

MOPAC/MPS BUDGET SUBMISSION 2021/22 to 2022/23

1. BACKGROUND

- 1.1. The Mayor's top priority continues to be keeping Londoners safe and the draft budget has been produced to support this aim but has been set against a backdrop of considerable uncertainty and financial risk.
- 1.2. Uncertainty around Government funding continues to be a significant issue. The Government's Spending Review was for one year only rather than a three-year period and, as yet, they have still not confirmed what the Police Settlement will be for 21/22. Without clarity of funding reasoned budget assumptions have necessarily been made and these assumptions will be revised as greater clarity emerges and the final budget is proposed in February 2021.
- 1.3. In July 2019 the Government announced a commitment to fund an additional 20,000 officers nationally. The 2019 Spending Review allocated funding for 6,000 of these officers and the Metropolitan Police Service (MPS) received funding for 1,369 additional officers in 20/21. The Commissioner has been clear that London needs 6,000 of the 20,000 national allocation.
- 1.4. This draft Budget Submission has been prepared in accordance with the Mayor's Budget Guidance issued in June 2020 and with a requirement to publish and submit draft proposals by 30 November 2020. On 25 November, the Chancellor published the 2020 Spending Review. However, whilst the Spending Review announcement has given some clarity nationally on overall funding for 21/22 some elements, including the MPS allocations, will only be fully confirmed in the Police Settlement. The timing of the Spending Review announcement means that any financial impacts have not yet been incorporated in the budget proposals.
- 1.5. In an initial review of the Chancellor's spending review statement, the following impacts on the 21/22 budget proposals have been identified:
 - A pay freeze for public sector workers (excluding certain NHS staff) for 21/22 excluding workers earning less than £24,000 who will receive a minimum of £250.
 - Funding for £400m for an additional 6,000 police officers (reduced from £750m for 6,000 officers in 20/21)
 - Police and Crime Commissioners (PCCs) in England will be given flexibility to increase funding in 2021-22 with a £15 council tax referendum limit on a Band D property.
- 1.6. The full impact of the Spending Review together with the outcomes of the Police Settlement will be included within the final budgets to be presented in February 2020; with important details still awaited, it was not possible to update this submission ahead of the 30 November deadline.
- 1.7. The draft budget has been based on recruiting the target number of officers set out by the Commissioner and supported by the Mayor i.e. 6,000 over the 3-year period to 22/23. The proposals therefore assume 2,646 additional officers for 21/22 and that additional funding of £142m to meet the cost of these officers will be made available. For 22/23 the budget proposals assume an additional 1,985 officers although, to be prudent, government funding is not assumed at this stage. This has led to a significant funding gap of £301.4m in 22/23, £133.1m being a structural budget gap and the balance of £168.3m being the additional

funding required for the officer uplift numbers. Once the MPS allocation from the additional 6,000 officers for 21/22 has been clarified, the numbers will be revised in the final budget.

- 1.8. An additional £15.8m of funding was originally made available by the Mayor for the recruitment of an additional 600 officers in 20/21. This was to facilitate rapid recruitment towards a budgeted headcount of 33,000 by the end of 20/21. Whilst the Mayor has agreed that the £15.8m can be set aside in earmarked reserves to fund the 20/21 savings targets, the MPS recruitment drive has been successful and at the end of Q2 officer numbers were already at 32,766. For the reasons set out below, officer numbers will be managed down for the remainder of the year through attrition. The Q2 forecast estimates that around 280 of the 600 additional officers will nevertheless be achieved for 20/21.
- 1.9. The lack of certainty of government funding for police forces together with the impact of Covid-19 means that the Mayor has had to make some very difficult decisions such as the imposition of additional funding cuts for the MOPAC/MPS based on estimated losses in council tax and business rates. These are set out in the Mayor's Budget Guidance in June 2020 and total £109.3m in 2020/21 and 2021/22. However, in making these decisions his absolutely priority is to protect public safety.
- 1.10. These uncertainties are compounded by the systemic and continued underfunding with relation to the National and International Capital City grant received by the MPS. This is funded to a value of £185.3m and when overhead costs are taken into account this is £159m less than the recommendations made by Sir Richard Mottram's expert panel in 2015.
- 1.11. The budgeting process has also been undertaken in the midst of a world-wide pandemic which has impacted families, the economy and our way of life. It has also increased cost pressures and exacerbated funding uncertainty across all parts of the public sector.
- 1.12. Covid-19 has had, and continues to have, both a direct and indirect impact on MOPAC and the Metropolitan Police Service (MPS). The MPS has had to adapt and respond to the challenge of Covid-19. Additional efforts have been necessary including policing social distancing measures, protests and unlicensed events, maintaining officer numbers during lockdown, procuring large stocks of PPE and enhanced cleaning of the MOPAC estate.
- 1.13. These responses to the pandemic have resulted in additional cost pressures for 20/21 with the current full year forecast expected to be around a £50m cost pressure. Whilst this pressure has been mitigated in part by the Government's reimbursement of some lost income and costs of PPE, there is still a substantial net pressure of circa £34m on the MPS.
- 1.14. The pandemic has adversely affected the economy and has led to a significant forecast reduction in council tax and business rates income. As a result, the Mayor was forced to announce additional savings targets for the GLA functional bodies in June 2020 with MOPAC's targets being £45.5m for 20/21 and £63.8m for 21/22.
- 1.15. Since then, in order to protect frontline policing, the Mayor has taken the decision to provide additional funding from the GLA reserves which means that MOPAC's 20/21 target has been reduced to £22.75m. Of this the MPS has agreed to find £15.25m of these savings which is already on top of the significant Covid-19 cost pressures arising during 20/21.
- 1.16. This challenging financial situation means that the MPS has had to implement a police staff recruitment freeze and paused some much-needed investment plans, including investment in digital innovation, growth in the Data Office, additional quality improvement work in Met Prosecutions and a new Learning Management System. This has an operational impact on

frontline policing as officers do not receive the benefits of these investments and receive a static level of support from police staff due to the freeze.

- 1.17. The financial challenges which the MPS face means that the budgeted 33,000 officer numbers are simply not achievable. However, the actions taken by the MPS mean that Quarter 2 forecast estimates that there will only be a shortfall of 320 in achieving this target.
- 1.18. At this stage, the Commissioner of the MPS has successfully managed the exceptional and unplanned cost pressures, setting aside funds to meet the additional savings targets and forecasting to end the year over the agreed officer baseline position. The Quarter 2 forecast indicates that the MPS will achieve a balanced budget for 20/21.
- 1.19. MOPAC itself has also had to adapt to the challenges Covid-19 has created. There has been a profound impact on commissioned services which has impacted on demand as well as planned delivery. As services have been required to adapt and revise their service offer MOPAC has implemented a rapid response to deliver its statutory duty to support victims, especially those of domestic abuse and sexual violence.
- 1.20. MOPAC has, however, been successful in securing additional funding to meet the demands of Covid-19 on its commissioning services and has prioritised delivering services against this additional funding.
- 1.21. The 20/21 financial backdrop, the requirement for MOPAC/MPS to deliver a further £63.8m of savings for the next financial year and the uncertainty around Government funding makes setting a balanced budget for 21/22 and beyond extremely challenging.
- 1.22. Whilst the budget proposals included within this submission propose a broadly balanced revenue budget for 21/22, the MPS still has savings plans of around £37m to be identified. There are a number of projects underway within the MPS to determine the final savings proposals for 21/22 and it is anticipated that the MPS will be able to deliver a balanced budget in February 2021.
- 1.23. However, whilst the MPS has made prudent assumptions around the level of Government funding which will be made available to them next year, it is vital that the Government recognises the financial challenges which MOPAC and the MPS are facing and ensure that the Police Settlement is at an appropriate level to ensure that the Commissioner can continue to deliver a policing service which Londoners deserve.
- 1.24. The Mayor has provided over £50m of additional funding over the past two financial years for victims and commissioning services and is making the protection of these services an absolute priority as well as protecting frontline policing services.
- 1.25. Over the medium-term there are continued efforts to make the operations of MOPAC more efficient. The Mayor has proposed to relocate City Hall to The Crystal at the Royal Docks. This decision is subject to the London Borough of Newham granting the GLA planning permission to use The Crystal as a civic centre and we expect the application to be considered in early December. The new proposal is estimated to save the GLA Group £61m over five years and the proposed MTFP assumes that MOPAC will benefit from the reduced rent owing to lower costs than at City Hall.
- 1.26. This submission sets out the MOPAC/MPS revenue and capital budgets for the period 2021/22 to 2022/23 proposed by the Deputy Mayor for Policing and Crime for submission to the Mayor. The budgets are based on current best estimates which may be subject to change in the final budget proposals. These have been prepared in accordance with the Mayor's

Budget Guidance issued in June 2020 and will form part of the overall GLA Group Consolidated Budget to be agreed in February 2021.

