

MPA/MPS Draft Corporate Business Plan 2008-11 - Supporting Financial Submission

1. Summary

1.1. This report highlights the issues facing the MPA/MPS, which are expected to impact on next year's budget and the medium term financial forecasts. This summary is complementary to the budget and corporate objectives as set out in the MPA/MPS business plan, and provides a more detailed commentary on the information provided in that document.

1.2. It should, however, be noted that whilst the information provided is based on best estimates, many uncertainties still remain which may impact on the MPA final budget and precept requirement for 2008/09. The main uncertainties are:

- The level of government and GLA funding levels
- Final determination of savings
- Significant events

Within that context, this report is the MPA/MPS submission in accordance with the requirements of the GLA group 2008/09 budget and business plan process.

1.3. In relation to next year's budget, this summary covers the following issues:

- Background (Section 2)
- Timetable (Section 3)
- Achievement Against 2007/08 Budget and Business Plan (Section 4)
- 2008/09 Budget Requirement (Section 5)
- Reduction Proposals (Section 6 and **Annex 1**)
- Growth Proposals (Section 7 and **Annex 2**)
- Objective and Subjective Analysis (Section 8 and **Annex 3**)
- Mayor's Guidance – Upper/Lower Funding Limits (Section 9)
- Publicity (Section 10)
- Fees and Charges (Section 11)
- Staffing Establishment (Section 12)
- Reserves (Section 13)
- Risk Assessment for Planning Period (Section 14)
- London 2012 Olympic Games and Paralympic Games (Section 15)
- Capital Spending (Section 16 and **Annex 4**)
- Consultation (Section 17)
- Financial Strategy (Section 18 and **Annex 5**)
- Strategy Implications (Section 19)
- Equalities Implications (Section 20 and **Annex 6**)

- Environmental Sustainability and Health Implications (Section 21 and **Annex 6**)
- Legal Implications (Section 22)
- Results of MPA Budget Consultation (**Annex 7**)

2. Background

- 2.1. This draft budget has been prepared in the context of the Mayor's Budget Guidance issued in June 2007, and supported by the MPS internal budget guidance issued in July 2007. In developing the draft business plan and budgets for 2008/11 there is a general requirement to show where practicable how the plans meet the Mayor's priorities.
- 2.2. The draft Business Plan also reflects requirements of the MPA in carrying out its statutory functions in terms of scrutinizing, monitoring and holding the MPS to account.
- 2.3. The MPS detailed guidance was provided to business groups to assist them in preparing their budget and business plans, based on information contained within the medium term financial plan and the strategic objectives of the Service.
- 2.4. The initial submissions by business groups represented a net growth of some £104m. These submissions were reviewed together with the emerging issues by the MPS Management Board.
- 2.5. The final proposals represent an increase on Net Revenue Expenditure of £57.1m, against the 2007/08 budget. Based on current assumptions on Specific Government Grant, the final proposals reflect an increase in the MPA's budget requirement to £2,593.8m. This is in line with the Mayor's Guidance in respect of the MPA's Net Revenue Expenditure. The Mayor has also asked for information on the impact of +/-0.75% on the Net Revenue Expenditure increase which is included in Section 9 of this submission.

3. Timetable

- 3.1. As part of the Mayor's Budget process, the deadline for submitting the draft business plan and budget proposals is 27 November 2007 together with the MPA/MPS response to his draft consolidated budget proposals. The timetable for the remaining budget process is as follows.

Joint Finance and PPRC meeting – consider corporate business plan and budget submission	19 November 2007
Full Authority consider draft business plan and budget	22 November 2007
Submission of draft business plan and budget to Mayor together with response to Mayor's draft budget proposals	27 November 2007
Statutory consultation of Mayor's draft consolidated budget	13 December 2007
London Assembly scrutiny of Mayor's consolidated budget	December 2007 to February 2008

Mayor's draft capital spending plan issued	by 15 January 2008
London Assembly consider Mayor's draft consolidated budget	30 January 2008
London Assembly final consideration of Mayor's consolidated budget	13 February 2008
Mayor's capital spending plan issued	by 28 February 2008
MPA Full Authority to approve the final Revenue and Capital Budget	by 31 March 2008
Authority limits for borrowing agreed	by 31 March 2008

4. Achievement Against 2007/08 Budget and Business Plan

- 4.1. Monthly reports are presented to the MPS Investment Board and the MPA Finance Committee on the achievements against this year's budget. Service performance is monitored by the MPS Performance Board and the MPA Policy Performance and Review Committee.
- 4.2. The revenue budget monitoring position for 2007/08 at Period 6 (to the end of September) is forecast to underspend by £14.6m (0.5% of budget), which includes £5.6m of estimated additional costs related to Operation Seagram.

Total YTD Budget	Total YTD Actuals	Total YTD Variance		Approved Annual Budget	Budget Movements	Revised Annual Budget	Annual Forecast	Variance
£000	£000	£000		£000	£000	£000	£000	£000
831,911	807,241	-24,670	Pay					
277,088	265,510	-11,578	Police Officer Pay	1,709,247	9,270	1,718,517	1,686,206	-32,311
67,307	63,312	-3,996	Police Staff Pay	545,740	22,675	568,415	556,129	-12,286
5,741	5,255	-486	PCSO Pay	144,098	-8,681	135,417	132,006	-3,411
			Traffic Wardens Pay	11,905	0	11,905	11,275	-630
1,182,048	1,141,317	-40,730	Total Pay	2,410,990	23,265	2,434,255	2,385,615	-48,640
			Overtime					
63,800	69,843	6,043	Police Overtime	116,390	11,110	127,500	147,087	19,587
14,920	17,357	2,437	Police Staff Overtime	29,846	244	30,090	34,151	4,061
540	541	1	PCSO Overtime	1,050	55	1,105	1,086	-18
257	307	49	Traffic Warden Overtime	493	39	532	524	-8
79,517	88,047	8,530	Total Overtime	147,779	11,448	159,227	182,848	23,621
1,261,565	1,229,365	-32,200	Total Pay & Overtime	2,558,769	34,712	2,593,482	2,568,464	-25,018
			Running Expenses					
11,352	12,962	1,610	Employee Related Expenditure	34,323	3,625	37,948	40,447	2,499
87,420	92,729	5,309	Premises Costs	209,478	4,602	214,080	220,441	6,361
25,407	28,564	3,157	Transport Costs	58,104	925	59,029	64,957	5,928
177,752	184,335	6,583	Supplies & Services	419,032	15,216	434,249	446,793	12,544
1,633	1,633	-0	Capital Financing Costs	21,571	0	21,571	20,986	-585
303,564	320,223	16,659	Total Running Expenses	742,508	24,369	766,877	793,624	26,747
1,565,129	1,549,588	-15,541	Total Expenditure	3,301,277	59,081	3,360,359	3,362,087	1,729
			Income					
-197,242	-207,001	-9,759	Income	-280,240	-43,606	-323,846	-339,882	-16,036
-197,242	-207,001	-9,759	Total Income	-280,240	-43,606	-323,846	-339,882	-16,036
			Discretionary Pension					
14,592	14,388	-204	Pension Awards	29,185	0	29,185	28,782	-403
14,592	14,388	-204	Total Pensions	29,185	0	29,185	28,782	-403
1,382,479	1,356,975	-25,504	Net Expenditure	3,050,222	15,476	3,065,698	3,050,988	-14,710
			Funding					
-522,476	-522,476	0	Police Grant	-1,026,712	0	-1,026,712	-1,026,712	0
-259,239	-259,239	0	Specific Grant	-514,356	-22,824	-537,180	-537,050	130
-777,900	-777,900	0	Precept	-1,506,027	0	-1,506,027	-1,506,027	0
-1,559,615	-1,559,615	0	Total Funding	-3,047,095	-22,824	-3,069,919	-3,069,789	130
			Reserve Movements					
-4,856	-4,857	-0	Transfer from Reserves	-3,127	-1,676	-4,803	-4,803	0
3,324	3,324	0	Transfer to Reserves	0	9,024	9,024	9,024	0
-1,532	-1,533	-0	Total Reserve Movements	-3,127	7,348	4,221	4,221	0
-178,668	-204,173	-25,504	Total	0	0	0	-14,580	-14,580

- 4.3. **Police Officer Pay** – Underspend of £32.3m – 1.9% of budget.
This underspend is due to workforce levels being below those budgeted within all Business Groups. The forecast underspend has increased by £3.1m since period 5 as Business Groups continue to re-assess their anticipated recruitment profiles.
- 4.4. **Police Staff Pay** – Underspend of £12.3m – 2.2% of budget.
This underspend is mainly due to vacancies within Territorial Policing, Specialist Crime, Specialist Operations, Central Operations and Human Resources. The forecast underspend has increased by £5m since period 5 due to the re-assessment of anticipated recruitment profiles within Territorial Policing, Specialist Crime and Resources.
- 4.5. **PCSO Pay** – Underspend of £3.4m – 2.5% of budget.
There has been a small increase in the underspend forecast of £0.2m since period 5. The underspend is within Territorial Policing and relates to delays to the planned implementation of changes to the Station Reception Officer role which are to be undertaken by PCSOs. This underspend is offset slightly within Central Operations as the Transport OCU are forecasting to be over strength as they have been recruiting PCSOs instead of Traffic Wardens.
- 4.6. **Traffic Warden Pay** – Underspend of £0.6m – 5.3% of budget.
This underspend is principally due to Transport OCU forecasting to be under budgeted strength as they have been recruiting PCSOs instead of Traffic Wardens. There has been a minor adverse movement of £0.1m since period 5.
- 4.7. **Police Officer Overtime** – Overspend of £19.6m – 15.4% of budget.
There has been an adverse movement in the forecast of £1m from that reported at period 5 as a result of planned initiatives to tackle crime during the Christmas period (Operation Humbug). The overspend is principally due to Operation Seagram (the response to the vehicle-borne improvised explosive device (VBIED) found in Haymarket at the end of June), Operation Hargood (Policing of the environmental camp at Heathrow Airport) and other initiatives within Territorial Policing to tackle youth crime issues. There are also forecast overspends relating to additional aid within Central Operations for events at Wembley Stadium.
- 4.8. **Police Staff Overtime** – Overspend of £4.1m – 13.5% of budget.
There has been an adverse movement of £0.4m in the forecast from that reported at period 5 which is principally due to the re-assessment of overtime required to address staff shortages within the Central Communications Command to meet required standards for call handling performance.
- 4.9. **PCSO and Traffic Warden Overtime** – Minor underspend.

- 4.10. **Employee Related Expenditure** – Overspend of £2.5m – 6.6% of budget.
There has been an adverse movement of £0.6m from the forecast at period 5, mainly due to additional expenditure on police officer recruitment within Human Resources and for seconded officers working on Operations Overt/Overamp and Theseus within Specialist Operations.
- 4.11. **Premises Costs** – Overspend of £6.4m – 3.0% of budget.
The forecast overspend relates to higher than anticipated rent and rates and contractual increases in annual service charges.
- 4.12. **Transport Costs** – Overspend of £5.9m – 10.0% of budget.
There has been an adverse movement of £1.3m from that reported at period 5. This is principally due to a review of costs in respect of police travel and subsistence within the Counter Terrorism Command in Specialist Operations. The overspend relates mainly to overseas travel and subsistence costs and vehicle hire connected with Operations Seagram and Overt/Overamp within Specialist Operations. There is also an overspend within Central Operations due to corporate vehicle hire and fuel costs related to the anticipated increased level of aid related to Operation Hargood and events at Wembley, as well as higher than anticipated levels of maintenance within the Air Support Unit.
- 4.13. **Supplies and Services** – Overspend of £12.5m – 2.9% of budget.
There has been a favourable movement of £2.9m in the forecast from that reported at period 5. This movement is principally due to the allocation of budget funded by Home Office grant within Specialist Operations and a reduction of forecast costs in forensic charges and local purchases within Specialist Crime.
- 4.14. **Capital Financing Costs** – Underspend of £0.6m – 2.7% of budget.
Minor underspend.
- 4.15. **Income** – Forecast over-achievement of £16.0m – 5.0% of budget.
There has been a favourable movement of £1.3m from the forecast presented at period 5. This movement principally relates to income from local authorities for the use of PCSOs within Territorial Policing.
- 4.16. **Allocation of Underspend**
On 8 October 2007 the Finance Committee agreed to establish a new Modernisation Fund and that it be given priority when decisions about the allocation of any underspend in 2007/08 are taken.

5. 2008/09 Budget Requirement

5.1. The total budget requirement for 2008-11 is summarised as follows:

Original Budget 2007/08 £000	Forecast 2007/08 £000		Budget 2008/09 £000	Budget 2009/10 £000	Budget 2010/11 £000
		Pay			
1,709,276	1,686,206	Police Officer Pay	1,781,104	1,825,516	1,871,337
545,740	556,129	Police Staff Pay	577,242	605,736	631,005
144,099	132,006	PCSO Pay	143,057	143,057	143,057
11,905	11,275	Traffic Wardens' Pay	11,905	11,905	11,905
2,411,020	2,385,616	Total Pay	2,513,308	2,586,214	2,657,304
		Overtime			
116,390	147,087	Police Officer Overtime	121,026	121,495	122,477
29,847	34,151	Police Staff Overtime	30,053	29,576	29,617
1,050	1,086	PCSO Overtime	1,052	1,052	1,052
493	524	Traffic Wardens' Overtime	493	493	493
147,780	182,848	Total Overtime	152,624	152,616	153,639
2,558,800	2,568,464	TOTAL PAY & OVERTIME	2,665,932	2,738,830	2,810,943
		Running Expenses			
34,324	40,447	Employee Related Expenditure	42,566	40,704	40,907
209,479	220,441	Premises Costs	228,839	244,183	252,117
58,103	64,957	Transport Costs	62,043	61,972	62,305
419,863	446,793	Supplies & Services	459,504	496,646	526,556
21,570	20,986	Capital Financing Costs	21,570	21,570	21,570
743,339	793,624	TOTAL RUNNING EXPENSES	814,522	865,075	903,455
3,302,139	3,362,088	TOTAL EXPENDITURE	3,480,454	3,603,905	3,714,398
		Income			
-11,430	-11,430	Interest Receipts	-11,430	-11,430	-11,430
-276,787	-328,452	Other Income	-290,809	-287,678	-287,678
-288,217	-339,882	TOTAL INCOME	-302,239	-299,108	-299,108
		Discretionary Pension Costs			
29,185	28,782	Discretionary Pension Costs	29,185	29,185	29,185
29,185	28,782	TOTAL DISCRETIONARY PENSION COSTS	29,185	29,185	29,185
3,043,107	3,050,988	NET EXPENDITURE	3,207,400	3,333,982	3,444,475
-506,380	-537,050	Specific Grants	-613,600	-641,287	-668,467
2,536,727	2,513,938	Net revenue expenditure	2,593,800	2,692,695	2,776,008
-4,027	4,221	Transfer to/(from) reserves	0	0	0
2,532,700	2,518,159	Budget requirement	2,593,800	2,692,695	2,776,008
		2007/08 Staffing Requirements (numbers of staff)	2008/09	2009/10	2010/11
32,086		Police Officers	33,082	32,980	33,070
14,875		Police Staff	15,330	15,874	16,171
4,562		PCSOs	4,589	4,615	4,637
306		Traffic Wardens	282	259	237
51,829		Total Staffing Requirement	53,283	53,728	54,115
2,700		Special Constables	3,750	4,700	5,565
54,529		Total	57,033	58,428	59,680

5.2. The draft business plan shows the detailed breakdown by business group of the figures set out above. The 2008/09 budget requirement of £2,593.8m represents a 2.25% increase on the 2007/08 budget requirement and is in line with the Mayor's guidance in respect of an increase in Net Revenue Expenditure. Information on the impact of the variations in funding packages requested by the Mayor are set out in Section 9.

5.3. The changes between the 2008/09 and 2007/08 budget requirement are summarised below:

Changes to spending plans	2008/09 £m
2007/08 budget requirement	2,532.70
<i>Changes due to:</i>	
Inflation	76.50
Net growth in existing services and programmes	23.63
New initiatives and service improvements	34.59
Savings and efficiencies	-73.62
New initiatives funded from specific grants	99.34
Additional Grant	-99.34
2008/09 budget requirement	2,593.80

5.4. Within the budget submission, the following assumptions have been made for pay and price inflation:

- 2.5% for officer and staff budgets
- 2.5% inflation for non staff expenditure and income budgets (excluding those that are externally funded)

5.5.1 Preparing a budget based on an increase of 2.25% on the 2007/08 Net Revenue Expenditure requirement has been difficult given the increased demands and operational pressures on policing. Significant funding pressures have meant the MPS has had to make some hard and difficult decisions. Overall the MPS has tried to set the key direction of the decision making through the key budget principles.

These are:

- Alignment of resources to MPS-wide objectives;
- Improve outcomes and minimise unit cost of delivery;
- Achievability;
- Identification of medium term savings proposals not just concentrating on year 1;
- Understand the impact of cost reductions elsewhere within the organisation;
- Priority to public facing services

5.6 Within these overarching principles the MPS has made some planning assumptions and the budget contains items that could potentially not materialise and therefore significantly change the funding requirement, e.g.:

- PROSPA

The MPS has identified potential saving through increasing its purchasing power. These savings are still to be realised from the business and may not deliver the full saving as originally planned.

- Officer numbers
Overall there are increases in officer numbers. This in the main is due to the expected increases in specific grant and the impact of 2012. Within TP the level of officers is dependent on income streams from London Boroughs. These deals are short term (two years) and need to be finalised
- Pay awards
An allowance for pay awards for both officers and staff is assumed at 2.5%. Any pay deals above that level would increase the funding requirement.

5.7 The budget also reflects some funding assumptions where a small variation could have a significant impact on the budget requirement.

- Specific grants – Counter Terrorism and London 2012 Olympic Games and Paralympic Games
The assumption is that both will be fully funded by the government. If funding is not forthcoming then there will be pressure for the MPS to deliver some of these services from existing funding.
- Income streams
The MPS has already started working with Local Authorities to maximise the income to support local partnerships involving both Police Officers and PCSOs. These deals are still being developed in respect of up to 320 officers and are short-term (two years). There are risks that the full income stream may not delivered; this in turn will impact on police officer numbers.

5.8 Central Government Policing Grant

The draft budget submission is based on the Net Revenue Expenditure for the MPA/MPS in line with the Mayor's Guidance. This reflects the assumed impact of specific, but not general Government grant. Discussions are in hand with the GLA regarding planning assumptions on the level of general Government grant that might be available to support the proposed budget. Based on current information, the planning assumption is for a 2% increase in Government grant. With the tight financial climate in the Home Office there is a risk that policing nationally, and therefore the MPS, would receive less grant. Every 1% variation equates to £19m.

