



Metropolitan Police Authority
and
Metropolitan Police Service

**Policing London Business Plan
2009-12**

**Supporting Financial
Information**

DRAFT



MPA/MPS Draft Corporate Business Plan 2009-12 - Supporting Financial Submission

1. Summary

- 1.1. This report highlights the issues facing the MPA/MPS, which are expected to impact on next year's budget and the medium term financial forecasts. This summary is complementary to the budget and corporate objectives as set out in the MPA/MPS Policing London 2009-12 Business Plan, and provides a more detailed commentary on the information provided in that document.
- 1.2. It should, however, be noted that whilst the information provided is based on best estimates, many uncertainties still remain which may impact on the MPA final budget and precept requirement for 2009/10. The main uncertainties are:
- The level of government and GLA funding
 - Final determination of savings and growth proposals
 - Significant events

Within that context, this report is the MPA/MPS submission in accordance with the requirements of the GLA group 2009/10 budget and business plan process.

- 1.3. In relation to next year's budget, this summary covers the following issues:

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2. Background

- 2.1. This draft budget has been prepared in the context of the Mayor's Budget Guidance issued in July 2008, and supported by the MPS internal budget guidance issued in June 2008. In developing the draft business plan and budgets for 2009-12 there is a general requirement to show where practicable how the plans meet the Mayor's priorities.
- 2.2. The draft Business Plan also reflects requirements of the MPA in carrying out its statutory functions in terms of scrutinising, monitoring and holding the MPS to account, as well as the requirements of the Government in terms of the national policing performance framework.
- 2.3. The MPS detailed guidance was provided to business groups to assist them in preparing their budget and business plans, based on information contained within the medium term financial plan and the strategic objectives of the Service.
- 2.4. The growth and savings submissions by Business Groups were reviewed together with the emerging issues by the MPS Management Board over several months and challenged against the six principles agreed by the Board as the basis for developing the budget and business plan. The proposals were also subject to scrutiny by MPA officers and key MPA Members.
- 2.5. The final proposals represent an increase on Net Revenue Expenditure of 1.75% against the 2008/09 net revenue expenditure, before the use of reserves. Based on current assumptions on Specific Government Grant, the final proposals reflect an increase of £45.3m in the MPA's budget requirement to £2,640.3m. This is in line with the Mayor's Guidance in respect of the MPA's 2008/09 Net Revenue Expenditure. The Mayor has also asked for information on the impact of +/-0.25% (+/- £6.6m) on the Net Revenue Expenditure, which is included in Section 9 of this submission.

3. Timetable

- 3.1. As part of the Mayor's Budget process, the deadline for submitting the draft business plan and budget proposals is 27 November 2008 together with the MPA/MPS response to his draft consolidated budget proposals. The timetable for the remaining budget process is as follows.

MPA Finance and Resources Committee - approval of draft Business Plan and budget submission and response to Mayor's consultation on his draft budget proposals	20 th November
MPA Full Authority - approval of draft Business Plan and budget submission and response to Mayor's consultation on his draft budget proposals	27 th November
MPA Full Authority consider initial draft of Policing London Plan	29 th January

GLA Statutory Consultation of draft Budget	11 th December
London Assembly Budget and Performance Committee scrutiny of Mayor's budget proposals	December to February
GLA issue Draft Capital Spending Plan, including consultation of approved borrowing limits, before this date	15 th January
London Assembly to consider draft consolidated budget	28 th January
London Assembly final consideration of consolidated budget	11 th February
MPA Full Authority approve final draft of Policing London Plan	26 th February
GLA issue Capital Spending Plan before this date	28 th February
Policing London Plan published.	23 rd March
GLA Authorised Limits for Borrowing agreed by this date.	31 st March

4. Achievement Against 2007/08 Budget and Business Plan

- 4.1. Monthly reports are presented to the MPS Investment Board and the MPA Finance and Resources Committee on achievements against this year's budget. Service performance is monitored by the MPS Performance Board and the MPA Committee and the SOP Committee.
- 4.2. The revenue budget monitoring position for 2008/09 at Period 6 (to the end of September) is forecast to underspend by £22m (approximately 0.8% of budget).

Total Year to Date Budget £000s	Total Year to Date Actuals £000s	Total Year to Date Variance £000s		Approved Annual Budget £000s	Budget Movements £000s	Revised Annual Budget £000s	Annual Forecast £000s	Variance £000s
			Pay					
853,343	836,041	-17,302	Police Officer Pay	1,781,206	-22,374	1,758,832	1,742,798	-16,034
286,749	278,653	-8,096	Police Staff Pay	584,086	99	584,185	573,735	-10,450
68,464	66,814	-1,650	PCSO Pay	139,150	-389	138,761	134,574	-4,187
5,302	4,967	-336	Traffic Wardens Pay	11,315	-46	11,269	11,087	-182
1,213,858	1,186,474	-27,384	Total Pay	2,515,757	-22,709	2,493,048	2,462,195	-30,854
			Overtime					
68,096	67,456	-640	Police Overtime	138,061	-519	137,542	141,574	4,033
15,833	16,507	674	Police Staff Overtime	31,327	803	32,130	32,980	849
556	431	-125	PCSO Overtime	1,026	146	1,172	1,134	-38
275	270	-5	Traffic Warden Overtime	549	0	549	568	19
84,759	84,665	-95	Total Overtime	170,963	430	171,393	176,256	4,864
1,298,617	1,271,139	-27,478	Total Pay & Overtime	2,686,720	-22,279	2,664,441	2,638,451	-25,990
			Running Expenses					
11,233	6,988	-4,244	Employee Related Expenditure	46,539	-10,634	35,905	27,221	-8,684
116,260	115,649	-611	Premises Costs	236,273	-3,133	233,140	230,222	-2,919
32,283	34,290	2,007	Transport Costs	67,169	-128	67,041	70,921	3,880
203,348	207,004	3,656	Supplies & Services	477,026	-21,971	455,055	461,989	6,934
1,816	1,816	0	Capital Financing Costs	21,564	-0	21,564	21,564	-0
364,939	365,748	809	Total Running Expenses	848,571	-35,866	812,705	811,916	-789
1,663,556	1,636,886	-26,670	Total Expenditure	3,535,291	-58,145	3,477,146	3,450,367	-26,779
			Income					
-5,915	-7,546	-1,631	Interest Receipts	-11,830	-0	-11,830	-15,010	-3,180
-185,628	-188,983	-3,355	Other Income	-347,790	10,227	-337,563	-330,562	7,000
-171,543	-176,529	-4,986	Total Income	-359,620	10,227	-349,393	-345,572	3,821
			Discretionary Pension Costs					
14,583	14,583	0	Discretionary Pension Costs	29,125	0	29,125	29,158	33
14,583	14,583	0	Total Discretionary Pension Costs	29,125	0	29,125	29,158	33
1,506,575	1,474,920	-31,655	Net Expenditure	3,204,796	-47,918	3,156,878	3,133,953	-22,925
-283,494	-283,494	0	Specific Grant	-609,796	53,305	-556,491	-555,602	889
1,223,081	1,191,426	-31,655	Net Revenue Expenditure	2,595,000	5,386	2,600,386	2,578,350	-22,036
-3,629	-3,628	0	Transfer to/(from) Earmarked Reserves	0	-5,386	-5,386	-5,386	0
0	0	0	Transfer to/(from) General Reserves	0	0	0	0	0
1,219,452	1,187,798	-31,655	Budget Requirement	2,595,000	0	2,595,000	2,572,964	-22,036
			Financed by					
-526,640	-526,640	-0	Police Grant	-1,053,280	0	-1,053,280	-1,053,280	0
-769,543	-769,543	0	Payments under s.102 GLA Act 1999	-1,541,720	0	-1,541,720	-1,541,720	0
-1,296,183	-1,296,183	-0	Total Funding	-2,595,000	0	-2,595,000	-2,595,000	0
-76,731	-108,386	-31,655	MPS Total	0	0	0	-22,036	-22,036

4.3. Police Officer Pay – Underspend of £16.0m – 0.9% of budget.

There has been a favourable movement in the forecast of £3.2m from that reported at period 5 with the majority of the movement within Territorial Policing as reported above, although other Business Groups have also reduced their forecasts in line with current vacancy levels. This is partly offset by the recently agreed pay award, which at 2.65% is 0.15% (£1.6m) above that originally budgeted for. The current forecast indicates that the original target strength at 31 March 2009 of 32,930 will be achieved. However, the underspend indicated in the Period 6 forecast is due to actual strength at the end of September being below the levels assumed in the original budget.

- 4.4. **Police Staff Pay - Underspend of £10.5m – 1.8% of budget.**
There has been a favourable movement in the forecast of £2.6m from the position reported at Period 5. This principally relates to a review of vacancies within the Directorate of Information although there have also been reductions in other Business Groups due to continuing vacancy levels.
- 4.5. **PCSO Pay - Underspend of £4.2m – 3.0% of budget.**
There has been a favourable movement in the forecast of £0.4m from the position reported at Period 5. This is principally within Territorial Policing and results from the current level of vacancies being higher than originally budgeted for. However, the overall target numbers are expected to be achieved by the end of the year.
- 4.6. **Traffic Warden Pay - Underspend of £0.2m – 1.6% of budget.**
A minor variation from that reported at Period 5.
- 4.7. **Police Officer Overtime – Overspend of £4.0m – 2.9% of budget.**
There has been an adverse movement in the forecast of £0.4m from the position reported at Period 5, resulting from increased operational activity and covering vacancies within Specialist Crime Directorate and Specialist Operations. The overspend in this area should be considered in the context of the underspend on Police Officer Pay.
- 4.8. **Police Staff Overtime – Overspend of £0.8m – 2.6% of budget.**
There has been an adverse movement in the forecast of £0.5m from the position reported at Period 5, mainly within Territorial Policing reflecting staff vacancies, particularly within Central Communications Command. The overspend in this area can be offset by the underspend on Police Staff Pay.
- 4.9. **PCSO and Traffic Warden Overtime – A minor underspend.**
- 4.10. **Employee Related Expenditure – Underspend of £8.7m – 24.2% of budget.**
There has been a favourable movement in the forecast of £8.4m from the position reported at Period 5. As reported within Resources above, the movement follows confirmation of a lower level of tax liability on the provision of free rail travel for police officers than budgeted. It means that the cost was over-accrued by £4.2m in 2007-08 and the forecast accrual for 2008/09 will be £4.2m less than anticipated, an overall favourable movement of £8.4m.
- 4.11. **Premises Costs – Underspend of £2.9m – 1.3% of budget.**
There has been an adverse movement in the forecast of £0.5m from the position at Period 5. This is principally within Territorial Policing and relates to additional redecorations and building works at Limehouse and Stoke Newington. The underspend is principally due to a reduction in rent and rates due to delays in acquisitions.
- 4.12. **Transport Costs - Overspend of £3.9m – 5.8% of budget.**
There has been an adverse movement in the forecast of £1.2m from the position reported at Period 5. This relates to increases in vehicle fuel costs that are now more accurately reflecting the year-to-date overspend position. However, it is anticipated that the forecast overspend should reduce in coming months as anticipated fuel price reductions begin to take effect.
- 4.13. **Supplies and Services - Overspend of £6.9m – 1.5% of budget.**
There has been an adverse movement in the forecast of £3.1m from the position reported at Period 5. The increases are principally within Territorial

Policing reflecting an increase in workstation costs, Specialist Crime Directorate mainly due to additional expenditure on furniture, information technology and radios, and within Central Operations due to expenditure on anti-terrorist equipment for which additional income is forecast.

- 4.14. Capital Financing Costs – **Nil variation.**
- 4.15. Discretionary Pension Costs – **a minor variation.**
- 4.16. Income - Interest Receipts – **Forecast over-achievement of £3.2m – 26.9% of budget.**
No change from that reported at Period 5. The forecast over-achievement relates to higher than anticipated cash balances and increased interest rates. The situation with the deposit of funds with Landsbanki bank in Iceland is being monitored. This forecast may however be affected by decisions by the Authority on the Treasury Management Strategy and decisions by the Bank of England on interest rates.
- 4.17. Income - Other - **Forecast under-achievement of £7.8m – 2.2% of budget.**
There has been a favourable movement of £1.1m from the position reported at period 5 following a reassessment of income forecasts within various units.
- 4.18. Specific Grant – **Under recovery of £0.1m – 0.0% of budget.**
- 4.19. Revenue Contribution to Capital Outlay - As indicated in Section 18 of this submission, the Service is facing significant challenges in the delivery of its capital programme following the significant decline in capital receipts available to support the programme. The Service is therefore seeking approval from the Authority for the transfer of the anticipated underspend of £22m to a capital reserve to help manage the programme over the next two years.

5. 2008/09 Budget Requirement

5.1. The total budget requirement for 2009-12 is summarised as follows:

Outturn 2007/08 £000		Original Budget 2008/09 £000	Revised Budget 2008/09 £000	Forecast 2008/09 £000	Budget 2009/10 £000	Budget 2010/11 £000	Budget 2011/12 £000
	Pay						
1,665,216	Police Officer Pay	1,781,206	1,758,831	1,742,797	1,810,155	1,839,396	1,898,417
548,480	Police Staff Pay	584,086	584,186	573,733	597,037	622,377	631,101
126,916	PCSO Pay	139,150	138,761	134,573	150,912	151,212	151,212
10,665	Traffic Wardens' Pay	11,315	11,269	11,087	11,316	11,316	11,316
2,351,277	Total Pay	2,515,757	2,493,047	2,462,190	2,569,420	2,624,301	2,692,046
	Overtime						
143,410	Police Officer Overtime	138,061	137,543	141,576	133,393	133,597	133,455
34,810	Police Staff Overtime	31,327	32,131	32,981	31,403	31,283	31,283
1,546	PCSO Overtime	1,026	1,172	1,135	1,066	1,086	1,086
566	Traffic Wardens' Overtime	549	549	568	549	549	549
180,332	Total Overtime	170,963	171,395	176,260	166,411	166,515	166,373
2,531,609	TOTAL PAY & OVERTIME	2,686,720	2,664,442	2,638,450	2,735,831	2,790,816	2,858,419
	Running Expenses						
36,523	Employee Related Expenditure	46,539	35,906	27,222	46,275	44,990	44,990
207,590	Premises Costs	236,273	233,141	230,222	242,861	255,016	260,187
70,049	Transport Costs	67,169	67,041	70,920	64,797	65,447	65,447
456,248	Supplies & Services	477,026	455,054	461,988	464,832	497,633	525,308
16,111	Capital Financing Costs	21,564	21,564	21,564	19,364	19,964	20,664
786,521	TOTAL RUNNING EXPENSES	848,571	812,706	811,916	838,129	883,050	916,596
	Discretionary Pension Costs						
28,839	Discretionary Pension Costs	29,125	29,125	29,158	29,125	29,125	29,125
28,839	TOTAL DISCRETIONARY PENSION COSTS	29,125	29,125	29,158	29,125	29,125	29,125
	Savings to be identified						
						-57,522	-124,513
3,346,969	TOTAL EXPENDITURE	3,564,416	3,506,273	3,479,524	3,603,085	3,645,469	3,679,627
	Income						
-17,024	Interest Receipts	-11,830	-11,830	-15,010	-9,000	-9,000	-9,000
-329,348	Other Income	-364,345	-337,563	-329,360	-389,204	-391,188	-391,846
-550,303	Specific Grants	-593,241	-556,491	-555,602	-564,581	-571,981	-571,981
-896,675	TOTAL INCOME	-969,416	-905,884	-899,972	-962,785	-972,169	-972,827
2,450,294	NET REVENUE EXPENDITURE	2,595,000	2,600,389	2,579,552	2,640,300	2,673,300	2,706,800
-20,316	Transfer to reserves	0	-9,145	-9,144	0	0	0
102,722	Transfer from reserves	0	3,756	24,592	0	0	0
2,532,700	TOTAL	2,595,000	2,595,000	2,595,000	2,640,300	2,673,300	2,706,800

2007/08 Staffing Requirements (numbers of staff)	2008/09	2008/09	2009/10	2010/11	2011/12
31,398 Police Officers	32,930	32,930	33,283	33,281	32,955
13,971 Police Staff	15,340	14,883	15,019	15,277	15,549
4,438 PCSOs	4,562	4,562	4,738	4,738	4,738
294 Traffic Wardens	309	309	302	302	302
50,101 Total Staffing Requirements	53,141	52,684	53,342	53,598	53,544
2,512 Special Constables	3,750	3,750	3,933	4,967	6,000
52,613 Total	56,891	56,434	57,275	58,565	59,544

5.2. The draft business plan shows the detailed breakdown by business group of the figures set out above. The 2009/10 net revenue expenditure of £2,640.3m represents a 1.75% increase on the 2008/09 budget requirement in line with the Mayor's guidance. Information on the impact of the variations in funding packages requested by the Mayor is set out in Section 9.

5.3. The budget requirement for 2009/10 has been met before the use of balances. For the following two years, however, the underlying budget requirement is currently above that as defined within the current GLA budget guidance. The budget gap for future years is £57.3m in 2010/11 and £124.5m in 2011/12, as reflected below:

	2009/10	2010/11	2011/12
	£m	£m	£m
Mayor's Guidance	2,640.3	2,673.3	2,706.8
Budget Submission (1)	2,640.3	2,730.8	2,831.3
Budget Gap	-	57.5	124.5

Note (1) Includes identified saving only.

Work is continuing to bridge the estimated gaps in future years which have been reflected in the 2010/11 and 2011/12 budgets as savings to be identified. More information is provided in Section 11.

- 5.4. The changes between the 2009/10 and 2008/09 budget requirement are summarised below:

Changes to spending plans	2009/10
	£m
2008/09 budget requirement	2,595.0
<i>Changes due to:</i>	
Inflation	88.5
Reductions & efficiencies - Full Year effect 2008-11	-43.2
New efficiencies & service improvements - Full Year effect 2008-11	62.0
Reductions & efficiencies - In year approvals	-6.4
New efficiencies & service improvements - In year approvals	6.5
New Reductions and efficiencies	-92.3
New initiatives & service improvements	30.2
2009/10 budget requirement	2,640.3

- 5.5. Within the budget submission, the following general assumptions have been made for pay and price inflation:

- **Officer Pay**
The budget includes provision for the proposed three year pay award (2008/09 2.65%; 2009/10 2.6%; 2010/11 2.55%)
- **Staff Pay**
Provision of 2.5% a year has been included
- **Non Pay and Income Budgets (excluding those externally funded)**
An overall provision of 3.0% a year has been provided. This however reflects an underlying average of 2.5% with some resilience particularly in respect of utilities and fuel.

- 5.6. Preparing a budget based on an increase of 1.75% on the 2008/09 Net Revenue Expenditure requirement has been difficult given the increased demands and operational pressures on policing. Significant funding pressures have meant the MPS has had to make some hard and difficult decisions. Overall the MPS has tried to set the key direction of the decision making through the key budget principles. These are:

- Priority to public facing services

- Alignment of resources to MPS-wide objectives;
- Improve outcomes and minimise unit cost of delivery;
- Achievability;
- Identification of medium term savings proposals not just concentrating on year 1;
- Understand the impact of cost reductions elsewhere within the organisation;

5.7. Within these overarching principles the MPS has made some planning assumptions and the budget contains items that could potentially not materialise and therefore significantly change the funding requirement.

- Olympics

The costed national plan is not expected to be agreed by the Home Office before December. However, the planning period 2009-12 ends just four months before the 2012 Olympics. Therefore an assessment of the impact of planning and preparing for the Games over this planning period has been reflected in the memorandum account in section 16 . The draft business plan and budget only includes funding already provided for the Olympics Security Directorate. These assumptions will be refined and included in the budget as more information becomes available.

- Income Generation

The Service is increasingly dependent on the generation of income to cover costs. In some cases there is a mismatch between the income targets and costs incurred and/or a risk of withdrawal of income. The potential impact of these issues will have to be managed in year as part of the overall budget position.

- Specific Grant

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

- General Government Grant

Government has already announced the provisional police grant for 2009/10 and 2010/11, which are reflected in the planning assumption. No increase in grant is currently predicted for 2011/12. The level of grant in 2011/12 and beyond will be subject to the outcome of the next comprehensive spending review. Changes to these announcements will affect the level of savings to be found as will any decision to withdraw protection for authorities on the grant floor. Such a decision could increase the potential gap by £44.5m in 2009/10. On the basis of the Mayor's current budget guidance the GLA manages the risk/benefit on variations on general government grant.

- Pay and Price Resilience

Based on the latest information available, a small provision has been included in the base budget to provide some resilience, particularly in respect of price inflation for utilities and fuel costs. The general planning assumption, however, is that pay awards will be contained within 2.5% a year (other than police officer pay). If this proves not to be the case then further budget reductions will have to be found.

- Capital

The revenue consequence of the capital programme still needs to be fully assessed in the light of the recent significant adverse impact on the size of the programme of the decline in the property markets and the Authority's ability to generate capital receipts. The impact could give rise to additional costs of maintaining and keeping compliant old, inefficient property/systems, which may partly be offset by savings from delays in bringing some properties and projects into service. This work will be completed before the budget is approved in March. Any resultant costs will have to be contained within the overall financial limit set by the Mayor.

- Legislation

The Department Communities and Local Government has issued a White Paper – 'Communities in Control, Real People, Real Power' – which covers the empowerment of local communities and the further development of accountability of local police services, local area agreements, community contracts, participatory budget, local Use of Proceeds of Crime Act funds and comprehensive area assessments. The full impact of these proposals has yet to be assessed in terms of the Service's performance and engagement frameworks and the associated resource implications.

- The Policing Green Paper

'From the Neighbourhood to the National: Policing Our Communities Together' was published on 16 July 2008 and deals with such issues as reducing bureaucracy and amendments to the national performance framework together with the development of local policing pledges. The impact of the Green Paper proposals now need to be assessed and built into the budget and business plan.

- Partnership Working

The Service is increasingly involved in partnership working in line with its agreed strategy. Strong governance is an essential part of that strategy in terms of protecting the Service's position and ensuring alignment of activity to the Service's strategic outcomes and corporate objectives.

- Performance Framework

The Service continues to develop its performance management framework to ensure alignment to its corporate objectives and national, regional, Authority and local target regimes.

5.8. Three Year Planning

Whilst the package proposed, before the use of reserves, meets the Mayor's Budget Guidance limit for 2009/10, there remain significant shortfalls against the guidance targets for 2010/11 (£57.5m) and 2011/12 (£124.5m) over and above the reductions of £164.6m and £166.5m already built into those years respectively. Delivering this level of reduction over the three year planning period will prove challenging. The MPS is however developing frameworks to deliver future efficiency programmes over the medium term as a means of realigning resources to emerging priorities and narrowing potential future budget gaps. The emerging Service Improvement Plan aims to ensure that the medium term planning for significant reductions and investment is an integral part of the planning framework.