- 1.27. It should be noted that the MOPAC Budget incorporates both the MOPAC (Police and Crime Commissioners office) and the Metropolitan Police Service. Where the submission makes reference to MOPAC/MPS, this refers to the group budget, otherwise references to the individual bodies refer to the budget of that body itself i.e. MOPAC or MPS.
- 1.28. As an Authority, MOPAC is also required to publish a Medium-Term Financial Plan (MTFP) covering the forthcoming financial year plus one further year and this is included within this submission. The Medium-Term Financial Plan should also be considered against the draft Capital Strategy which sets out the MOPAC capital expenditure plans.
- 1.29. The MPS' Capital Programme is £1.6bn between 20/21 and 24/25. A significant part of this expenditure will be funded through a contribution from capital receipts generated by the Estates Strategy and from additional borrowing. This investment is vital to ensure that the MPS can continue to innovate and deliver a modern police service for Londoners.
- 1.30. The planned estates disposals and additional borrowing is necessary as a result of the Government's continued lack of appropriate levels of investment funding within the Police Settlement. For 20/21 the MPS received £3.3m of capital funding from the Government against a capital programme of £333.8m.
- 1.31. The potential to generate capital receipts by disposing of buildings is also decreasing - as the estate portfolio becomes smaller, and officer numbers increase. Further modernisation and investment in equipment and technology necessary to police a 21st century society risks creating an increasing dependence on external borrowing. This will increase the cost of capital financing, which is funded from the revenue budget, in turn creating pressures on stretched resources. This was exacerbated by the Government decision to increase the Public Works Loan Board borrowing rate by one percentage point in 19/20 although SR2020 has now reversed this increase.

2. MAYORAL PRIORITIES

- 2.1. The Mayor of London sets the budget and is responsible for making London a better place for everyone who visits, lives or works in the city. The Mayor is elected every four years and sets out an overall vision for London. A Mayoral Election was due to take place in May 2020 but, due to the Covid-19 pandemic was postponed until 2021. The Mayor has a duty to create plans and policies for London covering: Arts & Culture; Business & Economy; Environment; Fire; Health; Housing and Land; Planning; Policing & Crime; Regeneration; Sport; Transport; and Young People. Other priorities for the Mayor include higher education, foreign investment and attracting events to London.
- 2.2. Following extensive consultation, the Mayor published his Police and Crime Plan - A Safer City for All Londoners 2017-21 in March 2017 [PCD 168]. The Police and Crime Plan was due to be refreshed this year, following the Mayoral elections, as per statutory requirements. However, the Government took the decision to postpone the May 2020 Election by a year, due to Covid-19, therefore the existing Police and Crime Plan 2017-21 remains.
- 2.3. The strategy sets out his five top priorities for policing and crime in London:
 - A better police service for London
 - A better criminal justice service for London

- Keeping children and young people safe
- Tackling Violence Against Women and Girls
- Standing together against hatred and intolerance

- 2.4. The Police and Crime Plan can be found at www.london.gov.uk/police-plan.
- 2.5. The Mayor's number one priority is the safety of Londoners and this is reflected in the apportionment of the savings that the GLA Group have been required to find, with the smallest percentage reductions in funding having been applied to both MOPAC and the London Fire Brigade. In the budget setting process, the Mayor has also recognised the importance of protecting vital work to tackle violence, which is undertaken by the Violence Reduction Unit (VRU), and MOPAC commissioning and these areas of work have been protected from making any of the savings applied across the GLA Group.
- 2.6. November 2020 marked the launch of the Action Plan to improve transparency, accountability and trust in policing. This Action Plan is part of the long-running programme of work led by the Mayor to tackle racial inequalities in London.
- 2.7. Central to this is the Mayor's Equality, Diversity and Inclusion Strategy, 'Inclusive London', which sets out key inequalities affecting the lives of Londoners. This Strategy drives work on equality and inclusion, including race equality, with a range of projects, programmes and policies spanning education, health, civil society, as well as policing. Community engagement and advisory functions provide expertise on race equality to bring insight and shape to GLA work. These include the Mayor's Equality, Diversity and Inclusion Advisory Group, the Migrant and Refugee Advisory Panel and civil society partner organisations. The budget for 2021/22 incorporates £1.7m of Met related activity in relation to this Action Plan.
- 2.8. The Mayor is also committed to delivering the MPS transformation programme. This programme aims to deliver:
- For the public – building confidence and tackling the issues that matter to them most;
 - For the MPS people – providing strong leadership and equipping them with the skills and tools which match their commitment to the job;
 - Digital transformation – renewing IT systems which are at the end of their life. Exploiting the digital revolution, new technology, intelligence and data;
 - Organisational transformation – becoming a flexible and agile organisation.
- 2.9. Many of the MPS' IT systems were developed in the 1990s and early 2000s. Whilst these still support operational policing, they are outdated and a number of platforms are on the point of obsolescence, increasing risks to resilience. The MPS must invest to maintain services, to prevent failure of critical systems and renew IT systems for ongoing use, as well developing a capability to match the technology used by criminals.
- 2.10 The MPS has begun delivery of a programme to replace nine core policing systems with one system called CONNECT. In addition, the MPS plans to implement a new command and control system are well advanced. This is a critical system which manages emergency calls and the dispatch of officers in response. It replaces a system which in parts is over 35 years old. The MPS is making strides in improving its digital capability, improving efficiency and quality of service for victims and witnesses. Officers have been issued with body worn video, tablets, laptops and biometric scanners to aid investigations, improve evidence capture and digitise workflows. Digital pathways have also been developed to share case files and evidence with the Crown Prosecution Service and partner agencies to speed up the criminal justice process.

3. 2020/21 REVENUE AND CAPITAL FORECAST

- 3.1. The 2020/21 revenue budget was balanced and agreed in February 2020 and in line with his priorities the Mayor allocated an additional £30.5m of funding for new violence reduction initiatives from council tax and business rates surpluses.
- 3.2. This funding supported an increase in Violence Reduction Unit initiatives, including peer-mentoring programmes for young people in Pupil Referral Units, to help tackle the consequences of school exclusions, and funding for community groups as part of a hyper-localised approach to violence reduction. It also funded increased investment through MOPAC in programmes to tackle 'county lines' and to disrupt the drugs market in the capital, as well as funding to target persistent offenders and domestic abuse perpetrators as part of a joined-up approach to reduce violence and offending.
- 3.3. The latest financial forecast for 20/21 is based on monitoring at Quarter 2 - to the end of September. Full details can be found in the latest MOPAC Quarterly Performance Report https://www.london.gov.uk/sites/default/files/mopac_q2_2020-21.pdf
- 3.4. In summary, the MPS is currently forecasting a balanced position for 20/21 despite the considerable additional pressures it has faced managing the impacts of the pandemic. For the MPS Covid-19 additional cost pressures and loss of income equate to a forecast £50m pressure which is offset by PPE funding from the Home Office of £9.9m and income loss reimbursements of c£7m. The expected net impact in 20/21 of Covid-19 is c£34m. There is additional funding of £6.8m in relation to Covid-19 Enforcement and this is directly associated with the costs relating to enforcement.
- 3.5. The MPS capital programme provided for £414.7m of expenditure in 2020/21 and this was to be funded from a combination of capital receipts, grants, and borrowing. The forecast capital expenditure outturn for 20/21 is £333.8m which represents an underspend of £80.9m against the budget of £414.7m.
- 3.6. The capital underspend predominantly arises from slippage in the Estates programme and as a result of a combination of factors including delaying activity in order to determine the full impact on the estate of officer uplift, Covid 19 and delays in purchasing sites to support operational requirements.
- 3.7. Taking into account the need to adapt its services and prioritise additional grant delivery, at Quarter 2 MOPAC is forecasting a technical underspend of around £8.9m against its budget. £7.8m of these funds are committed and will be set aside in Earmarked Reserves to fund the re-profiled activity in 21/22 and beyond. The remaining balance of £1.1m is a general underspend being delivered against the budget predominantly as a result of not filling vacant staff posts where possible.

