform topics at the right time. MOPAC has also been facilitating the provision of direct support to the MPS from LPB members as part of the Board's commitment to supporting, as well as challenging, the MPS. MOPAC has worked with the MPS in revising the questions within the suite of surveys MOPAC conduct to hear from Londoners; worked together on developing the London Policing Board Dashboard and sought feedback from the MPS on the wider research and analysis future work plan.

Community scrutiny and engagement

Increasing trust and confidence is the foundation of the system of policing by consent and crucial to everything MOPAC wants to achieve. In line with the Mayor's Action Plan for transparency, accountability and trust in policing, MOPAC has carried forward work to overhaul community scrutiny and engagement. This included running a pilot to test community scrutiny mechanisms; developing a proposal for new approaches to community scrutiny, informed by the work of Black Thrive; working together with the MPS to ensure community engagement mechanisms are aligned and informed by good practice; and improving the mechanisms for ensuring community voice informs and is brought into our oversight of the MPS, including but not limited to through the London Policing Board.

Hackney Community Scrutiny Group has been used as a test site and has now met multiple times and has looked at both stop and search slips as well as Body Worn Video. MOPAC is using the findings from this work to inform the work outlined above around establishing a preferred operating model to support community oversight more generally.

MOPAC has agreed proposals with the DMPC for how the voice of Londoners will be brought into the London Policing Board. In the first instance we will be working with identified Board member(s) to develop bespoke engagement plans for them, drawing on their existing expertise in community engagement and providing wider opportunities for LPB members to directly engage with Londoners on their perceptions and experiences of policing.

Serious Violence Duty

As part of the London VRU coordinating role for the implementation of the Serious Violence duty, the VRU has ensured compliance of the duty for London by supporting all boroughs to submit the 32 Strategic Needs Assessments (SNA) and 32 strategies in line with the duty legislation to meet the requirement. Crest Advisory conducted a brief assessment, which combined with the VRU's own review of the SNAs, and the strategies to provide learning and sharing of best practice in the future. Separately to this, Crest Advisory have also been awarded the contract by the VRU to complete its next Assessment of violence across London. This will also draw upon the content of the SNAs. Needs assessment findings relating to tackling violence against women and girls (VAWG) will inform the MOPAC led refresh of the mayor's tackling VAWG strategy.

Strengthened diversity

The VRU Partnership Reference Group is made up of leading representatives from the MPS, the NHS and public health, probation and education, and local authorities. The 32 London boroughs are represented by the political lead for crime and community safety and local authority officers nominated by London Councils, the cross-party organisation that works on behalf of all its member authorities. Representatives from the community, VCS and youth sector also sit alongside the public sector representatives to help ensure there is a strong community voice.

During 2023/24, the VRU reviewed its Partnership Reference Group membership whereby it was highlighted the addition of London Fire Brigade representation, as well as additional community representation would be valued. The LFB have now been invited as a member and accepted, as well as additional community group representation and Young People from the YPAG to attend each meeting going forward.

4.5 Defining outcomes in terms of sustainable economic, social and environmental benefits

The Police and Crime Plan states: "In line with the Mayor's aspiration of achieving Carbon Net Zero by 2030, investment plans will be reviewed with an aim of accelerating the delivery of the three key areas in estates that have the most significant impact: power purchasing; replacement of fossil fuels to heat buildings as well as improving insulation; and roll-out of an electric car charging network."

The Capital Strategy 2024/25 was refreshed to take account of mayoral priorities and ambitions including Net Zero Carbon and the delivery of 50% affordable housing on sites that are disposed of across the GLA Group and delivery of the Police and Crime Plan published in March 2022. Consideration of environmental impacts are set out in all proposals that are considered including the benefits and the associated financial implications including costs and ongoing savings.

As part of the mayor's budget, MOPAC has detailed a set of climate measures. They focus on optimising energy consumption at MPS buildings, replacing non-LED lighting and installing

600 additional electric vehicle charging points across the MPS estate. MOPAC and the MPS report on these measures at the GLA's Net Zero 2030 working group.

For the first time, MOPAC and the MPS published a climate budget as part of the 2023/24 budget setting process. This sets out the cost and the carbon benefits/impacts of achieving Net Zero Carbon. How this can be achieved and funded will continue to be considered as part of the budget setting process in future years.

MOPAC and the MPS's commitment to the air quality policies in line with the London Environment Strategy has ensured that the MPS's fleet based within the Ultra-Low Emissions Zone (ULEZ) is fully compliant. The fleet includes over 800 electric, hybrid or hydrogen vehicles. By 2025, the expectation will be for the general-purpose fleet of over 800 vehicles to be hybrid and the MPS will seek to ensure that all new vehicles purchased beyond 2025 will either be hybrid or fully electric.

The VRU continues to listen to charity and grassroots community organisations about the sustainability of longer-term schemes within the community. The VRU has moved to more prudent profiling of some programmes to enable multi-year funding, which is in keeping with the rationale for setting up the VRU to explore longer term approaches towards violence reduction, for more sustainable change.

As part of the development work in 2023/24, the following key activities have been delivered:

The Baroness Casey Review concluded that the MPS's transparency and accountability to Londoners should be strengthened, recommending that a new quarterly board be established to oversee and scrutinise the changes needed to ensure full transparency and accountability to Londoners, whilst maintaining the operational independence of the Commissioner.

The long-term nature and impact of the reform needed in the MPS signifies the importance of developing outcomes that are sustainable. The London Policing Board has a clear role to support the Mayor and MOPAC in overseeing the reform and ensure that any decisions made support its purpose and contribute to the intended benefits and outcomes.

In order to assist in the LPB's ability to review and analyse the progress being made by the MPS, a joint performance framework was developed, which incorporated views of partners and the public, included cultural change and equality and vulnerability measures, whilst ensuring that this aligned with the MPS's reform plan and could be embedded within MPS governance.

Progress against this framework is published before each London Policing Board meeting, and work is progressing on an interactive dashboard. Alongside the topline measures, a more detailed framework of measures was derived and presented to the Performance and Budget Committee in Dec 2023. This covered both performance and financial monitoring and will be published routinely as part of the MOPAC Quarterly Performance report.

4.6 Determining the interventions necessary to achieve the intended outcomes

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

MOPAC has a robust decision-making mechanism to ensure that defined outcomes can be achieved in a way that combines the best use of resources while still enabling effective and efficient operations. MOPAC uses and publishes a Scheme of Delegation and Consent which sets out approval delegations to ensure that decisions are made at the lowest level consistent with efficient and effective decision making, whilst ensuring that MOPAC, DMPC and the MPS are properly protected against the risks associated with being the individual held to account for all decisions made.

MOPAC uses the Investment, Advisory and Monitoring meetings to scrutinise the investment decisions recommended to MOPAC by the MPS to ensure they are aligned with the PCP and/or other statutory requirements for policing, and that they contribute to achieving an effective and efficient police service for London. We put considerable focus in this area, particularly given the significant decisions required in many areas of the MPS transformation programme, such as strengthening local policing, transforming investigations and prosecution, and transforming the MPS estate.

In order to achieve our strategic objective of holding the MPS Commissioner to account for an efficient and effective police service, our oversight governance spans across community scrutiny and engagement mechanisms, a more formal oversight framework with the London Policing Board at its apex, through to external scrutiny by the Joint MOPAC/MPS Audit Panel and the Directorate of Audit, Risk and Assurance and the London Assembly's Police and Crime Committee.

MOPAC has continued to strengthen the internal Oversight Analysis group, to improve MOPAC's oversight over the MPS and improve the join up between meeting output through the sharing of readouts. Colleagues from MOPAC and the MPS meet monthly and agree focus areas for discussion between the Mayor, DMPC and senior MPS officers. Internal colleagues meet regularly to progress actions and share insights to inform oversight conversations.

As part of the development work in 2023/24, the following key activities have been delivered:

MOPAC and the VRU has demonstrated the need, desired outcomes and success measures and provided an evidence base for its commissioned services. Over the last year further developments were made with a final aim of greater transparency and awareness through publication of key performance information. The VRU outcomes framework and KPIs continue to embed across its programmes. The VRU internal performance dashboard is now live and actively informing strategic decision making, with further development of Programme-Level analysis to support Data Driven Performance Management. The online Evidence Hub is progressing well, bringing together a host of key learning and insights from VRU programmes – with launch anticipated in June/July 2024.

The VRU Outcomes Toolkit Pilot is due to go live in the Stronger Futures programme, with further pilots across several programmes launching across 2024.

At the front end of the commissioning cycle, the Area Prioritisation Tool - developed in collaboration with GLA Intelligence and MOPAC E&I - is now undergoing user testing, bringing together a range of indicators across violent crime, public health and public perception metrics to inform strategic commissioning.

MOPAC Commissioning outcomes framework has been supported by Ernst and Young to develop proposals to help improve its transparency and awareness of the reach and impact of commissioned services through publication of key performance information. This work has been completed but will now form an implementation programme plan that will run throughout 2024/25.

As previously identified in the annual governance statement, there is a need to improve existing procurement resource. A new team has been recruited and the procurement roles and responsibilities were reviewed. TfL has produced a draft Terms of Reference for the Collaborative Procurement Service and better join up is in place between MOPAC with regular procurement meetings. Further work will be done over the coming year to address the transformation of public sector procurement policy on a national level that is expected and how MOPAC will ensure that it remains compliant.

The current Police and Crime Plan committed to MOPAC taking a 'Child First approach' to everything it does, including in the way it commissions services and oversees the MPS. MOPAC commissioned academics to develop an evidence-based position statement for MOPAC on Child First, grounded in the experience of young people, accompanied by a checklist for MOPAC and its partners to apply when undertaking (or overseeing) any work with children. The Position Statement has been informed by focus groups with existing representative forums of children and young adults in London; interviews with a range of stakeholder organisations, including various sections and ranks in the MPS; workshops with stakeholders; an advisory panel of experts with high-level delivery experience in London criminal justice; and wide-reaching analysis of existing policies.

MOPAC has used this position statement to provide a starting point in assisting MOPAC in moving towards a Child First approach.

4.7 Developing MOPAC's capacity, including the capability of its leadership and staff

The Chief Executive Officer is the organisation's most senior official and leads the MOPAC Board. MOPAC Board regularly review staffing and workforce matters and have processes in place for the approval of staffing changes which are supported by MOPAC's protocol for managing change. MOPAC has clear processes for appraising and developing its staff (with completion of annual performance reviews monitored corporately), supported by a learning and development programme. A diverse workforce that is representative of London is a priority for the Mayor and the Chief Executive Officer. The People Strategy group provides challenge, advice and input into our Equality, Diversity and Inclusion (EDI) improvement work. And we publish gender and ethnicity pay gap analyses and action plans.

As part of the development work in 2023/24, the following key activities have been delivered:

With the changes to oversight requirements for MOPAC that were a result of Baroness Casey's review, robust short-term interventions to manage capacity and capability alongside medium- and longer-term plans were agreed at Board level. This work included reprioritisation of work and programmes, enhanced resource planning and delivery, effective use of talent pools, tighter controls on processes such as vetting, organisation design changes and longer-term workforce planning. In addition, a new priority projects team was created providing MOPAC with surge capacity and the ability to flex its resources in a timely way to ensure that priority work can be progressed at pace.

Although organisational growth had been planned for the latter part of 2023/24, to strengthen Strategy and MPS Oversight Directorate and Finance and Corporate Services Directorate, this had to be put partially on hold due to budget constraints. This work will now continue over the first half of 2024/25 and will establish a strategic oversight team and bring together all corporate services under one banner, creating a corporate centre of expertise.

Business as usual work continued throughout with a focus on staff wellbeing being prioritised, and MOPAC driving a more diverse and inclusive culture with support and training for managers to make practical improvements.

Continuous improvement and a more developed people offer and service have been in place in recent years, but it is recognised that further strategic and operational development is required. Further to discovery, diagnostic and design work including a staff survey, business and workforce indicators, and a consideration of external and internal drivers MOPAC implemented its People Strategy in July 2024 to develop a high performing, engaged and inclusive workforce to deliver MOPAC's vision of a safe city for all. The three main objectives being: strengthen identity, culture and connection; equip individuals and the organisation for success; and become an adaptable and resilient organisation.

A working group has been established, providing the governance and assurance needed for this three-year strategy. Some key successes in year one includes:

- The corporate induction programme commenced and 'get to' know sessions on all relevant MOPAC areas of work and processes are in place.
- Sickness Deep Dive analysis, themes, actions agreed
- MOPAC's second leadership conference in Jan 2024 facilitating consistency of role and approach and related learning
- All staff conferences held in October 2023 and March 2024 ensuring connection and cross collaboration and understanding
- Group Mentoring programme and portal launched across the GLA Group and MOPAC
- Further development of Staff Networks including new 'Race Matters' and 'LGBTQ+' networks enabling developed allyship and support to staff
- Disability training rolled out across organisation (MOPAC and VRU) to support Workplace Adjustments Policy and approach launched in 2023/34 Q1

5. Areas for improvement

The Director of Audit, Risk and Assurance (DARA) annual opinion of MOPAC for 2023/24 is that [add once DARA has published its annual report]

Section 4 above reviews MOPAC's current arrangements and areas that have been improved over the last year. Set out below are further improvements identified through this annual review, which will be monitored regularly and added to the MOPAC Governance Improvement Plan 2024/25. The Governance Improvement Plan outlines all areas of focus and steps necessary to further enhance our governance arrangements and ensure that MOPAC's governance continues to improve. It identifies and tracks more detailed actions against outstanding improvements. The Governance Improvement Plan itself is actively managed by the MOPAC Governance and Risk Working Group which meets monthly and is chaired by the Director of Strategy & MPS Oversight.

There are four principal areas of improvement that this year's assessment has highlighted

Managing risks and performance through robust internal control and financial management

Financial Management

In light of the significant financial challenges facing MOPAC/MPS in future years, enhanced governance arrangements and a strengthened internal control framework have been agreed with the MPS to drive forward stronger financial control and enhanced monitoring and oversight.

In last years' AGS we committed to ensure that the Scheme of Delegation and Consent remained fit for purpose and was in line with legislation and guidance. A significant amount of work has been done over the last year to update the financial regulations and this is now

under review before being formally adopted. These arrangements will be reflected in the refreshed scheme of delegation and consent which operates between the MPS and MOPAC, who have both agreed that these arrangements should be reviewed as part of the work to put the budget on a sustainable footing.

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.

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 risks are continually managed so that appropriate mitigations can be put in place.

With improvements in the overall financial processes and budgetary controls, here is an opportunity to develop further the financial literacy across MOPAC and an improvement plan that seeks to improve on the self-assessment against the Financial Management Cde will be developed and reported to each meeting of the Audit Panel.

Building on the work undertaken with MPS as part of the budget finalisation process, enhanced oversight arrangements for the monitoring of the MPS budget position are being introduced. This will include a review of the Investment Advisory and Monitoring meeting held between DMPC and senior MPS colleagues.

Treasury Management practices are to be reviewed in line with the latest guidance. A small working group involving MOPAC and MPS supported by specialist officers from the GLA has been set up. It is envisaged that the work will be completed by the end of September 202 and will provide clarity on respective roles and responsibilities as well as enhancing and improving current processes relating to Treasury Management activity.

Oversight

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.

Implementing good practices in transparency, reporting and audit to deliver effective accountability

Improving openness and transparency remains a priority for MOPAC and the VRU. To ensure greater effectiveness and impact we will determine an agreed set of responsibility for key policy areas. This will also provide greater clarity for internal and external stakeholders about where the lead for an area lies.

Policy leadership

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.

Ensuring openness and comprehensive Stakeholder Engagement

MOPAC convenes a large number of formal meetings in order to ensure we work effectively with partners. These include the London Criminal Justice Board (LCJB) and its sub-Boards, the London Drugs Forum, CONTEST and the ASB Forum. We also attend a number of formal meetings which London Councils run on specific topics, such as community safety and child safeguarding. We believe this provides a good basis for our work in this space.

Stakeholder engagement strategy

MOPAC Board has agreed that this is a strategic priority for the organisation. 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. <u>Community Scrutiny</u> The work to overhaul community scrutiny (4.4) has been a significant undertaking, and a commitment in last years' AGS. Following receipt of the Black Thrive report, MOPAC (jointly with the MPS) commissioned further follow-up work from Ernst and Young to consider possible different operating models and understand a rough order of magnitude costs. This work has now been received 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

This year will see the transformation of public sector procurement policy on a national level. With the Procurement Act 2023 given royal assent at the end of last year, a new direction of travel has been set out. The new approach signals an aspiration to move towards simpler processes, better engagement with the market of providers, and greater innovation in public sector procurement at a time when economic and wider pressures provide the incentive to do so.

Procurement

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.

MOPAC and the VRU can already demonstrate the need, desired outcomes and success measures and provide an evidence base for its commissioned services.

Associated with the VRU outcomes framework, we committed in last year's AGS to publish a dashboard on the mayor's website. Due to technical issues this has not yet been possible, but we are working to resolve these so that we can be transparent with the outcomes to Londoners. The VRU are aiming to overcome these challenges to publish by July 2024.

To strengthen this area of work, further improvements to transparency and awareness of the reach and impact of commissioned services has been identified and will be delivered through publication of key performance information.

Commissioning Data and Management Information

To strengthen its outcomes performance framework, 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.

In summary, the following improvement actions will be added to the MOPAC Governance Improvement Plan and regularly monitored to ensure they are fully embedded.

Principle of good governance	Improvement action
Principle of good governance Managing risks and performance through robust internal control and financial management	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 risks are continually managed so that appropriate mitigations can be put in place. 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. Enhanced oversight arrangements for the monitoring of the MPS budget position are being 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.
Implementing good practices in transparency, reporting and audit to deliver effective accountability	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.
Ensuring openness and comprehensive Stakeholder Engagement	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	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.

6. Statement of assurance

MOPAC's governance arrangements are designed to ensure that we take an appropriate and proportionate approach to managing risk. The arrangements are not designed to eliminate all risks but rather provide a reasonable degree of assurance of our effectiveness in managing the risks.

We are satisfied that the steps set out above have addressed the need for improvements that were identified in the review of effectiveness. We will continue to monitor their implementation and operation during the year and as part of our next annual review.

Signed

Signed

Sophie Linden Deputy Mayor for Policing and Crime Diana Luchford Chief Executive

Appendix 1 – MOPAC's Statutory Functions

MOPAC's functions and responsibilities

MOPAC's functions and responsibilities are set out in the relevant legislation (including but not limited to the Police Reform and Social Responsibility Act 2011). Overarching responsibilities include:

a. Overarching Duties

MOPAC must secure the maintenance of the MPS and ensure that it is efficient and effective. It does this by holding the MPS Commissioner to account for the exercise of their functions including:

- the duty to have regard to the Police and Crime Plan;
- the duty to have regard to the national Strategic Policing Requirement;
- the effectiveness and efficiency of the MPS Commissioner's arrangements for co-operating with other persons in the exercise of the MPS Commissioner's functions;
- the effectiveness and efficiency of the MPS Commissioner's arrangements under section 34 (engagement with local people);
- the exercise of the MPS Commissioner's functions under Part 2 of the Police Reform Act 2002 in relation to the handling of complaints;
- the extent to which the MPS Commissioner has complied with section 35 (value for money);
- the exercise of duties relating to equality and diversity imposed on the MPS Commissioner;
- and the exercise of duties in relation to the safeguarding of children and the promotion of child welfare that are imposed on the MPS Commissioner by sections 10 and 11 of the Children Act 2004;

b. Information

MOPAC is required by legislation to publish information which it considers to be necessary to enable the persons who live in London to assess:

- the performance of MOPAC in exercising its functions; and
- the performance of the Commissioner in exercising the Commissioner's functions.

Where the manner and timing of publication are specified in legislation MOPAC must comply with this. The information necessary to enable this must be published as soon as practicable after that time or the end of that period.

c. Police complaints system

Government reforms introduced in 2020 (under the Policing and Crime Act 2017 and supporting regulations) delivered significant changes to the complaints system. The focus was on delivering a less adversarial, simpler and more customer-focused process. A new right to independent review was introduced for complainants dissatisfied

at the handling or outcome of their complaint to the police. This was designed to further improve the transparency and integrity of the complaints process. MOPAC set up a Complaints Review Team to conduct this part of the regulations.

d. His Majesty's Inspectorate of Constabulary, Fire and Rescue Services (HMICFRS) MOPAC is required to respond formally to HMICFRS reports. MOPAC comments, together with any comments submitted by the Commissioner and any response to those comments by MOPAC, must be published within 56 days of the publication of any report. If the published report includes a recommendation, MOPAC comments must include an explanation of:

- the action MOPAC has taken or proposes to take in response to the recommendation; or
- why MOPAC has not taken, or does not propose to take, any action in response.

The Home Office review of PCCs conducted in 2020 has amended the Specified Information Order 2021 to include the requirement to publish a summary of the force's performance against the HMICFRS PEEL inspection.

Appendix 2 - MOPAC's Governance Framework

This AGS has been drawn up in line with the *CIPFA* - *Delivering Good Governance in Local Government*¹ guidelines, which build on the Nolan principles².

The **MOPAC Governance Framework** uses the CIPFA's *International Framework: Good Governance in the Public Sector* (the framework) (see figure 2). The framework enables MOPAC to monitor and evaluate achievements against its strategic objectives.

The **MOPAC Code of Governance** uses the framework as its base to ensure its principles are integrated into how MOPAC conducts business locally.

Figure 2- International Framework: Good Governance in the Public Sector (CIPFA/IFAC, 2014)



MOPAC can demonstrate that the systems and processes in place to support these governance provisions are:

- monitored for their effectiveness in practice via the <u>reports</u> to the Joint MOPAC and MPS Audit Panel and annually via this <u>AGS</u>
- Subject to <u>scheduled reviews</u> by the Directorate of Audit, Risk and Assurance (DARA) to ensure it remains up to date and fit for purpose

¹ <u>Delivering Good Governance in Local Government Framework 2016 Edition | CIPFA</u>

² The Seven Principles of Public Life - GOV.UK (www.gov.uk)

Improved and actioned through the organisation via the <u>Governance Improvement</u>
 <u>Plan</u>

The Mayor delegates day-to-day running of MOPAC to the <u>Deputy Mayor for Policing and</u> <u>Crime</u>, whose role is similar to that of an elected Police and Crime Commissioner elsewhere.

The framework governing the financial management of MOPAC is outlined in the Police Reform and Social Responsibility Act 2011, the <u>Financial Management Code of Practice for</u> the Police, the MOPAC Scheme of Delegation and in the <u>MOPAC Financial Regulations and</u> <u>Contract Regulations</u>.

MOPAC uses and publishes a <u>Scheme of Delegation and Consent</u> which sets out approval delegations to ensure that decisions are made at the lowest level consistent with efficient and effective decision making, whilst ensuring that MOPAC, DMPC and the MPS are properly protected against the risks associated with being the individual held to account for all decisions made.

MOPAC ensures that the process for raising any concerns employees have about the way business is conducted is simple, effective and confidential wherever possible, as set out in its <u>whistle blowing policy</u>.

MOPAC is required to produce an Annual Report on progress in relation to activities, achievements, the financial position, performance against PCP priorities and objectives and ensure that it is communicated publicly. The 2023/24 Annual MOPAC report will be published to sit alongside the final AGS and the MOPAC accounts. It will be presented to a future PCC meeting for scrutiny.

MOPAC is held to account for its objectives, operations and delivery of the PCP through various Boards and Panels, detailed below. More information can be found on the <u>MOPAC</u> <u>website</u>.

MPS oversight governance

i.London Policing Board

<u>The Board</u>, chaired by the Mayor of London, supports MOPAC to discharge its statutory and legal responsibilities to 'secure the maintenance of the MPS', 'secure that the MPS is efficient and effective', and to hold the Commissioner of Police for the Metropolis ("Commissioner") to account for the exercise of their functions, as part of MOPAC's strategic oversight framework.

In particular, the board: -

• Holds the MPS to account for its delivery of the MPS-led objectives in the Mayor's Police and Crime Plan ("PCP").

- Holds the MPS to account for addressing the findings and recommendations of the Baroness Casey Review, including the New Met for London Plan.
- Reviews the identification, assessment and management of risks to delivery of the Plans referred to above.
- Provides expert advice to the Mayor to support him in driving sustainable improvements across the MPS including wider cultural change in service to Londoners, in line with the MPS's Mission of More Trust, Less Crime and High Standards.
- Scrutinises MPS finances and assets to ensure its budget is allocated in accordance with the Mayor's objectives and is used in the most efficient and effective manner.

The LPB meets four times a year and has two committees that enable members to delve deeper into key strategic areas of the MPS.

- <u>The Performance and Finance delivery committee</u> oversees the totality of MPS performance and financial management to ensure that MPS reform supports improved service delivery and better outcomes for Londoners. The Committee oversees all elements of operational delivery, finance, data and digital, and transformation and seek to assure that are aligned in an evidence-based way.
- <u>The People and Culture committee</u> oversees the MPS's work on matters relating to the people and culture of the Metropolitan Police and ensures that reform supports improved service delivery and better outcomes for Londoners. The Committee oversees cultural reform and workforce planning and seek to assure that it is aligned to strategic priorities in an evidence-based way.

iii.Bi-laterals

The <u>Mayor routinely meets with the Commissioner</u> and their team, including specialist operations, to discuss policing in London and to be briefed on counter terrorism.

The <u>DMPC and the Commissioner hold regular meetings</u> to provide in depth scrutiny of the effectiveness and efficiency of the MPS and to consider issues of importance to policing and crime reduction in London.

iv.Informal One-to-Ones

On an informal basis, the DMPC meets regularly with MPS Assistant Commissioners, as well as occasionally with key Deputy Assistant Commissioners, Commanders and other members of the MPS Management Board.

v.Investment Advisory and Monitoring (IAM)

IAM is an advisory meeting to the DMPC, to inform decisions subsequently taken and published. It ensures that MPS investment decisions deliver the police and crime plan and are founded on a sound business case, contributing to efficiency and effectiveness of the MPS. The business case proposals supporting key investments in the MPS transformational change programme are considered at this board.

vi.Corporate Investment Board (CIB)

In addition to the MOPAC governance, as part of the wider GLA corporate governance and to ensure consistency across the GLA, proposed MOPAC investment decisions are reported to the GLA Corporate Investment Board (CIB). The Deputy Mayor for Policing and Crime is a member of this board. The board is an internal forum chaired by the Mayor's Chief of Staff. Further information on and the public minutes of CIB meetings can be accessed here: https://www.london.gov.uk/aboutus/governance-and-spending/good-governance/decision-making.

External oversight of MOPAC

MOPAC's work is scrutinised via the following avenues:

I.Police and Crime Committee

The Police Reform and Social Responsibility Act 2011 requires the establishment of an ordinary Committee of the Assembly to be the Police and Crime Panel. This function is and will continue to be carried out by the Police and Crime Committee (PCC). The London Assembly's Police and Crime Committee (PCC) is the statutory body that examines the work of MOPAC and meets twenty times a year. Ten of those meetings are used principally to hold question and answer sessions with the DMPC and Commissioner or their representative. The Committee can require the DMPC and / or staff from MOPAC to attend its meetings for the purpose of giving evidence and provide documents to it. The Committee also investigates key issues relating to policing and crime in London as part of this scrutiny.

II. Mayor's Questions

The <u>Mayor's Question Time (MQT)</u> meetings take place ten times a year. Assembly Members as part of their role in holding the Mayor and his functional bodies to account ask the Mayor a range of questions within the remit of his role, which includes policing. Questions which are not answered at the meeting receive written responses. A number of policing questions are asked of the Mayor during MQT.

III.Functional Body Question Time

At least once a year, Functional Body Question Time (FBQT) or Plenary sessions on Policing issues are held with the Mayor and the Commissioner. This forms another opportunity for Assembly Members to hold both the Mayor and the Commissioner to account and examine policing matters in London.

IV.Budget and Performance Committee

The London Assembly's Budget and Performance Committee scrutinises the Mayor's budget for the financial year and the implications for services and council taxes in London. It also examines, monitors and reports on the budgets and performance of the GLA and Functional Bodies which includes MOPAC.

V. Oversight Committee

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The <u>Greater London Authority (GLA) Oversight Committee</u> is responsible for a range of matters and sometimes examines the work of MOPAC as it pertains to their terms of reference.

The London Victims' Commissioner

Claire Waxman was appointed by the Mayor of London as London's first Independent Victims' Commissioner in 2017 and re-appointed in May 2021. Her role is to work alongside victims and survivors, amplifying their voices and promoting their interests with criminal justice partners, to ensure that they are heard and that lessons are learnt to inform and shape practices, policies, and service provision. Claire reports directly to the DMPC and plays a significant role in stakeholder engagement and overseeing the delivery and performance of MOPAC's Victims' commissioning service. Claire's ambitious programme of work includes:

- chairing the London Victims Board, comprising of justice agencies and statutory
 partners. The Board supports the delivery of commitments set out in the Mayor of
 London's Police and Crime Plan and provides the opportunity for the victims' voice to
 be at the centre of decision making.
- forming and co-chairing the Victims Reference Group, for ongoing engagement with victim support organisations to inform the development of policy, change in practice, and the work of the Victims Board and London Policing Board. If you are an organisation who wishes to be considered to join, please email us.
- holding the Metropolitan Police Commissioner and senior leadership team to account, through ensuring that victims are kept at the heart of all discussions through her role on the new London Policing Board.
- convening three London Victims' Summits, bringing together national and international senior leaders from all justice agencies, voluntary and community groups, local councils, and victims of crime, to galvanise a partnership effort to improve victims' experiences of navigating the justice system and support options post incident.
- advocating for an independent Victim Care Hub model in London, which would act as a navigator in a victim's justice journey, building a team of people around that victim to ensure they are well informed and supported. Claire has also visited Quebec, Canada to learn from their good practice in this area, which she has shared with Government and justice partners.
- hosting a number of roundtables, including for male victims, Black victims, and victims of violence against women and girls, to hear directly from victims and survivors about their experiences in accessing support and navigating the criminal justice system and family justice system, with a view to develop policy proposals. These roundtables have been attended by senior leaders within the Metropolitan Police, and directly influenced the Mayor's VAWG strategy, Casey Review, legislative and policy changes.
- Listening to victims and families and lobbying for key changes to Parliamentary Bills. Claire has worked closely with central Government, Members of Parliament, and Peers, to amplify and gain support for her calls including stalking legislation, better

safeguards for victims' personal data, ensuring offenders must attend sentencings or face consequences, better access to sentencing remarks for victims and bereaved families, and improved rights and entitlements for victims.

- conducting two Rape Reviews and making a number of impactful recommendations, which led to the development of Operation Soteria, a nation-wide programme aiming to use evidence and new insights to enable forces to transform their response to rape and serious sexual offences. Claire is also now looking at how the learning from Op Soteria can be embedded and engaged with judiciary and courts.
- responding to the Crown Court backlogs, working closely with Government departments, HMCTS, the judiciary, CPS, Criminal Bar Association, and victims' organisations to address the backlog and ensure victims are supported.
- working closely with the Metropolitan Police Service, to influence and help improve their response to victims, and supporting them as they work to reform their victim care programmes in order to meet the recommendations made in the Casey Review.
- working closely with the Crown Prosecution Service and Ministry of Justice to develop their key victim policies, and providing insight for their staff into the victim experience and their role in supporting victims
- improving the awareness and use of Victim Personal Statements, to ensure victims and bereaved families are given the opportunity to explain, in their own words, the impact that a crime has had upon them and their families, and to ensure these accounts are taken into consideration during charging and sentencing decisions by all criminal justice agencies.

Violence Reduction Unit (VRU)

In response to increasing violence in London, the Mayor announced the formation of the VRU in September 2018. The VRU Director, Lib Peck, was appointed in January 2019 and the unit became fully operational in early 2019/20.

The VRU is taking a fundamentally different, public health approach to violence reduction – one where the institutions and communities that make up London act together to help identify and address the underlying causes of violence. The Mayor chairs a Partnership Reference Group to ensure that partner views are at the heart of the VRU's work. The Group met for the first time in October 2018 and met three times in 2023/24.

The VRU is a City Hall partnership with input from the Deputy Mayor for Policing and Crime, the Deputy Mayor for Communities and Social Justice and the Deputy Mayor for Children and Families. MOPAC remains legally accountable for the decisions and operations of the VRU insofar as they relate to its' responsibilities. Where decisions relate to MOPAC's responsibilities, the VRU is subject to MOPAC's scheme of delegation and consent. The VRU's permanent staff are employed on MOPAC terms and conditions.

Independent Panels

i.Joint Audit Panel

In line with the Home Office Financial Management Code of Practice established to support the implementation of the Police Reform and Social Responsibility Act 2011, a joint MOPAC/MPS Audit Panel, performing the functionality of an Audit Committee is in place.

The Joint Audit Panel is responsible for enhancing public trust and confidence in MOPAC and the MPS. It also assists MOPAC in discharging its statutory responsibility to hold the MPS to account. It advises MOPAC and the MPS Commissioner according to good governance principles and provides independent assurance on the adequacy and effectiveness of MOPAC and the MPS internal control environments and risk management frameworks.

The Joint Audit Panel receives <u>regular reports at its quarterly meeting</u>, including on MOPAC governance and risk matters and the respective improvement plans.

ii.Ethics Panel

The <u>London Policing Ethics Panel</u> (LPEP) is an advisory panel that is independent of the mayoralty and the MPS. It defines its own work plan and publishes its own findings, that are then sent to the Mayor, Deputy Mayor for Policing and Crime and Commissioner of the MPS.

Reports it produced in 2023/24 included the report on the <u>openness and transparency of</u> the MPS, and commentary on the <u>Police Foundations Principles for Accountable Policing</u>.

Review of the Code

MOPAC has responsibility for conducting regular reviews of the effectiveness of the governance framework, including the system of internal audit and the system of internal control. The review is continuous with a programme of reviews of governance policies to ensure they meet the demands and needs of MOPAC.

DARA provides assurance on the effectiveness of the MOPAC governance framework and highlights areas for improvement which are reported to senior management. Internal reviews tend to include research into best practice, update of the framework and provision or update of policies and procedures. Changes that are the subject of a decision and will be published. The effectiveness of the framework is also reviewed as part of the process of drawing up the Annual Governance Statement.
MOPAC MAYOR OF LONDON OFFICE FOR POLICING AND CRIME



MPS-MOPAC JOINT AUDIT PANEL 15 July 2024

MOPAC and MPS Draft Internal Audit Annual Report 2023/24

Report by: Director of Audit, Risk and Assurance, Head of Internal Audit for MOPAC and MPS

Report Summary

The attached draft report contains the internal audit annual opinion for the Mayor's Office for Policing and Crime (MOPAC) and the Metropolitan Police Service (MPS) internal control environments, and summarises the activities and performance of the Directorate of Audit, Risk and Assurance.

Key Considerations for the Panel

- The Director of Audit Risk and Assurance has concluded:
 - 'MOPAC has an adequate internal control environment supporting achievement of its strategic objectives, which generally operates effectively. Fully embedding the revised oversight arrangements is key to addressing the significant financial challenge and driving further progress in meeting agreed policing priorities and objectives.'
 - 'The MPS internal control environment is limited in its effectiveness supporting the achievement of strategic objectives. Some progress has been made and a definitive plan to improve effectiveness is now in place. This is to establish a more mature and cohesive environment, key to determining, co-ordinating and monitoring achievement of agreed strategic priorities.'
- DARA activity and key areas of development and further improvement for both MOPAC and the MPS, are highlighted in the main body of the report, summarised on pages 2 and 3 for MOPAC and pages 9 and 10 for the MPS.

Interdependencies/Cross Cutting Issues

Areas of improvement identified are addressed in the Annual Governance Statements for MOPAC and the MPS submitted to this meeting of the Panel for its consideration.

Recommendations

The Audit Panel is recommended to consider the draft Internal Audit Annual Report of the Director of Audit, Risk and Assurance and note the annual opinion on the adequacy and effectiveness of the MOPAC and MPS internal control environments.

1. Supporting Information

- 1.1 The report reflects continuing challenges faced by policing in London, including a significant funding gap for 2025/26 and budget pressures for the coming year.
- 1.2 The annual opinion of the MOPAC and MPS internal control environments is based on an assessment of the effectiveness of governance, including risk management and of the internal control framework and takes account of other internal and external review activity as appropriate.

MOPAC Internal Control Environment

- 1.3 The Director of Audit, Risk and Assurance has concluded that 'MOPAC has an adequate internal control environment supporting achievement of its strategic objectives, which generally operates effectively. Fully embedding the revised oversight arrangements is key to addressing the significant financial challenge and driving further progress in meeting agreed policing priorities and objectives.'
- 1.4 The report notes the considerable work undertaken in establishing the LPB to enable transparent and strategic oversight of MPS cultural reform and service delivery. Additional resource, performance analysis and insight have supported the operation of the Board and its committees with MOPAC and MPS leads working to produce a shared performance framework, which will facilitate the alignment and management of key strategic risks to the PCP and NMfL.
- 1.5 The revised oversight arrangements are relatively immature. Going forward it is essential a regular rhythm of meetings is established, supported by timely and effective reports that adequately cover the full remit of the LPB and its committees. The significance of the evaluation of arrangements, planned for September is highlighted, along with the continued reliance on effective engagement between MOPAC and the MPS.
- 1.6 The arrangements need to ensure an effective response to the significant financial challenge, assuring implementation of enhanced financial governance and strengthened internal control. Other areas for further improvement include; implementation of the revised model for community engagement and plans to strengthen resilience and efficiency of MOPAC's enabling functions, and continuing to increase transparency in reporting MOPAC and Violence Reduction Unit commissioning outcomes.

MPS Internal Control Environment

1.7 The Director of Audit, Risk and Assurance has concluded that, 'The MPS internal control environment is limited in its effectiveness in supporting the achievement of strategic objectives. Some progress has been made and a definitive plan to improve effectiveness is now in place. This is to establish a more mature and cohesive environment, key to determining, co-ordinating and monitoring achievement of agreed strategic priorities.'

- 1.8 The Action Plan for improving the effectiveness of the internal control environment is to help determine progress and what is achievable in the short to longer term. This will form a unified governance improvement plan as set out in the AGS. The plan includes; the strategic framework, governance, risk and assurance, cultural change, capacity and capability, understanding demand and deploying resource with key areas aligning with activity in the NMfL plan.
- 1.9 The significance of the work underway to prioritise delivery of activities within NMfL is reflected, both in terms of addressing the considerable financial challenge and continuing capacity and capability pressures across the Met. The report highlights the difficulty in striking a balance in sustaining both transformation and business as usual activity to deliver on agreed priorities. This will need to be supported by effective implementation of the enhanced financial controls, including the planned development of a robust business planning process.
- 1.10 Continuing to work in liaison with MOPAC on the joint outcomes focused performance framework, and positively engaging with LPB and its committees, will also provide additional public assurance on delivery of the agreed priorities and progress in achieving reform.
- 1.11 Governance arrangements need to be supported by enhanced and fully integrated; business and financial planning, performance and risk management and assurance provision. Capacity and capability continues to be an issue with key initiatives including the developing workforce plan, delivery of a first line leaders programme and implementation of the Learning Management System. Several key specialist posts have also been filled, although gaps remain in key areas of the business.
- 1.12 Significant progress has been made in identifying and exiting those individuals from the Met whose behaviour falls below expectations. Considerably more is to be done to align strategy, organisational structure and process to cultural ambitions. Further development of the Culture Delivery Plan for the Met is to be supported by more effective engagement and communication, encouraging greater understanding and active participation and commitment to reform.

Directorate of Audit, Risk and Assurance Activity and Performance

1.13 Appendix 2 details Audit Activity. There were no impairments to audit independence and objectivity and compliance with auditing standards maintained. 88% of the programme was covered to draft report/completion of advice with 12% of reviews in progress and 79% productivity achieved.

2. Equality and Diversity Impact

The MOPAC and MPS commitment diversity and Inclusion are considered in all activities carried out by DARA.

3. Financial Implications

There are no direct financial implications arising from the report. Savings and recoveries made enable funds to be directed towards core policing.

4. Legal Implications

There are no direct legal implications arising from the report.

5. Risk Implications

There are no direct risk implications arising from the report.

6. Contact Details

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

7. Appendices and Background Papers

Appendix 1 – MOPAC and MPS Draft Internal Audit Annual Report 2023/24.

DRAFT INTERNAL AUDIT ANNUAL REPORT 2023/24 MOPAC AND THE MPS

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Glossary

This report contains the Director of Audit, Risk and Assurance, annual opinion on the Mayor's Office for Policing and Crime (MOPAC) and the Metropolitan Police Service (MPS) internal control environments. It also summarises the activities and performance of the Directorate of Audit, Risk and Assurance (DARA), internal auditors to MOPAC and the MPS.

MOPAC and the MPS are responsible for ensuring a sound internal control environment facilitates effective operation of their functions and achievement of strategic objectives. The annual opinion is based on an assessment of the adequacy and effectiveness of governance, risk management and internal control frameworks. DARA risk and assurance and advisory reviews, and counter fraud work inform that opinion, which also considers HMICFRS and External Audit reports, MOPAC and MPS annual assessments of governance and other external and internal review activity, in line with professional audit standards.

MOPAC continued to focus on delivery of the Police and Crime Plan (PCP), whilst overseeing action and plans to secure Met reform and increase trust and confidence, which remains a concern. In response to Baroness Casey's recommendation, MOPAC introduced a revised oversight governance structure to provide full transparency and accountability to Londoners with the London Policing Board (LPB) first meeting in September 2023. It's diverse membership provides specialist advice to the Mayor in holding the Met to account for delivering the reforms to rebuild trust and confidence and agreed policing objectives.

The Commissioner published the New Met for London Plan (NMfL) working to reform the Met, aiming for 'More Trust, Less Crime and High Standards', in a year of transition and change that has continued to be challenging. Policing the large-scale public protests relating to the Hamas/Israeli conflict also placed considerable pressure on MPS resources. The Met remains in the 'Engage' phase of monitoring by HMICFRS, regularly reporting to the Police Performance Oversight Group. Progress has been made in transforming the timeliness of the Met response to calls from the public, implementing Right Care, Right Person - significantly reducing demand on MPS emergency services, and launching a major IT solution streamlining access for frontline officers to core systems.

In February 2024, Dame Angiolini published her first report into failings in the police service nationally, focusing on the circumstances that allowed Wayne Couzens to become and remain a police officer. Recommendations were made for policing nationally, although serious issues concerning MPS processes are being addressed.

A considerable funding gap for 2025/26, reported as £300m, presents a significant further challenge. In setting the budget for 2024/25 additional governance and control measures were introduced to support delivery of agreed objectives within budget for the current year and to address the gap. The external auditor has made it clear this represents a significant financial sustainability risk to the MPS with increased scrutiny now taking place.

Effective governance and operation of a sound internal control environment remain key to rebuilding trust and confidence, achieving financial sustainability, delivering on agreed policing priorities, and driving fundamental reform of the MPS.

DARA's strategic approach is aligned to policing objectives with an increased focus on expert real time advice to help strengthen the control environment, whilst maintaining independence. DARA analysis of strategic issues arising from our review activity informed; the New Met for London plan, response to the Casey Review and MOPAC oversight arrangements. This has recently led to the development of a definitive action plan for the Met to help better track and evaluate progress and prioritise activity, on work to improve effectiveness of the control environment. DARA also advised the MOPAC and MPS Chief Finance Officers in developing the enhanced financial governance arrangements and controls and will assist in evaluating effectiveness of their implementation in the coming year.

Internal Audit Annual Opinion

MOPAC has an adequate internal control environment supporting achievement of its strategic objectives, which generally operates effectively.

Fully embedding the revised oversight arrangements is key to addressing the significant financial challenge and driving further progress in meeting agreed policing priorities and objectives.

The following will further enhance effectiveness with action reflected in the MOPAC Annual Governance Statement and improvement plan;

Effectively embedding the revised oversight governance arrangements for policing in London - considerable work has been undertaken in establishing and supporting the LPB to enable transparent and strategic oversight of MPS cultural reform and service delivery to increase public trust and confidence. Additional resource, performance analysis and insight have supported the operation of the Board and its committees with MOPAC and MPS leads working together to produce a shared performance framework focused on outcomes.

The arrangements are relatively immature with the LPB meeting four times, and its committees no more than twice to date. Challenges have been experienced in scheduling meetings, agreeing agenda and receiving timely reports to facilitate oversight. Going forward it is essential that a regular rhythm of meetings is established supported by timely and effective reports that adequately cover the full remit of the LPB and its committees. The evaluation of arrangements, planned for September, needs to objectively assess the impact of oversight, including internal meetings. This should include determining measures of success and to what extent and how focused oversight is able to influence policing culture and outcomes. There will be a continued reliance on effective engagement between MOPAC and the MPS, which will need to facilitate difficult decisions on the prioritisation of policing objectives and resources.

Arrangements need to ensure an effective response to the significant financial challenge, overseeing implementation of the enhanced governance arrangements and strengthened internal control. This is to be supported by a revised remit for the Investment Advisory Monitoring (IAM) meeting, increased robust oversight of MPS investments and savings plans, a financial resilience index and the revised Scheme of Delegation and Consent.

- Aligning MOPAC and MPS identification and management of key strategic risks and driving improvements to MPS assurance – the alignment of performance frameworks will facilitate the identification, management, and oversight of risk interdependencies to give greater public assurance on the delivery of Met reform and PCP outcomes. Oversight governance provides for more in-depth review and understanding of MPS corporate assurance and effectiveness of core processes supporting delivery of strategic priorities.
- Implementing revised approach for community scrutiny and engagement to enable community engagement and input to oversight of the MPS – progress was made during the year with a pilot assessing community scrutiny mechanisms and informing the operating model for community oversight. Work to date has benefitted from the level of engagement between MOPAC and the Met, which will be key going forward to support implementation of the new model within the next six months.

Wider stakeholder engagement is also to be enhanced with better definition of the strategic approach to stakeholder relationships across MOPAC producing a new Partnership Strategy and strengthening relationships with local authorities across London.

Implementing plans to strengthening resilience and efficiency of enabling functions - a revised Target Operating Model for Corporate Services has brought together and strengthened enabling functions. Successful recruiting to supplement that achieved to date will be key to securing sustainable improvement in the implementation of the Procurement Transformation Strategy, data governance and business planning.

Plans to increase financial acumen across MOPAC and improvements following selfassessment against the Financial Management Code also need to be properly supported.

Continuing to increase reporting and transparency of MOPAC and VRU commissioning outcomes - building on progress made to date, transparency and awareness of the impact of MOPAC commissioned services will increase with the implementation of a programme enhancing collation, analysis, and publication of key data. Publication of the VRU dashboard and agreement of a key performance indicator for each priority area will highlight activity that benefit Londoners the most.

Accountability

MOPAC is accountable to the electorate, and the Metropolitan Police Commissioner to MOPAC. The Police and Crime Committee (PCC) of the London Assembly keeps under review the exercise of the functions of MOPAC. MOPAC brings together performance and finance in reporting to Assembly Members with the DPMC continuing to attend monthly public meetings of the PCC. The London Assembly's Budget and Performance Committee examines, monitors and reports on the budgets and performance of MOPAC alongside other GLA and Functional Bodies.

The Statutory Policing Protocol sets out how the functions of MOPAC, the Commissioner and the PCC are exercised in relation to each other. It defines the financial responsibilities of MOPAC and the Commissioner, making it clear the former is accountable to the public for the management of the Police Fund while the latter is responsible for budgets following Mayoral and DMPC approval.

Strategic Framework

The Police and Crime Plan (PCP) for London 2022-25 sets out the Mayor's police and crime objectives, defining strategic priorities and outcomes for policing in London and the wider criminal justice system, which includes increasing trust and confidence in the MPS. It also outlines MOPAC's statutory responsibility for oversight of the MPS, including budget setting, performance scrutiny and strategy and policy development and forms the basis for MOPAC's mission. Following the re-election of the Mayor in May 2024 work has commenced on the development of a revised PCP for the next term.

Further progress was made in delivering the Mayor's Action Plan aiming to improve trust and confidence in the MPS and to address community concerns relating to disproportionality in the use of certain police powers affecting Black Londoners. DARA previously advised on the governance arrangements overseeing delivery with communities playing a significant part in oversight. An External Reference Group supports and challenges MOPAC and the MPS in the delivery of the commitments set out in the Action Plan with the Chair also now attending the People and Culture Committee to the London Policing Board (LPB).

The Partnership Reference Group, chaired by the Mayor, provides the strategic lead, direction, support and challenge to the Violence Reduction Unit (VRU). It includes the Deputy Mayors for Policing and Crime; Communities and Social Justice and Children and Families with membership reviewed during the year leading to London Fire Brigade and additional community group representation. MOPAC is legally accountable for the decisions of the VRU, which is subject to MOPAC's Scheme of Delegation and Consent, and staff are employed by MOPAC.

Oversight Governance

MOPAC transitioned to a new governance structure in September 2023 to enhance strategic oversight, accountability and transparency to Londoners in response to Baroness Casey's recommendation. The quarterly public meetings of the London Policing Board (LPB), chaired by the Mayor, focus on delivery of policing priorities and cultural reform. The Board is supported by the Performance and Finance Delivery and People and Culture Committees. DARA advised on the governance arrangements, in particular the development of terms of reference, ensuring clear articulation of respective roles, and informing the work programme. The forward work programme has recently been developed in consultation with the MPS, and aims to scrutinise not only performance, but also how the Met is organised and governed.

