



Joint Annual Audit Letter

Year ending 31 March 2019

Mayor's Office for Policing and Crime
Commissioner of Police of the Metropolis
December 2019



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Executive Summary

Purpose

Our Annual Audit Letter (Letter) summarises the key findings arising from the work that we have carried out at the Mayor's Office for Policing and Crime (MOPAC) and the Commissioner of Police of the Metropolis (MPS) for the year ended 31 March 2019.

This Letter is intended to provide a commentary on the results of our work to MOPAC, the MPS and their external stakeholders, and to highlight issues that we wish to draw to the attention of the public. In preparing this Letter, we have followed the National Audit Office (NAO)'s Code of Audit Practice and Auditor Guidance Note (AGN) 07 – 'Auditor Reporting'.

We reported the detailed findings from our audit work in our Joint Audit Findings Report to the Deputy Mayor for Policing and Crime and the Commissioner, as Those Charged With Governance for MOPAC and the MPS respectively. Our final Audit Findings Report was shared on the 30 July 2019 with both the Deputy Mayor for Policing and Crime and the Commissioner.

Respective responsibilities

We have carried out our audit in accordance with the NAO's Code of Audit Practice, which reflects the requirements of the Local Audit and Accountability Act 2014 (the Act). Our key responsibilities are to:

- give opinions on MOPAC and the MPS' financial statements (section two); and
- assess MOPAC and the MPS' arrangements for securing economy, efficiency and effectiveness in their use of resources (the value for money conclusion) (section three).

In our audits of the financial statements of MOPAC and the MPS, we comply with International Standards on Auditing (UK and Ireland) (ISAs) and other guidance issued by the NAO.

Our work

Materiality	We determined materiality for the audit of the group, MOPAC and the MPS' financial statements to be £64,594,000, which is approximately 1.85% of the MPS' gross revenue expenditure.
Financial Statements opinion	We gave unqualified opinions on the Group, MOPAC and the MPS' financial statements on 30 July 2019.
Whole of Government Accounts (WGA)	We completed work on the Group consolidation return and issued an unqualified report on 13 September 2019.
Use of statutory powers	We did not identify any matters which required us to exercise our additional statutory powers.
Value for Money arrangements	We were satisfied that MOPAC and the MPS Constable each put in place proper arrangements to ensure economy, efficiency and effectiveness in their use of resources. We reflected this in our audit reports to MOPAC and the MPS on 30 July 2019.
Certificate	We certified that we had completed the audit of the accounts of MOPAC and the MPS in accordance with the requirements of the Code on 18 September 2019.

Audit of the Financial Statements

Our audit approach

Materiality

In our audit of the Group, MOPAC and MPS financial statements, we use the concept of materiality to determine the nature, timing and extent of our work, and in evaluating the results of our work. We define materiality as the size of the misstatement in the financial statements that would lead a reasonably knowledgeable person to change or influence their economic decisions.

We determined materiality for our audits of MOPAC and the MPS' accounts as a proportion of the smaller of gross revenue expenditure of MOPAC and gross revenue expenditure of the MPS. For 2018/19, this was determined to be £64.594m, being 1.85% of the gross revenue expenditure of the MPS less the actuarial adjustment for injury pensions of the MPS (baseline figures taken from the audited 2017/18 accounts). We used this benchmark as, in our view, users of the accounts are most interested in how the entities and the group have spent the income raised from taxation and grants during the year

We also set an amount below which misstatements would be clearly trivial and would not need to be accumulated or reported to those charged with governance because we would not expect that the accumulated effect of such amounts would have a material impact on the financial statements. We defined the clearly trivial amount to be £3,230k.

The scope of our audit

Our audit involves obtaining sufficient evidence about the amounts and disclosures in the financial statements to give reasonable assurance that they are free from material misstatement, whether caused by fraud or error. This includes assessing whether:

- MOPAC and MPS accounting policies are appropriate, have been consistently applied and adequately disclosed;
- significant accounting estimates made by management are reasonable; and
- the overall presentation of the financial statements gives a true and fair view.

We also read the narrative report and annual governance statement to check they are consistent with our understanding of MOPAC and the MPS and with the accounts on which we give our opinion.

We carry out our audit in accordance with ISAs (UK) and the NAO Code of Audit Practice. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach was based on a thorough understanding of MOPAC's and the MPS' business and is risk based.

We identified key risks and set out overleaf the work we performed in response to these risks and the results of this work.

Audit of the Financial Statements

Significant Audit Risks

These are the significant risks which had the greatest impact on our overall strategy and where we focused more of our work.