4. MOPAC/MPS BUDGET SETTING PROCESS

- 4.1. In preparing the revenue and capital budget each business unit within MOPAC/MPS carried out a detailed process of reviewing current budgets to identify savings and efficiencies, to meet the specific savings target. The development of this budget proposal has been subject to oversight by the Deputy Mayor through her regular meetings with the Commissioner, the quarterly MOPAC Oversight Board, which she chairs, and regular bilateral meetings with the MPS Chief of Corporate Services.

5. REVENUE BUDGET 2020/21 TO 2022/23

- 5.1. As set out above at the time of making this submission, there are significant uncertainties surrounding police funding for 21/22 and beyond. The Government has announced that there will only be a one-year Spending Review which makes longer term planning extremely challenging. The summary impact of the Spending Review has been outlined in the Background section in this paper and will be refined as part of the Final Budget submission when there is further clarity following the Police Settlement confirmation.
- 5.2. The Government has previously committed to funding an additional 20,000 police officers and did provide funding across policing for 6,000 of these officers in 20/21. Of this, the MPS received £160m of funding to support the recruitment of an additional 1,369 officers.
- 5.3. MOPAC/MPS budget calculations are based on recruiting the target number of officers set out by the Commissioner and supported by the Mayor; i.e. 6,000 from the additional 20,000, over 3 years. With the initial recruitment of 1,369 already achieved, the budget proposals assume that an additional 2,646 will be funded for 21/22 and 1,985 in 22/23.
- 5.4. The national allocation was previously understood to be 6,000 by 31/3/21, 8,000 by 31/3/22 and 6,000 by 31/3/23. The assumption is for 6,000 of the 20,000 will be allocated to the Met. The allocation to the end of this financial year is 1,369 meaning the Met need a further 4,631 to reach 6,000. These 4,631 are allocated pro rata to the 8,000 and 6,000 national uplifts over the next 2 years. The Spending Review on 25 November communicated an uplift of 6,000 in 2021/22 (not 8,000 as expected) and where relevant adjustments are required to funding and expenditure in relation to the uplift they will be made as part of the Final Budget submission following the Police Settlement.
- 5.5. The cost of these additional officers has been calculated according to the assumptions agreed nationally in joint working between the Government and Police forces. These assumptions reflect all direct and indirect costs of officers and also take account of the additional costs of operating in London. Minor refinements have been made but the costs per officer for the uplift is in line with the assumptions used last year.
- 5.6. In terms of the budget proposals for 21/22 the MPS budgets assume the government provides funding for the 2,646 additional officers. However, for 22/23 the MPS budget includes the cost of the 1,985 officers but not the government funding at this stage and this leads to a non-structural budget gap in 22/23 of £168.3m. The approach of including cost but not funding in the years following the budget year is consistent with last year and assumptions around officer numbers have not changed.
- 5.7. The previous Spending Round announced that there would be additional funding allocated to Counter Terrorism (CT), which will allow Counter Terrorism Policing to maintain existing capability and capacity and deliver strategic priorities. However, this is for 20/21 only and does not fund any further growth in CT capability. The latest Spending Review has confirmed the £70m baseline for CT will continue. It should be noted that CT grant provides a substantial contribution to the overall MPS officer establishment. As with third party income, should there be a reduction in CT funding then this would likely impact on the overall officer establishment and require a reduction to the MPS officer baseline.
- 5.8. In 2020/21 the Treasury introduced a cap on funding for CT which resulted in a reduction of 142 officers from this baseline. As part of the officer uplift in 2021/22, of the 6,000 officer growth, the current assumption is that 150 will go to CT policing and approximately 300 to ROCU's (with the Met securing 68 of these posts, in line with the funding formula allocation).

- 5.8. The ongoing impact of Covid-19 means that the MPS will face a continued pressure in respect of third-party income received for the provision of external funded policing services provided to a number of key partners e.g. London airports. Whilst the Home Office has reimbursed some of the income lost in 20/21 there is no indication from the Government that financial support for lost income will be ongoing.
- 5.10. Some of the national roles that London delivers remain funded substantially below what they cost the MPS to deliver. In particular, the National and International Capital City grant is paid at £185.3m, when overhead costs are taken into account this is £159m less than the recommendations made by Sir Richard Mottram’s expert panel in 2015.
- 5.11. The funding from central Government accounts for 70% of the MOPAC/MPS budget, excluding reserves usage. This highlights the fact that the financial sustainability of the MPS depends on funding decisions taken by the Treasury and the Home Office to a large degree.
- 5.12. The 2021/22 MOPAC/MPS revenue budget totals £4,046m (although this will reduce once the further savings are identified) funded as follows:

Funding source	£m	%
Home Office Police Grant	2,229.1	55%
Specific Grant	583.1	14%
GLA Precept and Business Rates	766.2	19%
Income	290.2	7%
Use of reserves (Including BR reserve)	140.4	4%
Savings to identify	37.2	1%
Total	4,046.2	100%

- 5.13. The draft budget and workforce assumptions will be revised following further Government announcements via the police funding settlement. The 21/22 MOPAC/MPS revenue budget is distributed as follows:

	£m	%
Police officer costs	2,282.4	56%
Police staff costs	595.1	15%
PCSO costs	56.2	1%
Other staff costs	46.6	1%
Total staff costs	2,980.3	74%
Premises costs	157.4	4%
Transport costs	78.2	2%
Supplies and services costs	684.9	17%
Capital financing costs	145.4	4%
Sub-total running and financing costs	1,065.9	26%
Total	4,046.2	100%

- 5.14. Inflation factors have been applied to various expenditure budgets for 21/22 to reflect the anticipated cost increases. Inflation (pay and non-pay) is estimated to cost £63.6m. This includes an assumed 2% pay increase for officers, staff and PCSOs in line with the 20/21 confirmed pay awards. The full year effect of this in 21/22 and beyond is built into the

budget. Further detail is awaited in this area regarding the Spending Review comments and these refinements will be factored into the final budget submission.

- 5.15. Officer and staff pay and overtime accounts for 74% of MPS expenditure, while supplies and services, such as external suppliers, uniforms, utilities and kit, account for 17% and premises costs for 4%. Almost £900m of gross savings have already been delivered since 2013 through operational efficiencies. However, the officer uplift will require a fresh examination of the existing estate strategy to ensure that it will meet the needs of an expanding police force.
- 5.16. In the absence of additional resourcing and clarity on future police officer uplift funding, the proposed budget shows a funding gap rising to £301.4m in 22/23. Of this £168.3m relates to the Officer Uplift and the balance of £133.1m is the structural budget gap. There is an urgent need for certainty on the MPS funding arrangements so that any residual funding gap can be addressed. The Mayor and the MPS will continue to seek efficiency improvements and savings but given that £886m savings have already been delivered since 2013/14 it would not be possible to close this budget gap by delivering yet more savings and efficiencies without reducing officer and staffing numbers. It has been a continued and active choice to protect staff and officer numbers to mitigate savings impacts on frontline policing. The table below shows a condensed analysis of the budget gaps and savings in the medium term.