- 5.9. Changes to Base Budget
Following the approval of the 2008/09 budget, further budget changes have been approved formally through boards/committees, which are included in the growth and savings breakdown at Annex 1 and 2.
- 5.10. Economic Climate
The economic downturn could impact adversely on some of the Service's costs and has resulted in a reduction in the estimates for interest income receivable on deposits. Current planning assumes interest income of £9m in 2009/10 compared to the current budget of £11.8m.
- 5.11. Target Setting
The Service continues to develop the links between its business and financial planning which is reflected in the draft business plan in Appendix 1. At this stage of the process it is not however possible to finalise targets included in the plan.
- 5.12. Over the last five years the top-level targets within TP have been derived from the annual Variable Target Setting Process (VTS), a methodology that directly links the local context with the Service's Corporate targets. The process is well established and understood amongst key stakeholders (including CDRPs, LSPs, GOL, the MPA and borough SMTs), and is widely acknowledged (by HMIC, amongst others) to be a sound basis upon which to generate targets at the Corporate level.
- 5.13. In order to manage a meaningful VTS process several key elements have to be in place, such as:
- The need for BOCUs (and CDRPs) to have completed a local Strategic Assessment, in order for informed decisions to be made about local objectives and targets.
 - The engagement of Local Strategic Partners (LSPs) around setting/refreshing LAA targets and objectives, and in relation to which the MPS and MPA have a legal obligation to 'have regard' for LAA targets; and
 - The provision of timely performance data illustrating the relative position of a BCU within its Most Similar Family (MSBCU) group – which is the basis for most Home Office and HMIC performance assessments, and which can change markedly over a period of six months.
- 5.14. The timing of each of these elements mean that the VTS process can not get underway until mid – December at the earliest, and that the aggregation of those bottom – up targets can't be completed until mid-to-late January. It follows therefore that if the Corporate target levels are defined before the involvement of BCU's and their partners it would represent a wholesale shift towards a predominately top-down process.

6. Reduction Proposals

- 6.1. The MPS is committed to ensuring it operates in an efficient and effective way to make the best use of its resources. The business plan includes:
- The full year effects of savings that relate to 2009/10 and future years that were identified and agreed in the 2008/09 Business Planning process.
 - Savings identified as part of the 2009/10 Business Planning process. Each Business Group was requested to identify savings for the planning period. In addition, a number of corporate initiatives supported the identification and delivery of cross-service savings
- 6.2. The saving options have been scrutinised by key MPA members and officers. Any savings that have an impact on staffing are still subject to delivery plans including full consultation with Unions.
- 6.3. In terms of giving priority to public-facing services all Business Groups were required to focus budget reductions, as far as was practical, on overheads and support services. In particular, the aim has been to minimise the need to implement initiatives that reduce officer numbers where to do so would result in an adverse impact on service delivery. A number of initiatives have supported the development of the reductions package including:
- Restructuring
 - Training
 - Procurement Efficiencies
 - Support Services
 - Income Generation
- 6.4. Savings and reductions identified as part of the 2008/09 budget process have been reviewed as part of this financial planning process and any changes to the savings are now reflected within the 2009-12 budget. The business plan reflects the identification of £143m budget reductions against the 2008/09 budget of £2,595m in 2009/10 rising to £166.5m over the planning period. The budget reductions are as follows:

	2009/10 £000	2010/11 £000	2011/12 £000
Full Year effect of 2008-11			
Operational Support	-4,627	773	773
Operational Services	-11,469	-22,357	-22,355
Support Services	-20,178	-25,650	-25,650
Income Generation/Loss	-1,768	-3,509	-3,511
Corporate Provision	-5,187	-10,187	-10,187
TOTAL full year effect 2008-11	-43,229	-60,930	-60,930
In Year Approvals/Committed			
Operational Services	3,490	15,430	12,510
Support Services	500	-8,850	-11,380
Corporate Provision	-7,200	-6,600	-5,900
Income Generation/Loss	-3,200	-3,200	-1,600
TOTAL in year Approvals/Committed	-6,410	-3,220	-6,370
New Reductions			
Operational Support	-22,442	-28,742	-28,742
Operational Services	-4,394	-6,583	-8,766
Support Services	-29,024	-26,142	-22,032
Income Generation/Loss	-15,900	-17,900	-18,900
Corporate Provision	-20,585	-20,200	-19,862
TOTAL New Reductions	-92,345	-99,567	-98,302
TOTAL MPS Reductions 2009-12	-141,984	-163,717	-165,602
MPA	-967	-917	-917
TOTAL MPS/MPA Reductions 2009-12	-142,951	-164,634	-166,519
Summary MPS Reductions			
Operational Support	-27,069	-27,969	-27,969
Operational Services	-12,373	-13,510	-18,611
Support Services	-48,702	-60,642	-59,062
Income Generation/Loss	-20,868	-24,609	-24,011
Corporate Provisions	-32,972	-36,987	-35,949
TOTAL MPS Reductions 2009-12	-141,984	-163,717	-165,602
MPA	-967	-917	-917
TOTAL MPS/MPA Reductions 2009-12	-142,951	-164,634	-166,519

- 6.5. In line with the agreed budget principles priority has been given to protecting public facing services as illustrated in the following table.

Summary MPS Reductions	%	%	%
Operational Support	18.9	17.0	16.8
Operational Services	8.7	8.2	11.2
Support Services	34.1	36.8	35.5
Income Generation/Loss	14.6	14.9	14.4
Corporate Provisions	23.1	22.5	21.6
TOTAL MPS Reductions 2009-12	99.3	99.4	99.4
MPA	0.7	0.6	0.6
TOTAL MPS/MPA Reductions 2009-12	100.0	100.0	100.0

- 6.6. More information on these reductions is provided in Annex 1. These budget reductions need to be considered against the background of cashable and non-cashable savings identified and delivered by the MPS over recent years. In addition, as part of the Budget process, Business Groups have been required to contain identified pressures totalling some £22m within existing budgets.

- 6.7. Work is continuing to identify and deliver more budget reductions in 2010/11 and beyond. This will build on the MPS's good record of identifying savings and realigning resources to new and emerging service priorities. In the years 2005/06 to 2007/08 the MPS has consistently overachieved the Home Office targets for cashable and non-cashable efficiencies (please see table below). For the period 2008/09 – 2010/11, the Home Office have set a cumulative savings target of £311.4 million, which is 9.3% of MPS Gross Revenue Expenditure in 2007/08. The MPS is finalising proposals to deliver against the three-year savings figure.

	2005/06	2006/07	2007/08
	£m	£m	£m
Cashable Efficiencies	59.4	91.3	92.9
Additional Efficiencies	43.7	16.3	30.5
Total Savings	103.1	107.6	123.4
Home Office Target	75.4	73.5	76.1
Overachievement	27.7	34.1	47.3

- 6.8. Building on the work of the Service Review and the Met Modernisation Programme a Service Improvement Plan (SIP) has been developed, clearly linked to the budget-planning timetable, to ensure that investments in programmes and projects yield the greatest possible productivity in terms of benefit added and cashable efficiency savings realised. The key activities to ensure continuous improvement include delivering efficiencies and increased productivity, developing effective people skills, improving welfare, equalities and morale, strengthening governance arrangements, maintaining business continuity and realising benefits through the use of Information, Communication and Technology (ICT).

- 6.9. A number of the SIP programmes are already being implemented and work is underway to progress further reviews to assist the Service in meeting the

Mayor's budget guidance limits in 2010/11 and 2011/12. On the basis of existing guidance additional savings of £57.5m and £124.5m in 2010/11 and 2011/12 respectively. Based on savings identified to date this will increase overall savings in each of those years to £221.9m and £291.0m respectively.

- 6.10. The MPS is also working in partnership with GLA bodies in the Clinton C40 Climate Change Initiative (CCI) to deliver carbon emission reductions and better energy efficiency in London.

7. Growth Proposals

7.1. A summary of the growth items included in the 2009-12 budget is detailed below:

	2009/10 £000	2010/11 £000	2011/12 £000
Full Year effect of 2008-11			
Operational Support	31,600	31,600	31,600
Support Services	24,400	41,600	41,600
Income Generation	4,000	4,000	4,000
Corporate Provision	2,000	2,000	2,000
TOTAL full year effect 2008-11	62,000	79,200	79,200
In Year Approvals/Committed			
Operational Support	-7,300	-4,000	4,500
Operational Services	8,200	8,200	8,200
TP - Operational Tyrol	8,200	8,200	8,200
Income Generation/Loss	2,830	2,830	2,830
Corporate Provision	2,800	6,000	9,000
TOTAL in year Approvals/Committed	6,530	13,030	24,530
New Growth			
Operational Support	16,148	15,848	16,248
Operational Services	4,570	6,837	8,153
Support Services	5,450	6,250	9,150
Income Generation/Loss	1,460	1,460	1,460
Corporate Provisions	2,557	1,837	1,437
TOTAL New Growth	30,185	32,232	36,448
TOTAL MPS GROWTH 2009-12	98,715	124,462	140,178
MPA	909	1,191	1,326
TOTAL MPS/MPA GROWTH 2009-12	99,624	125,653	141,504
Summary MPS Growth			
Operational Support	40,448	43,448	52,348
Operational Services	12,770	15,037	16,353
Support Services	29,850	47,850	50,750
Income Generation/Loss	8,290	8,290	8,290
Corporate Provisions	7,357	9,837	12,437
TOTAL MPS GROWTH 2009-12	98,715	124,462	140,178
MPA	909	1,191	1,326
TOTAL MPS/MPA GROWTH 2009-12	99,624	125,653	141,504

- 7.2. More detail of the budget growth reflected in the 2009-12 business plan and budget is included in Annex 2. Inclusion of provisions in the budget does not constitute approval to spend. Progress on these initiatives will be subject to the MPA/MPS decision-making processes.

8. Objective and Subjective Analysis

- 8.1. Set out below is an objective analysis of the MPA/MPS budget proposals for 2009-12:

Outturn 2007/08 £000		Original Budget 2008/09 £000	Revised Budget 2008/09 £000	Forecast 2008/09 £000	Budget 2009/10 £000	Budget 2010/11 £000	Budget 2011/12 £000
	Business Groups:						
1,448,349	Territorial Policing	1,476,665	1,474,348	1,470,221	1,477,817	1,480,767	1,478,980
373,054	Specialist Crime Directorate	383,271	394,374	394,779	387,180	382,660	382,660
189,383	Specialist Operations	218,557	217,346	217,260	224,746	230,405	230,405
258,802	Central Operations	259,092	260,854	262,901	256,810	256,960	264,460
3,978	Olympics Security Directorate	40,144	7,788	7,594	7,787	7,787	7,787
227,510	Resources Directorate	251,006	264,865	252,971	256,858	266,823	272,762
227,478	Directorate of Information	214,671	218,089	216,599	212,099	224,538	226,215
152,428	Human Resources Directorate	161,609	152,593	149,464	152,358	138,778	136,408
6,649	Directorate of Public Affairs	6,115	6,662	6,158	5,970	5,970	5,970
60,281	Deputy Commissioner's Portfolio	60,898	56,434	55,338	53,077	52,457	52,029
2,947,912	Total Business Groups	3,072,028	3,053,353	3,033,285	3,034,702	3,047,145	3,057,676
	Corporate Budgets:						
28,839	Pensions	29,125	29,125	29,158	29,125	29,125	29,125
13,544	Centrally Held	64,695	51,827	53,427	117,920	145,025	167,159
16,111	Capital financing costs	21,564	21,564	21,564	19,364	19,964	20,664
-17,024	Interest receipts	-11,830	-11,830	-15,010	-9,000	-9,000	-9,000
-550,303	Specific Grants	-593,241	-556,491	-555,602	-564,581	-571,981	-571,981
-508,833	Total Corporate Budgets	-489,687	-465,805	-466,463	-407,172	-386,867	-364,033
11,215	MPA	12,659	12,841	12,730	12,770	13,022	13,157
2,450,294	Net revenue expenditure	2,595,000	2,600,389	2,579,552	2,640,300	2,673,300	2,706,800
-20,316	Transfer from reserves	0	-9,145	-9,144	0	0	0
102,722	Transfer to reserves	0	3,756	24,592	0	0	0
2,532,700	Budget requirement	2,595,000	2,595,000	2,595,000	2,640,300	2,673,300	2,706,800

- 8.2. The analysis shows centrally held budgets including inflation and pay awards which will not be allocated to business groups until later in the budget setting process. However, for comparative purposes, Annex 3 includes an analysis with a provisional allocation of pay and price inflation provision to business groups.

- 8.3. The subjective analysis of the MPA/MPS budget proposals for 2009-12 is set out in paragraph 5.1.

9. Mayor's Guidance – Upper/Lower Funding Limits for 2009/10

- 9.1. The business plan has been compiled on the basis of a Net Revenue Expenditure of £2,640.3m as required by the Mayor reflecting an increase of 1.75% on 2008/09. The Mayor has also requested information on the impact of a variation in the funding package of +/- 0.25% against the 1.75% increase.

9.2. Lower Funding Limit

A variation of -0.25% on the 1.75% increase equates to £6.6m. The delivery of these further savings would impact on the financial resilience of the MPS, reduce officer numbers particularly in Territorial Policing and Central Operations front line police services which have been protected in the main budget package. The package that would have to be implemented to comply with a lower funding limit is summarised below:

Reduction Proposals	£m
<p>PCSOs Reduce PCSOs by 174 (from 1:2:6 teams) Currently in London, 87 wards have enhanced SNTs of 1-2-6 based on ward population figures. This is set against the model of 1-2-3 on 543 wards.</p> <p>This proposal will reduce the 87 wards by 2 PCSOs each to a level of 1-2-4, thus they will still be an enhanced team.</p>	4.0
<p>Traffic Tasking teams - TSG Support to boroughs The proposal is to reduce Central Operations police officer posts by 71 in the following OCUs</p> <p>- Traffic Tasking teams - currently located across all five Traffic bases. They provide support to Borough through MPS Priority taskings. In addition the teams are extensively used on Public Order Aid.</p> <p>- Territorial Support Group - TSG Reduction in the number of officers on team that provide borough reserve from 2xPS - 12xPC to 2PS x 10 PC's. This is also the equivalent of one PSU that would provide support at Public order and major events</p>	2.5
TOTAL	6.5

9.3. In proposing this package it should be noted that in preparing the 2009-12 budget in line with the Mayor's guidance, protection has been given to public facing services. This becomes increasingly difficult at this lower budget limit.

9.4. Higher Funding Limit

An increase of £6.6m in the funding package would support a number of mayoral and MPA/MPS priorities summarised below:

Growth	£m
<p>Youth</p> <p>The proposal is to provide additional support for the Youth Strategy in 2009/10 through:</p> <p>a) Enforcement (£1.5m)</p> <p>This strand would focus on (1) dangerous people and (2) dangerous places at dangerous times. Delivery will be through Borough Commands with targeted central support based upon strategic and tactical intelligence assessments. Operational activity will be phased across the year in accordance with identified periods of increased risk for serious youth violence.</p> <p>b) Prevention (£2m),</p> <p>This strand would focus on further development of a co-ordinated prevention plan with the GLA, LDA, Government, Local authorities and other partners to reduce serious youth violence.</p>	+3.5
<p>Technical Support Unit - 100 Flowers Blooming</p> <p>During 2007 the MPS's main technical support unit (TSU) was subject to an inspection by the HMIC. The subsequent report "Let a hundred flowers bloom" identified a number of areas in relation the unit's capacity and capability. The MPS have recognised the need to address some other key areas such as linking covert and forensic capability with intelligence.</p> <p>Covert operations provide corporate support to the MPS against all crime types. The intelligence opportunities these operations present, however, are not fully exploited. This will provide new operational opportunities and increase the Service's understanding of how gangs, organised networks and dangerous offenders operate and hence can be thwarted and crime prevented.</p> <p>(20 officers; 19 engineers; 2 admin staff)</p>	+3.1
TOTAL	+6.6

10. Publicity

- 10.1 The MPS, under the requirements of Section 5(1) of the Local Government Act 1986, is required to identify expenditure on publicity. Publicity is defined as any communication, in whatever form, addressed to the public at large or to a section of the public. However, any notice, advertisement, plan or other document where a specific obligation to publish is imposed on the local authority or under any enactment is excluded.
- 10.2 The information from the MPS accounts for 2006/07 and 2007/08 is set out below along with the equivalent figures for 2008/09 and the proposed budget for 2009/10 that will be reviewed in the light of final recruitment plans.

	Actual 2006/07	Actual 2007/08	Budget Forecast 2008/09	Budget Forecast 2008/09	Budget 2009/10
	£000	£000	£000	£000	£000
Staff Recruitment Advertising	5,583	5,342	3,867	4,081	4,000
Other Publicity	3,051	4,054	3,662	3,579	3,450
Total	8,634	9,396	7,529	7,660	7,450

11. Service Improvement Plan

11.1. The MPS has established a medium term Service Improvement Plan as part of our planning and budget process. The emerging 2009-12 SIP reflects the Service's focus on reducing support costs and overheads, areas of service improvement requiring investment and the long lead – in time required to deliver real change. The current SIP programmes and projects are set out in Annex 4. The plans reflect three categories of work:

- Efficiency/Productivity
- Capacity/Capability

11.2. The programmes/projects included in the plan are at different stages of development, ranging from 'already in implementation' to 'yet to be scoped'. As the Plan is developed the projects included in the plan may also change. The figures quoted against individual programmes/projects reflect, in some cases, targets rather than agreed budget adjustments.

11.3. The MPS Management Board has supported the development of the SIP as an integrated element of the Service's budget and business planning process. The programmes/projects in the Plan provide a means of reviewing aspects of the Service's work, which cut across Business Group boundaries. The expectation is that reviews already in hand and due to start in 2009/10 will make a significant contribution to the savings which need to be identified for 2010/11 and future years. When considering targets against individual programmes/projects, due regard does, however, need to be given to:

- the potential for double counting between programmes/projects
- some savings will relate to cost avoidance rather than budget reductions.

11.4. In supporting and informing SIP, the Strategy and Improvement Department and the Finance Services Department will play important roles by developing a more comprehensive picture of MPS performance than has previously been possible. In particular, this work will involve:

- identifying major cost drivers in the Service;
- developing spend analysis and carrying out appropriate benchmarking exercises on general spend patterns and/or specific services;
- developing standards for service reviews and comparisons;
- providing assistance and advice to business groups in carrying out reviews and comparisons with outside bodies;
- identifying potential areas for improvement from audit and inspection reviews.

- 11.5. It is important to emphasise that SIP will focus upon those projects and programmes that offer the biggest savings and service improvements, and particularly those with cross-business group dependencies and benefits. It is recognised that the portfolio of projects within SIP will need to be kept manageable, and that oversight and monitoring will need to focus on 'exception reporting' in terms of any shortfall in declared benefits. Investment and saving estimates will be added to the plan as more information becomes available.
- 11.6. SIP aims to meet the service needs of the MPS and is not an exercise in its own right. In recognising the need for SIP to be owned at the highest level of the organisation, Management Board has agreed that the progress of SIP will be overseen by a Service Improvement Board (SIB) (chaired by Director of Resources). This board will have additional functions as well, and its draft terms of reference are outlined below.
- Monitoring the delivery of benefits from the Service Improvement Plan, and capturing and disseminating lessons learnt from the delivery of projects;
 - Consideration of organisational performance and identification and progression of other service improvement issues or initiatives (e.g. benchmarking, corporate response to audit, review and inspection).
 - Developing future programmes in consultation with Business Groups and in support of the MPS business plan and budget process;
 - Overseeing corporate risk management;
 - Identification and analysis of, and response to, emerging issues that could impact corporately upon the MPS;
 - Identification and management of corporate dependencies and of delivery constraints or blockages across Business Groups, and removal or mitigation of constraints or blockages where possible;
 - Providing advice or ensuring delivery in areas as directed by Management Board, Investment Board and Performance Board.

12. Fees and Charges

- 12.1. The MPA Finance Committee approved the MPA's Fees and Charges Policy for 2008/09 at their meeting on 21 February 2008. These fees and charges can be classified under a number of specific categories:
- MPS calculated fees and charges;
 - Fees advised by other agencies;
 - Fees and charges as detailed within statute or legislation.
- 12.2. The schedule of fees and charges for 2008/09 have been reviewed against the background of work undertaken by the ACPO Finance and Resources Business Area to produce formal guidance on charging for police services.
- 12.3. The budget proposals reflect the current fees and charges policy.

13. Officers/Staffing Establishment

- 13.1. Details of the officer/staffing changes as a result of the 2009-12 budget proposals are detailed below.

Staffing Requirements (numbers of staff)	Original 2008/09	Revised 2008/09	2009/10	2010/11	2011/12
Police Officers	32,930	32,930	33,283	33,281	32,955
Police Staff	15,340	14,883	15,019	15,277	15,549
PCSOs	4,562	4,562	4,738	4,738	4,738
Traffic Wardens	309	309	302	302	302
Total Staff Requirement	53,141	52,684	53,342	53,598	53,544
Metropolitan Special Constables	3,750	3,750	3,933	4,967	6,000
Total	56,891	56,434	57,275	58,565	59,544

- 13.2. The net growth in police officers (353) and staff (including PCSO's and Traffic Wardens) (152) do not include projects in the draft Plan for the London 2012 Olympic Games and Paralympic Games and Counter-Terrorism activity unless already approved. Assumptions have also been made in the budget on income from boroughs to support further partnership working (up to 200 officer posts) on LAA activities. Negotiations on all these activities have yet to be finalised.

Officer Numbers

- 13.3. In planning terms the MPS has a significant challenge in managing force numbers against uncertain future funding levels given the lengthy recruitment and training process. During 2008/09 the Service moved to officer planning on the basis of a three year deployment plan to provide greater certainty to Business Groups on the timing of deployment and to facilitate the delivery of recruitment and training programmes by HR. This does present some risk to the Service in terms of overshooting the budget provision. However, the opportunities outweigh the risk that can be managed over time.
- 13.4. In progressing the development of the 2009/10 budget submission priority has been given to front facing services. However, there is no certainty on the level of funding for potential growth budgets, e.g. London 2012 Olympic Games and Paralympic Games and borough partnerships.
- 13.5. Recruitment activity in hand reflects this deployment plan and will be reviewed once there is more clarity regarding growth bids, in particular, when announcements are made on Olympics and CT specific grants for 2009/10. On current growth assumptions, the net increase in officer numbers is 353 resulting in an establishment for 2009/10 of 33,283.
- 13.6. The budget reflects the full cost of the 2009/10 policing establishment. This will provide some flexibility to the Service in terms of covering training costs of new recruits and additional overtime to cover the cost of backfilling for vacant posts.
- 13.7. As part of the development of of the 2009/10 budget a review of corporate and local records of police staff establishments to budget. Work is still ongoing on this review however on the basis of a preliminary assessment of the information collected a reduction of £5m a year has been incorporated into the 2009 -12 budget.

14. Revenue Reserves

- 14.1. The position on the main revenue reserves maintained by the Authority as at 30th September 2008 (Period 6) is set out in the table below:

Description	£m
Earmarked Reserves	141.3
Emergencies Contingency Fund	23.1
General Reserve	46.8
Total Reserves	211.2

- 14.2. Revenue reserves are cash backed balances, held on the balance sheet until they are spent or released for other purposes. As such, they can only be spent once, and are not part of the ongoing base budget.