Risk identified in our Joint Audit Plan	Relates to	Findings and conclusions
<p>Valuation of pension fund net liability</p> <p>The Police Officer Pension schemes pension fund liability as reflected in the balance sheet and notes to the accounts represent significant estimates in the financial statements.</p> <p>This estimate by its nature is subject to significant estimation uncertainty, being very sensitive to small adjustments in the assumptions used.</p> <p>We identified the valuation of the pension fund net liability as a risk requiring special audit consideration.</p>	<p>Group, MOPAC and MPS</p>	<p>We undertook the following work in relation to this risk:</p> <ul style="list-style-type: none"> Updated our understanding of the processes and controls put in place by management to ensure that the group's pension fund net liability is not materially misstated and evaluate the design of the associated controls; Evaluated the instructions issued by management to their actuary management expert for this estimate and the scope of the actuary's work; Assessed the competence, capabilities and objectivity of the actuary who carried out the pension fund valuation; Assessed the accuracy and completeness of information provided by the MPS to the actuary to estimate the liability; Tested the consistency of the pension fund net liability and disclosures in the notes to the core financial statements with the actuarial report from the actuary; and Undertook procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as our auditor's expert) and performing any additional procedures suggested within the report. <p>No issues were identified from the procedures detailed above.</p> <p>Impact of the McCloud/Sergeant ruling in respect of age discrimination on pension liabilities</p> <p>The Court of Appeal has ruled that there was age discrimination in the judges and firefighters pension schemes where transitional protections were given to scheme members. The legal ruling around age also has implications for other pension schemes where transitional arrangements on changing benefits were implemented, this includes both the Local Government Pension Scheme and the Police Pension Schemes.</p> <p>The Government has applied to the Supreme Court for permission to appeal but this was rejected in June 2019 which confirmed that there was a present obligation to pay additional benefits to scheme members affected, and that it is probable that there will be an outflow of cash as a result of this.</p> <p>We have discussed the implications of this with management, and more widely with the sector as a whole to ensure consistency. Management requested an estimate from its actuary of the potential impact of the McCloud ruling. The actuary's estimate was of a possible increase in pension liabilities of £1.473bn, and an increase in service costs for the 2019/20 year of £1.34bn. We engaged our own actuarial expert to review the method and assumptions used by management's actuarial expert which provided us with assurance that the estimate was reasonable. The draft financial statements were adjusted to include the increase in liability as well as the increase in past service costs recognised in the CIES.</p>

Audit of the Financial Statements

Risk identified in our Joint Audit Plan	Relevant to	Findings and conclusions
<p>Valuation of property, plant and equipment MOPAC revalues land and buildings on a rolling basis over a 5-year period to ensure that carrying value is not materially different from current value.</p> <p>This represents a significant estimate by management in the financial statements. We have therefore identified the valuation of land and buildings revaluations and impairments as a risk requiring special audit consideration.</p>	Group and MOPAC	<p>We undertook the following work in relation to this risk:</p> <ul style="list-style-type: none"> • Evaluated management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work; • Evaluated the competence, capabilities and objectivity of the valuation expert; • Discussed with the valuer the basis on which the valuation was carried out to ensure that the requirements of the Code are met; • Challenged the information and assumptions used by the valuer to assess completeness and consistency with our understanding; • Carried out testing of data provided to the valuer to gain assurance it was complete and accurate. • Tested revaluations made during the year to see if they were correctly input into MOPAC's (and group's) asset register; and • Evaluated the assumptions made by management for those assets not revalued during the year and how management has satisfied themselves that these are not materially different to current value at year end. <p>Our work did not identify any material issues in respect of the risk identified.</p>
<p>Management over-ride of controls Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities.</p> <p>We therefore identified management override of control, in particular journals, management estimates and transactions outside the course of business as a significant risk.</p>	Group, MOPAC and MPS	<p>We undertook the following work in relation to this risk:</p> <ul style="list-style-type: none"> • Evaluated the design effectiveness of management controls over journals; • Analysed the journals listing and determined the criteria for selecting high risk unusual journals for testing; • Tested unusual journals recorded during the year and after the draft accounts stage for appropriateness and corroboration; • Gained an understanding of the accounting estimates and critical judgements applied by management and considered their reasonableness with regard to corroborative evidence; and • Evaluated the rationale for any changes in accounting policies, estimates or significant unusual transactions. <p>Our work did not identify any material issues in respect of the risk identified.</p>

Audit of the Financial Statements

Audit opinion

We gave unqualified opinions on MOPAC, the Group's and the MPS' accounts on 30 July 2019, in advance of the national deadline.

