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# Mayor's Office For Policing And Crime and Group

Statement of Accounts 2020/21

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## Narrative report

### Introduction

The Police Reform and Social Responsibility Act 2011 established a Police and Crime Commissioner for each police force area across England and Wales. In London, the elected Mayor of London is the equivalent of the Police and Crime Commissioner and is responsible for the totality of policing in the capital (outside of the City of London).

The Mayor delivers the responsibilities given to him via the Act through the Mayor's Office for Policing and Crime (MOPAC), which was established as a Corporation Sole in January 2012. The Mayor has appointed a statutory Deputy Mayor for Policing and Crime - Sophie Linden - to lead MOPAC. A separate body of the Commissioner of Police of the Metropolis (CPM) remains, currently occupied by Cressida Dick.

The Mayor has several key roles in his capacity of Police and Crime Commissioner - most importantly setting the strategic direction and accountability for policing. The Mayor is responsible for the formal oversight of the Metropolitan Police Service (MPS), including budget-setting, performance scrutiny and strategic policy development, and for ensuring the MPS is run efficiently and effectively, so that Londoners are getting the best service possible from their police. Operational decision-making on day-to-day policing remains the responsibility of the Commissioner.

On 8 May 2021, it was confirmed that Sadiq Khan had been re-elected for a second term as Mayor and therefore as the occupant of the Mayor's Office for Police and Crime for the metropolitan police district. Work is now underway to develop London's new Police and Crime Plan, which sets out how the Mayor plans to discharge his responsibilities through MOPAC and his commitments to Londoners during his term in office.

These Accounts reflect the administration's priorities to meet the objectives within MOPAC's published Police and Crime Plan for 2017-2021 and savings that will balance the budget in the medium-term.

All the financial transactions incurred during 2020/21 for policing London have been recognised and recorded within this Statement of Accounts, which sets out the overall financial position of MOPAC and the MOPAC Group for the year ending 31 March 2021. The term 'Group' refers to the consolidated accounts of the MOPAC and its subsidiary, CPM. Where the Group's position differs from MOPAC's position this is made clear in the statements and notes. Separate statutory accounts are prepared for the CPM.

This narrative report provides an overview of the accounting arrangements and outlines the financial and operational performance of MOPAC and the MOPAC Group during 2020/21.

### Delivering our priorities in 2020/21

The financial year 2020/21 was dominated by the Covid-19 pandemic, which profoundly impacted the work of the MPS and MOPAC as it has all aspects of life in our country and around the world. The MPS and MOPAC have risen to the challenges arising from the pandemic throughout 2020/21, maintaining efforts to tackle crime and its causes in London, and moving quickly to respond to emerging issues.

#### Driving down violence

City Hall police funding continued to increase in 2020, reaching record levels as the Government finally began to reverse years of police funding cuts. Thanks to this funding, MPS officer numbers increased, exceeding 32,000 by the end of the year after dipping below 30,000 in the two previous years.

Efforts continued during the pandemic to tackle violent crime and get dangerous individuals and weapons off the streets. In May 2020 the MPS launched new Violence Suppression Units to tackle street violence at a local level. In the year since their launch, VSUs have taken 1,142 weapons off the streets, seized £1.5million in proceeds of crime and made 6,031 arrests for violent offences.

The Violence Reduction Unit continued with its ambitious agenda, with a review finding that, as well as the horrific human toll, violence in London cost the city £3bn each year. In some parts of London, violence is often concentrated in small areas, such as an estate, a cluster of streets, or a main road. The new £6m MyEnds programme launched in February and led by the VRU will give communities the backing they need to develop their own initiatives to bring about change in their neighbourhoods, and to provide positive opportunities for young people living in the area.

The London VRU also launched a new £2.3m package to deliver dedicated one-to-one mentoring support for young Londoners with complex needs that attend London's Pupil Referral Units (PRUs). The new mentoring scheme recognises that for many young people, a consistent one-to-one relationship with a responsible, approachable adult is key to keeping them on track with their studies, attendance, behaviour, and career direction. Funding for the new mentoring scheme is available in all 32 London boroughs. A further £1m was invested in a leadership programme for the capital's frontline youth workers and the expansion of a scheme for coaches working with young people in custody.

Young adults have a particularly high risk of reoffending and are more likely to carry out drug, robbery and possession of weapons offences, and be caught up in gang crime. In March 2021, a new Transitions Hub, the first of its kind, was announced by MOPAC in partnership with the Ministry of Justice to tackle the underlying issues that increase the risk of reoffending. At the Hub mental health and substance misuse experts will work alongside National Probation Service staff, as part of an innovative new approach ensuring vulnerable young adults, many of whom had troubled upbringings and poor education, receive the enhanced support they need to avoid a life of crime. Offenders released without a home or a job are significantly more likely to reoffend, so accommodation, training and employment services will also operate from the Hub to help cut crime and violence.

### Tackling violence against women and girls (VAWG)

While the series of lockdowns arising from the pandemic saw many crime types reduce, domestic abuse increased as people were increasingly confined to their homes. Responding to the urgent need to provide safe places for victims of domestic abuse to seek refuge during the pandemic, MOPAC moved quickly to work with statutory partners and the VAWG sector to provide emergency accommodation for domestic abuse victims and their families during the pandemic. This accommodation - mobilised in weeks - provided refuge and wrap-around support services to more than 200 victims and families over the course of the year. This provision is funded until the expected lifting of all lockdown measures in June 2021.

Work has continued to tackle the perpetrators of VAWG and improve support for victims. In March 2021 MOPAC launched a new GPS tagging pilot for domestic abuse offenders. Through the pilot - which will run for a year in every London Borough, domestic abuse offenders will be fitted with tags which will monitor their location, enabling probation services and the police to ensure offenders are following the conditions of their release, and take action if they breach these conditions or commit a criminal offence. This could include conditions such as not entering 'exclusion zones' which could cover the address of a victim or ensuring that offenders are arrested if they breach a restraining order, as well as providing GPS location data that can be used to verify a victim's account of any re-offending behaviour.

March 2021 also saw the announcement of £3 million in MOPAC funding for 42 small grassroots organisations to deliver support for women and girls who have been the victims of violence in the capital. The new investment will fund helplines, enable victims to access legal support, offer access to counselling, and provide vulnerable victims with phones, travel cards and vital food and

medical supplies. Such specialist and small organisations are often the first and sometimes only support for victims of violence against women and girls from Black, Asian and minority ethnic backgrounds.

There is strong evidence of links between domestic violence and other forms of serious violent crime, with City Hall data showing that 13 per cent of serious youth violence victims are also victims of domestic violence, while a third of female serious youth violence victims were also victims of domestic violence and abuse. In response, the VRU invested a further £1m to expand IRIS, a project training doctors and healthcare professionals to boost their abilities in identifying the signs of domestic violence and offering earlier help to victims.

In March 2020, a new grassroots campaign - FGM (Female Genital Mutilation) Stops Here - was launched. The campaign was developed in close partnership with an expert advisory board of survivors, frontline professionals and activists. It highlights the stories of four London women with different experiences of FGM. By amplifying their voices, the campaign aims to challenge the attitudes around this harmful practice within affected communities in London. Since launch, it has exceeded its targets for engagement and reach, and been well received in communities.

### Transparency, accountability, trust and confidence

The murder of George Floyd by police officers in Minneapolis in May 2020 shocked the world and highlighted how much more must be done improve trust and confidence among the Black community in our public institutions. Recognising the renewed impetus for change and following a series of consultations with more than 400 individuals and groups that either work with or within Black communities, in November 2020 the Mayor published a new Action Plan for Transparency, Accountability and Trust in Policing. The Action Plan recognises the progress made by the MPS since the Macpherson Inquiry more than 20 years ago. It is more transparent and more accountable than at any time in its history and is more representative of London with more than 5,000 Black, Asian and Minority Ethnic officers, up from just over 3,000 a decade ago. But equally it acknowledges that more needs to be done - Black Londoners have less confidence and less trust in the MPS than white Londoners and that there remains a persistent disproportionality in the way certain police powers affect Black Londoners. The Plan sets out a wide range of actions, including: an overhaul of community scrutiny of police tactics including stop and search, use of force and Taser; £1.7m investment to boost community involvement in police officer training and accelerate the recruitment of Black officers in the MPS; and stricter oversight and scrutiny of the 'smell of cannabis' used as sole grounds for stop and search.

In March 2021 the Mayor launched a new Youth Justice Action Plan in response to the overrepresentation of children from BAME backgrounds in London's youth justice service. The plan highlights that the proportion of minority ethnic children in Young Offender Institutions across England and Wales climbed to 51 per cent in 2019, up from 25 per cent in 2009. The Youth Justice Action Plan sets out actions covering the full spectrum of a young person's interaction with the youth justice system, backed with new £700,000 of City Hall funding to develop ambitious and innovative responses to disproportionality.

### Standing together against hatred and extremism

Building on the work of the Countering Violent Extremism Programme, in early 2020 the Shared Endeavour Fund was launched. Backed with £400,000 investment from City Hall, match-funded by Google.org, the new fund, run in partnership with the Institute for Strategic Dialogue (ISD), invests in local communities and grassroots groups because evidence shows they are best placed to counter hate, intolerance and extremism.

Research conducted during the pandemic found that less than half of Londoners knew how to get terrorist content removed from social media platforms (42 per cent) and 81 per cent either would not know or were unsure how to get online extremist material taken down from popular internet search engines. In March MOPAC launched the free to download iREPORTit app, funded by £40,000 of City Hall investment and created in partnership with the national Counter

Terrorism Internet Referral Unit. It will enable Londoners and people across the country to report terrorist content online quickly, easily and anonymously to the police using their smartphone.

### The financial statements

Like all public services, policing has faced a challenging financial environment over the last few years. In spite of ongoing financial pressures we have continued our investment in projects and programmes to deliver transformation. These include investment in estates and equipment to support a modern police force. Much of the investment to date has been funded from receipts from the disposal of surplus property. Whilst future investment will still include some disposal proceeds, we have already had to look to long term borrowing to fund this necessary investment. Before the police officer pension liability, which is subject to a separate year on year funding arrangement agreed with the Home Office, the Balance Sheet shows a positive net worth of £1,932 million, a decrease of £86 million from last year (£2,018 million) reflecting movements in working capital.

More specifically, the consolidated financial statements consist of:

- The Comprehensive Income and Expenditure Statement (CIES) for the Group and MOPAC - this summarises the resources generated and consumed in the year. Whilst it shows a deficit on the provision of services of £1,159 million, after taking accounting adjustments into consideration there is a balanced position after transfers to earmarked reserves of £133 million;
- The Movement in Reserves Statement (MIRS) for the Group and MOPAC - this shows how the £1,159 million deficit and other income and expenditure generated in the CIES is spread over the usable and unusable reserves in the Balance Sheet. Usable reserves increased from £444 million to £577 million during 2020/21 which reflects transfers to earmarked reserves to manage future budget pressures, operational costs falling in future years and management of on-going change programmes.
- The Balance Sheet for the Group and MOPAC - this sets out the assets, liabilities owed by MOPAC to others, and the usable and unusable reserves which MOPAC maintains. The Balance Sheet shows a negative net worth of £39,189 million. This figure however includes the cost of police officer pensioners' liabilities which are subject to a separate year-on-year funding arrangement agreed with the Home Office. If the police pension liabilities are excluded, the Balance Sheet would show a positive net worth of £1,932 million;
- The Cash Flow Statement for the Group and MOPAC - this shows the in- and out-flows of cash to and from MOPAC. During 2020/21 there was a net cash inflow to MOPAC of £7,300k.

In addition to the financial statements the Statement of Accounts include a Statement of Responsibilities for the Accounts and are published alongside MOPAC's Annual Governance Statement for 2020/21.

### Financial performance of the Group

#### Setting the budget

The Deputy Mayor for Policing and Crime recommends an annual budget to the Mayor, following consultation with the Commissioner. The approved budget for 2020/21 for the whole MOPAC Group provided for gross expenditure of £3,885.4 million. Within this amount, £87.2 million was attributable to MOPAC, and included some £68 million relating to London initiatives such as crime prevention, rape crisis centres, safer neighbourhood boards and for delivering victims services which became a MOPAC responsibility with effect from 1 October 2014. The MOPAC Group net

budget, after taking into account income, specific grant before reserve usage, was £2,996.2 million.

During the year the Deputy Mayor for Policing and Crime approved amendments to the budget to reflect known changes.

### Performance against the Revenue Budget

Table 1 provides a summary of the final MOPAC outturn position for 2020/21 compared with the revised budget. Figures in brackets in the variance column represent reduced expenditure or increased income against the revised budget.

**Table 1 MOPAC Group - Final outturn position for 2020/21 compared with 2019/20 and the revised budget**

Outturn 2019/20	£million	Approved annual budget 2020/21	Revised annual budget 2020/21	Outturn 2020/21	Variance Overspend / (underspend) 2020/21	Variance % 2020/21
	<b>Pay</b>					
2,061.7	Police officer pay and overtime	2,159.3	2,173.3	2,210.0	36.7	1.7
616.7	MOPAC and police staff pay and overtime	620.8	659.3	659.4	0.1	0.0
<b>2,678.4</b>	<b>Total pay</b>	<b>2,780.1</b>	<b>2,832.6</b>	<b>2,869.4</b>	<b>36.8</b>	<b>1.3</b>
	<b>Running expenses</b>					
31.5	Employee related expenditure	15.0	20.6	23.9	3.3	16.0
162.0	Premises costs	193.2	165.1	165.3	0.2	0.1
69.7	Transport costs	70.6	77.9	71.3	(6.6)	(8.5)
574.3	Supplies & services	699.5	666.5	594.0	(72.5)	(10.9)
66.7	Capital financing costs	92.5	87.5	82.3	(5.2)	(5.9)
35.3	Discretionary pension costs	34.4	33.2	32.9	(0.3)	(0.9)
939.5	Total running expenses	1,105.2	1,050.8	969.7	(81.1)	(7.7)
3,617.9	Total gross expenditure	3,885.3	3,883.4	3,839.1	(44.3)	( 1.1)
(934.5)	Total income and grants	(889.1)	(1,044.9)	(1,019.8)	25.1	(2.4)
<b>2,683.4</b>	<b>Net expenditure</b>	<b>2,996.2</b>	<b>2,838.5</b>	<b>2,819.3</b>	<b>(19.2)</b>	<b>(0.7)</b>
190.5	Transfer to/(from) earmarked reserve	(51.9)	105.8	129.8	24.0	22.7
17.0	Transfer to/(from) general reserve	0.0	0.0	(4.8)	(4.8)	0
<b>2,890.9</b>	<b>Budget requirement</b>	<b>2,944.3</b>	<b>2,944.3</b>	<b>2,944.3</b>	<b>0</b>	<b>0</b>
(2,890.9)	Total Funding	(2,944.3)	(2,944.3)	(2,944.3)	0	0.0
<b>0</b>	<b>Total MOPAC Group</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>



In overall terms, expenditure was in line with budget. Achieving this position however meant managing some significant cost pressures and decisions on what level of reserves to transfer to future years. The greatest pressure was on pay budgets where we continue to see higher than anticipated levels of overtime required to service operational requirements. In previous years, this has been off-set in part by vacancies in both the police officer and police staff establishments. However, as part of the nationwide ambition to grow officer numbers by 20,000, officer numbers have increased during the year

to 32,531, slightly ahead of the budget plans but reflecting the success of the recruitment drive. We therefore enter 2020/21 in a strong position to meet additional recruitment ambitions.

The overall pay budgets were overspent by £36.8 million, against a full year budget of £2.8 billion. As stated, this reflected the growth in officer numbers during the year and pressures on overtime.

The budget for running costs (excluding capital financing costs and discretionary pension costs) was underspent by £75.6 million. £59.1m million relates to the MPS and reflected underspends across a range of areas driven by efficiencies and some investment activity that was paused in year but have recommenced in 2021/22. Within MOPAC a large proportion of the underspend relates to the re-profiling of projects into 2022/22. There was also lower than planned capital financing requirements resulting from a combination of underspends against the capital plan and therefore lower than anticipated levels of external borrowing; along with additional grant funded revenue contributions to capital.

There is an overall deficit of income and specific grants against the budget. This was largely driven by reductions in externally funded posts (e.g. TfL and aviation), and therefore was off-set by a similar reduction in expenditure.

The net movement on earmarked and general reserves during 2020/21 is an increase of £133.5 million as shown in Table 2 below.

**Table 2 Net movement on earmarked and general reserves 2020/21**

Description	£ million
Opening reserves balance 1 April 2020	438.9
Transfers to/(from) reserves	125.0
Transfers to/(from) reserves - NPCC/NPOC	8.5
<b>Closing reserves balance 31 March 2021</b>	<b>572.4</b>

Increases in earmarked reserves relate mainly to management of change programmes, managing future budget pressures and a range of operational costs falling in future years.

## Performance against the 2020/21 Capital Programme

### Capital expenditure 2020/21

Capital expenditure for 2020/21 was financed in accordance with the prudential code from capital grants, third party contributions, capital receipts and borrowing. Capital expenditure for 2020/21 was £328.9 million. This compares with the revised annual budget of £333.8 million.

**Table 3 Capital Outturn position 2020/21**

Actual expenditure 2019/20	Summary by programme £million	Approved budget 2020/21	Actual expenditure 2020/21	Variance overspend/(underspend)
98.0	Property Services	137.9	155.9	18.0
22.7	NCTPHQ	24.9	21.0	(3.9)
46.7	Digital Policing	32.7	36.8	4.1
48.9	Transformation	103.8	77.6	(26.2)
33.3	Fleet Services	31.2	33.2	2.0
0	Met Operations	3.3	4.4	1.1
<b>249.6</b>	<b>Total</b>	<b>333.8</b>	<b>328.9</b>	<b>(4.9)</b>



**Property based programmes** - Property Services capital expenditure was £156 million reflecting the commitment to deliver an estate that is fit for purpose for a modern police force. The additional spend against budget resulted from a prudent budget that assumed a greater than experienced slippage on projects.

**Digital Policing based programmes** - Digital Policing spent £36.8 million across replacement of IT equipment, core IT infrastructure, implementing digital public contact and replacement of Tetra handsets

**Transformation programme** - Transformations spent £77.6 million in the year, which is £26.2 million below budget. This was a result of slippages and underspends across a range of programmes, including 'Command and Control' and 'Connect'.

**Fleet Services based programme** - Investment in transport for 2020/21 was £33.2 million. The transport programme includes the purchase and conversion of the MOPAC fleet, vehicles purchased using funds provided by third parties (e.g. counter terrorism vehicles and vehicles purchased from funds provided by Transport for London).

### Capital financing

Capital expenditure of £328.9 million on non-current assets in 2020/21 was financed in accordance with the Prudential Code, from capital grants and other third party contributions of £34.8 million, capital receipts applied of £78.7 million, and revenue contributions of £7.1 million.

This meant that external borrowing of £208.4m was used to finance this expenditure. MOPAC complies with the CIPFA Code of Practice for Treasury Management in Public Services. All decisions by MOPAC about capital financing were taken in the context of the CIPFA Prudential Framework. The Framework provides authorities with borrowing flexibility, provided controls on affordability, sustainability and prudence are met. Net borrowing over the medium term will only be for a capital purpose. Borrowing will be contained within the borrowing limits agreed by the Mayor of London for MOPAC.

As part of the Prudential Framework a Capital Financing Requirement (CFR) is approved by MOPAC each year, which represents MOPAC's underlying need to borrow for capital expenditure. For the purposes of calculating the CFR, the amount required to be borrowed reflects both external and internal borrowing (applying our own cash balances).

Under the Framework MOPAC is required to set aside an amount called the Minimum Revenue Position (MRP). For 2020/21 the MRP was £48.6 million. The MRP is the prudent amount that the Group is required to set aside from revenue to meet the repayments of borrowing undertaken to support capital investment.

MOPAC sets an annual treasury management policy. Risk analysis and risk management strategies have been taken into account, as have plans for capital investment and cash-flow requirements.

### MPS Operational Performance

#### *End of Year Crime Figures - 2020/21*

End of year crime statistics have been released showing overall crime - Total Notifiable Offences - decreased by 18.76% MPS (-171,493) from FY 2019/20. The full set of crime statistics can be found at: <https://www.met.police.uk/sd/stats-and-data/>

The COVID-19 pandemic has greatly affected both the public and criminal behaviour during FY19/20. Lower footfall, the closure of the night-time economy and retail, fewer people in public spaces and social interactions, as well as more people at home and not travelling or commuting; has all impacted the ability for crime to take place. The fluctuations in crime throughout this period mirror the various lockdowns and easing of restrictions cycles.

The figures show decreases in the majority of crime types with the biggest decreases seen in acquisitive crimes namely personal robbery (down 44.12% from 37,136 to 20,753) and personal theft offences (down 54.5% from 53,581 to 24,371). Sexual offences fell by 7.65% (from 20,152 to 18,611); as well as burglary falling 28.51% (from 77,991 to 55,752).

The figures also show decreases in violent crime including homicide (down 15.44% from 149 to 126) and total knife crime was down (33.57% from 15,601 to 10,363). Violence with injury decreased (down 14% from 76,355 to 65,668) and Weapon possession offences have also reduced (down 13% from 7,015 to 6,102). In contrast drug trafficking and possession offences rose by 10.58% (from 49,558 to 54,799).

### ***Covid-19***

Over the past year, the Met has played a key role in supporting the safety of Londoners through the Covid-19 pandemic, including appropriate policing and enforcement of Covid-19 related legislation, whilst continuing to provide a resilient police service overall.

The Met have worked alongside their partners in the capital to ensure a coordinated system response to the pandemic and contingency plans. Internally the Met have put in place measures to maximise the safety of their workforce, particularly officers and staff whose role meant they had to remain physically on the front line, and ensure the business continuity of their operations.

The Met have rapidly reviewed and implemented a number of initiatives to support the workforce during the pandemic, building on agile ways of working - and earlier technology roll-outs-, implementing new policies, and introducing new safety measures.

### ***1 Focus on what matters most for Londoners***

Bearing down on violence and high harm offences remains the Met's top operational priority and they prioritise proactivity and visibility when allocating resources. Over the last year, the proactive efforts, combined with the impact of lockdown restrictions, resulted in a decrease in violence. In 2020, the Met:

- Implemented Violence Suppression Units (VSU) in all twelve Basic Command Unit (BCUs), to identify and target the most serious offenders, hotspot areas and tackle the key drivers of violence. The VSUs bring together local proactivity and visible surge capability to provide flexibility in delivering a range of policing tactics.
- Augmented the Violent Crime Taskforce (VCTF) with new investigative functions. These teams are supporting local officers and take the lead in investigations for high-harm offender arrests and any other offenders arrested for knife-enabled offending, robbery, possession with intent to supply "class A" drugs, and assaults on police officers.
- Created the Violence Intervention Unit focusing on violent offenders, utilising judicial restrictions to restrict their offending. The unit achieved high in-custody positive outcome/sanctioned detection rates. It currently leads on a pilot with Project Alpha and Legal Services to utilise gang injunctions to specifically target violent offenders and the use of social media to tackle violence.
- Ran the "Autumn Nights" and "Winter Nights" campaigns to tackle violence, anti-social behaviour and associated criminality. A range of targeted operational activities took place over the three-week periods, to prevent and divert individuals away from becoming involved in criminality.

Overall, the Met's approach to tackling violence has resulted in the seizure of 445 lethal barrelled firearms, £47m in cash and assets and 3,900 disruptions (this equates to 25% of National disruptions, and nearly five times more than the previous year).

In 2020 we:

- Continued to build operational partnerships with forces across the UK to identify active "county lines" and arrest/prosecute those controlling the drugs lines that are now known as the "line holders". With funding from the Home Office, Operation Orochi have been

responsible for 245 line holders charged and 260 county lines closed in 2020/21 (surpassing the Home Office performance indicators of 150 Line Holders charged and 210 lines closed), despite operating against the backdrop of the Covid-19 pandemic for much of the period.

- Established permanent Viper teams into our Specialist Crime structure. The team assess around 500 pieces of firearms-related intelligence per month, execute firearms search warrants and other search warrants against firearms offenders, and deploy Armed Supported Patrols (a highly visible proactive operation) into areas with increased levels of gun crime or emerging locations of risk.
- Tested a drugs focus approach with Drug Advisors deployed onto BCUs to provide dedicated support for local Policing operations, given the clear link between drug trafficking offences and those involved in violent crime across London. This complements existing collaborative working with frontline officers, the VCTF and Central Drugs team.
- Seized cash amounting to over £47m which was 38.2% of cash seizures nationally. Met Account Freezing Orders (AFO) for 2020/21 was in excess of £27m, which accounts for 22.3% of AFOs nationally. Met Forfeiture for 2020/21 was £19m, which was 18.4% of forfeiture nationally, the highest Met figure for 6 years.

Whilst offence levels in a number of areas did decrease during lockdown restrictions, this was not the case for domestic abuse and hate crime: offences continued to rise. Our intensified activity during this period, and proactive focus on domestic abuse offenders (between March and November 2020 we arrested 30,561 domestic abuse suspects) has meant an increase in sanction detections - cases in which an offender has been charged or faced another formal outcome - however there is significant improvement required in this area (2020/21 14.1% detection rate for domestic abuse offences). The tragic murder of Sarah Everard and its resonance for so many women across London also shows we must do more to tackle male violence against women in public spaces. Our activity is underpinned by our ambitious new Public Protection Improvement Plan. In addition, new proactive teams, called Predatory Offender Units (POU) were introduced across London to tackle high harm offenders, who pose a risk to vulnerable adults or children. These teams provide a consistent staffing level across all BCUs and have access to improved intelligence support to drive activity. Within the first four weeks of implementation, the teams have made more than 240 arrests - 161 for domestic abuse offences.

Activity to disrupt terrorism and to demonstrate a long-term, comprehensive focus on prevention continued by the Counter Terrorism Policing teams, with some adaptations during the pandemic. Since March 2017, CT policing and UK intelligence services have stopped 29 attacks - 18 were Islamist related, ten right wing terrorism (RWT) and one left, anarchist or single issue terrorism (LASIT). The disruptive impact process has been running since April 2017, which enables us to understand the impact the investigations capability is having on the CT threat. CT policing have achieved 486 cases which have impacted on the CT threat: 69 major, 224 moderate and 193 minor. The activities that are targeted are varied, from attack planning, facilitation, fundraising and radicalisation, all of which are supported by an extensive range of capabilities across the CT network. Protective Security Operations coordinate the deployment of Project Servator (highly visible police patrols) teams in most London boroughs. In 2020/21, over 9,700 locations across London were visited by Project Servator teams, which represents an increase against previous years.

Some examples through a public, partnership and community lens:

- ACT Early was launched which is a new public prevent campaign designed for parents and provides advice, guidance and support for anyone who is concerned that someone they know may be at risk from being radicalised. As a result of schools and other statutory agencies closing during the nationwide lockdown, a decline was observed in the number of people referred to the Prevent programme for support, however due to signposting activity, the referrals had increased back to normal levels by June 2020.
- Counter Terrorism Awareness training continued despite the difficulties faced associated with ongoing engagement during the pandemic, with 58 CT awareness/training engagement sessions delivered to external businesses and organisations within central London. This was achieved through both onsite, and also online facilitated presentations.

- The London Counter Terrorism Advisory Group as a collaborative partnership between communities and policing. This aims to influence our response to CT incidents, the service provided to victims and communities, and feed into national CTAN to act as critical friend and influence national policy.
- A greater combined approach to security at venues has been taken by Protective Security Operations (PSO) - as demonstrated around protective security for Covid-19 testing and vaccination sites. Protective security mitigation measures have been developed around central London through the Street Scape project and ability to address the detection and threats posed by drones within London. Increased multi engagement pathways with stakeholders continue through business, GLA, Local Authorities, TfL and the NHS to determine protective security interventions, engagement and guidance.

The policing of protests, unlicensed music events (UMEs), and other public order situations (and providing a policing response in line with restrictions imposed through Covid-19 related regulations) created significant operational and resource demands - in particular during lockdowns and the summer. We deployed additional officers across the capital to manage protests (such as those against government restrictions) and flexed our response to provide a proportionate and effective response whilst continuing work tackling crime. In addition, the new Resourcing Principles for Large Scale Events policy was implemented in 2020, improving resourcing of high aid events by use of a wider workforce, whilst ensuring business continuity. During the protests a number of officers were assaulted and we set up a dedicated team of detectives focused on investigating these incidents.

### ***2 Mobilise partners and the public***

As an organisation tasked with public safety and security, we make positive contributions to Londoners' lives. The overall reported levels of public trust remain high (80% Q4 Public Attitude Survey), However we recognise that for some groups - notably Black communities, people with a mixed ethnic background and LGBTQ+ Londoners - levels of trust are lower. We are determined to reduce this gap in trust through effective engagement. The Deputy Commissioner's Delivery Group is taking forward actions and new initiatives to increase inclusion and trust in the Black community - and to raise cultural awareness internally. Our new recruits now spend a proportion of their initial learning understanding the history of the local area they will police, including direct community input into their training on the cultural history, lived experiences and the challenges the communities have faced, supported by funding from the Mayor of London.

To tackle violence, the Met utilise a suite of tools, including Stop and Search, to keep Londoners safe. Stop and search resulted in 437 weapon seizures across London in January 2021 alone and over the 12-month period to 31 December 2020, stop and search resulted in 71,758 acts of detected criminality including 35,195 arrests. The Met do not underestimate the impact that the use of stop and search has on some individuals or the concerns in London's Black, Asian and Multiple Ethnic Heritage communities. To ensure transparency, the recording of stop and search encounters on BWV (body worn video) is mandatory to provide better accountability, with officers recording 96% of all stop and search encounters. The Independent Office for Police Conduct (IOPC) recently completed investigations involving the stop and search of Black men by Met officers and reviewed the collective evidence gathered to consider disproportionality, legitimacy and how force was used. The Met accepts all eleven learning recommendations and will continue to work with the IOPC, MOPAC and communities in the continuous improvement of stop and search

Special constables (MSC) play a vital role in making London a safer place, each contributing at least 16 hours a month of their spare time to be on the frontline of fighting crime - our special constables provided 1,866 hours of front line policing in March 2021 alone. During the first Covid-19 lockdown period, our Special Constables gave more than 100,000 hours to help with the coordinated response to the pandemic and provide a key contribution to the Met's support to London's Covid-19 response.

