

MOPAC AND MPS FINAL BUDGET 2024/25 AND MEDIUM-TERM FINANCIAL PLAN 2024/25 – 2026/27

1 Executive Summary

- 1.1 The Mayor's consolidated budget for the Greater London Authority (GLA) group for 2024/25 was agreed on 22 February 2024. It brings together the plans of the GLA and its functional bodies of which the Mayor's Office for Policing and Crime (MOPAC) is one. MOPAC's budget includes the budget for the Metropolitan Police Service (MPS) and also the Violence Reduction Unit (VRU).
- 1.2 Following the completion of the Mayor's budget process, this report sets the final budget for MOPAC and MPS. It sets out a number of changes since the draft published in November 2023. The Mayor's Final Consolidated Budget 2024/25 ([link](#)) has been published on the Greater London Authority website.
- 1.3 The Mayor has been clear that keeping Londoner's safe is his top priority and police reform is a critical part of this. In response to the Baroness Casey review the Commissioner launched A New Met for London (NMfL), the MPS plan to address the systemic and foundational issues raised by Baroness Casey, HMICFRS, the people of London and the MPS own officers and staff. The plan set three priorities: Community Crime Fighting, Culture Change and Fixing Foundations.
- 1.4 The Mayor's Police and Crime plan sets out his vision for a city in which Londoner's are safer – and feel safe. The four key themes of the plan are:
 - **Reducing and preventing violence** – preventing and reducing violence affecting young people, making London a city in which women and girls are safer and feel safer; tackling the harm caused by drugs; reducing reoffending by the most violent and high-risk groups; preventing hate crime, and working together to prevent terrorism and violent extremism.
 - **Increasing trust and confidence** – increasing public trust in the MPS and reducing gaps in confidence between different groups; ensuring that the MPS engages with Londoners and treats them fairly; and ensuring that the MPS, borough councils and all community safety partners respond to neighbourhood crimes such as burglary and anti-social behaviour.
 - **Better supporting victims** – improving the services and support that victims receive from the MPS and the criminal justice service; working to ensure victims receive a better criminal justice response and outcome; and reducing the number of repeat victims of domestic abuse and sexual violence
 - **Protecting people from being exploited or harmed** – reducing the number of young people and adults who are criminally exploited or harmed; keeping young people in the justice system supported and safe; and keeping people safe online.
- 1.5 It is on this basis that the budget has been developed and includes growth for the new investment the Commissioner believes is needed for NMfL. The investment is set at a pace that the Commissioner deems necessary however there is a need to

manage within the available resources and this needs to be carefully considered in the setting of the budget.

- 1.6 The Medium-Term Financial Plan (MTFP) has been constructed on a medium-term basis and there is a need to ensure adequate resilience in future years. The MTFP provides for a balanced budget in 2024/25 however there are risks that will need to be carefully managed in 2024/25 through an enhanced control environment. More detail is set out later in the report.
- 1.7 There is a forecast gap of c£300m in 2025/26 increasing in £350m in 2027/28 and urgent work to develop a business planning approach that supports the reprioritisation of existing resources is needed. Addressing the gap is a priority for MOPAC and MPS and the new governance arrangements will ensure that there is an agreed approach to doing so is addressed early in the new financial year.
- 1.8 The revenue budget and the capital programme are intrinsically linked and there is an increasing revenue impact that has been a key consideration in developing the budget. Borrowing levels that have been subdued due to high levels of capital receipts in previous year are forecast to increase in the future. Affordability of the capital plans in the context of the challenges on the revenue budget and knock on impact on operational delivery will be a key consideration in future budget setting processes.

2 Funding and Expenditure Overview

- 2.1 Core funding for policing is provided through the Police Grant and special grants awarded by the Home Office on annual basis. In addition, the Mayor raises funds through the precept and by allocating funding from business rates. Funding allocations beyond 2024/25 have not been announced and future forecasts have been made on a number of assumptions.

Settlement and Mayoral Funding

- 2.2 The government published the final grant allocations for 2024/25 for Police and Crime Commissioners in England, the Mayor's Office for Policing and Crime, and the City of London on 31 January 2024. This announcement included the Home Office Police Grant and police formula grant (formerly paid by DLUHC), along with the legacy council tax support and freeze grant funding for local policing bodies and, for both MOPAC and the City of London Police, the National and International Capital City (NICC) grant.
- 2.3 The Final Police Settlement announced a 6% increase in funding nationally and was predicated on the assumption that Police and Crime Commissioners would increase the precept by the maximum £13 allowable. The increase for MOPAC was considerably less and, at 3.5%, took account of £63m of Police Uplift Funding, that was reallocated to other forces in recognition of the fact that MPS officer

recruitment target had not been met thus reducing the resources available to police London.

2.4 The final police settlement for 2024/25 confirmed that the precept for local policing bodies in England could be increased by a maximum of £13 for police services before a referendum would be required. The Mayor has approved an increase in the Band D precept of £13 for 2024/25.

2.5 Other key funding updates are:

- The National and International Capital City Grant has remained flat cash at £185.3m despite calculations, based on the Home Office's 2015 independent review, that MPS is underfunded by c£240m per annum to carry out the duties needed in policing London. Representations to the Home Office were made in advance of the Settlement but no further funding has been provided, despite the Chancellor accepting that policing the capital involved 'increased demands'.
- Counter Terrorism grants are still being finalised and will be updated once all funding has been announced.
- Special grants are reducing by 32% from 2023/24 nationally which means that more of the cost of the activities linked to these grants will fall to MPS, notwithstanding the disproportionate impact these can have on policing the capital (e.g. the consequences of the Israel-Gaza conflict).
- Police Uplift Funding has been reduced by £63m due to the fact that MPS were not able to achieve the target officer numbers on which the funding is based. This level of funding was also clawed back in 2023/24.
- Further PUP funding of £29.3m has been made available however MPS are unlikely to achieve the target officer numbers and therefore this has not been assumed in the funding forecasts for 2024/25.

2.6 In recognising the financial challenges faced in policing, the Mayor has made available additional funding of £151.2m of which:

- £30m is to provide ongoing funding to support the 500 police officers that Mayor initially funded for a 3-year period through a one-off allocation of business rates monies into reserves – all 1300 officers enabled by the Mayor are funded on an ongoing basis
- £5m ongoing funding to NMfL priorities
- £48.9m of one-off funding from business rates in 2024/25 of which:
 - £38.8m has been used to help support MPS in closing the budget gap in 2024/25
 - £5m to fund Operation Yamata to provide a continuation of funding that is due to end at the end of 2023/24.
 - £5.1m to be re-invested in rebalancing the workforce by funding 50-70 staff posts in 'back-office' roles in order to release officers to the front-line.
- £6.5m from business rates to support prevention and early intervention through the Violence Reduction Unit.

- £54.9m from the increase in the precept and £5.9m from other funding streams from GLA to support the overall policing budget.

2.7 This funding means that Mayoral support for MOPAC will have more than doubled compared to the 2016-17 budget. Compared to 2010-11, government funding for the Met has only increased by 2 per cent in cash terms, on a like for like basis and excluding funding which has been provided for new pressures which have emerged since 2010. In real terms, this is a funding cut of over £1 billion, or a 32.4 per cent real terms reduction up to December 2023.

2.8 In total, the funding available in 2024/25 is £4,288.2m and includes funding for specific purposes such as the MPS National Counter Terrorism function. No funding allocations beyond 2024/25 have been announced. Any change in funding in these financial years will impact on the financial gap. A summary of the 2024/25 funding and the forecast funding for 2025/26 and 2026/27 is set out in Table 1 below.

Table 1

Funding	2024/25	2025/26	2026/27
	£m	£m	£m
Police Grant	(2,401.6)	(2,464.0)	(2,464.0)
Special Grants	(738.4)	(732.4)	(732.4)
Precept	(963.7)	(997.7)	(1,032.9)
Retained Business Rates	(129.1)	(132.0)	(133.9)
Local Government Settlement Grants	(5.2)	0.0	0.0
Collection Fund Surplus/(Deficit)	(50.2)	0.0	0.0
Total Funding Available	(4,288.2)	(4,326.2)	(4,363.3)

Note: Roundings to 1dp

Expenditure Budget

2.9 Expenditure has increased from £4,286.8m in 2023/24 to £4,626.6m in 2024/25. This is forecast to increase to £4,816.6m in 2026/27. Table 2 below summarises the key drivers for the increase in expenditure.

