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# ***Foreword***

## **1. Business Plan**

This section is the current business planning framework agreed by the Metropolitan Police Authority (MPA) at the full meeting of the authority on the 25 July 2002.

# **Towards the Safest City**

**Delivering policing for Londoners  
2002-2005**

## **Foreword by the Chair of the Metropolitan Police Authority**

The future for policing London has never been more challenging than it is now.

The Metropolitan Police Service (MPS) has a new police authority whose members – reflecting London's communities - are seeking improvements in key areas such as operational performance, equality of opportunity for all and financial management.

At the same time the MPS must continue its work to protect the capital from terrorists while maintaining its fight against street crime. MPS managers and staff also need to implement a major agenda for reform which will radically transform established working practices and old technology.

Last but not least the Service must manage a dramatic growth in police numbers, including the introduction of the extended policing family, to ensure that operational officers get the support they need and Londoners get the operational officers they deserve.

Meeting these challenges needs new ideas, long-term commitment and sheer hard work if they are to translate into an even more professional and productive policing service for London. This framework is a stepping-stone to meeting these challenges and maps out the direction in which the Service should move. It has been developed in partnership with the MPS and I know that the Commissioner and senior colleagues are personally committed to it.

Feedback and planning will turn the framework into a strategy. The work done by all our staff, co-working with partners and with active support from London's splendidly diverse communities, will turn the strategy into success. I look forward to reporting on this success in years to come.

**Toby Harris**

## **Foreword by Commissioner of Police of the Metropolis**

Our vision is to make London the safest major city in the world. This corporate framework will guide our work over the next three years. It encompasses and builds on the Policing Pledge for Londoners that I made when I became Commissioner in February 2000. Since then we have faced probably the most challenging times in the history of this organisation.

Much has changed within the Metropolitan Police Service and we have made significant progress on my agenda for action. Facing new challenges with new thinking we have stimulated the debate on the need to reform the criminal justice system, provided visible reassurance to Londoners in the height of an increased terrorist threat and are reducing street crime by redirecting resources.

Most significantly, we are benefiting from an increase in police numbers. But we cannot and will not stand still. We will need to ensure that we focus on training, deploying, accommodating and supporting a significant increase of 5,000 or more officers which it is widely recognised are needed over the next few years.

The way forward, developed for the first time with our Police Authority, will see the MPS working to provide what Londoners want - to feel safe in a secure environment through a joint determination to win the fight against crime and disorder.

This can only be achieved by building effective partnerships with our communities to defeat crime. Together with my management board colleagues, our police officers and our civil staff, we will make this strategic framework a living reality. By working together with firm commitment and support we will succeed in creating a police service worthy of the people of London.

**Sir John Stevens**

## **Introduction**

'Towards the Safest City' sets out the direction of the MPS for the next few years. It is the framework on which we will base our first three-year rolling strategy, starting in April 2003.

This framework has been developed during a period of unprecedented change. Operational demands have increased and expectations for better policing are higher than ever before. All of London's diverse communities, our staff, our partners, and external organisations which hold us to account, rightly require consistently high standards of leadership, management and service.

In this environment the Service must send unambiguous messages that it is focused on core business. These messages must provide direction to all those within the MPS required to make hard choices, choose priorities, and make tough financial or personnel decisions.

## **Purpose**

This framework and subsequent strategy will help co-ordinate planning and decision-making across the whole of the Service. The MPA and MPS managers will need to show leadership to ensure its successful delivery and colleagues will need to be mindful of the key messages in all their actions and decisions.

## **Content**

Since taking up his command, the Commissioner and his management board have developed and refined their expectations for the way in which the Service must go. These messages, endorsed by the MPA, have been reinforced through regular seminars, workshops and conferences under the banner of '**new challenges, new thinking**':

### **Developing safer communities**

*We will make London a safer place for those who live in, work in and visit the capital.*

### **Securing the capital against terrorism**

*We will prevent and disrupt terrorist activity, providing residents, workers and visitors with the reassurance that London is safe.*

### **Revitalising the criminal justice system**

*We will lead the drive to make the criminal justice system trusted and respected by victims, witnesses and offenders.*

### **Developing a professional and effective workforce**

*We will seek to enhance the total number of police officers available for deployment, maximising the visible operational uniformed police family. We will provide effective leadership, train and deploy our inclusive workforce to meet the challenges and priorities facing us, and manage both the growth in numbers and the specialist requirements for employees with different skills and backgrounds.*

### **Reforming the delivery of policing services**

*We will deliver a programme of change in the way we deliver policing to London that reflects the principles of public sector reform - identifying and implementing first those elements we consider to be of greatest value to Londoners.*

## 1. Developing Safer Communities

*"We will make London a safer place for those who live in, work in and visit the capital."*

### **To achieve this we will:**

- Focus on local crime and disorder priorities within a common policing model.
- Disrupt organised crime and criminal activity on a London-wide basis, particularly gun-crime and crime related to hard drugs.
- Improve our partnerships with other voluntary, public and private organisations to help fight crime and improve the quality of life.
- Improve how we consult communities (particularly those that are vulnerable or hard to reach).
- Introduce the extended 'policing family' to provide reassurance by sustaining high visibility policing.

### **Key initiatives to drive forward our aims**

All 32 Borough Operational Command Units have, together with local partners and following consultation with local communities, developed strategies for reducing crime and disorder in their area.

There are also a number of functional strategies, including those promoting diversity and reducing racially motivated crime ('Protect and Respect'), reducing domestic violence ('Enough is Enough'), combating rape and tackling misuse of drugs. The forensic strategy underpins all of these. The MPS policing model is being developed to tackle and reduce crime. Its central process (Intelligence) is being developed in accordance with the National Intelligence Model. We are also undertaking a 'less crime through design' project in partnership with the product design industry. Finally, we are piloting the introduction of 'police community support officers' to help reduce anti-social behaviour and release police officers to deal with more serious crime.

### **We will know we have succeeded if:**

Crime and the fear of crime has reduced and quality of life has increased. We respond quickly to changing crime trends and inter-agency partnerships share intelligence to solve major problems that cut across traditional boundaries. The extended policing family has helped build up community trust and confidence in the Service. Consultation led by the MPA with all sections of the community has improved how London is policed.

## **2. Securing the Capital against Terrorism**

*"We will prevent and disrupt terrorist activity, providing residents, workers and visitors with the reassurance that London is safe."*

### **To achieve this we will:**

- Enhance the collection of intelligence to inform our counter terrorist activities.
- Deliver an effective response to terrorist threats.
- Provide high visibility policing to provide reassurance to the public against terrorist threats.
- Work with national and international agencies, communities and businesses to prevent and disrupt terrorist activity.
- Work in partnership with local and national government to enhance prevention and disruption.
- Improve the training and briefing provided to the extended policing family in London.

### **Key initiatives to drive forward our aims**

We already have 'Rainbow' - a detailed anti-terrorist strategy that is reviewed regularly to adapt to the changing threat levels in London. It prevents and disrupts terrorist activity through pro-active initiatives. Its supporting projects include:

- Examining how the use of CCTV and other technologies can underpin counter terrorism activity.
- Briefing police officers, traffic wardens and police community support officers to detect, prevent and disrupt terrorism.
- Co-ordinating specific counter terrorist patrols.
- Ensuring a consistency of approach to community reassurance.

### **We will know we have succeeded if:**

Terrorism in London has been disrupted and there is reduced terrorist activity. London is viewed as a safe global destination for tourism and trade. Residents, workers and visitors feel safe from terrorist attack and disorder.



### **3. Revitalising the Criminal Justice System**

*"We will lead the drive to make the criminal justice system trusted and respected by victims, witnesses and offenders."*

#### **To achieve this we will:**

- Change our working practices to improve the services given to victims and witnesses.
- Enhance our ability to work with other agencies within the criminal justice system.
- Improve the accuracy and timeliness of papers, documents and evidence.
- Actively support reform of the criminal justice system.

#### **Key initiatives to drive forward our aims**

Examples of the many projects set up to deliver these aims include:

- Introducing 'fast track' schemes for street crime offences and for persistent offenders.
- Speeding up the youth justice process to reinforce to young offenders the seriousness of their behaviour.
- Sharing facilities and co-working with the Crown Prosecution Service to improve quality, maximise efficiency and eliminate duplication within the prosecution process (the Glidewell initiative).
- Setting up a joint performance management regime between agencies in the criminal justice system.
- Implementing the recommendations of a best value review of bringing offenders to justice.

#### **We will know we have succeeded if:**

Managers and staff see the criminal justice system as an integral component of delivering a safer London. Proactive operations have enabled persistent offenders to be brought to justice and all offenders proceed quickly through a more effective and efficient criminal justice system. Victims and witnesses are satisfied with the service they receive and our partners are satisfied with the role we play.

## **4. Developing a Professional and Effective Workforce**

*"We will seek to enhance the total number of police officers available for deployment, maximising the visible operational uniformed police family. We will provide effective leadership, train and deploy our inclusive workforce to meet the challenges and priorities facing us, and manage both the growth in numbers and the specialist requirements for employees with different skills and backgrounds."*

### **To achieve this we will:**

- Recruit, train and retain an extended policing family of employees reflecting the diversity of London.
- Maximise the number of staff in the policing family and deploy them to increase the proportion of 'Visible Operational Uniformed Personnel'.
- Actively manage the growth in staff numbers and ensure officers receive proper support.
- Ensure our leaders listen and are visible to London's communities plus all our staff.
- Introduce new approaches to work, with particular regard to shift patterns, part-time working, home working and family-friendly policies.

### **Key initiatives to drive forward our aims**

We are already implementing a number of functional strategies that contribute to the aims above, including the diversity strategy ('Protect and Respect') and the professional standards strategy. The human resources strategy contains a wide range of initiatives to improve the way we plan, recruit, train, promote, retain and reward our workforce. The vision of the MPS's Positive Action Team – Recruitment is to build an organisation that reflects the diverse communities of London. A stress management strategy is also under development.

In addition, we are undertaking best value reviews of managing people (focussing on retention) and training.

### **We will know we have succeeded if:**

We have achieved significant growth in numbers whilst anticipating and overcoming any problems inherent in such a large workforce increase. Staff feel valued and supported and treat each other with dignity and respect. Our staff stay longer and the diversity of London's communities is reflected across the whole of the organisation. We have enlightened and inspirational leaders who are highly visible, accessible and who energise people to achieve excellent results. They actively embrace team working, motivating and developing staff to improve performance continuously and implement cost effective change.

## **5. Reforming the Delivery of Policing Services**

*"We will deliver a programme of change in the way we deliver policing to London that reflects the principles of public sector reform - identifying and implementing first those elements we consider to be of greatest value to Londoners."*

### **To achieve this we will:**

- Focus on meeting the needs of service users, delivering services locally where beneficial and ensuring clear lines of accountability for the results.
- Devolve additional responsibility and decision-making to Borough Operational Command Units.
- Realign the organisation to support fully BOCUs as the primary unit of policing (including the development of a 'bottom-up' planning regime).
- Become more responsive to people's needs regarding the services they receive and how those services are provided.
- Deliver more services electronically to the public and our partners.
- Actively support the introduction of policing reforms, engaging with Londoners and staff to achieve this.

### **Key initiatives to drive forward our aims**

The Home Office has initiated 43 projects to deliver the national police reform programme. We will ensure that all reform projects have an appropriate Service lead - from purely monitoring progress to shaping and/or leading them, depending on their ultimate impact on delivering an improved service to Londoners.

### **We will know we have succeeded if:**

We have a robust structure to deliver and support operational policing locally. Headquarters provides the right structures, working practices and funding to make devolution work efficiently and cost-effectively. We are able to offer many more services electronically where this is seen as a benefit by service users.

