

Q3 Financial Performance Data

In the post 21 April 2022 Oversight Board meeting letter, the Acting Commissioner was asked:

“I would be grateful for assurance that you remain confident of your officer pay forecast in light of recruitment challenges?”

In terms of Capital underspend and slippage can lead to forecast reductions in-year, what process is being developed to address this in the 2023-24 budget settling cycle?”

The MPS has replied:

I would be grateful for assurance that you remain confident of your officer pay forecast in light of recruitment challenges?

The officer pay forecast at Q3 was based on achieving 33,696 officer FTE at year end, which included a stretch target to assist with recruitment in 2022/23, as well as assumptions re the backdated liability following the Geldart ruling (historical London Allowance payments to officers on maternity leave). We ended the year slightly short of the FTE target and with lower than anticipated costs for Geldart. The Police pay outturn was £2.126bn against a budget of £2.130bn, an underspend of £4.7m or 0.2%.

We remain confident in our officer pay budget for 22/23 and are committed to achieving our Year 3 growth target which will take us to 35,415 FTE by March 2023. In 2021/22, we recruited over 3,000 officers which is 144 more officers than we had planned would be needed to meet the PUP officer headcount target of 34,675. Regrettably, increased turnover (including 239 more officers leaving in Q4 than forecast) meant we have ended the year 147 officers (10.8%) short of our growth allocation of 1363 for 21/22. We are really disappointed by that outcome, and are recovering that position quickly. We have, as you know, bold and extensive plans in place.

In terms of Capital underspend and slippage can lead to forecast reductions in-year, what process is being developed to address this in the 2023-24 budget settling cycle?

We undertook a comprehensive scrutiny of our Capital Programme in October (MOPAC's then CFO attended this scrutiny for MOPAC) and used this to refresh the Capital Programme approved by the Assembly in February. We are though, conscious that in 2021/22 there was slippage against the original approved budget. As you know we are currently in conversations with you around the disposal of buildings and the impact upon our capital receipts and the position on Net Zero Carbon is also under discussion. Both of these add uncertainty to the capital programme, particularly this financial year. The lack of long-term borrowing also presents a challenge, the GLA has recently advised we increase our interest rate assumptions that support capital financing costs and with the current position on interest rates there is a risk of further increases. With all this in mind we are creating a small internal Capital Board to scrutinise the Capital Programme in depth each quarter. Output from this scrutiny will feed into the quarterly financial monitoring reports and will enable us, with your agreement, to make decisions around capital quickly.

17 May 2022