5.9 Three Year Planning

Whilst the package proposed meets the Mayor's Budget Guidance limit for 2008/09, there remain significant shortfalls against the guidance targets for 2009/10 (£40.60m) and 2010/11 (£64.21m). Delivering this

level of reduction over the three year planning period will prove challenging. The MPS is however developing frameworks to deliver future efficiency programmes over the medium term as a means of realigning resources to emerging priorities and narrowing potential future budget gaps.

6. Reduction Proposals

6.1. The MPS is committed to ensuring it operates in an efficient and effective way to make the best use of its resources. The business plan includes:

- Savings that relate to 2008/09 and future years that were identified in the 2007/08 Business Planning process.
- Savings identified as part of the 2008/09 Business Planning process. Each Business Group was requested to identify savings for the planning period. In addition, a number of corporate initiatives supported the identification and delivery of cross-service savings

6.2. The saving options have been scrutinised by the MPA members and officers. Any savings that have an impact on staffing are still subject to delivery plans including full consultation with Unions.

6.3. In terms of giving priority to public-facing services all Business Groups were required to focus budget reductions, as far as was practical, on overheads and support services. In particular, the aim has been to minimise the need to implement initiatives which reduce officer numbers where to do so would result in an adverse impact on service delivery. A number of initiatives have supported the development of the reductions package including:

- Business Group Reviews
- Corporate Overheads Review
- Corporate Transport Review
- PROSPA Procurement Programme
- Productivity Reviews

Some £45.675m (62%) of proposed savings relate to support functions/overheads in 2008/09 and this increases to £72.061m over the three year planning period.

6.4. Savings identified as part of the 2007/08 budget process have been reviewed as part of this financial planning process and any changes to the savings are now reflected within the MTFP. The business plan reflects the identification of £73.623m budget reductions in 2008/09 rising to £117.958m over the planning period. The incremental budget reductions are summarised below:

	2008/09 £000	2009/10 £000	2010/11 £000
Budget Reductions			
- Overhead: Operational	-15,975	-2,038	0
- Overhead: Support	-22,141	-13,326	-3,538
- Non-Overhead: Operational	-27,948	-9,604	-8,345
- Non-Overhead: Support	-7,559	-5,564	-1,920
	-73,623	-30,532	-13,803

These budget reductions need to be considered against the background of cashable and non-cashable savings identified and delivered by the MPS over recent years.

- 6.5 Work is continuing to identify and deliver more budget reductions in 2009/10 and beyond. This will build on the MPS's good record of identifying savings and realigning resources to new and emerging service priorities. In the years 2005/06 to 2007/08 the MPS has consistently overachieved the Home Office targets for cashable and non-cashable efficiencies of 3% of Net Revenue Expenditure of which at least 1.5% must be cashable saving.

	2005/06 £m	2006/07 £m	2007/08 £m
Cashable Efficiencies	59.4	91.3	92.9
Non-cashable Efficiencies	43.7	16.3	35.2
Total Savings	103.1	107.6	128.1
Home Office Target	75.4	73.5	76.1
Overachievement	27.7	34.1	52.0

Efficiency Programmes for the three years 2005 – 08 are therefore projected to deliver £338m savings, that is £113m over and above the 3% target of £225m set by the Home Office.

- 6.6 Potential areas under review for efficiency savings in 2008/09 include:

- Further improvements in procurement methods
- Time efficiencies through the use of Automatic Number Plate Recognition systems technology to identify suspect vehicles
- Efficiencies arising from the increase of special constables and volunteers

The MPS will also continue to work with the rest of the GLA group, in developing and implementing the 'Delivering More Together' programme.

6.7 More detail of the budget reductions reflected in the 2008/09 – 2011/12 business plan is included in **Annex 1**.

7. Growth Proposals

7.1. A summary of the incremental growth items within the Medium Term Financial Plan are detailed below:

	2008/09 £000	2009/10 £000	2010/11 £000
Committed Expenditure	7,866	6,300	1,000
Committed Reductions	-23,657	-10,700	-5,000
Continuation of Existing Operational Policies			
- Demand Led	6,100	6,100	0
- Cost Pressures	14,324	11,001	11,100
- Reorganisation of Support Service Delivery to deliver medium term savings	4,000	0	0
- Contractual Price Increases	12,000	3,100	3,100
- Sustainable Procurement	3,000	1,000	0
Total Continuation of Existing Operational Policies	39,424	21,201	14,200
Net Growth in Existing Services and Programmes	23,633	16,801	10,200
New Initiatives & Unavoidable Pressures (Net)			
- Enhancing Capacity	0	10,000	0
- Systems Improvement	4,470	4,000	1,000
- Demand Led	5,900	500	500
- Performance Improvement	15,021	14,000	1,600
- Income Reductions	2,700	0	0
- IMPACT Programme - Bichard Inquiry	6,500	0	0
- TfL Partnership Work	4,000	0	0
- TfL Partnership Work - funding	-4,000	4,000	0
- NSPIS Data Centre and DDO Posts	12,500	0	0
- NSPIS Data Centre and DDO Posts - funding	-12,500	0	0
New Initiatives and Service Improvements	34,591	32,500	3,100
New Initiatives Funded from Specific Grants	99,344	27,687	27,180
Total Additional Grant to Fund New Initiatives	-99,344	-27,687	-27,180
Total	58,224	49,301	13,300

7.2 More detail of the budget growth reflected in the 2008/09 – 2010/11 business plan is included in **Annex 2**.

8. Objective and Subjective Analysis

8.1 Set out below is an objective analysis of the MPA/MPS budget proposals for 2008/09 – 2010/11:

Original Budget 2007/08 £000	Forecast 2007/08 £000		Plan 2008/09 £000	Plan 2009/10 £000	Plan 2010/11 £000
Business Groups:					
1,346,200	1,334,262	Territorial Policing	1,330,528	1,342,621	1,336,591
368,938	380,375	Specialist Crime Directorate	376,895	380,245	380,245
179,510	206,249	Specialist Operations	238,310	235,677	233,917
260,737	260,815	Central Operations	296,443	335,874	363,054
165,520	164,834	Operational Services	161,277	157,149	157,670
14,884	14,307	Strategy Modernisation & Performance Directorate	13,711	13,432	13,432
6,095	6,112	Directorate of Public Affairs	6,080	6,080	6,080
211,095	218,845	Directorate of Information	212,904	215,540	222,890
227,906	233,083	Resources Directorate	237,225	247,637	254,491
151,072	151,072	Human Resources Directorate	157,913	146,471	144,009
2,931,957	2,969,954	Total Business Groups	3,031,286	3,080,726	3,112,379
Corporate Budgets:					
29,185	28,782	Pensions	29,185	29,185	29,185
60,360	31,426	Centrally Held	124,722	201,862	280,702
89,545	60,208	Total Corporate Budgets	153,907	231,047	309,887
3,021,502	3,030,162	Total MPS	3,185,193	3,311,773	3,422,266
11,465	11,271	MPA	12,067	12,069	12,069
3,032,967	3,041,433	Net service expenditure	3,197,260	3,323,842	3,434,335
21,570	20,985	Capital financing costs	21,570	21,570	21,570
-11,430	-11,430	Interest receipts	-11,430	-11,430	-11,430
3,043,107	3,050,988	Net expenditure	3,207,400	3,333,982	3,444,475
-506,380	-537,050	Specific Grants	-613,600	-641,287	-668,467
2,536,727	2,513,938	Net revenue expenditure	2,593,800	2,692,695	2,776,008
-4,027	4,221	Transfer to/(from) reserves	0	0	0
2,532,700	2,518,159	Budget requirement	2,593,800	2,692,695	2,776,008

8.2 The analysis shows centrally held budgets including inflation and pay awards which will not be allocated to business groups until later in the budget setting process. However, for comparative purposes, **Annex 3** includes an analysis with a provisional allocation of pay and price inflation provision to business groups.

8.3 The subjective analysis of the MPA/MPS budget proposals for 2008/09 – 2010/11 is set out in paragraph 5.1.

9. Mayor's Guidance – Upper/Lower Funding Limits for 2008/09

9.1 The business plan has been compiled on the basis of a Net Revenue Expenditure of £2,593.8m as required by the Mayor reflecting an increase of 2.25% on 2007/08. The Mayor has also requested

information on the impact of a variation in the funding package of +/- 0.75% against the 2.25% increase.

9.2 Lower Funding Limit

A variation of -0.75% on the 2.25% increase equates to £19m. The delivery of these further savings would impact on the financial resilience of the MPS, reduce officer numbers particularly in territorial policing and put the Service at risk of non-compliance on health and safety issues in respect of its estate. The package which would have to be implemented to comply with a lower funding limit and summarised below:

Reduction Proposals	£m
<p>Investment fund</p> <p>A reduction in funds that support projects that can increase performance or productivity. Overall this could reduce flexibility to modernise and be more efficient and thus jeopardises the delivery of efficiency savings over the medium term.</p>	5.0
<p>Police pay</p> <p>Enforce a vacancy factor on police officer numbers thus reducing the Service's operational capacity. Reduces ability to offset impact of lower numbers through use of overtime and/or deal with a higher than anticipated pay award.</p>	6.0
<p>Borough Partnership</p> <p>The MPS will not enter into the cost sharing exercise with Boroughs to support new LAA arrangements. This would reduce territorial policing officers by 320.</p>	3.9
<p>Facilities Management</p> <p>Facilities Management reductions impacts on delivery of planned and reactive maintenance and minor works. This could lead to further deterioration in the estate and longer-term financial liabilities and issues of non-compliance with H&S requirements.</p>	4.0
TOTAL	18.9

9.3 Higher Funding Limit

An increase of £19m in the funding package would support a number of mayoral and MPA/MPS priorities summarised below:

Growth	£m
Increased officers Reinstatement of some specialist Officer Posts: (a) SCD <ul style="list-style-type: none"> 15 posts to create new proactive teams to tackle guns, gangs, organised crime and Trident operations 	2.0
(b) CO <ul style="list-style-type: none"> 16 posts reinstated in TSG (7) and Traffic Command (9) 	2.1
(c) OS <ul style="list-style-type: none"> Reinstatement of 1% vacancy factor in Central Communications Command 	0.6
No Witness No Justice Programme Allows the full roll out of the programme which supports both the arrest and the conviction of the offenders.	1.2
Firearms Capacity Additional support for the increased costs of firearms training and the demands to keep officers skilled to support firearms incidents.	0.3
IMPACT Programme This is a national programme following on from the Bichard Enquiry. These extra resources would allow the MPS to make further operational benefits that could improve efficiency and minimise risk.	3.5
Forensics/DNA The use of forensics has become an integral tool in the conviction of criminals. This has increased the demands made on the service and therefore overall affordability.	1.0
SCD Cross Service Tasking This would increase capability in Cross Service operations (e.g. Lambeth and five borough project) through corporate tasking procedures.	1.0
Reinstatement Non-pay inflation The reinstatement of this budget saving would provide some resilience to business groups and facilitate planning for future efficiency programmes	7.5
TOTAL	19.2

10. Publicity

- 10.1 The MPS under the requirements of Section 5(1) of the Local Government Act 1986 is required to identify expenditure on publicity. Publicity is defined as any communication, in whatever form, addressed to the public at large or to a section of the public. However, any notice, advertisement, plan or other document where a specific obligation to publish is imposed on the local authority or under any enactment is excluded.
- 10.2 The information from the MPS accounts for 2005/06 and 2006/07 is set out below along with the equivalent figures for 2007/08 and the proposed budget for 2008/09 which will be reviewed in the light of final recruitment plans.

	Actual 2005/06 £000	Actual 2006/07 £000	Budget 2007/08 £000	Forecast 2007/08 £000	Budget 2008/09 £000
Staff					
Recruitment					
Advertising	2,810	5,583	3,661	3,676	3,700
Other					
Publicity	3,258	3,051	3,902	3,982	4,000
Total	6,068	8,634	7,563	7,658	7,700

11. Fees and Charges

- 11.1 The MPA Finance Committee approved the MPA's Fees and Charges Policy for 2007/08 at their meeting on 18 January 2007. These fees and charges can be classified under a number of specific categories:

- MPS calculated fees and charges;
- Fees advised by other agencies;
- Fees and charges as detailed within statute or legislation.

- 11.2 The schedule of fees and charges for 2007/08 have been reviewed against the background of work undertaken by the ACPO Finance and Resources Business Area to produce formal guidance on charging for police services.

- 11.3 The budget proposals reflect the current fees and charges policy.

12. Staffing Establishment

- 12.1 Details of the staffing changes as a result of the MTFP and are detailed below.

Staffing Requirements (numbers of staff)	2007/08	2008/09	2009/10	2010/11
Police Officers	32,086	33,082	32,980	33,070
Police Staff	14,875	15,330	15,874	16,171
PCSOs	4,562	4,589	4,615	4,637
Traffic Wardens	306	282	259	237
Total Staff Requirement	51,829	53,283	53,728	54,115
Metropolitan Special Constables	2,700	3,750	4,700	5,565
Total	54,529	57,033	58,428	59,680

The net growth in police officers (996) and staff (455) is primarily dependent on the receipt of Government Specific Grant in respect of London 2012 Olympic Games and Paralympic Games and Counter-Terrorism activity. Assumptions have also been made in the budget on income from boroughs to support partnership working (up to 320 officer posts) on LAA activities. Negotiations on all these activities have yet to be finalised.

Officer Numbers

- 12.2 In planning terms the MPS has a significant challenge in managing force numbers against uncertain future funding levels given the lengthy recruitment and training process. The current funding and planning framework also reflects the overnight change in BWT between 31 March and 1 April. Given the concerns over potential future budget gaps, the MPS started its business and financial planning processes for 2008/09 earlier than usual this year. In December 2006 the scenario setting work identified a potential budget gap of more than £100m for 2008/09 which would have had a significant impact on police numbers and the BWT. In order to manage the position as effectively as possible a decision was taken to slow down but not stop recruitment so as to ensure numbers were not increased in 2007/08 to an extent that was not sustainable in 2008/09 in terms of available resources.
- 12.3 In progressing the development of the 2008/09 budget submission priority has been given to front facing services. However the submission does inevitably include some reductions in police officer numbers and at present there is no certainty on the level of funding for potential growth budgets, e.g. CT/London 2012 Olympic Games and Paralympic Games/borough partnerships. Therefore in order to reflect the potential loss of budget provision from the start of 2008/09, the deployment planning process currently reflects a reduction of some 500 officers from 1 April 2008 (i.e. a BWT OF 51,593).
- 12.4 Recruitment activity in hand reflects the revised deployment plan and will be increased once there is more certainty regarding potential growth bids, in particular, when announcements are made on Olympics and CT specific grants for 2008/09. On current growth assumption, net the increase in officer numbers is 996 resulting in a BWT for 2008/09 of 33,082.

- 12.5 The budget provision reflects the full cost of the BWT to allow flexibility for both the start up costs of new recruits e.g. training and increased overtime for possible backup arrangements. However if the funding envelope is at the lower end of the Mayor's Guidance then this provision and resultant local flexibility will be reduced.
- 12.6 Work has now started on the consideration of the potential deployment plan, at least at a high level, over the three year planning period with the aim of smoothing out the potentially large peaks / troughs that can occur at year end. There is of course come risk to the Service from such an approach in terms of overshooting budget provision. This would therefore need to be carefully managed.
- 12.7 The budget reflects the full cost of the 2008/09 BWT. This will provide some flexibility to the Service in terms of covering training costs of new recruits and additional overtime to cover the cost of backfilling for vacant posts.

13. Reserves

- 13.1 Contributions to and from earmarked reserves are not yet reflected in the 2008/09 budget requirement. These will be adjusted before the budget is finalised to reflect the most up to date position. The position on the main reserves maintained by the Authority is set out below and reflects the information reported to the MPA Finance Committee on 19 October 2007.
- 13.2 Revenue reserves are cash backed balances, held on the balance sheet until they are spent or released for other purposes. As such, they can only be spent once, and are not part of the ongoing base budget.
- 13.3 **Airwave**
Reserve for connection fee for the provision of Airwave at Heathrow Terminal 5. The reserve is expected to be utilised during 2007/08.
- 13.4 **Budget Pressures**
This reserve was created to meet specific unbudgeted pressures in future years and is expected to stand at £1.73m at 31 March 2008. The remaining sum will be available to meet costs in 2008/09 associated with the telephone investigation bureau.
- 13.5 **Communications Project**
Monies set aside to provide for the development of an integrated communications system for the MPS. The reserve is expected to stand at £5.8m at 31 March 2008 and to be utilised during 2008/09.
- 13.6 **Dilapidations**
The reserve will be used to fund future expenditure on properties the leases for which have been terminated and result in additional costs. The reserve is expected to stand at £6m at 31 March 2008 and will be utilised as and when lease termination requires dilapidation costs.

- 13.7 **Emergencies Contingency Fund**
An earmarked reserve available to assist in exceptional circumstances to support operational requirements, which will normally not have been budgeted for. This reserve is expected to stand at £23.09m at 31 March 2008 and is considered as part of the General Reserve for risk planning purposes.
- 13.8 **Insurance Indemnity Fund**
This reserve provides for the cost of a Personal Insurance Indemnity for police officers and staff. The reserve is expected to stand at £0.51m at 31 March 2008.
- 13.9 **Kickz**
A reserve to provide for crime reduction projects, jointly funded with the Football Association, to be rolled out over all London boroughs. The income required to cover the costs of the project, over a two-year period, will be through matched funding between the MPS and the football foundation. It is proposed that the MPS element will be from underspendings carried forward in respect of the Neighbourhood Policing Fund - £3m to cover the costs over a two-year period. The funds to cover the costs in 2007/08 will be transferred to the Football Foundation, who will be managing the project on behalf of the MPS. £1.5m will need to be carried forward to 2008/09 to cover the costs in that financial year. The reserve is expected to stand at £1.5m at 31 March 2008.
- 13.10 **Lamming Enquiry**
This reserve covers the likely cost of the impact of the Laming report into the murder of Victoria Climbié and its recommendations. The reserve is expected to be utilised in 2007/08.
- 13.11 **Legal Costs**
This reserve provides for the cost of potential lawsuits. The reserve is expected to stand at £0.95m at 31 March 2008 and be utilised during 2008/09.
- 13.12 **Motor Insurance**
This reserve provides for the MPA-approved insurance strategy in terms of self-funded liabilities. The reserve is expected to stand at £1.3m at 31 March 2008 and will be utilised as and when claims are settled.
- 13.13 **MPA**
The reserve is used to support projects that the Metropolitan Police Authority expects to undertake and is expected to stand at £0.32m at 31 March 2008 and to be utilised in 2008/09.
- 13.14 **Operational Costs**
The reserve provides for a number of planned operational activities relating to NSPIC Case and Custody Project, Met Forensics and the

MetTime Project. The reserve is expected to stand at £7.9m at 31 March 2008 and to be utilised in 2008/09.

13.15 PFI Contract

This reserve covers part of the costs of a PFI property development and is expected to stand at £0.24m at 31 March 2008 and to be utilised in 2008/09.