We have demonstrated our willingness to change to improve. We work flexibly across geographical borders and in partnership with other agencies to increase safety and the quality of life across London.

## **Key Strategic Initiatives**

There are a number of programmes and projects, at various stages of delivery, that will have a significant impact on the way London is policed. They already have a wide-ranging effect on the service, and will continue to do so for a number of years. As plans are developed to deliver the strategic framework, close attention will need to be paid to the impact and interrelationships of key cross cutting initiatives:

### **(i) Diversity**

The revised diversity strategy 'Protect and Respect – everybody benefits' maintains a focus on race whilst advocating a wider, inclusive approach to all aspects of diversity (e.g. faith, age, gender, sexual orientation and disability). Key aims include:

- Working with partners and communities to address hate crime;
- Appreciating and responding to the needs of London's diverse communities;
- Increasing the diversity of our workforce to reflect that of London;
- Creating an organisation that people want to work for.

### **(ii) Call handling – C3i (Command, Control, Communications and Information)**

C3i is the largest and most radical project we have undertaken. It aims to maximise the effective use of police and essential support staff time and resources. It affects the way in which the MPS deals with the public's demand for its services and will:

- Provide an efficient and effective telephone handling service;
- Ensure that deployments are appropriate and effectively prioritised;
- Free police resources to concentrate on policing priorities by the provision of an effective public advisory service.

### **(iii) Airwave**

Airwave is a national project to replace the police radio system with one using digital technology. Two key features will have a wide-ranging impact on policing:

- A single handset that combines radio and mobile telephony and which can be used as a basic mobile data terminal. This leads to quicker and more accurate responses by police units, and makes more efficient use of resources;
- Control rooms will have real time location data for all equipped units, making resource management and deployment more efficient, and improving officer safety.

### **(iv) Resource management**

This encompasses a range of initiatives that will improve the finance and resource management and control within the MPS. Such initiatives include:

- Devolved financial management of resources to Operational Command Units, currently being trailed on seven pathfinder sites;
- Better integration of financial management with the planning process;
- Activity based costing, which will provide improved information about costs and resources, thereby helping managers plan and manage their resources and account for performance.

### **(v) Managing growth in staff numbers**

We need to anticipate the impact that further growth in police numbers will have. There are significant implications, both in accommodating, equipping and training a larger number of officers, and also in managing the functions and services which will benefit from such a growth.

## **Delivery**

As a high level statement of the 'big issues' facing the MPS in the coming years, this strategic framework is the starting point for the development of the first three-year rolling strategy required under the Police Reform Act (to start in April 2003).

In the meantime, the framework will help guide the development of other functional strategies and help prioritise key projects and programmes to be delivered through Strategic Committees.

Business strategies (such as buildings, IT, people and transport) will thread through all the key messages. They will also contain a number of discrete projects. Business groups will be required to review or develop strategies for their areas of responsibility that demonstrate commitment to the framework.

BOCUs, OCU's and support branches will set out, when planning and prioritising their work, how they are also contributing to the strategic framework's messages in the year ahead. The aims have deliberately been made sufficiently broad to allow departments to use innovation and initiative in deciding how they can contribute.

## **Costing**

The costs of implementing this programme of change will be measured, monitored and prioritised. Each department, (B)OCU and business unit will be asked to review the aims and plan their contribution towards achievement of a three-year strategy. Each department's strategy will be underpinned by annual plans showing:

- ◆ The projects they will conduct to contribute towards their department's strategy.
- ◆ The explicit link between: department's annual projects B department's strategy  
B annual policing and performance plan B three-year strategy.
- ◆ The project's capital and revenue requirements.

The project list for each aim will be considered by the appropriate Strategic Committee for its value in delivering the aim. Proposals on priorities for project capital and revenue funding will be made by the Strategic Committee, based on a cost-benefit analysis. These proposals (and their justifications) will be tabulated for management board and the MPA, so that final decisions on priorities for funding can be made.

## Review

'Towards the Safest City' will play a key role in formulating the MPA's first 'three-year strategy plan' as required under the Police Reform Act. The starting date for this is April 2003 and the plan issued by the MPA must meet any directions set by the Home Secretary related to 'form and content'. These directions have yet to be made and so this framework has been kept sufficiently high level to make the transition without major discontinuity.

Once the overarching strategy plan is in place, any future strategy, annual plan, programme or project will be expected to reflect the overall direction of the service. The strategy plan will be reviewed annually to ensure it remains compatible with the government's national policing plan.

Both MPS management board and the MPA will assess delivery of the strategy plan. This will require clear objectives, measures plus medium-term targets and annual milestones to be set out and monitored. Local annual plans will also need to identify those projects and initiatives expected for completion in that year, together with the resources required to implement them. We will report on progress made in our policing and performance plan and annual reports.

## **Mission, Vision and Values**

### **Mission**

The MPS's mission is:

**Making London safe for all the people we serve**

We:

- make places safer;
- cut crime and the fear of crime;
- uphold the law.

The MPA's mission is:

**To secure an effective, efficient and fair police service for London's communities**

### **Vision**

The MPS's vision is:

**To make London the safest major city in the world**

### **Values**

The MPS's and MPA's values are to:

- treat everyone fairly;
- be open and honest;
- work in partnership;
- change to improve.

### **Do you want to know more?**

Further information about the work of the MPS and MPA can be obtained from:

- The MPS website at [www.met.police.uk](http://www.met.police.uk)
- The MPA website at [www.mpa.gov.uk](http://www.mpa.gov.uk)

Or write to:

The Commissioner  
Metropolitan Police Service  
New Scotland Yard  
Broadway  
London  
SW1H 0BG

The Clerk  
Metropolitan Police Authority  
10 Dean Farrar Street  
London  
SW1H 0NY

## **2. MPA/MPS Equalities Budget Submission**

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### **3. 2003/04 Revenue Budget and Medium Term Financial Projection**

#### **Guidance**

1. The draft revenue budget for 2003/04 and the medium term financial forecasts to 2005/06 set out in the attached statements have been developed in accordance with the guidance issued by the Mayor on 31 May 2002. The key points relating to the revenue budget are summarised here.
2. The guidance includes specific policy objectives for the MPA to address in its submission as follows:
  - Increase the number of police officers to the maximum extent that is reasonably practical
  - Work co-operatively and in partnership with TfL to extend the Transport Policing Initiative
  - Maximise the number of officers engaged on operational policing
  - Implement of recruitment and selection practices that deliver substantial progress to a representational workforce.
3. Specific reference is made to these objectives at appropriate points in the submission.
4. The guidance prescribes the format in which the revenue budget is to be presented and this is reflected in the detailed statements.
5. A minimum savings target is set for the MPA by defining items to be met through the precept. Savings then have to balance the budget having regard to grant funding. This is set out in detail in paragraph 20 below.
6. The submission must include details of reserves and balances and related policies.
7. The submission should also demonstrate a clear link between the business planning and budget processes. The framework for a three year strategy agreed by the MPA/MPS, Towards a Safer City, is included with the submission and the linkages between the emerging planning priorities and the budget are set out at paragraph 39 - 42 below.

## Overall position

8. TO BE DRAFTED FOLLOWING FINANCE COMMITTEE 14/10/02

## Reserves

9. In considering its budget the Authority needs to have regard to the health of its finances as reflected in its balance sheet and in particular the level and adequacy of its financial reserves and provisions.
10. The Authority's approved policy is that it should hold a general reserve of 1% of net budgeted expenditure as the minimum acceptable level provided that there are appropriate earmarked reserves and accounting provisions, reasonable insurance arrangements, a well funded budget and effective budgetary control. Although the position is improving none of these conditions can be considered as being fully met at this stage:
  - The external auditor has qualified the Authority's accounts for inadequate provisions for pensions and third party liabilities, and there is no reserve for known exceptional future police pension costs.
  - The current insurance arrangements are based on a substantial self funding excess which means that the transfer of risk to external insurers is less than satisfactory.
  - The scale of savings required to balance the 2002/03 budget raises a question about how well funded the Authority is to meet policing expectations.
  - The budget overspending in the Authority's first year and the need for exceptional measures to restore control part way through the second year suggests that full reliance cannot yet be placed on the budgetary control systems.
11. The Authority's general reserve at 1 April 2002 stands at £22.269 million, slightly above the 1% minimum policy level. The Authority cannot afford any erosion of this position.
12. Earmarked revenue reserves totalled £9.442 million at 1 April 2002. These represent sums set aside to meet specific commitments or potential liabilities. Approximately £6.3million is expected to have been used by 31 March 2003. At this stage all the potential liabilities for which earmarked reserves have been established remain valid.
13. The Authority has commissioned a report from actuaries Hymans Robertson to assess the future liabilities in respect of police

pensions. This report is expected to confirm (and quantify) the prediction of substantial increased costs, in the medium and longer term, arising from increases in the number of officers reaching full service for retirement purposes. There are at present no reserves to meet these costs. Without such reserves, unless the Government recognises these costs through increased grant, there will be a substantial additional demand on the council taxpayer.

14. The Authority's capital reserves are identified in the section of this submission on the five year capital spending plan.
15. The Authority's accounts for 2000/01 were qualified by the external auditor because of inadequate provisions in respect of pensions and third party liabilities. Although these provisions have been significantly increased in the 2001/02 accounts it is expected that those accounts will be qualified too. The accounts qualification is understandable, and defensible, in the unique circumstances of the establishment of the Metropolitan Police Authority. However qualification over a prolonged period will begin to reflect badly on the Authority's own financial management and could cause actual financial as well as reputational damage. The provisions at 1 April 2002 represent 55% and 30% respectively of the estimated liability for pensions and third party claims. These shortfalls will have to be substantially reduced, if not eliminated, if the accounts are to be given a clean bill of health in the future. Any in-year underspendings against the relevant budgets must be applied to increasing the provisions. The budgets for pensions and compensation for future years should be set on a prudent basis having regard to the unfunded current liabilities.

### **Funding envelope**

16. The funding for the MPA's net expenditure comprises government grant, and council tax income raised through the precept. Although the Authority has the potential to influence through the normal consultation processes, grant is determined by the Government. The precept is determined by the Mayor and Assembly and the draft budget has to be submitted to comply with the Mayor's precept intentions. The Authority's budget exercise is therefore essentially one of determining expenditure plans within an externally determined funding envelope. The funding envelope assumed for the purpose of this budget submission is £2,356.7 million. The determination of this sum is explained in the following paragraphs.

### **Grant**

17. 2003/04 was the last year of the Government's previous three year spending review (SR2000). An initial assessment of the MPA's grant entitlement for 2003/04 was made on the basis of the published

information in SR2000. This required significant assumptions about earmarked funding and the impact of other demands for Home Office funding. The detailed calculations are set out in Schedule 3.3. The principal assumptions are:

- The cost of the police pay reform package is fully funded by additional grant
  - Counter-terrorism grant funding continues at the same level as 2002/03
  - Crime fighting fund continues to meet the full cost of the additional officers recruited under that initiative
  - Pay lead funding continues on the present basis
  - General grant resources increase by 2%.
18. The Government's new three year plans (SR2002) were announced in July 2002, with 2003/04 as the first year. Our grant forecasts based on SR2000 should therefore be revised to reflect the updated provision in SR2002. However to date this has not proved possible because of the continuing uncertainty over the implications of SR2002. There is no evidence to suggest that the position has improved and there is a risk that it may have deteriorated. Therefore the existing assumptions have been retained for the purposes of this submission.
19. The Government has also been engaged in a review of the grant distribution formula for the last year. A consultation paper was published in July 2002 and has been considered by the Finance Committee. At this stage it is considered reasonable to assume a gain of £20 million for the MPA out of the likely revised distribution and this sum has been incorporated into the grant forecast. Data changes may also impact on the Authority's grant entitlement for 2003/04; initial information suggests that the introduction of 2001 Census population figures may result in a loss of £8 million. Further the recasting of the cost of Police Reform, and Airwave, which are both assumed to be fully funded, increases the total funding forecast by a further £4.3m. As a result of these three changes, together with a minor change to Pay Lead funding the total grant forecast for 2003/04 has increased to £1,912.5m from £1,887.8m.

