

Finance Services

Introduction

Finance Services comprises the following areas of responsibility:

Finance Business Development:

The remit of the Finance Business Development team includes training and development of staff on all Finance-related issues including training for Finance and Resources staff and provision of Financial Awareness Training across the MPS. The group is also responsible for performance management, business planning, and business improvement including the Modernisation of Finance and Resources.

Finance Business Support

Finance Business Support provides financial management and accountancy services to Business Groups through Business Accountants dedicated to each Business Group. The team is also responsible for monitoring and forecasting of both the revenue and capital budgets and reporting consolidated budgetary information to MPA/MPS committees, along with responsibility for managing the financial arrangements for partnership activity and for costing and charging of events/police services

Strategic Finance

Strategic Finance is responsible for Macro financial planning and preparation of the Medium Term Financial Plan and Five Year Capital Programme, ensuring that the processes for financial planning and budget setting are aligned with MPA and Service business plans and requirements, and conforms to best practice. Strategic Finance produces the MPA statutory accounts and proposes financial accounting standards and policies in accordance with the CIPFA statement of Recommended Practices and any other relevant statutory or best practice accounting protocols. The group is also responsible for coordinating the MPS Efficiency plan and the implementation of Activity Based Costing.

Exchequer Services and Finance Systems:

Exchequer Services manages the payment processes for creditors and staff (including the management of the outsourced payroll and pensions contracts), collection of income and invoicing of charges for services, and the operation and development of MPS Financial Systems (which were upgraded in early 2004 to the latest versions available). The division also provides cash management including banking facilities and managing the MPAs borrowing and investments, along with advice on VAT and Tax issues. The division is also responsible for the administration of the MPS Charities, Police Property Act Fund accounts and Proceeds of Crime Act seizures.

In addition, the following functions have transferred to Finance Services as part the review undertaken to re-define the functions required of the "corporate centre" of the MPS:

- Risk and insurance
- Inspectorate
- Activity Analysis Unit

These functions will be developed in the coming months.

Supporting strategic priorities

The MPS has delivered a balanced three-year Budget for 2008-11, which has been signed off by the MPA and will subsequently be presented to the Mayor. Whilst there are still a number of improvements to be made in the 2009-12 budget process which will be taken forward in the coming year, including developing a strategic workforce planning process for police officers and staff and further developing the seven year capital strategy, there has been significant progress to integrate the business plan and budget process which the Authority has fully recognised.

Working with the MPA and operational colleagues, Finance Services has successfully lobbied to gain additional funding in support of the MPS's strategic priorities and has secured additional specific grants – increase in CT funding, funding for planning for the 2012 Olympic and Paralympic Games, along with funding for PCSOs and safer neighbourhoods. There has also been success in gaining full cost recovery for services provided to Heathrow Airport, the Palace of Westminster, and the Immigration service for the first time. Similarly there have been successful bids for European Funding and more bids are in progress.

One of the main aims of Finance Services is to maximise the funding available to support MPS priorities. Successful management of the MPAs investment portfolio, one of the largest portfolio's in the public sector averaging £300m, is clearly key to ensuring that sufficient cash is available such that the MPA is able to discharge its financial obligations in accordance with approved spending plans.

Supporting frontline policing

A number of teams within Finance Services have a vital role in supporting operational colleagues. Averaging 23,000 payments to suppliers per month, and with a monthly value of £93m (excluding investments) we also facilitate urgent payments, often overseas, for operational colleagues in support of murder investigations, housing witnesses or vulnerable persons to name but a few. Payments are often required urgently in support of high profile cases such as the rapid deployment of officers investigating the death of Benazir Bhutto.

Support to operational colleagues is also provided by the costing team in the following key areas:

- Fees and charges – over 80 fees/charges are reviewed annually encompassing those set by Statute i.e. firearms/shotguns certificates and ACPO recommended charges such as fingerprints for visa applications.

- Costs of policing public order events involving more than 3000 police officer shifts – over 80 events were reported in 2006-07 including the London Marathon, international football matches and ceremonial events such as the State opening of Parliament.
- Advice and Guidance on the appropriateness of charging for Special Police Services (section 25 of the Police Act 1996), which requires close liaison with Public Order and Borough Events offices.

Perhaps crucially for our frontline policing colleagues, Finance Services also manages the pay and pensions services for police officers and police staff. These services, outsourced to Logica CMG and Paymaster respectively, have been very successful with the Pay and Pensions Contract Management Team (PPCMT) ensuring that the outsourced contractors consistently meet all the targets set. Monthly salary payments are made to over 55,000 police officers and staff (and over 26,000 police pensioners and their dependents) with over 99% accuracy each month, preventing any distraction from operational matters due to any personal pay issues.

Finance Services actively supports the corporate initiative for police staff to become Special Constables. We currently have five trained special constables and two who are awaiting training having been selected.