13.16 POCA

Proceeds Of Crime Act – this reserve is funded from proceeds of crime to provide for certain categories of operational activities. The reserve is expected to stand at £5.38m at 31 March 2008 and will be utilised in accordance with an approved programme of activity.

13.17 Property-Related

This reserve reflects a requirement to provide for the cost of various building-related projects, in particular IT and property-related costs for Safer Neighbourhood properties. The reserve is expected to stand at £69m at 31 March 2008 and will be utilized over the life of the Safer Neighbourhoods Programme.

13.18 Protective Clothing

This reserve provides for the cost of protective clothing for officers including research and development costs. This reserve is expected to be utilised in 2007/08.

13.19 Publicity

This reserve covers the implementation costs of the MPA Scrutiny report regarding media handling and is expected to stand at £0.09m at 31 March 2008 and to be utilised during 2008/09.

13.20 Pump Priming Fund

This reserve has been set up to encouraging new, more efficient and/or effective ways of doing business where there is a need for 'priming' monies. Any proposals would need a clear business case and member approval for any allocations from the reserve. The reserve is expected to stand at £2m at 31 March 2008. Any allocations from the reserve will be reimbursed from savings generated.

13.21 Rent Smoothing

This reserve was set up to fund future years' increase in rent payable on a newly occupied building. The rent-free period expires in 2007/08 and the reserve will be released over the remaining life of the lease. The reserve is expected to stand at £2.8m at 31 March 2008.

13.22 Systems

The reserve contributes to the cost of developing financial systems and is expected to be utilised in 2007/08.

13.23 Vehicle Recovery Services

This reserve funds the fitting out costs of an additional car pound and is expected to stand at £2.2m at 31 March 2008 and to be utilised in 2008/09.

13.24 Modernisation

At its meeting on 18 October 2007, the MPA Finance Committee agreed, as part of its closing of the 2007/08 accounts, to consider using general underspends to establish a new earmarked reserve to cover initial costs required to support the delivery of continuing improvements in the efficiency and effectiveness of the Service.

13.25 General Reserve

At 31 March 2008, the general reserve is expected to total some £38.9m which represents some 1.5% of the 2008/09 Net Revenue Expenditure. In line with MPA policy, when the Emergency/Contingency Reserve is taken into account the resources available total £61.9m which represents 2.4% of the 2008/09 Net Revenue Expenditure. The Authority has a policy of maintaining a general reserve (including Emergency/Contingency Reserve) of at least 2% of Net Revenue Expenditure. Given the current uncertainties facing the MPA/MPS there are no proposals at this stage to make available any of the current balance to reduce the budget requirement. The Treasurer considers the level of general reserve is considered adequate given the level of earmarked reserves maintained and the risks faced by the MPA/MPS. Final decisions on the use of the general reserve will be made when the budget is finalised in February/March 2008.

14. Risk Assessment for Planning Period

14.1 The Service takes an active approach to managing risks and has developed a risk management framework to assess and manage corporate and directorate risks. The major risks which impact upon the medium-term financial plan are identified below:

- **Delivering Citizen Focussed Policing**
Given the size and complexity of the MPS, there continues to be a challenge in improving satisfaction levels, particularly at the point of initial contact, and our response to emergency calls from the public.
- **Enhancing Counter-Terrorism Capability and Capacity**
International terrorism continues to present a real and enduring threat to the safety and security of London's communities. This continues to have an impact on the Service, both in terms of work in the capital and undertaking the national lead on policing activity. The Service continues to work closely with Government on this activity.

- **Preparing for the London 2012 Olympic Games and Paralympic Games**
The MPS is the national policing lead on the security of the London 2012 Games. This is a major programme of work and the Service is working closely with the Government in terms of ensuring resources and service capacity is adequate to support the delivery of a safe and secure London 2012 Games. There is also a need to ensure the policing legacy from the London 2012 Games is optimised.
- **Capacity and Capability**
The MPS spends some £3.5bn a year and employs over 50,000 officers and staff. The Service is engaged in major change programmes and areas of new activity including increasing levels of partnership engagement. To support this work and ensure the effective and efficient delivery of its business the MPS continues to review its approach to talent management with a view to achieving greater flexibility and the recruitment development and retention of key skills.
- **Resources**
The financial landscape over the planning period continues to be challenging, particularly given the growing demand on the MPS's resources. The Service will continue to explore ways of increasing its productivity and efficiency to ensure resources are realigned to emerging priorities. This work will have to be carried out in the context of the Flanagan review of policing and the Government frameworks for Local Area Agreements, Public Service Agreements and Assessments of Policing and Community Safety.
- **Partnership Working**
The MPS continues to build on its history of working with partners, especially at borough level through its Safer Neighbourhood teams and BOCU structures. However, this work in future will need to reflect new Government area-based frameworks which could impact on resources. Further challenges and opportunities are emerging in developing multi-agency responses to improving service delivery to Londoner, for instance in the criminal justice system. Such initiatives tend to be resource intensive although, over time, may result in efficiencies for some or all the agencies involved.

15. The London 2012 Olympic Games and Paralympic Games

- 15.1 AC Ghaffur has been appointed Security Coordinator for the London 2012 Olympic Games and Paralympic Games and has established a multi-agency Olympic Security Directorate. The Home Office have requested the Security Coordinator establish the total security costs for the London 2012 Games.

Current financial position

- 15.2 The Government has confirmed to the International Olympic Committee that it will provide all necessary financial support to ensure a successful London 2012 Olympic Games and Paralympic Games including bearing the costs of providing security.
- 15.3 On 15 March 2007 Tessa Jowell, the then Culture Secretary, announced the London 2012 Olympic Games and Paralympic Games budget to Parliament. In addition to a discrete security budget for the ODA, £600m was announced for 'wider security'. In the budget statement Tessa Jowell made it clear that this figure would be subject to 'continued oversight and scrutiny in the coming months and years by the relevant Cabinet committee, the Home Secretary and the Metropolitan Police.
- 15.4 The Home Office has made £4.6m available for London 2012 Olympic Games and Paralympic Games-related policing costs in 2007/08. The MPS has £4m of this allocation.

Work to date

- 15.5 Work on the estimated MPS costs for the London 2012 Olympic Games and Paralympic Games is of an iterative nature and to date has focussed on the next CSR period 2008/09 – 2010/11. Initial costings were submitted to the Home Office in April 2007 and, at the request of the Home Office, reviewed by HMIC in June 2007. The subsequent HMIC report supported the majority of the MPS costings but made a number of suggestions with regards to funding. These funding suggestions are currently the subject of discussion between the MPS, the MPA and the Home Office.
- 15.6 MPS policing costs submitted to the Home Office in April 2007 for the next CSR period totalled £442m. Figures are under regular review and a more recent iteration is included within the draft budget. Estimates for 2008/09 are an additional £40.14m for revenue and £24.89m for capital. These represent early estimates and costs will continue to change as planning develops.
- 15.7 To produce these costs it was assumed and accepted by HMIC that all London 2012 Olympic Games and Paralympic Games-specific work would be over and above business as usual and therefore full funding would be sought for additional officers and staff. It is on this basis that the figures are included within the draft budget.

Deliverables

- 15.8 In addition to staff costs to expand key areas (specialist OCUs, Programme support, finance, HR etc) key support infrastructure would be required as follows:

- A new Strategic Co-ordination Centre (SCC) at Hendon
- An Olympic Intelligence Centre (OIC) at Hendon
- A deployment base within the Olympic Park
- Two sector bases within the Olympic Park
- Additional critical IT infrastructure including enhancements to Command and Control, additional Airwave coverage and a secure Data Centre

Key dates

- 15.9 An announcement regarding London 2012 Olympic Games and Paralympic Games' funding for the next CSR period is expected in December 2007.
- 15.10 AC Ghaffur has produced a Security Strategy for the London 2012 Olympic Games and Paralympic Games, which is currently under consultation. This Strategy will be used as a framework for developing total security costs, which are due to be submitted to the Home Office, also in December 2007.

Ongoing work

- 15.11 HMIC funding proposals will continue to be reviewed, particularly with regards to the possible use of Prudential Borrowing in respect of legacy assets. Discussions will continue with the Olympic Delivery Authority (ODA) to maximise funding opportunities already established through the use of s106 of the Town and Country Planning Act 1990.
- 15.12 The legacy of key assets will need to be resolved with key strategic partners, looking at potential regional and national solutions.
- 15.13 A first draft of total security costs will be produced for the Home Office, taking account of the settlement for the next CSR period and decisions re funding. This is a long-term project and costs will continue to be revised in association with other blue light agencies, security agencies, the ODA and the London Organising Committee of the Olympic Games (LOCOG).

16. Capital Spending and Borrowing Plan

- 16.1 The MPS's capital spending plan reflects the approved capital strategy which focuses on the:
- Impact on delivery of MPS strategic objectives
 - Continuation or completion of projects where significant investment is already committed
 - Delivery of significant capital or revenue savings

- Delivery of business benefits with particular emphasis on performance improvement

The funding sources include grants, reserves, Government grant, capital receipts, revenue contributions, third party income and borrowing.

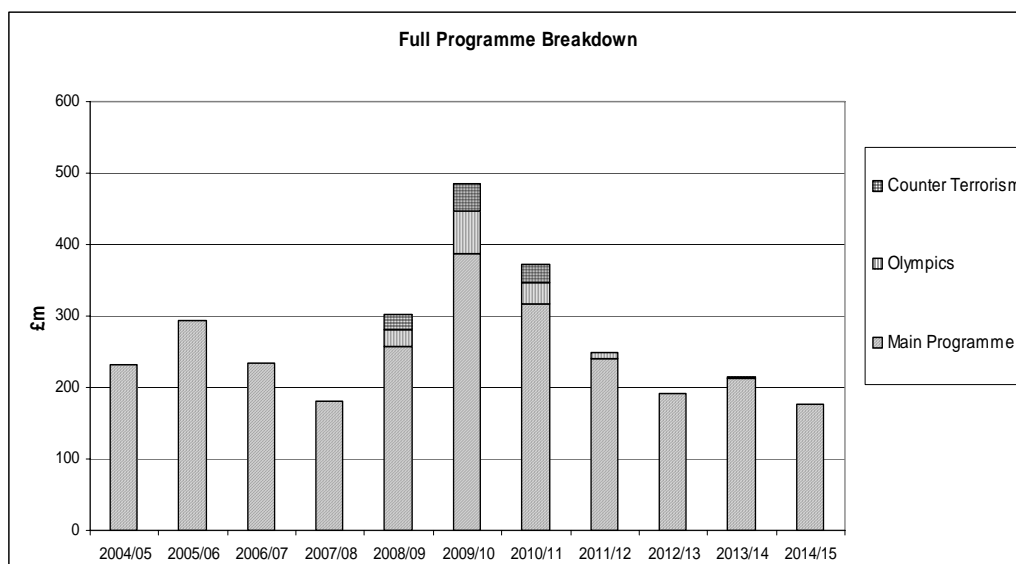
16.2 The corporate planning process involves a report following consideration, by the MPS Management Board, to the MPA Finance Committee in November seeking approval to a seven year capital programme and spending plan. This will feed into the Mayor's Capital Spending Plan for the GLA group which will be approved in February 2008.

16.3 The proposed capital spend for 2008/09 is £241.1m and the draft summary capital plan is included in the draft business plan. Details of the seven year capital programme are detailed in **Annex 4**. The data is broken down as follows:

- 4A – Expenditure by Provisioning Group
- 4B – Expenditure by Business Group
- 4C – Expenditure by Service Objective
- 4D – Funding of Proposed Capital Programme
- 4E – Prudential Indicators

16.4 The budget guidance requires that a borrowing and capital spending plan commencing in 2008/09 and spanning at least three financial years is prepared. To enable efficient and effective planning of investment requirements, the MPA/MPS has recognised that a more long-term perspective needs to be adopted. Therefore, the capital programme and spending plan has, for the first time, been enlarged in scope to cover a seven year period. The programme will be reviewed on an annual basis.

16.5 The graph below indicates the level of spend that has been delivered in past years and the programme spend proposals, including London 2012 Olympic Games and Paralympic Games and counter-terrorism activity, for the next seven years.



These service requirements present a delivery challenge for the Service and capacity will need to be built up over time.

- 16.6 The current level of funding to support the capital programme allows for spend of around £180m to £238m a year. To reflect both the need to build up capacity and the capital financing assumptions, the capital spending plan has been set at £60m less than the programme requirements. This will require tight management of the programme to ensure spend in any particular year does not exceed the resources available to support the spending plan.
- 16.7 As this is the first year the MPA/MPS has completed a seven year programme, officers recognise the need to carry out more detailed work on the Service demands and anticipated project costs for 2009/10 and beyond. This work will be carried out during 2008/09 to ensure the best match with strategic objectives is achieved and the proposals for increasing capacity can be assessed. The affordability of the programme in terms of its impact on the MTFP will also need to be determined in more detail. The programme requirements for 2009/10 and beyond should, therefore, be regarded as indicative at this stage and further reports will be submitted to the Authority aligning longer term plans to available resources and changing prudential indicators as appropriate.
- 16.8 The table below summarises the current implications of the proposed capital programme and spending plans against likely funding sources including affordable borrowing levels.

Proposed Expenditure	2007/08 £000	2008/09 £000	2009/10 £000	2010/11 £000
Main Programme	179,832	256,787	387,135	316,549
London 2012 Olympic and Paralympic Games	0	24,893	59,531	30,225
Counter-Terrorism	0	19,400	37,400	26,500
Total Programme	179,832	301,081	484,066	373,273
Less Overprogramming	0	-60,000	-60,000	-60,000
Capital Spending Plan	179,832	241,081	424,066	313,273
Funding Sources				
Police Capital Grant	25,338	42,408	42,408	42,408
Other Grants & Third Party Contributions	5,319	4,128	14,028	2,528
Capital Reserves				
Main Programme	7,402	15,020	5,990	5,990
C3i Programme	28,098	7,895	0	0
Capital Receipts	71,993	84,783	99,510	75,000
Partnership Funds/RCCO	2,554	2,554	2,554	2,554
Specific Grant				
London 2012 Olympic and Paralympic Games	0	24,893	59,531	30,225
Counter-Terrorism	0	19,400	37,400	26,500
Borrowing				
Main Programme	24,642	25,000	38,041	40,000
Safer Neighbourhoods Programme	14,486	15,000		
Total Funding	179,832	241,081	299,462	225,205
Funding Shortfall	0	0	124,604	88,068
Associated Revenue Expenditure		27,682	36,314	39,595

17. Financial Implications

17.1 This report is wholly concerned with the financial implications of the 2008/09 budget.

17.2 A robust financial strategy is an essential component of the MPS's planning framework. The proposed draft strategy (**Annex 5**) describes how the deployment of revenue resources contributes to the delivery of the MPS visions and objectives. It sets out:

- The Service's corporate planning objectives
- Our approach to planning and controlling revenue expenditure
- How we obtain resources for revenue and capital spending
- The links to other strategies and plans

17.3 Given the uncertainties relating to the Service's evolving activities, it is difficult at this stage to determine with accuracy the cost of all these activities over the next three years. However all the submissions in respect of the 2008/09 budget include financial estimates for 2009/10

and 2010/11. Wherever possible, emerging issues over the next three years have been included in the draft business plan and budget.

Robustness Statement

- 17.4 As part of the requirements of the Local Government Act 2003, the Chief Finance Officer must report on the robustness of the estimates made for the purposes of the calculations and the adequacy of the proposed financial reserves. For the MPA, the Treasurer is the Chief Finance Officer and he reported to the Finance Committee on 18 October 2007 on the position on, and process for determining, the reserves held in respect of the MPA/MPS's activities. That information is reflected in Section 13.
- 17.5 The summary forecasts for 2008/09 contained in Section 4 of this report have been reviewed to ensure they reflect, as appropriate, the Service's financial position in the current year based on Quarter 2 monitoring. The impact that the forecasts have on the reserves means that the Authority should have adequate resources to meet identified liabilities and a degree of unforeseen risk.
- 17.6 The internal controls of the Service continue to be reviewed by the Authority's internal auditor as well as HMIC and the Audit Commission thus ensuring any risk to the financial standing of the Service is minimised.
- 17.7 In accordance with the requirements of the Local Government Act 2003, the Service's financial position is monitored against the approved budget requirement and reported to the MPS Investment Board and the MPA Finance Committee on a monthly basis and to the Mayor and London Assembly on a quarterly basis.
- 17.8 Based on the information provided in this report and other information available to him, the MPA Treasurer will, before the draft business plan and budget submission is made to the GLA, make a judgement on the robustness of estimates made for the purposes of the calculations in this report and the adequacy of the reserves.

18. Consultation

- 18.1 The MPS-wide objectives are set against the outcome of a refreshed Corporate Strategic Assessment (CSA) process that analysed the performance and intelligence picture for the MPS, including business risks, emerging external issues and an assessment of the internal capabilities of the Service. The requirements of external stakeholders have also been taken into consideration.

Corporate Strategic Assessment

- 18.2 The refreshed CSA process has highlighted a number of key outward-facing challenges for the MPS including: the delivery of citizen focused

policing; the continuing terrorist threat; policing and protecting young people; reducing serious violence and the delivery of a safe and secure Olympic and Paralympic Games in 2012. It has also raised some key organisational challenges in terms of improving our productivity and having people with the right skills in the right jobs at the right time. In addition, the process has also identified some important 'cross cutting' issues for the MPS such as partnership working; the importance of information quality and intelligence; and the growth, diversification and complexity of London itself.

- 18.3 The findings of the CSA process, and the development of the MPS objectives, should also be seen in the context of a wider external environment which includes: forthcoming Mayoral elections; the development of national policy on issues like LAAs, new PSAs and the move from PPAF to APACS; how the new Governmental landscape operates following the changes instituted in June; and the outcome of the Review of Policing being carried out by Sir Ronnie Flanagan.

Key external stakeholders

- 18.4 In addition to the CSA, the business plan also considers the requirements of key external stakeholders in establishing the strategic objectives, for instance:

- The Government is in the process of setting out the indicative budget and Public Service Agreements (PSAs) as part of the Comprehensive Spending Review (CSR). As well as determining the budget, this sets out the Government's priorities including targets that police services and partners are required to achieve from April 2008 to March 2011. These proposals are not yet finalised but have been considered in relation to the MPS' priorities.
- Local Area Agreements (LAAs) are also a requirement from the Government and are intended to give flexibility in deciding priorities in accordance with to local needs and allow for issues to be tackled collaboratively. These LAAs will include social, educational, health and other issues as well as policing needs.
- The Mayor's priorities as outlined in the Greater London Authority Group Budget Guidance distributed to the GLA functional bodies on an annual basis
- Consultation is undertaken to ensure that the strategic objectives will help address the concerns raised by the public and other external stakeholders.

19. Strategy Implications

- 19.1 The budget and business plan submissions are fundamental elements of the framework established to delivery Policing Priorities and strategies, and also supporting the Mayor objectives.

