

**MPA Budget Submission to the GLA  
November 2005**

**Section B**

**2006/07 Revenue Budget and  
Medium Term Financial Projection**

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## **A. Budget guidance**

1. The revenue budget for 2006/07 and the medium term financial forecasts to 2008/09 set out in the attached statements have been developed taking account of the guidance issued by the Mayor on 5 July 2005.
2. In the light of the successful outcome of the 2012 Olympic Games bid, it is anticipated that further guidance will be issued in due course. At the present time this additional guidance had not been received.
3. On a similar basis to last year's process, the following 5 key elements are to be included in the budget submission:
  - A Business Plan for the period to 2008/09
  - A Budget Plan for the 3 years 2006/07 – 2008/09
  - A Budget and Equalities submission (which will be integrated into the main budget submission and concentrate on key projects and priorities for 2006/07) and a separate progress return in April
  - A Budget and Sustainable Development submission
  - A Borrowing and Capital Spending plan
4. The policy issues to be addressed focus on the Public Service Agreements (PSAs) set by the Government for Police and Crime and Disorder Reduction Partnerships. These are:
  - PSA1 – to reduce crime by 20% by 2007/08
  - PSA2 – to reassure the public, reducing fear of crime and anti-social behaviour, and building confidence in the Criminal Justice System (CJS) without compromising fairness
  - PSA3 – to bring 1.25 million offences to justice in 2007/08
  - PSA4 – to reduce the harm caused by illegal drugs including substantially increasing the number of drug misusing offenders entering treatment through the CJS
5. The policy issues to be addressed by all constituent GLA bodies also include dealing with terrorism and other catastrophic events. This aspect is clearly of particular relevance and concern to the Authority.
6. Greater emphasis has been placed this year on the budget being presented as a corporate plan and including performance information. The published documents are required to show:
  - A three year (or longer if appropriate) overview of strategic objectives and priorities and medium term financial planning and the outcomes that will be achieved over that period;
  - Details of deliverables and finances needed to achieve them;
  - The measures to be used to assess performance towards meeting the deliverables.

7. The guidance in respect of the precept constraints are that all constituent GLA bodies are required to contain their budget submissions within a precept increase of 5.5% in each of the financial years 2006/07, 2007/08 and 2008/09. This is based on the precept capping level applied by the Government for 2005/06. New initiatives anticipated in the corporate strategy for each of these financial years are to be included and contained within the precept constraint.
8. The Safer Neighbourhood Programme was this year required to be contained within the overall precept constraint stated in the Mayor's guidance and will be reflected in the main budget submission. The guidance also specifically requires details to be included of proposals to roll out a further 5 safer neighbourhood teams for each Borough in 2006/07 and of how a full rollout of 624 safer neighbourhood teams by 2008 would be achieved. A separate Safer Neighbourhood Business Case is attached at schedule 13.
9. The Mayor has included a requirement to have dialogue with budget consultees to complement and prepare for his statutory responsibility for consultation. Each functional body was to maintain a dialogue with, and provide key information to, key stakeholders before budget submissions are finalised.

## **B. Overall position**

10. The draft budget for 2006/07 set out in this submission totals £2,817.9 million, an increase of 3.1% over the original budget for 2005/06, as approved by the MPA in March 2005. At this stage the budget excludes any new expenditure on the further roll out of the safer neighbourhoods programme. Total funding comprises government grant, council tax precept and use of reserves. The critical assumption in estimating government grant is that general, formula-driven grants will be subject to a 3.2% ceiling for 2006/07 increases and that the MPA's entitlement will be at the ceiling level.
11. The overall position is summarised in Table 1 as follows. At present there is an excess of net expenditure over grant and precept of £7m. It is anticipated this will be found before the Authority next considers the draft submission in December/January.

*Table1 2006/07 Revenue Budget – Overall Position*

	<i>2005/06 £m</i>	<i>2006/07 (draft) £m</i>	<i>Change %</i>
Total net expenditure	2,733.1	2,817.9	3.1
Total funding			
Government grants	2,150.7	2,202.6	2.4*

Council tax precept	560.4	591.3	5.5
Use of reserves	<u>22.0</u>	<u>17.0</u>	
	2,733.0	2,810.9	
Budget requirement (total exp. net of specific grants and reserves)	2,492.5	2,590.7	3.9

\* Increase of 2.4% arises from a projected increase in general grant of 3.2% offset by reductions in specific grants.

12. The addition of further safer neighbourhood roll out expenditure, if approved for submission for consideration by the Mayor, would make the draft budget fall outside of the 5.5% precept increase range. The additional cost of safer neighbourhoods to be met by the precept is £31.8m in 2006/07 rising to £58.8m in 2007/08. This would add another 5.7% to the precept.
13. Net expenditure above includes committed increases and decreases, new initiatives and savings as detailed in schedules 2 and 12. There is a commentary on the expenditure and savings proposals at section D below. Detailed analysis of the expenditure estimates is set out in schedules 4 to 8. The grant forecast is described in section E below and set out in schedule 3. Proposals in respect of reserves are made in section F below.
14. Net expenditure for 2006/07 represents an increase of £84.8 million over 2005/06. A summary of this increase is shown below.

*Table 2 Summary of change between 2005/06 approved budget and 2006/07 draft budget*

	£m	£m
2005/06 net expenditure		2,733.1
Inflation	68.5	
Committed increases	86.1	
Committed decreases	(9.8)	
Efficiency and other savings	(67.1)	
New initiatives	7.1	
		84.8
2006/07 draft net expenditure		2,817.9

15. The following table shows the impact of incorporating proposals for further roll out of safer neighbourhoods programme into the 2006/07 budget as currently drafted.

*Table 3 Summary of impact of incorporating the roll out of 368 additional Safer Neighbourhood teams into the draft 2006/07 budget.*

	<i>Budget requirement £m</i>	<i>Increase %</i>	<i>Total Precept £m</i>	<i>Increase %</i>
Budget as submitted	2,590.7	3.9	591.3	5.5
Safer Neighbourhood teams	31.8	1.3	31.8	5.7
Total	2,622.5	5.2	623.1	11.2

### **C. Budget process**

16. The initial report to MPA Finance Committee on 21 July 2005 identified a forecast position based on the 2005/06 approved MTFP of a requirement for a precept increases of 14.4% if Government grant increased by 5%, and 21.3% if Government grant increased by 3%. To keep within the Mayor's guidance of a 5.5% precept increase, cashable savings would be required of £50m at the 5% grant level and £89m at the 3% grant level.
17. At that stage, the Service Review was starting to consider opportunities for redirecting resources within the MPS and it was agreed that a separate savings exercise was inappropriate. The pressures for increased expenditure did, however, need to be reviewed and Business Groups were asked to undertake this exercise.
18. The budget processes within the MPS for the 2006/07 – 2008/09 MTFP have been overseen by the MPS Investment Board, established as part of the new MPS management arrangements. The results of the reviews undertaken by Business Groups were reported to Investment Board on 23 August. These showed a substantial increase in bids for increased resources from those reflected in the 2005/06 approved MTFP. Significant problems were then clearly apparent in containing the budget within the constraints of the Mayor's precept guidance.
19. In response to this report it was agreed that Business Groups needed to identify savings to redirect resources to the expenditure pressures. Work on the Service Review had been delayed as a result of the bombings and attempted bombings of 7 and 21 July and specific proposals for redirection of resources were unlikely to be available in time for the budget process.
20. Varying targets were set with lower targets for operational front line services and higher ones for support and administrative functions. It was also recognised that funding would not be available for the majority of the uncommitted growth proposals included in the Business Group returns. In identifying the proposals for redirection of resources, account was taken of the areas under consideration by the Service Review where these could be implemented to effect savings in 2006/07.

21. The various expenditure and redirection proposals have continued to be carefully scrutinised by MPS Investment and Management Boards. There has also been MPA Member scrutiny with a panel of Members including the Chair and Vice-chairs of the MPA, and the Chairs of the Finance and the Policy, Performance and Review Committees.
22. Following this scrutiny, the overall budget proposals have been considerably reduced including cashable proposals for redirection of resources totalling £69m. The Budget Submission now includes net expenditure contained to within £7m of the Mayor's guidance of a 5.5% precept increase, excluding the separate proposal for a roll out of all remaining Safer Neighbourhood teams in 2006/07. The specific expenditure and redirection proposals are detailed in the schedules accompanying this submission.
23. The schedules accompanying this submission are before any growth arising from further rollout of safer neighbourhood teams or the counter terrorism bid. If these two additional growth bids are approved then there will be a repositioning in the business and a shift of resources into new areas of capacity building.
24. The 2005/06 revenue budget is forecast to overspend by £20.3m (0.7% of the budget), which includes £53.5m of estimated costs related to the policing response to the bombings and attempted bombings of 7/21 July (Operation Theseus). The core MPS forecast (ie, excluding Operation Theseus and Bracknell (related to the S.E. Asia tsunami)) is an underspend of £2.8m. This is increased further by a forecast underspend on police officer pensions of £28.3m and additional income for Bracknell of £2.1m.
25. As part of the annual Policing Plan for 2005/06, all police forces and authorities are required to demonstrate efficiency savings equivalent to 3% of their annual budget whilst maintaining or improving performance. Her majesty's Inspectorate of constabulary (HMIC) monitor police authorities achievements through quarterly inspections. At the end of September (Quarter 2) it is forecast that £84.13m of efficiency savings will be delivered in 2005/06. The position against the original plan shows that there is a forecast underachievement of £7.39m for cash releasing savings and a forecast overachievement of £4.92m on non-cashable savings. This results in a £2.47m underachievement against the MPA/MPS plan target. However, as the plan includes a margin for slippage it is forecast to deliver £8.7m over the Home Office's 3% savings target.

## **D. Expenditure pressures and corporate priorities**

26. The review of expenditure pressures identified increased requirements totalling £145m to maintain a standstill budget with no provision for service growth. The main components of these pressures are as follows:
- a. *Inflation*: Including both the normal annual round of pay and price increases together with some exceptional increases such as energy prices.
  - b. *Current programme commitments*: This includes the full year effect of Step Change Phase 2; Revenue effects of the capital programme; outsourced contracts transition costs; and increased costs of the C3i/Airwave programme as a result of delays arising from NTL withdrawal from the contract.
  - c. *Loss of funding sources*: Central Operations (CO) tasking resources approved to be met from reserves in 2005/06 but which requires permanent budgetary provision; and withdrawal of grant for the National Mobile Phone Crime Unit.
  - d. *Budgets currently overspending*: A number of budgets are overspending in the current year as a result of operational requirements. The largest item is expenditure on DNA samples, which has increased dramatically in volume in recent years. Structural underfunding also remains in the Serious Crime Directorate (SCD) for staffing costs.
27. In addition to these pressures, account has been taken of the draft Corporate Strategy 2006 – 2009 that was approved by the MPA on 29 September 2005. This Corporate Strategy forms the Business Plan required in accordance with the Mayor's guidance and is included with the documentation submitted for consideration as part of the Medium Term Financial Plan (MTFP).
28. Further efforts have been made this year to link the financial and business planning processes and to ensure that the budget proposals for both increased resources and redirection proposals are led by the business priorities. This has been reflected in the consideration given by the Investment Board in its oversight of the budget process.
29. The following seven strategic priorities are identified in the Corporate Strategy:
- Counter Terrorism, Protection and Security
  - Safer Neighbourhoods
  - Organised Criminal Networks
  - Capital City Policing
  - Citizen Focus
  - Together



- Information Quality

30. Given the financial constraints, it is recognised that there is little scope at present for redirecting resources to the new corporate priorities. The Service Review has identified proposals that will release resources in the longer term but will take some time to implement and may require initial investment to achieve savings.
31. Progress is, however, sought for the priorities relating to Counter Terrorism and Safer Neighbourhoods. A bid has been submitted to the Home Office for additional specific grant to enhance the resources applied to Counter Terrorism. The bid is for £148m in 2006/07 growing to £243m in 2008/09. These figures include both capital and revenue costs. A definite response is not anticipated before the announcement of the general Home Office grant.
32. The other major priority is the establishment of Safer Neighbourhood teams across the whole of the MPS. It is proposed to roll out a further 368 teams in 2006/07 to complete overall coverage in all areas. A separate Business Case is submitted outlining the detailed proposal.
33. The total funding required for this proposal is £75.1m in 2006/07 and £118.7m in 2007/08. This can be partly resourced by grant funding for PCSOs provided through the Home Office Neighbourhood Policing Fund and partly by redirection of existing permanent beat officers already employed by the MPS. A balance remains, however, that would need to be funded by resources additional to existing MPA budgets. The proposed funding arrangements currently under discussion are:

	2006/07 £000	2007/08 £000
Neighbourhood Policing Fund	16,300	32,100
TP Permanent Beat Officers	27,000	27,800
Increase in precept	31,800	58,800
<b>Total</b>	<b>£75,100</b>	<b>£118,700</b>

34. A limited amount of new initiatives have also been included for other corporate priorities. These include £2m for SCD proactive teams as part of the Organised Criminal Network priority; £2m for TP Witness Care Units as part of the Citizen Focus priority; and £1m to progress activity on the Together priority.

## **E. Government Grants**

35. A summary of projected levels of grant funding over the medium term is set out in schedule 3. The medium term period previously coincided with the three years covered by the Government's latest spending review. As a result of the consultation on three year settlements, the government has announced that the next settlement, due to be announced late Autumn 2005, will cover the last 2 years of the Spending review ie 2006/07 and 2007/08.
36. The ODPM Formula Grant Distribution Consultation announced on 19 July closed on 10 October 2005. The Finance Committee considered the matter and submitted its observations. There remain significant uncertainties about the grant review's precise implications for police authorities generally and the MPA in particular, which are unlikely to be resolved until the provisional grant settlement for 2006/07 is published (expected week commencing 5 December 2005).
37. Grant prospects in the medium term remain further clouded by the likely incorporation of full 2001 census data into the grant formula from 2006 together with the outcome of an associated review of the formula itself. Grant changes arising from new arrangements for financing police pensions due to be implemented from April 2006 are also unclear.
38. At this stage there is still no published disaggregation of the total Home Office provision originally reflected in SR2004 across its service responsibilities. The Home Office has indicated through the Allocations Formula Working Group that the grant increase is hoped to be around 3-3.25%. This is heavily dependant on the formula review option chosen, as the size of the changes to individual Authority's funding will impact on the level of an affordable floor. If in the event this assumption proves to be over-optimistic every 0.5% reduction in the ceiling would mean lower grant of £9.1 million , equivalent to 1.7% on the precept .
39. Until we see further detail, we do not know the quantum in the police provision nationally, nor how much of that provision will be applied to central services or ring fenced for specific purposes. In particular it is not possible to say how much grant will be available for distribution by way of the allocation formula. Experience in previous years suggests that the increase in formula grant will be lower than that for police resources as a whole.
40. In 2005/06 a floor of 3.75% was set so that no authority received an increase in 2005/06 less than 3.75%. There were no ceilings on grant gains but all authorities receiving more than a 3.75% increase had their entitlement reduced proportionately to subsidise the floor. The resulting range of grant increases was from 3.75% to 6.9%. The MPA's formula

grant allocation (comprising police grant, revenue support grant and non domestic rates) represents an increase of 5.8%, which was the third highest increase in the country. This was still a significant shortfall on our formula grant entitlement which, without the need to subsidise floor authorities, was £48 million higher than our actual allocation.

41. Earmarked grants have been estimated on the best information available. However it is likely that there will be Home Office proposals for simplification which may result in consolidation of a number of specific grants which would then be distributed back to authorities, but without the need for earmarking. It has been indicated this process will be budget neutral.
42. The Authority receives grant for the 'civil staff pensions uplift' of £16.4m within the formula settlement. This will no longer take place with the introduction of the new arrangements for police pensions financing. Representations have been made for continuation of this support.
43. As part of SR2004 the Home Secretary announced that there would be additional resources to secure an increase in community support officers (CSOs) nationally from 4,000 currently to 20,000 by March 2008. To achieve this a new Neighbourhood Policing Fund (NPF) was established. A bid has been submitted for 2006/07 for the full complement of PCSOs required for the next planned phase of safer neighbourhoods under the Safer Neighbourhood programme requesting additional flexibilities. At this stage no additional NPF funding has been included in schedule 3. The amount eventually approved will effectively offset growth in safer neighbourhood costs, if the Authority and Mayor agree the programme.
44. A significant bid for additional counter terrorism funding has been made to the Home Office, with significant revenue implications (£89m in 2006/07 and some £175m over a 4 year period). No decisions have yet been taken by government on this bid yet.
45. Decisions on the specific funding for street crime reduction have been made by the Home Office on an annual basis. The 2005/06 MPA budget includes grant income of £2.5m that was matched by specific expenditure and the budget submission is based on maintaining this level of grant and expenditure. It is anticipated that the grant in 2006/07 will continue at this level. When details of the actual grant are known, if lower, it will be necessary to reduce both the grant and expenditure budget figures accordingly.

## **F. Reserves**

46. The MPA maintains a general reserve to meet unforeseen or emergency expenditure which cannot be contained within the approved budget and it has agreed that this reserve be established at a minimum of 1% of net budgeted expenditure, provided that there are adequate accounting

provisions and earmarked reserves, reasonable insurance arrangements, a well funded budget and effective budgetary control. At 31 March 2005 the general reserve stands at £28.408 million, in line with the minimum policy level. The conditions attached to the policy are broadly satisfied and the minimum is therefore acceptable. The general reserve must not be allowed to fall below the 1% level.

47. The Authority's balance sheet also contains specific earmarked reserves established to meet specific expected revenue costs. The largest earmarked reserve relates to police pensions and currently amounts to £23.5 million (use of £22 million has already been assumed in finalising the budget for 2005/06). The continuing need for the reserve is discussed further below.
48. The remaining specific earmarked reserves at 31 March 2005 total £68.615 million but currently estimated that only £34.929 million are remaining as uncommitted. At this stage no sums have been identified as not being required for the original purpose.
49. Considerable attention has been focussed during 2005/06 on the need to maintain maximum flexibility in the availability of the Authority's reserves to support the operation policing activity around the bombings and attempted bombings in July. In particular the need to prepare for an expected contribution towards the additional costs of up to 1% of net revenue expenditure was recognised at an early stage. There is also continuing uncertainty around the likely level of total support (by way of special grant) that the government will agree to. No final decisions have yet been taken despite a request for a second interim payment and supply of further background information to the Home Office. Latest estimates of the likely additional costs could be up to £55 million and the most recent revenue budget monitoring statement for 2005/06 shows that after a managed underspend has been achieved there will still be a predicted overspend of £20.3 million. There is still a need for flexible use of reserves and the temporary freeze on their use should remain.
50. The police pensions reserve requires particular consideration. The bulk of the reserve was originally built up as a provision to cover the current liability to meet the commuted lump sum pension costs of serving officers who had reached full pension entitlement and could retire at one month's notice.
51. New financing arrangements for police pensions are likely to be introduced from April 2006 and these will have significant implications for the need to hold pensions reserves. Under the new arrangements police authorities will no longer be responsible for meeting pensions costs directly. The charge to police authorities' budgets will be by way of employers contributions to a separate pensions account whose balance will be met by Home Office grant. Police budgets will not be impacted by the volatility of commuted lump sum payments, nor by growth in the

number of pensioners since the employer's contributions will be calculated to reflect the accrued liability of current officers.