Dedicated additional resource within MOPAC has supported the implementation of the revised arrangements with MOPAC facilitating; induction, expert led sessions, awaydays and the

provision of direct support to the MPS from LPB members to reflect this aspect of their role as well as that to challenge.

A shared outcomes performance framework aligned with the Met, informed by views of the public and partners and cultural change measures, has been developed. More detailed measures submitted to the Performance and Finance Committee cover both performance and financial monitoring to be published as part of the MOPAC Quarterly Performance report. An array of data analytics facilitate oversight and now include a LPB dashboard, although direct access to MPS data has remained an issue in some areas. The Oversight Analysis Group brought functions across MOPAC together to inform, co-ordinate and direct oversight activity, an internal review to bring further rigour to this process is underway.

In liaison with the MOPAC CFO, DARA advised on the financial oversight arrangements to oversee implementation of the enhanced governance measures, agreed in setting the budget for 2024/25, to address the significant risks to the financial sustainability of the MPS. In finalising the budget, the MOPAC and MPS CFOs were explicit of the need to exercise robust control to deliver agreed objectives within the budget set for 2024/25, and to address the significant funding gap for 2025/26.

The Mayor regularly meets with the Commissioner and their team to discuss policing in London and to be briefed on counter terrorism. The DMPC and the Commissioner hold regular meetings to provide in-depth scrutiny of the effectiveness and efficiency of the MPS and to consider issues of importance to policing and crime reduction in London. This included the MPS's continued response to the HMICFRS 'Engage' process and the Casey Review. The DMPC also met with individual members of the MPS Management Board throughout the year.

The DMPC commissioned HMICFRS to inspect how well the MPS protects children. In October 2023, during the inspection, HMICFRS requested the MPS produce an action plan to address two accelerated causes of concern as a result of their failure to 1) Identify and assess risks appropriately, and to respond adequately, when children are reported missing; and 2) Carry out sufficiently effective investigations when children are at risk of, or harmed by, criminal or sexual exploitation. The full report was published in February 2024 with an additional set of recommendations made and advice that 'For the benefit of London's children, the MPS should implement them in full and without delay.' Action is being taken to address the issues raised.

A formal Programme with a dedicated resource, oversees delivery of MOPAC's response to the Casey Review. This has been informed by the analysis and insight arising from DARA review activity. MOPAC reported to the PCC in March 2024 one year on from the Case Review, concluding there had been some progress in the last year, in particular in strengthening neighboured policing and new oversight arrangement with further work to support cultural reform a priority. The LPB has been established, the NMfL plan published and the MPS has undertaken work on misconduct and raising standards. There are signs neighbourhood policing is being prioritised including the introduction of Borough-level Neighbourhood Superintendents and the move from centralised to local proactive teams. However, there are areas where there is more to do. For example, the MPS resourcing external expertise to drive forward work to change culture and rebuild trust with some of London's communities in line with the guiding principles and values committed to in NMfL.

MOPAC's Independent Custody Visiting (ICV) Scheme, discharges statutory duties to ensure the welfare, rights and entitlements of custody detainees with over 200 ICVs. A DARA review noted that policy and process aligned with best practice and improved liaison with the MPS. Greater integration of the output from ICV activity into wider MOPAC oversight and reporting will increase visibility and impact of the work carried out in improving custody arrangements. The framework supporting the MOPAC complaints function has improved. A DARA follow up found the backlog of complaints had been reduced supported by an uplift in permanent resources with work underway on a new Case Management System to support more effective analysis of complaint review demand and learning.

MOPAC Corporate Governance

MOPAC has an established corporate governance structure, which includes MOPAC Board, PCP Programme Board, Governance and Risk Working Group and Contracts and Commissioning Working Group, and regular meetings of the DMPC and MOPAC Board. A suite of corporate data dashboards supports internal management of MOPAC performance with regular and improved reports reviewed by the Board. A DARA review of the arrangements is planned for the coming year, which will be informed by the recent appointment of a new interim Chief Executive for MOPAC.

The MOPAC Portfolio Board provides strategic oversight of core change programmes and projects and PCP delivery, identifying cross-Portfolio risks, issues and dependencies and prioritising points of escalation. This is supported by a skilled PMO resource and improved reporting and analysis, facilitating Board considerations and decisions.

Decision Making Framework

Monthly Investment and Monitoring Advisory Meetings, chaired by the DMPC, continued to consider investment decisions aligned to the PCP and NMfL transformation objectives with subsequent DMPC decisions recorded publicly. There was a focus on key decisions supporting MPS transformation, including strengthening local policing and transforming investigations and prosecution. The remit of the meeting is currently being refreshed to support the enhanced financial oversight of the MPS.

Work has not yet concluded on a revised MOPAC Scheme of Delegation and Consent and Financial Regulations to better align the framework with legislative guidance, bringing greater clarity to key accountabilities, roles and responsibilities. This now forms part of the activity agreed between MOPAC and the MPS to strengthen financial governance. DARA continue to advise on the assurance model in support of the Scheme.

Risk Management and Assurance

Risk maturity has continued to improve with the joint Audit Panel receiving regular reports from the Chief Executive on key strategic risks and the development of the framework. This includes clearer definition of key accountabilities, roles and responsibilities, escalation routes and risk appetite. Deep dives of corporate risks take place at Strategic Board meetings and project and programme risk management is now embedded. DARA continue to advise on better integration of risk management at a directorate level, this will be facilitated by the introduction of a new business planning process.

The Governance and Risk Working Group, chaired by the Director of Strategy and MPS Oversight and attended by senior leaders and DARA, oversees the identification and management of risk and implementation of the Governance Improvement Plan and internal and external audit recommendations.

The oversight structure is to provide more in-depth review and understanding of the MPS corporate assurance framework supporting delivery of agreed policing priorities.

Workforce Capacity and Capability

There was continued pressure on MOPAC resources, which was particularly impacted by the need to move quickly in establishing the new oversight structure. Both short and longer term initiatives were instigated to address capacity issues with a projects team created as an agile

resource to carry out priority work. A revised operating model for Corporate Services has brought together and strengthened enabling functions to provide greater resilience across MOPAC. Senior appointments of procurement and contract management specialists and permanent finance professionals were made. Additional resource to support the LPB and revised governance model was introduced. Further planned recruitment to Corporate Services and within Strategy and Oversight was delayed awaiting the outcome of budget considerations and has recently resumed. The development of the new PCP provides the opportunity to reaffirm and prioritise resources to support its delivery over the next term.

The MOPAC People Strategy 2023- 2026, supported by a high level three year plan, aims to 'develop a high performing, inclusive and engaged workforce to deliver MOPAC's vision for London as a safe city for all.' Progress is reported throughout the year overseen by a programme steering group chaired by the MOPAC Chief People Officer. Several key activities around recruitment and onboarding, engagement, wellbeing, learning and development, and HR policies have been introduced or updated but further work is needed and planned. This includes as advised by DARA, a review and update of the suite of policies.

Financial Management within MOPAC

A DARA review concluded enhanced analysis and reporting to MOPAC Board, and monitoring at directorate level, has increased the effectiveness of budgetary control across MOPAC and the VRU. Budget profiling, in particular supporting complex funding arrangements for grant and commissioning activity is more refined, accountabilities better defined and aligned to core responsibilities and financial training provided. Introduction of the more effective coding structure and improved reporting functionality, together with increasing financial acumen and embedding value for money principles across MOPAC, will further improve effectiveness.

A more robust process facilitated setting the MOPAC budget for 2024/25 with funding aligned to agreed strategic priorities informed by improved financial planning and reporting. The current three year rolling Medium Term Financial Plan for MOPAC sets out a balanced position for this year, achieved using reserves and savings, and for 2025/26 with a gap of c£6m in 2026/27. The MOPAC reserves strategy was further developed, recognising the significant financial risks in the wider MOPAC/MPS budget and the need to increase the general reserve. DARA advised on the MOPAC self-assessment against the Financial Management Code of Practice with areas of improvement informing the MOPAC governance improvement plan.

Equality, Diversity and Inclusion

Progress against the MOPAC EDI Action Plan is regularly scrutinised by the Board informed by staff surveys and feedback. A focus on staff wellbeing was prioritised with further support and training for managers provided. There was further development of Staff Networks including new 'Race Matters' and 'LGBTQ+' networks enabling developed allyship and support to staff. Disability training was rolled out across the organisation to support the Workplace Adjustments Policy and approach launched during the year.

Grants and Commissioning Framework

Quarterly updates on the performance of MOPAC's commissioned and grant-funded services are published with the level of financial information and analysis continuing to improve the management and profiling of commissioning spend and activity. The Commissioning Outcomes Framework has standardised the process for measuring success of services supporting the strategic outcomes of the PCP. Transparency and awareness of the impact of commissioned services will increase with the implementation of a programme aiming to enhance collation and publication of key performance information. The Commissioning Catalogue, capturing details of commissioning activity continues to mature, enabling more effective analysis and evaluation of key outcomes to inform funding decisions, which is of increased importance in light of current budget pressures. The VRU outcomes framework and KPIs continue to embed across its programmes with the internal performance dashboard going live and further development of Programme-Level analysis to support Data Driven Performance Management. The online Evidence Hub bringing together key learning and insights from VRU programmes is now due to launch July 2024.

Procurement and Contracts Management Framework

Considerable progress was made during the year to improve the framework supporting procurement activity led by the newly appointed Head of Procurement and Contracts. This was supported by a DARA advisory review, considered by MOPAC Board, to inform the strategic approach to procurement and contract management across MOPAC going forward. The review centred on the role of the new Procurement team within Corporate Services, and steps being taken to implement a Procurement Transformation Strategy and to ensure compliance with changes in public sector procurement regulations. This will need to be supported by successful recruitment of the additional resource. A Commercial Assurance Group has now been established. Contract management is an area that needs to improve to provide greater assurance that anticipated benefits and outcomes are being delivered as intended.

ICT and Information Management and Governance

A significant amount of information is placed in the public domain in line with statutory and GLA requirements, including budget and performance, data and performance dashboards across a wide range of areas/topics and Board minutes and papers. More complete and consistent contracts and grants information is now published following an exercise completed by the Procurement Team.

A data breach occurred in 2023 which was reported to the ICO with senior management input from both MOPAC and the GLA overseeing remedial action, supported by DARA. The investigation by the Information Commissioner's Office resulted in a reprimand with recognition of the remedial action taken. Progress was made in delivering an improvement plan aligned to an external review's recommendations, supported by additional skilled resource. This included mandatory training and updated data protection policies and process, further work is to be done to ensure improved process is embedded and consistently applied.

DARA continued to advise on the processes for managing Freedom of Information requests and in particular, internal reviews. The effectiveness of the framework continued to improve supported by clearer guidance and regular reporting and oversight by MOPAC Board.

Improved management of IT assets and shared service provision is supporting the transition to a new IT provider (TfL) and the effective deployment of the IT resource going forward. The DARA review found the MOPAC business continuity plan is yet to be updated and tested.

Internal Audit Annual Opinion

The MPS internal control environment is limited in its effectiveness in supporting the achievement of strategic objectives.

Some progress has been made and a definitive plan to improve effectiveness is now in place. This is to establish a more mature and cohesive environment, key to determining, coordinating and monitoring achievement of agreed strategic priorities.

The Action Plan is to help determine progress and what is achievable in the short to longer term, and will form the basis of a unified governance improvement plan as set out in the MPS AGS. It includes; the strategic framework, governance, risk and assurance, cultural change, capacity and capability, understanding demand and deploying resource, key areas align with activity in the NMfL plan.

Key developments and further action highlighted in this report include.

Prioritising activity supporting NMfL – the work underway to prioritise delivery of activities within NMfL is critical, both in terms of addressing the significant financial challenge and continuing capacity and capability pressures across the Met. A difficult balance will have to be struck in sustaining both transformation and business as usual activity to deliver on agreed priorities. This will need to be supported by effective implementation of the enhanced financial governance and spending controls, including the planned development of a robust business planning process.

Continuing to work in liaison with MOPAC on the joint outcomes focused performance framework, and positively engaging with LPB and its committees, will provide additional public assurance on delivery of the agreed priorities and progress in achieving reform.

Increasing maturity of governance arrangements – a recent post implementation review of the governance structure is to inform board effectiveness. This continues to need to be supported by enhanced and fully integrated; business and financial planning, performance and risk management and assurance provision.

The documented risk management framework has been refined and corporate risk assessments undertaken, supported by deep dives. Work also commenced on developing a corporate assurance framework. More is to be done to embed risk management across the Met supported by; clear articulation of risk appetite, a greater understanding of internal control, and a strategic approach to assurance that is clearly defined, understood and properly supported.

Capacity and capability - key initiatives include the developing workforce plan, delivery of a first line leaders programme and implementation of the Learning Management System. Several key specialist posts have also been filled, although gaps remain in key areas of the business. Embedding and aligning this activity with the need to; demonstrate organisational learning, maintain continuity of leadership in key areas and ensure a robust mechanism exists for matching roles to those with appropriate expertise, will lever resources and help to build further capability and capacity.

- Addressing demand changing demographic, recruitment and attrition issues and fluctuating but generally increasing demand, continue to provide a challenging backdrop to the delivery of police services. Progress has been made in transforming the timeliness of the Met response to calls from the public, implementing Right Care, Right Person significantly reducing demand on MPS emergency services, and launching a major IT solution streamlining access for frontline officers to core systems. These are positive developments that go some way to alleviating current pressures, but the risks associated with an inability to recruit and retain officers remain.
- Achieving cultural change significant progress has been made in identifying and exiting those individuals whose behaviour falls below expectations. Considerably more is to be done to align strategy, organisational structure and process to cultural ambitions. A dedicated programme and directorate have been established, although both are currently experiencing resourcing issues and need to be supported by additional expertise. Further development of the Culture Delivery Plan for the Met is to be supported by more effective engagement and communication, encouraging greater understanding and active participation and commitment to reform.

Appendix 1 - provides additional insight of control themes that continue to emerge from DARA review activity. These will be addressed in increasing awareness and understanding of internal control, facilitated by the implementation of a practical and meaningful corporate assurance framework.

Strategic Framework

The New Met for London (NMfL) plan encapsulating the outcome of engagement and the response to the Baroness Casey Review and other external and internal reviews, including DARA, was published in July 2023. It is the principal strategic document by which the MPS measures its success and is held to account by MOPAC and the public, aiming to achieve 'More Trust, Less Crime and High Standards'.

A MPS Business Plan for 2024/25, setting out the performance ambition, areas of focus across core policing activity and reform and the allocation of the budget, was published at the end of June 2024. It is not yet embedded in business group activity and supported by an effective business planning process. The intention is for this to develop in the coming year in line with a strategic framework, to help drive the prioritisation decisions that need to be made to support the allocation of budget and resources to meet the significant financial challenge. It is anticipated this will also provide informed analysis of the expected future demand and resources available to meet it.

A revised performance framework has been implemented to enable greater focus on strategic outcomes aligned to NMfL and the PCP. It is to enable and track progress against the Met's mission of More Trust, Less Crime and High Standards and is based on three pillars: Strategic Outcomes, Activities and Enablers. The framework is not yet fully embedded with review activity continuing to demonstrate the need for a more consistent focus on performance outcomes. Improved data quality, a key objective under NMfL, will also inform greater insight and understanding of the factors impacting on performance.

Corporate Governance Structure

Revised arrangements were introduced in September 2023, following an external review informed by DARA, aiming to establish and embed; a governance structure underpinned by core design principles, behaviours and ways of working, and key enablers. Management Board is now supported by two Executive Committees (ExCo) focused on running and transforming the business; 1) Performance, People and Culture and 2) Investment, Transformation and Technology. A recent post implementation review has been conducted by the external consultants. The outcome is currently being evaluated, informed by DARA advice, to report to Management Board.

Additional governance at the executive level for budget management was recently introduced. A Budget and Business Plan Implementation Group (BPIG) meets monthly to oversee the budget and business planning cycle. It is responsible for keeping the budget on track and taking corrective action where necessary, reporting progress quarterly to Management Board. The group is supported by a DAC/Director working group and business group SPOC network.

The role of Non-Executive Directors (NEDs) has been extended with an increase in attendance/forum membership. An Audit and Risk Assurance Committee (ARAC), chaired by a NED, replaced the previous Risk and Assurance Board with DARA advising on the revised terms of reference and definition of work practices, in liaison with the Chair of the independent Joint MOPAC/MPS Audit Panel.

Transformation Governance

A Transformation Group Assurance Sub-Committee now meets monthly to provide delivery assurance of progress against transformational programmes, reporting to the Transformation Group responsible for giving assurance to the Commissioner and Management Board. It will also undertake scrutiny of specific business areas, programmes and projects. This aims to ensure Transformation Group has oversight of all activity and the information necessary to prioritise and identify key risks, issues, challenges and opportunities.

The scale and affordability of the transformation portfolio continues to present significant challenges in terms of the ability to deliver across all programmes. The prioritisation framework being developed incorporates a more formal differentiation of 'run' versus 'change' initiatives, and will be crucial in directing and enabling resources to deliver against agreed strategic priorities within definitive timescales. DARA are currently reviewing programme management covering; the prioritisation framework, realisation of benefits and effectiveness of programme assurance, including how lessons learnt from the major CONNECT and Command and Control programmes are to be integrated in the framework.

Corporate Risk Management

Steps have been taken to strengthen the corporate risk management framework with advice from DARA, these include updating the documented approach and guidance and refreshing corporate risk assessments, facilitated by deep dives at recent ARAC meetings. There remains a need to embed effective risk management across the Met, integrated with business planning and performance management and the assurance framework, to support a robust approach to the identification and management of key risks. Clearly articulating risk appetite and demonstrating how this informs key decisions and the subsequent responses, including the degree to which risks will be accepted or controlled with the thresholds for doing so, will also provide the basis for more effective evaluation, monitoring and escalation. An approach is to be piloted by FLP and will inform the future corporate position on setting risk appetite.

DARA continued to work with colleagues in Specialist Operations on the implementation of a cloud-based risk management solution. A corporate wide digital solution would support effective capture, assessment, management and escalation of risk across such a large and complex organisation as the Met.

Corporate Assurance Framework

The increased importance of the need to define and develop the Met's strategic approach to assurance is recognised and work commenced on a corporate assurance framework. Determining the corporate need for assurance, identifying all sources across the 'three lines' and assessing their effectiveness is critical to provide the necessary insight for Management Board. This will provide assurance that key strategies, policies and processes are being applied as intended and key risks effectively managed, to secure desired outcomes. DARA continue to advise on the framework with recent considerations at ARAC supporting the need for assurance activity throughout the organisation to be more clearly articulated and understood, to ensure best use of resources and strengthening of first line activity.

DARA provided considerable advice and support to Front Line Policing (FLP) in developing an assurance function and approach, which is to be piloted, and once successfully implemented will provide valuable assurance in a critical area of business. Activity involved capturing and mapping existing assurance functionality to identify gaps for level one and two lines of assurance. The function is not yet up and running with recruitment underway, DARA will support initial coaching and mentoring of the team once in place.

Organisational Learning – Addressing Areas of Improvement

In liaison with the Strategy team, DARA produced a definitive action plan to address the strategic underlying issues highlighted in last year's Annual Report and improve effectiveness of the governance and internal control, which aligned with many issues raised in the Casey Review and other external reviews. Key transformation programmes under NMfL are helping to address the required improvements. The Action Plan, recently submitted to ARAC, will facilitate; identification of work strand leads, evaluation of progress, mapping a critical path, identifying interdependencies and prioritising action, and includes;

- Strategic Framework, incl. alignment to NMfL and MTFP
- Governance, Risk and Assurance
- Managing Cultural and Organisational Change
- Demand Allocation and Deployment of Resources
- Capacity and Capability, including supervisory
- Understanding Demand and Deployment of Resources
- Corporate Policy and Process
- Organisational Learning
- Demonstrating Effectiveness Measurement of Outcomes
- Information Management, Data Quality, and Digital and Analytical Capability

The Commissioner continues to provide regular updates on progress made in the areas of improvement identified as part of the 'Engage' process to the HMICFRS Policing Performance Oversight Group. Implementation of DARA recommendations has improved under the oversight of ARAC, particularly for those reviews receiving a limited assurance rating.

There is a long-term programme to implement the organisational learning model supported by a clear framework to promulgate learning across the Met. Initiatives to date have included starting to develop an organisational learning app and building organisational learning hubs.

Workforce, Capacity and Capability

Work continues in developing a workforce plan for the Met supported by demand analysis. This will support the continuing need demonstrated by the outcomes of DARA and other review activity, for effective training identification, delivery and evaluation and to better understand and define demand to more effectively support the allocation and deployment of resources.

Several key appointments have been made during the year, although issues remain in bringing in the required level of expertise and experience into the Met to support delivery of NMfL objectives. This includes within Finance, Transformation, DDaT and Strategy.

The Met is transforming its strategic approach to Learning and Development (L&D), facilitated by the implementation of the Learning Management Service (LMS). A new Target Operating Model is being developed informed by an external L&D Maturity Assessment and previous DARA recommendations, which have now been aligned with improvement activity. A new performance appraisal system was also launched through LMS. These key developments will be better supported by improved workforce planning and a Met training strategy.

Effective leadership is recognised as being essential to support the scale of cultural change needed across the Met. Under the Transforming Leadership Programme the First Line Leaders Programme delivered training to sergeants and police staff equivalents focusing on Met values. DARA are supporting evaluation of the programme later in the year. A new Leadership Academy is also being created in collaboration with the College of Policing.

The key NMfL objective to better support those exposed to trauma in the conduct of their duties, is being informed by a DARA review of Trauma Support Effectiveness and Accessibility. The strategic approach and supporting frameworks are clearly defined and supported by the highly regarded Trauma Peer Support and Psychological Monitoring programmes. Communications and resources available to support both initiatives now need to be reviewed due to their exponential growth over the last 12 months. Evaluation of training will ensure it is effectively equipping individuals with skills to provide appropriate support. Increased focus on performance outcomes will enable analysis on the impact of regular exposure to trauma, and how the support programmes are facilitating resilience and reducing re-traumatisation.

Culture, Diversity and Inclusion Framework

The Met acknowledge that building public trust and confidence continues to be a challenge. Internally, efforts continue to improve the integrity of the organisation including the appointment of a dedicated Assistant Commissioner for Trust and Legitimacy and introduction of new policies to support removal of corrupt officers and more robust policies for business interests, gifts and hospitality and declarable associations. A Professionalism and Legitimacy Framework is also being designed to bring together Professionalism and CD&I operational data to monitor performance.

Previous DARA reviews highlighted the complexity of governance arrangements supporting the Inclusion and Diversity Strategy, noting considerable data and information were produced but the lack of a cohesive performance framework focused on outcomes hindered ability to determine impact and progress. A revised Culture, Diversity and Inclusion (CDI) Strategy and delivery plan is being further developed, following direction from Management Board, and will form the Culture Delivery Plan for the Met aligned to NMfL. This is to be supported by wider engagement and more effective communication across the organisation. DARA are to advise on the framework supporting the Plan in the coming year.

The CDI Programme and newly formed CDI Directorate continue to face resource issues, presenting challenges in managing the number of initiatives underway. In support of the Programme and Met objectives to effect cultural change in specialist commands, following concerns highlighted in the Casey Review, DARA undertook a significant proactive review. This analysed work practices and management control in a specialist command for police overtime, allowances and expenses, government procurement cards and other procurement activity. DARA are working with senior management to address issues identified with advice supporting the wider programme of cultural reform across the Met.

Information Management Governance

An Information Management Group (IMG) was established to ensure MPS information is ethically and legally compliant throughout its lifecycle. Improving data for efficient evidenced based decision making, under 'Fixing Foundations' to support the NMfL plan, continues with the Relentless Data Driven Delivery (RD3) Programme. This is to be linked to business planning to increase efficiency and effectiveness, improve data skills and capability and enhance infrastructure, including technology and the estate. The Programme is currently under review due to the funding challenge.

Critical data, data quality and right first-time principles are being targeted at FLP and are a core element of education in senior leadership programmes. The MPS is also collaborating with the National Police Chiefs Council (NPCC) and Police Digital Service (PDS) to increase transparency, confidence and trust in relation to police data. Data maturity assessments of forces including the MPS are being undertaken taking forward previous data maturity modelling. Opportunities to improve service and outcomes from data are also being developed against key priorities, including the use of AI and machine learning.

In August 2023, a data breach, relating to information held by a third party that provided security passes to Met staff and officers, was reported to the National Crime Agency and the Information Commissioner's Office. An internal group co-ordinated the MPS response, and two external reviews undertaken identified key areas of improvement. There is currently no reported evidence that MPS information has been made available online by any threat actors. A subsequent review of commercial contracts introduced safeguards to better manage data processing contracts and commercial engagements where data processing is a key feature. This will be reviewed by DARA in the coming year.

ICT Control Environment

A significant DARA review was carried out on the Grey ICT Estate focusing on IT systems unsupported by the corporate infrastructure. Considerable work has since been carried out to reduce the number of systems operating outside of the corporate IT infrastructure with several major systems to transition to corporate arrangements. Further action is focused on robust procurement controls and ensuring the security and integrity of systems that remain in the Estate.

A review of cloud security and management, assured risk assessments of third-party providers are conducted at the outset with further on-going assessments carried out. A well-defined and more cohesive strategic framework for cloud security and management is to be developed, bringing together and updating existing policies, procedures and governance. This will be facilitated by the Information Assurance and Cyber Subgroup, reporting to the SIRO and IMG.

Two major technological change projects have been subject to increased scrutiny by MOPAC and the MPS, having considerably exceeded budget allocations and timescales and experienced performance issues. Command and Control has taken a period to reset its approach following an external review with a decision on the way forward due to be taken. CONNECT, the core integrated policing application for custody, investigation, intelligence and prosecution, was launched with the second phase in February 2024 building on learning from the first. Training was delivered face to face and better trained 'super-users' seconded to the programme. Recent reviews are informing the timing of moving the programme to BAU and embedding lessons learnt into transformation activity.

Since the original DARA review of the framework supporting the deployment of ANPR, steps have been taken to improve capacity to support the system. Key controls around definition of the strategy for ANPR going forward, and implementation of 'Cleartone' which will provide increased operational capability and facilitate effective back and recovery, have not yet been implemented with further action currently underway and due to conclude later in the year.

Financial Control Environment

In liaison with the MPS CFO, DARA advised on the development of a robust Spending Controls Framework, to support delivery of essential budget savings and the management of the 2024/25 budget within approved allocations for the coming year. Further work is planned, including an assessment against the CIPFA Financial Management Code and review of the capital programme, as the Met implements the framework to strengthen financial governance and address the significant funding gap for 2025/26.

A Met Business Services Programme Board is overseeing the development and implementation of the future solution for delivering enhanced core systems. The revised delivery approach is focusing on internal process improvements, advised by DARA, and related user benefits in advance of the technology led transition.

The Annual Assurance from Government Business Services (Cabinet Office Function managing SSCL) was rated as 'Reasonable/Moderate' an improvement from last year's 'Limited assurance'. Specific reviews were assessed as: *Expenses - Satisfactory with exceptions; Fraud Risk Assessment and Awareness – Satisfactory; Protective Monitoring – Satisfactory; Vetting - Satisfactory.* One high risk finding related to untimely expense compliance checking within SSCL, which has now been addressed, observations relating to Met controls were also made. These are reflected in a DARA review of the expenses framework, which concluded there is a need to revisit risk exposure of the overall approach governing expenses, to ensure original assumptions around self- authorisation remain valid and the system is operating as intended. The corporate position on the investigation, escalation and reporting of non-compliance with policy also needs clarification.

DARA continue to work with Finance Services to further develop the wider financial assurance framework. There remains a need to develop an appropriate assurance framework for the management of payroll to ensure it identifies risks and controls across the full range of pay and reward activities, including expenses.

A review of accounts receivable found roles and responsibilities between the Met and SSCL (outsourced provider of core finance services), are clearly defined supported by appropriate policies and procedures. Controls have been strengthened to provide greater assurance over the management of income collection with Met Finance continuing to work with the business areas to ensure they effectively discharging their responsibilities.

The outcome of the proactive review of the specialist command, will inform improvement activity on core business systems. In particular, for police overtime, which continues to be a significant area of spend with planning, authorisation, monitoring and oversight to improve.

Environment and Sustainability

The Environment and Sustainability Strategy has defined aims and objectives, reflecting Mayoral commitments and legislation and it is monitored through the annual Sustainability Management Plan overseen by an E&S Board. DARA advised alignment with the NMfL plan, and consideration of the Met's current position on environmental and sustainability objectives, would provide greater clarity in delivery of the Strategy. This needs to be supported by a corporate assessment of the environment and sustainability risk to the MPS. A review of communication strategies for internal and external stakeholders will strengthen engagement with sustainability ambitions and enable reporting on progress, at a time when there is increased public scrutiny of organisations' environmental credentials and public sector reporting requirements.

Commercial and Contract Management Framework

Significant issues have arisen in the management of Met contracts during the year, primarily relating to supplier assurance, contract planning and supplier financial resilience. A number of internal reviews were carried out to inform improvement activity, these will be supported by the recent DARA review of the contract management strategic framework. There is a need to review and define the strategic approach to contract management, matching available resource to strategic ambition, better defining key accountabilities and improving contract risk management and assurance activity.

The introduction of a Commercial and Contract Assurance Review Group, due to the increased risk posed to the Met by the prolonged instability across supply networks, was established earlier in the year to enhance the effectiveness of contract management, drive out savings and provide more assurance, which will need to be properly supported.

Professional Standards and Counter Corruption

A new operating model for the Directorate of Professional Standards (DPS) with significant additional resource, was implemented following the Casey Review and previous HMICFRS inspections raising significant concerns with professional standards and counter corruption capability. New counter corruption policies have been introduced, and the number of misconduct investigations increased with more than 100 officers dismissed during the year, the level of misconduct cases remains cause for concern.

DARA is advising on governance of the Met's Counter Fraud Strategy and Plan and wider alignment with counter corruption arrangements. The Tactical Liaison Forum analysing fraud trends and investigations meets regularly and a proactive counter fraud programme, developed by DARA and DPS, is now underway. The Strategic Oversight Board has not met for some time, which is impacting on the effectiveness of a strategic response. The integration of the management of fraud risks into day-to-day business activity has not yet been achieved and the capture and reporting of instances of fraud continues to need to improve.

The follow up of the Grievance Management review found a robust risk assessment, increased security of data records, and improvements to training and guidance. Improved reporting of cases has impacted on timeliness and capacity, delaying the review of procedures. A more granular understanding of the underlying issues impacting on confidence and disproportionality needs to be supported by enhanced insight into individual behaviours and outcomes. This will strengthen existing performance measurement, monitoring and assurance provision. A continued focus on wider consultation and engagement and enhanced analytical capability will better inform decision making and increase confidence in the system.

Operational Control Environment

A previous DARA **BCU review** evaluated key enablers supporting operational delivery within Frontline Policing, including; governance and risk management, capability and capacity, partnership engagement and performance management. It identified common themes and root causes cutting across all areas; a lack of experienced officers, insufficient investigative capability, a lack of specialist business support, poor training and supervision, excess demand and an inability to measure productivity and manage aspects of performance. Many of these issues were subsequently highlighted by Baroness Casey with DARA recommendations aligned to corporate improvement plans. This has included reviewing BCU governance to address fundamental weaknesses, including the need for alignment with corporate objectives, building capability and capacity and effective assurance provision. FLP are building a transformation programme to look at all aspects of BCU delivery and interdependencies with the wider organisation, which is key to delivering sustainable improvement.

A DARA review of **Youth Offending Teams (YOT)** concluded clearer definition of outcomes supporting delivery of Youth Justice System (YJS), Met and LRO objectives will enable development of the performance framework. Agreeing a corporate position on location of teams within BCUs is to strengthen management of internal partnerships, ensuring consistency in delivery of YOT and wider objectives relating to children and young people. Internal policies and procedures are to be aligned with updated national guidance and corporate changes. The risks and impact on service delivery with high levels of officers on restricted duties, could be better understood. Consistency of Met representation of appropriate seniority at YJS Management Boards and ensuring appropriate information sharing arrangements are also to be addressed.

The control framework supporting embedding **THRIVE+** risk assessments within first contact has improved with performance data showing 100% compliance. Cases do, however, need to be re-assessed consistently within Despatch to ensure appropriate risk-based interventions. Transformation Directorate are working with MetCC to develop a solution to improve compliance and achieve consistent outcomes.

Clearly defined governance arrangements support the **Aviation Command** and since the original review the Patrol and People Strategies had been refreshed to support NMfL. Controls to manage the wellbeing risk of Armed Firearms Officers working excessive hours had been strengthened. This needs to continue and align with any plans developed by the Met's HSW Board to effectively manage this corporate risk, which has been highlighted during the year.

Effective controls facilitate compliance with statutory **Firearms Licensing** requirements. Following our review, risk management had been strengthened with more transparency around accepted risks kept under review by the SLT. Work is underway to improve access to the LMS and migration of training records. Organisational Learning is being captured but there remains a need to fully evaluate, disseminate and embed corporate learning.

DARA Activity

Appendix 2 summarises all activity; risk and assurance and advisory reviews, governance advice and counter fraud work.

Rating	Initial	Initial	Follow Up	Follow Up	All
Кашіў	Reviews	Reviews %	Reviews	Reviews %	Reviews%
Substantial	0	0%	0	0%	0%
Adequate	8	62%	8	67%	64%
Limited	5	38%	4	33%	36%
Total	13	100%	12	100%	100%

Risk and Assurance Review Ratings

Comparison to Previous Year

Comparison with last year should be seen in the context that a lower number of more in-depth reviews were planned and carried out this year, and the increased emphasis on advisory work to support transformation/improvement activity. The rating for 62% (67% last year) of initial review activity conducted was assessed as adequate with 38% (33%) rated limited. A total of 64% (81% last year) of follow ups were rated adequate and 36% (19%) limited. Overall, 36% (27%) of review activity was rated limited and 64% (73%) adequate.

Advisory Reviews

Advisory reviews increasingly inform the annual opinions on the effectiveness of internal control with significant work this year reflected in this report, including; MPS Corporate Assurance and Risk Management Frameworks, FLP Assurance, Counter Corruption Governance and drawing up an action plan to facilitate the strategic response to improving effectiveness. In MOPAC advice included; Oversight Governance, Risk Management, Core Processes and FOI and GDPR Governance. Significant additional work was also carried out to support both organisations in enhancing financial governance and spending controls.

Governance Advice

Key boards advised by DARA include; MPS ARAC, MBS Programme Board, Strategic Crime Incident Recording Group (SCIRG) and Counter Fraud Tactical Forum, MOPAC Board, MOPAC Governance and Risk Working Group and MOPAC Oversight Forum.

Management Action

DARA follow up activity showed 43% of agreed actions were fully implemented, 42% partly and 15% not implemented. In May, the Met reported 37 open actions (nine high priority) for limited reviews and high risks all due to be completed in line with deadlines, a further 32 recommendations have been made. A number of actions have not been implemented with the Met 'tolerating' the risk subject to annual review. MOPAC has 18 actions outstanding currently on target to meet deadlines with a further 25 recommendations recently made.

Counter Fraud

There was a total of 6761 matches under the NFI exercise with 95% now closed and £650k recovered to date. Currently, 341 remains under investigation, mostly pension related cases involving enquiries with SSCL and Equiniti. Liaison with DPS via the Tactical Forum, which enables pro-active review of high areas of fraud risk across the MPS continues. Ongoing analysis of key financial systems included; MPS Barclaycard payments, Government Procurement Cards, Allowances and Expenses and Police Overtime with reported outcomes used to develop improved controls.

Other Review Activity

MPS Health Safety and Wellbeing Audits

The Corporate Health and Safety Policy has been reviewed and updated, it articulates the current Safety Management System and now incorporates corporate wellbeing. The MPS Health, Safety and Wellbeing Board continues to meet and maintain a robust safety governance framework, monitoring corporate and business group related risks, safety maturity assurance and wellbeing. This Board reports to ARAC and MPS/MOPAC Audit panel. The relevant corporate management systems have been subject to a comprehensive external assurance audit and received positive outcomes with some minor recommendations. Current work-strands for Health and Safety development are workplace stress, wellbeing audit processes, work-related death protocols and appropriate levels of mandatory H&S training.

MPS Information Assurance Audits

IAU resources this year was mainly directed at supporting Op Greentip, the response to the third-party data breach of MPS information and the associated incident management and the wider reviews that were instigated to support the NCA and PWC independent reports.

External Audit Annual Report for 2022/23

Grant Thornton (GT) provided and unqualified opinion on the financial statements and concluded there are significant weaknesses in arrangements relating to financial sustainability, governance and improving economy, efficiency and effectiveness. Both financial sustainability and improving economy, efficiency and effectiveness show a worsening position to 2021/22, with governance remaining static. The report included six key and eight improvement recommendations. GT will continue to monitor to consider use of their wider audit powers, the possibility of the need to issue Statutory Recommendations or an Advisory Notice if the financial position worsens. They also commented;

- Whilst recognising that the MOPAC Group face significant challenges to financial sustainability GT do not consider that the continuing use of reserves to balance the budget is sustainable and urgent action is needed from both MOPAC and the MPS to address this. The significant challenge to financial sustainability may result in difficult decisions relating to delivery of policing services and pace of ongoing transformation.
- Ongoing delays to the capital programme inevitably result in increasing cost of delivery and the future capital programme relies on borrowing. The affordability of this funding stream may be impacted by the overall challenge to financial sustainability.
- Both the Command and Control and CONNECT projects are facing additional costs, and whilst governance arrangements for these projects were improved during 2022/23 these were not embedded. There are resource issues within the wider finance team although an ongoing review of workforce may address these. The review should be aligned with financial planning so the financial risk around deliverability of the resulting workforce plan can be quantified.

Dame Angiolini Report

In February 2024, Dame Angiolini published the first of a series of reports into failings in the police service nationally, focusing on the circumstances that allowed Wayne Couzens to become and remain a police officer. The reviews are not solely focused on the MPS with recommendations made for policing nationally. Serious issues concerning MPS recruitment vetting, as well as transfer procedures between forces and the investigation of indecency allegations were, however, raised and the MPS has a specific action plan to address these concerns and improve processes.

His Majesty's Inspectorate of Constabulary Fire & Rescue Services (HMICFRS) Inspection into the MPS Handling of the Sexual and Criminal Exploitation of Children

MOPAC commissioned HMICFRS to inspect how well the Metropolitan Police Service protects children the inspection commenced in September 2023. In October 2023, the Met was asked to produce and action plan to address two accelerated causes of concern, which were published as a result of MPS failure to 1) Identify and assess risks appropriately, and to respond adequately, when children are reported missing; and 2) Carry out sufficiently effective investigations when children are at risk of, or harmed by, criminal or sexual exploitation;

The full HMICFRS report was published in February 2024. An additional set of recommendations were made with the advice that 'For the benefit of London's children, the MPS should implement them in full and without delay.' Areas of concern included; widespread use victim-blaming language, insufficient focus on child exploitation at a senior level, data analysis and accuracy issues, lack of understanding of risk, lack of necessary skills, knowledge or experience and guidance, issues with policy and process and a lack of resources.

His Majesty's Inspectorate of Constabulary Fire & Rescue Services (HMICFRS) PEEL Inspection – the latest inspection will be published in August 2024.

The MPS was placed in the 'Engage' process of monitoring in June 2022. The Commissioner provides regular updates on the MPS progress on 'Engage' to MOPAC, and the HMICFRS Policing Performance Oversight Group. Progress has been recognised with milestones being agreed to determine the Met's path out of the process.

Shared Internal Audit Services

DARA is the lead internal audit provider to the GLA group, delivering services to the GLA, London Fire Brigade, London Legacy Development Corporation, Old Oak and Park Royal Development Corporation, and provides a service to the National Police Chiefs Council. As a result, overheads are reduced, and more efficient use made of audit resources. DARA work in partnership with the private sector drawing on skills available in specialist areas.

Risk and Assurance, Advice, Counter Fraud Activity and Insight

Insight gained from internal audit activity provides invaluable advice to senior management supporting the considerable challenge of managing business as usual (BAU), whilst undergoing transformational change. Key themes and strategic underlying issues arising from review activity are analysed and shared to encourage a more strategic and corporate response. In the coming year themes will be reported quarterly to supplement the annual analysis and provide more timely advice.

The increased focus on advisory work is a strategic response to support transformation objectives, providing timely and practical support and advice working alongside the business. Risk and assurance reviews continue to give assurance on BAU activity and the impact of transformation initiatives as they move into BAU. Follow up reviews provide independent assurance that action is taken as intended and has led to sustainable improvement. Counter fraud work contributes to aims around resetting the culture and values also helping to identify and address areas of control weakness. Prevention work aims to improve management of fraud risks from within the business, ensuring valuable resources are safeguarded.

Equality, Diversity and Inclusion

The MOPAC and MPS commitment to equality, diversity and inclusion is considered in all audits and investigations as appropriate. Findings are reported to senior management.

External Liaison

DARA has an effective working relationship with External Audit who continue to place reliance on DARA as appropriate. There is also regular and effective liaison with HMICFRS.

DARA influence the development of audit in the policing environment and wider local government through membership of regional and national forums. The Director chairs the National Police Audit Group and Co-Chairs the CIPFA Police Governance, Audit, Risk and Assurance Group. The Head of Audit and Assurance is a member of the CIPFA Risk Management online service, helping develop risk concepts to help Public Sector organisations. DARA are members of the Institute of Counter Fraud Specialists and London Fraud Forum with representatives from the private and public sector. Ensuring DARA remain at the forefront of professional developments and provide a dynamic service to its clients.

Professional Standards and Audit Independence

The DARA team are professionally qualified or accredited counter fraud specialists, conducting their work in accordance with a Code of Ethics and Public Sector Internal Audit Standards (PSIAS). Two graduate trainees have successfully passed two stages of their professional studies. DARA has been recognised as one of the leading in-house public sector internal audit services and to maintain standards;

- Documents Processes and Standards Audit Methodology
- Supervises each Audit Assignment
- Conducts Quality Assurance Reviews Internal and External
- Self-Assess against PSIAS
- Obtains Client Feedback and Review
- Completes continuous professional development
- Continually Improves this year introducing enhanced audit technology and software

No areas of non-compliance were identified and there have been no impairments to DARA independence or objectivity during the year. A revised set of Professional Standards for internal audit apply from January 2025 with the Internal Audit Standards Board, advised by CIPFA, currently determining how these are to be reflected in revised PSIAS, effective from April 2025. DARA are currently preparing for the transition with the Director part of a group advising CIPFA on the revised PSIAS.

Planning and Delivery

A total of 88% of the programme was covered to draft report/completion with 12% of reviews in progress. Some risk and advisory work is carried forward to 2024/25 in line with planned activity in MOPAC and the MPS. Activity across each strand of work is summarised as follows;

Activity	Planned	%	Actual	%
Risk and Assurance Audits	1,017	45%	925	43%
Risk and Control Advice	864	38%	905	42%
Counter Fraud Activity	399	17%	316	15%
Total	2,280*	100%	2,154	100%

* excludes contingency



Timeliness of Reviews

Timely real time advice was provided supporting MOPAC and Met colleagues in key developing areas. For risk reviews 80% for issuing reports were issued within three weeks of completing fieldwork, meeting the target. Timeliness in completing fieldwork needs to improve supported by more effective engagement, delays were experienced in commencing reviews and finalising reports due to the availability of personnel and information.

Insight and Influence

DARA analysis and insight have been used to inform the Met's strategic plan, the response to the Casey Review and MOPAC oversight arrangements. They also now form the basis for the plan to improve the effectiveness of the Met's control environment, which will help direct activity in support of reform and strategic objectives.

Key Objectives for DARA in 2024/25

DARA will continue to be an independent source of assurance and support to the Commissioner, DMPC, MOPAC Board and MPS Management Board adding value by;

- Aligning audit activity to strategic objectives and risks to MOPAC and the Met, providing independent assurance on effectiveness of arrangements supporting fundamental reform.
- Facilitating an increased understanding and focus on risk and control, increasing risk maturity and strengthening the internal control framework, in support of the improving effectiveness plan.
- Advising and supporting the development and implementation of the MPS Corporate Assurance Framework.
- Reviewing effectiveness of the framework supporting the oversight governance arrangements for Londoners.
- Continuing to liaise and engage with business and operational leads to increased risk, fraud and control awareness, providing timely advice as risks emerge.
- Continually improving audit service provision, aligning to the revised professional standards set for internal audit coming into effect in 2025.

Key Control Themes Arising from DARA Review Activity

Accountability	Strategy Definition	Risk Management	Policy and Process	Capability and Capacity	Assurance	Management Oversight and Reporting
 Clarity of accountabilities, roles and responsibilities. Clearly defined delegations and authorities. Ownership of Strategy and Policies. Recognising and managing interdependencies. Clearly defined reporting lines. 	 Clarity of key strategic objectives in business areas. Demonstrating link to corporate objectives/NMfL and risks. Definition of frameworks and/or plans to support delivery, change management and/or transformation. 	 Identification of risks to achieving objectives. Clearly stated and reviewed risk appetite/ tolerance with commensurate control. Ownership of risk and mitigations. Management of risk - understanding and focus on internal control. 	 Up to date and reviewed to keep pace with change. Sufficient risk and control focus. Incorporate compliance mechanisms e.g. supervisory controls and review activity. Accessible and user friendly. Appropriate system/process integration. 	 Identification of need to meet demand. Effectiveness of Training delivery and evaluation Deployment of resources to meet priorities. Embedding organisational learning. Knowledge Management – continuity in roles. 	 Definition of assurance requirements. Provision of assurance across areas of strategic importance. Reporting and acting on assurance activity outcomes – to strengthen first line controls. 	 Definition of management information requirements. Quality and accessibility of performance and financial information. Defining, measuring and reporting on performance metrics and outcomes. Effectiveness of monitoring to understand and respond to factors impacting performance.