20. Equalities Implications

- 20.1 The July budget guidance by the GLA required the MPA/MPS to set out its approach to achieving the Mayor's equality objectives. Equalities is seen as one of three key strands of sustainable development activity which support the drive for continuous improvement throughout the MPS.
- 20.2 The draft business plan highlights the key area of MPS activity in relation to equalities issues. In addition, the GLA group budget and equalities process, which takes place from April each year, is a key part of the Service's overall budget process. The Service will contribute to the GLA annual equalities review in May/June 2008 which will consider:
- the structures and processes in place to embed equalities into the work of the Service
 - the impact of the final budget decisions on equalities related work
 - achievements to date and future targets

More detail on equalities activity is included in **Annex 6**.

21. Environmental Sustainability and Health Implications

- 21.1 Environmental sustainability and health, as strands of sustainable development, are also seen as drivers for improvement within the Service. The draft business plan highlights the key areas of MPS activity in relation to environmental sustainability and health issues.
- 21.2 The MPS will contribute to the GLA annual review on environmental sustainability and health issues which will follow the same template as the equalities review. More detail on environmental sustainability and health activity is included in **Annex 6**.

22. Legal Implications

- 22.1 The Mayor is responsible for the preparation of the budget for the component and consolidated budgets of the GLA group including the MPA. The London Assembly's role is to scrutinise the budgeting decisions of the Mayor and to approve the Mayor's budget (with or without amendments) and to set a budget in the event the Mayor does not do so in time. Once the component and consolidated budgets are approved the MPA is responsible for approving the operational budget for the MPA and MPS.
- 22.2 The Mayor must consult the MPA before preparing the MPA's draft component budget requirement (GLA Act s87 and Schedule 6).

- 22.3 The determination of the component and consolidated budget requirements is expected to take place between December (when central Government's provisional financial settlement is published) and before the end of February when the budget will be finalised (GLA Act Schedule 6, paragraph 8). The budget requirement set by the Mayor can be 'capped' by the Secretary of State under paragraph IVa of the Local Government Act 1992 (the '1992 Act'). The GLA's calculation of its budget requirements for the GLA group may not be questioned except by way of judicial review (GLA Act s107). This restriction applies as long as the GLA's calculation was made in accordance with the statutory procedures.
- 22.4 Expenditure or activities undertaken by the MPA, as a statutory body, must be based on the specific statutory powers given to it. Expenditure should only be budgeted for activities which fall within those statutory powers and can only be spent for such purposes whether budgeted or not.
- 22.5 In considering the budget requirement for the MPA/MPS the Authority must, having regard to all relevant facts, balance the budget implications of service demands with its fiduciary duty to the council tax payer.

Reduction Proposals

Annex 1

Saving Details	2008/09 £000	2009/10 £000	2010/11 £000
OVERHEAD			
Realignment of functions within TP	-4,300	0	0
Reduction in management structures on Boroughs and within TPHQ	-3,050	-1,300	0
Reationalise the F&R function across the Boroughs and deliver reductions in other devolved budgets	-2,000	0	0
Reduction in Police Officer and Police Staff Posts	-1,825	0	0
Directorate of Forensic Services (SCD4) - within forensic analysis charges, staff costs and overtime	-1,514	0	0
Other Operational Overhead Savings	-3,286	-738	0
TPHR function to be rationalised and transferring to HR Directorate	-1,000	0	0
Diversity & Citizen Focus/Central Services - rationalisation of posts/support function costs	-197	-197	0
Reduction of 1 DAC and staff/Police Staff review	-643	-163	0
Savings across staff and non staff categories	-359	-337	0
SCD - Reduced running costs within various Units	-1,087	-41	0
Total Operational Overhead Savings	-15,975	-2,038	0
Cash Freeze on Non-Pay Inflation	-7,500	0	0
Transforming HR	-3,000	-9,000	-2,000
Procurement - Outsourcing Service Programme/efficiency savings	-2,051	-134	0
Rationalise use of temp / external staff and reduced supplies and services	-1,175	-560	-250
Overhead efficiencies activity - Phase II	-1,000	0	0
Other Support Overhead Savings	-7,415	-3,632	-1,288
Total Support Overhead Savings	-22,141	-13,326	-3,538
Total OVERHEAD Savings	-38,116	-15,364	-3,538
NON-OVERHEAD			
Realign the funding within TP to better meet the demands of the Business Group and meet the needs of the MTFP	-6,530	-1,000	4,000
Improvement to Criminal Justice and volume crime processes within the MPS	-5,400	-1,800	0
Increase in cost recovery - Heathrow	-2,500	0	0
Rationalisation of front-office function in police stations	-1,800	0	0
Additional funding from third parties for existing SO activity/other general efficiency savings on CT activity	-1,795	-1,768	-1,741
Change to the delivery of both forensic medical care and custody services	0	-3,175	-9,525
Funding for Police Officers and Police Staff for Integrated Borough Operations (IBOs)	-1,500	1,500	0
Other Operational Non-Overhead Savings	-8,423	-3,361	-1,079
Total Operational Non-Overhead Savings	-27,948	-9,604	-8,345
Procurement- PROSPA project	-2,800	0	0
Reduced ICT costs secured through negotiation.	-1,648	-2,087	-400
PSD - Reactive Repairs	-1,520	-1,520	-1,520
Other Support Non-Overhead Savings	-1,591	-1,957	0
Total Support Non-Overhead Savings	-7,559	-5,564	-1,920
Total NON-OVERHEAD Savings	-35,507	-15,168	-10,265
Total	-73,623	-30,532	-13,803

Note: reductions are incremental

Reductions Proposals – Staff

Annex 1

Saving Details	Anticipated staffing changes in 2008-09 resulting from savings		Anticipated staffing changes in 2009-10 resulting from savings		Anticipated staffing changes in 2010-11 resulting from savings	
	Police Officers	Police Staff	Police Officers	Police Staff	Police Officers	Police Staff
OVERHEAD						
Realignment of functions within TP	-96	0	0	0	0	0
Reduction in management structures on Boroughs and within TPHQ	-52	17	-19	-1	0	0
Reationalise the F&R function across the Boroughs and deliver reductions in other devolved budgets	28	-50	0	0	0	0
Reduction in Police Officer and Police Staff Posts	-57	39	0	0	0	0
Directorate of Forensic Services (SCD4) - within forensic analysis charges, staff costs and overtime	-3	-9	0	0	0	0
Other Operational Overhead Savings	-5	-22	-5	-2	0	0
Total Operational Overhead Savings	-185	-25	-24	-3	0	0
Cash Freeze on Non-Pay Inflation						
Transforming HR	0	0	0	0	0	0
Procurement - Outsourcing Service Programme/efficiency savings	0	0	0	0	0	0
Rationalise use of temp / external staff and reduced supplies and services	0	0	0	0	0	0
Overhead efficiencies activity - Phase II	0	0	0	0	0	0
Other Support Overhead Savings	-17	-61	-14	-35	-1	-14
Total Support Overhead Savings	-17	-61	-14	-35	-1	-14
Total OVERHEAD Savings	-202	-85	-38	-38	-1	-14
NON-OVERHEAD						
Realign the funding within TP to better meet the demands of the Business Group and meet the needs of the MTFP	-198	9	-20	0	100	0
Improvement to Criminal Justice and volume crime processes within the MPS	-64	-58	-30	-10	0	0
Increase in cost recovery - Heathrow	0	0	0	0	0	0
Rationalisation of front-office function in police stations	0	0	0	0	0	0
Additional funding from third parties for existing SO activity/other general efficiency savings on CT activity	0	0	0	0	0	0
Change to the delivery of both forensic medical care and custody services	0	200	-300	450	-300	250
Funding for Police Officers and Police Staff for Integrated Borough Operations (IBOs)	0	0	0	0	0	0
Other Operational Non-Overhead Savings	-58	-4	-2	-23	-2	-24
Total Operational Non-Overhead Savings	-320	147	-352	417	-202	226
Procurement- PROSPA project	0	0	0	0	0	0
Reduced ICT costs secured through negotiation.	0	0	0	0	0	0
PSD - Reactive Repairs	0	0	0	0	0	0
Other Support Non-Overhead Savings	-3	0	-9	0	0	0
Total Support Non-Overhead Savings	-3	0	-9	0	0	0
Total NON-OVERHEAD Savings	-323	147	-361	417	-202	226
Total	-525	62	-399	379	-203	212

Note: reductions are incremental

Growth Proposals

Annex 2

	2008/09	2009/10	2010/11
	£000	£000	£000
Committed Expenditure (as per 2007-10 Plan)			
Rental and Related Contractual Liabilities	2,300	4,300	1,000
London Pay Lead	2,050	2,000	0
Airwave Special Schemes	2,000	0	0
Other Committed Expenditure	1,516	0	0
Total	7,866	6,300	1,000
Committed Reductions (as per 2007-10 Plan)			
Airwave	-7,800	-4,200	0
Progressive reduction in Housing related allowances	-5,000	-4,900	-5,000
MetTime	-3,600	0	0
C3i - Operational Services	-2,500	-1,600	0
C3i - Directorate of Information	-2,300	0	0
Other Committed Reductions	-2,457	0	0
Total	-23,657	-10,700	-5,000
Continuation of Existing Operational Policies			
Demand Led			
Forensics (Demand Led)	3,600	3,600	0
FME's (Demand Led)	1,500	1,500	0
Interpreters (Demand Led)	1,000	1,000	0
Total	6,100	6,100	0
Cost Pressures			
Support costs of IT projects into service	5,724	6,001	6,100
Estate modernisation	4,600	5,000	5,000
Cost pressures of revised capital programme	4,000	0	0
Total	14,324	11,001	11,100
Reorganisation of Support Service Delivery			
Transforming HR	4,000	0	0
Total	4,000	0	0
Contractual Price Increases			
Facilities Management Works	8,000	3,100	3,100
Increase in cost of ATOC contract	2,100	0	0
PNC Increase in Annual Charges	1,500	0	0
TFL - Loss of Vehicle Recovery Contract	400	0	0
Total	12,000	3,100	3,100
Sustainable Procurement			
London Living Wage (Sustainable Procurement)	3,000	1,000	0
Total	3,000	1,000	0
Total Continuation of Existing Operational Policies	39,424	21,201	14,200

Note: growth is incremental

Growth Proposals

Annex 2

	2008/09 £000	2009/10 £000	2010/11 £000
New Initiatives			
Enhancing Capacity			
Firearms training capacity - long term (firing range plus electronic targetry system)	0	10,000	0
Total	0	10,000	0
Systems Improvement			
Eagle Corporate Network	2,000	4,000	1,000
Other Systems Improvement	2,470	0	0
Total	4,470	4,000	1,000
Demand Led			
Growth and Demand for evidential services and other covert technology services	1,700	1,000	1,000
Additional Aid requirement to police Wembley events	1,600	0	0
Maintenance of helicopters - pressure not funded in 2007/08	600	0	0
Other Demand Led	2,000	-500	-500
Total	5,900	500	500
Performance			
Further rollout of Integrated Borough Operations (IBO)	4,500	14,000	0
Transforming HR - restructuring costs	4,121	0	0
Borough Partnership (two year deal only) - 320 Police Officers	3,900	0	0
CCC	2,500	0	1,600
Total	15,021	14,000	1,600
Income			
No Witness No Justice - loss of ISB funding and increase to cover all boroughs	1,500	0	0
Uncertainty around income from IND for leasing of cells	1,200	0	0
Total	2,700	0	0
IMPACT Programme - Bichard Inquiry			
IMPACT Programme - MOPI , INI and other projects	5,000	0	0
IMPACT Programme - MOPI , INI and other projects	1,500	0	0
Total	6,500	0	0
Funded Pressures			
NSPIS Datacentre	6,000	0	0
NSPIS Datacentre - Funding	-6,000	0	0
TP - Supervision for Safer Transport Teams (TfL)	2,100	0	0
CO - Provide Officers to support TfL	1,900	0	0
TfL Funding - TP	-2,100	2,100	0
TfL Funding - CO	-1,900	1,900	0
Designated Detention Officers - End of Home Office Grant	6,500	0	0
Designated Detention Officers - Funding	-6,500	0	0
Total Funded Pressures	0	4,000	0
	34,591	32,500	3,100
New Initiatives Funded from Specific Grants	£000	£000	£000
MPS Share of National CT bid (currently with Treasury)	30,000	0	0
Further additional DSP expenditure for mandated number of posts	29,200	0	0
Olympics preparation - revenue (Expenditure and Funding assumed)	40,144	27,687	27,180
Total New Initiatives Funded from Specific Grants	99,344	27,687	27,180
Additional Grant Requested	-30,000	0	0
Additional Grant Requested	-29,200	0	0
Additional Grant Requested	-40,144	-27,687	-27,180
Total Additional Grant	-99,344	-27,687	-27,180
Total	58,224	49,301	13,300

Note: growth is incremental

Growth Proposals – Workforce

Annex 2

	Anticipated staffing changes in 2008-09			Anticipated staffing changes in 2009-10			Anticipated staffing changes in 2010-11		
	Police Officers	Police Staff	PCSOs	Police Officers	Police Staff	PCSOs	Police Officers	Police Staff	PCSOs
Committed Expenditure (as per 2007-10 Plan)									
Rental and Related Contractual Liabilities	0	0	0	0	0	0	0	0	0
London Pay Lead	0	0	0	0	0	0	0	0	0
Airwave Special Schemes	0	1	0	0	0	0	0	0	0
Other Committed Expenditure	0	0	0	0	0	0	0	0	0
Total	0	1	0	0	0	0	0	0	0
Committed Reductions (as per 2007-10 Plan)									
Airwave	0	0	0	0	0	0	0	0	0
Progressive reduction in Housing related allowances	0	0	0	0	0	0	0	0	0
MetTime	0	0	0	0	0	0	0	0	0
C3i - Operational Services	0	0	0	0	0	0	0	0	0
C3i - Directorate of Information	0	0	0	0	0	0	0	0	0
Other Committed Reductions	0	0	0	0	0	0	0	0	0
Total	0	0	0	0	0	0	0	0	0
Continuation of Existing Operational Policies									
Demand Led									
Forensics (Demand Led)	0	0	0	0	0	0	0	0	0
FME's (Demand Led)	0	0	0	0	0	0	0	0	0
Interpreters (Demand Led)	0	0	0	0	0	0	0	0	0
Total	0	0	0	0	0	0	0	0	0
Cost Pressures									
Support costs of IT projects into service	0	1	0	0	1	0	0	1	0
Estate modernisation	0	0	0	0	0	0	0	0	0
Cost pressures of revised capital programme	0	0	0	0	0	0	0	0	0
Total	0	1	0	0	1	0	0	1	0
Reorganisation of Support and Delivery Services									
Transforming HR - restructuring costs	0	0	0	0	0	0	0	0	0
Total	0	0	0	0	0	0	0	0	0
Contractual Price Increases									
Facilities Management Works	0	0	0	0	0	0	0	0	0
Increase in cost of ATOC contract	0	0	0	0	0	0	0	0	0
PNC Increase in Annual Charges	0	0	0	0	0	0	0	0	0
TFL - Loss of Vehicle Recovery Contract	0	0	0	0	0	0	0	0	0
Total	0	0	0	0	0	0	0	0	0
Sustainable Procurement									
London Living Wage (Sustainable Procurement)	0	0	0	0	0	0	0	0	0
Total	0	0	0	0	0	0	0	0	0
Total Continuation of Existing Operational Policies	0	1	0	0	1	0	0	1	0
Net Growth in Existing Services and Programmes	0	2	0	0	1	0	0	1	0

Note: growth is incremental

Growth Proposals – Workforce

Annex 2

New Initiatives									
Enhancing Capacity									
Firearms training capacity - long term (firing range plus electronic)	0	0	0	0	0	0	0	0	0
Total	0	0	0	0	0	0	0	0	0
Systems Improvement									
Eagle Corporate Network	0	0	0	0	0	0	0	0	0
Other Systems Improvement	0	0	0	0	0	0	0	0	0
Total	0	0	0	0	0	0	0	0	0
Demand Led									
Growth and Demand for evidential services and other covert technology services	0	10	0	0	0	0	0	0	0
Additional Aid requirement to police Wembley events	0	0	0	0	0	0	0	0	0
Maintenance of helicopters - pressure not funded in 2007/08	0	0	0	0	0	0	0	0	0
Other Demand Led	0	0	0	0	0	0	0	0	0
Total	0	10	0	0	0	0	0	0	0
Performance									
Further rollout of Integrated Borough Operations (IBO)	291	36	0	0	109	0	0	0	0
Transforming HR - Redundancy Costs (see Annex 3 and Annex 5 Savings)	0	0	0	0	0	0	0	0	0
Borough Partnership (two year deal only) - 320 Police Officers CCC	320	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	40	0
Total	611	36	0	0	109	0	0	40	0
Income									
No Witness No Justice - loss of ISB funding and increase to	0	47	0	0	0	0	0	0	0
Uncertainty around income from IND for leasing of cells	0	0	0	0	0	0	0	0	0
Total	0	47	0	0	0	0	0	0	0
IMPACT Programme - Bichard Inquiry									
IMPACT Programme - MOPI, INI and other projects	3	27	0	0	0	0	0	0	0
IMPACT Programme - MOPI, INI and other projects	0	0	0	0	0	0	0	0	0
Total	3	27	0	0	0	0	0	0	0
Funded Pressures									
NSPIS Datacentre	0	0	0	0	0	0	0	0	0
NSPIS Datacentre - Funding	0	0	0	0	0	0	0	0	0
TP - Supervision for Safer Transport Teams (TfL)	42	0	0	0	0	0	0	0	0
CO - Provide Officers to support TfL	0	0	0	0	0	0	0	0	0
TfL Funding - TP	0	0	0	0	0	0	0	0	0
TfL Funding - CO	0	0	0	0	0	0	0	0	0
Designated Detention Officers - End of Home Office Grant	0	178	0	0	0	0	0	0	0
Designated Detention Officers - Funding	0	0	0	0	0	0	0	0	0
Total	42	178	0	0	0	0	0	0	0
Total New Initiatives	656	298	0	0	109	0	0	40	0

	Anticipated staffing changes in 2008-09			Anticipated staffing changes in 2009-10			Anticipated staffing changes in 2010-11		
	Police Officers	Police Staff	PCSOs	Police Officers	Police Staff	PCSOs	Police Officers	Police Staff	PCSOs
New Initiatives Funded from Specific Grants									
Olympics preparation - revenue (Expenditure and Funding assumed)	267	93	3	297	55	3	293	44	0
MPS Share of National CT bid (currently with Treasury)	300	0	0	0	0	0	0	0	0
Further additional DSP expenditure for mandated number of posts	300	0	0	0	0	0	0	0	0
Total	867	93	3	297	55	3	293	44	0
Total Pressures	1,523	393	3	297	165	3	293	85	0

Note: growth is incremental

Original Budget 2007/08 £000	Forecast 2007/08 £000		Plan 2008/09 £000	Plan 2009/10 £000	Plan 2010/11 £000
Business Groups:					
1,362,072	1,350,982	Territorial Policing	1,377,852	1,423,450	1,451,963
374,858	385,250	Specialist Crime Directorate	390,692	403,789	414,008
182,127	208,582	Specialist Operations	244,914	247,092	250,359
265,610	265,774	Central Operations	310,479	359,782	397,155
168,220	166,996	Operational Services	167,397	167,364	172,171
15,127	14,499	Strategy Modernisation & Performance Directorate	14,256	14,339	14,718
6,223	6,192	Directorate of Public Affairs	6,306	6,460	6,625
216,368	221,423	Directorate of Information	220,202	228,355	241,807
234,957	236,268	Resources Directorate	246,240	263,654	278,329
154,560	153,432	Human Resources Directorate	164,592	157,797	160,285
2,980,121	3,009,398	Total Business Groups	3,142,930	3,272,080	3,387,419
Corporate Budgets:					
29,185	28,782	Pensions	29,185	29,185	29,185
11,942	-8,164	Centrally Held	12,663	9,803	4,643
41,127	20,618	Total Corporate Budgets	41,848	38,988	33,828
3,021,248	3,030,016	Total MPS	3,184,778	3,311,068	3,421,247
11,719	11,417	MPA	12,482	12,774	13,088
3,032,967	3,041,433	Net service expenditure	3,197,260	3,323,842	3,434,335
21,570	20,985	Capital financing costs	21,570	21,570	21,570
-11,430	-11,430	Interest receipts	-11,430	-11,430	-11,430
3,043,107	3,050,988	Net expenditure	3,207,400	3,333,982	3,444,475
-506,380	-537,050	Specific Grants	-613,600	-641,287	-668,467
2,536,727	2,513,938	Net revenue expenditure	2,593,800	2,692,695	2,776,008
-4,027	4,221	Transfer to/(from) reserves	0	0	0
2,532,700	2,518,159	Budget requirement	2,593,800	2,692,695	2,776,008

Note: Analysis reflects provisional allocation, for comparative purposes, of pay and price inflation provision to business groups. The final allocation of this centrally held provision will be determined later on in the budget process.

