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Metropolitan Police Authority and Service

Interim Budget Submission

2009-12

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Working together for a safer London

Section 1 – Introduction

The Metropolitan Police Authority's (MPA) aims are to hold the Commissioner rigorously to account for improving policing in London, engaging with London's communities, continuously improving confidence in policing and making best use of resources available.

The continuing mission of the Metropolitan Police Service (MPS) is to serve our communities by 'Working together for a safer London'. Key elements of this mission are the focus on reducing crime, including the likelihood of people becoming victims of crime, as well as improving the prospects of bringing those who commit crime to justice, particularly where there is a significant impact on vulnerable victims.

To ensure that people feel safe whilst going about their business, whether on the streets, on public transport or in their homes, the MPA/MPS is dedicated to improving London's security and maintaining good public order, as well as continuously looking at ways to reduce the fear of crime and improve confidence in policing.

The MPA/MPS is also committed to listening to the people of London and responding to what communities say they need from their police service, both because Londoners deserve the highest quality policing service and because it impacts on the ability to deliver in every area of activity. This includes improving engagement with the communities that the MPA/MPS serves. Building trust through improving engagement, confidence and satisfaction will help to reduce crime, bring more offenders to justice and improve security and reassurance.

It is recognised that the MPA/MPS cannot do this alone. To be truly successful in delivering the vision of policing in London it is vital that every member of the MPS – officers, PCSOs and police staff – fulfil their responsibility to deliver a quality service, working closely with colleagues, partners, communities and individuals.

This requires strong and effective leadership within a supportive environment, working as a team and having the right tools to perform efficiently and effectively. The MPA/MPS must do all of this in a climate of tightening financial resources and ongoing need to ensure value for money to tax payers. This means that we continually look to improve the way we do business and support effective and efficient policing.

Strategic outcomes

In 'working together for a safer London', the outcomes that the Service strives to achieve are:

- 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
- Continuous improvement is fundamental to service delivery

MPS values

The MPS will achieve its outcomes by working together with all its citizens, partners and colleagues and will:

- Be proud to deliver quality policing. There is no greater priority

- Build trust by listening and responding
- Respect and support each other and work as a team
- Learn from experience and find ways to be even better

We are one team – we all have a duty to play our part in making London safer.

Section 2 –Service environment

London is a vibrant, successful city, the seat of Government and a cultural and financial world leader. With a population of over seven and a half million, rising by around 40,000 a year, it is home to some of the wealthiest and the most deprived people in the country. London is the destination of choice for many across the UK, Europe and the World, a 24-hour city with a thriving tourist and business community and a diverse resident and transient population.

Such a diverse and dynamic environment presents the MPA/MPS with a huge challenge - vast in scope and rivalled by only a handful of cities around the world - from street crime, to increasingly sophisticated criminal networks, including drug trafficking, from escalating technology related crime to immigration related issues.

Whilst the incidence of serious violent crimes, including those involving young people, appears to be reducing in London, there is widespread concern about the numbers of young people that have been killed on London's streets more recently, particularly the numbers involving knives and guns.

The continued threat from terrorism is both local and international in focus, including people who are prepared to lose their lives to achieve their aims. An additional but exciting challenge for the MPS is the effective policing of the Olympic and Paralympic Games in 2012.

The MPS is a large organisation with a £3.6 billion budget, more than 50,000 employees and an enormous responsibility to the taxpayer, victims, witnesses, communities and the public to deliver good policing services. In addition, the MPS looks to satisfy an increasing body of stakeholders whilst engaging in a growing number of partnerships to reduce crime and increase public reassurance.

Government, Mayoral and public priorities

The MPA/MPS strategic objectives are set against the outcome of crime intelligence and environmental scanning and in consideration of external stakeholder requirements, particularly the Government, the Mayor and the people of London.

Government requirements

The Government published its latest crime strategy in July 2007, entitled 'Cutting Crime: A New Partnership 2008–11', which described its approach to tackling crime and increasing community safety. In October 2007, the Government published a new set of Public Service Agreements (PSAs) covering the same period. The PSAs set out the Government's high-level objectives for public service delivery, including a PSA entitled 'Make Communities Safer'. The Government's 2008–11 National Community Safety Plan is intended to align to both the strategy and PSAs.