*Most Frequent

Summary of Risk Assurance and Advisory Activity

MPS

Corporate Governance	
Environmental and Sustainability Strategy and Plan	
Met Governance – Advisory (input to external post implementation review)	In Progress
Corporate Assurance Framework	Advisory
Risk Management Framework	Advisory
Transformation Governance	, tarrieory
Programme Management Framework, incl. Benefits Realisation	In Progress
Frontline Delivery	Introgroco
Framework Supporting Youth Offending Teams	
SO Risk Management Framework Follow Up	
Firearms Licensing Framework Follow Up	
SO18 Aviation Command – Strategic Planning and Delivery Follow Up	
Framework Supporting Implementation of Thrive+ Follow Up	
BCU Review Areas of Improvement Follow Up	
Framework Supporting Taser Use and Control Follow Up	Drafting report
Public Order - Engagement in Major Event Planning and Delivery	In Progress
Front Line Policing Assurance Function and Framework	Advisory
Workforce	
Trauma Support - Effectiveness and Accessibility	
Grievance Management Framework Follow Up	
Community Engagement – Culture Inclusion and Diversity	
Framework Supporting CDI Plan	Advisory
Learning and Development/Organisational Learning	ravioory
L&D Transformation – Addressing DARA Recommendations	Advisory
Organisational Learning – Improving Effectiveness Action Plan	Advisory
Professional Standards	
Counter Corruption Governance and Activity	Advisory
Pro-Active Review – Specialist Command – five key areas:	
Police Overtime; WTR; Corporate Charge Cards: GPC and Expenses	
Financial Assurance	
Police and Police Staff Expenses Control Framework	
Funding and Governance of MPS Voluntary Official Organisations Follow Up	
Accounts Receivable Follow Up	
1) Police Overtime – Authorisation and Control	
2) Government Procurement Card Expenditure3) Corporate Charge Card Expenditure	Pro-Active
4) Police Allowances and Expenses	
Spending Control Framework	Advisory
Payroll Assurance Framework	Advisory
Commercial Framework	
Strategic Contract Management Framework	
Managed Shared Services Programme	Advisory
Data and Digital	· · ·
Corporate Infrastructure and Management of the 'Grey Estate'	
Systems Supporting the Use of ANPR Follow Up	
Cloud Strategy and Management	
ICT Major Contracts Management Framework	Drafting report
Data Governance and Assurance	Advisory

Summary of Risk Assurance and Advisory Activity

MOPAC

Oversight Governance	
Framework Supporting the ICV Scheme/Programme	
Complaints Review Team – Performance Framework Follow Up	
Framework Supporting London Policing Board	Advisory
Financial Oversight – Governance Arrangements	Advisory
Casey Response Programme	Advisory
Community Engagement Oversight	Advisory
Implementation of Lord Harris Review Follow Up	Advisory
Corporate Governance	
Decision Making Framework – Risk Review	In Progress
Risk Management and Training	Advisory
Delivery – Commissioning and Grants	
VRU Commissioning Framework	
Procurement and Contract Management Framework	
Financial Assurance	
Financial Management Code of Practice Compliance	
MOPAC Budgetary Control Framework	
Business Support – Business Continuity Follow Up	
Core Process Review	Advisory
Capacity and Capability	
Framework Supporting Delivery of People Strategy	Advisory
HR Policy Review Framework	Advisory
Information Governance	
GDPR Oversight and Compliance Framework	Advisory
Support Transition to TfL ICT Shared Service	Advisory
FOI Internal Review Framework Follow Up	

 Risk and Assurance Reviews Carried Forward to 2024/25

 Capital Strategy – Oversight and Delivery Framework MPS and MOPAC

 MPS Property Estates – Security and Safety

 MPS Financial Management Code Compliance

 MPS Front line Leadership Programme Evaluation (Advisory)

 Business Planning (Advisory)

Substantial Adequate Limited

Governance Board	Activity
MOPAC/MPS Audit Panel	Supported the work of the joint MOPAC/MPS Audit Panel; facilitating Panel meetings and briefings, meeting with the Chair.
MOPAC Governance and Risk Board	Attended monthly meetings advising on those areas of improvement arising from audit reviews included in the MOPAC Governance Improvement Plan. Provided updates on the outcome of internal audit review activity and discussed and agreed the MOPAC Annual Audit Plan and contributed to the further development of the MOPAC risk management framework.
MOPAC Board incl. Change Portfolio	Supported the implementation of the MOPAC Change Programme, in particular, in the review of core processes advising on the development of a system based on proportionate controls. Also advised on the on-going review of the Scheme of Delegation and Consent and the supporting decision-making assurance framework.
MOPAC Oversight Framework and Analysis Group	Attended the MOPAC Oversight Analysis Group and provided advice on the further development of the oversight framework to support the new PCP. The Group determines the level of effective oversight required to meet statutory obligations along with delivery of the PCP and how best this can be achieved with outcomes of key audit reviews considered.
MPS Audit Risk Assurance Committee	Director attended quarterly meetings advising the Management Board on the effectiveness of governance, risk management and assurance arrangements and on key risks/issues emerging from review activity. Contributed to the review of the terms of reference for the new Committee. ARAC considered risk based Internal Audit Plan for 2024/25 aligned to the revised Met strategic objectives.
MBS Programme Board	Attended monthly meetings of the programme Board advising on the governance of arrangements supporting the extension of the existing arrangements as the Met prepares to go to market for a new solution. DARA will be advising on the transition to the new arrangements bringing in learning from the previous PSOP exercise and evaluating controls being built in to the system.
Strategic Crime Incident Recording Group (SCIRG)	Attended quarterly meetings providing oversight and scrutiny of crime recording. Continued to review HMICFRS PEEL findings 'Adequate' recording data about crime'.
Health, Safety and Wellbeing Board	Attended the quarterly Board meetings to advise on audits that impact on Health and Safety of Police Staff and Officers. Issues discussed included management of risk across business groups, including compliance with Working Time Regulations.
Information Assurance & Cyber security Sub- Group	Attended the subgroup of the IMG to share ideas on auditable areas, key risks and audit planning in liaison with the MPS IAU and report on the outcomes on DARA review activity.
Strategic Oversight Board (Counter fraud)	Aiming to embed effective fraud risk management within the Met overseeing delivery of the action plan in support of the Anti- Fraud Strategy and the revised Reporting Wrongdoing. DARA advised on revised TOR for the Board following the introduction the Counter Corruption Board, the Board has, however, not met for some time and agreed objectives have not been taken forward.
Tactical Liaison Group (Counter fraud)	In liaison with Met colleagues reviewed individual fraud risks using intelligence and/or the results from work undertaken to prioritise risk review and inform analytical work and revisions to risk assessments. The Group are to be tasked by the Strategic Board and this includes work to roll out fraud risk management to business areas, which has not progressed as intended.

Appendix 2

Counter Fraud Work	DARA Activity
	 NFL - There were 6761 NFI matches with £650k recovered to date with the largest reports: Pensions and Pension Gratuity to Benefits Agency Deceased Persons (to identify pension still being paid when deceased) - 263 Pensions to Injury Benefits (individuals in receipt of an enhanced injury pension failing to declare state benefits) - 1,022 Duplicate records by invoice amount and creditor reference - 4,996 Matches processed/cleared 6,420 with 95% closed. 341 remain under investigation, mostly pensions involving enquiries with SSCL and Equiniti. Work will start in the autumn collecting data for the 2024/25 NFI. Investigative Reviews highlighted in DPS Tactical Liaison Forums Misuse of CARM - Officers being given access to CARM for a period showed themselves working on Rest Days to accrue Rest Days to re-roster, but not working the days shown as on duty. Analysis has found patterns of behaviour of certain individuals. Other issues include METCC - overtime being paid at time and a half, differently from the rest of the MPS. Officers not resuming after a career break and being overpaid. Theft from property stores - Historic problem new system not necessarily preventing. Electronic logging more robust, but vulnerabilities remain. Cash is now being banked so less risk of cash loss. Other forces use weight-based safes to detect removal. Reduced hours officers being gaid full-time - overpayments due to reduced hours officers still being paid full hours in error. Some who have retired may be receiving more pension than their entitlement. Allowances e.g. Shift Disturbance Allowance, some have to be written off due to inappropriate authorisation. Appears to be a lack of accountability or sanction for lack of supervision. Some cases will be fraud/ misconduct to be dealt with by DPS. Others need addressing by changes to policies/regulations with
Fraud Prevention Strategy and Training	DPS Tactical Liaison Forum, attended by DARA, meets quarterly to identify investigations and trends. Findings relayed at a strategic level at The Counter Fraud Strategic Oversight Board promoting greater awareness of fraud risks and aiming to integrate fraud risks into the corporate risk management framework.
Analysis of Key Financial Systems and Data.	 Identifying and dealing with highlighted areas of concern continue to be addressed, undertaking analytical reviews of Barclaycard procurement and Travel and Subsistence claims using analytical audit software. Supports assurance over operation of key controls. Two external sources of data are being explored and utilised by DARA to assist in the identification of potential fraud. The rationale follows an increase of fraud with individuals working from home via agencies for more than one client on a purported full-time basis; CIFAS Internal Fraud Database (National Database), UK database recording employee fraud and fraudulent job applications. Membership of London Boroughs Fraud Investigators Group (LBFIG) and The GLA Community Collaboration quarterly meetings.

IAMInvestment Advisory MonitoringNMfLNew Met for LondonICTInformation and Communication TechnologiesICVIndependent Custody VisitorIMGInformation Management GroupKPIKey Performance IndicatorLMSLearning Management SystemLPBLondon Policing BoardL&DLearning and DevelopmentMetMetropolitan Police ServiceMPACMayor's Office for Policing and CrimeMPSMetropolitan Police ServiceNEDNon-Executive DirectorNFINational Fraud InitiativeNMfLA New Met for LondonNPCCNational Police Chiefs CouncilPCCThe Police and Crime CommitteePCPPolice and Crime CommitteePCPPolice and Crime PlanPDSPolice Digital ServicePEELPolice Effectiveness, Efficiency and LegitimacyPMOProgramme Management OfficePSIASPublic Sector Internal Audit StandardsPSOPPolice Standard Operating PlatformSOSpecialist OperationsTfLTransport for London	NMfL ICT ICV IMG KPI LMS LPB L&D Met MetCC MOPAC MPS NED NFI NMfL NPCC PCC PCP PDS PEEL PMO PSIAS PSOP SO	New Met for London Information and Communication Technologies Independent Custody Visitor Information Management Group Key Performance Indicator Learning Management System London Policing Board Learning and Development Metropolitan Police Service Met Command and Control Mayor's Office for Policing and Crime Metropolitan Police Service Non-Executive Director National Fraud Initiative A New Met for London National Folice Chiefs Council The Police and Crime Committee Police and Crime Plan Police Digital Service Police Effectiveness, Efficiency and Legitimacy Programme Management Office Public Sector Internal Audit Standards Police Standard Operating Platform Specialist Operations Transport for London
PSOP Police Standard Operating Platform SO Specialist Operations	PSOP SO TfL VRU	Police Standard Operating Platform Specialist Operations Transport for London Violence Reduction Unit
YOT Youth Offending Team		•

The issues raised in this report are those which came to our attention during the year. The performance of our work is not and should not be taken as a substitute for management's responsibilities for the application of sound management practices. We emphasise that the responsibility for a sound system of internal controls and the prevention and detection of fraud and other irregularities rests with management. Work performed by internal audit should not be relied upon to identify all strengths and weaknesses in internal controls, or to identify all circumstances of fraud or irregularity. Reliance is also placed on management to provide full access to their personnel, records and transactions for the purposes of internal audit work and to ensure its authenticity.






MPS-MOPAC JOINT AUDIT PANEL 15 July 2024

MOPAC and MPS Internal Audit Plan 2024/25

Report by: The Director of Audit, Risk and Assurance Head of Internal Audit for MOPAC and the MPS

Report Summary

This report sets out the proposed MOPAC and MPS Internal Audit Plan for 2024/25.

Key Considerations for the Panel

- The draft plan is aligned to MOPAC and MPS strategic objectives and risks and has been drawn up in line with audit professional standards.
- The work programme enables the Director of Audit, Risk and Assurance to provide the annual opinion on the effectiveness of the MOPAC and MPS risk management, internal control and governance frameworks, providing assurance to the DMPC and Commissioner and informing the respective Annual Governance Statements for 2024/25.
- The MPS Plan has been compiled in consultation MPS Management Board and the MOPAC Plan with MOPAC Board.
- The draft Plan includes key reviews of; the revised MOPAC oversight governance, commissioning outcomes and grants management, and Met activity supporting transformation, business as usual and implementation of the action plan to improve effectiveness of the control environment. It also includes key work in providing assurance on the steps being taken by MOPAC and the MPS to enhance financial oversight and governance and spending controls.
- The draft plan is indicative and dynamic and will be reviewed throughout the year to respond to any key emerging risks within each organisation. Any subsequent amendments will be reported to the joint Audit Panel.

Interdependencies/Cross Cutting Issues

The Plan is aligned to the MOPAC and MPS strategic risk assessments and governance improvement plans submitted to the Panel and will provide assurance on the effectiveness of key mitigations and developments as the year progresses.

Recommendations

The joint Audit Panel considers and approves the proposed 2024/25 Internal Audit Plan for MOPAC and the MPS.

1. Supporting Information

- 1.1. The internal audit strategic approach supports the delivery of agreed strategic objectives as set out in the Mayor's Police and Crime Plan and New Met for London Plan, giving independent advice and assurance on the design and effectiveness of governance, risk management and internal control activities within MOPAC and the MPS.
- 1.2. The Internal Audit Plan is drawn up and carried out in line with the Public Sector Internal Audit Standards, which form part of an International Professional Practices Framework. These standards enable DARA to deliver professional, ethical and independent audit services across its client base. DARA are advising and preparing for the revised standards to be introduced early in 2025.
- 1.3. Insight gained from internal audit activity provides invaluable advice to senior management supporting the considerable challenge of managing business as usual (BAU), whilst undergoing transformational change. Key themes and strategic underlying issues arising from review activity are analysed and shared to encourage a more strategic and corporate response. In the coming year themes will be reported quarterly to supplement the annual analysis and provide more timely advice.
- 1.4. Advisory work supports transformation objectives, providing timely and practical support and advice working alongside the business. Risk and assurance reviews give assurance on BAU activity and the impact of transformation initiatives as they move into BAU. Follow up reviews provide independent assurance that action is taken as intended and has led to sustainable improvement. Counter fraud work contributes to objectives around resetting the culture and values also helping to identify and address areas of weakness.
- 1.5. The MOPAC plan has a focus on oversight arrangements, commissioning activity and key enabling functions in support of delivery of the PCP. The MPS plan, aligned to NMfL, supports addressing the key strategic issues arising from review activity, including the Casey Review and previous DARA Annual Reports, which now form a definitive improvement plan. This involves raising awareness around risk and internal control and supporting work underway to develop a cohesive corporate assurance framework across the Met. Both plans have a focus on enhancing financial governance and budgetary control.
- 1.6. DARA attend a number of MOPAC and Met governance and programme boards providing governance, risk and assurance advice. Identifying and reporting on areas of organisational learning and any potential areas for increasing efficiency and effectiveness will continue to be an important part of all review activity.
- 1.7. Counter fraud and analytical review activity, includes supporting embedding of the effective management of fraud risks and completion of the National Fraud Initiative exercise. The proactive analytical programme focuses on areas such as; expenses, overtime, credit card expenditure, procurement activity in key/high risk areas of the business.

- 1.8. DARA co-ordinate their review activity with other assurance providers including, external audit, HMICFRS and SSCL's Audit and Assurance Team.
- 1.9. The Director of Audit, Risk and Assurance confirms skills and resources required to deliver the Plan are available to DARA. The indicative days planned for key areas of internal audit activity are summarised as follows:

Internal Audit Activity	Days	%
Risk & Assurance Audits	1,061	48%
Advisory Programme	809	37%
Counter Fraud Activity	335	15%
Total	2,205	100%

- 1.10. Effective engagement, ensuring optimum impact of DARA review activity will be supported by Audit leads, on hand to offer advice to MOPAC and Met Governance and Risk Boards, senior leadership and management teams.
- 1.11. DARA continues to support internal audit across the policing sector and the introduction of the revised Public Sector Internal Audit Standards.

2. Equality and Diversity Impact

The MOPAC and Met commitments to diversity and inclusion are considered in all activities carried out by DARA. Reviews will include consideration of equality, diversity and inclusion issues and potential risks as appropriate.

3. Financial Implications

There is a risk of loss, fraud, waste and inefficiency if actions agreed as a result of DARA activity are not implemented. Savings and recoveries made as a consequence of audit work enable funds to be directed to core policing.

4. Legal Implications

The Accounts and Audit (England) Regulations 2015 (made further to section 27 of the Audit Commission Act 1998) provide that the MOPAC and the MPS are required to maintain an effective internal audit of their affairs.

5. Risk Implications

Completion of the audit plan will enable the Director of Audit, Risk and assurance to provide assurance on the adequacy and effectiveness of the MOPAC and MPS risk management arrangements.

6. Contact Details

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

7. Appendices and Background Papers

Appendix 1 – Draft MOPAC and MPS Internal Audit Plan 2024/25

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Governance	MOPAC Review	Activity – Focus
	Risk and Assurance:	
Oversight Covernerse	 MOPAC Oversight - evaluating transparency and effectiveness of frame performance management and engagement with the Met. 	ework supporting revised LPB oversight governance arra
Oversight Governance	Advisory:	
	 Implementation of financial oversight arrangements reflected in 2024/2 MOPAC Assurance – further development of framework supporting overs and other review activity. 	
	Risk and Assurance:	
Corporato Governance	MOPAC Internal Governance Arrangements – review of internal boards	s and supporting framework.
Corporate Governance	Advisory:	
	 Development of MOPAC Business Planning Framework – supporting of Risk Management Training - embedding corporate approach within direct 	
	Risk and Assurance:	
Delivery – Commissioning and	 Commissioning Impact – framework for evaluation and reporting of com Grants Allocation and Management – evaluating framework supporting 	
Grants	Advisory:	
	 Domestic Abuse Safe Accommodation (DASA), Governance and Deli of the DASA programme, in liaison with GLA colleagues. 	ivery – advising on further development of the framework
	Risk and Assurance:	
Financial Assurance	 MOPAC Budget Accountabilities, Roles and Responsibilities – evalue budgetary control review. Advisory: 	ating effective discharge of revised arrangements, part
	Proactive Procurement Reviews – in-depth review of procurement activity	ity across MOPAC and the VRU to provide assurance ag
	 process/controls applied in practice. Procurement Transformation Strategy – continuing to advise on implen contracts management framework. 	nentation of the procurement improvement plan, to includ
	Risk and Assurance:	
Capacity and Capability	 People Strategy Programme Management – effectiveness of arrange Advisory: 	ments supporting delivery (yr2).
	 HR Policy Reviews – on-going advice supporting review and update 	of key HR policies.
	Risk and Assurance:	
Information Covernance	GDPR Compliance Framework – reviewing effectiveness of the revised of the re	control framework following implementation of improvement
Information Governance	Advisory:	g mpionana and mpionana
	IT Shared Service Provision – supporting transition to new service provid	der.
	Follow Up (Interim A	Assurance) Reviews
VRU – Commissioning F	ramework	Framework Supporting ICV Scheme/Programme
Financial Management	Code of Practice Compliance	Budgetary Control Framework
Business Support Service	ces – Business Continuity 18	 Complaints Review Team – Performance Framework

Appendix 1

	Corporate Risks to PCP Delivery
angements, including bonse, HMICFRS	1 - Resources 2 - Partnership 3 - Culture
	Corporate Risks 1-6
k supporting delivery	4 - Impact 5 - Finance
of follow to previous greed de development of	5 – Finance 1 - Resources
	1 - Resources 3 - Culture
ent plan.	1 - Resources 2 - IT Shared Service

Governance	MPS Review Activity – Focus
	Risk and Assurance:
Corporate Governance	 Performance Management incl. data quality – evaluating the framework supporting delivery of NMFL. Decision Making Framework - implementation and effectiveness of the scheme of delegation. Management of Corporate Risks - end to end review of corporate risk assessments, identification of risk and effectiveness of contra Advisory:
	 Corporate Assurance - mapping out existing assurance activity, identifying potential gaps and evaluating effectiveness in liaison with Business and Financial Planning – supporting integration and delivery of strategic priorities, incl alignment with risk management Risk and Assurance:
Transformation Governance	 Programme Financial Management - management of programme and transformation costs, including provision of finance busines on any lessons learnt from major ICT programme delivery (Connect and Command & Control).
	Risk and Assurance:
Frontline Delivery	 Framework Supporting Handling of Non - Police Firearms – evaluating effectiveness of the design and application of controls. Investigative Framework – evaluating effectiveness supporting investigation of volume crime (burglary, robbery, acquisitive crime) Offender Management - evaluating the control framework supporting offender management. MPS Response to Serious Personal Injury and Fatality Investigations on the road network – evaluation of supporting framework Forensics Management – evaluating the framework supporting conversion of idents/ FCT activity.
	Advisory:
	• FLP Assurance Framework - support implementing new approach, facilitating workshops to enhance level 1 assurance capability
	Risk and Assurance:
Workforce – People and	Misconduct Framework – evaluating the policy and framework supporting victims of misconduct.
Recruitment	Advisory:
	Recruit Training Optimisation – advise on proposals to inform future development of training pathways - following up previous attr
Culture Inclusion and	Advisory:
Diversity incl. Community Engagement	 CDI and Community Engagement – advising on governance framework supporting implementation of the Culture Delivery Plan. Implementation of the Professional Standards Framework – supporting development of governance for framework to be rolled or
Learning and	Advisory:
Development	• Evaluation of First Line Leaders Programme- supporting evaluation to inform future delivery of the programme.
	Advisory and Counter Fraud:
Professional Standards	 Pro-active Analytical Reviews – incl. overtime, allowances and expenses, corporate charge cards, procurement activity, No PO hospitality and business interests with DPS. Vetting Control Framework - following up previous DARA advice and recommendations to determine progress and effectiveness.
	Risk and Assurance:
	 Budgetary Control Framework – evaluating the scheme of devolved management incl. effective implementation of spending control McCLoud Pension Remedy – evaluating framework supporting Implementation.
Financial Assurance	Advisory
	 Payroll Assurance Framework – assessing effectiveness of the framework and advising on first line assurance activity. Financial Governance Improvement: Financial Management Code Compliance - assuring requirements under the code to support management and financial sustainability are met and advising on the control framework supporting delivery of Capital Strategy. 184

	New Met for London Priority
rols/assurance.	New Met for London Priorities 1-3
ith Strategy team. & workforce plan.	
s support, building	New Met for London Priorities 1-3
).	1-Community Crime Fighting
ork.	
oorooo ELD	1-Community Crime Fighting
across FLP.	2-Culture Change
	2- Culture Change 3- Fixing our Foundations
ition review.	
	1-Community Crime
out in 2024/25.	Fighting 2-Culture Change
	3-Fixing our Foundations
no Pay, gifts and	2-Culture Change 3-Fixing our Foundations
ols.	New Met for London
	Priorities 1-3
t good financial	

Governance	MPS Review Activi	ty – Focus	New Met for London Priority
	Risk and Assurance:		
Commercial Framework	 Commercial Assurance- evaluating effectiveness of revised framework for the Green tip). 	3-Fixing our Foundations	
	Advisory:		5-FIXING OUL FOUNDATIONS
	• Pro-active Review of Procurement Activity - to provide assurance of adher	rence to approved process and vfm principles.	
	Advisory:		1-Community Crime
Data and Digital	 Data Governance and Assurance – advising on implementation of data assu Review. 	rance arrangements post Op Green tip - linked to Commercial Assurance	Fighting 3-Fixing our Foundations
	Follow Up (Interim Ass	surance) Reviews	
DDaT Control Enviror	nment: Grey Estate	Financial Assurance: Expenses Framework	
DDaT Control Environment: Cloud Security and Management Pro-active Review Firearms Unit			
Met Environmental and Sustainability Plan Framework Supporting Taser Use and Control			
Trauma Support Effect	ctiveness and Accessibility	Contract Management Strategic Framework	

Governance Board	DARA Activity
Joint MOPAC/MPS Audit Panel	Supporting the work of the joint MOPAC/MPS Audit Panel; contribute to the Panel's annual review of its effectiveness and subserverses and subser
MOPAC Governance and Risk Working Group	Advising on areas of improvement arising from audit reviews included in the MOPAC Governance Improvement Plan. Provide u activity and discuss and agree the MOPAC Annual Audit Plan and contribute to the further development of the MOPAC risk mana
MOPAC Board incl. Change Portfolio	Supporting the implementation of the MOPAC Change Programme, in particular, in the review of core processes advising on the d controls.
MOPAC Oversight Framework and Analysis Group	Attending the MOPAC Oversight Analysis Group and providing advice on the further development of the oversight framework to s
MPS Audit, Risk and Assurance Committee	Advising the Management Board on the effectiveness of Risk Management and Assurance and control emerging from DARA actions and control emerging from DARA actions and control emerging from DARA actions and the second sec
Strategic Crime Incident Recording Group (SCIRG)	Attend Group meetings and advise on the development of the framework supporting the recording of crime ensuring key risk issue addressed.
MBS Programme Board	Attending and advising the Programme Board overseeing development of the future core support services IT solution.
MPS Health, Safety and Wellbeing Board	Attend the Board and advise on key emerging risks and underlying control issues and themes from audit review activity to inform of the Board.
Information Assurance & Cyber security Sub- Group	Attend the Sub-Group of the Data Board to share ideas on auditable areas, key risks and audit planning in liaison with the MPS review activity.
Strategic Oversight Board	Advise on the oversight and delivery of the Anti-Fraud Strategy and Action Plan and wider counter corruption governance arrange
Tactical Liaison Group (Counter fraud)	In liaison with Met colleagues, review individual fraud risks using intelligence and/or the results from work undertaken to priori revisions to risk assessments. Identify issues and trends to escalate to the Strategic Board as necessary.

equent Annual Report.

updates on the outcome of internal audit review nagement framework.

development of a system based on proportionate

o support the new PCP.

ctivity.

ues previously identified through audit activity are

rm and embed sound controls supporting the work

PS IAU and to report on the outcomes on DARA

igements.

pritise risk review and inform analytical work and

	MOPAC and MPS Counter Fraud Programme
	Driving integration of the assessment and management of fraud risks into Met and MOPAC corporate risk management proces and inputting to a revised fraud risk analysis for MOAPC and the Met.
Fraud Prevention & Data Analysis	Supporting implementation of Anti-Fraud, Bribery and Corruption Strategy with DPS, business units and Strategic Oversight Foru Group.
	Delivering a proactive analytical programme providing assurance on integrity of data and transactions in high risk/sensitive areas
	Conducting investigations into potential fraud and/or financial irregularities as appropriate.
Froud Investigation	Developing systems supporting and encouraging reporting of potential fraud and/or irregularities in liaison with DPS.
Fraud Investigation	Identifying and analysing underlying risks related to inform fraud prevention, detection and investigation activity, in liaison with the
	Advising on MOPAC and MPS reporting to External Audit on management of fraud risks and the occurrence of fraud.
	Completing the NFI exercise, investigating and resolving the data matches for MOPAC and the MPS.
National Fraud Initiative (NFI)	Reporting the outcome from the NFI to Met Audit, Risk and Assurance Committee, MOPAC Governance and Risk Working Grou

ess, delivering fraud and risk awareness training

orum and MOPAC Governance and Risk Working

as.

the Strategic Oversight Forum.

oup, and the joint Audit Panel.



MPS-MOPAC JOINT AUDIT PANEL 15 July 2024

MPS Inspection Report

Report by: Chief Strategy and Transformation Officer

Non-restricted paper

Overall Summary of the Purpose of the Report

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

Key Considerations for the Panel

- 1. Note high-level findings from the PEEL 2023/24 'hot debrief' and
- 2. Note the current position of HMICFRS recommendations, including the closure of two recommendations from PEEL 2021/22 under the Cause of Concern "The force needs to improve how it answers calls for service and how it identifies vulnerability at the first point of contact."

Interdependencies/Cross Cutting Issues

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

Recommendations

Audit Panel are asked to:

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

1. Inspection activity

1.1. Since the last Panel, the Met has not received any new inspection activity.

2. PEEL Assessment 2023/24

- 2.1. The final evidence-collection phase concluded on 22 March 2024. On 15 April 2024, the Met's HMICFRS Force Liaison Lead presented a 'hot debrief' of key findings. The areas highlighted by HMICFRS broadly aligned to those we had already identified as requiring improvement:
 - Progress on transformation
 - Resourcing
 - Public protection
 - Neighbourhoods policing
 - Assessing vulnerability at first point of contact
- 2.2. We received the draft report on 28 May for review and presented factual inaccuracies back to HMICFRS for their consideration.
- 2.3. As part of the PEEL Assessment, HMICFRS conducted an audit of stop and search records to assess the reasonableness of grounds. The provisional results indicate a significant improvement against the last audit.
- 2.4. HMICFRS were due to deliver a hot debrief to the Commissioner, Deputy Commissioner, Chief Strategy and Transformation Officer and the Force Liaison Officer on 15 April. The final report is expected to be published in July 2024.

3. Recommendations

- 3.1. On 30 April 2024, following "sustained and significant improvements in performance", HMI Lee Freeman confirmed the closure of one recommendation from the Cause of Concern identified in PEEL 2021/22 ("The force needs to improve how it answers calls for service and how it identifies vulnerability at the first point of contact"), relating to 101 call handling. Additionally, the recommendation relating to 999 calls was closed in late February. Three recommendations under this Cause of Concern remain open:
 - Improve the process for risk-assessing callers to identify those that are vulnerable or at risk;
 - Make sure that repeat callers are routinely identified;
 - Make sure that call takers give good advice on the preservation of evidence and crime prevention.
- 3.2. From June 2022 to May 2024, the Met has received 16 HMICFRS inspection reports and 130 Causes of Concern, Recommendations or Areas for Improvement. The final column on the table below details the number outstanding from each report.

DATE	REPORT TITLE	CoC	REC	AFI	TOTAL	O/S
2021/22	PEEL 2021/22 – An inspection of the Metropolitan Police	1	5	20	26	17

	Grand Total	4	97	29	130	69
2023/24	An inspection of the Metropolitan Police Service's handling of the sexual and criminal exploitation of children.	3	11	0	14	11
2023/24	Meeting the needs of victims in the criminal justice system: An inspection of how well the police, the Crown Prosecution Service, and the Probation Service support victims of crime.	0	1	0	1	1
2023/24	An inspection of the effectiveness of the police and law enforcement bodies' response to group-based child sexual exploitation in England and Wales	0	4	1	5	5
2023/24	Race and policing: An inspection of race disparity in police criminal justice decision-making	0	4	0	4	3
2023/24	An inspection of how effective police forces are in the deployment of firearms	0	8	0	8	3
2023/24	Homicide prevention. An inspection of the police contribution to the prevention of homicide	0	2	0	2	2
2023/24	PEEL Spotlight report - Police performance - Getting a grip	0	3	0	3	3
2022/23	PEEL Spotlight - The police response to burglary, robbery, and other acquisitive crime - Finding time for crime	0	2	0	2	1
2022/23	An inspection of London response to serious and organised crime	0	0	3	3	3
2022/23	An inspection of how well the police and National Crime Agency tackle the online sexual abuse and exploitation of children	0	11	0	11	9
2022/23	An inspection of the Metropolitan Police Service's response to lessons from the Stephen Port murders.	0	20	0	20	6
2021/22	An inspection of how well the police tackle serious youth violence.	0	1	0	1	1
2021/22	Digital forensics: An inspection into how well the police and other agencies use digital forensics in their investigations	0	3	0	3	1
2021/22	Twenty years on, is MAPPA (Multi Agency Public Protection Arrangements) achieving its objectives? A joint thematic inspection of Multi-Agency Public Protection Arrangements	0	4	0	4	1
2021/22	Inspection of vetting, misconduct, and misogyny in police service	0	18	5	23	2

3.3. Of the 69 outstanding recommendations:

- 23 are still being actively progressed and reported to HMICFRS via their Monitoring Portal on a regular basis.
- 25 are considered complete, but as they are levels 3 or 4, they can only be closed by HMICFRS once inspected and verified.
- 21 are complete and await internal assurance before closure.

4. <u>Published reports</u>

4.1. There have been no published reports since the last Joint Audit Panel in April.

5. <u>Forthcoming inspections</u>

- 5.1. HMICFRS will be conducting a 'screen share inspection for vetting and recruitment recommendations' to review progress against eight recommendations from the national thematic vetting inspection in 2022. The date for this inspection is still to be confirmed.
- 5.2. There are two thematic inspections planned by HMICFRS:
 - Organised Immigration Crime the Met is not one of the forces to be inspected;
 - Police Investigations the Met is not one of the forces to be inspected, however, HMICFRS will be conducting bespoke 'smarter practice' visits to forces to look at

specific initiatives being used to improve investigations performance. It is yet to be decided which forces will receive a smarter practice visit.

5.3. The Spring data return was received on 20 May. This will be returned to HMICFRS at the end of June.

6. <u>HMICFRS Monitoring Portal</u>

- 6.1. HMICFRS' new Monitoring Portal (on which all the causes of concern, recommendations and Areas for Improvement are recorded) is now live. Training is being provided to forces, as the operating platform is fundamentally different to the previous one. There are currently access issues which are being rectified.
- 6.2. When the PEEL Assessment 2023/24 report is published (expected July/August), all open recommendations and Areas for Improvement will be reviewed to ascertain those that have been closed or superseded.

7. Equality and Diversity Impact

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

8. Financial Implications

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

9. Legal Implications

There are no direct legal implications arising from this report.

10. Risk Implications

This paper has no direct risk implications.

11. Contact Details

Report author: Tracy Rylance, Strategy & Transformation





MPS-MOPAC JOINT AUDIT PANEL 15 July 2024

External Audit Update

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

Report Summary

Overall Summary of the Purpose of the Report

This is the latest external audit update report providing a summary of progress the auditors are making in completing the statutory audits of the MOPAC and MPS financial statements for 2023/24 and the review of the MPS Value for Money Arrangements.

Key Considerations for the Panel To note the update.

Interdependencies/Cross Cutting Issues None

Recommendations The Audit Panel is recommended to: a. Note the External Audit update report.

1. Supporting Information

External Audit Progress Report - Appendix One

- 1.1. The draft statement of accounts for MOPAC and the MOPAC Group and the CPM were published on May 31st in line with the statutory deadline and have been shared with the external auditors in line with the agreed timetable.
- 1.2. The auditors commenced their work on the draft financial statements in late June and intend to complete the audit and give their opinion on the Statement of Accounts by September 30th. They will also issue their audit findings report by the same date.
- 1.3. As part of their audit work the auditors will undertake a review of the arrangements MOPAC and the MPS have in place to secure Value for Money. The Auditors have provided an initial indication of the areas they intend to review. These are based on the areas of significant weaknesses identified in the 2022/23 Annual Audit report and are summarised below:-
 - Budget gap and unsustainable reliance on revenue reserves
 This will include a review of the budgeting arrangements at the MPS and
 the arrangements within MOPAC to oversee and scrutinise the delivery of
 the 2024/25 budget and savings and the development of the 2025/26
 budget.
 - Trust and Confidence

The auditors intend to review the arrangements in place in both MOPAC and the MPS to respond to the recommendations raised from HMICFRS and the Casey review to ensure they are appropriate to oversee effective delivery of rebuilding trust and confidence.

- Standards and Compliance Progress made by the professionalism directorate since last year in addressing the significant delays in vetting.
- Project Delivery

The CONNECT and Command and Control (C&C) projects remain a considerable risk. The auditors will consider the effectiveness of the governance arrangements in both MOPAC and the MPS and whether they offer sufficient oversight to ensure effective delivery.

• Workforce Planning

The Auditors will assess the progress made by the 'Resourcing the Met Programme' in ensuring the MPS can ensure that resources are in the best place to meet demand and deliver New Met for London.

1.4. The areas are currently indicative and subject to change. The auditors will confirm the areas for review the end of June and provide a verbal update at July's Audit Panel.

2. Equality and Diversity Impact

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

3. Financial Implications

The audit fee for 2023/24 is \pounds 629,779. Of which \pounds 340,125 relates to MOPAC and \pounds 289,654 relates to the MPS. Costs will be met from existing resources within MOPAC and the MPS.

4. Legal Implications

There are no direct legal implications arising from the report.

5. Risk Implications

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

6. Contact Details

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

7. Appendices and Background Papers

Appendix 1 - External Audit Update Report



Mayor's Office for Policing and Crime (MOPAC) and the Commissioner of Police of the Metropolis (CPM) Audit Progress Report and Sector Update

Year ending 31 March 2024

June 2024

This version of the report is a draft. Its contents and subject matter remain under review and its contents may change and be expanded as part of the finalisation of the report. This draft has been created from the template dated DD MMM YYYY

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Key Grant Thornton team members



Mark Stocks

Engagement Lead T 0121 232 5437 E <u>mark.c.stocks@uk.gt.com</u>

Mark will have ultimate responsibility for the delivery of your audit service. Specifics of the role include:

- leading our relationship with the Mayor's Office for Policing and Crime (MOPAC) and Commissioner of Police of the Metropolis (CPM),
- ensuring you have access to Grant Thornton's full service offering;
- being a key contact for the Chief Finance Officer(s) and the Joint Audit Panel, meeting frequently with key members of management;
- taking overall responsibility for delivering high quality audits which meet professional standards;
- agreeing with you the annual joint audit plan, and a timetable for delivering the work;
- reviewing the audit file, giving particular focus to any key areas of risk or critical judgements exercised during the audits;
- reviewing and signing off all audit reports;
- attending Joint Audit Panel to discuss key issues arising from our work and any recommendations;
- acting as a 'sounding board' on key decisions relevant to our responsibilities as your auditors; and
- sharing good practice identified at other organisations.



Lucy Nutley

Senior Audit Manager T 0141 223 0623 E Lucy.H.Nutley@uk.gt.com

Lucy is responsible for planning, managing and leading the audit and providing feedback to you throughout the audit process. Lucy is responsible for audit quality, project management of the audit, ensuring the audit requirements are fully complied with. She will respond to ad-hoc queries whenever raised and meet regularly with the Chief Finance Officers and members of the finance team. Specifics of the role include:

- ensuring responsibility for delivering high quality audits which meet professional standards;
- reviewing the work of in-charge auditor and the wider fieldwork team;
- reviewing the quality of audit reports;
- reviewing the work focusing on the key areas of risk pertaining to the audit;
- and attending and contributing to senior audit liaison meetings, sharing good practice identified at other organisations.

Key Grant Thornton team members



Jasmine Kemp

Audit Manager T 020 7865 2682 E Jasmine.R.Kemp@uk.gt.com

Jasmine will ensure that all work allocated is carried out on a timely basis in accordance with the firm's professional standards and to the satisfaction of clients and engagement lead. As the key contact, Jasmine will be responsible for building and maintaining good working relationships with all colleagues and clients. To support delivery of the testing strategy she will:

- assist the engagement lead in establishing audit objectives and overall scope;
- ensure key matters which arise during the audits which were not identified at the planning stage are properly assessed and dealt with;
- reviewing the work of in-charge auditor and the wider fieldwork team;
- finalise our draft reports to management;
- manage, motivate and coach team members;
- and control the audits in relation to timescales, budgets and risk management procedures.



Rory Springbett Audit In-Charge T 020 7728 2986 E Rory.L.Springbett@uk.gt.com

Rory will work as part of the team, leading the on site audit team, providing a service which meets or exceeds client expectations and supports the engagement lead / manager team. Specifics of the role include:

- taking an active part in the audit planning discussions to identify audit risks and appropriate audit strategy;
- communicating any issues relating to the audit with the engagement managers or engagement lead;
- overseeing all aspects of audit fieldwork and completion;
- addressing and discussing queries in respect of technical and audit issues identified during the course of the audit;
- maintaining good working relationships with client staff; and
- delegating work to other members of the audit team, ensuring they understand their responsibilities and have received appropriate on-the-job training / coaching.

Introduction & headlines

This paper provides the Joint Audit Panel with a report on progress in delivering our responsibilities as your external auditors

The paper also includes a summary of emerging national issues and developments that may be relevant to you.

Members of the Joint Audit Panel can find further useful material on our website where we have a section dedicated to our work in the public sector. Here you can download copies of our publications.

If you would like further information on any items in this briefing or would like to register with Grant Thornton to receive regular email updates on issues that are of interest to you, please contact either your Engagement Lead or Engagement Managers.

We continue to bring specialists to our update conversations where appropriate to share any learning from our position as a leading audit supplier to the police sector.

You will also have access to our annual Chief Accountant Workshops and any other networking opportunities we create for the various stakeholders.



Progress at June 2024

Financial Statements Audit

We undertook our initial planning for the 2023/24 audit in November 2023. In December 2023 we issued a detailed audit plan, setting out our proposed approach to the audit of the 2023/24 financial statements. This was communicated to the Joint Audit Panel in January 2024.

We have received the draft financial statements in line with the agreed timetable and in late June we commenced our work on your draft financial statements.

We will report our work in the Audit Findings Report and aim to give our opinion on the Statement of Accounts by September 2024.

Value for Money

From current trends around cost pressures and service demand, we anticipate that risks around financial sustainability and reserves will require consideration across most value for money reviews for 2023/24. Arrangements for governance and improving economy, efficiency and effectiveness will also be reviewed. The current estimated financial trajectory of the sector is shown within the sector update in this report.

For the Joint Value for Money review of Mayor's Office for Policing and Crime (MOPAC) and the Commissioner of Police of the Metropolis (CPM), we have detail our risks of significant weakness relevant for 2023/24 in **Appendix 1** of this presentation (which align with the findings in our 2022/23 AAR).

The risks outlined in Appendix 1 are indicative, and subject to change following our detailed VFM risk assessment phase at the end of June 2024.

We anticipate issuing our Auditor's Annual Report in September 2024.

Progress at June 2024 (cont.)

Other areas

Meetings

We met with Finance Officers in June as part of our quarterly liaison meetings and continue to be in discussions with finance staff regarding emerging developments and to ensure the audit process is smooth and effective.

We also met with the chair of your audit panel in June to discuss strategic priorities and plans.

Events

We provide a range of workshops, along with network events for members and publications to support the CPM and MOPAC. Your officers attended our Accounts Workshop in February 2024, where we highlighted financial reporting requirements for the 2023/24 accounts and gave insight into elements of the audit approach.

Further details of the publications that may be of interest to the MPS, MOPAC and Joint Audit Panel members are set out in our Sector Update section of this report.

Audit Fees

PSAA have published their scale fees for 23/24 <u>2023/24 auditor appointments</u> and audit fee scale – PSAA.

For the Mayor's Office for Policing and Crime (MOPAC) these fees are £340,125 and for the Commissioner of Police of the Metropolis (CPM) these fees are £289,654. These fees are derived from the procurement exercise carried out by PSAA in 2022. They reflect both the increased work auditors must now undertake as well as the scarcity of audit firms willing to do this work.

Fee variations are likely for ISA315 and IFRS16 as these were not part of the PSAA procurement.

2023/24 deliverables

2023/24 Deliverables	Planned Date	Status
Accounts Joint Audit Plan	January 2024	Complete
We are required to issue a detailed accounts joint audit plan to the Joint Audit Panel setting out our proposed approach in order to give our opinions on the 2023/24 financial statements.		
Joint Audit Findings (ISA260) Report	September 2024	Not due yet
The Joint Audit Findings Report will be reported to the September 2024 Joint Audit Panel.		
Auditors Reports	September 2024	Not due yet
These are the opinions on your financial statements and annual governance statements.		
Auditor's Annual Report	September 2024	Not due yet
The key output from local audit work on arrangements to secure VFM is an annual commentary on arrangements, which will be published as part of the Auditor's Annual Report (AAR).		

Escalation policy

The Department for Levelling Up, Housing and Communities are proposing to introduce an audit backstop date on a rolling basis to encourage timelier completion of local government audits in the future.

As your statutory auditor, we understand the importance of appropriately resourcing audits with qualified staff to ensure high quality standards that meet regulatory expectations and national deadlines. It is your responsibility to produce true and fair accounts in accordance with the CIPFA Code by the 31 May 2024 and respond to audit information requests and queries in a timely manner.

To help ensure that accounts audits can be completed on time in the future, we have introduced an escalation policy. This policy outlines the steps we will take to address any delays in draft accounts or responding to queries and information requests. If there are any delays, the following steps should be followed:

Step 1 - Initial Communication with Chief Finance Officer's (within one working day of statutory deadline for draft accounts or agreed deadline for working papers)

We will have a conversation with the Chief Finance Officer's to identify reasons for the delay and review the Managements plans to address it. We will set clear expectations for improvement.

Step 2 - Further Reminder (within two weeks of deadline)

If the initial conversation does not lead to improvement, we will send a reminder explaining outstanding queries and information requests, the deadline for responding, and the consequences of not responding by the deadline.

Step 3 - Escalation to Those Charged With Governance (within one month of deadline)

If the delay persists, we will escalate the issue to the Those Charged With Governance, i.e. the Deputy Mayor for Policing and Crime (DMPC) and the Commissioner of Police of the Metropolis (CPM), including a detailed summary of the situation, steps taken to address the delay, and agreed deadline for responding.

Step 4 - Escalation to the Joint Audit Panel (at next available Joint Audit Panel meeting or in writing to Audit Committee Chair within 6 weeks of deadline)

If senior management is unable to resolve the delay, we will escalate the issue to the audit committee, including a detailed summary of the situation, steps taken to address the delay, and recommendations for next steps.

Step 5 - Consider use of wider powers (within two months of deadline)

If the delay persists despite all efforts, we will consider using wider powers, e.g. issuing a statutory recommendation. This decision will be made only after all other options have been exhausted. We will consult with an internal risk panel to ensure appropriateness.

By following these steps, we aim to ensure that delays in responding to queries and information requests are addressed in a timely and effective manner, and that we are able to provide timely assurance to key stakeholders including the public on the Force's financial statements.

Sector Update

Policing services are rapidly changing. Increased demand from the public and more complex crimes require a continuing drive to achieve greater efficiency in the delivery of police services. Public expectations of the service continue to rise in the wake of recent high-profile incidents, and there is an increased drive for greater collaboration between Forces and wider blue-light services.

Our sector update provides you with an up to date summary of emerging national issues and developments to support you. We cover areas which may have an impact on your organisation, the wider Police service and the public sector as a whole. Links are provided to the detailed report/briefing to allow you to delve further and find out more.

Our public sector team at Grant Thornton also undertake research on service and technical issues. We will bring you the latest research publications in this update. We also include areas of potential interest to start conversations within the organisation and with audit committee members, as well as any accounting and regulatory updates.

- Grant Thornton Publications
- Insights from sector specialists
- Accounting and regulatory updates

More information can be found on our dedicated public sector and police sections on the Grant Thornton website by clicking on the logos below:

Public Sector

Audit Backstop - update

As we have previously updated, the Government consulted in February 2024 on a proposal to introduce a series of statutory backstops to bring the local audit system back on track. The proposals also included a series of updates to the NAO's Code of Audit Practice.

Our understanding was that the necessary regulations to enact the backstop legislation were due to be laid before Parliament prior to summer recess in July 2024. This would have enabled the legislative framework which would have enabled the 30 September 2024 backstop to be implemented.

The calling of a General Election on July 4th puts this timetable in considerable doubt. The Government that is elected will have to both decide if it wants to implement the backstop solution and if so, determine the timetable by which it happens.

Audit sign off as at 31 May 2024

As at the end of May, we had signed 136 audits for 2022/23, representing 65% of our local government population. We envisage achieving a 75% sign off rate by the end of September. This compares with a sign off rate for other firms at the end of May of 7% (18 audits). If the backstop is extended to the end of the year – we envisage this figure moving to 80% completion.

We had signed off 81% of our 2021/22 audits by the end of May. We envisage achieving an 85% sign off rate by the end of September. Other firms had signed off 48% of audits by the end of May.

Audit year		Grant Thornton audits signed	Other firms
		Forecast position end of Sep 2024 (%)	Position as at end of May 2024 (%
2022-23	65	75	7
2021-22	81	85	48
2020-21	92	92	81

Institute for Government - May 2024

INSTITUTE FOR GOVERNMENT

PCC elections 2024 - results

On 2 May 2024, elections took place for 37 police and crime commissioners (PCCs), who set policing priorities and hold to account police forces across most of England and Wales.

19 Conservative, 17 Labour and one Plaid Cymru police and crime commissioners were elected. Labour was the only party to make gains in the election – taking 10 PCCs from the Conservatives. In five police force areas, the powers of the PCC are held by the mayor – all of which were also up for election and won by Labour candidates.

The full article can be found here.



Source: Institute for Government analysis of BBC election data 2024 and House of Commons Library briefing papers, 2012-2021 • Get the data • Embed • Get BY-NC Download image

Home Office - April 2024



Government plan to save 38 million hours of police time

38 million hours of police time could be saved under a plan supported by the government, as the drive continues to free up officers' time so they can focus on keeping our streets safe.

In its <u>response</u> to the Policing Productivity Review, commissioned by the Home Office and published last autumn, the government has set out how £230 million will be spent over the next 4 years on new technology, such as live facial recognition and drones that will be used as first responders to meet the recommendations made by the independent Policing Productivity Team.

Previously announced in the spring budget, this investment will go towards innovation such as knife detection and artificial intelligence, including automatic redaction and translation, and will enable police to spend less time in the office, and more time in our communities. The government will also be creating a new Centre for Police Productivity to provide the foundation for future improvements a cross policing. The centre will be integral to devising and implementing the further work raised in the review that could save the equivalent of an additional 20,000 police officers' worth of time.

The full article can be found <u>here.</u>

Home Office - March 2024

Home Office

Helping police redact sensitive information in media files

Police and law enforcement often need to share material with courts or other parties whilst also protecting sensitive details such as identities and licence plates for data security or operational security reasons.

However, there is currently very limited use of auto-redaction technology across policing and the wider criminal justice system for digital media, audio, and video files - including body-worn video footage and digital forensic evidence - and the policing minister has made development of solutions which could be rolled out nationally a key priority.

The Home Office funded the Accelerated Capability Environment (ACE) to carry out a market review of existing multimedia redaction tools and build an evidence case into how state-of-the-art technology, including the use of artificial intelligence (AI) and machine learning, could make significant efficiency savings.

This would then be used to accelerate the development and widespread adoption of this technology nationally, creating user efficiencies as well as ensuring that police can confidently share information with other organisations as needed.

The full article can be found <u>here.</u>

HMICFRS - March 2024

HMICFRS Value for money dashboards latest force-level profiles published

Value for money dashboards provide comparative data on a wide range of policing activities from 2011 up to the most recent data release. They build on work done between 2009 and 2017 that were published as PDF <u>value for money profiles</u>.

These allow detailed analysis of:
how much forces spend on different policing activities;
how crime levels compare across forces, as well as what outcomes forces achieve; and
workforce costs, broken down by role, rank and gender.

The interactive dashboard can be found here.



Home Office - February 2024



Policing funding allocation for 2024/25 published

For 2024-25, overall funding for the policing system will rise by up to £842.9 million when compared to the restated 2023-24 police funding settlement, bringing the total settlement for 2024-25 up to £18.4 billion. Available funding to local policing bodies will increase next year by up to an additional £922.2 million, if Police and Crime Commissioners were to take-up the precept flexibility and using latest forecasts, taking total funding for local policing bodies to £16.4 billion.

Compared with 2019-20, this represents a total settlement increase of up to 30.7% in cash terms. Not only has the Government delivered the funding committed in the Spending Review 2021, the 2024-25 settlement has gone even further to provide additional funding for policing. This demonstrates the Governments continued commitment to giving policing the resources they need to keep the public safe.

The full article can be found here.

Back to Basics - February 2024

ONWARD≫

How Neighbourhood Policing Can Make Streets and Communities Safer

Onward's Back to Basics paper, endorsed by 10 Police and Crime Commissioners (PPCs), urges the Government to launch a new Neighbourhood Policing Uplift Programme to fix local policing. The uplift would hire 19,000 new neighbourhood officers – including 3,000 police officers, 10,000 police community support officers, and 6,000 special constables – to be visibly embedded in communities and tackle local crimes.