Preparation of the financial statements

We were presented with draft financial statements in accordance with the national deadline alongside a good set of working papers to support them. The finance team responded promptly and efficiently to our queries during the course of the audit.

Issues arising from the audit of the financial statements

We reported the key issues from our audit of the accounts of MOPAC and the MPS to the Commissioner and the Deputy Mayor for Policing and Crime.

The key recommendations from our Joint Auditing Findings Report are set out in Appendix B.

Joint Annual Governance Statement and Narrative Report

We are required to review the Joint Annual Governance Statement and Narrative Reports. The MOPAC and the MPS published them on their websites in line with the national deadlines.

They were prepared in line with the CIPFA Code and relevant supporting guidance. We confirmed that the documents were consistent with the financial statements prepared by the group, MOPAC and the MPS, and with our knowledge of the entities.

Whole of Government Accounts (WGA)

We carried out work on the Group consolidation schedule in line with instructions provided by the NAO. We issued a group assurance certificate which did not identify any issues for the group auditor to consider.

Certificate of closure of the audit

We are also required to issue a certificate that we have completed the audit of the accounts of the MPS and MOPAC in accordance with the requirements of the Code of Audit Practice. We issued the certificate on 18 September 2019 for both MOPAC and the MPS.

Value for Money conclusion

Background

We carried out our reviews in accordance with the NAO Code of Audit Practice, following the guidance issued by the NAO in November 2017 which specified the criterion for auditors to evaluate:

In all significant respects, the audited body takes properly informed decisions and deploys resources to achieve planned and sustainable outcomes for taxpayers and local people.

Key findings

Our first step in carrying out our work was to perform a risk assessment and identify the significant risks where we concentrated our work. The four significant risks are set out beside.

An executive summary of our key findings is set out on pages 9 and 10. We have made a number of recommendations from our Value for Money work and these are set out in appendix C alongside management's responses.

Overall Value for Money conclusion

We are satisfied that in all significant respects MOPAC and the MPS each put in place proper arrangements to secure economy, efficiency and effectiveness in their use of resources for the year ending 31 March 2019.

Significant VFM risks

We reported in our Joint Audit plan that our work this year would focus on the following five significant areas of risk:



Value for Money conclusion – Executive Summary

Police and Crime Plan

- Over the past 24 months, MOPAC has continued to develop and refine its framework to deliver against the PCP objectives and fulfil its statutory functions.
- During 2018-19, MOPAC reflected on the effectiveness of the partnership boards and recognised a need to strengthen these to support delivery of the PCP. A number of governance improvements have been implemented during the year with the aim of driving the delivery of PCP commitments and identifying and mitigating risks to delivery. It is too early to determine whether the agreed changes will have the desired outcome. However the move to attribute PCP commitments and embed a performance framework for partnership boards is undoubtedly positive.
- **Recommendation:** MOPAC should continue to strengthen arrangements to communicate to the public progress against the PCP. Public reporting should communicate the outcomes and benefits of actual work undertaken, set against the outcomes and benefits set out in the PCP.
- **Recommendation:** MOPAC will need to work with the VRU; to identify where efforts can be aligned and where commitments of the PCP can be achieved in partnership. Where PCP commitments are aligned, it is important to establish governance arrangements which will support joint delivery.

Financial strategy and long term sustainability

- The MPS estimates that it has delivered £126.4m (97%) of its £130.3m net savings target for 2018/19. £100m of the savings relates to the implementation of the new BOCU model and a reduction in officer establishment to 30,000 FTE.
- Our review of the Medium Term Financial Planning arrangements has not identified any significant weaknesses. Key assumptions have been reviewed and we have not identified any which are unreasonable.
- The MPS has begun to develop and include elements of scenario planning, in particular about the potential upside and downside risks to funding. We consider there to be opportunities to expand this type of scenario planning to consider not only what the potential funding envelope might be in a given scenario, but also what the potential response might be in terms of investments and/or savings.

Recommendations: MOPAC and the MPS should strengthen their scenario planning arrangements in light of the future funding uncertainties. Scenario planning arrangements should include plans for 'better than expected' which should be supported by a pipeline of investment projects that can be prioritised as and when funds are available.

Recommendation: The uncertainty over the medium term financial position is likely to result in positive as well as negative financial outcomes. Where positive outcomes are realised MOPAC and the MPS should seek to find a balance between immediate reinvestment of these monies and the opportunity to strengthening the reserves position in the medium term.