The Home Office's priorities in relation to policing are principally around: community and partnership working; improving young people's safety; reducing the risk of terrorism, reducing the harm caused by drugs and alcohol and delivering a more effective criminal justice system.

Four key themes have emerged from the recently launched Green Paper – From the Neighbourhood to the National: Policing our Communities together:

- Creating a new policing pledge to clarify what people should expect from the police service and ensure that people have a say in setting priorities and targets.
- A focus on delivering improved levels of public confidence, moving away from centralised performance management to one key policing target.
- Strengthening the public's ability to hold their police service to account.
- Clarifying policing roles and responsibilities at national, regional and local level.

Annex A shows how the MPS' strategic priorities align to the Government's Public Service Agreements (PSAs).

Mayor's priorities

The Mayor's priority aims and objectives, as outlined in the GLA Group Budget Guidance 2009/10, are distributed to the GLA functional bodies annually. Each member of the GLA Group is expected to make important contributions to the majority of the priorities in carrying out their statutory functions of providing services to London and Londoners, to ensure that real progress can be made in achieving the Mayor's new policy agenda. **Annex B** demonstrates the MPS' alignment to the budget guidance 2009-10.

The Mayor's key priorities for policing are focused on: protecting Londoners against terrorism; preventing and detecting crimes of violence and hate; deterring young people from knife and gun crime; improving the policing of public transport; increasing local accountability of the police through crime mapping and regular meetings with Borough Commanders; reducing bureaucracy, delivering value for money and increasing the emphasis on internal HR issues. **Annex C** outlines how the Mayor's priorities are being delivered through the MPA/MPS strategic objectives.

The new MPA administration's thinking about the strategic outcomes it wants to achieve are developing. This strategic framework will reflect the priorities outlined above.

Public consultation

Public consultation forms a critical part of the MPA/MPS planning cycle and enables any differences between public concerns and the strategic objectives to be addressed. This year, the public consultation took the form of an on-line survey that asked respondents to list their top three priorities and how they would like the police to address them. Results from this year's consultation process show the top five policing priorities for the public are: anti-social behaviour (ASB); traffic/road related issues; accessibility/visibility of the police; drugs and drug related crime; gun and knife crime. **Annex D** outlines how the MPA/MPS strategic objectives are aligned to public priorities.

A wider and developing consultation process will inform future strategic objectives. This includes the addition of questions around policing priorities being added to the MPS Public Attitude Survey (PAS), which includes interviews with over 20,000 Londoners per year. This year's online public consultation survey will be hosted on the MPA website. The MPA will be advertising the consultation process in London

press and each borough's Local Policing Summary (which will be published in local press). A wide variety of individuals and organisations will be directly invited to take part in the consultation process, including a large number of youth contacts established throughout the MPA youth scrutiny. Plans for future consultation processes also include focus groups and consultation 'road shows'.

Local accountability and community engagement

Local Strategic Partnerships (LSPs) are statutory, multi-agency partnerships that bring together, at a local level, different parts of the public, private, community and voluntary sectors – including local police services. They are intended to allow flexibility in deciding priorities, aligned with local needs, and encourage collaborative action by local agencies.

Each LSP is required to develop a Local Area Agreement (LAA), a set of 35 measures taken from a set of national indicators (NIs) for which the LSP is collectively accountable. These LAAs include social, educational, health and community issues as well as policing needs. Any NIs that relate to policing are also included in Assessments of Policing and Community Safety (APACS), against which the MPS will be measured, whether they have been chosen in local LAAs or not.

Part of the LAA development process expects local strategic partnerships to consult with local people regarding their needs to ensure that residents and communities are receiving the type of local services that they require.

The MPS is also improving local engagement and accountability using crime mapping information systems and public meetings and by working directly with communities and community groups through the borough based community and police engagement groups. The crime mapping information system allows people to look at reported crime and disorder levels in their borough as well as at local police performance in dealing with these through the newly launched crime mapping website. Commanders of Borough Operational Command Units will engage with local partners and communities around performance at monthly meetings.

Section 3 – Strategic objectives

Make neighbourhoods safer

The ongoing success of Safer Neighbourhoods in local delivery of problem solving policing is contingent on improvements that we are making in the quality of our engagements and communication. This is supported by survey analysis and research on relations between Londoners, other service users and the Police (with satisfaction in local police increasing from 59% in 2006/07 to 64% in 2007/08. Source: Public Attitude Survey). Whether with partnerships or communities, with statutory or third sector organisations, our focus is about improving public confidence.

