

Mayor's Office

City Hall
The Queen's Walk
More London
London SE1 2AA
Switchboard: 020 7983 4000
Minicom: 020 7983 4157
Web: www.london.gov.uk

Len Duvall AM OBE

Chair
Metropolitan Police Authority
10 Dean Farrar Street
London SW1H 0NY

Our ref: KL/Budget/Police

Date: 7 November 2006

Dear Len

2007-08 Budget for Greater London Authority and Functional Bodies ***Preparation of Draft Component Budget***

1. The purpose of this letter is to consult your Authority before I prepare a draft component budget for the Metropolitan Police Authority in accordance with the provisions of paragraph 2 of schedule 6 of the Greater London Authority Act 1999.

2. As advised in the Mayor's budget guidance issued in July, your Authority's response should be accompanied by a business plan that is consistent with the draft budget proposal (set out in paragraph 4 below), and any significant matters raised in your response. It is expected that the business plan will:

- cover at least the period to 2009-10;
- set out what is planned to be achieved in high-level terms over that period, specifying profiled deliverables and defining measures to assess progress and impact;
- highlight in high-level terms plans to mitigate and adapt to climate change, and demonstrate the importance of sustainable development, equalities and diversity and health to the organisation; and
- include updated budget estimates and borrowing and capital spending plans covering the plan period (these can either be integrated in the business plans, or be in the form of separate accompanying documents).

Present intention

3. In response to my budget guidance, your Authority's interim budget submission indicated a funding shortfall of £91m once allowance was made for pay, inflation and other committed increases. Although savings proposals are still being scrutinised, it is understood that you are currently about £20m short of this, after allowing for civilianisation (which releases police officers for front line duties) and further growth in the security and counter-terrorism police officer head count.

4. I remain of the opinion that my original guidance is valid and therefore, subject to your views, I propose to prepare a draft component budget for the Metropolitan Police Authority of **£2,524.5m for 2007-08**.

5. This is 4.1 per cent higher than the equivalent figure for 2006-07, and should cover the full year cost of the expansion in Safer Neighbourhood teams and enable the process of modernisation to redirect resources to front line policing to continue. I recognise, however, that this will be need to be kept under review, not least because we are still waiting for a formal decision from the Government on the PCSO target for 2007-08.

6. Further consideration will need to be given to your Authority's budget plans for 2008-09 and 2009-10, but on present forecasts of available resources, for planning purposes it should be assumed that the budget requirement in those years will be no more than 3 per cent higher than that for the preceding year.

Climate change

7. The budget guidance set out specific priorities to be addressed in the budget development process and I am taking this opportunity to emphasise the need for the GLA Group to do much more to tackle climate change. A Climate Change Action Plan (CCAP) is being developed that will consider priorities both for London as a whole and the GLA group. I expect this will recommend a CO₂ reduction target for the MPA. Pending the publication of the CCAP, your planning assumption should be a 10 per cent reduction in carbon emissions from current levels by the end of the current business planning period (March 2010).

Equalities

8. The budget guidance also set out several equalities issues to be addressed. Since then, the annual budget and equalities review process has been completed and a copy of the 2006 report, which contains a number of recommendations that should have some bearing on your business planning process, is enclosed.

Timing

9. Although the original timetable indicated a deadline for responses of 27 November, in light of your Authority meeting date later this month, the deadline has been revised to **1 December 2006**.

10. Any further comments from your Authority should be sent to Martin Clarke, Head of Strategic Finance and Performance, 3rd Floor, City Hall, London SE1 2AA (fax 020 7983 4241 or email martin.clarke@london.gov.uk).

Yours sincerely

A handwritten signature in black ink, appearing to read 'Ken', written in a cursive style.

Ken Livingstone

Mayor of London

Copies to: GLA Executive Director of Finance and Performance
MPA Chief Executive and Clerk to the Authority
MPA Treasurer
MPS Commissioner and Director of Resources