

## FINANCIAL IMPLICATIONS

1. Management Board has considered and supports a proposal to develop two-year partnership agreements with local authorities to provide up to 320 police officers to support the delivery of LAA performance targets. The proposal involves local authorities making a contribution of £37,500 for each police constable provided.
2. The MPA policy (FR8.7) is that 'All agreements for the provision of services to other organisations will be on the basis of full cost recovery, except with the specific approval of the Authority'. As the proposals currently being developed will deliver MPA/MPS, as well as local authority, objectives they involve a cost sharing arrangement and would not achieve full cost recovery on the officers provided.
3. It is proposed that local authorities cover costs equivalent to £37,500 per officer a year that is broadly in line with the full cost of a PCSO. Based on some initial consultation, it is considered that this charge would be attractive to local authorities in encouraging them to participate in the scheme, which aims to provide additional policing resources to support the delivery of local priorities.
4. Based on full cost recovery, the charge for 320 officers (excluding the 2007/08 or future pay awards) would be £17.554m made up as follows:

|                              | <b>Officer</b> | <b>320 Officers</b> |
|------------------------------|----------------|---------------------|
|                              | <b>£</b>       | <b>£000</b>         |
| Pay and related oncosts (1)  | 44,300         | 14,176              |
| Non-pay costs:               |                |                     |
| • Resources                  | 2,649          | 848                 |
| • HR                         | 3,501          | 1,120               |
| • SMP                        | 303            | 97                  |
| • Dol                        | 85             | 27                  |
| • DPA                        | 124            | 40                  |
| • Admin support              | 2,294          | 734                 |
| Total non-pay on costs       | 8,956          | 2,866               |
| Kit                          | 1,600          | 512                 |
| <b>Total cost of officer</b> | <b>54,856</b>  | <b>17,554</b>       |

*Note (1): cost excludes any provision for the 2007/08 pay award*

The local authority contribution will start from the first day of service and will, therefore, cover in large part the cost of the first 18 weeks of service when they are on borough IPLDP. Any balance can be accommodated within the TP budget.

5. On the basis of the current proposal the cost of 320 police constables would be shared between the MPA/MPS and the local authorities as follows:

|                                  | <b>320 Officers</b> |                |              |
|----------------------------------|---------------------|----------------|--------------|
|                                  | <b>2008/09</b>      | <b>2009/10</b> | <b>Total</b> |
|                                  | <b>£m</b>           | <b>£m</b>      | <b>£m</b>    |
| LA contribution (£37,500 a year) | 12.00               | 12.00          | 24.00        |
| MPA/MPS contribution             |                     |                |              |
| a) Existing budgets:             |                     |                |              |
| • Non-pay oncosts                | 2.87                | 2.87           | 5.74         |
| • Kit                            | 0.51                | 0.51           | 1.02         |
|                                  | 3.38                | 3.38           | 6.76         |
| b) Growth:                       |                     |                |              |
| • Officer salaries               | 2.89                | 3.27           | 6.16         |
| • HR recruitment                 | 1.00                | -              | 1.00         |
|                                  | 3.89                | 3.27           | 7.16         |
| Total MPA/MPS contribution       | 7.27                | 6.65           | 13.92        |
| <b>Total cost</b>                | <b>19.27</b>        | <b>18.65</b>   | <b>37.92</b> |

On the basis of a fixed contribution of £37,500 from local authorities for each of the two years, the cost of pay awards will fall on the MPA/MPS. The estimates above include the pay award provision included in the 2008-11 draft budget submission. If pay awards exceed that provision then the cost to the Authority/Service will increase.

6. The proposed sharing of costs between the MPA/MPS and the local authorities reflects the potential impact of other proposals included in the 2008-11 budget proposals considered at the joint meeting of the PPRC and Finance Committee on 19 November 2007 and the Full Authority on 22 November 2007. In particular, the reductions package currently includes proposals for the net reduction of 382 officers in TP primarily in respect of:
  - reduction in management structures
  - realignment of functions
  - improvement to Criminal Justice and volume crime processes
  
7. The current 2008-11 draft budget submission includes £3.9m for both of the financial years. The latest proposal would allow some of these officers to be retained with an estimated additional cost of £3.9m in 2008/09 and £3.3m in 2009/10 which will be reflected in the final budget for 2008-11. TP have confirmed that the savings included in the 2008-11 draft budget submission do not include their non-pay and kit costs and can, therefore, be met within the existing budget provision.
  
8. In developing the 2008-11 draft budget submission, proposals for savings and reductions have been focussed on overheads and support services. In developing the current borough partnership proposals, consideration has been given to the potential impact on support services. On the basis of no new requirements on the property estate, additional marginal costs are only anticipated on HR recruitment activity given the overall potential net increase in officers and staff

included in the 2008/09 draft budget submission. Having considered these issues a provision of £1m has been included in the proposal for the anticipated additional costs by HR which cannot be contained in their existing budget provision.

9. In considering these arrangements the MPA/MPS need to have due regard to their fiduciary duty in terms of non-recovery of the full cost of the officers involved in the proposed partnerships. In reaching a decision, regard must be taken of all relevant, both financial and non-financial, factors. The MPA/MPS need to be satisfied that the cost to the service is commensurate with the benefits gained.
10. This proposal has been included in the growth proposals for the 2008-11 draft budget submission and can be contained within the budget guidance as set out by the Mayor of London. Final budget decisions will not, however, be made until February 2008. Given the lead in time for the implementation of these proposals, approval is sought for officers to start negotiations with boroughs on the basis outlined in this report. Final decisions on implementation will, however, be dependent on the 2008/09 budget settlement.