Earmarked Reserves

- 14.3. A summary of the earmarked reserves as at the 30th September 2008 (Period 6) is provided in the table below:

CATEGORY	OPENING BALANCE 2007/08 £000	Movements in-year £000	CLOSING BALANCE 2007/08 £000	Movements in-year 2008/09 as at Period 6 £000	2008/09 Balance as at Period 6 £000
Accommodation strategy/property related costs	21,714	12,336	34,050	-281	33,769
Operational Costs	50,819	25,991	76,810	-3,730	73,080
Revenue support to Capital rephasing	0	9,700	9,700	0	9,700
Major Change Programmes	0	16,097	16,097	-1,350	14,747
Budget Pressures	2,242	7,052	9,294	0	9,294
MPA Initiatives	386	370	756	-25	731
Total	75,161	71,546	146,707	-5,386	141,321

The MPA Finance & Resources committee will approve any further draw down of reserves during 2008/09 at the appropriate time.

- 14.4. Within each category of earmarked reserve described above, there are a number of individual reserves. A broad explanation of the purpose of each of the categories of reserves and an explanation of the main reserve items within those categories is provided below.
- 14.5. Accommodation Strategy/Property Related – this category of reserve has been earmarked to fund costs associated with delivering the organisation's estate strategy. It will be kept under review in order to assess whether there is potential flexibility to use this funding to support the overall budget. The main individual reserve items within this category are:

- Dilapidations (£9m) – this reserve will fund the future costs of dilapidations on the estate and is significantly less than the potential dilapidation liabilities.
- Central London Accommodation Strategy (£12.5m) – this reserve has been set aside to fund costs associated with delivering the organisation's estates strategy. In particular, this reserve will assist the organisation in smoothing the impact of increased rental payments on operational buildings such as Empress State Building.
- The remaining £12.3m has been set aside to fund a number of items such as the development of firearms facilities (£1.1m), various property works that ensure the organisation's buildings function effectively (£2.7m) and compliance with statutory energy performance standards (£0.8m). There is also £5.6m set aside to fund costs associated with delivering the Safer Neighbourhoods programme.

14.6. Operational Costs – The reserve provides for a number of planned operational activities. The expectation is that the majority of the reserve will be used in 2008/09. The main individual reserve items within this category are:

- Police Pay Award (£11.5m) – this reserve was created during 2007/08 from the saving that resulted from a delay in the pay award from September 2007 to December 2007. The MPS is currently developing a programme of initiatives primarily linked to improving health that will utilise this funding over a number of years.
- Counter Terrorism (£13.9m) – this reserve was set aside to fund the costs of capital projects that have been rephased from 2007/08 into 2008/09. Home Office approval for this treatment of the grant has been received.
- Communications Project (£8.6m) – this reserve was set aside to provide for an integrated communications system for the MPS. The reserve is expected to be utilised in full during 2008/09.
- Sums have been set aside to fund a number of operational priorities such as Criminal Justice Initiatives (£7.8m) i.e. integrated prosecution teams, virtual courts etc, Youth and Violent Crime initiatives (£4m), Proceeds of Crime Act funded schemes (£1.2m), Kickz (£2.5m) to fund crime reduction projects funded with the Football Association, development of car pound facilities (£3.2m) and MetTime (£3.6m) to fund costs of the development of the system. There is also a legal reserve (£1.5m) set aside to cover any unbudgeted legal costs that are incurred and a Motor Insurance Reserve (£1.7m) set aside to provide for the MPA approved insurance strategy, which allows for savings on motor insurance premiums, a Pump Priming Reserve (£2m) was established to encourage new, more efficient and/or effective ways of doing business where there is a need for either 'repayable' pump priming monies or start up support. In addition Property reserves have been established for NSY works (£1.3m) and SCD Forensics needs (£1.5m).
- There are a number of other smaller reserves that have been set aside within this category including :
 - Covert Surveillance (£1.2m)
 - MetForensics Project (£1.2m)

- NSPIS Case & Custody Project (£1m)
- ICT Contract issues (£0.7m)
- Special Priority Payments (£0.7m)
- Transfer of policing responsibility for Blackwall Tunnel (£0.7m)
- Recruitment of trainers to develop the initial police training programme (£0.7m)
- Development of the Technical Support Unit (£0.5m)
- Development of the Citizen Focus Policing Programme (£0.4m)

14.7. Revenue support to Capital rephasing - This reserve has been set aside to cover the revenue impact of the rephasing of the Capital Programme. Following a review of the revenue impact of the capital programme, £6m has been removed from DoI's 'projects into service' provision for 2009/10 on the basis that, if needed, funding is available in this reserve. In addition, the MPS currently has to review the Capital Programme in the light of the severe decline of the capital receipts and therefore an element of this reserve may well be needed to support the financing of the Capital Programme in future years.

14.8. Major Change Programmes – this category of reserve has been earmarked to fund costs associated with the major modernisation programmes that the organisation is currently embarking on, e.g. potential redundancy costs. The main individual reserve items within this category are:

- Met Modernisation (£10m) – this reserve was set aside from the underspend in 2007/08 and will fund costs associated with the organisation's modernisation programme.
- Transforming HR (£3.2m) – this reserve was set aside to reflect the revised profile of expenditure on the programme and will be utilised in full over the life of the programme.

14.9. Budget Pressures – this reserve offers potential flexibility to support the overall budget, however consideration is being given to use some of this reserve to fund the future costs of the organisation's outsourcing programme and support the delivery of the SIP. The main individual reserve items within this category are:

- Budget Pressures (£7.2m) – this reserve was set aside to fund general pressures such as the re-phasing of reduction proposals, unanticipated demand pressure and pay and price volatility. An element of this reserve may well be needed to support the financing of the Capital Programme. This reserve will be used to cover the one off costs of the Carbon Reduction Communities Charge liability once Government guidance has clarified the liability (current estimates £1.6m).
- Territorial Policing Training Centre (£1.4m) – this reserve was set aside to fund the costs of maintaining the training centre and is expected to be utilised in full in 2008/09 following the approval by the MPA Finance and Performance Committee to a 10 year lease on the centre.

14.10. A review of the earmarked reserves has identified the following provisions which are no longer required for the purpose they were established:

- Safer London Foundation (£100,000)

- Child Protection (£156,959)
- Laming Enquiry (£14,473)
- Corporate Performance Survey (£200,000)

These provisions will therefore be transferred to the General Reserve balance before the end of this financial year.

- 14.11. MPA Initiatives - this category of reserve has been set aside to fund projects that the MPA expects to undertake.

General Reserve & Emergencies Contingency Fund

- 14.12. At 31st March 2008, the general reserve balance was £46.8m, which represented some 1.8% of the 2008/09 Net Revenue Expenditure. The Emergencies Contingency Fund is available to assist in exceptional circumstances to support operational requirements, which will normally not have been budgeted for. This reserve totalled £23.1m at 31st March 2008.
- 14.13. In line with MPA policy, when the Emergencies/Contingency Reserve is taken into account the general resources available total £69.9m which represents 2.7% of the 2008/09 Net Revenue Expenditure.
- 14.14. At month six a full year under spend is predicted of £22m against the 2008/09 budget. In normal circumstances this under spend would increase the general reserve balance. However given the significant drop in resources available to support the capital programme the Authority is being asked to transfer the £22m to a capital reserve to help manage the capital programme over 2009/10 and 2010/11.
- 14.15. The Authority will be aware that there is uncertainty regarding the recovery of £30m deposits, which are currently frozen in Landsbanki Bank. If unrecovered this sum would at some point, or over a period have to be written off to the revenue account. This position and treatment of this outstanding debt will be clearer before the closure of the 2008/09 accounts. However if the sum cannot be managed over a period then it would have an immediate adverse impact on the general reserve balance at 31 March 2009. Whilst it would reduce future flexibility it is considered that this issue could be managed by the use of earmarked reserves and some use of general fund balances within the Authority's current reserves policy.
- 14.16. The Authority has a policy of maintaining a general reserve (including Emergency/Contingency Reserve) of at least 2% of Net Revenue Expenditure. Given the current uncertainties facing the MPA/MPS there are no proposals at this stage to make available any of the current balance to reduce the budget requirement. The Treasurer is required to determine if the level of general reserve is considered adequate given the level of earmarked reserves maintained and the risks faced by the MPA/MPS. Final decisions on the use of the general reserve will be made when the budget is finalised in February/March 2009.
- 14.17. Currently, there has been no use of reserves specifically assumed in the 2009-12 budget to support Service spend. The Authority/Service is currently facing a number of cost pressures such as the third generation outsourcing costs, the freezing of the Authority's Icelandic investments and capital pressures. This position will be kept under review pending the final approval to the 2009-12 budget.

15. Risk Assessment for Planning Period

15.1. The Service takes an active approach to managing risks and has developed a risk management framework to assess and manage corporate and directorate risks. The major risks which impact upon the medium-term financial plan are identified below:

- **Delivering Citizen Focussed Policing**
Given the size and complexity of the MPS, there continues to be a challenge in improving satisfaction levels, particularly at the point of initial contact, and our response to emergency calls from the public.
- **Enhancing Counter-Terrorism Capability and Capacity**
International terrorism continues to present a real and enduring threat to the safety and security of London's communities. This continues to have an impact on the Service, both in terms of work in the capital and undertaking the national lead on policing activity. The Service continues to work closely with Government on this activity.
- **Preparing for the London 2012 Olympic Games and Paralympic Games**
The MPS is the national policing lead on the security of the London 2012 Games. This is a major programme of work and the Service is working closely with the Government in terms of ensuring resources and service capacity is adequate to support the delivery of a safe and secure London 2012 Games. There is also a need to ensure the policing legacy from the London 2012 Games is optimised.
- **Capacity and Capability**
The MPS spends some £3.6bn a year and employs over 50,000 officers and staff. The Service is engaged in major change programmes and areas of new activity including increasing levels of partnership engagement. To support this work and ensure the effective and efficient delivery of its business the MPS continues to review its approach to talent management with a view to achieving greater flexibility and the recruitment, development, and retention of key skills.
- **Capital Programme**
The downturn in the economy and the property market has had an adverse impact on the Authority's Capital Programme. This is placing additional pressure on the revenue budget in terms of both identifying funding to support the capital programme and the revenue consequences of maintaining assets which are no longer fit for purpose in delivering an effective and efficient police service.
- **Resources**
The financial landscape over the planning period continues to be challenging, particularly given the growing demand on the MPS's resources. The Service will continue to explore ways of increasing its productivity and efficiency to ensure resources are realigned to emerging priorities. This work will have to be carried out in the context of the Flanagan review of policing and the Government frameworks for Local Area Agreements, Public Service Agreements and Assessments of Policing and Community Safety. The Audit Commission gave the Authority an unqualified opinion on value for money activity, for the first time, on the 2007/08 accounts.

- **Partnership Working**
The MPS continues to build on its history of working with partners, especially at borough level through its Safer Neighbourhood teams and BOCU structures. However, this work in future will need to reflect new Government area-based frameworks that could impact on resources. Further challenges and opportunities are emerging in developing multi-agency responses to improving service delivery to Londoners, for instance in the criminal justice system. Such initiatives tend to be resource intensive although, over time, may result in efficiencies for some or all the agencies involved.
- **Non Compliance**
The Service has experienced a number of instances of non-compliance on issues of internal control against contract regulations and agreed systems of internal control. As a result, the Service has instigated programmes of work to embed its corporate governance framework across Business Groups. In addition, the Developing Resource Management Programme includes workstreams on the MPS Scheme of Delegation, contract compliance and management, corporate decision making, purchase to pay processes, strategic procurement plans, finance and resources support and advice and partnership work. Implementation of this programme aims to improve and embed effective internal control across the service.
- **Treasury Management**
All MPA investments are made in accordance with the Authority's Treasury Management Strategy and comply with the CIPFA Code of Practice for Treasury Management in local authorities. The Icelandic Government froze Landsbanki assets on 7 October, at which time MPA investments totalling £30m were outstanding. The UK Government continues to discuss with the Icelandic Government arrangements for the return of local and Police Authority deposits. The Local Government Association and the Association of Police Authorities continue to put pressure on the UK Government for a speedy resolution. In the event, however, that these sums are not recovered, they will have to be written down to the Authority's revenue account. The manner and phasing of such a write down will be subject to guidance from the Chartered Institute for Public Finance and Accountancy.

Amendments to the Authority's Treasury Management Strategy in response to the current financial market together with Bank of England decisions on interest rates could have a significant impact on the Authority's interest income levels.

- **Economic Downturn**
The current economic downturn may have an impact on service costs and delivery targets. This emerging situation is therefore being closely monitored.

15.2. As indicated elsewhere in this submission, the Service has had to deal with a number of issues of non-compliance against internal systems and contract regulations over the past 12 months. The Service has implemented programmes of work to improve its corporate governance framework and to develop resource management across the Service. The 2009-12 Business Plan includes a new outcome, 'Continuous Improvement is fundamental to Service Delivery', which is supported by a new corporate objective as a

means of embedding compliance issues in the Service's planning and performance management framework.

15.3. The Authority received an unqualified opinion on its 2007/08 accounts, including for the first time on its value for money activity. In addition, the MPA/MPS achieved an overall score of 2 on its Police Use of Resources Evaluation (PURE) for 2007/08, which reflects adequate performance and remains unchanged from 2006/07 despite the assessment criteria becoming more stringent. The score judgement against the PURE themes is summarised below:

- Financial Report 3
- Financial Management 2
- Financial Standing 3
- Internal Control 2
- Value for Money 2

The work currently in progress on the corporate governance framework and the DRM programme will help the Authority/Service improve these scores.

15.4. The MPS-wide objectives are set against the outcome of the annual Corporate Strategic Assessment (CSA) that analysed performance and intelligence information from across the Service, including business risks, emerging external issues and an assessment of the internal capabilities of the Service. The requirements of key stakeholders have also been taken into account.

15.5. The aim of the Corporate Strategic Assessment (CSA) is to identify the key strategic issues/challenges facing the MPS and to directly inform corporate decision-making and planning to ensure that the organisation is best placed to fulfil its core role. It is not intended to reiterate activities that are 'business as usual' in terms of delivering the MPS's outcomes. The CSA is also intended to help the MPS influence strategic and policy development at a national level.

16. The London 2012 Olympic Games and Paralympic Games

Introduction

16.1. In November 2004, Her Majesty's Government undertook to coordinate and fund the costs of security for London 2012 Olympic and Paralympic Games. In a statement to Parliament on the 2012 Olympics (15 March 2007) the then Secretary of State for Culture, Media and Sport announced a budget of £600m for 'wider security', on top of the ODA budget for security.

16.2. The Olympic Security Directorate (OSD) supports the Home Office and is staffed predominantly by MPS officers and police staff accompanied by officers and staff from other police forces, emergency services and security agencies.

16.3. The OSD is responsible for producing the Costed Security Plan (CSP), which will include all security costs (excluding those borne by the Olympic Delivery Authority (ODA) and the London Organising Committee of the Olympic and Paralympic Games (LOCOG)). The first draft of this plan was submitted to

the Home Office in October 2008 and the MPS element of these costs is summarised in this Corporate Plan.

- 16.4. The final submission of the CSP will be submitted for Ministerial approval in December 2008 and therefore figures will not be agreed at summary level until early 2009. Once Ministers agree the CSP, individual projects will draw down funds via detailed business cases. Figures quoted now can therefore be indicative only and are subject to change.

Implications for MPS

- 16.5. Estimated total MPS costs on Olympic-related security between 2009/10 and 2012/13 are £357m, with revenue costs amounting to £265m and £103m for capital costs. Details are included in 16.8. Figures include Optimism bias costs, a financial uplift required by the Treasury to take account of risk and the maturity of projects.
- 16.6. It is expected that the Home Office will provide full funding to cover this expenditure of £357m to 2012/13. However neither the expenditure nor the income has been included in the detailed estimates other than the costs and grants approved for the Olympics Security Directorate (£7m). The implications of the costed plan will be built into the budget as more information becomes available.
- 16.7. The MPS is anticipating expenditure in approximately 25 of the projects within the Olympic Security Programme. Significant areas of cost include:
- A dedicated programme team
 - Officer, staff and logistics costs associated with policing the Games in 2012
 - Training to address estimated skills gaps
 - Developing a bespoke Olympic Intelligence Centre
 - Enhancements to Airwave and existing Command and Control, CCTV and ANPR infrastructure
 - Developing certain specialist capability
 - Developing an International Liaison Unit
 - A dedicated Olympic Site Support Unit

Next Steps

- 16.8. Once the CSP has been completed the MPS will focus on developing detailed business cases for projects to ensure funding can be drawn from the Home Office in a timely manner to ensure delivery.

Revenue

COST CATEGORY	Total costs including Optimism Bias	2009/10	2010/11	2011/12	2012/13
	£000	£000	£000	£000	£000
Staff Cost	97,088	16,802	20,974	32,278	27,034
Training	22,246	5,570	5,550	5,562	5,564
Other	64,805	3,216	3,335	3,470	54,784
Premises	44,340	123	4,306	8,475	31,436
Transport costs	12,083	99	104	112	11,768
Supplies & Services	24,166	3,468	3,623	6,005	11,070
Income	-30,250	0	0	0	-30,250
Grand Total	264,728	29,278	37,892	55,902	141,656

Capital

COST CATEGORY	2009/10	2010/11	2011/12	2012/13
	£000	£000	£000	£000
Buildings	7,925	0	0	0
IT	32,727	34,133	10,170	3,260
Vehicles/Transport	122	66	1,620	13,230
Grand Total	40,774	34,199	11,790	16,490

17. Counter Terrorism Memorandum Account

17.1. The Home Office provides ring fenced Counter Terrorism funding to the MPS. The two major grants the MPS receives are as follows:

- MPS Counter Terrorism Specific Grant – this funds MPS Counter Terrorism activity in the Pursue/Prevent/Prepare areas of the governmental 4Ps Counter Terrorism strategy (known as CONTEST)
- Dedicated Security Post and Counter Terrorism Specific – this fund protection of VIPs, Ministers and Royalty, as well as CTSA and Ports officers. In general it funds the Protect Area of governmental CT Strategy (CONTEST)

17.2. The MPS have developed a memorandum account that aims to highlight the full cost of Counter Terrorism activity across business groups. The account provides information regarding:

- total costs of Counter Terrorism activity across the MPS (including overheads)
- funding available to support existing expenditure across the grant

- further changes in Counter Terrorism specific grant funding.

The draft account is summarised below and will be refined as more detail is obtained on activities across the Service.

Full cost of MPS CT Functions

	2009/10	2010/11	2011/12
	£000	£000	£000
<u>Funding</u>			
CT/DSP Grant (includes CSR Period Growth)	-313,298	-320,698	-320,698
<u>CT Expenditure</u>			
Specialist Operations budget as per Business Plan 2008/09	203,055	203,055	203,055
Other Business Groups			
Territorial Policing	13,171	13,171	13,171
Specialist Crime	5,428	5,428	5,428
Central Operations	71,202	71,202	71,202
Directorate of Information	4,775	4,775	4,775
Deputy Commissioner's Portfolio	187	187	187
Department of Public affairs	154	154	154
Human Resources	57	57	57
CSR Period Growth	9,100	16,500	16,500
Total CT Funded Expenditure	307,129	314,529	314,529
<u>CT Expenditure currently funded by MPS</u>			
Direct CT costs identified within other Business Groups	10,717	10,717	10,717
Indirect CT costs identified costs within other Business Groups	32,634	32,634	32,634
Total Non-CT Funded Expenditure	43,351	43,351	43,351
Total CT Expenditure Identified	350,480	357,880	357,880
Potential Funding shortfall	37,182	37,182	37,182

These figures are provisional and will be subject to further scrutiny. The analysis does however indicate that total MPS spend on CT activity is some £37m more than the specific grant received from the Government.

18. Capital Spending and Borrowing Plan

18.1 The MPS's capital spending plan reflects the approved capital strategy which focuses on the:

- Need to meet statutory requirements, or those resulting from a public enquiry
- Compliance with health and safety enforcement notices
- Essential replacement or upgrade of core infrastructure upon which other elements of the investment programme depend
- Impact on delivery of MPS strategic objectives
- Continuation or completion of projects where significant investment is already committed or where the MPS is already contractually committed
- Delivery of significant capital or revenue savings
- Delivery of business benefits with particular emphasis on performance improvement

The funding sources include Government and third party grants, reserves, capital receipts, revenue contributions, other third party income and borrowing.

- 18.2 The corporate planning process involves a report being submitted to the MPA Finance Committee in November seeking approval to a seven-year capital borrowing and spending plan. The report will have received prior endorsement by the MPS Management Board. This will feed into the Mayor's Capital Spending Plan for the GLA Group, which will be approved in February 2009.
- 18.3 The proposed capital expenditure for 2009/10 is £216.9m and a summary of the draft capital plan is included in the draft business plan. Details of the seven-year capital programme for 2009/10 to 2015/16 are shown in Annex 5. The data is broken down as follows:
- 5A – Expenditure by Provisioning Group
 - 5B – Expenditure by Business Group
 - 5C – Expenditure by Service Objective
 - 5D – Funding of Proposed Capital Programme
 - 5E – Prudential Indicators
- 18.4 The budget guidance requires that a borrowing and capital spending plan commencing in 2009/10 and spanning at least three financial years is prepared. To enable efficient and effective planning of investment requirements, the MPA/MPS has recognised that a more long-term perspective needs to be adopted. Therefore, the capital programme covers a seven-year period. The programme is reviewed on an annual basis.
- 18.5 The capital programme has in part been funded each financial year by the generation of capital receipts from the disposal of redundant or obsolete property and other tangible capital assets. The present downturn in the property market has resulted in a reduction in the level of capital receipts that will be available. Consequently the size of the capital programme that is deemed affordable has also fallen. The level of funds currently available would support a core capital programme of some £120m to £140m a year. To this can be added specific funds in respect of counter-terrorism initiatives, and assets to support the policing of the 2012 Games, as well as third party contributions for named projects. This results in expected levels of expenditure of between £120m to £217m per year over the seven-year programme period.
- 18.6 The capital programme has been built upon the assumption of the Authority being able to afford £40m of borrowing per year to support capital investment. This level of borrowing has been determined in accordance with the indicators set down within the Prudential (Code) borrowing framework. However, borrowing is presently constrained by the Mayor's borrowing limits for the GLA Group as a whole, and the resultant capital financing charges and their impact on the revenue budget. It has been assumed that the borrowing limits to be set for the Authority by the Mayor will support borrowing of £50m in 2009/10 and £40m for the remaining years of the seven year programme. This situation will need to be closely monitored to ensure capital financing charges remain manageable.
- 18.7 The Authority has recognised that given the uncertainties associated with resources, capacity issues, and the time required to plan major schemes, that

managing the capital programme represents a significant challenge. Tight management of the capital programme is required to ensure spend in any particular year does not exceed the resources available. It is also essential to limit 'slippage' in order that unused resources taken forward for completion of schemes will not raise concerns on the ability/capacity to deliver future projects.

18.8 Work continues on achieving the best match between investment needs and strategic objectives, with proposals for increasing capacity being assessed. However, concern over capital receipts and borrowing levels has meant that affordability of the programme in general terms, as well as its impact on the medium term budget has been a critical consideration.

18.9 The table below summarises the current implications of the proposed capital programme and spending plans against likely funding sources including affordable borrowing levels.

