

REQUEST FOR DMPC DECISION – PCD 1606

Title Capital Strategy 2024/25 – 2042/43

Executive Summary:

The CIPFA Prudential and Treasury Management Codes require all policing bodies to prepare a capital strategy report which forms the foundation of the authority's long-term planning and delivery of its capital investment. The strategy sets the parameters for the capital programme, which will be updated each year and will help to ensure that capital resources are used efficiently to achieve the best possible outcomes within constrained budgets.

The capital strategy outlines the 5-year capital programme as well as the wider 20-year capital ambition that formed part of the GLA Group wide capital strategy and was published with the Mayor's Draft Final Consolidated 2024/25 budget.

The estimated cost of the capital strategy over the 20-year period to 2042/43 is c£4.4bn, with £1.4bn of expenditure over the five years of the published Capital Programme and a further £3.0bn between 2028/29 and 2042/43.

Recommendation:

The Deputy Mayor for Policing and Crime is recommended to:

1. Approve the capital strategy and the capital programme 2024/25 - 2028/29 as set out in Appendix One
2. Note the longer term 20 year capital plan/programme set out in Appendix One.

Deputy Mayor for Policing and Crime

I confirm that I have considered whether I have any personal or prejudicial interest in this matter and take the proposed decision in compliance with the Code of Conduct. Any such interests are recorded below.

The above request has my approval.

Signature:

Date 18/03/2024

PART I - NON-CONFIDENTIAL FACTS AND ADVICE TO THE DMPC

Decision required – supporting report

1. Introduction and Background

- 1.1. The CIPFA Prudential and Treasury Management Codes require all policing bodies to prepare a capital strategy report which forms the foundation of the authority's long-term planning and delivery of its capital investment. The strategy sets the parameters for the capital programme, which will be updated each year and will help to ensure that capital resources are used efficiently to achieve the best possible outcomes within constrained budgets.
- 1.2. The purpose of the Capital Strategy is to drive the Mayor's capital investment ambition, whilst ensuring the sustainable, long term delivery of services.

2. Issues for Consideration

- 2.1. The strategy sets out the MOPAC Capital Programme 2024/25-2027/28 on an annual basis, and the anticipated capital expenditure for the following 15 years in five year 'tranches'. The expected funding streams to finance the capital expenditure are also set out and the consequent funding gap which is assumed to be financed by borrowing.
- 2.2. For MOPAC the benefits of producing a Capital Strategy are the transparent alignment of scarce capital resources to priorities, and ensuring a sustainable, long term delivery of services which gives due regard to risk and reward.
- 2.3. The strategy includes £28.3m of capital investment required over the short to long term to deliver New Met for London (NMfL).
- 2.4. The strategy also takes account of other Mayoral priorities and ambitions including Net Zero Carbon and the delivery of 50% affordable housing on sites that are disposed of across the GLA Group and delivery of the Police and Crime Plan published in March 2022.
- 2.5. The Capital Strategy forecasts capital investment requirements over the 20-year period to 2042/43. Total expenditure over 20 years is estimated at c£4.4bn, with £1.4bn of expenditure over the five years of the published Capital Programme and a further £3.0bn between 2028/29 and 2042/43.

3. Financial Comments

- 3.1. Total expenditure over the 20-year period 2023/24 – 2042/43 is estimated at c£4.4bn, with £1.4bn of expenditure over the five years of the published Capital Programme and a further £3.0bn between 2028/29 and 2042/43.
- 3.2. Expenditure will be funded through a combination of capital receipts, capital grants and third-party contributions, revenue contributions, and borrowing. With the exception of Counter Terrorism there is no capital grant to support the capital programme and with opportunities to fund the capital programme through capital receipts reducing there is an increased reliance on borrowing.

- 3.3. The borrowing requirement for 2024/25 is £254.3m. This represents 81% of the capital financing in 2024/25 rising to 86% in 2027/28 and is a substantial increase in the proportion of capital funded through borrowing than in previous years.
- 3.4. The increasing dependency on borrowing to fund capital is a concern given the impact on the revenue budget which is facing significant financial challenge. A review of the capital programme will be undertaken in 2024/25 in order to consider longer-term affordability of the current programme.
- 3.5. The capital programme will continue to be updated on an annual basis.