### **Precept**

20. In the Mayor's guidance his precept intentions are set out as a limit which then determines the MPA's savings requirement. The police component of the GLA precept is to be restricted to the following elements:

<b>Table 3.1: Make up of GLA Precept 2003/04</b>	<b>Amount (£m)</b>	<b>Increase (%)</b>
2003/04 police component of the GLA precept	361.4	
+ 2.5% inflation (on the GLA precept only)	9.0	+2.5
+ full year effect of 2002/03 additional police officers	21.1	+5.8
+ real growth in police pensions	4.6	+1.3
	396.1	+9.6
+ part year cost of additional officers recruited in 2003/04 (including the retention of officers following the implementation of C3i)	48.1	+13.3
<b>Precept limit based on Mayor's guidance</b>	<b>444.2</b>	<b>+22.9</b>

21. The total funding envelope is then made up as follows.

<b>Table 3.2: Total funding envelope</b>	<b>Funding 2003/04</b>	<b>Increase</b>	<b>Over 2002/03</b>
	<b>£m</b>	<b>£m</b>	<b>%</b>
Implied precept from Mayoral Guidance	444.2	82.8	+22.9%
Total grant funding	1,912.5	146.3	+8.3%
<b>Funding envelope</b>	<b>2,356.7</b>		

### Expenditure Increases 2003/04

22. The expenditure plans included in the financial statements that follow at schedules 3.4 to 3.8 reflect an increase of £296.4m growth over the 2002/03 budget. A summary of this increase is provided at Table 3.3, with more details at schedules 3.9 and 3.10.

<b>Table 3.3: Summary of expenditure increases</b>	<b>2003/04</b>		
	<b>Cost £'000</b>	<b>Ear marked funding £'000</b>	<b>Net Impact £'000</b>
Inflation	73.5	9.0	64.5
<i>Committed Service Increases:</i>			
Corporate	82.4	70.8	11.6
Service	92.0	58.2	33.8
<i>New Initiatives</i>			
Additional officers	32.6	32.6	-
Other	11.3	-	11.3
Real terms change to unfunded pensions	4.6	4.6	-

<b>Total</b>	296.4	175.2	121.2
Earmarked funding includes an increase in the precept where this is specifically provided for in the Mayor's Budget Guidance.			

*Police Officers*

23. A key objective in the Mayor's guidance is to make provision for the maximum practicable increase in police officer numbers, subject to capacity constraints, to be funded either through precept or via building on the agreement with Transport for London (TfL).
24. The current realistic recruitment capacity for the MPS during 2003/04 is considered to be 3,000. This is determined after considering the potential of Hendon, the Service's capacity to absorb inexperienced officers, and other training demands e.g. PCSO, and workforce development.
25. There are a number on demands of this recruitment capacity as Table 3.4 below shows, resulting in a balance of 1,000 to be funded by an increase in precept.

<b>Table 3.4: Application of the recruitment capacity</b>	<b>Police Officer Numbers</b>
<b>Wastage</b> A provision to cover the forecast profile of officers leaving the service through retirement, transfer, or other reason.	1,600
<b>C3i</b> The protocol agreed with the Home Office as part of the Capital Funding requires the MPS to maintain the number of officers following the roles being civilianised. This protocol provides slippage in 2002/03, to cover the revenue implications in 2002/03, which needs to be reinstated during 2003/04.	200
<b>Special Services Agreement with TfL</b> Discussion are ongoing with TfL regarding any potential variation to the SSA. Provision is made for the existing arrangements to be doubled during 2003/04.	200
<b>Funded via precept increase</b> The capacity for which direct funding is sought from the Mayor through an increase in the precept, as provided by the Mayor's budget guidance.	1,000
<b>Total capacity</b>	3,000

26. The cost of 1,000 additional officers funded directly has been calculated by considering the full and part year effect of the categories of cost at Table 3.5. These costs assume that in the first year the growth is only 50% funded representing a recruitment profile over the year. Those costs that are enabling the step change are included in full in the first year.

<b>Table 3.5: Cost of officers funded via a precept increase</b>	<b>Part Year 2003/04 £'000</b>	<b>2004/05 £'000</b>
Pay related items	21,222	44,054
Equipment	3,740	2,828
OCU support	2,447	5,065
Support Business Groups (inc. Training and Accommodation)	5,155	6,800
<b>Sub total</b>	<b>32,564</b>	<b>58,747</b>
Officers retained following the implementation of C3i (see table 3.6)	<b>15,550</b>	<b>6,200</b>
<b>Total</b>	<b>48,114</b>	<b>64,947</b>

### C3i

27. Following agreement of the terms of the capital grant with the Home Office the C3i project is now proceeding. The revenue implications are included in two places in arriving at the draft budget.

- The revenue costs associated with the revised business case are included as committed growth in Table 3.3 and schedule 3.10.
- The MPA has made a commitment to resourcing the retained police officer posts following the implementation of C3i as the first priority in its annual and medium term financial plans in the protocol for receiving the capital grant agreed with the Home Office. To meet these terms these posts will need to be funded prior to any absolute growth in officers. The costs have therefore been included as part of the costs of additional officer at Table 3.1.

28. Table 3.6 below summarises the revenue implication of this project over the period 2003/04 to 2006/07.

<b>Table 3.6: Revenue Implications of C3i</b>	2003/04 £'000	2004/05 £'000	2005/06 £'000	2005/06 £'000
Revenue Implications of Business Case	2,970	10,425	(9,910)	(14,620)
Retention of Police Officers	15,550	6,200	9,700	2,400
<b>Total</b>	<b>18,470</b>	<b>16,625</b>	<b>1,790</b>	<b>(12,220)</b>
Net increase in the base by 2006/07 = £24,665k				

### *Transport for London*

29. to follow

### Counter Terrorism

30. Additional funding of £49m has been provided by the Home Office in 2002/03 to fund activity to manage the increased terrorist threat following the events of 11 September 2001. For the purpose of this submission the budget has been capped at this level, albeit there are demands that cannot be met from this sum.
31. Work is ongoing to prepare information to submit to the Home Office making the case for a minimum of an additional £11m funding for next year. This will be the subject of discussions between the MPS and the Home Office over the next months, and therefore can not be reflected as assured in the submission.
32. Further, the assumption remains that the additional funding provided for 2002/03 will as a minimum continue into 2003/04. It is acknowledged that this funding was supplied in order to recruit more police officers on this activity. The discontinuance of this funding would create a revenue burden on the MPA of £49m. While verbal assurances have been received, at present these are not confirmed in writing. It is expected that as further information becomes available on funding, greater clarity on this issue will be available.

### **Savings proposed 2003/04**

33. The MPA's Finance Committee considered the provisional budget position for 2003/04 in July 2002, which identified a potential funding gap of £72.3m. A number of means of closing that gap were identified including the identification of savings. Following that meeting the MPS has considered a range of options to make savings for 2003/04.
34. During 2002/03 the MPS is on target to deliver £60m savings against the £63.8m proposed for this year. The savings requirement was capped at £60m recognising that some of the savings would prove difficult to realise.
35. Achievement of this level of savings in 2002/03, together with the make up of the base budget, makes the challenge for 2003/04 even greater. Savings are being considered on the basis that Police Pay



is not a viable source, given the prevailing political imperative of growth in police officer numbers. The organisational impact of this has already been covered in ? above, which describes the practical implications for many of the support roles within the MPS, which are already considered to be under resourced.

36. The opportunities for seeking savings from the cost of employees is therefore limited. The employee element of the 2002/03 budget amounts to £1,853million being 87% of Net Expenditure. Should the £18 million savings all be met from running expenses this would amount to 3.4% of £522 million, with a significant element of this category of expenditure being contractually committed.
37. The detailed savings proposals, including potential risks to the MPS are set out in Schedule 3.11. The savings amount to £18.178m. This represents a savings across the MPS Business Groups (excluding Territorial Policing) of 3%. Work continues within the MPS, to continue to identify further savings but there can be no guarantees that more can be realised without significant operational difficulties..
38. The savings can be summarised as impacting on Business Groups as follows:

<b>Table 3.7: Savings Summary by Business Group</b>	<b>£'000</b>
Deputy Commissioner's Command (Exc. DoI)	2,441
Directorate of Information	3,487
Specialist Operations	3,762
Human Resources	1,588
Resources	6,252
Policy, Review and Standards	648
Territorial Policing	0
<b>Total</b>	<b>18,178</b>

### **Business and Budget Planning**

39. Bringing together the Business and Budget Planning for the MPS/MPA remains a challenge, in particular given the different cycles that operate for reasons determined outside of the control of the MPA/MPS. This divergence of timetable provides practical complications that at present are unresolved.
40. The current approach being adopted is not one of wholesale change to bring these two planning activities together, rather a progressive realignment of activities resulting in closer co-operation between the officers concerned, and the activities involved.

41. It is acknowledged that this approach will not deliver rapid cohesion of these two processes. Against this it is important to recognise that the business planning process for the MPA/MPS (be it Policing Plan or Corporate Plan), reflects largely on the deployment of resources. The major variance from this is growth, committed or new, where it should be expected that such growth can be linked to the business plan. Schedule 12 identifies the links between the growth items in schedules 3.9 and 3.10, and the sections of the business planning framework document "Towards the Safest City".

### **Consultation**

42. In accordance with the Mayor's budget guidance the MPA will be involved in wider consultation on the budget proposals in order to prepare the way for the Mayor's formal consultation in December/January. Information and/or presentations are being made to the London Business Forum and other pan-London stakeholders regularly consulted by the MPA. The Society of London Treasurers is being provided with a programme of briefings and the MPA will also meet with the ALG

### **Supporting Information**

43. Schedules summarising and supporting the information above are included on the following pages, with a summary of these being provided within the Contents at page 2.

## Summary of Technical Assumptions

### Part 1: Corporately reviewed factors

- The impact of the Police Reform agenda on police pay and allowances (insofar as these can be foreseen at this time). It is assumed that the additional costs will be fully matched by extra funding from Central Government although the intention and route for such funding have yet to be confirmed. It is assumed that the savings in overtime for which a three year target of 15% has been set, will be reinvested in additional officers.
- The future impact of the Hay review on civil staff pay costs.
- The medium term implications of growth in police pensions. These figures may need to be updated in the light of a pending actuarial review.
- Transfer of civil staff pensions to the Civil Service scheme in September 2002.
- The progressive reduction in the cost of rent/housing allowance 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 the increasing overall cost of the London Pay Lead for police officers.
- The full year effect in 2003/04 of the additional 1000 officers in 2002/03.
- The adjustment of forecast pay awards and latest estimates of movements in RPI.

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

- The starting point is the approved 2002/03 base budget.
- Pay awards throughout the period of 3.5% pa for police and civil staff
- Price inflation of 2.5% throughout the period
- The revenue implications of the approved capital programme are reflected in the figures
- There will be no further PFI schemes coming into commission over the period and that levels of capital funding are broadly comparable with the current year.

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

The projections specifically *exclude* the following:

- Any additional costs associated with measures in the Police Reform Bill, including the employment of Community Safety Officers (other than those which may be funded from funds provided for counter-terrorism or by TfL for the new Transport OCU). It is assumed that new CSO's will be externally funded.