Capital Spending – Expenditure by Provisioning Group

Provisioning Group/Major Initiative	Approved Capital Programme 2007/08 £000s	C/Fwd from 2006/07 £000s	Potential Capital Programme 2007/08 £000s	Revised Capital Programme 2007/08 £000s	Approved Capital Programme 2008/09 £000s	Revised Proposed Budget 2008/09 £000s	Approved Capital Programme 2009/10 £000s	Revised Proposed Budget 2009/10 £000s	Proposed Capital Programme 2010/11 £000s	Proposed Capital Programme 2011/12 £000s	Proposed Capital Programme 2012/13 £000s	Proposed Capital Programme 2013/14 £000s	Proposed Capital Programme 2014/15 £000s
Property Services	65,897	27,800	93,697	39,942	121,375	66,610	159,275	194,322	216,661	150,700	99,150	88,050	73,683
Directorate of Information	49,040	31,566	80,606	65,425	66,782	147,079	48,340	135,577	78,652	70,147	67,880	107,009	73,872
Transport Services	22,760	3,274	26,034	26,900	19,903	19,903	16,574	18,936	20,936	18,686	23,186	18,436	27,936
Misc. Equipment from Ad Hoc Providers	300	1,582	1,882	2,581	300	300	300	300	300	300	300	300	300
C3i Programme	15,355	15,143	30,498	30,498	0	7,895	0	0	0	0	0	0	0
Safer Neighbourhoods	27,350	29,395	56,745	14,486	17,700	15,000	0	38,000	0	0	0	0	0
Total Programme	180,702	108,760	289,462	179,832	226,060	256,787	224,489	387,135	316,549	239,833	190,516	213,795	175,791
In Year Programme Management - PS	0	0	0	0	-50,500	-12,000	-46,500	-12,000	-12,000	0	0	0	0
In Year Programme Management - DoI	0	0	0	0	0	-48,000	0	-48,000	-48,000	0	0	0	0
Total Allocation	180,702	108,760	289,462	179,832	175,560	196,787	177,989	327,135	256,549	239,833	190,516	213,795	175,791
London 2012 Olympic and Paralympic Games													
Property Based Schemes	0	0	0	0	0	3,820	0	35,940	14,700	8,250	0	0	0
Technology Based Schemes	0	0	0	0	0	16,555	0	18,479	7,750	0	0	0	0
Transport Based Schemes	0	0	0	0	0	4,518	0	5,112	7,775	0	0	0	0
Total Allocation	0	0	0	0	0	24,893	0	59,531	30,225	8,250	0	0	0
Counter Terrorism													
Property Based Schemes	0	0	0	0	0	10,400	0	23,400	21,000	0	0	0	0
Technology Based Schemes	0	0	0	0	0	7,500	0	12,500	4,000	0	0	0	0
Transport Based Schemes	0	0	0	0	491	1,500	491	1,500	1,500	1,500	1,500	1,500	1,500
Total Allocation	0	0	0	0	491	19,400	491	37,400	26,500	1,500	1,500	1,500	1,500
Total Capital Programme													
Provisioning Group/Major Initiative	180,702	108,760	289,462	179,832	175,560	196,787	177,989	327,135	256,549	239,833	190,516	213,795	175,791
London 2012 Olympic and Paralympic Games	0	0	0	0	0	24,893	0	59,531	30,225	8,250	0	0	0
Counter Terrorism	0	0	0	0	491	19,400	491	37,400	26,500	1,500	1,500	1,500	1,500
Grand Total	180,702	108,760	289,462	179,832	176,051	241,081	178,480	424,066	313,273	249,583	192,016	215,295	177,291
Associated Revenue Expenditure						27,682		36,314	39,595	38,264	52,819	64,777	64,776

Capital Spending – Expenditure by Business Group

Business Group	Approved Capital Programme 2008/09 £000s	Revised Proposed Budget 2008/09 £000s	Approved Capital Programme 2009/10 £000s	Revised Proposed Budget 2009/10 £000s	Approved Capital Budget 2010/11 £000s	Approved Capital Budget 2011/12 £000s	Approved Capital Budget 2012/13 £000s	Approved Capital Budget 2013/14 £000s	Approved Capital Budget 2014/15 £000s
Territorial Policing	86,954	67,987	77,400	129,856	81,713	67,127	65,027	61,477	51,785
Specialist Operations	222	3,897	222	222	222	222	222	222	222
Specialist Crime Directorate	14,702	8,087	16,742	33,492	10,942	9,242	8,742	4,742	4,742
Central Operations	25,168	4,848	33,088	54,628	46,228	49,778	23,628	15,278	14,828
Operational Services	0	250	0	250	0	0	0	0	0
Directorate of Information	14,000	14,419	17,000	17,431	4,000	5,000	4,000	2,000	2,000
Resources Directorate	1,932	3,257	782	9,047	49,062	428	445	463	482
Human Resources	4,400	12,583	4,175	3,710	2,721	2,231	243	255	268
Directorate of Public Affairs	0	0	0	0	0	0	0	0	0
Strategy, Mod & Perf Directorate	390	200	390	210	221	231	243	256	268
Corporate - Property Based Schemes	24,000	26,400	28,000	41,700	47,150	44,750	36,700	41,200	33,200
Corporate - IT Infrastructure	45,957	107,475	33,255	88,354	58,080	48,614	45,556	82,192	62,286
Corporate - Capitalised Staff Costs	6,200	4,700	6,200	4,700	5,200	5,200	5,700	5,700	5,700
Corporate - Other	1,885	2,684	1,985	1,535	2,510	2,510	10	10	10
Awaits	250	0	5,250	2,000	8,500	4,500	0	0	0
Total BGs	226,060	256,787	224,489	387,135	316,549	239,833	190,516	213,795	175,791
In-year Programme Management - PS	-50,500	-12,000	-46,500	-12,000	-12,000	0	0	0	0
In-year Programme Management - DoI	0	-48,000	0	-48,000	-48,000	0	0	0	0
Total Allocation	175,560	196,787	177,989	327,135	256,549	239,833	190,516	213,795	175,791
Olympics Security Directorate	0	24,893	0	59,531	30,225	8,250	0	0	0
Total Allocation	0	24,893	0	59,531	30,225	8,250	0	0	0
Counter Terrorism	491	19,400	491	37,400	26,500	1,500	1,500	1,500	1,500
Total Allocation	491	19,400	491	37,400	26,500	1,500	1,500	1,500	1,500
Total Capital Programme (Business Groups)	176,051	241,081	178,480	424,066	313,273	249,583	192,016	215,295	177,291
Associated Revenue Expenditure		27,682		36,314	39,595	38,264	52,819	64,777	64,776

Capital Spending – Expenditure by Service Objective

Service Objective	Approved Capital Programme 2008/09 £000s	Revised Proposed Budget 2008/09 £000s	Approved Capital Programme 2009/10 £000s	Revised Proposed Budget 2009/10 £000s	Approved Capital Budget 2010/11 £000s	Approved Capital Budget 2011/12 £000s	Approved Capital Budget 2012/13 £000s	Approved Capital Budget 2013/14 £000s	Approved Capital Budget 2014/15 £000s
Make our services more accessible and improve people's experience of their contact with us, especially victims and witnesses	56,575	50,709	59,235	89,307	121,590	73,756	52,573	81,591	55,610
Reduce serious violence and protect young people	12,782	13,705	20,190	59,135	32,921	44,131	18,643	2,656	2,668
Reduce the harm caused by drugs and disrupt more criminal networks	5,765	7,505	2,505	6,855	8,855	7,355	6,355	6,355	6,355
Make our neighbourhoods safer through local problem solving and partnership working to reduce crime, anti-social behaviour and road casualties	75,041	56,004	74,009	111,736	79,719	53,809	48,409	52,059	42,192
Ensure the safety and security of major events in London and prepare for the 2012 Olympic/Paralympic Games	13,715	12,200	12,140	21,700	11,600	5,325	725	15,475	6,150
Replacement of Core IT Infrastructure	54,461	91,529	49,689	57,701	49,642	43,236	47,590	49,438	56,595
Enhance our counter terrorism capacity and capability	7,722	25,136	6,722	40,702	12,222	12,222	16,222	6,222	6,222
Total Major Initiatives	226,060	256,787	224,489	387,135	316,549	239,833	190,516	213,795	175,791
In-year Programme Management - PS	-50,500	-12,000	-46,500	-12,000	-12,000	0	0	0	0
In-year Programme Management - DoI	0	-48,000	0	-48,000	-48,000	0	0	0	0
Total Allocation	175,560	196,787	177,989	327,135	256,549	239,833	190,516	213,795	175,791
Olympics Security Directorate	0	24,893	0	59,531	30,225	8,250	0	0	0
Total Allocation	0	24,893	0	59,531	30,225	8,250	0	0	0
Counter Terrorism	491	19,400	491	37,400	26,500	1,500	1,500	1,500	1,500
Total Allocation	491	19,400	491	37,400	26,500	1,500	1,500	1,500	1,500
Total Capital Programme (Business Groups)	176,051	241,081	178,480	424,066	313,273	249,583	192,016	215,295	177,291
Associated Revenue Expenditure		27,682		36,314	39,595	38,264	52,819	64,777	64,776

Capital Spending – Funding of Proposed Capital Spending Plan

Funding of Main Programme	Approved Capital Programme 2007/08 £000s	C/Fwd from 2006/07 £000s	Potential Capital Programme 2007/08 £000s	Revised Capital Budget 2007/08 £000s	Approved Capital Programme 2008/09 £000s	Revised Proposed Budget 2008/09 £000s	Approved Capital Programme 2009/10 £000s	Revised Proposed Budget 2009/10 £000s	Proposed Capital Budget 2010/11 £000s	Proposed Capital Budget 2011/12 £000s	Proposed Capital Budget 2012/13 £000s	Proposed Capital Budget 2013/14 £000s	Proposed Capital Budget 2014/15 £000s
Police Capital Grant	25,338	0	25,338	25,338	35,856	42,408	35,856	42,408	42,408	35,856	35,856	35,856	35,856
Other Capital Grants & Third Party Contributions	5,319	0	5,319	5,319	2,028	4,128	2,028	14,028	2,528	2,028	2,028	2,028	2,028
Capital Reserves													
Main Programme	2,359	62,640	64,999	7,402	3,000	15,020	0	5,990	5,990	0	0	0	0
C3i Programme	12,955	15,143	28,098	28,098	0	7,895	0	0	0	0	0	0	0
Capital Receipts	71,993	0	71,993	71,993	84,783	84,783	99,510	99,510	75,000	75,000	75,000	75,000	75,000
Partnership Funds/RCCO	2,554	0	2,554	2,554	2,554	2,554	2,554	2,554	2,554	2,554	2,554	2,554	2,554
Borrowing													
Main Programme	32,834	1,582	34,416	24,642	29,639	25,000	38,041	38,041	40,000	40,000	40,000	40,000	40,000
Safer Neighbourhoods Programme	27,350	29,395	56,745	14,486	17,700	15,000	0	0	0	0	0	0	0
Total	180,702	108,760	289,462	179,832	175,560	196,788	177,989	202,531	168,480	155,438	155,438	155,438	155,438
London 2012 Olympic and Paralympic Games - Home Office Specific Grant	0	0	0	0	0	24,893	0	59,531	30,225	8,250	0	0	0
Total	0	0	0	0	0	24,893	0	59,531	30,225	8,250	0	0	0
Counter Terrorism - Home Office Specific Grant	0	0	0	0	491	19,400	491	37,400	26,500	1,500	1,500	1,500	1,500
Total	0	0	0	0	491	19,400	491	37,400	26,500	1,500	1,500	1,500	1,500
Total Funding													
Main Programme	180,702	108,760	289,462	179,832	175,560	196,788	177,989	202,531	168,480	155,438	155,438	155,438	155,438
London 2012 Olympic and Paralympic Games - Home Office Specific Grant	0	0	0	0	0	24,893	0	59,531	30,225	8,250	0	0	0
Counter Terrorism	0	0	0	0	491	19,400	491	37,400	26,500	1,500	1,500	1,500	1,500
Total Funding	180,702	108,760	289,462	179,832	176,051	241,081	178,480	299,462	225,205	165,188	156,938	156,938	156,938
Funding Shortfall - Main Programme	0	0	0	0	0	0	0	124,604	88,068	84,395	35,078	58,357	20,353

Capital Spending – Prudential Indicators

Affordability Indicators	2007/08 Estimate	2008/09 Estimate	2009/10 Estimate	2010/11 Estimate	2011/12 Estimate	2012/13 Estimate	2013/14 Estimate	2014/15 Estimate
Estimate of capital financing costs compared to net revenue stream	0.40%	0.41%	0.42%	0.43%	0.46%	0.49%	0.51%	0.53%
Estimated Incremental impact of capital investment decisions on the council tax	-£0.38	-£0.13	£0.12	£1.79	£2.26	£2.22	£2.22	£2.22

Capital Expenditure Indicator	2007/08 Estimate £000	2008/09 Estimate £000	2009/10 Estimate £000	2010/11 Estimate £000	2011/12 Estimate £000	2012/13 Estimate £000	2013/14 Estimate £000	2014/15 Estimate £000
Capital Expenditure	179,832	241,081	299,462	225,205	165,188	156,938	156,938	156,938
Capital financing requirement (at start of financial year)	340,886	366,379	391,723	414,095	437,532	460,030	481,629	502,364

Authorised Limit for External Debt	2007/08 Original £000	2007/08 Revised £000	2008/09 Estimate £000	2009/10 Estimate £000	2010/11 Estimate £000	2011/12 Estimate £000	2012/13 Estimate £000	2013/14 Estimate £000	2014/15 Estimate £000
Borrowing	159,285	118,255	104,395	95,000	87,902	86,824	85,789	84,795	83,841
Other Long Term Liabilities	-	-	-	-	-	-	-	-	-
TOTAL	159,285	118,255	104,395	95,000	87,902	86,824	85,789	84,795	83,841

Operational Boundary for External Debt.	2007/08 Original £000	2007/08 Revised £000	2008/09 Estimate £000	2009/10 Estimate £000	2010/11 Estimate £0	2011/12 Estimate £0	2012/13 Estimate £0	2013/14 Estimate £0	2014/15 Estimate £0
Borrowing	138,509	102,831	90,778	83,400	76,436	75,499	74,599	73,735	72,905
Other Long Term Liabilities	-	-	-	-	-	-	-	-	-
TOTAL	138,509	102,831	90,778	83,400	76,436	75,499	74,599	73,735	72,905

Actual External Debt	2007/08 1 April 2007 £000 57,338
-----------------------------	--

Capital Spending – Prudential Indicators

Net Outstanding Principal	2007/08 Estimate	2008/09 Estimate	2009/10 Estimate	2010/11 Estimate	2011/12 Estimate	2012/13 Estimate	2013/14 Estimate	2014/15 Estimate
Upper limit on fixed interest rate exposures	95%	95%	95%	95%	95%	95%	95%	95%
Upper limit on variable rate exposures	30%	30%	30%	30%	30%	30%	30%	30%

Gross Outstanding Borrowing	2007/08 Estimate	2008/09 Estimate	2009/10 Estimate	2010/11 Estimate	2011/12 Estimate	2012/13 Estimate	2013/14 Estimate	2014/15 Estimate
Upper limit on fixed interest rate exposures	100%	100%	100%	100%	100%	100%	100%	100%
Upper limit on variable rate exposures	15%	15%	15%	15%	15%	15%	15%	15%
Gross Outstanding Investment	2007/08 Estimate	2008/09 Estimate	2009/10 Estimate	2010/11 Estimate	2011/12 Estimate	2012/13 Estimate	2013/14 Estimate	2014/15 Estimate
Upper limit on fixed interest rate exposures	100%	100%	100%	100%	100%	100%	100%	100%

Upper limit on variable rate exposures	40%	40%	40%	40%	40%	40%	40%	40%
--	-----	-----	-----	-----	-----	-----	-----	-----

Maturity Structure of Borrowing	Upper Limit	Lower Limit
Under 12 months	30%	0%
12 months and within 24 months	30%	0%
24 months and within 5 years	30%	0%
5 years and within 10 years	40%	0%
10 years and above	55%	0%

Financial Strategy

Continually Improving the Use of Financial Resources

We will maximise the use of resources to achieve the Authority's objectives through: prioritised spending, ensuring value for money and optimising income. We will achieve this using a framework that supports inclusion and recognises the diversity of the community we serve.

1. Introduction

- 1.1. The MPS mission of WORKING TOGETHER FOR A SAFER LONDON aims to ensure that:
- Communities are engaged with, confident in, and satisfied with, our police service
 - Security is improved and the public feel reassured
 - Crime, disorder, vulnerability and harm are prevented and reduced
 - Offenders are brought to justice
- 1.2. The MPS Financial Planning Framework helps the MPS deliver this mission by ensuring resources are aligned to service objectives.