Back to Basics also calls for PCCs and police chiefs to create new "pop up" police stations in disused high street premises to improve visibility and accessibility, roll out facial recognition technology to catch shoplifters and other criminals, and recruit neighbourhood wardens in town centres to prevent low-level crime.

The full article can be found <u>here.</u>

Appendix 1 – Value for Money Arrangements and Risks of significant VFM weaknesses

Value for Money arrangements

Approach to Value for Money work for the period ended 31 March 2024.

The National Audit Office issued its latest Value for Money guidance to auditors in January 2023. The Code expects auditors to consider whether a body has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. Auditors are expected to report any significant weaknesses in the body's arrangements, should they come to their attention. In undertaking their work, auditors are expected to have regard to three specified reporting criteria. These are as set out below:



Improving economy, efficiency and effectiveness

How the body uses information about its costs and performance to improve the way it manages and delivers its services.



Financial Sustainability

How the body plans and manages its resources to ensure it can continue to deliver its services.



Governance

How the body ensures that it makes informed decisions and properly manages its risks.

Risks of significant VFM weaknesses

As part of our planning work, we considered whether there were any risks of significant weakness in the body's arrangements for securing economy, efficiency and effectiveness in its use of resources that we needed to perform further procedures on. Our 2022/23 Auditor's Annual Report identified a number of significant weaknesses in the arrangements at MOPAC and the MPS giving rise to key recommendations. Based on this work, the risks we have identified are detailed in the first table below, along with the further procedures we will perform. We will also follow up on the recommendations we made in 2022/23 to assess progress in implementing them. We may need to make recommendations following the completion of our work. The potential different types of recommendations we could make are set out in the next slide.

Please note that our initial planning work for value for money remains underway and that the risks outlined above are therefore indicative, and subject to change following our detailed VFM risk assessment phase at the end of June 2024.

Risks of significant weakness

Those risks requiring audit consideration and procedures to address the likelihood that proper arrangements are not in place at the body to deliver value for money.

Budget gap and unsustainable reliance on revenue reserves

In our 2022/23 Auditor's Annual Report, we raised a key recommendation following our work identifying an increasing reliance on the use of reserves and significant savings to support the budget. We reported that this was not sustainable and urgent action was needed to ensure that the 2024/25 budget and associated savings were delivered.

We will review the budgeting arrangements at the MPS and the arrangements within MOPAC to oversee and scrutinise the delivery of the 2024/25 budget and savings, and the development of the 2025/26 budget. As part of our financial sustainability work, we will also review the potential financial impact of any issues arising from the two major capital projects set out on the next slide.

Trust and Confidence

The CPM has consolidated all recommendations from external bodies and put them into themes, creating the New Met for London in the process. However, the CPM remains in 'Engage' which illustrates there are still weaknesses in arrangements, and change is still required to improve performance.

We will review the arrangements in place in both MOPAC and the MPS to respond to the recommendations raised from external bodies, ensuring they are appropriate to oversee effective delivery of rebuilding trust and confidence. We will review the business planning processes and the ability of BCUs to deliver the strategic and operational aims of the service. We will review the support and guidance given to the BCUs.

Risks of significant VFM weaknesses

Standards and Compliance

In our 2022/23 Auditor's Annual Report, we raised a key recommendation following our work identifying increasing delays within the vetting function. From which there is considerable risk to the CPM, it's staff and the general public.

We will assess the progress made by the professionalism directorate since last year, including the effectiveness and pace of vetting arrangements.

Project Delivery

The CONNECT and Command and Control (C&C) Projects remain a considerable risk. The CONNECT project has been launched, with the final drop occurring in February 2024 following a significant increase to the budget in 2023/24. C&C continues to be delayed and over budget.

We will consider the effectiveness of the governance arrangements in both MOPAC and the MPS and whether they offer sufficient oversight to ensure effective delivery.

Workforce Planning

In our 2022/23 Auditor's Annual Report, we raised an improvement recommendation following our work identifying that the was a limited understanding of where the CPM's resources are, and where they need to be. Through preparing a baseline assessment of resources against demand, the CPM can ensure that resources are in the best place to meet demand and deliver New Met for London.

We will assess the progress made by the 'Resourcing the Met Programme', including evaluating the alignment with financial planning so the risk around deliverability of the plan can be quantified.

Risks of significant VFM weaknesses

Potential types of recommendations

A range of different recommendations could be made following the completion of work on risks of significant weakness, as follows:

Statutory recommendation

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



Key recommendation

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



Improvement recommendation

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

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MPS-MOPAC JOINT AUDIT PANEL 15 July 2024

MPS Risk Management Report

Report by: Chief Strategy and Transformation Officer

Non-restricted paper

Overall Summary of the Purpose of the Report

To provide:

- A summary of the Met's risk profile and risk and issues register (Annex A)
- An overview of discussions held at the Met's Audit and Risk Assurance Committee (ARAC) on 10 June 2024.
- A summary of some of the key points from the first risks to have received a deep dive.

Key Considerations for the Panel

- 1. At its meeting on 10 June 2024, ARAC noted the progress made against risks and issues over the last quarter.
- 2. ARAC discussed and agreed the escalation of a new risk related to financial resilience and the amendment of the risk description related to managing offenders and suspects. They also noted one risk which was escalated from the Corporate Health Safety & Wellbeing Board for information and awareness only related to the searching of prisoners prior to and during the custody process.
- 3. ARAC was presented with detailed reports for the two deep dives (focused on the efficacy of controls and assurance activity) for discussion, scrutiny, and challenge.

Interdependencies/Cross Cutting Issues

The Met's corporate risk register captures interdependencies and relevant crosscutting controls are incorporated into the corporate risk register.

Recommendations

Audit Panel are asked to:

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

Update following ARAC (10 June)

- 1. ARAC were apprised of key changes in corporate risk and issue profiles over the quarter. The control activity to manage the risks and issues is stable. The summary position for each corporate risk and issue is at Annex A. This sets out the reasons for these trends and what controls are in place.
- 2. Ten risks and issues reported a stable position (including Critical Technology reform, Criminal Justice, Standards, Cyber, Workforce and Vetting).
- 3. Reform Delivery has reached its target position and considered controlled; however, there are two additional controls being considered to strengthen stability:
 - a. development of an updated enterprise-wide data capture and visualisation tool to provide oversight of the totality of change, and
 - b. an Organisation Design Authority as a key forum for assurance, of the Met's operating model and organisational design.

If approved over the summer, it is likely this risk will be presented for archive in September 2024.

- 4. Six risks and issues reported an improving trend (including Demand and Strategic Planning which moved score from High impact to Medium impact, Community Engagement, Victim Care, Managing Offenders; and Culture Reform).
- 5. For the Public Protection risk, whilst it is improving, the opening risk score was overly optimistic, so the current score appears to be a worsening position. This is not the case and considerable progress is being made to deliver sufficient resource into Public Protection. It is on track to meet the target score by December 2024).
- 6. One issue, Culture, is reporting a worsening position (a move from Low impact to Medium impact). This is the first update since the issue was opened in November 2023 (no update was provided in March as there were no resources in place). Since then, the build for a Culture, Diversity and Inclusion Directorate has started and a Programme Manager is in place. A full assessment on the effectiveness of controls has been completed and the issue score amended. Whilst the score is higher, the activity over the last quarter to improve the issue suggests an improving trend.

Amended risks or issues

- Following the deep dive of Risk 2b Managing Offenders at ARAC in March 2024, an action was raised for the risk description to be redrafted to include the three distinct elements of offenders: Wanted Offenders, Integrated Offender Management (IOM) and Bail/RUI and the importance of effective engagement with partners.
- 8. ARAC agreed a new risk description "Failure to reduce the volume of and manage outstanding offenders in collaboration with key partners and stakeholders across three distinct groups (IOM, Wanted Offenders and Bail/RUI), including those that pose the highest threat, harm, and risk, has a

significant impact on our ability to keep the public safe and prevent crime. This can lead to a loss of trust from victims and undermine community confidence." Whilst this is a lengthy description, it was noted by ARAC that it was important to include the three distinct areas.

9. ARAC agreed the risk description for a new Financial Resilience risk "Inability to maintain financial resilience leads to a reduction in ability to deliver reform and reduction in service delivery to London."

Escalated risks

- 10. The Safety and Health Risk Management Team (SHRMT) escalated a risk related to the poor searching of detainees prior to and during the custody process. This risk is well understood and managed and therefore was escalated to ARAC for information only.
- 11. The risk has been added to the Frontline Policing and MO business grouplevel risk registers and escalated onto the corporate Health, Safety and Wellbeing risk register. The Health, Safety and Wellbeing board (chaired by DAC Alexis Boon) has oversight of the risk and controls, and the SHRMT conducts announced and unannounced audits and inspections of policies, risk assessments and standard operating procedures.
- 12. The Health, Safety and Wellbeing Board will escalate to ARAC for action should they believe the risk is increasing and/or they are not getting the traction needed to control the risks.

Deep Dive process

- 13. Lessons learned from the first deep dives presented to ARAC in March were incorporated into this quarter's process.
- 14. Deep dives into two risks were presented to ARAC:
 - 1a Community Engagement; and
 - 4b Technology and Data Availability
- 15. Each risk owner or working lead provided to ARAC a detailed report of their deep dive (which was conducted out of committee) for discussion, scrutiny, and challenge. This was focused on controls and processes in place to manage the risk and the coverage of assurance activity.

Community Engagement

- With the Strongest Ever Neighbourhood Policing programme (SENP) now strongly advancing and local neighbourhood delivery a priority, the risk is lower. The main risk to delivery is abstractions of the officers performing this function.
- It has been evidenced recently that at times of criticality, engagement can be ring fenced and priorities and positive results pursuant. The intent of the organisation to stop NPT abstractions and be FLP focused remains.

Part of the ability to control this risk is incumbent upon other business groups to deliver change.

• Op Model has now been completed, so that every Borough has a consistent design for their neighbourhood family build. 32 NPT Supts owning their borough geography are now in place.

Technology and Data Availability

- The controls for this risk comes from a combination of:
 - a) robust management processes to deal with incidents,
 - b) our upgrade programme that ensures technology is appropriately supported by providers;
 - c) sufficiently resilient designs; and
 - d) the replacement of legacy IT and data systems.
- The causes of this risk are multi-faceted and there are multiple activities that control the risk. There are Transformation and DDaT projects/programmes to replace most of the legacy systems and the timescale for delivery is a challenge in some areas.
- In the short-to-medium term, the impact of this risk occurring is controlled by tactical work undertaken by the provider to maintain the current platform.
- 16. As the deep-dive process is still new, ARAC sought to understand the positives of it and how the process could be improved at all. Both risk owners confirmed it was a worthwhile and informative process.
- 17. The next deep dives scheduled to be reported to ARAC, subject to any unforeseen changes are:
 - Financial Resilience;
 - Criminal Justice;
 - Conflicting Accountability; and
 - Cyber

Equality and Diversity Impact

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

Financial Implications

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

Legal Implications

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

Risk Implications

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

Contact Details

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Joint Audit Panel Self-Assessment Review of Effectiveness.

1. Introduction

The Panel's Terms of Reference (ToR) require an annual review of effectiveness to be carried out. This paper summarises the conclusions and recommendations from the Panel which were discussed at a work-shop session held on 28 June 2024. The workshop considered.

- Feedback received from attendees at Panel meetings (MOPAC/MPS/DARA and External Audit)
- Consideration of what currently works well and where improvements could be made.
- A review of the National Audit Office's Audit and Risk Assurance Committee effectiveness tool.

2. Overall Conclusions

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 with improved relationships with attendees and the development of a more constructive approach over the last year. There are also a number of areas where our performance could be strengthened and, in particular, we recognise the need to prioritise our future work-plan to ensure we cover the key areas, restructure our meeting agendas and provide clear guidance on the style and format of papers.

3. Recommendations

The forward work plan could be strengthened by giving greater consideration to where the Panel requires assurance and adds most value. We will review the ToR to ensure there is clarity on what the Panel is able to deliver. Agendas could be better structured around key topics e.g. financial resilience, performance, internal and external audit and into sections on MOPAC, MPS and joint issues.

The Panel will develop draft guidance on the content and format of papers for consideration by attendees at the Panel meetings. Generally, papers would benefit from being shorter, more focused on their purpose and conclusions. In turn, this should allow more direct challenge on key issues and encourage more constructive dialogue at the Panel meetings. Some papers may be "below the line" for noting rather than discussion.

The setting up of the MPS Audit and Risk Assurance Committee has been a significant improvement in the governance arrangements over the last year and going forward should be a major benefit to the way the Panel works. Relationships between the Panel and ARAC are strong and defining what the respective committees consider is useful. This can be further strengthened by aligning future work plans and receiving updates at the Panel on matters considered by ARAC alongside conclusions/recommendations.

In line with best practice, we propose to hold at least one formal meeting a year between the Panel and auditors (DARA and external audit) without colleagues from MOPAC and MPS being present. We also plan to introduce a short pre-meeting with audit colleagues before each Panel meeting.

We plan to review our reporting arrangements (both formal and informal) to ensure we deliver what is most useful to MOPAC and MPS colleagues.

The Panel could provide a short skills matrix to help colleagues identify where the Panel's members' skills and experience might be available to offer advice and support outside formal Panel meetings, recognising that the time available is limited. The Panel will also continue to keep under review where this support has been requested and ensure that our independence is not compromised.

The Panel would benefit from a clearer process to be briefed on key emerging issues, such as cyber issues, HMI reports, significant operational issues.

Diary planning has often been a challenge over the last year so for the coming year we have scheduled the formal Panel meetings as well as a number of workshop sessions which could be used for joint deep dives with ARAC, effectiveness review etc as required. We have also found the informal briefing sessions between formal panel meetings to be useful and will aim to schedule ahead of time, always recognising the time commitment required from colleagues.

4. Recommendation.

The Panel is asked **to note** this report and consider the recommendations to further improve our effectiveness. More detailed proposals will be developed for the October meeting in conjunction with colleagues attending Panel meetings.

We will consider carrying out a formal review of effectiveness with third party input during 2025/26.





MPS-MOPAC JOINT AUDIT PANEL 15 July 2024

Draft Statement of Accounts 2023/24 **MOPAC and MOPAC Group**

Report by: Chief Finance Officer and Director of Corporate Services

Report Summary

Overall Summary of the Purpose of the Report

This paper updates the Audit Panel on the 2023 24 draft statement of accounts for MOPAC and the MOPAC Group which were published on 31st May 2024 in line with the statutory deadline.

Key Considerations for the Panel

To note the draft Statements of Accounts and the statutory deadline of 30 September 2024 for the completion of the audit and publication of the final accounts.

Interdependencies/Cross Cutting Issues

The External Audit Update report and Annual Governance Statement for MOPAC.

Recommendations

The Audit Panel is recommended to:

a. To note the draft Statements of Accounts and the timelines for completing the external audit and publishing the final accounts.

1. Supporting Information

- 1.1. The Local Audit and Accountability Act 2014 requires that the Mayor's Office for Policing and Crime (MOPAC) and the Commissioner of Police of the Metropolis (CPM) produce annual Statement of Accounts (the accounts), and those accounts are subject to audit by auditors appointed by MOPAC.
- 1.2. Accounts are prepared for both MOPAC and the CPM. This report is based on the consolidated accounts of both entities referred to as the MOPAC group accounts.
- 1.3. The draft accounts are complete. Following approval by the interim MOPAC Chief Finance Officer that they represent a true and fair view of the financial position for 2023/24, the draft accounts have been published on the MOPAC website in line with the statutory deadline of May 31st. A similar process has been followed for the CPM accounts.
- 1.4. The accounts are being presented to the Joint Audit Panel as part of its role in overseeing the financial reporting processes of MOPAC and the MPS. A copy of the draft accounts are attached. The Accounts are to be audited by Grant Thornton UK (LLP), with the Audit due to commence in mid July.

Statement of Accounts 2023/24

1.5. The draft Statement of Accounts for 2023/24 have been prepared following the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom. This interprets the International Financial Reporting Standards (IFRS) on which these accounts are required to be based. A summary of the financial statements is set out below. There have been no further changes to the policies and key judgements since the update paper presented to Audit Panel in January.

Comprehensive Income and Expenditure Statement (CIES) for the Group and MOPAC

1.6. This summarises the resources generated and consumed in the year. Whilst it shows a deficit on the provision of services of £886 million, after taking accounting adjustments into consideration there is a surplus of £4 million after transfers from earmarked reserves of £144 million.

The Movement in Reserves Statement (MIRS) for the Group and MOPAC

1.7. This shows how the £886 million deficit and other income and expenditure generated in the CIES is spread over the usable and unusable reserves in the Balance Sheet. Usable reserves reduced from £518 million to £379 million during 2023/24 which reflects transfers from earmarked reserves which have been established to manage future budget pressures, operational costs falling in future years and management of on-going change programmes.

The Balance Sheet for the Group and MOPAC

1.8. This sets out the assets, liabilities owed by MOPAC to others, and the usable and unusable reserves which MOPAC maintains. The Balance Sheet shows a negative net worth of £22,436 million. This figure however includes the cost of

police officer pensioners' liabilities which are subject to a separate year-onyear funding arrangement agreed with the Home Office. If the police pension liabilities are excluded, the Balance Sheet would show a positive net worth of \pounds 1,762 million a decrease of \pounds 316 million from last year (\pounds 2,078 million) reflecting movements in working capital.

1.9. In addition to the financial statements the Statement of Accounts include a Statement of Responsibilities for the Accounts and are published alongside MOPAC's Annual Governance Statement for 2023/24.

Inspection and Audit of Accounts

- 1.10. Following publication of the draft accounts MOPAC is required by the Local Audit and Accountability Act 2014 to present its Statement of Accounts (and associated documents) for public inspection for a period of 30 days. During this period local electors or their representative may formally ask questions of MOPAC or the External Auditor.
- 1.11. The annual Audit of the accounts will start in July and there is a statutory deadline for the audit to be finalised and accounts published by 30 September 2024.

2. Equality and Diversity Impact

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

3. Financial Implications

The proposed audit fee for 2023/24 is £642,329. Costs will be met from existing resources within MOPAC and the MPS.

4. Legal Implications

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

5. Risk Implications

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

6. Contact Details

Annabel Cowell Deputy Chief Finance Officer and Head of Financial Management MOPAC, Amana Humayun Chief Finance Officer and Director of Corporate Services

7. Appendices and Background Papers

Appendix 1 –MOPAC and MOPAC Group Draft Statement of Accounts 2023 24

Mayor's Office for Policing And Crime and Group

Un-audited Statement of Accounts 2023/24

MOPAC MAYOR OF LONDON OFFICE FOR POLICING AND CRIME

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Narrative report

Introduction

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

The Mayor delivers the responsibilities given to him via the Act through the Mayor's Office for Policing and Crime (MOPAC), which was established as a Corporation Sole in January 2012. The Mayor has appointed a statutory Deputy Mayor for Policing and Crime - Sophie Linden - to lead MOPAC. A separate body of the Commissioner of Police of the Metropolis (CPM) remains, Sir Mark Rowley was the Commissioner during 2023/24 following his appointment the previous year on 12 September 2022.

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

On 2 May 2024, Sadiq Khan was re-elected for a third term as Mayor and therefore as the occupant of the Mayor's Office for Policing and Crime for the metropolitan police district. In March 2022 the Police and Crime Plan for London 2022-25 was published setting out the Mayor's plans to discharge his responsibilities through MOPAC and his commitments to Londoners during his term in office.

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

All the financial transactions incurred during 2023/24 for policing London have been recognised and recorded within this Statement of Accounts, which sets out the overall financial position of MOPAC and the MOPAC Group for the year ending 31 March 2024. The term 'Group' refers to the consolidated accounts of the MOPAC and CPM. Where the Group's position differs from MOPAC's position this is made clear in the statements and notes. Separate statutory accounts are prepared for the CPM.

This narrative report provides an overview of the accounting arrangements and outlines the financial and operational performance of MOPAC and the MOPAC Group during 2023/24.

Delivering our priorities during 2023/24

MOPAC oversees the delivery of the Mayor's Police and Crime Plan by tracking a core set of measures of policing and crime activity. These measures reflect the Mayor's priorities and the activity and input of all criminal justice partners. The graphs below show how MOPAC delivered against each of the key objectives of the Police and Crime Plan during 2023/24.

Narrative report



Other key activities in 2023/24 included:

According to MPS data, when comparing the 12-month period to May 2016 and the 12 months to January 2024, homicide in London fell by 3%, the number of young people injured with knives fell by 19%. Gun crime fell by 19%. Burglary fell by 18%.

Figures from the Office for National Statistics (ONS) show that the violent crime rate is lower in London than in the rest of England and Wales. In the twelve months to December 2023, there were 28.4 recorded violence against the person offences per 1,000 population in the Met area, which is below the England & Wales average of 34 per 1,000 population.

Following the publication of Baroness Casey's review into the culture and standards of the MPS, Commissioner Sir Mark Rowley published his New Met for London reform plan in July 2023. In it, he sets out priority areas for activity to achieve less crime, more trust and higher standards in policing.

The London Policing Board was established by the Mayor in response to one of Baroness Casey's recommendations in her review of culture and standards in the Metropolitan Police Service. The Members of the London Policing Board bring a variety of skills, insights and experiences to support the Mayor in overseeing and supporting the Metropolitan Police; and to improve the openness and transparency of how the Met Commissioner is held to account. The Board met publicly in full three times during 2023/24, with an additional three Committee meetings. At these sessions, the Board considered issues including culture and standards in the MPS, Violence Against Women and Girls and Violence Affecting Young People.

The Mayor was proactive in bringing in His Majesty's Inspectorate of Constabulary, Fire and Rescue Services (HMICFRS) to provide enhanced oversight and scrutiny into areas of concern. This includes an inspection into errors identified in the police investigation of Stephen Port, the findings and recommendations of which have been accepted by the Commissioner. In late 2023 HMICFRS reported on another inspection commissioned by the Mayor into how the MPS handles cases involving the criminal and sexual exploitation of children. They found two immediate accelerated causes of

concern and then a further one at the time of publishing the final report. Bringing these issues to light has enabled the MPS to prioritise and drive the improvements needed - and HMICFRS and MOPAC will continue to oversee their delivery.

In May 2023, MOPAC worked closely with Rt Hon Harriet Harman MP to produce draft legislation to encourage the Government to take action to reform the police misconduct and performance framework. Many of the proposals suggested were eventually adopted by the Home Office including:

- Automatic suspension of police officers charged with indictable offences.
- Create a statutory requirement for officers to hold vetting and support a legislative routeway to dismiss officers who fail vetting.
- Appeal rights for Chief Constables.
- Deliver new and robust guidance on discharging probationers (Regulation 13).
- Streamlining of the unsatisfactory performance procedures (UPP).

MOPAC continued to operate its Independent Custody Visiting (ICV) scheme, in which volunteers visit police custody suites unannounced to check on standards of service and on the welfare of detainees. In 2023/24, MOPAC's ICVs carried out 508 visits, seeing 1801 detainees.

A MOPAC-funded community scrutiny pilot launched in Hackney in July 2023 with a diverse group of local people meeting monthly to hold the police to account for a wider range of powers and practices. MOPAC is seeking to ensure this is a collaborative process working in partnership with local authority colleagues, local voluntary and community organisations, and with local communities. The pilot is being evaluated by MOPAC's Evidence and Insight team.

The Met has made a dramatic improvement in its call handling, backed with £2.5m in MOPAC funding. In January 2024 the Met answered 91 per cent of 999 calls within 10 seconds - above the national target of 90 per cent.

Data from the ONS Crime Survey for England and Wales shows that public confidence in the MPS has stabilised since September 2022. The latest available ONS data for the year ending June 2023 shows that public confidence in the MPS (51%) was higher than the England & Wales average (50%) and higher than that of any of its most similar forces - Greater Manchester (40%), West Yorkshire (44%) and West Midlands (47%).

Latest data from the MOPAC Public Attitude Survey (PAS) found that the proportion of respondents worried about crime in their local area has fallen by 9% over the last year to 41%. The proportion of respondents worried about anti-social behaviour in their local area has fallen by 14% to 36%. Corresponding falls have been seen for worry about knife crime in the local area (down by 6% in the last year, to 49%) and worry about gun crime in the local area (down by 29% in the last year, to 17%). (PAS Q2 22-23 versus Q2 23-24).

Delivery of the Mayor's Tackling Violence Against Women and Girls Strategy continued in 2023/24. The Strategy champions a public health approach and encourages everyone in London to play their part in ending the epidemic of violence against women and girls. Highlights include:

- A further £15m investment was secured to continue and strengthen the Domestic Abuse Safe Accommodation (DASA) programme in London, which provides safe accommodation and wrap-around support for survivors of domestic abuse and their families. Run by the Greater London Authority (GLA) and MOPAC and funded by the Department for Levelling Up, Housing and Communities (DLUHC), DASA has already supported more than 70 projects across London since it launched in December 2021.
- MOPAC convened partners from NHS London, Integrated Care Boards and Directors of Public Health, together with local authority community safety and safeguarding leads to sign up to

a number of pledges to tackle misogyny, sexual harassment and violence against women and girls through their services and in health environments to help prevent VAWG across the capital.

• The Mayor announced £3m in additional funding to support grassroots projects delivering vital services for women and girls experiencing domestic abuse and sexual violence.

The Mayor and Commissioner convened a City Hall roundtable with representatives from worldleading mobile phone manufacturers and networks, including Apple, Samsung and Google, to discuss how police, City Hall and the mobile phone industry can work better together to find the most effective deterrent to mobile phone crime - a significant and growing issue in London.

The MOPAC GPS tagging crime scheme launched in 2019 surpassed 1,500 tagged offenders in 2023/24. Electronic monitoring of knife crime and domestic abuse offenders on release from prison helps ensure they comply with the terms of their sentences, protects their victims and puts the onus on perpetrators to change their behaviour.

The Mayor's Shared Endeavour Fund continued to support community projects tackling hate, intolerance, extremism and radicalisation across London. In 2023/24 it provided funding for 22 projects with up to 50,000 direct beneficiaries. Additional delivery was funded in the aftermath of the tragic terrorist attack in Israel on 7th Oct and ensuing humanitarian crisis in Gaza to counter increasing levels of antisemitism and Islamophobia.

Headway continued to be made to oversee multi-agency progress against the recommendations made in Lord Toby Harris' latest review into London's preparedness to respond to a terrorist attack. Much good progress has been made and 57 recommendations have been closed by MOPAC with more than 100 further recommendations currently being considered for closure. A one-year on from publishing report was sent to London Assembly Members during 2023/24.

MOPAC investment supported the expansion of Project ADDER in 2023/24. ADDER - a partnership with police, councils and health services to help drug users from the criminal justice system into treatment and recovery services - began operating in one part of London in 2021/22 and is now expanding across the whole of London.

The Home Office and MOPAC provided £5m each in 2023/24 to fund Operation Yamata, which tackles intra-London drugs lines and prevents associated homicide and serious violence by dismantling Class A drugs supply networks. Operation Yamata works in tandem with Project ADDER to supress drugs supply and reduce demand.

The Mayor committed £3m to support improvements in the way the Met cares for victims of crime. This funding has helped support new initiatives including My Met Service - an instant service where victims can use a QR code, email or SMS to give the Met instant feedback after they've spoken to an officer.

The Mayor pledged an additional £250k funding for the Community Alliance To Combat Hate (CATCH) Partnership. This Partnership of eight organisations including GALOP, supports victims of all forms of hate crime - from racism to religious discrimination and anti-LGBTQ+ abuse. This funding is in addition to £2m CATCH has already received from MOPAC, enabling it to reach more than 3,500 victims of hate crime a year.

The Mayor announced £170,000 funding for a dedicated London team of cybersecurity experts to better protect Londoners from online harm. The new investment is part of a one-year pilot to boost the reach and capacity of the award-winning charity 'The Cyber Helpline' which has already helped 600,000 people nationally since 2020 and directly supported more than 40,000 victims.

MOPAC's Evidence and Insight Unit published further evaluation and research reports, including a ground-breaking study conducted by UCL on the impact of the cost-of-living crisis on crime and safety in London.

The London Violence Reduction Unit

London's Violence Reduction Unit (VRU) led a partnership approach to tackling violence through prevention and early intervention across London. Since it was set up in 2019, the VRU has funded more than 350,000 positive opportunities for young people, diverting vulnerable Londoners towards education and employment and away from gangs and violence.

The VRU's community-led MyEnds programme, which operates in eight neighbourhoods across London, won an MJ award in the 'Better Outcomes' category for its partnership approach to solutions to tackle violence. This approach has seen more than 50,000 young people and community people supported through nearly 40,000 activities and interventions, including after-school support, mentoring, sport and holistic support.

The VRU developed and published London's first-ever Inclusion Charter to tackle rising suspensions and persistent absenteeism. Backed up by research of 4,000 young people and teachers, it formed a Charter of four guiding principles that are underpinned by £1.4m investment in UNICEF's Rights Respecting Schools Award programme. 24 boroughs have already signed up to the Charter and adopting its principles.

The Charter is backed up by £10m investment in education to tackle exclusions and develop healthy relationships, an effective PRU mentoring programme across all 32 boroughs and funding to support speech, language and communications skills in 70 schools and an approach to early identify SEND.

This approach is supported by a £3.4m fund to deliver positive opportunities and targeted afterschool interventions for 17,000 young people.

The VRU has developed and built on its support for youth work in London. Its Rise Up programme has helped 470 youth workers further develop leadership skills, better manage conflict involving young people and support those affected by violence and trauma.

It also invests in street-based youth work and in frontline practitioners in custody suites and hospitals. The VRU has expanded the model of youth workers in custody suites by increasing funding so that frontline practitioners are embedded in all 12 of the Met's BCUs and support young people from 10 through the 25. Since 2020, 5,000 young people aged 10-25 have been supported, with more than 2,000 activities delivered, including mentoring and opportunities in education, training and employment.

The VRU also funds youth workers embedded in Major Trauma Centres and A&Es across the capital, supporting young people at the 'reachable, teachable moment'. It's supported more than 1,700 young people since April 2020 with data showing that engagement with youth workers saw reduced in exposure and involvement in violence.

Alongside this, the VRU has established its Parent/Carer Champion Network in nearly almost every London borough, working to provide support, guidance and networks for more than 7,000 parents and carers.

It has also developed and established a girls and young women's programme which includes training teachers and support staff to better identify and intervene in the early stages of vulnerability in school.

How MOPAC delivers its responsibilities



How MOPAC operates

MOPAC has around 300 staff, organised across several directorates. The MOPAC structure is set out below together with a description of the role of each Directorate.



Directorate	Description
Commissioning and	Responsible for commissioning services to prevent crime, reduce
Partnerships	reoffending and support victims.
Finance and Corporate	Supports the Mayor and DMPC to set and deliver a budget in support of
Services	the Police and Crime Plan and oversees and scrutinises how the MPS
	spends public money.
HR, Private Office and	HR provide strategic and advisory support on people matters to
Secretariat	MOPAC. The Private Office and Secretariat coordinate and advise on
	democratic functions, MOPAC's governance framework, including the
	London Assembly, Police and Crime Committee, supporting the DMPC
	and Chief Executive.
Strategy and MPS	Supports the Mayor and DMPC to develop their strategies and oversees
Oversight	and communicates the delivery of their commitments to Londoners. The
	Directorate is also responsible for managing the London Policing Board.
	It also hosts the country's largest civilian policing research unit
	(Evidence and Insight), providing expert data analysis, capture of
	Londoners perceptions, evaluations and research to inform our policy-
	making and oversight.
Directorate of Audit,	DARA provides expert internal audit and counter-fraud services to
Risk and Assurance	MOPAC and the MPS and to other parts of the GLA Group.
(DARA)	

MOPAC also hosts a number of specialist teams, including:

Team	Description
The Violence Reduction	Hosted by MOPAC and working across the GLA to prevent violence by
Unit (VRU)	identifying and working in partnership to address its root causes.
The Independent	Supported by a team hosted within MOPAC, Claire Waxman OBE was
Victims' Commissioner	appointed by the Mayor to ensure that the voice of victims of crime is
for London	heard in everything that we do.

The financial statements

Like all public services, policing has continued to operate within a challenging financial environment. In spite of the ongoing financial pressures we face, we have continued our investment in projects and programmes to deliver transformation. These include investment in estates and equipment to support a modern police force. Much of the investment to date has been funded from receipts from the disposal of surplus property. Whilst future investment will still include some disposal proceeds, we will need to continue to look to long term borrowing to fund this necessary investment.

Before the police officer pension liability, which is subject to a separate year on year funding arrangement agreed with the Home Office, the Balance Sheet shows a positive net worth of £1,762 million, a decrease of £316 million from last year (£2,078 million) reflecting movements in working capital.

More specifically, the consolidated financial statements consist of:

- The Comprehensive Income and Expenditure Statement (CIES) for the Group and MOPAC this summarises the resources generated and consumed in the year. Whilst it shows a deficit on the provision of services of £886 million, after taking accounting adjustments into consideration there is a surplus of £4 million after transfers from earmarked reserves of £144 million;
- The Movement in Reserves Statement (MIRS) for the Group and MOPAC this shows how the £886 million deficit and other income and expenditure generated in the CIES is spread over the usable and unusable reserves in the Balance Sheet. Usable reserves reduced from £518 million to £379 million during 2023/24 which reflects transfers from earmarked reserves which have been established to manage future budget pressures, operational costs falling in future years and management of on-going change programmes.
- The Balance Sheet for the Group and MOPAC this sets out the assets, liabilities owed by MOPAC to others, and the usable and unusable reserves which MOPAC maintains. The Balance Sheet shows a negative net worth of £22,436 million. This figure however includes the cost of police officer pensioners' liabilities which are subject to a separate year-on-year funding arrangement agreed with the Home Office. If the police pension liabilities are excluded, the Balance Sheet would show a positive net worth of £1,762 million;
- The Cash Flow Statement for the Group and MOPAC this shows the in- and out-flows of cash to and from MOPAC. During 2023/24 there was a net cash outflow to MOPAC of £183 million.

In addition to the financial statements the Statement of Accounts include a Statement of Responsibilities for the Accounts and are published alongside MOPAC's Annual Governance Statement for 2023/24.

Financial performance of the Group

Setting the budget

The Deputy Mayor for Policing and Crime recommends an annual budget to the Mayor, following consultation with the Commissioner. The approved budget for 2023/24 for the whole MOPAC Group provided for gross expenditure of £4,533.2 million. Within this amount, £141.4 million was attributable to MOPAC, and included £120.6 million relating to London initiatives such as London Crime Prevention Fund £17.6 million, VAWG £12.0 million, London Integrated Victim and Witness Service £7.4 million, Your Choice £4.5 million, Operation Soteria £4.1 million, Project ADDER £2.0 million, Talk Matters £2.0 million, Parent Carer Champion Network £2.0 million and rape crisis centres £2.2 million. The MOPAC Group net budget, after taking into account income, specific grant before reserve usage, was £3,475.2 million.

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

Performance against the Revenue Budget

Table 1 provides a summary of the final MOPAC Group outturn position for 2023/24 compared with the revised budget. Figures in brackets in the variance column represent reduced expenditure or increased income against the revised budget.

Table 1 MOPAC Group - Final outturn position for 2023/24 compared with 2022/23 and the revised budget

		Approved annual	Revised annual		Variance / Overspend	Variance
Outturn		budget	budget	Outturn	(underspend)	variance %
2022/23	£million	2023/24	2023/24	2023/24	2023/24	2023/24
	Pay					
2,442.1	Police officer pay and overtime	2,519.6	2,562.1	2,594.0	31.9	1.2
725.3	MOPAC and police staff pay and overtime	779.0	834.1	834.4	0.3	0.0
3,167.4	Total pay	3,298.6	3,396.2	3,428.4	32.2	0.9
	Running expenses					
51.7	Employee related expenditure	18.1	56.7	61.3	4.6	8.1
184.9	Premises costs	175.6	193.8	199.6	5.8	3.0
93.0	Transport costs	81.0	88.8	95.4	6.6	7.4
687.2	Supplies & services	787.9	749.1	734.9	(14.2)	(1.9)
171.3	Capital financing costs	126.7	122.6	104.4	(18.2)	(14.8)
39.2	Discretionary pension costs	45.3	49.0	49.4	0.4	0.8
1,227.3	Total running expenses	1,234.6	1,260.0	1,245.0	(15.0)	(1.2
4,394.7	Total gross expenditure	4,533.2	4,656.2	4,673.4	17.2	0.4
(1,151.3)	Total income and grants	(1,058.0)	(1,219.7)	(1,251.2)	(31.5)	2.6
3,243.4	Net expenditure	3,475.2	3,436.5	3,422.2	(14.3)	(0.4
(74.0)	Transfer to/(from) earmarked reserve	(193.6)	(154.9)	(144.8)	10.1	(6.5
0.0	Transfer to/(from) general reserve	0	0	12.8	12.8	(
3,169.4	Budget requirement	3,281.6	3,281.6	3,290.2	8.6	0.3
(3,185.2)	Total Funding	(3,281.6)	(3,281.6)	(3,281.6)	0	0.0
(15.8)	Total MOPAC Group	0	0	8.6*	8.6*	0.0

* £8.6m relates to audit adjustments for 2022/23 posted in 2023/24.

The pie charts below illustrate how the 2023/24 revenue budget was spent by type of spend and by funding streams.



The MOPAC and MPS draft outturn position is an underspend of £14.4m against the revised budget of \pounds 3,281.5m. MPS finished the year with 34,017 officers, c40 FTEs more than assumed in the Quarter Three forecast and slightly above the 34,000 FTE expected for 2024/25 opening position.

MOPAC's draft outturn position is an underspend of £1.6m and is in line with the Quarter Three forecast underspend of £1.6m. The is largely due to underspends within commissioned services. Within the outturn there is a goods receipting credit of £2.8m, this one off credit has reduced the drawdown from reserves forecast to support the overall budget. The draft outturn position included the carry forward of funds totalling £2.7m for Quarter Four for projects that will now be delivered in future years.

The net movement on earmarked and general reserves during 2023/24 is a decrease of £139.8 million as shown in Table 2 below.

Description	£ million
Opening reserves balance 1 April 2023	516.4
Transfers to/(from) reserves	(140.6)
Transfers to/(from) reserves - NPCC/NPOC	0.8
Closing reserves balance 31 March 2024	376.6

Table 2 Net movement on earmarked and general reserves 2023/24

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

Performance against the 2023/24 Capital Programme

Capital expenditure 2023/24



Capital expenditure for 2023/24 was financed in accordance with the prudential code from capital grants, third party contributions, capital receipts and borrowing. Capital expenditure for 2023/24 was £305.5 million. This compares with the revised annual budget of £335.6 million.

Table 3 Capital Outturn position 2023/24

Actual expenditure 2022/23	Summary by programme	Revised budget 2023/24	Actual expenditure 2023/24	Variance overspend/ (underspend)
	£million			
74.7	Property Services	64.0	66.3	2.3
48.7	СТРНО	53.5	50.0	(3.5)
56.5	DDaT	68.1	73.7	5.6
54.8	Transformation	105.8	64.2	(41.6)
26.6	Fleet Services	35.4	41.0	5.6
7.9	Operations and Performance	8.8	7.8	(1.0)
0	Other	0	2.6	2.6
269.2	Total	335.6	305.6	(30.0)

Property based programmes - Property Services capital expenditure was £66.3 million reflecting the commitment to deliver an estate that is fit for purpose for a modern police force. The overspend is a result of accelerated Forward Works across the estate to maintain and enhance properties.

DDaT - Digital Policing spent £73.7 million across replacement of IT equipment (mostly new laptops) and core IT infrastructure which includes networks, hosting, infrastructure maintenance and applications and services upgrades. The overspend is mainly due to greater than expected spend supporting the IT replacement programme.

Transformation programme - Transformations spent £64.2 million in the year, which is £41.6 million below budget. This was a result of slippages and underspends across a range of programmes, including 'Command and Control', 'Connect' and Met CC Improvement Programme.

Fleet Services based programme - Investment in transport for 2023/24 was £41.0 million. The overspend was caused by delayed 22/23 conversion costs arising in 23/24 and forward purchasing of IRVs due to critical operational need. .

Capital financing

Capital expenditure of £305.6 million on non-current assets in 2023/24 was financed in accordance with the Prudential Code, from capital grants and other third party contributions of £61.2 million, capital receipts applied of £8.9 million, and revenue contributions of £12.8 million.

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

Under the Framework MOPAC is required to set aside an amount called the Minimum Revenue Position (MRP). For 2023/24 the MRP was £66.1 million. The MRP is the prudent amount that the Group is required to set aside from revenue to meet the repayments of borrowing undertaken to support capital investment.

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

MPS Operational Performance

Review of 2023/24 performance

The priorities of the Met over 2023/24 have continued to evolve in response to findings from internal and external assessments. The Met has now revised the Turnaround Plan - and launched A New Met for London (NMfL). The Met have also introduced a new performance framework with a new team to drive progress. To track our progress in achieving More Trust, Less Crime and High Standards, the Met have agreed a set of headline measures with the Mayor that is outlined in a NMfL. As we finalise our forward look set out below is an overview assessment of performance against the mission of More Trust, Less Crime, High Standards.

More Trust

Since MOPAC's Public Attitudes Survey began the proportion of respondents who felt the police do a good job in their local area has stood at around 67%. This fell significantly to 46% in Q3 2023/24. The Met have started to see a very small recovery in views towards the police of 1 percentage point, in particular for *police relied upon* question (+5pp) with *fair treatment* question seeing the most decline (-5pp) the Met have a long way to go to recover the trust and confidence lost over recent years.

	% agree at Q3 2023/24	% point Change from Q3 2022/23
Police do a good job in the local area	46%	-0
Agree the police are dealing with the things that matter to this community	57%	+1
Agree the police can be relied upon to be there when needed	59 %	+5
Agree the police listen to the concerns of local people	57%	+1
Agree the police treat everyone fairly regardless of who they are	60%	-5
Public Perceptions of the Police - London Datastore		

Public Perceptions of the Police - London Datastore

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

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

Less Crime

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

The data below compares recorded crime per 1,000 of the population for the financial year period of April 2023 to December 2023 compared with the same time of the previous year¹. The Met is seeing an increase for theft person, which is against the national trend. Every police force in England and

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¹ Recorded crime figures for the whole of the financial year 2023/24 become available at the end of July 2024.

Wales is seeing an increase in shoplifting. However, the Met is seeing larger increases than most. Like most other forces, the Met is seeing declines in vehicle crime.

Nationally, violence with injury has seen reductions. For crimes by 1000 population, the MPS performs better against both Most Similar Group (MSG) and England and Wales (E&W) for violence with injury.

Compared to the MSG, the Met is seeing lower increases in homicides in addition the Met has had the largest reduction in rape offences when compared nationally. The MPS is also seeing a reduction in other sexual offences, however, this reduction is smaller than other forces.

FY23/24 (Apr 23-	MDC	MOO	E&W ex	Greater	West	West
Dec23)	MPS	MSG	MPS	Manchester	Midlands	Yorkshire
Robbery	2.9	1.5	0.7	1.2	2.2	1.0
Burglary	11.8	12.0	7.4	10.9	13.0	12.1
Theft Person	6.2	1.3	0.6	1.9	0.9	1.0
Vehicle crime	8.8	6.6	4.1	5.5	8.6	5.4
Violence with						
injury	7.0	8.6	7.1	7.7	9.5	8.7
Sexual offences	2.1	2.9	2.4	2.9	2.7	3.0
Rape	0.7	1.2	0.9	1.1	1.2	1.2
Shoplifting	5.0	5.9	5.5	4.7	6.2	7.0
TNO (ex Fraud)	79.4	89.8	65.5	90.9	85.5	93.8



FY22/23 (Apr 22-Dec22)	MPS	MSG	E&W ex MPS	GMP	WMP	WYP
Robbery	2.4	1.5	0.6	1.3	2.1	1.0
Burglary	11.2	12.9	7.7	13.7	13.8	10.9
Theft Person	5.0	1.3	0.6	1.7	1.2	1.1
Vehicle crime	9.3	7.4	4.3	6.5	9.8	5.6
Violence with injury	6.7	9.3	7.4	8.2	10.3	9.4
Sexual offences	2.1	2.9	2.4	3.0	2.7	3.0
Rape	0.8	1.1	0.9	1.1	1.1	1.1
Shoplifting	3.3	4.6	4.1	4.1	4.2	5.7
TNO (ex Fraud)	74.4	96.5	68.2	96.6	94.1	99.5



Neighbourhood Crime - theft from person, personal robbery, residential burglary and vehicle crime are a key area of challenge due to the extremely high volumes in the capital relative to the number of people and resources that can be spread across priorities. Though MPS performs better than E&W and MSG for residential burglary rates per 1,000 population.

Vehicle crime is the only offence to record reductions, with theft from motor vehicle reducing and theft of motor vehicle remaining relatively stable.

On public protection offences, the Met are improving, but challenges remain. The Met perform better against E&W and our MSG for rape positive outcomes at 9.5% (ranked 9th out of the 43 forces

for highest positive outcome rates). This is a +3.5pp improvement to the same period last year. The Met have done significant work through the NMfL to expand capacity within public protection teams. Another notable positive improvement can be seen in the increase in positive outcomes for Total Notifiable Offences (TNOs) at 7.7% compared with the England & Wales average of 12.1% and our MSGs at 9.9%.

Serious Violence - Robbery, VWI and Homicide - FYTD to Dec 2023 - performance is holding up well compared to MSG - robbery is a key challenge and for VWI rates per 1,000 the Met perform better against E&W and MSG.

	PO rates FY2023/24 (Apr23 to		E&W ex			
MSG	Dec 23)	MPS	MPS	GMP	WMP	WYP
12.5%	Robbery	5.3%	12.2%	11.0%	13.7%	11.2%
8.5%	Burglary	5.9%	8.0%	9.9%	8.5%	6.9%
2.7%	Theft Person	0.8%	2.6%	2.0%	5.4%	1.3%
3.3%	Vehicle crime	0.9%	3.5%	4.3%	2.8%	3.1%
11.3%	Violence with injury	9.1%	14.3%	12.7%	10.2%	11.5%
10.3%	Sexual offences	9.2%	9.9%	11.7%	8.6%	10.6%
7.6%	Rape	9.5%	6.9%	9.2%	5.6%	8.4%
19.9%	Shoplifting	8.4%	21.8%	19.2%	14.9%	26.0%
9.9%	TNO (ex Fraud)	7.7%	12.1%	10.6%	8.3%	10.8%

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



MSG	PO rate FY20222/23 (Apr22 to Dec 22)	MPS	E&W	GMP	WMP	WYP
9.8%	Robbery	7.6%	10.8%	9.6%	9.1%	12.1%
6.8%	Burglary	6.7%	7.2%	7.0%	6.3%	7.3%
1.7%	Theft Person	0.8%	2.1%	2.4%	0.7%	1.5%
2.2%	Vehicle crime	1.0%	3.0%	3.3%	1.2%	2.8%
10.2%	Violence with injury	11.9%	13.4%	11.2%	8.8%	10.9%
7.4%	Sexual offences	8.9%	8.3%	8.2%	5.4%	8.8%
5.4%	Rape	5.8%	5.5%	5.5%	3.4%	7.8%
19.7%	Shoplifting	10.2%	20.6%	18.3%	14.5%	25.6%
8.4%	TNO (ex Fraud)	9.9%	10.9%	9.1%	6.3%	9.8%



High Standards

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

This has been a key area of focus in 2023/24 - both to tackle legacy cases and proactively identifying new corruption intelligence and acting robustly. Progress has been made in both areas, including:

Legacy Cases

- <u>Operation Assure</u> is a new process for reviewing the vetting of serving officers and staff where the Met have identified adverse information. To date **249** referrals have been sent from DPS to Vetting, **70** individuals have had their vetting removed, **37** have had their vetting maintained and **37** have left the MPS at various stages of the Assure pipeline.
- <u>Op Dragnet</u> (process to check every member of the Met against the Police National Computer (PNC) that records convictions) has been re-run in December 2023 to assess new PNC records and any additions to extant ones. The results are being analysed and any undeclared convictions or records will be dealt with as Honesty and Integrity misconduct issues. There is close communication with vetting to trigger reviews under Op Assure when necessary.
- <u>Operation Trawl</u> is a process of checking every member of the Met against the Police National database (PND), the national intelligence database for policing. The initial data wash completed its initial phase in September 2023. 58 cases of misconduct were identified including 17 at Gross Misconduct level. These cases are still being dealt with and the Met are awaiting hearings at the most severe level.
- Operation Onyx is a review of officers/staff subject to an allegation of sexual offending or domestic abuse made between April 2012 and January 2023. This identified 1636 individuals of these 673 were prioritised based upon risk matrix/Cambridge Harm Index scoring for completion of a review for missed opportunities. All 1636 have been reviewed to confirm appropriate risk management measures are in place and referred those who require restrictions to be imposed. The team continue to review both risk management and sensitive/vulnerable posts regularly. (ii) The '673 Priority Cohort' been reviewed to identify any missed investigative, misconduct or safeguarding opportunities revealing 222 requiring allocation for further investigation. 69 investigations have been allocated, 33 are live and 36 completed with a variety of outcomes. (iii) The Onyx team meet the external scrutiny panel consisting of internal specialists, MOPAC and VAWG representative on a monthly basis. 127 cases have been reviewed and confirmed as No Further Action or a referral to the Integrity Assurance Unit. (iv) The Op Onyx team have completed 202 detailed referrals to Op Assure, of these, 61 subjects have had their vetting withdrawn, 35 have maintained their vetting and the remainder are 'in progress.'