	2021/22	2022/23
	£m	£m
Opening gap (including uplift requirement) after adjustments	273.1	554.9
Uplift funding required	- 142.2	- 310.6
Structural gap	131.0	244.4
Less savings previously identified	- 50.2	- 78.2
Less new savings identified	- 19.1	- 21.8
Less use of reserves and unallocated funding	- 24.6	- 11.3
Structural (excl. uplift) savings to find	37.1	133.1

- 5.17. Annex 1 presents the proposed budgets from 21/22 to 22/23 and details of savings, efficiencies and pressures. This includes:
- The 21/22 proposed budget and forecast budget for 22/23. Figures for the 20/21 budget and forecast are provided for comparative purposes. The budgets are presented by subjective analysis (i.e. by cost type) and by business group.
 - Pie charts showing the proportionate spend of the 21/22 revenue budget by subjective analysis and different funding streams.
 - The gross pressures, savings and efficiencies from 21/22 and 22/23. Savings and efficiencies are presented on an incremental as well as cumulative basis, with the planned savings as identified in the 20/21 budget submission and the new savings identified in the 21/22 submission shown distinctly.
 - Analysis of changes from the 20/21 budget to that of 21/22 explaining the reasons for the movements in budget including inflation, savings and efficiencies and use of reserves.

6. FUNCTIONS MANAGED DIRECTLY BY MOPAC: BUDGET 2021/22 TO 2022/23 DETAIL

- 6.1. The 21/22 MOPAC revenue budget includes funding allocated to MOPAC itself as well as the MPS. MOPAC is a statutory office established as a Corporation Sole. The Mayor of London is the occupant of that Office and is the London equivalent of an elected Police and Crime Commissioner elsewhere.
- 6.2. The Mayor in his MOPAC role has appointed a Deputy Mayor for Policing and Crime (DMPC), Sophie Linden, to whom he may delegate such MOPAC functions as are not by law reserved to him to exercise. Accordingly, the Mayor has delegated all non-reserved functions to the DMPC.
- 6.3. MOPAC has responsibilities set out in the Police Reform and Social Responsibility Act 2011, including overseeing the Metropolitan Police Service (MPS), ensuring public accountability and delivering victims services and crime prevention programmes. These programmes include convening partners across the Criminal Justice System for London, commissioning programmes that provide vital services and programmes which tackle violence.
- 6.4. MOPAC commissioning includes innovative pilots which have aided the development of cross-London and cross-sector partnerships and has levered in new sources of match funding. The Mayor's Violence Reduction Unit which also sits within MOPAC, was established to develop an early intervention and preventative strategy to tackling violence and making Londoners feel safer. It draws on the principles of a public health approach and commissions innovative work, often led by community and VCS partners. It works in close partnership with specialists from health, police, local government, probation and community organisations.
- 6.5. The Ministry of Justice (MoJ) makes funding available every year, from the fund created by the Victim Surcharge, to commission and deliver local services for victims of crime. The Victim Surcharge was introduced in 2007 at a flat rate of £15 for those who received a fine. There is now a more complex system with the surcharge varying according to the severity of the sentence (maximum fine at £190). The resultant fund is distributed to PCCs using a population-based formula that uses ONS population estimates.
- 6.6. The allocation formula does not, however, recognise the concentration of crime in London nor the additional cost of delivering policing and other services. It should be a priority for the MoJ to address the scale of this funding as well as the method of allocation for the sake of victims of crime and to avoid pressure on locally funded services. The 21/22 budget includes the assumption of £10.3m of grant funding from the MoJ. This is a prudent estimate based on prior years draft budget submissions, if a higher level of funding is made available then delivery plans will be re-scoped accordingly.
- 6.7. The London Crime Prevention Fund (LCPF) enables MOPAC to support local victim support and crime prevention activity within London boroughs. This accounts for £18.4m of MOPAC expenditure in 21/22. Within this the LCPF Co-commissioning Fund, which is worth £5.3m, provides funds to groups of partners to work together on pan-London solutions across boroughs.
- 6.8. The Mayor published his Action Plan in November 2020 to improve trust and confidence in the Metropolitan Police Service (MPS) and to address community concerns about the disproportionality in the use of certain police powers affecting Black Londoners. The Mayor has committed, as part of the action plan, to invest £1.7m to develop greater community involvement in police officer training and in the recruitment and progression of Black officers in the MPS. This will be funded by MOPAC for a 3-year period through a combination of reserves, core funding and use of the Police Property Fund (PPAF). This is included within Victims Services and Crime Prevention in the draft revenue budget below.

- 6.9. The proposed total MOPAC revenue budget in 21/22 is £71.6m which includes £12.1m of budget allocated to the work of the VRU. The proposed budget is net of use of PPAF and external income derived from the DARA shared audit services. The budget proposed is a decrease of £25.5m from the 20/21 Q2 Budget position (decrease of £17.9m for MOPAC and £7.6m for VRU) and further decreases are proposed in the medium-term financial plan. Further detail on the VRU is included in Section 7.
- 6.10. Aside from the £1.5m core budget reduction the remainder of the £25.5m reduction is primarily a result of programmes financed through one-off sources of funding coming to an end, including Home Office, additional MoJ funding received in year and Mayoral funding. For some programmes, Mayoral growth funding has directly enabled some programmes to continue.
- 6.11. MOPAC is contributing £1.5m towards the £63.8m of savings required for 21/22 due to the anticipated decreases in council tax and business rates. Against MOPAC's core budget of £37.8m this represents a reduction of almost 4%. However, excluding the £18.4m of LCPF expenditure, MOPAC is required to find £1.5m of savings from a residual controllable budget of £19m which represents an 8% reduction. The core controllable MOPAC budget relates to funding that is not already tied to third party delivery and is used to fund staffing, non-LCPF commissioning works as well as ongoing overheads such as rent. MOPAC's core budget has remained around £37m for a number of years aside from a small inflationary increase, whilst its work programme has been significantly enhanced over the past few years, demonstrating increased value-for-money.
- 6.12. MOPAC has a continued drive for value for money from its controllable budget. Compared to 2020/21 the only changes in the MOPAC staffing budget aside from minor inflationary components have been in relation to internal transfers of staff from MPS and as at Q2 there are anticipated in-year staffing savings of £0.7m in relation to holding vacancies. Where savings are generated from MOPAC's controllable budget the balances are transferred to General Reserves at the end of each fiscal year to mitigate against future cost pressures.
- 6.13. MOPAC is planning to meet its savings target through a combination of the deletion of vacant posts, changes to the way the Evidence and Insight function conducts its research work and other non-staff savings. MOPAC's core budget has therefore been reduced by the £1.5m 21/22 savings target to leave a core budget for 21/22 of £36.6m within the overall budget of £71.6m. The core budget has also been amended for estimated pay inflation but there are no other significant changes to the 20/21 budget.
- 6.14. The overall MOPAC budget includes £12.1m in 21/22 for the VRU which comprises a base budget of £5m and Mayoral Growth funds of £5.5m drawn down from earmarked reserves and £1.6m use of the London Crime Prevention Fund (LCPF).
- 6.15. The 21/22 MOPAC proposed expenditure budget (net of £4.3m relating to PPAF usage and £0.6m for shared service audit fees) and funding is set out below. The imposition of the savings targets means that Oversight and Accountability is now 13% of the expenditure budget (excluding VRU) compared to 12% for 20/21. This increase is not as a result of increased costs, but due to a reduction in the overall budget arising from the imposition of the savings target.

Draft Expenditure Budget 21/22	£m	%
Victims Services and Crime Prevention	50.3	84
Oversight and Accountability	7.5	13
Shared Audit function	1.7	3
Total MOPAC	59.5	100
Violence Reduction Unit (VRU)	12.1	
Total Budget	71.6	

Estimated Funding 21/22	£m	%
Central Government Police Grant	36.6	51
GLA Funding	5.6	8
Specific Grants	10.3	14
Use of reserves	19.1	27
Total Budget	71.6	100

- 6.16. The Chartered Institute of Public Finance and Accountancy (CIPFA) collects national data on the activities of Police and Crime Commissioners which allows benchmarking across forces. Their data can be categorised according to core costs (including shared services) and commissioned services. These map closely, but not entirely to MOPAC's activities of Oversight and Accountability and Victims Services and Crime Prevention.