Table 2

Expenditure	2024/25	2025/26	2026/27
	£m	£m	£m
Base Budget	4,286.8	4,286.8	4,286.8
Adjustments	(91.9)	(55.1)	(53.2)
Pay Award	215.0	267.2	317.2
Inflation - Non-Pay	16.2	29.8	40.3
NMfL Growth	78.8	136.6	83.7
Structural Growth	121.7	125.9	141.8
Forecast Expenditure	4,626.6	4,791.2	4,816.6

Note: Roundings to 1dp

2.10 Expenditure has increased by £339.8m since 2023/24 due to:

Pay Award

- 2.11 Pay Award inflation of 2% has been built into the budget. In 2024/25, £215m has been added and includes the 5%, above budgeted pay award that was agreed in September 2023 and the London Allowance uplift, neither of which were included in the original budget. Pay awards are set nationally by the Police Remuneration Review Body (PRRB). In 2023/24, the Home Office made available additional funding to police forces to reflect the higher than budgeted for element of police pay award. In the event that the 2024/25 pay award is higher than budgeted and that no additional funding is made available, the difference will need to be found from within the existing revenue budget.
- 2.12 Pay inflation budgets for the 2024/25 pay award are being held corporately until the final police pay award is announced. This is done to aid in year monitoring particularly at the start of the financial year.
- 2.13 The budget provides for 34,000FTE police officers. The Mayor has provided additional funding for MPS to get to 500 additional PCSOs by the end of 2024/25.

Inflation

- 2.14 Additional inflation of £16.2m equating to 3.5% has been built into the budget to reflect general non-pay inflation.

Growth – Structural (including NMfL)

- 2.15 Structural growth of £121.7m to strengthen existing services has been built into the budget and a full breakdown is attached at Appendix 1. Within this, are allocations specific to meeting NMfL priorities as well as the overall NMfL plan. The main areas of growth include the cost of meeting new legislative requirements, investing in technology, capital financing costs to support the capital programme and structural pressures in the current budget. A summary is set out below and is shown on a cumulative basis.

Table 3

Structural Growth By Type	2024/25	2025/26	2026/27
	£m	£m	£m
PFI Inflation	3.8	3.8	3.8
Financing Costs	45.6	69.7	89.0
Reversal of previous year growth	(0.5)	(1.3)	(0.5)
Right-sizing MetCC and Finance	19.3	19.3	19.3
Operational Requirements	31.3	16.5	16.0
Legislative Requirements	3.0	3.0	3.0
Investing in Technology	13.6	9.9	6.2

Recruitment Campaign	5.0	5.0	5.0
Target Operating Model Redesign	0.6	0.0	0.0
Total Structural Growth	121.7	125.9	141.8

Note: Roundings to 1dp

Growth – New Met for London

- 2.16 New Met for London growth totalling £78.8m has been added into the budget. To determine where additional funding is needed, a prioritisation process has been undertaken within MPS. The level of investment is lower than the £174m the Commissioner estimated was needed to deliver NMfL in 2024/25 and start to deliver the scale of the reform HMICFRS and Casey has called for. This latter figure included £73.5m of funding to support civilianisation for which a bid to the Home Office was made but was not successful. A full breakdown of growth in new areas is attached at Appendix 2. A summary is set out below and is shown on a cumulative basis.
- 2.17 Whilst additional funding has been built into the budget, with the financial challenges that are being faced, the investment has been through a prioritisation process within MPS meaning that some areas of NMfL delivery have slowed compared to original proposals. As a result, the Commissioner has committed to reissue the New Met for London delivery ambitions to align with what is funded this year.

Table 4

NMfL Growth By Type	2024/25	2025/26	2026/27
	£m	£m	£m
Community Crime Fighting	10.8	9.3	0.5
Culture Change	10.2	8.6	7.1
Fixing Foundations	33.7	48.8	36.7
Other	15.6	67.1	37.8
Strategic Partner	8.4	3.0	1.6
Total NMfL Growth	78.8	136.6	83.7

Note: Roundings to 1dp

- 2.18 There was also a further need to support civilianisation that would have seen police officers deployed back-office roles being transferred back to the front line. The costs of this was subject to a Home Office bid that has not been successful. The budget supports the transfer of c300 officers back to the frontline (238 Rape and Serious Sexual Offence Officers and 50-70 Crime Investigators. With sufficient funding, MPS would have been able to redeploy 3,000 officers over the next 3 years to the front line.
- 2.19 The growth and investment in this budget seeks to strike a careful and difficult balance between the Met's strategic and operational priorities, but it does start to

deliver the reprioritisation of the Met’s budget and resources to meet some of the challenges Casey and HMICFRS have identified. The outcome shifts the focus of the MPS budget in three main ways, in line with the strategic priorities set out in NMfL:

- Beginning to change the mix of the MPS workforce so there is a greater proportion of officers on the frontline and more skilled police staff in the right roles
- Putting more resources in local policing, where there is the most stretch and risk – helping to address what Casey called ‘imbalance [...] between well-resourced specialist units and a denuded frontline’
- Placing more emphasis on fixing the foundations, including the provision of the kit and equipment needed to succeed operationally.

Adjustments

2.20 Adjustments reducing expenditure by £91.9m have been made and reflect changes to previous budget assumptions and decisions

3 Bridging The Gap

3.1 Once all funding and expenditure is taken into consideration, the financial gap for 2024/25 is £338.4m and increases to £453.3m in 2026/27. The gap in 2024/25 has been closed through savings, budget reductions and the use of reserves. When taken into account, and one-off additional funding is excluded, the gap in 2025/26 is £299.8m and £294m in 2026/27, which represents a significant risk to operational priorities and the pace at which reform can be delivered.

Table 5

Bridging The Gap	2024/25	2025/26	2026/27
	£m	£m	£m
Funding	(4,288.2)	(4,326.2)	(4,363.3)
Expenditure	4,626.6	4,791.2	4,816.6
Financial Gap	338.4	465.0	453.3
Savings - MPS	(182.8)	(132.8)	(147.0)
Reserves - MPS	(155.6)	(32.4)	(12.3)
Total gap	-	299.8	294.0

Note: Roundings to 1dp

Savings

3.2 Savings totalling £182.8m are included in the budget and a full list is set out in Appendix 3. These are a challenging set of additional reforms which introduce new models in order to police London effectively within the available budget. A summary of these savings is set out in the table below and are shown on a cumulative basis. They have been designed to minimise impact on service delivery wherever possible. MPS through its Budget and Business Planning and Implementation Group (BPIG) will put plans in place that seek to mitigate impacts on frontline services where efficiencies can be found or services can be delivered differently.

- 3.3 A significant amount of savings will be achieved through controlling and managing expenditure through commercial activities and additional controls, savings arising from greater use of technology and the management and removal of vacant posts. This will be monitored through governance processes throughout the year and action taken if required.

Table 6

Summary of Savings	2024/25	2025/26	2026/27
	£m	£m	£m
Neighbourhood Policing	(13.2)	(6.3)	(6.3)
Local Policing Units	(2.6)	(4.4)	(4.4)
Major Investigation Operating Model	(2.2)	(3.8)	(3.8)
Streamlining Dispatch Channels	(1.0)	(1.5)	(1.5)
Reconfiguring Forensics	(4.1)	(5.6)	(5.6)
Management and Storage of Data	(1.0)	(1.0)	(1.0)
Special Operations Savings	(1.0)	(1.0)	(1.0)
Operational Teams	(10.5)	(10.5)	(10.5)
Commercial Savings	(19.2)	(15.2)	(15.2)
Human Resources Savings	(0.7)	(0.7)	(0.7)
Digital, Data and Transformation Savings	(12.2)	(7.5)	(7.5)
Communications and Engagement Savings	(0.6)	(0.7)	(0.7)
Treasury Management Activities	(30.4)	(13.0)	(10.0)
Centrally Held Budgets	(31.2)	(17.1)	(13.5)
Efficiency Programme	(22.7)	(28.4)	(34.1)
General Savings	(2.0)	(6.1)	(21.1)
Management Controlled Savings	(28.3)	(10.0)	(10.0)
Total Savings	(182.8)	(132.8)	(147.0)

Note: Roundings to 1dp

Reserves

- 3.4 In balancing the budget, £155.6m of reserves are being used of which £84.5m is being used to support balancing the budget and the rest is for earmarked purposes. Use of reserves is not recommended to support ongoing costs and MOPAC and MPS are committed to removing this reliance in future years. The need to build back reserves is recognised in the 2024/25 reserves strategy and is a priority for the 2025/26 budget setting process.

Final Allocations

- 3.5 The final budget allocations by service and by type of expenditure and income are set out at Appendices 4 and 5 and it is these allocations on which the budget is set. Governance arrangements as per the Greater London Authority will apply to these

budgets and it is against these that monitoring in 2024/25 will be carried out. Approval for virements will be the subject to rules set out in the GLA guidance.

4 MOPAC's Budget

4.1 MOPAC's budget is set out at Appendix 6 and a summary position is set out in the table below.

Table 7

MOPAC SUMMARY BUDGET 2024/25 – 2026/27			
	2024/25	2025/26	2026/27
	£m	£m	£m
Funding	(114.4)	(102.4)	(102.9)
Net Expenditure	135.5	115.2	109.5
Financial Gap	21.1	12.8	6.6
Reserves	(18.8)	(11.1)	(0.6)
Savings	(2.3)	0.0	(0.3)
Financial Gap	0.0	1.7	5.7

4.2 MOPAC's budget takes account of changes to grant income. In balancing the 2024/25 budget, reserves of £18.8m have been used and savings of £2.3m have been identified. It should however be noted that many of the grants available to MOPAC are for multi-year periods to support the delivery of longer-term projects and therefore the drawdown from reserves is planned in order to support these.