Strategic planning and governance

- 2018/19 has been a year of significant developments in relation to strategic and business planning at the MPS. It published a long-term strategy and vision, the Met's Direction, which sets out its key priorities up to 2025.
- Our review confirmed that the Met's direction and its 2018/2021 Business Plan are closely aligned and there is coherent read across both documents. The Business Plan is clear, accessible and relevant to the public and wider stakeholders
- In March 2017 a project was initiated to review the leadership structure at the Met. The review was conducted in recognition that to deliver efficient and effective policing to London, the way the Met operates right from the top needs to change. In June 2018, the Met implemented an executive redesign to address the issues identified in the review.
- Based on our discussions within the MPS and MOPAC, the executive redesign has been seen as a largely positive change. However the changes in structures and personnel are still relatively new and it is too early to conclude whether the executive redesign will address all of the issues highlighted in the initial review.
- **Recommendation:** The MPS should seek to better integrate and align its business planning with other planning processes. In particular links between business and financial planning could be strengthened
- **Recommendation:** In developing its performance framework the MPS should develop a balance of measures which will allow it to assess progress against shorter term operational objectives and also step back and assess progress against its overall mission to "to keep London safe for all"

Value for Money conclusion – Executive Summary

Identification and monitoring of benefits realisation

- Over the past 12 month, arrangements to identify and monitor benefits realisation have continued to improve. We have seen evidence of an increasing amount of rigour being applied to benefits management and realisation.
- One key development has been the introduction of a benefits register in March 2018. It is used as the 'one source of truth' to identify, track and monitor all of the benefits across the transformation programmes.
- Building on the Benefits Management Framework first published in July 2017, an updated framework was introduced in January 2019. The purpose of the framework is to set the standard for benefits management at the MPS. One of the key changes in the new benefits management framework is the introduction of a 5th step, which is 'review'. Overall, the application of the benefits framework across the organisation has improved although there remains a challenge to ensure it is being consistently applied.
- Complementary to the benefits realisation framework, the MPS has developed a Business Change Framework. The business change framework's aim is to covert potential non-financial benefits from the integration of new capabilities into measurable organisational improvements. We have found that there is a better understanding of business change across the organisation. Capacity has improved. As at January 2019, all 300 officers now on programmes which is full capacity.
- Resourcing remains a challenge in TD and the MPS is still heavily reliant on short term contractors. The MPS needs to consider whether their reward structure enables the MPS to be competitive in a very challenging market. Short term contractors are very expensive and given that the TD does not appear to be shrinking in the medium term, serious consideration needs to be made whether the current arrangement represents the best value for money.

Transformation

- The transformation capability within the MPS continues to develop and mature. 2018/19 was significant for the Transformation Directorate (TD) in that much of the portfolio moved from design and in to implementation
- One noticeable success story has been the Strengthening Local Policing programme which oversaw the move from a 32 Borough local policing structure to a 12 BOCU model. Notable in the delivery of this programme was the ability to take on board and action lessons learnt from pathfinders quickly. As a result the last wave of boroughs to implement the new model did so with minimum disruption. The success of this programme is testament to the ability of the MPS deliver change effectively at huge scale.

A. Reports issued and fees

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

Reports issued

Report	Date issued
Audit Plan	April 2019
Audit Findings Report	July 2019
Annual Audit Letter	December 2019

Audit fee variation

As outlined in our audit plan, the 2018/19 scale fee published by PSAA of £193,908 assumes that the scope of the audit does not significantly change. There are a number of areas where the scope of the audit has changed, which has led to additional work. These are set out overleaf.

Fees

	Planned £	Actual fees £	2017/18 fees £
MOPAC scale fee	101,508	101,508	131,828
MPS scale fee*	92,400	92,400	120,000
Fee variation proposed	0	18,425	15,000
Total fees	193,908	212,333	266,828

The 2017/18 figure for MPS scale fee includes a £15k audit fee variation in relation to additional work required to address the risk from the general ledger system transfer.

A. Reports issued and fees

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

Audit fee variation

As outlined in our audit plan, the 2018/19 scale fee published by PSAA of £193,908 assumes that the scope of the audit does not significantly change. There are a number of areas where the scope of the audit has changed, which has led to additional work. These are set out in the following table.