	Core expenditure: Accountability	Core expenditure: Shared Services	PCC: Gross Budget	Core as share of PCC gross budget	Force: Core Budget	Core as share of force gross budget
MPS	7.5	3.7	59.8	19%	3,332	0.2%
West Midlands	2.4	-	11.6	20%	630	0.4%
West Yorkshire	1.8	-	11.6	15%	531	0.3%
Merseyside	1.2	-	5.6	22%	348	0.4%
Greater Manchester	9.3	-	20.4	45%	661	1.4%

- 6.17. Comparable data with other PCCs is available from 18/19 CIPFA data. MOPAC's core accountability costs were £7.5m in 18/19 and core shared services costs were £3.7m. Together this accounted for 19% of MOPAC's gross budget in 2018/19. This is consistent with PCCs for similar sized forces where the same figure ranges from 15% in West Yorkshire to 22% in Merseyside. Furthermore, it accounts for only 0.2% of the MPS gross budget. This too is in line with similar sized forces which range from 0.3% to 0.4%.

- 6.18. The use of reserves includes £0.7m from the MOPAC General Reserve which part-funds the MPS Action Plan and £14.5m of growth funds provided by the Mayor which have been set aside in earmarked reserves to fund the multi-year commissioning programmes. These figures do not include carry-forward values as these will be finalised and confirmed at year-end.
- 6.19. The £5.6m of GLA funding relates to the core funding for the Violence Reduction Unit (VRU) of £5m, and £0.6m specific funding for countering violent extremism and information sharing to tackle violence initiatives.

Medium-Term Financial Plan 21/22 to 22/23

- 6.20. The table below shows the MOPAC budget over the Medium-Term Financial Plan period. The total budget (excluding VRU) reduces by £11.3m from 21/22 to 22/23. These reductions are primarily a result of programmes funded through Mayoral growth funds coming to an end.
- 6.21. A comprehensive review of future commissioning activity will be undertaken during the next financial year to ensure that key programmes can continue over the medium to long-term, but the outcome will be dependent on additional resources being found to supplement the reduction in one-off funding.

	Q2 Budget	Proposed Budget	Plan
	2020/21	2021/22	2022/23
	£m	£m	£m
Victims Services and Crime Prevention	68.7	50.3	38.9
Oversight & Accountability	7.1	7.5	7.6
Shared Audit	1.6	1.7	1.7
Total MOPAC	77.4	59.5	48.2
VRU	19.7	12.1	10.2
Total Budget	97.1	71.6	58.4

- 6.22. The Victims Services and Crime Prevention category above includes planned Criminal Justice and Commissioning (CJC) activity over the MTFP period (as well as other associated costs included staffing). The table below provides a breakdown of CJC commissioning activity over the MTFP.

CJC Commissioning Activity £m	21/22	22/23	Total
Better Policing	1.5	1.5	3.0
Better Criminal Justice System	15.3	12.5	27.8
VAWG	14.2	9.1	23.3
Keeping children and young people safe	12.1	10.0	22.1
Standing together against hatred	0.8	0.5	1.3
Total Expenditure	43.8	33.6	77.4

7. VIOLENCE REDUCTION UNIT

7.1. The Mayor’s Violence Reduction Unit (VRU) is tackling violence through a programme of investment, partnership with public sector organisations, developing research and data, and critically, putting London communities and young people at the heart of its preventative and public health approach. The Mayor has recognised the vital long-term work the VRU undertake and has protected the VRU from being required to deliver the savings targets set across the GLA Group.

7.2. The VRU work programme is being shaped around activity that reflects and is relevant to a young person’s journey through life. Adopting a contextual framework, the work programme encompasses the following core objectives:

- Supporting individuals to be more resilient
- Supporting stronger families
- Young people leading change
- Strengthening communities and increasing confidence in public institutions
- Prioritising wellbeing and achievement in schools
- Giving young people every chance to succeed
- Creating safer public spaces
- Changing the message around violence

7.3. Commissioning activity from 21/22 will be centred around the above core objectives. The table below provides expenditure and funding over the medium term from 21/22 to 22/23. In light of Covid-19 providers have been required to rethink and revise ways of delivering services which has helped shape the medium-term funding profile shown in the table below.

	Proposed Budget	Planned Budget
	2021/22	2022/23
	£m	£m
Expenditure Budget	12.1	10.2
Funding source		
VRU Core Budget (Mayoral funding)	5.0	5.0
London Crime Prevention Fund Co-Commissioning	1.6	1.6
Use of Earmarked Reserves	5.5	3.6
Total funding	12.1	10.2

- 7.4. The plans above show expected VRU spending of £22.3m over the medium-term, assuming ongoing Mayoral funding of £5m and an allocation of £1.6m from the London Crime Prevention Fund (LCPF) co-commissioning Fund. The earmarked reserves draw down reflect the prudent profiling of some programmes to enable £4.1m carry-forward from 20/21 to 21/22 and 22/23. This is in keeping with the rationale for setting up the VRU to explore longer term, sustainable approaches towards violence reduction. This approach also enables the VRU to have flexibility in enabling programmes to spread their spend into the next year due to the impact of Covid-19 delay to projects.
- 7.5. The London Crime Prevention Fund (LCPF) Co-commissioning Fund continues to support the work of local authorities to develop multi-agency local violence reduction plans and from which it draws best practice on how to address violence and its root causes. The MTFP assumes this budget, with £1.6m in each year.
- 7.6. In 19/20 and 20/21, the Home Office allocated £7m of grant funding to the London VRU. This was part of its £36m commitment to VRUs across the country. As yet, the Home Office allocation to VRUs in 2021/22 has not been confirmed and so no figure has been included in the table below. The VRU network is lobbying for confirmation as soon as possible because uncertainty will impact on young people receiving support; and is lobbying for a multi-year settlement consistent with the long-term public health approach.
- 7.7. The table below details the VRU’s proposed commissioning activity over the two-year period. The categories below interconnect and all aim towards prioritising support for young people.

	2021/22	2022/23
	£m	£m
VCS/Community	5.8	4.9
Local Authority	2.3	2.3
Education, Schools and Settings	2.8	1.8
Total	10.9	9.0

8. CAPITAL BUDGET

- 8.1. This budget continues to deliver an ambitious capital programme for the MPS. This will enable significant transformation to ensure the MPS can meet demands of policing, including vital renewal of IT, ensuring health and safety and effective usage of space on the estate in order to facilitate disposals and a more efficient operational capacity. Programmes within the proposed capital programme have been selected and prioritised by reference to Met’s Transformation Portfolio. This amounts to a £1.6bn investment programme over the 5-year period to 24/25.
- 8.2. Since June 2020 for the five-year period of the Capital Programme the MPS has reviewed and challenged both the quantum of proposed capital investment for each area of spend, the prioritisation of the proposals to ensure these are consistent with the Police and Crime Plan, and the phasing of the proposed spend to ensure that the organisation has the capacity and capabilities to deliver.

**MPS Capital Programme 2020/21
-2024/25 (Current Prices)**

	2020/21 Forecast	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate	TOTAL
	£m	£m	£m	£m	£m	
PSD - Lifecycle work	12.6	15.5	17.9	31.5	42.4	119.9
Fleet	31.2	22.7	23.8	25.1	22.6	125.4
Digital Policing	32.7	82.1	102.3	56.5	39.2	312.7
CTPHQ	24.9	46.9	43.9	40.8	21.2	177.6
Met Operations	3.3	0.0	0.0	0.0	0.0	3.3
Sub Total Excluding Transformation	104.7	167.2	187.9	153.9	125.3	739.0
Optimising Contact and Response - P2	55.4	43.8	10.0	6.0	0.0	115.1
Transforming Investigation and Prosecution - P4	38.8	30.9	11.7	2.3	0.0	83.7
Strengthening Armed Policing - P5	0.4	3.1	21.2	0.0	0.0	24.7
Operational Support Services - P6	0.0	6.8	6.8	0.0	0.0	13.6
Fortress and EBACS -P7 (residual projects)	3.6	0.0	0.0	0.0	0.0	3.6
Learning and Professionalism Transformation - P8	1.5	1.2	0.0	0.0	0.0	2.7
Information Futures - P9	3.7	5.9	2.7	0.0	0.0	12.3
PSD- Property Forward Works - P10	43.2	22.4	22.7	23.1	81.0	192.4
PSD- Transforming the MPS Estate - P11	82.1	103.9	77.4	108.0	16.1	387.6
Local Investigation Capability - P16	0.5	0.0	0.0	0.0	0.0	0.5
Transformation - long term estimate	0.0	0.0	0.0	11.0	17.0	28.0
Sub Total Transformation	229.1	217.9	152.5	150.3	114.1	864.0
Total Programme Cost	333.8	385.1	340.3	304.2	239.4	1,602.9