52. The principal reasons for maintaining pensions reserves will therefore be eliminated. There are two risks for which reserves may be required:

- Until the Home Office produces exemplifications of the new arrangements it is impossible to assess the net impact on the MPA at the point of transition. If there was to be a net deterioration in the Authority's financial position it might be appropriate to use reserves to help adjust to the new arrangements. The formula review consultation paper exemplified a transfer of £90 million from the national police formula grant to fund the annual central top-ups of deficits (net of claw back of surpluses). It has since emerged however that the estimate used for the consultation exemplifications is significantly understated, and that more recent Government Actuaries Department estimate of the required transfer could be in the region of over £300 million.
- The Authority will retain responsibility for the costs of ill health retirements. If it was considered that the number of ill health retirements might fluctuate in the future it may be desirable to have reserves available to smooth the costs year-on-year.

53. Without further clarification neither of these risks can be adequately assessed, although it would seem, prima facie, that they would not justify as large a reserve as currently held. In the circumstances it is proposed that the pension reserve should be held pending further clarification around the impact of the new financing arrangements.

54. The budget paper proposes the use of £17 million reserves to finance one-off growth bids some of which have significant longer-term savings benefits.

55. The use of reserves, as presently identified, show appropriation from reserves of £55.686m in 2005/06 and £17m in 2006/07, with a transfer to reserves of £17m in 2007/08.

#### **G. Precept Implications**

56. The precept implications of the expenditure and savings reflected in his budget submission together with the current estimates of government grant and the proposed use of reserves are summarised in the following table.

*Table 4 Summary of Precept Implications 2006/07*

	2005/06 £m	2006/07 £m	Variance %
Net expenditure	2,733.1	2,817.9	3.1
Budget requirement	2,492.5	2,590.7	3.9
Precept requirement	560.4	591.3	5.5

57. The cost of options for the full roll out of safer neighbourhoods would add £31.8m or 5.7% to this precept.
58. The Government has demonstrated this year its intention to cap council tax increases which it considers excessive. The criteria for determining an excessive increase in 2005/06 were as follows:
- in relation to the GLA group, including MPA, an increase in budget above 6.05% and council tax increase above 5.5%
59. There are no indications from government yet on the capping limits for 2006/07.

#### **H. Medium term financial projections**

60. Schedule 5 contains medium term financial projections for 2007/08 and 2008/09. Detailed changes reflected in the projections are included in schedule 2. The following table 5 sets out a summary.

*Table 5 Medium Term Financial Projections*

	2005/06 £m	2006/07 £m	Change %	2007/08 £m	Change %
Net expenditure	2,733.1	2,817.9	3.1	2,903.0	3.0.
Specific grants	218.6	210.2		214.7	
Net rev expenditure	2,514.5	2,607.7	3.7	2,688.3	3.1
Use of reserves	22.0	17.0		-17.0	
Budget requirement	2,492.5	2,590.7	3.9	2,705.3	4.4

61. These projections are of limited value at this stage. They do not include any costs or grant for the additional Counter Terrorism bid or for the full roll out of Safer Neighbourhood teams in 2006/07. There is only limited provision for other new initiatives although experience of recent budgets suggests that more will be identified during the plan period. Finally no savings are included beyond the 2006/07 year.

62. The grant settlement for 2006/07 is very uncertain at this stage with a number of volatile factors under consideration. Although the settlement is expected to be for a two year period, further projection beyond the next financial year is even more speculative. Taken with the incomplete nature of the expenditure projections it is not appropriate to exemplify precept implications.
63. Further work is necessary to develop the medium term financial projections. In particular, the priorities identified in the Corporate Strategy need to be considered to develop the analysis of the financial implications. Also, the MPS Modernisation proposals still have to be firmed up to assess their implication on the MPS budget.

## **I. Consultation**

64. The budget guidance intended that functional bodies should communicate with a wide range of stakeholders with the aim that stakeholders should be left in a position where they feel able to provide informed opinions in response to the Mayor's formal consultation in December/January.
65. The main purpose of this dialogue was to obtain stakeholders views on policy priorities and options and communicate with stakeholders, so they were better prepared to respond to the Mayor's formal budget consultation. The dialogue was to focus on the services provided and the relative priorities of each service. The issue of the costs of these services would then be specifically addressed later in the process by the mayor's consultation, however costs and the likely impact on the precept should be discussed as part of the dialogue.
66. A preliminary letter was sent to stakeholders in August setting out a summary of the current strategy and priorities plus an outline of the MPS expanding mission and a background to the service review. In October a letter was sent to consultees with a clearer statement of emerging priorities from the Authority, together with a very high level assessment of resource implications.. A preliminary assessment of responses was presented to the full Authority on 20 October.
67. A summary of the responses is as follows: As part of the budget preparation process, and as required by the budget guidance issued by the Mayor, the Authority consulted with a number of key stakeholders on initial draft proposals. A letter was sent out to all key stakeholders in August, highlighting the fact they were to be consulted shortly, this was followed up by a detailed letter in October. The letter described the seven priorities identified as part of the corporate strategy asking consultees to comment on the various proposals for growth that supported these and also asked that they suggest ways in which savings could be made. Twelve responses were received. A summary of the key points are highlighted below.

*Association of London Government*

68. The Association feels that the emphasis on counter terrorism, security and protection reflect the current mood of London and echoes the views of the Boroughs. They feel the option to accelerate the full roll out of the remaining safer neighbourhood teams in 2006/07 will be welcomed by Boroughs, particularly if it can be achieved without imposing any additional pressure on the precept.
69. They believe that the Boroughs would broadly support all other corporate priorities identified in the letter, and with regard the service review the association feels that it is encouraging that 10% efficiency savings are expected over the next three years.

*Capital Transport Campaign*

70. The organisation supports the need for traffic enforcement, and also identifies the scope for improving value for money through the MPS continuing to work closely with the British Transport Police and City of London Police. They feel that the service Londoners currently receives represents good value for money and therefore "no right minded body should advocate spending any less than is proposed."

*London Assembly Member - John Biggs*

71. The Assembly Member supports the priorities and also adds how impressed to date he has been with the roll out of safer neighbourhood teams. He would like the roll out to continue but in a way that doesn't compromise it's quality and undermine confidence in the service.

*London Assembly Member - Valerie Shawcross*

72. The Assembly Member feels the identified corporate priorities for growth are all extremely important issues, and strongly supports the issues identified as being the ones which really matter to the quality of life and security of her constituents. However she also wishes to highlight how the MPS could raise its performance in focusing on these key issues by investing resources in Lambeth and Southwark, and would continue to argue for an integrated risk management based approach to resource allocation as opposed to the resource allocation formula (RAF).
73. In relation to safer neighbourhoods she feels it is evident that this an effective method of policing, yielding great improvements in crime reduction and anti social behaviour, and increasing the sense of security and community identification by local residents. Residents have identified the one thing that would really make them feel safe is seeing more police patrolling the streets. She feels that the safer neighbourhood teams that are already in place across Lambeth & Southwark are proving successful and popular with residents, with the officers not just acting as a visible deterrent but with it also resulting in much better intelligence being gathered and therefore greatly improving results.



74. She is concerned that current police resources in Southwark still falls short of what would be required to provide a fully adequate, preventative police force and along with the three MPS for Southwark is campaigning to increase the number of officers in Southwark from about 890 officers plus 36 PCSO's to 1,000 officers.
75. There are a number of large-scale regeneration schemes underway in Southwark at the moment, and experience indicates that the slow removal of settled long standing residents and the closure of properties results in squatters, increased criminality and dangerous problems for the remaining residents. The Assembly Member therefore feels that the police in Southwark need additional capacity to manage the special challenges of these large area regeneration schemes in the pre-demolition phase. For these reasons she urges the Authority to support the acceleration of the roll out of the safer neighbourhood teams so that all areas can benefit from a dedicated policing team by the end of 2006/07.
76. Secondly she wants to highlight organised criminal networks as a priority of her constituents, where especially in Brixton they suffer greatly from high levels of drug dealing and related violent crime, especially gun crime. She therefore feels it is important that priority is given to investigating the organised criminal networks that control the drug and gun trade, and is concerned that this priority does not have any additional funding proposals at present, and urges that this is given a higher priority.
77. Finally she states her support for the service review, and indicates her appreciation of the challenges faced by the MPS of trying to remodel services within tight budget constraints.

*London Borough of Brent*

78. The Council supports the priorities of the corporate strategy, but would like to ensure with regard organised criminal networks that emphasis is placed on control of gun crime.
79. The Council also notes the proposal to roll out safer neighbourhood teams more quickly than previously planned and the impact this could have on the precept. Whilst the Council supports the roll out of safer neighbourhood teams, they feel they have a duty to their council tax payers to ensure their tax is affordable. The Council is therefore making decisions to ensure that it's own council tax increase is no more than inflation and would expect the MPA to do the same. They accept the need for an additional increase in the GLA precept tax to pay the Olympic levy, but would expect all other elements of the precept to increase at a rate at or below inflation.

*London Borough of Bromley & Safer Bromley Partnership (CDRP)*

80. The Chair of the Safer Bromley Partnership's overriding consideration is to ensure that any savings made through the budget process do not

have an adverse impact on the number of police officers on the streets, or the time they have available for them to conduct front line functions.

81. Members of Bromley Council believe that a visible police presence in their community together with the ability to respond quickly to local needs is key to ensuring that residents are protected from crime. In addition they feel that residents need to be reassured that positive action is being taken to reduce crime levels and apprehend offenders in order to address concerns about the safety of themselves and their property.
82. Members of Bromley Council believe that they fare particularly badly in the allocation of police resources so any reductions in frontline policing will hit their division harder than most. They have also commented that they wish to see more police on the streets and that everything possible should be done to minimise bureaucracy and maximise the availability to respond effectively in the fight against crime. Therefore with regard to savings they would like to see steps taken which will reduce administration, in particular the paperwork required of frontline officers, and any savings arising from this redirected into frontline policing.

*London Borough of Camden*

83. The Council believes that the Mayors proposed increase on the precept of 5.5% is too high in the current climate with inflation at around 3%, and encourage the MPA to seek additional efficiencies in 2006/07. With regard the service review they feel it is appropriate to make savings where possible, suggesting it may be suitable to use reserves in the short term to fund efficiency saving projects which can then be paid back when appropriate.
84. They recognise the significant cost pressures on the MPS particularly in the area of counter terrorism, security and protections and support the bid to the Home Office for grant funding for counter terrorism. To the extent that any of the MPS's costs can be associated with national rather than local functions and directives they would support approaches to the Government for more funding to be made directly to the MPS, rather than as a precept on the boroughs.
85. The Council feels that the corporate strategy includes a number of projects of great benefit to London residents, but state these policies must be managed within limited resources. They urge the MPA to carefully consider the impact of the proposals to accelerate the safer neighbourhood team rollout on both council taxpayers and service provision, stating that to severely limit resources given to the teams in order to allow a greater number of teams maybe counterproductive by rendering them ineffective.
86. Finally they feel that policies such as citizen focus policing could be better informed through partnership work with local authorities to better engage local communities.

*London Borough of Haringey*

87. The London Borough of Haringey supports all areas of corporate growth, in particular Safer Neighbourhoods and the need to roll it out to all wards. However they feel it would be an undermining step if the support capacity for these teams was reduced to make it affordable.
88. They also support a clear focus on organised crime networks and believe that the cost of protecting London against terrorism is a national function that should not be borne by Londoners, and therefore support initiatives to secure the cost from the Home Office.

*London Borough of Havering*

89. The London Borough of Havering agrees with the seven priorities identified in the letter. With regard to counter terrorism, security and protection they recognise that that this is a priority following the July bombings, but add that it is essential that the police create an atmosphere of trust with BME communities where intelligence would be forthcoming, stating that firm relationships need to be developed with community leaders at a localised level with regular meetings.
90. They feel that safer neighbourhoods has resulted in a return to localised policing that has proved to be effective and support the further increase in wards that will have safer neighbourhood teams. With regard to citizen focus, they feel that whilst the MPS has made a commitment to listen to citizen needs, it needs to clarify what mechanisms are currently in place to do so and feel that clarity is also needed regarding how the processes are put in place and how they will influence decision making. In relation to information quality they feel we need to ensure that information is accessible to all partners, as they feel difficulties currently arise in relation to local target setting and reporting structures as current information systems between local authority and police do not interface and cannot be easily interrogated.

*London Borough of Hillingdon*

91. Of the seven corporate priorities the Council considers the roll out of safer neighbourhoods to be of high priority, to the extent that they have provided funding to accelerate the roll out process within the Borough.

*London Borough of Hounslow*

92. The Council is supportive of the corporate priorities and particularly supports the safer neighbourhood developments that have brought benefits to their Borough and which have been seen by residents as being beneficial. In the current financial climate they recognise all public sector organisations have to do all they can to reduce back office costs for the benefit of frontline services, and maximum benefits have to be sought from the use of IT systems. The Council is aware of major IT development within the MPS and seek assurances that expansion of IT investment is delivering efficiency savings and benefits.

93. In the Council's response to the ODPM's 2006/07 Formula Grant Distribution consultation paper they stressed that there must be sufficient resources given to the MPA for the additional tasks it has to carry out, and it would support the MPA in lobbying Government for a fair and adequate grant settlement for countering terrorism, security and protection work.
94. With regard to savings they feel that expensive officers are still carrying out minor traffic work and would ask that this area of activity be re-examined.
95. Finally with regard the Mayors proposed increase on the precept of 5.5%, the view of Hounslow's Leader is that he could "certainly not support a 5.5% increase in the GLA precept."

*National Federation of Retail Newspapers*

96. This organisation responded to the initial letter sent out in August and identified 6 areas they feel need to be considered. These are as follows:
  - Reduce crime
  - Enhance relationships between police, businesses and communities
  - Improve relationships between police and victims of business crime
  - Make business crime a police KPI and a crime reporting category
  - Define a template for reporting business crime
  - Encourage the police to actively support retail submissions to Government concerning business crime reduction initiatives and prevention of business crime through enhanced security provisions.

## **J Equalities**

97. The following presents an outline of the key projects & priorities for 2006 - 2009, as well as an update on the objectives outlined in the previous year as identified by the MPA and MPS, which will have a significant equality and diversity impact. This list is not intended to be exhaustive; however, it does provide a 'snapshot' of the major projects that both organisations will be engaged in over the next three years.

### **Project 1 (MPA)**

#### **Development of the Independent Custody Visiting Scheme (ICVS)**

##### **Purpose**

98. The role of an Independent Custody Visitor is to observe, comment and report on the conditions persons are detained in a police station. It is also to ensure that detainees' rights under the Police And Criminal Evidence (PACE) Act 1984 are maintained. The MPA has a statutory obligation to provide an ICVS across London.

**Key target**

- Ensuring equality and diversity will be a keynote in future recruitment programmes for the Scheme

**Equality & diversity implications**

99. Visitors should be representative of the communities to whom they provide reassurance regarding the treatment of detainees in police custody. Monitoring systems are being put in place to track the degree of diversity, but the present position is thought to be satisfactory.

**Project 2 (MPA & MPS)****MPA Domestic Violence Board****Purpose**

100. To examine MPS Borough and corporate performance around Domestic Violence and to provide support, innovation, challenge and to exchange good practice. The Forum will also support the development and implementation of an Employee Domestic Violence Policy.

**Key target**

- 16 boroughs to be assessed

**Equality and Diversity Implications**

101. The MPA Domestic Violence Forum will also focus on the experience of BME Women, same-sex domestic violence, asylum-seekers and refugees. It will also learn from other 'abuse of trust' dynamics (see also project 8).

**Project 3 (MPS)****Safer Neighbourhoods****Purpose**

102. To ensure that each 'neighbourhood' in London has a dedicated team of police officers, who will work with local communities in deciding local priorities and develop local solutions together.

**Key target**

- Rollout of safer neighbourhoods teams is 624

**Equality & diversity implications**

103. There is a need to ensure that equality and diversity is successfully built into the planning and rollout of this initiative, so that the needs to Londoners are met. A major international conference on Safer Neighbourhoods is to be held in February 2006. The Race and Diversity unit is working with the MPS to ensure that equality and diversity is an integral part of the programme.

**Project 4 (MPS)****Recruitment of BME & women Police officers****Purpose**

104. To ensure a greater diversity in the staffing profile of police officers at all ranks of the Metropolitan Police Service, as well as signalling a

continuing cultural change in ensuring the MPS is fair, efficient and effective employer.

**Key target**

- MPS Recruitment targets: 2005/06 total targets are 1,300 new recruits
- BME recruitments target = 29% of all new police recruits (current 17%)
- Female recruitments target = 41% of all new police recruits (current 35%)

**Equality & diversity implications**

105. There have been a number of studies carried out around the successfully diverse recruitment drives of Police Community Safety Officers (PCSOs). One of the aims of the next few years is to examine whether there are any key learning points, which could assist future recruitment.

**Project 5 (MPA & MPS)**

**Progress in accepting and implementing the recommendations of the CRE investigation, the Taylor report and the Morris enquiry:**

**Purpose**

106. To ensure that the recommendations from the three major reports listed above (as well as those contained in the Ghaffur Report) are embedded into the corporate business.

**Key targets**

- All relevant recommendations analysed and collated into themes
- The themes mapped in conjunction with the 70 recommendations contained in the Stephen Lawrence Inquiry Report
- An action plan devised to identify individuals with responsibility for delivery of actions with regular updates

**Equality & diversity implications**

107. Progress on the recommendations has been steady. Five meetings of the Morris Steering Group have been held and members have spoken directly to three 'strand owners' (i.e. those to be held responsible for delivering on the strategic themes). Work on Morris has been progressed through EODB, HR and PSCC and focus groups will be developed around these committees in terms of stakeholder engagement. A joint EODB/PSCC meeting will be held on 6 October 2005 to discuss Morris. There will be a challenge to ensure the learning of Morris is integrated into the Service Review.

**Project 6 (MPS & MPA)**

**Plans for reducing Hate Crime, including Hate Crime directed at disabled people:**

**Purpose**

108. To reduce the levels of hate crime, whilst improving the citizen experience in their contacts with the Police

### **Key targets**

- To meet the agreed sanction detection targets rates for hate crime.
- To widen of the scope of expertise in handling hate crime to include Disability

### **Equality & diversity implications**

109. A comprehensive review and re-issue of the ACPO Hate Crime Manual within the MPS has been carried out; significant input was made by the London-wide Race Hate Crime Forum as part of this review, including interventions around the implementation of minimum standards of investigation and a more effective response to critical incidents.

110. Comprehensive policies on hate crime management have been developed in order to maximise service delivery. A central task force conducting proactive intelligence-led operations has been formed. A Disability IAG has been created and has made a number of interventions around community reassurance and resilience. There has also been an expansion of Third Party Reporting processes.

### **Project 7 (MPS)**

#### **Plans for monitoring children as victims, witnesses and offenders:**

##### **Purpose**

111. To introduce key processes for the recording and monitoring of children as victims, witnesses and offenders.

##### **Key targets**

- To collate key evidence from users and other Criminal Justice System (CJS) partners to inform how best to support this process

##### **Equality & diversity implications**

112. The piloting of a community partnership initiative established to build productive relationships with children and families in debating key child protection issues. The publication of a new Youth Justice Policy Manual providing advice and guidance that is easy and practical to use has also assisted this process. The MPS are better informed in recognising the issues of intimidation facing child victims in court proceedings and considering options to reduce them. A review of policies to make legislation more effective and 'child-focused' will be carried out, together with the launch and police guidance on child abuse.

### **Project 8 (MPS & MPA)**

#### **Progress on implementing the recommendations in the Mayor's London Domestic Violence Strategy:**

##### **Purpose**

113. To establish a mechanism, through the proposed MPA Domestic Violence Board, to monitor and scrutinise Project Umbra, and borough performance of tackling domestic violence by holding more perpetrators to account, including those who work for the MPS.