Area	Reason	Fee proposed
Assessing the impact of the McCloud ruling	The Government's transitional arrangements for pensions were ruled discriminatory by the Court of Appeal last December. The Supreme Court refused the Government's application for permission to appeal this ruling. As part of our audit we have reviewed the revised actuarial assessment of the impact on the financial statements along with any audit reporting requirements.	£3,000
Pensions – IAS 19	The Financial Reporting Council has highlighted that the quality of work by audit firms in respect of IAS 19 needs to improve across local government audits. Accordingly, we have increased the level of scope and coverage in respect of IAS 19 this year to reflect this.	£3,000
PPE Valuation – work of experts	As above, the Financial Reporting Council has highlighted that auditors need to improve the quality of work on PPE valuations across the sector. We have increased the volume and scope of our audit work to reflect this.	£3,000

Area	Reason	Fee proposed
Significant difficulties auditing Property, Plant and Equipment	The fixed asset register, used to maintain the accounting records of over £3bn of assets is a series of excel spreadsheets. Some of the working papers provided by management were difficult to understand and audit trails did not always reconcile to the statement of accounts. Several non-material errors were identified during the course of our work on PPE which demonstrates the difficulties we experienced. As a result, we raised a control finding to management which has been accepted in full.	£9,425
Total		18,425

Fee variations are subject to PSAA approval.

Appendix B: Joint audit action plan (1 of 2)

Rec No.	Issue	Priority	Recommendation	Implementation date & responsibility
1	<p>Annual P11D HMRC payments</p> <p>Our audit work identified that annual P11D HMRC payments are not reviewed by the MPS finance or payroll teams prior to being processed by SSCL. In July 2018 an erroneous payment was made to HMRC for national insurance contributions on taxable benefits. This caused an overpayment of £4.727m.</p>	Medium	<p>Recommendation to MPS: MPS finance or payroll teams to review P11D Annual HMRC payroll payments prior to SSCL processing.</p> <p>Management Response: Agreed. In addition to improved arrangements within SSCL for reviewing such payment calculations, MPS will carry out appropriate review of calculations prior to payment.</p>	<p>MPS Lead: Mark Pomroy</p> <p>Implementation date: July 2109</p>
2	<p>Fixed asset register (FAR)</p> <p>The FAR is maintained through asset listings on numerous Excel spreadsheets. With the high number and value of MOPAC assets there is great risk around the maintenance of the FAR, in relation to the risk of human error and management not being able to have easy overview of adjustments and PPE accounting entries. This also extends to the process for writing off fully depreciated assets.</p> <p>Management should review both the appropriateness of the system as well as the processes and controls surrounding that system to ensure risk is sufficiently mitigated.</p>	High	<p>Recommendation to MPS: Management is reviewing options for a FAR system and this should include a consideration of the processes in controls in place. In the meantime there should be a review of existing controls and processes for the updating of the FAR on Excel spreadsheets.</p> <p>Management response: Agreed. An appropriate FAR system is planned to be procured this financial year which will automate many of the processes that are currently completed manually and offline. This in itself will reduce the risk of manual errors. In addition, the new system will allow for more regular management review to identify any potential errors or issues. In implementing the new system, we will review existing processes and controls to ensure they appropriately mitigate risks and are efficient.</p>	<p>MPS Lead: Paul Oliffe</p> <p>Implementation date: March 2020</p>
3	<p>Legacy SAP creditors</p> <p>Our testing of creditors identified creditors that had migrated from the old general ledger (SAP) which are not true creditors as there is no expectation of payment. Management is working to identify the level of creditors that migrated from SAP that are not valid, we expect the balance to be approximately £2m.</p>	Medium	<p>Recommendation to MPS: Management should review and clear out any old creditors where payment obligation does not exist.</p> <p>Management response: Agreed. We will continue to focus on reducing the level of aged creditors, including specifically those relating to creditors migrated from SAP.</p>	<p>MPS Lead: Paul Oliffe</p> <p>Implementation date: December 2019</p>

Appendix B: Joint audit action plan (2 of 2)

Rec No.	Recommendation	Priority	Management response	Implementation date & responsibility
4	<p>Component assets accounting policy</p> <p>The accounting policies include a policy in relation to component assets. We confirmed this accounting policy is not applied to property, plant and equipment.</p>	Medium	<p>Recommendation to MPS: Management must review the component asset policy and ensure it is correctly applied</p> <p>Management response: Agreed. The component assets policy will be reviewed and revised to ensure that it is appropriate and in line with current approach to identifying and recognising component assets.</p>	<p>MPS Lead: Paul Oliffe</p> <p>Implementation date: December 2019</p>

Appendix C: Joint value for money action plan (1 of 2)