**Schedule 3.2**

**Corporate pressures identified from the MTFP process  
- impact on 2003/04 to 2006/07**

*(figures are shown as incremental increases)*

Status	2003/04 £m	2004/05 £m	2005/06 £m	2006/07 £m	NOTES
Inflation/pay awards on 2002/03 base budget	61.8	66.0	68.2	70.4	
Full year cost of additional officers in 2002/03	21.1	0.4	1.0	1.1	Note 1
Net effect on police pay of Police Reform Bill proposals	30.5	8.3	7.8	2.1	Note 2
Future impact of Hay award on civil staff pay costs	9.9	8.5	7.2	5.5	
Growth in police pensions	4.6	12.4	26.2	23.9	
Effect of transfer of civil staff pensions to Civil Service scheme	(-6.7)	0.0	0.0	0.0	
Progressive reduction in housing related allowances	(-5.7)	(-5.5)	(-6.6)	(-7.0)	
Progressive increase in number of officers receiving London pay lead	4.5	3.6	2.5	2.7	
Cost of Police Posts released by C3i	15.5	6.2	9.7	2.4	Note 3
Debt finance impact of increased level of Supplementary Credit Approval	0.7	0.7	0.6	0.6	Note 4
Future years' impact of announced National Insurance changes – Budget 2002	11.7	0.0	0.0	0.0	Note 5
<b>Total – corporate items</b>	<b>147.9</b>	<b>100.6</b>	<b>116.6</b>	<b>101.7</b>	

**Notes**

1. Figures include the impact on developmental training demand of the earlier tranches of additional officers.
2. The net cost of police reform excludes savings in police overtime. These are expected to be available for re-investment in additional officers.
3. Represents the cost of retaining police posts released by civilianisation and centralisation as part of the C3i project. This is in accordance with the protocol agreed between the MPA and the Home Office.
4. The increased supplementary credit approvals (SCAs) issued to fund additional capital spending in 2002/03 will result in additional debt charges. The higher level of SCAs is assumed to continue throughout the period. The costs will be partly offset by additional funding via the MPA's debt financing Standard Spending Assessment.
5. Reflects the higher cost of employer's national insurance contributions following the Chancellor's Budget announcement of an increase of one percentage point in the rate of contributions from April 2003.

**Schedule 3.3**  
**Projected Grant Funding 2002/03 – 2006/07**

	Notes	2002/03 £m	2003/04 £m	2004/05 £m	2005/06 £m	2006/07 £m
Central funding allocated by national allocation formula (i.e. main police grant, RSG and NNDR)	1	1,479.3	1,508.9	1,539.1	1,569.8	1,601.2
<i>Annual increase</i>			2.0%	2.0%	2.0%	2.0%
Grant reduction due to change in civil pensions arrangements	2		-6.7	-6.8	-7.0	-7.1
Additional SSA arising from higher SCAs during period	3		0.6	1.1	1.7	2.2
Additional grant settlement (Treasurer's assessment)	4		20.0	20.4	20.8	21.2
MPS special payment	5	197.0	200.9	205.0	209.1	213.2
<i>Annual increase</i>		3.1%	2.0%	2.0%	2.0%	2.0%
<b>Hypothecated grants:</b>						
Crime Fighting Fund	6	61.9	68.6	70.4	72.3	74.3
Pay lead grant	7	19.1	22.8	25.3	27.2	29.3
DNA expansion programme grant	8	2.5	5.6	0.0	0.0	0.0
Loan charges grant	9	3.9	3.7	3.5	3.4	3.3
Grant for free rail travel for police officers	10	2.5	2.5	2.5	2.5	2.5
Airwave grant	11	0.0	6.1	8.1	7.5	9.6
Funding for net cost of police reform	12	0.0	30.5	38.8	46.6	48.7
Funding for counter-terrorism	13	0.0	49.0	49.0	49.0	49.0
<b>TOTAL FUNDING</b>		<b>1,766.2</b>	<b>1,912.5</b>	<b>1,956.4</b>	<b>2,002.9</b>	<b>2,047.4</b>
<i>Annual increase</i>			<b>8.3%</b>	<b>2.3%</b>	<b>2.4%</b>	<b>2.2%</b>

Notes

1. See Appendix 3 Part 2 for further details around assumptions underpinning formula-allocated funding. No assumption has been made about the availability of PFI credits.
2. Assessed net reduction in grant following change in civil staff pension arrangements assumed to match savings in expenditure.
3. SSA will be increased in recognition of additional Supplementary Credit Approvals granted to fund higher capital expenditure throughout the period. Assumed to be at 83% of cost.
4. Expected beneficial impact of grant formula – see main body of report.
5. MPS special payment is assumed to increase at same rate as police grant.
6. Crime Fighting Fund runs to 2002/03. Funding arrangements thereafter are unclear but this line shows the sums that will need to be obtained through the formula allocation to meet the cost of all officers recruited under the CFF scheme.
7. Assumes HO will fund London pay lead at 75% of annual cost excluding ERNIC. Approaches have been made to HO for full funding; outcome may depend on Comprehensive Spending Review.
8. Grant payments available up to 2003/04, subject to qualifying expenditure. Grant assumed to cease after that year.
9. This grant is paid as a contribution to costs associated with pre-1990 debt and will disappear over time.
10. HO grant towards cost of free rail travel expected to continue throughout planning period.
11. Assumes all Airwave costs will be funded by grant from HO.
12. Assumes full cost of police reform proposals will be funded by additional grant.
13. Assumes counter-terrorism grant continues at 2002/03 level.

## Schedule 3.3

### Part 2: Technical assumptions underpinning funding projections

- The forecast increase in general grant funding has been based on the SR2000 provision for 2003/04 which provides for an overall increase in police resources of 3.1%. However the overall increases in the two previous years have translated into increases at only half their level for formula-distributed grant to police authorities. If this pattern were repeated it would imply an increase in formula-distributed grant for 2003/04 of just 1.5%. Consideration of the likely relative movements in earmarked grants suggests that this would be over-pessimistic and the projections in the funding projection are based on an assumed increase of 2% as the mid point of a range of 1.5%-2.5%. Each 0.5% change in the assumption would change the grant forecast by approximately £8.5 million.
- The grant projections are subject to change through (a) changes in the level of resources earmarked for policing at national level and (b) changes in the distribution of the national provision.
- SR2002 will re-set the national total for police expenditure in the Government's plans for 2003/04 and establish the position for the two subsequent years. A change in the overall provision will feed through proportionately to all police authorities.
- The distribution of resources is affected by annual data changes and by changes in the methodology for setting the distribution formula. There will be significant variations within the planning envelope as new data from the 2001 census is incorporated within the distribution formula since this involves a ten year data change in a single adjustment. No changes to the distribution formula have been factored into the projections.
- There has been a moratorium on methodology changes to the formula for the last three years but a review is currently under way to determine changes which would affect 2003/04. The review has not yet concluded. The major areas likely to be affected are:
  - i. The elimination of the remaining 10% weighting for the establishment factor – which damped the impact of the new formula introduced in 1995 – is virtually certain. This will result in a loss to the MPA of about £20 million.
  - ii. The Area Cost Adjustment (ACA), which compensates for higher costs in London and the South East is under review. The MPA may be disadvantaged by any agreed changes.
  - iii. The police activity analysis underlying the allocation formula is being updated. Initial results suggest that this may prove favourable to the MPA but it is too early to draw firm conclusions.
  - iv. Any favourable movement in the formula towards the MPA is likely to prompt further questioning of the level of the special payment.

**Specific Grants:** A significant proportion of funding is derived from specific grants (e.g. Crime Fighting Fund and DNA expansion grant). Many grants are of limited duration, and there is no certainty about future arrangements for funding the associated longer term commitments. Following SR2002 some may continue to enable Home Office to influence the direction in which resources are deployed, whereas others may be subsumed into the level of resources allocated by the distribution formula. The potential risk surrounding these funding projections is considerable but not quantifiable at this time.

## Metropolitan Police Authority Objective Summary (1)

2002/03				2003/04		
Expenditure	Income	Net		Expenditure	Income	Net
£'000	£'000	£'000		£'000	£'000	£'000
			<b>Business Groups:</b>			
977,585	-46,041	931,544	Territorial Policing	1,007,077	-62,350	944,727
366,632	-39,266	327,366	Specialist Operations	405,561	-39,266	366,295
231,033	-2,532	228,501	Deputy Commissioner's Command	247,439	-2,127	245,312
21,888	-311	21,577	Policy, Review and Standards	29,231	-311	28,920
104,610	-27,360	77,250	Human Resources	103,352	-27,660	75,692
237,556	-45,098	192,458	Resources Directorate	271,121	-45,258	225,864
<b>1,939,303</b>	<b>-160,607</b>	<b>1,778,696</b>	<b>Total Business Groups</b>	<b>2,063,782</b>	<b>-176,971</b>	<b>1,886,811</b>
			<b>Corporate Budgets:</b>			
390,533	-87,500	303,033	Pensions	392,143	-87,500	304,643
24,576	0	24,576	Held Centrally	211,229	-9,002	202,227
<b>415,109</b>	<b>-87,500</b>	<b>327,609</b>	<b>Total Corporate Budgets</b>	<b>603,372</b>	<b>-96,502</b>	<b>506,870</b>
<b>2,354,412</b>	<b>-248,107</b>	<b>2,106,305</b>	<b>Total MPS</b>	<b>2,667,154</b>	<b>-273,473</b>	<b>2,393,681</b>
21,294	0	21,294	MPA	8,811	0	8,811
<b>2,375,707</b>	<b>-248,107</b>	<b>2,127,600</b>	<b>TOTAL EXPENDITURE</b>	<b>2,675,965</b>	<b>-273,473</b>	<b>2,402,492</b>
			<b>Funding:</b>			
		-1,676,300	Central funding			-1,723,700
		-89,900	Special Grants			-188,692
		-361,400	Precept			-444,211
			Movement in reserves			-1,000
		<b>-2,127,600</b>	<b>Total Funding</b>			<b>-2,357,603</b>
		<b>0</b>	<b>Funding Gap</b>			<b>44,889</b>



## Metropolitan Police Authority Objective Summary (2)

	<b>Budget 2002/03</b>	<b>Forecast 2002/03</b>	<b>Budget 2003/04</b>	<b>Plan 2004/05</b>	<b>Plan 2005/06</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Business Groups:</b>					
Territorial Policing	931,544	907,093	944,727	944,517	944,517
Specialist Operations	327,366	330,246	366,295	371,711	372,905
Deputy Commissioner's Command	228,501	230,821	245,312	265,592	259,172
Policy, Review and Standards	21,577	23,087	28,920	36,062	39,625
Human Resources	77,250	93,390	75,692	75,692	75,692
Resources Directorate	192,458	199,396	225,864	236,955	239,094
<b>Total Business Groups</b>	<b>1,778,696</b>	<b>1,784,033</b>	<b>1,886,811</b>	<b>1,930,530</b>	<b>1,931,006</b>
<b>Corporate Budgets:</b>					
Pensions	303,033	299,674	304,643	317,019	343,178
Held Centrally	24,576	23,576	202,227	310,274	408,546
<b>Total Corporate Budgets</b>	<b>327,609</b>	<b>323,250</b>	<b>506,870</b>	<b>627,293</b>	<b>751,724</b>
<b>Total MPS</b>	<b>2,106,305</b>	<b>2,107,283</b>	<b>2,393,681</b>	<b>2,557,823</b>	<b>2,682,730</b>
MPA	21,294	11,326	8,811	8,811	8,811
<b>TOTAL EXPENDITURE</b>	<b>2,127,600</b>	<b>2,118,609</b>	<b>2,402,492</b>	<b>2,566,634</b>	<b>2,691,541</b>
<b>Funding:</b>					
Central funding	-1,676,300		-1,723,700		
Special Grants	-89,900		-188,692		
Precept	-361,400		-444,211		
Movement in reserves	0		-1,000		
<b>Total Funding</b>	<b>-2,127,600</b>		<b>-2,357,603</b>		
<b>Funding Gap</b>	<b>0</b>		<b>44,889</b>		