Funding						
Capital Grants and Receipts	70.0	88.0	48.2	47.4	67.7	321.3
CTPHQ and Fleet funded	34.7	53.0	49.8	48.3	27.1	212.8
External Borrowing	229.2	244.2	242.3	208.6	144.6	1,068.9
Total funding	333.8	385.1	340.3	304.2	239.4	1,602.9

8.3. Some of this expenditure will be funded through a contribution from capital receipts generated by the estates transformation programme and from capital grant from Government. This has been based on the continuation of the 2020/21 level of funding of £3.3m per annum, a £9.1m reduction to the already minimal level of £12.4m per annum provided in 19/20. This represents only a tiny proportion of the MPS' capital expenditure – less than 1% of the Budget of £385.1m in 21/22. This means that as the opportunity for generating estates capital receipts decreases, increasing reliance will be placed on external borrowing to finance the balance. This will increase the cost of capital financing, which is funded from the revenue budget, which will create pressures on already stretched resources.

8.4. Where borrowing is required, MOPAC is a member of the GLA Shared Service for Treasury Management function which provides access to expert advice for the management of investments and borrowings. The exact timing of this borrowing and resulting impact on the revenue budget will depend upon the speed at which the programme is implemented, cost variations that may emerge, profile of capital receipts, and judgements about the optimum time to borrow in light of interest rate movements. Provision has been made in the draft revenue budget for these borrowing costs based on the anticipated profile of expenditure and income. Annex 2 provides details on the authorised limits and operational limits which are applied.

- 8.5. MOPAC/MPS have published a draft Capital Strategy (Link here: <https://www.london.gov.uk/what-we-do/mayors-office-policing-and-crime-mopac/aboutmayors-office-policing-and-crime-mopac/our-finances>) in line with CIPFA's Prudential Code requirements. The draft Capital Strategy outlines the MPS' capital investment ambition and will form part of the GLA Group-wide Capital Strategy published with the Mayor's 2020/21 budget. The Capital Strategy outlines the 5-year capital programme as well as the wider 20-year Capital Ambition.

9. TREASURY MANAGEMENT

- 9.1. Effective treasury management underpins the achievement of MOPAC/MPS business and service objectives. It is also essential for maintaining a sound financial reputation. MOPAC/MPS is committed to driving value from all of its treasury management activities, which it does through the GLA Shared Service for Treasury Management.
- 9.2. MOPAC/MPS measures and manages its exposures to treasury management risks using Prudential Indicators which are out in Annex 2.

10. RESERVES

- 10.1. When reviewing the medium-term financial plans and preparing the annual budgets the establishment and maintenance of reserves should be considered. Under statutory roles MOPAC will hold a general reserve but also earmarked reserves. These can be held for four main purposes:
- A working balance to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing – this forms part of general reserves.
 - A contingency to cushion the impact of unexpected events or emergencies – this also forms part of general reserves.
 - A means to respond to uncertainty in the economic climate and provide assurance on the safety of the MOPAC's financial assets. This would link closely with the Treasury Management and Prudential Code Strategy - this also forms part of general reserves.
 - A means of building up or setting aside funds for specific purposes – these are known as Earmarked Reserves.
- 10.2. The MOPAC/MPS forecast reserves balances and their planned usage over the MTFP period are set out in the table below:

Reserve Breakdown £m	Closing Balance 2019/20	Revised Budget Q2 2020/21	Planned Usage 2021/22	Planned Usage 2022/23	Closing Balance 2022/23
MPS Earmarked Reserves					
Supporting OMM and local change	41.2	2.6	-10.1	-1.9	31.8
Business Group initiatives	6.5	-5	-1.6	0	-0.1
Operational costs	28.7	-7.7	-3.3	-5	12.7
Historic public inquiries	5.6	-0.8	-1.6	-1.6	1.6
Insurance	6.7	0	0	0	6.7
Managing officer FTEs	58.1	-35	-23.1	0	0
Property	60.5	7.6	-8.8	-8.5	50.8
Vetting delays	1.1	-0.5	-0.5	-0.1	0
Other earmarked (POCA)	6	-0.8	0	0	5.2
Specifically funded for third parties	15.8	0.2	0.2	-4.8	11.4
Managing the budget	0	48.4	-13.3	0	35.1
Business Rates	118.6	0	-59.3	-59.3	0
Contribution to the 20/21 funding gap	0	15.8	0	0	15.8
General Reserve	63.6	-5	-0.9	-0.9	56.8
MOPAC Earmarked	25.7	-2.2	-18.2	-5.3	0
MOPAC Contribution to the 20/21 funding gap	0	7.5	0	0	7.5
Grand Total	438.1	25.3	-140.4	-87.5	235.5

**The reserve balances above do not currently include the MOPAC Q2 20/21 forecast underspend of £8.9m. Any final underspend will be added to the General Reserve unless a DMPC decision is taken to set aside funds into an Earmarked Reserve.*

- 10.3. Of specific note within the reserves table are the contributions that are being made by the MPS and MOPAC to the 2020/21 funding gap in relation to the 7% reduction in Council Tax and 11% reduction in Business Rates. These contributions are £15.8m and £7.5m respectively.
- 10.4. During 20/21 the MPS has also sought approval to create a “Managing the Budget” earmarked reserve from making reductions to reserves held for property, vetting delays and operational Costs. This reserve has been created to mitigate against future pressures on the MPS budget. As these are unknown at this point there have been no assumptions made in relation to usage in a specific year.
- 10.5. Earmarked reserves will be drawn down to match the related planned expenditure profile. The most notable drawdowns are the £59.3m in 21/22 and 22/23 for the 1,000 police officers which the Mayor provided upfront funding for in 19/20 to ensure that police officer numbers can be maintained over the medium-term.
- 10.6. The total General Reserve closing balance for 2019/20 was £63.6m which represents 2% of the Net Revenue Expenditure for MOPAC/MPS. This percentage is relatively unaffected by in-year drawdowns in 20/21 of £5m to support commissioning works and the Victims’ Commissioner Team within MOPAC. Over the two years of the MTFP there are small proposed drawdowns of £0.9m to fund the Mayor’s Action Plan and other one-off costs. During, and by the end of the MTFP period, the General Reserve balance remains below the upper prudent threshold of 5% for retention as per the current Reserves Strategy and equates to 1.48% of Net Revenue Expenditure.

11. EQUALITIES IMPLICATIONS

- 11.1 It is essential that decision makers ensure that consideration is given to legal obligations, in particular the need to exercise the equality duty under the Equality Act 2010, to have due regard to the impacts based on sufficient evidence appropriately analysed. The public sector equality duty is that a public authority must, in the exercise of its functions, have due regard to the need to: (1) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010; (2) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and (3) foster good relations between persons who share a relevant protected characteristic and persons who do not share it. What the duty requires is consideration of all available information, including the potential impacts and mitigations to ensure a fully informed decision is made. Any decision made in the exercise of any function is potentially open to challenge if the duty has been disregarded.
- 11.2 Equality Impact Assessments (EIAs) have not yet been undertaken for each of the change proposals that are contained within this budget, but such assessments will be provided within each discrete decision. Those assessments will then be published as part of the decision-making process.