4.3 There is currently a gap of £1.7m in 2025/26 increasing by £5.7m in 2026/27. This is largely due to a reduction in reserves funding that is supporting some projects for which the expenditure has not been reduced in the forecast. A full review of these is to be carried out during 2024/25 in order to ensure that a balanced budget can be achieved.

5 Capital

5.1 Capital is an intrinsic part of the overall budget and the borrowing costs are a key part of the revenue budget. A separate capital strategy has been approved and sets out the capital programme for 2024/25 – 2027/28 and a further 15 years.

5.2 The capital programme will continue to be updated annually to reflect new and emerging priorities. The impact on the revenue budget will continue to be considered in the context of affordability. To support this, more detailed work on the capital programme will be carried out in 2024/25.

5.3 The capital programme 2023/24 – 2027/28 is set out in the table below. This sets the capital programme for 2024/25 and will be used for monitoring purposes during the year.

Table 8

	2023-24 Forecast Outturn	2024-25 Plan	2025-26 Plan	2026-27 Plan	2027-28 Plan	Total
	£m	£m	£m	£m	£m	£m
PSD- Forward Works and BAU	40.2	46.1	66.3	42.5	66.0	261.1
Fleet	35.4	35.0	36.2	27.3	31.9	165.9
DDaT	68.1	67.3	59.6	66.6	59.3	320.9
CTPHQ	53.5	36.4	20.6	24.0	26.0	160.6
Met Operations- Covert and Forensics	8.8	11.5	5.5	9.2	6.4	41.5
Sub-total excluding Transformation	206.0	196.4	188.2	169.6	189.7	949.9
Optimising Contact and Response	62.2	51.8	0.3	3.0	0.0	117.4
Transforming Investigation and Prosecution	37.2	13.1	6.0	6.0	6.0	68.3
Operational Support Services	0.5	0.0	0.0	0.0	0.0	0.5
Learning and Professionalism Transformation	0.5	1.0	0.5	0.5	0.0	2.5
TD Flexible Service Portfolio & Met CC	5.4	7.3	5.6	1.2	0.4	19.8
PSD- Central Estates Programme	16.4	26.4	29.4	5.5	0.0	77.6
PSD- Transforming the Workplace	7.4	13.1	22.6	54.4	45.5	143.1
Transformation - long term estimate	0	3.0	2.0	9.0	12.0	26.0
New Met for London	0	28.3	0	0	0	0
Sub-total Transformation	129.6	144.1	66.3	79.6	63.9	483.5
Total	335.6	340.5	254.5	249.2	253.6	1,433.4

5.4 Funding of the capital programme is changing with lower capital receipts in future years and a greater dependency on borrowing. This is creating pressure on the revenue budget and is contributing to the overall financial gap in the current and future years.

5.5 The overall funding and affordability of the capital programme will continue to be a factor in the development of budgets in future years. A summary of the funding of the capital programme is set out below.

Table 9

MPS Capital Programme 2023/24-2026/27						
	2023-24 Forecast Outturn	2024-25 Plan	2025-26 Plan	2026-27 Plan	2027-28 Plan	Total
	£m	£m	£m	£m	£m	£m
Funding						
Capital Receipts	15.3	11.9	0.8	10.9	1.0	39.9
Capital Grants & Third Party Contributions	63.1	46.0	29.8	32.1	30.6	201.7
Borrowing	253.5	282.6	211.6	202.9	218.7	1,169.2
Revenue Contributions	3.7	0.0	12.3	3.3	3.3	22.6
Total Funding	335.6	340.5	254.5	249.2	253.6	1,433.4

5.6 The Treasury Management Strategy sets out the borrowing limits as well as the borrowing requirements over the lifetime of the capital programme. This is subject to a separate decision however needs to be considered alongside the capital programme.

6 Financial Stability and Management of Risk

- 6.1 Financial stability and resilience is key to the MOPAC and MPS financial strategy. The Chief Finance Officers in both MOPAC and MPS have a statutory duty, under sections 25-27 of the Local Government Act 2003, to report on the robustness of estimates and adequacy of reserves. Their advice is based on best practice and professional experience.
- 6.2 The 2024/25 reserves strategy recommends that reserves should be held to the value of 2%-3% of the net revenue expenditure subject to the sensitivity and risks in the Medium-Term Financial Plan. Using these thresholds would require general reserves of £87m - £131m. This is not achieved in 2024/25 although should opportunities arise to bolster reserves during the year, they will be considered.
- 6.3 The level of the general reserve is a matter of judgement having regard to the advice from the Chief Finance Officer (S151 Officer) and will take account of specific risks identified through the budget setting process. This is considered on an annual basis as part of the budget setting process and will take into account the extent of which specific risks are supported through earmarked reserves. The S25 statement is published on the MOPAC website.
- 6.4 The forecast position on reserves is set out in the table below.

Table 10

Groupings for Final Submission	Closing	Forecast	Closing	Planned	Closing	Planned	Closing	Planned	Closing
	Balance 2022/23	Usage Q2 2023/24	Balance 2023/24	Usage 2024/25	Balance 2024/25	Usage 2025/26	Balance 2025/26	Usage 2026/27	Balance 2026/27
	£m	£m	£m	£m	£m	£m	£m	£m	£m
Supporting Local Change	44.3	-30.9	13.3	-7.3	6.0	-5.7	0.3	-0.2	0.1
Managing the Budget	59.7	-28.3	31.4	-31.4	0.0	0.0	0.0	0.0	0.0
Business Group Initiatives	2.3	-1.5	0.8	-0.4	0.4	-0.3	0.1	-0.1	0.0
Operational Costs	105.1	-74.8	30.3	-20.0	10.4	-3.5	6.9	-3.3	3.6
Historical Public Inquires	2.2	-1.0	1.2	-1.0	0.2	-0.2	0.0	0.0	0.0
Managing Officer FTEs	23.1	0.0	23.1	-23.1	0.0	0.0	0.0	0.0	0.0
Insurance	6.7	-6.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Property	61.8	-13.0	48.7	-8.2	40.5	-9.5	31.0	-7.6	23.4
Vetting Delays	0.1	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other earmarked (POCA)	11.4	-0.5	10.8	-1.9	8.9	-1.8	7.1	-0.6	6.5
Specifically Funded for Third Parties	13.4	0.6	14.0	-13.6	0.3	-0.3	0.1	-0.1	0.0
Business Rates	60.0	-30.0	30.0	-30.0	0.0	0.0	0.0	0.0	0.0
Contribution to the Council Tax deficit	6.6	-6.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0
General Reserves	46.6	0.0	46.6	0.0	46.6	0.0	46.6	0.0	46.6
MOPAC Earmarked	52.1	-17.8	34.3	-18.7	15.7	-11.1	4.6	-0.6	4.0
Grand Total	495.3	-210.7	284.6	-155.6	129.0	-32.4	96.6	-12.3	84.3

- 6.5 The general reserve is forecast to be £46.6m which is below the recommended threshold. This is below the average for the sector that is currently 3%. In addition to the general reserve there are earmarked reserves totalling £238m at the start of the financial year. This provides some resilience during the year however as these reserves are utilised, there needs to be a mechanism for building back general reserves. This is part of the work to be undertaken by the newly established Business Planning and Investment Group (BPIG).

- 6.6 The budget proposes that £155.6m of these reserves will be utilised in 2024/25. Earmarked reserves are to support the projects and expenditure that they have been set up to do however some of the reserves are being used to manage the in-year gap. The budget in future years is to be developed to remove any ongoing dependency on reserves to support ongoing costs and to build the general reserves level to the 2-3% recommended level.
- 6.7 To manage reserves and ensure they are only used when they have to be, additional controls have been built into the reserves policy that require CFO sign-off for all transfers to and from reserves.

Governance

- 6.8 The MPS has well established governance arrangements which include a Strategic Management Board, Executive Committees, Transformation Group, and a Non-Executive Director-chaired Audit and Risk Assurance Committee. Recognising the complexity presented by the budget, the MPS have supplemented this to include:

- Budget and Business Planning and Investment Group (BPIG)
- Assurance Sub-Group

- 6.9 This governance is supplemented by MOPAC and the Mayor, who approve and finalise MPS and MOPAC budgets on an annual basis, and approve all spending above £500k through the Scheme of Delegation and Consent via the IAM process. The remit of all these groups is set out at Appendix 7. To strengthen further the governance arrangements, the Terms of Reference for the Investment Advisory Meeting will be updated. There is also a commitment to complete the work on the Scheme of Delegation including the thresholds contained with it.