2. Revenue Expenditure

- 2.1. Revenue expenditure is recurring expenditure on the provision of services. Typical examples are employee's salaries, premises running expenses and costs of transport and supplies and services. Revenue expenditure also includes the costs of capital financing expenditure.
- 2.2. Local authority revenue expenditure is defined in Sections 41 and 42 of the Local Government and Housing Act 1989. In practical terms the definition means that revenue expenditure covers all expenditure other than capital expenditure, with capital expenditure being spending on purchasing, improving or constructing land, buildings and major equipment.
- 2.3. Revenue expenditure before deduction of income from fees, charges and grant is called gross expenditure and is a measure of the total amount spent in providing services. After deduction of relevant income it becomes net expenditure. The level of net expenditure is the main focus for the MPS, both in setting annual budgets and in comparing costs of services against other organisations and performance indicators.
- 2.4. The MPS has a clear aim to maximise income where possible. There are opportunities for partnerships between the police and third party organisations, e.g. local councils, for cost sharing where there is a

dual benefit. These are supported and encouraged by the MPS and the MPA where such initiatives facilitate the delivery of the Service's business objectives.

3. Capital

- 3.1. All capital investment should support core policing services and the achievement of key objectives. The key purpose of the capital strategy is to provide a clear picture of procedures for acquiring and managing capital assets.
- 3.2. The MPA has approved a capital strategy. The capital strategy focuses on processes to take forward a strategically led, priority driven, capital programme. To enable efficient and effective planning of investment requirements the capital programme spans a rolling seven-year period. This assists in securing strong links between capital investment and associated revenue costs. The effectiveness of the capital strategy will be reviewed annually in the light of changing needs and priorities. The current prioritisation process ensures capital investment meets MPS needs by considering:
 - Impact on delivery of MPS Strategic Objectives or Met Modernisation Programme;
 - Continuation or completion of capital projects where significant expenditure has already been incurred or where the MPS is already contractually committed;
 - Where significant revenue or capital savings would result which could be reallocated elsewhere within the business;
 - Business benefits of the project – with particular emphasis on performance improvement.
- 3.3. The whole capital programme is then assessed in terms of its overall feasibility:
 - Revenue costs of borrowing the capital sums required to determine overall affordability;
 - MPS's capability and capacity to implement the proposed capital programme. Both in terms of the project resources of the support departments but also the ability of the receiving departments to resource the necessary business change where applicable
- 3.4. The MPS Capital Programme Review Board (CPRB) oversees the production of the Capital Programme, ensuring that there is efficient and effective governance of the Programme. The CPRB also monitors

the delivery of the investment proposals. The MPA is represented on the CPRB.

4. The Prudential Code for Capital Finance in Local Authorities

- 4.1. A new system of capital finance took effect from 1 April 2004. CIPFA has prepared a Prudential Code for Capital Finance in Local Authorities in order to underpin the new system. Local authorities are now required by regulation to comply with the Prudential Code. For the purposes of the Prudential Code, the MPA/MPS is classified as a local authority.
- 4.2. Under the code, the MPA is required to set a capital spending plan and authorised limits for external debt. The Prudential Code has been developed as a professional code of practice to support local authorities in making these decisions.
- 4.3. The key objectives of the prudential code are to ensure, within a clear framework, that the capital investment plans of local authorities are affordable, prudent and sustainable. A further key objective is to ensure that treasury management decisions are taken in accordance with good professional practice and in a manner that supports prudence, affordability and sustainability. The Prudential Code sets out the indicators that must be used by authorities to show that they meet the objectives, and also sets out a clear governance procedure for setting and revising the prudential indicators.
- 4.4. The main issues covered by the prudential indicators are:
 - Impact of capital plans on the council tax;
 - Level of capital expenditure;
 - Level of capital financing requirement;
 - Ratio of capital financing costs to net revenue stream;
 - Authorised limit and operational boundary for external debt;
 - Compliance with the CIPFA code of practice for Treasury Management;
 - Interest rate exposure and structure of borrowing and investments.
- 4.5. The MPA/MPS has developed a capital programme and identified the necessary funding. The MPA/MPS has also adopted the CIPFA code on Treasury Management and has clear procedures in place governing investments including weekly monitoring reports.

5. The Planning Framework

- 5.1. A new business planning process was introduced for the 2007/08 planning year, to help the MPS fulfil its statutory policing functions, and other discretionary functions, within a financially balanced budget. It is a continually developing process which builds on the

new approach to planning the MPS has adopted to ensure that financial planning and budgeting are driven by strategic priorities and business needs. The broad approach taken is:

- Assessing needs via consultation with stakeholders
- Alignment of resources to MPS Strategic Priorities
- Improve outcomes and minimise unit cost of delivery
- Achievability
- Identification of medium term savings proposals not just concentrating on year one
- Understanding the impact of cost reductions elsewhere within the organisation
- Priority to public-facing services
- Robustness of budgets
- Review and Scrutiny internally by MPS and with the MPA.

5.2 The integrated business and financial process contributes to the joint-working of finance and performance by providing Management Board and business groups with information that will be fundamental to supporting:

- Strategic decision making
- Making best use of resources
- Continuous improvement in productivity, efficiency and performance
- Accountability for the plans, as well as monitoring performance against plans
- Delivery of objectives, budgetary control and resource use
- Internal and external stakeholders, including the public

5.3 Additionally, the budget and business plan process aims to:

- Contribute to an effective Corporate Governance framework
- Consider budget bids against the established equalities framework;
- Consider budget bids against the established performance and objectives criteria
- Consider budget bids against the established sustainable development framework
- Ensure value for money (VfM) requirements are met
- Continually improve the link between operational business delivery and financial consequences

6. The Revenue Budget and the Three Year Plan

6.1. The revenue budget forms the first year of the MPS's three year financial plan and is approved each February as part of the budget and precept setting process. The budget is reviewed and rolled forward annually.

- 6.2. The budget document sets out outturn figures for the previous year, original and revised estimates of revenue spending for the current year, approved revenue estimates for the following year and forecast budget requirements for the following two years. Figures are analysed objectively by Business Group and subjectively by expenditure type, e.g. employee costs. The budget and financial plan is an integral part of the MPS's Business Plan, which provides information at a high level and is supported by detailed work plans for each Business Group.

7. Financing Net Revenue Expenditure

- 7.1. The two main sources of funding for the MPA/MPS's net revenue spending are the General Police Grant and the Precept. Central Government determines the Police Grant and the GLA determines the Precept (the amount to be levied on the London Borough's to be collected via the Council Tax).
- 7.2. The MPS's ability to supplement its revenue resources is limited. However on an ongoing basis, the MPS is seeking to optimise income from other streams, e.g.:
- Specific Government Grants
 - Partnership agreements
 - Sponsorship
 - Other funding streams e.g. EU Funding
 - Other Fees and charges
- 7.3. The MPA receives specific grants for a number of reasons. The impact of any changes to these grants is managed as part of the overall budget process.
- 7.4. Partnership activity is defined as any joint arrangement with other public and private sector bodies, which involves the use of joint resources to obtain a particular outcome. Under partnership agreements, the partner will have some involvement/influence in how the MPS uses any resources provided. The purpose of partnership agreements within the MPS is, in the main, to enhance public reassurance and to reduce crime and disorder.
- 7.5. The main EU funding programmes against which the MPS is likely to be able to apply for funding are 'Security and Safeguarding Liberties' and 'Fundamental Rights and Justice'. The programmes are scheduled to run for the period 2007 – 2013 and are likely to involve annual calls for applications.
- 7.6. These funding streams are not guaranteed. Areas such as sponsorship and partnership are short-term deals, usually two years, which do carry some risk of discontinued funding. The MPS makes assumptions on the potential re-negotiation of such arrangements and feeds this into the medium-term financial plan.

8. Financial Planning Aims

- 8.1. The MPS does not have the revenue resources to do everything it would like to. In planning revenue expenditure we must ensure that the MPA meets its fiduciary duty for the proper management of financial matters and statutory requirements for the provision of services. We are committed to providing the best possible value for money services to London Council Tax payers.
- 8.2. The MPS's approach to planning revenue and capital expenditure is to:
- Assist the development of strategies and plans that support the MPS's objectives
 - Demonstrate the delivery of key strategies
 - Make links between inter-related activities, e.g. Improvement Plans, the Annual Report, service scrutiny and review, strategies, medium-term plans, annual budget, risk management, and decision making processes
 - Keep Management Board and Business Group managers informed of the MPS's financial position as it is developed and refined to help them to determine priorities and reach decisions on the need for, and timing, of changes
 - Forecast changes in demand and match demand with resources
 - Optimise, both direct and indirect, resources available and ensure resources are used effectively in delivering the MPS's objectives, including the development of appropriate income generation policies and strategies
 - Demonstrate the likely implications on spending plans of changes in legislation
 - Show how MPS policies compare with national plans
 - Provide the foundations for performance/efficiency reviews and continuous improvement
 - Assist consultation with partners and stakeholders on setting priorities
 - Provide an effective and flexible means of responding swiftly to a changing environment
 - Assist in setting the annual precept while recognising national constraints
 - Inform the MPA and GLA of all significant developments during the process.
- 8.3. The Financial Strategy, as the overarching mechanism for governing the use of revenue and capital resources, influences most of the MPS's strategies and plans.
- 8.4. The MPS works within the GLA group and has to work within the financial limits set by the Mayor who provides annual guidance on the anticipated level of funding available to the MPA/MPS. The Mayor's precept for the GLA group is subject to the Government's capping

regime as determined by the Secretary of State. This means there is a need to balance the needs of the Service against the council tax burden on London residents.

9. Consultation

- 9.1. As part of the business planning process, and as required by the budget guidance issued by the Mayor, the MPA will consult key stakeholders on the budget submission. The MPA is responsible for ensuring that key stakeholders are consulted as part of this process.

10. The Budget Process

- 10.1. The timetable below gives a simplified picture of how the budget and business planning process works and links to other related processes:

On-going liaison between MPS and MPA, guidance, steer, etc to budget/business plan development	July to September
Initial response to Mayor providing information requested in guidance	Late September
MPS/MPA continue to work together to finalise the budget submission.	November
MPA sign off final Budget Submission to GLA	Late November
Provisional Grant Settlement	End November, Early December
GLA/Mayor/London Assembly approve budget for MPA & consider capital limits	Mid February
MPS budget approved by MPA	Late March

11. Resources Allocation Guidelines

- 11.1. In planning revenue budgets the MPS has regard to:

- The stated vision and objectives;
- The implementation of MPS strategies;
- Fulfilling statutory obligations;
- Value for money and enhanced performance;
- Alternative funding sources (e.g. specific Government grants).

- 11.2. The MPA needs to maintain a level of balances sufficient to provide a working balance and meet any unexpected costs (e.g., from higher than expected inflation or extraordinary contingencies such as an unexpected and significant drop in interest rates or the effects of terrorism).

- 11.3. The MPA holds earmarked reserves for three main purposes:

- A contingency to cushion the impact of unexpected events or emergencies – this forms part of general reserves;
 - A working balance to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing – this too forms part of general reserves;
 - A means of building up funds to meet known or predicted liabilities or to smooth significant expenditure requirements – known as earmarked reserves.
- 11.4. Any general balances over and above a prudent level can be made available to assist the revenue budget. The MPA has a policy of maintaining between 1.5% and 2% of net revenue expenditure as a general balance. Decisions on the use of earmarked or general reserves are made each year as part of the budget planning process.
- 11.5. The external auditor has responsibility to review the arrangements in place to ensure that financial standing is soundly based. This includes reviewing and reporting on the level of reserves taking into account their local knowledge of the authority's financial performance over a period of time. It is not their responsibility to prescribe the optimum or minimum level of reserves for an individual authority.

12. Budgetary Control

- 12.1. Spending on the revenue and capital budget is controlled through the annual process of preparing estimates and by regular monitoring of performance against them.
- 12.2. The budget is structured to reflect the organisation of the MPS and to ensure responsibility for budgets throughout the management structure. Estimates on a constant price basis are prepared and responsible officers are expected to manage Service variations and deliver the approved level of service within the cash limit. Pay and price inflation is held centrally and allocated to services on a set criteria basis. Virement procedures are available to assist managers. A budget provision for pay and non-pay inflation is held centrally and allocated to business groups where appropriate.
- 12.3. Progress is reported against the budget and business plan to MPS Investment Board and the MPA Finance Committee on a monthly basis. Progress is also reported to the Mayor and London Assembly (Budget Monitoring Sub-Committee) on a quarterly basis. The report details spend against profiled estimates for each Business Group together with explanations of significant variations and proposals for any corrective action necessary. Outturn estimates against the approved budget are also identified and explained.
- 12.4. Final accounts are prepared promptly in accordance with standard local government accounting conventions. All spending activity is

subject to review by both internal and external audit and this assists in maintaining financial control.

- 12.5. The MPS has a Corporate Governance framework that includes a scheme of delegation and financial regulations. These arrangements are reviewed periodically and a programme of work is currently underway to ensure the Corporate Governance Framework is effective and remains fit for purpose. A corporate procurement strategy has also been approved which will assist in achieving value for money, supported by a Contracts Code.
- 12.6. It is a requirement of the Local Government Act 2003 that the MPA Treasurer, as the Authority's Chief Finance Officer, must report on the robustness of the estimates made for the purposes of the calculations, and the adequacy of the proposed financial reserves. Close working relationships are maintained between the Treasurer and the Director of Strategic Finance

13. Scheme of Delegation

- 13.1. The Scheme of Delegation is intended to set out all significant functions and decisions which are delegated to officers (incorporating police officers and police staff) and which are of a statutory, financial or managerial nature, other than those of a purely operational nature. The Scheme does not define how those decisions should be taken nor does it attempt to list all the matters which are incidental to the exercise of those responsibilities and which are part of the everyday management functions of authorised officers.
- 13.2. This document sets out functions delegated to officers of the MPS from;
- The MPA;
 - The Commissioner of Police of the Metropolis (the Commissioner).
- 13.3. The Commissioner and any officers authorised by him, are responsible for the general management of their respective functions including:
- Management of staff resources;
 - The effectiveness and efficiency of service delivery;
 - Budget management;
 - Contract tendering and management;
 - Ensuring all staff are aware of and comply with MPS/MPA policies.
- 13.4. The Scheme of Delegation forms part of the MPS Corporate Governance Framework, which includes:

MPA

- MPA Standing Orders (including Financial, Contract Regulations and Scheme of Delegation and the Protocol on compensation cases);
- MPA Business Plan (incorporating the Medium Term Financial Plan).

MPA/MPS

- MPA/MPS Procurement Strategy and policies.

MPS

- MPS Scheme of Devolved Financial Management;
- MPS Financial Instructions;
- MPS Vision, Values and Behaviours;
- MPS Code of Conduct;
- MPS Human Resources policies and procedures;
- MPS Internal Control Framework;
- MPS Management Board Operating Framework;
- Also, MPS Management structure including Business Group SMTs and supporting management arrangements, along with strategic committees.

14. Treasury Management

- 14.1. On 21 March 2002 the MPA formally adopted the key recommendations of the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice for Treasury Management in the Public Services as set out in Section 4 of that Code.
- 14.2. The Code requires that the MPA will receive an annual strategy and plan in advance of the financial year. This report is submitted in accordance with that requirement. A copy of the 2007/08 Treasury Management Strategy can be found at <http://87.102.31.206/committees/f/2007/070215/11.htm>
- 14.3. Additionally, guidance issued on 1 April 2004 by the Secretary of State under Section 15(1) (a) of the Local Government Act 2003, requires an Annual Investment Strategy that contains specific reference to the security and liquidity of investments.
- 14.4. Furthermore under Part 1 of the Local Government Act 2003 local authorities are required by Regulation, effective 1 April 2004, to have regard to the Prudential Code for Capital Finance. The Prudential Code introduced requirements for how capital spending plans are considered and approved as part of an integrated treasury management strategy.

15. Sustainable Development

- 15.1. The financial planning framework promotes the delivery of the policing service whilst having proper regard to the environment within which it operates and to the diversity of the community it serves. The MPS recognises its corporate social responsibility to ensure that key sustainable issues such as environmental management, equalities and diversity, health and safety are monitored and managed.
- 15.2. The MPS recognises that the socially responsible investment of funds can have a significant positive impact on communities and the environment. In managing its investment portfolio the MPS aims to apply an ethical investment policy which, subject to discussion with the MPA, will be reflected in the 2008/09 Treasury Management Strategy.

MPA/MPS Sustainable Development Submission 2008/09

1 Introduction

Sustainable development is seen by the GLA as creating a better quality of life for people, both now and in the future, setting a context within which the Mayor's objectives of economic development, social inclusion, and environmental improvement need to be achieved in a balanced manner over the long term. Before budget proposals are issued for consultation in December, it is intended that the Mayor should be adequately informed of how these issues will be delivered, the approach to taking them forward in terms of service plans, targets and programmes, and of any material budget and resource issues.

The GLA Budget guidance requires that business plans and budget submissions include of information and financial data around key strands of sustainable development:

- Equalities
- Environmental Management/Sustainability
- Health
- Social Inclusion.

2 Sustainable Development

The majority of activity carried out by the MPS falls under the umbrella of 'sustainable development'. It is generally accepted that sustainable development comprises of a mix of social, environmental and economic progress – 'development which meets the needs of present generations without compromising the needs of future generations'¹. This is underpinned by five shared principles of sustainable development:

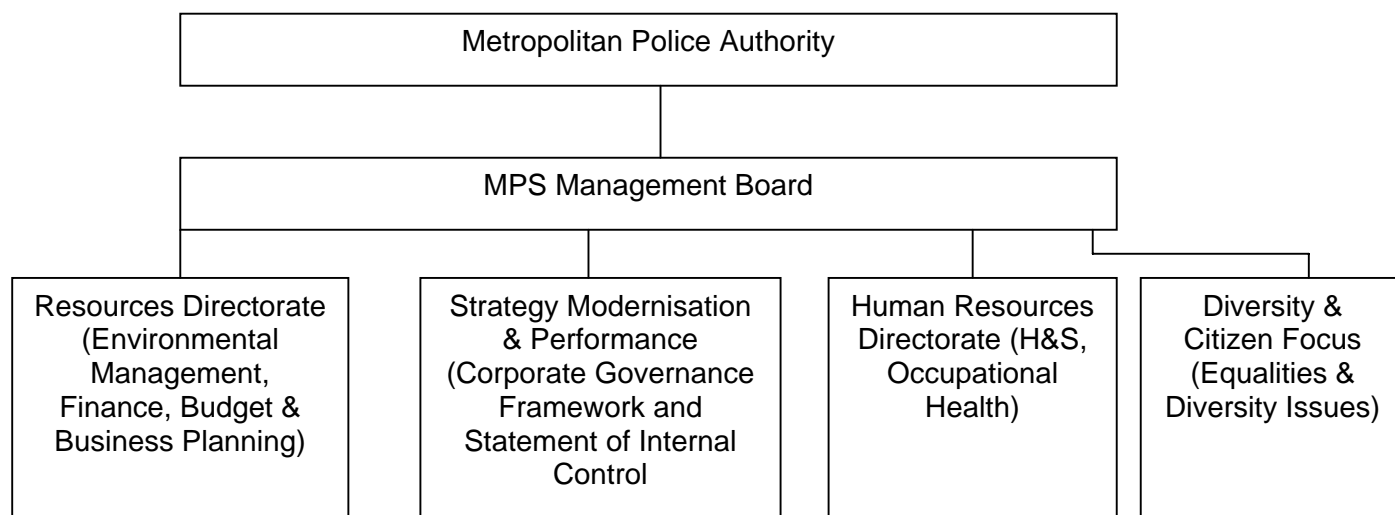
- Living within environmental limits
- Sharing a strong, healthy, and just society
- Achieving a sustainable economy
- Using sound science responsibly
- Promoting good governance.

