



Metropolitan Police Authority

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14 November 2007

Dear Ken

**2008/09 Budget for Greater London Authority and Functional Bodies –
Preparation of Draft Component Budget**

Thank you for your letter dated 2 November 2007 which we received on 8 November 2007.

The Authority's 2008/09 budget submission is enclosed in accordance with your budget guidance. The submission includes our business plan for 2008-11 and supporting documentation.

The Authority and Service has risen to the challenge reflected in your budget guidance and have made significant steps in integrating our business planning and budget processes. We do, however, recognise that further improvements are possible and will be developed in the years to come.

Our submission includes net growth of £58.22m for existing services and programmes (£23.63m) and new initiatives and service improvements (£34.59m). The service improvements, in particular, include £15m investment in improving performance in respect of the continuing roll-out of integrated borough operations, transforming HR, the Central Communications Command and, subject to partnership agreements with local councils, delivery on improving delivery on local policing targets.

In addition, the submission includes £99.34m growth, subject to the receipt of specific grant, in respect of activity on counter-terrorism and preparation for the London 2012 Games. Announcements on these activities are expected in December and their impact will be reflected in our final budget for 2008/09.

Every effort has been made to keep growth to the minimum in line with the need to deliver an efficient and effective police service for the capital in an ever-changing environment in which the Service must operate.

Since our interim submission at the end of September, we have continued to work with the MPS to deliver our 2008/09 budget in line with your guidance.

The final submission, therefore, includes reductions/efficiencies totalling £73.62m rising to £117.96m over the three year planning period. In line with the principles underlying our budget preparations, these reductions/efficiencies have been focussed on overhead and support services. Some £45.67m (67%) of the 2008/09 reduction package relates to overhead and support services rising to £72.06m over the three year planning period. However, delivery of this challenging reductions package must inevitably have some impact on operational services. As indicated in the submission, the Authority recognises that there is more work to do in identifying reductions and efficiencies in years two and three of the plan.

In developing the overall business plan and budget the Authority and Service has focussed on giving priority to frontline policing. The submission, as presented to you, reflects a potential net increase of 996 officers in terms of budget provision. However, provision for 1,187 of that growth is dependent on specific grant settlements and funding agreements with borough councils. Whilst it is certain that some of this growth will materialise it is not possible to finalise the planning arrangements at this stage.

In responding to your proposed draft component budget for the MPA, our submission does reflect a net revenue expenditure for 2008/09 of £2,593.8m in line with your guidance.

In terms of future years, as indicated in our submission, the Authority and Service cannot at this stage identify savings and reductions of the scale required to meet your guidance for years two and three of the planning period. The Authority and Service have a good record of identifying year on year savings and efficiencies and has consistently over-achieved government targets. We will continue to deliver continuous improvement in our services and look for year on year efficiencies.

Your proposals for the draft component budget for the MPA assumes the use of reserves in each of the three years of the planning period. The Authority has made no decisions at this stage on the use of reserves. To the extent that decisions use earmarked reserves then there would be a corresponding increase in our net revenue expenditure.

We would, therefore, recommend to you, as supported by our submission, a draft component budget for the MPA of £2,593.8m for 2008/09.

	2008/09 £m	2009/10 £m	2010/11 £m
Net revenue expenditure	2,593.8	2,692.7	2,776.0
Transfers from reserve	0.0	0.0	0.0
Budget requirement	2,593.8	2,692.7	2,776.0

In your guidance you asked the Authority to consider variations of +/-0.75% on the basic financial envelope. This information is provided in our submission

and I would draw your attention, in particular, to the impact of setting our component budget at the upper end of your guidance. That level of funding would allow us to reduce the impact of the reductions package on the TSG, Traffic Command and Central Communications Command and make more speedy progress in developing and delivering our shared policy objectives for the police service.

Yours sincerely

Len Duvall AM, OBE
Chair of the Metropolitan Police Authority

cc: Sir Ian Blair, MPS Commissioner of Police of the Metropolis
Catherine Crawford, MPA Chief Executive
Ken Hunt, MPA Treasurer
Anne McMeel, MPS Director of Strategic Finance
Martin Clarke, GLA Executive Director of Finance and Performance