Proactive Prevention and Enforcement

- In November 2022, the Met became the first police force in the UK to launch a public facing hotline asking for reports of Met officers abusing their position of trust. This was delivered in partnership with Crimestoppers. In the period November 2022 to February 2024, 2,878 people have contacted the Hotline. (1,988 Calls, 890 Online Reports) and there have been from Crimestoppers to MPS since launch 867 (413 Calls, 454 Online Reports) reports which were disseminated to the MPS Anti-Corruption and Abuse Command.
- Following investment into the Directorate of Professional Standards (DPS), resulting in a 76% increase in gross misconduct investigations concluded in the last 6 months of the financial year. (408 cases October to March 2023 compared to 718 cases October 2023 to March 2024)
- In the last six months of the financial year, 92 officers appeared on gross misconduct hearings which is 18% higher than the same period for the last financial year (October 2023 to March 2024).

- There has been a 48% increase in the number of officers suspended compared between April 2023 and April 2024.
- All recruit training now includes a firm professional standards input; and, leadership programmes for new and existing leaders prioritise content relating to professionalism, and the standards the organisation expects of them as leaders.

New Met For London (NMfL) Highlights

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

In Community crime-fighting, the Met will be launching a new Strongest Ever Neighbourhood Model in June 2024. This model restructures the Neighbourhood teams to improve capacity and capability, adding more inspectors and sergeants, constables and PCSOs, allocated by demand analysis. The design for the improved Borough Command Unit (BCU) operating model will be complete, with implementation of the design starting in October 2024. This design will ensure more effective tackling of crime, improved investigations and proactive policing and a more resilient emergency response.

Within the NMfL Culture change priority, the Met will launch its culture plan to drive MPS values and principles across the organisation. This will be delivered through dedicated values-based workshops, shifting the workforce's behaviour from awareness to advocacy. The London Race Action Plan (LRAP) will launch this autumn, driving targeted action and clear measures of success.

Across Fixing our Foundations, the business planning and strategic workforce planning capabilities will commence, with a stronger workforce planning and deployment in place and recruitment underway for a new business planning function.

The Met continue to transform public protection, with a new operating model to be launched in 2024. The Met have now put an additional 225 officers (of the 465 planned) into priority areas including child abuse, domestic abuse and RASSO. The Met have already expanded the Stalking and Threat Assessment Centre, with detection rates now higher. The Met will commence a pilot for Local Vulnerability Hubs, which will improve the response to missing persons' cases.

Since the HMICFRS child exploitation inspection the Met have almost doubled the number of children reported missing with exploitation concerns that are being graded as high-risk. The Met have also adopted National Best Practice, training more than 1,200 staff in identifying exploitation, resulting in a 50% increase in the volume of child exploitation concerns being identified by officers and then investigated by the child exploitation teams

The Met have taken steps towards significantly improving the service to victims of crime.

- The Met have seen a major and sustained improvement in the response to emergency, 999 calls. In April 2024, the Met answered 89.7% of 999 calls within 10 seconds. The Met launched a 101-triage desk in January 2024, which enables the needs of the caller to be assessed more quickly and removes non-policing calls and directs people to the correct lead agency. As a result of this the Met have seen further reductions in 101 abandonment rates, currently at 10.8%, and the average speed of answer.
- The Met have adopted the Right Care Right Person (RCRP) approach which ensures that Londoners receive the right support from the right agency, and means police officers are now spending more time on priority policing tasks and less time detaining people who would be better cared for by our partners. Since its launch, officers are attending fewer health calls, with deployment reducing from 41% to 29% compared to the same period last year. Each month, this equates to 6,000 fewer deployments and 34,000 officer hours that can be spent tackling crimes that are impacting Londoners instead. Six months on from the launch of Right Care, Right Person, officers are responding to 18% more urgent robbery calls and, despite the increase in volume, getting to victims faster. Officers are also spending 21% more time on scene with victims compared to the same period last year.

• The Victim Focus Desk is now live and dealing with 30,000 calls a month, with a reduced wait time from 3.5 to 2 minutes.

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

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

The Met are continuing to make progress on transforming their leaders:

- 98% of all MPS Sergeants and Band D staff received five days of face-to-face leadership development in the last 12 month through the First Line Leaders programme. Year 2 has been launched for new promotes on 15 April and is planned to launch for Substantives in May 2024.
- The Met's new leadership programmes for Mid-Level leaders was piloted in March 2024 and launched in April 2024 and the new leadership programmes for Senior Level leaders will launch in May 2024.
- The Met have introduced a new talent management structure for leaders, operationalised through Career Review Boards.
- The Met have also introduced new Performance Development Review processes across the Met, supported by a 9 box grid, with objectives focused on NMfL and values and principles. This will draw a thread between the Met's priorities and what individuals are clear they are expected to deliver.

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

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

Demand Pressures from Protests

Since 7 October 2023 the Met are continuing to experience significant operational challenges due to the protests relating to the Israel/Hamas conflict. The Met estimates the total cost to the Met to the end of the financial year to be approximately £38 million:

- 44,722 Met officer shifts have been completed under Operation BROCKS.
- With 9,679 shifts by officers on mutual aid.
- More than 6,000 officer rest days have been worked, impacting on officer welfare.

Dame Elish Angiolini's Inquiry

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

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

The report set serious failings by the Met, Kent and CNC and exposes the fundamental flaws in the way the Met decide who is fit to be a police officer and how a corrupt and abusive police officer was able to transfer between forces. The report also sets out starkly how the policing response to non-contact sexual offences lets down victims and allows predators to become repeat offenders.

The Met need to make sure NMfL delivers the scale and ambition of reform we need, especially on vetting and non-contact sexual offences. The Met accepts the findings in full and are working closely with the NPCC and College of Policing to consider the 16 recommendations.

Delivering the 2024/25 budget and addressing our financial challenges

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

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

Delivering in the context of a limited budget requires effective governance, strong leadership and grip at all levels of the organisation. This is particularly true given the financial projections of future years - where significant budget gaps are forecast, and where there is a need to rebuild the reserves position.

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

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

The Budget and Business Plan Implementation Group (BPIG), will be accountable for tracking delivery of the Business Plan. It will take a holistic view of reporting from business groups and ensure a corporate approach to addressing emerging pressures and new demand and adjusting priorities in a strategic way during the financial year.

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

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

End of Financial Year Crime Figures - 2023/24

Overall, total notifiable offences were higher (+6%) when compared to the previous financial year, Hate crime offences (excl.DA) also saw higher volumes compared to 2022/23, as a result of Israel/Hamas conflict.

The MPS experienced increases in most neighbourhood crime types seeing the largest increases in: theft from a person (+31.4%), personal robbery (+11.4%) and residential burglary (+2.3%) with exception of vehicle crime which saw a decline (-4.5%). The MPS did see reductions in some serious violence crime types, recording fewer homicide victims (-2 victims) and fewer gun lethal barrel discharges (-76 discharges). Although, like most other police forces the MPS has seen an increase in knife crime offences (+13.5%) with smaller increases of violence with injury (+2.3%). Conversely, public protection crime types such as rape, other sexual offences and domestic abuse all saw reductions at 3.8%, 1.6% and -0.4% respectively.

Aside from the offences measured in the Performance Framework, acquisitive crime such as shoplifting and commercial robbery saw significant increases compared to 2022/20223 at 44.8% and 60.7% respectively.

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

The Balance Sheet

The net worth of MOPAC and the MOPAC Group (excluding the cost of Police Officer pensions liabilities which are subject to a separate funding arrangement agreed year on year with the Home Office) decreased by £316 million (from £2,078 million to £1,762 million) during 2023/24. MOPAC considers that the Balance Sheet is adequate as evidenced by earmarked reserves and General Reserves, however there is a need to increase the level of general reserve in the future as the additional resilience provided by earmarked reserves cannot be relied on in the longer term. This requirement is set out in the 2024/25 reserves strategy and will be a key part of the framework for developing the 2025/26 budget.

Reserves

MOPAC is required to publish a Reserves Strategy and the 2024/25 reserves strategy states the General Reserves should be maintained at a level of 2-3% of the net revenue budget subject to the sensitivity and risks in the Medium-Term Financial Plan.

The year end balance of £66.6m represents 1.9% of net revenue expenditure which is an improvement on the forecast position of £46.6m. The reserves strategy recognises that the Medium Term Financial Plan will required planned contributions to the General Reserve to ensure the target level of 3% is achieved.

MOPAC also hold Earmarked reserves, the balance of which was £309.9 million as at 31 March 2024. Earmarked reserves are being held for specific purposes, including facilitating the transformation programme, managing one-off impacts against the medium-term budget, and statutorily ring-fenced accounts (such as the Proceeds of Crime Act income).

Pensions

The Police Officer Pension Liability and Police Officer Pension Reserve, which are disclosed on the Group Balance Sheet, reflect the cost of paying police officers in the future to the extent they had earned entitlement to pension benefits for periods up to and including 2023/24 in line with IAS 19. Police pension costs are recognised in the Commissioner of Police of the Metropolis CIES in the first instance along with other employee costs but are ultimately funded by MOPAC. Recognition of the total liability has a substantial impact on the net worth of the MOPAC Group. The fund valuation

shows a decrease in liabilities due in the main to the change in actuarial assumptions used to calculate the pensions liability. Pension contributions of 31% of pensionable pay are made to finance the liability, with the actual pensions and commuted lump sums being met directly by the Police Pension Fund Revenue Account. The shortfall on the pension fund between contributions and other income receivable and benefits payable was met by the Home Office in 2023/24.

Outlook for 2024/25

In March 2024 in support of the Police and Crime ambitions and the ambitions of the New Met for London Plan the 2024/25 gross revenue budget was set at £4,443.8 million, an increase of £157 million from the revised 2023/24 budgeted figure of £4,286.8 million. The budget is funded by a general government grant of £2,401.6 million, retained business rates of £129.2 million, collection fund surplus £50.2 million, Local government settlement grant £5.2 million and council tax of £963.7 million. Additionally, MOPAC is budgeting to receive £738.4 million in specific grants, and is planning to draw down £155.6 million from reserves. More detail can be found in Final 2024-25 Budget for DMPC Clean.pdf

The Medium-Term Financial Plan (MTFP) has been constructed on a medium-term basis and there is a need to ensure adequate resilience in future years. The MTFP provides for a balanced budget in 2024/25 however there are risks that will need to be carefully managed during the year through an enhanced control environment.

There is a forecast gap of c£300m in 2025/26 increasing to £350m in 2027/28 and urgent work to develop a business planning approach that supports the reprioritisation of existing resources is needed. Addressing the gap is a priority for MOPAC and MPS and the new governance arrangements will ensure that there is an agreed approach to doing so early in the new financial year. Over the longer-term there is a critical need to put MPS finances on a stronger sustainable footing.

The revenue budget and the capital programme are intrinsically linked and there is an increasing revenue impact that has been a key consideration in developing the budget. Borrowing levels that have been subdued due to high levels of capital receipts in previous year are forecast to increase in the future. Affordability of the capital plans in the context of the challenges on the revenue budget and knock on impact on operational delivery will be a key consideration in future budget setting processes.

The MOPAC five-year capital spending plan, for 2022-23 to 2026-27 totals approximately £1.4 billion, across transformation and other activities such as property lifecycle works, vehicle fleet, Core IT infrastructure and National Counter Terrorism Policing Headquarters. Capital expenditure of £340.5 million is planned for 2024/25. This expenditure will continue to focus on transforming the MPS estate, IT core infrastructure and transforming investigation and prosecution. As well as improving operational effectiveness, this investment will be required to deliver planned future revenue savings and meet the needs of a larger force given planned increase in officer numbers. Capital expenditure will be financed through a combination of receipts, grants and borrowing.

The Statement of Accounts

The 2023/24 MOPAC Group Statement of Accounts is prepared in accordance with the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting 2023/24.

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

- The Police Reform and Social Responsibility Act 2011 (the Act);
- The Home Office Financial Management Code of Practice for the Police Forces of England and Wales 2018;

- MOPAC Scheme of Consent and Delegation;
- MOPAC Financial Regulations;
- MOPAC Contract Regulations.

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

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

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

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

Accounting Changes for 2023/24

There were no changes in the CIPFA Code 2023/24 which materially affected the MOPAC Statement of Accounts.

Annual Governance Statement

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

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

To be completed in September after 2024 audit
Statement of responsibilities for the Accounts

Deputy Mayor's Responsibilities

The Deputy Mayor For Policing And Crime is required to:

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

Chief Financial Officer's Responsibilities

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

In preparing this Statement of Accounts, MOPAC has:

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

I certify that the Statement of Accounts gives a true and fair view of the financial position of MOPAC and MOPAC Group at the accounting date and of the income and expenditure for the year ended 31 March 2024.

Signed Lisa Kitto Interim Chief Financial Officer

Dated: 31 May 2024

MOPAC Group Comprehensive Income and Expenditure Statement (CIES) for 2023/24

		Year ending 31 March 2024	Year ending 31 March 2024	Year ending 31 March 2024	Year ending 31 March 2023	Year ending 31 March 2023	Year ending 31 March 2023	
£000	Notes	Gross expenditure	Income	Net expenditure	Gross Expenditure restated	Income restated	Net Expenditure restated	
Frontline Policing		1,487,568	(69,862)	1,417,706	1,277,439	(65,623)	1,211,816	
Specialist Operations		586,453	(624,107)	(37,654)	526,841	(581,946)	(55,105)	
Operations and Performance		1,095,527	(237,042)	858,485	948,991	(251,395)	697,596	
People and Resources		406,962	(61,222)	345,740	460,831	(65,030)	395,801	
Professionalism		113,430	(18,047)	95,383	97,512	(16,539)	80,973	
Digital, Data and Technology		234,945	(16,048)	218,897	226,064	(9,089)	216,975	
Strategy and Transformation		105,610	0	105,610	62,703	0	62,703	
Comms and Engagement		24,136	(8,164)	15,972	26,446	(6,638)	19,808	
Centrally Held		152,826	(183,005)	(30,179)	110,311	(126,748)	(16,437)	
MOPAC		130,425	(49,021)	81,404	112,251	(52,432)	59,819	
Cost of services	1.1	4,337,882	(1,266,518)	3,071,364	3,849,389	(1,175,440)	2,673,949	
Other operating expenditure								
Net gains on disposal of non-current assets	13.1			10,678			(30,548)	
Financing and investment								
Interest payable and similar charges	11			26,467	26,684			
Interest on Police Officer Pension Defined Benefit Liability	6.2 12.1			1,144,400			1,061,600	
Interest and investment income				(23,701)			(10,842)	
Investment properties revaluation	16			(80)			3,330	
Grants								
Non Specific Grants	14			(3,281,557)			(3,185,180)	
Capital grants	14.1			(61,203)			(64,516)	
Deficit on provision of services				886,368			474,477	
Other comprehensive income and expenditure Surplus on revaluation of non-current assets Surplus or deficit from investments in equity instruments designated at fair				39,203			(150,284)	
value through other comprehensive income Re-measurements of the defined	6.2			(2,415)			0	
benefit liability	12.1			(751,100)			(15,294,500)	
Other comprehensive income and expenditure				(714,312)			(15,444,784)	
Total comprehensive income and expenditure				172,056			(14,970,307)	

The statement above shows the accounting cost for the period 1 April 2023 to 31 March 2024 (with prior year as a comparative year) of providing services for the Group, in accordance with generally accepted accounting practices, in addition to the amount of funding by way of grant income.

MOPAC Comprehensive Income and Expenditure Statement (CIES) for 2023/24

		Year ending 31 March 2024	Year ending 31 March 2024	Year ending 31 March 2024	Year ending 31 March 2023	Year ending 31 March 2023	Year ending 31 March 2023
£000	Notes	Gross expenditure	Income	Net expenditure	Gross expenditure	Income	Net
Intra-group funding -policing		4,150,952	(1,217,497)	2,933,455	3,604,682	(1,123,008)	2,481,674
MOPAC - Other		130,425	(49,021)	81,404	112,251	(52,432)	59,819
Revaluation loss not charged to CPM		56,505	0	56,505	132,456	0	132,456
Cost of services	1.2	4,337,882	(1,266,518)	3,071,364	3,849,389	(1,175,440)	2,673,949
Other operating expenditure Net gains on disposal of non-current assets	13.1			10,678			(30,548)
Interest on Police Officer Pension Defined Benefit Liability - intra-group funding	6.2, 12.1			1,144,400			1,061,600
Re-measurements of the defined benefit liability - intra-group funding	6.2, 12.1			(751,100)			(15,294,500)
Financing and investment							
Interest payable and similar charges	11			26,467			26,684
Interest and investment income				(23,701)			(10,842)
Investment properties revaluation	16			(80)			3,330
Grants							
Non Specific Grants	14			(3,281,557)			(3,185,180)
Capital grants	14.1			(61,203)			(64,516)
Surplus on provision of services				135,268			(14,820,023)
Other income and expenditure Surplus on revaluation of non current assets Instruments designated at fair value through other comprehensive income				39,203 (2,415)			(150,284)
Total comprehensive income and expenditure				172,056			(14,970,307)

The statement above shows the accounting cost for the period 1 April 2023 to 31 March 2024 (with prior year as a comparative year) of providing services in accordance with generally accepted accounting practices for MOPAC, in addition to the amount of funding by way of grant income. The consolidated accounting cost and funding for the MOPAC Group to 31 March 2023 is shown on the page before.

MOPAC Group Movement in Reserves Statement (MIRS) for the year ended 31 March 2024

£000	General Reserves Balance	Earmarked revenue reserves	Total General and Earmarked reserves	Capital receipts reserve	Other useable capital reserves	Total usable reserves	Unusable reserves	Total group reserves
At 31 March 2023	(62,365)	(454,034)	(516,399)	0	(2,204)	(518,603)	22,782,292	22,263,689
Movement in reserves during 2023/24								
Total comprehensive income and expenditure	886,368	0	886,368	0	0	886,368	(714,312)	172,056
Adjustments between accounting basis & funding basis under regulations (note 27)	(746,573)	0	(746,573)	0	0	(746,573)	746,573	0
Net (increase) / decrease before transfers to earmarked reserves	139,795	0	139,795	0	0	139,795	32,261	172,056
Transfers (to) / from earmarked reserves (note 26.3)	(144,060)	144,060	0	0	0	0	0	0
(Increase) / decrease in year	(4,265)	144,060	139,795	0	0	139,795	32,261	172,056
Balance at 31 March 2024	(66,630)	(309,974)	(376,604)	0	(2,204)	(378,808)	22,814,553	22,435,745

This statement shows the movement in the year to 31 March 2024 on the different reserves held by the Group, analysed into usable reserves and unusable reserves. MOPAC is required to show the movement of resources on a statutory basis within the financial statements and adjustments are made to convert from an accounting basis to a statutory funding basis. The 'Net (Increase)/Decrease Before Transfers to Earmarked Reserves' line shows the statutory General Reserves Balance after the adjustments (above), before any discretionary transfers to or from Earmarked Reserves are undertaken by the Group.

There are no adjustments between the authority and group accounts

MOPAC Movement in Reserves Statement (MIRS) for the year ended 31 March 2024

			Total General		Other			
	General	Earmarked	and	Capital	useable			
6000	Reserves	revenue	Earmarked	receipts	capital	Total usable	Unusable	Total group
£000	Balance	reserves	reserves	reserve	reserves	reserves	reserves	reserves
At 31 March 2023	(62,365)	(454,034)	(516,399)	0	(2,204)	(518,603)	22,782,292	22,263,689
Movement in reserves during 2023/24								
Total comprehensive income and expenditure Adjustments between accounting basis &	135,268	0	135,268	0	0	135,268	36,788	172,056
funding basis under regulations (note 27)	4,527	0	4,527	0	0	4,527	(4,527)	0
Net (increase) / decrease before transfers								
to earmarked reserves	139,795	0	139,795	0	0	139,795	32,261	172,056
Transfers (to) / from earmarked reserves								
(note 26.3)	(144,060)	144,060	0	0	0	0	0	0
(Increase) / decrease in year	(4,265)	144,060	139,795	0	0	139,795	32,261	172,056
Balance at 31 March 2024	(66,630)	(309,974)	(376,604)	0	(2,204)	(378,808)	22,814,553	22,435,745

This statement shows the movement in the year to 31 March 2024 on the different reserves held by MOPAC, analysed into usable reserves and unusable reserves. MOPAC is required to show the movement of resources on a statutory basis within the financial statements and adjustments are made to convert from an accounting basis to a statutory funding basis (note 29). The 'Net (Increase)/Decrease Before Transfers to Earmarked Reserves' line shows the statutory General Reserves Balance after the adjustments (above), before any discretionary transfers to or from Earmarked Reserves are undertaken by MOPAC.

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

£000	General Reserves Balance	Earmarked revenue reserves	Total General and Earmarked reserves	Capital receipts reserve	Other useable capital reserves	Total usable reserves	Unusable reserves	Total group reserves
At 31 March 2022	(46,576)	(529,347)	(575,923)	0	(2,469)	(578,392)	37,812,388	37,233,996
Movement in reserves during 2022/23								
Total comprehensive income and expenditure	474,477	0	474,477	0	0	474,477	(15,444,784)	(14,970,307)
Adjustments between accounting basis & funding basis under regulations (note 27)	(414,953)	0	(414,953)	0	265	(414,688)	414,688	0
Net (increase) / decrease before transfers to earmarked reserves	59,524	0	59,524	0	265	59,789	(15,030,096)	(14,970,307)
Transfers (to) / from earmarked reserves (note 26.3)	(75,313)	75,313	0	0	0	0	0	0
(Increase) / decrease in year	(15,789)	75,313	59,524	0	265	59,789	(15,030,096)	(14,970,307)
Balance at 31 March 2023	(62,365)	(454,034)	(516,399)	0	(2,204)	(518,603)	22,782,292	22,263,689

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

There are no adjustments between the authority and group accounts

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

£000	General Reserves Balance	Earmarked revenue reserves	Total General and Earmarked reserves	Capital receipts reserve	Other useable capital reserves	Total usable reserves	Unusable reserves	Total group reserves
At 31 March 2022	(46,576)	(529,347)	(575,923)	0	(2,469)	(578,392)	37,812,388	37,233,996
Movement in reserves during 2022/23								
Total comprehensive income and expenditure Adjustments between accounting basis &	(14,820,023)	0	(14,820,023)	0	0	(14,820,023)	(150,284)	(14,970,307)
funding basis under regulations (note 27)	14,879,547	0	14,879,547	0	265	14,879,812	(14,879,812)	0
Net (increase) / decrease before transfers to earmarked reserves	59,524	0	59,524	0	265	59,789	(15,030,096)	(14,970,307)
Transfers (to) / from earmarked reserves (note 26.3)	(75,313)	75,313	0	0	0	0	0	0
(Increase) / decrease in year	(15,789)	75,313	59,524	0	265	59,789	(15,030,096)	(14,970,307)
Balance at 31 March 2023	(62,365)	(454,034)	(516,399)	0	(2,204)	(518,603)	22,782,292	22,263,689

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

MOPAC Group Balance Sheet

		31 March	31 March
£000	Notes	2024	2023
Non current assets			
Property, plant and equipment	16	2,729,012	2,703,642
Heritage assets	16	1,316	1,308
Investment properties	16	2,840	2,760
Intangible assets	16	16	2
Total non current assets		2,733,184	2,707,712
Long Term Investments		9,664	3,732
Total long term assets		2,742,848	2,711,444
Current assets			
Assets held for sale	17	12,824	25,174
Inventories		3,642	2,684
Short term debtors	18	387,076	384,540
Cash & cash equivalents	19	11,564	198,455
Total current assets		415,106	610,853
Current liabilities			
Short term creditors	20	(699,996)	(645,569)
Short term borrowing	21	(128,855)	(15,972)
Provisions	23.1	(34,069)	(24,989)
Bank overdrafts	19	0	(3,856)
Total current liabilities		(862,920)	(690,386)
Long term liabilities			
Provisions	23.2	(12,857)	(19,311)
Long term borrowing	24	(472,950)	(479,550)
Capital grants receipts in advance		(4,553)	(4,553)
Long term contractor liability	25	(42,219)	(49,686)
Police officer pension liability	12.1	(24,198,200)	(24,342,500)
Total long term liabilities		(24,730,779)	(24,895,600)
Net assets/(liabilities)		(22,435,745)	(22,263,689)
Financed by:			
Unusable Reserves	26.1	(22,814,553)	(22,782,292)
Usable reserves	26.2-3	378,808	518,603
Total reserves	-	(22,435,745)	(22,263,689)

The Balance Sheet shows the value as at 31 March 2024 (with prior year as a comparative year) of the assets and liabilities recognised by the Group. The net liabilities of the Group (assets less liabilities) are matched by the reserves held by the Group.

MOPAC Balance Sheet

		31 March 2024	31 March 2023
£000	Notes	2024	2025
Non current assets			
Property, plant and equipment	16	2,729,012	2,703,642
Heritage assets	16	1,316	1,308
Investment properties	16	2,840	2,760
Intangible assets	16	16	2
Total non current assets		2,733,184	2,707,712
Long Term Investments		9,664	3,732
Total long term assets		2,742,848	2,711,444
Current assets			
Assets held for sale	17	12,824	25,174
Inventories		3,642	2,684
Short term debtors	18	387,076	384,540
Cash & cash equivalents	19	11,564	198,455
Total current assets		415,106	610,853
Current liabilities			
Short term creditors	20	(475,190)	(447,864)
Short term borrowing	21	(128,855)	(15,972)
Provisions	23.1	(34,069)	(24,989)
Intra-group Creditor	6.2	(224,806)	(197,705)
Bank Overdrafts	19	0	(3,856)
Total current liabilities		(862,920)	(690,386)
Long term liabilities			
Provisions	23.2	(12,857)	(19,311)
Long term borrowing	24	(472,950)	(479,550)
Capital grants receipts in advance		(4,553)	(4,553)
Long term contractor liability	25	(42,219)	(49,686)
Police officer pension liability - Intra-group liability	6.2	(24,198,200)	(24,342,500)
Total long term liabilities		(24,730,779)	(24,895,600)
Net assets/(liabilities)		(22,435,745)	(22,263,689)
Financed by:			
Unusable Reserves	26.1	(22,814,553)	(22,782,292)
Usable reserves	26.2-3	378,808	518,603
Total reserves		(22,435,745)	(22,263,689)

The Balance Sheet shows the value as at 31 March 2024 (with prior year as a comparative year) of the assets and liabilities recognised by MOPAC. The net liabilities of MOPAC (assets less liabilities) are matched by the reserves held by MOPAC.

MOPAC Group and MOPAC Cash Flow Statement

£000	Notes	Year ending 31 March 2024-Group	Year ending 31 March 2023-Group	Year ending 31 March 2024-MOPAC	Year ending 31 March 2023-MOPAC
Net (surplus) or deficit on the provision of services	Notes	886,368	474,477	135,268	(14,820,023)
Adjustments to net (surplus)or deficit on the provision of services for non-cash movements	28.2	(909,555)	(729,389)	(158,455)	14,565,111
Adjustments for items in the net (surplus) or deficit on the provision of services that are investing or financing activities	28.3	61,412	149,197	61,412	149,197
Net cash flows from operating activities		38,225	(105,715)	38,225	(105,715)
Investing activities	28.4	238,838	110,850	238,838	110,850
Financing activities	28.5	(94,028)	(190,240)	(94,028)	(190,240)
Net (increase)/decrease in cash and cash equivalents		183,035	(185,105)	183,035	(185,105)
Cash and cash equivalents at the beginning of the period		194,599	9,494	194,599	9,494
Cash and cash equivalents at the end of the period		11,564	194,599	11,564	194,599

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

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

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

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

This set of notes represents the consolidated notes for the Statement of Accounts for 2023/24 as presented in the preceding pages 1 to 9.

1. Expenditure and Funding Analysis

1.1 Group expenditure and funding analysis

	As reported for resource managemen	Adjustments to arrive at the	Net Expenditure chargeable to the General Reserves balance	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
Group expenditure and funding analysis 2023/24 £000		Note 1			
Frontline policing	1,635,02	28 (2,890)	1,632,138	3 (214,432)	1,417,706
Specialist operations Operations and Performance	(2,86 880,0	, , , , ,			(37,654) 858,485
People and Resources	347,6	71 2,984	350,655	i (4,915)	345,740
Professionalism	97,30	03 1,533	98,836	6 (3,453)	95,383
Digital, Data and Technology	214,9	62 2,481	217,443	3 1,454	218,897
Strategy and Transformation Comms and Engagement Centrally held MOPAC	79,00 15,40 (70,80 72,7 ⁴	63 0 7) 107,735	15,463 36,928	509 67,107)	105,610 15,972 (30,179) 81,404
Net cost of service	3,268,7 [,]	13 149,873	3,418,586	(347,222)	3,071,364
Other income and expenditure	(3,281,55	7) 2,766	(3,278,791)	1,093,795	(2,184,996)
Surplus or deficit on General Reserves	(12,84	4) 152,639	139,795	i 746,573	886,368
Opening General Reserves balance at 31 Marc 2023 Surplus/Deficit on General Reserves in year Transfers to/(from) Earmarked Reserves Closing General Reserves balance at 31 Marc 2024			(62,365 139,795 (144,060 (66,630	5	
Adjustments between the funding and accounting basis	Adjustments for capital purposes	Net change for the pensions adjustments	Other differences	Total Adjustments	
2023/24 £000	Note 2	Note 3	Note 4		
Frontline Policing	124,523	(358,028)	19,073	(214,432)	
Specialist Operations	24,466	(61,960)	3,153	(34,341)	
Operations and Performance	64,427	(91,065)	3,940	(22,698)	
People and Resources	5,365	(10,583)	303	(4,915)	
Professionalism	7,489	(11,440)	498	(3,453)	
Digital, Data and Technology	1,985	(492)	(39)	1,454	
Strategy and Transformation	1,601	(4,032)	192	(2,239)	
Comms and Engagement	528	0	(19)	509	
Centrally held	(67,107)	0	0	(67,107)	
MOPAC	0	0	0	0	
Net cost of service	163,277	(537,600)	27,101	(347,222)	-
Other income and expenditure Difference between General Reserves	(50,605)	1,144,400	0	1,093,795	
surplus or deficit and CIES surplus or deficit on the provision of services	112,672	606,800	27,101	746,573	

Group expenditure and funding analysis	As reported for resource management	t	Adjustments to arrive at the amount chargeable to the General Reserves balance	Net Expenditure chargeable to the General Reserves balance	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
2022/23 restated			Note 1			
£000						
Frontline policing	1,527,59	94	(3,831)	1,523,76	3 (311,947)	1,211,816
Specialist operations Operations and Performance	(2,85 741,42		(3,464) 150			(55,105) 697,596
People and Resources	415,18	82	4,143	419,32	.5 (23,524)	395,801
Professionalism	85,23	36	1,771	87,00	(6,034)	80,973
Digital, Data and Technology	232,4	55	(6,999)	225,45	6 (8,481)	216,975
Strategy and Transformation	56,42	22	10,003	66,42	.5 (3,722)	62,703
Comms and Engagement	19,0 ⁻	18	256	19,27	4 534	19,808
Centrally Held	45,8	50	46,685	92,53	5 (108,972)	(16,437)
MOPAC	64,8	51	(5,032)	59,81	9 0	59,819
Net cost of service	3,185,18	80	43,682	3,228,86	2 (554,913)	2,673,949
Other income and expenditure	(3,185,18	80)	15,842	(3,169,338	3) 969,866	(2,199,472)
Surplus or deficit on General Reserves		0	59,524	59,52	4 414,953	474,477
Opening General Reserves balance at 31 March 2022 Deficit on General Reserves in year	1			(46,576 59,52		
Transfers to/(from) Earmarked Reserves				(75,313		
Closing General Reserves balance at 31 Marc 2023	h			(62,365		
				(02)000	<u></u>	
accounting basis	Adjustments for capital purposes	the	change for pensions ustments	Other differences	Total Adjustments	
2022/23 restated £000	Note 2		Note 3	Note 4		
Frontline policing	146,077		(447,551)	(10,473)	(311,947)	
Specialist operations	31,044		(77,994)	(1,838)	(48,788)	
Operations and Performance	74,089		(115,283)	(2,785)	(43,979)	
People and Resources	(14,017)		(9,281)	(226)	(23,524)	
Professionalism	8,511		(14,203)	(342)	(6,034)	
Digital, Data and Technology	(7,889)		(573)	(19)	(8,481)	
Strategy and Transformation	2,333		(5,915)	(140)	(3,722)	
Comms and Engagement	536		0	(2)	534	
Centrally held	(108,972)		0	0	(108,972)	
МОРАС	0		0	0	0	
Net cost of service	131,712		(670,800)	(15,825)	(554,913)	_
Other income and expenditure	(91,734)		1,061,600	0	969,866	
Difference between General Reserves surplus or deficit and CIES surplus or deficit on the provision of services	39,978		390,800	(15,825)	414,953	

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

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

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

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

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

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

1.2 MOPAC expenditure and funding analysis

MOPAC expenditure and funding analysis	As reported for resource management	Adjustm to arrive the amo chargea the Gen Reserve balance	e at ount ble to eral es	Net Expenditu chargeabl the Gener Reserves balance	e to	Adjustm betweer Funding Account Basis	n the ; and	Net Exp in the Compre Income Expendi Stateme	and ture
2023/24		Note	e 1						
£000									
Intra-group funding policing	3,195,914	4	84,763	3,280	,677	(34	17,222)		2,933,455
Other	72,79)	8,605	81	,404		0		81,404
Revaluation loss not charged to CPM	()	56,505	56	,505		0		56,505
Net cost of service	3,268,71	3 14	49,873	3,418	,586	(34	7,222)		3,071,364
Other income and expenditure	(3,281,557)	2,766	(3,278,	791)	3	42,695	(2,936,096)
Surplus or deficit on General Reserves	(12,844) 1	52,639	139	,795		(4,527)		135,268
Opening General Reserves balance at 31 March 2023				(62,	365)				
Deficit on General Reserves in year				139	,795				
Transfer to/(from) Earmarked Reserves				(144,	060)				
Closing General Reserves balance at 31 March 2024				(66,	630)				
Adjustments between the funding and accoun basis 2023/24 £000	for o purj	ustments capital poses	the pe adjust	nange for ensions tments		erences	Total Adjust	ments	
		Note 2	N	lote 3	N	ote 4			
Intra-group funding policing MOPAC		163,277 0		(537,600) 0		27,101 0	(.	347,222) 0	
Revaluation loss not charged to CPM		0		0		0		0	
Net cost of service		163,277		(537,600)		27,101	()	347,222)	
Other income and expenditure		(50,605)		393,300		0		342,695	
Difference between General Reserves surplus or and CIES surplus or deficit on the provision of se		112,672		(144,300)		27,101		(4,527)	

	As reported for resource management	Adjustments to arrive at the amount chargeable to the General Reserves balance	Net Expenditure chargeable to the General Reserves balance	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
MOPAC expenditure and funding analysis 2022/23		Note 1			
£000					
Intra-group funding policing	3,120,329	(83,742)	3,036,587	(554,913)	2,481,674
Other	64,851	(5,032)	59,819	0	59,819
Revaluation loss not charged to CPM	0	132,456	132,456	0	132,456
Net cost of service	3,185,180	43,682	3,228,862	(554,913)	2,673,949
Other income and expenditure	(3,185,180)	15,842	(3,169,338)	(14,324,634)	(17,493,972)
Surplus or deficit on General Reserves	0	59,524	59,524	(14,879,547)	(14,820,023)
Opening General Reserves balance at 31 March 2022			(46,576)		
Deficit on General Reserves in year			59,524		
Transfer to/(from) Earmarked Reserves			(75,313)		
Closing General Reserves balance at 31 March 2023			(62,365)		
Adjustments between the funding and accounting basis 2022/23 £000	Adjustments for capital purposes	Net change for the pensions adjustments	Other differences	Total Adjustments	
2000	Note 2	Note 3	Note 4		
Intra-group funding policing MOPAC	131,712 0	(670,800) 0	(15,825) 0	(554,913) 0	
Revaluation loss not charged to CPM	0	0	0	0	
Net cost of service	131,712	(670,800)	(15,825)	(554,913)	
Other income and expenditure	(91,734)	(14,232,900)	0	(14,324,634)	
Difference between General Reserves surplus or deficit and CIES surplus or deficit on the provision of services	39,978	(14,903,700)	(15,825)	(14,879,547)	

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

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

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

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

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

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

2. Statement of accounting policies

2.1 General principles

These financial statements have been prepared in accordance with the Code of Practice (the Code) on Local Authority Accounting in the United Kingdom 2023/24 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 2024 (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 2023. The identification of MOPAC as the holding organisation and the requirement to produce group accounts stems from the powers and responsibilities of MOPAC under the Police Reform and Social Responsibility Act 2011.

The significant accounting policies adopted are set out below.

2.2 Revenue and expenditure recognition

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

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

2.3 Accruals of income and expenditure

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

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

2.4 Provisions

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

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

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

2.5 Reserves

Reserves consist of two elements: usable and unusable. Usable reserves are those which can be applied to fund expenditure. They are made up of the General Reserves, Earmarked Reserves, Capital Receipts Reserve and the Capital Grants Unapplied Account. Earmarked reserves are established from time to time to meet specific expected revenue or capital costs as determined by MOPAC. Unusable reserves cannot be applied to fund expenditure. They include the Capital Adjustment Account, Pension Reserve, Accumulated Absences Account, 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 CIES in the financial year in which the holiday absence is earned.

Termination benefits

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

Post-employment benefits

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

Police officers

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

schemes from 1 April 2019. New financial arrangements were introduced on 1 April 2006 to administer the schemes.

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

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

- Service cost comprising:
 - Current service cost the increase in liabilities as a result of years of service earned this year allocated to the Group CIES to the services for which the police officers worked;
 - Past service cost the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years - debited to the Net Cost of Policing Services in the Group CIES;
 - Interest on the defined benefit liability the increase during the period in the defined benefit liability which arises because the benefits are one year closer to being paid debited to the Financing and Investment Income and Expenditure line in the Group CIES;
- Re-measurements comprising actuarial gains and losses changes in the pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions debited or credited to the Pensions Reserve as Other Comprehensive Income and Expenditure with the exception of actuarial gains and losses in relation to injury benefits, which are debited or credited to the Net Cost of Policing Services in the CIES.
- Contributions paid to the Police Pension Fund cash paid as employer's contributions to the Pension Fund in settlement of liabilities, not accounted for as an expense.

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

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

Police staff

The Group joined the Principal Civil Service Pension Scheme (PCSPS) in 2002/03. The PCSPS is an unfunded defined benefit scheme which operates seven different sub schemes but only one is open to new staff joining MOPAC/CPM, the Alpha Scheme, which is a career average scheme. Additionally,

there is a defined contribution alternative. The PCSPS is a multi-employer scheme whereby the underlying assets and liabilities within the Scheme are not broken down and attributed to individual employers, and therefore is defined as a multi-contribution scheme. The appropriate level of disclosure has been followed in accordance with IAS 19.

2.8 Property, plant and equipment

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

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

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

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

Assets included in the Balance Sheet at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their value at the year end. Property revaluations are based on a rolling review programme 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.

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

Principal asset categories and their useful economic lives

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

2.9 Charges to revenue for property, plant and equipment

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

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

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

2.10 Non-current assets held for sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of its carrying amount and fair value less costs to sell. Depreciation is not charged on Assets Held for Sale. **2.11 Investment properties**

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

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

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

2.12 Surplus Assets

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

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

2.13 Fair value measurement

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

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

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

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date;

Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;

Level 3 - unobservable inputs for the asset or liability.

2.14 Leases

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

Finance leases

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

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

Operating leases

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

The Group as lessor

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

2.15 Value Added Tax (VAT)

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

2.16 Financial liabilities

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

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 2023/24.

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

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

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

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

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

There are amendments to issued accounting standards which have not yet been adopted by the Code which will apply to the Group and MOPAC in 2024/25:

• IFRS 16 Leases issued in 2016.

It is expected that the adoption of IFRS 16 will introduce right of use assets on the balance sheet with a value of £82.5m matched against future lease liabilities of £82.5m.

During the next financial year it is expected that lease payments under IFRS 16 will result in a reapportionment within operating expenses of \pounds 5.6m, into finance charges (of \pounds 1m) and Minimum Revenue Provision (of \pounds 4.6m).

- Lease Liability in a sale and Leaseback (Amendments to IFRS 16) issued in September 2022.
- Classification of Liabilities as Current or Non-current (Amendments to IAS1) issued in January 2020
- Non-current liabilities with Covenants (Amendments to IAS 1) issued in October 2022.

Although they provide clarifications, It is not expected that these three amendments above will have a significant impact on the Group's statement of accounts.

- International Tax Reform: Pillar Two Model Rules (Amendments to IAS 12) issued in May 2023.
- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7) issued in May 2023.

There will be limited application of the two amendments above in the Group's statement of accounts.

4. Significant estimates and judgements in applying the accounting policies

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

Estimates

- Establishing the valuations of operational and residential properties represents a significant estimate. Valuations are undertaken by a professional surveyor in line with RICS guidance (see Note 16.1). Where possible, observable market data (recent transactions or rental yields) is used which reduces estimation uncertainty. For operational property, the valuation method relies on a cost model for estimating build costs of a modern equivalent asset. There are two key inputs to this estimate RICS Build Cost Indices and Build Cost Indices Location Weightings;
- Depreciation is calculated based on the asset value and expected useful life of assets (see Note 16). The Group monitors the useful life of assets to identify where any changes to the depreciation charge are required during the year;
- The costs of providing pension benefits to police officers, requires estimates regarding future cash flows that will arise to meet the scheme liabilities, see Note 12. The assumptions underlying the valuation used for IAS 19 reporting are the responsibility of the MOPAC CFO as advised by the scheme actuaries. The financial assumptions used by the actuaries are largely prescribed at any point and reflect market expectations at the reporting date. Assumptions are also made around the life expectancy of the UK population. The last full valuation of the pension scheme undertaken using full membership data was conducted in 2022. Under IAS19, the actuaries have projected the results of this valuation using approximate methods. In particular, the roll-forward allows for:
 - Changes in financial and life expectancy assumptions;
 - Additional benefit accrual;
 - Actual cash flows over the period; and
 - Updated membership information.

Judgements

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

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

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

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

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

6.1 Introduction

Following the Police Reform and Social Responsibility Act 2011 (The Act), the Metropolitan Police Authority (MPA) was replaced on 16 January 2012 with two corporations sole, the Mayor's Office for Policing And Crime (MOPAC) and the Commissioner of Police of the Metropolis (CPM). These financial statements for 2023/24 show the financial positions of the MOPAC and MOPAC Group together with comparative figures for 2022/23.

6.2 Accounting principles

The accounting recognition of assets, liabilities and reserves in 2023/24 reflects the powers and responsibilities of MOPAC as designated by the Police Reform and Social Responsibility Act 2011 and the Home Office Financial Management Code of Practice for the Police Service, England and Wales 2018. This accounting treatment is also underpinned by the working relationship between the Deputy Mayor and the Commissioner as defined by local regulations, (MOPAC Financial Regulations and Scheme of Consent and Delegation), local agreement and practice. On 16 January 2012 the assets, liabilities and reserves of the MPS were transferred directly to MOPAC and during 2023/24 they remain under MOPAC control. Statutory and local arrangements determine that MOPAC holds all the assets, liabilities and the reserves and is responsible for the police pension liability. All payments for the Group are made by MOPAC from the MOPAC Police Fund and all income and funding received by MOPAC. MOPAC has the responsibility for managing the financial relationships with third parties and has legal responsibilities for discharging the contractual terms and conditions of suppliers.

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

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

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

Accounting treatment

The table below shows the movement through an intra-group account within the respective CIES during 2023/24. Corresponding accounting entries in the MOPAC CIES and CPM CIES can be seen in the financial statements.

Intra-group - total transactions for 2023/24			_
£million	MOPAC	CPM	Group
IAS 19 pension costs within net cost of services	0	275	275
Accumulated absences	0	27	27
Other costs within net cost of services	0	2,631	2,631
Intra-group adjustment (MOPAC funding)	2,933	(2,933)	0
Pension interest cost	0	1,144	1,144
Intra-group adjustment (MOPAC funding pension)	1,144	(1,144)	0
Actuarial losses/(gain) on police fund	0	(751)	(751)
Intra-group adjustment (MOPAC funding pension)	(751)	751	0
Total transactions for the year	3,326	0	3,326
Intra-group - total transactions for 2022/23 £million	MOPAC	СРМ	Group
AS 19 pension costs within net cost of services	0	111	111
Accumulated absences	0	(16)	(16)
Other costs within net cost of services	0	2,387	2,387
Intra-group adjustment (MOPAC funding)	2,482	(2,482)	0
Pension interest cost	0	1,061	1,061
Intra-group adjustment (MOPAC funding pension)	1,061	(1,061)	0
Actuarial losses/(gain) on police fund	0	(15,294)	(15,294)
	(15 294)	())	. , ,
Intra-group adjustment (MOPAC funding pension) Total transactions for the year	(15,294) (11,751) et at year end	15,294 0	. , , ,
Intra-group adjustment (MOPAC funding pension) Total transactions for the year counting entries reflected in the respective Balance She Intra-group - total transactions for 2023/24	(11,751) et at year end	15,294 0	(11,751)
Intra-group adjustment (MOPAC funding pension) Total transactions for the year counting entries reflected in the respective Balance She Intra-group - total transactions for 2023/24 £million	(11,751) et at year end MOPAC	15,294 0 CPM	0 (11,751) Group
Intra-group adjustment (MOPAC funding pension) Total transactions for the year counting entries reflected in the respective Balance She Intra-group - total transactions for 2023/24 £million CPM - Long term Intra-group Debtor	(11,751) et at year end MOPAC 0	15,294 0 CPM 24,198	0 (11,751) Group 0
Intra-group adjustment (MOPAC funding pension) Total transactions for the year counting entries reflected in the respective Balance She Intra-group - total transactions for 2023/24 £million CPM - Long term Intra-group Debtor CPM - Short term Intra-group Debtor	(11,751) et at year end MOPAC 0 0	15,294 0 CPM 24,198 225	0 (11,751) Group 0 0
Intra-group adjustment (MOPAC funding pension) Total transactions for the year counting entries reflected in the respective Balance She Intra-group - total transactions for 2023/24 Emillion CPM - Long term Intra-group Debtor CPM - Short term Intra-group Debtor CPM - Police Officer pension liability	(11,751) et at year end MOPAC 0 0 0 0	15,294 0 CPM 24,198 225 (24,198)	0 (11,751) Group 0 0 (24,198)
Intra-group adjustment (MOPAC funding pension) Total transactions for the year counting entries reflected in the respective Balance She Intra-group - total transactions for 2023/24 <u>Emilion</u> CPM - Long term Intra-group Debtor CPM - Short term Intra-group Debtor CPM - Police Officer pension liability CPM - Creditor - accumulated absences	(11,751) et at year end MOPAC 0 0 0 0 0 0	CPM 24,198 225 (24,198) (225)	0 (11,751) Group 0 (24,198) (225)
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Intra-group adjustment (MOPAC funding pension) Total transactions for the year counting entries reflected in the respective Balance She Intra-group - total transactions for 2023/24 £million CPM - Long term Intra-group Debtor CPM - Short term Intra-group Debtor CPM - Police Officer pension liability CPM - Creditor - accumulated absences MOPAC - Long term Intra-group Creditor MOPAC - Short term Intra-group Creditor MOPAC - Unusable Reserves	(11,751) et at year end MOPAC 0 0 0 0 0 (24,198)	CPM 24,198 225 (24,198) (225) 0	0
Intra-group adjustment (MOPAC funding pension) Total transactions for the year counting entries reflected in the respective Balance Shee Intra-group - total transactions for 2023/24 <u>Emillion</u> CPM - Long term Intra-group Debtor CPM - Long term Intra-group Debtor CPM - Short term Intra-group Debtor CPM - Police Officer pension liability CPM - Creditor - accumulated absences MOPAC - Long term Intra-group Creditor MOPAC - Short term Intra-group Creditor MOPAC - Unusable Reserves MOPAC - Unusable Reserves	(11,751) et at year end MOPAC 0 0 0 0 (24,198) (225) 24,198	15,294 0 CPM 24,198 225 (24,198) (225) 0 0 0 0	0 (11,751) Group 0 0 (24,198) (225) 0 0 0 24,198
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Intra-group adjustment (MOPAC funding pension) Total transactions for the year counting entries reflected in the respective Balance Shee Intra-group - total transactions for 2023/24 Émillion CPM - Long term Intra-group Debtor CPM - Short term Intra-group Debtor CPM - Police Officer pension liability CPM - Creditor - accumulated absences MOPAC - Long term Intra-group Creditor MOPAC - Short term Intra-group Creditor MOPAC - Unusable Reserves MOPAC - Unusable Reserves Intra-group - total transactions for 2022/23 Émillion	(11,751) et at year end MOPAC 0 0 0 (24,198) (225) 24,198 225	15,294 0 24,198 225 (24,198) (225) 0 0 0 0 0	0 (11,751) Group 0 (24,198) (225) 0 0 24,198 225 Group
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Intra-group adjustment (MOPAC funding pension) Total transactions for the year counting entries reflected in the respective Balance Shee Intra-group - total transactions for 2023/24 <u>Emillion</u> CPM - Long term Intra-group Debtor CPM - Short term Intra-group Debtor CPM - Police Officer pension liability CPM - Creditor - accumulated absences MOPAC - Long term Intra-group Creditor MOPAC - Short term Intra-group Creditor MOPAC - Unusable Reserves MOPAC - Long term Intra-group Debtor CPM - Long term Intra-group Debtor CPM - Short term Intra-group Debtor CPM - Police Officer pension liability CPM - Creditor - accumulated absences MOPAC - Long term Intra-group Creditor	(11,751) et at year end MOPAC 0 0 0 0 (24,198) (225) 24,198 (225) 24,198 225 MOPAC 0 0 0 0 0 0 0 (24,343)	CPM 0 24,198 225 (24,198) (225) 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 (24,343) (198) 0	0 (11,751) Group 0 0 (24,198) (225) 0 0 0 24,198
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The CIES for MOPAC and the Group are similar at 'summary level'. The MOPAC CIES includes not only the cost of administering the MOPAC itself, but also payment for MOPAC resources consumed at the request of the CPM. Correspondingly in the CPM CIES, total Comprehensive Income and Expenditure is nil for 2023/24 as the 'resources consumed at the request of the CPM' are completely offset by the intra-group adjustment.