The Met have piloted Positive Activity Initiatives (PAI) at two pilot sites: Lewisham Central in SE BCU and Broad Green in SN BCU. The pilot aimed to maximise engagement and visibility in

residential areas suffering from higher levels of violence and low confidence in the police. Although it is acknowledged that various other factors can impact confidence, the survey indicates PAI has increased confidence levels particularly in one site which conducted targeted weekly themed activity. Building on this, the Met will roll out similar positive activity initiatives across London over the next year.

The new Anti Social Behaviour Early Intervention scheme (ASBEIS) enables a partnership approach to reducing crime/ASB through early identification of offenders, engagement and intervention prior to any enforcement. Police share offender data with partners included in the data sharing agreement which allows a joined up approach to problem solving. The scheme also allows us to target behaviours of individuals who are committing crime without the necessity of proving the criminal offence such as violence.

To complement prevention activity, we have diversified our diversion and youth engagement programmes in addition to our youth engagement programme - the Volunteer Police Cadets scheme, of which we are very proud. We launched Cyber Choices, a voluntary intervention programme, working with individuals who may be vulnerable to becoming involved in cyber criminality or have first come to notice for committing Computer Misuse Act offences. The Engage project also went live on the South West BCU which provides young people in custody the chance to speak to local dedicated youth workers aimed at supporting children away from further offending.

In order to better safeguard vulnerable members of society, we are engaged with the London MARAC (multi-agency risk assessment conferences) Coordinators Forum to share best practice, learn from each other, discuss challenges, explore innovation in the MARAC field and ensure that at the heart of each meeting, the survivor's voice is clear and action plans reflect this. In January 2021, training is now in place to equip Chairs with the essential skills needed to implement and sustain an effective MARAC, to ensure that all appropriate agencies are engaged, identify high-risk victims, produce robust action plans, build transferable skills and apply them to other areas of public protection, such as multi-agency public protection arrangements (MAPPA) and child protection.

### ***3 Achieve the best outcomes in pursuit of justice and in support of the victims***

In 2020, there were 791,179 total notifiable offences in London, down from 921,358 in 2019, with a marked reduction in crimes like burglary and robbery. The restrictions imposed by Covid-19 lockdowns will have contributed to this reduction. In that same period, the number of arrests rose from 144,294 to 146,615 (+1.6 per cent), and the sanction detection rate rose from 7.8 to 11.2 per cent. Investigative improvements such as mobile biometrics devices and improved open source access have complemented greater investigative capability at the local level. We have invested to strengthen our central criminal justice teams and focussed them on improving file quality.

Operation Venetic was a successful joint-operation with our European partners and the NCA relating to an encrypted communication system called Encrochat. Specialist detectives spent months monitoring hundreds of handsets and thousands of encrypted messages as part of the UK's biggest ever law enforcement operation.

To further strengthen our commitment to improving the quality of service to victims of crime and in striving to put victims at the heart of everything we do, we launched the new Victim Information Leaflets. The new leaflets provide consistent advice with additional information to all victims of crime including details of support services that are available, their rights and entitlements under the Victims' Codes of Practice and other key areas. In addition, the Section 28 roll-out began from the summer which enables a pre-trial recording of the cross examination or re-examination for a vulnerable or intimidated witness. This measure provides the opportunity to support witnesses, relieving them from the stress and anxiety associated with their court journey.

In line with national recommendations, the Met adapted to the new case file preparation process which changed how investigations are managed, cases files completed and how they work with the Crown Prosecution Service (CPS) and Defence. The new process better presents evidence (and unused-material) at an earlier stage in the criminal justice process meaning a greater chance of quicker charging decisions, early guilty pleas, fewer action plans, fewer case discontinuation ultimately leading to an improved service to victims and ensuring more offenders are brought to justice. The Met have also enabled Local Scrutiny Panels to take place across each BCU with attendance from partners, to provide scrutiny on out of court disposals decisions and ensure they are proportionate and appropriate for the child involved and the offence committed. Due to the pandemic, the panels are now delivered remotely - which has improved effectiveness as attendance by partners is easier to manage remotely.

BCU Online Child Sexual Abuse & Exploitation (OCSAE) teams were introduced to provide a consistent operating model for the investigation of Indecent Images of Children (IIOC) across the Met. The new teams streamline the response to online offending to ensure effectiveness.

Change activity to enhance our public access services reached a key milestone by relocation of the Telephone & Digital Investigation Unit from a single site to co-locate with the three Met Command & Control locations, providing resilience through independent locations and improved work life balance for the workforce. In addition, a pan-London campaign 'We're only a click away' was launched to highlight the Met's enhanced online reporting services including the reporting of crime, road traffic incidents and anti-social behaviour.

Over the year the Met have continued to develop their forensics and digital investigation capability for dealing with an ever increasing amount of digital evidence remains a significant challenge. Digital download kiosks provide officers and teams further digital investigative capacity in a more efficient timely manner, to ensure movement of large data is quicker and easier, and additional officers have been trained to acquire phone data themselves with minimal assisted help from specialists in Digital Forensics. In addition, the Met have implemented new technology (infra-red blood search / networked microscopes) in laboratories, reducing end to end examination times, eliminating the need for printing of images and improve searching for contact trace evidence. With regards to enhancing the forensic capability directly at the Frontline, Mobile Drug Analytical devices have been purchased which enable more efficient and effective Test Purchase Operations, and a 2-hour reduction in officer travelling time to the lab for analysis.

#### ***4 Seize the opportunities of data and digital tech to become a world leader in policing***

Smarter Working changes continued to be delivered to enable a modern way of working together. With the pandemic, implementation of several technologies was accelerated to ensure effective working and mitigate any disruption to service delivery: 40,000 tablets and laptops enabling a mobile workforce; OneDrive has been rolled-out allowing users to share files; new capabilities in Teams such as Live Captions - to help deaf and hearing-impaired colleagues to participate in meetings; and Video enabled justice - linked to HM Courts IT to enable remote hearings and officers to give evidence remotely from their tablet or laptop.

To enhance operational activity, we continued to adopt and apply new technologies. The project to move our crime recording system (CRIS) to Azure delivered improved reporting functionality, a better user experience with faster searches and greater reliability. Migrating to Azure allowed Digital Policing to remove 389 legacy servers from the estate and provided the opportunity to ramp down the new CRIS IT infrastructure in a flexible way when CONNECT goes live.

The Data Office continued to deliver the next phase of developing data capabilities. MetInsights was rolled out which is a digital tool that brings data analytics functionality to the frontline, enabling officers and staff to develop their own data insights from existing data in a user friendly way in the form of text, maps and graphs. In addition, the Covid-19 Performance Monitoring Dashboard and Met Detention Dashboard were implemented to help the senior command teams to understand the impact of Covid-19 on crime, demand, enforcement and workforce

abstractions. To increase transparency to the public we have also published dashboards on our internet page that link to Covid-19, our performance and other areas.

After removal of the Information Commissioner's Office (ICO) Enforcement Notice in December 2019, the Met has continued to improve and stabilise its management of Data Privacy Rights. The recent ICO report (December 2020) of all forces on compliance showed that we have moved from enforcement to consistent delivery; a significant shift given our size and contribution to the privacy rights requests (we account for approximately 25 per cent of all requests to law enforcement). We are proud of the changes we have made in this space, in all aspects of our capacity, capability, process and technological improvements, improved training and awareness. Our current compliance reports - which have monthly public dashboards available on our website, enhancing our transparency - shows further improvements, despite some increases in demand over the last year:

- In 2020, the Met received 10,200 Rights of Access (ROA) requests (up from 7,700 in 2019). They have managed down the backlog of requests which led to the enforcement notice and now have a compliant turn-around time. On average we responded in a timely manner to 71 per cent of ROA requests per month. In 2019 the monthly average was 40 per cent. In February 2021, the public received a timely response in 76 per cent of cases
- In 2020, the Met received 4,200 Freedom of Information (FOIA) requests (4,400 in 2019). Their response timeliness for FOIA also improved to a monthly average of 60 per cent despatched on time, from 44 per cent in 2019. In February 2021 the public received a timely response in 68 per cent of cases.

### ***5 Care for each other, work as a team and be an attractive place to work***

During the last year the Met achieved their officer growth target some 5 months early and recruited an additional 1,369 officers by July 2020. As at March 2021, the Met has an officer strength of 32,531 FTE, the highest level since 2010. We used the opportunity of recruitment to increase the proportion of officers from Black, Asian and Minority Ethnic groups (5,086.41 FTE 15.6% Mar 2021).

Both the Met and MOPAC remain committed to increasing levels of internal engagement, celebrating diversity of thought and nurturing an inclusive culture - building on recent successes (such as the Disability Passports and the Workplace Adjustment Service).

The Met have continued their extensive support to workforce wellbeing, through dedicated Occupational Health facilities, an Employee Assistance Programme, Managers Advice Line and the expansion of the Career Development Service to include colleagues with disabilities. Initiatives focused on enabling flexible ways of working were delivered such as Project Balance (focused within operational policing), , MetFamilies and MetBaby - the Met's parental support network - to help all managers and parents prepare for maternity or parental leave, stay in contact and ease their return to work. The new Workplace Adjustments Central Hub is also now available to make the process of returning to work simpler and quicker. The positive improvements have resulted in our staff engagement index increasing from 58% to 64% this year in our annual staff survey.

The Met's extensive programme of estates modernisation continued, working carefully with contractors to ensure that, in a Covid-secure way, as much work as possible could be completed. Ensuring people have clean, safe and functioning workplaces is an important part of the Met's our plans and progress to date remains strong. Key milestones have been reached to deliver the ambitious estate strategy including:

- The refurbishment of Hammersmith Police Station - providing a larger, model custody suite with more cell and staff capacity, a modernised working environment and a 24/7 front counter contributing to the Met's commitment to public access.
- The opening of Belvedere warehouse facility and fleet workshop as a core operational facility that provides strategic specialist storage and servicing requirement for the Met's fleet.
- Moves have begun into the newly refurbished Newlands Park site.

- Programme for improvements to the worst parts of the estate to provide minimum standards alongside other planned refurbishments have been completed across the Met estate.
- The next decant phase from the Empress State Building has also progressed well, and enabled work to progress on our CTOC facility in that building.

### ***6 Learn from experience, and from others and constantly strive to improve***

To strengthen the investment in the probationer journey for new recruits, the Street Duties course was rolled out across the Met, delivered by dedicated local Learning and Development units and the mobilisation of more than 200 tutor constables. Since the new course was introduced in March 2020, over 3,000 new officers have achieved Independent Patrol Status. This was complemented by the introduction of a new rotation model to provide solid grounding for all recruits in key areas of operational policing - investigation, violence suppression, safer neighbourhoods and emergency response. In addition, recruits were welcomed through the new Police Educational Qualifications Framework pathways, with the new recruits joining on the Police Constable Degree Apprenticeship and Degree Holder Entry Programmes - further professionalising entry pathways.

The Met introduced LinkedIn Learning to support remote delivery and continuous professional development of the workforce. This includes Met specific content (recruit training, police learning pathways, comprehensive skill building learning collections e.g. stop and search), alongside generic skills. In addition, a Sergeant/Inspector in E-box was developed, which is a toolkit to guide new or temporary acting officers through their initial steps into first line management.

The Met have worked towards the forthcoming implementation of a corporate Learning Management System. This digital solution for an integrated learning infrastructure will enhance the continuous professional development of all staff, ensure the training delivery is flexible and effective, whilst improving our central data on workforce capability towards a better use of everyone's skills and expertise. This will improve the Met's ability to prioritise critical learning and tailor it to specific policing roles.

An Organisational Learning and Research function was established on the following themes: Embedding the Organisational Learning framework (through the development of specialist hubs); Systemising information (to capture/socialise learning and build corporate memory); and Learning from high harm/risk (focused on supporting learning from Gold groups and thematic analysis of learning to inform corporate learning).

A stocktake review was undertaken to look at how effective the Met is in delivering change, transformation and new capabilities to help meet the ambitions of Met Direction. The review findings are positive and confirmed the strong foundation that has been made by the Met on change and transformation enabled by many colleagues across the Met, not the least the Transformation Directorate, Digital Policing and Professionalism.

### ***7 Be recognised as a responsible, exemplary and ethical organisation***

The 2021/22 Police Settlement was positive for the Met, allowing the continuation of the officer uplift Programme and some prudent investment in our services. With the growth, and with our existing strength, we are better equipped to deliver more policing outcomes, albeit the gap between our capacity and operational demand remains substantial, meaning that difficult choices continue to have to be made on where to prioritise officer time. We have continued to identify efficiencies and drive out unnecessary costs in the organisation, for example by introducing a formal priority-based-budgeting approach.

The "Practice Requiring Improvement" approach was implemented across the organisation. This encourages managers to look for opportunities of learning where behaviours of concern are identified, mirroring our priority of translating this into organisational learning.



In August 2020, Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services published a report on Road Traffic Policing in the UK. This highlighted a number of areas of good practice within the Met including the close working relationship with Transport for London (TfL) on road safety as well as the ability of this partnership to ensure effective analytics drive priorities, such as weekly data about serious collisions and the factors that contributed to them.

The Met and MOPAC are committed to contributing to the sustainability of London. The Sustainability Management Plan (SMP) 2020-21 was agreed and implementation began overseen by the Environment & Sustainability Board chaired by the Met Senior Environment Champion. Implementation of electric charging points began as part of our Charging Infrastructure strategy with further installations planned to commence in 2021/22 and up to 2024/25. This has been reinforced by ensuring alignment to ISO 14001 (international standard for designing and implementing an environmental management system) meaning the Met's environmental aspects and impacts are appropriately identified, managed and monitored through their environment and sustainability governance arrangements.

### **The Balance Sheet**

The net worth of MOPAC and the MOPAC Group (excluding the cost of Police Officer pensions liabilities which are subject to a separate funding arrangement agreed year on year with the Home Office) decreased by £86 million (from £2,018 million to £1,932 million) during 2020/21. MOPAC considers that the Balance Sheet remains 'robust' as evidenced by earmarked reserves and the General Reserves maintained at prudent levels.

### **Reserves**

MOPAC's policy is to have a General Reserve of at least 1.5% of net revenue expenditure. The General Reserve has reduced from £63.6m at 1 April 2020 to £58.8m at the end of March 2021 and this reduction of £4.8m was to support MOPAC's overall budget position. The General Reserve balance represents 2.1% of the outturn Net Revenue Expenditure (NRE).

MOPAC is required to publish a Reserves Strategy and the latest published version indicated the General Reserves should be maintained at a level of not higher than 5% of NRE. The year end balance of £58.8m is therefore within the current Reserves Strategy.

MOPAC also hold Earmarked reserves, the balance of which was £504.37 million as at 31 March 2021. Earmarked reserves are being held for specific purposes, including facilitating the transformation programme, managing one-off impacts against the medium-term budget, and statutorily ring-fenced accounts (such as the Proceeds of Crime Act income).

### **Pensions**

The Police Officer Pension Liability and Police Officer Pension Reserve, which are disclosed on the Group Balance Sheet, reflect the cost of paying police officers in the future to the extent they had earned entitlement to pension benefits for periods up to and including 2020/21 in line with IAS 19. Police pension costs are recognised in the Commissioner of Police of the Metropolis CIES in the first instance along with other employee costs but are ultimately funded by MOPAC. Recognition of the total liability has a substantial impact on the net worth of the MOPAC Group. The fund valuation shows an increase in liabilities due in the main to the change in actuarial assumptions used to calculate the pensions liability. Pension contributions of 31% of pensionable pay are made to finance the liability, with the actual pensions and commuted lump sums being met directly by the Police Pension Fund Revenue Account. The shortfall on the pension fund between contributions and other income receivable and benefits payable was met by the Home Office in 2021/22.

### Outlook for 2021/22

The 2021/22 gross revenue budget has been set at £3,968.2 million, an increase of £71.2 million from the revised 2020/21 budgeted figure of £3,896.8 million. The budget is funded by a general government grant of £2,158.5 million, retained business rates of £27.9 million and council tax of £804.9 million. Additionally, MOPAC is budgeting to receive £612.9 million in specific grants, and is planning to draw down £80.2 million from reserves. More detail can be found in the Mayor's budget for 2021/22 ([https://www.london.gov.uk/sites/default/files/mayors\\_final\\_budget\\_2021-22.pdf](https://www.london.gov.uk/sites/default/files/mayors_final_budget_2021-22.pdf)).

The MOPAC five-year capital spending plan totals £1.6 billion, including £864 million on transformation activities and £739 million on other activities such as property lifecycle works, vehicle fleet, Core IT infrastructure and National Counter Terrorism Policing Headquarters. Capital expenditure of £385.1 million is planned for 2021/22. This expenditure will continue to focus on transforming the MPS estate, IT core infrastructure and transforming investigation and prosecution. As well as improving operational effectiveness, this investment will be required to deliver planned future revenue savings and meet the needs of larger force given planned increase in officer numbers. Capital expenditure will be financed through a combination of receipts, grants and borrowing.

The MOPAC budget contains around £73 million for Commissioning works. These are delivered via the Criminal Justice and Commissioning teams and the Violence Reduction Unit.

### The Statement of Accounts

The 2020/21 MOPAC Group Statement of Accounts is prepared in accordance with the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting 2020/21.

The Accounts reflect the current legislative framework as well as the local arrangements operating in practice. Key elements of this framework include:

- The Police Reform and Social Responsibility Act 2011 (the Act);
- The Home Office Financial Management Code of Practice for the Police Forces of England and Wales 2018;
- MOPAC Scheme of Consent and Delegation;
- MOPAC Financial Regulations;
- MOPAC Contract Regulations.

Under the legislative framework and local arrangements, MOPAC is responsible for the finances of the whole Group and controls the assets, liabilities and reserves. MOPAC has responsibility for entering into contracts and establishing the contractual framework under which the Commissioner's officers and staff operate. MOPAC receives all income and funding and makes all the payments for the Group from the MOPAC Police Fund.

In turn the Commissioner fulfils their statutory responsibilities for delivering an efficient and effective police force within an annual budget, which is set by the Mayor in consultation with the Commissioner. The Commissioner ultimately has a statutory responsibility for maintaining the Queen's peace and to do this has direction and control over their police officers and police staff. It is recognised that in exercising day-to-day direction and control the Commissioner will undertake activities, incur expenditure and generate income to allow the police service to operate effectively.

It is appropriate that a distinction is made between the financial impact of this day-to-day direction and control of the force and the overarching strategic control exercised by the DMPC. Therefore the expenditure in respect of operational policing, police officer and staff costs is shown in the CPM Accounts, with the main sources of funding (i.e. central government grants and

Council Tax) and the vast majority of balances being recognised in the MOPAC Accounts. The MOPAC Group Accounts shows the overall cost of policing London and includes both the cost of administering MOPAC and MOPAC expenditure on community safety and crime prevention and the Commissioner's expenditure on operational policing.

The accounting arrangements between MOPAC and the CPM are detailed more fully in Note 6 to the Accounts on page 25.

### **Accounting Changes for 2020/21**

There were no changes in the CIPFA Code 2020/21 which materially affected the MOPAC Statement of Accounts.

### **Annual Governance Statement**

The Accounts and Audit Regulations 2015 require that the Annual Governance Statement (AGS) accompanies the Statement of Accounts. MOPAC has elected to publish the AGS as a separate document to the Statement of Accounts. The AGS is a statutory document which explains the governance processes and procedures in place to enable MOPAC to carry out its functions effectively. The AGS highlights MOPAC's and the CPM's internal control environment, comments on its effectiveness and identifies issues for future work. The CPM also publishes an Annual Governance Statement focusing on the risk management and internal control framework in the MPS. Reliance is placed on this in drawing up MOPAC's Annual Governance Statement.

# Independent auditor's report to the Mayor's Office for Policing and Crime

## Report on the Audit of the Financial Statements

### Opinion on financial statements

We have audited the financial statements of the Mayor's Office for Policing and Crime (MOPAC) and its subsidiary the Commissioner of Police of the Metropolis (the 'group') for the year ended 31 March 2021 which comprise the MOPAC Group Comprehensive Income and Expenditure Statement, MOPAC Comprehensive Income and Expenditure Statement, MOPAC Group Movement in Reserves Statement, MOPAC Movement in Reserves Statement, MOPAC Group Balance Sheet, MOPAC Balance Sheet, MOPAC Group and MOPAC Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies, and include the Police officer pension fund financial statements comprising the Police officer pension fund revenue account, Police officer pension fund asset statement and notes to the Police officer pension fund account financial statements. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2020/21.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the group and of MOPAC as at 31 March 2021 and of the group's expenditure and income and MOPAC's expenditure and income for the year then ended;
- have been properly prepared in accordance with the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2020/21; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law, as required by the Code of Audit Practice (2020) ("the Code of Audit Practice") approved by the Comptroller and Auditor General. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the group and MOPAC in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the Chief Financial Officer and Director of Corporate Service's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group and MOPAC's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause MOPAC and the group to cease to continue as a going concern.

In our evaluation of the Chief Financial Officer and Director of Corporate Service's conclusions, and in accordance with the expectation set out within the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2020/21 that MOPAC and the group's financial statements shall be prepared on a going concern basis, we considered the inherent risks associated with the continuation of services provided by MOPAC and the group. In doing so we had regard to the guidance provided in Practice Note 10 Audit of financial statements and regularity of public sector bodies in the United Kingdom (Revised 2020) on the application of ISA (UK) 570 Going Concern to public sector entities. We assessed the reasonableness of the basis of preparation used by MOPAC and the group and MOPAC and the group's disclosures over the going concern period.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on MOPAC and the group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the Chief Financial Officer and Director of Corporate Service's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

The responsibilities of the Chief Financial Officer and Director of Corporate Services with respect to going concern are described in the 'Responsibilities of the Deputy Mayor for Policing and Crime and the Chief Financial Officer and Director of Corporate Services for the financial statements' section of this report.

### **Other information**

The Chief Financial Officer and Director of Corporate Services is responsible for the other information. The other information comprises the information included in the Statement of Accounts and the Annual Governance Statement, other than the MOPAC and group financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge of MOPAC and the group obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **Other information we are required to report on by exception under the Code of Audit Practice**

Under the Code of Audit Practice published by the National Audit Office in April 2020 on behalf of the Comptroller and Auditor General (the Code of Audit Practice) we are required to consider whether the Annual Governance Statement does not comply with the 'delivering good governance in Local Government Framework 2016 Edition' published by CIPFA and SOLACE or is misleading or inconsistent with the information of which we are aware from our audit. We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

We have nothing to report in this regard.

### **Opinion on other matter required by the Code of Audit Practice**

In our opinion, based on the work undertaken in the course of the audit of the financial statements and our knowledge of MOPAC, the other information published together with the financial statements in the Statement of Accounts and the Annual Governance Statement, for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Matters on which we are required to report by exception**

Under the Code of Audit Practice, we are required to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make a written recommendation to MOPAC under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014, in the course of, or at the conclusion of the audit.

We have nothing to report in respect of the above matters.

### **Responsibilities of the Deputy Mayor for Policing and Crime and the Chief Financial Officer and Director of Corporate Services for the financial statements**

As explained more fully in the Statement of Responsibilities set out on page xx, the Deputy Mayor for Policing and Crime is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. That officer is the Chief Financial Officer and Director of Corporate Services. The Chief Financial Officer and Director of Corporate Services is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2020/21, for being satisfied that they give a true and fair view, and for such internal control as the Chief Financial Officer and Director of Corporate Services determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chief Financial Officer and Director of Corporate Services is responsible for assessing MOPAC and the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is an intention by government that the services provided by MOPAC and the group will no longer be provided.

The Deputy Mayor for Policing and Crime is Those Charged with Governance. Those charged with governance are responsible for overseeing the financial reporting process.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a

material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### **Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to MOPAC and the group and determined that the most significant, which are directly relevant to specific assertions in the financial statements, are those related to the reporting frameworks (international accounting standards as interpreted and adapted by the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2020/21, The Local Audit and Accountability Act 2014, the Accounts and Audit Regulations 2015, the Local Government Act 2003 and the Police Reform and Social Responsibility Act 2011.
- We enquired of senior officers and the Deputy Mayor for Policing and Crime, concerning MOPAC and the group's policies and procedures relating to:
  - the identification, evaluation and compliance with laws and regulations;
  - the detection and response to the risks of fraud; and
  - the establishment of internal controls to mitigate risks related to fraud or non-compliance with laws and regulations.
- We enquired of senior officers, internal audit and the Deputy Mayor for Policing and Crime, whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud.
- We assessed the susceptibility of MOPAC and the group's financial statements to material misstatement, including how fraud might occur, by evaluating officers' incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls, risk of judgements derived by management with high estimation uncertainty and other fraud risks including fraudulent recognition of revenue and incompleteness of expenditure and associated liabilities. We determined that the principal risks were in relation to:
  - Manual journal entries that may be prone to management override of controls; and
  - Key estimates that are subject to management judgement and increased estimation uncertainty such as the valuation of property and the valuation of the net pension liability.
- Our audit procedures involved:
  - evaluation of the design effectiveness of controls that the Chief Financial Officer and Director of Corporate Services has in place to prevent and detect fraud;

journal entry testing, with a focus on manual journals which are at higher risk of manipulation in comparison to automatic system generated journals;

challenging assumptions and judgements made by management in its significant accounting estimates in respect of property, plant and equipment valuations and the valuation of the net pension liability;

assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item.

- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. However, detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as those irregularities that result from fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.

- Assessment of the appropriateness of the collective competence and capabilities of MOPAC and the group's engagement team included consideration of the engagement team's:

understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation

knowledge of the police sector

understanding of the legal and regulatory requirements specific to MOPAC and the group including:

- the provisions of the applicable legislation
- guidance issued by CIPFA, LASAAC and SOLACE
- the applicable statutory provisions.

- In assessing the potential risks of material misstatement, we obtained an understanding of:

MOPAC and the group's operations, including the nature of its income and expenditure and its services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement.

MOPAC and the group's control environment, including the policies and procedures implemented by MOPAC and the group to ensure compliance with the requirements of the financial reporting framework.

### **Report on other legal and regulatory requirements - MOPAC's arrangements for securing economy, efficiency and effectiveness in its use of resources**

#### **Matter on which we are required to report by exception - MOPAC's arrangements for securing economy, efficiency and effectiveness in its use of resources**

Under the Code of Audit Practice, we are required to report to you if, in our opinion, we have not been able to satisfy ourselves that MOPAC has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2021.

Our work on MOPAC's arrangements for securing economy, efficiency and effectiveness in its use of resources is not yet complete. The outcome of our work will be reported in our commentary on MOPAC's arrangements in our Auditor's Annual Report. If we identify any significant weaknesses in these arrangements, these will be reported by exception in a further auditor's



report. We are satisfied that this work does not have a material effect on our opinion on the financial statements for the year ended 31 March 2021.

### **Responsibilities of MOPAC**

MOPAC is responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

### **Auditor's responsibilities for the review of the Mayor's Office for Policing and Crimes's arrangements for securing economy, efficiency and effectiveness in its use of resources**

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to be satisfied that MOPAC has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of MOPAC's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We undertake our review in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in April 2021. This guidance sets out the arrangements that fall within the scope of 'proper arrangements'. When reporting on these arrangements, the Code of Audit Practice requires auditors to structure their commentary on arrangements under three specified reporting criteria:

- Financial sustainability: how MOPAC plans and manages its resources to ensure it can continue to deliver its services;
- Governance: how MOPAC ensures that it makes informed decisions and properly manages its risks; and
- Improving economy, efficiency and effectiveness: how MOPAC uses information about its costs and performance to improve the way it manages and delivers its services.

We document our understanding of the arrangements MOPAC has in place for each of these three specified reporting criteria, gathering sufficient evidence to support our risk assessment and commentary in our Auditor's Annual Report. In undertaking our work, we consider whether there is evidence to suggest that there are significant weaknesses in arrangements.

### **Report on other legal and regulatory requirements - Delay in certification of completion of the audit**

We cannot formally conclude the audit and issue an audit certificate for MOPAC and the group for the year ended 31 March 2021 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice until we have completed:

- our work on MOPAC's arrangements for securing economy, efficiency and effectiveness in its use of resources and issued our Auditor's Annual Report.
- the work necessary to issue our Whole of Government Accounts (WGA) Component Assurance statement for the Mayor's Office for Policing and Crime and the Commissioner of Police of the Metropolis for the year ended 31 March 2020 and 31 March 2021.

### **Use of our report**

This report is made solely to MOPAC, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to MOPAC those matters we are required to state to MOPAC in an auditor's report and for no other purpose. To the fullest extent permitted

## Independent auditor's reports

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by law, we do not accept or assume responsibility to anyone other than MOPAC as a body, for our audit work, for this report, or for the opinions we have formed.

***Iain Murray***

Iain Murray, Key Audit Partner  
for and on behalf of Grant Thornton UK LLP, Local Auditor  
London

1 October 2021

## Statement of responsibilities for the Accounts

### Deputy Mayor's Responsibilities

The Deputy Mayor For Policing And Crime is required to:

- Make arrangements for the proper administration of the Mayor's Office for Policing And Crime's financial affairs and to secure that one of its officers (Chief Financial Officer) has responsibility for the administration of those affairs;
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- Approve the Statement of Accounts.

I approve these Statement of Accounts on behalf of the Mayor's Office for Policing and Crime and Group.

**Signed**  
**Sophie Linden**  
**Deputy Mayor for Policing and Crime**  
Dated: 1<sup>st</sup> October 2021

### Chief Financial Officer's Responsibilities

The Chief Financial Officer of MOPAC is responsible for the preparation of the Statement of Accounts for MOPAC in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom ('the Code').