Proposed Expenditure	2008/09 £000 Budget	2008/09 £000 Forecast	2009/10 £000 Proposed	2010/11 £000 Proposed	2011/12 £000 Proposed
Main Programme	196,788	197,927	165,778	129,083	120,313
Olympics/Paralympics	24,893	5,000	40,774	34,199	11,790
Counter-Terrorism	19,400	12,000	10,350	12,200	7,400
Capital Spending Plan	241,081	214,927	216,902	175,482	139,503
Funding Sources					
Police Capital Grant	42,408	42,408	38,442	38,442	38,442
Other Grants & Third Party Contributions	4,128	9,665	0	0	500
Capital Reserves					
Main Programme	15,020	71,275	29,619	13,391	0
C3i Programme	7,895	12,025	2,000	2,500	0
Investment Board Funds/RCCO	0	0	9,894	3,900	0
Capital Receipts	84,783	20,000	20,000	20,000	40,000
Partnership Funds/RCCO	2,554	2,554	15,823	10,850	1,371
Specific Grants					
London 2012 Games	24,893	5,000	40,774	34,199	11,790
Counter-Terrorism	19,400	12,000	10,350	12,200	7,400
Borrowing	40,000	40,000	50,000	40,000	40,000
Total Funding	241,081	214,927	216,902	175,482	139,503

	2009/10 £m	2010/11 £m	2011/12 £m
A. Property Services			
Olympics	7.93	0.00	0.00
Counter-Terrorism	1.25	9.00	5.40
Main Programme			
<i>a) Specific Funding:</i>			
Climate Change Action Plan (RCCO)	0.38	0.00	0.38
IPT Programme (Revenue Reserve (RCCO))	1.45	0.85	0.00
<i>b) General Funding</i>	67.38	55.51	50.71
	78.38	65.36	56.48
B. DoI			
Olympics	32.73	34.13	10.17
Counter-Terrorism	8.10	2.20	1.00
Main Programme			
<i>a) Specific Funding:</i>			
Misc IT Equipment (ACPO Grant)	1.00	1.00	1.00
C3i Reserve	2.00	2.50	0.00
Investment Board Fund			
Virtual Courts	1.19	0.00	0.00
DRM Programme	1.00	1.00	0.00
Events Management Enhancements	4.00	1.00	0.00
Language Programme	3.70	1.90	0.00
NSPIS replacement (Home Office contribution)	0.00	0.00	0.50
<i>b) General Funding</i>	69.33	47.82	51.98
	123.05	91.55	64.65
C. Transport Services			
Olympics	0.12	0.07	1.62
Counter-Terrorism	1.00	1.00	1.00
Main Programme - <i>General Funding</i>	13.80	17.00	14.75
	14.92	18.07	17.37
D. Plant and Equipment			
Olympics	0.00	0.00	0.00
Counter-Terrorism	0.00	0.00	0.00
Main Programme - <i>General Funding</i>	0.56	0.50	1.00
	0.56	0.50	1.00
Total Proposed Programme	216.90	175.48	139.50

Prudential Borrowing

18.10 The Policing London 2008-11 Business Plan was approved at a meeting of the MPA Authority on 27 March 2008. The Borrowing and Capital Spending Plan 2008/09 to 2014/15 and the prudential indicators formed part of this approval process. The prudential indicators agreed through this process supported the presented capital programme and were in accord with the capital investment proposals for the MPA as noted within the final Greater London Authority (GLA) Capital Spending Plan for 2008/09 as published in February 2008. The funding assumptions within the plan included the ability for the Authority to borrow £40m each year to support the capital programme.

- 18.11 Late notification was received by the Authority -25 March 2008- from the GLA that the borrowing limits approved by the Mayor were different to the limits submitted by the Authority. These revised limits are significantly lower and therefore would restrict our ability to fund the capital investment programme.
- 18.12 The GLA has accepted that the MPA borrowing limits for 2009/10 and 2010/11 can be reviewed as part of the 2009/10 budgeting round. Without changes to these borrowing limits the capital programme would not be affordable.

19. Financial Implications

- 19.1. This report is wholly concerned with the financial implications of the 2009/10 budget.
- 19.2. A robust financial strategy is an essential component of the MPS's planning framework. The proposed strategy (Annex 6) describes how the deployment of revenue resources contributes to the delivery of the MPS visions and objectives. It sets out:
- The Service's corporate planning objectives
 - Our approach to planning and controlling revenue expenditure
 - How we obtain resources for revenue and capital spending
 - The links to other strategies and plans
- 19.3. Given the uncertainties relating to the Service's evolving activities, it is difficult at this stage to determine with accuracy the cost of all these activities over the next three years. However all the submissions in respect of the 2009/10 budget include financial estimates for 2010/11 and 2011/12. Wherever possible, emerging issues over the next three years have been included in the draft business plan and budget.

Robustness Statement

- 19.4. As part of the requirements of the Local Government Act 2003, the Chief Finance Officer must report on the robustness of the estimates made for the purposes of the calculations and the adequacy of the proposed financial reserves. For the MPA, the Treasurer is the Chief Finance Officer and he will report to the Finance and Resources Committee on the position on, and process for determining, the reserves held in respect of the MPA/MPS's activities.
- 19.5. The summary forecasts for 2008/09 contained in Section 4 of this report have been reviewed to ensure they reflect, as appropriate, the Service's financial position in the current year based on Quarter 2 monitoring. The impact that the forecasts have on the reserves means that the Authority should have adequate resources to meet identified liabilities and a degree of unforeseen risk.
- 19.6. The internal controls of the Service continue to be reviewed by the Authority's internal auditor as well as HMIC and the Audit Commission thus ensuring any risk to the financial standing of the Service is minimised.
- 19.7. Section 15 sets out the approach to risk management and the major risks over the planning period, including issues in respect of internal control and

contract compliance where the MPA/MPS have achieved an overall score of 2 for 2007/08, which reflects adequate performance.

- 19.8. In accordance with the requirements of the Local Government Act 2003, the Service's financial position is monitored against the approved budget requirement and reported to the MPS Investment Board and the MPA Finance and Resources Committee on a monthly basis and to the Mayor and London Assembly on a quarterly basis.
- 19.9. Based on the information provided in this report and other information available to him, the MPA Treasurer will, before the draft business plan and budget submission is made to the GLA, make a judgement on the robustness of estimates made for the purposes of the calculations in this report and the adequacy of the reserves.

20. Consultation

- 20.1. The MPA/MPS have a duty to ensure that the needs of Londoners are considered when setting the MPS's policing priorities, and for ensuring that all of London's communities have a representative voice. Public consultation feeds the MPS's strategy and planning cycle and enables any differences between public concerns and the strategic objectives to be addressed.
- 20.2. The consultation process now draws on several key sources. The MPS Public Attitude Survey (PAS) surveys 5,000 people each quarter, across a demographically representative sample, asking respondents to list their three top policing priorities for London. The MPA/MPS annual online survey also asks respondents to list their top three priorities, together with details of why they chose this priority and what they think the MPS should be doing to tackle them.
- 20.3. The MPS schools survey, conducted from February to May 2008, included 5,540 respondents from comprehensive schools aged between 11 and 18 years. Respondents were asked to select their top three priorities from a set list of ten. In addition, Safer Neighbourhoods teams record the priorities set by each of their ward panels. This data, though focussing on very local issues, offers a London-wide view of what is considered important for policing in local communities.
- 20.4. There are statutory duties that enable local people to raise issues of concern on local Government and Crime and Disorder and require the MPA/MPS to engage in community consultation, including through Crime and Disorder Reduction Partnerships (CDRPs) and Local Strategic Partnerships (LSPs). Community & Police Engagement Groups (CPEGs) provide the key local co-ordinating structure and forum to the MPA/MPS community engagement and consultation programme.
- 20.5. As part of the business planning process and as required by the budget guidance issued by the Mayor, the MPA has consulted with key stakeholders on the 2009/10 budget submission. A letter was sent in October seeking ideas on where savings could be made and requesting feedback on the strategic objectives. Two responses were received, a summary of which are highlighted below.

London Borough of Barnet

- Barnet support the Mayoral priorities as the basis for future budget allocations feel and these should be given precedence. In terms of savings, they support the Mayor's priority to reduce bureaucracy to increase resourcing for frontline policing and would expect to see substantial savings from this. As part of this exercise they would like to see consideration given to greater levels of delegation of functions and resource to Borough Commanders, as it is felt that could strip out layers and reduce central costs.
- The Borough also supports the Mayor's priority to put greater emphasis on internal HR issues but feel this should not be growth, instead costs should be found from compensatory savings.
- The Mayor's priority for increased police accountability through the introduction of crime mapping is supported as it is felt that shared intelligence is vital. However they feel more work with partners is needed to realise it's potential value and ultimately reduce costs.
- There is the expectation that there will be generally a more systematic approach throughout the MPS on evaluating the impact of activities as part of delivering greater value for money. This is not to suppress initiative, but to ensure that ideas are tested especially for the specific area context.
- Finally the Borough feels that the budget should be planned to take account of the Mayor's commitment to a zero increase in tax for the coming year.

Environment Agency

The Environment Agency welcomes the opportunity to comment on this document and note the five strategic outcomes that the Policing London Business Plan proposes. Key issues they would like to see considered within the review are:-

- Identification of opportunities for collaborative working and understanding between the MPA and the Environment Agency as they believe opportunities exist to develop a closer working relationship than there is currently. They feel this will allow the Environmental Agency to more effectively target and tackle environmental (primarily waste) crime.
- Efforts to enhance the sharing of intelligence between the MPA and Environmental Agency should be made to enable the effective identification, disruption and stopping of illegal activity in a co-ordinated manner, this will ensure crime and harm is prevented or reduced.
- The Environment Agency is seeking to instil a culture of intelligence led enforcement within their Environmental crime teams and see positive collaboration with key partners, such as the MPA, vital in ensuring this succeeds.
- They feel there are opportunities to improve cross organisation awareness of the MPA and Environmental Agency roles and would welcome the opportunity to develop skills by working closely with the MPA to enhance capacity to effectively tackle organised waste crime. They believe this would support a number of the specified strategic outcomes.

- They also feel there is a clear association of the geography of environmental crime with other criminal activities. By supporting a co-ordinated approach to such 'hot spot' areas they feel they could seek to achieve significant improvements in the local environment and the quality of life for the local population.

21. Strategy Implications

- 21.1. The budget and business plan submissions are fundamental elements of the framework established to delivery Policing Priorities and strategies, and also supporting the Mayor's objectives.

22. Equalities Implications

- 22.1. The MPS is committed to the adoption of an equalities performance management framework, which sets the standard for the mainstreaming of equality and diversity activity across the organisation. Ongoing work includes increasing community trust and confidence in the police, improving the progression of women within the police service and continuing to develop a workforce that reflects the diversity of London - the diversity of newly recruited police officers continues to increase with 20% of new recruits coming from a black and minority ethnic (BME) background and 40.5% being female. Of the PCSOs recruited in 2007/08, 26% were BME and 37% female. More detail is provided in Annex 7 and 10.

23. Environment and Sustainability

- 23.1. Environmental sustainability and social inclusion issues are also seen as drivers for improvement within the Service. The MPS is working in partnership with GLA bodies and the Clinton Climate Change Foundation on a Building Energy Efficiency Programme (BEEP) to deliver carbon emission reductions and better energy efficiency in London. In line with the MPS's Environment Strategy a Climate Change Action Plan (CCAP) Programme, has been established to reduce carbon emissions by 10% by 2010 and 30% by 2025. More detail is contained within Annex 7.

24. Youth Strategy

- 24.1. The Mayor's Guidance has asked for specific information to be provided as part of the budget submission on the work done by the MPA/MPS on youth matters. Annex 8 provides an update on current activity and development work across the MPS supporting the MPS Youth Strategy. As included in Section 9, if a higher budget level is approved for the Service, then the priority will be to increase support for youth related activity.
- 24.2. The MPS Youth Strategy was approved by the MPA in October 2007 and has four delivery strands led by four MPS Commanders. Some of the main programmes of work are detailed below:

- Engagement with Children and Young People

The enhancement and expansion of Safer Schools Partnerships is the hub around which the MPS is engaging with young people. To achieve this, 102 additional PCSOs were allocated to wards with High priority schools, at a cost of £3.6M, and is on-going spend in the MPS budget. In addition all Boroughs were asked to ensure that these 181 schools had a dedicated SSP police officer. The MPS provided £53,000 in 2007/8 to fund the Miss Dorothy.Com educational programmes to support SSPs. The Government has now provided £1.5M nationally to fund the secondary school programme. It is not known at this stage how much of this would be allocated to the MPS.

The Kickz Programme is the next major youth engagement investment, attracting £3M funding over the last two years from the MPS. The Football Foundation has match funded this with a further £3M.

The Volunteer Police Cadets received £40,000 in 2007/8 to expand and develop school-based schemes. In 2008/9 this growth encompasses Project 'You' and has been allocated £400,000 from the improving prevention and reassurance in reducing serious youth violence. It has levered in private sponsorship of £160,000 to date, and it is hoped to lever in a further 2.5M each year from 2009/10 onwards.

Met-Track is also a key engagement programme, and received £24,500 in 2007/8 and £100,000 in 2008/9.

- Youth Justice

The work of this strand has been delivered through a partnership with the London Criminal Justice Board. This has resulted in the development of change programmes, such as Triage on Arrest and the Youth Safety Assessment Tool, at a cost of £35,000 in 2007/8 and £100,000 in 2008/9. The YJB provided £95,000 for this work in 2008/9. In addition £50,000 was provided to the London Youth Crime Prevention Board to develop the Safer Schools Award, which was again match funded by the YJB and other partners in the LYCPB.

- Serious Youth Violence

Reducing serious youth violence has been a high priority for the MPS and a number of programmes have been funded by the MPS, The Tackling Gangs knife Programme (TKAP) and the 5 Borough Alliance. The latter programmes are referred to here, but will be the subject of a fuller report to support this report.

The 'Stolen Lives' Knife Crime Programme received £80,000 in 2007/8 and £250,000 in 2008/9. The Be-safe Knife crime workshop, aligned to the Kickz Programme received £60,000 in 2007/8 and levered in £150,000 through the Princes Trust in 2008/9.

More targeted programmes are being developed though the 'Pathways' Programme, and the SCD Mediation Programme, at a cost of £600,000. Funding of £300,000 is being sought from central government. The 5 Borough Alliance programme also levered in a Home Office grant of £400k

- Vulnerable Children and Young People

The major change programme within this strand has been the implementation of 'Every Child Matters' within the MPS. This has been a major cultural change programme, which has changed the way the MPS responds to the needs of young people, by ensuring that the five key outcomes are met. To do this the MPS has set up public Protection Desks on all 32 Boroughs at a cost of £2.5M. In addition IT software changes and project costs have been approximately £150,000. This is on-going expenditure within the MPS budget.

25. Convergence

- 25.1. The Mayor's Guidance has asked for specific information to be provided as part of the budget submission on the work done by the MPA/MPS on convergence. Annex 9 provides an update on current activity the MPS is carrying out with close working with other members of the GLA group in the 'Delivering More Together' (DMT) programme.

26. Diversity within the Workforce

- 26.1. The Mayor's Guidance has asked for specific information to be provided as part of the budget submission on how the Business plan and budgets will increase diversity within the workforce. Annex 10 provides an update on current activity the MPS is carrying out.

27. Legal Implications

- 27.1. The Mayor is responsible for the preparation of the budget for the component and consolidated budgets of the GLA group including the MPA. The London Assembly's role is to scrutinise the budgeting decisions of the Mayor and to approve the Mayor's budget (with or without amendments) and to set a budget in the event the Mayor does not do so in time. Once the component and consolidated budgets are approved the MPA is responsible for approving the operational budget for the MPA and MPS.
- 27.2. The Mayor must consult the MPA before preparing the MPA's draft component budget requirement.
- 27.3. The determination of the component and consolidated budget requirements is expected to take place between December (when central Government's provisional financial settlement is published) and before the end of February when the budget will be finalised. The budget requirement set by the Mayor can be 'capped' by the Secretary of State under paragraph IVa of the Local Government Act 1992. The GLA's calculation of its budget requirements for the GLA group may not be questioned except by way of judicial review. This restriction applies as long as the GLA's calculation was made in accordance with the statutory procedures.
- 27.4. Expenditure or activities undertaken by the MPA, as a statutory body, must be based on the specific statutory powers given to it. Expenditure should only be budgeted for activities which fall within those statutory powers and can only be spent for such purposes whether budgeted or not.

- 27.5. In considering the budget requirement for the MPA/MPS the Authority must, having regard to all relevant facts, balance the budget implications of service demands with its fiduciary duty to the council tax payer.

28. Meeting the GLA Requirements

- 28.1. Below is a table demonstrating how the Supporting Financial Information provides the financial information requested by the GLA's Budget Guidance.

GLA Budget Requirement	MPS Information
Budget Requirement to Budget Requirement	2009/10 Budget Requirement (Section 5)
Service Analysis	Objective and Subjective Analysis- (Sections 5 and 8 and Annex 3)
Inflation	Section 5
Committed change	Section 7
Increases in service and new initiatives	Section 7
Savings and efficiencies	Section 6
Reserves	Reserves (Section 14)
Subjective analysis	Objective and Subjective Analysis (Section 5 and 8 and Annex 3)
Details on Committed change, increases in services & new initiatives and, savings & efficiencies	Reduction Proposals (Section 6 and Annex 1) and Growth Proposals (Section 7 and Annex 2)
Youth Strategy	Section 24
Diversity in the workforce	Annex 7 and 10

Reduction Proposals

	2009/10	2010/11	2011/12
	£000	£000	£000
Full Year effect of 2008-11			
Operational Support			
TP - Reduction in management structures on Borough and in TPHQ	-1,300	-1,300	-1,300
TP - Business Development and Support Portfolio Reductions	-1,000	3,000	3,000
TP - Planned savings on the C3i project	-1,600	0	0
CO/SCD/TP - Restructuring of management functions	-727	-927	-927
Operational Services			
DoIAirwave Rollout	-4,200	-4,200	-4,200
TP - Station reception officers	-500	-1,000	-1,000
TP - Improvement to Criminal Justice and Volume Crime processes (IPTs)	-1,800	-1,800	-1,800
SO - Reduction in Overtime and Supplies and Services	-922	-922	-920
TP - Operational Herald	-3,175	-12,700	-12,700
TP - Review of the C3i costs	-872	-1,735	-1,735
Support Services			
HR - Transforming HR	-9,000	-11,000	-11,000
DoI - Reduced ICT costs through negotiation	-2,087	-2,487	-2,487
DoI - Temp/External staff/Supplies and Services	-560	-810	-810
DoR - Reactive Repairs	-1,520	-3,040	-3,040
DCP - Review/restructuring of posts	-963	-963	-963
DoI - Rationalisation of spans of control, use of temporary/external staff and non-pay budgets	-482	-582	-582
DoR - Restructuring, use of external consultants and procurement	-1,153	-1,515	-1,515
DHR - Rationalisation of training courses, unit restructuring, reduction in seconded posts and catering efficiency savings	-2,579	-3,039	-3,039
DoI - Reduction in IT Infrastructure/support costs	-1,304	-1,304	-1,304
DoR - Property repairs and maintenance	-530	-910	-910
Income Generation/Loss			
Transport for London Funding	-1,768	-3,509	-3,511
Corporate Provision			
Progressive reduction in housing related allowances	-4,900	-9,900	-9,900
Reduction in compensation budgets	-287	-287	-287
TOTAL full year effect 2008-11	-43,229	-60,930	-60,930

Annex 1

	2009/10 £000	2010/11 £000	2011/12 £000
In Year Approvals/Committed			
Operational Services			
TP - Operation Herald - Rephasing of implementation and delay in reduction realisation (2012/13 - £7.5m)	4,090	16,030	13,110
TP - Borough Partnership - revisions in costs	-600	-600	-600
Support Services			
Dol - Command and Control support contract replacement	-310	-750	-1,370
DHR - Transforming HR Rephasing of project	810	-8,100	-10,010
Income Generation/Loss			
Operation Tyrol	-3,200	-3,200	-1,600
Corporate Provision			
Minimum revenue provision - capital impact on revenue	-2,200	-1,600	-900
NI Employer Contributions	-5,000	-5,000	-5,000
TOTAL in year Approvals/Committed	-6,410	-3,220	-6,370
New Reductions			
Operational Support			
CO - Civilisation of weapon issuing officers	-180	-180	-180
TP - Intelligence Function - Non achievement of savings and rationalisation	1,800	1,800	1,800
SCD - Restructure of Business Group Support Units	-1,750	-4,050	-4,050
TP - 6% reduction in Borough devolved budgets	-6,300	-6,300	-6,300
TP - Restructure/rationalisation of TP Units (Including Neighbourhood Watch, Diversity, Response, Volume/Violent Crime and Business Development)	-2,912	-6,912	-6,912
TP - Loss of income to be contained within base	-2,100	-2,100	-2,100
SCD - Forensic - Procurement and business process improvement	-10,600	-10,600	-10,600
Reduction in furniture specification - devolved budgets	-400	-400	-400

Annex 1

	2009/10 £000	2010/11 £000	2011/12 £000
Operational Services			
CO/TP - Overtime - Events management systems upgrade	0	-446	-590
SCD - Restructure/rationalisation of Crime Review (2009/10) and Human Trafficking Units (2010/11)	-2,000	-2,870	-2,870
SCD - Extradition Unit, reduction in European arrest warrants	-350	-350	-350
TP - PCSO Turnover	-1,000	-1,000	-1,000
TP - Reduction in Financial Investigators on Borough	-1,500	-1,500	-1,500
TP - Improvements in Criminal Justice and Volume Crime processes (Virtual courts)	0	0	-1,300
TP - Reduced level of funding for POCA posts than planned	1,000	1,000	1,000
CO - Reduction in Aid Fund (TP overtime) from improved event management and tasking	-1,200	-1,200	-1,200
TP - C3i Development Team	-496	-496	-496
TP - Improvement to Criminal Justice Volume Crime process (IPT delay in implementation)	1,152	-721	-1,460
Support Services			
DoI - Projects into service	-6,000	0	0
DoR - Change in furniture specification (non devolved budget)	-100	-100	-100
DoR - Rent reviews and changes	-5,681	-3,009	2,202
DGP - Reductions in various units following management review	-1,575	-1,757	-1,757
DoI - Reduced levels of service for ICT and third party support costs, unit restructuring and through negotiation of supplier discounts	-4,881	-6,956	-7,559
DoR - Restructuring/reorganisation following review	-3,042	-3,125	-3,163
DHR - Reorganisation following review and savings on non-pay budgets	-4,143	-6,353	-6,813
DoI - Reductions in IT Infrastructure and Support costs	-1,622	-2,637	-2,637
DoR - Property repairs and maintenance	-1,980	-2,205	-2,205
Income Generation/Loss			
TP - PCSO Partnerships	-10,000	-10,000	-10,000
CO - Sporting events and other income	-5,400	-6,400	-7,400
TP - Neighbourhood Portfolio funding	-500	-500	-500