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

7.1 Service expenditure analysis

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

7.2 Income

Income received by MOPAC includes fees and charges, interest, investments, contributions, specific grants and other service income. A breakdown under these headings for 2023/24 is shown in the table in Section 7.3 below.

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

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

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

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

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

In the table below the operating income and expenditure for MOPAC and the MOPAC Group for the period 1 April 2023 to 31 March 2024, is presented in a subjective analysis format. The subjective analysis format is used by management to make decisions about resource allocation in internal management reports.

	MOPAC	СРМ	Group	Group
£000	2023/24	2023/24	2023/24	2022/23
Expenditure				
Employee costs				
Police officer salaries	0	2,203,092	2,203,092	2,034,710
MOPAC and Police staff wages and salaries	18,390	681,179	699,569	604,365
Employee related expenditure	381	61,275	61,656	52,006
Net police officer pensions	0	(56,032)	(56,032)	(224,936)
Net MOPAC police staff pensions	3,528	140,562	144,090	128,034
Premises related	1,037	199,518	200,555	186,488
Transport related	4	95,749	95,753	93,453
Supplies and services*	107,085	639,762	746,847	698,683
Depreciation, amortisation, impairment	56,505	185,847	242,352	276,586
Actuarial losses on police pensions funds - intra group funding	(751,100)	751,100	0	0
Interest payments	1,170,787	0	1,170,787	1,091,614
(Gain)/Loss on the disposal of assets	10,678	0	10,678	(30,548)
Total gross expenditure	617,295	4,902,052	5,519,347	4,910,455
Income				
Fees and charges and other service income** Interest and investment income	(7,926) (23,701)	(364,455) 0	(372,381) (23.701)	(331,381) (10,842)
Government grants and contributions	(3,383,855)	(853,042)	(4,236,897)	(4,093,755)
Total income	(3,415,482)	(1,217,497)	(4,632,979)	(4,435,978)
Intra group adjustment ***	2,933,455	(2,933,455)	0	0
(Surplus) or deficit on provision of services	135,268	751,100	886,368	474,477

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

* £107.1m supplies and services incurred by MOPAC includes costs of working with local communities, victims support and payments by MOPAC of crime prevention grants

**Includes revenue recognised of £212.9m from contracts with service recipients under IFRS15 (£195.8m 2022/23)

*** MOPAC payment for MOPAC financial resources consumed at the request of the CPM

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

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

8. Police officers and police staff remuneration

8.1 Police and police staff remuneration

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

pension contributions,	2023		2022	/23
Remuneration band £ MOPAC	Number of employees exc exit packages	Number of employees inc exit packages	Number of employees exc exit packages	Number of employees inc exit packages
50,000 - 54,999	6,087	6,088	6,569	6,568
55,000 - 59,999	6,073	6,074	5,284	5,284
60,000 - 64,999	4,214	4,216	3,408	3,410
65,000 - 69,999	2,861	2,861	2,719	2,719
70,000 - 74,999	2,345	2,345	1,393	1,393
75,000 - 79,999	1,216	1,214	734	734
80,000 - 84,999	690	691	570	570
85,000 - 89,999	550	550	382	384
90,000 - 94,999	361	360	234	234
95,000 - 99,999	269	269	162	162
100,000 - 104,999	142	142	125	125
105,000 - 109,999	124	124	58	58
110,000 - 114,999	50	51	19	19
115,000 - 119,999	28	29	13	14
120,000 - 124,999	13	13	7	7
125,000 -129,999	7	7	5	5
130,000 -134,999	10	11	6	6
135,000 -139,999	9	9	6	7
140,000 -144,999	7	7	2	3
145,000 - 149,999	5	5	1	2
150,000 - 154,999	4	5	1	2
155,000 - 159,999	2	2	1	1
160,000 - 164,999	2	2	1	1
165,000 - 169,999	1	2	0	0
170,000 - 174,999	0	0	0	1
175,000 - 179,999	0	0	0	0
180,000 - 184,999	0	0	0	0
185,000 - 189,999	0	0	0	0
190,000 - 194,999	0	0	0	0
195,000 - 199,999	0	0	0	1
200,000 - 204,999	0	0	0	0
205,000 - 209,999	0	0	0	0
210,000 - 214,999	0	2	0	0
215,000 - 224,999	0	0	0	0
225,000 +	0	4	0	0

The banding scale is based on taxable remuneration, excluding pension costs, paid in the year rather than annual salary. Taxable remuneration includes overtime, compensation for loss of office and may also include back dated pay awards, which relate to previous years but were actually paid in the year in question. In 2022/23 and in 2023/24 backdated pay awards were made to a number of officers following the ruling on overtime payable to CHIS handlers. The numbers in the table above

exclude senior staff and relevant police officers as defined below in Note 8.2. In these particular cases, a more detailed analysis of remuneration for 2023/24 is shown on the following pages.

Exit packages

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

Exit package cost band (including special	Number of compulsory redundancies		compulsory other departures packa e cost band redundancies agreed		package	ber of exit s by cost nd	Total cost of exit packages in each band (£)	
payments)	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23
£0 - £20,000	0	0	1	2	1	2	19,290	31,783
£20,001 - £40,000	0	0	1	2	1	2	30,000	68,590
£40,001 - £60,000	0	0	4	4	4	4	195,403	216,607
£60,001 - £80,000	0	0	0	5	0	5	0	333,481
£80,001 - £100,000	0	0	4	5	4	5	362,139	460,826
£100,001 - £150,000	0	0	5	1	5	1	631,211	114,433
£150,001 - £200k+	0	0	4	0	4	0	743,920	0
	0	0	19	19	19	19	1,981,963	1,225,720

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

8.2 Relevant police officers and senior staff remuneration

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

Notes to the Financial Statements

8.3 Relevant police officers and senior staff remuneration* - year ended 31 March 2024

Post holder information (post title)	Name	Notes	Salary (including fees & allowances) (£)	Benefits (£)	Other Payments (£)	Total remuneration excluding pension contributions 2023/24 (£)	Pension contributions (£)	Total remuneration including pension contributions 2023/24 (£)
CPM								
Commissioner Deputy Commissioner Assistant Commissioner	M Rowley L Owens N Ephgrave	1	314,025 260,842 4,609	2,900 2,900 0	0 0 0	316,925 263,742 4,609	0 0 1,080	316,925 263,742 5,689
Assistant Commissioner Assistant Commissioner Assistant Commissioner	L Rolfe M Jukes B Gray		241,463 239,842 250,342	2,900 2,900 2,900	0 0 0	244,363 242,742 253,242	67,426 67,426 0	311,789 310,168 253,242
Assistant Commissioner	P Mills	2	107,440	0	40,000	147,440	30,558	177,998
Assistant Commissioner Deputy Assistant Commissioner Deputy Assistant Commissioner	M Twist L Taylor M Horne		232,333 182,717 186,311	2,900 2,900 2,900	0 0 0	235,233 185,617 189,211	61,224 52,042 0	296,457 237,659 189,211
Deputy Assistant Commissioner Deputy Assistant Commissioner Deputy Assistant Commissioner	S Cundy B Javid H Millichap	3	186,311 108,566 182,717	2,900 2,900 2,900	0 15,218 0	189,211 126,684 185,617	52,042 0 52,042	241,253 126,684 237,659
Deputy Assistant Commissioner	A Boon		182,717	2,900	0	185,617	52,042	237,659
Deputy Assistant Commissioner Deputy Assistant Commissioner Deputy Assistant Commissioner	A Adelekan T Jacques A Valentine	4 5	182,936 186,542 203,705	2,900 2,900 2,900 2,900	0 0 0	185,836 189,442 206,605	52,110 43,433 52,640	237,946 232,875 259,245
Deputy Assistant Commissioner Chief People and Resources Officer	M Ward C Davies	6	192,089 178,290	2,900 2,900 2,900	0 0	194,989 181,190	49,820 54,022	244,809 235,212
Chief Digital Data and Technology Director of Service Delivery Director of Solution Delivery	D Scates A Blatchford D Pitty	7	191,473 158,597 166,236	0 0 0	0 105,845 0	191,473 264,442 166,236	54,690 37,426 38,856	246,163 301,868 205,092
Interim Chief Finance Officer Director of Finance Director of Operational Support Services Director of Communications and	A Scholes I Percival M Heracleous	8 9	0 143,798 160,436	0 0 2,900	0 0 0	0 143,798 163,336	0 42,056 44,302	0 185,854 207,638
Engagement Chief Scientific Officer	P Stuart-Lacey L Sherman	10	12,917 145,161	0 2,900	119,413 0	132,330 148,061	3,788 38,119	136,118 186,180
Director of Transformation Chief Strategy and Transformation Officer	M Thorp A Scott	11 12	153,270 77,656	0 0	0 0	153,270 77,656	39,169 23,530	192,439 101,186
Chief Legal Officer	S Bramley	12	119,941	2,417	0	122,358	36,342	158,700
T/Chief Legal Officer	J Leonard	14	144,262	_,	0 0	144,262	43,711	187,973
Director of Human Resources Director of Property Services	K Graham S Fihosy		150,577 150,487	0 0	0 0	150,577 150,487	45,625 45,598	196,202 196,085
NPCC and other secondees out of the Met Assistant Commissioner	M Hewitt	15	3,790	0	32,047	0 35,837	1,080	0 36,917
Assistant Commissioner	G Stephens	16	236,987	2,900	32,047	239,887	67,426	307,313
Assistant Commissioner	S Kavanagh		214,697	0	Ő	214,697	0	214,697
T/Deputy Assistant Commissioner Assistant Commissioner	A Heydari A Marsh	17	168,610 178,919	2,900 0	0 0	171,510 178,919	39,951 0	211,461 178,919

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8.3 Relevant police officers and senior staff remuneration* - year ended 31 March 2024

·			Salary		Other	Total remuneration excluding pension contributions		Total remuneration including pension contributions
Post holder information			(including fees & allowances)	Benefits	Payments	2023/24	Pension	2023/24
(post title)	Name	Notes	(£)	(£)	(£)	(£)	contributions (£)	(£)
T/Deputy Assistant Commissioner	N Jerome	18	59,425	2,900	0	62,325	0	62,325
Assistant Commissioner	S Jupp	19	122,305	2,900	0	125,205	0	125,205
Assistant Commissioner	C Haward	20	14,809	0	0	14,809	4,244	19,053
Programme Director, Productivity Review	S House	21	115,941	2,900	0	118,841	2,230	121,071
MOPAC Chief Executive Officer Deputy Mayor for Policing And Crime Director of Audit, Risk and Assurance Director of Strategy and MPS Oversight Director of Partnerships and Commissioning Victims Commissioner Director of Corporate Services and CFO Interim Director of Corporate Services and	D Luchford	22	171,341 142,386 132,516 131,968 131,968 122,967 143,882		0 0 0 0 0 0	171,341 142,386 132,516 131,968 131,968 122,967 143,882	51,613 42,840 39,849 39,683 39,683 36,956 43,293	222,954 185,226 172,365 171,651 171,651 159,923 187,175
CFO		22	0	0	0	0	0	0
Chief People Officer			106,005	0	0 0	106,005	31,817	137,822
Director of Violence Reduction Unit Violence Reduction Unit Director of			131,765	0	0	131,765	39,465	171,230
Strategy and Operations			121,148	0	0	121,148	37,284	158,432

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

8.3 Relevant police officers and senior staff remuneration - year ended 31 March 2024

- 1. N Ephgrave left on 6 April 2023
- 2. P Mills was appointed AC on 23 October 2023 with an annualised salary of £220,713
- 3. B Javid left on 5 November 2023
- 4. T Jacques left on 2 February 2024
- 5. A Valentine joined the Met on 20 March 2023 and they were temporarily promoted to DAC on 16 April 2023 with an annualised salary of £158,595
- 6. M Ward was appointed DAC on 17 April 2023 with an annualised salary of £158,595
- 7. A Blatchford left on 31 March 2024
- 8. A Scholes was appointed as interim Chief Finance Officer from 24/07/2023. They were not salaried and a total payment of £192,218 was made for this period. Unlike remuneration payments made to employees in the table, interims do not receive pensions, benefits, holiday pay and are liable to pay their own employer taxes.
- 9. I Percival was acting CFO until 23/7/2023. They held the post of Director of Finance until their departure in April 2024
- 10. P Stuart-Lacey left on 30 April 2023
- 11. M Thorp was appointed T/Director of Strategy and Data on 1/11/22 until 7/11/23 and had an annualized salary of £150,000
- 12. A Scott joined on 3 October 2023 with an annualised salary of £157,000
- 13. S Bramley left on 31 December 2023
- 14. J Leonard was appointed Temporary Chief Legal Officer on 27 November 2023 with an annualised salary of £153,403
- 15. M Hewitt left on 6 April 2023
- 16. G Stephens was appointed Assistant Commissioner on 1 April 2023
- 17. A Heydari held the post of Commander until their appointment to T/DAC on 21 August 2023
- 18. N Jerome left on 30 July 2023
- 19. S Jupp left on 3 December 2023
- 20. C Haward was appointed Assistant Commissioner on 4 March 2024
- 21. S House left on 3 October 2023
- 22. The individual was employed as Interim Director of Corporate Services and CFO from 1/9/23 to 31/3/24 to cover maternity leave. They were not salaried and a total payment of £209,371 was made for this period. Unlike remuneration payments made to employees in the table, interims do not receive pensions, benefits, holiday pay and are liable to pay their own employer taxes.

Additional information

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

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

Notes to the Financial Statements

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

Post holder information			Salary (including fees & allowances)	Benefits	Other Payments	Total remuneration excluding pension contributions 2022/23	Pension	Tota remuneratio including pensio contribution 2022/2
(post title)	Name	Notes	(£)	(£)	(£)	(£)	contributions (£)	(1
CPM								
Commissioner	C Dick	1	17,008	3,075	165,727	185,810	0	185,81
Commissioner	M Rowley	2	166,870	1,794	0	168,664	0	168,66
Deputy Commissioner	S House	3	123,462	3,075	0	126,537	0	126,53
Deputy Commissioner	L Owens	4	138,624	1,794	0	140,418	0	140,41
Assistant Commissioner	H Ball	5	136,296	3,075	0	139,371	0	139,37
Assistant Commissioner	N Ephgrave	6	227,633	3,075	0	230,708	53,827	284,53
Assistant Commissioner	L Rolfe		245,772	3,075	0	248,847	64,519	313,36
Assistant Commissioner	M Jukes		240,963	3,075	0	244,038	64,519	308,55
Assistant Commissioner	B Gray	7	215,970	3,075	0	219,045	0	219,04
Γ/Assistant Commissioner	M Twist	8	194,355	3,075	0	197,430	49,738	247,16
Deputy Assistant Commissioner	G McNulty	9	141,677	3,075	0	144,752	39,389	184,14
Deputy Assistant Commissioner	L Taylor		175,284	3,075	0	178,359	49,738	228,09
Deputy Assistant Commissioner	D Haydon	10	61,875	3,075	0	64,950	0	64,95
Peputy Assistant Commissioner	M Horne		178,878	3,075	0	181,953	0	181,95
Deputy Assistant Commissioner	A Pearson	11	191,889	3,075	0	194,964	45,571	240,53
Deputy Assistant Commissioner	S Cundy		178,878	3,075	0	181,953	49,738	231,69
Deputy Assistant Commissioner	B Javid	12	179,745	3,075	0	182,820	0	182,82
/Deputy Assistant Commissioner	J Connors	13	154,359	3,075	0	157,434	43,637	201,07
eputy Assistant Commissioner	H Millichap	14	152,696	3,075	0	155,771	39,401	195,17
Deputy Assistant Commissioner	A Boon	15	134,080	3,075	0	137,155	36,965	174,12
Deputy Assistant Commissioner	A Adelekan	16	141,824	3,075	Õ	144,899	39,366	184,26
Deputy Assistant Commissioner	T Jacques	17	51,023	3,075	0	54,098	12,500	66,59
/Deputy Assistant Commissioner	N John	18	141,629	3,075	0	144,704	35,323	180,02
/Deputy Assistant Commissioner	C Roper	19	139,464	3,075	Ő	142,539	33,895	176,43
Commander	A Heydari	.,	154,542	3,075	Ő	157,617	37,728	195,34
hief of Corporate Services	R Wilkinson	20	69,873	3,075	0	72,948	21,172	94,12
hief People and Resources Officer	C Davies	21	171,854	3,075	0	174,929	49,243	224,12
/Chief of Corporate Services	R Hughes	22	109,773	0		109,773	28,786	138,5
hief Digital Data and Technology Officer	J Clarke	23	140,001	0	78,145	218,146	0	218,1
nterim Chief Digital Data and Technology	D Scates	24	172,226	0	0	172,226	37,409	209,63
irector of Service Delivery	A Blatchford		156,693	0	0	156,693	35,964	192,6
irector of Solution Delivery	D Pitty		159,805	0	0	159,805	36,907	196,7
irector of Finance	I Percival		142,941		0	142,941	39,675	182,6
irector of Operational Support Services irector of Communications and	M Heracleous		150,000	3,075	0	153,075	34,997	188,0
ngagement	P Stuart-Lacey		155,000	0	0	155,000	45,450	200,4
hief Scientific Officer nterim Director of Strategy and	L Sherman	25	75,000	1,537	0	76,537	19,695	96,23
ransformation Officer	M Thorp	26	141,250	0	0	141,250	36,360	177,6
Chief Legal Officer	S Bramley		149,459	0	0	149,459	45,286	194,74

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

						Total		Total
						remuneration		remuneration
			Salary			excluding pension		including pension
			(including fees		Other	contributions		contributions
Post holder information			& allowances)	Benefits	Payments	2022/23	Pension	2022/23
(post title)	Name	Notes	(£)	(£)	(£)	(£)	contributions (£)	(£)
NPCC and other secondees out of the Met								
Assistant Commissioner	M Hewitt	27	226,557	3,075	0	229,632	64,519	294,151
Assistant Commissioner	A Basu	28	150,124	3,075	0	153,199	42,745	195,944
Assistant Commissioner	S Kavanagh		205,482	0	0	205,482	0	205,482
Assistant Commissioner	R Beckley		69,945	3,075	0	73,020	0	73,020
Assistant Commissioner	A Marsh		171,108	0	0	171,108	0	171,108
T/Deputy Assistant Commissioner	N Jerome		178,878	3,075	0	181,953	0	181,953
Assistant Commissioner	S Jupp	29	87,511	0	0	87,511	0	87,511
NPCC Programme Director, Programme								
Productivity Review	S House	30	143,307	0	0	143,307	0	143,307
MOPAC			,			,		,
Chief Executive Officer	D Luchford		159,697	0	0	159,697	48,237	207,934
Deputy Mayor for Policing And Crime			135,797	0	0	135,797	40,995	176,792
Director of Audit, Risk and Assurance			123,412	0	0	123,412	37,242	160,654
Director of Strategy and MPS Oversight			122,900	0	0	122,900	37,087	159,987
Director of Partnerships and Commissioning			122,900	0	0	122,900	37,087	159,987
Victims Commissioner			107,702	0	0	107,702	32,158	139,860
Director of Corporate Services and CFO			133,100	0	0	133,100	40,178	173,278
Director of Corporate Services and CFO			,			,	,	
(maternity cover)		31	0	0	0	0	0	0
Chief People Officer			97,324	Ō	Ō	97,324	29,338	126,662
Director of Violence Reduction Unit			122,227	0	0	122,227	36,883	159,110
Violence Reduction Unit Director of			,/	Ū.	°,	,/	22,005	,
Strategy and Operations		32	97,141	0	0	97,141	29,384	126,525
		52	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	Ū	Ū	0	27,501	.20,525

Notes to the Financial Statements

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

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

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

Additional information

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

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

9. Related party transactions

IAS 24 (Related Party Transactions) requires the Group to disclose all material transactions with related parties, that is bodies or individuals that have the potential to influence the Group or to be controlled or influenced by key individuals of the Group including the Mayor and Deputy Mayor, the Commissioner, members of the MOPAC Senior Management Team, and MPS Management Board. Disclosure of these transactions allows readers to assess the extent to which the Group might have been constrained in its ability to operate independently, or might have secured the ability to limit another party's ability to bargain freely with the Group. This disclosure note has been prepared on the basis of specific declarations obtained for the year ended 31 March 2024, in respect of related party transactions.

CPM and MOPAC

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

Central Government and other public bodies

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

Greater London Authority

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

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

The net receipts from Transport for London were £127.363 million in 2023/24 (£120.238 million in 2022/23).

The net expenditure with the London Fire Commissioner was £0.48 million in 2023/24 (£0.235 million in 2022/23).

The net receipts from Old Oak and Park Royal Development were £0.035 million in 2023/24 (£0.044 million in 2022/23).

The net receipts from London Legacy Development Corporation were £0.058 million in 2023/24 (£0.058 million in 2022/23).

Other bodies

Police Now was established in January 2016 to run the National Graduate Leadership Development Programme. MOPAC spent £4.890 million in 2023/24 (£0.586 million in 2022/23). The Assistant Commissioner of Professionalism and Assistant Commissioner of Met Operations are Board members.

MOPAC is the member of, and the sole owner of, the Police Crime Prevention Initiatives' Ltd (PCPI) which is a company limited by guarantee without share capital. The MOPAC Head of Operational Oversight is director of the Company and has influence over the operation and running of the company. Police Crime Prevention Initiatives main operation is through 'secure by design' which supports the principles of 'designing out crime' through physical security and processes. MOPAC spent £0.332 million (£0.478 million in 2022/23) and owed £0.002 million with Police Crime Prevention Initiatives Ltd in 2023/24 (£0.032 in 2022/23). Police Crime Prevention Initiatives is a not for profit company, run for the national good with all money made supporting crime prevention. MOPAC does not receive any financial benefit from this company.

The MOPAC Group administers a number of charities on behalf of third parties. Full details of the charities and their purpose are disclosed in Note 24. The Assistant Commissioner of Frontline Policing is a Trustee of the Metropolitan Police Sports Fund. In 2023/24 the MOPAC Group paid £36k (£35k 22/23) to the MPS Sports Fund. The Chief People and Resources Officer and the Chief Legal Officer (to December 2023) are Trustees of the Metropolitan Police Staff Welfare Fund. In 2023/24 the MOPAC Group paid £12k (£11k in 2022/23) to the MPS Staff Welfare Fund.

10. Auditors' remuneration

The audit fee payable to Grant Thornton UK LLP during the year totalled £629,779 (£305,808 in 2022/23) for the Group, of which £340,125 related to MOPAC and £289,654 related to the CPM (£169,108 for MOPAC in 2022/23, £136,700 for CPM).

11. Interest payable and similar charges

Interest paid in 2023/24 and 2022/23 is as follows:

0003	2023/24	2022/23
Public Work Loans Board	15,773	14,328
PFI and finance lease	10,571	12,356
Other interest cost	123	0
Total	26,467	26,684

12. Pension costs

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

12.1 Police officers'

The pension scheme for police officers, the Police Pension Scheme 2015, is an unfunded, defined benefit scheme. An unfunded, defined benefit scheme has no investment assets to meet its pension liability and must generate cash to meet the actual pension payments as they fall due. These benefits payable are funded by contributions from employers and police officers and as a rule any shortfall is met by a top up grant from the Home Office, as was the case in 2023/24. The Group pays employer contributions at a rate of 31% of pensionable salary into the Fund. Further details of the schemes can be found in the Police Officer Pension Fund Accounts.

The Commissioner is the administering body under the Police Reform and Social Responsibility Act 2011. The Police Officer Pension Fund's Financial Statements and notes are included on Pages 73-75 of this document.

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

£000	2023/24	2022/23
Comprehensive Income and Expenditure Statement		
Cost of Services:		
Service cost comprising:		
Current Service Cost	310,000	925,600
Past service cost	1,100	2,700
Transfers in/(out)	1,900	3,800
Actuarial loss/(gain) - injury pensions	(38,200)	(821,400)
Financing and Investment Income and Expenditure		
Interest Expense	1,144,400	1,061,600
Total Post Employment Benefits charged to the Surplus or Deficit on the Provision of Services	1,419,200	1,172,300
Re-measurement of the defined benefit liability comprising:		
Actuarial loss/(gain) arising on changes in demographic assumptions - excluding injury pensions	(120,600)	(418,300)
Actuarial loss/(gain) arising on changes in financial and other assumptions - excluding injury pensions	(630,500)	(14,876,200)
Total Post Employment Benefits charged to the Comprehensive	(030,300)	(14,870,200)
Income and Expenditure Statement	(751,100)	(15,294,500)
Movement in Reserves Statement (MIRS)		
Reversal of charges made to Surplus or Deficit on the Provision of Services for post employment benefits	(1,419,200)	(1,172,300)
Actual amount charged against the General Reserves Balance for	.,,,,,	
pensions in the year - Pension Costs	812,400	781,500

Police officers' pensions income and expenditure

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

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

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

Police officers' contributions to the schemes amounted to £187.3 million in the year ended 31 March 2024. In the year ended 31 March 2024, employer pension contributions have been charged to the revenue account on the basis of pensions payable in the year and totalled £770.4 million. In the year to 31 March 2024 the net costs of pensions and other benefits amounted to £819.6.4 million, representing 52.4% of pensionable pay.

Assets and liabilities in relation to retirement benefits

In accordance with IAS 19 requirements, the total liability of the Police Officer Pension Fund is included in the Balance Sheet. Although these will not actually be payable until officers retire, the Group has a commitment to make the payments that need to be disclosed at the time that officers earn their future entitlement. The Group had the following overall liabilities for pensions at 31 March 2024 that have been included in the Balance Sheet:

£ million	2023/24	2022/23
Officer members	(7,935)	(7,794)
Deferred pensioners	(1,291)	(1,291)
Pensioners	(13,956)	(14,242)
Injury pensions	(1,016)	(1,016)
Total value of scheme liabilities	(24,198)	(24,343)

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. Hymans Robertson LLP, an independent firm of actuaries, has assessed the scheme liabilities as at 31 March 2024. The movement in the present value of the scheme liabilities for the year to 31 March 2024 can be reconciled as follows:

	Excluding injury benefits	Excluding injury benefits	Injury benefits only	Injury benefits only
£ million	2023/24	2022/23	2023/24	2022/23
Scheme liabilities at 1 April	(23,327)	(37,477)	(1,016)	(1,769)
Current service cost including Home Office contribution.	(286)	(873)	(24)	(53)
Officer contributions	(185)	(176)		
Benefits paid	964	925		
Injury award expenditure			34	32
Transfers from / to other authorities	(2)	(4)		
Past service cost (injury benefits)	(1)	(3)		

Notes to the Financial Statements

Interest cost on pension liabilities. Re-measurement gains and losses:	(1,097)	(1,014)	(48)	(48)
Actuarial (loss)/gain arising on changes in demographic assumptions Actuarial (loss)/(gain arising on changes in financial	121	418	5	20
assumptions Other Experience	1,283 (652)	14,042 835	(28)	703 99
Scheme liabilities at 31 March	(23,182)	(23,327)	(1,016)	(1,016)

Actuarial assumptions

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

There is also uncertainty around the life expectancy of the UK population. The value of current and future pension benefits will also depend on the life expectancy of the officers and dependents. The disclosures have been prepared using mortality assumptions of 105% of the S3NFA and S3NMA "year of birth" tables with future improvements based on the CMI 2022 model with a long term rate of improvement of 1.5% per annum.

The significant actuarial assumptions used in their calculations are:

Assumptions	All Schemes 2023/24	All Schemes 2022/23
CARE revaluation rate	4.00%	4.20%
Rate of increase of salary (note i)	3.10%	3.20%
Rate of increase in pensions	2.75%	2.95%
Rate for discounting scheme liabilities (note ii)	4.85%	4.75%

i. Future salary increases are assumed to be within an acceptable range;

ii. The current discount rate is based on current rate of return available on high quality corporate bonds of equivalent currency and term to the scheme liabilities.

Mortality

Life expectancy is based on actuarial tables with future improvement in line with the CMI 2022 model with a long term rate of improvement of 1.5% per annum. The actuarial mortality rate assumptions used in their calculations are:

Mortality rate	Males 2023/24	Males 2022/23	Females 2023/24	Females 2022/23
Current pensioners	26.5 years	26.7 years	29.4 years	29.2 years
Future pensioners*	27.9 years	28.1 years	30.7 years	30.6 years

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

Sensitivity analysis

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

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

Financial assumptions		e % increase er liability	Approximate monetary amount (£000)	
	2023/24	2022/23	2023/24	2022/23
0.5% decrease in real discount rate	100%	10%	2,431,220	2,416,096
1 year increase in member life expectancy	3%	3%	725,950	730,274
0.5% increase in the salary increase rate	1%	1%	114,820	118,272
0.5% increase in the pension increase rate (CPI)	8%	8%	1,902,340	1,913,659

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

£ million	2023/24	2022/23
Projected current service cost	268	310
Interest on obligation	1,161	1,146
Total	1,429	1,456

The weighted average duration of the defined benefit obligation is:

Weighted average duration	2023/24	2022/23
Active members	28.2 Years	27.9 Years
Deferred pensioners	25.8 Years	25.8 Years
Pensioners	13.2 Years	13.2 Years
Injury pensions	19.0 Years	18.8 Years

Guaranteed Minimum Pension

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

12.2 Police staff

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

A full actuarial valuation was carried out at 31 March 2020. More information can be found in the Cabinet Office: Civil Superannuation Accounts: https://www.civilservicepensionscheme.org.uk/about-us/resource-accounts/)

For the year ended 31 March 2024, employer's contributions of £143.4 million were payable to the Cabinet Office at one of four rates in the range 26.6 to 30.3 percent of pensionable pay, based on salary bands. In the year to 31 March 2024, the net cost of pensions amounted to £146.6 million, representing 27.2% of pensionable pay. The Group is not liable for any other entities' obligations under the plan.

13. Other operating expenditure

13.1 Gains and losses on disposal of non-current assets

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

	2023/24			2022/23		
£000	Property	Plant and Equipment	Total	Property	Plant and Equipment	Total
Losses	8,909	1,954	10,863	11,772	2,403	14,175
Gains	0	(185)	(185)	(44,375)	(348)	(44,723)
Net (gain)/loss	8,909	1,769	10,678	(32,603)	2,055	(30,548)
T I I I I						

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

14. Non-specific grant income

The Greater London Authority precepts London Boroughs for Council Tax and receives Police Formula Grant, Police Revenue Grant and Council Tax Support Grant directly from central government. The central funding allocated and the police precept for the year ended 31 March 2024 was:

£000	2023/24	2022/23
Retained Business Rates	(94,792)	(65,393)
Formula Grant	(906,977)	(903,838)
Police Precept	(902,427)	(842,267)
Police Revenue Grant	(1,257,685)	(1,254,006)
Council Tax Support	(119,676)	(119,676)
Total	(3,281,557)	(3,185,180)

14.1 Capital grants

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

£000	2023/24	2022/23
Capital grants	(61,203)	(64,516)

15. Specific grants

The Group received the following grants for specific operational activities:

£000	2023/24	2022/23
Home Office - Counter Terrorism	(394,584)	(366,752)
Home Office - CT Protective Security Grant	(199,260)	(187,037)
Ministry of Justice - Victim Services	(22,765)	(21,715)
Home Office - Specific Operational Projects	(269,186)	(258,151)
Miscellaneous grants	(1)	(1)
Partnership Funding	(8,341)	(10,402)
Total	(894,137)	(844,058)

16. Group and MOPAC non current assets at 31 March 2024

£000	Property	Plant and equipment	Assets under construction	Surplus Assets	Sub total	Heritage assets	Investment properties	Intangible assets	Total
Cost or valuation at 1 April 2023	1,980,664	672,092	485,707	0	3,138,463	1,319	2,760	5,735	3,148,277
Reclassifications (transfers)	52,852	160,763	(262,081)	48,430	(36)	36	0	0	0
Assets reclassified (to)/from held for sale	3,894	(1,081)	0	0	2,813	0	0	0	2,813
Additions	3	43,255	262,225	0	305,483	0	0	0	305,483
Disposals	(421)	(95,717)	0	0	(96,138)	0	0		(96,138)
Impairment	0	0	0	0	0	0	0	0	0
Revaluation movements through CIES	(72,645)	0	0	0	(72,645)	0	80	0	(72,565)
Revaluation movements in reserves	(127,269)	0	0	0	(127,269)	0	0	0	(127,269)
Cost or valuation at 31 March 2024	1,837,078	779,312	485,851	48,430	3,150,671	1,355	2,840	5,735	3,160,601
Depreciation at 1 April 2023	(69,476)	(365,345)	0	0	(434,821)	(11)	0	(5,733)	(440,565)
Depreciation/amortisation for the year	(77,348)	(108,347)	0	(145)	(185,840)	0	0	(6)	(185,846)
Depreciation written out on valuation to the Revaluation Reserve	40,623	47,416	0	0	88,039	8	0	20	88,067
Depreciation on assets sold	171	93,812	0	0	93,983	0	0	0	93,983
Depreciation written out on revaluation recognised in the CIES	16,140	0	0	0	16,140	0	0	0	16,140
Depreciation on assets held for sale	(29)	833	0	0	804	0	0	0	804
Reclassification/transfers	281	36	0	(281)	36	(36)	0	0	0
Depreciation at 31 March 2024	(89,638)	(331,595)	0	(426)	(421,659)	(39)	0	(5,719)	(427,417)
Net Book Value at 31 March 2024	1,747,440	447,717	485,851	48,004	2,729,012	1,316	2,840	16	2,733,184
Net Book Value at 31 March 2023	1,911,188	306,747	485,707	0	2,703,642	1,308	2,760	2	2,707,712

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

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

16.1 Basis of valuation

MOPAC's operational property was revalued as at 31 March 2024 as a part of the revaluation programme. For the revaluation programme 20% of the assets are physically inspected as well as the top 20 properties by value. The remaining 80% are revalued on a desktop basis. This approach is part of a rolling programme of revaluations that is conducted by Avison Young (member of the Royal Institute of Chartered Surveyors) ensuring that all operational land and buildings within the estate are subject to inspection and revaluation at least once every five years.

The residential and investment property portfolios were also revalued as at 31 March 2024 as a part of the revaluation programme. Again 20% of the assets are physically inspected each year whilst 80% are revalued on a desktop basis. This rolling programme of residential revaluations is performed by Avison Young ensuring that all of the residential properties are subject to inspection and revaluation at least once every five years.

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

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

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

Level 1: Observable quoted prices, in active markets;

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

Level 3: Unobservable inputs.

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

At 31 March 2024 the group carrying value of investment properties was £2.8 million, (2022 £2.8 million).

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

Buildings under construction and other property works are valued on the basis of the associated land value plus the cumulative construction costs incurred at 31 March 2024.

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

During the year, transfers of £262 million were made for those assets under construction, which were completed and became operating assets.

16.2 Impairment

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

16.3 Capital Financing Requirement

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

£000	2023/24	2022/23
Opening Capital Financing Requirement	981,667	1,019,123
Capital Investment		
Property	3	10
Plant and equipment	43,255	22,614
Intangible assets		
Assets under construction	262,225	243,006
Investment properties	0	0
Sources of finance		
Capital receipts	(8,959)	(93,431)
Government grants and other contributions	(61,203)	(64,781)
Sums set aside from revenue:		
Direct revenue contributions	(12,884)	(77,509)
Minimum Revenue Provision	(66,190)	(67,365)
Closing Capital Financing Requirement	1,137,914	981,667
Explanation of movements in year (Decrease)/increase in underlying need to borrow (supported by		
government financial assistance)	(9,247)	(9,633)
(Decrease)/Increase in underlying need to borrow (unsupported by government financial assistance)	170,095	(21,805)
$(\ensuremath{Decrease})/\ensuremath{increase}$ in underlying need to borrow for PFI and Finance Lease assets	(4,601)	(6,018)
Increase in Capital Financing Requirement	156,247	(37,456)

The Local Authorities (Capital Finance and Accounting) (England) Regulations 2003, as amended by the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008, require MOPAC to charge to the MIRS a prudent level of Minimum Revenue Provision (MRP) for the redemption of debt. For the year ended 31 March 2024 MOPAC has made an MRP charge based on:

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

16.4 PFI assets

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

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

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

£000	2023/24	2022/23
Balance as at 1 April	170,274	124,907
Additions	0	0
Depreciation for year	(23,992)	(13,505)
Redundant depreciation	20,468	15,598
Transfer from work in progress	129	601
Revaluation movement	(8,837)	42,673
Balance as at 31 March	158,042	170,274

16.5 Payment analysis

The PFI agreements impose 25 year commitments on the Group from occupation and use of the facilities from 2003 and 2004. The unitary payments to be made under the PFI contracts as at 31 March 2024 are shown below. PFI liabilities are shown in Note 25.1

	Payment Analys	sis 2023/24		
£000	Liability	Interest	Service charge	Total
Within 1 year	7,433	10,867	15,282	33,582
2 to 5 years	35,621	41,929	60,530	138,080
6 to 10 years	559	608	1,488	2,655
11 to 15 years	0	0	0	0
Total	43,613	53,404	77,300	174,317
	Payment Analys	sis 2022/23		
£000	Liability	Interest	Service charge	Total
Within 1 year	4,569	9,103	18,860	32,532
2 to 5 years	36,255	45,605	91,118	172,978
6 to 10 years	7,359	7,798	31,537	46,694
11 to 15 years	0	0	0	0
Total	48,183	62,506	141,515	252,204

16.6 Leases

MOPAC as lessee

Operating leases

The Group has acquired a large and diverse portfolio of property leases, for example, office accommodation, police stations and patrol bases. In addition the Group leases include many safer neighbourhood offices, most of which have 10 year lives. In the year to 31 March 2024, the Group spent £23 million on operating leases for property and £0.24 million on operating leases for vehicles, most of which have 3 year lives. The lease payments due under non-cancellable leases in future years are:

	31 March 2024		31 March	2023
£000	Property	Vehicles	Property	Vehicles
Operating leases				
Not later than 1 year	7,841	0	7,378	2
Later than 1 year and not later than 5 years	22,174	0	21,259	0
Later than 5 years	24,118	0	19,607	0
Total	54,133	0	48,244	2

Finance leases

The Group does not have any finance leases for vehicles, plant, or equipment. Following the adoption of IAS 17 the Group reviewed all existing property leases to evaluate the leases as at 31 March 2024 in order to determine whether they are a finance lease or an operating lease for land and/or for building. There are, in total, five property leases for which the building element is classified as a finance lease. The movements for the current year are shown below:

£000	2023/24	2022/23
Opening value 1 April	119,201	115,239
Additions	1,192	997
Revaluations	(47,748)	15,324
Disposal	0	(8,884)
Depreciation	(2,647)	(3,475)
Net carrying value 31 March	69,998	119,201

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

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

£000	31 March 2024	31 March 2023
Current liability	34	31
Long term liability	6,040	6,073
Finance costs payable in future years	13,455	14,051
Total of minimum lease payments (Net Present Value)	19,529	20,155

	Minimum lease payments		Finance lease liabilities	
£000	31 March 2024	31 March 2023	31 March 2024	31 March 2023
Not later than 1 year	627	627	34	31
Later than 1 year and not later than 5 years	2,507	2,507	162	150
Later than 5 years	16,395	17,021	5,878	5,923
Total	19,529	20,155	6,074	6,104

The minimum lease payments payable over the following periods are:

Group as lessor

Operating leases

The Group leases out various interests in properties, including office space and short term leases for several blocks of flats classified as investment properties. The Group received rents amounting to \pounds 11.3 million (\pounds 5.7 million in 2022/23). The current lease payments receivable under non-cancellable leases in future years are:

£000	2023/24	2022/23
Not later than 1 year	12,604	7,583
Later than 1 year and not later than 5 years	50,248	30,312
Later than 5 years	93,353	64,041
Total	156,205	101,936

16.7 Component assets

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

16.8 Heritage assets

The Group looks after heritage assets which are recognised on the Balance Sheet (see note 16). Heritage Assets were donated or purchased and are held at valuation as a proxy for historical cost. In applying the accounting policy, the Group has identified that the assets have a value of £1.3 million. The Group maintains a large museum collection including paintings, police clothing, helmets, medals, and records, a selection of which are on display to the public at the Met Collection, Empress State Building. All of these items have previously been assessed by an independent valuer, and are currently held on the Balance Sheet at a value of £1.25 million. The Group owns an historic vehicle fleet consisting of 15 vehicles, currently housed at a secure garage at Hendon. They are not operational but are used in public events and maintained as part of MOPAC fleet. They are currently held on the Balance Sheet at a value of £65,800.

16.9 Future capital expenditure commitments

£000	2024/25 and later years	2023/24 and later years
IT Projects	82,554	57,239
Building Works	45,747	44,642
Vehicles. Plant and Equipment	20,021	20,335
Total	148,322	122,216

17. Assets held for sale

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

£000	2023/24	2022/23
Opening balance	25,174	80,868
Additional assets identified for disposal	250	101
Revaluation gains (losses)	(8,658)	367
Assets which are no longer being actively marketed	(3,865)	(16,236)
Assets disposed in year	(77)	(39,926)
Total	12,824	25,174

18. Short term debtors

£000	2023/24	2022/23
Trade receivables	43,716	45,322
Prepayments	33,037	32,110
Accrued income	254,997	257,561
Other receivable amounts*	55,583	49,988
Total before impairment loss allowance	387,333	384,981
Impairment loss allowance	(257)	(441)
Balance per balance sheet	387,076	384,540

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

*The other receivable amounts balance is mainly made up of reimbursements due from HMRC for VAT incurred of \pounds 44.7m (\pounds 39.0m, 2022/23)

19. Cash and cash equivalents

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

£000	2023/24	2022/23
Banks and financial Institutions	11,091	(3,856)
London Treasury Liquidity Fund LP	473	198,455
Total	11,564	194,599

In 2023/24 all the Group's investments were placed with the London Treasury Liquidity Fund LP. The loan note element of this investment has been classified as a cash equivalent. More information can be found in note 30.

20. Short term creditors

£000	2023/24	2022/23
Trade payables	(98,049)	(105,353)
Accruals	(433,832)	(392,118)
GRNI	(67,846)	(72,731)
Other payables*	(100,269)	(75,367)
MOPAC Group balance	(699,996)	(645,569)
Intra-group creditor (see Note 6.2)	(224,806)	(197,705)
MOPAC balance	(475,190)	(447,864)

* The other payables balance is mainly made up of payments to central government totalling £97.2m (£72.1m in 2022/23) in respect of Income Tax, National Insurance, Civil Service and Police Pensions payments.

21. Short term borrowing

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

Due for repayment in 12 months or less (£000)	Note	2023/24	2022/23
Public Works Loan Board		(11,270)	(11,372)
Local authorities		(110,118)	0
PFI liabilities	25.1	(7,433)	(4,569)
Finance lease liabilities	25.1	(34)	(31)
Balance		(128,855)	(15,972)

22. Third party monies

Fund Name £000s 2023/24	Income	Expenditure	Assets	Liabilities
	40.505	7.440	42.055	0
MOPAC Police Property Act Fund	12,505	7,610	13,055	0
MOPAC Detained Monies Account	17,086	15,327	23,135	0
Metropolitan Police Benevolent Fund	2,251	2,605	3,696	335
Metropolitan Police Commissioner's Fund	61	25	710	5
Metropolitan Police Sports Fund	258	236	353	49
Metropolitan Police Staff Welfare und	24	24	225	1
Metropolitan Police Athletic Association	1,626	1,372	2,033	129
COMETS	109	115	207	10
Total	33,920	27,314	43,414	529

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

Total	20,866	22,370	41,612	587

The MOPAC Group administers funds on behalf of third parties. Money held by the funds is not owned by the Group and is not included in the Balance Sheet. The principal funds are described below. Group staff administer the MOPAC Police Property Act Fund and the MOPAC Detained Monies Account on behalf of the Group and the remaining funds on behalf of their respective governing bodies. Details of the principal funds, together with their income and expenditure for their respective financial years which ended during the 12 months to 31 March 2024 (or, in the case of the Charities, the most recently audited set of accounts) and values at their financial year-end dates, are given above.

MOPAC Police Property Act Fund (MOPAC PPAF)

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

MOPAC Detained Monies Account (MOPAC DMA)

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

Metropolitan Police Benevolent Fund (MPBF)

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

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

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

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

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

Metropolitan Police Commissioner's Fund (MPCF)

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

Metropolitan Police Sports Fund (MPSF)

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

Metropolitan Police Staff Welfare Fund (MPSWF)

This registered charity provides financial assistance to members and past members of police staff, their families and dependents who are in need. Financial assistance may be provided by grant or interest-free loan.

Metropolitan Police Athletic Association (MPAA)

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

Metropolitan Police Sports and Social Association (COMETS)

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

Operational responsibilities

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

£000	2023/24	2022/23
Proceeds Of Crime Act monies	51,902	54,505
Prisoners' property and lost cash	1,378	3,495
Other	578	851
Total	53,858	58,851

In addition, MOPAC also holds non cash assets which are not valued in the above table. The prisoners' property and lost cash relates to the total amount held in property stores at 31 March 2024 and has therefore been stated separately from the Police Property Act Fund value.

23. Provisions

23.1 Short term provisions

£000	Third party liabilities	Other provisions	Total
Balance at 1 April 2022	(13,733)	(5,821)	(19,554)
Additional provisions made in 2022/23	(13,291)	(5,305)	(18,596)
Amounts used in 2022/23	13,733	2,407	16,140
Reduction in provisions made in 2022/23	0	0	0
Transfer to/(from) long term	(2,979)	0	(2,979)
Balance at 31 March 2023	(16,270)	(8,719)	(24,989)
Additional provisions made in 2023/24	(13,368)	(16,632)	(30,000)
Amounts used in 2023/24	16,269	5,438	21,707
Reduction in provisions made in 2023/24	0	0	0
Transfer to/(from) long term	(787)	0	(787)
Balance at 31 March 2024	(14,156)	(19,913)	(34,069)

23.2 Long term provisions

£000	Third party liabilities	Other provisions	Total
Balance at 1 April 2022	(12,474)	(4,532)	(17,006)
Additional provisions made in 2022/23	(12,074)	0	(12,074)
Reduction in provisions made in 2022/23	0	0	0
Amounts used in 2022/23	6,790	0	6,790
Transfer to/(from) short term	2,979	0	2,979
Balance at 31 March 2023	(14,779)	(4,532)	(19,311)
Additional provisions made in 2023/24	(12,143)	0	(12,143)
Reduction in provisions made in 2023/24	0	4,532	4,532
Amounts used in 2023/24	13,278	0	13,278
Transfer to/(from) short term	787	0	787
Balance at 31 March 2024	(12,857)	0	(12,857)

MOPAC seeks to make provision for realistic estimates of the future settlement of known liabilities in respect of legal compensation and accident claims that are not covered by insurance. Accordingly a provision has been created for £27.0 million (of which £12.9m is long term). At 31 March 2024 the value of this provision was £31.0 million (of which £14.8m was long term). Over the course of the year agreed claims have been paid from this account totalling £29.5million.

Other provisions total £19.9 million and consist of:

- A provision of £6.4 million in respect of other legal claims;
- A provision of £13.5m in respect of other employee related costs;

24. Long term borrowing

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

£000	2023/24	2022/23
Loans	(472,950)	(479,550)
Analysis of loans by maturity:		
Between 1 and 2 years	(5,600)	(6,600)
Between 2 and 5 years	(28,800)	(13,000)
Between 5 and 10 years	(80,500)	(77,000)
Over 10 years	(358,050)	(382,950)

25. Long term contractor liability

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

£000	2023/24	2022/23
PFI liability	(36,180)	(43,613)
Finance lease liability	(6,039)	(6,073)
Balance at 31 March	(42,219)	(49,686)

25.1 PFI and finance lease contracts

	2023/24	2022/23	2023/24 Finance lease	2022/23 Finance lease
£000	PFI liability	PFI liability	liability	liability
Balance as at 1 April	(48,183)	(54,101)	(6,104)	(6,568)
Net movement in year	4,570	5,918	31	463
Total liability	(43,613)	(48,183)	(6,073)	(6,105)
Classified as:				
Short term liability	(7,433)	(4,570)	(33)	(32)
Long term liability	(36,180)	(43,613)	(6,040)	(6,073)

Analysis of contractor liabilities between short term and long term.