In preparing this Statement of Accounts, MOPAC has:

- Selected suitable accounting policies and then applied them consistently;
- Made judgements and estimates that were reasonable and prudent;
- Complied with the Code;
- Kept proper accounting records which were up to date; and
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

I certify that the Statement of Accounts gives a true and fair view of the financial position of MOPAC and MOPAC Group at the accounting date and of the income and expenditure for the year ended 31 March 2021.

**Signed**  
**Amana Humayun**  
**Chief Financial Officer and Director of Corporate Services**  
Dated: 30th September 2021

## MOPAC Group Comprehensive Income and Expenditure Statement (CIES) for 2020/21

£000	Notes	Year ending	Year ending	Year ending	Year ending	Year ending	Year ending
		31 March 2021	31 March 2021	31 March 2021	31 March 2020	31 March 2020	31 March 2020
		Gross expenditure	Income	Net expenditure	Gross expenditure	Income	Net expenditure
Frontline Policing		1,818,566	(59,619)	1,758,947	1,214,844	(53,078)	1,161,766
Specialist Operations		602,168	(528,309)	73,859	496,690	(517,267)	(20,577)
Met Operations		1,132,983	(200,065)	932,918	926,008	(202,768)	723,240
Professionalism		144,407	(13,955)	130,452	111,359	(15,736)	95,623
Corporate Services		390,179	(42,452)	347,727	408,644	(43,258)	365,386
Digital Policing		214,627	(7,142)	207,485	210,310	(299)	210,011
Centrally Held		56,504	(161,007)	(104,503)	57,796	(83,320)	(25,524)
MOPAC		85,847	(31,510)	54,337	71,997	(30,416)	41,581
<b>Cost of services</b>	1.1	<b>4,445,281</b>	<b>(1,044,059)</b>	<b>3,401,222</b>	<b>3,497,648</b>	<b>(946,142)</b>	<b>2,551,506</b>
<b>Other operating expenditure</b>							
Net (gains)/losses on disposal of non-current assets	13.1			4,703			1,125
<b>Financing and investment</b>							
Interest payable and similar charges	11			22,708			22,632
Interest on Police Officer Pension Defined Benefit Liability	6.2 12.1			711,100			803,500
Interest and investment income				(1,307)			(2,382)
Investment properties revaluation	16			50			2,540
<b>Grants</b>							
Non Specific Grants	14			(2,944,256)			(2,890,786)
Capital grants	14.1			(34,787)			(39,729)
<b>Deficit on provision of services</b>				<b>1,159,433</b>			<b>448,406</b>
<b>Other comprehensive income and expenditure</b>							
(Surplus) on revaluation of non-current assets				(13,586)			(104,951)
Re-measurements of the defined benefit liability	6.2 12.1			9,108,900			(3,022,700)
<b>Other comprehensive income and expenditure</b>				<b>9,095,314</b>			<b>(3,127,651)</b>
<b>Total comprehensive income and expenditure</b>				<b>10,254,747</b>			<b>(2,679,245)</b>

The statement above shows the accounting cost for the period 1 April 2020 to 31 March 2021 (with prior year as a comparative year) of providing services for the Group, in accordance with generally accepted accounting practices, in addition to the amount of funding by way of grant income.

## MOPAC Comprehensive Income and Expenditure Statement (CIES) for 2020/21

		Year ending 31 March 2021	Year ending 31 March 2021	Year ending 31 March 2021	Year ending 31 March 2020	Year ending 31 March 2020	Year ending 31 March 2020
£000	Notes	Gross expenditure	Income	Net expenditure	Gross expenditure	Income	Net
Intra-group funding -policing		4,283,600	(1,012,549)	3,271,051	3,393,739	(915,726)	2,478,013
Other		85,847	(31,510)	54,337	71,997	(30,416)	41,581
Revaluation loss (gain to reverse previous losses) not charged to CPM		75,834	0	75,834	31,912	0	31,912
<b>Cost of services</b>	1.2	<b>4,445,281</b>	<b>(1,044,059)</b>	<b>3,401,222</b>	<b>3,497,648</b>	<b>(946,142)</b>	<b>2,551,506</b>
<b>Other operating expenditure</b>							
Net losses on disposal of non-current assets	13.1			4,703			1,125
Interest on Police Officer Pension Defined Benefit Liability - intra-group funding	6.2, 12.1			711,100			803,500
Re-measurements of the defined benefit liability - intra-group funding	6.2, 12.1			9,108,900			(3,022,700)
<b>Financing and investment</b>							
Interest payable and similar charges	11			22,708			22,632
Interest and investment income				(1,307)			(2,382)
Investment properties revaluation	16			50			2,540
<b>Grants</b>							
Non Specific Grants	14			(2,944,256)			(2,890,786)
Capital grants	14.1			(34,787)			(39,729)
<b>(Surplus) or Deficit on provision of services</b>				<b>10,268,333</b>			<b>(2,574,294)</b>
<b>Other income and expenditure</b>							
(Surplus)/deficit on revaluation of non current assets				(13,586)			(104,951)
<b>Total comprehensive income and expenditure</b>				<b>10,254,747</b>			<b>(2,679,245)</b>

The statement above shows the accounting cost for the period 1 April 2020 to 31 March 2021 (with prior year as a comparative year) of providing services in accordance with generally accepted accounting practices for MOPAC, in addition to the amount of funding by way of grant income. The consolidated accounting cost and funding for the MOPAC Group to 31 March 2021 is shown on the page before.

## MOPAC Group Movement in Reserves Statement (MIRS) for the year ended 31 March 2021

£000	General Reserves Balance	Earmarked revenue reserves	Total General and Earmarked reserves	Capital receipts reserve	Other useable capital reserves	Total usable reserves	Unusable reserves	Total group reserves
At 31 March 2020	(63,576)	(375,355)	(438,931)	0	(4,755)	(443,686)	29,374,062	28,930,376
Movement in reserves during 2020/21								
Total comprehensive income and expenditure	1,159,433	0	1,159,433	0	0	1,159,433	9,095,314	10,254,747
Adjustments between accounting basis & funding basis under regulations (note 30)	(1,292,923)	0	(1,292,923)	0	0	(1,292,923)	1,297,188	4,265
<b>Net (increase) / decrease before transfers to earmarked reserves</b>	<b>(133,490)</b>	<b>0</b>	<b>(133,490)</b>	<b>0</b>	<b>0</b>	<b>(133,490)</b>	<b>10,392,502</b>	<b>10,259,012</b>
Transfers (to) / from earmarked reserves (note 29.3)	138,260	(138,260)	0	0	0	0	0	0
<b>(Increase) / decrease in year</b>	<b>4,770</b>	<b>(138,260)</b>	<b>(133,490)</b>	<b>0</b>	<b>0</b>	<b>(133,490)</b>	<b>10,392,502</b>	<b>10,259,012</b>
<b>Balance at 31 March 2021</b>	<b>(58,806)</b>	<b>(513,615)</b>	<b>(572,421)</b>	<b>0</b>	<b>(4,755)</b>	<b>(577,176)</b>	<b>39,766,564</b>	<b>39,189,388</b>

This statement shows the movement in the year to 31 March 2021 on the different reserves held by the Group, analysed into usable reserves and unusable reserves. MOPAC is required to show the movement of resources on a statutory basis within the financial statements and adjustments are made to convert from an accounting basis to a statutory funding basis. The 'Net (Increase)/Decrease Before Transfers to Earmarked Reserves' line shows the statutory General Reserves Balance after the adjustments (above), before any discretionary transfers to or from Earmarked Reserves are undertaken by the Group.

## MOPAC Movement in Reserves Statement (MIRS) for the year ended 31 March 2021

£000	General Reserves Balance	Earmarked revenue reserves	Total General and Earmarked reserves	Capital receipts reserve	Other useable capital reserves	Total usable reserves	Unusable reserves	Total group reserves
At 31 March 2020	(63,576)	(375,355)	(438,931)	0	(4,755)	(443,686)	29,374,062	28,930,376
Movement in reserves during 2020/21								
Total comprehensive income and expenditure	10,268,333		10,268,333	0	0	10,268,333	(13,586)	10,254,747
Adjustments between accounting basis & funding basis under regulations (note 30)	(10,401,823)		(10,401,823)	0	0	(10,401,823)	10,406,088	4,265
<b>Net (increase) / decrease before transfers to earmarked reserves</b>	<b>(133,490)</b>	<b>0</b>	<b>(133,490)</b>	<b>0</b>	<b>0</b>	<b>(133,490)</b>	<b>10,392,502</b>	<b>10,259,012</b>
Transfers (to) / from earmarked reserves (note 29.3)	138,260	(138,260)	0	0	0	0	0	0
<b>(Increase) / decrease in year</b>	<b>4,770</b>	<b>(138,260)</b>	<b>(133,490)</b>	<b>0</b>	<b>0</b>	<b>(133,490)</b>	<b>10,392,502</b>	<b>10,259,012</b>
<b>Balance at 31 March 2021</b>	<b>(58,806)</b>	<b>(513,615)</b>	<b>(572,421)</b>	<b>0</b>	<b>(4,755)</b>	<b>(577,176)</b>	<b>39,766,564</b>	<b>39,189,388</b>

This statement shows the movement in the year to 31 March 2021 on the different reserves held by MOPAC, analysed into usable reserves and unusable reserves. MOPAC is required to show the movement of resources on a statutory basis within the financial statements and adjustments are made to convert from an accounting basis to a statutory funding basis (note 29). The 'Net (Increase)/Decrease Before Transfers to Earmarked Reserves' line shows the statutory General Reserves Balance after the adjustments (above), before any discretionary transfers to or from Earmarked Reserves are undertaken by MOPAC.

## MOPAC Group Movement in Reserves Statement (MIRS) for the year ended 31 March 2020

£000	General Reserves Balance	Earmarked revenue reserves	Total General and Earmarked reserves	Capital receipts reserve	Other useable capital reserves	Total usable reserves	Unusable reserves	Total group reserves
At 31 March 2019	(46,576)	(186,385)	(232,961)	0	(17,567)	(250,528)	31,860,149	31,609,621
Movement in reserves during 2019/20								
Total comprehensive income and expenditure	448,406	0	448,406	0	0	448,406	(3,127,651)	(2,679,245)
Adjustments between accounting basis & funding basis under regulations (note 30)	(654,376)	0	(654,376)		12,812	(641,564)	641,564	0
<b>Net (increase) / decrease before transfers to earmarked reserves</b>	<b>(205,970)</b>	<b>0</b>	<b>(205,970)</b>	<b>0</b>	<b>12,812</b>	<b>(193,158)</b>	<b>(2,486,087)</b>	<b>(2,679,245)</b>
Transfers (to) / from earmarked reserves (note 29.3)	188,970	(188,970)	0	0	0	0	0	0
<b>(Increase) / decrease in year</b>	<b>(17,000)</b>	<b>(188,970)</b>	<b>(205,970)</b>	<b>0</b>	<b>12,812</b>	<b>(193,158)</b>	<b>(2,486,087)</b>	<b>(2,679,245)</b>
<b>Balance at 31 March 2020</b>	<b>(63,576)</b>	<b>(375,355)</b>	<b>(438,931)</b>	<b>0</b>	<b>(4,755)</b>	<b>(443,686)</b>	<b>29,374,062</b>	<b>28,930,376</b>

This statement shows the movement in the year to 31 March 2020 on the different reserves held by the Group, analysed into usable reserves and unusable reserves. MOPAC is required to show the movement of resources on a statutory basis within the financial statements and adjustments are made to convert from an accounting basis to a statutory funding basis. The 'Net (Increase)/Decrease Before Transfers to Earmarked Reserves' line shows the statutory General Reserves Balance after the adjustments (above), before any discretionary transfers to or from Earmarked Reserves are undertaken by the Group.



## MOPAC Movement in Reserves Statement (MIRS) for the year ended 31 March 2020

£000	General Reserves Balance	Earmarked revenue reserves	Total General and Earmarked reserves	Capital receipts reserve	Other useable capital reserves	Total usable reserves	Unusable reserves	Total group reserves
At 31 March 2019	(46,576)	(186,385)	(232,961)	0	(17,567)	(250,528)	31,860,149	31,609,621
Movement in reserves during 2019/20								
Total comprehensive income and expenditure	(2,574,294)	0	(2,574,294)	0	0	(2,574,294)	(104,951)	(2,679,245)
Adjustments between accounting basis & funding basis under regulations (note 30)	2,368,324	0	2,368,324		12,812	2,381,136	(2,381,136)	0
<b>Net (increase) / decrease before transfers to earmarked reserves</b>	<b>(205,970)</b>	<b>0</b>	<b>(205,970)</b>	<b>0</b>	<b>12,812</b>	<b>(193,158)</b>	<b>(2,486,087)</b>	<b>(2,679,245)</b>
Transfers (to) / from earmarked reserves (note 29.3)	188,970	(188,970)	0	0	0	0	0	0
<b>(Increase) / decrease in year</b>	<b>(17,000)</b>	<b>(188,970)</b>	<b>(205,970)</b>	<b>0</b>	<b>12,812</b>	<b>(193,158)</b>	<b>(2,486,087)</b>	<b>(2,679,245)</b>
<b>Balance at 31 March 2020</b>	<b>(63,576)</b>	<b>(375,355)</b>	<b>(438,931)</b>	<b>0</b>	<b>(4,755)</b>	<b>(443,686)</b>	<b>29,374,062</b>	<b>28,930,376</b>

This statement shows the movement in the year to 31 March 2020 on the different reserves held by MOPAC, analysed into usable reserves and unusable reserves. MOPAC is required to show the movement of resources on a statutory basis within the financial statements and adjustments are made to convert from an accounting basis to a statutory funding basis (note 29). The 'Net (Increase)/Decrease Before Transfers to Earmarked Reserves' line shows the statutory General Reserves Balance after the adjustments (above), before any discretionary transfers to or from Earmarked Reserves are undertaken by MOPAC.

## MOPAC Group Balance Sheet

£000	Notes	31 March 2021	31 March 2020
<b>Non current assets</b>			
Property, plant and equipment	16	2,514,085	2,470,591
Heritage assets	16	1,310	1,310
Investment properties	16	6,425	6,475
Intangible assets	16	1,412	3,140
<b>Total non current assets</b>		<b>2,523,232</b>	<b>2,481,516</b>
Long Term Investments		6,534	0
Long term debtors	18	17,500	0
<b>Total long term assets</b>		<b>2,547,266</b>	<b>2,481,516</b>
<b>Current assets</b>			
Assets held for sale	19	8,095	57,017
Inventories		3,174	3,915
Short term debtors	20	271,279	301,980
Short term investments	21	23,112	14,630
Cash & cash equivalents	22	20,489	13,189
<b>Total current assets</b>		<b>326,149</b>	<b>390,731</b>
<b>Current liabilities</b>			
Short term creditors	23	(537,794)	(438,915)
Short term borrowing	24	(10,369)	(19,643)
Provisions	26.1	(19,314)	(17,990)
<b>Total current liabilities</b>		<b>(567,477)</b>	<b>(476,548)</b>
<b>Long term liabilities</b>			
Provisions	26.2	(21,353)	(16,239)
Long term borrowing	27	(287,750)	(289,350)
Capital grants receipts in advance		(4,553)	(5,007)
Long term contractor liability	28	(60,670)	(67,279)
Police officer pension liability	6.2	(41,121,000)	(30,948,200)
<b>Total long term liabilities</b>		<b>(41,495,326)</b>	<b>(31,326,075)</b>
<b>Net assets/(liabilities)</b>		<b>(39,189,388)</b>	<b>(28,930,376)</b>
<b>Financed by:</b>			
Unusable Reserves	29.1	(39,766,564)	(29,374,062)
Usable reserves	29.2-3	577,176	443,686
<b>Total reserves</b>		<b>(39,189,388)</b>	<b>(28,930,376)</b>

The Balance Sheet shows the value as at 31 March 2021 (with prior year as a comparative year) of the assets and liabilities recognised by the Group. The net liabilities of the Group (assets less liabilities) are matched by the reserves held by the Group.

## MOPAC Balance Sheet

£000	Notes	31 March 2021	31 March 2020
<b>Non current assets</b>			
Property, plant and equipment	16	2,514,085	2,470,591
Heritage assets	16	1,310	1,310
Investment properties	16	6,425	6,475
Intangible assets	16	1,412	3,140
<b>Total non current assets</b>		<b>2,523,232</b>	<b>2,481,516</b>
Lonf Term Investments		6,534	0
Long term debtors	18	17,500	0
<b>Total long term assets</b>		<b>2,547,266</b>	<b>2,481,516</b>
<b>Current assets</b>			
Assets held for sale	19	8,095	57,017
Inventories		3,174	3,915
Short term debtors	20	271,279	301,980
Short term investments	21	23,112	14,630
Cash & cash equivalents	22	20,489	13,189
<b>Total current assets</b>		<b>326,149</b>	<b>390,731</b>
<b>Current liabilities</b>			
Short term creditors	23	(330,199)	(311,027)
Short term borrowing	24	(10,369)	(19,643)
Provisions	26.1	(19,314)	(17,990)
Intra-group Creditor	6.2	(207,595)	(127,888)
<b>Total current liabilities</b>		<b>(567,477)</b>	<b>(476,548)</b>
<b>Long term liabilities</b>			
Provisions	26.2	(21,353)	(16,239)
Long term borrowing	27	(287,750)	(289,350)
Capital grants receipts in advance		(4,553)	(5,007)
Long term contractor liability	28	(60,670)	(67,279)
Police officer pension liability - Intra-group liability	6.2	(41,121,000)	(30,948,200)
<b>Total long term liabilities</b>		<b>(41,495,326)</b>	<b>(31,326,075)</b>
<b>Net assets/(liabilities)</b>		<b>(39,189,388)</b>	<b>(28,930,376)</b>
<b>Financed by:</b>			
Unusable Reserves	29.1	(39,766,564)	(29,374,062)
Usable reserves	29.2-3	577,176	443,686
<b>Total reserves</b>		<b>(39,189,388)</b>	<b>(28,930,376)</b>

The Balance Sheet shows the value as at 31 March 2021 (with prior year as a comparative year) of the assets and liabilities recognised by MOPAC. The net liabilities of MOPAC (assets less liabilities) are matched by the reserves held by MOPAC.

## MOPAC Group and MOPAC Cash Flow Statement

£000	Notes	Year ending 31 March 2021-Group	Year ending 31 March 2020-Group	Year ending 31 March 2021-MOPAC	Year ending 31 March 2020-MOPAC
Net (surplus) or deficit on the provision of services		1,159,433	448,406	10,268,333	(2,574,294)
Adjustments to net (surplus) or deficit on the provision of services for non-cash movements	31.2	(1,527,800)	(704,619)	(10,636,700)	2,318,081
Adjustments for items in the net (surplus) or deficit on the provision of services that are investing or financing activities	31.3	110,048	51,057	110,048	51,057
<b>Net cash flows from operating activities</b>		<b>(258,319)</b>	<b>(205,156)</b>	<b>(258,319)</b>	<b>(205,156)</b>
Investing activities	31.4	231,375	186,235	231,375	186,235
Financing activities	31.5	19,644	18,850	19,644	18,850
<b>Net (increase)/decrease in cash and cash equivalents</b>		<b>(7,300)</b>	<b>(71)</b>	<b>(7,300)</b>	<b>(71)</b>
Cash and cash equivalents at the beginning of the period		13,189	13,118	13,189	13,118
<b>Cash and cash equivalents at the end of the period</b>		<b>20,489</b>	<b>13,189</b>	<b>20,489</b>	<b>13,189</b>

The Cash Flow Statement shows the changes in cash and cash equivalents of the Group and MOPAC during the reporting period (with prior year as a comparative year). The statement shows how the Group generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities.

The amount of net cash flows arising from operating activities is a key indicator of the way the Group has managed its cash outflows against the monies received by way of grant income and from the recipients of services provided by the Group.

Investing activities shows how the Group has made best use of its resources which are intended to contribute to the Group's future service delivery. Cash flows arising from financing activities consist of short and long term borrowing in addition to repayment of PFI and finance lease liabilities and other payments for financing activities and are useful in predicting claims on future cash flows by providers of capital (e.g. borrowing) to the Group.

# Notes to the Financial Statements for the Mayor's Office For Policing And Crime and the MOPAC Group

This set of notes represents the consolidated notes for the Statement of Accounts for 2020/21 as presented in the preceding pages 1 to 9.

## 1. Expenditure and Funding Analysis

### 1.1 Group expenditure and funding analysis

	As reported for resource management	Adjustments to arrive at the amount chargeable to the General Reserves balance	Net Expenditure chargeable to the General Reserves balance	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
<b>Group expenditure and funding analysis 2020/21</b>		Note 1			
£000					
Frontline policing	1,364,130	(6,530)	1,357,600	401,347	1,758,947
Specialist operations	(4,883)	(731)	(5,614)	79,473	73,859
Met operations	785,921	900	786,821	146,097	932,918
Professionalism	104,985	3,324	108,309	22,143	130,452
Corporate services	388,912	(45,600)	343,312	4,415	347,727
Digital policing	222,254	(16,000)	206,254	1,231	207,485
Centrally held	9,045	(70,699)	(61,654)	(42,849)	(104,503)
MOPAC	78,662	(24,325)	54,337	0	54,337
<b>Net cost of service</b>	<b>2,949,026</b>	<b>(159,661)</b>	<b>2,789,365</b>	<b>611,857</b>	<b>3,401,222</b>
Other income and expenditure	(2,944,256)	21,401	(2,922,855)	681,066	(2,241,789)
<b>Surplus or deficit on General Reserves</b>	<b>4,770</b>	<b>(138,260)</b>	<b>(133,490)</b>	<b>1,292,923</b>	<b>1,159,433</b>
Opening General Reserves balance at 31 March 2020			(63,576)		
Surplus on General Reserves in year			(133,490)		
Transfers to/(from) Earmarked Reserve			138,260		
<b>Closing General Reserves balance at 31 March 2021</b>			<b>(58,806)</b>		

Adjustments between the funding and accounting basis	Adjustments for capital purposes	Net change for the pensions adjustments	Other differences	Total Adjustments
<b>2020/21</b>	Note 2	Note 3	Note 4	
£000				
Frontline policing	124,187	229,166	47,994	401,347
Specialist operations	24,375	45,089	10,009	79,473
Met operations	63,771	64,789	17,537	146,097
Professionalism	9,027	10,449	2,667	22,143
Corporate services	38	3,032	1,345	4,415
Digital policing	801	275	155	1,231
Centrally held	(42,849)	0	0	(42,849)
MOPAC	0	0	0	0
<b>Net cost of service</b>	<b>179,350</b>	<b>352,800</b>	<b>79,707</b>	<b>611,857</b>
Other income and expenditure	(30,034)	711,100	0	681,066
Difference between General Reserves surplus or deficit and CIES surplus or deficit on the provision of services	149,316	1,063,900	79,707	1,292,923

## Notes to the Financial Statements

	As reported for resource management	Adjustments to arrive at the amount chargeable to the General Reserves balance	Net Expenditure chargeable to the General Reserves balance	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
<b>Group expenditure and funding analysis</b>					
<b>2019/20</b>					
£000					
Frontline policing	1,241,490	(2,983)	1,238,507	(76,741)	1,161,766
Specialist operations	(4,435)	(242)	(4,677)	(15,900)	(20,577)
Met operations	722,495	(1,790)	720,705	2,535	723,240
Professionalism	100,089	(3,719)	96,370	(747)	95,623
Corporate services	401,046	(40,862)	360,184	5,202	365,386
Digital policing	209,427	0	209,427	584	210,011
Centrally held	152,691	(150,221)	2,470	(27,994)	(25,524)
MOPAC	67,983	(26,402)	41,581	0	41,581
<b>Net cost of service</b>	<b>2,890,786</b>	<b>(226,219)</b>	<b>2,664,567</b>	<b>(113,061)</b>	<b>2,551,506</b>
Other income and expenditure	(2,890,786)	20,249	(2,870,537)	767,437	(2,103,100)
<b>Surplus or deficit on General Reserves</b>	<b>0</b>	<b>(205,970)</b>	<b>(205,970)</b>	<b>654,376</b>	<b>448,406</b>
Opening General Reserves balance at 31 March 2019			(46,576)		
Surplus on General Reserves in year			(205,970)		
Transfers to/(from) Earmarked Reserve			188,970		
<b>Closing General Reserves balance at 31 March 2020</b>			<b>(63,576)</b>		
<b>Adjustments between the funding and accounting basis</b>	<b>Adjustments for capital purposes</b>	<b>Net change for the pensions adjustments</b>	<b>Other differences</b>	<b>Total Adjustments</b>	
<b>2019/20</b>	<b>Note 2</b>	<b>Note 3</b>	<b>Note 4</b>		
£000					
Frontline policing	106,437	(195,486)	12,308	(76,741)	
Specialist operations	21,929	(40,422)	2,593	(15,900)	
Met operations	55,603	(57,033)	3,965	2,535	
Professionalism	7,835	(9,204)	622	(747)	
Corporate services	8,005	(3,055)	252	5,202	
Digital policing	575	0	9	584	
Centrally held	(27,994)	0	0	(27,994)	
MOPAC	0	0	0	0	
<b>Net cost of service</b>	<b>172,390</b>	<b>(305,200)</b>	<b>19,749</b>	<b>(113,061)</b>	
Other income and expenditure	(36,063)	803,500	0	767,437	
Difference between General Reserves surplus or deficit and CIES surplus or deficit on the provision of services	136,327	498,300	19,749	654,376	

The expenditure and funding analysis shows how annual expenditure is used and funded from resources by the Group in comparison with those resources consumed or earned by the Group in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the Group's departments. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

## Notes to the Financial Statements

Note 1 - This column shows the adjustments required to arrive at the net amount chargeable to the General Reserves from the financial outturn reported as part of the Group's internal financial reporting arrangements. This includes adjustments for movements to and from reserves which are included against the cost of service and the removal of interest income and expenses from the net cost of service and reflection in other income and expenditure in line with generally accepted accounting practices.

Note 2 - Adjustments for capital purposes - this column adds depreciation in the services line and removes MRP and other revenue contributions to capital which are not chargeable under generally accepted accounting practices. In Other income and expenditure:

- Capital disposals are adjusted for with a transfer of the income received on disposal of assets and a charge for the amounts written off for those assets.
- Movements in the fair value of the investment properties are transferred back.
- Capital grants are transferred back as income shown under generally accepted accounting practices.

Note 3 - Net change for the pensions adjustments - this is the net change for the removal of pensions contributions made by the Group and the replacement with accounting entries under IAS 19.

Note 4 - Other differences - this column adds back the estimate for untaken annual leave at the end of the financial year in line with generally accepted accounting practices.

### 1.2 MOPAC expenditure and funding analysis

	As reported for resource management	Adjustments to arrive at the amount chargeable to the General Reserves balance	Net Expenditure chargeable to the General Reserves balance	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
<b>MOPAC expenditure and funding analysis 2020/21</b>		Note 1			
£000					
Intra-group funding policing	2,870,364	(211,170)	2,659,194	611,857	3,271,051
Other	78,662	(24,325)	54,337	0	54,337
Revaluation loss (gain to reverse previous losses) not charged to CPM	0	75,834	75,834	0	75,834
<b>Net cost of service</b>	<b>2,949,026</b>	<b>(159,661)</b>	<b>2,789,365</b>	<b>611,857</b>	<b>3,401,222</b>
Other income and expenditure	(2,944,256)	21,401	(2,922,855)	9,789,966	6,867,111
<b>Surplus or deficit on General Reserves</b>	<b>4,770</b>	<b>(138,260)</b>	<b>(133,490)</b>	<b>10,401,823</b>	<b>10,268,333</b>
Opening General Reserves balance at 31 March 2020			(63,576)		
Surplus on General Reserves in year			(133,490)		
Transfer to/from Earmarked reserves			138,260		
<b>Closing General Reserves balance at 31 March 2021</b>			<b>(58,806)</b>		

Adjustments between the funding and accounting basis 2020/21 £000	Adjustments for capital purposes	Net change for the pensions adjustments	Other differences	Total Adjustments
	Note 2	Note 3	Note 4	
Intra-group funding policing	179,350	352,800	79,707	611,857
MOPAC				0
Revaluation loss (gain to reverse previous losses) not charged to CPM				0
<b>Net cost of service</b>	<b>179,350</b>	<b>352,800</b>	<b>79,707</b>	<b>611,857</b>
Other income and expenditure	(30,034)	9,820,000	0	9,789,966
Difference between General Reserves surplus or deficit and CIES surplus or deficit on the provision of services	149,316	10,172,800	79,707	10,401,823

## Notes to the Financial Statements

	As reported for resource management	Adjustments to arrive at the amount chargeable to the General Reserves balance	Net Expenditure chargeable to the General Reserves balance	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
<b>MOPAC expenditure and funding analysis</b>					
<b>2019/20</b>					
£000					
Intra-group funding policing	2,822,803	(231,729)	2,591,074	(113,061)	2,478,013
Other	67,983	(26,402)	41,581	0	41,581
Revaluation loss (gain to reverse previous losses) not charged to CPM		31,912	31,912	0	31,912
<b>Net cost of service</b>	<b>2,890,786</b>	<b>(226,219)</b>	<b>2,664,567</b>	<b>(113,061)</b>	<b>2,551,506</b>
Other income and expenditure	(2,890,786)	20,249	(2,870,537)	(2,255,263)	(5,125,800)
<b>Surplus or deficit on General Reserves</b>	<b>0</b>	<b>(205,970)</b>	<b>(205,970)</b>	<b>(2,368,324)</b>	<b>(2,574,294)</b>
Opening General Reserves balance at 31 March 2019			(46,576)		
Surplus on General Reserves in year			(205,970)		
Transfer to/from Earmarked reserves			188,970		
<b>Closing General Reserves balance at 31 March 2020</b>			<b>(63,576)</b>		

Adjustments between the funding and accounting basis 2019/20 £000	Adjustments for capital purposes	Net change for the pensions adjustments	Other differences	Total Adjustments
	Note 2	Note 3	Note 4	
Intra-group funding policing	172,390	(305,200)	19,749	(113,061)
MOPAC	0	0	0	0
Revaluation loss (gain to reverse previous losses) not charged to CPM	0	0	0	0
<b>Net cost of service</b>	<b>172,390</b>	<b>(305,200)</b>	<b>19,749</b>	<b>(113,061)</b>
Other income and expenditure	(36,063)	(2,219,200)	0	(2,255,263)
Difference between General Reserves surplus or deficit and CIES surplus or deficit on the provision of services	136,327	(2,524,400)	19,749	(2,368,324)

The expenditure and funding analysis shows how annual expenditure is used and funded from resources by MOPAC in comparison with those resources consumed or earned by MOPAC in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decisions making purposes between the Group's departments. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

Note 1 This column shows the adjustments required to arrive at the net amount chargeable to the General Reserves from the financial outturn reported as part of the Group's internal financial reporting arrangements. This includes adjustments for movements to and from reserves which are included against the cost of service and the removal of interest income and expenses from the net cost of service and reflection in other income and expenditure in line with generally accepted accounting practices.