Internal Controls

- 6.10 A set of internal controls have been agreed which are fundamental to assuring the robustness of the budget. These controls have been designed to ensure that the budget is delivered and that assurance between MOPAC and MPS is provided. These are set out in full at Appendix 8.
- 6.11 The internal controls sets out an approach that has:
- Introduced more governance
 - Formalised the CFO as a member of the Management Board
 - Created additional central oversight and decision making of NMfL investment with underspends and other controls
 - Initiated a detailed Q1 review to take account of the 2023/24 out-turn position in any revised budget
 - Introduced regular monthly reporting
 - Committed to the development of an Information Sharing Protocol.

- 6.12 These arrangements reflect the scheme of delegation and consent which operates between the MPS and MOPAC, who have both agreed that these arrangements should be reviewed as part of the work to put the budget on a sustainable footing.

Oversight Arrangements

- 6.13 To support oversight and the delivery of the budget, MOPAC will:
- Lead on the development of an Information Sharing Protocol and, with the support of MPS, will progress for this to be in place for the first quarter of the new financial year
 - Review and update the Terms of Reference for the Investment Advisory Meeting
 - Engage and work with MPS to ensure that budget planning arrangements are in place by no later than May 2024 and that these link budget planning to reform and delivery options.

S25 Statement

- 6.14 It is likely that there will continue to be volatility in both spending and income. Reserves therefore need to be considered as part of the overall financial planning and a new reserves strategy has been developed to ensure there remains a focus on longer term financial resilience and sustainability.
- 6.15 In considering the S25 Statement, consideration has been given to the new governance arrangements and the internal controls that have been agreed. Without these in place a legal budget cannot be set and there would be a risk of a S114 notice. There are however levers available that would ensure that costs can be controlled and managed and the assurance that these are effective will be considered at the end of May when the mini budget is concluded.
- 6.16 Consideration has also been given to the deliverability of savings. MPS assurance processes indicates that £104.8m (57%) are delivered or deliverable. MPS is also working with a strategic partner to ensure that other savings are delivered. The confidence in delivery is encouraging however leaves £78m that is still undergoing further work. To manage risk, MPS has agreed that NMfL expenditure will be centralised with the cross-cutting savings into one budget held by the Chief Strategy and Transformation Officer. The Budget and Business Planning and Investment Group will oversee NMfL expenditure, delivery of savings, underspends and controls. Transformation Group will approve all business cases for NMfL spending and assure delivery. Transformation Group also sits under the Chief Strategy and Transformation Officer.
- 6.17 This provides a critical lever to manage the risk of expenditure being incurred at the same time as savings to being delivered. It also gives MPS an incentive to ensure that savings plans are delivered. The control however needs to be effective and the Q1 review will provide an opportunity to consider the effectiveness of these

controls. The MPS will, as part of this, review the controls in place to ensure any in year risks can be managed balanced against the need to maintain operational agility.

- 6.18 The financial planning and budget setting process was made more difficult due to a number of factors, including, a reliance on reserves, insufficient central government funding, new demand and inflationary pressures, as well as significant new operational pressures. Similarly, the need to address structural issues within the MPS budget has created further pressure. In the longer term, this approach will be valuable as it provides more stable and realistic budgets which will support activity to strengthen overall budget holder accountabilities and responsibilities. The Met, through this process, is committed to new business planning processes, this is of particular importance when considering the longer-term financial position which forecasts a budget gap of £300m in 2025/26.
- 6.19 Activities that strengthen financial management and provide more accurate, realistic and up to date financial and non-financial data to support decision making are essential and will form part of an agreed framework with MPS within which financial management will operate. Alongside this, under investment in our Finance function is identified as an NMfL fixing foundations priority, and accordingly, additional investment is provided within the £78million.
- 6.20 A full S25 Statement is published on the MOPAC website.

7 CIPFA Financial Management Code

- 7.1 The Chartered Institute of Public Finance and Accountancy (CIPFA) published a Financial Management Code in 2019. This code is designed to support good practice in financial management and to assist local authorities (include policing) in demonstrating their financial sustainability. The Code has been introduced because the exceptional financial circumstances faced by local authorities have revealed fundamental weaknesses in financial management, particularly in relation to organisations that may be unable to maintain services in the future.
- 7.2 The FM Code sets out the principles by which authorities should be guided in managing their finances and the specific standards that they should, as a minimum, achieve. Additionally, the Home Office has published the Financial Management Code (for Policing).
- 7.3 Mandatory compliance with the Code was introduced from 2021/22. Both MOPAC and MPS are updating their assessments of compliance against the Code and this will be subject to reporting to the Joint Audit Panel together with a finance improvement plan that may emerge from the self-assessment.

Appendix 1

Structural Growth/Investment including NMfL (Cumulative)				
		2024/25	2025/26	2026/27
Theme	Detail	£m	£m	£m
PFI contract inflation	To meet obligations under the PFI contract	3.8	3.8	3.8
Corporate pressures	Right-sizing pay pressures	5.0	5.0	5.0
	Enhanced Returners Scheme	1.7	0.0	0.0
	Increased Injury and Ill Health Pensions costs (CPI increase)	1.0	1.9	2.7
	Capital Financing costs	45.6	69.7	89.0
	Reversal and reduction of previous year growth (pension administration and surge capacity funding)	-8.2	-8.2	-8.2
Right-sizing critical functions	MetCC and Met Detention to meet operational demand and HMIC requirements	18.0	18.0	18.0
	Finance Capacity	1.3	1.3	1.3
Operational requirements	Streamlined Forensic Report (SFR) Medical, obtaining medical evidence on behalf of UK police forces.	0.5	0.5	0.5
	Increased usage costs associated with communications data	2.3	2.3	2.3
	Fleet contract transition	2.1	0.0	0.0
	Connect implementation and ongoing maintenance/upgrades	13.3	10.7	10.2
	Occupational Health additional demands	3.0	3.0	3.0

		2024/25	2025/26	2026/27
Theme	Detail	£m	£m	£m
	Operation Yamata	5.0	0.0	0.0
	Rebalancing the workforce – staff backfill to enable officers back into volume crime investigations (incl. PCSO recruitment costs)	5.1	0.0	0.0
Legislative requirements	Kennelling costs associated with XL bully legislation	3.0	3.0	3.0
Technological requirements	Delay in realising data centre savings	7.4	3.7	0.0
	Delay in realising savings from decommissioning apps	6.2	6.2	6.2
Communications and Engagement	Police Officer attraction campaign	5.0	5.0	5.0
	Resource to support target operating model redesign	0.6	0.0	0.0
Total Growth/Investment		121.7	125.9	141.7

New Met for London Growth

Strategic	Project	2024/25	2025/26	2026/27
		£m	£m	£m
Community Crime Fighting	Neighbourhood Alert - platform and license	0.4	0.2	0.2
	Domestic Abuse Matters Training	1.3	0.0	0.0
	Increased numbers of officers (RASSO 238 officers and 162 officers for public protection)	8.8	8.8	0.0
	Investment in victim demand modelling	0.1	0.0	0.0
	Staff Uplift £5m MOPAC funding	0.4	0.4	0.4
Culture Change	Baseline audit for CDI	0.3	0.0	0.0
	MPS new CDI Directorate Operating Model	2.6	2.6	2.6
	Training innovation to drive cultural change	0.0	0.3	0.1
	DPS - Misconduct hearings steady state post surge	1.4	1.6	1.6
	Lawful Business Monitoring	0.7	0.7	0.7
	Op ONYX - Misconduct cases into BAU	0.6	0.0	0.0
	IS Optimisation / Integration Layer (across DPS, Vetting and IRSC)	0.0	1.0	1.0
	Stabilisation turnaround - root out corruption (part of 150 uplift in 2022/23)	1.1	1.1	1.1
	Referencing and Vetting (demand pressures, pending transformation)	1.3	1.3	0.0
	Operation ASSURE	1.2	0.0	0.0
	Growth - Case Management System	0.4	0.0	0.0
	Growth - Employee Assurance Tool	0.1	0.0	0.0
	Growth - Financial Intelligence solution	1.0	0.0	0.0
	Growth - Open Source Intelligence	0.7	0.0	0.0
	Growth - Physiological and Psychological screening	0.2	0.0	0.0
	Growth - Project Guardian	0.2	0.0	0.0
	Growth - Robotic Process Automation (RPA)	0.1	0.0	0.0
	Adjustment	-1.8	0.0	0.0