### Metropolitan Police Authority Objective Summary (3)

	1	2	3	4	5	6	7	8	9	10	11
	2002/03 Budget	Budget Movements and Virements	Pay Awards and Price Rises	Committed Service Increases	Committed Service Decreases	Efficiency and Other Savings	New initiatives - Additional Officer Growth	New Initiatives - Other	Real Terms Changes In/New Fees and Charges	Real Terms Changes In Unfunded Pensions	2003/04 Budget
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Business Groups:</b>											
Territorial Policing	931,544	1,444	0	15,000	-1,250	0	0	695	-2,706	0	944,727
Specialist Operations	327,366	1,207	0	37,145	-330	0	0	907	0	0	366,295
Deputy Commissioner's Command	228,501	4,006	0	12,345	0	0	0	460	0	0	245,312
Policy, Review and Standards	21,577	782	0	1,232	0	0	0	5,329	0	0	28,920
Human Resources	77,250	-1,557	0	0	0	0	0	0	0	0	75,692
Resources Directorate	192,458	3,455	0	26,851	0	0	0	3,100	0	0	225,864
<b>Total Business Groups</b>	<b>1,778,696</b>	<b>9,336</b>	<b>0</b>	<b>92,573</b>	<b>-1,580</b>	<b>0</b>	<b>0</b>	<b>10,491</b>	<b>-2,706</b>	<b>0</b>	<b>1,886,811</b>
<b>Corporate Budgets:</b>											
Pensions	303,033	3,630	0	0	-6,663	0	0	0	0	4,643	304,643
Held Centrally	24,576	664	73,460	81,538	-6,655	-3,920	32,564	0	0	0	202,227
<b>Total Corporate Budgets</b>	<b>327,609</b>	<b>4,294</b>	<b>73,460</b>	<b>81,538</b>	<b>-13,318</b>	<b>-3,920</b>	<b>32,564</b>	<b>0</b>	<b>0</b>	<b>4,643</b>	<b>506,870</b>
<b>Total MPS</b>	<b>2,106,305</b>	<b>13,630</b>	<b>73,460</b>	<b>174,111</b>	<b>-14,898</b>	<b>-3,920</b>	<b>32,564</b>	<b>10,491</b>	<b>-2,706</b>	<b>4,643</b>	<b>2,393,681</b>
MPA	21,294	-13,630	0	314	0	0	0	833	0	0	8,811
<b>TOTAL EXPENDITURE</b>	<b>2,127,600</b>	<b>0</b>	<b>73,460</b>	<b>174,425</b>	<b>-14,898</b>	<b>-3,920</b>	<b>32,564</b>	<b>11,324</b>	<b>-2,706</b>	<b>4,643</b>	<b>2,402,492</b>
<b>Funding:</b>											
Central funding	-1,676,300										-1,723,700
Special Grants	-89,900										-186,692
Precept	-361,400										-444,211
Movement in reserves	0										-1,000
<b>TOTAL FUNDING</b>	<b>-2,127,600</b>										<b>-2,357,603</b>
<b>FUNDING GAP</b>	<b>0</b>										<b>44,889</b>

## Metropolitan Police Authority Subjective Summary

### Employee Costs

Forecast 2002/03		Budget 2002/03	Inflation	Growth	Budget 2003/04	Main reasons for change
	<b>Employee Costs:</b>	<b>£'000</b>				
989,030	Police Pay	978,135	41,933	87,836	1,107,904	Mainly additional officers in 2003/04, FYE of 1000 officers in 2002/03, Police reform, London Pay Lead, Transport OCU and Counter Terrorism
279,186	Civil Staff Pay	272,081	11,333	53,586	337,000	Mainly Hay review, Counter Terrorism (including PCSOs), C3i, Best Value crime review and associated costs of additional police officers
15,673	Traffic Wardens' Pay	14,908	614	4,317	19,839	Transport OCU
<b>1,283,889</b>	<b>Total Pay</b>	<b>1,265,123</b>	<b>53,880</b>	<b>145,739</b>	<b>1,464,743</b>	
105,694	Police Overtime	88,519	2,920	12,288	103,727	Mainly additional officers in 2003/04, FYE of 1000 officers in 2002/03, Counter Terrorism and release of MPA Holdback
20,170	Civil Staff Overtime	19,241	670	1,084	20,995	Mainly counter Terrorism (including PCSOs)
1,800	Traffic Wardens' Overtime	1,493	50	472	2,015	Transport OCU
<b>127,664</b>	<b>Total Overtime</b>	<b>109,253</b>	<b>3,640</b>	<b>13,844</b>	<b>126,737</b>	
86,158	Housing/Rent Allowances	84,320	0	-2,528	81,792	Housing Allowance decrease offset by Counter Terrorism
4,049	Other	3,940	0	2,703	6,643	Mainly additional officers in 2003/04, C3i and Child Protection
<b>90,207</b>	<b>Total Other Employment Costs</b>	<b>88,261</b>	<b>0</b>	<b>175</b>	<b>88,436</b>	
<b>1,501,760</b>	<b>Total Employment Costs</b>	<b>1,462,638</b>	<b>57,520</b>	<b>159,758</b>	<b>1,679,917</b>	
	<b>Pensions:</b>					
350,029	Police	349,968	0	8,273	358,241	Police Pension changes
40,741	Civil Staff and Traffic Wardens	40,565	0	-5,228	35,337	Transfer to PCSPS
<b>390,770</b>	<b>Total Pension Costs</b>	<b>390,533</b>	<b>9,760</b>	<b>3,045</b>	<b>403,338</b>	

## Metropolitan Police Authority Subjective Summary

### Running Expenses, Income and Funding

Forecast 2002/03		Budget 2002/03	Inflation	Growth	Budget 2003/04	Main reasons for change
	<b>Running Expenses:</b>					
16,778	Employee Related Expenses	16,498	413	1,510	18,421	Mainly C3i and Counter Terrorism
138,734	Premises Costs	130,620	3,266	29,245	163,131	Mainly additional officers in 2003/04, FYE of 1000 officers in 2002/03, Counter Terrorism rent/rate changes, PFI schemes, backlog property maintenance and increased guarding
55,083	Transport Costs	44,134	1,104	6,466	51,703	Mainly additional officers in 2003/04, congestion charges and Transport OCU
319,905	Supplies and Services	303,878	7,597	22,418	333,893	Mainly additional officers in 2003/04, Counter Terrorism, Glidewell, Airwave, DoI revenue implications of capital programme, DNA analysis
13,763	Capital Financing Costs	13,777	0	704	14,481	
3,630	MPA Contingency	3,630	0	-3,630	0	
0	MPA Holdback	10,000	0	-10,000	0	
<b>547,893</b>	<b>Total Running Expenses</b>	<b>522,536</b>	<b>12,380</b>	<b>46,713</b>	<b>581,629</b>	
<b>0</b>	<b>Levies</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>0</b>	<b>Centrally Held</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>2,440,422</b>	<b>TOTAL EXPENDITURE</b>	<b>2,375,707</b>	<b>79,660</b>	<b>209,516</b>	<b>2,664,883</b>	
<b>-261,722</b>	<b>TOTAL INCOME</b>	<b>-248,107</b>	<b>-6,200</b>	<b>-8,084</b>	<b>-262,391</b>	Mainly London Safety Camera Partnership, Police Reform Package and C3i
<b>2,178,700</b>	<b>NET EXPENDITURE/(INCOME)</b>	<b>2,127,600</b>	<b>73,460</b>	<b>201,432</b>	<b>2,402,492</b>	

NEW INITIATIVES – SUBJECT TO MEMBER APPROVAL

Schedule 3.9

Description	2002/03 (Base)			2003-04			2004-05			2005-06			2006-07		
	Police No.	Civil Staff No.	£000	Police No.	Civil Staff No.	£000	Police No.	Civil Staff No.	£000	Police No.	Civil Staff No.	£000	Police No.	Civil Staff No.	£000
Consultation activities	-	-	0	-	-	197	-	-	-	-	-	-	-	-	-
<p><b>Detail:</b></p> <p>The activities include:</p> <ul style="list-style-type: none"> <li>▪ Annual Policing Plan consultation</li> <li>▪ Development and publication of MPA/MPS Consultation Strategy</li> <li>▪ Community engagement, consultation meetings and partnerships support</li> <li>▪ Implementation of and development of activities arising from GLA Group ‘Listening to London’ Best Value Review</li> <li>▪ Establishment and maintenance of MPA/MPs Citizens’ Panel, to include a Youth Policing Panel</li> <li>▪ Development and maintenance of e-consultation network to seek views from MPA/MPS priority groups and communities</li> <li>▪ GLA/GOL BME Cutting Crime Network</li> </ul> <p>The activities reflect the work priorities either previously identified and agreed in the best value implementation plan or initiatives that have been identified as meeting key gaps in the current consultation arrangements.</p>							<p><b>Support for Policing Plan priorities:</b></p> <p>The MPA and MPS policing priorities for London are expressed in terms of partnership working. The MPA/MPS Consultation and the GLA Group ‘Listening to London’ Best Value Reviews both identified significant improvements that need to be achieved in engaging key traditionally excluded communities and groups on the annual policing priorities.</p> <p>The MPA consultation responsibilities will contribute significantly and directly in both defining as well as monitoring the police performance against priorities including at local levels.</p>								
<p><b>Consequences of Not Obtaining Funds:</b></p> <p><i>The MPA has a responsibility to consult and engage 7.5 million Londoners on policing, crime and community safety matters. A number of reviews, including the GLA Group and the MPA/MPS Best Value Review of Consultation, have identified that consultation with traditionally discriminated and disadvantaged groups has been inefficient – should funds not be allocated this situation will not improve and the MPA will not meet its responsibilities.</i></p>							<p><b>Support for Mayoral Priorities:</b></p> <p>Seeks to promote social inclusion by consulting and engaging with the diverse community of London.</p>								