Annex 1

	2009/10 £000	2010/11 £000	2011/12 £000
Corporate Provision			
Police Staff Review	-5,000	-5,000	-5,000
DoR - ATOC tax liability	-3,000	-2,300	-1,600
DoR - London living wage	-1,796	-1,733	-1,667
DCP - Reduction in compensation	-389	-767	-1,195
Review of centrally held provision	-7,100	-7,100	-7,100
Specific grant review	-3,300	-3,300	-3,300
TOTAL New Reductions	-92,345	-99,567	-98,302
TOTAL MPS Reductions 2009-12	-141,984	-163,717	-165,602
MPA	-967	-917	-917
TOTAL MPS/MPA Reductions 2009-12	-142,951	-164,634	-166,519

Annex 1

Reduction Proposals – Workforce

	2009/10 Police Officers	2009/10 Police Staff	2009/10 PCSOs	2010/11 Police Officers	2010/11 Police Staff	2010/11 PCSOs	2011/12 Police Officers	2011/12 Police Staff	2011/12 PCSOs
Full Year effect of 2008-11									
Operational Support									
TP - Reduction in management structures on Borough and in TPHQ	-19	-1	0	-19	-1	0	0	0	0
TP - Business Development and Support Portfolio Reductions	204	-5	0	98	-5	0	98	-5	0
TP - Planned savings on the C3i project	0	0	0	0	0	0	0	0	0
CO/SCD/TP - Restructuring of management functions	-1	-1	0	-3	-2	0	-3	-2	0
Operational Services									
DoI Airwave Rollout	0	0	0	0	0	0	0	0	0
TP - Station reception officers	0	0	0	0	0	0	0	0	0
TP - Improvement to Criminal Justice and Volume Crime processes (IPTs)	-30	-10	0	-30	-10	0	-30	0	0
SO - Reduction in Overtime and Supplies and Services	0	0	0	0	0	0	0	0	0
TP - Operational Herald	-300	450	0	-600	700	0	-600	700	0
TP - Review of the C3i costs	0	-22	0	0	-44	0	0	-44	0
Support Services									
HR - Transforming HR	0	0	0	0	0	0	0	0	0
DoI - Reduced ICT costs through negotiation	0	0	0	0	0	0	0	0	0
DoI - Temp/External staff/Supplies and Services	0	0	0	0	0	0	0	0	0
DoR - Reactive Repairs	0	0	0	0	0	0	0	0	0
DCP - Review/restructuring of posts	-12	0	0	-12	0	0	-12	0	0
DoI - Rationalisation of spans of control, use of temporary/external staff and non-pay budgets	0	0	0	0	0	0	0	0	0
DoR - Restructuring, use of external consultants and procurement	0	-1	0	0	-1	0	0	-1	0
DHR - Rationalisation of training courses, unit restructuring, reduction in seconded posts and catering efficiency savings	0	0	0	0	0	0	0	0	0
DoI - Reduction in IT Infrastructure/support costs	0	0	0	0	0	0	0	0	0
DoR - Property repairs and maintenance	0	0	0	0	0	0	0	0	0
Income Generation/Loss									
Transport for London Funding	0	0	0	0	0	0	0	0	0
Corporate Provision									
Progressive reduction in housing related allowances	0	0	0	0	0	0	0	0	0
Reduction in compensation budgets	0	0	0	0	0	0	0	0	0
TOTAL full year effect 2008-11	-158	411	0	-566	637	0	-547	648	0
In Year Approvals/Committed									
Operational Services									
TP - Operation Herald - Rephasing of implementation and delay in reduction realisation (2012/13 - £7.5m)	200	-270	0	300	-270	0	50	0	0
TP - Borough Partnership - revisions in costs	0	0	0	0	0	0	0	0	0
Support Services									
DoI - Command and Control support contract replacement	0	0	0	0	0	0	0	0	0
DHR - Transforming HR Rephasing of project	0	0	0	0	0	0	0	0	0
Income Generation/Loss									
Operation Tyrol	0	0	0	0	0	0	0	0	0
Corporate Provision									
Minimum revenue provision - capital impact on revenue	0	0	0	0	0	0	0	0	0
NI Employer Contributions	0	0	0	0	0	0	0	0	0
TOTAL in year Approvals/Committed	200	-270	0	300	-270	0	50	0	0

Annex 1

	2009/10 Police Officers	2009/10 Police Staff	2009/10 PCSOs	2010/11 Police Officers	2010/11 Police Staff	2010/11 PCSOs	2011/12 Police Officers	2011/12 Police Staff	2011/12 PCSOs
New Reductions									
Operational Support									
CO - Civilisation of weapon issuing officers	-10	10	0	-10	10	0	-10	10	0
TP - Intelligence Function - Non achievement of savings and rationalisation	30	10	0	30	10	0	30	10	0
SCD - Restructure of Business Group Support Units	-4	-37	0	-10	-63	0	-10	-63	0
TP - 6% reduction in Borough devolved budgets	0	-147	0	0	-147	0	0	-147	0
TP - Restructure/rationalisation of TP Units (Including Neighbourhood Watch, Diversity, Response, Volume/Violent Crime and Business Development)	-40	-7	0	-140	-8	0	-140	-8	0
TP - Loss of income to be contained within base	0	0	0	0	0	0	0	0	0
SCD - Forensic - Procurement and business process improvement	0	0	0	0	0	0	0	0	0
Reduction in furniture specification - devolved budgets	0	0	0	0	0	0	0	0	0
Operational Services									
CO/TP - Overtime - Events management systems upgrade	0	0	0	0	0	0	0	0	0
SCD - Restructure/rationalisation of Crime Review (2009/10) and Human Trafficking Units (2010/11)	-17	-46	0	-28	-35	0	-28	-35	0
SCD - Extradition Unit, reduction in European arrest warrants	0	0	0	0	0	0	0	0	0
TP - PCSO Turnover	0	0	0	0	0	0	0	0	0
TP - Reduction in Financial Investigators on Borough	-30	0	0	-30	0	0	-30	0	0
TP - Improvements in Criminal Justice and Volume Crime processes (Virtual courts)	0	0	0	0	0	0	0	0	0
TP - Reduced level of funding for POCA posts than planned	20	0	0	20	0	0	20	0	0
CO - Reduction in Aid Fund (TP overtime) from improved event management and tasking	0	0	0	0	0	0	0	0	0
TP - C3i Development Team	0	0	0	0	0	0	0	0	0
TP - Improvement to Criminal Justice Volume Crime process (IPT delay in implementation)	0	29	0	0	12	0	-26	0	0
Support Services									
DoI - Projects into service	0	0	0	0	0	0	0	0	0
DoR - Change in furniture specification (non devolved budget)	0	0	0	0	0	0	0	0	0
DoR - Rent reviews and changes	0	0	0	0	0	0	0	0	0
DCP - Reductions in various units following management review	-18	-2	0	-18	-7	0	-18	-7	0
DoI - Reduced levels of service for ICT and third party support costs, unit restructuring and through negotiation of supplier discounts	-8	-16	0	-13	-12	0	-13	-12	0
DoR - Restructuring/reorganisation following review	-4	-32	0	-4	-37	0	-4	-38	0
DHR - Reorganisation following review and savings on non-pay budgets	-24	-15	0	-24	-26	0	-25	-26	0
DoI - Reductions in IT Infrastructure and Support costs	0	0	0	0	0	0	0	0	0
DoR - Property repairs and maintenance	0	0	0	0	0	0	0	0	0
Income Generation/Loss									
TP - PCSO Partnerships	0	0	0	0	0	0	0	0	0
CO - Sporting events and other income	0	0	0	0	0	0	0	0	0
TP - Neighbourhood Portfolio funding	0	0	0	0	0	0	0	0	0
Corporate Provision									
Police Staff Review	0	0	0	0	0	0	0	0	0
DoR - ATOC tax liability	0	0	0	0	0	0	0	0	0
DoR - London living wage	0	0	0	0	0	0	0	0	0
DCP - Reduction in compensation	0	0	0	0	0	0	0	0	0
Review of centrally held provision	0	0	0	0	0	0	0	0	0
Specific grant review	0	0	0	0	0	0	0	0	0
TOTAL New Reductions	-105	-253	0	-227	-303	0	-254	-316	0
TOTAL MPS Reductions 2009-12	-63	-113	0	-493	64	0	-751	332	0
MPA	-1	1	0	-1	1	0	-1	1	0
TOTAL MPS/MPA Reductions 2009-12	-64	-112	0	-494	65	0	-752	333	0

Growth Proposals

	2009/10	2010/11	2011/12
	£000	£000	£000
Full Year effect of 2008-11			
Operational Support			
SCD - Forensics	3,600	3,600	3,600
SCD - Forensic Medical Examiners	1,500	1,500	1,500
TP - Interpreters	1,000	1,000	1,000
CO - Firearms Training Capacity	10,000	10,000	10,000
TP - Integrated Borough Operations Rollout	15,500	15,500	15,500
Support Services			
DoR - Rental related contractual inabilities	4,300	5,300	5,300
DoI - Support costs of IT projects into service	6,000	12,100	12,100
DoR - Estate modernisation - Delays in implementation	5,000	10,000	10,000
DoR - Facilities Management	3,100	6,200	6,200
DoR - London's living wage	1,000	1,000	1,000
DoI - Eagle - Secure corporate network	4,000	5,000	5,000
DoI - Evidential and covert technology services	1,000	2,000	2,000
Income Generation			
TFL - End of agreement re: TP/CO costs	4,000	4,000	4,000
Corporate Provision			
London Pay Lead	2,000	2,000	2,000
TOTAL full year effect 2008-11	62,000	79,200	79,200
In Year Approvals/Committed			
Operational Support			
SCD - Police National Computer (PNC) subscription	800	800	800
DoI - NSPIC custody case preparation	1,900	3,700	3,700
Firearm training capacity - rephasing of delivery	-10,000	-8,500	0
Operational Services			
TP - Operational Tyrol	8,200	8,200	8,200
Income Generation/Loss			
Reassessment of interest receipts	2,830	2,830	2,830
Corporate Provision			
Move to three year officer deployment plan	2,800	6,000	9,000
TOTAL in year Approvals/Committed	6,530	13,030	24,530

Annex 2

	2009/10	2010/11	2011/12
	£000	£000	£000
New Growth			
Operational Support			
SCD - Vetting Support	650	650	650
DHR - Dangerous Dogs	1,200	1,200	1,200
TP - CCC/IBO improvement and operational resilience	2,900	2,900	2,900
TP - Front counter refurbishment	1,500	1,500	1,500
SCD - Intercept Group	3,300	3,300	3,300
SCD - Telephone Investigation Unit	1,200	1,700	1,700
SCD - Technical Support Unit	1,000	-	-
SCD - Key Management Faculty/Central Authorities Bureau	2,048	2,048	2,048
SCD - Prison Investigation Unit and International Unit	1,000	1,000	1,000
SCD - Operation Delta	850	850	850
TP - Effective use of CCTV	500	500	500
TP - Interpreters	0	200	600
Operational Services			
TP - Special constables expansion to 10000 by March 2012 subject to funding			
Cost	-5,923	-6,243	-5,627
Specific Funding	5,923	6,243	5,627
CO - Overtime (Firearms/DPG)	600	600	600
SCD - Assisting offenders suite	420	420	420
TP - Continuing costs associated with Diamond Districts	0	1,317	2,633
TP - Every child matters	2,500	2,500	2,500
TP - Borough Partnership expansion	1,050	2,000	2,000
Support Services			
Dol - Radio Services	750	750	750
Dol - Microsoft Enterprise Agreement	600	600	2,000
DHR - Vehicle Recovery	800	800	800
Dol - Evidential and Covert Services	500	1,000	2,500
Dol - Improving Police Information	2,800	3,100	3,100
Income Generation/Loss			
DHR- BAA catering costs - Loss of income	360	360	360
CO - Palace of Westminster - Loss of income	300	300	300
CO - TOCU - Loss of income on overheads	800	800	800
Corporate Provisions			
DHR - Ongoing costs of early retirements	600	600	600
Interest / MRP	1,957	1,237	837
TOTAL New Growth	30,185	32,232	36,448
TOTAL MPS GROWTH 2009-12	98,715	124,462	140,178
MPA	909	1,191	1,326
TOTAL MPS/MPA GROWTH 2009-12	99,624	125,653	141,504

Growth Proposals – Workforce

	2009/10	2009/10	2009/10	2010/11	2010/11	2010/11	2011/12	2011/12	2011/12
	Police Officers	Police Staff	PCSOs	Police Officers	Police Staff	PCSOs	Police Officers	Police Staff	PCSOs
Full Year effect of 2008-11									
Operational Support									
SCD - Forensics	0	0	0	0	0	0	0	0	0
SCD - Forensic Medical Examiners	0	0	0	0	0	0	0	0	0
TP - Interpreters	0	0	0	0	0	0	0	0	0
CO - Firearms Training Capacity	0	0	0	0	0	0	0	0	0
TP - Integrated Borough Operations Rollout	0	109	2	0	109	2	0	109	2
Support Services									
DoR - Rental related contractual inabilities	0	0	0	0	0	0	0	0	0
DoI - Support costs of IT projects into service	0	5	0	0	6	0	0	6	0
DoR - Estate modernisation - Delays in implementation	0	0	0	0	0	0	0	0	0
DoR - Facilities Management	0	0	0	0	0	0	0	0	0
DoR - London's living wage	0	0	0	0	0	0	0	0	0
DoI - Eagle - Secure corporate network	0	0	0	0	0	0	0	0	0
DoI - Evidential and covert technology services	0	0	0	0	0	0	0	0	0
Income Generation									
TFL - End of agreement re: TP/CO costs	0	0	0	0	0	0	0	0	0
Corporate Provision									
London Pay Lead	0	0	0	0	0	0	0	0	0
TOTAL full year effect 2008-11	0	114	2	0	115	2	0	115	2
In Year Approvals/Committed									
Operational Support									
SCD - Police National Computer (PNC) subscription	0	0	0	0	0	0	0	0	0
DoI - NSPIC custody case preparation	0	0	0	0	0	0	0	0	0
Firearm training capacity - rephasing of delivery	0	0	0	0	0	0	0	0	0
Operational Services									
TP - Operational Tyrol	0	0	0	0	0	0	0	0	0
Income Generation/Loss									
Reassessment of interest receipts	0	0	0	0	0	0	0	0	0
Corporate Provision									
Move to three year officer deployment plan	0	0	0	0	0	0	0	0	0
TOTAL in year Approvals/Committed	0	0	0	0	0	0	0	0	0

Annex 2

	2009/10	2009/10	2009/10	2010/11	2010/11	2010/11	2011/12	2011/12	2011/12
	Police Officers	Police Staff	PCSOs	Police Officers	Police Staff	PCSOs	Police Officers	Police Staff	PCSOs
New Growth									
Operational Support									
SCD - Vetting Support	0	0	0	0	0	0	0	0	0
DHR - Dangerous Dogs	0	0	0	0	0	0	0	0	0
TP - CCC/IBO improvement and operational resilience	0	26	0	0	26	0	0	26	0
TP - Front counter refurbishment	0	0	0	0	0	0	0	0	0
SCD - Intercept Group	41	8	0	41	8	0	41	8	0
SCD - Telephone Investigation Unit	8	14	0	10	21	0	10	21	0
SCD - Technical Support Unit	0	0	0	0	0	0	0	0	0
SCD - Key Management Faculty/Central Authorities Bureau	10	17	0	10	17	0	10	17	0
SCD - Prison Investigation Unit and International Unit	6	0	0	6	0	0	6	0	0
SCD - Operation Delta	10	1	0	10	1	0	10	1	0
TP - Effective use of CCTV	0	0	0	0	0	0	0	0	0
TP - Interpreters	0	0	0	0	0	0	0	0	0
Operational Services									
TP - Special constables expansion to 10000 by March 2012 subject to funding									
Cost	0	0	0	0	0	0	0	0	0
Specific Funding	0	0	0	0	0	0	0	0	0
CO - Overtime (Firearms/DPG)	0	0	0	0	0	0	0	0	0
SCD - Assisting offenders suite	5	1	0	5	1	0	5	1	0
TP - Continuing costs associated with Diamond Districts	0	0	0	0	0	0	0	0	0
TP - Every child matters	0	70	0	0	70	0	0	70	0
TP - Borough Partnership expansion	200	0	0	200	0	0	200	0	0
Support Services									
Dol - Radio Services	0	0	0	0	0	0	0	0	0
Dol - Microsoft Enterprise Agreement	0	0	0	0	0	0	0	0	0
DHR - Vehicle Recovery	0	0	0	0	0	0	0	0	0
Dol - Evidential and Covert Services	0	0	0	0	5	0	0	20	0
Dol - Improving Police Information	0	0	0	0	0	0	0	0	0
Income Generation/Loss									
DHR- BAA catering costs - Loss of income	0	0	0	0	0	0	0	0	0
CO - Palace of Westminster - Loss of income	0	0	0	0	0	0	0	0	0
CO - TOCU - Loss of income on overheads	0	0	0	0	0	0	0	0	0
Corporate Provisions									
DHR - Ongoing costs of early retirements	0	0	0	0	0	0	0	0	0
Interest / MRP	0	0	0	0	0	0	0	0	0
TOTAL New Growth	280	137	0	282	149	0	282	164	0
TOTAL MPS GROWTH 2009-12	280	251	2	282	264	2	282	279	2
MPA	0	0	0	0	0	0	0	0	0
TOTAL MPS/MPA GROWTH 2009-12	280	251	2	282	264	2	282	279	2

Memorandum Service Analysis

Outturn 2007/08 £000		Original Budget 2008/09 £000	Revised Budget 2008/09 £000	Forecast 2008/09 £000	Budget 2009/10 £000	Budget 2010/11 £000	Budget 2011/12 £000
	Business Groups:						
1,448,349	Territorial Policing	1,476,665	1,474,348	1,470,221	1,531,477	1,574,402	1,613,033
373,054	Specialist Crime Directorate	383,271	394,374	394,779	401,710	408,209	419,667
189,383	Specialist Operations	218,557	217,346	217,260	232,147	243,581	249,490
258,802	Central Operations	259,092	260,854	262,901	270,722	280,403	298,943
3,978	Olympics Security Directorate	40,144	7,788	7,594	8,066	8,288	8,513
227,510	Resources Directorate	251,006	264,865	252,971	267,769	278,554	285,898
227,478	Directorate of Information	214,671	218,089	216,599	220,470	243,252	254,717
152,428	Human Resources Directorate	161,609	152,593	149,464	157,945	148,216	149,949
6,649	Directorate of Public Affairs	6,115	6,662	6,158	6,196	6,401	6,596
60,281	Deputy Commissioner's Portfolio	60,898	56,434	55,338	55,023	56,003	57,164
2,947,912	Total Business Groups	3,072,028	3,053,353	3,033,285	3,151,525	3,247,308	3,343,970
	Corporate Budgets:						
28,839	Pensions	29,125	29,125	29,158	29,125	29,125	29,125
13,544	Centrally Held	64,695	51,827	53,427	674	1,553	4,149
16,111	Capital financing costs	21,564	21,564	21,564	19,364	19,964	20,664
-17,024	Interest receipts	-11,830	-11,830	-15,010	-9,000	-9,000	-9,000
-550,303	Specific Grants	-593,241	-556,491	-555,602	-564,581	-571,981	-571,981
0	Savings to be identified	0	0	0	0	-57,522	-124,513
-508,833	Total Corporate Budgets	-489,687	-465,805	-466,463	-524,418	-587,861	-651,556
11,215	MPA	12,659	12,841	12,730	13,193	13,853	14,387
2,450,294	Net revenue expenditure	2,595,000	2,600,389	2,579,552	2,640,300	2,673,300	2,706,800
-20,316	Transfer from reserves	0	-9,145	-9,144	0	0	0
102,722	Transfer to reserves	0	3,756	24,592	0	0	0
2,532,700	Budget requirement	2,595,000	2,595,000	2,595,000	2,640,300	2,673,300	2,706,800

Note: This analysis reflects a provisional allocation, for comparative purposes, of pay and price inflation to business groups. The final allocation of this centrally held provision will be determined later on in the budget process.

The Service Improvement Plan

The Service Improvement Plan is being developed as part of the Service's medium-term business and budget planning process. The Plan is still work in progress and identifies the areas of the Service, which are the focus of investment or efficiency review decisions. The projects included in the plan will change as it is developed.