Strategic	Project	2024/25	2025/26	2026/27
		£m	£m	£m
Fixing Foundations	NMFL Capital - Cost of borrowing	0.8	4.9	4.7
	Fixed Term Leadership Transformation Capacity	0.4	0.2	0.0
	Building Managers and Auditors	1.5	1.5	1.5
	Performance and Insights	1.8	1.8	1.8
	PSD running costs from delayed disposal	2.3	2.3	2.3
	Transformation and Strategy Uplift	4.0	4.5	4.5
	NMFL Estates Transformation	0.9	0.9	0.9
	Trauma peer support	0.5	0.5	0.5
	HR directorate rightsizing	6.0	6.0	6.0
	L&D directorate rightsizing	7.0	7.0	7.0
	Cost of vehicles to manage driver training	0.3	0.8	0.0
	Fixing L&D Foundations	2.6	2.6	0.0
	Increased driver training supply	1.2	0.9	0.0
	Recruit training	1.0	0.0	0.0
	Right sizing the driver academy - increase to fuel budget	0.3	0.3	0.0
	Right-sizing the driving academy - adjustment to the maintenance budget	0.3	0.0	0.0
		L&D Capacity Planning Tool	0.0	0.2
LMS Configuration		0.0	0.0	0.0
Working Environment and equipment improvements		0.0	0.0	0.0
Analytics Capability Project (Capital)		0.0	0.3	0.3
Data Governance Projects (Revenue)		1.5	1.5	1.5
DDaT (Licence costs)		1.0	1.0	1.0
Enterprise Data Platform		0.0	1.0	2.0
Mobile phone roll out to frontline officers.		0.0	8.6	-0.4
Performance Project		0.5	0.0	0.0
Situational Awareness		0.0	1.0	1.0
Automatic Number Plate Recognition project and Live Facial Recognition Project		0.0	1.0	1.0

Strategic	Project	2024/25	2025/26	2026/27
		£m	£m	£m
	Automation Projects (Capital)	0.0	0.0	1.0
Other	Command and Control	4.4	0.2	0.0
	DDaT METIP additional running costs	5.0	5.0	5.0
	Enterprise data ware house part funding	2.5	-2.5	-2.5
	Met Business Services (MBS) future programme costs	7.4	28.9	26.9
	The National Law Enforcement Data Programme	0.5	0.0	0.0
	Resource Management - TBC	0.8	0.8	0.8
	Two Tier framework	0.0	2.6	3.5
	Phasing NMFL programme	-20.0	20.0	0.0
	Growth - Defibs and Bleed kits	1.0	0.0	0.0
	Uniforms - winter coats and body armour	13.4	12.1	4.1
	L2 uplift in Public Order to meet high demand	0.7	0.0	0.0
Strategic Partner	6 staff (1xA, 2xB, 3xC) for demand authority	0.5	0.5	0.5
	Commercial surge capacity to support contracting/third party requirements across NMfL and Delivery Partner contracts	0.8	0.0	0.0
	Design and delivery of Neighbourhood op model	1.3	0.2	0.0
	Embedding leadership development programme outcomes to improve firearms Leadership & Supervision	0.2	0.0	0.0
	Fixing the foundations (6 staff for Workforce Planning TOM; 8 staff for Career Management TOM)	1.0	1.0	1.0
	SME support to design and implement workforce planning tooling and support system	0.5	0.0	0.0
	SPP Operating Model Design	0.5	0.0	0.0
	Targeted intervention to improve Gender, Diversity & Representation	0.3	0.1	0.0
	Targeted intervention to improve Standards & Behaviour	0.2	0.0	0.0
	Workforce Planning System	0.0	0.1	0.1
	Programme Team (RD3)	1.3	0.0	0.0

Strategic	Project	2024/25	2025/26	2026/27
		£m	£m	£m
	Finance surge capacity to support requirements across NMfL emerging programmes	0.5	0.0	0.0
	HR Surge Capacity to support personnel and HR requirements across NMfL emerging programmes	1.5	1.1	0.0
TOTAL New Met for London Growth		78.8	136.7	83.7

Note that this table excludes New Met for London growth items that relate to strengthening existing services. These are included within the table in Appendix 1.

Appendix 3

SAVINGS	2024/25	2025/26	2026/27
	£m	£m	£m
Savings in neighbourhood policing	(13.2)	(6.3)	(6.3)
Reshaping and Re-Scoping Local Police Units	(2.6)	(4.4)	(4.4)
Major Investigations Team Operating Model	(2.2)	(3.8)	(3.8)
Streamline Dispatch Channels	(1.0)	(1.5)	(1.5)
Reconfigure forensics	(4.1)	(5.6)	(5.6)
Changing storage and management of historic case material	(1.0)	(1.0)	(1.0)
Maximise External Funding for Specialist Ops	(1.0)	(1.0)	(1.0)
Savings in specific operational teams	(10.5)	(10.5)	(10.5)
Commercial Savings	(19.2)	(15.2)	(15.2)
Human Resources Savings	(0.7)	(0.7)	(0.7)
Data, digital and technology Savings	(12.2)	(7.5)	(7.5)
Communications and Engagement Savings	(0.6)	(0.7)	(0.7)
Investment Income	(13.0)	(13.0)	(10.0)
Financing Costs	(17.4)	0.0	0.0
Centrally Held Budgets	(31.2)	(17.1)	(13.5)
Efficiency Programme	(22.7)	(28.4)	(34.1)
General Savings - Property	(1.3)	(2.2)	(2.2)
General Savings - ICT	(6.6)	(9.1)	(9.1)
General Savings - Priority Based Budgeting	(1.3)	(2.0)	(2.0)
General Savings - Police Pay Adjustment	7.2	7.2	7.2
General Savings - Other	0.0	0.0	(15.0)
Reduce Police Staff Overtime	(5.0)	(5.0)	(5.0)
Reduce Contingency	(5.0)	0.0	0.0
Business Series Review	(2.6)	0.0	0.0
Officer Oncosts	(5.0)	(5.0)	(5.0)
Reduction in agency costs and other allowances	(10.7)	0.0	0.0
TOTAL SAVINGS	(182.9)	(132.8)	(147.0)

2024/25 Budget Allocations By Business Group

	Frontline Policing	Operations and Performance	Specialist Operations	Professionalism	Comms and Engagement	People and Resources	DDaT	Strategy and Transformation	Centrally Held	TOTAL	MOPAC	Total including MOPAC	Specific grant shown as funding	Total Expenditure
	£ m	£ m	£ m	£ m	£ m	£ m	£ m	£ m	£ m	£ m	£ m	£ m	£ m	£ m
Base Budget	1,677.3	946.3	0.6	96.9	9.8	328.3	229.3	29.3	-8.9	3,308.9				
Inflation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	231.1	231.1				
Pressures	10.5	23.3	0.0	0.0	5.6	5.1	13.6	15.4	48.3	121.7				
NMFL	0.0	0.0	0.0	0.0	0.0	0.0	0.0	78.0	0.8	78.7				
Savings / Additional Income	-18.0	-17.6	0.0	0.0	-0.6	-3.5	-18.8	-57.4	-66.9	-182.8				
Reserves to support budget	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-84.5	-84.5				
Budget 2024/25 £m	1,669.7	952.0	0.6	96.9	14.8	329.9	224.1	65.2	119.9	3,473.1	76.8	3,549.9	738.4	4,288.3
£m change (Base to Budget)	-7.6	5.7	0.0	0.0	5.0	1.6	-5.2	35.9	128.8	164.3				
% change (Base to Budget)	-0.5%	0.6%	0.0%	0.0%	51.1%	0.5%	-2.3%							

Note that the centrally held budget includes provision for pay inflation which, when distributed to business units (predominantly frontline policing) following confirmation of the police pay settlement, will increase the budgets of those units.

2024/25 Budget Allocations By Type of Expenditure

	Frontline Policing	Operations and Performance	Specialist Operations	Professionalism	Comms and Engagement	People and Resources	DDaT	Strategy and Transformation	Centrally Held	TOTAL	MOPAC	TOTAL Including MOPAC
	£ m	£ m	£ m	£ m	£ m	£ m	£ m	£ m	£ m	£ m	£ m	£ m
Police officer pay	1,513.5	508.8	320.7	62.6	0.1	65.5	2.8	2.0	58.2	2,534.2		2,534.2
Police staff pay	59.4	398.8	79.0	40.5	11.7	61.5	42.6	55.4	18.8	767.7	24.4	792.1
PCSO pay	44.2	25.1	0.2	0.0	0.0	0.0	0.0	0.0	4.7	74.2		74.2
Police officer overtime	66.4	40.8	42.4	1.3	0.0	0.4	0.0	0.0	1.7	153.1		153.1
Police staff overtime	1.6	17.3	5.2	0.7	0.1	0.3	0.1	-5.0	0.0	20.2		20.2
PCSO overtime	0.0	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.3		0.3
Employee-related expenditure	4.4	-0.5	12.9	0.4	0.0	14.5	0.1	2.6	0.8	35.2	0.5	35.7
Premises costs	0.2	2.3	2.1	0.0	0.0	171.5	9.3	2.3	8.7	196.5	1.2	197.7
Transport costs	8.9	41.2	17.0	0.2	0.0	0.6	0.0	0.6	15.9	84.4	0.0	84.4
Supplies and services	31.9	121.1	80.0	10.0	9.9	74.2	189.2	7.0	67.2	590.5	112.6	703.2
Capital Financing costs	0.0	0.5	18.2	0.0	0.0	20.0	-2.6	0.3	114.1	150.4		150.4
Other income	-16.6	-141.9	-96.7	-14.1	-6.9	-39.4	-0.2	0.0	-31.8	-347.6	-5.7	-353.4
Discretionary pension costs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	51.8	51.8		51.8
Transfer to/(from) reserves	-4.2	-4.2	-13.6	-1.1	0.0	-19.4	-9.9	0.0	-84.5	-136.9	-18.7	-155.6
Net Expenditure	1,709.8	1,009.5	467.4	100.6	15.1	349.5	231.4	65.2	225.6	4,174.0	114.4	4,288.3

MOPAC 2024/25 BUDGET AND THE MEDIUM-TERM FINANCIAL PLAN 2024/25 - 2026/27**1 Summary**

- 1.1 This report sets out the final 2024/25 MOPAC budget that is part of the overall MOPAC/MPS budget. The MOPAC budget also includes the Violence Reduction Unit (VRU). The budget has been developed taking into account funding changes, statutory requirements and cost pressures as well as priorities to support the delivery of the Police and Crime Plan.
- 1.2 MOPAC's Budget 2024/25 – 2026/27 is set out in the table below and is shown on an incremental basis. The summary table shows a balanced position in 2024/25 and a gap of £1.691m in 2025/26 increasing to £5.737m in 2026/27.