The enhancement of Safer Schools Partnerships, ensuring that all Secondary Schools designated as high-priority have a dedicated Police Officer and framing this within the Safer Neighbourhoods management structure, represents an investment linked to the Youth Strategy, and in particular the Youth Engagement strand. This includes working with Primary Schools, with private and with third sector providers. There are currently 220 officers covering 370 schools, with 185 priority schools having a dedicated PC. In addition the MPS will deploy over 100 PCSOs to support Safer Schools Partnership officers during 2008-09.

Improving the quality of life for Londoners is not just confined to where people live but also includes their everyday journeys. The Mayor has committed additional resources from TfL, some £9.2m in 2008/09 and £17.6m in 2009/10, to build on the work of TOCU and Safer Transport Teams. These resources, together with MPA/MPS resources of £8.2m from 2009/10, are currently being targeted at the transport hubs where they are most needed (**Operation Tyrol**). Three pilot sites have been selected on the boroughs of Croydon, Haringey and Newham to launch a twelve-month deployment programme to embed police resources in London's transport hubs - favourable comments are already being returned from the travelling public and staff.

Serious violence and Young people

The challenge facing London in relation to knife crime is acknowledged to be substantial and complex. It requires the sustained enforcement activity of **Operation Blunt 2** to address immediate risks, together with comprehensive responses from statutory, community and third sector organisations that improve our understanding, prevent youth involvement with knives and reassure the community. This £5m programme is an investment in engagement, prevention and enforcement.

The MPS Youth Strategy has clear objectives to prevent and reduce youth crime, especially the incidence of serious youth violence. These responses are within a new model for prevention that focuses on 'vulnerability' and 'signal incidents', and take an intelligence led approach so that interventions can mitigate and prevent those factors that cause youth crime.

In order to work with partners on early intervention to prevent young people who are vulnerable to crime, either as victims or offenders, police data is used to identify young people in these risk categories. This work is being used to focus on youth violence and knife enabled crime in twelve MPS boroughs where youth violence and knife crime are highest. We will continue to develop our communication and engagement at all levels to ensure that our activity with partners acts to reassure the wider community, including the overwhelming majority of young people and their parents who are working with us to tackle this problem in London.

Criminal networks and drugs

Criminal Networks and Gangs are strongly associated with serious violence, firearms, drugs and terrorism. MPS intelligence assessments highlight the significant challenges faced by the Service in our ongoing work to tackle issues around young people becoming involved in gang-related serious violence, particularly the use of guns and knives. At the same time we continue to tackle more sophisticated networks involved in organised crime, such as the importation of Class A drugs, money laundering and human trafficking, and we continue to identify and target those networks that pose the greatest threat to London and cause the most harm, whether through their criminal business or use of violence.

Our performance in disrupting Criminal Networks has improved to 326 disruptions in 2007/08, an increase of 89.5% on 2006/07. We are also continuing to build on the achievements from the Drugs Strategy 2007-10, in particular regarding Class A trafficking (targeting an increase in the number of sanctioned detections from 2,183 in 2007/08) and depriving more criminals of their assets.

The number of cases where assets were restrained or seized has increased from 945 in 2006/07 to 2,288 in 2007/08, against a target of 1,000. The total value of cash forfeiture and confiscation orders was £35.1 million, an increase of 36% on 2006/07. We intend, through the auspices of the POCA Incentivisation Board, to secure money

from seized assets of drug suppliers and traffickers to fund drug education and treatment programmes from 2008-09 onwards.

Counter-terrorism

Terrorism and domestic extremism present a significant and enduring threat to the United Kingdom. Recent attacks and planned attacks, including those in Glasgow and London, graphically demonstrate the devastating effect that terrorism has on communities and individuals going about their daily lives. The MPS Counter-terrorism strategy provides a vision and co-ordination for our activity.