### **Key targets**

- To meet target sanction detection rate of 27%
- To ensure a recognition of the equality and diversity dimension of responding appropriately to gender-based violence within London's diverse communities.

### **Equality & diversity implications**

114. A service level agreement, between the MPS and Crown Prosecution Service, for improving the service to victims of domestic violence and bringing offenders to justice has been developed. The piloting of specialist domestic violence courts in Croydon and Hammersmith & Fulham has provided some successes. The development and implementation of multi-agency strategies to tackle issues arising from forced marriages has been a feature of both MPS and MPA activities. MPS co-ordinated 'arrest days' against perpetrators of domestic violence. The availability of specialist sexual assault referral centres for the provision of enhanced care for victims of domestic rape.

### **Project 9 (MPS)**

#### **Plans for developing different approaches to recruitment training:**

##### **Purpose**

115. To develop a range of different approaches that will best equip new recruits to the challenge of policing London in the 21st century.

##### **Key targets**

- Implementation of the Initial Police Learning & Development Programme

##### **Equality & diversity implications**

116. In developing the new Initial Police Learning and Development Programme (IPLDP), the MPS has actively involved the participation of members of the community. In addition, this training has been delivered in community locations - away from MPS sites. Diversity has been mainstreamed throughout the training syllabus. There has also been the creation of graduate recruitment products, which appeal to graduates from under-represented groups.



## Summary of Technical Assumptions

### Part 1: Corporately reviewed factors

- The on-going impact of the Police Reform agenda on police pay and allowances
- The progressive reduction in the cost of rent/housing allowances and compensatory grant
- The progressive reduction in officers in receipt of the £1,000 allowance to compensate for housing allowance anomalies
- The progressive effects of increasing the overall cost of the London Pay Lead for police officers
- The full year effect in 2006/07 of the additional police officers and PCSOs in 2005/06 (Phase 2 of Step Change)
- The adjustment of forecast pay awards and latest estimates of movements in RPI
- The on-going impact of the contract to provide free rail travel to police officers
- The on-going effect of the increase in employer's pension contribution costs for police staff

### Part 2: Technical assumptions pertaining to finance projections

- The starting point is the approved MPA budget for 2005/06
- Pay awards for police officers and police staff are included at rates reflecting current expectations of funding requirements
- Price inflation of 2.5% throughout the period
- General grant increases of 3.2% per annum throughout the period and changes in specific grants as currently known (see schedule 3)
- The revenue implications of the capital submission are reflected in the figures (the proposed full rollout of Safer Neighbourhood Teams is currently excluded)
- Levels of capital funding are broadly comparable with the current year, except for an increase in unsupported borrowing to reflect amendments to the current programme

### Part 3: Factors excluded from the finance projections

The projections specifically **exclude** the following:

- Any increase in funding and expenditure relating to Counter Terrorism
- Costs associated with the proposed full rollout of Safer Neighbourhood Teams
- Any additional Police Community Support Officers funded by local authorities
- Partnership income arrangements and associated expenditure

## Schedule 2

## Budget Changes in 2006/07 and the Medium Term

(figures are shown as incremental)

Status	2006/07 £'000	2007/08 £'000	2008/09 £'000
Inflation/pay awards on 2005/06 base budget	68,500	74,300	80,100
<b>Sub-Total</b>	<b>68,500</b>	<b>74,300</b>	<b>80,100</b>
<b>Committed increases</b> (see schedule 10)			
Step change - full year effect of Phase 2	9,144	0	0
Debt finance for capital programme	7,826	2,152	1,728
C3i	7,589	(4,838)	(1,604)
DNA analysis growth	6,202	1,051	1,064
Support costs of IT projects into service	4,890	6,224	5,724
Estate utilities - price increases	4,600	6,750	7,690
Airwave	4,375	(7,454)	(4,819)
Tasking	4,160	0	0
Increase in superannuation contributions for police staff	4,000	0	0
MetTime	3,600	(3,600)	0
London pay lead	3,526	2,250	2,050
Transport Services transition costs for outsource contracts	3,288	(3,288)	0
Structural under provision in SCD - police staff and running costs	3,000	0	0
Rental and related contractual liabilities (Property)	2,670	1,666	2,334
ICT Transition costs (phased over 7 years)	2,000	0	0
Special Priority Payments / police reform	1,700	0	0
Procurement Services transitional funding for 2nd generation outsource contracts	1,700	(1,200)	(500)
Support for covert and overt ops	1,648	1,679	1,488
Increase in funding for MPS insurance and compensation	1,400	0	0
National Mobile Phone Crime Unit	1,400	0	0
Modernising Operations	1,400	(1,957)	0
Burglary sole response	1,266	0	0
Additional charges command and control	1,000	(135)	0
Vehicle Recovery expansion - Car Pound 2	870	0	0
Reinstatement of one-off savings from 2005/06 in DoI and Resources	830	0	0
Replacement of MPS helicopters	600	384	37
Marlowe House purchase	569	0	0
Free rail travel	500	0	0
Data Centres	308	2,254	916
Designated Detention Officers	0	6,188	0
Hospital guards	0	700	0
<b>Sub-Total</b>	<b>86,061</b>	<b>8,826</b>	<b>16,108</b>
<b>Committed decreases</b> (see schedule 11)			
Progressive reduction in Housing related allowances	(5,000)	(5,000)	(5,000)
G8 committed decrease	(3,000)	0	0
Implementation of Genesys solutions within Borough Operations	(879)	0	0
Transport Services covert equip-for-service	(500)	0	0
Tasers committed decrease	(400)	0	0
Transfer of Coroners' Officers to the new Coronial Service	0	0	(2,500)
<b>Sub-Total</b>	<b>(9,779)</b>	<b>(5,000)</b>	<b>(7,500)</b>
<b>Efficiency and other savings</b> (Listed in Schedule 12)	<b>(67,159)</b>	<b>(771)</b>	<b>(500)</b>
<b>Sub-Total</b>	<b>(67,159)</b>	<b>(771)</b>	<b>(500)</b>
<b>New initiatives</b> (see schedule 9)			
Reconfiguration of HR Services delivery model	2,000	4,000	4,000
Witness Care Unit	2,000	0	0
Organised Criminal Networks	2,000	0	0
Together approach	1,000	250	0
Increased security at Dean Farrar Street	125	5	5
Initial police learning & development training (IPLDP)	0	3,760	0
<b>Sub-Total</b>	<b>7,125</b>	<b>8,015</b>	<b>4,005</b>
<b>Total</b>	<b>84,748</b>	<b>85,370</b>	<b>92,213</b>

## PROJECTED GRANT FUNDING 2005/06 - 2009/10

	Notes	2005/06 £'000	2006/07 £'000	2007/08 £'000	2008/09 £'000
Central funding allocated by national formula (ie main police grant, RSG and NNDR)	1	1,711,038	1,765,791	1,822,297	1,880,610
<i>Annual increase</i>			3.2%	3.2%	3.2%
MPS special payment	2	217,000	223,944	231,110	238,506
<i>Annual increase</i>			3.2%	3.2%	3.2%
Amending report		4,200	2748	0	0
<b>Sub-total general grants</b>		<b>1,932,238</b>	<b>1,992,483</b>	<b>2,053,407</b>	<b>2,119,116</b>
Specific grants:					
Crime Fighting Fund	3	72,980	72,980	72,980	72,980
Pay lead grant	4	34,000	34,897	38,324	41,870
Loan charges grant	5	3,400	3,300	3,100	3,000
Grant for free rail travel for police officers	6	3,081	3,081	3,081	3,081
Airwave grant	7	6,140	0	0	0
Funding for Special Priority Payments	8	14,610	14,964	15,630	16,255
Funding for counter-terrorism	9	61,000	61,000	61,000	61,000
Funding for PCSOs recruited in 2002/03	10	10,831 )	11,254	11,695	12,152
Funding for PCSOs recruited in 2003/04		3,505 )	3,645	3,791	3,942
Funding for PCSO recruited in 2004/05		421	437	455	473
Safer Neighbourhood Fund - PCSOs	11	6,125	4,594	4,594	4,594
Safer Streets	12	2,500	0	0	0
<b>Sub-total specific grants</b>		<b>218,593</b>	<b>210,152</b>	<b>214,650</b>	<b>219,347</b>
<b>TOTAL FUNDING</b>		<b>2,150,831</b>	<b>2,202,635</b>	<b>2,268,057</b>	<b>2,338,463</b>
<i>Annual increase</i>		<b>6.3%</b>	<b>2.4%</b>	<b>3.0%</b>	<b>3.1%</b>

## Notes

- Assumes annual increase in formula-allocated funding of 3.2%
- MPS special payment is assumed to increase at same level as formula grant.
- Crime Fighting Fund provides full continuation funding for officers recruited 2000 to 2003 and 60% funding for officers recruited in 2003/04. Inflation assumed to be in formula grant.
- Assumes Home Office will fund London pay lead at 75% of annual cost excluding employer's national insurance.
- This grant is paid as a contribution to costs associated with pre-1990 debt and will disappear over time.
- Home Office grant towards cost of free rail travel not expected to increase above the level agreed for 2004/05 subsequent to the budget being set.
- Final Airwave grant payment due in 2005/06. HO confirmed that no further Airwave service costs grant will be paid.
- Grant to meet minimum cost of Special Priority Payments to police officers introduced under Police Reform. Reflects further switch from specific to general grant in 2005/06.
- 2004/05 grant level was subsequently confirmed as £47m to fund previous levels of CT activity and a further £12m from HO to fund additional growth.
- Grant for security PCSOs recruited in 2002/03 assumed to remain at 100%. Community PCSO funding reduces to 75% in 2004/05 and 50% in 2005/06 and thereafter.
- Safer Neighbourhood Fund allocation of 250 PCSOs assumed to continue at 75% funding.
- Safer Streets grant (and associated expenditure) assumed to cease from 2006/07.

## Budget Submission - Objective Summary

2005/06 budget			Business Groups:	2006/07 proposed budget		
Expenditure £000	Income £000	Net £000		Expenditure £000	Income £000	Net £000
1,081,481	-15,418	1,066,063	Territorial Policing	1,073,488	-13,167	1,060,321
303,423	-19,363	284,060	Specialist Crime Directorate	315,932	-19,363	296,569
222,787	-55,626	167,161	Specialist Operations	213,995	-55,626	158,369
251,243	-86,283	164,960	Central Operations	253,863	-86,643	167,220
102,047	-3,865	98,182	Deputy Commissioner's Command	95,605	-3,824	91,781
237,981	-1,164	236,817	Directorate of Information	264,494	-1,164	263,330
286,901	-40,589	246,312	Resources Directorate	288,173	-40,131	248,042
116,479	-25,699	90,780	Human Resources Directorate	113,563	-25,699	87,864
<b>2,602,342</b>	<b>-248,007</b>	<b>2,354,335</b>	<b>Total Business Groups</b>	<b>2,619,113</b>	<b>-245,617</b>	<b>2,373,496</b>
			<b>Corporate Budgets:</b>			
412,634	-123,234	289,400	Pensions	412,634	-123,234	289,400
78,100	-3,861	74,239	Not yet allocated	140,468	-10,461	130,007
<b>490,734</b>	<b>-127,095</b>	<b>363,639</b>	<b>Total Corporate Budgets</b>	<b>553,102</b>	<b>-133,695</b>	<b>419,407</b>
<b>3,093,076</b>	<b>-375,102</b>	<b>2,717,974</b>	<b>Total MPS</b>	<b>3,172,215</b>	<b>-379,312</b>	<b>2,792,903</b>
9,943	-30	9,913	MPA	10,100	-30	10,070
<b>3,103,019</b>	<b>-375,132</b>	<b>2,727,887</b>	<b>Net Service Expenditure</b>	<b>3,182,315</b>	<b>-379,342</b>	<b>2,802,973</b>
17,311	0	17,311	Capital financing costs	27,173	0	27,173
0	-12,060	-12,060	Interest receipts	0	-12,260	-12,260
<b>3,120,330</b>	<b>-387,192</b>	<b>2,733,138</b>	<b>Net Expenditure</b>	<b>3,209,488</b>	<b>-391,602</b>	<b>2,817,886</b>
		-218,593	Specific Grants			-210,152
		<b>2,514,545</b>	<b>Net Revenue Expenditure</b>			<b>2,607,734</b>
		-22,000	Transfer from reserves			-17,000
		<b>2,492,545</b>	Transfer to reserves			
			<b>Budget Requirement</b>			<b>2,590,734</b>
			<b>Funding:</b>			
		-1,932,058	Central funding			-1,992,483
		-560,487	Precept			-591,314
		<b>-2,492,545</b>	<b>Total Funding</b>			<b>-2,583,797</b>

## Budget Submission - Objective Summary (2)

Service analysis	2005/06 Budget as per Budget Book	In-Year Revised Budget 2005-06*	Period 5 forecast outturn 2005-06*	Plan 2006-07	Plan 2007-08	Plan 2008-09
	£m	£m	£m	£m	£m	£m
<b>Business Groups:</b>						
Territorial Policing	1,066.1	1,072.3	1,110.3	1,060.3	1,064.6	1,064.6
Specialist Crime Directorate	284.1	282.2	299.7	296.6	297.6	296.2
Specialist Operations	167.2	174.7	200.2	158.4	159.1	159.1
Central Operations	165.0	169.5	175.5	167.2	167.6	167.6
Deputy Commissioner's Command	98.2	93.3	95.1	91.8	91.8	91.8
Directorate of Information	236.8	251.2	254.2	263.3	257.3	259.0
Resources Directorate	246.3	244.9	249.0	248.0	248.9	256.2
Human Resources Directorate	90.8	86.6	87.2	87.9	95.9	99.9
<b>Total Business Groups</b>	<b>2,354.3</b>	<b>2,374.7</b>	<b>2,471.3</b>	<b>2,373.5</b>	<b>2,382.7</b>	<b>2,394.3</b>
<b>Corporate Budgets:</b>						
Pensions	289.4	289.4	260.6	289.4	289.4	289.4
Not yet allocated	74.2	72.9	59.8	130.0	203.7	282.6
<b>Total Corporate Budgets</b>	<b>363.6</b>	<b>362.3</b>	<b>320.4</b>	<b>419.4</b>	<b>493.1</b>	<b>572.0</b>
<b>Total MPS</b>	<b>2,718.0</b>	<b>2,737.0</b>	<b>2,791.6</b>	<b>2,792.9</b>	<b>2,875.8</b>	<b>2,966.3</b>
MPA	9.9	9.9	9.5	10.1	10.1	10.1
<b>Net service expenditure</b>	<b>2,727.9</b>	<b>2,746.9</b>	<b>2,801.1</b>	<b>2,803.0</b>	<b>2,885.9</b>	<b>2,976.4</b>
Capital financing costs	17.3	17.3	14.5	27.2	29.3	31.1
Interest receipts	-12.1	-12.6	-12.5	-12.3	-12.3	-12.3
<b>Net expenditure</b>	<b>2,733.1</b>	<b>2,751.6</b>	<b>2,803.1</b>	<b>2,817.9</b>	<b>2,903.0</b>	<b>2,995.2</b>
Specific Grants	-218.6	-241.2	-240.0	-210.2	-214.7	-219.3
<b>Net revenue expenditure</b>	<b>2,514.5</b>	<b>2,510.5</b>	<b>2,563.1</b>	<b>2,607.7</b>	<b>2,688.3</b>	<b>2,775.8</b>
Transfer from reserves	-22.0	-23.6	-76.3	-17.0	17.0	0.0
Transfer to reserves	0.0	1.5	1.5	0.0	0.0	0.0
<b>Budget requirement</b>	<b>2,492.5</b>	<b>2,488.3</b>	<b>2,488.3</b>	<b>2,590.7</b>	<b>2,705.3</b>	<b>2,775.8</b>
<b>Funding:</b>						
Central funding	-1,932.1	-1,927.8	-1,927.8	-1,992.5		
Precept	-560.5	-560.5	-560.5	-591.3		
<b>Total Funding</b>	<b>-2,492.5</b>	<b>-2,488.3</b>	<b>-2,488.3</b>	<b>-2,583.8</b>		

Note:

\* These columns are as per the period 5 monitoring report.

Budget Submission - Objective Detail

Metropolitan Police Authority: objective detail

	2005/06 Budget as per Budget Book	In-Year Budget Movements and Virements	Base Budget	Pay Awards and Price Rises	Committed Service Increases	Committed Service Decreases	Efficiency and Other Savings	Step Change Phases 3 and 4 Costs	New Initiatives - Other	Real Terms Changes In Unfunded Pensions	2006/07 Budget Estimates
	£m	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>Business Groups:</b>											
Territorial Policing	1,066,063	9,210	1,075,273	0	4,356	0	-21,308	0	2,000	0	1,060,321
Specialist Crime Directorate	284,060	4,702	288,762	0	13,307	0	-7,500	0	2,000	0	296,569
Specialist Operations	167,161	-1,092	166,069	0	0	-3,200	-4,500	0	0	0	158,369
Central Operations	164,960	2,969	167,929	0	5,953	-200	-6,462	0	0	0	167,220
Deputy Commissioner's Command	98,182	-3,737	94,445	0	1,951	0	-4,615	0	0	0	91,781
Directorate of Information	236,817	7,774	244,591	0	25,743	-879	-6,125	0	0	0	263,330
Resources Directorate	246,312	1,293	247,605	0	14,971	-500	-14,034	0	0	0	248,042
Human Resources Directorate	90,780	-4,161	86,619	0	760	0	-2,515	0	3,000	0	87,864
<b>Total Business Groups</b>	<b>2,354,335</b>	<b>16,958</b>	<b>2,371,293</b>	<b>0</b>	<b>67,041</b>	<b>-4,779</b>	<b>-67,059</b>	<b>0</b>	<b>7,000</b>	<b>0</b>	<b>2,373,496</b>
<b>Corporate Budgets:</b>											
Pensions	289,400	0	289,400	0	0	0	0	0	0	0	289,400
Not yet allocated	74,239	-16,926	57,313	68,468	9,226	-5,000	0	0	0	0	130,007
<b>Total Corporate Budgets</b>	<b>363,639</b>	<b>-16,926</b>	<b>346,713</b>	<b>68,468</b>	<b>9,226</b>	<b>-5,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>419,407</b>
<b>Total MPS</b>	<b>2,717,974</b>	<b>32</b>	<b>2,718,006</b>	<b>68,468</b>	<b>76,267</b>	<b>-9,779</b>	<b>-67,059</b>	<b>0</b>	<b>7,000</b>	<b>0</b>	<b>2,792,903</b>
MPA	9,913	0	9,913	32	0	0	0	0	125	0	10,070
<b>Net Service Expenditure</b>	<b>2,727,887</b>	<b>32</b>	<b>2,727,919</b>	<b>68,500</b>	<b>76,267</b>	<b>-9,779</b>	<b>-67,059</b>	<b>0</b>	<b>7,125</b>	<b>0</b>	<b>2,802,973</b>
Capital financing costs	17,311	-32	17,279	0	9,894	0	0	0	0	0	27,173
Interest receipts	-12,060	0	-12,060	0	-100	0	-100	0	0	0	-12,260
<b>Net Expenditure</b>	<b>2,733,138</b>	<b>0</b>	<b>2,733,138</b>	<b>68,500</b>	<b>86,061</b>	<b>-9,779</b>	<b>-67,159</b>	<b>0</b>	<b>7,125</b>	<b>0</b>	<b>2,817,886</b>
Specific Grants	-218,593		-218,593								-210,152
<b>Net Revenue Expenditure</b>	<b>2,514,545</b>	<b>0</b>	<b>2,514,545</b>								<b>2,607,734</b>
Transfer from reserves	-22,000		-22,000								-17,000
Transfer to reserves	0		0								0
<b>Budget Requirement</b>	<b>2,492,545</b>	<b>0</b>	<b>2,492,545</b>								<b>2,590,734</b>
<b>Funding:</b>											
Central funding	-1,932,058		-1,932,058								-1,992,483
Precept	-560,487		-560,487								-591,314
<b>Total Funding</b>	<b>-2,492,545</b>	<b>0</b>	<b>-2,492,545</b>								<b>-2,583,797</b>