26. Reserves

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

26.1	Unusable	reserves
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	unusable reserve	/es - Group and /	MOPAC 2023/24				
£000	Revaluation reserve	Capital adjustment account	Financial Instruments Revaluation Reserve	Accumulated absences account	Police officer pension	Deferred capital receipts	Total
Balance as at 1 April 2023	(642,841)	(1,106,322)	0	197,705	24,342,500	(8,750)	22,782,292
Upward revaluation of assets	39,203	0		0	0	0	39,203
Difference between fair value and historic cost depreciation	42,766	(42,766)		0	0	0	0
Accumulated gains on assets disposed	413	(413)		0	0	0	0
Other capital adjustments				0	0	0	0
Downward revaluation of assets and impairment losses not charged to the CIES				0	0	0	0
Statutory provision for financing capital investment charged against CIES (MRP)		(66,190)		0	0	0	(66,190)
Revaluation losses/(gains) on L&B		65,163		0	0	0	65,163
Depreciation and impairment		185,846		0	0	0	185,846
Amortisation of intangible assets				0	0	0	0
Movements in market value of investment property		(80)		0	0	0	(80)
Amounts written out on disposal		2,229		0	0	0	2,229
Capital grants and contributions credited to CIES applied to capital finance		(53,431)		0	0	0	(53,431)
Application of grants from capital grants unapplied account		(7,772)		0	0	0	(7,772)
Use of capital receipts reserve		(8,959)		0	0	0	(8,959)
Capital expenditure charged against CIES		(12,884)		0	0	0	(12,884)
Movement of reserves	0	0	(2,415)	27,101	(144,300)	0	(119,614)
Donated assets	0	0	,	0	0	0	0
Transfer of deferred sale proceeds credited as part of the gains/loss on disposal to							
the CIES	0	0		0	0	8,750	8,750
Balance as at 31 March 2024	(560,459)	(1,045,579)	(2,415)	224,806	24,198,200	0	22,814,553

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

Movements on unusable reserves - Group and MOPAC 2022/23

Revaluation Reserve

The Revaluation Reserve was created on 1 April 2007 and records the unrealised revaluation gains on land and buildings arising in the year ended 31 March 2024. This amount is also used for accumulated gains which are removed from this account when re-valued assets are sold and also to amortise the gains over the lives of the assets held at 31 March 2024.

Capital Adjustment Account

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

Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Reserves Balance from accruing for unused accumulated absences as at 31 March 2024. Statutory arrangements require that the impact on the General Reserves Balance is neutralised by transfers to or from the Account.

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

Police Officer Pension Reserve

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

Deferred Capital Receipts Reserve

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

£000	Capital Receipts Reserve	Capital Grants Unapplied Account	Total
Balance at 31 March 2022	0	(2,468)	(2,468)
Proceeds of disposals	(93,431)	0	(93,431)
Financing of fixed assets	93,431	11,620	105,051
Capital grants	0	(11,355)	(11,355)
Balance at 31 March 2023	0	(2,203)	(2,203)
Proceeds of disposals	(8,959)	0	(8,959)
Financing of fixed assets	8,959	7,772	16,731
Capital grants	0	(7,772)	(7,772)
Balance at 31 March 2024	0	(2,203)	(2,203)
Net movement for 2022/23	0	265	265
Net movement for 2023/24	0	0	0

26.2 Usable capital reserves

Usable capital receipts

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

Capital Grants Unapplied

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

26.3 Usable earmarked revenue reserves

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

	Balance at 31 March	Transfer	Transfer	Balance at 31 March	Transfer	Transfer	Balance at 31 March
£000	2022	to	from	2023	to	from	2024
Supporting OMM and local change	(48,103)	(650)	4,427	(44,326)	(6,205)	16,821	(33,710)
Managing the Budget	(103,779)	0	37,500	(66,279)	0	34,927	(31,352)
Property	(66,937)	(3,500)	8,685	(61,752)	0	12,009	(49,743)
Historical public inquires	(3,487)	0	1,275	(2,212)	0	1,370	(842)
Operational Costs	(108,177)	(20,874)	23,973	(105,078)	(1,688)	49,996	(56,770)
Insurance	(6,680)	0	0	(6,680)	0	6,680	0
Other earmarked (POCA)	(8,901)	(3,347)	896	(11,352)	(9,819)	1,391	(19,780)
Vetting Delays	(249)	0	143	(106)	0	106	0
Specifically funded for third parties	(13,287)	(6)	(72)	(13,365)	(565)	117	(13,813)
Business Group initiatives	(3,651)	0	1,302	(2,349)	0	1,087	(1,262)
Business Rates	(89,300)	0	29,300	(60,000)	0	30,000	(30,000)
Managing Officer FTEs	(23,100)	0	0	(23,100)	0	0	(23,100)
MOPAC	(47,091)	(24,784)	19,752	(52,123)	(17,697)	26,302	(43,518)
Total earmarked reserves	(522,742)	(53,161)	127,181	(448,722)	(35,974)	180,806	(303,890)
Emergencies Contingency Fund	(23,093)	0	0	(23,093)	0	0	(23,093)
General revenue reserve	(23,483)	(15,789)	0	(39,272)	(4,265)	0	(43,537)
Total General reserves	(46,576)	(15,789)	0	(62,365)	(4,265)	0	(66,630)
Total MOPAC revenue reserves	(569,318)	(68,950)	127,181	(511,087)	(40,239)	180,806	(370,520)
National functions	(6,605)	(698)	1,991	(5,312)	(2,288)	1,516	(6,084)
Total National Functions	(6,605)	(698)	1,991	(5,312)	(2,288)	1,516	(6,084)
Total Revenue Reserves	(575,923)	(69,648)	129,172	(516,399)	(42,527)	182,322	(376,604)

Supporting local change

The Supporting local change reserve is set aside to fund various modernisation programmes in particular estates transformation.

Managing the Budget

Reserve created to manage budget fluctuations during the year and to smooth the short term impact of funding changes and cost pressure.

Property related costs

These reserves are accumulated or drawn down to facilitate the MPS estates rationalisation programme. This covers a reserve for dilapidations to fund future expenditure on properties where the leases have expired and a reserve for property related costs which reflect the requirement to provide for the cost of various building related projects as part of our central estates' strategy.

Historical public inquiries

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

Operational costs

This reserve exists to fund a number of specific operational requirements such as investigative coaches where it has been agreed funding would be carried forward to enable the profiling of these costs in future years.

Insurance

This reserve covers insurance costs in line with the insurance strategy. This reserve will cease due to the fact that insurance risks are covered through provisions

POCA

The reserve is used to drive up performance on asset recovery work, crime reduction projects and to fund local crime fighting priorities for the benefit of the community.

Vetting Delays

£1.1m was set aside in 2017/18 to fund the requirement to update the vetting status of existing officers and staff. This reserve will be fully spent by the end of 2024/25.

Business Group Initiatives

This reserve supports the delivery of one-off projects within business groups.

Business Rates

This reserve was set up by the Mayor to fund an additional 1,000 FTEs over 3 years. The final tranche of the reserve will be spent in 2024/25.

Managing Officer FTEs

This reserve was established in 2017/18 following a Management Board decision to work towards a relatively stable trajectory for officer FTEs over the medium term. This reserve will be fully spent by the end of 2024/25.

MOPAC

MOPAC holds a reserve for its own internal budget. This is mainly grant funding that is held to fund specific projects over a number of financial years and which the grant funder permits funds to be carried forward from one year to the next. MOPAC aim to drawn down a managed amount from these reserves each year to fund a variety of commissioned services reflecting the priorities set out in the Mayor's Police and Crime Plan to: provide a better police service for London; tackle violence against women and girls; keep children and young people safe; tackle hate crime and intolerance; and provide a better Criminal Justice Service for London.

Other reserves

The following reserves are also held by MOPAC:

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

26.4 General revenue reserve

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

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

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

The following adjustments are for 2023/24:

Group and MOPAC	General	Capital receipts	Capital Grants Unapplied	Unusable
£000	Reserves	reserve	Account	reserves
<i>Adjustments to the CIES</i> Pension costs (transferred to (or from)				
the Pension Reserve) Holiday pay (transferred to the	(606,800)	0	0	606,800
accumulated absences reserve	(27,101)	0	0	27,101
Reversal of entries included in the surplus or deficit on the Provision of Services in relation to capital expenditure (these items are charged to				
the Capital Adjustment Account)	(253,158)	0	0	253,158
Total adjustments to the CIES	(887,059)	0	0	887,059
Adjustments between reserves and capital resources				
Transfer of non-current asset sale proceeds from reserves to the capital				
receipts reserve	209	(209)	0	0
Deferred sale proceeds Statutory provision for the repayment of debt (transfer to Capital Adjustment	0	0	0	0
Account) Capital expenditure financed from revenue balances (transfer to the	66,190	0	0	(66,190)
Capital Adjustment Account)	12,884	0	0	(12,884)
Total adjustment between reserves and capital resources	79,283	(209)	0	(79,074)
Adjustments to capital resources				
Use of the Capital Receipts Reserve to finance capital expenditure	0	8,959	0	(8,959)
Application of capital grants to finance capital expenditure	61,203	0	0	(61,203)
Cash payments in relation to deferred capital receipts	0	(8,750)	0	8,750
Total capital financing adjustments	61,203	209	0	(61,412)
Total adjustments - MOPAC Group	(746,573)	0	0	746,573
Police pensions	751,100			(751,100)
Total - MOPAC	4,527	0	0	(4,527)

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

The following adjustments were made in 2022/23:

28. Notes to the cash flow statement

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

£000	31 March 2024 Group	31 March 2023 Group	31 March 2024 MOPAC	31 March 2023 MOPAC
Operating activities				
Interest received	(23,701)	(10,842)	(23,701)	(10,842)
Interest paid	15,896	14,328	15,896	14,328
Interest element of finance lease and PFI rental payments	10,571	12,356	10,571	12,356
	2,766	15,842	2,766	15,842

£000	31 March 2024 Group	31 March 2023 Group	31 March 2024 MOPAC	31 March 2023 MOPAC
Depreciation of non-current assets	(185,840)	(144,067)	(185,840)	(144,067)
Impairment and revaluations of non-current assets	(56,505)	(132,456)	(56,505)	(132,456)
Amortisation of intangible assets	(6)	(62)	(6)	(62)
Reversal of pension service costs and interest	(606,800)	(390,800)	144,300	14,903,700
(Increase)/decrease in impairment for provision for bad debts	184	(59)	184	(59)
(Increase)/decrease in creditors	(54,427)	(35,954)	(54,427)	(35,954)
Increase/(decrease) in debtors	11,102	43,472	11,102	43,472
Increase/(decrease) in inventories Carrying amount of property, plant and equipment, investment	958	146	958	146
property and intangible assets sold	(10,887)	(54,133)	(10,887)	(54,133)
Other non-cash items	(7,334)	(15,476)	(7,334)	(15,476)
	(909,555)	(729,389)	(158,455)	14,565,111

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

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

£000	31 March 2024 Group	31 March 2023 Group	31 March 2024 MOPAC	31 March 2023 MOPAC
Proceeds from the sale of property, plant and equipment, investment property and intangible assets Other items for which the cash effects are investing or	209	84,681	209	84,681
financing activities	61,203	64,516	61,203	64,516
Proceeds from short term and long term investments	0	0	0	0
	61,412	149,197	61,412	149,197

28.4 Cash flows from investing activities:

£000	31 March 2024 Group	31 March 2023 Group	31 March 2024 MOPAC	31 March 2023 MOPAC
Investing activities				
Purchase of non-current assets	305,483	265,630	305,483	265,630
Purchase of short term and long term investments	7,249	3,732	7,249	3,732
Proceeds from short term and long term investments	(3,732)	(565)	(3,732)	(565)
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(8,959)	(93,431)	(8,959)	(93,431)
Other receipts from investing activities	(61,203)	(64,516)	(61,203)	(64,516)
	238,838	110,850	238,838	110,850

Other receipts from investing activities is comprised mainly of capital grant receipts totalling £61.2m in 2023/24 (£64.5m in 2022/23)

28.5 Cash flows from financing activities:

£000	31 March 2024 Group	31 March 2023 Group	31 March 2024 MOPAC	31 March 2023 MOPAC
Financing activities				
Cash receipts of short and long-term borrowing	(110,000)	(200,000)	(110,000)	(200,000)
Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet				
PFI contracts (principal)	4,601	6,018	4,601	6,018
Repayments of short and long-term borrowing	11,371	3,742	11,371	3,742
	(94,028)	(190,240)	(94,028)	(190,240)

28.6 Reconciliation of liabilities arising from financing activities - Group and MOPAC:

£000	Opening Balance 1 April 2023	Financing cash flows	Acquisition	Other non- cash changes	Closing Balance 31 March 2024
Liabilities					
Long term borrowing	(479,550)	0	0	6,600	(472,950)
Short term borrowing	(11,371)	11,371	(110,000)	(11,387)	(121,387)
Lease liabilities	(6,104)	31	0	0	(6,073)
On balance sheet PFI liabilities	(48,183)	4,569	0	0	(43,614)
Total liabilities from financing activities	(545,208)	15,971	(110,000)	(4,787)	(644,024)

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

29. Contingent liabilities

There are no material contingent liabilities to disclose.

30. Financial instruments

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

	Non c	urrent	Current (with	in 12 months)
£000	31 March 2024	31 March 2023	31 March 2024	31 March 2023
Financial Assets:				
Investments - amortised cost	0	3,732	0	0
Investments - Fair value through Other Comprehensive Expenditure	9,664	0	0	0
Debtors and cash (including cash equivalents) - amortised cost	0	0	175,171	318,783
Total financial assets	9,664	3,732	175,171	318,783
Financial Liabilities: Amortised cost				
Borrowings	(472,950)	(479,550)	(121,388)	(11,371)
PFI and finance lease liabilities	(42,219)	(49,686)	(7,467)	(4,601)
Creditors	0	0	(588,486)	(549,050)
Total financial liabilities	(515,169)	(529,236)	(687,341)	(565,022)

London Treasury Liquidity Fund

At 31 March 2024, all the Group's investments are placed with the London Treasury Liquidity Fund LP which then places the underlying investments on the Group's behalf. This is made up of two elements;

- The loan note element totalling £0.5m which has been classified as a cash equivalent and measured at amortised cost:
- The core commitment element totalling £9.7m has been classified and designated at fair value through other comprehensive income. This includes an unrealised gain in the year of £2.4m which is held in the Financial Instruments Revaluation Reserve.

Other Financial Assets and Liabilities

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

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

£000	2023/24	2022/23
Expenses		
Interest expense: financial assets at amortised cost	26,467	26,684
Total expense in (surplus)/deficit on the provision of services	26,467	26,684
Income Interest income: financial liabilities at amortised cost	(23,701)	(10,842)
Total income in surplus on the provision of services	(23,701)	(10,842)
Net (gain)/loss for the year	2,766	15,842

£000	2023/24 Carrying amount	Fair value	2022/23 Carrying amount	Fair value
Financial liabilities				
Borrowings - (Public Works Loan Board)	484,220	387,553	490,921	411,390
Borrowings - (Temporary)	110,118	110,118	0	0
PFI liabilities	43,613	45,773	48,182	51,845
Creditors	558,486	558,486	549,050	549,050
Financial Assets				
Investments	9,664	9,664	3,732	3,732
Debtors	175,171	175,171	318,783	318,783

The fair value of the PWLB borrowing is lower than the carrying amount because the Group's portfolio of loans includes a number of fixed rate loans where the interest rate payable is lower than the rates available for similar loans at the Balance Sheet date. This shows a notional future gain as at 31 March 2024 arising from a commitment to pay interest below current market rates.

The fair value of the PFI liabilities is higher than the carrying amount because the Group's liabilities are based on interest rates which are higher than the PWLB new loan rates at the Balance Sheet date. This shows a notional future loss as at 31 March 2024 arising from a commitment to pay interest above current market rates.

Short term creditors and debtors are carried at cost as this is a fair approximation of their value. Investments are carried at fair value on the balance sheet.

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

	31 March 2024			
Recurring Fair Value Measurements Using: £000	Quoted Prices in Active Markets for Identical Assets (Level 1)	Other Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Financial liabilities				
Borrowings				
Borrowings-(Public Works Loan Board)	0	387,533	0	387,553
Other long term liabilities				
PFI liabilities	0	0	45,773	45,733
Total	0	387,553	45,773	433,326

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

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

Financial Assets	Financial Liabilities
Where an instrument will mature in the next 12 months, the fair value is taken to be the carrying value.	No early repayment is recognised
The fair value of the core commitment element of the investment with the London Treasury Liquidity Fund LP is taken to be the carrying value.	Estimated ranges of interest rates at 31 March 2024 of 3.68% to 4.44% for PWLB loans payable based on PWLB loans payable based on PWLB new loan rates.
The fair value of trade and other receivables is taken to be the invoiced or billed amount.	Estimated ranges of interest rates at 31 March 2024 of 4.90% to 5.01% for PFI liabilities based on PWLB new loan rates.
	The fair value of trade and other payables is taken to be the invoiced or billed amount

30.1 Nature and extent of risks arising from financial instruments

Risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Day to day risk management is carried out under a shared service arrangement by the GLA under the policy approved by the MOPAC Group and set out in the annual MOPAC Treasury Management Strategy. From 1st April 2023 the London Treasury Liquidity Fund (LTLF) managed all MOPAC investments to generate financial and risk reduction benefits. The Group's activities expose it to a variety of financial risks:

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

Credit risk

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

Credit risk management practices

Credit risk arises from deposits with financial institutions, as well as credit exposure to the Group's customers. MOPAC's Treasury Management Strategy is administered and managed by the London Treasury Team. Credit ratings form the backbone of the investment policy for selecting institutions with which the London Treasury Team invests surplus funds on MOPAC's behalf, based on knowledge and understanding of the risks involved. Although no combination of ratings can be viewed as fail-safe, the credit criteria for 2023/24 were based on Fitch, Moody's and Standard and Poor's suite of ratings, supported by broader market information. Relevant changes in counterparties' credit standing are reviewed daily, with updates provided by the London Treasury Team's treasury advisors. Where counterparties' credit standings are downgraded, the relevant investment limits are reduced with

immediate effect or, where minimum criteria fail to be met, further investment is suspended. Maximum limits for principal invested with each counterparty are reviewed regularly with reference to relative risk and the Group's cash flow requirements. All the Group's investments are sterling denominated.

At 31 March 2024, the Group's underlying investments and cash were placed with institutions with at least a BBB+ credit rating. Thus, it has been judged that these investments can be categorised as low credit risk. An assessment of the 12 month expected losses for these investments has been carried out by comparing the credit rating of the investment against historic default tables and the resulting expected impairment loss is not significant and therefore a loss has not been recognised in the accounts.

When considering the expected credit loss in relation to trade debtors, the Group has applied the simplified approach therefore the loss allowance recognised in the accounts relates to lifetime expected credit losses. Due to the fact that these receivables have common risk characteristics, a collective assessment of credit risk has been made, using a provision matrix to calculate expected credit losses based on the number of days that the debt is past due. The expected credit loss in relation to trade debtors at 31 March 2024 is £257k (31 March 2023, £441k). This is the only loss allowance recognised in the accounts.

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

	Credit risk rating	Gross Carrying Amount at 31 March 2024 £000 A
12 month expected credit losses	AAA	4,742
	AA-	2,313
	A+	843
	Α	819
	A- BBB+	19 374
	Strategic Investments	1,027
Simplified approach	Customers (general debtors)	43,716

Liquidity risk

As the Group has ready access to borrowings from the PWLB, there is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. The Group can also access short term funding from within the GLA Group. As at 31 March 2024 the group had £110m of temporary borrowing from the GLA (31 March 2023, nil). The Group undertook no new PWLB borrowing during 2023/24 with fixed rate loans. The maturity analysis of all the PWLB borrowings is as per Notes 23 and 26. Additionally, to cover short-term commitments, the Group has the ability to draw down from its balances with the LTLF on request. All trade creditors and other payable are due to be paid by the Group in less than one year.
Interest rate risk

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

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

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

Police officer pension fund

1. Police officer pension fund revenue account

The Commissioner is responsible for administering the Police Pension Fund in accordance with the Police Reform and Social Responsibility Act 2011. This statement shows income and expenditure for the three Police Pension Schemes for 2023/24 and 2022/23. The statement does not form part of the CPM or the MOPAC Group Statement of Accounts.

		2023/24	2022/23
£000	Notes		
Contributions receivable			
Employer contributions	4.1	(432,252)	(405,778)
Additional income	4.3	(12,516)	(7,626)
Transfers in from other schemes	4.2	(3,383)	(4,477)
Officers' contributions	4.4	(187,343)	(176,055)
Net Income		(635,494)	(593,936)
Benefits payable			
Pensions paid		841,122	759,918
Lump sum payments		125,506	158,582
Lump sum death payments		3,770	2,471
Other payments	4.6	3,064	1,854
Transfers out to other schemes	4.2	146	702
Net expenditure		973,608	923,527
Net amount payable for the year		338,114	329,591
Employer additional funding	4.5	(338,114)	(329,591)
(Surplus)/deficit on fund		0	0

2. Police officer pension fund asset statement

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

£000	2023/24	2022/23
Current Assets		
Funding to Meet Deficit due from the CPM	0	0
Net Current Assets	0	0
Current Liabilities		
Unpaid Pensions Benefits	0	0
Net Current Liabilities	0	0
Total	0	0

3. Notes to the police officer pension fund account

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

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

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

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

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

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

These Accounts will be audited by Grant Thornton UK LLP.

4. Police Pension Fund - Revenue account notes

4.1 Employer contributions

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

4.2 Transfers

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

4.3 Additional income

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

4.4 Officers' contributions

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

4.5 Employer additional funding

This sum represents additional funding required to provide for payment to pensioners. Including the funds received by the Group as part of the settlement of the additional commutation liability, the actual shortfall receipts for the year 2023/24 amounted to £338.1 million. The cash funding received by the group in 2023/24 was £359.4 million. This consists of the additional funding of £89.6 million in respect of 2022/23 and a statutory transfer from the police fund of a further £269.8 million in respect of 2023/24. The remaining 2023/24 shortfall of £68.4 million is to be received from the Home Office in 2023/24.

4.6 Other payments

These consist of contribution refunds and lump sum death benefits.

5. Related party transactions

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

6. Additional voluntary pension contributions

Additional pension contributions (e.g. added pension/years) made by police officers amounted to £22,894 for the PPS scheme, £34,290 for the NPPS scheme and £182,204 for the 2015 scheme.

7. Members of the scheme

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

Glossary of terms

Accruals

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

Balance Sheet

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

- Usable Reserves. These are reserves that the Group may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use. For instance the Capital Receipts Reserve may only be used to fund capital expenditure or repay debt;
- Unusable Reserves. These reserves cannot be used by the Group to provide services. For instance reserves that hold unrealised gains and losses (such as the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the MIRS line 'Adjustments between Accounting Basis and Funding Basis under Regulations'.

Budget

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

Capital expenditure

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

Cash equivalent

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

Capital receipts

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

Comprehensive Income and Expenditure Statement (CIES)

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

Corporate costs

This consists of those activities and costs that provide the infrastructure that allows services to be provided, whether by the CPM or MOPAC, and the information that is required for public

accountability. Activities that relate to the provision of services, even indirectly, are overheads on those services and include bank charges, auditors' fees and the cost of the Group as well as the corporate activities of Head Office departments.

Commissioner of Police of the Metropolis (CPM)

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

Credit arrangements

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

Creditors

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

Debtors

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

Democratic core costs

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

Employee costs

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

Finance lease

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

Government grants

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

Group

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

Long term debtors

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

Mayor's Office for Policing And Crime (MOPAC)

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

Minimum Revenue Provision

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

Non distributed costs

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

National Police Chiefs' Council (NPCC)

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

National Police Coordination Centre (NPoCC)

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

Operating lease

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

PCSPS

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

Provision

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

Revenue expenditure

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

Revenue reserves

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

Special service agreements

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





MPS-MOPAC JOINT AUDIT PANEL 15 July 2024

Treasury Management Strategy 2024/25

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

Report Summary

Overall Summary of the Purpose of the Report

This report sets out the Treasury Management Strategy for 2024/25

Key Considerations for the Panel

The 2024/25 Treasury Management strategy was approved in March 2024 (PCD 1624) and sets out how MOPAC will manage its borrowings and investments over the short and medium term.

The GLA will continue to implement the MOPAC Treasury Management strategy via the Treasury Management Shared Service arrangement. MOPAC is a member of the London Treasury Liquidity Fund LP (LTLF) who manage all MOPAC investments to generate financial and risk reduction benefits.

The MOPAC Treasury Management Strategy will make use of both the London Treasury Liquidity Fund LP (LTLF) for investment purposes and has the capacity if required to make investments in its own name. This is designed to spread counter party risk.

The external debt and treasury management limits and indicators are consistent with the MOPAC medium term financial strategy and 2024-25 budget.

Interdependencies/Cross Cutting Issues MPS and MOPAC Update

Recommendations

The Audit Panel is recommended to:

Note the 2024/25 Treasury Management Strategy a.

1. Supporting Information

- 1.1. The Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice for Treasury Management in Public Services (the CIPFA TM Code) and the Prudential Code require that MOPAC adopts a Treasury Management Strategy Statement (TMSS), Treasury Management Policy Statement and Prudential Indicators on an annual basis. The TMSS also incorporates the Investment Strategy as required under the Communities and Local Government's (CLG) Investment Guidance.
- 1.2. The approved Treasury Management Strategy Statement 2024/25 defines the policies and objectives of MOPAC's treasury management activities and roles and responsibilities and is set out at Appendix 1.
- 1.3. The GLA Group Treasury services provide the day to day management and delivery of the MOPAC treasury management function.
- 1.4. The MOPAC Treasury Management Strategy, in line with the CIPFA Code of Practice, states that investment priorities are security first, liquidity second and then return.

Borrowing

- 1.5. Borrowing will only be undertaken where necessary and subject to the profile of capital spend, capital receipts and other funding streams.
- 1.6. The approved 2024/25 capital programme funding includes provision for new borrowing of £282.6m. MOPAC currently maintains an under-borrowed position, such that the capital financing requirement has not been fully funded with loan debt but by using the cash supporting MOPAC's reserves, balances and cashflow reducing the need to borrow externally. This is unlikely to be an option in the future as reserve balances are set to reduce significantly.
- 1.7. The delivery of the future capital programme, budgeted revenue savings, use of reserves and the phasing of new asset disposals will impact the cashflow, and will continue to be kept under review.
- 1.8. The proposed strategy includes that if necessary MOPAC borrow temporarily to cover any expected shortfall and where this represents prudent management of MOPACs affairs. This reduces the risks of holding excess balances and the cost of carry. Where an opportunity to reschedule existing debt is identified this will be undertaken within the limits of this strategy.

<u>Investment</u>

1.9. The MOPAC Group maintains a low risk appetite consistent with good stewardship of public funds. The MOPAC Group's investment priorities will be security first, portfolio liquidity second and then yield (return). The MOPAC Group will aim to achieve the optimum return on its investments commensurate with proper levels of security and liquidity and within the Group's risk appetite. Investments are managed in such a way as to make

realised losses at the portfolio level extremely unlikely, while capturing the optimum return within these constraints.

1.10. All MOPAC investments are carried out in line with the approved MOPAC Treasury Management Strategy.

Prudential Indicators and Treasury Management Limits

1.11. Appendix 1C sets out the proposed 2024/25 range of prudential indicators and Treasury Management limits.

Management Arrangements

- 1.12. MOPAC has an Arrangement for Delegation for the treasury management function to the GLA. It will be the responsibility of the GLA to ensure that the function is adequately resourced and controlled.
- 1.13. The MOPAC Chief Finance Officer will receive regular reporting from the GLA/LTL on risks, performance, progress and strategic financing advice. Treasury Management advice will be provided by Link Asset Services.
- 1.14. GLA Group Treasury will liaise with MOPAC/MPS for the management of cash flow.

2. Equality and Diversity Impact

- 2.1. MOPAC is required to comply with the public sector equality duty set out in section 149(1) of the Equality Act 2010. This requires MOPAC to have due regard to the need to eliminate discrimination, advance equality of opportunity and foster good relations by reference to people with protected characteristics. The protected characteristics are: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.
- 2.2. There are no equality or diversity implications arising from this report.

3. Financial Implications

- 3.1. The cost of borrowing for 2024/25 is currently estimated to be £38.4m for interest payable, and there is budget of £94.5m for minimum revenue provision. Interest receivable is estimated at £13.3m Budgets for this income and expenditure are included in the MOPAC/MPS budget for 2024/25.
- 3.2. The cost of the shared service arrangement with the GLA will be met from within existing resources.

4. Legal Implications

4.1. Under Section 1 of the Local Government Act 2003, MOPAC as a local authority defined under s23 of that Act, may borrow money for any purpose relevant to its functions under any enactment, or for the purpose of the prudent management of its financial affairs.

- 4.2. The Mayor is required under s3 of the Local Government Act 2003 to determine how much money the GLA and each functional body (which includes MOPAC) can afford to borrow. In complying with this duty, Regulation 2 of the Local Authorities (Capital Finance and Accounting)(England) Regulations 2003 requires the Mayor to have regard to the Prudential Code for Capital Finance in Local Authorities when determining how much MOPAC can afford.
- 4.3. Paragraph 4.7 of the MOPAC Scheme of Delegation and Consent provides that the DMPC has authority for the approval of "The annual Treasury Management Strategy, which will include details of MOPAC investment and borrowing strategy".
- 4.4. MOPAC's scheme of delegation and consent provides that the Chief Finance Officer, as the s127 officer, is responsible for the proper administration of the MOPAC's financial affairs. Paragraph 6.3 states that the following functions are reserved to the MOPAC Chief Finance Officer "Approval of the arrangements for the Treasury Management function, including the day to day management, production of Treasury Management strategy and supporting policies and procedures, subject to DMPC approval of the strategy"
- 4.5. An investment strategy statement must be completed as part of risk management and good governance. The report is submitted in compliance with TMSS and DCLG requirements in this regard.

5. Risk Implications

- 5.1. The investment strategy is set to reflect the low risk appetite of MOPAC, and in line with the principles of the CIPFA Code of Practice. Borrowing is currently all fixed rate and with the Public Works Loans Board (PWLB) in order to provide certainty of exposure.
- 5.2. Whilst every effort is made to minimise the likelihood of an incident the failure of for example a counter party would generate risks to the sum deposited and reputational risk for MOPAC

6. Contact Details

Report author: Annabel Cowell Deputy Chief Finance Officer and Head of Financial Management MOPAC, Amana Humayun Chief Finance Officer and Director of Corporate Services

7. Appendices and Background Papers

Appendix 1 – Treasury Management Strategy 2024/25

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Treasury Management Strategy Statement 2024/25

Introduction/Background

The Treasury Management Strategy Statement (TMSS) sets out the Treasury Management activities of the MOPAC Group for the year 2024/25.

This TMSS has been prepared with regard to the following legislation and guidance:

- The Chartered Institute of Public Finance and Accountancy (CIPFA) Treasury Management in the Public Services Code of Practice and Cross-Sectoral Guidance Notes (the Code) and associated Guidance Notes
- The CIPFA Prudential Code and associated Guidance Notes
- The Local Government Act 2003
- The Department for Levelling Up, Housing and Communities (DLUHC) Guidance on Local Government Investments and
- The DLUHC Capital Finance Guidance on Minimum Revenue Provision (MRP).

The TM Code defines treasury management activities as:

'The management of the local authority's borrowing, investments and cash flows, its banking, money market and capital market transactions the effective control of the risks associated with those activities and the pursuit of optimum performance consistent with those risks.'

This TMSS therefore takes into account the impact of the MOPAC Group's Revenue Budget, Capital Spending Plan and the Balance Sheet position and covers the following areas:

- Economic Background
- Prospects for Interest Rates
- Forecast Treasury Management Position
- Borrowing Strategy
- Policy on Borrowing in Advance of Need
- Debt Rescheduling
- Investment Strategy
- Use of External Service Providers
- Treasury Training
- Treasury Management Policy Statement (Appendix A)
- Minimum Revenue Provision (MRP) Policy Statement (Appendix B)

- Prudential Code Indicators and Treasury Management Limits (Appendix C)
- The Investment Strategy (Appendix D)
- Treasury Management Practices: Main Principles (Appendix E)

In covering the above areas, as per its Treasury Management Policy Statement (Appendix A), the MOPAC Group regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Responsibility for risk management and control lies within the MOPAC Group and cannot be delegated to any outside organisation.

The Treasury Management risks the MOPAC Group is exposed to are:

- Credit and counterparty risk (security of investments)
- Liquidity risk (inadequate cash resources)
- Interest and market risk (fluctuations in interest rate levels and thereby in the value of investments)
- Refinancing risks (impact of debt maturing in future years)
- Legal and regulatory and fraud risk (non-compliance with statutory and regulatory requirements, risk of fraud)

These risks are further discussed in Appendix E (Treasury Management Practices: Main Principles)

The MOPAC Group formally adopts The TM Code through the following provisions

- i. The MOPAC Group will create and maintain as the cornerstones for effective treasury management:
 - a Treasury Management Policy Statement stating the policies, objectives and approach to risk management of its treasury management activities and
 - suitable Treasury Management Practices (TMPs), setting out the manner in which the MOPAC Group will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.

The content of the proposed policy statement and TMPs follow the recommendations contained in Sections 6 and 7 of the TM Code, subject only to amendment where necessary to reflect the circumstances of the MOPAC Group. Such amendments do not result in the MOPAC Group materially deviating from the TM Code's key principles.

ii. The Deputy Mayor for Policing and Crime will receive reports on its treasury management policies, practices and activities, including, as a minimum, an annual strategy and plan in advance of the year, quarterly and a mid-year review and an annual report after its close, in the form prescribed in its TMPs.

- iii. The Deputy Mayor for Policing and Crime holds responsibility for the implementation and regular monitoring of the MOPAC Group's treasury management policies and practices and delegates treasury management decisions within the parameters of the TMSS to the MOPAC Group Chief Finance Officer (CFO) and the execution and administration of those decisions to the Greater London Authority (GLA), pursuant to Section 401(A) of the GLA Act 1999. The MOPAC Group CFO will act in accordance with the organisation's policy statement and TMPs and, if this officer is a CIPFA member, CIPFA's Standard of Professional Practice on Treasury Management.
- iv. The MOPAC Group has delegated to the MOPAC Group Audit Panel the responsibility for ensuring effective scrutiny of the treasury management strategy and policies.
- v. Should there be a need to revise the Treasury Management Strategy, the Treasury Management Policy Statement, the Minimum Revenue Provision Policy Statement, the Prudential Code Indicators and Treasury Management Limits, the Investment Strategy and the Treasury Management Practices at times other than those stated above, then these updates will be submitted to the Deputy Mayor for Policing and Crime for approval with the exception for the Authorised limit which can only be changed by Mayoral Decision and consultation with the London Assembly The MOPAC Group will be fully consulted if any such changes are required.
- vi. Should the MOPAC Group CFO wish to depart in any material respect from the main principles of the TM Code, the reason should be disclosed, in advance, in a report to the Deputy Mayor for Policing and Crime.

Economic Background

The Link Group has been appointed as treasury advisors to the GLA and the treasury management shared service Partners. The information and commentary provided in this section are from Link.

Link provided the following forecasts on 8th January 2024. Link expect the Monetary Policy Committee (MPC) to keep Bank Rate at 5.25% until the second half of 2024. Inflation pressures are expected to ease which may allow for potential reductions. However, the outlook is far from certain. The table below provides forecasts for Bank Rate, average earnings and PWLB certainty rates (gilt yields plus 80 bps).

	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-2
BANK RATE	5.25	5.25	4.75	4.25	3.75	3.25	3.00	3.00	3.00	3.00	3.00	3.00	3.00
3 month ave earnings	5.30	5.30	4.80	4.30	3.80	3.30	3.00	3.00	3.00	3.00	3.00	3.00	3.00
6 month ave earnings	5.20	5.10	4.60	4.10	3.70	3.30	3.10	3.10	3.10	3.10	3.10	3.10	3.10
12 month ave earnings	5.00	4.90	4.40	3.90	3.60	3.20	3.10	3.10	3.10	3.10	3.10	3.20	3.20
5 yr PWLB	4.50	4.40	4.30	4.20	4.10	4.00	3.80	3.70	3.60	3.60	3.50	3.50	3.50
10 yr PWLB	4.70	4.50	4.40	4.30	4.20	4.10	4.00	3.90	3.80	3.70	3.70	3.70	3.70
25 yr PWLB	5.20	5.10	4.90	4.80	4.60	4.40	4.30	4.20	4.20	4.10	4.10	4.10	4.10
50 yr PWLB	5.00	4.90	4.70	4.60	4.40	4.20	4.10	4.00	4.00	3.90	3.90	3.90	3.90

Source: Link

Link have stated that due to the number of variables, caution must be exercised in respect of all interest rate forecasts. It is election year for the UK and USA. The MPC will have to consider economic data releases, central government fiscal policies and international factors such as US and European policy developments, support packages to aid China's faltering economy, along with ongoing conflicts in Ukraine and the Middle East.

Forecast Treasury Management Position

The MOPAC Group's forward treasury portfolio position is summarised below. The table shows the actual external borrowing against the underlying capital borrowing requirement (the Capital Financing Requirement – CFR), highlighting any over or under borrowing.

Forecast Treasury Position as at 31 March	2023-24	2024-25	2025-26	2026-27
· · · · · · · · · · · · · · · · · · ·	Forecast	Estimate	Estimate	Estimate
External Borrowing				
Long term borrowing	579.6	914.6	1,111.9	1,325.0
Short term borrowing	150.0	180.0	110.0	0.0
Total External Borrowing at 31 March	729.6	1,094.6	1,221.9	1,325.0
Other Long-Term Liabilities				
PFI Liability	43.6	36.2	26.7	17.1
Finance Lease Liability	6.1	6.0	6.0	6.0
Total Other Long-Term Liabilities at 31 Marc	49.7	42.2	32.7	23.1
Total Gross Debt	779.3	1,136.7	1,254.6	1,348.1
Capital Financing Requirement	1,168.9	1,357.0	1,444.3	1,502.2
Less Other Long-Term Liabilities	49.7	42.2	32.7	23.1
Underlying Capital Borrowing Requirement	1,119.2	1,314.8	1,411.6	1,479.1
Under/(Over) Borrowing	389.7	220.3	189.8	154.2
Investments at 31 March	5.95	19.71	17.85	41.15
Net Borrowing	723.6	1,074.8	1,204.0	1,283.8

Borrowing Strategy

Delegation/Authorisation

The arrangements for borrowing, including the selection and the type and structure of debt instruments, are delegated to the MOPAC Group CFO, provided no decision contravenes the limits set out in the prevailing TMSS.

The MOPAC Group CFO is:

- authorised to approve borrowing by the MOPAC Group, for the purposes of financing capital expenditure
- authorised to make use of cash balances to fund internal borrowing when it is considered advantageous
- authorised to borrow temporarily within the Authorised Limit, where this represents
 prudent management of the MOPAC Group's affairs. As an example, where a cash
 flow requirement is short-lived, the opportunity cost of withdrawing or otherwise
 liquidating investments may exceed that of temporary borrowing. In such
 circumstances, borrowing may be the prudent action.
- authorised to borrow temporarily above the Authorised Limit where, and only where the amount of the increased limit represents the amount of any delayed payment which is due to the MOPAC Group and has not been received on the due date, and such delay

has not already been provided for in the Authorised Limit, under the provisions of Section 5 of the Local Government Act 2003.

All borrowing decisions should be reported to the MOPAC Group Audit Panel at the first opportunity within the treasury management cycle.

Internal Borrowing Approach

When using cash balances to fund internal borrowing, the MOPAC Group acknowledges that this may reduce credit risk and short-term net financing costs. However, any decision to undertake internal borrowing will be tempered by the following considerations:

- The MOPAC Group must maintain sufficient liquidity to be certain of meeting existing borrowing and other obligations
- The measures set out in the investment strategy below substantially control credit risk
- The materiality of such risks should be considered in the light of the long-term financial consequences of sub-optimal borrowing decisions
- Agreements with central government specifying particular levels of borrowing and
- Investment rates are expected to remain below borrowing rates over the next 12 months.

Policy on Borrowing in Advance of Need

The MOPAC Group will not borrow purely to profit from the investment of the surplus borrowed. Any decision to borrow in advance will be considered carefully to ensure value for money can be demonstrated and that the MOPAC Group can ensure the security of such funds.

In determining whether borrowing will be undertaken in advance of need the MOPAC Group will:

- ensure the ongoing revenue liabilities created, and the implications for the future plans and budgets are considered to be affordable and are within the forward approved Capital financing requirement estimate
- evaluate the economic and market factors that might influence the manner and timing of any decision to borrow
- consider the merits and demerits of alternative forms of funding, including funding from revenue, leasing and private partnerships and
- consider the alternative interest rates bases available, the most appropriate periods to fund and repayment profiles to use.

Debt Rescheduling

PWLB pricing policies currently impose a considerable spread between the rate of new loans and the rate used to calculate premiums or discounts on early redemption. This means that there are prohibitively expensive premia in relation to achievable savings. This emphasises the importance of attempting to optimise maturity profiles at the point of entering into borrowings.

Investment Strategy

The MOPAC Group maintains a low risk appetite consistent with good stewardship of public funds. The MOPAC Group's investment priorities will be security first, portfolio liquidity second and then yield (return). The MOPAC Group will aim to achieve the optimum return on its investments commensurate with proper levels of security and liquidity and within the Group's risk appetite. Investments are managed in such a way as to make realised losses at the portfolio level extremely unlikely, while capturing the optimum return within these constraints.

The application of resources (capital receipts, reserves etc.) to either finance capital expenditure or other budget decision to support the revenue budget will have an ongoing impact on investments unless resources are supplemented each year from new sources (asset sales etc.). Detailed below are estimates of the year end investment balances.

Core Funds and Expected				
Investment Balances	2023-24	2024-25	2025-26	2026-27
	Forecast	Estimate	Estimate	Estimate
Fund Balances/Reserves	284.6	129.0	96.6	84.3
Provisions	31.0	31.0	31.0	31.0
Total Core Funds	315.6	160.0	127.6	115.3
Working Capital Surplus	80.0	80.0	80.0	80.0
Internal borrowing	389.7	220.3	189.8	154.2
Expected Investments	5.9	19.7	17.9	41.1

MOPAC's Group's short-term cash balances are managed by the GLA's subsidiary, LTL and thirdparty asset managers appointed, through LTLF. The investment strategy for this arrangement is included within Appendix 4 but is subject to the agreement of all participating authorities; the MOPAC Group CFO is authorised, having taken proper advice from Link or other suitably qualified advisors, to agree amendments to this, provided that the underlying exposures of any amended strategy do not breach the limits set out in Appendix D.

Changes to the 2024/25 Investment strategy since the previous iteration have been detailed in the Annual Investment Strategy in Appendix D.

The Investment Strategy 2024/25

The Investment strategy is considered and agreed by all Partners before the start of each financial year. A common approach permits maximum efficiency of the group shared service.

Additionally, the MOPAC Group CFO may from time to time instruct LTL to invest sums independently, for instance, if the MOPAC Group identifies balances which are available for longer term investment, after proper consideration of expected future cash flows, as at the time of investment. It is proposed that the MOPAC Group adopt an identical set of parameters for such investments as those detailed in Appendix D. However, regard must always be given to the Treasury Managements Limit 'Limits for Principal Sums Invested for Periods Greater than 365 Days' (Appendix C section 6.3).

Following the transfer of funds to the GLA for to the Partnership, the MOPAC Group aims to have a daily net zero balance across the suite of RBS accounts it operates.

Whilst the MOPAC Group sets its Annual Investment Strategy at the start of each financial year, this need not be a once-a-year event, and the initial investment strategy may be replaced by a revised Strategy, at any time during the year, on one or more occasions, subject to the approval of the MOPAC Group. All Investment Strategies approved by the MOPAC Group will be made available to the public free of charge, on print or online.

Treasury Management Budget

The Table below provides a breakdown of the treasury management budget.

Treasury Management Budget	2023-24 Forecast	2024-25 Estimate	2025-26 Estimate	2026-27 Estimate
Interest payable	36.9	38.4	52.9	51.5
Interest Receivable	-23.4	-13.3	-10.3	-10.3
Minimum Revenue Provision for	66.2	94.5	124.4	144.9
Total	79.6	119.7	167.1	186.2

Assumptions behind the 2024/25 Budget are:

- Average rates achievable on investments will be 4.72%
- Average rates payable on new borrowing will be 3.32%.
- The MRP charge is in line with the MOPAC's MRP Policy.

Use of External Service Providers

The MOPAC Group uses the Link Group as its external treasury management advisor under a joint arrangement with the Greater London Authority. Whilst recognising the specialist skills and resources such advisors can provide, the MOPAC Group recognises that responsibility for treasury management decisions remains wholly with the organisation and will ensure that undue reliance is not placed upon external service providers. The MOPAC Group monitors and maintains the quality of this service by regular review and assessment.

MOPAC does not directly employ any external fund managers, however in the event of appointment, appointees will comply with this and subsequent Treasury Strategies. In addition, before any appointment is made, a fully costed appraisal would be performed and approval from MOPAC obtained.

RBS Plc are the MOPAC Group's bankers and continue to provide a competitive service under an annual rolling contract.

In addition to the GLA's wholly owned investment management subsidiary, LTL, under the London Treasury Liquidity Fund (LTLF), uses two external fund managers, TwentyFour Asset Management and Prytania Asset Management, for the Fund's Residential Mortgage Backed Securities (RMBS) investments. These and any future appointed managers must be authorised and regulated by the Financial Conduct Authority.

The LTLF uses State Street Bank and Northern Trust as custodians of the any tradeable instruments (such as Treasury Bills). The investment policy is that any custodian (or sub-custodian, as may be the case) shall meet the credit criteria for 12 month investments as set out in the Investment Strategy (prior to Credit Default Swaps Market or other temporary adjustments). This restriction will apply to any custodian (or sub-custodian) appointed directly by MOPAC.

Treasury Training

The Code requires that members with responsibility for treasury management receive adequate training in treasury management. Those charged with governance are also personally responsible for ensuring they have the necessary skills and training.

Member/Senior officer training is available from the MOPAC's external treasury advisors (Link Group) and will be arranged as required.

LTL officers performing regulated roles are obliged to undertake regulatory and technical training as required from time to time by LTL's Board.

LTL officers also routinely attend national forums and practitioner groups, such as the CIPFA Treasury Management Network.

LTL officers supported by Link Group, maintain a regular training programme available to all participating in the shared service and is arranged as required.

Notwithstanding the above, the training needs of Treasury officers and committee members are periodically reviewed.

Appendix A: Treasury Management Policy Statement

1. Policy Statement

- 1.1 This policy statement is in the form recommended by the CIPFA Treasury Management in the Public Services Code of Practice and Cross-Sectoral Guidance Notes, Section 6.
 - 1. The MOPAC Group defines its treasury management activities as:
 - 2. 'The management of the local authority's borrowing, investments and cash flows, its banking, money market and capital market transactions the effective control of the risks associated with those activities and the pursuit of optimum performance consistent with those risks.'
 - 3. The MOPAC Group regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the MOPAC Group, and any financial instruments entered into to manage those risks.
 - 4. The MOPAC Group acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable comprehensive performance measurement techniques, within the context of effective risk management.

Appendix B: Minimum Revenue Provision (MRP) Policy Statement

1. Policy Statement

- 1.1 MRP is the amount out of revenue funding set aside each year as a provision for debt i.e. the provision in respect of capital expenditure financed by borrowing or credit arrangements.
- 1.2 Regulation 28 of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 (as amended) provides that for the financial year 2007/08 and subsequent financial years, the detailed MRP calculation is to be replaced with the requirement that:
- 1.3 'A Local Authority shall determine for the current financial year an amount of minimum revenue provision that it considers to be prudent'.
- 1.4 The guidance also recommends that the annual MRP Policy is presented to the MOPAC Group for approval before the start of the financial year to which it relates. Any in-year changes must also be submitted to the MOPAC Group for approval.
- 1.5 For 2024/25 the MOPAC Group will make a minimum revenue provision (MRP) in accordance with: -

(a) the capital financing requirement method for any borrowing undertaken prior to 2008/09, and for all borrowing undertaken since that date supported through the revenue grant settlement, and

(b) the asset life method for unsupported borrowing undertaken in 2008/09 and subsequent years as permitted by the flexibilities provided under the Prudential Code.

In accordance with The Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting, MRP in respect of (a) Private Finance Initiative schemes and (b) assets subject to finance leases, both of which are now recorded as long term liabilities, is made by recognition of an element of the annual unitary charge as repayment of principal.