Whilst the focus of our strategy is narrow, to reduce the risk from international terrorism and domestic extremism, the policing activity that supports it is broad. The strategy identifies four key aims: To stop people becoming or supporting terrorists or violent extremists (**Prevent**); To stop terrorist attacks through detecting, investigating and disrupting terrorists and their networks (**Pursue**); To strengthen our overall protection against terrorist attacks (**Protect**); To mitigate the impact of terrorist attacks where we cannot stop them (**Prepare**). These aims reflect Government strategy (CONTEST), specific objectives within the National Community Safety Plan 2008-11 and directly support 2009/10 Mayoral priorities by '*... maintaining the highest levels of preparedness and resources to protect Londoners against terrorism.*'

Working alone or in partnership, our effort includes preventing or disrupting terrorist activity, providing protection against attacks and mitigating impact through effective planning and preparation. During the 2007/8 fiscal year, 13 terrorist-related network disruptions were agreed through the MPS disruption panel process and, following investigations led by the MPS Counter Terrorism Command, over 40 people were convicted of terrorist-related offences with total sentences imposed exceeding 600 years. We aim to build on these successes. Significant effort will be focussed on embedding **Prevent** activity into neighbourhood policing, targeting the four priority boroughs of Tower Hamlets, Waltham Forest, Newham and Hounslow. The Channel Project, a multi-agency police-led scheme that diverts people away from violent extremism through local activity, is currently running in Lambeth and Waltham Forest.

Major events and Olympics

In 2012 London will be the stage for the Olympic and Paralympic Games. This will be achieved by working together with our partners and the community to deliver a safe, secure and resilient London 2012 Olympic and Paralympic Games.

The MPS is responsible for coordinating the activities needed to deliver the Olympic Security Programme and the Security Strategy for the London 2012 Olympic and Paralympic Games. This includes responsibility for the strategic and operational planning of the security of the Games and for overseeing the delivery of this during the event period.

Our approach to planning the security of 2012 runs through a cycle from intelligence and scenario testing to programmes and operations, with eight main themes that feed activity in the lead up to 2012: Identity assurance, Site and venue security, CONTEST, Operational planning and consequence management, Specialist and human resources, Command and control, Transport and community engagement.

In planning for the Games we will develop a concept of operations that respects competitors, visitors and London's communities alike, that fosters safety and security and provides reassurance. In the run up to the 2012 Olympic and Paralympic Games we will streamline the processes for the management of large scale and prestige events, building on our existing expertise and capability to deal with the increasing number of events expected over this period.

Accessible services and contact

The introduction of Safer Neighbourhoods teams has enhanced public confidence, with satisfaction in local police increasing from 59% in 2006/07 to 64% in 2007/08. Similar progress has been made in public perception of police visibility, with 54% of people seeing a uniformed presence on the streets at least once a week compared with 41% in the 2005/06 (source: MPS' Public Attitude Survey). The central Safer Neighbourhoods Unit has initiated, for the second year running, an on-line youth survey to identify young people's fears and perceptions of crime throughout London.

We are committed to improving service delivery to all those who require our services, particularly victims and witnesses. This includes implementing the Home Office Quality of Service commitment. We are improving our Front Counter service; implementing the recommendations of 'National Call Handling Standards', despatch performance and response times; improving our communication with victims; acting on feedback from our Quality Call Backs; and developing the awareness, skill and expertise of all employees engaged in key encounters or citizen interactions.

'Our promise to citizens' sets out the MPS' quality of service commitment to service users and communities, from Contacting the MPS ('we will respond to 90% of 999 calls within 10 seconds'), Investigating crime in working with victims and witnesses ('we have committed to attending urgent calls within 12 minutes'), Keeping you safe ('we will target the threat from knives and street violence'), Working with you ('we will actively seek the views of people who use our services') and Keeping our promise.

Crime Mapping has been introduced into the public domain. Through a phased implementation, the MPS will deliver an effective 'engagement tool' in progressive steps and work with Londoners to develop a product that meets their needs. The MPS is also piloting touch-screen information kiosks in six new locations that will allow reporting of minor crime and provide information related to policing.

Section 4 – Managing our organisation

Lead and Manage our Service

Considerable work has been undertaken to ensure the clearest linkages between business planning, financial planning and resource allocation across the Service. Our guiding rationale includes the alignment of resources to corporate objectives, improving outcomes and minimizing cost of delivery, and ensuring priority to public-facing services. A Service Improvement Plan is being developed to yield significant productivity in benefits added and cashable efficiency savings realized - the MPS is on course to meet our Home Office three-year savings target of £311.4 million.