Rec No.	Recommendation	Priority	Management response	Implementation date & responsibility
1	<p>Police and Crime Plan</p> <p>MOPAC should continue to strengthen arrangements to communicate to the public progress against the PCP. Public reporting should communicate the outcomes and benefits of actual work undertaken. Set against the outcomes and benefits set out in the PCP.</p>	Medium	<p>MOPAC: Agreed. We have a robust process in place to monitor progress on the PCP commitment and we continue work to deliver communications plans to inform the public of that progress.</p>	<p>MOPAC Lead: Paul Rowan</p> <p>Implementation date: On-going</p>
2	<p>Police and Crime Plan</p> <p>MOPAC will need to work with the VRU; to identify where efforts can be aligned and where commitments of the PCP can be achieved in partnership. Where PCP commitments are aligned, it is important to establish governance arrangements which will support joint delivery.</p>	Medium	<p>MOPAC: Agreed. MOPAC works in partnership with the VRU and actively works to constantly align both organisations' activity in light of MOPAC's PCP commitments and the VRU's workplan. The VRU attends DMPC-Directors which allows for early discussion and strategic alignment. MOPAC is a member of the VRU's Partnership Reference Group, and has also established a quarterly meeting structure to discuss the performance of programmes to which the VRU is contributing funding. Furthermore, the VRU are represented in internal MOPAC governance meetings which make spending and commissioning decisions, including the Contracts and Commissioning Group.</p>	<p>MOPAC Lead: Sam Cunningham</p> <p>Implementation date: On-going</p>
3	<p>Financial strategy and long term sustainability</p> <p>MOPAC and the MPS should strengthen their scenario planning arrangements in light of the future funding uncertainties. Scenario planning arrangements should include plans for 'better than expected' which should be supported by a pipeline of investment projects that can be prioritised as and when funds are available.</p>	Medium	<p>MPS/MOPAC: Agreed. As noted, future funding is inherently uncertain given the absence of multi-year funding settlements. To respond to this, MPS/MOPAC have begun to explore a wider range of funding scenario options including those based around more optimistic assumptions. As part of planning for the next SR, MPS have developed a range of investment opportunities linked to strategic objectives which can be progressed as appropriate through existing governance arrangements.</p>	<p>MOPAC Lead: Peter Lewis</p> <p>MPS Lead: Ian Percival</p> <p>Implementation date: On-going</p>

Appendix C: Joint value for money action plan (2 of 2)

Rec No.	Recommendation	Priority	Management response	Implementation date & responsibility
4	<p>Financial strategy and long term sustainability The uncertainty over the medium term financial position is likely to result in positive as well as negative financial outcomes. Where positive outcomes are realised MOPAC and the MPS should seek to find a balance between immediate reinvestment of these monies and the opportunity to strengthening the reserves position in the medium term</p>	Medium	<p>MPS/MOPAC: Agreed. There is a balance to be achieved between investing funding to deliver against current strategic objectives and strengthening the reserves position to meet emerging medium term challenges. This balance is currently achieved through the development of a reserves strategy which identifies expected reserve levels and how they plan to be utilised (earmarked reserves), along with assumptions for general reserves. The reserves strategy identifies a range of financial risks which may impact on reserves. These will be kept under regular review.</p>	<p>MOPAC Lead: Peter Lewis MPS Lead: Ian Percival Implementation date: On-going</p>
5	<p>Strategic planning and governance The MPS should seek to better integrate and align its business planning with other planning processes. In particular links between business and financial planning could be strengthened.</p>	Medium	<p>MPS: Agreed and we have made significant progress on this since the single year business plan was produced in 2017. We now have a multi-year business plan which now aligns with our strategy Met Direction, our performance framework, and has been delivered in conjunction with our Force Management Statement.</p> <p>We are reviewing how to build further on the effectiveness of our business planning with other Corporate Service leads.</p>	<p>MPS Lead: Roisha Hughes Implementation date: On-going</p>
6	<p>Strategic planning and governance In developing its performance framework the MPS should develop a balance of measures which will allow it to assess progress against shorter term operational objectives and also to step back and assess progress against its overall mission to "keep London safe for all".</p>	Medium	<p>MPS: Agreed. The pillars of Met Direction have been designed to apply successfully to both the shorter term and our mission which stretches to 2025. The performance framework contains a suite of measures, agreed with leads, which enables performance to be charted, and these are reported against quarterly in a combined business plan update.</p>	<p>MPS Lead: Roisha Hughes Implementation date: On-going</p>



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