Note 2 Adjustments for capital purposes - this column adds depreciation in the services line and removes MRP and other revenue contributions to capital which are not chargeable under generally accepted accounting practices. In Other income and expenditure:

- Capital disposals are adjusted for with a transfer of the income received on disposal of assets and a charge for the amounts written off for those assets.
- Movements in the fair value of the investment properties are transferred back.



- Capital grants are transferred back as income shown under generally accepted accounting practices.

Note 3 Net change for the pensions adjustments - this is the net change for the removal of pensions contributions made by MOPAC and the replacement with accounting entries under IAS 19.

Note 4 Other differences - this column adds back the estimate for untaken annual leave at the end of the financial year in line with generally accepted accounting practices.

## 2. Statement of accounting policies

### 2.1 General principles

These financial statements have been prepared in accordance with the Code of Practice (the Code) on Local Authority Accounting in the United Kingdom 2020/21 issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Accounts and Audit Regulations 2015. The accounting policies contained in the Code apply International Financial Reporting Standards (IFRS) as adapted for the public sector by the International Public Sector Accounting Standards (IPSAS).

The Accounts have been prepared on a going concern basis using an historic cost convention, modified to account for the revaluation of certain categories of tangible fixed assets and financial liabilities.

Following the passing of the Police Reform and Social Responsibility Act 2011 the Metropolitan Police Authority (MPA) was replaced on 16 January 2012 with two 'corporations sole', the Mayor's Office for Policing And Crime (MOPAC) and the Commissioner of Police of the Metropolis (CPM). Both bodies are required to prepare a separate Statement of Accounts. The Narrative Report which accompanies the Accounts sets out the roles and responsibilities of each in more detail.

The Financial Statements included here represent the accounts for MOPAC and also those for the MOPAC Group, consolidating the financial activities of MOPAC and the CPM. The Financial Statements cover the 12 months to the 31 March 2021 (with prior year as a comparative year). The term 'Group' is used to indicate combined transactions and policies of MOPAC and its subsidiary and CPM for the year ended 31 March 2021. The identification of MOPAC as the holding organisation and the requirement to produce group accounts stems from the powers and responsibilities of MOPAC under the Police Reform and Social Responsibility Act 2011.

The significant accounting policies adopted are set out below.

### 2.2 Revenue and expenditure recognition

Revenue is recognised in a way that reflects the pattern in which goods and services are transferred to service recipients. It is transferred at an amount that reflects the consideration that the Group expects to be entitled to in exchange for those goods and services. Whilst all expenditure is funded by MOPAC (as the body responsible for maintaining the Police Fund for London) including the wages of police staff and officers, the actual recognition in the respective MOPAC and CPM Accounts is based on which organisation receives the economic benefit from the transactions.

Consideration received in advance is recognised as deferred revenue in the Balance Sheet and released as income is earned. Interest income is accrued on a time basis by reference to the principal outstanding and at the effective interest rate applicable.

### 2.3 Accruals of income and expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligation in the contract;
- Supplies are recorded as expenditure when they are consumed - where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance sheet;
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when services are received rather than when payments are made;
- Where income and expenditure has been recognised (using estimates when appropriate) but cash has not been received or paid, a debtor or creditor for the relevant year is recorded in the Balance Sheet;
- Where it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to CIES for the income that might not be collected.

### 2.4 Provisions

Provisions are recognised on the Balance Sheet when a present legal or constructive obligation exists for a future liability in respect of a past event and where the amount of the obligation can be estimated reliably. Provisions are charged to the CIES in the year the Group becomes aware of the obligation, based on the best estimate of the likely settlement. When payments are eventually made, they are charged to the provision set up in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year. Where it becomes more likely than not that a transfer of economic benefits will not be required, the provision is reversed and credited back to the CIES.

Third party liabilities - to make provision for realistic estimates of the future settlement of third party claims, the liability for which already exists at the date of the Balance Sheet, in so far as they will not be met by external insurance. The figure shown on the Balance Sheet does not include any adjustment to discount the total liability to present day terms in line with IAS 39 Financial Instruments because the claims involved are deemed to be estimates based on present day values.

Police officer pension liability (intra-group) - to make provision to reflect the continuing requirement on an elected local policing body as required under the Police Reform and Social Responsibility Act 2011, to provide funds to the CPM from the Police fund for the payment of police pensions. The intra-group balances will not appear in the Group Accounts.

### 2.5 Reserves

Reserves consist of two elements: usable and unusable. Usable reserves are those which can be applied to fund expenditure. They are made up of the General Reserves, Earmarked Reserves, Capital Receipts Reserve and the Capital Grants Unapplied Account. Earmarked Reserves are established from time to time to meet specific expected revenue or capital costs as determined by MOPAC. Unusable reserves cannot be applied to fund expenditure. They include the Capital Adjustment Account, Pension Reserve, Accumulated Absences Account, Revaluation Reserve and Deferred Capital Receipts Reserve. These accounts do not form part of the cash resources available to the Group.

Reserves are created by appropriating amounts in the CIES. When expenditure to be financed from a reserve is incurred, it is charged to the CIES against the Net Cost of Policing Services. The reserve is then appropriated back in the MIRS so that there is no net charge for the expenditure.

### 2.6 Government and other organisations' grants and contributions

Whether paid on account, by instalments or in arrears, revenue government grants and third party contributions are recognised as income at the date that the Group satisfies the conditions of entitlement to the grant/contribution.

The grant/contribution is recognised within the CIES as income when the conditions of entitlement are known to be satisfied. If the grant/contribution has been received in advance of need then the amount is transferred to a Grant in Advance Account.

Grants to cover general expenditure (e.g. Police Revenue Grant) are credited to the CIES within the provision of services.

### 2.7 Employee benefits

#### **Benefits payable during employment**

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave, paid sick leave, bonuses and non-monetary benefits for current employees and these benefits are recognised as an expense in the year in which the employee renders service to the Group.

IAS 19 Employee Benefits requires MOPAC to account for short-term compensating absences (these are periods during which an employee benefits continue to be earned which include time owing for annual leave and rest days) by accruing for the benefits which have accumulated but are untaken by the Balance Sheet date. Short term accumulated absences are recognised in the CPM Accounts in the period in which officers or police staff render the service which entitles them to the benefit, not necessarily when they enjoy the benefit. The cost of leave earned, but not taken by police officers and staff at the end of the financial year is recognised in the financial statements to the extent that the staff are entitled to carry forward leave into the following year. Equivalent liabilities for employee benefits are recognised on the MOPAC Balance Sheet to reflect the continuing requirement on MOPAC to provide funds from the Police Fund to meet these liabilities as they fall due. The Group Balance Sheet also reflects the liability for time owing and annual leave. The accrual for untaken leave is charged to the Net Cost of Policing Services, and reversed out through the MIRS so that the leave is charged to CIES in the financial year in which the holiday absence is earned.

#### *Termination benefits*

Termination benefits are amounts payable as a result of a decision to terminate a member of staff's employment before their normal retirement date or their decision to accept voluntary redundancy. These are charged as an expense in the CIES at the earlier of when the organisation can no longer withdraw the offer of those benefits and when the organisation recognises the costs for a restructuring.

#### *Post-employment benefits*

The Group operates three pension schemes for police officers and a single scheme for police staff. The CPM is the administering body for the Pension Fund. MOPAC provides funds from the Police Fund to meet the pension payments as they fall due.

#### *Police officers*

The Police Pension Schemes are contributory occupational pension schemes which are guaranteed and backed by law. A new Career Average Revalued Earnings (CARE) Scheme was introduced on the 1st April 2015, which was a change from the previous Final Salary Schemes. Officers starting after the 1st April 2015 joined the new 2015 Scheme and some members of the 1987 and 2006 Final Salary Schemes moved into the new 2015 Scheme, unless they were covered by the transitional protection arrangements. Members of the new 2015 Scheme make contributions of between 12.44% and 13.78% of pensionable pay. Protected members of the 1987 and 2006 arrangements contribute at rates of between either 14.25% and 15.05% of pensionable pay for the 1987 police pension scheme or 11% and 12.75% for the 2006 police pension scheme. The employees' contribution rate is set nationally by the Home Office and is subject to triennial revaluation. The employer contribution rate was increased to 31%, for all schemes from 1 April 2019. New financial arrangements were introduced on 1 April 2006 to administer the schemes.

The police pension schemes are defined benefit schemes paid from revenue (without managed pension assets). Following the Code's requirements, IAS 19 has been fully recognised in the Group Accounts. Scheme liabilities as shown on the Group's Balance Sheet are calculated by determining future liabilities for pension payments and applying a discount rate to reduce them to present day values. IAS 19 specifies the use of a discount rate equal to the current rate of return available on a high quality corporate bond of equivalent currency and term to the scheme liabilities. The pension

liabilities in these Accounts have been calculated accordingly at a discount rate of 2.0% for all schemes.

Recognition of the total liability has a substantial impact on the net worth of the MOPAC Group. Accrued net pension liabilities are assessed on an actuarial basis. The change in net pension liability is analysed into the following components:

- Service cost comprising:
  - Current service cost - the increase in liabilities as a result of years of service earned this year - allocated to the Group CIES to the services for which the police officers worked;
  - Past service cost - the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years - debited to the Net Cost of Policing Services in the Group CIES;
  - Interest on the defined benefit liability - the increase during the period in the defined benefit liability which arises because the benefits are one year closer to being paid - debited to the Financing and Investment Income and Expenditure line in the Group CIES;
- Re-measurements comprising actuarial gains and losses - changes in the pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions - debited or credited to the Pensions Reserve as Other Comprehensive Income and Expenditure with the exception of actuarial gains and losses in relation to injury benefits, which are debited or credited to the Net Cost of Policing Services in the CIES.
- Contributions paid to the Police Pension Fund - cash paid as employer's contributions to the Pension Fund in settlement of liabilities, not accounted for as an expense.

The net liability for all the pension schemes is recognised initially on the CPM Balance Sheet in accordance with IAS 19 Employee Benefits. MOPAC provides the sole source of funding to meet the CPM's costs through the budget delegated by MOPAC to the CPM. All CPM liabilities will therefore ultimately be funded by MOPAC. The pension liability is therefore offset by an intra-group adjustment between MOPAC and the CPM to reflect MOPAC's continuing responsibility to provide funds from the Police Fund to enable the CPM to administer pension payments. This has resulted in a liability within MOPAC's Balance Sheet for the Police Pension Schemes.

The legislation however requires the General Reserves balance to be charged with the amount payable by MOPAC to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the MIRS, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the Pension Fund and pensioners and any such amounts payable but unpaid at year end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Reserves of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

### *Police staff*

The Group joined the Principal Civil Service Pension Scheme (PCSPS) in 2002/03. The PCSPS is an unfunded defined benefit scheme which operates seven different sub schemes but only one is open to new staff joining MOPAC/CPM, the Alpha Scheme, which is a career average scheme. Additionally, there is a defined contribution alternative. The PCSPS is a multi-employer scheme whereby the underlying assets and liabilities within the Scheme are not broken down and attributed to individual employers, and therefore is defined as a multi-contribution scheme. The appropriate level of disclosure has been followed in accordance with IAS 19.

### 2.8 Property, plant and equipment

Property, plant and equipment are assets that have physical substance and are held for use in the provision of services or for administrative purposes on a continuing basis. The de minimis level policy is to capitalise all expenditure over £5,000 on an individual asset basis, and projects (or grouped assets) with a total value in excess of £5,000: expenditure on partnership assets is capitalised over £1,000.

**Recognition:** Expenditure on the acquisition, creation or enhancement of property, plant and equipment is capitalised on an accruals basis, provided that they yield benefits to the Group and the services they provide are for more than one financial year. Expenditure that secures, but does not extend the previously assessed standards of performance of an asset (e.g. repairs and maintenance) is charged to revenue as it is incurred. Assets under construction are recorded in the Balance Sheet at historical cost.

**Measurement:** Assets are initially measured at cost, comprising all expenditure that is directly attributable to bringing the asset into working condition for its intended use.

Assets are carried in the Balance Sheet using the following measurement bases:

- Specialised operational properties - current value, but because of their specialist nature are measured at depreciated replacement cost which is used as an estimate of current value;
- Non-specialised operational properties - current value, determined as the amount that would be paid for the asset in its existing use (existing use value EUV);
- Surplus properties and investment properties - fair value estimated at highest and best use from a market participant's perspective;
- Vehicles, plant and equipment - In such cases where non property assets have short useful lives or low values (or both), depreciated historic cost is used as a proxy for current value.
- Assets held for sale - lower of current value and fair value less costs to sell

Assets included in the Balance Sheet at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their value at the year end. Property revaluations are based on a rolling review programme. Properties are revalued at 30 September each year; the top 20 properties in value as well as 20% of the assets are physically inspected whilst 80% are revalued on a desktop basis. A further review is carried out at 31 March each year to determine whether the value at 31 March is materially different to the value at 30 September. This approach complies with the CIPFA Code of Practice on Local Authority Accounting 2020/21 requirements on measurement of property plant and equipment.

**Component assets:** The Group recognises and records component assets separate from the main asset where material. Where a component asset is identified it is written down on a straight line basis over its useful economic life using a depreciated historic cost approach.

**Impairment:** Assets are assessed at each year end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible write down is estimated to be material, the recoverable amount of the asset is determined and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where the loss is determined for a previously revalued asset, it is written off against any revaluation gains held for the relevant asset in the Revaluation Reserve, with any excess charged to the CIES. Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line in the CIES, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

**Disposals:** When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet is written off to the Other Operating Expenditure line in the CIES as part of the gain or loss on disposal. Receipts from disposals are credited to the same line in the CIES as part of the gain or loss on disposal. The written off carrying value of the asset is transferred from the General Reserves to the Capital Adjustment Account in the MIRS. Sale proceeds over £10,000 are categorised as capital receipts and are transferred from the General Reserves Balance to the Capital Receipts Reserve in the MIRS.

**Depreciation:** This is provided for all assets with a useful finite life, by allocating the value of the asset in the Balance Sheet over the periods expected to benefit from their use, on a straight-line basis. Depreciation is charged on a monthly basis.

**Principal asset categories and their useful economic lives**

Operational Assets	Category	Years
Property	Land	Not depreciated
	Buildings	10 - 50 years
Plant and equipment	Information Technology and communications equipment	3 - 20 years
	Software development	3 - 5 years
	Policing support vehicles including Patrol vehicles	3 - 15 years
Intangible assets	Software licences.	3 years
<b>Non-operational assets</b>		
Assets under construction		Not depreciated
Surplus Assets		Depreciated
Assets held for sale		Not depreciated
Investment properties		Not depreciated

**Grants and contributions:** Grants and contributions relating to capital expenditure shall be recognised in the CIES as income except to the extent that the grant or contribution has a condition that the Group has not satisfied. In that event the amount subject to condition is transferred to the Capital Grants Receipts in Advance account. Where the conditions of the grant/contribution are satisfied, but expenditure for which the grant is given has not yet been incurred, then such sums will be transferred to the Capital Grants Unapplied Reserve.

**2.9 Charges to revenue for property, plant and equipment**

The Group CIES is charged with the following amounts, to record the real cost of holding non-current assets during the year:

- Depreciation attributable to the assets used by the relevant service;
- Revaluation gains or losses on investment properties;
- Amortisation of intangible fixed assets attributable to the service.

The Group is required to make an annual provision from revenue to contribute towards the reduction in its overall borrowing requirement. The Minimum Revenue Provision (MRP) is set on a prudent basis as determined by the Group in accordance with statutory guidance.

**2.10 Non-current assets held for sale**

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of its carrying amount and fair value less costs to sell. Depreciation is not charged on Assets Held for Sale.

**2.11 Investment properties**

These are properties held solely by MOPAC for the purpose of generating rental income or for capital appreciation and are occupied by third parties. These properties are not used in any way to facilitate the delivery of services or held for sale.

Investment properties are measured initially at cost and subsequently at 'fair value' (as defined in the Section below). Properties are not depreciated but are revalued annually according to market

conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the General Reserves Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Reserves Balance. The gains and losses are therefore reversed out of the General Reserves Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

### 2.12 Surplus Assets

These are assets that are not being used to deliver services, and do not meet the CIPFA Code of Practice criteria to be classified as either investment properties or non-current assets held for sale.

The valuation at which they are held is based on an estimate of the price that would be received by selling in an orderly transaction between market participants at the valuation date.

### 2.13 Fair value measurement

The Group measures some of its non-financial assets such as investment properties at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

- a) in the principal market for the asset or liability, or
- b) in the absence of a principal market, in the most advantageous market for the asset or liability.

The Group measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. When measuring the fair value of a non-financial asset, the Group takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the Group's financial statements are categorised within the fair value hierarchy, as follows:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date;
- Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;
- Level 3 - unobservable inputs for the asset or liability.

### 2.14 Leases

All leases are evaluated at inception in accordance with IAS 17 'Leases', to determine whether they are a finance lease or an operating lease. Leases are classified as finance leases when substantially all the risks and rewards of ownership are transferred to the lessee. All other leases are classified as operating leases. Where a lease is for land and buildings, the land and building components are separated. The land element is usually treated as an operating lease, unless it is for 125 years or more, in which instance the land is deemed to be a finance lease. Where the building element is a finance lease it is depreciated over its lease term. A de minimis of £5,000 is applied to the annual rental of leases to determine their treatment as a finance lease. All major contracts are reviewed under IFRIC 4 to determine whether an arrangement contains an embedded lease.

#### *Finance leases*

Property, plant and equipment held under finance leases is initially recognised at the inception of the lease at fair value or, if lower, at the present value of the minimum lease payments, with a matching liability for the lease obligation to the lessor. Lease payments are apportioned between

finance charges (charged to the CIES) and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability.

Property, Plant and Equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the organisation at the end of the lease period).

### *Operating leases*

Leases that do not meet the definition of finance leases are accounted for as operating leases. The Group has a large number of operating leases, mainly in respect of property, but also vehicles. Rentals payable are charged to the CIES.

### *The Group as lessor*

There are a number of short-term operating leases for property where the Group acts as lessor. Where the organisation grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the CIES. Credits are made on a straight line basis over the life of the lease, even if this does not match the pattern of payments (e.g. where there is a premium paid at the commencement of the lease).

There are no finance leases where the Group is a lessor.

## **2.15 Value Added Tax (VAT)**

Income and expenditure excludes any amounts relating to VAT as VAT is remitted to/from the HM Revenue & Customs.

## **2.16 Financial liabilities**

Financial liabilities are recognised on the Balance Sheet when the MOPAC becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and carried at their amortised cost. Annual charges to the CIES for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. For most of the borrowings, this means that the amount presented in the Balance Sheet is the outstanding principal repayable. Interest charged to the CIES is the amount payable for the year according to the loan agreement.

## **2.17 Financial assets**

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cashflow characteristics. The Group's business model is to hold investments to collect contractual cash flows. The contractual payments of the financial assets of the Group are solely payments of principal and interest - therefore the Group's financial assets are classified as amortised cost.

Financial assets measured at amortised cost are recognised when the Group becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are then subsequently carried at their amortised cost. Interest and other income received is based on the capital value of the investment multiplied by the effective rate of interest. For most of the loans that MOPAC has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable. Interest is credited to the CIES with the amount receivable for the year defined in the loan agreement. The loans made by MOPAC are short-term investments consisting of fixed term deposits.

The Group recognises expected credit losses on all of its financial assets held at amortised cost, either on a 12 month or lifetime basis. Only lifetime losses are recognised for trade receivables held by the Group.

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since an instrument was initially recognised,



losses are estimated on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12-month expected losses.

Any gains and losses that arise on the derecognition of an asset are credited or debited to Financing and Investment Income and Expenditure in the CIES.

### 2.18 Contingent assets and liabilities

The Group recognises material contingent liabilities as either:

- Possible obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the organisation, or
- Present obligations that arise from past events but are not recognised because;
  - a) it is not probable that outflows of resources embodying economic benefits or service potential will be required to settle the obligations, or
  - b) the amount of the obligations cannot be measured with sufficient reliability.

A material contingent liability is not recognised within the accounts as an item of expenditure. It is, however, disclosed in a note unless the possibility of a transfer of economic benefits or service potential in settlement is remote (in which case no action is needed).

The Group may also disclose a contingent asset as 'a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the organisation'.

### 2.19 Private Finance Initiative

MOPAC has two long term contractual agreements under PFI whereby the contractor is responsible for the design, construction, finance and maintenance of four police stations in south-east London (Police Stations PFI) and a public order and firearms training centre (Training Ground PFI). These contracts are deemed to be under the control of MOPAC and as such the accounting treatment has been to include them on the Balance Sheet in accordance with the Code.

In addition to the assets created for the PFI buildings on the Balance Sheet, long term liability accounts are also disclosed on the Balance Sheet to reflect future payments to the contractor. Payments made by MOPAC under contract are charged in part to revenue to reflect the value of services received and cost of financing and in part to the Balance Sheet, to reflect repayment of the outstanding liability over the remaining period of the lease agreement.

### 2.20 Cash and cash equivalents

Cash is cash in hand and deposits with MOPAC's main banker and a number of other banks. Cash equivalents are investments that mature in 3 months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

### 2.21 Events after the reporting period

When an event occurs after the Balance Sheet date which provides evidence of conditions that existed at the Balance Sheet date an adjusting event occurs and the amounts recognised in the Statement of Accounts will be adjusted to take into account any values that reflect the adjusting event. Where an event occurs after the Balance Sheet date that is indicative of conditions that arose after the Balance Sheet date, the amounts recognised in the Statement of Accounts are not adjusted but disclosed as a separate note to the Accounts. Events after the Balance Sheet date are reflected up to the date when the Statement of Accounts is authorised for issue.

### 2.22 Overhead costs

The costs of overheads and support services are charged to service segments within the Group CIES in accordance with the Group's arrangements for accountability and financial performance. In practice this means support costs other than Corporate and Democratic Core (CDC) are recognised in

the intra-group funding - policing line of the MOPAC CIES on the basis that all services to which support costs are allocated were delivered by the CPM in 2020/21.

### 2.23 Prior period adjustments, changes in accounting policies, estimates and errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the organisation's financial position or financial performance. When a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy has always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

## 3. Accounting standards that have been issued, but not yet adopted

There are accounting standards which have not yet been adopted to the Code which will apply to the Group and MOPAC in 2021/22:

- Definition of a Business: Amendments to IFRS 3 Business Combinations;
- Interest Rate Benchmark Reform: Amendments to IFRS 9, IAS 39 and IFRS 7;
- Interest Rate Benchmark Reform - Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16.

It is not expected that these changes above will have a significant impact on the Group's statement of accounts.

## 4. Significant estimates and judgements in applying the accounting policies

The preparation of the financial statements requires the Group to make judgements, estimates and assumptions that affect the application of policies and reporting amounts of assets and liabilities, income and expenditure. The estimates and associated assumptions are based on historical experience and various other factors, the results of which form the basis of making judgements about the values of assets and liabilities that are not readily apparent from other sources. The estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised. Material estimates and assumptions are made in the following cases:

### Estimates

- Establishing the valuations of operational and residential properties represents a significant estimate. Valuations are undertaken by a professional surveyor in line with RICS guidance (see Note 16.1). Where possible, observable market data (recent transactions or rental yields) is used which reduces estimation uncertainty. For operational property, the valuation method relies on a cost model for estimating build costs of a modern equivalent asset. There are two key inputs to this estimate - RICS Build Cost Indices and Build Cost Indices Location Weightings;

- Depreciation is calculated based on the asset value and expected useful life of assets (see Note 16). The Group monitors the useful life of assets to identify where any changes to the depreciation charge are required during the year;
- The costs of providing pension benefits to police officers, requires estimates regarding future cash flows that will arise to meet the scheme liabilities, see Note 12. The assumptions underlying the valuation used for IAS 19 reporting are the responsibility of the MOPAC CFO as advised by the scheme actuaries. The financial assumptions used by the actuaries are largely prescribed at any point and reflect market expectations at the reporting date. Assumptions are also made around the life expectancy of the UK population. The last valuation of the pension scheme undertaken using full membership data was conducted in 2018. Under IAS19, the actuaries have projected the results of this valuation using approximate methods. In particular, the roll-forward allows for:
  - Changes in financial and life expectancy assumptions;
  - Additional benefit accrual;
  - Actual cash flows over the period; and
  - Updated membership information.

### Judgements

- 2.2 Revenue Recognition; A judgement has been made of the expenditure allocated between MOPAC and the CPM to reflect the financial resources of MOPAC consumed at the request of the CPM. In arriving at this approach various interested parties were consulted including senior management in both corporate bodies and careful consideration given to the Police Reform and Social Responsibility Act 2011 and Home Office guidance. More details are included in Note 6;
- 2.7 Employee Benefits; A liability has been recognised on the MOPAC Balance Sheet equivalent to the liability for police officer pensions recognised on the CPM Balance Sheet under IAS 19 Retirement Benefits. The costs and liability relating to police pensions are recognised in the CPM Accounts in the first instance because police officers are under the direction of the CPM. As MOPAC has a statutory obligation to provide funds to meet police pension liabilities, a corresponding liability has been included in the MOPAC Accounts. The intra-group adjustments are removed from consolidation to show only the IAS 19 liability itself in the Group Balance Sheet. This liability is offset in the Group Balance Sheet by the Police Officer Pension Reserve because under statute MOPAC can only charge to the Police Fund actual amounts paid as contributions in the Police Officer Pension Fund in the year and not the full amount under IAS 19.

2.7 Employee benefits; There are relevant legal cases (McCloud and Sargeant) in relation to transitional protections provided in the transition to new career average schemes across the public sector. These cases have concluded that transitional protectors applied to some members in the transfer to career average schemes are discriminatory, on age grounds, to some members. Whilst a legal remedy has not been determined by the Employment Tribunal, it is considered probable that this judgement would read across to similar claims that exist in relation to the police pension scheme. To ensure the accounts present a true and fair view, the IAS 19 pension liability includes an assumption that there will be a remedy based on providing transitional protection to all active members. The impact of this assumption is to increase the pension liability by £1.8bn. More detail can be found in note 12.1.

This judgement is consistent with IAS1 - 'the going concern concept'. The assessment of whether or not the CPM is a going concern is based on its ability to discharge liabilities in the normal course of its business. In this case the CPM is reliant upon MOPAC to discharge its liabilities in the normal course of its business. This expectation is necessary to enable the CPM to continue as a going concern.

## **5. Assumptions made about the future and other major sources of estimation uncertainty**

The Code contains a disclosure requirement for assumptions made about the future and other major sources of estimation uncertainty for which there is a significant risk of 'material' adjustment. At the date of publication of the Accounts, the key assumptions and sources of major uncertainty affecting the accounts are set out in note 4. The most significant of these relates to assumptions made regarding the Police pension liability - namely the discount rate, inflation, life expectancy and salary growth. The value of the pension liability requires estimation of financial and non-financial assumptions over a long time period (30-50yrs), and hence represents a source of significant estimation uncertainty. For this reason, sensitivity analysis for movements in these key assumptions is included at Note 12.1. In addition, the assumption adopted in relation to the impact of McCloud and Sargeant could have a material impact on the total liability of the police scheme. See Note 12.1 for more details of these impacts.

## **6. The relationship between the Mayor's Office for Policing And Crime and the Commissioner of Police of the Metropolis for accounting purposes**

### **6.1 Introduction**

Following the Police Reform and Social Responsibility Act 2011 (The Act), the Metropolitan Police Authority (MPA) was replaced on 16 January 2012 with two corporations sole, the Mayor's Office for Policing And Crime (MOPAC) and the Commissioner of Police of the Metropolis (CPM). These financial statements for 2020/21 show the financial positions of the MOPAC and MOPAC Group together with comparative figures for 2020/21.

### **6.2 Accounting principles**

The accounting recognition of assets, liabilities and reserves in 2020/21 reflects the powers and responsibilities of MOPAC as designated by the Police Reform and Social Responsibility Act 2011 and the Home Office Financial Management Code of Practice for the Police Service, England and Wales 2018. This accounting treatment is also underpinned by the working relationship between the Deputy Mayor and the Commissioner as defined by local regulations, (MOPAC Financial Regulations and Scheme of Consent and Delegation), local agreement and practice. On 16 January 2012 the assets, liabilities and reserves of the MPS were transferred directly to MOPAC and during 2020/21 they remain under MOPAC control. Statutory and local arrangements determine that MOPAC holds all the assets, liabilities and the reserves and is responsible for the police pension liability. All payments for the Group are made by MOPAC from the MOPAC Police Fund and all income and funding received by MOPAC. MOPAC has the responsibility for managing the financial relationships with third parties and has legal responsibilities for discharging the contractual terms and conditions of suppliers.

With effect from 1 April 2014, under the Police Reform and Social Responsibility Act 2011 the contracts of employment of police staff under the direction of the Commissioner transferred to the CPM. For accounting purposes, the costs of police staff and officers under the direct control of the Commissioner are recognised in the CPM Accounts and the costs of staff under the direct control of MOPAC are recognised in the MOPAC CIES. All assets, liabilities and reserves remain under the ownership of MOPAC.