Implementation of the London living wage has been agreed with our sub-contractors throughout the MPS, providing real benefits predominantly for cleaners and messengers and their families, and for the Service in anticipated lowered sickness, improved morale and improved productivity. The MPS is also improving Service resilience in respect of staff welfare, morale, diversity and equality through HR initiatives such as active monitoring of Performance Development Reviews, ensuring fair staff representation, ensuring that the MPS is representative of our communities and working to become an employer of choice.

The MPS remains committed to developing effective leadership, retaining key skills and developing the professionalism of support services across the organisation. The Transforming HR (THR) programme will deliver an improved, more efficient HR Service for the MPS. THR will introduce a new delivery model featuring a centralised shared service (available 24x7) with local Business Partners and Strategic Advisors.

Benefits include a net increase in funds available for operational policing of £25.8m up to November 2014 (a gross saving of £15.3m per annum from 2012/13 onwards).

Resilience and business continuity is being achieved through the Property Services Resilience and the Business Continuity Management teams working to embed robust plans that enable the MPS to continue to deliver critical activities in all circumstances. Efficiency is also being delivered through ICT automation and standardisation, including the Improving Police Information (IPI) programme, upgrading vehicle-based mobile data terminals, introducing mobile personal data assistants for foot patrol officers, reducing re-keying into multiple systems, removing dependency on vulnerable and legacy systems, and improving internet capabilities.

The MPS is striving to achieve excellence in corporate governance to support our priority of delivering quality policing. A work programme has been introduced to strengthen and consolidate corporate governance including ensuring improved financial control and better coordination and communication across the MPS. The Developing Resources Management Programme has been launched with a focus on supporting frontline services with more efficient and streamlined processes, further improving governance arrangements and maximising cashable efficiencies.

Corporate Social Responsibility

Essentially Corporate Social Responsibility (CSR) is about how our organisation takes account of economic, social and environmental impacts in the way it operates - for the MPA/MPS, this means improving the quality of life for Londoners, our staff and our communities and taking responsibility for the wider environment. Much of this is actioned through progressive equalities and diversity, social inclusion and sustainable environmental activity across the organisation.

The MPS is committed to the adoption of an equalities performance management framework, which sets the standard for the mainstreaming of equality and diversity activity across the organisation. Ongoing work includes increasing community trust and confidence in the police, improving the progression of women within the police service and continuing to develop a workforce that reflects the diversity of London - the diversity of newly recruited police officers continues to increase with 20.0% of new recruits coming from a black and minority ethnic (BME) background and 40.5% being female. Of the PCSOs recruited in 2007/08, 26% were BME and 37% female.

The MPA/MPS undertakes a wide range of community engagement activity across London, including with traditionally 'hard to hear' and vulnerable communities, to shape services. This includes engagement with communities vulnerable to radicalisation, engagement to improve our understanding of the needs of migrant domestic workers, addressing the community safety issues of refugees and the development of a school-distributed youth DVD to help tackle extreme behaviour.

The MPS is working in partnership with GLA bodies in the Clinton C40 Climate Change Initiative (CCI) to deliver carbon emission reductions and better energy efficiency in London. A Building Energy Efficiency Programme (BEEP) has been developed in line with the MPS' Environment Strategy and the Climate Change Action Plan (CCAP) Programme, under which the MPS is to reduce carbon emissions by 10% by 2010 and 30% by 2025. Carbon emissions resulting from building energy use have decreased by 4.02% in 2007/08 against the baseline year (2005/06). A further 5498 tonnes of carbon savings have been identified in 2008/09.

Sustainable waste management plans for the MPA estate will achieve a 45% recycling level and 25% waste reduction level by 2010 - in 2007/08, the MPS

recovered 3,228 tonnes of office recyclables. The MPS has also successfully delivered its first renewable energy system for one of its buildings. In addition, the MPS utilises over 2,000 bicycles for operational policing and 135 hybrid vehicles, mainly used by Safer Neighbourhoods teams, as well as trialing 4 smart electric cars.

In partnership with the London Probation Service and local authorities, the Community Payback initiative has been rolled out to all London Boroughs with over 270 projects taking place each week. Community Payback enables unpaid work done by offenders to receive public recognition and allows the public to contribute ideas of where work should be undertaken. These are usually areas of environmental crime such as graffiti, litter and clean up of local areas.