Supporting MPS modernisation

Modernising Finance & Resources

As the largest local authority in the UK in terms of the revenue budget for which it is responsible, the MPA/MPS requires a finance function to support it that is on a par with the best in local government. When the MPS moved under the direct control of the MPA it was obvious that a sustained period of investment was required to put in place a finance function capable of supporting decentralised financial management based on resource accounting rather than the highly centralised cash based accounting that preceded it.

The MPA has supported this investment and the finance function has been modernised and grown to a size and degree of professionalism appropriate to such a large complex organisation. The investment was required to increase the central finance function from 144 full-time equivalents to its current 248. The number of professionally qualified staff in 2000 was 14; this has now risen to over 60 with currently 35 staff training for professional qualifications. Additionally there are 40 staff in the wider finance family undertaking professional qualifications. We have invested in training our operational colleagues too with 4,000 officers being trained in financial awareness.

There has also been further development and upgrading of the MPS financial ledger based on SAP. The MPS was the first police force to use both SAP Business Warehouse and Strategic Enterprise Management (SEM) for our reporting planning and budgeting requirements. Use of SAP has enabled us to streamline transactional activity in a shared service centre in our Exchequer Services division.

There have been substantial improvements in the Authority's funding, rising from £1,842.4m in 2000-01 to £3,207m in our 2008-09 budget submission. At the same time the MPA/MPS has delivered significant savings over past years. Savings delivered since 2000/01 up to and including the forecast saving in 2007/08 total some £570m (£361m cashable and £209m non-cashable) exceeding Home Office targets.

As the finance function has matured it has been possible to make on-going improvements in efficiency and our focus has shifted to provide high value professional advice and support. HMIC welcomed the professional approach taken to devolve financial management year on year to operational managers. In 2002-03 only 20% of the MPS budget was devolved and over the last few years the budget has been gradually fully devolved supported by the Scheme of Devolved Financial Management.

In order to ensure that the MPS finance function continued to be delivered in the most efficient and effective way possible, external consultants carried out an independent review. This confirmed that the MPS compared favourably to other organisations and forces both in terms of performance and cost comparison but that local finance structures appeared expensive compared to benchmark. Consequently a review of wider resource management was undertaken and a number of key principles agreed for future development of resource management including creating dedicated Finance Manager and Resource Manager roles and clustering local Finance and Resource teams to provide a consistent level of service to multiple customers.

Implementation of the new "clustered" operating model for delivery of resource management is expected to realise cashable savings of £2m from TP in 2008-09 and circa £1m from other business groups. The full implementation of the Modernising Finance and Resources programme, together with improvements in the Purchase to Pay arrangements, will put Resource management in the MPS amongst the best performing and most cost efficient of similar sized organisations. Other qualitative benefits expected include increasing compliance and consistency, minimising duplication, sharing best practice and strengthening the internal control environment.

Diversity and Citizen Focus

Finance Services is active in the area of diversity and citizen focus and looks for ways in which to develop its links with the community. In administering the Police Property Act Fund, Finance Services has facilitated the distribution of £200k in 2007-08 for local charitable causes and funding for the Safer London Foundation.

The MPS commissioned Trucost, an environmental research organisation, to review the environmental and social performance of organisations receiving MPA funds. From this review the MPS developed an Ethical Investment Policy

for review by the MPA Finance Committee, which aims to promote best practice sustainability standards in its investment activity.

In support of our own workforce and retired staff, Braille payslips are provided on request. In addition, work is being progressed to provide payslips on-line via AWARE. This will enable staff to enlarge the font to suit their individual needs.

A pilot is also underway to provide an electronic interface from MetHR to the payroll system to replace the need for paper-based notifications of changes to pay data. Similarly work is in progress to provide electronic transfer of expenses forms to the payroll system to eliminate current paper systems.

Challenges/Risks

The future financial landscape will be a major challenge for the MPA/MPS for 2008-9 and beyond for several reasons:

- The Minister of State for Local Government confirmed proposals for the first three-year grant settlement covering 2008-09, and provisional figures for 2009-10 and 2010-11.
- The MPA/MPS grant increase is 2.5% in 2008/09 and a further 2.5% for both 2009/10 and 2010/11.
- The average national increase in formula grant is 2.7% in 2008/09 and increases by 2.8% in each of the two following years.
- The Mayor's budget for 2008-11, which was agreed on 13 February 2008, indicates an increase of 2.25% for 2009/10 and 2010/11 in the MPA/MPS net revenue expenditure/budget requirement.

The settlement is broadly in line with the general assumptions made in the budget submission approved by the Authority, this will require the MPS/MPA to continue to provide the policing service within these tight financial constraints. There remain a number of uncertainties including funding for the London 2012 Olympic and Paralympic Games and Counter Terrorism.

In line with the Government's intention to move to a three-year budget allocation, the MPA last year further developed the Medium Term Financial Plan to improve its content for the second and third years to move the MPA to a more robust basis for its medium term financial and business planning.