The International Accounting Standards Board (IASB) Framework states that assets, liabilities and reserves should be recognised when it is probable that any 'future' benefit associated with the item will flow to, or from the entity. Based on the statutory responsibilities and local arrangements within which MOPAC operates in conjunction with the IASB guidance, it has been deemed that 'all' the assets, liabilities and reserves are recognised on the MOPAC Balance Sheet and consequently the balance sheets for MOPAC and the Group are similar. This reflects the fact that MOPAC retains control over all assets including which are held, which are disposed and who has access to use the

assets and therefore controls the long term risk and rewards of ownership.

Police Pension costs are recognised in the CPM Accounts in accordance with IAS 19 (Employee Benefits). The liability for police pensions on the CPM Balance Sheet is offset by an intra-group debtor reflecting MOPAC's responsibility to provide funds from the police fund each year to enable the CPM to administer police pension payments. The MOPAC Balance Sheet shows an intra-group provision to reflect its responsibility to provide funds for the payment of police pensions. The same accounting treatment applies to 'accumulated absences due to employees but not taken at the reporting date'. The liabilities in the CPM Balance Sheet are offset by an intra-group transfer from MOPAC to reflect the fact that MOPAC ultimately funds the CPM's employee costs.

### Accounting treatment

The table below shows the movement through an intra-group account within the respective CIES during 2020/21. Corresponding accounting entries in the MOPAC CIES and CPM CIES can be seen in the financial statements.

Intra-group adjustments between MOPAC and CPM within the CIES			
Intra-group - total transactions for 2020/21 £million	MOPAC	CPM	Group
IAS 19 pension costs within net cost of services	0	1,051	1,051
Accumulated absences	0	80	80
Other costs within net cost of services	0	2,140	2,140
Intra-group adjustment (MOPAC funding)	3,271	(3,271)	0
Pension interest cost	0	711	711
Intra-group adjustment (MOPAC funding pension)	711	(711)	0
Actuarial losses/(gain) on police fund	0	9,108	9,108
Intra-group adjustment (MOPAC funding pension)	9,108	(9,108)	0
<b>Total transactions for the year</b>	<b>13,090</b>	<b>0</b>	<b>13,090</b>
Intra-group - total transactions for 2019/20 £million			
	MOPAC	CPM	Group
IAS 19 pension costs within net cost of services	0	430	430
Accumulated absences	0	20	20
Other costs within net cost of services	0	2,028	2,028
Intra-group adjustment (MOPAC funding)	2,478	(2,478)	0
Pension interest cost	0	804	804
Intra-group adjustment (MOPAC funding pension)	804	(804)	0
Actuarial losses/(gain) on police fund	0	(3,023)	(3,023)
Intra-group adjustment (MOPAC funding pension)	(3,023)	3,023	0
<b>Total transactions for the year</b>	<b>259</b>	<b>0</b>	<b>259</b>
Accounting entries reflected in the respective Balance Sheet at year end			
Intra-group - total transactions for 2020/21 £million	MOPAC	CPM	Group
CPM - Long term Intra-group Debtor	0	41,121	0
CPM - Short term Intra-group Debtor	0	208	0
CPM - Police Officer pension liability	0	(41,121)	(41,121)
CPM - Creditor - accumulated absences	0	(208)	(208)
MOPAC - Long term Intra-group Creditor	(41,121)	0	0
MOPAC - Short term Intra-group Creditor	(208)	0	0
MOPAC - Unusable Reserves	41,121	0	41,121
MOPAC - Unusable Reserves	208	0	208
Intra-group - total transactions for 2019/20 £million			
	MOPAC	CPM	Group
CPM - Long term Intra-group Debtor	0	30,948	0
CPM - Short term Intra-group Debtor	0	128	0
CPM - Police Officer pension liability	0	(30,948)	(30,948)
CPM - Creditor - accumulated absences	0	(128)	(128)
MOPAC - Long term Intra-group Creditor	(30,948)	0	0
MOPAC - Short term Intra-group Creditor	(128)	0	0

MOPAC - Unusable Reserves	30,948	0	30,948
MOPAC - Unusable Reserves	128	0	128

The CIES for MOPAC and the Group are similar at 'summary level'. The MOPAC CIES includes not only the cost of administering the MOPAC itself, but also payment for MOPAC resources consumed at the request of the CPM. Correspondingly in the CPM CIES, total Comprehensive Income and Expenditure is nil for 2020/21 as the 'resources consumed at the request of the CPM' are completely offset by the intra-group adjustment.

## 7. Analysis of surplus or deficit on the provision of service

### 7.1 Service expenditure analysis

The first half of the MOPAC Group CIES on page 1 shows the Net Cost of Policing Services (the operating cost in year of providing services for the Group). The costs are also categorised between the seven divisions which represent the organisational structure headings under which the MOPAC Group operates and manages its services.

### 7.2 Income

Income received by MOPAC includes fees and charges, interest, investments, contributions, specific grants and other service income. A breakdown under these headings for 2020/21 is shown in the table in Section 7.3 below.

The ability to charge for police services is generally determined by statutory provisions.

- The provision of special police services at the request of any person under s25 of the Police Act 1996. Special police services generally relate to policing an event e.g. a pop concert, or series of events, including football matches and policing at the Palace of Westminster;
- S15 of the Police Reform and Social Responsibility Act 2011 extends to police bodies the powers of the Local Authorities (Goods and Services) Act 1970 to supply goods and services to other bodies or persons. This may include services provided in competition with other providers, for example training, where charges will reflect market rates, or services provided as a by-product of core policing activity such as provision of collision reports;
- The Aviation Security Act 1982 for policing in relation to the operation of airports;
- The provision of police services to other agencies such as the Home Office Border Force (previously the UK Border Agency) or the prison service;
- The provision of mutual aid to other forces.

Income received also includes miscellaneous items such as loans of equipment to other forces, rents receivable, sales of equipment under £10,000 and prosecution costs recovered by way of illustration.

Specific grants represent grants for specific operational activities (a breakdown is provided in Note 15). General grants not directly attributable to specific operational activities are recognised below the Net Cost of Service.

### 7.3 Expenditure and income analysed by nature for MOPAC and the MOPAC Group

In the table below the operating income and expenditure for MOPAC and the MOPAC Group for the period 1 April 2020 to 31 March 2021, is presented in a subjective analysis format. The subjective analysis format is used by management to make decisions about resource allocation in internal management reports.

**Expenditure and income analysis by nature for MOPAC and the MOPAC Group**

	MOPAC	CPM	Group	Group
£000	2020/21	2020/21	2020/21	2019/20
<b>Expenditure</b>				
Employee costs				
Police officer salaries	0	1,916,319	1,916,319	1,737,244
MOPAC and Police staff wages and salaries	11,077	543,630	554,707	511,172
Employee related expenditure	(29)	24,038	24,009	31,701
Net police officer pensions	0	759,737	759,737	79,770
Net MOPAC police staff pensions	2,149	114,259	116,408	108,737
Premises related	1,520	164,977	166,497	162,885
Transport related	2	71,512	71,514	69,727
Supplies and services*	71,128	525,716	596,844	579,924
Depreciation, amortisation, impairment	75,834	163,412	239,246	216,487
Actuarial losses on police pensions funds - intra group funding	9,108,900	(9,108,900)	0	0
Interest payments	733,858	0	733,858	828,672
Loss on the disposal of assets	4,703	0	4,703	1,125
<b>Total gross expenditure</b>	<b>10,009,142</b>	<b>(4,825,300)</b>	<b>5,183,842</b>	<b>4,327,444</b>
<b>Income</b>				
Fees and charges and other service income**	(2,972)	(269,435)	(272,407)	(264,086)
Interest and investment income	(1,307)	0	(1,307)	(2,382)
Government grants and contributions	(3,007,581)	(743,114)	(3,750,695)	(3,612,570)
<b>Total income</b>	<b>(3,011,860)</b>	<b>(1,012,549)</b>	<b>(4,024,409)</b>	<b>(3,879,038)</b>
Intra group adjustment ***	3,271,051	(3,271,051)	0	0
<b>Net cost of policing services</b>	<b>10,268,333</b>	<b>(9,108,900)</b>	<b>1,159,433</b>	<b>448,406</b>

\* £71 million supplies and services incurred by MOPAC includes costs of working with local communities, victims support and payments by MOPAC of crime prevention grants

\*\*Includes revenue recognised of £174.6m from contracts with service recipients under IFRS15

\*\*\* MOPAC payment for MOPAC financial resources consumed at the request of the CPM

The subjective analysis statement has been split between the Commissioner of Police of the Metropolis (CPM) and MOPAC to separately identify the resources consumed at the request of the Commissioner, from those costs exclusively incurred by the Mayor's Office. Costs exclusively incurred by the Mayor's Office include the day to day costs of administering MOPAC and supporting the Mayor and the Deputy Mayor for Policing And Crime as well as working directly with local communities and the public which includes the payment of Community Grants detailed in the Narrative Report. All grants and income are paid directly to MOPAC. Further details in respect of the resources consumed under the direction of the Commissioner can be found in the CPM's Statement of Accounts.

Within the Group's material contracts with service recipients, performance obligations are satisfied at the point of supply of police officers. Pricing within the contracts is typically based on agreed unit prices of manpower.

## 8. Police officers and police staff remuneration

### 8.1 Police and police staff remuneration

The numbers of police officers and staff in the Group whose taxable remuneration, excluding pension contributions, was £50,000 or more are:

Remuneration band £ MOPAC	2020/21		2019/20	
	Number of employees exc exit packages	Number of employees inc exit packages	Number of employees exc exit packages	Number of employees inc exit packages restated
50,000 - 54,999	6,466	6,467	5,870	5,872
55,000 - 59,999	3,720	3,719	3,304	3,305
60,000 - 64,999	2,572	2,571	2,417	2,419
65,000 - 69,999	2,070	2,071	1,577	1,578
70,000 - 74,999	886	885	822	823
75,000 - 79,999	561	562	394	394
80,000 - 84,999	341	341	296	296
85,000 - 89,999	200	199	218	219
90,000 - 94,999	148	150	86	86
95,000 - 99,999	88	87	97	97
100,000 - 104,999	57	57	50	51
105,000 - 109,999	33	33	18	18
110,000 - 114,999	17	17	3	3
115,000 - 119,999	4	6	6	6
120,000 - 124,999	6	7	8	9
125,000 - 129,999	3	2	3	3
130,000 - 134,999	5	5	2	2
135,000 - 139,999	2	2	4	4
140,000 - 144,999	2	2	2	2
145,000 - 149,999	2	2	1	1
150,000 - 154,999	0	1	0	0
155,000 - 159,999	0	1	1	1
160,000 - 164,999	0	1	0	0
165,000 - 169,999	0	1	0	0
170,000 - 174,999	0	1	0	1
175,000 - 179,999	0	0	0	0
180,000 - 184,999	0	0	0	0
185,000 - 189,999	0	0	0	0
190,000 - 194,999	0	0	0	0
195,000 - 199,999	0	0	0	1
200,000 - 204,999	0	0	0	0
205,000 - 209,999	0	0	0	0
210,000 - 214,999	0	0	0	0
215,000 - 224,999	0	0	0	0
225,000 +	0	1	0	0

The banding scale is based on taxable remuneration, excluding pension costs, paid in the year rather than annual salary. Taxable remuneration includes overtime, compensation for loss of office and may also include back dated pay awards, which relate to previous years but were actually paid in the year in question. The numbers in the table above exclude senior staff and relevant police officers as defined below in Note 8.2. In these particular cases, a more detailed analysis of remuneration for 2020/21 is shown on the following pages.



Exit packages

Exit package cost band (including special payments)	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band (£)	
	2020/21	2019/20	2020/21	2019/20	2020/21	2019/20	2020/21	2019/20
£0 - £20,000	0	0	4	4	4	4	67,920	68,481
£20,001 - £40,000	2	0	6	9	8	9	230,215	274,564
£40,001 - £60,000	0	0	7	5	7	5	338,068	256,998
£60,001 - £80,000	0	0	1	1	1	1	74,597	60,313
£80,001 - £100,000	0	0	4	1	4	1	382,904	92,035
£100,001 - £150,000	0	0	0	3	0	3	0	351,496
£150,001 - £200,000	0	0	1	0	1	0	154,936	0
	2	0	23	23	25	23	1,248,640	1,103,887

*The numbers in the table above exclude senior staff as defined below in Note 8.2. In these particular cases, any compensation for loss of office is shown in Note 8.3. - 8.4.*

## 8.2 Relevant police officers and senior staff remuneration

A relevant police officer is defined as the Commissioner or any other senior police officer whose salary is £150,000 per annum or more. Senior staff are defined as individuals whose salary is more than £150,000 per annum, or whose salary is at least £50,000 per annum (to be calculated pro-rata if they are part time) and are either the designated head of service, a statutory chief officer or a non-statutory chief officer, as defined under the Local Government and Housing Act 1989 or any person having responsibility for the management of MOPAC/CPM.

**8.3 Relevant police officers and senior staff remuneration\* - year ended 31 March 2021**

Post holder information (post title)	Name	Notes	Salary (including fees & allowances) (£)	Benefits (£)	Other Payments (£)	Total remuneration excluding pension contributions 2020/21 (£)	Pension contributions (£)	Total remuneration including pension contributions 2020/21 (£)
<u>CPM</u>								
Commissioner	C Dick		246,109	3,074	0	249,183	0	249,183
Deputy Commissioner	S House		256,764	3,074	0	259,838	0	259,838
Assistant Commissioner	A Basu		223,268	3,074	0	226,342	63,499	289,841
Assistant Commissioner	H Ball		223,268	3,074	0	226,342	0	226,342
Assistant Commissioner	M Simmons	1	179,042	3,074	0	182,116	0	182,116
Assistant Commissioner	N Ephgrave		224,345	3,074	0	227,419	10,431	237,850
Assistant Commissioner	L Rolfe	2	183,825	0	0	183,825	48,200	232,025
Assistant Commissioner	M Jukes	3	94,579	0	0	94,579	25,304	119,883
Deputy Assistant Commissioner	G McNulty		176,074	3,074	0	179,148	48,869	228,017
Deputy Assistant Commissioner	L Taylor		172,480	3,074	0	175,554	48,869	224,423
Deputy Assistant Commissioner	D Haydon		189,403	3,074	0	192,477	0	192,477
Deputy Assistant Commissioner	M Twist		172,480	3,074	0	175,554	48,869	224,423
Deputy Assistant Commissioner	M Horne		176,074	3,074	0	179,148	44,755	223,903
Deputy Assistant Commissioner	A Pearson		192,717	3,074	0	195,791	48,869	244,660
Deputy Assistant Commissioner	S Cundy		176,074	3,074	0	179,148	48,869	228,017
T/Deputy Assistant Commissioner	J Connors	4	138,222	3,074	0	141,296	36,839	178,135
T/Deputy Assistant Commissioner	B Javid	5	147,187	3,074	0	150,261	34,890	185,151
Commander	A Murray		153,389	3,074	0	156,463	37,371	193,834
Commander	M McEwan	6	107,950	3,074	0	111,024	24,786	135,810
Chief of Corporate Services	R Wilkinson		191,124	3,074	0	194,198	57,911	252,109
Chief Digital and Technology Officer	A McCallum		234,882	0	0	234,882	0	234,882
Director of Solution Delivery	D Pitty		158,976	0	0	158,976	36,656	195,632
Director of Service Delivery	A Blatchford		155,864	0	0	155,864	35,713	191,577
Director of Technology	D Scates		158,976	0	0	158,976	36,656	195,632
Director of Media and Communication	J Helm		158,928	0	0	158,928	46,640	205,568
T/Chief Finance Officer	I Percival		141,181	0	0	141,181	37,133	178,314
Director of Human Resources	C Davies		153,955	3,074	0	157,029	46,648	203,677
Director of Operational Support Services	M Heracleous	7	12,500	0	0	12,500	3,788	16,288
<u>NPCC and other secondees out of the Met</u>								
Assistant Commissioner	M Hewitt		223,268	3,074	0	226,342	63,499	289,841
Assistant Commissioner	S Kavanagh		202,295	0	0	202,295	0	202,295
Assistant Commissioner	R Beckley		70,236	3,074	0	73,310	0	73,310
Deputy Assistant Commissioner	R Martin	8	144,474	3,074	0	147,548	40,501	188,049
T/Deputy Assistant Commissioner	N Jerome		176,074	3,074	0	179,148	32,412	211,560
Deputy Assistant Commissioner	L D'Orsi	9	175,100	3,074	0	178,174	48,869	227,043
<u>MOPAC</u>								
Chief Executive	D Luchford	10	144,803	0	0	144,803	43,875	188,678
Deputy Mayor for Policing And Crime			132,664	0	0	132,664	40,197	172,861

**8.3 Relevant police officers and senior staff remuneration\* - year ended 31 March 2021**

Post holder information (post title)	Name	Notes	Salary (including fees & allowances) (£)	Benefits (£)	Other Payments (£)	Total remuneration excluding pension contributions 2020/21 (£)	Pension contributions (£)	Total remuneration including pension contributions 2020/21 (£)
Director of Audit, Risk and Assurance			121,018	0	0	121,018	36,512	157,530
Director of Strategy		11	102,106	0	0	102,106	30,938	133,044
Interim Director of Strategy		12	93,682	0	0	93,682	27,704	121,386
Interim Director of Criminal Justice Commissioning		13	0	0	0	0	0	0
Chief Finance Officer		14	29,005	0	0	29,005	8,789	37,794
Interim Chief Finance Officer		15	0	0	0	0	0	0
Director of Violence Reduction Unit			119,340	0	0	119,340	36,160	155,500
Director of Criminal Justice Commissioning		16	1,328		50,125	51,453	402	51,855

\*Individuals whose salary is £150,000 or more per annum are required to also be identified by name

**8.3 Relevant police officers and senior staff remuneration - year ended 31 March 2021**

1. M Simmons retired 21/1/21
2. L Rolfe joined 29/6/20 with an annualized salary of £199,386
3. M Jukes joined 9/11/20 with an annualized salary of £204,372
4. J Connors was temporary promoted to DAC on 22/2/21 with an annualized salary of £156,693
5. B Javid was temporary promoted to DAC on 29/3/21 with an annualized salary of £156,693
6. M McEwan left on 30/11/20
7. M Heracleous joined on 1/3/21 with an annualized salary of £150,500
8. R Martin retired on 31/12/20
9. L D'Orsi was seconded to British Transport Police on 22/3/21
10. D Luchford was appointed to the role of Chief Executive on 27/4/20 on an annualised salary of £156,075
11. The individual resigned from post on the 27/1/21 on an annualised salary of £119,658
12. The individual took up the interim position from 27/1/21 until 3/5/21 on an annualised salary of £119,658
13. The individual was appointed as the interim Director of Criminal Justice Commissioning on 8/6/20. They were not salaried and a total payment of £189,638 was made for this period. Unlike remuneration payments made to employees in the table, interims do not receive pensions, benefits and holiday pay. If engaged for a full year the annualized total remuneration, excluding agency commission, for the year would have been £213,525
14. The individual was appointed to the role on 11/1/21 on an annualised salary of £130,000
15. The individual resigned as the interim CFO on 15/1/21. They were not salaried and a total payment of £202,575 was made for this period. Unlike remuneration payments made to employees in the table, interims do not receive pensions, benefits and holiday pay. If engaged for a full year the annualized total remuneration, excluding agency commission, for the year would have been £239,805.
16. The individual left the organization on 4/4/20 on an annualised salary of £119,503. The individual was paid a voluntary exit of £50,125

**Additional information**

Benefits includes the annual membership of the Chief Police Officers' Staff Association.

\*Individuals whose salary is £150,000 or more per annum are required to also be identified by name

**8.4 Relevant police officers and senior staff remuneration\* - year ended 31 March 2020**

Post holder information (post title)	Name	Notes	Salary (including fees & allowances) (£)	Benefits (£)	Other Payments (£)	Total remuneration excluding pension contributions 2019/20 (£)	Pension contributions (£)	Total remuneration including pension contributions 2019/20 (£)
<u>CPM</u>								
Commissioner	C Dick		240,212	3,074	0	243,286	0	243,286
Deputy Commissioner	S House		250,865	3,074	0	253,939	0	253,939
Assistant Commissioner	A Basu		218,272	3,074	0	221,346	61,950	283,296
Assistant Commissioner	H Ball		218,272	3,074	0	221,346	0	221,346
Assistant Commissioner	M Simmons		218,272	3,074	0	221,346	0	221,346
Assistant Commissioner	N Ephgrave		220,287	3,074	0	223,361	61,953	285,314
Deputy Assistant Commissioner	G McNulty		172,229	3,074	0	175,303	47,677	222,980
Deputy Assistant Commissioner	L D'Orsi		171,255	3,074	0	174,329	47,677	222,006
Deputy Assistant Commissioner	L Taylor		171,122	3,074	0	174,196	47,677	221,873
Deputy Assistant Commissioner	D Haydon		185,866	3,074	0	188,940	0	188,940
Deputy Assistant Commissioner	M Twist		168,635	3,074	0	171,709	47,677	219,386
Deputy Assistant Commissioner	D Ball	1	143,596	3,074	0	146,670	34,917	181,587
Deputy Assistant Commissioner	M Horne		173,889	3,074	0	176,963	47,677	224,640
Deputy Assistant Commissioner	A Pearson	2	183,749	3,074	0	186,823	45,427	232,250
Deputy Assistant Commissioner	S Cundy	3	150,666	3,074	0	153,740	40,992	194,732
Chief of Corporate Services	R Wilkinson		185,000	3,074	0	188,074	56,055	244,129
Chief Digital and Technology Officer	A McCallum		233,657	0	0	233,657	0	233,657
Director of Solution Delivery	D Pitty		156,527	0	0	156,527	35,914	192,441
Director of Service Delivery	A Blatchford		155,048	0	0	155,048	35,466	190,514
Director of Technology	D Scates		156,527	0	0	156,527	35,914	192,441
Director of Media and Communication	J Helm		153,314	0	0	153,314	44,911	198,225
Director of Finance	I Percival		139,140	0	0	139,140	36,514	175,654
<u>NPCC and other secondees out of the Met</u>								
Assistant Commissioner	M Hewitt		218,272	3,074	0	221,346	61,950	283,296
Assistant Commissioner	S Kavanagh	4	33,231	0	0	33,231	0	33,231
Deputy Assistant Commissioner	R Martin	5	172,229	3,074	0	175,303	47,677	222,980
T/Deputy Assistant Commissioner	N Jerome	6	161,970	3,074	0	165,044	44,497	209,541
Director of Commercial & Finance	L McMullan	7	40,725	0	0	40,725	12,340	53,065
<u>MOPAC</u>								
Chief Executive	R Lawrence	8	63,847	0	0	63,847	19,346	83,193
Interim/Chief Executive	S Peters	9	146,417	0	0	146,417	44,364	190,781
Deputy Mayor for Policing And Crime			136,438	0	0	136,438	41,341	177,779
Interim Chief Finance Officer		10						
Interim Chief Finance Officer		11						
Director of Audit, Risk and Assurance			119,910	0	0	119,910	36,333	156,243
Director of Strategy			119,072	0	0	119,072	36,079	155,151
Director of Criminal Justice								
Commissioning			118,917	0	0	118,917	36,032	154,949
Director of Violence Reduction Unit			118,755	0	0	118,755	35,983	154,738

### Notes

#### 8.4 Relevant police officers and senior staff remuneration - year ended 31 March 2020

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1. D Ball held the post of DAC up to 19/11/19 when he retired with an annualized salary of £152,872. He took up the position of senior responsible officer for CONNECT and Programme Four on 20/12/19 with an annualized salary (including allowances) of £130,000
  2. A Pearson joined on 21/1/19 as T/DAC and was made permanent on 3/6/19 with an annualized salary of £152,871
  3. S Cundy was appointed DAC on 7/11/19 with an annualized salary of £152,871
  4. S Kavanagh started on 1/2/20 with an annualized salary of £199,386 and was immediately seconded to Interpol
  5. R Martin was seconded to NPCC until 31/3/20
  6. N Jerome was appointed T/DAC on 15/7/19 with an annualized salary of £149,142 and is currently seconded to Kent Police Service
  7. L McMullan was seconded to NPCC until she resigned on 30/6/19 and had an annualized salary of £162,899
  8. R Lawrence resigned from the post on 30/8/19.
  9. S Peters was the Chief Finance officer until 6/8/19 when she was appointed interim Chief Executive with an annualized salary of £153,015
  10. The individual was appointed as the interim CFO and was contracted for 3 days a week from 25/7/19 to 19/2/20. They were not salaried and a total payment of £110,650 was made for this period. Unlike remuneration payments made to employees in the table, interims do not receive pensions, benefits and holiday pay. If engaged for a full year the annualized total remuneration, excluding agency commission, for the year would have been £100,581.
  11. The individual was appointed as the interim CFO and was contracted full time from 17/2/20. They were not salaried and a total payment of £33,945 was made for this period. Unlike remuneration payments made to employees in the table, interims do not receive pensions, benefits and holiday pay. If engaged for a full year the annualized total remuneration, excluding agency commission, for the year would have been £167,635.
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##### **Additional information**

Benefits includes the annual membership of the Chief Police Officers' Staff Association.

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\*Individuals whose salary is £150,000 or more per annum are required to also be identified by name

## 9. Related party transactions

IAS 24 (Related Party Transactions) requires the Group to disclose all material transactions with related parties, that is bodies or individuals that have the potential to influence the Group or to be controlled or influenced by key individuals of the Group including the Mayor and Deputy Mayor, the Commissioner, members of the MOPAC Senior Management Team, and MPS Management Board. Disclosure of these transactions allows readers to assess the extent to which the Group might have been constrained in its ability to operate independently, or might have secured the ability to limit another party's ability to bargain freely with the Group. This disclosure note has been prepared on the basis of specific declarations obtained for the year ended 31 March 2021, in respect of related party transactions.

### CPM and MOPAC

The primary function of MOPAC is to secure the maintenance of an efficient and effective Metropolitan Police Service in London and to hold the CPM to account for the exercise of operational policing duties under the Police Act 1996. MOPAC is responsible for setting the Police and Crime Plan. Whilst the Commissioner is operationally independent and receives an annual budget, MOPAC is responsible for financial administration within the Group. The CPM holds no reserves or cash balances and assets. All payments for the Group are made by MOPAC from the MOPAC Police Fund and all funding and income is received by MOPAC. The CPM is dependent on MOPAC to discharge any liabilities, for instance to administer police pensions or settle future obligations. More information can be found on this relationship in Note 6.

### Central Government and other public bodies

Central Government has a significant influence over the general operations of the Group. It is responsible for providing the statutory framework within which the Group operates as well as providing a substantial part of its funding in the form of grants and prescribes the terms of many of the transactions that the Group has with other parties. Grants received from Central Government are set out in the subjective analysis in Note 14 and Note 15:

### Greater London Authority

The MOPAC Group is one of the functional bodies of the Greater London Authority (GLA), the other bodies being the London Fire Commissioner, which replaced the London Fire and Emergency Planning Authority on 1 April 2018, Transport for London, Old Oak and Park Royal Development Corporation and the London Legacy Development Corporation.

The Mayor sets MOPAC's budget, including the precept for the GLA. The London Assembly approves MOPAC's budget for the police and may amend the precept for the GLA. In addition, Section 32 of the Police Reform and Social Responsibility Act 2011 requires the GLA London Assembly to establish a committee called the 'Police and Crime Committee' to exercise functions in relation to scrutiny of MOPAC. The Committee's responsibilities include reviewing the draft Police and Crime Plan and scrutiny of particular decisions made or actions taken by MOPAC in the discharge of its responsibilities. Monies received from the GLA in the form of grants and precepts are disclosed in Note 14.

The net receipts from Transport for London were £92.338 million in 2020/21 (£90.574 million in 2019/20).

Net expenditure with the London Fire Commissioner was £0.284 million in 2020/21.

## Other bodies

The Safer London Foundation is included here as a related party as MOPAC provided funding of £2.346 million by the Group at 31 March 2021. Cressida Dick, Commissioner, is president of the organisation.

Police Now was established in January 2016 to run the National Graduate Leadership Development Programme. It received £2.178 million and is owed £0.480 million from MOPAC in 2020/21. The Assistant Commissioner of Professionalism and Assistant Commissioner of Met Operations are Board members.

The College of Policing is the professional body for the police services in England and Wales and the Chief of Corporate Services was a member of the Board until March 2021. MOPAC spent £0.692 million, received £1.428 million, and is owed £0.394 million at year-end.

MOPAC is the member of, and the sole owner of, the Police Crime Prevention Initiatives' Ltd (PCPI) which is a company limited by guarantee without share capital. The MOPAC Head of Operational Oversight and the Deputy Commissioner are directors of the Company and have influence over the operation and running of the company. Police Crime Prevention Initiatives main operation is through 'secure by design' which supports the principles of 'designing out crime' through physical security and processes. MOPAC spent £0.312 million with Police Crime Prevention Initiatives Ltd in 2020/21. Police Crime Prevention Initiatives is a not for profit company, run for the national good with all money made supporting crime prevention. MOPAC does not receive any financial benefit from this company.

The MOPAC Group administers a number of charities on behalf of third parties. Full details of the charities and their purpose are disclosed in Note 25. The Assistant Commissioner of Frontline Policing became a Trustee of the Metropolitan Police Sports Fund during 2020/21. In 2020/21 the MOPAC Group paid £0.031m to the MPS Sports Fund.

On 26 March 2018, MOPAC acquired 100% of the issued share capital of Empress Holdings Limited and its subsidiaries ("Empress Holdings Group"), which holds the freehold interest in the Empress State Building (ESB). The other companies within the Empress Holdings Group are Empress State GP Ltd, Empress State Nominee No.1 Ltd, Empress State Nominee No.2 Ltd, Empress State (Jersey) Ltd, C&C Properties (Jersey) Ltd and the Empress State LP. The MOPAC Director of Strategy (up to his departure in January 2021) and MPS Director of Property Services were directors of the company during 2020/21. In 2020/21 these companies were placed in liquidation and the final process of winding up the companies is in progress.