Partnership and collaborative working

The MPS is committed to building effective partnerships with other organisations, both at a strategic and tactical level, and recognises the potential for partnership working to support its mission, improve service quality and deliver cost effectiveness. The MPS is continuing on the implementation of a partnership strategy to ensure that governance arrangements and processes support partnerships and ensure compliance with MPA and MPS decision-making frameworks.

The MPS works with a significant number of partners. Safer Transport Teams have been introduced to 21 London boroughs in partnership with Transport for London (TfL) to tackle low level crime and disorder and anti-social behaviour (ASB) – now supported by **Operation Tyrol**. In tackling Knife crime (**Operation Blunt 2**) the MPS is partnering with Youth Offender Teams (YOTS), Education, Prison and Probation Services to share information and intelligence. More recently the MPS has launched an initiative (**Project Swale**) with the United Kingdom Border Agency (UKBA) to remove the most harmful immigration crime offenders from communities.

Safer Schools Partnerships, a collaboration between schools, the MPS and local agencies, are working to reduce the prevalence of crime, anti-social behaviour and victimisation amongst young people in their communities, and ensuring that they achieve their full potential. Kickz is an estates-based football inclusion partnership between the FA, top clubs, government, voluntary bodies and the MPS aimed at developing young peoples potential and providing alternatives to involvement in crime and anti-social behaviour including routes into training and employment.

Crime and Disorder Reduction Partnerships (CDRPs) engage 'responsible authorities', the Local Authority, Health, Probation and the police to collaborate with organisations to develop a local strategy to tackle crime and disorder. In tandem, the Safer London Foundation (SLF), an independent charitable arm of the MPS, aims to reduce crime, promote community cohesion and develop safer neighbourhoods by building local relationships and developing innovative community-led crime reduction projects, education, information and support structures.

The MPS has made considerable progress with partners in its criminal justice reform programme, piloting Community Justice Boards in three areas with the aim of refining Court processes and ensuring that offenders are correctly bailed from custody. The Criminal Justice Simple Speedy Summary (CJSSS) project has been introduced across London to speed up and simplify case progression and to adopt a more proportionate approach. The MPS is also working as part of the London Criminal Justice Board (LCJB) to deliver the Beacon programme, a national initiative that seeks to support local criminal justice boards to drive criminal justice change and reform in their area and to deliver improved local services.

Section 5 – Finance and budgets

This section summarises the work to date on the development of the 2009-12 budget and business plan and the next steps in delivering a legally balanced budget which reflects the strategic objectives of the Service and Authority.

Revenue budgets

The MPS/MPA is current already supporting some of the new mayoral priorities in 2008/09 where funding has already been provided within the 2008/09 budget to support the implementation, the main ones are below:

- London Living Wage - £3m
- Crime Mapping – being funding within current resource
- Operation Tyrol - £9.2 m from TfL
- Operation Blunt 2 - £1m of additional costs
- Carbon Reduction Commitment Change – incorporated within the 2009/10 budget - £1.6m
- Anti-Youth violence - additional £4m

In the 2009/10 process the MPA/MPS is assessing all new initiatives and savings against corporate objectives to ensure resources are being used in the priority area.

Financial Landscape

The MPS' financial outlook appears challenging for 2009/10 and beyond for several reasons:

- For 2009/10 and beyond, the Home Office budget has been frozen in real terms, but we also need to have regard to the impact of a potential loss of grant protection.
- Most specific grants for 2009/10 are expected to be held at 2008/09 levels in cash terms so inflationary impacts on expenditure covered by these grants will have to be contained within the overall MPA budget.
- The Mayor's budget guidance indicates:
 - a 'freeze' on the MPA element of the precept
 - increases in NRE for 2009/10 of 1.75% over the 2008/09 amount of £2,595.0m and annual increases of 1.25% in 2010/11 and 2011/12
 - no addition to the GLA council tax precept for Olympic security costs
 - the possibility of alternative options to increase net revenue expenditure in 2009/10 over 2008/09 by 0.25% more or less than the above guidelines, including the impact on service levels over the three year period, are being reviewed.
- The economic down turn and high inflation are causing greater financial pressure, especially in areas of fuel and utilities where increases are much greater than general inflation.