These programmes are at different stages of development ranging from 'already in implementation' to 'yet to be scoped'. The figures quoted against individual programmes/projects reflect, in some cases, targets rather than agreed budget adjustments. Investment and saving estimates will be added to the plan as more information becomes available. It should also be noted that:

- there is a potential for double-counting between programmes
- some savings will relate to cost avoidance rather than budget reductions

	2009/10 £000s	2010/11 £000s	2011/12 £000s
A. <u>Efficiency/Productivity</u>			
1. Developing Resource Management (I) Lead: Director of Resources This is phased programme covering: Phase 1 - Procurement Management (PROSPA) - Purchase to Pay Processes - F&R Review Phase 2 - SAP upgrade (Finance Procurement control) - Scheme of Delegation - Corporate Decision Making - Contract compliance and Strategic Procurement Plans - Partnership Working Financial benefits to be mapped across business groups.	500 -15,000	1,000 -20,000	1,000 -20,000
2. Police Staff Establishment Plan (I) Lead: Directors of HR and Resources Police staff budgets (including overtime and agency staff) have consistently underspent by some £20m over recent years. There is currently on corporate staff deployment plan to deal with the growing impact of staff rationalisation programmes. The first stage of the review to match staffing resources to budgets has resulted in a budget reduction of £5m a year.	-5,000	-10,000	-10,000
3. Capital Investment Impact (I) Lead: Director of Resources The Service has a significant capital programme and there is a need to review the processes for determining the revenue impact of the programme in terms of costs and savings. The first stage of the review has resulted in an initial reduction in the 2009/10 budget provision of £6m.	-6,000	-10,000	-10,000

	2009/10 £000s	2010/11 £000s	2011/12 £000s
<p>4. Expenses Policy and Processes (N) Lead: Director of Human Resources The current policy and associated SOPs focus on the receipt of gifts and hospitality and do not cover the extension of corporate hospitality. There is no formal MPA policy on expenses incurred in the course of normal hospitality and approaches/procedures differ for officers and staff. A simplification and rationalisation of policy and processes should lead to time savings and improved governance.</p>			
<p>5. Taylor Review (E) Lead: Deputy Commissioner Legislative reforms following the Taylor Review will be introduced with effect from 1 December 2008 to the police misconduct procedures. The changes cover:</p> <ul style="list-style-type: none"> • New National Standards of Professional Behaviour • Reintroduction and reinvigoration of the Unsatisfactory Performance Procedure • New procedures for addressing Misconduct in the Police Service Implementation costs are contained within the DPS budget.			
<p>6. Consultancy (E) Lead: Director of Human Resources The Service spends a considerable amount on consultants. This review will build on the work undertaken on temporary agency workers and will identify current arrangements on the spend, management and monitoring of consultants within the Service and identify business changes to support a reduction in costs.</p>			
<p>7. Improving Police Information (E) Lead: Director of Information The Review will cover policing information systems and information management processes supporting operational policing and integrated crime management, including victim and witnesses. The implementation costs are contained within the Dol budget. Capital investment (2010/11 £3.0m; 2011/12 £6.3m) is included in the 2009-16 capital.</p>			
<p>8. Crime Recording and Investigation Bureau (E) Lead: AC Territorial Policing In response to the Audit Commission Review and MPA scrutiny of the Crime Management</p>	500		

	2009/10 £000s	2010/11 £000s	2011/12 £000s
Unit and the Telephone Investigation Bureau work is underway. Investment (£750k) has been provided to support the review to consider new ways to investigate and record crime.			
<p>9. Delivering More Together Programme (E) Lead: Director of Resources The Service is involved in a range of programmes of collaborative working with other organisations in the GLA group. The review will map existing involvement and make recommendations on how best to optimise the benefits to the Service of this evolving programme.</p>			
<p>10. Transforming HR (I) Lead: Director of Human Resources The Transforming HR programme aims to provide an improved, modern, high quality service to employees, line managers and the business.</p>	6,290 -3,200	1,910 -9,790	1,830 -11,620
<p>11. Property Services (N) Lead: Director of Resources Currently Property Services operate a mixed economy of contractual arrangements involving long-term, medium-term and short-term contracts. Consideration is being given to a move to a small number of strategic partners and a reshaping and up-skilling of the in-house service.</p>			
<p>12. Use of the Property Estate (N) Lead: Director of Resources The current use of the estate is considered to be sub-optimal. The review aims to identify and consider options for rationalisation and/or more intelligent use of the estate.</p>			
<p>13. Third Generation Outsourced Service (N) Lead: various The Service has outsourced a number of functions (e.g. ICT, Payroll and Pensions, C3i, Property Services). Plans are now being developed for the next round of tendering and, as part of that process, the current operating models need to be reviewed to ensure they remain fit for purpose</p>	1,574	2,658	13,097

	2009/10 £000s	2010/11 £000s	2011/12 £000s
<p>14. Transport Services (E) Lead: Director of Human Resources The Service has an owned fleet of 4,800 which is supplemented with hire (1,152) and lease vehicles (6,118). This review will build on the work already carried out on moving from hire to lease cars where the increase in leased cars (+618) has not been matched by a similar reduction in hire cars (+150).</p>			
<p>15. Forensics (E) Lead: AC Specialist Crime Significant improvements have been made in this area in recent years. Further savings are considered possible through improved management of existing processes and use of the new NPIA procurement framework. A higher target would be dependent on the resolution of property capacity issues.</p>	-10,600	-10,600	-10,600
<p>16. Catering (N) Lead: Director of Human Resources The review will focus on procurement/product supply, accounts payable services and salary sacrifice options.</p>			
<p>17. Uniform Storage and Delivery (N) Lead: Director of Human Resources The review will cover supply chain management and current policies on uniform delivery and storage.</p>			
<p>18. Training (N) Lead: Director of Human Resources The review will consider options for rationalising training facilities across the Service and optimising the benefits from a mixed economy of service delivery through internal/external providers and e-learning.</p>			
<p>19. ICT (N) Lead: Director of Information In preparation for the next tendering round the review will focus on:</p> <ul style="list-style-type: none"> • developing a new ICT outsourcing strategy • developing links to other outsourced contracts (Property Services, Pay and Pensions, Transport) • delivery of the procurement strategy for the next generation of ICT services 			

	2009/10 £000s	2010/11 £000s	2011/12 £000s
20. Language Programme (I) Lead: Director of Resources This service has a history of overspending, the review has therefore focussed on cost avoidance and delivering savings within existing budgets. Based on current trends, cost avoidance is estimated at £2.4m in 2009/10, £4m in 2010/11 and £5.8m in 2011/12.	3,700	1,900	0
	10,000	11,800	12,200
	-11,600	-11,600	-11,600
	-1,600	200	600
21. Event Management Futures (I) Lead: AC Central Operations The review of events management recommended the procurement and implementation of an end to end Events Management application. This, together with changes to the business processes supporting events management, will result in savings on overtime in both CO and TP.	4,000	1,000	0
	0	-446	-590
22. Coroners Review (E) Lead: AC Specialist Crime The focus of the review has been to identify pragmatic changes to secure continuous improvement in terms of a consistent and cost effective service to the seven coroners supported by the MPS.			
Efficiency /Productivity – Investment	26,564	20,468	28,727
Efficiency /Productivity – Savings	-53,000	-68,436	-70,410
B. <u>Capacity/ Capability</u> 1. Magee Review (N) Lead: Director of Information The Magee Review of criminality information proposes 31 recommendations for improvement. The Review focussed on the recording and sharing of information on criminality for the purposes of public protection. This project will progress the Magee recommendations relevant to the MPS and ensure rationalisation with other MPS information management imperatives.			
2. ICPT Covert Policing Standards (I) Lead: AC Specialist Crime This project will focus on achieving economies of scale for procurement sharing assets and increasing asset utilisation through increased awareness of asset availability.			
3. Assisting Offenders (E) Lead: AC Specialist Crime Since the enactment of the Serious and	420	420	420

	2009/10 £000s	2010/11 £000s	2011/12 £000s
<p>Organised Crime Act 2005 there is a requirement on the police to accommodate those wishing to take Queen's evidence. This project will focus on developing a consistent approach to managing performance and demands generated by potential assisting offenders to ensure the integrity and interests of the MPS are protected and necessary protocols between stakeholders are adhered to.</p>			
<p>4. Intercept Capacity and Capability (E) Lead: AC Specialist Crime There is a growing demand for intercept capacity across the Service as the changing nature of crime within London's diverse communities has degraded the effectiveness of conventional police tactics and traditional intelligence sources. An increase in capacity should enable the Service to align all its covert proactive assets more effectively and to deploy scarce resources more efficiently through Control Strategy Priorities.</p>			
<p>5. Dedicated Surveillance Capacity (N) Lead: AC Specialist Crime, AC Specialist Operations There has been a growing demand to deliver sustained interoperability between SO/SCD/CO surveillance teams and to provide a means of enhancing capability, capacity and efficiency within this area of policing. A review of this area has resulted in the agreement to establish a dedicated Surveillance Command.</p>			
<p>6. Olympics Legacy (N) Lead: Director of Strategy and Improvement The delivery of a secure Olympics is a major undertaking for the Service which will have a significant impact on work across the organisation. It will also allow the Service to consider new ways of delivering its objectives. Mechanisms need to be in place to ensure that good practice developed as part of the Olympics delivery model is identified and embedded in the Service as a permanent legacy of the Games.</p>			
<p>7. Operational/Non-Operational Officers (N) Lead: Director of Human Resources In September 2008 there were 31,789 officers in the MPS of which some 7,403 were providing support (6,624 operational; 778 organisational). The aim of the review is</p>			

	2009/10 £000s	2010/11 £000s	2011/12 £000s
to maximise operational capability and organisational capacity and to return as many officers, defined as being on recuperative or restricted duties, as possible to normal duties.			
<p>8. Operation Reclaim (I) Lead: AC Territorial Policing Approval was given in April 2008 to the rolling out of the power to seize uninsured vehicles to all officers across the Service.</p>	-3,200	-3,200	-1,600
<p>9. Operation Tyrol (I) Lead: AC Territorial Policing This project deals with the expansion of the TOCU and Safer Transport Policing services to provide a greater focus on crime, disorder and public assurance on the bus transport network.</p>	8,200	8,200	8,200
<p>10. Special Constables (N) Lead: AC Territorial Policing This project aims to expand the MSC force to 10,000 by the end of 2011/12 to provide increased resilience particularly in the evenings and at weekends and provide support to Operation Tyrol. The figures quoted reflect the additional resources required for the expansion. It should be noted that from 2012/13 onwards there will be a net cost of £4.9m to the MPA/MPS.</p>	5,923 -5,923	6,243 -6,243	5,627 -5,627
<p>11. Transport Policing (E) Lead: AC Territorial Policing This joint review with TfL is considering options for rationalising the three existing operating models (TOCU/SN Teams/Operation Tyrol) to optimise the efficiency and effectiveness of the Service provided.</p>			
<p>12. Crime Mapping (I) Lead: AC Territorial Policing This project aims to provide more information to local people about what is happening in their area through the provision of a crime mapping website. Full roll-out is scheduled for March 2009.</p>			
<p>13. Command, Control and Communications (CCC) (N) Lead: AC Territorial Policing With the transfer of CCC into TP, this review will reassess the established C3i model and consider options for rationalising the end to end dispatch service between CCC and IBOs (Integrated Borough Operations).</p>			

	2009/10 £000s	2010/11 £000s	2011/12 £000s
14. Operation Herald (I) Lead: AC Territorial Policing This project focuses on the introduction of a new custody staffing model that aims to deliver a more efficient and safer custody environment. Savings of £7.5m are expected to be delivered from 2012/13.	915	3,330	410
15. Integrated Prosecution Teams (I) Lead: AC Territorial Policing This project is part of the London Criminal Justice Board Reforms Programme. IPTs are MPS/CPS teams co-located in police stations with the aim of delivering more efficient services. Initial roll-out has identified significant benefits.	1,450	1,850	0
	-3,800	-5,100	-5,400
16. Virtual Courts (I) Lead: AC Territorial Policing This project is part of the London Criminal Justice Board Reforms Programme. A successful prototype live link between police stations and courts for first hearing has demonstrated proof of concept and the potential for significant benefits.	1,190	-	-
	-	-	1,300
17. Diamond Districts (I) Lead: AC Territorial Policing This project forms part of the London Criminal Justice Board Reforms Programme and a pilot is currently running in six boroughs. It has a focus on prisoners released from prison who are supported by a multi-agency team with the aim of preventing reoffending.	0	1,317	2,633
Capacity/Capability – Investment	18,098	21,360	18,590
Capacity/Capability – Savings	-12,923	-14,543	-12,627

Key:

I = In implementation

E = Existing review or project

N = New review or project

Annex 5

Capital Spending – Expenditure by Provisioning Group

CAPITAL 7 YEAR PROGRAMME 2009/10 TO 2015/16 – EXPENDITURE

Provisioning Group/Major Initiative	2009/10 £000s	2010/11 £000s	2011/12 £000s	2012/13 £000s	2013/14 £000s	2014/15 £000s	2015/16 £000s
Property Services	63,204	30,233	51,084	48,440	51,484	47,568	41,075
Directorate of Information	78,982	47,354	53,479	53,627	55,958	51,374	41,617
Transport Services	13,800	17,000	14,750	19,250	14,500	24,000	18,250
Misc. Equipment from Ad Hoc Providers	555	500	1,000	500	500	500	18,500
C3i Programme	2,000	2,500	0	0	0	0	0
Safer Neighbourhoods	7,238	31,497	0	0	0	0	0
Total Allocation	165,778	129,083	120,313	121,817	122,442	123,442	119,442
Olympics/Paralympics							
Property Based Schemes	7,925	0	0	0	0	0	0
Technology Based Schemes	32,727	34,133	10,167	3,262	0	0	0
Transport Based Schemes	122	66	1,623	13,228	0	0	0
Total Allocation	40,774	34,199	11,790	16,490	0	0	0
Counter Terrorism							
Property Based Schemes	1,250	9,000	5,400	0	0	0	0
Technology Based Schemes	8,100	2,200	1,000	1,000	1,000	1,000	0
Transport Based Schemes	1,000	1,000	1,000	1,000	1,000	1,000	0
Total Allocation	10,350	12,200	7,400	2,000	2,000	2,000	0
Total Capital Programme							
Provisioning Group/Major Initiative	165,778	129,083	120,313	121,817	122,442	123,442	119,442
Olympics/Paralympics	40,774	34,199	11,790	16,490	0	0	0
Counter Terrorism	10,350	12,200	7,400	2,000	2,000	2,000	0
Grand Total	216,902	175,482	139,503	140,307	124,442	125,442	119,442

Capital Spending – Expenditure by Business Group

CAPITAL 7 YEAR PROGRAMME 2009/10 TO 2015/16 – EXPENDITURE

Business Group	2009/10 £000s	2010/11 £000s	2011/12 £000s	2012/13 £000s	2013/14 £000s	2014/15 £000s	2015/16 £000s
Territorial Policing	34,196	56,049	23,056	29,693	32,408	13,508	7,508
Specialist Operations	5,119	722	722	722	2,722	722	722
Specialist Crime Directorate	4,107	1,900	0	0	1,500	0	0
Central Operations	29,847	5,270	5,350	8,300	12,200	7,000	24,450
Deputy Commissioner's Portfolio	0	0	0	0	0	0	0
Directorate of Information	6,000	2,000	2,000	2,000	2,000	2,000	2,000
Resources Directorate	0	0	0	0	0	0	0
Human Resources	10,545	60	60	60	60	60	60
Corporate - Property Based Schemes	18,616	13,978	17,616	11,229	20,226	34,300	27,950
Corporate - IT Infrastructure	50,843	50,562	40,510	47,200	33,700	40,306	40,192
Corporate - Other	18,326	16,810	17,260	21,660	14,510	23,210	18,010
Awaits Allocation to Business Group	0	3,000	6,300	5,900	5,800	3,800	300
Total BGs	177,598	150,351	112,874	126,764	125,126	124,906	121,192
In-year Programme Management - PS	-1,820	-9,659	3,720	-2,474	-1,342	-732	-875
In-year Programme Management - Dol	-10,000	-11,609	3,719	-2,474	-1,342	-732	-875
Total Allocation	165,778	129,083	120,313	121,817	122,442	123,442	119,442
Olympics Security Directorate	40,774	34,199	11,790	16,490	0	0	0
Total Allocation	40,774	34,199	11,790	16,490	0	0	0
Counter Terrorism	10,350	12,200	7,400	2,000	2,000	2,000	0
Total Allocation	10,350	12,200	7,400	2,000	2,000	2,000	0
Total Capital Programme (Business Groups)	216,902	175,482	139,503	140,307	124,442	125,442	119,442

Capital Spending – Expenditure by Service Objective

CAPITAL 7 YEAR PROGRAMME 2009/10 TO 2015/16 – EXPENDITURE

Service Objective	2009/10 £000s	2010/11 £000s	2011/12 £000s	2012/13 £000s	2013/14 £000s	2014/15 £000s	2015/16 £000s
Make our services more accessible and improve people's experience of their contact with us, especially victims and witnesses	34,833	35,894	40,298	46,885	42,800	35,700	40,700
Reduce serious violence and protect young people	500	12,000	15,800	27,950	12,500	6,500	6,500
Disrupt more criminal networks and reduce the harm caused by drugs.	0	0	0	0	0	0	0
Make our neighbourhoods safer through local and city-wide problem solving and partnership working to reduce crime, anti-social behaviour and road casualties	12,138	36,447	2,950	2,450	1,200	1,200	19,200
Plan for and effectively police major events in London and prepare for the 2012 Olympics.	4,350	3,432	100	0	0	0	0
Lead and manage our Service to ensure the most efficient, effective and economic use of all the resources entrusted to us.	43,492	18,530	18,110	17,500	20,000	21,106	17,192
Enhance our counter terrorism capacity and capability	18,729	10,470	650	0	0	0	0
Awaits Allocation to Service Objective	63,557	33,578	34,966	31,979	48,626	60,400	37,600
Total Major Initiatives	177,598	150,351	112,874	126,764	125,126	124,906	121,192
In-year Programme Management - PS	-1,820	-9,659	3,720	-2,474	-1,342	-732	-875
In-year Programme Management - DoI	-10,000	-11,609	3,719	-2,474	-1,342	-732	-875
Total Allocation	165,778	129,083	120,313	121,817	122,442	123,442	119,442
Olympics Security Directorate	40,774	34,199	11,790	16,490	0	0	0
Total Allocation	40,774	34,199	11,790	16,490	0	0	0
Counter Terrorism	10,350	12,200	7,400	2,000	2,000	2,000	0
Total Allocation	10,350	12,200	7,400	2,000	2,000	2,000	0
Total Capital Programme (Strategic Objectives)	216,902	175,482	139,503	140,307	124,442	125,442	119,442

Capital Spending – Funding of Proposed Capital Spending Plan

CAPITAL 7 YEAR PROGRAMME 2009/10 TO 2015/16 – FUNDING

Funding of Main Programme	2009/10 £000s	2010/11 £000s	2011/12 £000s	2012/13 £000s	2013/14 £000s	2014/15 £000s	2015/16 £000s
Police Capital Grant	38,442	38,442	38,442	38,442	38,442	38,442	38,442
Other Capital Grants & Third Party Contributions	0	0	500	2,000	3,000	4,000	0
Capital Reserves							
Main Programme	29,619	13,391	0	0	0	0	0
C3i Programme	2,000	2,500	0	0	0	0	0
Capital Receipts	20,000	20,000	40,000	40,000	40,000	40,000	40,000
Partnership Funds/RCCO	15,823	10,850	1,371	1,375	1,000	1,000	1,000
Investment Board Funds/RCCO	9,894	3,900	0	0	0	0	0
Borrowing	50,000	40,000	40,000	40,000	40,000	40,000	40,000
Total Funding	165,778	129,083	120,313	121,817	122,442	123,442	119,442
Olympics/Paralympics - Home Office Specific Grant	40,774	34,199	11,790	16,490	0	0	0
Total Funding	40,774	34,199	11,790	16,490	0	0	0
Counter Terrorism - Home Office Specific Grant	10,350	12,200	7,400	2,000	2,000	2,000	0
Total Funding	10,350	12,200	7,400	2,000	2,000	2,000	0
Total Funding							
Main Programme	165,778	129,083	120,313	121,817	122,442	123,442	119,442
Olympics/Paralympics	40,774	34,199	11,790	16,490	0	0	0
Counter Terrorism	10,350	12,200	7,400	2,000	2,000	2,000	0
Total Funding	216,902	175,482	139,503	140,307	124,442	125,442	119,442

Prudential Indicators for the Metropolitan Police Authority

It is recognised that the underlying demand for capital investment cannot be satisfied at the present time due to financial restraints. The level of capital receipts to be secured through the disposal of redundant and obsolete property is severely depleted at the present time due to the downturn in the property market. Once this situation changes it will be possible to carry out detailed work on Service demands to ensure the best match with strategic objectives can be achieved. Proposals for increasing capacity in provisioning departments can also be assessed. The affordability of the programme in terms of its impact on the MTFP will be closely scrutinised. The programme requirements for 2011/11 and beyond should, therefore, be regarded as indicative at this stage. Further refinement of investment needs will be undertaken to align the longer-term plans of the Service to available resources. The prudential indicators will have to be reviewed in light of any changes made.

Annual Statement of Minimum Revenue Provision

For 2009/10 the Authority will make a minimum revenue provision in accordance with:-

(a) the capital financing requirement method for borrowing undertaken prior to 2009/10, and any borrowing undertaken during the year supported through the revenue grants settlement: and

(b) the depreciation method for unsupported borrowing undertaken in 2009/10 as permitted by the flexibilities provided under the Prudential Code.

This is the same policy as adopted by the Authority for 2007/08 and at the present time it is not expected to change for future years.

Affordability Indicators

1. Estimate of capital financing costs compared to net revenue stream.

2008/09 Estimate	2009/10 Estimate	2010/11 Estimate	2011/12 Estimate	2012/13 Estimate	2013/14 Estimate	2014/15 Estimate	2015/16 Estimate
0.23%	0.25%	0.29%	0.40%	0.52%	0.63%	0.74%	0.85%

This indicator compares the total principal and net interest payments on external debt to the overall revenue spending of the authority. The Authority's external borrowing is considered low comparative to other authorities and there is a high level of investment income, but this indicator is still important because if the level of borrowing were to increase significantly an important factor in determining the existing and future levels of debt is the level of financial support from government. The continuation of government support to existing debt commitments is therefore crucial in understanding the affordability, prudence and sustainability of our borrowing policy. It is anticipated that similar support as at present will occur. This indicator assumes the authority adopts the budget submission in the present report. The authority has a history of utilising internal resources i.e. reserves to negate the need to go to the financial market and take out external loans. This practice is known as 'internal borrowing'. With reserves being heavily utilised during the downturn in the property market in order that investment levels can be maintained, external borrowing is predicted to commence during 2009/10. This is reflected in an

increase over financial years in the estimate of capital financing costs compared to net revenue stream. The increased level of borrowing financing the capital expenditure programme also contributes to this.

2. Estimated Incremental impact of capital investment decisions on the council tax.

2008/09 Estimate	2009/10 Estimate	2010/11 Estimate	2011/12 Estimate	2012/13 Estimate	2013/14 Estimate	2014/15 Estimate	2015/16 Estimate
(£0.11)	£0.21	(£0.56)	£1.15	£1.72	£1.72	£1.72	£1.72

This indicator shows the actual impact of capital investment decisions on the Council Tax. The indicator is calculated by comparing the cost of the capital programme including proposed increased investment, against the cost of the capital programme assuming no change to the previously approved programme. The council tax cost reflects debt charges on unsupported borrowing, loss of interest on capital receipts used to finance new investment decisions, debt charges on new investment decisions involving supported borrowing reflecting the proportion of precept to budget requirement (reflecting the general non-government grant supported element of investment spending).

Prudence Indicator

3. Net borrowing and the capital financing requirement.

CIPFA's Prudential Code includes the following as a key indicator of prudence:

"In order to ensure that over the medium term net borrowing will only be for a capital purpose, the authority should ensure that net external borrowing does not, except in the short term, exceed the total of Capital Financing Requirement in the preceding year plus the estimates of any additional Capital Financing requirement for the current and next two financial years"

Capital Expenditure Indicators

4. Capital Expenditure

2007/08 Actual £000	2008/09 Estimate £000	2009/10 Estimate £000	2010/11 Estimate £000	2011/12 Estimate £000	2012/13 Estimate £000	2013/14 Estimate £000	2014/15 Estimate £000	2015/16 Estimate £000
147,790	214,927	216,902	175,482	139,503	140,307	124,442	125,442	119,442

This indicator states the total capital spend covering all capital expenditure, not just that financed by borrowing. These figures include the assumptions of expenditure being incurred for Counter Terrorism and the 2012 Olympics and Paralympic Games, which we are currently expecting to be funded from specific grants provided by central Government.

5. Capital financing requirement (at end of financial year)

2007/08 Actual £000	2008/09 Estimate £000	2009/10 Estimate £000	2010/11 Estimate £000	2011/12 Estimate £000	2012/13 Estimate £000	2013/14 Estimate £000	2014/15 Estimate £000	2015/16 Estimate £000
370,348	395,534	429,712	452,524	474,423	495,446	515,628	535,003	553,603

The capital financing requirement measures the authority's underlying need to borrow for a capital purpose. The Authority chooses not to associate borrowing with particular items or types of expenditure. The Authority has an integrated treasury management strategy and has adopted the CIPFA Code of Practice for Treasury Management in the Public Services. The Authority has at any point in time, a number of cashflows (both positive and negative) and manages its treasury position in terms of its borrowings and investments in accordance with its approved treasury management strategy. In day-to-day cash management, no distinction can be made between revenue cash and capital cash. External borrowing arises as a consequence of all the financial transactions of the authority and not simply those arising from capital spending. In contrast, the Capital Financing Requirement reflects the authority's underlying need to borrow for a capital purpose.