4. Legal Comments

- 4.1. MOPAC is subject to the budget setting requirements of the Greater London Authority Act 1999, as amended. As set out above the proposed budget submission reflects the Mayor's guidance.
- 4.2. Under section 3 (6) of the Act, MOPAC is under a duty to secure the maintenance of an efficient and effective police force. Under paragraph 7 of schedule 3 of the 2011 Act MOPAC may do anything which is calculated to facilitate, or is conducive or incidental to, the exercise of its functions. Under section 79 of the Act, MOPAC must have regard to the Policing Protocol when exercising its functions. The Policing Protocol provides that PCCs (including MOPAC) as recipient of all funding, must determine how this money is spent. In London, this is also to be read within the context of the GLA Act 1999, and the Mayor's budget setting requirements.
- 4.3. MOPAC/MPS as statutory bodies must only budget for activities that fall within its statutory powers. Further, the Commissioner must ensure that good value for money is obtained in exercising functions, which includes securing that persons under his direction or control obtain good value for money in exercising their functions. Any future proposals for a reduction in staff/officer posts must comply fully with employment law and People Services and the Directorate of Legal Services at the MPS, as appropriate, will need to be engaged to ensure compliance with any statutory or regulatory requirements in relation to any redundancy or redeployment matters.
- 4.4. The MOPAC Scheme of Delegation and Consent includes at paragraph 4.7 that the Deputy Mayor for Policing and Crime has authority to approve the "The MOPAC/MPS (MOPAC Group) revenue and capital budget for submission to the Mayor of London."

5. GDPR and Data Privacy

- 5.1. There are no direct GDPR/data privacy issues arising from this report as it does not use personally identifiable data of members of the public. In the delivery of the Police and Crime Plan and this budget where GDPR or data privacy issues are applicable these are considered as part of the MOPAC/MPS governance process

6. Equality Comments

- 6.1. MOPAC is required to comply with the public sector equality duty set out in section 149(1) of the Equality Act 2010. This requires MOPAC to have due regard to the need to eliminate discrimination, advance equality of opportunity and foster good relations by reference to people with protected characteristics. The protected characteristics are: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.
- 6.2. There are no equality and diversity implications arising from this report.

7. Background/supporting papers

- 7.1. Appendix 1 Capital Strategy 2024/25 – 2042/43

Public access to information

Information in this form (Part 1) is subject to the Freedom of Information Act 2000 (FOIA) and will be made available on the MOPAC website following approval.

If immediate publication risks compromising the implementation of the decision it can be deferred until a specific date. Deferral periods should be kept to the shortest length strictly necessary.

Part 1 Deferral:

Is the publication of Part 1 of this approval to be deferred? NO

If yes, for what reason:

Until what date:

Part 2 Confidentiality: Only the facts or advice considered as likely to be exempt from disclosure under the FOIA should be in the separate Part 2 form, together with the legal rationale for non-publication.

Is there a **Part 2** form – NO

ORIGINATING OFFICER DECLARATION:

Tick to confirm statement (☑)

Financial Advice: The Strategic Finance and Resource Management Team has been consulted on this proposal.	☑
Legal Advice: Legal advice is not required.	☑
Equalities Advice: Equality and diversity issues are covered in the body of the report.	☑
and Data Privacy GDPR compliance issues are covered in the body of the report. A DPIA is not required.	☑
of Unit: Deputy CFO and Head of Financial Management MOPAC has reviewed the request and is satisfied it is correct and consistent with the MOPAC's plans and priorities.	☑

OFFICER APPROVAL**Chief Executive**

I have been consulted about the proposal and confirm that financial, legal and equalities advice has been taken into account in the preparation of this report. I am satisfied that this is an appropriate request to be submitted to the Deputy Mayor for Policing and Crime.

Signature

Sanakucherd

Date 18/03/2024