Annex 1

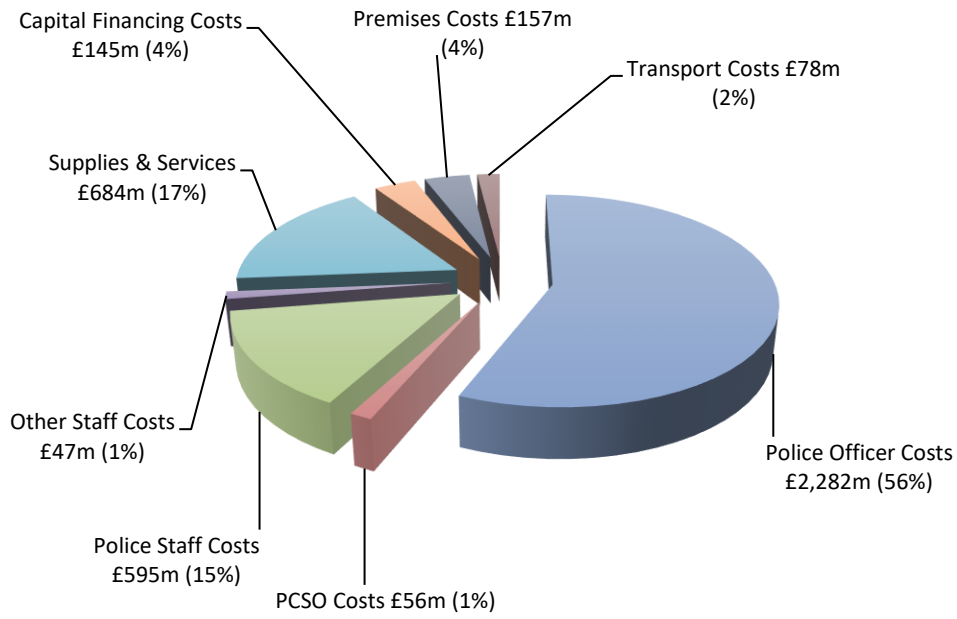
Subjective Analysis 2020/21 to 2022/23

Subjective analysis	Revised Budget	Forecast Outturn	Budget	Plan
MOPAC	2020-21	2020-21	2021-22	2022-23
	£m	£m	£m	£m
Police officer pay	2,040.8	2,053.4	2,180.4	2,357.0
Police staff pay	577.2	571.1	573.6	581.5
PCSO pay	56.0	54.6	56.1	57.5
Total pay	2,674.0	2,679.1	2,810.1	2,996.0
Police officer overtime	125.4	137.0	102.0	101.3
Police staff overtime	21.7	33.1	21.5	21.4
PCSO overtime	0.1	0.2	0.1	0.1
Total overtime	147.2	170.3	123.6	122.8
Employee-related expenditure	21.6	21.4	12.2	10.7
Premises costs	164.7	165.0	157.3	141.3
Transport costs	78.8	74.3	78.2	78.2
Supplies and services	677.3	626.4	684.9	734.4
Total running expenses	942.5	887.2	932.6	964.6
Capital Financing costs	98.4	95.1	145.4	165.9
Total expenditure	3,862.1	3,831.7	4,011.7	4,249.4
Other income	-287.5	-267.4	-290.2	-294.1
Total income	-287.5	-267.4	-290.2	-294.1
Discretionary pension costs	34.6	35.0	34.4	34.4
Additional funding required	0.0	0.0	-37.2	-301.4
Net revenue expenditure	3,609.2	3,599.3	3,718.8	3,688.4
Transfer to/(from) reserves	25.3	34.2	-140.4	-87.5
Share of Council Tax collection fund surplus	-10.0	-10.0	0.0	0.0
Financing requirement	3,624.5	3,623.6	3,578.4	3,601.0
Specific grants	690.3	689.3	583.1	579.1
Retained business rates	118.7	118.7	27.9	28.5
Home Office Police Grant	2,048.5	2,048.5	2,229.1	2,229.1
Council tax requirement	767.1	767.1	738.3	764.3

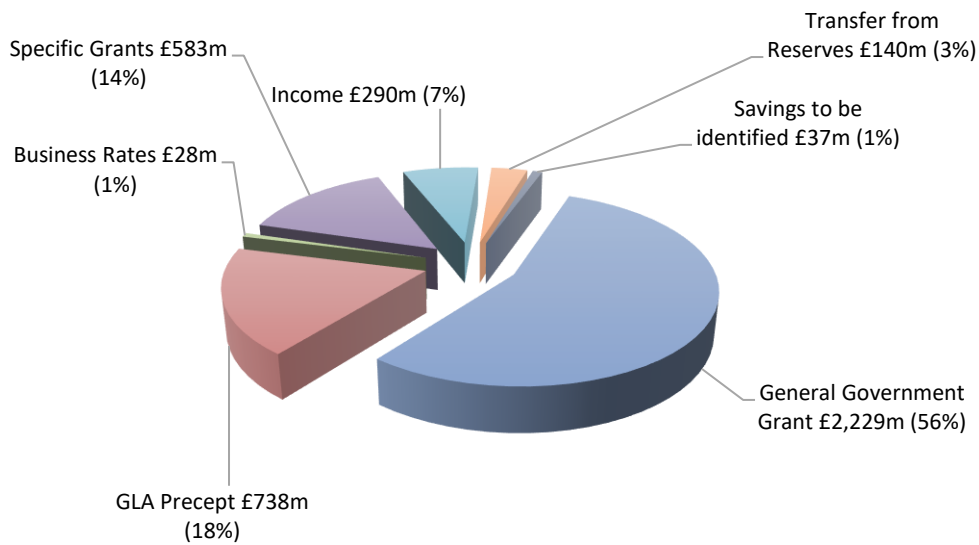
Objective Analysis 2020/21 to 2022/23

Objective analysis	Revised Budget	Forecast	Budget	Plan
MOPAC	2020-21	2020-21	2021-22	2022-23
	£m	£m	£m	£m
Frontline Policing	1,330.2	1,402.4	1,429.9	1542.8
Met Operations	839.7	856.9	815.0	806.1
Specialist operations	449.9	440.6	431.2	427.9
Corporate services	541.7	554.5	511.6	477.6
Professionalism	113.8	114.3	104.5	102.5
Total business groups	3,275.3	3,368.7	3,292.2	3,356.9
Discretionary pension costs	34.6	35.0	34.4	34.4
Centrally held	103.8	12.5	212.3	373.2
Capital financing costs	98.4	95.1	145.4	165.9
Total corporate budgets	236.8	142.6	392.1	573.5
Victims Services and Crime Prevention	68.7	61.3	50.4	39.8
Oversight and Accountability	7.1	6.6	7.5	7.6
Shared audit function	1.6	1.4	1.7	1.7
Total MOPAC	77.4	69.3	59.6	49.1
Violence Reduction Unit	19.7	18.8	12.1	10.2
Additional funding required	0.0	0.0	-37.2	-301.4
Net revenue expenditure	3,609.3	3,599.3	3,718.8	3,688.4
Transfer to/(from) reserves	25.3	34.2	-140.4	-87.5
Share of Council Tax collection fund surplus	-10.0	-10.0	0.0	0.0
Financing requirement	3,624.5	3,623.6	3,578.4	3,601.0
Specific grants	690.3	689.3	583.1	579.1
Retained business rates	118.7	118.7	27.9	28.5
Home Office Police Grant	2,048.5	2,048.5	2,229.1	2,229.1
Council tax requirement	767.1	767.1	738.3	764.3

2021/22 MOPAC/MPS Expenditure (£4,046m)



2021/22 MOPAC/MPS Funding (£4,046m)



Gross Pressures 2021/22 - 2022/23

The cumulative previously agreed growth (February 2020) is set out in the table below:

Description	2021/22 (£m)	2022/23 (£m)
Reversal of one-off building exits growth	-4.0	-4.0
Property projects	1.4	2.1
Impact of 20/21 revised capital programme	10.8	37.9
ICT projects	7.2	6.3
Police Education Qualifications Framework	-0.8	1.8
Forensics investment	0.1	0.0
Business Support Services	-	-3.0
Contractual adjustments	-0.3	-1.3
Pay award provision	2.0	2.7
Uplift for police officers	169.1	337.6
Tasers	5.8	6.8
Search and Review	1.9	1.9
Incremental impact of reprofiling 631 officers	4.9	-8.6
Total final position for previously agreed growth	198.2	380.3

New Pressures are listed in the table below;

Description	2021/22 (£m)	2022/23 (£m)
Project Horizon	0.7	0.7
Intel Phase 3	3.8	3.8
Evidential Data Archive	-	2.0
Impact of revised 21/22 capital programme	-	4.3
Cumulative impact of 631 officers not recruited in 20/21	-14.1	-0.6
Total new bids	-9.6	10.2
Total Growth	188.6	390.5

Previously agreed savings and efficiencies 2021/22 to 2022/23

Incremental

Description	2021/22 (£m)	2022/23 (£m)
Property	-33.8	-22.6
Other Back Office	-0.2	-0.2
ICT savings	-5.2	-5.2
1% efficiency savings	-11.0	-
Total Previous Committed Savings	-50.2	-28.0

Cumulative

Description	2021/22 (£m)	2022/23 (£m)
Property	-33.8	-56.4
Other Back Office	-0.2	-0.4
ICT savings	-5.2	-10.4
1% efficiency savings	-11.0	-11.0
Total Previous Committed Savings	-50.2	-78.2

New savings and efficiencies identified in this budget cycle are set out below.