The Greater London Authority Sustainable Development Policy Group (which includes representatives from all functional bodies) is currently working to revise the Mayor's definition of Sustainable Development, and develop targets and key performance indicators as appropriate. The MPS would regard a large number of its activities and functions, as having a direct contribution to the quality of life of Londoner's and indeed our mission 'working together for a safer London' is an integral part of sustainable development.

¹ Brundtland 1988

In addition the MPS has a corporate social responsibility to ensure that key sustainable development issues such as environmental management, equalities and diversity, health & safety and health are monitored and managed. The MPS has developed a Corporate Governance Framework which reports progress in an 'Annual Statement of Internal Control' which incorporates these themes as well as issues such as change management, citizen focus and people management. Fig 2.1 provides a simplified overview of how the MPS manages sustainable development issues.

Fig 2.1: MPS Management of Sustainable Development Issues



3 Sustainable Development Progress, Plans & Budget

A summary of progress and plans for 2007/08 on each key sustainable development strand is provided below:

3.1 Equalities

Delivery of our equalities ambition

To achieve the MPA/MPS vision of making London the safest major city in the world we are committed to ensuring that we have the trust, confidence and support of all of London's diverse communities. Promoting equality and making it central to everything we do will greatly enhance our ability to meet the needs of all Londoners. There are many ways in which we are working to achieve this aim:

- The recently published MPA/MPS Engagement Strategy describes how we will engage with Londoners and use this information to shape and improve the services we provide. Our approach to engagement will help to ensure that the MPS understands what communities and individuals really need, and will open up decision making to all parts of the community. It will help us to ensure that the policing needs of London's diverse population are taken into account in the design of the services the MPS provides.

- Delivering this strategy and improving further our approach to community engagement is critical to ensuring that we provide a citizen focused policing service that is responsive and accessible to all the communities we serve.
- The MPA/MPS Equalities Schemes, based on extensive consultation, describe how we will continue to progress the equalities agenda. They provide a framework through which policies and procedures are assessed, reviewed and consulted on to ensure that we promote the positive aspects of the duties set out in law and ensure we do not discriminate on the basis of age, disability, gender, race, religion or belief or sexual orientation. The Schemes set the standard for how people can expect to be treated, encompassing service delivery and employment practice issues. The Schemes are underpinned by action plan that describe what we will do and the difference that this will make. They outline the actions that we will take that are common across all strands of diversity (Age, Disability, Gender, Race, Religion or Belief and Sexual Orientation) or specific to a particular strand.
- Our approach to undertaking equalities impact assessments continues to mature. It provides a key planning tool for identifying and assessing effective equality and diversity outcomes. Assessments are being undertaken for the strategic objectives and the results used to inform their development and the associated delivery plans.

The MPA/MPS continue to make progress on a wide range of diversity and equality issues, achieving improvements against a range of performance outcomes encompassing both service delivery and employment practices.

A good example of diversity initiatives within the MPS is the recruitment of special constables where, during the last two financial years, record numbers of special constables have been recruited from London's communities. The BME representation is 31%, significantly exceeding the BME Economically Active Population (EAP). Female strength stands at 32%.

A detailed review of progress has not been included within this submission, which is focused on our plans for the coming year.

Key Priorities and areas of specific emphasis for 2008-09

The MPS has proposed a number of equalities priorities for 2008-09, these have been identified based on a number of factors including:

- The priorities outlined by the Mayor in the Budget guidance for 2008-09
- The objectives identified by Business Groups as part of the MPS business planning process
- Actions from the Equalities Scheme for delivery during 2008/09
- Recommendations within the GLA's draft Budget and Equalities Review.

The MPS, scrutinised by the MPA Equal Opportunities and Diversity Board and its scrutiny fora, will give specific emphasis to delivery in the following areas:

- a. To improve the quality of service provided to victims of hate crime, ensuring that a consistent and effective level of service is provided by all Community Safety Units to London's diverse communities
- b. To improve performance against rape through implementation of the joint HMIC/HMCPSP report 'Without Consent' and improving the detection and conviction rate for rape
- c. To improve performance against domestic violence, ensuring a consistent level of service across all communities and minimising any disproportionality issues
- d. Increase community trust and confidence in the police use of stop and search ensuring it is used fairly and proportionately
- e. Continuing our work to develop a workforce that reflects the diversity of London
- f. To improve the progression of women within the police service.

The next phase of the MPS business planning process will include work to develop plans by the appropriate business areas that will underpin the delivery of these objectives. This is enabling us to more effectively mainstream the development and delivery of equality objectives within our wider planning framework.

Six Diversity and Citizen Focus advisors have now been recruited to provide advise to OCU commanders and heads of Business Groups to provide a strategic lead on diversity and equality issues across all business areas of the MPS, helping to maintain and improve performance in these areas.

Governance

The MPS Diversity Board maintains a strategic oversight of equality and diversity issues across the MPS. In particular, it will monitor the delivery of these key areas during 2008/09. A Programme Board for the MPS Equalities Scheme is being established which will report to the Diversity Board.

In many areas MPS Business Groups and Operational Command Units have established local boards to oversee diversity and equality issues within their business area. In addition a number of other internal and external forums exist that provide oversight of particular issues such as the MPA Domestic Violence Board, Stop and Search Review Board, London-wide Race Hate Crime Forum which operate under the auspices of the MPA Equal Opportunities and Diversity Board and the MPA Co-ordination and Policing Committee.

Equalities related budget expenditure 2008/09

Expenditure Category	2008/09 Budget		
	Pay £000	Non Pay £000	Total £000
Territorial Policing			
Community service units	35,337	1,860	37,197
Liaison officers and miscellaneous equalities	8,331	438	8,769
Safer schools	13,416	706	14,122
Youth and Community Development	11,696	616	12,312
Homeless Project	678	36	714
Project Sapphire	18,952	998	19,950
Operation Jigsaw	0	0	0
Crime - racial and violent crime	3,807	200	4,007
Subtotal	92,217	4,854	97,071
Specialist Crime Directorate			
Operation Trident/Trafalgar	22,165	1,053	23,218
Cultural and community Resource Unit	265	19	284
Child abuse investigation	30,390	1,393	31,783
Operations Maxim and Reflex	2,723	342	3,065
Arrest referral scheme	0	0	0
Vulnerable & Intimidated Witness	0	0	0
Hate Crime / Vulnerable Communities	6,047	1,169	7,216
SCD Diversity Advisor	53	2	55
Subtotal	61,643	3,978	65,621
Central Operations			
Clubs and Vice Unit	5,683	166	5,849
Other staff	58	15	73
Subtotal	5,741	181	5,922
Human Resources			
Positive action team	1,116	17	1,133
Employee tribunal and grievance unit	386	5	391
Recruitment		3,406	3,406
Corporate positive action		595	595
Associations	222	257	479
Subtotal	1,724	4,280	6,004
Diversity and Citizen Focus Directorate			
Diversity, Strategy and Coordination	627	53	680
Diversity OCU and other DCFD units	3,217	733	3,951
Diversity Learning and Development Branch	1,030	305	1,335
Communities Together Strategic Engagement Team	1,387	275	1,662
Citizen Focus Programme Team	515	415	930
Corporate Independent Advisory Groups	0	120	120
Subtotal	6,777	1,901	8,677
Other MPS Activities			
Publicity campaigns	0	2,270	2,270
Other staff (Procurement element)	70		70
Buildings access		200	200
Subtotal	70	2,470	2,540
Total	168,172	17,664	185,835

3.2 Environmental Management

Environmental sustainability is championed at a senior level by the Director of Strategic Finance (formerly Director of Resources), and is managed through the MPS Environmental Strategy and supporting Environmental Management Programme (EMP). The EMP contains targets and environmental key performance indicators, with performance reviewed quarterly by the MPS Environmental Strategy Steering Group and reported annually in the MPA Environment Report. A review against best practice in environmental reporting has been completed.

The work outlined in paragraph 3 is co-ordinated by the MPS Environment and Sustainability Manager (supported by an Environment Advisor and a Recycling Officer) within Property Services, who provide the corporate lead on all environmental sustainability issues. This includes all internal awareness, advice and external liaison such as responding to Mayor's questions and representation at Greater London Authority forums and Policy meetings.

Current Achievements

Most significantly the MPS has:

- Agreed a £5.725 million Climate Change Action Plan to finance energy efficiency works to reduce MPS carbon emissions by 10% by 2010. Building energy consumption has decreased by 11% on 2005/06 (4% when adjusting for weather variations), which has resulted in a 7.5% decrease in building carbon emissions
- 128 hybrid vehicles in use in the fleet by close of 2006/07. A 34% increase on the previous year (134 to date). The vehicle fleet has decreased in size by 2.4% on 2005/06, and carbon emissions have stabilised (1.25% decrease on previous year)
- Fuel efficient driving has been promoted via presentations to all Borough Vehicle Driver Verifiers, Hendon Driving School and through participation in the TfL Capital Fuel Challenge
- Successfully implemented a recycling scheme at New Scotland Yard, and Cobalt Square. The MPS recycling level is 29% for 2006/07. An increase of 20% since 2005/06. The MPS Facilities Management Service includes targets to recycle 45% of its waste by 2010, and reduce waste generation by 25%
- The MPS has implemented and communicated carbon emissions 'offsetting' associated with air travel. Carbon emissions from air travel have decreased by 26% on 2005/06, mainly due to changing nature of overseas events. High emissions for 2005/06 were related to the Tsunami in Thailand and support provided by the MPS during the aftermath of the disaster
- Water consumption has decreased by 18.4% on 2005/06 due to voluntary participation in the hosepipe ban, works to leaking water mains and modernisation of toilets and shower facilities

- Entered into a partnership with TfL to carry out travel surveys for all MPS sites with over 200 occupants. A number of Sustainable Travel Plan initiatives have been implemented including the MPS becoming affiliate members of the London Cycling Campaign, implementing a car sharing database, setting up a Cycle User Group at Empress State and Scotland Yard, and a 'Bike to Work' scheme
- Signed up to the highest level, B2 of the Mayors Green Procurement Code. Participated in the leadership group review of the MGPC
- Implemented sustainable procurement evaluation of the MPS Facilities Management Service Contract, to include best practice environmental requirements, including sustainable waste and recycling service for the MPA estate
- Carried out a number of staff awareness promotions including Fairtrade Fortnight 2007, Environment Open day for 500 staff, Corporate Induction and a number of staff competitions
- Gathered case studies of partnership working to reduce environmental crime and clean up areas of London through Safer Neighbourhoods. 143 projects completed every week.

In addition, all new MPS developments are required to comply with MPS Environmental Design Guidance, which includes new planning requirements to ensure 10% (likely to be increased to 20%) of building energy is generated from on site renewable energy. The guidance has been developed on review of the Mayor's supplementary planning guidance and other best practice guidance in sustainable construction and development. The MPS Environment team advises project teams at inception, through planning approval and detailed design.

The MPS have integrated ground source heating and cooling, solar thermal hot water heating, and rain water harvesting as part of custody centre and patrol base designs. Based on initial feasibility this will provide between 40-60% energy from a renewable source, resulting in a CO2 reduction of between 19-31% and up to 90% of non-potable water demand depending on the scheme. However, it should be noted that the inclusion of sustainability features result in increased development costs of between 3-5% and this requirement is included within each business case.

The MPS continues to procure 100% electricity from renewable sources when it is available in the utility supply market. In 2006/07 green energy was not purchased as a result of the on-going negotiation of the utilities supply contract. This should be resolved for 2007/08, when the MPS will seek to procure 100% of its electricity from renewable sources through its new supplier. Purchase of renewable energy is viewed as a mitigation measure, with MPS carbon reduction measures and targets based on total emissions unadjusted for green energy purchase.

Key Priorities and areas of specific emphasis during 2008-09

For 2007-08 the MPS intends to prioritise the following in line with the Environmental Strategy objectives:

- Implementation of the Climate Change Action Plan to reduce carbon emissions by 10% by 2005/06
- Clinton Foundation Projects (subject to MPA approval)
- Continue to tackle environmental crime through the Safer Neighbourhoods initiative and Wildlife Crime officers
- Work with the GLA to seek sponsorship/funding to maintain posts within the MPS Wildlife Crime Unit for 2008/09
- Continue working in partnership with Transport for London through the Transport Occupational Command Unit
- Continued integration of sustainable design and construction into the estate renewal programme (design of new custody centres and patrol bases)
- Integration of environmental sustainability appraisal within MPA procedures
- Development of targets for the MPS Sustainable Travel Plan and associated initiatives to include promotion of operational cycle use as an effective patrol strategy as identified by the MPS Travel Survey
- Continuing roll out development of environmental/sustainability awareness programmes for MPS staff including the MPS wide Environment Open Day
- Sustainable procurement through implementation of supplier evaluation and contract review.

Environmental Sustainability Expenditure Analysis 2008-09 – Estimate

	No of Staff		2008/09 £000
Sustainability Staff			
Environment & Sustainability	2		150
Waste and Recycling officer	1		45
Energy Manager	1		60
Sustainability/Environmental consultancy			10
Part funding GLA Sustainable procurement unit			120
Climate Change Programme Manager	0.5	(see Climate Change)	
Energy Engineer	0.5	(see Climate Change)	
Sustainability Awareness, Research & Training			
Environment open day			0
Awareness campaign materials			2
Register of environmental legislation			2
Consultancy			10
Climate Change Action Plan (CCAP) - Building energy efficiency			
CCAP (including Salix – Yr 2)			2,675
Energy, water benchmarking, CCAP			375

	No of Staff	2008/09 £000
programme costs		
Energy/utilities management		100
consultancy advice		
Energy monitoring – Meter operator contract		75
Sustainable design - micro generation and renewables, rain water harvesting, and sustainable materials		3-5% of MPA development costs – figure is dependent on project programme and approvals
Climate Change Mitigation		
Air travel carbon offsetting		70
Sustainable Travel Plan		
		100²
London Cycling campaign		3
London Liftshare		2
Transport Fleet		
Hydrogen trial vehicles		250
Hybrid lease vehicles		307
MPS bicycle purchase		123
Cycle training		40
Waste and Recycling		
Sustainable Waste Management Plan		60
Procurement of recycled products		2,800
Replacing paper with on line forms		1,730
Water Efficiency		
(see above sustainable design – includes rainwater harvesting systems and water efficient fittings)		
Service Delivery		
Safer Neighbourhoods, Community	2	151
Payback & Safer Schools (Staff time)*		
Wildlife Crime Unit	4	145
Antisocial Behaviour Unit	2	136
Total*		9,541

*This figure does not include overall budgets for the Safer Neighbourhood's Initiative, Antisocial Behaviour, Transport Operational Command Unit, and Safer Schools Partnership, which have key environmental and sustainability benefits, particularly tackling environmental crime. Budgets have been allocated by the MPA for the delivery of frontline policing and extended policing family. The overall work

² Funded by Transport for London

programme delivers significant social and environmental benefits which are not possible to cost separately. These initiatives meet objectives to support MPS policing, but have been highlighted here because of their significant environmental/sustainability benefits or emphasis.

3.3 Health

The Health agenda is an emerging area of corporate reporting and budget preparation, but is already highly integrated with MPS initiatives and work programmes. The MPS is working towards a more formalised framework for data collection, and case study capture to report quantitative and qualitative key stakeholders. The MPS is committed to working with the MPA and GLA to evolve reporting on key areas for 2008/09.

Health & Safety

The management of health and safety is corporately driven through the MPA and MPS Strategic Health and Safety Policy. The thrust of this policy is to define and promote the management of health and safety as a “golden thread” through all MPS business activities. The overall aim of this safety management model is to promote a safe working environment, safer workforce and positive safety culture reducing accidents, associated extraction time and costs. This includes minimising the risk to the public through encouraging safer policing.

Safety advice and compliance auditing of the management system is provided by the HR Safety & Health Risk Management Team (SHRMT) and Property Services Compliance/Inspection Team.

Approximately 9,000 accidents affecting MPS personnel or on MPS premises are reported every year. A comparison of the period August 2005 – July 2006 against August 2006 – July 2007 indicates the following trend:

- Total accident rate fell by 2%
- Major accident rate increased by 20%
- Over three day accident rate fell by 6%

A new dynamic risk assessment training package for operational police officers and staff has been developed. The film ‘Red Mist’ has won national and international awards and is now utilised by numerous UK law enforcement agencies. A new corporate health and safety induction package (DVD ‘White Room’ and booklet ‘A Guide to Health and Safety’) has been introduced. Property Services Health and Safety team were recognised with a national safety award.

Key areas of activity in relation to Health and Safety:

MPA/MPS Health and Safety Policy: Implement the MPA/MPS Corporate Health and Safety Policy facilitating the promotion and development of effective health and safety risk management practices across the organisation.

MPS/MPA Assurance process: Develop an MPA/MPS annual health and safety assurance process

ACPO Strategy and Standard for Health and Safety: ACPO strategy for a healthy police service, and Application of the ACPO and Home Office benchmarking standards for Health and Safety.

Occupational Health

A number of initiatives have been undertaken over the past three years to improve the health and well-being of MPS employees. This is reflected in reduced absence levels and a reduction in reported injuries. This has been achieved by measures such as a targeted approach to problem areas and proactive campaigns to address health issues such as cancer awareness, healthy eating, scanning, delivery of stress management tools and advice on how to avoid injury within the workplace.

A training package has been developed and implemented for all Authorised Firearms Officers (AFOs) aimed at destigmatising stress in the workplace and providing staff with some practical skills to identify and manage stress in colleagues. A separate support mechanism for AFOs who discharge a firearm, which results in an injury, has also been implemented.

Mental Health

Mental Health and policing is an important area that the Commissioner is keen to develop. Commander Rod Jarman is leading the MPS in a wide-ranging programme of work that seeks to develop the police response to people with mental illness. This can range from investigating crimes against them, taking them to a place of safety or arrest and case disposal.