**NEW INITIATIVES – SUBJECT TO MEMBER APPROVAL**

Description	2002/03 (Base)			2003-04			2004-05			2005-06			2006-07		
	Police No.	Civil Staff No.	£000	Police No.	Civil Staff No.	£000	Police No.	Civil Staff No.	£000	Police No.	Civil Staff No.	£000	Police No.	Civil Staff No.	£000
Community Consultation Coordinators	-	-	-	-	2	65	-	-	-	-	-	-	-	-	-
<p><b><u>Detail:</u></b></p> <p>In 2001, the MPA agreed to pilot one of the key recommendations arising from the MPA/MPS Best Value Review of Consultation, to recruit and deploy 4 Community Consultation Coordinators (CCCs) to facilitate and co-ordinate borough-based consultation with key partners, including the local Crime and Disorder Partnerships.</p> <p>The key purposes of the CCC will be to work in cooperation with the local authority, the borough police, consultative group and other key partners on consultation for Crime and Disorder, Best Value policing and S96 consultation. In addition, the CCC would play a key role in testing out the Police Authority's role and commitment to the partnerships arrangements in the local borough, through making links with key communities and groups, including those traditionally disengaged from policing issues.</p> <p>In June 2001, 4 boroughs were selected, based on their application, to undertake the pilot, however due to a lack of funding the pilots were unable to begin. In June 2002, through a diversity budget re-allocation from the MPS and a small proportion from the Consultative Group budget, two consultation coordinators were appointed. A further two appointments now need to be made to fully test out the BV recommendation</p>							<p><b><u>Support for Policing Plan priorities:</u></b></p> <ul style="list-style-type: none"> <li>▪ More effective local consultation on policing issues will result in increased trust and confidence in the police and policing of local communities</li> <li>▪ Increased effectiveness in partnership working at local levels, resulting in learning for Authority as part of its Crime and Disorder partnership responsibility.</li> <li>▪ Maximize MPA statutory responsibility to consult and engage board range of London's diverse communities</li> <li>▪ Contribute to the implementation of better coordinated consultation, partnerships and engagements across GLA group</li> <li>▪ Potential efficiency in cost of consultation across MPA and MPS</li> </ul>								
<p><b><u>Consequences of Not Obtaining Funds:</u></b></p> <ul style="list-style-type: none"> <li>▪ The MPA/MPS BV recommendations would not be fully tested</li> <li>▪ Commitments publically given to the two remaining local partnerships would</li> </ul>							<p><b><u>Support for Mayoral Priorities:</u></b></p> <p>Social inclusion, which includes equal opportunities and diversity, is a key Mayoral objective which the MPA, in</p>								

**NEW INITIATIVES – SUBJECT TO MEMBER APPROVAL**

<p>not be honored</p> <ul style="list-style-type: none"><li>▪ Learning on efficiency and effectiveness in coordinated local consultation will be minimized.</li></ul>	<p>partnership with the GLA Group will be directly assessed and monitored by the Mayor's office.</p>
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**NEW INITIATIVES – SUBJECT TO MEMBER APPROVAL**

Description	2002/03 (Base)			2003-04			2004-05			2005-06			2006-07		
	Police No.	Civil Staff No.	£000	Police No.	Civil Staff No.	£000	Police No.	Civil Staff No.	£000	Police No.	Civil Staff No.	£000	Police No.	Civil Staff No.	£000
Diversity Initiatives	-	-	-	-	1	252	-	-	-	-	-	-	-	-	-
<p><b>Detail:</b></p> <p><i>The initiatives include:</i></p> <ul style="list-style-type: none"> <li>▪ Review of Policy Clearing House</li> <li>▪ MPS diversity budget performance review</li> <li>▪ Annual corporate equalities health check and cultural climate survey</li> <li>▪ Race Hate Crimes forum</li> <li>▪ Local diversity and race equality scrutiny</li> <li>▪ Publicity materials in community languages and accessible formats</li> <li>▪ Recommendations 61 &amp; 63 – Lawrence report</li> <li>▪ Respect Festival</li> <li>▪ Black History Month</li> <li>▪ Priority group initiatives</li> <li>▪ Administrative support</li> </ul> <p>The proposed areas of work are all legitimate areas for the MPA to be involved in. They relate to the MPA’s overall duties to promote equal opportunities as well as efficiency and effectiveness in the MPS, principally in respect to its diversity performance. They seek to ensure the MPA fulfils its statutory responsibilities such as those relating to gender, disability and the general and specific duties of the Race Relations Amendment Act 2000. They also incorporate the need to implement recommendations made in the best value review of equalities and achieving good equalities practice generally.</p>							<p><b>Support for Policing Plan priorities:</b></p> <p>The proposed initiatives will contribute to a number of the Policing Plan priorities. This will be particularly in the area of creating safer communities for Londoners (in particular increasing public satisfaction with visible police presence) and improving the police response to vulnerable victims (particularly the scrutiny of improvement in investigation of homophobic crimes and improving the investigation and victim satisfaction of racist incidents and racist crimes).</p> <p>The work programme will contribute to supporting the MPA and MPS value to treat everyone fairly. To support these aspirational aims, the MPA has a range of best practice and statutory responsibilities, including the implementation of the GLA Group BV review of equalities and new Race Relations (Amendment) Act which will form a key tenet of improving policing service to London’s diverse communities.</p>								
<p><b>Consequences of Not Obtaining Funds:</b></p> <p>The work programme specifically aims to ensure the MPA meets its duties and aims relating to equal opportunities. The programme enables the Authority to better engage with the MPA’s equality target groups, improve its own and the</p>							<p><b>Support for Mayoral Priorities:</b></p> <p>This initiative will support the Mayor’s priority of making London a better city for people to live in, particularly addressing the differing needs of London’s diverse population. It will also</p>								

**NEW INITIATIVES – SUBJECT TO MEMBER APPROVAL**

MPS' diversity performance, address key issues of community concern and develop the appropriate structures and processes to fulfil its equal opportunities policy. Should funding not be approved the Authority will not be in a position to fully meet its duties and aims relating to equal opportunities.

contribute to the Mayor's priority of promoting social inclusion and tackling deprivation and discrimination.

**NEW INITIATIVES – SUBJECT TO MEMBER APPROVAL**

Description	2002/03 (Base)			2003-04			2004-05			2005-06			2006-07		
	Police No.	Civil Staff No.	£000	Police No.	Civil Staff No.	£000	Police No.	Civil Staff No.	£000	Police No.	Civil Staff No.	£000	Police No.	Civil Staff No.	£000
Deputy Clerk and Policy Officer	-	-	-	-	1	81	-	-	-	-	-	-	-	-	-
<p><b><u>Detail:</u></b></p> <p>The MPA commissioned a review of the Secretariat senior support structure from Collinson Grant. The report recommended the appointment of a legally qualified deputy clerk and an additional policy officer. There is already some funding in the MPA budget for a deputy clerk post but the existing funding was based on an earlier vision of what the job would encompass – the job description of the Deputy Clerk post needs amplification, specifically to include legal knowledge.</p>							<p><b><u>Support for Policing Plan priorities:</u></b></p> <p>The appointment of additional high level staff will enable better support for all four of the policing plan priorities. There should be available a greater resource for scrutiny and direct support to Members of the Authority.</p>								
<p><b><u>Consequences of Not Obtaining Funds:</u></b></p> <p>The report found that the demands on the organisation have increased significantly since it was set up and that these demands are not being met adequately. In particular, there is a lack of resilience at the highest level, which leads to somewhat patchy support for the chair and members, and insufficiently robust scrutiny of the MPS. This, taken with the new demands of the Police Reform Act of police authorities, points to a need for reinforcing that level of officer resource. Should funding not be obtained there will continue to be gaps in the support and advice provided to members.</p>							<p><b><u>Support for Mayoral Priorities:</u></b></p> <p>The additional staff will directly contribute to the Mayor’s priority of making London a better city for people to live in – particularly in the promotion of public safety and in addressing the needs of London’s diverse population.</p>								

**NEW INITIATIVES – SUBJECT TO MEMBER APPROVAL**

Description	2002/03 (Base)			2003-04			2004-05			2005-06			2006-07		
	Police No.	Civil Staff No.	£000	Police No.	Civil Staff No.	£000	Police No.	Civil Staff No.	£000	Police No.	Civil Staff No.	£000	Police No.	Civil Staff No.	£000
Crime & Disorder Reduction Partnerships	-	-	-	-	6	238	-	-	-	-	-	-	-	-	-
<b><u>Detail:</u></b>							<b><u>Support for Policing Plan priorities:</u></b>								
<p>Crime &amp; Disorder Reduction Partnerships (CDRPs) were created by the Crime and Disorder Act 1998 to help create safe communities by reducing crime and disorder locally. CDRPs have a number of statutory partners e.g. police and local authorities and from April 2003 police authorities. The involvement of police authorities should enhance the accountability of the police in CDRPs, keep police authorities better informed of the local issues and improve bottom up communication.</p> <p>The Planning, Performance and Review Committee is currently undertaking a scrutiny of Crime and Disorder Reduction Partnerships and will make recommendations about the way in which the Authority can most effectively play its new statutory role as a full partner in the 32 partnerships. A paper is due to go to the full Authority in January but it is necessary now to include in the budget funding for this new duty. It is proposed to allow for the appointment of six support officers to work with members on the Crime and Disorder Reduction Partnerships</p>							<p>The MPA involvement in CDRPs will support the 2002-2003 policing priorities. The MPA will engage both at a local and pan-London level to reduce crime and disorder. The MPA will do so by working with partners and by pushing forward partnership work within the MPS. Overall, the MPA engagement in CDRPs should contribute to the creation of safer communities for Londoners.</p>								
<b><u>Consequences of Not Obtaining Funds:</u></b>							<b><u>Support for Mayoral Priorities:</u></b>								
<p>The Authority will not fulfill its statutory responsibility in respect of CDRPs.</p>							<p>This initiative will help to make London a better city for people to live in, particularly working with partners to improve the availability of quality local services.</p>								

**NEW INITIATIVES – SUBJECT TO MEMBER APPROVAL**

Description	2002/03 (Base)			2003-04			2004-05			2005-06			2006-07		
	Police No.	Civil Staff No.	£000	Police No.	Civil Staff No.	£000	Police No.	Civil Staff No.	£000	Police No.	Civil Staff No.	£000	Police No.	Civil Staff No.	£000
Policy Development Officers	-	-	-	-	2	74	-	-	-	-	-	-	-	-	-
<b>Detail:</b> Two policy development officers to support, develop and implement the Authority's work around equalities and consultation.							<b>Basis of calculation:</b> Salary and on-costs for two posts								

Description	2002/03 (Base)			2003-04			2004-05			2005-06			2006-07		
	Police No.	Civil Staff No.	£000	Police No.	Civil Staff No.	£000	Police No.	Civil Staff No.	£000	Police No.	Civil Staff No.	£000	Police No.	Civil Staff No.	£000
Community Consultation Coordinators	-	-	-	-	2	65	-	-	-	-	-	-	-	-	-
<b>Detail:</b> Two Community Consultation Coordinator posts							<b>Basis of calculation:</b> Salary and on-costs for two posts								

Description	2002/03 (Base)			2003-04			2004-05			2005-06			2006-07		
	Police No.	Civil Staff No.	£000	Police No.	Civil Staff No.	£000	Police No.	Civil Staff No.	£000	Police No.	Civil Staff No.	£000	Police No.	Civil Staff No.	£000
Additional running costs – Dean Farrar Street	-	-	-	-	-	75	-	-	-	-	-	-	-	-	-
<b>Detail:</b> Reflects decision of the Authority (CUC/02/19) to cover full year costs for cleaning, portorage, postal delivery, etc at Dean Farrar Street.							<b>Basis of calculation:</b> Estimates of the additional costs to be incurred.								

**NEW INITIATIVES – SUBJECT TO MEMBER APPROVAL**

Description	2002/03 (Base)			2003-04			2004-05			2005-06			2006-07		
	Police No.	Civil Staff No.	£000	Police No.	Civil Staff No.	£000	Police No.	Civil Staff No.	£000	Police No.	Civil Staff No.	£000	Police No.	Civil Staff No.	£000
Independent Member recruitment	-	-	-	-	-	100	-	-	-	-	-	-	-	-	-
<b><u>Detail:</u></b>  The current independent members are in position until July 2004 - the Authority will therefore need to advertise and recruit to these positions in advance of that date. The Authority needs to reach all potential applicants to ensure the right mix and calibre of independent member.							<b><u>Basis of calculation:</u></b>  Estimate based on the need to reach the wide audience of London.								