External Debt Indicators

6. Authorised Limit for External Debt

	2008/09 Original £000	2008/09 Revised £000	2009/10 Estimate £000	2010/11 Estimate £000	2011/12 Estimate £000	2012/13 Estimate £000	2013/14 Estimate £000	2014/15 Estimate £000	2015/16 Estimate £000
Borrowing	104,395	48,689	70,958	97,191	122,375	146,552	169,761	192,042	213,432
Other Long Term Liabilities	-	-	-	-	-	-	-	-	-
Total	104,395	48,689	70,958	97,191	122,375	146,552	169,761	192,042	213,432

This is the maximum amount that the authority allows itself to borrow in each year. The Treasurer reports that these Authorised Limits are consistent with the authority's current commitments, existing plans and the proposals in the budget report for capital expenditure and financing. They are also consistent with its approved treasury management policy statement and practices. They are based on the estimate of the most likely, prudent but not worst-case scenario, with sufficient flexibility over and above this to allow for operational management, for example unusual cash movements. Risk analysis and risk management strategies have been taken into account, as have plans for capital expenditure and estimates of cashflow requirements.

The above figures reflect the understanding that from 2009/10 onwards the borrowing needs of the Authority will be matched by the negotiation of external loans. The figures recognise that some element of the 2008/09 borrowing sum for the financing of capital expenditure will be met from internal sources. Following years' figures are calculated on a cumulative basis taking account of minimum revenue provision (MRP) and all borrowing to finance capital expenditure to be matched by new external loans.

7. Operational Boundary for External Debt.

	2008/09 Original £000	2008/09 Revised £000	2009/10 Estimate £000	2010/11 Estimate £000	2011/12 Estimate £000	2012/13 Estimate £000	2013/14 Estimate £000	2014/15 Estimate £000	2015/16 Estimate £000
Borrowing Other Long Term Liabilities	90,778	42,338	61,703	84,514	106,413	127,436	147,619	166,913	185,593
	-	-	-	-	-	-	-	-	-
Total	90,778	42,338	61,703	84,514	106,413	127,436	147,619	166,913	185,593

The proposed Operational Boundary for external debt is based on the same estimates as the Authorised Limit but reflects directly the estimate of the most likely, prudent, but not worst case scenario, without the additional headroom included within the Authorised Limit to allow for example for unusual cash movements and equates to the maximum of external debt projected by this estimate.

The concluding paragraph as noted above for the authorised limit for external debt also applies in respect of the operational boundary for external debt.

8. Actual External Debt (at start of financial year 2008/09)

Actual External Debt
1 April 2008
Actual
£000
42,338

Treasury Management Indicators

9. Net Outstanding Principal – Limits in interest rate exposure.

Limits in interest rate exposure calculated with reference to net outstanding principal sums.

	2008/09 Estimate	2009/10 Estimate	2010/11 Estimate	2011/12 Estimate	2012/13 Estimate	2013/14 Estimate	2014/15 Estimate	2015/16 Estimate
Upper limit on fixed interest rate exposures	95%	95%	95%	95%	95%	95%	95%	95%
Upper limit on variable rate exposures	30%	30%	30%	30%	30%	30%	30%	30%

This indicator reflects the requirement specified under the Code, however the outstanding principal payable and receivable from external loans and investments is exceedingly weighted towards investment.

10. Gross Outstanding Borrowing.

Limits in interest rate exposure calculated with reference to net outstanding borrowing sums.

	2008/09 Estimate	2009/10 Estimate	2010/11 Estimate	2011/12 Estimate	2012/13 Estimate	2013/14 Estimate	2014/15 Estimate	2015/16 Estimate
Upper limit on fixed interest rate exposures	100%	100%	100%	100%	100%	100%	100%	100%
Upper limit on variable rate exposures	15%	15%	15%	15%	15%	15%	15%	15%

11. Gross Outstanding Investment.

Limits in interest rate exposure calculated with reference to outstanding investment sums.

	2008/09 Estimate	2009/10 Estimate	2010/11 Estimate	2011/12 Estimate	2012/13 Estimate	2013/14 Estimate	2014/15 Estimate	2015/16 Estimate
Upper limit on fixed interest rate exposures	100%	100%	100%	100%	100%	100%	100%	100%
Upper limit on variable rate exposures	40%	40%	40%	40%	40%	40%	40%	40%

12. Maturity Structure of Borrowing – Upper and Lower Limits

Amount of projected borrowing that is fixed rate maturing in each period as a percentage of total projected borrowing that is fixed rate.

	Upper Limit %	Lower Limit %
Under 12 months	30	0
12 months and within 24 months	30	0
24 months and within 5 years	30	0
5 years and within 10 years	40	0
10 years and above	70	0

13. Principal sums invested for periods longer than 364 days.

The Authority will consider the investment of sums for longer than 364 days but a ceiling of £40m presently operates. This was agreed by the MPA Full Authority on 30 March 2006.

14. The MPA has adopted the CIPFA Code of Practice for Treasury Management in Public Services.

Annex 6

Financial Strategy

Continually Improving the Use of Financial Resources

We will maximise the use of resources to achieve the Authority's objectives through: prioritised spending, ensuring value for money and optimising income. We will achieve this using a framework that supports inclusion and recognises the diversity of the community we serve.

1. Introduction

- 1.1. The MPS mission of WORKING TOGETHER FOR A SAFER LONDON aims to ensure that:
 - Communities are engaged with, confident in, and satisfied with, our police service
 - Security is improved and the public feel reassured
 - Crime, disorder, vulnerability and harm are prevented and reduced
 - 1.1.1. Offenders are brought to justice
- 1.2. The MPS Financial Planning Framework helps the MPS deliver this mission by ensuring resources are aligned to service objectives.

2. Revenue Expenditure

- 2.1. Revenue expenditure is recurring expenditure on the provision of services. Typical examples are employee's salaries, premises running expenses and costs of transport and supplies and services. Revenue expenditure also includes the costs of capital financing expenditure.
- 2.2. Local authority revenue expenditure is defined in Sections 41 and 42 of the Local Government and Housing Act 1989. In practical terms the definition means that revenue expenditure covers all expenditure other than capital expenditure, with capital expenditure being spending on purchasing, improving or constructing land, buildings and major equipment.
- 2.3. Revenue expenditure before deduction of income from fees, charges and grant is called gross expenditure and is a measure of the total amount spent in providing services. After deduction of relevant income it becomes net expenditure. The level of net expenditure is the main focus for the MPS, both in setting annual budgets and in comparing costs of services against other organisations and performance indicators.
- 2.4. The MPS has a clear aim to maximise income where possible. There are opportunities for partnerships between the police and third party organisations, e.g. local councils, for cost sharing where there is a dual benefit. These are supported and encouraged by the MPS and the MPA where such initiatives facilitate the delivery of the Service's business objectives.

3. Capital

- 3.1. All capital investment should support core policing services and the achievement of key objectives. The key purpose of the capital strategy is to

provide a clear picture of procedures for acquiring and managing capital assets.

3.2. The MPA has approved a capital strategy. The capital strategy focuses on processes to take forward a strategically led, priority driven, capital programme. To enable efficient and effective planning of investment requirements the capital programme spans a rolling seven-year period. This assists in securing strong links between capital investment and associated revenue costs. The effectiveness of the capital strategy will be reviewed annually in the light of changing needs and priorities. The current prioritisation process ensures capital investment meets MPS needs by considering:

- Impact on delivery of MPS Strategic Objectives or Met Modernisation Programme;
- Continuation or completion of capital projects where significant expenditure has already been incurred or where the MPS is already contractually committed;
- Where significant revenue or capital savings would result which could be reallocated elsewhere within the business;
- Business benefits of the project – with particular emphasis on performance improvement.

3.3. The whole capital programme is then assessed in terms of its overall feasibility:

- Revenue costs of borrowing the capital sums required to determine overall affordability;
- Levels of other funding sources, including grants and capital receipts;
- MPS's capability and capacity to implement the proposed capital programme. Both in terms of the project resources of the support departments but also the ability of the receiving departments to resource the necessary business change where applicable

3.4. The MPS Capital Programme Review Board (CPRB) oversees the production of the Capital Programme, ensuring that there is efficient and effective governance of the Programme. The CPRB also monitors the delivery of the investment proposals. The MPA is represented on the CPRB.

4. The Prudential Code for Capital Finance in Local Authorities

4.1. A new system of capital finance took effect from 1 April 2004. CIPFA has prepared a Prudential Code for Capital Finance in Local Authorities in order to underpin the new system. Local authorities are now required by regulation to comply with the Prudential Code. For the purposes of the Prudential Code, the MPA/MPS is classified as a local authority.

4.2. Under the code, the MPA is required to set a capital spending plan and authorised limits for external debt. The Prudential Code has been developed as a professional code of practice to support local authorities in making these decisions.

4.3. The key objectives of the prudential code are to ensure, within a clear framework, that the capital investment plans of local authorities are

affordable, prudent and sustainable. A further key objective is to ensure that treasury management decisions are taken in accordance with good professional practice and in a manner that supports prudence, affordability and sustainability. The Prudential Code sets out the indicators that must be used by authorities to show that they meet the objectives, and also sets out a clear governance procedure for setting and revising the prudential indicators.

4.4. The main issues covered by the prudential indicators are:

- Impact of capital plans on the council tax;
- Level of capital expenditure;
- Level of capital financing requirement;
- Ratio of capital financing costs to net revenue stream;
- Authorised limit and operational boundary for external debt;
- Compliance with the CIPFA code of practice for Treasury Management;
- Interest rate exposure and structure of borrowing and investments.

4.5. The MPA/MPS has developed a capital programme and identified the necessary funding. The MPA/MPS has also adopted the CIPFA code on Treasury Management and has clear procedures in place governing investments including weekly monitoring reports.

4.6. The borrowing limits for the Authority are set by the GLA.

5. The Planning Framework

5.1. The planning framework introduced for the 2008/09 planning year has been developed further, to help the MPS fulfil its statutory policing functions, and other discretionary functions, within a financially balanced budget. It is a continually developing process which builds on the new approach to planning the MPS has adopted to ensure that financial planning and budgeting are driven by strategic priorities and business needs. The broad approach taken is:

- Assessing needs via consultation with stakeholders
- Alignment of resources to MPS Strategic Priorities
- Improve outcomes and minimise unit cost of delivery
- Achievability
- Identification of medium term savings proposals not just concentrating on year one
- Understanding the impact of cost reductions elsewhere within the organisation
- Priority to public-facing services
- Robustness of budgets
- Review and Scrutiny internally by MPS and with the MPA.

5.2. The integrated business and financial process contributes to the joint-working of finance and performance by providing Management Board and business groups with information that will be fundamental to supporting:

- Strategic decision making
- Making best use of resources
- Continuous improvement in productivity, efficiency and performance
- Accountability for the plans, as well as monitoring performance against

- plans
- Delivery of objectives, budgetary control and resource use
- Internal and external stakeholders, including the public

5.3 Additionally, the budget and business plan process aims to:

- Contribute to an effective Corporate Governance framework
- Consider budget bids against the established equalities framework;
- Consider budget bids against the established performance and objectives criteria
- Consider budget bids against the established sustainable development framework
- Ensure value for money (VfM) requirements are met
- Continually improve the link between operational business delivery and financial consequences

6. The Revenue Budget and the Three Year Plan

6.1. The revenue budget forms the first year of the MPS's three year financial plan and is approved each February as part of the budget and precept setting process. The budget is reviewed and rolled forward annually.

6.2. The budget document sets out outturn figures for the previous year, original and revised estimates of revenue spending for the current year, approved revenue estimates for the following year and forecast budget requirements for the following two years. Figures are analysed objectively by Business Group and subjectively by expenditure type, e.g. employee costs. The budget and financial plan is an integral part of the MPS's Business Plan, which provides information at a high level and is supported by detailed work plans for each Business Group.

7. Financing Net Revenue Expenditure

7.1. The two main sources of funding for the MPA/MPS's net revenue spending are the General Police Grant and the Precept. Central Government determines the Police Grant and the GLA determines the Precept (the amount to be levied on the London Borough's to be collected via the Council Tax).

7.2. The MPS's ability to supplement its revenue resources is limited. However on an ongoing basis, the MPS is seeking to optimise income from other streams, e.g.:

- Specific Government Grants
- Partnership agreements
- Sponsorship
- Other funding streams e.g. EU Funding
- Other Fees and charges

7.3. The MPA receives specific grants for a number of reasons. The impact of any changes to these grants is managed as part of the overall budget process.

7.4. Partnership activity is defined as any joint arrangement with other public and private sector bodies, which involves the use of joint resources to obtain a

particular outcome. Under partnership agreements, the partner will have some involvement/influence in how the MPS uses any resources provided. The purpose of partnership agreements within the MPS is, in the main, to enhance public reassurance and to reduce crime and disorder.

- 7.5. The current main EU funding programmes against which the MPS is likely to be able to apply for funding are 'Security and Safeguarding Liberties' and 'Fundamental Rights and Justice'. The programmes are scheduled to run for the period 2008 – 2013 and are likely to involve annual calls for applications. The MPS continues to assess other EU programmes and whether there is a business benefit to the organisation in producing a bid for funding.
- 7.6. These funding streams are not guaranteed. Areas such as sponsorship and partnership are short-term deals, usually two years, which do carry some risk of discontinued funding. The MPS makes assumptions on the potential re-negotiation of such arrangements and feeds this into the medium-term financial plan.

8. Financial Planning Aims

- 8.1. The MPS does not have the revenue resources to do everything it would like to. In planning revenue expenditure we must ensure that the MPA meets its fiduciary duty for the proper management of financial matters and statutory requirements for the provision of services. We are committed to providing the best possible value for money services to London Council Tax payers.
- 8.2. The MPS's approach to planning revenue and capital expenditure is to:
 - Assist the development of strategies and plans that support the MPS's objectives
 - Demonstrate the delivery of key strategies
 - Make links between inter-related activities, e.g. Service Improvement Plans (SIP), the Annual Report, service scrutiny and review, strategies, medium-term plans, annual budget, risk management, and decision making processes
 - Keep Management Board and Business Group managers informed of the MPS's financial position as it is developed and refined to help them to determine priorities and reach decisions on the need for, and timing, of changes
 - Forecast changes in demand and match demand with resources
 - Optimise, both direct and indirect resources available and ensure resources are used effectively in delivering the MPS's objectives, including the development of appropriate income generation policies and strategies
 - Demonstrate the likely implications on spending plans of changes in legislation
 - Show how MPS policies compare with national plans
 - Provide the foundations for performance/efficiency reviews and continuous improvement
 - Assist consultation with partners and stakeholders on setting priorities
 - Provide an effective and flexible means of responding swiftly to a changing environment
 - Assist in setting the annual precept while recognising national constraints

- Inform the MPA and GLA of all significant developments during the process.
- 8.3. The Financial Strategy, as the overarching mechanism for governing the use of revenue and capital resources, influences most of the MPS's strategies and plans.
- 8.4. The MPS works within the GLA group and has to work within the financial limits set by the Mayor who provides annual guidance on the anticipated level of funding available to the MPA/MPS. The Mayor's precept for the GLA group is subject to the Government's capping regime as determined by the Secretary of State. This means there is a need to balance the needs of the Service against the council tax burden on London residents.

9. Consultation

- 9.1. As part of the business planning process, and as required by the budget guidance issued by the Mayor, the MPA will consult key stakeholders on the budget submission. The MPA is responsible for ensuring that key stakeholders are consulted as part of this process.

10. The Budget Process

- 10.1. The timetable below gives a simplified picture of how the budget and business planning process works and links to other related processes:

On-going liaison between MPS and MPA, guidance, steer, etc to budget/business plan development	July to September
Initial response to Mayor providing information requested in guidance	October
MPS/MPA continue to work together to finalise the budget submission.	November
MPA sign off final Budget Submission to GLA	Late November
Provisional Grant Settlement	Late November, Early December
GLA/Mayor/London Assembly approve budget for MPA & consider capital limits	Mid February
MPS detail budget approved by MPA	March

11. Resources Allocation Guidelines

- 11.1. In planning revenue budgets the MPS has regard to:
- The stated vision and objectives;
 - The implementation of MPS strategies;
 - Fulfilling statutory obligations;
 - Value for money and enhanced performance;
 - Alternative funding sources (e.g. specific Government grants).
- 11.2. The MPA needs to maintain a level of balances sufficient to provide a working balance and meet any unexpected costs (e.g., from higher than expected inflation or extraordinary contingencies such as an unexpected and significant drop in interest rates or the effects of terrorism).

- 11.3. The MPA holds earmarked reserves for three main purposes:
- A contingency to cushion the impact of unexpected events or emergencies – this forms part of general reserves;
 - A working balance to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing – this too forms part of general reserves;
 - A means of building up funds to meet known or predicted liabilities or to smooth significant expenditure requirements – known as earmarked reserves.
- 11.4. Any general balances over and above a prudent level can be made available to assist the revenue budget. The MPA has a policy of maintaining a general reserve (including Emergency Contingency Reserve) of at least 2% of net revenue expenditure. Decisions on the use of earmarked or general reserves are made each year as part of the budget planning process.
- 11.5. The external auditor has responsibility to review the arrangements in place to ensure that financial standing is soundly based. This includes reviewing and reporting on the level of reserves taking into account their local knowledge of the authority's financial performance over a period of time. It is not their responsibility to prescribe the optimum or minimum level of reserves for an individual authority.

12. Budgetary Control

- 12.1. Spending on the revenue and capital budget is controlled through the annual process of preparing estimates and by regular monitoring of performance against them.
- 12.2. The budget is structured to reflect the organisation of the MPS and to ensure responsibility for budgets throughout the management structure. Estimates on a constant price basis are prepared and responsible officers are expected to manage Service variations and deliver the approved level of service within the cash limit. Pay and price inflation is held centrally and allocated to services on a set criteria basis. Virement procedures are available to assist managers. A budget provision for pay and non-pay inflation is held centrally and allocated to business groups where appropriate.
- 12.3. Progress is reported against the budget and business plan to the MPS Investment Board and the MPA Finance Committee (MPA Finance and Resources Committee from October 2008) on a monthly basis. Progress is also reported to the Mayor and London Assembly (Budget Monitoring Sub-Committee) on a quarterly basis. The report details spend against profiled estimates for each Business Group together with explanations of significant variations and proposals for any corrective action necessary. Outturn estimates against the approved budget are also identified and explained.
- 12.4. Final accounts are prepared promptly in accordance with standard local government accounting conventions. All spending activity is subject to review by both internal and external audit and this assists in maintaining financial control.
- 12.5. The MPS has a Corporate Governance framework that includes a scheme of delegation and financial regulations. These arrangements are reviewed periodically and a programme of work is currently underway to ensure the

Corporate Governance Framework is effective and remains fit for purpose. A corporate procurement strategy has also been approved which will assist in achieving value for money, supported by a Contracts Code. The MPA has a Corporate Governance Committee which regularly reviews and scrutinises the MPS governance framework.

- 12.6. It is a requirement of the Local Government Act 2003 that the MPA Treasurer, as the Authority's Chief Finance Officer, must report on the robustness of the estimates made for the purposes of the calculations, and the adequacy of the proposed financial reserves. Close working relationships are maintained between the MPA Treasurer and the MPS Director of Resources.

13. Scheme of Delegation

- 13.1. The Scheme of Delegation is intended to set out all significant functions and decisions which are delegated to officers (incorporating police officers and police staff) and which are of a statutory, financial or managerial nature, other than those of a purely operational nature. The Scheme does not define how those decisions should be taken nor does it attempt to list all the matters which are incidental to the exercise of those responsibilities and which are part of the everyday management functions of authorised officers.

- 13.2. This document sets out functions delegated to officers of the MPS from;

- The MPA;
- The Commissioner of Police of the Metropolis (the Commissioner).

- 13.3. The Commissioner and any officers authorised by him, are responsible for the general management of their respective functions including:

- Management of staff resources;
- The effectiveness and efficiency of service delivery;
- Budget management;
- Contract tendering and management;
- Ensuring all staff are aware of and comply with MPS/MPA policies.

- 13.4. The Scheme of Delegation forms part of the MPS Corporate Governance Framework, which includes:

MPA

- MPA Standing Orders (including Financial, Contract Regulations and the Protocol on compensation cases);
- MPA Business Plan (incorporating the Medium Term Financial Plan).

MPA/MPS

- MPA/MPS Procurement Strategy and policies.

MPS

- MPS Scheme of Devolved Financial Management;
- MPS Financial Instructions;

- MPS Vision, Values and Behaviours;
- MPS Code of Conduct;
- MPS Equality Schemes;
- MPS Human Resources policies and procedures;
- MPS Internal Control Framework;
- MPS Management Board Operating Framework;
- Also, MPS Management structure including Business Group SMTs and supporting management arrangements, along with strategic committees.

14. Treasury Management

- 14.1. On 21 March 2002 the MPA formally adopted the key recommendations of the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice for Treasury Management in the Public Services as set out in Section 4 of that Code.
- 14.2. The Code requires that the MPA will receive an annual strategy and plan in advance of the financial year. This report is submitted in accordance with that requirement. A copy of the 2008/09 Treasury Management Strategy can be found at <http://87.102.31.206/committees/f/2007/070215/11.htm>
- 14.3. Additionally, guidance issued on 1 April 2004 by the Secretary of State under Section 15(1) (a) of the Local Government Act 2003, requires an Annual Investment Strategy that contains specific reference to the security and liquidity of investments.
- 14.4. Furthermore under Part 1 of the Local Government Act 2003 local authorities are required by Regulation, effective 1 April 2004, to have regard to the Prudential Code for Capital Finance. The Prudential Code introduced requirements for how capital spending plans are considered and approved as part of an integrated treasury management strategy.

15. Sustainable Development

- 15.1. The financial planning framework promotes the delivery of the policing service whilst having proper regard to the environment within which it operates and to the diversity of the community it serves. The MPS recognises its corporate social responsibility to ensure that key sustainable issues such as environmental management, equalities and diversity, health and safety are monitored and managed.
- 15.2. The MPS recognises that the socially responsible investment of funds can have a significant positive impact on communities and the environment. In managing its investment portfolio the MPS applies an ethical investment policy which, after consideration was agreed by the MPA and will be reflected in the 2009/10 Treasury Management Strategy.

MPA/MPS Sustainable Development Submission 2008/09

1. Introduction

- 1.1 During 2008/09 the MPA/MPS Environmental Strategy (2005 – 2010) will be reviewed to inform the development of a new strategy for post 2010. The MPS is keen to ensure adequate reporting and management of social impacts, in line with broader commitments to Sustainable Development and Corporate Social Responsibility.
- 1.2 The following report should be viewed in the context of growth of the MPS and the changing nature of MPS operations. The MPS headcount has increased by 1.9% on the previous year and 8.4% on 2004/05 staffing levels.
- 1.3 The MPS Environment Team will take the lead in this area coordinating policy input from a number of other corporate departments primarily Diversity and Citizen Focus, Strategy and Improvement Department and Resources Directorate. A new post is being created within the Environment and Sustainability Team to focus on improving reporting and best practice on social and community elements of sustainability and mainstreaming through the corporate decision making processes.