Table 1

Summary Budget 2024/25 - 2026/27			
	2024/25	2025/26	2026/27
	£m	£m	£m
2023/24 Base Budget	72.799	76.788	70.753
Net Funding Changes	0.388	(13.383)	(0.475)
Net Changes in Mayoral Funding	(0.500)	(6.500)	0.000
Reserve Funding Changes	(0.388)	13.383	7.599
Previous MTFP Decisions/Realignment	(0.098)	0.619	(0.001)
Pay Award	0.746	0.007	0.379
Growth	6.168	1.575	(0.982)
Savings	(2.327)	(0.045)	(0.249)
Total Forecast Budget Requirement	76.788	72.444	77.024
Forecast Funding Available	(76.788)	(70.753)	(71.287)
Budget Gap	0.000	1.691	5.737

Funding Changes

- 1.3 MOPAC currently receives a number of specific grants, predominately from Ministry of Justice (MoJ) and the Home Office. Whilst MOPAC only has confirmation of MoJ funding in support of Victims Support Services, and Home Office funding in support of the VRU for 2024/25, it has been assumed for planning purposes that funding for these services will continue at current levels, in the event that funding reduces the assumption is that there will be an equivalent reduction in the expenditure.
- 1.4 In 2024/25, net funding changes of £0.388m are offset by an increase in contributions from reserves. Mayoral funding of £6.5m was announced as part of the Mayor's final budget. This has been included in the 2024/25 budget to support prevention and

early intervention through the VRU. This funding is provided on a one-off basis but can be used over multiple financial years.

- 1.5 In 2023/24, the Mayor made available funding of £2m to support Operation ADDER. The income and expenditure budget for this was held in the MOPAC budget and reclaimed retrospectively by MPS. From 2024/25 onwards, the ADDER monies have been transferred to MPS.

Pay Award

- 1.5 Pay award has been assumed at 2% in 2024/25 and for future years. The 2024/25 budget also includes the additional pay award over and above that which was budgeted for in 2023/24. Any increase in the pay award beyond 2% will need to be managed within the overall budget. A 1% change in the pay award equates to £0.192m.

Growth

- 1.6 Growth of £6.168m has been added to the 2024/25 and a summary is set out in the table below. A detailed list is set out at Annex 1. Growth is set out on an incremental basis.

Table 2

	2024/25	2025/26	2026/27
	£m	£m	£m
Growth	£m	£m	£m
Commissioned Services	1.648	1.568	0.025
MOPAC Running Costs	0.512	0.000	0.000
Strengthening and Rightsizing Corporate Capacity	0.892	0.000	0.000
Audit Fees	0.104	0.000	0.000
Audit Reviews	0.160	(0.076)	0.000
Enhanced Evidence and Insight	1.244	0.043	(0.642)
HR Capacity	0.388	0.000	0.000
Strategy Capacity Including London Policing Board	1.218	0.040	(0.365)
Total Growth	6.168	1.575	(0.982)

Note: Roundings to 1dp

- 1.7 Growth includes permanent funding for Appropriate Adults (£0.9m) to meet statutory responsibilities and the increased costs of the Sexual Assault Rape Centre (£0.7m) of which MOPAC is a partner organisation. In addition to this the cost of the London

Policing Board (£0.4m), enhanced evidence and insight work required to support this new Board, increased surveys (£0.8m) in response to the findings of the Baroness Casey report are included.

- 1.8 Recognising that the level of funding received by MOPAC has increased in recent years there is a need for greater capacity in core enabling functions including procurement and finance. This extra capacity is needed to support the whole of MOPAC and is, in part, offset by grant funding and a contribution from the VRU.

Reserves

- 1.9 Some grant funding and Mayoral funding is received by MOPAC to fund multi-year projects and programmes and the funding is held in reserves and drawn down on an annual basis. Included in the summary table are projects that have an ongoing cost for which there is no long-term funding is available. These are creating a pressure of £1.691m in 2025/26 and £5.737m in 2026/27 and will be considered as part of the longer-term budget development.

Savings

- 1.10 In responding to the financial challenges, savings of £2.327m have been identified. These are summarised in the table below and a full list is set out in Annex 2. Savings are set out on an incremental basis.

Table 3

	2024/25 £m	2025/26 £m	2026/27 £m
Savings			
Efficiencies in Commissioned Services	(0.835)	0.000	(0.249)
Treasury Management Running Costs	(0.181)	0.000	0.000
Costs of supporting grants	(0.550)	0.000	0.000
Strategy Savings	(0.495)	(0.025)	0.000
VRU Contribution to Enabling Services	(0.243)	0.000	0.000
Other	(0.023)	(0.020)	0.000
Total Savings	(2.327)	(0.045)	(0.249)

2 Reserves

- 2.1 As part of the budget setting process a review of all reserves has been completed. The table below sets out the forecast position on reserves.
- 2.2 Some projects that are funded through the carry forward of monies into reserves have been assumed to continue beyond the end of the funding and this is contributing to

the gap in future years. A full review of these will be undertaken in the first quarter of 2024/25 to determine how costs can be reduced including the development of exit plans and the identification of other sources of funding.

Table 4 – MOPAC Reserves – 2023/24 – 2026/27

	Forecast Closing Balance 2023/24 £m	Planned Usage 2024/25 £m	Planned Usage 2025/26 £m	Planned Usage 2026/27 £m	Forecast Closing Balance 2026/27 £m
Carry forwards	(7.820)	5.836	1.399	0.221	(0.363)
Budget resilience/Smoothing	(14.466)	6.910	5.387	0.000	(2.170)
Total MOPAC Reserves	(22.286)	12.746	6.786	0.221	(2.533)
VRU Carry forwards	(5.997)	1.673	4.284	0.000	(0.041)
VRU Budget resilience/Smoothing	(6.052)	4.365	0.000	0.350	(1.337)
Total VRU Reserves	(12.049)	6.038	4.284	0.350	(1.377)
Total Reserves	(34.335)	18.783	11.070	0.571	(3.910)

2.3 Reserves are considered to provide sufficient resilience in the short term and will be subject to a review alongside commissioning projects that are ending in 2024/25. This review will be carried out in the first quarter of 2024/25 to provide sufficient time to develop an approach as part of the development of the 2025/26 budget.

3 Setting the 2024/25 Budget

3.1 Based on the movements set out above the final allocations by Directorate and by type of spend are set out in Annex 3. A summary by Directorate is set out in the table below.

Table 5

Medium Term Financial Plan 2024/25 - 2026/27 By Directorate			
	2024/25	2025/26	2026/27
	£m	£m	£m
Expenditure			
Evidence and Insight	4.052	4.070	3.428
Finance and Corporate Services	(0.026)	(1.213)	(1.183)
Violence Reduction Unit	25.601	19.101	19.101
Strategy	8.609	8.659	8.293
HR and Private Office	2.862	2.862	2.862
DARA	1.596	1.531	1.531
Commissioning and Partnerships	34.093	35.743	37.255
Total Budget	76.788	70.753	71.287

Note: Finance and Corporate Services includes centrally held items including reserves

4 Risks

- 4.1 There are risks in the MOPAC Medium Term Financial Plan however there are opportunities for these to be managed in future years. Projects that will come to an end before the start of the 2025/26 financial year are to be reviewed to ensure they are affordable in the long term. A full review is planned in the first quarter of the 2024/25 financial year.

- 4.2 The budget resilience reserve is being used to support some projects in the short term so that they can continue to be provided. These are insufficient in the longer term and the reliance on the smoothing reserve to manage the exit of some projects will need to reduce over the lifetime of the MTFP.