Incremental

Description	2021/22 (£m)	2022/23 (£m)
Paused Investments - operational support initiatives	-12.3	-
Electronic Data Archive	-	-2.8
On-going impact of deferring uplift investment	-5.3	-
MOPAC savings contribution	-1.5	-
Total New Savings	-19.1	-2.8
Total Savings	-69.3	-30.8

Cumulative

Description	2021/22 (£m)	2022/23 (£m)
Paused Investments - Operational support initiatives	-12.3	-12.3
Electronic Data Archive	-	-2.8
On-going impact of deferring uplift investment	-5.3	-5.3
MOPAC savings contribution	-1.5	-1.5
Total New Savings	-19.1	-21.9
Total Savings	-69.3	-100.1

Analysis of Change in Council Tax Requirement

2020/21 Council Tax Requirement	767.1
Changes Due to:	
Inflation	63.6
Savings and Efficiencies	-69.3
Investments	188.6
Net change in existing service expenditure	-73.4
Change in use of reserves	-165.7
Net change in Government grants and retained rates	-89.8
Net change in Specific grants	107.2
Reduction in Council Tax Surplus	10.0
2021/22 Council Tax Requirement	738.3

Prudential Indicators for the Mayor's Office for Policing and Crime (MOPAC) Including the Annual Statement of Minimum Revenue Provision

It is recognised that the underlying demand for capital investment cannot always be fully satisfied by grant, capital receipts or revenue contributions due to present financial restraints and that external borrowing will be required. These Prudential Indicators have been calculated on the basis of the level of funding shown as available to support capital expenditure for the period 2020/21 to 2023/24.

The capital programme has been prepared on the basis that it is supported in part by capital receipts from the disposal of land and properties. The Mayor's Office for Policing and Crime (MOPAC) implements the consolidation of its accommodation primarily through the Estate Transformation Programme. Decisions will be taken as to how receipts generated through the rationalisation of the estate should be used; whether for further investment, or to repay or negate

the need for borrowing to finance capital expenditure. It is to be recognised that the receipts value is subject to the uncertainties of the property market.

The affordability of the capital programme in terms of its impact on the MTFP will be closely monitored. Investment needs will be kept under review to align the longer-term plans of the MOPAC to available resources. The prudential indicators will be adjusted in light of any changes made.

Long-term liabilities include (a) Private Finance Initiative schemes; and (b) assets subject to finance leases. These items have been brought onto the balance sheet in accordance with technical accounting changes necessitated by compliance with International Financial Reporting Standards (IFRS).

Annual Statement of Minimum Revenue Provision

For 21/22, MOPAC/MPS 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 2017/18, 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.

Prudential Indicator

CIPFA’s Prudential Code includes the following as a key indicator of prudence:

“In order to ensure that over the medium-term net borrowing will only be for a capital purpose, the authority should ensure that net external borrowing does not, except in the short term, exceed the total of Capital Financing Requirement in the preceding year plus the estimates of any additional Capital Financing requirement for the current and next two financial years”

MOPAC/MPS has adopted the CIPFA Code of Practice for Treasury Management in Public Services.

Capital Expenditure Indicators

2. Capital Expenditure (Current prices)

2020/21 Estimate £m	2021/22 Estimate £m	2022/23 Estimate £m	2023/24 Estimate £m	2024/25 Estimate £m
333.8	385.1	340.3	304.2	239.4

This indicator states the total capital spend covering all capital expenditure, not just that financed by borrowing. These figures include assumptions of expenditure to be incurred on projects, which are expected to be funded from specific grants provided by central Government.

External Debt Indicators

3. Operational Boundary for External Debt

	2020-21	2020-21	2021-22	2021-22	2022-23	2022-23	2023-24	2023-24	2023-24
	Approved (March 2020)	Requested Approval (Nov 2020)	Approved (March 2020)	Requested Approval (Nov 2020)	Approved (March 2020)	Requested Approval (Nov 2020)	Approved (March 2020)	Requested Approval (Nov 2020)	Requested Approval (Nov 2020)
	£m	£m	£m	£m	£m	£m	£m	£m	£m
Borrowing	1,026.1	983.3	1,116.1	1,227.5	1,276.1	1,469.8	1,629.9	1,678.4	1,823.0
Long term liabilities	64.9	64.9	58.5	58.4	52.2	52.2	47.3	47.4	39.9
Total	1,091.0	1,048.1	1,174.6	1,285.8	1,328.3	1,521.9	1,677.2	1,725.8	1,862.9

The proposed Operational Boundary for external debt is based on the estimate of the most prudent but not worst-case scenario. The Authorised Limit provides additional headroom to allow, for example, for unusual cash movements and this equates to the maximum of external debt projected by this estimate.

4. Authorised Limit for External Debt

	2020-21	2020-21	2021-22	2021-22	2022-23	2022-23	2023-24	2023-24	2024-25
	Approved (March 2020)	Requested Approval (Nov 2020)	Approved (March 2020)	Requested Approval (Nov 2020)	Approved (March 2020)	Requested Approval (Nov 2020)	Approved (March 2020)	Requested Approval (Nov 2020)	Requested Approval (Nov 2020)
	£m	£m	£m	£m	£m	£m	£m	£m	£m
Borrowing	1,151.1	1,108.3	1,241.1	1,352.5	1,401.1	1,594.8	1,754.9	1,803.4	1,948.0
Long term liabilities	64.9	64.9	58.5	58.4	52.2	52.2	47.3	47.4	39.9
Total	1,216.0	1,173.1	1,299.6	1,410.8	1,453.3	1,646.9	1,802.2	1,850.8	1,987.9

This is the maximum amount that the MOPAC allows itself to borrow in each year. The MOPAC Interim CFO reports that these authorised limits are consistent with the MOPAC's current commitments, existing plans and the proposals in the budget report for capital expenditure and financing. They are also consistent with the MOPAC's approved Treasury Management Policy statement and practices. They are based on the estimate of the most prudent but not worst-case scenario, with sufficient flexibility over and above this to allow for operational management, for example unusual cash movements. Risk analysis and risk management strategies have been taken into account, as have plans for capital expenditure and estimates of cashflow requirements.

The above figures reflect the understanding that from 2018-19 onwards the borrowing needs of MOPAC will be matched by the negotiation of external loans. Figures are calculated on a cumulative basis taking account of PWLB repayment schedules.

Actual External Debt (at start of financial year 2020-21)

Actual External Borrowing	£m
1 April 2020 Actual £m	
Long Term	289.4
Short Term	13.6
Total	303.0
Long Term Liabilities	
1 April 2019 Actual £m	
PFI Arrangements	66.2
Finance Lease Arrangements	7.1
Total	73.3
Total Actual External Debt	376.37

Treasury Management Indicators

MOPAC has its own Treasury Management Strategy and the Treasury Management Indicators are approved at the beginning of each financial year as part of the Treasury Management Strategy. Changes to the Accounting Code of Practice in respect of leases, which are to be finalised in their application to the public sector, may increase the Capital Financing Requirement but will not necessarily increase the need for borrowing as lease arrangements can include a borrowing facility.