**Explanation of Growth Items**  
(Excluding New Initiatives – see schedule 3.9)

Item	Description	2002/03 (Base)			2003-04			2004-05			2005-06			2006-07		
		Police No.	Civil Staff No.	£000	Police No.	Civil Staff No.	£000	Police No.	Civil Staff No.	£000	Police No.	Civil Staff No.	£000	Police No.	Civil Staff No.	£000
1	Inflation						73,460			66,050			68,200			70,420
<b>Detail:</b> Provision for rising costs of Pay and Non Pay expenditure.								<b>Basis of calculation</b> Uses the assumptions set out in schedule 3.1  Includes in 2003/04 for the increase of National Insurance Contributions at £11.7m.								

Item	Description	2002/03 (Base)			2003-04			2004-05			2005-06			2006-07		
		Police No.	Civil Staff No.	£000	Police No.	Civil Staff No.	£000	Police No.	Civil Staff No.	£000	Police No.	Civil Staff No.	£000	Police No.	Civil Staff No.	£000
2	Police Reform						30,487			8,287			7,848			2,056
<b>Detail:</b> The estimated cost implication of Police Reform, based on the work done by the MPS Police Reform Steering Group. These amounts relate to the plan complement of officers at 31/3/03, with the implications for growth items being included in these costing for growth.								<b>Basis of calculation</b> The net increase in costs brought about by the Police Reform Bill changes, comprising:  a) increases to value of pay scale points and shortening of pay scales; b) competency threshold payments to officers who meet the required standard and have served at least 1 year at the maximum of their pay scale; c) special priority payments to officers in roles designated to qualify for such payments; d) cessation of certain allowances and, in some cases, their replacement by reimbursement of actual costs incurred by officers.								

**NEW INITIATIVES – SUBJECT TO MEMBER APPROVAL**

Item	Description	2002/03 (Base)			2003-04			2004-05			2005-06			2006-07		
		Police No.	Civil Staff No.	£000	Police No.	Civil Staff No.	£000	Police No.	Civil Staff No.	£000	Police No.	Civil Staff No.	£000	Police No.	Civil Staff No.	£000
3	London Pay Lead						4,463			3,553			2,472			2,695
<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>Basis of calculation</b> Recruitment plans, excluding that element covered in any growth bids,								

Item	Description	2002/03 (Base)			2003-04			2004-05			2005-06			2006-07		
		Police No.	Civil Staff No.	£000	Police No.	Civil Staff No.	£000	Police No.	Civil Staff No.	£000	Police No.	Civil Staff No.	£000	Police No.	Civil Staff No.	£000
4	Increased Debt Financing						704			674		646			620	
<b>Detail:</b> The increase in the level of Supplementary Credit Approvals (SCAs) allocated to the MPA to fund additional capital expenditure in 2002/03 is expected to continue throughout the period. This will result in higher levels of borrowing, with a resulting increase in repayment of principal and interest charges each year.								<b>Basis of calculation</b> Anticipated SCAs.								

Item	Description	2002/03 (Base)			2003-04			2004-05			2005-06			2006-07		
		Police No.	Civil Staff No.	£000	Police No.	Civil Staff No.	£000	Police No.	Civil Staff No.	£000	Police No.	Civil Staff No.	£000	Police No.	Civil Staff No.	£000
5	Hay Review						9,949			8,542			7,178			5,452
<b>Detail:</b> The consequential costs arising from the implementation of the Hay recommendations on civil staff pay structure.								<b>Basis of calculation</b> The costs include the result of grading appeals, the incremental progression of staff who are below the top of their new pay scale and increased ASLC costs arising from implementation.								



## NEW INITIATIVES – SUBJECT TO MEMBER APPROVAL

Item	Description	2002/03 (Base)			2003-04			2004-05			2005-06			2006-07		
		Police No.	Civil Staff No.	£000	Police No.	Civil Staff No.	£000	Police No.	Civil Staff No.	£000	Police No.	Civil Staff No.	£000	Police No.	Civil Staff No.	£000
6	Counter Terrorism Growth				663	500	49,000									
<b>Detail:</b> The increased threat to the security of the capital, following the events of 11 <sup>th</sup> September 2001, will continue to present particular challenges to the security, protection, counter-terrorism and firearms command units. The Home Office has provided additional funding to support this activity.								<b>Basis of calculation</b> Based on application of Home Office grant to fund additional officers, and Police Community Support Officers.								

Item	Description	2002/03 (Base)			2003-04			2004-05			2005-06			2006-07		
		Police No.	Civil Staff No.	£000	Police No.	Civil Staff No.	£000	Police No.	Civil Staff No.	£000	Police No.	Civil Staff No.	£000	Police No.	Civil Staff No.	£000
7	Congestion Charging	-	-	-	-	-	500	-	-	-	-	-	-	-	-	-
<b>Detail:</b> The introduction of congestion charges for London will have an impact on our budget. We will not have to pay for MPS owned vehicles, provided they are registered (without charge) as MPS vehicles. It is possible, however, that some MPS vehicles will be ineligible for registration and we may choose not to register some or all of SO and DPS vehicles for reasons of operational integrity. We may also have to pay charges for hired vehicles.								<b>Basis of calculation</b> The current calculation (£500K) is based on approximately 50% of the hire fleet (600) requiring a "pass" each day at £5 per day. It does not take into account those unregistered vehicles which fail to comply with the criteria set, i.e £10 per day if ordered between 10 p.m. and midnight on the day of use, or fines of £40 if no pass has been purchased or £80 if the first fine is not paid within 14 days.								

Item	Description	2002/03 (Base)			2003-04			2004-05			2005-06			2006-07		
		Police No.	Civil Staff No.	£000	Police No.	Civil Staff No.	£000	Police No.	Civil Staff No.	£000	Police No.	Civil Staff No.	£000	Police No.	Civil Staff No.	£000
8	Vulnerable and Intimidated Witness Protection						1,232									
<b>Detail:</b> The Youth Justice & Criminal Evidence Act requires special measures to be taken with these witnesses, the effective date for implementation was 24th July 2002. The MPS Draft Policy is to make greater use of digital equipment for recording interviews which may be used in court.								<b>Basis of calculation</b> The identification of Revenue Cost here are to cover the running of the interview rooms, employment of specialist facilitators, consumables, etc.								

**NEW INITIATIVES – SUBJECT TO MEMBER APPROVAL**

Item	Description	2002/03 (Base)			2003-04			2004-05			2005-06			2006-07		
		Police No.	Civil Staff No.	£000	Police No.	Civil Staff No.	£000	Police No.	Civil Staff No.	£000	Police No.	Civil Staff No.	£000	Police No.	Civil Staff No.	£000
9	Implementation of Airwave	-	-	14,662	-	-	6,050	-	-	2,080	-	-	(610)	-	-	2,150
<b>Detail:</b> The replacement of the MetRadio system with Airwave, a service provided by MM02.								<b>Basis of calculation</b> Based on latest Airwave Business Case it is assumed that the Home Office will continue directly funding the core charge for Airwave. This stops after 2003/4. Hence costs for beyond this increase to £44.5m, £38.6m and £38.6m respectively.								

Item	Description	2002/03 (Base)			2003-04			2004-05			2005-06			2006-07		
		Police No.	Civil Staff No.	£000	Police No.	Civil Staff No.	£000	Police No.	Civil Staff No.	£000	Police No.	Civil Staff No.	£000	Police No.	Civil Staff No.	£000
10	Additional Revenue costs of C3i	800.9	1,093.5	88,740	(469.5)	562.2	2,970	(66.8)	86.5	10,425	(264.6)	69.8	(7,910)	-	34.0	(14,620)
<b>Detail:</b> The costs above relate to the additional revenue costs required to implement C3i and reflect the latest position within the C3i business case. The costs relate to both project and service costs.								<b>Basis of calculation</b> The profile represents additional revenue expenditure required to implement C3i. <b>The peak of expenditure in 2004/5 relates to dual running of existing technologies and accommodation and some degree of overlap in the command functions between the existing service and C3i.</b> These additional costs are then converted into savings as the full service is implemented.								

Item	Description	2002/03 (Base)			2003-04			2004-05			2005-06			2006-07		
		Police No.	Civil Staff No.	£000	Police No.	Civil Staff No.	£000	Police No.	Civil Staff No.	£000	Police No.	Civil Staff No.	£000	Police No.	Civil Staff No.	£000
11	Increase Estate Costs	-	-	-	-	-	350	-	-	70	-	-	50	-	-	-
<b>Detail:</b> Additional buildings are being added to the estate, which need to be maintained and cleaned.								<b>Basis of calculation</b> Additional costs arising from growth in the estate.								

**NEW INITIATIVES – SUBJECT TO MEMBER APPROVAL**

Item	Description	2002/03 (Base)			2003-04			2004-05			2005-06			2006-07		
		Police No.	Civil Staff No.	£000	Police No.	Civil Staff No.	£000	Police No.	Civil Staff No.	£000	Police No.	Civil Staff No.	£000	Police No.	Civil Staff No.	£000
12	Increased Business Rates	-	-	19,800	-	-	2,954	-	-	536	-	-	1,010	-	-	950
<b>Detail:</b> The MPA is liable to pay Property Rates which increase annually with rate in £ and due to transition mechanisms. Payment is non-discretionary.								<b>Basis of calculation</b> Estimate includes increase in the estate.								

Item	Description	2002/03 (Base)			2003-04			2004-05			2005-06			2006-07		
		Police No.	Civil Staff No.	£000	Police No.	Civil Staff No.	£000	Police No.	Civil Staff No.	£000	Police No.	Civil Staff No.	£000	Police No.	Civil Staff No.	£000
13	Rent Reviews	-	-	22,638	-	-	4,588	-	-	2,816	-	-	85	-	-	2,260
<b>Detail:</b>								<b>Basis of calculation</b> This profile takes into account new leasehold accommodation (including additional residential space for Peel Centre) and also rent reviews on existing leases.								

Item	Description	2002/03 (Base)			2003-04			2004-05			2005-06			2006-07		
		Police No.	Civil Staff No.	£000	Police No.	Civil Staff No.	£000	Police No.	Civil Staff No.	£000	Police No.	Civil Staff No.	£000	Police No.	Civil Staff No.	£000
14	Revenue cost of IT Capital Programme	-	-	30,000	-	-	3,325	-	-	2,975	-	-	2,100	-	-	1,400
<b>Detail:</b> On-going support costs of projects taken into service. This expenditure is the revenue costs associated with capital infrastructure investments that change and improve on current systems or provide new functionality.								<b>Basis of calculation</b> It is assumed that services delivered from the IS development programme will result in additional support costs. A figure of 14% of the capital spend has been used. Hence, given a capital programme								

## NEW INITIATIVES – SUBJECT TO MEMBER APPROVAL

	as identified in the capital submission, the above costs are anticipated.
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Item	Description	2002/03 (Base)			2003-04			2004-05			2005-06			2006-07		
		Police No.	Civil Staff No.	£000	Police No.	Civil Staff No.	£000	Police No.	Civil Staff No.	£000	Police No.	Civil Staff No.	£000	Police No.	Civil Staff No.	£000
15	Process of re-letting outsourced contracts	-	-	-	-	-	2,250	-	-	(350)	-	-	(750)	-	-	(50)
<b>Detail:</b> Reflects reviewing and re-letting outsourced contracts will be managed centrally by the Director of Procurement. Expenditure of £1m has been forecast for 2002/03 which will be met from the earmarked reserve.								<b>Basis of calculation</b> An assessment of the additional, administrative, legal, technical, and procurement resource required to undertake the scale of reviews required.								