## Budget Submission - Subjective Analysis

Schedule 7

### Metropolitan Police Authority: subjective analysis

	2005/06 Budget as per Budget Book £m	Budget Movements and Virements <sup>1</sup> £m	Revised Base Budget £m	Inflation £m	Growth £m	2006/07 Budget Estimates £000	Main reasons for growth/savings
<b>Employment Expenses:</b>							
Police officer pay	1,338.4	0.7	1,339.0	31.2	-22.9	1,347.3	Housing Allowance reduction (-£5.0m), TP Borough reductions (-£11.1m), other TP savings (-£5.0m), SCD Service Review savings (-£7.9m), London Pay Lead (£3.5m), Step Change FYE (£3.3m)
Police staff (civil staff) pay	501.1	-2.6	498.5	12.5	10.6	521.5	Superannuation contributions (£4m), Step change FYE (£3.1), TP Borough reductions (-2.3m), SCD Structural under provision (£2.5m), Burglary sole response (£1.6m), SCD civilianisation savings (£1.4m), CO savings (-£2.3m), DCC staff savings across Directorate (£-3.1m), C3i (5.7m),
Police staff (traffic wardens) pay	12.7	0.0	12.7	0.3	0.0	13.0	
Police staff (police community support officers) pay	59.2	-0.9	58.2	1.5	0.3	60.0	
<b>Sub-total: pay</b>	<b>1,911.4</b>	<b>-2.9</b>	<b>1,908.5</b>	<b>45.5</b>	<b>-12.1</b>	<b>1,941.9</b>	
Police officer overtime	107.1	-0.3	106.7	2.7	0.2	109.6	Tasking (£3.6m), G8 committed decrease (-2.7m)
Police staff (civil staff) overtime	25.2	0.7	25.9	0.6	0.6	27.1	C3i (£1m)
Police staff (traffic wardens) overtime	1.2	0.0	1.2	0.0	0.0	1.2	
Police staff (police community support officers) overtime	0.7	0.0	0.7	0.0	0.0	0.7	
<b>Sub-total: overtime</b>	<b>134.2</b>	<b>0.3</b>	<b>134.5</b>	<b>3.3</b>	<b>0.8</b>	<b>138.6</b>	
Other	8.1	0.2	8.3	0.2	-0.4	8.1	
Pensions	412.6	0.0	412.6	10.3	0.0	422.9	
<b>Total employment costs</b>	<b>2,466.3</b>	<b>-2.4</b>	<b>2,463.9</b>	<b>59.3</b>	<b>-11.7</b>	<b>2,511.6</b>	

**Notes:**

1. In-year budget movements up to period 5

## Budget Submission - Subjective Analysis

Schedule 8

### Metropolitan Police Authority: subjective analysis

	2005/06 Budget as per Budget Book £m	Budget Movements and Virements <sup>1</sup> £m	Revised Base Budget £m	Inflation £m	Growth £m	2006/07 Budget Estimates £000	Main reasons for growth/savings
<b>Running Expenses:</b>							
Employee related	24.8	-0.1	24.7	0.6	-7.0	18.3	Tax Liability for free rail travel (£-7.4m)
Premises costs	190.6	-4.3	186.4	4.7	3.6	194.6	Step Change FYE (£1.2m), Rental and related contractual liabilities (£2.7m), Estate Utilities (£2m), potential reduction in rates (-£2m)
Transport costs	49.0	0.1	49.1	1.2	3.0	53.3	Transition costs for O/S contract (£3.3m),
Supplies and services	372.2	2.4	374.6	9.3	20.5	404.4	DNA Analysis Growth (£6.2m), Witness Care (£2m), SCD structural under provision (£1.4m), New CT unit (-£2.2m), MetTime (£2.6m), ICT Transition costs (£2m), Support costs for ICT projects (£4.9m), Airwave (£4.4m), Insurance and Compensation (£1.4m)
Capital financing costs	17.3	0.0	17.3	0.0	9.9	27.2	Debt finance for capital programme (£7.8m), Step Change FYE (£1.5m)
<b>Total running expenses</b>	<b>654.0</b>	<b>-2.0</b>	<b>652.0</b>	<b>15.8</b>	<b>30.1</b>	<b>697.9</b>	
<b>Total revenue expenditure</b>	<b>3,120.3</b>	<b>-4.4</b>	<b>3,116.0</b>	<b>75.1</b>	<b>18.4</b>	<b>3,209.5</b>	
Interest receipts	-12.1	0.0	-12.1	0.0	-0.2	-12.3	
Other income	-375.1	4.4	-370.8	-6.6	-2.0	-379.3	Car pound income (-£1.3m)
<b>Total income</b>	<b>-387.2</b>	<b>4.4</b>	<b>-382.8</b>	<b>-6.6</b>	<b>-2.2</b>	<b>-391.6</b>	
<b>Net expenditure before specific grants</b>	<b>2,733.1</b>	<b>0.0</b>	<b>2,733.1</b>	<b>68.5</b>	<b>16.2</b>	<b>2,817.9</b>	

**Notes:**

1. In-year budget movements up to period 5



## New Initiatives 2006/07

## Schedule 9

Reconfiguration of HR Service Delivery Model (Service Centre)	2005-06 (Base)			2006-07			2007-08			2008-09		
	Police No.	Police Staff No.	£000	Police No.	Police Staff No.	£000	Police No.	Police Staff No.	£000	Police No.	Police Staff No.	£000
<b>Total in year expenditure</b>						2,000			6,000			10,000
<b>Change over previous year</b>						2,000			4,000			4,000
<p><b>Detail</b> Staffing and consultancy support for the development of an HR Service Centre – full details are subject to estimated costing and will emerge from scoping report commissioned for later this year. Full organisational investment costs estimated at £10million over 3 years, including technology costs, building and enabling costs, programme management and resource costs, training costs, displacement costs etc.</p>	<p><b>Expected service improvements and effect on key performance indicators</b> Cost benefits - will realise significant economies of scale across transactional and expert shared functions; more effective and relevant expert services; more accessible service; greater consistency of service delivery and associated business benefit retention performance service delivery.</p>											
<p><b>Support for Corporate Strategy</b> Related to Service Review principles 3 (Activities will be undertaken at the most appropriate place within the organisation) and 4 (Activities will be undertaken by people who possess the appropriate knowledge, skills and powers). In the Corporate Strategy, 'Better use of resources' has been identified as a key support for delivering the outcomes of our Strategic Priorities.</p>	<p><b>Support for Mayoral priorities</b></p>											

## New Initiatives 2006/07

## Schedule 9

Witness Care Units	2005-06 (Base)			2006-07			2007-08			2008-09		
	Police No.	Police Staff No.	£000	Police No.	Police Staff No.	£000	Police No.	Police Staff No.	£000	Police No.	Police Staff No.	£000
<b>Total in year expenditure</b>	0	0	0	0	0	2,000	0	0	2,000	0	0	2,000
<b>Change over previous year</b>				0	36	2,000	0	0	0	0	0	0
<b>Detail</b> Report to court is a legislative requirement that the MPS must deliver. The current proposal is to use volunteers to provide the service and employ police staff managers to co-ordinate the service. The requirement is for volunteer managers (band D – 33 posts at a cost of £1.3m), a band C and two band Es at a cost of £100k to provide support within the central team and to allow £600k for training. Total cost of £2m.				Expected service improvements and effect on key performance indicators The LCJB was set part of PSA2 to improve the level of public confidence in the CJS and 'Report to Court' will increase the level of confidence of victims/witnesses. In addition it will also improve the OBTJ target (which forms PSA3), as there is an increased likelihood of the victim/witness staying engaged with the CJS and seeing the investigation through to its conclusion at court. PSAs 2 and 3 are two of the key long-term performance measures that the MPS is adopting to monitor progress against delivery of its Corporate Strategy. Through its effect on the conviction of prolific offenders, the investment in Witness Care Units will also contribute to delivery of PSA1 (crime reduction).  The principal saving will be in the costs surrounding the decrease in ineffective trials. This will lead to better use of police staff time and ensure that good working relationships with partners in the courts are maintained.								
<b>Support for Corporate Strategy</b> Citizen focus (providing a service that responds to the needs of witnesses is a key element of this Strategic Priority). Safer Neighbourhoods (Going after prolific offenders will help to reduce crime and anti-social behaviour).				<b>Support for Mayoral priorities</b> Working together to support the delivery of operational efficiency, better use of resources and crime reduction.  Improving performance including improvements to core processes.								
<b>Impact on Equalities/Diversity</b> The bid provides an opportunity for the MPS to enhance the diversity of its workforce. The benefits will include increased public confidence in all our communities, particularly the most vulnerable who are often the victims of crime.												

## New Initiatives 2006/07

## Schedule 9

Organised Criminal Networks	2005-06 (Base)			2006-07			2007-08			2008-09		
	Police No.	Police Staff No.	£000	Police No.	Police Staff No.	£000	Police No.	Police Staff No.	£000	Police No.	Police Staff No.	£000
<b>Total in year expenditure</b>	0	0	0	30	5	2,000	30	5	2,000	30	5	2,000
<b>Change over previous year</b>				30	5	2,000	0	0	0	0	0	0
<b>Detail</b> The end product of serious and organised crime is to be found on the streets of London in many forms - organised prostitution, counterfeit DVDs or cigarettes, drugs, robbery, shootings are examples. Related extortion, blackmail, kidnap and murder can and does cause misery to neighbourhoods and within communities. SCD plans to increase its collaborative working with Boroughs and neighbourhoods to tackle the local manifestation of such criminality, by developing a 'cradle to grave' approach. Behind this criminality there often exists a complex high value criminal network with links on a national and international scale. By working together with local policing, communities, local business partnerships and other law enforcement agencies SCD can begin to identify and tackle the networks, disrupting their activities and reducing the threat and harm they cause to London's communities and neighbourhoods. In order to do so, SCD needs to have resources available that can be tasked flexibly across London as required to support Boroughs and Safer Neighbourhood Teams. 71 posts were granted through the Step Change Programme 2005/6 for this purpose. This growth bid builds on these, with a view to securing a capability with the resilience to provide a sustained, meaningful service and support to Safer Neighbourhood Policing.						<b>Expected service improvements and effect on key performance indicators</b> There is a long established and recognised link between serious crime in a neighbourhood and accompanying levels of volume crime. By tackling the product of serious and organised crime at a local level the impact may take many forms There is projected to be a wider impact on serious and organised crime across London across several crime types by tackling the networks - for example, if a criminal network is engaged in two or three types of serious criminality accompanied by kidnap or extortion to achieve their aims, by tackling the network, there will be an impact across all the types of crime they were involved in. The methodology to capture this is currently being developed through the SCD Corporate Control Strategy on organised criminal networks. Following from the above, the MPS's strategic performance measures that the investment will particularly contribute to are PSA1 (crime reduction) and PSA2 (reassuring the public through reducing the fear of crime).						
<b>Support for Corporate Strategy</b> This fully supports the MPS Strategic priority on tackling Organised Criminal Networks (OCNs).						<b>Support for Mayoral priorities</b> Ensuring SCD is fully funded to tackle OCNs will help meet the following Mayoral objectives: Working together to support the delivery of the London Plan – tackling serious and organised crime is key component of this plan Dealing with terrorism and other catastrophic events – nearly all of the serious crimes that SCD deals with are highly catastrophic events for the victims						

## New Initiatives 2006/07

## Schedule 9

### Impact on Equalities/Diversity

Some of this investment will be targeted to address Criminal Networks within distinct communities and Neighbourhoods across London.

Together	2005-06 (Base)			2006-07			2007-08			2008-09		
	Police No.	Police Staff No.	£000	Police No.	Police Staff No.	£000	Police No.	Police Staff No.	£000	Police No.	Police Staff No.	£000
<b>Total in year expenditure</b>	28	20	3,213	36	39	4,213	26	39	4,213	26	39	4,213
<b>Change over previous year</b>				8	19	1,000	0	0	250	0	0	0
<b>Detail</b> Together is a new approach to how the MPS works. A key part of this approach is to turn the Management School into the first MPS Leadership Academy.  The additional staff are needed to deliver leadership development programmes, support a Hydra Centre, provide a secretariat and manage a 100% increase in the Commissioner's Leadership Programme.				<b>Expected service improvements and effect on key performance indicators</b> Staff will benefit from using the resources of the Leadership Academy. It will provide a life-long learning and development opportunity for all MPS managers. It will be supported by the high-specification facility of a Hydra Suite and a web-based support service. Together has produced the refreshed values of the MPS. Working to these values will create a more unified service, which respects difference, and understand the ethos of service delivery. Greater availability of the Commissioner's Leadership Programme will increase SMT numbers who benefit from this key leadership development opportunity. Staff will understand the concept of Team Met and how, by working together, performance will improve.								
<b>Support for Corporate Strategy</b> Together is one of the MPS's Strategic Priorities				<b>Support for Mayoral priorities</b> It will help on the stated priority of creating new partnerships to find solutions to community safety challenges.								
<b>Impact on Equalities/Diversity</b> The new values fully embrace respect, valuing difference and equality.												

**New Initiatives 2006/07**

**Schedule 9**

Increased Security at Dean Farrar Street	2005-06 (Base)			2006-07			2007-08			2008-09		
	Police No.	Police Staff No.	£000	Police No.	Police Staff No.	£000	Police No.	Police Staff No.	£000	Police No.	Police Staff No.	£000
<b>Total in year expenditure</b>			0			125			130			135
<b>Change over previous year</b>			0			125			5			6
<b>Detail:</b> To provide extra funding of £125,000 to cover a 24-hour/seven day a week level of security at 10 Dean Farrar Street.						<b>Expected service improvements and effect on key performance indicators</b>						
<b>Support for Corporate Strategy:</b> The MPA vision is to make London the safest major city in the world, and its objectives are to increase community confidence and trust in London's police service. Two MPS security risk assessments have recommended a significantly higher degree of security than the existing service from the landlord.						<b>Support for Mayoral priorities:</b>  N/A						
<b>Impact on Equalities/Diversity:</b> It will enhance access for disabled visitors and improve compliance with the Disability Discrimination Act												

## New Initiatives 2006/07

## Schedule 9

Initial Police Learning & Development Training (IPLDP)	2005-06 (Base)			2006-07			2007-08			2008-09		
	Police No.	Police Staff No.	£000	Police No.	Police Staff No.	£000	Police No.	Police Staff No.	£000	Police No.	Police Staff No.	£000
<b>Total in year expenditure</b>	155	29	8491	0	0	0	213	29	12251	213	29	12251
<b>Change over previous year</b>				0	0	0	58	0	3,760	0	0	0
<p><b>Detail</b>                      The new Initial Police Learning and Development Programme (IPLDP) will change the way in which police recruits are trained. It is proposed that the existing 18-week course be altered to 31 weeks comprising of basic training being delivered centrally followed by development at satellite sites working in collaboration with B/OCUs and local communities. This curriculum is now being rolled-out across England &amp; Wales. The new curriculum underpins Police Reform and is part of the Government's modernisation programme.</p> <p>The growth required for implementation of this project will result in 15 Training venues and sufficient HR staff to deliver IPLDP.</p>				<p><b>Expected service improvements and effect on key performance indicators</b></p>								
<p><b>Support for Corporate Strategy</b>                      Goal 4 – Developing a Professional &amp; Effective Workforce.</p>				<p><b>Support for Mayoral priorities</b>  <i>All activities undertaken by the MPS should support the organisational purpose &amp; be directed towards making London safer. –Training will be delivered locally on BOCUs and will result in an extra visible presence of HR trainers and Students who previously trained out of the public gaze at Peel Centre.</i></p>								
<p><b>Impact on Equalities/Diversity</b>                      Evaluation has shown that Student Officers gain a better understanding and cultural awareness within the communities they are about to police. Interaction with the public in a non-operational and non-confrontational arena, with emphasis on equality and diversity issues, has meant the non-residential element has become more attractive to applicants with carer responsibilities.</p>												

Committed Growth Items 2006/07

Schedule 10

Step Change - full year effect of Phase 2	2005-06 (Base)			2006-07			2007-08			2008-09		
	Police No.	Police Staff No.	£000	Police No.	Police Staff No.	£000	Police No.	Police Staff No.	£000	Police No.	Police Staff No.	£000
Total in year expenditure			45,509			54,653			54,653			54,653
<i>Change over previous year</i>						9,144			0			0
<b>Detail</b> In 2005/06 funding was approved for the rollout of 160 Safer Neighbourhood Teams and 101 additional officers in SCD and CO. This item relates to the full year effect of this funding.						<b>Expected service improvements and effect on key performance indicators</b>						
<b>Support for Corporate Strategy</b> The programme will particularly support delivery of the 'Safer Neighbourhoods' and Organised Criminal Networks Strategic Priorities						<b>Support for Mayoral priorities</b>						
<b>Impact on Equalities/Diversity</b>												

Debt Finance for capital programme	2005-06 (Base)			2006-07			2007-08			2008-09		
	Police No.	Police Staff No.	£000	Police No.	Police Staff No.	£000	Police No.	Police Staff No.	£000	Police No.	Police Staff No.	£000
Total in year expenditure						7,826			9,978			11,706
<i>Change over previous year</i>						7,826			2,152			1,728
<b>Detail</b> The Capital Financing Requirement (supported and unsupported) is forecast to grow in line with the proposed capital spending plan. This results in a higher statutory charge to revenue for principal repayment and an increased interest charge.						<b>Basis of calculation</b> Anticipated level of borrowing.						