## 10. Auditors' remuneration

The audit fee payable to Grant Thornton UK LLP during the year totalled £292,008 (£225,908 in 2019/20) for the Group, of which £159,483 related to MOPAC and £132,525 related to the CPM (£133,508 for MOPAC in 2019/20, £92,400 for CPM).

## 11. Interest payable and similar charges

Interest paid in 2020/21 and 2019/20 is as follows:

£000	2020/21	2019/20
Public Work Loans Board	9,618	10,175
PFI and finance lease	13,090	12,457
Other interest cost	0	0
<b>Total</b>	<b>22,708</b>	<b>22,632</b>

## 12. Pension costs

As part of the terms and conditions of employment the Group offers retirement benefits for Police Officers and Police Staff.

### 12.1 Police officers'

There are three pension schemes for police officers, the Police Pension Scheme 2015, the 2006 New Police Pension Scheme (NPPS) and the Police Pension Scheme (PPS), all of which are unfunded, defined benefit schemes. An unfunded, defined benefit scheme has no investment assets to meet its pension liability and must generate cash to meet the actual pension payments as they fall due. These benefits payable are funded by contributions from employers and police officers and as a rule any shortfall is met by a top up grant from the Home Office, as was the case in 2020/21. The Group pays employer contributions at a rate of 31% of pensionable salary into the Fund. Further details of the schemes can be found in the Police Officer Pension Fund Accounts.

The Commissioner is the administering body under the Police Reform and Social Responsibility Act 2011. The Police Officer Pension Fund's Financial Statements and notes are included on Pages 72-74 of this document.

The principal risks of the schemes relate to the longevity assumptions, statutory changes to the schemes, changes to inflation and to bond yields. These are mitigated by the statutory requirements to charge to the General Reserves the amounts required by statute as described in the accounting policies Note 2.7 on post employment benefits.

### Police officers' pensions income and expenditure

£000	2020/21	2019/20
<i>Comprehensive Income and Expenditure Statement</i>		
Cost of Services:		
Service cost comprising:		
Current Service Cost	632,600	752,100
Past service cost	3,300	(157,400)
Transfers in/(out)	2,300	2,300
Actuarial loss/(gain) - injury pensions	412,500	(166,800)
Financing and Investment Income and Expenditure		
Interest Expense	711,100	803,500
<b>Total Post Employment Benefits charged to the Surplus or Deficit on the Provision of Services</b>	<b>1,761,800</b>	<b>1,233,700</b>
Re-measurement of the defined benefit liability comprising:		
		0
Actuarial loss/(gain) arising on changes in demographic assumptions - excluding injury pensions	373,000	(234,800)
Actuarial loss/ (gain) arising on changes in financial and other assumptions - excluding injury pensions	8,735,900	(2,787,900)
<b>Total Post Employment Benefits charged to the Comprehensive Income and Expenditure Statement</b>	<b>9,108,900</b>	<b>(3,022,700)</b>
<i>Movement in Reserves Statement (MIRS)</i>		
Reversal of charges made to Surplus or Deficit on the Provision of Services for post employment benefits	(1,761,800)	(1,233,700)
Actual amount charged against the General Reserves Balance for pensions in the year - Pension Costs	697,900	735,400



The Table above shows the transactions have been made in the Group CIES and the General Reserves Balance via the Group MIRS during the year as described more fully in Note 6. The following police pension costs are recognised in the CPM Accounts in the first instance:

- Current/past service costs, past service gains and the actuarial loss/(gain) have been produced by actuaries;
- Transfers in/(out) are in respect of monies received/paid from/to other authorities in respect of Officers who have either joined or left the Group;
- Interest on pension liability represents the expected increase during the year in the present value of the scheme liabilities because the benefits are one year closer to settlement.

Police injury pensions are considered to be a cost to the service and as such the gains/loss on this type of pension has been incorporated in the Net Cost of Policing Services together with other related charges (see below for analysis of movements on liabilities for the funds).

Police officers' contributions to the schemes amounted to £162.2 million in the year ended 31 March 2021. In the year ended 31 March 2021, employer pension contributions have been charged to the revenue account on the basis of pensions payable in the year and totalled £671.3 million.

In the year to 31 March 2021 the net costs of pensions and other benefits amounted to £704.1 million, representing 52.2% of pensionable pay.

### Assets and liabilities in relation to retirement benefits

In accordance with IAS 19 requirements, the total liability of the Police Officer Pension Fund is included in the Balance Sheet. Although these will not actually be payable until officers retire, the Group has a commitment to make the payments that need to be disclosed at the time that officers earn their future entitlement. The Group had the following overall liabilities for pensions at 31 March 2021 that have been included in the Balance Sheet:

£ million	2020/21	2019/20
Officer members	(20,033)	(13,238)
Deferred pensioners	(1,572)	(1,085)
Pensioners	(17,671)	(15,232)
Injury pensions	(1,845)	(1,393)
<b>Total value of scheme liabilities</b>	<b>(41,121)</b>	<b>(30,948)</b>

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. Hymans Robertson LLP, an independent firm of actuaries, has assessed the scheme liabilities as at 31 March 2021. The movement in the present value of the scheme liabilities for the year to 31 March 2021 can be reconciled as follows:

£ million	Excluding injury benefits 2020/21	Excluding injury benefits 2019/20	Injury benefits only 2020/21	Injury benefits only 2019/20
<b>Scheme liabilities at 1 April</b>	<b>(29,554)</b>	<b>(31,961)</b>	<b>(1,393)</b>	<b>(1,512)</b>
Current service cost including Home Office contribution.	(595)	(709)	(38)	(43)
Officer contributions	(161)	(150)	0	0
Benefits paid	827	855	0	0
Injury award expenditure	0	0	31	31

Transfers from / to other authorities	(2)	(2)	0	0
Past service cost (injury benefits)	(3)	157	0	0
Interest cost on pension liabilities.	(679)	(767)	(32)	(36)
Re-measurement gains and losses:				
Actuarial (loss)/gain arising on changes in demographic assumptions	(373)	235	(18)	12
Actuarial (loss)/(gain arising on changes in financial assumptions	(8,372)	3,057	(395)	155
Other Experience	(364)	(269)	0	0
<b>Scheme liabilities at 31 March</b>	<b>(39,276)</b>	<b>(29,554)</b>	<b>(1,845)</b>	<b>(1,393)</b>

### Actuarial assumptions

The value of the liabilities for IAS 19 purposes is dependent on assumptions made by the Scheme's actuaries, Hymans Robertson LLP. The financial assumptions reflect market expectations at the reporting date. Changes in market conditions that result in changes in the net discount rate (essentially the difference between the discount rate and the assumed rates of increase of salaries, deferred pension revaluation or pension-in-payment), can have a significant effect on the value of the liabilities reported. A reduction in the net discount rate will increase the assessed value of liabilities as a higher value is placed on benefits paid in the future. A rise in the net discount rate will have an opposite effect of similar magnitude. The effect of a change in the net discount rate on the value placed on the liabilities of each scheme is shown in the sensitivity analysis schedule below.

There is also uncertainty around the life expectancy of the UK population. The value of current and future pension benefits will also depend on the life expectancy of the officers and dependents. The disclosures have been prepared using the S2NFA and S2NMA "year of birth" tables with future improvement in line with the CMI 2020 model with a long term rate of improvement of 1.5% per annum.

The significant actuarial assumptions used in their calculations are:

Assumptions	All Schemes 2020/21	All Schemes 2019/20
CARE revaluation rate	4.10%	3.15%
Rate of increase of salary (note i)	3.30%	2.8%
Rate of increase in pensions	2.85%	1.9%
Rate for discounting scheme liabilities (note ii)	2.00%	2.3%

- i. Future salary increases are assumed to be within an acceptable range;
- ii. The current discount rate is based on current rate of return available on high quality corporate bonds of equivalent currency and term to the scheme liabilities.

### Mortality

Life expectancy is based on actuarial tables with future improvement in line with the CMI 2018 model with a long term rate of improvement of 1.5% per annum. The actuarial mortality rate assumptions used in their calculations are:

Mortality rate	Males 2020/21	Males 2019/20	Females 2020/21	Females 2019/20
Current pensioners	27.4 years	27.2 years	29.7 years	29.2 years
Future pensioners*	28.7 years	28.3 years	31.0 years	30.4 years

\*Future pensioners are assumed to be aged 45 at 31 March 2021.

### Sensitivity analysis

The estimation of the defined benefit obligation is sensitive to the actuarial assumptions set out above. The sensitivity analyses below have been determined based on reasonably possible changes to the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis are consistent with those used in the previous period.

The sensitivities regarding the significant assumptions used to measure the scheme liabilities are set out below:

Financial assumptions	Approximate % increase to employer liability		Approximate monetary amount (£000)	
	2020/21	2019/20	2020/21	2019/20
0.5% decrease in real discount rate	11%	10%	4,623,841	3,194,703
1 year increase in member life expectancy	3%	3%	1,222,674	924,984
0.5% increase in the salary increase rate	1%	1%	527,377	368,632
0.5% increase in the pension increase rate (CPI)	8%	8%	3,435,442	2,480,745

An estimate of contributions expected to be paid to the scheme for the future financial year:

£ million	2020/21	2019/20
Projected current service cost	1,061	624
Interest on obligation	826	711
<b>Total</b>	<b>1,887</b>	<b>1,335</b>

The weighted average duration of the defined benefit obligation is:

Weighted average duration	2020/21	2019/20
Active members	28.0 Years	27.2 years
Deferred pensioners	27.5 Years	27.5 years
Pensioners	13.4 Years	12.4 years
Injury pensions	21.6 Years	19.9 years

### Legal Cases

The Commissioner [Chief Constable], along with other Chief Constables and the Home Office currently has a number of claims in respect of unlawful discrimination arising from transitional provisions in the Police Pension Regulations 2015. The claims against the Police pension scheme (the Aarons case) had previously been stayed behind the McCloud/Sargeant judgement, but a case management was held in Oct 2019, with the resulting Order including an interim declaration that the claimants are entitled to be treated as if they had been given full transitional protection and had remained in their existing scheme after 1 April 2015. Whilst the interim declaration applied only to claimants, the Government made clear through a Written Ministerial Statement on 25 March 2020 that non-claimants would be treated in the same way.

On 16 July 2020, HM Treasury issued a consultation regarding transitional arrangements for public sector pensions to eliminate discrimination as identified through the McCloud/Sargeant cases. This consultation introduced a requirement for members to have been members of the scheme on or before 31 March 2012 and on or after 1 April 2015 to be eligible for remedy.

On 4 February 2021, HM Treasury issued their response to the consultation which confirmed the remedy arrangements set out in the consultation, and states that members would be given a choice as to whether to retain benefits from their legacy pension scheme, or their new scheme, during the remedy period (2015-2022). This choice will be deferred for members until retirement. As the findings of the original Employment Tribunal did not identify that the

introduction of the new public sector pension schemes were discriminatory (rather it was the transitional provisions), the legacy schemes will be removed from April 2022 to be replaced by the new pension schemes originally introduced in 2015.

### **Impact on pension liability**

Allowing for all eligible members to accrue benefits from their legacy scheme during the remedy period would lead to an increase in the Police Pension Scheme liabilities. For the Commissioner of Police for the Metropolis, this effects approximately 28,000 members. Scheme actuaries originally estimated the increase in scheme liabilities for the Commissioner of Police for the Metropolis to be 4.4% or £1.4bn of pension scheme liabilities. This was recognised in the 2018-19 accounts. In 2019/20, the estimated increase was a further £100m reflecting an additional years benefits from the remedy and a reduction resulting from the eligibility criteria for members set out in HM Treasury's consultation. In 2020/21, the estimated increase is a further c£350m reflecting an additional years benefits from the remedy.

The impact of an increase in scheme liabilities arising from McCloud/Sargeant judgement will be measured through the pension valuation process, which determines employer and employee contribution rates. The next Police Pension valuation is due to be reported in 2023/24, although this timetable is subject to change.

The impact of an increase in annual pension payments arising from McCloud/Sargeant is determined through the Police Pension Fund Regulations 2007. These require a police authority to maintain a pension fund into which officer and employer contributions are paid and out of which pension payments to retired officers are made. If the police pension fund does not have sufficient funds to meet the cost of pensions in year the amount required to meet the deficit is then paid by the Secretary of State to the police authority in the form of a central government top-up grant.

### **Compensation Claims**

Claimants have lodged claims for compensation. Test cases for these claims are due to be heard by the Employment Tribunal in December 2021. Claims for financial losses are currently stayed as consideration is given to the HM Treasury consultation response. As at 31 March 2021, it is not possible to reliably estimate the extent or likelihood of these claims being successful, and therefore no liability in respect of compensation claims is recognised in these accounts.

### **Guaranteed Minimum Pension**

In respect of Guaranteed Minimum Pension, the actuary has only allowed for Guaranteed Minimum Pension full indexation for active members. No adjustment has been made for pensioners and deferred members. Given the inherent uncertainty surrounding the calculations, we have deemed that this is a reasonable approach and would not lead to a material adjustment to the pension liability.

## **12.2 Police staff**

The Civil Service pension scheme is an unfunded multi-employer defined benefit scheme (see accounting policies Note 2.7 for details of membership). The Group is unable to identify its share of the underlying assets and liabilities with the result that under IAS 19 the scheme is accounted for as a defined contribution scheme with the cost of pension contributions into the scheme recognised in the Accounts but no share of scheme assets or liabilities recognised on the Balance Sheet.

A full actuarial valuation was carried out at 31 March 2016. More information can be found in the Cabinet Office: Civil Superannuation Accounts:

<https://www.civilservicepensionscheme.org.uk/about-us/resource-accounts/>

For the year ended 31 March 2021, employer's contributions of £115.8 million were payable to the Cabinet Office at one of four rates in the range 26.6 to 30.3 percent of pensionable pay, based on salary bands. In the year to 31 March 2021, the net cost of pensions amounted to

£117.6 million, representing 26.9% of pensionable pay. The CPM is not liable for any other entities' obligations under the plan.

## 13. Other operating expenditure

### 13.1 Gains and losses on disposal of non-current assets

The following gains and losses were made on disposal of property (land and building), plant and equipment:

£000	2020/21			2019/20		
	Property	Vehicles	Total	Property	Vehicles	Total
Losses	26,570	2,367	28,937	2,726	1,808	4,534
Gains	(24,170)	(64)	(24,234)	(3,317)	(92)	(3,409)
<b>Net (gain)/loss</b>	<b>2,400</b>	<b>2,303</b>	<b>4,703</b>	<b>(591)</b>	<b>1,716</b>	<b>1,125</b>

The gains and losses on disposal of assets, as disclosed above, exclude all minor proceeds below £10,000 from the sale of vehicles that have reached the end of their useful economic life.

## 14. Non-specific grant income

The Greater London Authority precepts London Boroughs for Council Tax and receives Police Formula Grant, Police Revenue Grant and Council Tax Support Grant directly from central government. The central funding allocated and the police precept for the year ended 31 March 2021 was:

£000	2020/21	2019/20
Retained Business Rates	(118,679)	(219,979)
Formula Grant	(807,449)	(754,183)
Police Precept	(777,054)	(743,684)
Police Revenue Grant	(1,121,398)	(1,053,263)
Council Tax Support	(119,676)	(119,676)
<b>Total</b>	<b>(2,944,256)</b>	<b>(2,890,785)</b>

### 14.1 Capital grants

The Group recognises capital grants through the CIES when conditions attached to them have been met or where no conditions have been attached.

£000	2020/21	2019/20
Capital grants	(34,787)	(39,729)

## 15. Specific grants

The Group received the following grants for specific operational activities:

£000	2020/21	2019/20
Home Office - Counter Terrorism	(371,855)	(364,383)
Home Office - CT Protective Security Grant	(157,763)	(148,429)
Ministry of Justice - Victim Services	(18,119)	(11,605)
Home Office - Specific Operational Projects	(210,865)	(144,511)
Miscellaneous grants	(53)	(42)
Partnership Funding	(12,995)	(13,087)
<b>Total</b>	<b>(771,650)</b>	<b>(682,057)</b>

## 16. Group and MOPAC non current assets at 31 March 2021

£000	Property	Plant and equipment	Assets under construction	Surplus Assets	Sub total	Heritage assets	Investment properties	Intangible assets	Total
<b>Re-stated Cost or valuation at 1 April 2020</b>	<b>2,008,979</b>	<b>545,228</b>	<b>353,550</b>	<b>18,514</b>	<b>2,926,271</b>	<b>1,321</b>	<b>6,489</b>	<b>12,539</b>	<b>2,946,620</b>
Reclassifications (transfers)	172,067	66,490	(239,010)	0	(453)	0	0	0	(453)
Transfer assets held for sale	(2,244)	0	0	(780)	(3,024)	0	0	0	(3,024)
Additions	0	34,914	293,357	0	328,271	0	0	0	328,271
Donated assets/ other	0	0	0	0	0	0	0	0	0
Disposals	(69,997)	(83,082)	975	(1,145)	(153,249)	0	0	(3,178)	(156,427)
Impairment	0	0	(8,213)	0	(8,213)	0	0	0	(8,213)
Revaluation movements through CIES	(67,731)	0	0	9	(67,722)	0	(64)	0	(67,786)
Revaluation movements in reserves	(95,812)	0	0	3,208	(92,604)	0	0	0	(92,604)
<b>Cost or valuation at 31 March 2021</b>	<b>1,945,262</b>	<b>563,550</b>	<b>400,659</b>	<b>19,806</b>	<b>2,929,277</b>	<b>1,321</b>	<b>6,425</b>	<b>9,361</b>	<b>2,946,384</b>
<b>Depreciation at 1 April 2020</b>	<b>(107,824)</b>	<b>(346,695)</b>	<b>0</b>	<b>(1,161)</b>	<b>(455,680)</b>	<b>(11)</b>	<b>(14)</b>	<b>(9,399)</b>	<b>(465,104)</b>
Depreciation/amortisation for the year	(76,365)	(85,120)	0	(30)	(161,515)	0	0	(1,897)	(163,412)
Redundant depreciation	72,761	31,666	0	40	104,467	0	0	168	104,635
Depreciation on assets sold	16,563	79,817	0	1,145	97,525	0	0	3,179	100,704
Depreciation written out on revaluation recognised in the CIES	0	(6)	0	0	(6)	0	14	0	8
Depreciation on assets held for sale	11	0	0	6	17	0	0	0	17
<b>Depreciation at 31 March 2021</b>	<b>(94,854)</b>	<b>(320,338)</b>	<b>0</b>	<b>0</b>	<b>(415,192)</b>	<b>(11)</b>	<b>0</b>	<b>(7,949)</b>	<b>(423,152)</b>
<b>Net Book Value at 31 March 2021</b>	<b>1,850,408</b>	<b>243,212</b>	<b>400,659</b>	<b>19,806</b>	<b>2,514,085</b>	<b>1,310</b>	<b>6,425</b>	<b>1,412</b>	<b>2,523,232</b>
<b>Re-stated Net Book Value at 31 March 2020</b>	<b>1,901,155</b>	<b>198,533</b>	<b>353,550</b>	<b>17,353</b>	<b>2,470,591</b>	<b>1,310</b>	<b>6,475</b>	<b>3,140</b>	<b>2,481,516</b>

The Group's Property portfolio consists of 85 (89 in 2019/20) police stations, 85 (87 in 2019/20) residential properties, and 251 (279 in 2019/20) other operational buildings including Safer Neighbourhood bases, patrol bases, headquarter buildings and offices. There are also 4 (4 in 2019/20) investment properties. The Group also operates 5,970 (5,567 in 2019/20) patrol cars, motorbikes and other vehicles, 49 (26 in 2019/20) boats including inflatables and dinghies.

## 16. Group and MOPAC non current assets at 31 March 2020

£000	Property	Plant and equipment	Assets under construction	Surplus Assets	Sub total	Heritage assets	Investment properties	Intangible assets	Total
Cost or valuation at 1 April 2019	2,012,091	984,525	259,586	72,984	3,329,186	1,321	9,029	12,539	3,352,075
Prior period adjustment (see Note 16.2)	0	(27,632)	27,632	0	0	0	0	0	0
<b>Re-stated Cost or valuation at 1 April 2019</b>	<b>2,012,091</b>	<b>956,893</b>	<b>287,218</b>	<b>72,984</b>	<b>3,329,186</b>	<b>1,321</b>	<b>9,029</b>	<b>12,539</b>	<b>3,352,075</b>
Reclassifications (transfers)	54,345	65,209	(118,329)	(1,225)	0	0	0	0	0
Transfer assets held for sale	0	(3,690)	0	(58,034)	(61,724)	0	0	0	(61,724)
Additions	1,185	85,199	163,424	0	249,808	0	0	0	249,808
Donated assets/ other	0	0	0	0	0	0	0	0	0
Disposals	(56,273)	(528,982)	0	0	(585,255)	0	0	0	(585,255)
Impairment	0	0	(8,164)	0	(8,164)	0	0	0	(8,164)
Revaluation movements through CIES	(31,715)	0	0	(198)	(31,913)	0	(2,540)	0	(34,453)
Revaluation movements in reserves	29,346	0	0	4,987	34,333	0	0	0	34,333
Prior period adjustment - additions (see Note 16.2)		(29,401)	29,401						
<b>Re-stated Cost or valuation at 31 March 2020</b>	<b>2,008,979</b>	<b>545,228</b>	<b>353,550</b>	<b>18,514</b>	<b>2,926,271</b>	<b>1,321</b>	<b>6,489</b>	<b>12,539</b>	<b>2,946,620</b>
Depreciation at 1 April 2019	(153,735)	(782,737)	0	(713)	(937,185)	(11)	(14)	(7,270)	(944,480)
Depreciation/amortisation for the year	(77,206)	(94,856)	0	(2,583)	(174,645)	0	0	(2,129)	(176,774)
Redundant depreciation	67,928	0	0	2,690	70,618	0	0	0	70,618
Depreciation on assets sold	53,405	527,420	0	0	580,825	0	0	0	580,825
Depreciation on transferred assets	1,784	3,478	0	(555)	4,707	0	0	0	4,707
<b>Depreciation at 31 March 2020</b>	<b>(107,824)</b>	<b>(346,695)</b>	<b>0</b>	<b>(1,161)</b>	<b>(455,680)</b>	<b>(11)</b>	<b>(14)</b>	<b>(9,399)</b>	<b>(465,104)</b>
<b>Re-stated Net Book Value at 31 March 2020</b>	<b>1,901,155</b>	<b>198,533</b>	<b>353,550</b>	<b>17,353</b>	<b>2,470,591</b>	<b>1,310</b>	<b>6,475</b>	<b>3,140</b>	<b>2,481,516</b>
<b>Re-stated Net Book Value at 31 March 2019</b>	<b>1,858,356</b>	<b>174,156</b>	<b>287,218</b>	<b>72,271</b>	<b>2,392,001</b>	<b>1,310</b>	<b>9,015</b>	<b>5,269</b>	<b>2,407,595</b>

As part of a data cleanse exercise, a number of assets delivering no service potential have been identified and de-recognised from the fixed asset register. These have a zero net book value, but gross cost and accumulated depreciation of £508m. The de-recognition has been recorded within disposals in Note 16.

### 16.1 Basis of valuation

MOPAC's operational property was revalued as at 30 September 2020 as a part of the revaluation programme. For the revaluation programme 20% of the assets are physically inspected as well as the top 20 properties by value. The remaining 80% are revalued on a desktop basis. This approach is part of a rolling programme of revaluations that is conducted by Montagu Evans (member of the Royal Institute of Chartered Surveyors) ensuring that all operational land and buildings within the estate are subject to inspection and revaluation at least once every five years.

The residential and investment property portfolios were also revalued as at 30 September 2020 as a part of the revaluation programme. Again 20% of the assets are physically inspected each year whilst 80% are revalued on a desktop basis. This rolling programme of residential revaluations is performed by Montagu Evans ensuring that all of the residential properties are subject to inspection and revaluation at least once every five years.

To assess price movements and other adjustments between 1 October 2020 and the 31 March 2021 the valuer also provided an assessment of the valuations as at 31 March 2021, based on a desk top exercise, to confirm that the valuations provided were still materially sound. Valuations are always carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

The information provided by MOPAC to the valuers and the assumptions and valuations made by the valuers are reviewed by the Property Services Team throughout the valuation process.

Investment properties and surplus assets were revalued as at 30 September 2020 using the IFRS 13 Fair Value market approach. The IFRS 13 Fair Value market approach uses prices and other relevant information (inputs) generated by market transactions involving similar properties and applies the valuer's professional judgment in accordance with the RICS Valuation - Professional Standards 2014 published by the Royal Institution of Chartered Surveyors.

The IFRS 13 on Fair Value includes a fair value hierarchy that categorises the inputs to valuation techniques used to measure fair value into three (input) levels:

**Level 1:** Observable quoted prices, in active markets;

**Level 2:** Quoted prices are not available but fair value is based on observable market data;

**Level 3:** Unobservable inputs.

London property market conditions are such that similar properties are actively purchased and sold and the level of observable inputs are significant; hence we have categorised the valuations of our investment portfolio as Level 2 inputs in the fair value hierarchy.

At 31 March 2021 the group carrying value of investment properties was £6.4 million, (2020 £6.5 million).

The Group's policy is to recognise transfers within fair value hierarchy levels at the valuation date or the date of event or change in circumstance that caused the transfer. There have been no transfers during the period.

Buildings under construction and other property works are valued on the basis of the associated land value plus the cumulative construction costs incurred at 31 March 2021.

Short life assets such as vehicles, plant, furniture and equipment are included at net depreciation cost. Heritage assets have been included in the Balance Sheet following valuations placed on them by internal and external valuers. These consist of pictures, medals, vehicles,



furniture and museum pieces, which are at present in long-term storage, which have been gifted over many years.

During the year, transfers of £239 million were made for those assets under construction, which were completed and became operating assets.

## 16.2 Prior Period Adjustment

An adjustment to gross cost has been made in the prior period as a result of a misclassification of assets between plant and equipment and assets under construction. For 2019-20, the re-statement has:

- Increased opening gross cost for assets under construction by £27.6m;
- Reduced opening gross cost for plant and equipment by £27.6m;
- Increased additions for assets under construction by £29.4m;
- Reduced additions for plant and equipment by £29.4m.

As a result, opening gross cost for assets under construction at 1 April 2020 have increased by £57m. Similarly, gross cost for plant and equipment at 1 April 2020 have decreased by £57m. There is no restatement of the Balance Sheet required as the restatement related only to a misclassification between asset classes.

## 16.3 Redundant depreciation

Accumulated depreciation is eliminated when an asset is re-valued. This is because depreciation is an estimate of changes in value relating to the consumption of assets whose cumulative effect is confirmed or overwritten by a formal valuation reflecting the actual condition of the property at the valuation date.

The estimates of depreciation are therefore made redundant by the valuation, and offset against the Revaluation Reserve. Redundant depreciation of £104.6 million is shown in Note 16.

## 16.4 Impairment

Management has considered the condition of Non-Current Assets and concluded that there is no indication that any material impairment is needed to be recognised for this financial year.

## 16.5 Capital Financing Requirement

The total amount of capital expenditure incurred in the year is shown in the table below, together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Group, the expenditure results in an increase in the Capital Financing Requirement, a measure of the capital expenditure incurred historically by MOPAC that has yet to be financed.

£000	2020/21	2019/20
Opening Capital Financing Requirement	834,593	693,228
Capital Investment		
Property	0	1,185
Plant and equipment	34,914	85,199
Intangible assets		0
Assets under construction	293,358	163,423
Investment properties		
Sources of finance		
Capital receipts	(77,579)	(11,804)
Government grants and other contributions	(31,915)	(52,541)
Sums set aside from revenue:		

Direct revenue contributions	(11,268)	(10,852)
Minimum Revenue Provision	(48,628)	(33,245)
<b>Closing Capital Financing Requirement</b>	<b>993,475</b>	<b>834,593</b>
<b>Explanation of movements in year</b>		
(Decrease)/increase in underlying need to borrow (supported by government financial assistance)	(10,452)	(10,888)
(Decrease)/Increase in underlying need to borrow (unsupported by government financial assistance)	175,377	157,504
(Decrease)/increase in underlying need to borrow for PFI and Finance Lease assets	(6,044)	(5,251)
<b>Increase in Capital Financing Requirement</b>	<b>158,881</b>	<b>141,365</b>

The Local Authorities (Capital Finance and Accounting) (England) Regulations 2003, as amended by the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008, require MOPAC to charge to the MIRS a prudent level of Minimum Revenue Provision (MRP) for the redemption of debt. For the year ended 31 March 2021 MOPAC has made an MRP charge based on:

- the capital financing requirement method for all borrowing prior to 1 April 2008 and for any borrowing supported through the revenue grant settlement since 1 April 2008, and
- the asset life method for all unsupported borrowing undertaken since 1 April 2008 as permitted by the flexibilities provided under the Prudential Code.

## 16.6 PFI assets

These assets form part of the Property category within Note 16. There are two PFI contracts which together constitute the Group's PFI assets. One is for the provision of a firearms training facility and public order training facility, including the provision of all necessary structures, accommodation, support services and equipment. The Agreement is for a period of 25 years commencing January 2003 and includes for a price review of defined services every 5 years. At the end of the 25 year period the facility will be handed to the Group with the obligation of the Contractor to leave the training facility in 'working order'.

The other PFI contract is for the provision of four police stations across south east London including the provision of all necessary structures, office accommodation, support services and equipment. The Agreement is for a period of 25 years commencing January 2004 and provides for a price review of defined services every 5 years. At the end of the 25 year period the stations will be returned to the operator at no cost, or new leases could be negotiated.

The table below shows the value of training establishment and police station PFIs which are included in MOPAC Balance Sheet broken down by movements in year.