Efficiencies and growth

The MPS continues to progress work to balance the budget, but the tight financial settlement and greater demands on policing make this work challenging. In carrying out this work, the budget principles as agreed by the MPS Management Board are:

- alignment of resources to MPS corporate objectives

- improve outcomes and minimise unit cost of delivery
- achievability
- identification of medium-term savings proposals, not just in year one
- understanding the impact of cost reductions elsewhere in the organisation
- priority to public-facing services

Against these principles the Service also recognises the need to consider issues relating to legality, compliance, public safety, performance, productivity and resilience.

The emerging financial landscape over the next three-year planning period 2009-12, has been used to inform the budget reduction targets. The targets, having regard to increasing savings already built into the budget, were higher for support service business groups in line with the Service's currently agreed budget principles.

Against this background all the proposals submitted by business groups were challenged by Management Board during July. The result of the initial challenge sessions is a potential budget gap of £26.3m in 2009/10 rising to £117.9m in 2011/12, based on the main Mayoral guidance. The overall position against Mayoral guidance at this stage of the budget is summarised below:

Budget Requirement Range	2008/09	2009/10	2010/11	2011/12
	£m	£m	£m	£m
Upper range	2,595.0	2,647.0	2,680.1	2,713.6
Main guidance	2,595.0	2,640.4	2,673.4	2,706.8
Lower Range	2,595.0	2,633.8	2,666.7	2,700.0

Based on the GLA financial model and the current planning assumptions, the potential budget gap is summarised below:

	2009/10	2010/11	2011/12
	£m	£m	£m
Upper range	19.7	60.1	111.1
Main guidance	26.3	66.8	117.9
Lower range	32.9	73.5	124.6

The MPS/MPA budget for 2009/10, therefore currently falls outside the higher limit of the Mayors guidance. Work continues to identify options for narrowing the gap and the resultant impact on service delivery - details of the savings and growth identified so far are below:

2009/10 2010/11 2011/12

	£m	£m	£m
Approved Based Budget Requirement	2,693.9	2,777.2	2,863.3
Adjustments since budget approval:	-12.1	-12.1	-12.1
Rephasing of Growth/Savings	8.1	7.2	3.0
In Year Approvals	21.5	24.0	23.4
- Operation Reclaim	-3.2	-3.2	-1.6
- Operation Tyrol (net)	8.2	8.2	8.2
	2,716.4	2,801.3	2,884.2
New Reductions	-56.5	-68.4	-72.1
New Growth	6.8	7.3	12.6
	2,666.7	2,740.2	2,824.7
Mayor's Guidance	2,640.4	2,673.4	2,706.8
Current Budget Gap	26.3	66.8	117.9

Service Improvement Plan

The MPS continues to have a good record on both delivering efficiency plans and targets and implementing significant programmes for change. The MPS has already identified savings as part of the 2008/09 process that contribute to the 2009/10 position, these equate to £13.1m in 2009/10 and £15.00m in 2010/11. The new 2009/10 process has identified additional savings of £57.6m in 2009/10 rising to £73.4m in 2011/12. Overall savings of £70.7m in 2009/10 rising to 73.4m in 2011/12 are included in the current planning assumptions.

During 2008/09 the Service has reviewed and adapted its approach to delivering efficiency, productivity and change to ensure continuous improvement is integral to its business planning process. This has involved:

- incorporating a fifth strategic outcome - 'Continuous improvement is fundamental to service delivery' - into the business plan
- establishing a Service Improvement Plan, and associated governance arrangements, as an integral part of the Service's business planning and budgeting process.

The 2009-12 Service Improvement Plan (SIP) reflects:

- the Service's focus on reducing support costs and overheads
- the results of a broad review of the Service's planning and budget process
- the need to optimise cashable benefits from past and future investment decisions
- the long lead-in time required to deliver real change
- areas of service improvement requiring investment.

A number of further corporate efficiency proposals are being considered within the SIP with the aim of bridging the current budget gap. The scope of savings at business group level are being assessed before the outcomes of reviews, covering Developing Resource Management, Staff establishment, Capital investment impact and Efficiency gains to cashable benefits, can be built into the budget forecasts.

It is also recognised that work needs to start now on some additional major reviews if they are to have an impact in 2010/11 and beyond. A number of reviews are being

considered as part of the developing SIP which focus on Efficiency and productivity, Corporate support services and Operational capacity.