Appendix C: CIPFA Prudential Code Indicators and Treasury Management Limits

1.0 Background

- 1.1 The Prudential Code has been developed by the Chartered Institute of Public Finance and Accountancy (CIPFA). The Prudential Code has a central role in capital finance decisions, including borrowing for capital investment. Its key objectives are to provide a framework for local authority capital finance that will ensure for individual local authorities that capital expenditure plans are affordable all external borrowing and other long-term liabilities are within prudent and sustainable levels and that treasury management decisions are taken in accordance with good professional practice.
- 1.2 The Prudential Code also has the objective of being consistent with and supporting local strategic planning, local asset management planning and proper option appraisal.
- 1.3 Any such framework for the internal control and self-management of capital finance must therefore deal with all three of the following elements:
 - Capital expenditure plans
 - External debt
 - Treasury Management
- 1.4 To ensure compliance with the Prudential Code in relation to the above elements, the MOPAC Group is required to set and monitor a number of Prudential Indicators. The setting of these Prudential Indicators is a circular rather than a linear process. For example, the level of external debt will follow on from the MOPAC Group's capital plans, revenue forecasts and treasury management strategy. However, if initial estimates would result in outcomes that would not be affordable or prudent, then plans for capital and/or revenue are reconsidered.
- 1.5 Prudential Indicators and Treasury Management Limits must be approved by the MOPAC Group and any subsequent changes to these Indicators and Limits must also be approved by the MOPAC Group. As stated previously the one exception to this relates to the Authorised limit which can only be changed by Mayoral Decision and consultation with the London Assembly.
- 1.6 These Prudential Indicators are set out below and reviewed for compliance.

2.0 Capital Expenditure

- 2.1 <u>Capital Expenditure</u>
- 2.1.1 Capital expenditure results from the approved capital spending plan and proposed borrowing limits. It is the key driver of Treasury Management activity.
- 2.1.2 All capital expenditure is stated, not just that covered by borrowing.

Capital Expenditure	2023-24 Forecast	2024-25 Estimate	2025-26 Estimate	2026-27 Estimate
Total Capital Expenditure	335.6	340.5	254.5	249.2
Financed by:				
Capital Grants & Third Party				
Contributions	63.1	46.0	29.8	32.1
Revenue Contributions	3.7	0.0	12.3	3.3
Capital Receipts	15.3	11.9	0.8	10.9
Net financing need for the year	253.5	282.6	211.6	202.9

- 2.2. Capital Financing Requirement (CFR) the Authority's borrowing need
- 2.2.1 The capital financing requirement is an indication of the underlying need to borrow for capital purposes. It is the total historical outstanding capital expenditure which has not yet been paid for from either revenue or capital resource.
- 2.2.2 It is essentially a measure of the Authority's indebtedness and so its underlying borrowing need. Any capital expenditure above, which has not immediately been charged to the revenue account, will increase the CFR. The annual MRP acts to spread the revenue impact over the aggregate useful life of the assets in question.

Capital Financing Requirement (CFR) £m	2023-24 Forecast	2024-25 Estimate	2025-26 Estimate	2026-27 Estimate
Opening CFR	982	1,169	1,357	1,444
Net financing need for the year (see Capital Expenditure table)	254	283	212	203
Less MRP/VRP** and other				
financing movements	(66)	(95)	(124)	(145)
Closing CFR	1,169	1,357	1,444	1,502

*The MRP/VRP includes PFI/finance lease annual principal payments

3.0 External Debt Prudential Indicators

- 3.1 Authorised Limit for External Debt
- 3.1.1 The Authorised limit is the expected maximum borrowing needed with some headroom for unexpected developments such as unusual cash movements.
- 3.1.2 For the purposes of the Prudential Code borrowing is distinguished from other long-term liabilities.
- 3.1.3 The Authorised limit is the statutory limit that is determined, by the Mayor in consultation with the Assembly, under section 3 (1) of the Local Government Act 2003. It is intended to be an absolute ceiling which cannot be exceeded, except as provided under section 5 of the Local Government Act 2003, where payments expected but not yet received can temporarily result in the limit being exceeded, provided the original setting of the limit had not taken into account any delay in receipt of the payment.

Authorised Limit for External Debt	2023-24	2024-25	2025-26	2026-27
	Revised	Estimate	Estimate	Estimate
Borrowing	997.0	1,261.0	1,391.7	1,485.3
Other long-term liabilities	49.7	42.2	32.7	23.1
Total	1,046.7	1,303.2	1,424.4	1,508.4

3.2 Operational Boundary for External Debt

- 3.2.1 The operational boundary is based on the same estimates as the authorised limit. However, it reflects an estimate of the most likely prudent but not worst-case scenario. It equates to the maximum level of external debt under the capital spending plans approved by the Mayor and excludes the headroom included within the authorised limit.
- 3.2.2 The Operational Boundary is set as a warning signal that external debt has reached a level nearing the Authorised limit and must be monitored carefully. It is probably not significant if the Operational Boundary is breached temporarily on occasions due to variations in cash flow. However, a sustained or regular trend above the Operational Boundary would be significant, requiring further investigation and action as appropriate.

Operational Boundary for External	2023-24	2024-25	2025-26	2026-27
Debt	Forecast	Estimate	Estimate	Estimate
Borrowing	872.0	1,136.0	1,266.7	1,360.3
Other long-term liabilities	49.7	42.2	32.7	23.1
Total	921.7	1,178.2	1,299.4	1,383.4

3.3 Gross Debt and the Capital Financing Requirement

This indicator seeks to ensure that debt does not, except in the short term, exceed the total of the capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years.

For the purposes of the Prudential Code, gross debt refers to the sum of borrowing and other long-term liabilities.

Gross Debt and the Capital Financing Requirement	2023-24 Forecast	2024-25 Estimate	2025-26 Estimate	2026-27 Estimate
Gross Debt at 31 March	779.3	1,136.7	1,254.6	1,348.1
Capital Financing Requirement	1,168.9	1,357.0	1,444.3	1,502.2

4.0 Affordability Prudential Indicators

4.1 Ratio of Net Financing Costs to Net Revenue Stream

4.1.1 This indicator compares the total principal and net interest payments on external debt to the overall revenue spending of the MOPAC Group.

Net Financing Costs to Net Revenue				
Stream	2023-24	2024-25	2025-26	2026-27
	Estimate	Estimate	Estimate	Estimate
Total	3%	4%	5%	5%

5.0 Treasury Management Prudential Indicator

- 5.1 The Treasury Management Prudential Indicator requires the adoption of the latest version of the CIPFA Code of Practice for Treasury Management in the Public Services.
- 5.2 The MOPAC Group has adopted the CIPFA Code of Practice for Treasury Management in the Public Services.

6.0 Treasury Management Limits on Activity

6.2 Limits for Maturity Structure of Borrowing

- 6.2.1 Local Authorities are exposed to the risk of having to refinance debt at a time in the future when interest rates may be volatile or uncertain. The maturity structure of borrowing indicator is designed to assist Authorities in avoiding large concentrations of debt that has the same maturity structure and would therefore need to be replaced at the same time. The indicator is calculated as the amount of projected borrowing that is maturing in each period expressed as a percentage of total projected borrowing. For each maturity period an upper and lower limit is set.
- 6.2.2 The maturity of borrowing should be determined by reference to the earliest date on which the lender can require payment. Where the lender has the right to increase the interest rate payable without limit, the maturity date will be deemed to be the next call date.

Limits for Maturity Structure of Borrowing	Upper Limit	Lower Limit
	%	%
Under 12 months	50.00	0.00
12 months to 2 years	20.00	0.00
2 years to 5 years	20.00	0.00
5 years to 10 years	35.00	0.00
10 years to 20 years	35.00	0.00
20 years to 30 years	50.00	0.00
30 years to 40 years	25.00	0.00
40 years to 50 years	20.00	0.00

6.3 Limits for Principal Sums Invested for Periods Greater than 365 Days

- 6.3.1 This indicator seeks to contain the risk inherent in the maturity structure of an Authority's investment portfolio, since investing too much for too long could:
 - adversely impact on the MOPAC Group's liquidity and in turn its ability to meet its payment obligations and,
 - also lead to the loss of some of its principal if it is forced to seek early repayment or redemption of principal sums invested.
- 6.3.2 Under this indictor the MOPAC Group is therefore required to set an upper limit for each financial year period for the maturing of its long-term investments.
- 6.3.3 This limit does not apply to externally managed funds or to pooled monies within the LTLF. This is one of the key benefits of the pooled arrangement, allowing MOPAC to obtain diversification and returns that would not be possible on a standalone basis.

Upper limit for principal sums invested for	Maximum principal sums invested >365 days			
longer than 365 days	2023-24	2024-25	2025-26	
Principal sums invested for longer than 365 days	0.00	0.00	0.00	

7.0 Liability Benchmark

- 7.1.1 The Authority is required to estimate and measure the forthcoming financial year and the following two financial years, as a minimum.
- 7.1.2 There are four components to the LB:
 - a) **Existing loan debt outstanding**: the Authority's existing loans that are still outstanding in future years.
 - b) **Loans CFR**: this is calculated in accordance with the loans CFR definition in the Prudential Code and projected into the future based on approved prudential borrowing and planned MRP.
 - c) **Net loans requirement**: this shows the Authority's gross loan debt less treasury management investments at the last financial year-end, projected into the future and based on its approved prudential borrowing, planned MRP and any other major cash flows forecast.
 - d) **Liability benchmark** (or gross loans requirement): this equals net loans requirement plus short-term liquidity allowance.



General Fund Liability Benchmark

7.1.3 The chart indicates a sizeable gap between external borrowing and the liability benchmark. Factoring in the 20 year capital strategy shows the benchmark level of external loans peaking at £1.27bn in 29/30 before net loans requirement turns into a net surplus by 2050/51.

- 7.1.4 This net position takes account of the Capital Financing Requirement (red line) and its amortisation as debt is resourced, as well as Other Balance Sheet Items (yellow line) which compromise reserves, balances, provisions, working capital etc. These Other Balance Sheet Items (positive balances) are projected to reduce from over £600m to just under £300m by 28/29. The net indebtedness therefore is increasing over the period both as a result of increases in the CFR as Prudential Borrowing, and a reduction in the level of positive balances.
- 7.1.5 As the Other Balance Sheet Items are projected to remain flat at c£300m, once the CFR amortises and is reduced to a value less than £300m, the authority is in a net surplus and therefore investment balances will be projected to rise as the net surplus increases.
- 7.1.6 The chart demonstrates a clear future borrowing requirement, on current estimates of up to £850m required by 29/30 on an amortising structure no longer than 25 years.

The main changes in the Investment Strategy are summarised below:

- A new Strategic Lending allocation of 5% of the fund is to be created by taking 5% from Core Liquidity (now 50% rather than 55%). Liquidity has been maintained by reducing the maximum Weighted Average Life (WAL) of Core Liquidity from 90 days to 60 days.
- 2. Strategic Lending (a new 5% allocation) and Strategic Investments (the existing 10% allocation) have performance benchmarks of SONIA + 200bps and + 300bps respectively, giving LTLF the flexibility to take advantage of a wider range of investment opportunities. Previously, Strategic Investments had a benchmark return of SONIA + 400bps, set in a very different interest rate environment and which ruled out a number of investments that could usefully contribute to achieving the targeted return while remaining within acceptable risk parameters.
- 3. In section 3, Counterparty and Investment Limits, investments are categorised as Specified (S) or Non-Specified (NS) in accordance with the statutory guidance. Previously there was a NS* category where the investments concerned had to be managed by an FCA regulated manager. Since all investments have to be managed by FCA regulated managers under the current fund structure, this category is redundant and has been replaced by NS.
- 4. Section 3.3 has been redrafted to clarify how the exposure limits are calculated, in particular, how forecast average balances are used for measuring limits for longer-term investments. This highlights how important it is that the Partners work in partnership to create accurate forecast cash-flow information, which then enables LTL to meet the Partners' liquidity requirements in the most efficient manner possible.
- 5. In Table 5, the cash exposure limits have been reduced to individual counterparties. These reduced limits promote a diversification of counterparties and better reflects how the portfolio is run in practice.
- 6. A new limit of 10% of the portfolio to any Local Authority counterparty (previously not limited) has been introduced. This reflects the fact that while Local Authorities are considered to carry UK Sovereign risk by Link Asset Services, there is nevertheless the possibility of stressed Local Authority cash-flows in the short term.
- 7. To bring consistency, a maximum limit on any new investment has been proposed across both Strategic Lending and Strategic Investments of 3% of assets under management at the point of commitment.
- 8. With Strategic Investments, while seen as longer-term investments, the intention is to have regular liquidity. This will come from a diversified portfolio of closed investments returning capital each year plus investments that offer redemption options within 12 months. An initial limit of at least 33% of the portfolio being liquid within one year was included in the 2023-24 investment strategy. Reviewing the investment opportunities available, to avoid overly restricting opportunities, it is proposed to set the percentage at 25% rather than 33%.

Appendix D: Investment Strategy 2024-25

1. Background

1.1. This document sets out the investment strategy for the London Treasury Liquidity Fund (LTLF) for the financial year 2024-25.

2. Strategic Asset Allocation

2.1. The proposed strategic asset allocation for the investment strategy is as follows:

Asset type		Allocation	Gross expected return
Core liquidity	Overnight liquidity	10%	SONIA
WAL ≤ 60 days	Short-term deposits or investment grade debt	40%	SONIA
Medium-term	Senior RMBS Expected WAL ≤ 3.5 years	35%	SONIA + 30bps
	Strategic lending Expected WAL ≤ 5 years	5%	SONIA + 200bps
Long-term core balance	Other strategic investments	10%	SONIA + 300bps
Total		100%	SONIA + 50bps

Glossary

RMBS:	Residential Mortgage-Backed Securities
SONIA:	Sterling Overnight Index Average rate
WAL:	Weighted Average Life
Gross expected return:	Expected gross return before fees and expenses incurred directly by LTLF

2.2. LTLF has the following objectives and risk profile:

Security of Capital

The portfolio 95% VaR (value at risk) should not exceed 2%.

The VaR will be assessed at least semi-annually using appropriate professional advice.

Liquidity

LTLF aims to meet all properly constituted withdrawal requests from its Limited Partners.

Yield

LTLF targets a net return of at least SONIA + 40 bps over a rolling three-year period.

3. Counterparty and Investment Limits

3.1. Table 1 sets out the range of specified and non-specified investments permitted by LTLF. Specified and non-specified investments are as defined in the Statutory Guidance on Local Government Investments issued by the Department for Levelling Up, Housing and Communities (DLUHC) under the Local Government Act 2003.

The following key applies:

S = Specified (These are sterling investments with high credit quality and a maturity period of not more than 365 days, or those which could be for a longer period but where the lender has the right to be repaid within 365 days if it wishes. These are low risk assets where the possibility of loss of principal or investment income is negligible. The instruments and credit criteria to be used are set out in the table below.)

NS = Non-Specified (Non-specified investments are any other type of investment. They normally offer the prospect of higher returns but carry a higher risk.)

3.2. LTLF will make best efforts to maintain at least 50% of all investments (or underlying investments) in the form of Specified Investments.

Investment type	Eligibility criteria	≤ 1 year to maturity at time of investment	> 1 year to maturity at time of investment	Maximum total exposure (see 3.3)
Senior Unsecured Debt, e.g. Deposits Call Accounts Notice Accounts Certificates of Deposit Loans Commercial Paper UK Gilts and T- Bills All other senior unsecured bonds	Issuer (and security where separately rated) Investment Grade (IG) defined per Table 3 OR UK Government (including the Debt Management Account Deposit Facility, Local Authorities and bodies eligible for PWLB finance) OR Issuer not meeting general criteria but instruments explicitly guaranteed by IG entity or sovereign national government	S	S	Aggregate 100%, individual limits determined by Table 5

Table 1

Investment type	Eligibility criteria	≤ 1 year to maturity at time of investment	> 1 year to maturity at time of investment	Maximum total exposure (see 3.3)
	meeting acceptable sovereign ratings per Table 2			
Money MarketFitch AAAmmf or aboveFundsSee Table 3 for equivalents from other agenciesDaily liquidity		S	N/A	100% Not more than 20% per fund
Other Collective Investment Schemes e.g. Enhanced Cash Funds	Fitch AAA _f or equivalent from other agencies per Table 3	NS	N/A	20%
Covered Bonds	Bond rating Fitch AA+ _{sf} or equivalent from other agencies per Table 3 AND Issuer rated Fitch A- or above or equivalent from other agencies per Table 3	NS	NS	20%
Repurchase Agreements (Repo)	Counterparty meets senior unsecured criteria AND proposed collateral (Min 100%) itself meets permitted investment criteria OR Collateralisation is >102% with UK Gilts / T-Bills	S – UK gilts or T-Bills AND counterparty meets senior unsecured criteria NS – other	Not permitted	S – 100% NS – 20%, and not more than 10% with counterparties not meeting senior unsecured criteria
Senior UK Prime or Buy-to-Let Residential Mortgage-Backed Securities (RMBS)	Bond rating Fitch AA+ _{sf} or above or equivalent from other agencies per Table 3	NS	NS	35%
Medium-Term Strategic Lending	See Section 5	NS	NS	5%
Other Strategic Investments	See Section 6	NS	NS	10%

- 3.3. LTLF's assets under management ("AUM") can vary in the short-term as its Limited Partners deposit and withdraw their treasury funds in the normal course of business.
 - For short-term core liquidity assets, exposure is measured against LTLF's AUM on the day.
 - For medium and long-term assets, LTLF measures exposure against the forecast average daily AUM for the year ahead ("Forecast AUM") based on forecast cash-flows provided by its Limited Partners. The Forecast AUM is used to fix cash limits for the quarter ahead with such limits being recalculated at least quarterly. If revised forecast cash-flows are received during a quarter that adjust the Forecast AUM by more than 20%, then new cash limits will be set during that quarter.

4. Credit Ratings and Country Limits

4.1. Maximum direct exposures to non-UK financial institutions apply by country, based on the relevant sovereign ratings outlined in the table below:

Max. Aggregate Exposure (%)	Fitch Sovereign Rating	S&P Sovereign Rating	Moody's Sovereign Rating
25	AAA	AAA	Aaa
15	AA+	AA+	Aa1
5	A	А	A

Table 2 – Country Limits

Note: for non-UK, non-financial institutions, or in circumstances such as an instrument being issued through a subsidiary domiciled in one country but guaranteed or otherwise secured by a parent in another, the risks and appropriate country limit (if any, in the case of multinational corporations) in which to aggregate the exposure will be considered on a case-by-case basis and determined by the relevant portfolio manager.

4.2.	Table 3 sets out the range of investment grade ratings used by LTLF and its portfolio
	managers.

Table 3 – F Ratings	Permitted Credit R	Ratings and Equ	uivalence Mapp	oings and Senior	Unsecured Bond	
Long-term			Short-term	Short-term		
Fitch	Moody's	S&P	Fitch	Moody's	S&P	
AAA	Aaa	AAA				
AA+	Aa1	AA+				
AA	Aa2	AA	F1+	P-1	A-1+	
AA-	Aa3	AA-				
A+	A1	A+				
А	A2	A	F1	P-1	A-1	
A-	A3	A-				
BBB+	Baa1	BBB+				
BBB	Baa2	BBB	F2	P-2	A-2	
Structured	Finance Ratings			I	I	
Fitch		Moody's		S&P		
AAA _{sf}		Aaa (sf)		AAA (sf)		
AA+ _{sf}		Aa1(sf)	AA+ (sf)			
Money Ma	rket Fund Ratings	5 5		I		
Fitch	Fitch Moody's		S&P			
AAA _{mmf} Aaa-mf			AAAm			
Other Pern	nitted Fund Ratin	gs		I		
Fitch		Moody's		S&P		
AAAf		Aaa-bf		AAAf		

4.3. For core liquidity investments, lower ratings are balanced by higher ones in order to maintain a credit risk on rated instruments that is no greater than a 12-month deposit with an AA-institution. This is determined by assigning a credit factor to each rated investment per Table 4 and calculating a weighted average portfolio credit factor (PCF). This must remain below 5 and no single instrument may exceed 10.

Use instrument rating or if not rated, rating of Issuer									
Days	AAA	AA+	AA	AA-	A+	А	A-	BBB+	BBB
O/N	0.01	0.01	0.01	0.01	0.02	0.03	0.04	0.07	0.10
2-7	0.02	0.04	0.06	0.10	0.15	0.20	0.30	0.50	0.80
8-30	0.10	0.15	0.25	0.40	0.60	0.75	1.30	2.10	3.50
31-60	0.20	0.30	0.50	0.80	1.20	1.50	2.60	4.20	7.00
61-90	0.25	0.50	0.75	1.25	1.50	2.50	5.00	7.50	10.00
91-120	0.35	0.65	1.00	1.50	2.30	3.30	6.60	10.00	13.50
121-150	0.40	0.80	1.25	2.10	2.90	4.20	8.30	12.50	16.50
151-180	0.50	1.00	1.50	2.50	3.50	5.00	10.00	15.00	20.00
181-210	0.60	1.20	1.75	3.00	4.00	5.80	11.70	17.50	23.50
211-240	0.70	1.30	2.00	3.30	4.70	6.60	13.30	20.00	27.00
241-270	0.75	1.50	2.25	3.75	5.25	7.50	15.00	22.50	30.00
271-300	0.80	1.70	2.50	4.20	5.80	8.30	16.70	25.00	33.50
301-330	0.90	1.85	2.75	4.60	6.50	9.20	18.50	27.50	37.00
331-397	1.00	2.00	3.00	5.00	7.00	10.00	20.00	30.00	40.00
398-730	2.70	5.30	8.00	13.00	19.00	27.00	43.00	69.00	106.00

Credit Factors based on Issuer Default Rating (Fitch and Fitch Equivalents)

Table 4 – Credit Factors

4.4. For the purposes of the above, UK Government (including the Debt Management Account Deposit Facility, Local Authorities and bodies eligible for PWLB finance) securities are treated as the long-term UK Sovereign rating, reflecting the UK's highly centralised and interdependent public finance regime.

4.5. Exposure limits to individual counterparties are determined by the colour bands assigned under the Colour Banding Methodology supplied by Link Asset Services.

Cash Exposure Limits – applied to individual counterparties			
Band	Overnight	> 1 day	
UK Sovereign (see 4.7)	100%	100%	
UK Local Authorities (see 4.7)	10%	10%	
Yellow	20%	20%	
Purple	20%	15%	
Orange	15%	15%	
Red	15%	10%	
Green	10%	5%	
No Colour	5%	5%	

Table 5 – Concentration Limits

4.6. The bands above are calculated based on a range of credit ratings data, including published rating watches and outlooks.

4.7. Exposure to an individual counterparty in the UK Sovereign band has been set at 100% to cater for a severe market disruption scenario when all funds might be best placed with a UK Government institution. Notwithstanding their UK Sovereign status, Local Authorities' cashflows may be temporarily stressed. Following the principles of good portfolio management and diversification, cash exposure to an individual Local Authority is limited to 10% of LTLF's AUM.

5. Medium-Term Strategic Lending

- 5.1. Medium-term strategic lending is a portfolio of individual lending or financing transactions seeking to earn higher returns than the core liquidity or RMBS assets but with a low risk of capital impairment.
- 5.2. Such opportunities may involve situations where market capacity may be limited or restricted despite ample security being available or where flexibility is sought by the borrower e.g. around early repayment without penalty. An example transaction would be the provision of secured loan finance to an investment fund.

Gross expected return	SONIA + 200bps
Concentration risk	No individual medium-term strategic lending investment to exceed 3% of LTLF's Forecast AUM at the point of commitment

- 5.3. The expected WAL of medium-term strategic lending will not exceed 5 years.
- 5.4. Medium-term strategic lending will be secured on assets or cash-flows except where the borrower is (or is guaranteed by) an investment-grade counterparty (Fitch BBB or better, see Table 3) or a public body with credible sovereign support.
6. Long-Term Core Balance – Other Strategic Investments

6.1. In general terms, the other strategic investments allocation is seeking returns similar to those expected of a well-funded institutional pension fund.

- 6.2. The other strategic investments allocation will be deployed on a best ideas basis across a range of asset classes, seeking investments anticipated to achieve the expected return and demonstrate a level of volatility that will keep the overall expected VaR within the limit set in Section 2.2 above.
- 6.3. The following limits will apply to the other strategic investments allocation:

Criteria	Limit
Overall expected portfolio volatility	95% VaR ≤ 2%
Concentration risk	No individual other strategic investment to exceed
	3% of LTLF's Forecast AUM at the point of
	commitment
Sector diversification	
Infrastructure (debt and equity)	< 50% of other strategic investments allocation
Real estate (debt and equity)	< 50% of other strategic investments allocation
SME (debt and equity)	< 50% of other strategic investments allocation
Other debt and equity (public and	< 50% of other strategic investments allocation
private)	

- 6.4. LTLF will not directly hold land or property.
- 6.5. While the other strategic investments allocation is made up of medium to longer term investments, liquidity remains important. Investments will be managed to ensure a regular flow of capital distributions, and where funds lack contractual redemption windows or other clear options to exit, the expected final maturity dates will be appropriately diversified.

Investments capable of redemption or	> 25% of other strategic investments allocation
• •	
sale on a recognised market within 12	
months plus expected capital	
distributions from other strategic	
investments within 12 months	

6.6. LTL may seek the approval of the Alternative Investment Fund Manager (AIFM) and the Limited Partners' Advisory Committee (LPAC) of LTLF in relation to new investment opportunities under the other strategic investments allocation, where such new investment opportunities are in a new fund or in a new product (the Reserved Investment Decisions).

7. Hedging

- 7.1. Investments denominated in foreign currency may be made under the medium-term strategic lending and other strategic investments allocations, provided that any currency risk is captured in the regular VaR analysis of LTLF and where necessary or desirable, such investments are hedged into sterling within the investment itself or with an overlay, with the related terms and level of hedging to be determined by LTLF after consultation with the LPAC.
- 7.2. Any portfolio managers undertaking hedging will be required to maintain appropriate policies on the use of hedging instruments, which must provide that any credit or liquidity risk arising from such instruments is limited to counterparties that meet the criteria of LTLF's core liquidity allocation.
- 7.3. The denomination of Limited Partners' investment in LTLF will always be sterling.

8. Investment Limit Exceptions

- 8.1. Any active exception (i.e. an exception due to an action by a portfolio manager) to the investment limits set out in the investment strategy requires the prior approval of the AIFM and the LPAC.
- 8.2. Where passive exceptions (i.e. exceptions due to changes in the value of the portfolio) to the investment limits set out in the investment strategy occur, they will be reported to the Investment Committee of LTL and to the AIFM. Any rebalancing of the portfolio in the event of passive exceptions will be at the discretion of the Chief Investment Officer of LTL (or such officer's designated deputy, in cases of absence).

9. Environmental Social and Governance (ESG) Considerations

9.1. LTLF's investment portfolio will be managed in accordance with the GLA Group Responsible Investment Policy.

Appendix E: Treasury Management Practices: Main Principles

1.0 INTRODUCTION

- 1.1 The Treasury Management Practices (TMPs): Main Principles below set out the manner in which the MOPAC Group will seek to achieve its Treasury policies and objectives. These TMPs: Main Principles follow the wording recommended by the latest edition of the CIPFA Treasury Management Code.
- 1.2 TMPs: Main Principles are supported by TMPs: Schedules, which provide specific details of the systems and routines employed and the records to be maintained to deliver the TMPs: Main Principles. These Schedules are maintained and updated as necessary, being operational procedures and forming an integral part of the MOPAC Group's treasury management manual.
- 1.3 Approval and monitoring of TMPs is a matter for local decision. As such the TMPs: Principles will be approved by the MOPAC Group and monitored by the MOPAC Group CFO and annually reviewed by the MOPAC Group before the start of the year.
- 1.4 TMPs: Schedules will be approved, monitored and annually reviewed by the Executive Director of Resources.
- 1.5 Scrutiny of the approval and monitoring of TMPs will be performed by the MOPAC Group Audit Panel following recommendations by the MOPAC Group CFO.

2.0 TMP1 RISK MANAGEMENT

2.1 General statement

- 2.1.1 The MOPAC Group CFO will design, implement and monitor all arrangements for the identification, management and control of treasury management risk, will report at least annually on the adequacy/suitability thereof, and will report, as a matter of urgency, the circumstances of any actual or likely difficulty in achieving the MOPAC Group's objectives in this respect, all in accordance with the procedures set out in TMP6 'Reporting requirements and management information arrangements. In addition, any relevant Environmental, Social and Governance (ESG) factors influencing the Authority's Investment Strategy will also be considered.
- 2.1.2 In respect of each of the following risks, the arrangements which seek to ensure compliance with these objectives are set out in the GLA's Group Treasury Management Practices TMP's.

2.2 Credit and counterparty risk management

2.2.1 The MOPAC Group CFO regards a key objective of the MOPAC Group's treasury management activities to be the security of the principal sums it invests. Accordingly, they will ensure that its counterparty lists and limits reflect a prudent attitude towards organisations with whom funds may be deposited, and will limit investment activities to the instruments, methods and techniques referred to in the TMP4 Approved instruments, methods and techniques and listed in the GLA's Group Treasury Management Practices TMP's. The MOPAC Group CFO also recognises the need to have, and will therefore

maintain, a formal counterparty policy in respect of those organisations from which the MOPAC Group may borrow, or with whom it may enter into other financing arrangements.

2.2.2 The MOPAC Group's credit and counterparty policies set out its policy and practices relating to environmental, social and governance (ESG) investment considerations. This is a developing area, and the MOPAC Group's ESG policy does not currently include ESG scoring or other real-time ESG criteria at individual investment level.

2.3 Liquidity risk management

- 2.3.1 The MOPAC Group CFO will ensure the MOPAC Group has adequate though not excessive cash resources, borrowing arrangements, overdraft or standby facilities to enable it at all times to have the level of funds available to it which are necessary for the achievement of its business/service objectives.
- 2.3.2 The MOPAC Group CFO will only borrow in advance of need where there is a clear business case for doing so and will only do so for the current capital programme or to finance future debt maturities or to ensure an adequate level of short-term investments to provide liquidity for the organisation.

2.4 Interest rate risk management

- 2.4.1 The MOPAC Group CFO will manage the MOPAC Group's exposure to fluctuations in interest rates with a view to containing its interest costs, or securing its interest revenues, in accordance with the amounts provided in its budgetary arrangements as amended in accordance with TMP6 'Reporting requirements and management information arrangements'.
- 2.4.2 The MOPAC Group CFO will achieve this by the prudent use of the MOPAC Group's approved instruments, methods, and techniques, primarily to create stability and certainty of costs and revenues, but at the same time retaining a sufficient degree of flexibility to take advantage of unexpected, potentially advantageous changes in the level or structure of interest rates. This should be subject to the consideration and, if required, approval of any policy or budgetary implications.
- 2.5 Exchange rate risk management
- 2.5.1 The MOPAC Group CFO will manage its exposure to fluctuations in exchange rates, so as to minimise any detrimental impact on its budgeted income/expenditure levels.

2.6 Inflation risk management

- 2.6.1 The MOPAC Group CFO will keep under review the sensitivity of its treasury assets and liabilities to inflation and will seek to manage the risk accordingly in the context of the whole organisation's inflation exposures.
- 2.7 Refinancing risk management
- 2.7.1 The MOPAC Group CFO will ensure that the MOPAC Group's borrowing, private financing and partnership arrangements are negotiated, structured and documented, and the maturity profile of the monies so raised are managed, with a view to obtaining offer terms for renewal or refinancing, if required, which are competitive and as favourable to the MOPAC Group as can reasonably be achieved in the light of prevailing market conditions.

2.7.2 The MOPAC Group CFO will actively manage the MOPAC Group's relationships with its counterparties in these transactions in such a manner as to secure this objective, and will avoid overreliance on any one source of funding if this might jeopardise achievement of the above.

2.8 Legal and regulatory risk management

- 2.8.1 The MOPAC Group CFO will ensure that all the MOPAC Group's treasury management activities comply with statutory powers and regulatory requirements. They will demonstrate such compliance, if required to do so, to all parties with whom the MOPAC Group deals in such activities. In framing its credit and counterparty policy under TMP[1] 'credit and counterparty risk management', they will ensure that there is evidence of counterparties' powers, authority and compliance in respect of the transactions they may effect with the MOPAC Group, particularly with regard to duty of care and fees charged.
- 2.8.2 The MOPAC Group CFO recognises that future legislative or regulatory changes may impact on treasury management activities and, so far as it is reasonably able to do so, will seek to minimise the risk of these impacting adversely on the MOPAC Group.

2.9 Operational risk, including fraud, error and corruption

2.9.1 The MOPAC Group CFO will ensure that they has identified the circumstances which may expose the MOPAC Group to the risk of loss through inadequate or failed internal processes, people and systems or from external events. Accordingly, they will employ suitable systems and procedures and will maintain effective contingency management arrangements, to these ends.

2.10 Market/Price risk management

2.10.1 The MOPAC Group CFO will seek to ensure that the MOPAC Group's stated treasury management policies and objectives will not be compromised by adverse market fluctuations in the value of the principal sums it invests and will accordingly seek to protect the MOPAC Group from the effects of such fluctuations.

3.0 TMP2 PERFORMANCE MEASUREMENT

- 3.1 The MOPAC Group CFO is committed to the pursuit of value for money in the MOPAC Group's treasury management activities, and to the use of performance methodology in support of that aim, according to methodology determined from time to time by the MOPAC Group's CFO.
- 3.2 Accordingly, the treasury management function will be the subject of ongoing analysis of the value it adds in support of the organisation's stated business or service objectives. It will be the subject of regular examination of alternative methods of service delivery, of the availability of fiscal or other grant or subsidy incentives, and of the scope for other potential improvements. The performance of the treasury management function will be measured using the criteria set out in the TMP's. The criteria will include measures of effective treasury risk management and not only measures of financial performance (income or savings).

4.0 TMP3 DECISION-MAKING AND ANALYSIS

4.1 The MOPAC Group CFO will maintain full records of the MOPAC Group's treasury management decisions, and of the processes and practices applied in reaching those

decisions, both for the purposes of learning from the past, and for accountability, e.g. demonstrating that reasonable steps were taken to ensure that all issues relevant to those decisions were taken into account at the time.

5.0 TMP4 APPROVED INSTRUMENTS, METHODS AND TECHNIQUES

5.1 The MOPAC Group CFO will undertake the MOPAC Group's treasury management activities by employing only those instruments, methods and techniques detailed in the schedule to this document, and within the limits and parameters defined in TMP1 'Risk management'.

6.0 TMP5 ORGANISATION, CLARITY AND SEGREGATION OF RESPONSIBILITIES, AND DEALING ARRANGEMENTS

- 6.1 The MOPAC Group CFO considers it essential, for the purposes of the effective control and monitoring of the MOPAC Group's treasury management activities, for the reduction of the risk of fraud or error, and for the pursuit of optimum performance, that these activities are structured and managed in a fully integrated manner, and that there is at all times a clarity of treasury management responsibilities.
- 6.2 The principal on which this will be based is a clear distinction between those charged with setting treasury management policies and those charged with implementing and controlling these policies, particularly with regard to the execution and transmission of funds, the recording and administering of treasury management decisions, and the audit and review of the treasury management function.
- 6.3 If and when the MOPAC Group intends, as a result of lack of resources or other circumstances, to depart from these principles, the MOPAC Group CFO will ensure that the reasons are properly reported in accordance with TMP6 'Reporting requirements and management information arrangements', and the implications properly considered and evaluated.
- 6.4 The MOPAC Group CFO will ensure that there are clear written statements of the responsibilities for each post engaged in treasury management, and the arrangements for absence cover. The MOPAC Group CFO will also ensure that at all times those engaged in treasury management will follow the policies and procedures.
- 6.5 The MOPAC Group CFO will ensure there is proper documentation for all deals and transactions, and that procedures exist for the effective transmission of funds.
- 6.6 The delegations to the MOPAC Group CFO in respect of treasury management are set out in the TMSS. The MOPAC Group CFO will fulfil all such responsibilities in accordance with the MOPAC Group's policy statement and TMPs and if a CIPFA member, the 'Standard of Professional Practice on Treasury Management'.

7.0 TMP6 REPORTING REQUIREMENTS AND MANAGEMENT INFORMATION ARRANGEMENTS.

7.1 The MOPAC Group CFO will ensure that regular reports are prepared and considered on the implementation of the MOPAC Group's treasury management policies on the effects of decisions taken and transactions executed in pursuit of those policies on the implications of changes, particularly budgetary, resulting from regulatory, economic, market or other factors affecting its treasury management activities and on the performance of the treasury management function.

7.2 As a minimum:

The MOPAC Group will receive

- an annual report on the proposed strategy and plan to be pursued in the coming year
- a mid-year review
- an annual report on the performance of the treasury management function, on the effects of the decisions taken and the transactions executed in the past year, and on any circumstances of non-compliance with the organisation's treasury management policy statement and TMPs.
- Quarterly reports to monitor and report performance against all forward-looking prudential indicators highlighting any significant actual, or forecast deviations from the approved indicators. The quarterly reports should be reported as part of the authority's integrated revenue, capital and balance sheet monitoring
- 7.3 The MOPAC Group Audit Panel, as the body with responsibility for the scrutiny of treasury management policies and practices, will receive regular monitoring reports on treasury management activities and risks.
- 7.4 The MOPAC Group Audit Panel responsible for scrutiny, such as an audit or scrutiny committee, will have responsibility for the scrutiny of treasury management policies and practices.
- 7.5 Local authorities should report the treasury management indicators as detailed in their sector-specific guidance notes.
- 7.6 The present arrangements and the form of these reports are detailed in the GLA's Group Treasury Management Practices TMP's.

8.0 TMP7 BUDGETING, ACCOUNTING AND AUDIT ARRANGEMENTS

- 8.1 The MOPAC Group CFO will prepare, and the MOPAC Group will approve and, if necessary, from time to time will amend, an annual budget for treasury management, which will bring together all of the costs involved in running the treasury management function, together with associated income. The matters to be included in the budget will at minimum be those required by statute or regulation, together with such information as will demonstrate compliance with TMP1 'Risk management', TMP2 'Performance measurement', and TMP4 'Approved instruments, methods and techniques.
- 8.2 The MOPAC Group CFO will exercise effective controls over this budget and will report upon and recommend any changes required in accordance with TMP6 'Reporting requirements and management information arrangements.
- 8.3 The MOPAC Group CFO will account for the MOPAC Group's treasury management activities, for decisions made and transactions executed, in accordance with appropriate accounting practices and standards, and with statutory requirements in force for the time being.

9.0 TMP8 CASH AND CASH FLOW MANAGEMENT

9.1 Unless statutory or regulatory requirements demand otherwise, all monies in the hands of the MOPAC Group will be under the control of the MOPAC Group CFO and will be aggregated for cash flow and investment management purposes. Cash flow projections will be prepared on a regular and timely basis, and the MOPAC Group CFO will ensure that these are adequate for the purposes of monitoring compliance with TMP1 (2.3) 'Liquidity risk management', and for the purpose of identifying future borrowing needs (using a liability benchmark where appropriate).

10.0 TMP9 MONEY LAUNDERING

10.1 The MOPAC Group CFO is alert to the possibility that the MOPAC Group may become the subject of an attempt to involve it in a transaction involving the laundering of money. Accordingly, it will maintain procedures for verifying and recording the identity of counterparties and reporting suspicions and will ensure that staff involved in this are properly trained.

11.0 TMP10 TRAINING AND QUALIFICATIONS

- 11.1 The MOPAC Group CFO recognises the importance of ensuring that all staff involved in the treasury management function are fully equipped to undertake the duties and responsibilities allocated to them. They will therefore seek to appoint individuals who are both capable and experienced and will provide training for staff to enable them to acquire and maintain an appropriate level of expertise, knowledge and skills. The MOPAC Group CFO will recommend and implement the necessary arrangements, including the specification of the expertise, knowledge and skills required by each role or member of staff.
- 11.2 The MOPAC Group CFO will ensure that the MOPAC Group's members tasked with treasury management responsibilities, including those responsible for scrutiny, have access to training relevant to their needs and those responsibilities.
- 11.3 Those charged with governance recognise their individual responsibility to ensure that they have the necessary skills to complete their role effectively.
- 11.4 In order to accurately reflect all of the above and the technical expertise of the Treasury Management Function, a knowledge and skills register for officers and members involved in the treasury management function is held and regularly updated to record all training and relevant knowledge and skills development.
- 11.5 The present arrangements are detailed in the TMPs: Schedules.

12.0 TMP11 USE OF EXTERNAL SERVICE PROVIDERS

12.1 The MOPAC Group recognises that responsibility for the treasury management decisions remains with the MOPAC Group at all times. It recognises that there may be potential value in employing external providers of treasury management services, in order to acquire access to specialist skills and resources. When it employs such service providers, it will ensure it does so for reasons which have been submitted to a full evaluation of the costs and benefits. It will also ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented and subjected to regular review. And it will ensure, where feasible and necessary, that a spread of service providers is used, to avoid overreliance on one or a small number of companies. Where services are subject to formal tender or re-tender arrangements, legislative requirements will always be observed. The monitoring of such arrangement rests with the MOPAC Group CFO.

13.0 TMP12 CORPORATE GOVERNANCE

- 13.1 The MOPAC Group is committed to the pursuit of proper corporate governance throughout its businesses and services, and to establishing the principals and practices by which this can be achieved. Accordingly, the treasury management function and its activities will be undertaken with openness and transparency, honesty, integrity and accountability.
- 13.2 The MOPAC Group has adopted and implemented the key principles of the TM Code. This, together with the other arrangements detailed in the Treasury Management Practices TMP's, are considered vital to the achievement of proper corporate governance in treasury management, and the MOPAC Group CFO will monitor and, if and when necessary, report upon the effectiveness of these arrangements.





MPS-MOPAC JOINT AUDIT PANEL 15 July 2024

Write-off of Irrecoverable Debt

Report by: Director Financial Accounting and Operations, MPS

Report Summary

Overall Summary of the Purpose of the Report

Following a review of trade debtors and salary overpayments, the MPS are seeking approval from the Deputy Mayor for Policing and Crime (DMPC) to writeoff irrecoverable debts. The general approach in the MOPAC Group is to recover any salary overpayments and for each case, suitable management actions have been considered before reaching the decision to write-off the debt.

The purpose of this paper is to notify the Audit Panel of write-offs made during the 23/24 financial year and the write-off values for 22/23 and 21/22 which have previously been reported to the Audit Panel but still await DMPC approval.

Key Considerations for the Panel

Audit Panel are requested to note the level of proposed write-off of irrecoverable debts.

Interdependencies/Cross Cutting Issues

None

Recommendations

The Audit Panel is recommended to:

Audit Panel are requested to note the level of proposed write-off of a. irrecoverable debts and legacy migration.

1. Supporting Information

Write-off of irrecoverable debts

- 1.1. The MOPAC Scheme of Consent and Delegation, provides that the Deputy Mayor for Policing and Crime (DMPC) has the delegated authority to approve the write off of all debts which are considered irrecoverable.
- 1.2. The general approach in the MPS is to recover all debts including salary and pension overpayments made to employees. Consequentially debts are not written off until all reasonable recovery actions have been considered. Even after a debt has been written off, if the debtor is traced or further information is received the debt will be written back on and the debt will again be pursued.
- 1.3. MPS and SSCL staff have reviewed the facts behind each instance before considering whether a debt is irrecoverable. Each case here has been considered on its own merits and recommendations made accordingly. Circumstances which may lead the MPS to consider a debt to be irrecoverable or not in the MPS interests to pursue include:
 - In cases of bankruptcy, insolvency or where there is an administration order;
 - Shared culpability where there is acceptance that the individual was incorrectly advised or was not otherwise fully aware of the overpayment, for instance where the line manager misunderstood regulations around part time pay and entitlements;
 - Where the debtor is untraceable;
 - Where the claims have been referred to the County Court, a County Court Judgement obtained but the Court itself is unable to pursue the debt;
 - Where it is considered not in the interests of the MPS to pursue;
 - Where the employee/pensioner can prove that there was no overpayment and that they were entitled to receive the money; and
 - Where the employee/pensioner can demonstrate that it would be inequitable for them to repay either part or the full amount.
- 1.4. In line with the MOPAC Scheme of Delegation and Consent approval is sought from the DMPC to write off £434,985 of debts where the debts are considered irrecoverable and £28,769 of debts which are considered uneconomical to pursue. These are summarised in the tables below and detailed in Appendix 1. Source documentation is available for review if required.
- 1.5. The values of irrecoverable debts are as follows:

Irrecoverable Debt	
Payroll	Write-Off
	Value
	(£)
Payroll: overpayments: Historical	24,700

Payroll: overpayments: MPS error	50,505
Payroll: overpayments: Legal advice	18,101
Payroll: overpayments: Not in MPS interests to pursue	68,659
Payroll: overpayments: Death in Service	11,698
Payroll: overpayments: Untraceable debtor	2,658
Pension Payroll: overpayments: Not in the MPS interests to pursue	247,809
Debtors	
Unable to pursue	10,855
Total Irrecoverable	434,985

1.6. There are other instances where a debt is of a low value and/or any further pursuit of the debt through the small claims court would cost more than the value of the debt. In these cases, it is considered uneconomical to pursue.

Low value/uneconomical debt (trade debtors and payroll overpayments)	Write-Off Value (£)
Payroll Uneconomical to pursue	4,500
Trade debtors: Uneconomical to pursue	24,262
Low value cash discrepancy (under and overpayments by trade debtors)	7
Total Uneconomical	28,769

- 1.7. The objective must always be to keep write offs to a minimum. Line managers must inform HR in a timely manner where employees are leaving or where there are changes in working hours/arrangements.
- 1.8. For overpayments where the employee is still serving, the MPS pursues recovery unless it is clear the MPS is at fault. For all other overpayments the MPS has an overpayment process that has been established with intention to enable the MPS and the individual to resolve the matter and agree a reasonable payment plan without the need to start debt recovery, which could lead to court proceedings. This has been found to be successful with early resolution and agreed repayment plans. When there is a challenge, the aim is to find a resolution with the assistance of the individual's Line Manager. We extend the repayment period when required to ensure the MPS recovers the overpayment in full.
- 1.9. All major payroll write-offs, those with large amounts, are discussed within the payroll team which includes the Head of Policy & Reward before a decision is taken on how to proceed. All evidence is reviewed and, if appropriate, advice is sought from Legal Services to seek recovery through the courts.
- 1.10. The total value of payroll overpayment write offs is £180,822 for 254 individuals. This is c£23k less than 2022/23 and c£224k less than 2021/22. This shows an improving overpayment position, reflecting our continuous improvement process to refine the management of overpayments.

- 1.11. In reviewing the payroll, there are overpayments caused by using incorrect sub codes for new joiners that were identified. This automatically paid allowances to individuals, which they were not entitled to receive, as well as incorrect calculations for bank holiday overtime. This has led to overpayments of police officers and staff which the individuals would not have been aware of. This affected 155 members of staff with a total value of £104k. Resulting changes to process and systems have been introduced to avoid similar issues in the future.
- 1.12. We have also continued to review a number of historical overpayments where there has been no correspondence for some time. Legal advice is that we would be unsuccessful with a claim through the courts and they have recommended write-off action due to the failure to correspond earlier.
- 1.13. Sadly, we have also had a number of deaths in service where the overpayment exceeded the final pay to the next of kin. We do recover money if there is a credit for it to be deducted from, in these cases there was insufficient funds to recover the overpayment.
- 1.14. The total amount of pension overpayments put forward, for write off approval is £247,808 for 145 individuals. The majority of these cases (107 individuals at a cost of £191,639) are in respect of the death of a pensioner and result from a delay between the death of the pensioner and the family notifying Equiniti to cease payment of the pension. For death of a pensioner cases, this covers the three-year period 2021-2024. Equiniti has allocated a dedicated resource to review all aspects of their pension administration with the MPS. This has resulted in more timely management information and chasing of overpayments.
- 1.17 HR continually review and improve payroll processes with SSCL and hold monthly meetings to discuss and review overpayments and their progress. We have also raised a Request for Service to make changes to avoid overpayments of individuals when they move roles. Where a mistake is made we will continue to pursue recovery action if it is in the interests of the MPS.

2. Equality and Diversity Impact

There are no equality and diversity implications to this report.

3. Financial Implications

The financial implications are set out in the report: total debt recommended for write off is £463,754 which has been recognised in the 23/24 annual accounts.

Write offs for 22/23 of £229,900 and 21/22 of £448,230 have been previously reviewed by Audit Panel and submitted to MOPAC for approval by the DMPC. To date these have not been approved. MOPAC have requested for prior year figures to be included in this report and will be put forward for approval with the current year.

4. Legal Implications

The MOPAC Scheme of Consent and Delegation provides authority to the DMPC to approve the write off of all debts considered irrevocable. The DMPC may therefore approve the recommendations set out in this report.

5. Risk Implications

There are no risk implications.

6. Contact Details Report author: Paul Oliffe, Director of Financial Accounting and Operations, MPS

7. Appendices and Background Papers

Appendix 1 – Case details

Note Appendix 1 is exempt from disclosure under Data Protection Section 40 and Commercial Interest Section 43 of the FOIA.

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