Annex 1 – New growth items

Directorate	Description	2024/25 £m	2025/26 £m	2026/27 £m
Commissioning	Appropriate Adult Service for Vulnerable Adults Statutory Provision	0.908	1.462	0.000
Commissioning	Sexual Assault and Rape Centre Contribution	0.662	0.000	0.000
Commissioning	Road Traffic Victims Service Contractual	0.050	0.050	0.000
Commissioning	Hate Crime Advocacy Service Contractual	0.028	0.000	0.000
Commissioning	Women's Night Safety Charter	0.000	0.108	0.000
Commissioning	Transitions to Adulthood Hub (Y2A)	0.000	(0.083)	0.000
Commissioning	Hate Crime Advocacy Service	0.000	0.031	0.025
Finance and Corporate Services	IT costs	0.275	0.000	0.000
Finance and Corporate Services	Procurement Capacity	0.190	0.000	0.000
Finance and Corporate Services	Rent	0.139	0.000	0.000
Finance and Corporate Services	Audit Fee	0.104	0.000	0.000
Finance and Corporate Services	Additional resourcing Corporate Functions to meet increased demand	0.702	0.000	0.000
Finance and Corporate Services	Legal fees	0.050	0.000	0.000
Finance and Corporate Services	Public Health Shared Service	0.048	0.000	0.000
Directorate Audit Risk and Assurance	Rightsizing Budgets	0.160	(0.076)	0.000
Evidence and Insights	Enhanced Provision	1.041	(0.037)	(0.728)
Evidence and Insights	Research Services Contract	0.203	0.080	0.086
Human Resources & Private Office	Additional resourcing	0.223	0.000	0.000
Human Resources & Private Office	External Training Courses	0.060	0.000	0.000
Human Resources & Private Office	Conference and Seminar Fees	0.055	0.000	0.000

Directorate	Description	2024/25 £m	2025/26 £m	2026/27 £m
Human Resources & Private Office	Other Employee Costs	0.050	0.000	0.000
Strategy	London Policing Board	0.413	0.000	(0.326)
Strategy	Rightsizing Pay Budgets	0.224	0.000	0.000
Strategy	Supporting London Policing Board	0.213	0.000	0.000
Strategy	London Policing Board – Member Salaries	0.205	0.000	0.000
Strategy	GLA Secretariat Support	0.087	0.000	0.000
Strategy	Disciplinary Procedures	0.026	0.000	0.000
Strategy	London Policing Board - Training	0.040	0.000	0.000
Strategy	London Policing Board – Research Commissioning Budget	0.010	0.000	0.000
Strategy	London Policing Board - Other	0.000	0.040	(0.040)
TOTAL GROWTH		6.168	1.575	-0.982

Annex 2 – Savings

Directorate	Description	2024/25 £m	2025/26 £m	2026/27 £m
Commissioned Services	Prison Pathfinder Efficiencies	(0.100)	0.000	0.000
Commissioned Services	MPS county lines training Efficiencies	0.000	0.000	(0.249)
Commissioned Services	Wraparound Services for Women in CJS Efficiencies	(0.150)	0.000	0.000
Commissioned Services	GPS Tagging on Release Efficiencies	(0.285)	0.000	0.000
Commissioned Services	Victims Commissioning – Hospital Based Youth Work Efficiencies	(0.300)	0.000	0.000
F&CS	Treasury Management Cost Reductions	(0.181)	0.000	0.000
F&CS	Grant maximisation	(0.550)	0.000	0.000
F&CS	Stationery and Office Consumables	(0.020)	0.000	0.000
Strategy	Consultants fees	(0.050)	0.000	0.000
Strategy	London Drugs Forum	(0.045)	0.000	0.000
Strategy	Strategy – Safer Neighbourhood Board GENERAL	(0.070)	0.000	0.000
Strategy	HMICFRS	(0.050)	0.000	0.000
Strategy	Conference and Seminar Fees	0.000	(0.025)	0.000
Strategy	Consultative Groups	(0.015)	0.000	0.000
Strategy	Efficiency savings from the Mayors Action Plan	(0.265)	0.000	0.000
HR&PO	Training Materials	(0.003)	0.000	0.000
VRU	Contribution to Overheads (IT Costs - £40k, Police Staff – Other £56k and E&I £147k)	(0.243)	0.000	0.000
DARA	Internal Audit fee savings	0.000	(0.020)	0.000
Total Savings		(2.327)	(0.045)	(0.249)

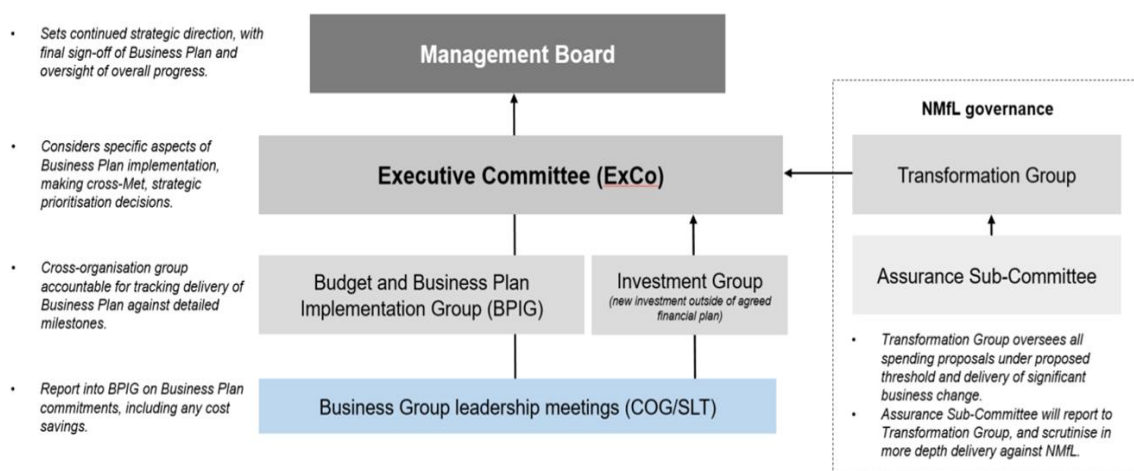
Annex 3- 2024/25 Budget Allocations By Directorate and By Type of Expenditure

Budget Allocations By Directorate 2024/25								
	Evidence and Insights	Finance and Corporate Services	Violence Reduction Unit	Strategy	HR & Private Office	Commissioning and Partnerships	Directorate for Audit Risk and Assurance	TOTAL
	£m	£m	£m	£m	£m	£m	£m	£m
Expenditure								
MOPAC Staff Pay	2.930	3.822	4.069	5.056	2.465	3.990	2.152	24.484
MOPAC Staff Overtime	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Employee Related Expenditure	0.025	0.000	0.000	0.110	0.380	0.000	0.008	0.523
Transport Costs	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Supplies & Services	1.165	1.081	40.202	3.493	0.076	66.547	0.117	112.680
Premises Costs	0.000	1.049	0.000	0.000	0.000	0.150	0.000	1.199
Expenditure Total	4.121	5.952	44.270	8.659	2.921	70.686	2.277	138.886
Income	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Other Income	-0.068	-0.492	0.000	0.000	-0.059	-4.523	-0.600	-5.742
Specific Grants	0.000	0.000	12.632	0.000	0.000	-24.941	0.000	-37.573
Income Total	-0.068	-0.492	12.632	0.000	-0.059	-29.464	-0.600	-43.315
Total (excluding reserves)	4.052	5.460	31.639	8.659	2.862	41.222	1.677	95.571
Transfers to/(from)Reserves Total	0.000	-5.486	-6.038	-0.050	0.000	-7.129	-0.081	-18.783
Total (including reserves)	4.052	-0.026	25.601	8.609	2.862	34.093	1.596	76.788

Governance Arrangements (MPS)

Delivering reform and operational performance in the context of a limited budget will require effective governance, strong leadership and grip at all levels of the organisation. We will need to implement a spending control framework, particularly during the first part of the year whilst we concurrently deliver savings and invest in reform. These controls will be executed in a way that enables rather than inhibits operational performance in priority areas.

An overview of the governance arrangements is set out below.



Executive Level

- The underpinning work to develop the 2024/25 budget will be developed into a business plan that will be signed off by Management Board. It will include our performance targets and reform outcomes supported by the financial and people plan to deliver it.
- On a quarterly basis a Business Plan Progress Report will be presented to Management Board. The report will be commissioned by the Budget and Business Plan Implementation Group (BPIG, see below), and will set out overall progress against the strategic, operational and financial commitments we set out in the business plan, including NMfL delivery. This report will be supported by more detailed financial, workforce and performance reports.
- Through monthly Executive Committee meetings, specific aspects of the Business Plan implementation will be considered, depending on whether it is Investment and Transformation or People, Performance and Culture.

Budget and Business Plan Implementation Group (BPIG)

- This will be a cross-cutting group of the MPS Executive. It meets on a monthly and is chaired by the Chief Strategy and Transformation Officer.