# Committed Growth Items 2006/07

# Schedule 10

C3i	2005-06 (Base)			2006-07			2007-08			2008-09		
	Police No.	Police Staff No.	£000	Police No.	Police Staff No.	£000	Police No.	Police Staff No.	£000	Police No.	Police Staff No.	£000
<b>Total in year expenditure</b>	316	1,624	91,720	344	1,726	99,309	344	1,708	94,471	44	1,958	92,867
<b>Change over previous year</b>				28	101	7,589	0	-18	-4,838	-300	250	-1,604
<p><b>Detail</b></p> <p>All the costs are associated with the set up and transition to Metcall as per the C3i business case and have been part of the mid term planning process for 2/3 years. The request for the additional funding reflects the necessary changes in this area brought about largely, by the enforced changes to the transition plan. In the original business plan the OCU should have started to realise efficiency savings from FY 05/06. Owing to the delays in technology delivery this has not happened and the funding needs to be adjusted to reflect the fact that the efficiencies will only start to be realised in 07/08.</p> <p>The second element has been the continued running of the telephone operator centres during transition. It is hoped that the Telephone Operator Centres (TOCs) will have migrated into the centres by the end of 06/07. The change in transition has also altered the spread of costs for both the incentive and excess fares payments. This has been recalculated and the MTFP adjusted accordingly.</p> <p>The last element relates to the payment of premium payment element for the communication officers. This is an additional cost, which, was agreed to assist with staffing the unit.</p>	<p><b>Expected service improvements and effect on key performance indicators</b></p>											
<p><b>Support for Corporate Strategy</b></p> <p>The C3i Programme and Metcall are fundamental and a major contributor to all MPS activity and will therefore directly or indirectly impact on all areas of our business. It is therefore not unreasonable to state that this bid supports all MPS strategic priorities in one form or another.</p>	<p><b>Support for Mayoral priorities</b></p>											
<p><b>Impact on Equalities/Diversity</b></p> <p>None.</p>												



**Committed Growth Items 2006/07**

**Schedule 10**

DNA Analysis Growth	2005-06 (Base)			2006-07			2007-08			2008-09		
	Police No.	Police Staff No.	£000	Police No.	Police Staff No.	£000	Police No.	Police Staff No.	£000	Police No.	Police Staff No.	£000
<b>Total in year expenditure</b>	0	0	4,570*	0	0	10,772	0	0	11,823	0	0	12,887
<b>Change over previous year</b>				0	0	6,202	0	0	1,051	0	0	1,064
<b>Detail</b> DNA analysis costs have been affected by changes in the Criminal Justice Act wherein all arrestees are to be tested. This has resulted in an increase from approx 4,000 tests a month to the current level of approx 14,000. This increase resulted in the spend reaching in excess of £10.8m in 2004/5. The calculations above are based upon the assumptions that Criminal Justice Act samples plateau at this year's forecast of 110,000, Crime Scene Stains increase 7% year on year, Evidential Conversions plateau as a result of statutory charging.				<b>Expected service improvements and effect on key performance indicators</b> The use of DNA data can and has resulted in the early apprehension and identification of offenders, and has been used in recent incidents within the capital. The changes in the Criminal Justice Act, which have contributed to the funding and expenditure deficit, were fully support by the MPS with increased detections and intelligence as an end product.  This bid meets the majority of crime related PSAs as DNA testing can aid in the Reduction of Crime, it can be used in Intelligence and to help reduce the fear of crime and anti social behaviour. Data and intelligence from DNA testing will also aid in the aim to bring 1.25m offences to justice in 2007/08. The investment will thus contribute to achievement of PSAs 1, 2 and 3.								
<b>Support for Corporate Strategy</b> The growth in DNA Analysis will help to deliver the outcomes from a number of the MPS's strategic priorities, namely Safer Neighbourhoods, Counter Terrorism, Protection & Security and Organised Criminal Networks.				<b>Support for Mayoral priorities</b> Ensuring SCD is fully funded to manage DNA analysis demand will help meet the following Mayoral objectives: Working together to support the delivery of the London Plan – tackling serious and organised crime is key component of this plan Dealing with terrorism and other catastrophic events – nearly all of the serious crimes that SCD deals with are highly catastrophic events for the victims								
<b>Impact on Equalities/Diversity</b>												

\* Police Staff Pay, Police Staff Overtime and Devolved Supplies and Services only

**Committed Growth Items 2006/07**

**Schedule 10**

Support Costs for IPG Projects Entering Service	2005-06 (Base)			2006-07			2007-08			2008-09		
	Police No.	Police Staff No.	£000	Police No.	Police Staff No.	£000	Police No.	Police Staff No.	£000	Police No.	Police Staff No.	£000
<b>Total in year expenditure</b>			40,625			45,515			51,739			57,463
<b>Change over previous year</b>						4,890			6,224			5,724
<b>Detail</b> The Capital Development Programme undertaken by the DoI annually results in a number of new applications/services being rolled out across the MPS. These applications/services require ongoing support, in terms of licences and maintenance. Currently, the costs for these ongoing charges have not been included as part of the investment approval and need separate medium term plan bids. Whilst the bid for 2006/7 can be based upon the estimated charges for this year's programme, future years are dependant upon the actual services provided and as full specifications may not have been generated recent historical trends indicate that these tend to be around 25% of the capital spent.				<b>Expected service improvements and effect on key performance indicators</b>								
<b>Support for Corporate Strategy</b> The investment will contribute to the 'Information Quality' Strategic Priority.				<b>Support for Mayoral priorities</b>								
<b>Impact on Equalities/Diversity</b> None.												

# Committed Growth Items 2006/07

# Schedule 10

Estate Utilities	2005-06 (Base)			2006-07			2007-08			2008-09		
	Police No.	Police Staff No.	£000	Police No.	Police Staff No.	£000	Police No.	Police Staff No.	£000	Police No.	Police Staff No.	£000
<b>Total in year expenditure</b>			18,422			23,022			29,772			37,462
<b>Change over previous year</b>						4,600			6,750			7,690
<b>Detail</b> Utility costs are forging ahead of RPI despite forward purchases. More must go into this budget to ensure adequate funds for gas, electricity, oil and water (figures exclude the 05/06 non-pay inflation bid).						<b>Expected service improvements and effect on key performance indicators</b>						
<b>Support for Corporate Strategy</b>						<b>Support for Mayoral priorities</b>						
<b>Impact on Equalities/Diversity</b>												

# Committed Growth Items 2006/07

# Schedule 10

Airwave & ICCS implementation & dual running of Metradio	2005-06 (Base)			2006-07			2007-08			2008-09		
	Police No.	Police Staff No.	£000	Police No.	Police Staff No.	£000	Police No.	Police Staff No.	£000	Police No.	Police Staff No.	£000
<b>Total in year expenditure</b>			26,476			30,851			23,397			18,578
<b>Change over previous year</b>						4,375			-7,454			-4,819
<b>Detail</b> Costs include <ul style="list-style-type: none"> <li>The replacement of the Metradio system with the National Airwave digital radio system provided by MMO<sub>2</sub>.</li> <li>Implementation of the Integrated Communications Control System (in place of the cancelled contract with ntl to supply an Integrated Communications Platform).</li> <li>The requirement to provide in-building radio coverage on the Airwave network for police communications within the Heathrow complex. It replaces the existing Metradio system that is currently in use. Funds will be spent on installing and annual rental of MMO<sub>2</sub>'s provision of Airwave radio coverage within the Airport buildings.</li> </ul> Funding requirements assume: <ul style="list-style-type: none"> <li>There are no delays to the C3i transition plan &amp; there are no delays to the implementation of the new ICCS system.</li> <li>That the existing Metradio is run at full capacity until September 2007, in effect providing for dual running with Airwave. It therefore includes provision for extending the Metradio frequency licences.</li> </ul>						<b>Expected service improvements and effect on key performance indicators</b>						
<b>Support for Corporate Strategy</b> Like the C3i bid, the investment will directly or indirectly support delivery of all the strategic priorities.						<b>Support for Mayoral priorities</b>						
<b>Impact on Equalities/Diversity</b> None												

Committed Growth Items 2006/07

Schedule 10

Tasking	2005-06 (Base)			2006-07			2007-08			2008-09		
	Police No.	Police Staff No.	£000	Police No.	Police Staff No.	£000	Police No.	Police Staff No.	£000	Police No.	Police Staff No.	£000
Total in year expenditure	2	1	0	2	1	4,160	2	1	4,160	2	1	4,160
<i>Change over previous year</i>				0	0	4,160	0	0	0	0	0	0
<p><b>Detail</b>                      For the past three years, the MPS has been allocated specific funding provided by the Home Office to tackle street crime. This funding, which was used by all business groups to proactively tackle crime and focus significant additional resources towards a problem or target profile, has now ceased.</p> <p>In order to maintain a similar level of performance against street crime, the MPA has granted a further £4m for 2005/06. However, this is a one-off payment so the organisation now needs to identify how it can meet this funding requirement from the existing MPS budget from 2006/07 and beyond. It intended that the funding would primarily be spent on police overtime. In addition, salary costs for a small team to support the administration of the tasking process will also need to be met from this budget.</p>				<p><b>Expected service improvements and effect on key performance indicators</b>                      Performance: The Safer Streets Strategy has clearly demonstrated that the MPS, given a reasonable level of financial assistance, can reduce street robbery and other crimes. In year 1 of the initiative, the MPS reversed a 38% increase in street crime, by achieving a 15.8% reduction against a target of zero growth. In year 2, the MPS achieved a further 5% reduction on street crime and in year 3, the creation of the Street Crime Task Force, enabled the organisation to reach an 8.5% reduction. Without funding, the likelihood is that there will be a significant drop in performance. The investment will thus have an effect on achievement of PSA 1 (Crime reduction).</p>								
<p><b>Support for Corporate Strategy</b>                      This investment particularly supports delivery of the corporate strategic priority concerning Safer Neighbourhoods. The Service Review business principles that this bid is most applicable to are; 2 – all activities undertaken by the MPS should support the organisations purpose and be directed towards making London safer and 5 – we will hold people answerable for qualitative and quantitative performance.</p>				<p><b>Support for Mayoral priorities</b>                      The corporate tasking process supports the Mayoral priorities through the targeting of police resources and increasing public confidence.</p>								
<b>Impact on Equalities/Diversity</b>												

# Committed Growth Items 2006/07

# Schedule 10

Increase in superannuation contributions for police staff	2005-06 (Base)			2006-07			2007-08			2008-09		
	Police No.	Police Staff No.	£000	Police No.	Police Staff No.	£000	Police No.	Police Staff No.	£000	Police No.	Police Staff No.	£000
<b>Total in year expenditure</b>						4,000			4,000			4,000
<b>Change over previous year</b>						4,000			0			0
<b>Detail</b> This shows the continuing effect of the increase in employer's superannuation contribution rate by 5% of pay from 1 April 2005.						<b>Expected service improvements and effect on key performance indicators</b>						
<b>Support for Corporate Strategy</b>						<b>Support for Mayoral priorities</b>						
<b>Impact on Equalities/Diversity</b> Likely to have a positive impact on future police staff pensioners.												

Committed Growth Items 2006/07

Schedule 10

MetTime	2005-06 (Base)			2006-07			2007-08			2008-09		
	Police No.	Police Staff No.	£000	Police No.	Police Staff No.	£000	Police No.	Police Staff No.	£000	Police No.	Police Staff No.	£000
Total in year expenditure		18			42	3,600	0	0	0	0	0	0
Change over previous year				0	24	3,600	0	-42	-3,600	0	0	0
<b>Detail</b> MetTime will be the Time, Duties and Expenses system for the MPS. It will manage resourcing requirements taking into account the skills and availability of staff whilst conforming to applicable rules etc. MetTime will introduce a standard MPS wide time recording, expenses management and overtime process. It will provide Command & Control with real time booking on/off information for operationally deployable police officers/staff via Metcall. MetTime allows the National Intelligence Model (NIM) minimum standard compliance.				<b>Expected service improvements and effect on key performance indicators</b> <ul style="list-style-type: none"> <li>• Unification of Met-wide working practices and aims around Duties Planning, Time &amp; Expenses Management</li> <li>• Managers will have broad view of who is available; who is planned to do what and thus will be able to plan more effectively</li> </ul> Availability of more comprehensive officer information/skills enables improved duty planning and contributes to Officer safety								
<b>Support for Corporate Strategy</b> MetTime will contribute to delivery of the following strategic outcomes: <b>Communities are engaged with, confident in &amp; satisfied with our police service.</b> <ul style="list-style-type: none"> <li>• Information on availability of resources for deployment and their skills will increase visibility to deal with Critical Incidents;</li> <li>• The electronic capture of deployment and activity data will reduce duplication and bureaucracy.</li> </ul> <b>Crime, Disorder, Vulnerability &amp; harm are prevented &amp; reduced</b> <ul style="list-style-type: none"> <li>• The scheduling and deployment of appropriately skilled staff will allow more targeted tasking of staff to tackle key strategic areas like Anti-Social behaviour and Domestic Violence;</li> <li>• Activity and cost data will allow an evaluation of the effectiveness of each deployment.</li> </ul> <b>Security is improved &amp; the public feel reassured</b> <ul style="list-style-type: none"> <li>• The availability of scheduling information via MetTime across all MPS units will permit more effective targeting of resources.</li> </ul>				<b>Support for Mayoral priorities</b> <ul style="list-style-type: none"> <li>• <b>Dealing with terrorism and other catastrophic events</b> – As the sole duties planning tool for the MPS, MetTime will allow ALL resource current and future availability to be determined. The skills of staff will also be available to assist fast time redeployment to deal with the prevention or aftermath of any incident.</li> <li>• <b>Improve performance</b> – By scheduling and deploying skilled staff to activities and tasks with activity recording, performance improvements will be able to be identified and best practice disseminated throughout the organisation.</li> <li>• <b>Provide meaningful performance information to the London public</b> – Improvements in performance linked to staff deployment and tasking can be publicised. Information about the cost of policing activity can be made available in a more timely fashion from the link between MetTime and the MetFin business warehouse.</li> </ul>								
<b>Impact on Equalities/Diversity</b> None												

# Committed Growth Items 2006/07

# Schedule 10

London pay lead	2005-06 (Base)			2006-07			2007-08			2008-09		
	Police No.	Police Staff No.	£000	Police No.	Police Staff No.	£000	Police No.	Police Staff No.	£000	Police No.	Police Staff No.	£000
<b>Total in year expenditure</b>						3,526			5,776			7,826
<b>Change over previous year</b>						3,526			2,250			2,050
<b>Detail</b> All officers who have joined the MPS since September 1994 receive an additional London allowance to bring their pay closer to the level of officers who joined before that date and who receive a housing allowance. Thus the number of officers receiving this additional allowance increases each year.						<b>Expected service improvements and effect on key performance indicators</b>						
<b>Support for Corporate Strategy</b>						<b>Support for Mayoral priorities</b>						
<b>Impact on Equalities/Diversity</b> Will have a positive effect on the younger, more diverse officers recruited since September 1994.												



# Committed Growth Items 2006/07

# Schedule 10

Transition costs for outsourced vehicle contracts	2005-06 (Base)			2006-07			2007-08			2008-09		
	Police No.	Police Staff No.	£000	Police No.	Police Staff No.	£000	Police No.	Police Staff No.	£000	Police No.	Police Staff No.	£000
<b>Total in year expenditure</b>			0			3,288			0			0
<b>Change over previous year</b>						3,288			-3,288			0
<b>Detail</b> This item aims to provide funding for the inevitable transition/start-up costs for the replacement Transport Services' outsource contracts due to start in Apr 2006. It is still an estimate until the contract have been signed.						<b>Expected service improvements and effect on key performance indicators</b> The outsourcing programme for TS will deliver greater vehicle availability through enhanced attendance performance particularly aimed at Borough based front line vehicles.						
<b>Support for Corporate Strategy</b> This investment would impact indirectly on delivery of all strategic outcomes.						<b>Support for Mayoral priorities</b>						
<b>Impact on Equalities/Diversity</b>												

Structural underprovision of police staff and running costs budgets	2005-06 (Base)			2006-07			2007-08			2008-09		
	Police No.	Police Staff No.	£000	Police No.	Police Staff No.	£000	Police No.	Police Staff No.	£000	Police No.	Police Staff No.	£000
<b>Total in year expenditure</b>	0	2,478.2	117,741*	0	2,478.2	120,741*	0	2,478.2	120,741*	0	2,478.2	120,741*
<b>Change over previous year</b>				0	0	3,000	0	0	0	0	0	0
<b>Detail</b>									<b>Expected service improvements and effect on key performance indicators</b>			
<p>The bid seeks to rectify an historical budget underprovision, which emerges from an insufficient budget allocation to SCD at the time of its creation in November 2002, and the continued reliance since then of historical allocations, which have prolonged the difficulty. SCD's position was recognised by Finance Directorate with an additional allocation of £6m in 2004-05 this has only partly eased the problem. The £10m savings applied to SCD for 2005-06 has cancelled out the bottom line increase of last year (and more) and another £17m plus overspend is predicted for the Directorate for 2005-06.</p> <p>Since its creation in November 2002 SCD has consistently overspent against its police staff budget whilst all other Business Groups underspend. The SCD overspend arises from paying the people <i>in situ</i> – not because the Directorate has been profligate in taking on new staff. SCD has put the brakes on police staff increases even though the demand from OCUs is plainly there.</p> <p>This historical under provision has impacted on supplies and services budgets in 2005-06 as SCD units have had to move funds from this budget line to pay for their police staff. 2005-06 has seen SCD OCUs move £4m into police staff pay from other running costs budgets to pay for existing staff; this has brought in turn a projected £5.4m overspend in the supplies and services budget lines as a consequence.</p> <p>SCD requires the following allocations to address this underfunding:</p> <ul style="list-style-type: none"> <li>• Police Staff Pay £1.6m</li> <li>• Supplies and Services <u>£1.4m</u></li> <li>Total <u>£3.0m</u></li> </ul>									<p>The expenditure will put right a prolonged imbalance in the distribution of budgets across Business Groups and provide a realistic opportunity for SCD to manage its business within its bottom line allocation. The additional funding will not bring service improvements per se; but it will put right an historical gap between the staff and resources of SCD and the ability to balance its budget.</p>			
<b>Support for Corporate Strategy</b>						<b>Support for Mayoral priorities</b>						
<p>The bid would allow SCD OCUs to carry out their core activity in support of the MPS Strategic Priorities (particularly Organised Criminal Networks and Safer Neighbourhoods) and to do so with appropriate support staff and operating budgets.</p>						<p>Plainly, the backing of operational activity with the appropriate resources fits the Service Review philosophy and the Mayor's priorities.</p>						
<b>Impact on Equalities/Diversity</b>												
None.												

\* Police Staff Pay, Police Staff Overtime and Devolved Supplies and Services only

# Committed Growth Items 2006/07

# Schedule 10

Rental and related contractual liabilities (Property)	2005-06 (Base)			2006-07			2007-08			2008-09		
	Police No.	Police Staff No.	£000	Police No.	Police Staff No.	£000	Police No.	Police Staff No.	£000	Police No.	Police Staff No.	£000
<b>Total in year expenditure</b>			47,625			50,295			51,961			54,295
<b>Change over previous year</b>						2,670			1,666			2,334
<b>Detail</b> This liability set includes rents, insurance payable to landlords, service charges payable to landlords and dilapidation liabilities. If the bid is rejected landlords can repossess premises or sue to obtain payment. This is a non-discretionary revenue expense.						<b>Expected service improvements and effect on key performance indicators</b>						
<b>Support for Corporate Strategy</b> Estate Strategy – Building Towards the Safest City and keeping buildings available to the service						<b>Support for Mayoral priorities</b>						
<b>Impact on Equalities/Diversity</b>												

# Committed Growth Items 2006/07

# Schedule 10

ICT Transition costs (phased over 7 years)	2005-06 (Base)			2006-07			2007-08			2008-09		
	Police No.	Police Staff No.	£000	Police No.	Police Staff No.	£000	Police No.	Police Staff No.	£000	Police No.	Police Staff No.	£000
<b>Total in year expenditure</b>			1,050			3,050			3,050			3,050
<b>Change over previous year</b>						2,000			0			0
<b>Detail</b> The transition to the new ICT contract will involve expenditure in a number of areas: <ul style="list-style-type: none"> <li>• ICT programme support (continued support of external consultants to retain knowledge gained during negotiations),</li> <li>• SDG Business Change (consultancy and staff development to meet the new roles)</li> <li>• MPS Data centre (provision and ongoing support plus integration of this by ICT supplier).</li> </ul> This bid largely relates to the cost of capital associated with the upfront payment of transition costs totalling £37 million, which are to be spread, for accounting purposes, over the life of the contract.  The figures given are indicative as final figures are subject to final bids.						<b>Expected service improvements and effect on key performance indicators</b> The transition to the new ICT contract will achieve improvements in service levels for ICT services and savings in reduced future support costs.						
<b>Support for Corporate Strategy</b> Whilst the investment would indirectly contribute to all Strategic Priorities, it would particularly support delivery of the Priority concerning 'Information Quality'.						<b>Support for Mayoral priorities</b>						
Impact on Equalities/Diversity None.												