£000	2020/21	2019/20
<b>Balance as at 1 April</b>	<b>121,271</b>	<b>118,577</b>
Additions	418	0
Depreciation for year	(14,145)	(13,233)
Redundant depreciation	15,771	11,609
Transfer from work in progress	0	0
Revaluation movement	(7,246)	4,318
<b>Balance as at 31 March</b>	<b>116,069</b>	<b>121,271</b>

## 16.7 Payment analysis

The PFI agreements impose 25 year commitments on the Group from occupation and use of the facilities from 2003 and 2004. The unitary payments to be made under the PFI contracts as at 31 March 2021 are shown below. PFI liabilities are shown in Note 28.1

Payment Analysis 2020/21				
£000	Liability	Interest	Service charge	Total
Within 1 year	6,324	11,242	13,107	30,673
2 to 5 years	27,377	42,511	57,892	127,780
6 to 10 years	26,724	30,560	30,485	87,769
11 to 15 years	0	0	0	0
<b>Total</b>	<b>60,425</b>	<b>84,313</b>	<b>101,484</b>	<b>246,222</b>

Payment Analysis 2019/20				
£000	Liability	Interest	Service charge	Total
Within 1 year	5,784	11,194	13,038	30,016
2 to 5 years	24,245	41,777	62,054	128,076
6 to 10 years	36,180	42,537	48,885	127,602
11 to 15 years	0	0	0	0
<b>Total</b>	<b>66,209</b>	<b>95,508</b>	<b>123,977</b>	<b>285,694</b>

## 16.8 Leases

### MOPAC as lessee

#### Operating leases

The Group has acquired a large and diverse portfolio of property leases, for example, office accommodation, police stations and patrol bases. In addition the Group leases include many safer neighbourhood offices, most of which have 10 year lives. In the year to 31 March 2021, the Group spent £20.7 million on operating leases for property and £0.3 million on operating leases for vehicles, most of which have 3 year lives. The lease payments due under non-cancellable leases in future years are:

£000	31 March 2021		31 March 2020	
	Property	Vehicles	Property	Vehicles
<b>Operating leases</b>				
Not later than 1 year	7,772	210	10,541	206
Later than 1 year and not later than 5 years	17,702	44	26,494	226
Later than 5 years	7,715	0	12,267	0
<b>Total</b>	<b>33,189</b>	<b>254</b>	<b>49,302</b>	<b>432</b>

#### Finance leases

The Group does not have any finance leases for vehicles, plant, or equipment. Following the adoption of IAS 17 the Group reviewed all existing property leases to evaluate the leases as at 31 March 2021 in order to determine whether they are a finance lease or an operating lease for land

and/or for building. There are, in total, five property leases for which the building element is classified as a finance lease. The movements for the current year are shown below:

£000	2020/21	2019/20
Opening value 1 April	88,784	82,226
Additions	29,326	369
Revaluations	(25,846)	2,613
Disposal	0	(322)
Depreciation	(7,919)	3,898
<b>Net carrying value 31 March</b>	<b>84,345</b>	<b>88,784</b>

The Group is committed to making minimum payments under these leases comprising settlement of the long-term liability for the interest in the property acquired and finance costs that will be payable in future years while the liability remains outstanding.

The minimum lease payments do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. In 2020/21 £1.2 million contingent rents were paid by the Group.

The minimum lease payments are made up of the following amounts:

£000	31 March 2021	31 March 2020
Current liability	284	259
Long term liability	6,569	6,854
Finance costs payable in future years	15,343	16,026
<b>Total of minimum lease payments (Net Present Value)</b>	<b>22,196</b>	<b>23,139</b>

The minimum lease payments payable over the following periods are:

£000	Minimum lease payments		Finance lease liabilities	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
Not later than 1 year	942	942	284	259
Later than 1 year and not later than 5 years	2,980	3,295	565	814
Later than 5 years	18,274	18,902	6,004	6,040
<b>Total</b>	<b>22,196</b>	<b>23,139</b>	<b>6,853</b>	<b>7,113</b>

### Group as lessor

#### Operating leases

The Group leases out various interests in properties, including office space and short term leases for several blocks of flats classified as investment properties. The Group received rents amounting to £2.1 million (£2.3 million in 2019/20). The current lease payments receivable under non-cancellable leases in future years are:

£000	2020/21	2019/20
Not later than 1 year	117	254
Later than 1 year and not later than 5 years	463	1,017
Later than 5 years	1,158	1,758
<b>Total</b>	<b>1,738</b>	<b>3,029</b>

The Group has not granted any finance leases.

### 16.9 Component assets

The Group records a number of components in its fixed asset register consisting of assets in its PFI training establishment and a floating fuel facility as a component of a boat yard. All components have 15 years life spans, however as the total value is not considered significant, the assets have not been disclosed separately on the Balance Sheet.

### 16.10 Heritage assets

The Group looks after heritage assets which are recognised on the Balance Sheet (see note 16). Heritage Assets were donated or purchased and are held at valuation as a proxy for historical cost. In applying the accounting policy, the Group has identified that the assets have a value of £1.3 million.

The Group maintains a large museum collection including paintings, police clothing, helmets, medals, and records, a selection of which are on display to the public at the Met Collection, Empress State Building. All of these items were valued in 2008/09 by an independent valuer and are currently held on the Balance Sheet at a value of £1.25 million.

The Group owns an historic vehicle fleet consisting of 16 vehicles, currently housed at a secure garage at Hendon. They are not operational but are used in public events and maintained as part of MOPAC fleet. They are currently held on the Balance Sheet at a value of £60,000.

### 16.11 Future capital expenditure commitments

£000	2021/22 and later years	2020/21 and later years
IT Projects	46,332	56,042
Building Works	53,399	107,887
Vehicles, Plant and Equipment	9,686	3,071
<b>Total</b>	<b>109,417</b>	<b>167,000</b>

## 17. Interest in subsidiaries

On 26 March 2018 the Group acquired the entire issued share capital of Empress Holdings Limited and its subsidiaries (“Empress Holdings Group”) which holds the freehold interest in the Empress State Building. The intention of this was to facilitate the purchase of ESB.

On 3 April 2018 the beneficial interest in Empress State Building was transferred to MOPAC. Empress State Building has been classified under Property, Plant and Equipment in the MOPAC single entity accounts at 31 March 2021.

In 2020/21 these companies were placed in liquidation and the final process of winding up the companies is in progress. The net residual interest in the Empress Holdings Group for MOPAC at 31 March 2021 was the issued share capital which is valued at nil, and therefore liquidating the companies has no net impact on the group accounts.

There existed a number of financial instruments between MOPAC and the Empress Holdings Group as set out below. Under IAS 32, these financial instruments had been offset and the net position (£nil) was recorded in the Balance Sheet of MOPAC. There remain no financial instruments as at 31 March 2021.

£000	2020/21	2019/20
Financial assets - loans receivable	0	250,000
Financial liabilities - promissory notes	0	(250,000)
<b>Total</b>	<b>0</b>	<b>0</b>

## 18. Long term debtors

Long Term Debtors represent income which is receivable more than twelve months from the balance sheet date, relating to the sale of Paddington Green Police Station and Section House.

£000	2020/21	2019/20
Accrued income	17,500	0
<b>Balance per balance sheet</b>	<b>17,500</b>	<b>0</b>

## 19. Assets held for sale

These consist of non current assets which have been authorised for sale by the Group and instruction given to agents for their disposal. The following table shows the movements and year end balances.

£000	2020/21	2019/20
Opening balance	57,017	8,026
Additional assets identified for disposal	3,008	57,017
Revaluation gains (losses)	2,115	0
Assets which are no longer being actively marketed	0	0
Assets disposed in year	(54,045)	(8,026)
<b>Total</b>	<b>8,095</b>	<b>57,017</b>

## 20. Short term debtors

£000	2020/21	2019/20
Trade receivables	22,874	20,042
Prepayments	28,984	21,860
Accrued income	170,488	207,308
Other receivable amounts*	49,151	53,394
<b>Total before impairment loss allowance</b>	<b>271,497</b>	<b>302,604</b>
Impairment loss allowance	(218)	(624)
<b>Balance per balance sheet</b>	<b>271,279</b>	<b>301,980</b>

'Short term debtors' represent assets which are expected to be realised within 12 months after the reporting date.

\*The other receivable amounts balance is mainly made up of reimbursements due from HMRC for VAT incurred of £35.4.m (£40.5m, 2019/20)

## 21. Short term investments

Short term investments are investments that mature in over 3 months and up to one year from the date of acquisition.

£000	2020/21	2019/20
Banks and financial Institutions	21,455	14,630
Residential Mortgage Backed Securities	1,657	0
<b>Total</b>	<b>23,112</b>	<b>14,630</b>

## 22. Cash and cash equivalents

'Cash and cash equivalents' consist of cash in hand, balances with banks, and investments that mature in less than three months from the date of acquisition. Cash and cash equivalents in the cash flow statement comprise the following:

£000	2020/21	2019/20
Banks and financial Institutions	20,489	13,189

## 23. Short term creditors

£000	2020/21	2019/20
Trade payables	(32,215)	(36,745)
Accruals	(370,181)	(248,397)
GRNI	(50,963)	(72,242)
Other payables*	(84,435)	(81,531)
<b>MOPAC Group balance</b>	<b>(537,794)</b>	<b>(438,915)</b>
Intra-group creditor (see Note 6.2)	(207,595)	(127,888)
<b>MOPAC balance</b>	<b>(330,199)</b>	<b>(311,027)</b>

\* The other payables balance is mainly made up of payments to central government totalling £76.7m (£72.3m in 2019/20) in respect of Income Tax, National Insurance, Civil Service and Police Pensions payments.

## 24. Short term borrowing

This amount represents part of certain loans and liabilities which are due for repayment in 12 months or less.

Due for repayment in 12 months or less (£000)	Note	2020/21	2019/20
Public Works Loan Board		(3,761)	(13,600)
Local authorities		0	0
PFI liabilities	28.1	(6,324)	(5,784)
Finance lease liabilities	28.1	(284)	(259)
<b>Balance</b>		<b>(10,369)</b>	<b>(19,643)</b>

## 25. Third party monies

Fund Name £000s 2020/21	Income	Expenditure	Assets	Liabilities
MOPAC Police Property Act Fund	1,886	1,413	18,748	0
MOPAC Detained Monies Account	10,803	7,927	12,635	0
Metropolitan Police Benevolent Fund	2,478	2,721	4,219	367
Metropolitan Police Commissioner's Fund	33	23	658	4
Metropolitan Police Sports Fund	335	360	256	12
Metropolitan Police Staff Welfare Fund	20	15	232	1
Metropolitan Police Athletic Association	1,763	1,296	1,650	167
COMETS	106	84	151	0
<b>Total</b>	<b>17,424</b>	<b>13,839</b>	<b>38,549</b>	<b>551</b>

Fund Name £000s 2019/20	Income	Expenditure	Assets	Liabilities
MOPAC Police Property Act Fund	519	2,052	18,276	0
MOPAC Detained Monies Account	4,679	1,988	9,759	0
Metropolitan Police Benevolent Fund	2,530	2,830	4,439	372
Metropolitan Police Commissioner's Fund	45	30	653	10
Metropolitan Police Sports Fund	372	391	273	5
Metropolitan Police Staff Welfare Fund	21	37	226	1
Metropolitan Police Athletic Association	1,933	1,441	1,596	117
COMETS	72	68	160	15
<b>Total</b>	<b>10,171</b>	<b>8,837</b>	<b>35,382</b>	<b>520</b>

The MOPAC Group administers funds on behalf of third parties. Money held by the funds is not owned by the Group and is not included in the Balance Sheet. The principal funds are described below. Group staff administer the MOPAC Police Property Act Fund and the MOPAC Detained Monies Account on behalf of the Group and the remaining funds on behalf of their respective governing bodies. Details of the principal funds, together with their income and expenditure for their respective financial years, which ended during the 12 months to 31 March 2021 and values at their financial year-end dates, are given above.

### ***MOPAC Police Property Act Fund (MOPAC PPAF)***

Regulations under the Police (Property) Act 1897 and its subsequent amending legislation permit police to retain the proceeds from the disposal of property that comes into police possession in connection with a criminal charge (or suspicion of a criminal offence being committed) where the owner has not been ascertained or no court order has been made. The legislation stipulates that the income be used to meet the cost of the storage and sale of the property with any residual funds being used for charitable purposes in accordance with directions of the Deputy Mayor for Policing And Crime. The MOPAC PPAF is used for this purpose.

### ***MOPAC Detained Monies Account (MOPAC DMA)***

As stated above, until 31 March 2004 the MOPAC PPAF was used to hold for the time being money that had been detained from persons suspected of criminal activity, such money being retained pending a decision as to its disposal. Since 1 April 2004 detained money has been paid into the MOPAC DMA.

### ***Metropolitan Police Benevolent Fund (MPBF)***

The following four charities amalgamated on 29 May 2009, with the agreement of the Charity Commission, to become the Metropolitan Police Benevolent Fund:

- Metropolitan Police Combined Benevolent Fund (MPCBF);
- Metropolitan and City Police Relief Fund (MCPRF);



- Metropolitan Police Widows' and Widowers' Fund (MPWWF);
- Metropolitan Police Convalescent Home Fund (MPCHF).

This registered charity receives monthly contributions from police officers and donations and bequests from members of the public. Financial assistance may be provided by grant or interest-free loan to serving police officers, retired police officers or their dependents considered to be deserving of assistance on account of sickness (whether of themselves or their families) or of injuries received in the discharge of their duties or for other reasons.

Grants to deserving cases among widows and widowers of former police officers are also provided. The cost of a widow's or widower's funeral may be made if the deceased's relatives are unable to afford it.

Part of the contributions deducted from Metropolitan Police Officers pay who support the Metropolitan Police Benevolent Fund are sent to The Police Rehabilitation Centre at Goring-on-Thames which provides residential convalescence facilities to Metropolitan Police officers and to officers from other police forces to help promote a speedy recovery from illness or injury.

### ***Metropolitan Police Commissioner's Fund (MPCF)***

This registered charity was established to help promote the efficiency and wellbeing of Metropolitan Police officers and staff. Although this may be achieved in a variety of ways as defined in the governing document, assistance is invariably in the form of a monetary grant to members of the Metropolitan Police or to Metropolitan Police organisations.

### ***Metropolitan Police Sports Fund (MPSF)***

This registered charity receives monthly contributions from police officers for sporting, athletic and other recreational activities. The major part of the income is distributed to the four principal sports clubs. Financial assistance is also given to various sports and social clubs.

### ***Metropolitan Police Staff Welfare Fund (MPSWF)***

This registered charity provides financial assistance to members and past members of police staff, their families and dependants who are in need. Financial assistance may be provided by grant or interest-free loan.

### ***Metropolitan Police Athletic Association (MPAA)***

The MPAA is the umbrella organisation for 40 sporting sections of the Metropolitan Police. Each section is individually run but do receive assistance from the Association for its activities.

### ***Metropolitan Police Sports and Social Association (COMETS)***

The Comets (Metropolitan Police Sports and Social Association) have several sporting and social sections. All funds for the Comets are generated from Membership Subscriptions and a Lottery. Membership is open to all Metropolitan Police employees.

### ***Operational responsibilities***

MOPAC also holds monies on behalf of third parties arising from its operational responsibilities. The cash amounts, not included in the Balance Sheet, are as follows:

£000	2020/21	2019/20
Proceeds Of Crime Act monies	53,273	37,078
Prisoners' property and lost cash	4,039	2,637
Other	902	830
<b>Total</b>	<b>58,214</b>	<b>40,545</b>

In addition, MOPAC also holds non cash assets which are not valued in the above table. The prisoners' property and lost cash relates to the total amount held in property stores at 31 March 2021 and has therefore been stated separately from the Police Property Act Fund value.

## 26. Provisions

### 26.1 Short term provisions

£000	Third party liabilities	Other provisions	Total
<b>Balance at 1 April 2019</b>	<b>(9,421)</b>	<b>(5,084)</b>	<b>(14,505)</b>
Additional provisions made in 2019/20	(12,101)	(1,000)	(13,101)
Amounts used in 2019/20	9,421	565	9,986
Reduction in provisions made in 2019/20	0	452	452
Transfer to/(from) long term	(789)	(33)	(822)
<b>Balance at 31 March 2020</b>	<b>(12,890)</b>	<b>(5,100)</b>	<b>(17,990)</b>
Additional provisions made in 2020/21	(11,319)	(4,311)	(15,630)
Amounts used in 2020/21	12,890	0	12,890
Reduction in provisions made in 2020/21	0	0	0
Transfer to/(from) long term	(2,684)	4,100	1,416
<b>Balance at 31 March 2021</b>	<b>(14,003)</b>	<b>(5,311)</b>	<b>(19,314)</b>

### 26.2 Long term provisions

£000	Third party liabilities	Other provisions	Total
<b>Balance at 1 April 2019</b>	<b>(9,421)</b>	<b>(4,565)</b>	<b>(13,986)</b>
Additional provisions made in 2019/20	(10,991)	0	(10,991)
Reduction in provisions made in 2019/20	0	0	0
Amounts used in 2019/20	7,916	0	7,916
Transfer to/(from) short term	789	33	822
<b>Balance at 31 March 2020</b>	<b>(11,707)</b>	<b>(4,532)</b>	<b>(16,239)</b>
Additional provisions made in 2020/21	(10,283)	0	(10,283)
Reduction in provisions made in 2020/21	0	0	0
Amounts used in 2020/21	6,585	0	6,585
Transfer to/(from) short term	2,684	(4,100)	(1,416)
<b>Balance at 31 March 2021</b>	<b>(12,721)</b>	<b>(8,632)</b>	<b>(21,353)</b>

MOPAC seeks to make provision for realistic estimates of the future settlement of known liabilities in respect of legal compensation and accident claims that are not covered by insurance. Accordingly a provision has been created for £26.7 million (of which £12.7m is long term). At 31 March 2020 the value of this provision was £24.6 million (of which £11.7m was long term). Over the course of the year agreed claims have been paid from this account totalling £19.5million.

Other provisions total £13.9 million and consist of:

- A provision of £8.2 million in respect of other legal claims;
- A provision for officer injury awards of £4.5 million;
- A provision of £1.2m in respect of other employee related costs;

## 27. Long term borrowing

These are loans from the Public Works Loans Board (PWLB). They are raised to support capital expenditure on MOPAC assets, and are analysed below:

£000	2020/21	2019/20
Loans	(287,750)	(289,350)
Analysis of loans by maturity:		
Between 1 and 2 years	(6,600)	(1,600)
Between 2 and 5 years	(9,000)	(10,000)
Between 5 and 10 years	(12,000)	(17,500)
Over 10 years	(260,150)	(260,250)

## 28. Long term contractor liability

This liability covers that relating to PFI contracts and finance lease contracts.

£000	2020/21	2019/20
PFI liability	(54,101)	(60,425)
Finance lease liability	(6,569)	(6,854)
<b>Balance at 31 March</b>	<b>(60,670)</b>	<b>(67,279)</b>

### 28.1 PFI and finance lease contracts

Analysis of contractor liabilities between short term and long term.

£000	2020/21 PFI liability	2019/20 PFI liability	2020/21 Finance lease liability	2019/20 Finance lease liability
Balance as at 1 April	(66,210)	(71,224)	(7,112)	(7,349)
Net movement in year	5,784	5,014	259	236
<b>Total liability</b>	<b>(60,426)</b>	<b>(66,210)</b>	<b>(6,853)</b>	<b>(7,113)</b>
<b>Classified as:</b>				
Short term liability	(6,324)	(5,784)	(284)	(259)
Long term liability	(54,101)	(60,425)	(6,569)	(6,854)

## 29. Reserves

The reserves of MOPAC have been presented to show a clear distinction between accounting reserves that are unusable and cannot be used to support expenditure and usable reserves.

### 29.1 Unusable reserves

Movements on unusable reserves - Group and MOPAC 2020/21						
£000	Revaluation reserve	Capital adjustment account	Accumulated absences account	Police officer pension	Deferred capital receipts	Total
Balance as at 1 April 2020	(624,052)	(1,077,816)	127,888	30,948,200	(158)	29,374,062
Upward revaluation of assets	(13,586)	0	0	0	0	(13,586)
Difference between fair value and historic cost depreciation	54,017	(54,017)	0	0	0	0
Accumulated gains on assets disposed	49,564	(49,564)	0	0	0	0
Other capital adjustments	0	0	0	0	0	0
Downward revaluation of assets and impairment losses not charged to the CIES	0	0	0	0	0	0
Statutory provision for financing capital investment charged against CIES (MRP)	0	(48,628)	0	0	0	(48,628)
Revaluation losses/(gains) on L&B	0	75,834	0	0	0	75,834
Depreciation and impairment	0	161,515	0	0	0	161,515
Amortisation of intangible assets	0	1,897	0	0	0	1,897
Movements in market value of investment property	0	50	0	0	0	50
Amounts written out on disposal	0	109,768	0	0	0	109,768
Capital grants and contributions credited to CIES applied to capital finance	0	(23,798)	0	0	0	(23,798)
Application of grants from capital grants unapplied account	0	(8,118)	0	0	0	(8,118)
Use of capital receipts reserve	0	(77,579)	0	0	0	(77,579)
Capital expenditure charged against CIES	0	(11,268)	0	0	0	(11,268)
Movement of reserves	0	0	79,707	10,172,800	(26,250)	10,226,257
Donated assets	0	0	0	0	0	0
Transfer of deferred sale proceeds credited as part of the gains/loss on disposal to the CIES	0	0	0	0	158	158
<b>Balance as at 31 March 2021</b>	<b>(534,057)</b>	<b>(1,001,724)</b>	<b>207,595</b>	<b>41,121,000</b>	<b>(26,250)</b>	<b>39,766,564</b>

<b>Movements on unusable reserves - Group and MOPAC 2019/20</b>						
<b>£000</b>	<b>Revaluation reserve</b>	<b>Capital adjustment account</b>	<b>Accumulated absences account</b>	<b>Police officer pension</b>	<b>Deferred capital receipts</b>	<b>Total</b>
<b>Balance as at 1 April 2019</b>	<b>(550,997)</b>	<b>(1,168,959)</b>	<b>108,139</b>	<b>33,472,600</b>	<b>(634)</b>	<b>31,860,149</b>
Upward revaluation of assets	(104,951)	0	0	0	0	(104,951)
Difference between fair value and historic cost depreciation	29,633	(29,633)	0	0	0	0
Accumulated gains on assets disposed	2,263	(2,263)	0	0	0	0
Other capital adjustments	0	0	0	0	0	0
Downward revaluation of assets and impairment losses not charged to the CIES	0	0	0	0	0	0
Statutory provision for financing capital investment charged against CIES (MRP)	0	(33,245)	0	0	0	(33,245)
Revaluation losses/(gains) on L&B	0	31,913	0	0	0	31,913
Depreciation and impairment	0	182,445	0	0	0	182,445
Amortisation of intangible assets	0	2,129	0	0	0	2,129
Movements in market value of investment property	0	2,540	0	0	0	2,540
Amounts written out on disposal	0	12,454	0	0	0	12,454
Capital grants and contributions credited to CIES applied to capital finance	0	(24,757)	0	0	0	(24,757)
Application of grants from capital grants unapplied account	0	(27,784)	0	0	0	(27,784)
Use of capital receipts reserve	0	(11,804)	0	0	0	(11,804)
Capital expenditure charged against CIES	0	(10,852)	0	0	0	(10,852)
Movement of reserves	0	0	19,749	(2,524,400)	0	(2,504,651)
Donated assets	0	0	0	0	0	0
Transfer of deferred sale proceeds credited as part of the gains/loss on disposal to the CIES	0	0	0	0	476	476
<b>Balance as at 31 March 2020</b>	<b>(624,052)</b>	<b>(1,077,816)</b>	<b>127,888</b>	<b>30,948,200</b>	<b>(158)</b>	<b>29,374,062</b>

### Revaluation Reserve

The Revaluation Reserve was created on 1 April 2007 and records the unrealised revaluation gains on land and buildings arising in the year ended 31 March 2021. This amount is also used for accumulated gains which are removed from this account when re-valued assets are sold and also to amortise the gains over the lives of the assets held at 31 March 2021.

### Capital Adjustment Account

The Capital Adjustment Account provides a balancing mechanism between the different rates at which assets are depreciated under the Code and are financed by capital sources.

### Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Reserves Balance from accruing for unused accumulated absences as at 31 March 2021. Statutory arrangements require that the impact on the General Reserves Balance is neutralised by transfers to or from the Account.

These short term accumulated absences are initially recognised in the CPM Accounts for police staff and officers under the direction of the Commissioner. Equivalent liabilities are however recognised in the MOPAC Balance Sheet offsetting the liabilities in the CPM accounts, to reflect the continuing requirement of MOPAC to provide funds from the Police Fund to meet those liabilities as they fall due.

### Police Officer Pension Reserve

This reserve reflects the actuarially calculated future cost of providing pensions for both serving and non-serving police officers as well as those already in retirement as stipulated by regulations.

### Deferred Capital Receipts Reserve

The Deferred Capital Receipts Reserve holds the gains recognised on the disposal of non current assets but for which cash settlement has yet to take place. Under statutory arrangements, these gains are not treated as usable for financing new capital expenditure until they are backed by cash receipts. When the deferred cash settlement eventually takes place, amounts are transferred to the Capital Receipts Reserve.

## 29.2 Usable capital reserves

£000	Capital Receipts Reserve	Capital Grants Unapplied Account	Total
Balance at 31 March 2019	0	(17,566)	(17,566)
Proceeds of disposals	(11,804)	0	(11,804)
Financing of fixed assets	11,804	27,784	39,588
Capital grants	0	(14,972)	(14,972)
<b>Balance at 31 March 2020</b>	<b>0</b>	<b>(4,754)</b>	<b>(4,754)</b>
Proceeds of disposals	(77,579)	0	(77,579)
Financing of fixed assets	77,579	8,118	85,697
Capital grants	0	(8,118)	(8,118)
<b>Balance at 31 March 2020</b>	<b>0</b>	<b>(4,754)</b>	<b>(4,754)</b>
<b>Net movement for 2019/20</b>	<b>0</b>	<b>12,812</b>	<b>12,812</b>
<b>Net movement for 2020/21</b>	<b>0</b>	<b>0</b>	<b>0</b>

### Usable capital receipts

The use of capital receipts is regulated by Part 1 of the Local Government Act 2003 and the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003. The receipts can only be used to finance capital expenditure or repay debt.

### Capital Grants Unapplied

This reserve contains grants monies where no conditions exist or whose conditions have been satisfied and where the related expenditure has not yet been incurred.

### 29.3 Usable earmarked revenue reserves

As part of our work to create and publish a MPS / MOPAC Reserves Strategy we undertook a fundamental review of reserves in 2020/21. This has involved reviewing each reserve held on the balance sheet and assessing whether it was still required for the original purpose as well as assessing the need for reserves balances for other purposes. The result has been a strategic decision to realign some balances to previously existing or new purposes, as well as presenting our reserves in a format required by the Minister for Policing and the Fire Service.

£000	Balance at 31 March 2019	Transfer to	Transfer from	Balance at 31 March 2020	Transfer to	Transfer from	Balance at 31 March 2021
Supporting OMM and local change	(35,696)	(17,672)	12,730	(40,638)	(26,076)	8,801	(57,913)
Managing the Budget	0	0	0	0	(42,181)	0	(42,181)
Property	(43,169)	(17,318)	0	(60,487)	(15,767)	8,758	(67,496)
Historical public inquires	(5,993)	0	1,201	(4,792)	(814)	1,614	(3,992)
Operational Costs	(11,218)	(21,358)	2,519	(30,057)	(55,194)	4,837	(80,414)
Insurance	(6,680)	0	0	(6,680)	0	0	(6,680)
Other earmarked (POCA)	(6,648)	(132)	737	(6,043)	(3,549)	1,966	(7,626)
Vetting Delays Specifically funded for third parties	(1,100)	0	0	(1,100)	0	368	( 732)
Business Group initiatives	(5,446)	(1,800)	698	(6,548)	0	700	(5,848)
Business Rates	0	(118,600)	0	(118,600)	0	0	(118,600)
Managing Officer FTEs	(36,200)	(21,900)	0	(58,100)	0	11,300	(46,800)
MOPAC	(16,297)	(9,402)	0	(25,699)	(24,325)	0	(50,024)
<b>Total earmarked reserves</b>	<b>(184,027)</b>	<b>(208,424)</b>	<b>17,885</b>	<b>(374,566)</b>	<b>(168,150)</b>	<b>38,344</b>	<b>(504,372)</b>
Emergencies Contingency Fund	(23,093)	0	0	(23,093)	0	0	(23,093)
General revenue reserve	(23,483)	(17,000)	0	(40,483)	0	4,770	(35,713)
<b>Total General reserves</b>	<b>(46,576)</b>	<b>(17,000)</b>	<b>0</b>	<b>(63,576)</b>	<b>0</b>	<b>4,770</b>	<b>(58,806)</b>
<b>Total MOPAC revenue reserves</b>	<b>(230,603)</b>	<b>(225,424)</b>	<b>17,885</b>	<b>(438,142)</b>	<b>(168,150)</b>	<b>43,114</b>	<b>(563,178)</b>
National functions - NPCC	(445)	0	445	0	0	0	0
National functions - NPoCC	(607)	(182)	0	(789)	(8,454)	0	(9,243)
National functions - Police Reform	(1,306)	0	1,306	0	0	0	0
<b>Total National Functions</b>	<b>(2,358)</b>	<b>(182)</b>	<b>1,751</b>	<b>(789)</b>	<b>(8,454)</b>	<b>0</b>	<b>(9,243)</b>
<b>Total Revenue Reserves</b>	<b>(232,961)</b>	<b>(225,606)</b>	<b>19,636</b>	<b>(438,931)</b>	<b>(176,604)</b>	<b>43,114</b>	<b>(572,421)</b>

#### Supporting OMM and local change

The Supporting OMM and local change reserve is set aside to fund various modernisation programmes including to cover the cost for early departures.