The MPS is committed to providing leadership and working with partner agencies to develop an effective, socially inclusive response to people with mental illness. This includes engaging with service users and partners, encouraging proper case disposal of mentally ill people who commit offences, sharing best practice, raising awareness, training and education and maintaining consultations.

Youth Strategy

The MPS have focussed our work on the '*Every Child Matters*' delivery framework of the Children Act 2004, and with the national ACPO Strategy for Children and Young People. The 2004 Act was introduced to direct all key service providers working with young people to pool resources and collaborate on safeguarding the welfare of children and young people, using the philosophy '*Every Child Matters*'.

All public, private and voluntary sector agencies and organisations are now incorporating the five desirable outcomes below into their policies, plans and procedures.

1. **Being Healthy:** enjoying good physical and mental health and living a healthy lifestyle
2. **Staying safe:** being protected from harm and neglect
3. **Enjoying and achieving:** getting the most out of life and developing skills for adulthood

4. **Making a positive contribution:** being involved with the community and not engaging in anti-social or offending behaviour
5. **Economic well-being:** not being prevented by economic disadvantage from achieving their full potential in life.

Stress related absence is a major cause of long-term absence and a manager's tool-kit has been developed to assist all MPS managers to pro-actively prevent, recognise and address work-related stress within their staff. The package is currently being rolled-out across the MPS and has received positive feedback particularly from the police staff associations.

Activity in support of vulnerable groups, those groups of staff who work in particularly psychologically or physically demanding roles, has been reviewed. Some groups have been removed due to a review of need while others have been included following an assessment of their welfare requirements. The psychological groups tend to be those dealing with sexual offences, particularly those involving children. Both police staff and police officers are covered by this work.

Key priorities for 2008/09

To work within the Home Office "Strategy for a Healthy Police Service 2007 –10. The targets to be achieved by 2010 are challenging but achievable.

Work is underway to improve operational resilience within the restricted duty officer group. The initial aim is to provide increased flexibility within this group of officers so that in the event of a major terrorist event in London, a proportion of restricted officers will be available for deployment in situations that will not exacerbate their current medical condition.

Work will also be undertaken to reduce the frequency and extent of recuperative duties within the MPS, thereby improving the number of officers available for full operational policing.

3.4 Social Inclusion

Social inclusion is integral to MPS values and working practices and is embedded across the organisation. Social inclusion is evident in London-wide initiatives such as Safer Neighbourhoods, Community Engagement and Youth strategies, and in MPS policies across Equalities, Diversity, Health and Environmental fields.

The MPS and MPA are working together to improve social inclusion across London's communities. The MPS works closely with partners such as local authorities, education, health, probation and other services to tackle issues of importance to local communities. Local Strategic Partnerships (LSPs) are intended to strengthen the commitment of these agencies to work together.

Safer Neighbourhoods Programme Initiatives

The Safer Neighbourhoods programme aims to involve local people in solving problems that enhance their locality and quality of life. Local PCSOs form a core element of Safer Neighbourhood beat teams, whilst the Met Volunteer programme

encourages local citizens to contribute a broad range of skills and experience to local policing whilst promoting social cohesion.

MSC Recruitment

The MPS aims to attract a significant number of Special Constables during 2007/08 to add to the record number in place at the end of 2006/07. The target is to have 6000 Special Constables in place by 2010/11, which will allow for two years' accreditation in lone patrolling to meet requirements for London Olympics in 2012. The MPS has set an ambitious target of 4000 by September 2008.

The benefits are clear, delivering a dedicated force of Special Constables who form part of both the police and public and private sector workforces. This strong partnership is very well equipped to tackle local crime, disorder and other priorities. Some key employer benefits include a potential for workplace crime reduction, significant staff personal development without the direct training costs for the business, an increase in team productivity through a greater sense of security and a key enhancement of the employers Corporate Social Responsibility portfolio.

Employees gain and develop valuable transferable skills. These skills are brought back into the workplace and can help to improve employee performance and possibly promotional prospects. In addition, there may be a positive impact on the employee's personal life. Recruits often feel that they making a positive contribution in the fight against crime on the street, in their workplace, and beyond.

Work is currently underway to develop a community-specific engagement model with the intention of recruiting from those communities that are least represented in the MPS. This work with the Directorate of Citizen Focus and Diversity follows borough based community work focusing on research, undertaken by the University of Lancashire, into the perceptions of some of the least represented communities. This will include implementation of the MPS Engagement Plan.

COVE Programme

The Commission on Vulnerable Employment (COVE) works to develop socially inclusive recruitment practices across the MPS. As a result the MPS's the culture and working practices are being changed, impacting upon organisational inclusion and cohesiveness, and on delivery of policing services in relation to particularly vulnerable, marginalised groups.

The MPS provides two perspectives on diversity and vulnerable employment - as an employer and as an agency of law enforcement. The MPS recruits by focusing on organisational demands and using recruitment to enhance operational capability. To help tackle, for example, human trafficking by criminal networks, we focus on those communities with relevant knowledge and skills to combat this – recruiting vulnerable workers and improving operational capability simultaneously.

Met Volunteer Programme

The Met Volunteer Programme (MVP) provides volunteers to support the Metropolitan Police Service in making London the safest capital city in the world. It was established in 2001 with the aim of increasing contact between local communities and the police, building upon Safer Neighbourhoods to improve the service the PS gives to the public.

The MVP currently operates across London, through a network of Borough-based MVP Managers with a Central Team based in TPHQ. The role of the Borough MVP Manager is to recruit volunteers and place them in a mutually productive role.

People volunteer with the MPS for many reasons, for instance:

- They want to give something back to the community
- They want to assist the police but are unable to commit to full time hours
- They have skills & experience, that they want to put to use for the police
- They have spare time (they may be retired or have children who have recently left home) which they want to put to valuable use.

The mission of the MVP is to be the best volunteer programme in the public sector, and the MVP Central Team and the Borough MVP Managers are working closely to fulfil that objective. The MVP has been described by Volunteering England, as *"The best volunteer programme of its kind in the public sector"*.

This year the MVP's key focus will be to build upon the good work that volunteers are already doing with Safer Neighbourhood teams across the Metropolitan Boroughs. The MVP has now set up a dedicated website especially designed to help Safer Neighbourhood Teams access volunteering resources.

SN4P Youth Project

Safer Neighbourhoods for People (SN4P) Is a youth engagement project that encourages young people to engage, through photographs of places where they feel either safe or unsafe, and work with their local Safer Neighbourhoods Team to address their concerns.

Feedback suggests that In London, where almost a quarter of the population is under 18, young people often feel alienated from the democratic system and from formal consultation. Personal Safety is a major concern, yet young people are frequently engaged only as the cause of issues, rather than working to their needs.

For example, 8-17 years old feature significantly as both victims and perpetrators of robbery, with a high proportion of these offences committed by youth on youth. The SN4P project involves local children and young people walking their area, taking photographs of objects and places that make them feel either safe or unsafe and affect how they feel about their local neighbourhood. These photos are then used to initiate discussion between children and young people, their Safer Neighbourhoods Team and their neighbourhood panel, about how to work together to make the area a safer and better environment to live in.

Kickz (football) Programme

Launched in April 2006 by the Prime Minister, the Kickz football programme is a joint initiative between the football industry and the Police, supported by, amongst others, the Government's Respect Task Force, DCMS, Department of Health and the national volunteering charity 'v'. These bodies work together to deliver a youth social inclusion project across London. The project name, 'Kickz (Goals thru football)' was designed and chosen by young people following a consultation event. Local schemes are delivered by top professional football clubs working in the heart of harder to reach or disadvantaged estates or wards. Target areas are identified through local steering groups, whose members include the local police and local authority leads for youth, education, housing, anti-social behaviour, youth offending. The target age range is 13 to 18 year olds.

The project aims to create safer, stronger and more respectful communities through the development of young people's potential. The major objectives are to engage young people in constructive activities linked to the Every Child Matters framework, to break down barriers between the police and young people, to reduce crime and anti-social behaviour, to create routes into education, training and employment, to encourage volunteering, and to increase young people's interest in, and connections with, the professional game.

There are currently 25 projects running nationally with seventeen premier league and eight football league clubs taking part. These extend from Newcastle in the northeast to Portsmouth on the South coast. All twelve London based clubs are involved and are delivering a total of 17 schemes across 12 Boroughs.

Initial reports indicate that the projects are having a positive impact on local crime and anti-social behaviour. The MPA and The Football Foundation have recently committed a total of £6m to roll the project out across all 32 boroughs in London with 2 schemes per borough for the next 3 years. (A further sum of money has been committed to also expand the project nationally).

SNAC Project

The Safer Neighbourhoods Competition (SNAC) initiative, based on a successful Manchester scheme, was launched by Hammersmith & Fulham Police in 2006. SNAC is a competition open to all young people who attend a school or youth group in the borough. The idea is that young people, in age ranges 5-10, 11-14 and 15-19, identify Community Safety issues within their local neighbourhoods, and then identify and implement workable solutions that will make their area a cleaner and safer place to be. The young people are supported by the Police's Safer Neighbourhoods Teams (SNTs) but the ideas and projects are their own.

SN4P (safer neighbourhoods for people) is a project which has been rolled out in one safer Neighbourhood ward in every borough, where young people are encouraged to use disposable cameras to photograph areas which cause them worry or fear, to target safer neighbourhood action such as clean up activities or community payback.

Community or Police Cards (CoP)

CoP is a partnership project involving young people, Youth Service and Outreach workers, the Education Service, RBK Housing, The Chessington SNT & Neighbourhood Panel, and the ASBO Co-ordinator from RBK.

The Chessington Safer Neighbourhoods team developed this initiative after identifying the issue of young people and anti-social behaviour as the number one area of concern for ward residents and local businesses. The aim was to break the cycle of youths joining gangs and becoming involved in anti-social behaviour at an early age. The CoP Cards project sought to improve youth engagement with local police by encouraging participation in partnership activities.

Every eleven-year-old school pupil in the Chessington area was given a CoP Card and set the task of collecting photo stickers depicting the local Safer Neighbourhoods team. This could be accomplished by proving that they belonged to a club, sports team or library. To assist them, a website provided information on local youth activities. The class with the most stickers won a prize.

The main objectives of the project are:

- To improve youth engagement and familiarisation with local Police to address youth “alienation” issue
- To encourage participation in “out of school hours” youth activities
- To break the cycle of youths involved in ASB at an earlier age

The success of this initiative has seen a reduction in the number of new, younger members joining gangs from a total of 67 youths to just 15 from the targeted age group.

Capital Clean Up

The MPS Safer Neighbourhoods Teams have been strongly involved in the first year of the Capital Clean Up campaign which ran from March to June 2007. The campaign which is run by the Capital Standards Programme and EnCams aims to build on the Prime Minister’s aims in the ‘London’s Challenge for 2012 - Building on Success’ document, which includes organising a 100 day clean up campaign to improve standards of local environmental quality across London.

Community Payback

Community Payback in London forms part of the Safer Neighbourhood’s Programme and is a partnership between London Probation, the Metropolitan Police Service and local authorities. Community Payback enables the unpaid work done by offenders in London to receive public recognition, and allows the public to contribute ideas as to which work projects are undertaken. It is critical that Community Payback hours are used effectively both as a punishment, and to help rehabilitate offenders. There are approximately 143 Community Payback projects running across London each week and many have a direct benefit to the environment.

Restorative Justice

Restorative Justice is an 'umbrella' term which describes any activity that attempts to restore any imbalance created by inappropriate behaviour or an event. It can be for youths, adults or groups, and is victim and offender focused.

In most cases the phrase Restorative Justice (or 'RJ') is used to refer to a means of problem solving that involves all stakeholders - the victim, the offender and the community. While this is best done by some form of communication between all the parties the essence of most RJ is that those who cause or who are affected by the problem actually meet.

The communication between the parties can, at a minimum, be done by 'shuttle mediation'. On other occasions the best option is face-to-face. These are often called a family conference involving the victim with supporters, offender and supporters and community representatives. In general, if one of the three elements: victim / offender / community are not involved it is not restorative.

RJ can be used for crime, complaints, internal grievances and community disputes. Restorative Justice is not a panacea for all police problems but a tool in our toolbox. In some cases it is the right tool to 'close' the incident for victims and reduce re-offending.

Community Faith Work

It is the responsibility of all Safer Neighbourhood Teams to get to know community groups on their ward and work with them to make their area safer. Faith groups make up a large proportion of the community and often have their own community-focused agendas. 'Faith in the Neighbourhood' is a multi-faith initiative, which aims to develop communication that is positive and relevant and encourages a good working relationship between all faith groups and the police.

- Regular face-to-face communication between all local faith groups and Safer Neighbourhood Teams
- Regular communication provided by local Safer Neighbourhood Teams that is relevant for individual faiths
- Communication which respects all faiths and recognizes the needs of the different faith communities

As we further develop our strategic and business planning processes we will work to ensure that all London-wide initiatives such as Safer Neighbourhoods, Community Engagement and Youth strategies, and MPS initiatives across Equalities, Diversity, Health, Social Inclusion and the Environment, are embedded across the organisation.

Results of Budget Consultation

As part of the business planning process and as required by the budget guidance issued by the Mayor, the MPA has consulted with key stakeholders on the 2008/09 budget submission. A letter was sent in October seeking ideas on where savings could be made and requesting feedback on the new strategic objectives. Five responses were received, a summary of which are highlighted below.

London Borough of Barnet

Barnet raised the following points:

- There should be no increase in real terms and any growth in policing resources should be offset by administrative efficiencies.
- Budgets should not be diverted to support the 2012 Olympics or other Central Government initiatives to the detriment of community policing initiatives that have a visible profile locally.
- They feel that suburban boroughs such as Barnet don't get value for money from the current MPA budget as insufficient resources are devoted to their needs. They feel that at present issues that affect the daily lives of residents such as burglary and car crime, have suffered at the expense of "capital city" issues. They believe this issue needs to be readdressed, and that safer neighbourhoods objectives need to have a higher priority relative to the others.

London Borough of Croydon

Croydon welcome the new strategic objectives, and feel these seem clearer than the previous ones, having more emphasis on both partnership working and public confidence in the MPS. They feel that the priorities are also more specific which is helpful in the development of local strategies and delivery of services.

They recognise the fact that the savings programme will be challenging for the MPS and the Boroughs it serves and are disappointed to know that there will be cost pressures over the next three years. These pressures will come alongside increasing pressures on other budgets that local areas receive to tackle crime, disorder and drug misuse, and feel that the ability for local areas to continue to maintain reductions in crime made over the last few years will be put at risk.

They identify the following area where savings and efficiencies could be achieved. These are: -

- Improved performance management of the outcomes of activities funded through the MPA.
- Having less centralised control over priorities, recognising the potential to have more localised decision making around priorities and resource allocation.

- More emphasis could be made of working in partnership with Croydon and other agencies in tackling crime.
- The prevention of crime could also have a significant impact on efficiencies within the system, allowing police to concentrate on priorities.
- Continual modernisation of the MPS is felt to be essential to more effective and efficient policing.

Finally they request that the MPA provide local areas with an early indication as soon as possible of the financial settlement and efficiency programme.

London Borough of Hammersmith and Fulham

The Council feels that in examining the MPS corporate priorities and objectives, they must align them with what residents of Hammersmith and Fulham are telling the Council. The Council feels that low level crime and anti social behaviour are the key areas of local concern. However a consultation process due to take place early 2008 will identify to the local CDRP what the concerns actually are.

The Council feels it is hard to see at a BOCU level how monies can be saved from the local budget, but believe that there are significant income generation opportunities that need exploring. These are: -

- Policing football matches, given that clubs pay only for police inside the ground.
- Increased use of the Proceeds of Crime Act.

City of Westminster

The Council welcomes the opportunity to respond to the consultation on the 2008/09 budget submission. They share the view expressed in the document that the financial outlook over the next spending review period (i.e. 2008/09 to 2010/11) will be challenging for the MPA as well as London local government more generally, but feel that this less favourable financial climate should not detract from the wider duty to deliver reasonable increases in council tax whilst maintaining a high standard of public services within the capital.

The Council notes that the MPA precept currently accounts for about a third of the council tax bill for residents in Westminster and that the GLA precept as a whole has been responsible for two-thirds of the council tax increase in Westminster over the last two years. They therefore strongly believe that the MPA needs to develop a robust budget strategy which ensures that council tax increases are kept to a minimum while at the same time protecting front line policing.

With regard to potential savings proposals they feel the MPA should continue to focus on the following areas for efficiency savings in order to enable it to deliver both its budget remit and the Treasury's externally set target:

- More effective deployment of operational resources to the front line
- Increased efficiency in support services
- Savings in running expenses through improved procurement and efficiency
- Income Generation

In addition to the above, they would also like to see an increase in the level of collaborative working between the MPA and other members of the GLA group.

They are generally supportive of the strategic objectives but make specific comments in the following areas: -

- Safer Neighbourhoods - Teams are now established at ward level across Westminster and are working very effectively. They feel that the close co-operation between police teams and local authority staff is continually developing and starting to deliver improved outcomes in terms of levels of crime and anti-social behaviour and peoples' feelings of reassurance and confidence about crime and anti-social behaviour. For this reason they would oppose any reduction in funding for or change in focus of Safer Neighbourhoods Teams.
- Engagement and consultation – The new Public Service Agreement - Make Communities Safer – includes the priority to “tackle the crime, disorder and anti-social behaviour issues of greatest importance in each locality, increasing public confidence in the local agencies involved in dealing with these issues”.

The Council feel that consultation and engagement are critical parts of raising public confidence and reducing the number of people who perceive anti-social behaviour as a problem. Therefore in terms of the priorities for the MPA for 2008/09, they would be keen to see a consistent and complementary approach to consultation and engagement from the MPA, Home Office, Communities and Local Government and Government Office for London as they feel that advice from these agencies to date has occasionally been contradictory and unclear. They would welcome an approach to consultation and engagement from the MPA that helps to deliver government requirements.

Valerie Shawcross – AM Lambeth & Southwark

The Assembly Member supports the strategic objectives but feels there should be readjustment in the allocation and deployment of police resources to better match real need focussing on preventative and protective resources in high crime and drug dealing and abuse.

She feels that through the MPS working in partnership with the Crime and Disorder reduction partnerships these have achieved a great deal of success over the last three years in reducing and preventing crime. Although Lambeth

and Southwark are unique in seeing a rise in “violence against the person” crimes reported during the year to August 2006/07.

She also notes that there is an increase in fear in Lambeth and Southwark, exacerbated by high profile young gangs and drug related shootings and stabbings. She feels that the visible and open drug dealing in some areas of Lambeth and Southwark, especially Brixton adds to public concern.

She feels that the MPS should focus additional resources on tackling the use of violent crime in Lambeth and Southwark and in increasing public reassurance.