**Committed Growth Items 2006/07**

**Schedule 10**

Special Priority Payments under police reform	2005-06 (Base)			2006-07			2007-08			2008-09		
	Police No.	Police Staff No.	£000	Police No.	Police Staff No.	£000	Police No.	Police Staff No.	£000	Police No.	Police Staff No.	£000
<b>Total in year expenditure</b>						1,700			1,700			1,700
<b>Change over previous year</b>						1,700			0			0
<b>Detail</b> The estimated cost of Special Priority Payments (SPPs) to police officers.						<b>Expected service improvements and effect on key performance indicators</b>						
<b>Support for Corporate Strategy</b>						<b>Support for Mayoral priorities</b>						
<b>Impact on Equalities/Diversity</b> None.												

**Committed Growth Items 2006/07**

**Schedule 10**

Transitional and Governance Funding for 2 <sup>nd</sup> generation outsource contracts	2005-06 (Base)			2006-07			2007-08			2008-09		
	Police No.	Police Staff No.	£000	Police No.	Police Staff No.	£000	Police No.	Police Staff No.	£000	Police No.	Police Staff No.	£000
<b>Total in year expenditure</b>						1,700			500			0
<b>Change over previous year</b>						1,700			-1,200			-500
<p><b>Detail</b>                      This bid relates to costs for specialist advice to support the transition to the new contracts and the governance of these in service.</p> <p>There are three main issues to be covered here                      The potential need for specialist external advice or additional internal resources to support the transition from the old contracts to the new ones for DoI, PSD, HR, Transport and Finance.                      Any additional external resource requirements such as provisional legal and commercial support for the extension of existing contracts such as Command and Control for operational reasons until a re-tendering exercise for a new contract can take place                      Potential specialist external advice to support the post-implementation review and year 3 –4 benchmarking exercises that are an implicit part of the best practice governance of these contracts. These benchmarking exercises are a key factor in the decision whether the MPS will take –up their extensions options within the new contracts.</p>						<p><b>Expected service improvements and effect on key performance indicators</b>                      The benefits achieved by re-tendering the outsourced contracts will be highlighted on an individual contract basis in the papers to Investment Board and the MPA Finance Committee seeking approval to award a contract. Further benefits are achieved by the outsource (O/S) Programme office ensuring consistency of approach throughout the MPS as we transition services to new suppliers, thereby ensuring continuity and avoiding a “Silo” approach for each of the O/S work streams.</p>						
<p><b>Support for Corporate Strategy</b>                      The services provided under the outsourced contracts are critical for the day-to-day operation of the MPS and therefore could be said to support all the strategic priorities.                      The re-tendering and management of the new outsourced contracts and their impact upon the service review are dealt with in the Procurement Services department’s Service Review submittal.</p>						<p><b>Support for Mayoral priorities</b>                      These are key procurement initiatives that are in line with the Improving performance aims of the Mayor</p>						
<p><b>Impact on Equalities/Diversity</b>                      All re-tendering activities fully support the MPS policies on equality /diversity</p>												

# Committed Growth Items 2006/07

# Schedule 10

Support for Covert and Overt Operations and Development of Emerging Technology	2005-06 (Base)			2006-07			2007-08			2008-09		
	Police No.	Police Staff No.	£000	Police No.	Police Staff No.	£000	Police No.	Police Staff No.	£000	Police No.	Police Staff No.	£000
<b>Total in year expenditure</b>		245	27,594		271	29,242		285	30,921		295	32,409
<b>Change over previous year</b>					26	1,648		14	1,679		10	1,488
<b>Detail</b> The requirement for incremental growth in the staff and budget of the Technology Group stems from three main areas: <ul style="list-style-type: none"> <li>• Increased demand for operational support from police customers</li> <li>• "Into Service" costs associated with new systems developed and delivered into service</li> <li>• Changes in the technical landscape leading to new areas of work.</li> </ul> The funds requested from the MTFP for FY 2006/7 will be used for: <ul style="list-style-type: none"> <li>• Employing 26 additional staff across Technology Group support areas plus associated equipment and overheads.</li> <li>• Providing for the maintenance of systems and projects brought into service during the current financial year.</li> </ul>						<b>Expected service improvements and effect on key performance indicators</b> The level of expansion indicated in this bid will enable: <ul style="list-style-type: none"> <li>• Increase in the number and effectiveness of undercover operations.</li> <li>• Maintain customer SLAs. Ensure the services stay current with technological advance by enhancing the Technology Group skills base.</li> <li>• Consolidate existing services and improve our ability to meet customer expectations in bringing Emerging Technologies into use within the MPS.</li> </ul>						
Support for Corporate Strategy <ul style="list-style-type: none"> <li>• Communities are engaged with, confident in &amp; satisfied with our police service.</li> <li>• Crime, disorder &amp; vulnerability &amp; harm are prevented &amp; reduced.</li> <li>• Security is improved &amp; the public feel reassured.</li> </ul>						<b>Support for Mayoral priorities</b>						
<b>Impact on Equalities/Diversity</b> None												

# Committed Growth Items 2006/07

# Schedule 10

Increase funding for MPS Insurance and Compensation	2005-06 (Base)			2006-07			2007-08			2008-09		
	Police No.	Police Staff No.	£000	Police No.	Police Staff No.	£000	Police No.	Police Staff No.	£000	Police No.	Police Staff No.	£000
<b>Total in year expenditure</b>						1,400			1,400			1,400
<b>Change over previous year</b>						1,400						
<b>Detail</b> Insurance premiums have increased from £1.6m to £5.1m over the last 3 years with no additional budget allocated. This increase has been caused by the change in the insurance risk strategy (authorised by the MPA). The current budget allocation of £4.3m has been created by allocating budget from other corporate lines within DCC to support Accident Claims but DCC/DPS are no longer in a position to absorb such costs.  Compensation is harder to judge, but largely relates to accident claims.						<b>Expected service improvements and effect on key performance indicators</b> Realistic budgets will allow the centre to actually judge the performance of accident claims and the MPS.						
<b>Support for Corporate Strategy</b>						<b>Support for Mayoral priorities</b>						
<b>Impact on Equalities/Diversity</b>												



# Committed Growth Items 2006/07

# Schedule 10

National Mobile Phone Crime Unit (NMPCU)	2005-06 (Base)			2006-07			2007-08			2008-09		
	Police No.	Police Staff No.	£000	Police No.	Police Staff No.	£000	Police No.	Police Staff No.	£000	Police No.	Police Staff No.	£000
<b>Total in year expenditure</b>	4	12	0	4	12	1,400	4	12	1,400	4	12	1,400
<b>Change over previous year</b>				0	0	1,400	0	0	0	0	0	0
<p><b>Detail</b>                      The National Mobile Phone Crime Unit (NMPCU) was launched in December 2003 with a remit to reduce mobile phone crime. Financial support for the unit was initially provided through direct funding from the Home Office. In the year 2005/2006 only £1.35m was received from the Home Office with the MPS providing the additional £1m required. There will be no further funding available from the Home office for 2006/7 and beyond and funding is sought to ensure the continuance of the NMPCU.</p> <p>Some savings may be available through the merging of roles and responsibilities within the TP Intelligence structure. However this may be minimal due to the specialist role of the NMPCU.</p>				<p><b>Expected service improvements and effect on key performance indicators</b>                      Mobile phones feature in 50% of street crime and 10% of all crime in the capital, and are included in every category of acquisitive crime. Last year, mobile phone crime was reduced by 10.2%. The work of the unit improves neighbourhood safety by reducing violent crime and by bringing violent offenders to justice, specifically by targeting prolific and priority offenders.</p> <p>The unit has also identified, and is involved in, disrupting criminal networks engaged in the organised stealing, handling, and exporting mobile phones. The performance of the unit and its ongoing crime reduction projects around making safer neighbourhoods also help reduce peoples concerns about crime.</p>								
<p><b>Support for Corporate Strategy</b>                      Supports delivery of both the Safer Neighbourhoods and Organised Criminal Networks Strategic Priorities.</p>				<p><b>Support for Mayoral priorities</b>                      The performance of the unit and its ongoing crime reduction projects around making safer neighbourhoods also help reduce peoples concerns about crime.</p>								
<p><b>Impact on Equalities/Diversity</b>                      The crime reduction aspect of the unit addresses all age groups but has a specific focus on children and young people. Significant partnership work has been developed with the industry, Home Office, DTI and education agencies to ensure that the appropriate and relevant advice is disseminated through school and colleges.</p>												

# Committed Growth Items 2006/07

# Schedule 10

Modernising Operations	2005-06 (Base)			2006-07			2007-08			2008-09		
	Police No.	Police Staff No.	£000	Police No.	Police Staff No.	£000	Police No.	Police Staff No.	£000	Police No.	Police Staff No.	£000
<b>Total in year expenditure</b>			557			1,957			0			0
<b>Change over previous year</b>						1,400			-1,957			0
<b>Detail</b> The Integrated Borough Operations (IBO) function provided through the Modernising Operations programme supports Metcall and facilitates effective local command by providing integrated intelligence provision, total resource management, station based supervision, support capacity and operational planning, and the crucial mechanism needed to effectively manage the increased number of officers and PCSOs.  The original proposal for a help desk to provide a solution for the non-999 calls is subject to review and therefore there is no bid at this time for staffing costs for a help desk (as in previous MTFP bid for 2005/06). However, we do need to find a solution and are therefore bidding for project/consultancy resources to enable us to undertake the work to identify the most efficient way of providing this facility.  The bid also includes additional support for business change on boroughs to support the rollout of telephone investigation bureaux.						<b>Expected service improvements and effect on key performance indicators</b> The freeing up of a significant number of police officers for more visible deployment will increase public reassurance and result in improved performance by the availability of more resources.  IBOs are designed to allow BOCU SMTs to have a grip on all their resources and thus drive improved performance, provide officer safety information and protect the reputation of the MPS by timely intervention on inappropriate deployments.						
<b>Support for Corporate Strategy</b> MPS strategic priorities supported – Safer Neighbourhoods, Citizen Focus, Organised Criminal Networks.						<b>Support for Mayoral priorities</b> Working together to support the delivery of operational efficiency and better use of resources.  Improving performance including improvements to core processes						
<b>Impact on Equalities/Diversity</b> By the use of 'live time' intelligence and other data not available directly to the Metcall OCU, IBOs will improve the MPS response to equality and diversity issues.												

**Committed Growth Items 2006/07**

**Schedule 10**

Burglary Sole Response	2005-06 (Base)			2006-07			2007-08			2008-09		
	Police No.	Police Staff No.	£000	Police No.	Police Staff No.	£000	Police No.	Police Staff No.	£000	Police No.	Police Staff No.	£000
<b>Total in year expenditure</b>	0	116	2,951	0	116	4,217	0	116	4,217	0	116	4,217
<b>Change over previous year</b>				0	0	1,266	0	0	0	0	0	0
<p><b>Detail</b>                      Implementation of Burglary Sole Response – This will use Assistant Forensic Practitioners (Crime Scene Examiners) to examine, photograph and interpret crime scenes, deal with victims of crime and carry out fingerprint and other forensic examinations. The introduction of these 116 Assistant Forensic Practitioners (AFPs) across TP will enable the MPS to implement Burglary Sole Response. This forms part of the Scientific Support Strategy and is linked to the forensic strand of the MPS Policing Model.</p> <p>This funding is for the full year impact of the 116 police staff increase within SCD4 in 2005/6. It also covers other associated costs. The introduction of AFPs for Burglary Sole Response has been approved by Management Board and releases the equivalent of 177 police officers to operational duties.</p> <p>The roll out of these staff is vital to support the part Home Office funded DNA Expansion programme (now called the Home Office Integrated Forensic Strategy)</p>							<p><b>Expected service improvements and effect on key performance indicators</b>                      The introduction of BSR will release the time equivalent of 177 Police Officer to other operational duties. It is the intention of BSR to be response led and achieve a target of 4-hour forensic response.</p>					
<p><b>Support for Corporate Strategy</b>                      At a Corporate level, the investment would help to deliver the Safer Neighbourhoods Strategic Priority. It would also impact on Citizen Focus.</p> <p>The implementation of the MPS Forensic Strategy, changes following the recent pay agreement and introduction of 24 hour working for forensic services staff directly impact on the MPS Policing priorities. The availability of forensic staff to examine, photograph and interpret crime scenes, deal with victims of crime and carry out fingerprint and other forensic examinations increase the MPS effectiveness and achievement of objectives. A Consultancy Group Evaluation on a pilot of crime scene examination being the sole response to burglary in London has commented very favourably on the benefits of this approach in terms of increased efficiency and effectiveness. The use of forensic services staff to carry out roles previously undertaken by police officers and the more effective availability directly allows police resources to be released for operational policing.</p>							<p><b>Support for Mayoral priorities</b></p>					
<p><b>Impact on Equalities/Diversity</b></p>												

Committed Growth Items 2006/07

Schedule 10

Additional Charges for Command and Control Support	2005-06 (Base)			2006-07			2007-08			2008-09		
	Police No.	Police Staff No.	£000	Police No.	Police Staff No.	£000	Police No.	Police Staff No.	£000	Police No.	Police Staff No.	£000
<b>Total in year expenditure</b>			4,352			5,352			5,217			5,217
<b>Change over previous year</b>						1,000			-135			0
<b>Detail</b> The additional licence and support costs incurred as a result of the increasing complexity and inter-operability between MPS systems. As these systems integrations have been cumulative the effects have not been included in the business cases of individual projects but have been amalgamated to create an overall increase in the support requirement.						<b>Expected service improvements and effect on key performance indicators</b> The additional support will ensure that the service maintains its levels of functionality in the new wider environment.						
<b>Support for Corporate Strategy</b> The increased inter-operability between MPS systems allows for a better flow of information ensuring that the correct information is available at the right place. As such, it will have a high impact on the Strategic Priority of 'Information Quality'.						<b>Support for Mayoral priorities</b>						
<b>Impact on Equalities/Diversity</b> N/A												

# Committed Growth Items 2006/07

# Schedule 10

Vehicle Recovery And Examination Services (VRES) Expansion For Pound 2	2005-06 (Base)			2006-07			2007-08			2008-09		
	Police No.	Police Staff No.	£000	Police No.	Police Staff No.	£000	Police No.	Police Staff No.	£000	Police No.	Police Staff No.	£000
<b>Total in year expenditure</b>	2	111	5,893	4	123	6,763	4	123	6,763	4	123	6,763
<b>Change over previous year</b>				2	12	870	0	0	0	0	0	0
<b>Detail</b> The incremental development of the VRES was approved by the MPA (Finance Committee) in November 2002 and June 2005 to meet the overarching aims of Crime Reduction through increased forensic out turns relative to motor vehicles. The second goal is best value; to be achieved through long-term savings and increased income generation. This goal can only be attained through initial investment.  This bid relates to the opening of pound 2, acquired in July 2005 and due to come on line spring 2006 following completion of a £3.6m fit out programme. It reflects growth costs including meeting the HR requirement. Such investment is projected to lead to savings of existing revenue expenditure and increase in income revenue streams.				<b>Expected service improvements and effect on key performance indicators</b> Opening of the second pound (two further sites) will allow the VRES to <ul style="list-style-type: none"> <li>Absorb 33% growth in business in 2005/6 and a further 50% in 2006/7. This growth (with further expected through to 2008/9) includes seizure of uninsured vehicles and lost/stolen vehicles.</li> <li>Increase performance (additional 2000 vehicles p/a) in support of the TfL/TOCU Public Transport/Red Route Enforcement Partnership</li> <li>The provision of enhanced forensic and mechanical examination facilities relative to vehicles concerned in crime as well as fatal and life changing collisions.</li> </ul>								
<b>Support for Corporate Strategy</b> The investment supports the following strategic outcomes: <u>Communities are engaged with, confident in &amp; satisfied with our police service</u> 1. Supporting critical incidents – forensic examination/preservation of evidence and scene clearance <b>Crime, disorder and vulnerability &amp; harm are prevented &amp; reduced</b> 2. Going after prolific offenders <b>Security is improved &amp; the public feel reassured</b> <ul style="list-style-type: none"> <li>Road Safety – Fatal and Life Changing Collisions (provision of mechanical examination facilities and preservation of evidence) and the seizure of vehicles for uninsured drivers.</li> </ul>				<b>Support for Mayoral priorities</b> It supports the Mayors Transport Strategy, Road Safety Campaign as well as the Partnership between Transport for London and the MPS relative to public transport.								
<b>Impact on Equalities/Diversity</b>												

# Committed Growth Items 2006/07

# Schedule 10

Reinstatement of one-off savings	2005-06 (Base)			2006-07			2007-08			2008-09		
	Police No.	Police Staff No.	£000	Police No.	Police Staff No.	£000	Police No.	Police Staff No.	£000	Police No.	Police Staff No.	£000
<b>Total in year expenditure</b>						830			830			830
<b>Change over previous year</b>						830			0			0
<b>Detail</b> This comprises items that were identified as one-off savings in last year's MTFP and will be re-instated in 2006/07;  <u>£k</u> 420 DoI savings 410 Resources savings 830						<b>Expected service improvements and effect on key performance indicators</b>						
<b>Support for Corporate Strategy</b>						<b>Support for Mayoral priorities</b>						
<b>Impact on Equalities/Diversity</b> None.												

# Committed Growth Items 2006/07

# Schedule 10

Replacement of MPS Helicopters	2005-06 (Base)			2006-07			2007-08			2008-09		
	Police No.	Police Staff No.	£000	Police No.	Police Staff No.	£000	Police No.	Police Staff No.	£000	Police No.	Police Staff No.	£000
<b>Total in year expenditure</b>	19		3,380		25	3,980	19	25	4,364	19	25	4,401
<b>Change over previous year</b>				0	2	600	0	0	384	0	0	37
<b>Detail</b> The current fleet of MPS helicopters has been in service for over ten years. Demand for the services provided by the ASU is increasingly outstripping both supply and capability. Replacing the current aircraft with EC145 aircraft will result in additional revenue costs (an additional 2 engineers, an additional £125k in insurance costs and an increase in fuel and maintenance costs). It is proposed to employ a Service by the hour (SBH) arrangement for engines and airframes, which increases costs but reduces substantially the risk of the aircraft being grounded for extended periods during maintenance. The agreement also ensures a steady revenue expenditure stream. The MPA Finance Committee approved a business case for replacement of the aircraft on 15 September 2005 and further detail can be found within this business case.				<b>Expected service improvements and effect on key performance indicators</b> Based on evidence gathered during the evaluation process a significant efficiency benefit could accrue with a change of aircraft, for example, opportunities to reduce the time that an aircraft is unavailable for operational purposes by up to 50%. Introducing a new aircraft type will enhance significantly operational capability, resulting in operational and financial advantages to the MPS. Opportunity cost savings will be achieved through the enhanced capability and improved performance of the latest generation of aircraft. Flying hours spent re-positioning the aircraft will be significantly reduced and made available for operational tasking. The combination of efficiency benefits and opportunity costs could lead to potential revenue streams with flying hours being made available to sell to other agencies e.g. LFCDA, BTP and TfL.								
<b>Support for Corporate Strategy</b> The investment will particularly help to deliver four of the Strategic Priorities, namely, Capital City Policing, Counter Terrorism, Organised Criminal Networks and Safer Neighbourhoods: <b>Communities are engaged with, confident in &amp; satisfied with our police service</b> - via police response to incidents; how police deal with critical incidents; using people effectively. <b>Crime, disorder, vulnerability &amp; harm are prevented &amp; reduced</b> - via assisting in targeting prolific offenders; tackling criminal networks. <b>Security is improved &amp; the public feel reassured</b> - via assisting to protect UK against terrorists; enhancing road safety; responding to major incidents; dealing with serious crime.				<b>Support for Mayoral priorities</b> <ul style="list-style-type: none"> <li>Supporting police the London 2012 Olympics</li> <li>Working together to support delivery of the London Plan</li> <li>Dealing with terrorism &amp; other catastrophic events</li> <li>Assist reduce robbery, burglary &amp; violent crime</li> <li>Reassure the public by assist reducing crime &amp; anti-social behaviour</li> </ul>								
<b>Impact on Equalities/Diversity</b> None												

Committed Growth Items 2006/07

Schedule 10

Purchase of Marlowe House	2005-06 (Base)			2006-07			2007-08			2008-09		
	Police No.	Police Staff No.	£000	Police No.	Police Staff No.	£000	Police No.	Police Staff No.	£000	Police No.	Police Staff No.	£000
<b>Total in year expenditure</b>						569			569			569
<b>Change over previous year</b>						569						
<b>Detail</b> 1) The building provides cost effective accommodation which, when refitted, is highly suitable for modern open-plan working practices. The accommodation is very flexible and may be used by many different MPS occupiers without major alterations  2) The acquisition of Marlowe House provides potential benefits in rationalising South East London parts of the MPA estate.  3) See attached calculations in Exempt paper to MPA Finance Committee						<b>Expected service improvements and effect on key performance indicators</b> The acquisition of Marlowe House provides potential benefits in rationalising South East London parts of the MPA estate. Reduction in rental stream currently payable						
<b>Support for Corporate Strategy</b> Estate Strategy – Building Towards the Safest City						<b>Support for Mayoral priorities</b>						
<b>Impact on Equalities/Diversity</b> N/A												



# Committed Growth Items 2006/07

# Schedule 10

Free rail travel	2005-06 (Base)			2006-07			2007-08			2008-09		
	Police No.	Police Staff No.	£000	Police No.	Police Staff No.	£000	Police No.	Police Staff No.	£000	Police No.	Police Staff No.	£000
<b>Total in year expenditure</b>			13,784			500			500			500
<b>Change over previous year</b>						500			0			0
<b>Detail</b> The cost of the continuation of free rail travel for police officers based on the amount payable by the MPS to Association of Train Operating Companies.  The calculation is based on the actual agreement.						<b>Expected service improvements and effect on key performance indicators</b>						
<b>Support for Corporate Strategy</b>						<b>Support for Mayoral priorities</b>						
<b>Impact on Equalities/Diversity</b> None.												