#### Managing the Budget

Reserve created to mitigate against future pressures on the MPS budget.

### **Property related costs**

This covers a reserve for dilapidations to fund future expenditure on properties where the leases have been terminated and a reserve for property related costs which reflect the requirement to provide for the cost of various building related projects as part of our central estates strategy.

### **Historical public inquiries**

The reserves are to fund the provision of resources to respond to requests for information and other requirements arising from the work of the public inquiries.

### **Operational costs**

The Operational costs reserves exist to fund a number of specific operational requirements.

### **Insurance**

To cover our insurance costs in line with the insurance strategy.

### **Business Rates**

The reserve was established to provide forward funding of business rates to support the annual costs of an additional 1,000 officers. The reserve is anticipated to be drawn down equally over the next two years.

### **Managing Officer FTEs**

This reserve was established to enable forward planning on the level of officer FTEs over the medium term by planning for underspends in police pay to be held in reserves and then released in 2020/21 and 2021/22 to maintain officer FTEs at the target level. This gives the MPS a steady officer establishment over the medium term allowing improved operational planning.

### **MOPAC**

MOPAC hold reserves which are allocated towards funding commissioning activities which supports the delivery of the Mayor's Police and Crime Plan priorities.

### **Other reserves**

The following reserves are also held by MOPAC:

- Reserves specifically funded for third parties; and
- Reserves held on behalf of the National police functions, National Police Chief's Council (NPCC) and National Police Coordination Centre (NPoCC).

## **29.4 General revenue reserve**

MOPAC's policy is to have a General Reserve and an Emergency Contingency Fund, the latter of which is to meet unforeseen or emergency expenditure that cannot be contained within the budget.

In 2020/21 the General Reserve component of uncommitted reserves reduced by £4.8m. The combined total of the General Reserve and the Emergency Contingency Fund has reduced from £63.6m at 1st April 2020 to £58.8m the end of March 2021.



### 30. Adjustments between accounting basis and funding basis under regulation.

This note identifies the adjustments that are made to the CIES recognised by the Group in the year in accordance with accounting practice in order to determine the resources that are specified by statutory provisions as being available to the Group to meet future capital and revenue expenditure.

The following adjustments are for 2020/21:

Group and MOPAC £000	General Reserves	Capital receipts reserve	Capital Grants Unapplied Account	Unusable reserves
<b>Adjustments to the CIES</b>				
Pension costs (transferred to (or from) the Pension Reserve)	(1,063,900)	0	0	1,063,900
Holiday pay (transferred to the accumulated absences reserve)	(79,707)	0	0	79,707
Reversal of entries included in the surplus or deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	(347,670)	0	0	349,063
<b>Total adjustments to the CIES</b>	<b>(1,491,277)</b>	<b>0</b>	<b>0</b>	<b>1,492,670</b>
<b>Adjustments between reserves and capital resources</b>				
Transfer of non-current asset sale proceeds from reserves to the capital receipts reserve	103,671	(103,671)	0	0
Deferred sale proceeds	0	26,250	0	(26,250)
Statutory provision for the repayment of debt (transfer to Capital Adjustment Account)	48,628	0	0	(48,628)
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	11,268	0	0	(11,268)
<b>Total adjustment between reserves and capital resources</b>	<b>163,567</b>	<b>(77,421)</b>	<b>0</b>	<b>(86,146)</b>
<b>Adjustments to capital resources</b>				
Use of the Capital Receipts Reserve to finance capital expenditure	0	77,579	0	(77,579)
Application of capital grants to finance capital expenditure	34,787	0	0	(31,915)
Cash payments in relation to deferred capital receipts	0	(158)	0	158
<b>Total capital financing adjustments</b>	<b>34,787</b>	<b>77,421</b>	<b>0</b>	<b>(109,336)</b>
<b>Total adjustments - MOPAC Group</b>	<b>(1,292,923)</b>	<b>0</b>	<b>0</b>	<b>1,297,188</b>
Police pensions	(9,108,900)	0	0	9,108,900
<b>Total - MOPAC</b>	<b>(10,401,823)</b>	<b>0</b>	<b>0</b>	<b>10,406,088</b>

The following adjustments were made in 2019/20:

Group and MOPAC £000	General Reserves	Capital receipts reserve	Capital Grants Unapplied Account	Unusable reserves
<b>Adjustments to the CIES</b>				
Pension costs (transferred to (or from) the Pension Reserve)	(498,300)	0	0	498,300
Holiday pay (transferred to the accumulated absences reserve)	(19,749)	0	0	19,749
Reversal of entries included in the surplus or deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	(231,481)	0	0	231,481
<b>Total adjustments to the CIES</b>	<b>(749,530)</b>	<b>0</b>	<b>0</b>	<b>749,530</b>
<b>Adjustments between reserves and capital resources</b>				
Transfer of non-current asset sale proceeds from reserves to the capital receipts reserve	11,328	(11,328)	0	0
Deferred sale proceeds	0	0	0	0
Statutory provision for the repayment of debt (transfer to Capital Adjustment Account)	33,245	0	0	(33,245)
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	10,852	0	0	(10,852)
<b>Total adjustment between reserves and capital resources</b>	<b>55,425</b>	<b>(11,328)</b>	<b>0</b>	<b>(44,097)</b>
<b>Adjustments to capital resources</b>				
Use of the Capital Receipts Reserve to finance capital expenditure	0	11,804	0	(11,804)
Application of capital grants to finance capital expenditure	39,729	0	12,812	(52,541)
Cash payments in relation to deferred capital receipts	0	(476)	0	476
<b>Total capital financing adjustments</b>	<b>39,729</b>	<b>11,328</b>	<b>12,812</b>	<b>(63,869)</b>
<b>Total adjustments - MOPAC Group</b>	<b>(654,376)</b>	<b>0</b>	<b>12,812</b>	<b>641,564</b>
Police pensions	3,022,700	0	0	(3,022,700)
<b>Total - MOPAC</b>	<b>2,368,324</b>	<b>0</b>	<b>12,812</b>	<b>(2,381,136)</b>

## 31. Notes to the cash flow statement

### 31.1 The cash flow for operating activities included interest cash flows:

£000	31 March 2021 Group	31 March 2020 Group	31 March 2021 MOPAC	31 March 2020 MOPAC
<b>Operating activities</b>				
Interest received	(1,307)	(2,382)	(1,307)	(2,382)
Interest paid	9,618	10,175	9,618	10,175
Interest element of finance lease and PFI rental payments	13,090	12,457	13,090	12,457
	<b>21,401</b>	<b>20,250</b>	<b>21,401</b>	<b>20,250</b>

**31.2 Adjustments to net surplus or deficit on the provision of services for non-cash movements (Group and MOPAC):**

£000	31 March 2021 Group	31 March 2020 Group	31 March 2021 MOPAC	31 March 2020 MOPAC
Depreciation of non-current assets	(161,515)	(174,282)	(161,515)	(174,282)
Impairment and revaluations of non-current assets	(75,834)	(40,076)	(75,834)	(40,076)
Amortisation of intangible assets	(1,897)	(2,129)	(1,897)	(2,129)
Reversal of pension service costs and interest	(1,063,900)	(498,300)	(10,172,800)	2,524,400
(Increase)/decrease in impairment for provision for bad debts	406	29	406	29
(Increase)/decrease in creditors	(98,879)	18,729	(98,879)	18,729
Increase/(decrease) in debtors	(13,451)	13,510	(13,451)	13,510
Increase/(decrease) in inventories	(741)	(1,368)	(741)	(1,368)
Carrying amount of property, plant and equipment, investment property and intangible assets sold	(108,373)	(12,454)	(108,373)	(12,454)
Other non-cash items	(3,616)	(8,278)	(3,616)	(8,278)
	<b>(1,527,800)</b>	<b>(704,619)</b>	<b>(10,636,700)</b>	<b>2,318,081</b>

**31.3 Adjustments for items in the net surplus or deficit on the provision of services that are investing or financing activities:**

£000	31 March 2021 Group	31 March 2020 Group	31 March 2021 MOPAC	31 March 2020 MOPAC
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	77,421	11,328	77,421	11,328
Other items for which the cash effects are investing or financing activities	32,627	39,729	32,627	39,729
Proceeds from short term and long term investments	0	0	0	0
	<b>110,048</b>	<b>51,057</b>	<b>110,048</b>	<b>51,057</b>

**31.4 Cash flows from investing activities:**

£000	31 March 2021 Group	31 March 2020 Group	31 March 2021 MOPAC	31 March 2020 MOPAC
<b>Investing activities</b>				
Purchase of non-current assets	328,271	249,808	328,271	249,808
Purchase of short term and long term investments	29,646	14,630	29,646	14,630
Proceeds from short term and long term investments	(14,630)	(26,304)	(14,630)	(26,304)
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(77,579)	(11,804)	(77,579)	(11,804)
Other receipts from investing activities	(34,333)	(40,095)	(34,333)	(40,095)
	<b>231,375</b>	<b>186,235</b>	<b>231,375</b>	<b>186,235</b>

Other receipts from investing activities is comprised mainly of capital grant receipts totalling £34.3m in 2020/21 (£39.7m in 2019/20)

### 31.5 Cash flows from financing activities:

£000	31 March 2021 Group	31 March 2020 Group	31 March 2021 MOPAC	31 March 2020 MOPAC
<b>Financing activities</b>				
Cash receipts of short and long-term borrowing	0	0	0	0
Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts (principal)	6,044	5,250	6,044	5,250
Repayments of short and long-term borrowing	13,600	13,600	13,600	13,600
	<b>19,644</b>	<b>18,850</b>	<b>19,644</b>	<b>18,850</b>

### 31.6 Reconciliation of liabilities arising from financing activities - Group and MOPAC:

£000	Opening Balance 1 April 2020	Financing cash flows	Acquisition	Other non- cash changes	Closing Balance 31 March 2021
<b>Liabilities</b>					
Long term borrowing	(289,350)	0	0	1,600	(287,750)
Short term borrowing	(13,600)	13,600	0	(3,761)	(3,761)
Lease liabilities	(7,113)	260	0	0	(6,853)
On balance sheet PFI liabilities	(66,210)	5,785	0	0	(60,425)
<b>Total liabilities from financing activities</b>	<b>(376,273)</b>	<b>19,645</b>	<b>0</b>	<b>(2,161)</b>	<b>(358,789)</b>

£000	Opening Balance 1 April 2019	Financing cash flows	Acquisition	Other non- cash changes	Closing Balance 31 March 2020
<b>Liabilities</b>					
Long term borrowing	(302,950)	0	0	13,600	(289,350)
Short term borrowing	(13,600)	13,600	0	(13,600)	(13,600)
Lease liabilities	(7,349)	236	0	0	(7,113)
On balance sheet PFI liabilities	(71,224)	5,014	0	0	(66,210)
<b>Total liabilities from financing activities</b>	<b>(395,123)</b>	<b>18,850</b>	<b>0</b>	<b>0</b>	<b>(376,273)</b>

## 32. Contingent liabilities

There are no material contingent liabilities to disclose.

### 33. Financial instruments

The financial instruments recognised by the Group include creditors and debtors, borrowings, bank deposits, loans and investments. The Group has not given any financial guarantees nor does it hold financial instruments, which are either 'held for trading' or any derivatives. The financial instrument balances disclosed in the Balance Sheet are made up of the following classes of financial instruments:

£000	Non current		Current (within 12 months)	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
<b>Financial Assets: Amortised cost</b>				
Investments	6,534	0	23,112	14,631
Debtors and cash	17,500	0	98,714	101,497
<b>Total financial assets</b>	<b>24,034</b>	<b>0</b>	<b>121,826</b>	<b>116,128</b>
<b>Financial Liabilities: Amortised cost</b>				
Borrowings	(287,750)	(289,350)	(3,760)	(13,600)
PFI and finance lease liabilities	(60,670)	(67,279)	(6,609)	(6,043)
Creditors	0	0	(407,138)	(350,076)
<b>Total financial liabilities</b>	<b>(348,420)</b>	<b>(356,629)</b>	<b>(417,507)</b>	<b>(369,719)</b>

The gains and losses recognised in the CIES in relation to financial instruments are made up as follows:

£000	2020/21	2019/20
<b>Expenses</b>		
Interest expense: financial assets at amortised cost	22,708	22,632
<b>Total expense in (surplus)/deficit on the provision of services</b>	<b>22,708</b>	<b>22,632</b>
<b>Income</b>		
Interest income: financial liabilities at amortised cost	(1,307)	(2,382)
<b>Total income in surplus on the provision of services</b>	<b>(1,307)</b>	<b>(2,382)</b>
<b>Net (gain)/loss for the year</b>	<b>21,401</b>	<b>20,250</b>

Financial liabilities and financial assets (represented by investments, loans and receivables) are carried in the Balance Sheet for the Group at amortised cost.

The investments held at amortised cost include £8.2m of investments in Residential Mortgage Backed Securities (£nil in 2019/20), of which £6.5m is long term (£nil in 2019/20). The investments balance includes the realised gain on the Residential Mortgage Backed Securities during the year. These investments would normally be classified at fair value in the balance sheet which would also include unrealised gains or losses incurred during the year. Due to materiality a judgement has been made to classify these assets at amortised cost in the balance sheet as a proxy for fair value.

## Notes to the Financial Statements

The fair values calculated for financial liabilities and assets are as follows:

£000	2020/21 Carrying amount	Fair value	2019/20 Carrying amount	Fair value
<b><u>Financial liabilities</u></b>				
Borrowings - (Public Works Loan Board)	291,510	339,016	302,950	330,269
PFI and finance lease liabilities	67,279	92,094	73,322	97,739
Creditors	407,138	407,138	350,076	350,076
<b><u>Financial Assets</u></b>				
Investments	29,646	29,646	14,631	14,631
Debtors	116,214	116,214	101,497	101,497

The fair value of the PWLB borrowing is higher than the carrying amount because the Group's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the rates available for similar loans at the Balance Sheet date. This shows a notional future loss as at 31 March 2021 arising from a commitment to pay interest above current market rates.

The fair value of the PFI liabilities is higher than the carrying amount because the Group's liabilities are based on interest rates which are higher than the PWLB new loan rates at the Balance Sheet date. This shows a notional future loss as at 31 March 2021 arising from a commitment to pay interest above current market rates.

Short term creditors, investments and debtors are carried at cost as this is a fair approximation of their value.

The fair value hierarchy of financial liabilities that are not measured at fair value is set out below

31 March 2021				
Recurring Fair Value Measurements Using: £000	Quoted Prices in Active Markets for Identical Assets (Level 1)	Other Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
<b><u>Financial liabilities</u></b>				
<b>Borrowings</b>				
Borrowings-(Public Works Loan Board)	0	339,016	0	339,016
<b>Other long term liabilities</b>				
PFI and finance lease liabilities	0	0	92,094	92,094
<b>Total</b>	<b>0</b>	<b>339,016</b>	<b>92,094</b>	<b>431,110</b>

The fair value for financial liabilities that are not measured at fair value included in levels 2 and 3 in the table above have been arrived at using a discounted cash flow analysis with the most significant inputs being the discount rate.

The fair value for financial assets and financial liabilities that are not measured at fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments, using the following assumptions.

Financial Assets	Financial Liabilities
Where an instrument will mature in the next 12 months, the fair value is taken to be the carrying value.	No early repayment is recognised
For Residential Backed Mortgage Securities which mature after 12 months, the fair value is taken to be the carrying value.	Estimated ranges of interest rates at 31 March 2021 of 0.96% to 2.19% for PWLB loans payable based on PWLB new loan rates.
The fair value of trade and other receivables is taken to be the invoiced or billed amount.	Estimated ranges of interest rates at 31 March 2021 of 0.85% to 2.18% for PFI liabilities based on PWLB new loan rates.
	The fair value of trade and other payables is taken to be the invoiced or billed amount

### 33.1 Nature and extent of risks arising from financial instruments

Risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Day to day risk management is carried out under a shared service arrangement by the GLA Group Treasury Team, under the policy approved by the MOPAC Group and set out in the annual MOPAC Treasury Management Strategy. The Group's activities expose it to a variety of financial risks:

- **Credit risk** - the possibility that other parties might fail to pay amounts due to the Group;
- **Liquidity risk** - the possibility that the Group might not have funds available to meet its commitments to make payments to its suppliers and creditors;
- **Interest rates risk** - Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates;
- **Foreign exchange risk** - Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group does not have any such instruments.

#### Credit risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Group's customers. MOPAC's Treasury Management Strategy is administered and managed by the GLA Group Treasury Team.

#### Credit risk management practices

Credit ratings form the backbone of the investment policy for selecting institutions with which the GLA Group Treasury Team invests surplus funds on MOPAC's behalf, based on knowledge and understanding of the risks involved. Although no combination of ratings can be viewed as fail-safe, the credit criteria for 2020/21 were based on Fitch, Moody's and Standard and Poor's suite of ratings, supported by broader market information. Relevant changes in counterparties' credit standing are reviewed daily, with updates provided by the GLA Group Treasury Team's treasury advisors. Where counterparties' credit standings are downgraded, the relevant investment limits are reduced with immediate effect or, where minimum criteria fail to be met, further investment is suspended. Maximum limits for principal invested with each counterparty are reviewed regularly with reference to relative risk and the Group's cash flow requirements. All the Group's investments are sterling denominated.

At 31 March 2021, 21% of the Group's money market investments and cash were placed with other public bodies or institutions substantially owned by the United Kingdom's government, the remaining 79% were placed with institutions with at least a BBB+ credit rating. Thus, it has been judged that these investments can be categorised as low credit risk. An assessment of the 12 month expected losses for these investments has been carried out by comparing the credit rating of the investment against historic default tables and the resulting expected impairment loss is not significant and therefore a loss has not been recognised in the accounts.

When considering the expected credit loss in relation to trade debtors, the Group has applied the simplified approach therefore the loss allowance recognised in the accounts relates to lifetime expected credit losses. Due to the fact that these receivables have common risk characteristics, a collective assessment of credit risk has been made, using a provision matrix to calculate expected credit losses based on the number of days that the debt is past due. The expected credit loss in relation to trade debtors at 31 March 2021 is £218k (31 March 2020, £624k). This is the only loss allowance recognised in the accounts.

The DMPC has the delegated authority to approve all debt write off that are considered irrecoverable. Debts are not written off until all available recovery options have been exhausted.

	Credit risk rating	Gross Carrying Amount at 31 March 2021
		£000
		A
12 month expected credit losses	AAA	8,313
	AA-	14,522
	A+	11,040
	A	8,257
	A-	5,747
	BBB+	1,679
Simplified approach	Customers (general debtors)	22,874

### Liquidity risk

As the Group has ready access to borrowings from the PWLB, there is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. The Group can also access short term funding from within the GLA Group. The Group did not take any new borrowing during 2020/21. The maturity analysis of all the borrowings is as per Notes 24 and 27.

Additionally, to cover short-term commitments, the Group maintains two instant access accounts. All trade creditors and other payables are due to be paid by the Group in less than one year.

### Interest rate risk

The Group is exposed to risk in terms of its exposure to interest rate movements on its borrowings and investments, however in the short term extreme movements are deemed unlikely. Movements in interest rates have a complex effect on the Group. For instance, a rise in interest rates would have the following effects:

- borrowings at fixed rates - the fair value of the liabilities will fall;



## Notes to the Financial Statements

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- borrowings at variable rate - the interest expenditure debited to the CIES will rise;
- investments at variable rates - the interest income credited to the CIES will rise;
- investments at fixed rates - the fair value of the assets will fall.

Borrowings are not carried at fair value, so nominal gains and losses on fixed rate borrowings would not impact on the CIES. However, changes in interest receivable on variable rate investments will be posted to the CIES and will affect the General Reserves Balance.

## Police officer pension fund

### 1. Police officer pension fund revenue account

The Commissioner is responsible for administering the Police Pension Fund in accordance with the Police Reform and Social Responsibility Act 2011. This statement shows income and expenditure for the three Police Pension Schemes for 2020/21 and 2019/20. The statement does not form part of the CPM or the MOPAC Group Statement of Accounts.

£000	Notes	2020/21	2019/20
<b>Contributions receivable</b>			
• Employer contributions	4.1	(374,029)	(349,709)
• Additional income	4.3	(1,822)	(4,524)
Transfers in from other schemes	4.2	(3,947)	(3,337)
Officers' contributions	4.4	(162,170)	(151,651)
<b>Net Income</b>		<b>(541,968)</b>	<b>(509,221)</b>
<b>Benefits payable</b>			
Pensions paid		710,151	689,456
Lump sum payments		124,465	167,400
Lump sum death payments		1,766	2,027
Other payments	4.6	1,426	998
Transfers out to other schemes	4.2	1,390	821
<b>Net expenditure</b>		<b>839,198</b>	<b>860,702</b>
<b>Net amount payable for the year</b>		<b>297,230</b>	<b>351,481</b>
<b>Employer additional funding</b>	4.5	<b>(297,230)</b>	<b>(351,481)</b>
<b>(Surplus)/deficit on fund</b>		<b>0</b>	<b>0</b>

### 2. Police officer pension fund asset statement

This statement shows the assets and liabilities of the three Police Pension Schemes which does not form part of the CPM or Group Statement of Accounts.

£000	2020/21	2019/20
<b>Current Assets</b>		
Funding to Meet Deficit due from the CPM	1,006	1,019
<b>Net Current Assets</b>	<b>1,006</b>	<b>1,019</b>
<b>Current Liabilities</b>		
Unpaid Pensions Benefits	(1,006)	(1,019)
<b>Net Current Liabilities</b>	<b>(1,006)</b>	<b>(1,019)</b>
<b>Total</b>	<b>0</b>	<b>0</b>

### 3. Notes to the police officer pension fund account

The Police Officer Pension Fund combines the accounting transactions of three pension schemes for Metropolitan Police Officers. These are:

- The Police Pension Scheme 2015, which came into effect on 1 April 2015 under the Police Pensions Regulations 2015;
- The New Police Pension Scheme, which was created by the Home Office under the Police Pensions Regulations 2007;
- The Police Pension Scheme, which was set up in 1987.

The Police Officer Pension Fund which is managed by the MOPAC Group has been set up for the specific purpose of administering the collection of contributions, the payment of pensions and payment or refund to central government for the balance outstanding for each year. The fund does not hold any investment assets, nor does it reflect the liabilities of the Schemes to pay present and future pensioners. The fund will be paid sufficient monies from the Home Office to cover the deficit in year.

These Accounts have been prepared using Pension SORP and the Code principles adopted for the MOPAC statements.

Details of the accounting policies can be seen on page 14 to 23. MOPAC provides the accounting and banking systems through which the CPM administers the Fund. Details of the three schemes' actuarial report and the cost of pensions can be seen in Note 12.

These Accounts are audited by Grant Thornton UK LLP and their opinion is included in page xix.

### 4. Police Pension Fund - Revenue account notes

#### 4.1 Employer contributions

Employer contributions are calculated at 31% of police officer pensionable pay from 1 April 2019, an increase from 21.3% previously. This increase is a result of an actuarial valuation of the police pension scheme. The employer contribution is set nationally by the Home Office and the scheme is subject to actuarial valuation every four years.

#### 4.2 Transfers

These represent lump sums transferred to and from other pension schemes depending on whether the police officer was joining or leaving the CPM.

#### 4.3 Additional income

These consist of CPM contributions for ill health retirements, 30 years plus scheme contributions and refund of former commissioners' and widows' pensions.

#### 4.4 Officers' contributions

Members of the new 2015 police pension scheme make contributions of between 12.44% and 13.78% of pensionable pay. Protected members of the 1987 and 2006 schemes contribute at rates of between either 14.25% and 15.05% of pensionable pay for the 1987 police pension scheme or 11% and 12.75% for the 2006 police pension scheme.

### **4.5 Employer additional funding**

This sum represents additional funding required to provide for payment to pensioners. Including the funds received by the Group as part of the settlement of the additional commutation liability, the actual shortfall receipts for the year 2020/21 amounted to £297.2 million. This consists of additional funding of £52.3 million received by the Group in respect of 2019/20 and a statutory transfer from the police fund of a further £244.9 million in respect of 2020/21. The remaining 2020/21 shortfall of £13.6 million is to be received from the Home Office in 2021/22.

### **4.6 Other payments**

These consist of contribution equivalent payments, superannuation refunds and lump sum death benefits.

## **5. Related party transactions**

As previously stated the Commissioner is responsible for administering the Police Pension Fund in accordance with the Police Reform and Social Responsibility Act 2011. During the year all payments and receipts are made to and from MOPAC Police Fund. As such the CPM and MOPAC are the only related parties to the fund, thus all the transactions shown on the revenue statement have been processed through MOPAC.

## **6. Additional voluntary pension contributions**

Additional pension contributions (e.g. added pension/years) made by police officers amounted to £30,040 for the PPS scheme, £44,166 for the NPPS scheme and £53,776 for the 2015 scheme.

## **7. Members of the scheme**

The MPS also administers the Pension Fund on behalf of members of Her Majesty's Inspectorate of Constabulary (HMIC). There no active HMIC members currently contributing to the Police Pension scheme, there are 22 HMIC pensioners and 4 dependent pensioners.

### Glossary of terms

#### Accruals

The accounting treatment, where income and expenditure is recorded when it is earned or incurred not when the money is paid or received.

#### Balance Sheet

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Group. The net assets of the Group (assets less liabilities) are matched by the reserves held by the Group. Reserves are reported in two categories:

- Usable Reserves. These are reserves that the Group may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use. For instance the Capital Receipts Reserve may only be used to fund capital expenditure or repay debt;
- Unusable Reserves. These reserves cannot be used by the Group to provide services. For instance reserves that hold unrealised gains and losses (such as the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the MIRS line 'Adjustments between Accounting Basis and Funding Basis under Regulations'.

#### Budget

An estimate of costs, revenues and resources over a specified period, reflecting a reading of future financial conditions and priorities.

#### Capital expenditure

Expenditure on the acquisition, creation or enhancement of fixed assets.

#### Cash equivalent

A financial deposit placed with a bank, building society or other local authority for a term of no longer than three months.

#### Capital receipts

Money obtained on the sale of a capital asset. Capital receipts can only be used for capital purposes, such as funding capital expenditure or repaying debt.

#### Comprehensive Income and Expenditure Statement (CIES)

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from grants and taxation raised via the GLA precept on the Corporation of London and London Boroughs. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the MIRS.

#### Corporate costs

This consists of those activities and costs that provide the infrastructure that allows services to be provided, whether by the CPM or MOPAC, and the information that is required for public

accountability. Activities that relate to the provision of services, even indirectly, are overheads on those services and include bank charges, auditors' fees and the cost of the Group as well as the corporate activities of Head Office departments.

### **Commissioner of Police of the Metropolis (CPM)**

The CPM is a separate corporation sole which was established on 16 January 2012 under the Police Reform and Social Responsibility Act 2011.

### **Credit arrangements**

An arrangement other than borrowing where the use of a capital asset is acquired and paid for over a period of more than one year. The main types of credit arrangements are PFI agreements and finance leases of buildings, land and equipment.

### **Creditors**

Individuals or organisations to which the Group owes money at the end of the financial year.

### **Debtors**

Individuals or organisations that owe the Group money at the end of the financial year.

### **Democratic core costs**

This includes all aspects of MOPAC activities in a democratic capacity, including corporate, programme and service policy making and more general activities relating to governance and the representation of local interests. To give MOPAC maximum flexibility in reflecting its own constitutional arrangements, there are no recommended subdivisions of service.

### **Employee costs**

The salaries and wages of police officers, police staff and MOPAC staff together with National Insurance, pension and all other pay-related allowances. Training expenses and professional fees are also included.

### **Finance lease**

A finance lease normally involves payment by a lessee to a lessor of the full cost of the asset, together with a return on the finance provided by the lessor. The lessee has substantially all the risks and rewards associated with ownership of an asset, other than legal title.

### **Government grants**

Part of the cost of the service is paid for by central government from its own tax income. Grant income is partly received through the S102 payments made by the GLA. In addition, the Home Office pays specific grants direct to the Group towards both revenue and capital expenditure.

### **Group**

The term Group refers to Mayor's Office for Policing And Crime (MOPAC) and Commissioner of Police of the Metropolis (CPM).

### **Long term debtors**

Amounts due to the Group where payment is to be made by instalments over a pre-determined period of time in excess of one year.

### **Mayor's Office for Policing And Crime (MOPAC)**

MOPAC is a separate corporation sole, which was established on 16 January 2012 under the Police Reform and Social Responsibility Act 2011.

### **Minimum Revenue Provision**

The prudent amount that the Group is statutorily required to set aside from revenue funds to meet the repayment of borrowing undertaken to support capital investment.

### **Non distributed costs**

This consists of charges for police officers and police staff early retirements and any depreciation and impairment losses chargeable to non-operational properties.

### **National Police Chiefs' Council (NPCC)**

The NPCC brings police forces in the UK together to help coordinate operations, reform, improve and provide value for money.

### **National Police Coordination Centre (NPoCC)**

NPoCC is responsible for coordinating the deployment of officers and staff from across the UK policing to support forces during large scale events, operations and in times of national crisis.

### **Operating lease**

An operating lease involves the lessee paying a rental for the hire of an asset for a period of time that is substantially less than its useful economic life. The lessor retains most of the risks and rewards of ownership.

### **PCSPS**

The Principal Civil Service Pension Scheme is the scheme used to provide pension benefits to police staff.

### **Provision**

An amount set aside to provide for a liability which is likely to be incurred but the exact amount and the date on which it will arise is uncertain.

### **Revenue expenditure**

The operating costs incurred by the organisation during the financial year in providing its day to day services. Distinct from *capital expenditure* on projects which benefit the organisation over a period of more than one financial year.

### **Revenue reserves**

Accumulated sums that are maintained either earmarked for specific future costs (e.g. pensions) or generally held to meet unforeseen or emergency expenditure (e.g. General Reserve).

### **Special service agreements**

Policing the Airports, Houses of Lords and Commons, Palace of Westminster are the main items included under this heading.