- It is accountable for developing and then tracking delivery of the Business Plan. It will take a holistic view of reporting from business groups and ensure a corporate approach to addressing emerging pressures and new demand and adjusting priorities in a strategic way during the financial year. It will assure itself that spending controls are being adhered to and effective i.e. not impeding operational priorities or reform, that budgets remained aligned and that any decisions to redirect under spends or control over spends are taken in a timely matter.
- It will oversee the business planning and budget cycle giving consideration to both capital and revenue budget proposals ensuring there is a balanced draft budget proposal in the Autumn in accordance with the GLA budget guidance issued each year.

Business Group Level

- All business groups, supported by their People and Resource Business partners, will consider and report into BPIG on their own commitments in the Business Plan, financial forecasts including HR establishment data as well as delivery of savings and investment approved through the NMfL programme/budget.

Investment Group will continue to evaluate all new investment proposals/business cases, agreeing those within the delegated limit of £0.5m and reviewing those above this limit before they are submitted to Executive Committee.

As far as possible, reporting against the Budget and Business Plan should encompass both business-as-usual activity and NMfL, and set out the combined impact on delivery of the Met's priorities. However, there is still a requirement for specific NMfL governance to ensure reform is affordable and money is being spent in a responsible way.

Transformation Group

- Transformation Group, chaired by the Chief Strategy and Transformation Officer, will oversee and evaluate plans and investment proposals relating to reform and delivery of all significant business change.
- Once business cases have been agreed, there will be delegated authority to the Chief Strategy & Transformation Officer on behalf of the Executive Committee to prioritise and sequence the use of the agreed NMFL reform budget.
- It will track cashable and non-cashable benefits across all NMfL delivery and other significant business change programmes.

Assurance Sub-Committee

- Reporting to Transformation Group, this committee chaired by the Chief Strategy & Transformation Officer will scrutinise in more depth delivery against NMfL programmes and undertake deep dives into delivery milestones. The

committee will include senior representatives from People & Resources including Finance.

Design Authority

- Responsible for creating and maintaining an affordable operating model for the MPS that is transacted into the core ERP system.
- People & Resources will support Strategy & Transformation to maintain the core ERP systems and data for both people and money respectively in accordance with the systems and internal controls agreed.

Reporting Requirements

Full financial reporting will continue to be produced each quarter. In addition, new monthly financial reporting will be put in place to ensure budgets remain aligned and any decisions to redirect under spends or control over spends are taken in a timely matter through the BPIG.

Spending Controls

A revised and strengthened spending control framework will be introduced to ensure delivery of operational performance and reform whilst taking steps to reduce unnecessary spending. The framework will encourage pan MPS collaboration particularly on cross cutting capabilities and spend.

The framework will describe the levels of delegation for different types of spend and is necessary to protect investment in performance priorities and reform. The spending controls won't always mean cutting costs but will enable the MPS to stick to the budgets that are set and make informed choices where performance or reform is at risk.

More detail on spending internal controls is set out at Appendix 8.

Internal Controls

The following internal controls have been developed and agreed by MPS in recognition of the risks within the 2024/25 budget and the significant financial gap in 2025/26.

Governance

New governance arrangements agreed as set out at Appendix 7.

Principles

The following control framework principles have been developed and agreed:

- a. Leadership – driving activity, demonstrating understanding of the financial challenge
- b. Effective risk management - identify, assess and manage key financial risks with tolerance levels
- c. Defined expectations - achieving confidence in baseline budget and being clear on agreed outcomes
- d. Clear lines of accountability - set at most appropriate level to exercise control
- e. Well-defined guidance and expert support - to those accountable/budget holders
- f. Defined, timely and accurate data and reporting – supporting effective decision making
- g. Robust local management oversight - enabled by accurate and reliable data and expert advice
- h. Decision making aligned to agreed priorities – activity aligns to NMFL and MTFP
- i. Agile and robust forecasting - based on real time and accurate data – release savings to corporate centre at earliest opportunity.
- j. Corporate oversight and assurance - agile reporting of overall budget position, highlighting trends/key areas of risk informing key decisions and providing timely assurance.
- k. Approved budget revisions - set against approved criteria in line with agreed priorities and approved in line with accountability framework.

Role of the CFO

The Chief Finance Officer has been made formalised as a member of the Management Board and will be actively involved and able to influence all material business decisions. This will be through formal governance meetings of the Board, other subsets of Board meetings or other relevant meetings/forums where such decisions are being made. They will also chair the Investment Committee. MPS has confirmed the CFO is line managed by the Chief People and Resources Officer and is a part of the leadership team in People & Resources as well as a member of Management Board. They will also have regular access to both the Commissioner and the Deputy Commissioner.

Q1 Review to take account of 2023/24 year end and any emerging issues

This will be delivered based on a 'layering' approach – it will take into account the April report that will pull out a view on savings and any early budget issues, it will also take into consideration the first monthly report delivered in May that will present a view on the budget position for high risk and demand led budgets. The May report will also include an update in April and intelligence/analytical review of the 23/24 outturn position. This will mean that the Q1 review will be based on the April and May reports but will also have extended to include reporting on other low risk/non-demand led budgets. The outcome of the Q1 review will allow us to take stock and course correct as needed, including revisiting whether tightening or loosening of controls would be appropriate.

Monitoring

Monthly monitoring will commence at the end of May. Monthly monitoring will focus on key budgets and full monitoring will be performed quarterly.

A new reporting tool for PSOP (MOPAC and MPS finance system) that will facilitate more effective monthly reporting will be introduced.

Data cleanse of PSOP to facilitate the development and implementation of a budgeted establishment is planned.

Cross-Cutting Savings

NMfL growth and centrally held savings are held by the Chief Strategy and Transformation Officer who is responsible and accountable for these. Through the Budget and Business Planning and Implementation Group (BPIG) the MPS will oversee the investment, controls and savings in one place.

Central Visibility of Underspends

Threshold of £250,000 has been set to provide some flexibility for Business groups to utilise underspend. Anything above this level will be managed by BPIG and will allow for potential reallocation to wider priorities and manage risks. Underspends will be monitored corporately, providing transparency and decision making on best use of the underspends through BPIG.

Transparency

Agreed in principle to full transparency of financial information being provided through the monthly and quarterly reporting and developing an information sharing protocol.

Virements will continue to operate within the existing MOPAC scheme of consent and delegation where MOPAC will continue to approve virements over £500k. Pay budgets will be set as part of the budget setting process and will be used for monitoring purposes. Internal controls are also in place and the delegation letters to budget holders state that

savings on pay cannot be reallocated to support overspends on non-pay expenditure without a review by BPIG and advice from the CFO.

Agreed to a commitment that detailed monitoring information to be made available to MOPAC CFO on a monthly basis through the monthly and quarterly reporting.

Assessment Of Savings

To give the assurances need for the S25 Statement, MPS confirmed that due diligence activities have provided assurance that of the total £182.m of savings:

- £104.8m (57%) of the savings are Green with a clear plan in place or an alteration to the base budget that will be made during the budget build phase
- £65.1m (36%) of the savings are Amber rated and have an approach/methodology identified, with current activities focusing on finalising details.
- £12.1m (7%) of the savings are Red. Work is in place to request that the Budget Leads either confirm detailed plans for the savings, or identify new savings proposals to the same figure. This is a priority action.

2024/25 Savings				
Business Group	RAG			Grand Total
	R	A	G	
£m	£m	£m	£m	£m
Frontline Policing	0.0	-3.5	-14.5	-18
Operations and Performance	-11.9	-2.9	-2.8	-17.6
Comms & Eng	0.0	-0.6	0.0	-0.6
DDaT	-1.0	-0.7	-17.1	-18.8
P&R	0.0	-19	-3.5	-22.5
Centrally Held	0.0	-22.7	-66.9	-89.6
Cross Cutting	0.0	-15.7	0.0	-15.7
Grand Total	-12.9	-65.1	-104.8	-182.8
%	7.1%	35.6%	57.3%	

Other Controls

Detailed delegation letters are to be sent out to all budget holders before the start of the financial year. This sets out the responsibilities of budget holders in managing their budgets. It also sets out the financial framework to make sure that budget holders are fully aware of their budgets and the detail behind it.

A data cleanse of PSOP is underway and will be completed later in the year. This will support MPS to having a cleansed HR establishment for which a budgeted establishment can be created. This will provide much stronger control over the largest element of the MPS budget and will support future financial planning.

Capital Programme

Commitment to a review of the capital programme to consider affordability and priorities. Committed to do this through our business planning process to take a further look at future years in the context of continued funding gaps balanced against the critical need for investment identified in NMfL.

Investment and Advisory Meeting (IAM)

The terms of reference for the Investment and Advisory Meeting (IAM) will be reviewed. In addition a review of timelines to progress reports as efficiently as possible from MPS internal governance to formal decision making will be carried out.

Scheme of Consent and Scheme of Delegation

The Scheme of Delegation will be reviewed in the first few months of the new financial year and will include consideration of a change in the delegation levels. This will be considered in the context of the financial challenge.