# Committed Growth Items 2006/07

# Schedule 10

Data Centres	2005-06 (Base)			2006-07			2007-08			2008-09		
	Police No.	Police Staff No.	£000	Police No.	Police Staff No.	£000	Police No.	Police Staff No.	£000	Police No.	Police Staff No.	£000
<b>Total in year expenditure</b>	0	1	75		4	383		4	2,637		4	3,553
<b>Change over previous year</b>					3	308		0	2,254		0	916
<b>Detail</b> 1. Information Technology has long been business critical for the MPS. At the core of most IT solutions is the Data Centre. 2. Current MPS Data Centres are unfit for purpose and have no capacity to support expected ICT growth 3. Funds will be spent on build and running costs for a new MPS data centre including estates and technology elements.				<b>Expected service improvements and effect on key performance indicators</b> Combined with the ICT Sourcing contract deliverables this expenditure will provide a resilient and secure infrastructure from which to deliver ICT services in a lower risk environment. It will also provide opportunities for further developments in the secure systems area and will facilitate server consolidation.								
<b>Support for Corporate Strategy</b> The Data Centre strategy underpins many of the expected ICT contributions to the Corporate Strategy, particularly the Strategic Priority of 'Information Quality'. It also moves forward the implementation of the MPS Estates Strategy. Supports Service Review business principle 6: Acknowledging issues of security and confidentiality. We will ensure that staff and partners have access to accurate, relevant and timely information.				<b>Support for Mayoral priorities</b> It will help meet the Mayor's priorities- underpins most IT initiatives, will provide capacity which may be required for the Olympics.								
<b>Impact on Equalities/Diversity</b> None												

# Committed Growth Items 2006/07

# Schedule 10

Designated Detention Officers	2005-06 (Base)			2006-07			2007-08			2008-09		
	Police No.	Police Staff No.	£000	Police No.	Police Staff No.	£000	Police No.	Police Staff No.	£000	Police No.	Police Staff No.	£000
<b>Total in year expenditure</b>	0	201	0	0	201	0	0	201	6,188	0	201	6,188
<b>Change over previous year</b>				0	0	0	0	0	6,188	0	0	0
<p><b>Detail</b> The Home Office is currently funding drug testing within Custody suites for which the MPS employs 201 Designated Detention Officers (DDOs) across 17 Boroughs. This funding is only available until March 31<sup>st</sup> 2007 after which funding will need to be found from elsewhere continue the project.</p> <p>The role involves the drug testing of detainees who have been charged with trigger offences in support of the Governments CJIP Programme. Their role also includes functions that would have been part of a police officers role in custody, thus releasing officers to undertake other operational duties. The Programme is hailed as a success and a recent report from the Home Office showed an increase of some 90% in drug referrals.</p>				<p><b>Expected service improvements and effect on key performance indicators</b> By continuing the project the MPS would be at the heart of utilising the powers it has been given under the Police Reform Act 2002 for using designated employees.</p> <p>The efficient processing of detainees and the quality of service delivered in MPS custody suites is critical to raising public confidence and ensuring transparency. The use of DDOs contributes to the welfare of MPS detainees, seen as a positive step by the MPS and external agencies and releases police officer time to undertake other essential duties.</p>								
<p><b>Support for Corporate Strategy</b> The initiative impacts on the safer neighbourhoods by providing specialist support to officers bringing prisoners to the custody suite and enabling the officers to be released sooner.</p> <p>Specifically DDOs contribute to the work on investigating crime and dealing with offenders, which is directly linked to the delivery of the strategic priorities. DDOs will also contribute to bringing more offenders to justice.</p>				<p><b>Support for Mayoral priorities</b> This is part of the Mayor's priorities to make better use of police resources. DDOs allow custody sergeants to focus on their managerial and supervisory role in the custody suite to ensure the safety and welfare of prisoners.</p>								
<p><b>Impact on Equalities/Diversity</b> The current BME breakdown of DDOs shows 37% are from a BME background and that they play a significant part in community engagement and raising public confidence. The age range is wide, with a notable number of people of 40+ being recruited.</p>												

# Committed Growth Items 2006/07

# Schedule 10

Hospital Guards	2005-06 (Base)			2006-07			2007-08			2008-09		
	Police No.	Police Staff No.	£000	Police No.	Police Staff No.	£000	Police No.	Police Staff No.	£000	Police No.	Police Staff No.	£000
<b>Total in year expenditure</b>	30		1,292	46		1,992	46		1,992	46		1,992
<b>Change over previous year</b>							16		700			
<b>Detail</b> SO16 assumed responsibility for Armed Hospital Guards in 2002. They have provided an active armed hospital guard every day since August 2003.  This bid is a continuation of that contained in last years MTFP. Some 35% (£700K) of the accepted bid last year was deferred to fund implementation of the revised RAF formula. This bid re-instates that amount.				<b>Expected service improvements and effect on key performance indicators</b>								
<b>Support for Corporate Strategy</b> The bid will impact particularly on the delivery of two Strategic Priorities, namely (1) Counter Terrorism, Protection & Security and (2) Organised Criminal Networks.				<b>Support for Mayoral priorities</b>								
<b>Impact on Equalities/Diversity</b> None												

## Committed Decreases 2006/07

## Schedule 11

Reduction in Housing/Rent Allowance	2005-06 (Base)			2006-07			2007-08			2008-09		
	Police No.	Police Staff No.	£000	Police No.	Police Staff No.	£000	Police No.	Police Staff No.	£000	Police No.	Police Staff No.	£000
Total in year expenditure						-5,000			-10,000			-15,000
<i>Change over previous year</i>						-5,000			-5,000			-5,000
<b>Detail</b> Police Regulations allow police officers who joined before September 1994 to receive housing and rent allowance. As these officers retire or resign, these payments will reduce.						<b>Basis of calculation</b> The estimated reduction of housing allowances paid to police officers retiring/leaving the MPS.						

G8 Summit	2005-06 (Base)			2006-07			2007-08			2008-09		
	Police No.	Police Staff No.	£000	Police No.	Police Staff No.	£000	Police No.	Police Staff No.	£000	Police No.	Police Staff No.	£000
Total in year expenditure			3,000			0						
<i>Change over previous year</i>						-3,000						
<b>Detail</b> One-off costs for police overtime and travel anticipated in relation to the 2005 General Election, EU Presidency and the G8 Summit held in Gleneagles, Perthshire.						<b>Basis of calculation</b> Removal of budget allocated in 2005/06.						

## Committed Decreases 2006/07

## Schedule 11

Implementation of Genesys solutions within IBOs	2005-06 (Base)			2006-07			2007-08			2008-09		
	Police No.	Police Staff No.	£000	Police No.	Police Staff No.	£000	Police No.	Police Staff No.	£000	Police No.	Police Staff No.	£000
<b>Total in year expenditure</b>			1,180			301			301			301
<b>Change over previous year</b>						-879			0			0
<b>Detail</b> As a result of the C3i programme, CAD rooms in boroughs throughout the MPS will be closed. A number of systems which are currently operated from/terminate at the CAD room – eg town centre CCTV, Security CCTV, Access Control systems and Panic Alarms – will be moved into the new IBO. The Genesys system integrates these systems and allows them to be controlled from a single workstation. This funding provides for the phased implementation and ongoing support of Genesys system into the Borough IBOs.						<b>Basis of calculation</b> In 2006/07, the revenue figure has been reduced by £879k - £702k more than shown in last year's MTFP - as expenditure to the sum of £702k will be capitalised.						

Covert Equip-For-Service	2005-06 (Base)			2006-07			2007-08			2008-09		
	Police No.	Police Staff No.	£000	Police No.	Police Staff No.	£000	Police No.	Police Staff No.	£000	Police No.	Police Staff No.	£000
<b>Total in year expenditure</b>			500			0						
<b>Change over previous year</b>						-500						

## Committed Decreases 2006/07

## Schedule 11

<p><b>Detail</b> Transfer of Covert Equip-for-Service (EFS) which was originally done in-house (revenue) to the main Capital Programme (capital) as this will now be done by an out-sourced supplier.</p>	<p><b>Basis of calculation</b> Transfer of revenue budget to capital.</p>
<p><b>Impact on Equalities/Diversity</b> None.</p>	

Tasers	2005-06 (Base)			2006-07			2007-08			2008-09		
	Police No.	Police Staff No.	£000	Police No.	Police Staff No.	£000	Police No.	Police Staff No.	£000	Police No.	Police Staff No.	£000
<b>Total in year expenditure</b>			400			0						
<b>Change over previous year</b>						-400						
<p><b>Detail</b> One-off costs relating to purchase of Tasers on a trial basis (budgeted in 2004/05) and the extension of the Taser trial in 2005/06.</p>						<p><b>Basis of calculation</b> Removal of budget allocated in 2004/05 and 2005/06.</p>						

Transfer of Coroners' Officers from the MPS to the new Coronial Service	2005-06 (Base)			2006-07			2007-08			2008-09		
	Police No.	Police Staff No.	£000	Police No.	Police Staff No.	£000	Police No.	Police Staff No.	£000	Police No.	Police Staff No.	£000
<b>Total in year expenditure</b>		88	2,500		88	2,500		88	2,500		-88	-2,500

**Committed Decreases 2006/07**

**Schedule 11**

<i>Change over previous year</i>					0	0		0	0		-88	-2,500
<p><b>Detail</b>                  Following the Shipman Inquiry it was recommended that a new Coronial Service be set up by 2008. This would absorb the existing Coroners' Officers and be funded by transfer of existing funds.</p>					<p><b>Basis of calculation</b>                  The £2.5m figure is based on 2004/05 costs and includes the officers' managers.</p>							
<p><b>Impact on Equalities/Diversity</b>                  None.</p>												



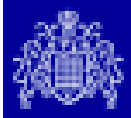
## Budget Savings Proposals for 2006/07

<i>Efficiency and other savings</i> <i>(figures are shown as incremental)</i>	2006/07 £'000	2007/08 £'000	2008/09 £'000
<b>Directorate of Information</b>			
Reduction in CRIS development days/ server costs/and negotiated reduced tariffs in call and mobile charges	(1,995)		
5% savings on Business Support/IT Training devolved budgets/Technical specialist and Temp staff budgets	(696)		
Proposed savings by either slowing or no longer providing various (capital) projects and reduction in issue of laptops	(1,220)		
Technology Group - various budget reductions	(1,577)		
Metcall - reduction in various budgets	(637)	(171)	
<b>Total Directorate of Information</b>	<b>(6,125)</b>	<b>(171)</b>	<b>0</b>
<b>Deputy Commissioner's Command</b>			
Directorate of Professional Standards - reduce Police Overtime budget and costs on Fleet Vehicles.	(1,150)		
Staff savings across the Directorate	(3,165)		
Directorate of Public Affairs corporate publicity budget - one less corporate campaign	(300)		
<b>Total Deputy Commissioner's Command</b>	<b>(4,615)</b>	<b>0</b>	<b>0</b>
<b>Human Resources</b>			
Savings in Training and Development budgets	(1,089)		
Savings in HR Recruitment budgets	(505)		
Savings in HR Strategy Group budgets	(255)		
Staff reduction in HR Services	(216)		
Staff reduction in People Development Group	(450)		
<b>Total Human Resources</b>	<b>(2,515)</b>	<b>0</b>	<b>0</b>
<b>Resources</b>			
Reduction of OCU additional car parking costs	(1,000)		
Managing Service levels at PFI Gravesend	(1,000)		
Potential reduction in rates budgets payable through appeal of rateable values	(2,000)		
Buy electricity on price alone as part of green policy	(1,000)	(500)	(500)
Additional income from investments	(100)		
Reduction in training budgets for Finance and Resource staff, Finance Services staff and implementation of new banking contract	(150)		
Saving on corporate tax liability for free travel for police officers as negotiated with Revenue	(7,412)		
Transfer responsibility for collision damage repair on hire vehicles to (B)OCU hire budgets	(300)		
Vacancy management and robust management vehicle recovery contractor expenditure	(200)	(100)	
Cuts to catering services HQ staff, increase in turnover from increased prices	(520)		
Reduction across various budget lines and reduced BWT in specialist units	(234)		
Savings in Transport for vehicle maintenance due to reduction of CO Traffic Fleet	(218)		
<b>Total Resources</b>	<b>(14,134)</b>	<b>(600)</b>	<b>(500)</b>
<b>Specialist Crime</b>			
Staff savings accruing from the proposals of SCD's budget review	(6,500)		
Reduction in running costs associated with the staff savings proposals	(1,000)		
<b>Total Specialist Crime</b>	<b>(7,500)</b>	<b>0</b>	<b>0</b>

<b>Efficiency and other savings</b> <i>(figures are shown as incremental)</i>	<b>2006/07</b> <b>£'000</b>	<b>2007/08</b> <b>£'000</b>	<b>2008/09</b> <b>£'000</b>
<b>Central Operations</b>			
COHQ Savings work re-allocation and consultancy costs	(170)		
Closure of Method Indexing office (net saving as part funded from Home Office)	(429)		
Public Order Reduction in Mounted Branch	(1,067)		
Clubs and Vice Officer and staff savings	(96)		
Traffic Reduction in numbers and increase in income	(559)		
Central Traffic reduction in posts and related costs plus increase in income	(1,610)		
Operational Support Reduction in Marine Support and related running costs	(889)		
Territorial Support Group reduction of Surveillance and other officers	(1,642)		
<b>Total Central Operations</b>	<b>(6,462)</b>	<b>0</b>	<b>0</b>
<b>Specialist Operations</b>			
Unallocated police posts in 2005/06	(405)		
Business Group contingency for Radios and other equipment	(250)		
Reduction in Security and Protection Police Overtime servicewide contingency fund	(500)		
Unallocated Police Staff budget in 2005/06	(222)		
Savings on Accommodation budget following relocation	(900)		
Restructuring to create new Counter Terrorism Unit	(2,223)		
<b>Total Specialist Operations</b>	<b>(4,500)</b>	<b>0</b>	<b>0</b>
<b>Territorial Policing (TP)</b>			
TP Crime Squad	(3,627)		
TP Crime - other	(403)		
TP Performance Team	(453)		
Reduction of other areas in TP	(273)		
Criminal Justice	(532)		
Modernising Operations	(478)		
TP Senior Management Team	(274)		
TP Business Support	(268)		
Borough reductions	(15,000)		
<b>Total Territorial Policing</b>	<b>(21,308)</b>	<b>0</b>	<b>0</b>
<b>Total</b>	<b>(67,159)</b>	<b>(771)</b>	<b>(500)</b>

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# **Business Case for Growth in the Metropolitan Police Service 2006-07 Phase 3**



**METROPOLITAN  
POLICE**

Working together for a safer London

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# THE CASE FOR GROWTH

## Introduction

Officer numbers in the MPS have grown over the past couple of years to support the vision of making London the safest major city in the world. The focus has been on the delivery of community based policing, to be delivered within a four year plan taking us up to 2007/08. The initial judgement was that this would require an increase in numbers towards 35,000 police officers and police community support officers (PCSOs). At this time, we currently have 33,580 officers and PCSOs.

Community based safer neighbourhoods policing improves the service we offer locally to the citizens of London by responding to an effect we call 'the success gap'. The success gap occurs when the MPS, working with partners, achieves reductions in priority crimes that have been identified through the constitutional process by HM Government and the Metropolitan Police Authority. These priorities do not, however, always reflect the priorities that local communities would set with police if they had that opportunity. As a result they do not feel the benefits locally and therefore would dispute that police are impacting on their quality of life.

The MPS has already rolled out 256 Safer Neighbourhoods teams across London with some local authorities providing funding to enhance the number of teams further. Their impact is significant. In Public Attitude Surveys, people are reporting that they feel significantly less at risk in their communities than before the advent of safer neighbourhood teams. They also value the opportunity to hold their local police to account through Citizen's Panels.

There is a desire now to quicken the roll out of the safer neighbourhood teams so that each neighbourhood is covered by local officers and PCSOs during 2006/07. This paper supports that approach and provides the costing information required for that quicker roll out.

# Safer Neighbourhood Teams

## Summary of Growth Bid

Growth is required to support the introduction of the remaining 368 Safer Neighbourhoods Teams each consisting of:

- 0.125 Inspectors.
- 1 Police Sergeant.
- 2 Police Officers.
- 3 PCSOs.

The bid also includes a minimum level of supporting resources, reflecting the tighter financial environment within which these teams will be delivered and the willingness to the MPS to undertake the roll out of the remaining teams with a smaller level of supporting resources which will require the creative use of existing resources.

## Why is the Growth Needed?

The role of the uniformed patrol Police Officer, or PCSO, is highly valued by the public in London. Patrolling officers provide a sense of security, a sense of help being close at hand. Local police officers that know, and are known to, the community are especially valued. They provide immediate and highly visible accessibility for the public to policing services, and familiarity with specific local problems and needs. Research shows a strong correlation between public satisfaction and the deployment of local officers.

Consultation across London strongly confirms that the public want a substantial increase in community-based policing; delivering dedicated street patrols and a greater visible presence of officers who are familiar with their local needs and issues. Clearly London needs a police service which responds effectively to emergencies. However Londoners consistently tell us that they also want community-based policing, which provides sustained, informal and non-confrontational contact with the police outside times of crisis. They want to build working relationships with the police and develop mutual trust, both essential to solving local problems of crime and anti-social behaviour. All the evidence tells us that dialogue between community-based officers, and local residents, who know, trust and regularly converse with them increases intelligence, which in turn suppresses crime. Dedicated resources, committed solely to community-based policing, can turn this relationship between community intelligence and the suppression of crime into a virtuous circle with major benefits for London.