Item	Description	2002/03 (Base)			2003-04			2004-05			2005-06			2006-07		
		Police No.	Civil Staff No.	£000	Police No.	Civil Staff No.	£000	Police No.	Civil Staff No.	£000	Police No.	Civil Staff No.	£000	Police No.	Civil Staff No.	£000
16	Cost implication from re-tendering outsourced contracts.	-	-	28,661	-	-	700	-	-	2,000	-	-	150	-	-	150
<b>Detail:</b> The proposals move towards more locally managed contracts. These will give more autonomy and control at local level, better meeting the requirements of building users, but are expected to cost more than the existing arrangements.								<b>Basis of calculation</b> An assessment of the contracts to be let during the period, with judgments regarding the lost economies of scale.								

Item	Description	2002/03 (Base)			2003-04			2004-05			2005-06			2006-07		
		Police No.	Civil Staff No.	£000	Police No.	Civil Staff No.	£000	Police No.	Civil Staff No.	£000	Police No.	Civil Staff No.	£000	Police No.	Civil Staff No.	£000
17	PFI Unitary Charges	-	-	1,700	-	-	14,223	-	-	4,790	-	-	492	-	-	103
<b>Detail:</b> PFI – South East London. PFI – Firearm and Public Order .								<b>Basis of calculation</b> Based on known contractual commitments, and utility costs.								

**NEW INITIATIVES – SUBJECT TO MEMBER APPROVAL**

Item	Description	2002/03 (Base)			2003-04			2004-05			2005-06			2006-07		
		Police No.	Civil Staff No.	£000	Police No.	Civil Staff No.	£000	Police No.	Civil Staff No.	£000	Police No.	Civil Staff No.	£000	Police No.	Civil Staff No.	£000
18	DNA analysis growth	-	-	6,972	-	-	3,144	-	-	923	-	-	569	-	-	1,254
<b>Detail:</b> Currently the Home Office are funding all expenditure above a set threshold on particular type of DNA samples. Under the DNA Expansion programme the Home Office provides funding above a set "Threshold" on some DNA samples relating to Volume crime. The type of samples funded are CJ and Crime Scene samples and Evidential Conversions.								<b>Basis of calculation</b> The costs relate to testing of DNA samples by external suppliers e.g. FSS and reflects the implementation of the Scientific Support Strategy and the Home Office DNA expansion programme.								

Item	Description	2002/03 (Base)			2003-04			2004-05			2005-06			2006-07		
		Police No.	Civil Staff No.	£000	Police No.	Civil Staff No.	£000	Police No.	Civil Staff No.	£000	Police No.	Civil Staff No.	£000	Police No.	Civil Staff No.	£000
19	Increase fees for Forensic and Medical examiners	-	-	9,701	-	-	582	-	-	35	-	-	36	-	-	40
<b>Detail:</b> Provision for increase in Forensic Medical Examiners Fees Note: FME costs are estimated to increased in line with NHS guidelines for Doctors, Nurses & Dentists								<b>Basis of calculation</b> Assessment of likely fee increase to be agreed								

NEW INITIATIVES – SUBJECT TO MEMBER APPROVAL

Schedule 3.11

Savings Proposals 2003/04

Lead	Proposed Saving	Risks to service	Amount to be saved £'000
DCC3 (DPA)	Reduce the number of editions of the Job newspaper published. Reduce the number of hard copies Notices produced. Cut back on the spend for advertising campaigns & publications	Potential impact on internal communication. May impact on ability to communicate key messages to London, and ability to translate messages into different languages.	117.0
DCC 4 (Diversity Directorate)	Savings will be made against: Police Overtime and Transport	None anticipated	208.0
DCC7	Savings to be made in general supplies & services as a result of brigading of DCC support.	No perceived risks	8.0
DCC8 (Accident Claims)	Increase in income from Accident Claims will be received at intervals		100.0
DCC9 (Drugs Directorate)	Savings to be made against transport and training.	None anticipated.	8.0
DCC5 & 8	Reduce corporate compensation budget, subject to agreement with the MPA	Risk of not meeting liabilities from 3 <sup>rd</sup> party liabilities should they arise. Impact on building required reserves	2,000.0
<i>DCC total</i>			<b>2,441.0</b>
Dol	The current hardware contract is based upon 22,000 workstations, resulting in a saving of £500k. It has been assumed that we will need to re-negotiate for increased numbers in 2004/05, when numbers are likely to exceed the 10% threshold on the base.	This saving is on the basis that the organisation will not exceed 22,000 plus (10% threshold) workstations during 2003-04.	500.0
	This saving is as a result of the implementation of release 10 of the CRIS system, with ensuing lower support costs.	There will be no decrease in service.	883.0
	METHOLMES 2 support costs reduction.	There will be no decrease in service	60.0
	We are now (2002-03) charging Forensic sciences for the use of Met telephony service.	It is possible that Forensic may wish to purchase telephony services outside the Met or to negotiate reduce rates.	240.0

## NEW INITIATIVES – SUBJECT TO MEMBER APPROVAL

Lead	Proposed Saving	Risks to service	Amount to be saved £'000
	Finish Strategies training program.	Restrictions to external training will need to be imposed.	23.0
	The migration of Aware has meant a reduction of Non Corporate I.T purchases.	No risks are perceived at present	12.0
	There is a charge for every application for intruder alarms.	This income generation will depend on the level of applications received.	425.0
	We are currently experiencing a significant number of visitors who are now being charged for the use of CCB and various group visits to CCC.	This income generation is dependent on numbers of visitors; this may fluctuate in the future.	75.0
	The expected benefit from the capital programme, taking into account the platform already built by the infrastructure and strategy programmes in the current year.	Impact of changes to the capital programme.	119.0
	Saving 25% of the revenue budget to support the Information Strategy Programme.	There will be a need to delay new capital projects included within the capital programme for 2003/04. Projects likely to be affected include NSPIS case and Custody and CRIMINT.	1,150.0
<b>Dol total</b>			<b>3,487.0</b>
SO	Reduce the SCG's overtime budget	If the SCG does not receive its deferred 2002/03 officer growth, the cut in overtime may result in the curtailment of most if not all proactive homicide activity	2,150.0
	Reduce the Consultancy budget		207.0
	Reduce the Forensic budget		1,000.0
	Reductions to civil staff	The resultant restrictions on admin support will impact on operational activity and police officers would be used to cover priority civil staff posts	150.0
	Reduce Jury Protection	This area is difficult to predict and will need to be re-visited in the latter half of 2003/04.	100.0
	Reduce running expenses		155.0
<b>SO Total</b>			<b>3,762.0</b>

## NEW INITIATIVES – SUBJECT TO MEMBER APPROVAL

Lead	Proposed Saving	Risks to service	Amount to be saved £'000
HR (Services)	Reduction in corporate premature retirement and redundancy budgets, medical fees budget and miscellaneous running costs budgets.	Yearly expenditure on civil staff premature retirement and redundancy is difficult to estimate. Full reductions to reflect the current forecast (£975k) would increase the risk of not meeting the cost of civil staff leaving the MPS in 2003-04.  The medical fees budget is used to support the attendance management policy by helping to reduce absence through sickness. Reduction in this budget may inhibit this initiative.	169.0
HR (Services)	Reductions from a range of expenditure codes		73.0
HR (Selection)	Reduction in corporate recruitment advertising.		225.0
HR (Selection)	£120k reductions from a range of expenditure codes	Further information requested	120.0
HR (Training)	<ul style="list-style-type: none"> <li>• Cancellation of free meals to non-recruit students (£172k).</li> <li>• Reduction in external training budget (£75k).</li> <li>• Reduction in visitors/VIPs feeding (£10k).</li> <li>• Reductions in civil staff (£126.5k)</li> <li>• Other reductions (£42.5k)</li> <li>• Other currently unspecified (£224.0)</li> </ul>	The reductions will have some impact on the current performance of DTD but would not be a risk to the MPS generally.	650.0
HR (Strategy)	<ul style="list-style-type: none"> <li>• Reduction in Business Support in overtime (£24k)</li> <li>• Met HR in misc. running costs (£16k)</li> <li>• Civil Staff reduction (£20k)</li> <li>• Other £6k</li> <li>• As yet unspecified (33k)</li> </ul>	The reductions would impact on the service currently provided to the rest of the HR Directorate but there would be no significant risks to MPS.	101.0
HR (Holding)	<ul style="list-style-type: none"> <li>• Reduction in corporate external training budget (£190k).</li> <li>• Savings on equipment and written material supplied to recruits (£60k).</li> </ul>	Reduced support for professional and management development. The proposed reductions in the provision of supplies to recruits reflects best value economies and would not impact on recruits' training or performance.	250.0
<b>HR Total</b>			<b>1,588.0</b>



## NEW INITIATIVES – SUBJECT TO MEMBER APPROVAL

Lead	Proposed Saving	Risks to service	Amount to be saved £'000
DoR Commercial Services	<ul style="list-style-type: none"> <li>Recovery of interpreters fees for work done from the Immigration &amp; Nationality Dept (£400k)</li> <li>Savings arising as a result of renewals of contract for Uniform Services (£30k)</li> <li>Reduction to Uniform Services R &amp; D budget (£199k)</li> </ul>	Savings are subject to the success of the ongoing negotiations	629.0
Catering	<ul style="list-style-type: none"> <li>Additional recovery of costs incurred in the provision of Catering Services at ID (£190k)</li> <li>Income generation to come from larger catering locations having pool tables, general knowledge machines (£120k)</li> <li>Closure of Enfield PS catering unit (subject to agreement) (£15k)</li> <li>Reduced spend on heavy duty catering equipment (£15k)</li> <li>Reduced spend on catering utensils (£10k)</li> <li>Reduction in catering administrative support (£46k)</li> <li>Increase in turnover. net income (£38k).</li> </ul>	None anticipated	374.0
BDSG	Vacancy management	Possible reduction in service delivery.	44.0
Finance Services	<ul style="list-style-type: none"> <li>Reduce budget for MPS liability for tax/national insurance on free travel &amp; cars used by police officers (£250k)</li> <li>Reduce budget for Bank Charges and Fees (£50k)</li> </ul>	Tax Advisors appointed to minimise this risk. For bank charges future costs & the final contract price are estimated.	300.0
Transport Services	<ul style="list-style-type: none"> <li>Cease fitting warning equipment on ACPO vehicles except where there is a security/operational case (£36k).</li> <li>Extending the life of non-response vehicles, releasing capital funds to enable other revenue spend to be included in the capital programme.</li> </ul>	Potential risk that ACPO officers will not be able to respond to emergency.	36.0 1,152.0*
Property Services	Reduction in the spend on new furniture, furniture repair & soft furnishings	Continues use of non-IT compatible furniture and no new furniture to facilitate new working practices i.e. hot desking	750.0
	Reduction in the revenue funded support to capital projects	There may be a need to revisit property at a later date to undertake necessary maintenance work. Deterioration of building stock despite capital spend.	1,600.0*
	Reduction on the spend for maintenance & repair of the MPS estate	There is already a backlog of repairs (£36m). Further cuts will result in increased deterioration of the estate and plant and equipment.	1,367.0*

**NEW INITIATIVES – SUBJECT TO MEMBER APPROVAL**

<b>DoR Total</b>			<b>6,252.0</b>
PRS	<ul style="list-style-type: none"> <li>• Reductions in external consultancy (£316k)</li> <li>• Reduction in external training (£100k)</li> <li>• Reductions in police overtime budget (£82k)</li> <li>• Reductions in civil staff overtime (£16k)</li> <li>• Reductions to civil staff pay (MPAA and Comets becoming self-funding – 5 posts)(£134k).</li> </ul>	Organisational expectations will need to be managed.	648.0
<b>PRS Total</b>			<b>648.0</b>
<b>Grand Total</b>			<b>18,178.0</b>

**Note: Those items marked with an asterisk\* are currently under review by the Budget Change Team**

## ***4. Capital Plan***

**NEW INITIATIVES – SUBJECT TO MEMBER APPROVAL**