Significant progress has been made over the summer on scoping these reviews and target reductions are being assessed so that the initial results can be reflected in the final MPA/MPS 2009-12 budget and business plan submission. The SIP will continue to be developed to support the delivery of reductions and investment over the planning period as an integrated part of the budget and planning process.

The MPA/MPS, as one of the largest bodies within the GLA Group, continues to work with other members to explore the efficiencies available from joint working. Significant benefits derived from initiatives such as joint procurement with TfL will be pursued through the SIP.

Risks and Issues

Whilst considerable work has already been undertaken to develop the 2009-12 budget and business plan there is still a significant amount to be done. The MPS will be preparing detailed estimates for 2009/10 which will be assessed against the budget principles. The Service faces a number of risks in taking this work forward:

- Reserves

This MPA/MPS budget does not include any assumptions on the use of reserves.

- Olympics

As the costed national plan is not expected to be agreed by the Home Office before December, despite the 2009-12 planning period ending just four months before the 2012 Olympics, work has been undertaken to prepare an assessment of the impact of planning for the Games over this planning period. This assessment will be revised as more complete information becomes available from the Home Office.

- Specific Grant

The current planning assumption is that existing specific grants will continue. If that proves not to be the case a decision will be required on whether those services should cease or growth in the budget be accommodated by savings elsewhere.

- Counter Terrorism Grant

Government settlement for 2009/10 and 2010/11 has been announced and is reflected in our planning assumptions. However the implications of the Home Office grant allocations review in November 2008 for CT activity are unknown - this could impact on announced settlements and also clarify potential settlements for 2011/12.

- PCSO Grant

NPF/PCSO Terms of Grant Funding are being revised by the Home Office, which could impact on the MPS' ability to recover funding for some current PCSO roles. The overall impact of such change is currently being discussed with the Home Office.

- General Government Grant

Government has already announced the provisional police grant for 2009/10 and 2010/11 which are reflected in the planning assumptions. Changes to these announcements will affect the level of savings required as will any decision to withdraw protection for authorities on the grant floor. Such a decision could increase the potential gap by a further £44.5m.

- Pay and Price Resilience

Based on the latest information available, a small provision has been included in the base budget to provide some resilience on pay and prices. The planning assumption, however, is that pay awards will be contained within 2.5% a year. If this proves not to be the case then further budget reductions will have to be found.

- Partnership Working

The Service has a long history of partnership working and is increasingly involved in partnership working in line with agreed strategy. Strong governance is an essential part of that strategy in terms of protecting the Service's position and ensuring alignment of activity to the Service's strategic outcomes and corporate objectives. The MPA/MPS is implementing a partnership action plan to improve governance.

The MPA/MPS, however, needs to recognise the financial pressures facing partner organisations. Funding available from some of these organisations to maintain the implementation of projects is becoming more limited or withdrawn.

- Litigation

A number of legal cases are being pursued which could impact on Service finances.

Capital budgets

A revised seven-year capital programme for the period 2009/10 to 2015/16 is being prepared, based on the Capital Strategy and MPS Strategic Priorities. This is a comprehensive review of the Borrowing and Capital Spending Plan, to ensure that the changing investment needs of the Service are fully documented and understood. Returns are presently being considered and detailed proposals on expenditure and funding sources will be included in the final budget submission.

Risk and Issues

- Borrowing limits

On 25 March 2008 notification was received from the GLA that borrowing limits for the MPA for 2009/10 and 2010/11 had been reduced. The set limits were significantly below those required to support the Borrowing and Capital Spending Plan assumptions included in the approved Policing London Business Plan 2008/11.

The GLA has agreed to review the borrowing limits announced for the MPA/MPS for 2009/10 and 2010/11 as part of the 2009/10 budgeting process. The outcome of this review will be a key determinant of the size of future capital investment.

- Capital Receipts

A number of issues have arisen over recent months that have adversely affected the expected level of receipts from the disposal of property. These include:

- the revised roll-out of the Safer Neighbourhood Programme
- a revised schedule for the release of operational property
- the downturn in the property market.

If the MPS is to maintain capital investment at the desired level then alternative sources of funding need to be explored. The use of capital reserves (unused capital receipts and grant) could bridge some of the funding shortfall but this would impact on cash flow and could precipitate a need to negotiate external loans sooner than anticipated. The lower than expected borrowing limits would preclude this course of action. If alternative sources of affordable financing are not possible then scaling back of the capital programme will need to be undertaken.