Safer Neighbourhood Teams align Police Officers and PCSOs closely to neighbourhoods and have given officers specific geographical responsibility for engaging with the local community, and ensuring that police, partner agencies and the public play an active role in resolving local problems. They are dedicated to tackling signal events. These are events that have a disproportionate impact on public and individual perceptions of risk, such as anti-social behaviour, disorder, graffiti and criminal damage. Significantly, the types of crime and disorder targeted vary from community to community, and locality to locality, because local people are involved in identifying what impacts most on their fear of crime. Ring-fenced Safer

Neighbourhood Teams make a commitment to dealing effectively and consistently with those issues. Londoners are seeing the difference.

There are now 256 centrally funded Safer Neighbourhoods Teams and some Local Authorities are financing the early rollout of additional teams. These teams involve communities in identifying priorities for action and together with partners, and the communities themselves, finding solutions to local problems. The Safer Neighbourhood Teams have a dual role in reassurance, and crime reduction. It is vital that these two roles are acknowledged, and the outcomes are measured as success.

Previous local policing initiatives have foundered as staff were diverted to other imperatives. Safer Neighbourhoods requires a continuous and reliable police commitment, especially in more challenging areas where the Safer Neighbourhood Teams will need specialist support. It represents a significant demand upon MPS resources, and is a seismic shift in how we operate as an organisation.

### **The benefits that will be realised through this growth**

Safer Neighbourhood Teams increase public reassurance.

The deployment of Safer Neighbourhoods Teams is having a marked effect on reported crime levels. In 2004-05 key successes include:

- Total Notifiable Offences (TNOs) were down by 6.8% in Safer Neighbourhoods, compared to a 4.3% reduction overall.
- British Crime Survey (BCS) comparator crime is down by 8% in Safer Neighbourhoods, compared to a 6.4% reduction overall.
- Burglary is down by 6% in Safer Neighbourhoods, compared to a 3% drop in non- Safer Neighbourhoods.
- There has been a 5% reduction in robbery at Safer Neighbourhoods, as opposed to a 2% reduction in non- Safer Neighbourhoods.

Overall Safer Neighbourhoods Teams have had a positive impact on crime.

The roll out of the remaining 368 teams over one year, instead of the planned two, provides the opportunity to reap over a shorter time the benefits for the people of London of this approach to policing and problem solving.

### **How those benefits will be measured**

- Public Attitude Surveys (PAS).
- Ward Level Crime performance data.

### **How the data to measure the benefits will be collected**

- PAS now can give Safer Neighbourhoods/non-Safer Neighbourhoods results.
- Monitored by Corporate Performance Group.

## **Race and Equality Impact**

A key objective of the MPS and MPA is to build an organisation that reflects the diverse communities of London. A more representative workforce will enhance the confidence of the London public in the MPS, and deliver a policing service better tailored to meet London's diverse needs.

The increased recruitment of PCSOs and Police Officers will provide an opportunity to ensure that more Londoners from more diverse backgrounds are involved in policing their own city. Diversity measures and targets have already been set across the whole policing family (see below). Significant growth will provide an opportunity to increase the diversity of the workforce. It allows the MPS to meet those targets much more rapidly than at existing recruitment rates, and workforce turnover patterns, would otherwise achieve. Further it is believed the role of PCSOs will be a route for many to join the MPS as Police Officers. Thus the higher levels of minority ethnic and female PCSOs will lead to an increase in minority and female representation across police roles in the MPS.

Prior to the programme of growth beginning on 1st April 2004, the proportion of female Police Officers was 18.18%, and 6.52% (Black and Minority Ethnic) BME. The figures for PCSOs were 28.93% female, and 34.65% BME Officers.

At the end of May 2005 the proportion of female Police Officers was 19.3%, and 7.03% BME. The figures for PCSOs were 30.2% female, and 34.20% BME Officers.



## Appendix 2

Roll-Out of 368 Safer Neighbourhood Team	New Posts	Existing Strength	Composite					
Inspectors	0.125	0	0.125					
Sergeants	1	0	1					
Constables	2	0	2					
PCSOs	3	0	3					
Growth in 2006/07		Proportion Numbers of Year in Growth in 2006/07		<b>Growth Required 2006/07</b>	<b>Growth Required 2007/08</b>			
<u>Safer Neighbourhood Teams</u>				<b>£'000</b>	<b>£'000</b>			
Inspectors	25%	46		864	3,537			
Sergeants	50%	203		6,539	13,383			
Sergeants (Ex PBOs)	100%	165		10,629	10,878			
Constables	50%	401		9,925	20,325			
Constables (Ex PBOs)	100%	335		16,583	16,980			
PCSOs	50%	1,104		17,388	35,619			
Total - Staffing Increases				61,927	100,723			
PCSO Recruitment/Training				1,400	0			
SNT Training				1,000	500			
		Commitments in MTFP (£89.644M)	Total Requirement 2006/07	Total Requirement 2007/08	<b>Growth Required 2006/07</b>	<b>Growth Required 2007/08</b>		
<u>Strand Costs</u>				<b>£'000</b>	<b>£'000</b>			
Territorial Policing		383	729	751	1,346	1,387		
Property Services Division		8,753	11,753	14,016	3,000	5,000		
ICT		7,099	12,099	14,189	5,000	6,877		
DPA		110	57	59	-53	-55		
Finance Services		484	533	601	49	103		
Commercial Services		182	209	243	27	56		
DCC (DPS)		1,257	1,659	1,709	402	0		
Subtotal		18,268	27,039	31,568	9,771	13,368		
Capital Financing				3,728	5,407	8,010	1,050	4,129
<b>Total Funding Requirement</b>							<b>75,148</b>	<b>118,720</b>

### Reserves

At 1<sup>st</sup> April 2005 the Authority had a general reserve of £28.408m and specific earmarked reserves totalling £114.109m, a total of £142.517m. Budgeted use of earmarked reserves in 2005/06 was £22m (to reduce the call on the precept), with resources being transferred from the pension reserve to the revenue account as part of the 05/06 budget strategy. The Pension Reserve and each of the other specific earmarked reserves has been established for a precise purpose and would normally expect to be spent either in 2005/06 or subsequent years.

A statement of the reserves is shown at **Appendix 1** which includes an assessment of those reserves, which are presently uncommitted. Attached at **Appendix 2** is a detailed explanation of the purpose of the earmarked reserves.

Pending final decisions by the Home Office on special grant support, the Authority has been trying to place itself in the best possible position to meet as much of the additional costs as possible from police operations following the bombings and attempted bombings (Operation Theseus) in July. It has taken firm action on expenditure this year and instructed the MPS to break-even on the core revenue budget. Ongoing additional costs of Operation Theseus continues to fall – from £500,000 each day at the start of the operational response to a significantly reduced figure of £155,000 now.

However, the scale of the Operation Theseus costs are such that the Authority cannot absorb them. Accordingly uncommitted reserves have been temporarily frozen pending resolution of the bid to the Home office for additional resources.

It must be stressed that the use of the general reserve to finance the additional costs should only be temporary. The authority is now governed by local authority financial rules. The general reserve, at 1% of net expenditure is already at the minimum policy level. The Authority has only fairly recently moved to a position where it has achieved 'unqualified accounts' status – this position would be in jeopardy if the general reserve was reduced. The Authority's external auditors, the Audit Commission, may consider qualification of the accounts if the general reserve was significantly reduced. If the accounts were to be qualified any item in the Authority's statement of accounts that was relied on for a Prudential Code indicator which was the subject of an audit qualification must be highlighted when prudential indicators are set. This would not prohibit unsupported borrowing, but an insubstantial general reserve would make consideration of the 'affordability and prudence test' more difficult to pass.

Additionally, if the general reserve were to bear these costs, the authority would have minimal ability to finance other unexpected expenditure.

This would mean that any use of the general reserve would require consideration for immediate replenishment. The only source at present is from next year's precept. Every additional £10m replenishment spend would add about £3.50 or 1.8% to the police precept.

The opportunity to finance £17m 2006/07 budget growth items, which are one off, and/or which generate longer-term revenue savings is being explored in the current budget submission. This will be closely reviewed and the opportunity to replenish these reserves in 2007/08 will be fully explored.

**Statement on Reserves**

	<b>Available at 31/03/05 £'000</b>	<b>Uncommitted at November 2005 £'000</b>
<b>General Reserve</b>	<b>28,408</b>	<b>28,408</b>
<b>Pension Reserve</b>	<b>45,494</b>	<b>23,494</b>
<b>Other Specific Earmarked Reserves</b>		
Budget Pressures	2,864	1,424
Service Review	507	0
Laming Enquiry	144	144
Legal Costs	39	39
MPA	114	0
Operational Command Unit (OCU) carryover	1,128	328
Operational costs	4,999	4,249
PFI contract	511	511
Property related costs	4,743	2,743
Protective clothing	489	489
Systems	392	0
Vehicle recovery services	3,200	0
Rent Smoothing	3,000	3,000
Budget Resilience	22,002	22,002
Central Operations Tasking	4,000	0
Pandemic Response	456	0
Communications Project	20,027	0
	<b>68,615</b>	<b>34,929</b>
<b>Total Reserves</b>	<b>142,517</b>	<b>86,831</b>

APPENDIX 2

**Statement of Reserves**

The Authority maintains reserves that are either earmarked for specific purposes (as detailed below) or in the case of the general reserve established to provide cover for emergencies, which cannot be contained within approved budgets. In accordance with recommended practice the general reserve is maintained at a minimum of 1% of the revenue budget provided that there are (amongst other things) adequate earmarked reserves.

***Specific Earmarked reserves***

Pension Reserve – The Authority maintains a reserve to make adequate provision for lump sums payable on retirement to officers who at the end of the financial year have completed 30 years service or are aged 55 years or above and can retire at one month's notice. A proportion of the reserve will be required in 2005/06. Following proposed changes to the financing of police pensions the principal reasons for maintaining the reserve will be (i) the MPA's responsibility for the costs of ill health retirements and the need for a reserve to smooth the costs year on year and (ii) assistance in dealing with any net deterioration in the Authority's financial position re the new pension financing arrangements. £22m of this reserve has been transferred to the revenue account in 2005/06.

Budget Pressures - This reserve is to meet specific unbudgeted pressures in 2005/06 and is normally expected to be fully utilised by year end.

Service review – The Metropolitan Police Service are currently undertaking a comprehensive review of all their services to enable it to better organise itself to support the frontline service and the widening mission. There will be significant costs associated with implementing the outcome of the review, which will in part be funded from this reserve. The reserve will be fully utilised in 2005/06.

Laming Inquiry – This reserve contributes to the continuing costs of implementing the recommendations to come out of the Laming Enquiry (the Ministerial enquiry chaired by Lord Laming following the death of Victoria Climbiè).

Legal costs - This reserve is to provide for the cost of potential law suits.

MPA - The reserve will be used to support the additional costs incurred by the MPA, the expectation is that the reserve will be used in 2005/06.

OCU Carryover - This amount represents underspends in previous years on the devolved budgets of operational command units, which in accordance with the MPA's scheme of devolved financial management are placed in a reserve to be used by the relevant operational command unit to meet the cost of various budgetary pressures. The expectation is that the majority of the reserve will be used in 2005/06.

Operational costs - The reserve provides for a number of operational activities planned for 2005/06. The expectation would normally have been that the majority of the reserve will be used in 2005/06, with the balance being required in the medium term.

PFI Contracts – The reserve has been established to part meet the costs of a PFI development. A proportion of it would normally have been required in 2005/06, with the remainder required in the medium term.

Property related costs – This reserve has been established to meet the cost of various building related projects. A proportion of this will be required in the 2005/06 with the balance required in the medium term.

Protective Clothing – This reserve provides for the cost of protective clothing for officers including research and development and costs. The expectation would normally have been that the reserve will be fully utilised in 2005/06.

Systems – The reserve contributes to the cost of developing financial systems. This will be required in the 2005/06.

Vehicle recovery services – This reserve was established to contribute towards the expansion costs of the vehicle recovery service. It will be fully utilised in 2005/06.

Rent Smoothing – This reserve has been set up to fund future years increases on rent payable on a newly occupied building. The reserve will be required in the medium to long term.

Budget resilience – This reserve has been established to provide assurance in complying with the 2005/06 budget. There are a number of emerging budget pressures in 2005/06 which will require additional funding including the need to implement recommendations of the Bichard Enquiry, and the need to fund increased capacity in custody cells. The intention is to review the position regularly during the year releasing funds for these or other priority areas. The expectation would normally have been that the reserve would be fully utilised in 2005/06.

Central operations tasking – This reserve has been set up to provide funding for central tasking in the central operations groups, the costs of which were previously met through grant. The expectation is the reserve will be fully utilised in 2005/06.

Pandemic response – the reserve is to be used for the cost of anti-viral drugs in order to maintain essential services.

Communications project – monies set aside for the development of an integrated communications system for the MPS. The expectation is that this will be fully used in 2005/06

## Report on Robustness of the Estimates

This report addresses the estimates as incorporated in the draft 2006/07 budget to be considered by Co-Ordination & Policing Committee on 4 November and the proposed full Authority meeting on 17 November, before formal submission to the Mayor. The submission will be subject to further review after the publication of the provisional grant settlement, expected early December, and this advice on the robustness of the estimates will be revised appropriately following that review.

### *Reliability/accuracy*

1. The estimates have been put together by, or with the involvement of, qualified finance staff and reviewed by the Corporate Finance section of the MPS Finance Services Department.

### *Scrutiny*

2. Budget proposals have been through a rigorous scrutiny within the MPS, including the Investment Board. I have asked a series of questions about the construction of the budget and the nature of individual components and have received responses from the MPS. A series of budget scrutiny meetings have been held by the Chair of the MPA and a small group of MPA members comprising the two Vice Chairs, and Chairs of Finance and Policy, Performance and Review Committees. Individual MPS business groups and Management Board members were asked to present their detailed revenue growth and savings proposals for scrutiny by the members. The outcome of the review process for the proposed growth and savings items assessed possible impacts of any savings across business groups as well as on strategic priorities. A small number of suggested savings which would have an adverse impact across various business groups have been proposed for withdrawal or reduction during this review process. The MPS has also undertaken a separate service review which has examined in great detail the baseline budget; the MPA has been involved in this process. The Finance Committee, joint Finance & Planning Performance and Review Committee and full Authority has reviewed update reports on the draft budget submission. The budget submission will be formally considered by a special meeting of the full Authority. In addition there has been a regular dialogue with, and challenge from the Mayor and GLA officers. Further amendments to the budget before final submission to the Mayor in December will also be subject to scrutiny from officers and members.

### *Achievability and risks*

3. There are a number of areas of risk in the budget as currently proposed. In particular the budget is being submitted initially before the government grant settlement. Assumptions have therefore had to be made to estimate the MPA's grant entitlement. The current estimates will be replaced by relatively firm grant figures following the provisional settlement. At this stage there is a definite risk that the grant estimates are overstated. There are also risks around the scale of additional

costs in respect of the bombings/attempted bombings on 7/21 July 2005 and any effect this may have in 2006/07. To mitigate this the Authority took the decision to arrange a managed underspend of £26 million in 2005/06 and to freeze uncommitted reserves. This is still in place except for the proposed use of reserves to fund 'one-off' expenditure items in 2006/07; replenishment of these reserves will be considered. The Authority has submitted a substantial bid for additional counter-terrorism funds which will mitigate additional spend in this activity area in 2006/07.

4. In 2005/06 the Government took steps to cap council tax increases considered excessive. It is likely that capping will apply again in 2006/07. In our case capping would actually apply to the overall GLA precept. However since the police component represents approximately 80% of the GLA precept, the increase in the MPA precept will be critical in relation to the criteria for excessiveness applied to the overall precept and a significant impact would inevitably fall on the MPA budget if the GLA precept had to be reduced as a result of capping. There is no firm information at the moment as to the criteria that will be applied in 2006/07. In the Mayor's budget guidance it was noted that although this year's government capping principles were on its view that budget requirements would be excessive if there were an increase in budget requirement of more than 6 per cent and council tax of more than 5.5 per cent, it is the latter that is particularly relevant to the GLA group. Accordingly a requirement to exemplify proposals to deliver a budget requirement with a 5.5% increase was requested. It is very possible that the budget to be submitted at this stage, including provision for further Safer Neighbourhood growth, will exceed the capping criteria for 2006/07 and will therefore have to be reduced before final approval by the GLA.
5. The draft budget requires delivery of savings totalling £74 million, plus a further £16 million to balance the budget [*Post CoP meeting note: the draft submission has savings of £67.1m and further savings of £7 million*]. This is a higher figure than has actually been achieved in any of the last five budgets. There are significant items in the savings list that will require firm management and difficult decisions. Greater clarity is being sought as to how these savings will be achieved. It should be noted that the additional requirement for Safer Neighbourhood roll out in 2006/07 is excluded from these figures.
6. Monitoring of the 2005/06 budget shows overall expenditure close to budget. However business group budgets as a whole are predicted to overspend offset by underspendings on police pensions. Significant changes will be reflected in respect of pensions in the draft budget for 2006/07 with the introduction of the new police pensions financing arrangements. Some elements of the current overspending, particularly police overtime, have not been carried through into next year's budget proposals. There is therefore a risk that overspendings will persist in 2006/07, a factor recognised during 2005/06 with the creation of the

budget resilience reserve. Management action will be required to minimise this risk and to take appropriate corrective action if it does materialise during the year.

7. There are a number of features of the Authority's financial policies, accounting policies and governance arrangements which mitigate financial risks. These include the following
  - An element of the risk of financial loss is transferred externally through insurance arrangements.
  - The Authority has appropriate general and earmarked reserves
  - The Authority takes a prudent approach to achievability of income and debts due, making appropriate provisions for bad debts.
  - The Authority has adopted accruals accounting, in particular making full provision for realistic estimates of future settlements of known liabilities.
  - The level of external borrowing is low and therefore the Authority's exposure to interest rate changes is low.
  - The Authority has recognised the risks associated with the major programme of re-tendering outsourced contracts. There are appropriate management arrangements in place and financial provision has been made for associated one-off costs.
  - Risk management has been built into the corporate governance arrangements of both the MPA and MPS so that there is proactive assessment of risks and processes to monitor and manage risks.

### *Future commitments*

8. The financial projections for future years included in the budget show a significant level of ongoing commitment. However further work is required on the medium term figures in order to judge the implications in the context of the Authority's overall financial position.
9. The Authority's cash flow requirements are forecast and monitored on a monthly basis to ensure stable and predictable treasury management, avoiding unexpected financing requirements.

### *Capital*

10. The risk inherent in large capital schemes is considered low. The major capital scheme is the C3i project. Risks around the project have been minimised by a rigorous governance arrangement incorporating external validation. The C3i project is substantially supported by government grant thereby minimising risks around available finance.
11. The Prudential Code has introduced a rigorous system of prudential indicators, which explicitly require regard to affordability, prudence, value for money, stewardship, service objectives and practicality. This is backed up by a specific requirement to monitor performance against forward-looking indicators and report and act on significant deviations.



12. The updated capital strategy has drawn together key processes and arrangements for prioritisation, appraisal, management, monitoring and review of the existing programme and new investment. Although the processes are as yet immature, improvements will be made over the short to medium term, which will inform choices on the allocation of additional capital investment and its affordability.

### *Conclusion*

The estimates have been prepared in a properly controlled and professionally supported process. They have been subject to due consideration within the MPS and by the MPA. The risks identified in this report will be subject to further review as the budget is amended before final submission to the Mayor in December.

**Ken Hunt**  
**MPA Treasurer**