2. Environmental Sustainability

- 2.1 Environmental sustainability is championed at a senior level by the Director of Resources, and is managed through the MPS Environmental Strategy and supporting Environmental Management Programme (EMP). The EMP contains targets and environmental key performance indicators, with performance reviewed quarterly by the MPS Environmental Strategy Steering Group and MPS Performance Board. Detailed performance data and initiatives are reported annually in the MPA/MPS Environment Report (published September). The following programmes and initiatives are priorities or areas for specific emphasis for the MPS in 2009-10:
 - The MPS achieved silver award in the first audit for the Mayor's Green Procurement Code. The audit recommendations will be addressed as part of the Environment Strategy and GLA Responsible Procurement Action Plan, which will be published in November. The MPS continues to partly fund the GLA Group's central Responsible Procurement team, based at TfL, to assist with action plan implementation and sharing of best practice.
 - The total MPS carbon footprint has decreased by 0.3% on the previous year. Implementation of the Climate Change Action Plan (CCAP) sets out to reduce MPS carbon emissions by 10% by 2010. The MPS recognises that further reductions are necessary to avert climate change, and achieve the Mayor's target to reduce carbon emissions by 60% by 2025. The MPS will review its progress against its carbon reduction targets in 2010 to inform further target setting and energy reduction strategies in line with Greater London Authority (GLA) budgets available to the MPA. However it is likely that such significant reductions can only be achieved through significant modernisation of the estate, which is dependant on the availability of capital resources and the ability to access affordable renewable energy.

- The MPS operates an open market forward procurement process under a contract with EDF Energy. The MPS currently purchases 'green' electricity from combined heat and power. Open discussions are ongoing with EDF regarding purchase of renewable energy, but it is understood that there is currently no flexibility in the system for procurement of renewable energy.
- The MPA has allocated a CCAP fund of £5.7m (for 2007/08-2009/10) and identified a further £5m for subsequent years to deliver energy efficient retrofit to the MPA estate. In 2007/08 carbon emissions resulting from building energy use decreased by 4.0% on the baseline year (2005/06), which is an actual saving of 5,283 tonnes of CO₂ on the baseline year and a financial saving of £1.7m. A further 5,498 tonnes of carbon savings have been identified in 2008/09, which will result in a forecast financial saving of £0.7m a year on utility costs. The MPA have committed to recycling the savings generated by the CCAP into further energy efficiency projects through the MPS 'revolving fund'. The MPS has also allocated £1.6m in 2009/10 for the Carbon Reduction Commitment. The MPS is awaiting the outcome of the government consultation to finalise the financial and operational impacts.
- To support the CCAP the MPS has developed a Building Energy Efficiency contract (as part of the Clinton Climate Initiative) in partnership with Transport for London and the London Fire Brigade. Energy surveys have been carried out at ten MPA sites to recommend energy efficient technologies. The energy and hence carbon savings delivered by the technologies are guaranteed by the contractor under agreed performance criteria. The Clinton Climate Initiative is now at the Investment Proposal Evaluation Stage and draft proposals show possible savings of 2,500 tonnes of CO₂ (1.7%) and £0.5m a year.
- In 2007/08 carbon emissions from the road vehicle fleet increased 5.9% on 2006/07 levels to 33,463 tonnes. This is primarily due to a greater amount of fuel being consumed in 2007/08 than in the previous financial year and an increase in the MPS vehicle fleet by 3.8%. The MPS has set a target to reduce carbon emissions by the car fleet by 5% in 2008/09 on 2007/08. Transport Services are actively working to reduce engine sizes of MPS vehicles and has reported a 6.5% decrease in the average carbon emissions per car (184g CO₂/km to 172g CO₂/km in April 2008). Also promoting use of hybrid vehicles for general purpose travel. The MPS are currently reviewing MPS fleet use to identify further mechanisms to minimise transport carbon emissions.
- Carbon emissions from operational air travel have decreased by 3.5% on the previous year. Anecdotal evidence suggests that carbon emissions may increase in 2008/09 due to international events such as the Beijing Olympics in preparation for the London 2012 games. To minimise unnecessary travel and ensure all travel is appropriate, all Olympic travel has to be approved by MPS Management Board. From 2008/09 internal procedures have been implemented to make it simpler for employees to travel via rail as these trips can now be booked centrally through Travel Services. A carbon offset charge is applied to all flights, which is paid for by individual business units to raise awareness of the environmental impacts of flying.
- The MPS will continue to work in partnership with Transport for London (TfL) to develop the MPS Sustainable Travel Plan. The MPS has carried out travel audits and employee surveys for 36 of our largest sites. The results will inform development of targets and

recommendations to improve the sustainability of employee and business travel.

- Continued implementation of sustainable waste management plans for the MPA estate, to achieve the 45% recycling level and 25% waste reduction level by 2010. The amount of general waste generated per MPS employee decreased by 3% and overall waste arisings decreased by 10% on the previous year. In 2007/08 the recycling rate for office wastes has increased to 36% from 29% in 2006/07. By meeting reduction and recycling targets in 2010/11, it is estimated that the MPS will avoid costs of approximately £0.4m on landfill tax alone. The budget for management of general office waste (including recycling) is £1,5m per year.
- The overall volume of water consumed in 2007/08 was 769,789 m³. Water consumption increased on the previous year by 9%. However, it should be noted that there was a significant decrease (18%) in water consumption reported in 2006/07 on 2005/06 levels. This reduction was due to voluntary participation during the hosepipe ban, where several essential cleaning and maintenance activities were suspended. The subsequent increase resulted when these activities were resumed, however, significant awareness raising of staff and contractors has meant that consumption levels are still 11% below 2005/06 levels. The focus for 2008/09 is to understand the water consumption for the top 45 consuming buildings in the MPS portfolio and work with other MPS departments to set water reduction targets for these buildings based on m3 per person.

3. Environmental Sustainability Expenditure Analysis 2009-10

		Revenue	Capital
	No. of Staff	2009/10 £000	2009/10 £000
Sustainability Staff			
Environment & Sustainability	3	188	
Recycling Officer	1	45	
Energy Manager	0.5	31	
Energy Conservation Officer	0.5	26	
Climate Change Programme Manager	0.5	(see Climate Change)	
Energy Engineer	2.0	(see Climate Change)	
Energy Manager Special Projects	0.5	31	
Programmes			
Part funding GLA Sustainable procurement unit		120	
Climate Change Action Plan (CCAP) - Building energy efficiency			3,000
Energy and water efficiency benchmarking, CCAP programme costs		375	
Carbon Reduction Commitment		1,600 ¹	
Energy/utilities management consultancy advice		100	
Sustainability/Environmental consultancy		70	
Energy monitoring – Meter operator contract		75	
Sustainable design - micro generation and renewables, rain water harvesting, and sustainable materials (3-5% of MPA development costs – figure is dependent on project programme and approvals)			
Air travel carbon offsetting		64	
London Cycling Campaign		1	
London Liftshare		3	
Green 500		3	
Hybrid lease vehicles		317	
MPS bicycle purchase		123	
Cycle training		40	
Procurement of recycled products		1,402	
Water Efficiency (see above energy and water benchmarking and sustainable design, which includes rainwater harvesting systems and water efficient fittings)			
Total	8.0	4,614	3,000

4. Social Sustainability

- 4.1 A key mechanism for delivery of social sustainability benefits will be through development and implementation of the GLA Responsible Procurement Action plan, which aims to integrate seven strands of responsible procurement as part of MPS procurement processes in line with the MPS Corporate Social Reasonability (CSR) agenda. As part of this the MPS has implemented the London Living Wage through its Facilities Management Service cleaning contract.

5. Diversity and Equality

- 5.1 The MPS is committed to providing policing services that meet the needs of the diverse communities it serves. Promoting equality and ensuring that equality considerations underpin our decision making will enhance our ability to increase the trust and confidence of all Londoners.
- In early 2009 we will publish an updated MPS diversity strategy that will ensure that the organisation continues to reflect and respond to the changing diversity of London.
 - The MPS Equalities Scheme sets the standard for how people can expect to be treated as we seek to put London's diverse citizens at the heart of everything we do. The operational benefits include an improved quality of service, increased trust and confidence within London's communities and the better recruitment, retention and progression of talented people. All Business Groups will continue to deliver their responsibilities within the Scheme incorporating these within their business plans as appropriate.
 - The first section of the Equalities Scheme was published in December 2006 and has been developed and expanded since then. In Spring 2009 we will publish a revised version of the Scheme updated to reflect the achievements since the Scheme was first launched and refreshed to ensure its aims remain relevant.
- 5.2 In line with the requirement on all police services, the MPS will be implementing the Equality Standard for the Police Service during 2009/10. The Standard provides business areas and Borough Operational Command Units (BOCU) with a continuous improvement tool, allowing them to demonstrate their contribution to integrating equality activity and improving overall performance.

6. Partnerships

- 6.1 The MPS is committed to building effective partnerships with other organisations and recognises the potential for partnership working to support our mission, improve service quality and deliver cost effectiveness. Partnership working supports the MPS CSR agenda by delivering efficient joined up working and ensuring that wider social issues are recognised through broader stakeholder dialogue. The following programmes and initiatives are priorities or areas for specific emphasis for the MPS in 2009-10:
- Establishment of Crime and Disorder Reduction Partnerships (CDRPs) of Local Authority, Health, Probation and police

authorities to co-operate and collaborate with a range of organisations to develop local strategies to tackle the problems of crime and disorder across London.

- The MPS is joining forces with the UK Borders Agency (UKBA) to tackle immigration crime that blights London's communities. Codenamed Operation Swale, the alliance is being formed in order to crackdown on a small minority of foreign nationals and some UK citizens involved in immigration-related crime and to boost public confidence.
- The Safer London Foundation which is a charitable limited company for the MPS to provide funding, research, education and product services to help reduce crime and increase public safety in local neighbourhoods and across London.
- The Safer Schools Partnership is a collaborative approach between a school, police and other local agencies working towards the following aims: To reduce the prevalence of crime, anti-social behaviour and victimisation amongst young people and to reduce the number of incidents and crimes in schools and their wider communities.

7. Community & Social Inclusion

7.1 Community engagement and social inclusion initiatives are core to MPS policing activity and contribute to the MPS CSR agenda. The following programmes and initiatives are priorities or areas for specific emphasis for the MPS in 2009-10:

- The MPS aims to increase the number of Special Constables to between 6,000 to 10,000 Special Constables by 2012. Special Constables come from a variety of backgrounds and volunteer their time to patrol the streets or work in specialist roles with the same powers as regular Police Officers. A high-profile and significant component of the Metropolitan Special Constabulary is the Employer Supported Policing (ESP) programme, where staff from a number of industries and realms in both the public and private sectors, are supported by their employers by the provision of leave for training and duties as Specials, with the patrols being relevant or local to the employer's premises or industry. The ESP partnership is very well equipped to tackle local crime, disorder and other priorities. Some key employer benefits include a potential for workplace crime reduction, significant staff personal development without the direct training costs for the business, an increase in team productivity through a greater sense of security and a key enhancement of the employer's Corporate Social Responsibility portfolio. The MPS supports over 450 of its own Police Staff in their efforts as Special Constables through the ESP programme.
- The Met Volunteer Programme (MVP) provides volunteers to support the Metropolitan Police Service aiming to enhance and add value to core service delivery. In 2008 1,381 volunteers gave support across all 32 Boroughs with additional involvement within the Olympic Security Directorate and the Training and Development Unit based at the Peel Centre. During 2007/08 volunteer hours increased 45% to 104,000 and there are now over 60 roles available to volunteers with the majority of support provided to Safer Neighbourhoods and front counter activities. 17% of volunteers are aged between 18 - 24 years

old and 20% over 65. Met Volunteers come from a variety of backgrounds including 37% from the BAME community and 4% disabled. 69% of London's wards had at least one MVP volunteer living within it demonstrating that volunteering opportunities are reaching much of the community. Additionally, 80% of MVP volunteers state that "their confidence in their own abilities has increased (or increased greatly) as a result of their volunteering and that 46% felt that "their volunteering had increased their ability to get paid work". A "Fit to Volunteer" procedure has recently been introduced which will provide greater support by Occupational Health for volunteers with impairments, aiming to enhance inclusivity. The charity SCOPE is to provide guidance to MVP Managers on best practice when supporting volunteers with physical and mental health issues.

- Safer Neighbourhoods Teams involvement in the Capital Clean Up campaign run by the Capital Standards Programme and EnCams which includes organising a 100 day clean up campaign to improve standards of local environmental quality across London.
- Community Payback in London forms part of the Safer Neighbourhood's Programme and is a partnership between London Probation, the Metropolitan Police Service and local authorities. Community Payback enables the unpaid work done by offenders in London to receive public recognition, and allows the public to contribute ideas as to which work projects are undertaken. There are now over 300 projects a month across London.
- Safer Neighbourhoods for People (SN4P) youth engagement project encourages young people to take photographs of places in their neighbourhood where they feel either safe or unsafe. Their local Safer Neighbourhoods Team work with them to address their concerns. This provides a voice for young people and provides access to joint agency problem solving activity to remedy the issues.
- The Safer Neighbourhoods Annual Challenge (SNAC) competition open to all young people who attend a school or youth group in Hammersmith and Fulham. Young people identify Community Safety issues within their local neighbourhoods, and then identify and implement workable solutions that will make their area a cleaner and safer place to be. In January 2009 a project is being launched in Islington with support from Arsenal Football Club and MTV.
- The Kickz football programme is a joint initiative between the football industry and the Police. The objectives are to engage young people in constructive activities linked to the Every Child Matters framework, to break down barriers between the police and young people, to reduce crime and anti-social behaviour, to create routes into education, training and employment, to encourage volunteering, and to increase young peoples' interest in, and connections with, the professional game. The MPA and The Football Foundation committed a total of £6m to roll the project out across all 32 boroughs in London with two schemes per borough for the next three years. There are currently 65 projects operating in London. Projects deliver two nights of football activities and one flexible session each week. Flexible sessions typically involve other sports, music lessons and a range of developmental activities e.g. drug awareness, healthy eating, volunteering, career development and anti-weapons workshops.

During the last eighteen months over 5,000 young people have taken part in Kickz activities. It is estimated that this figure will increase by at least 4,000 during the next 2 years. Over 70% of all participants are self-categorised as Black, Asian or Minority Ethnic.

- To work within the Home Office “Strategy for a Healthy Police Service 2007 –10”. The targets to be achieved by 2010 are challenging but achievable. The MPS continues to proactively manage Health & Safety through the implementation of the MPA/MPS Health and Safety Policy facilitating the promotion and development of effective health and safety risk management practices across the organisation.
- Approximately 9,000 accidents affecting MPS personnel or on MPS premises are reported every year. A comparison of the period September 2006 – August 2007 against September 2007 – August 2008 indicates the following trend:
 - Total accident rate fell by 14%
 - Major accident rate fell by 2.5%
 - Over three day accident rate fell by 13.5%.

Annex 8

MPS Youth Strategy - TP Funding

Number	Title	Amount 2007/8	One-Off Spend 2008/9*	On-Going MPS budget
1	VPC Expansion/Project 'You'	£40,000	£400,000	
	Current VPC budget			£500,000
2	Miss Dorothy.com Primary	£400,000		
3	Miss Dorothy.com secondary	£130,000		
4	CSEF Junior Citizen	£150,000		
5	Street Pastors	£85,000	£400,000	
6	Princes Trust	£50,000	£400,000	
7	Street 20 (Urbam Cricket)	£160,000		
8	SLF	£400,000		
9	Be Safe/ Kickz	£60,000		£1,650,000
10	Globe Education Trust	£80,000		
11	Met-Track	£24,500	£100,000	
12	Restorative Justice YSAT-Triage	£35,000	£100,000	
13	Voyage	£410,000	£350,000	
14	SCD calling the Shots/ Mediation		£200,000	
15	Engaging young people - MPA		£600,000	
16	Diamond districts		£600,000	
17	A & E interventions		£400,000	
18	Stolen Lives ' Knife Programme'	£80,000	£250,000	
19	Public Protection Desks			£2,650,000
20	Safer Schools Partnership PCSOs			£3,600,000
21	Safer Schools Partnership PCs			£10,900,000
22	SCD gang tension mentoring programme		£300,000	
23	Restorative Approach to dealing with minor issues (RAIN)		£150,000	
24	LYCPB Schools Award	£50,000		
		£2,154,500	£4,250,000	£19,300,000

* Some of this expenditure may roll over to 2009/10

Note: 1. Not all of the expenditure supporting the Youth Strategy is identified above, as it forms part of normal BOCU expenditure. These will include support from Safer Neighbourhood teams and also support to Youth Offending Teams. In addition activity by Safer Transport Teams undertake activity on transport networks around schools

2. It is not possible at this stage to identify costs incurred by other Business Groups on youth related activities. Work is continuing to identify such costs.

Developing More Together Programme

1 Introduction

- 1.1 The MPS is closely working with other members of the GLA family in the 'Delivering More Together' (DMT) programme, collaborating where practicable to increase efficiency and effectiveness and to save on costs. Currently, total forecasted net benefit of the programme across the GLA group up to 2010/11 is £7.4 million, and the MPS is keen to contribute towards achieving and even surpassing this figure.
- 1.2 Several projects involving the MPS are underway within the various strands of DMT, including procurement and IT infrastructure. We are ensuring continued effective governance of the MPS strands of DMT by establishing strategic management and co-ordination within the Strategy and Improvement Department. Consideration of our overall strategic priorities and objectives will determine where we seek local collaboration (in partnership with the GLA group) and where we seek national collaboration (in partnership with the National Policing Improvement Agency and other police forces), always with a view to achieving the best service delivery in the most cost-effective way for the people of London."
- 1.3 This text below sets out the progress made by the Delivering More Together (GLA Convergence) Programme. It provides details of the activity undertaken by the Programme Management Office during the period, the status of key priority projects and an overview of the programme as a whole (by workstream). The MPS involvement in various workstreams will depend on an assessment of the likely cost/benefit to the Service.

2. DMT Programme Management Office (PMO) Update

- 3.1 PMO has now captured the 4 new project proposals in this workstream. Additionally, partial baseline information (e.g outline scope, start dates and so on) has been agreed and recorded in the Programme database. The new projects are
- FM10 – Office Accommodation. A review of geographic synergies across Functional Bodies' accommodation strategies.
 - FM11 – Operational Accommodation. This project seeks to provide operational accommodation across the GLA Group and, as such, is closely linked to FM10 and FM13. The scope may include, for example, the temporary accommodation of LFEPAs fire appliances on land owned by TfL.
 - FM12 – Compulsory Purchase. Shared use of TfL CP services including specific support for LDA.
 - FM13 – Land Management. Development of a web-based portal for sharing data on GLA land holdings. This project has requested funding (approximately £55k) from the Programme, for the purpose of procuring Land Registry data to support the application. This funding has been agreed in principle, but is on hold pending the authorisation of the project under TfL Governance arrangements.

2.2 The next step for these projects will be to estimate timescales, costs and benefits for Governance purposes. It is understood that this work will be dependant on external constraints, such as decisions on the future strategy for the LDA.

3. Procurement

3.1 As presented at the last meeting of the Steering Group, the Procurement workstream will be focussing on 4 main projects during the remainder of 2008/9.

The projects are:

- Joint Contracts (Telephony/Network).
- Joint Contracts (Hardware).
- Policy and Quality Assurance Pack.
- Consultancy Frameworks.

3.2 Work on determining the precise breakdown (by FB and financial year) of financial benefits is ongoing, but has been constrained by availability of the project manager.

4 Shared Financial Services

4.1 Both the MPA /MPS and TFL use SAP for finance and procurement, the Financial Services Workstream is developing proposals to realise benefits from joint working and knowledge sharing in this key area.

5 IT Infrastructure

5.1 The IT Infrastructure workstream has requested DMT funding (c£40k) to support the development of business cases for two of its 7 priority projects. The funding has been agreed in principal by the Programme Manager. As previously reported, the business cases for these 7 projects are expected to be available for Steering Group review in November.

6 HR Workstream – Temp Labour (2) Project

6.1 The PMO has had a request for DMT funding (c£30k) to support this project. The funds are needed to provide for Legal costs, relating to the drafting of contracts/SLA's between the project participants and external suppliers. The Programme Manager has approved the funding, although it should be noted that we do not yet have a clear picture of the business case for the project (which is required for TfL's internal Governance procedures). The PMO is currently liaising with the project manager with a view to establishing the business case over the coming weeks.

7 Programme Rationalisation

7.1 The May meeting of the Steering Group mandated the PMO to review and rationalise the scope of the Programme, by identifying where projects could be closed to enable the Programme to better focus on high value projects. The PMO carried out this work during June, via a series of meetings with project managers in all workstreams. The result was that 64 projects have been identified as potential candidates for closure for one or more of the following reasons:

- The projects were rejected as part of the initial prioritisation of potential projects in July/August 2007.
- The work has been completed under “business as usual” (BAU) arrangements.
- The work has been subsumed into the scope of other projects.
- There is insufficient interest across FB’s to progress the work.
- The business case for the work is weak.

8 Status of Priority and High Value Projects

8.1 The following text gives an update on progress for the 3 remaining Steering Group priority projects, and for all other projects will forecast benefits of over £1m.

9 Priority Projects

9.1 Project Workstream Current Status

Leadership development - Human Resources

Now broken down into 5 main deliverables: (1) An induction module for senior managers, Preferred option is to produce a DVD (2) Joint provision and (3) Procurement of ‘generics’ training where gaps identified, 4) Cross Group Coaching Framework for senior managers, and (5) Cross Group online information portal for leaders. (subject to TfL’s evaluation of online pilot)

9.2 Graduate programmes - Human Resources

TfL has invited FBs to express interest in providing placements for TfL graduates. Several have been agreed for the GLA transport team. GLA and LDA are to be sent info on placement objectives for other areas such as finance and project management. MPA has expressed interest.

9.3 Joint contracts: Temp staff

Procurement The recruitment advertising aspect is now complete. Phase 1 of Temp staff complete. TfL rates are now shared with other members of GLA. A lessons learnt session will be held to build on the work so far, this will include continues sharing of best practice. .

10 High Value Projects

10.1 Joint Contracts: Stationery

Procurement £2m. Phase 2 is now underway. The strategy for the uptake of the contract still being discussed on this project. Confirmation of savings from joining the MOD agreement to be determined

10.2 Joint Contracts: Desktop Applications

Procurement £1.5m. Joined up review now being carried out with ICT work stream to establish any duplication. Procurement project definition expected during Sept 07.

10.3 Joint Contracts: IT Consumables

Procurement £2.1m. Delivered for TfL with good savings reported. GLA to assess whether it is beneficial to join.

10.4 IT Infrastructure Projects - IT Infrastructure

£16m (tbc). 7 priority projects currently in initiation/planning, prior to approval by Steering Group. Total financial benefits may be as high as £80m over 10 years.

11 Work with TFL

- 11.1 The Service continues to work closely with TFL on a number of initiatives including transport policing and the delivery of a secure data centre.

Annex 10

Diversity within the Workforce

1. Introduction

- 1.1 The various diversity and equality of opportunity initiatives undertaken by the MPS and their successes are to be found throughout the Business Plan. The following section makes specific reference to recruitment, training, community engagement and performance initiatives.

2. Recruitment

- 2.1 2008 saw the MPS continue to make progress on our recent successes in this area. Since 2000 and the aftermath of the Stephen Lawrence Inquiry, the BME diversity in the MPS has increased from 3.9% to over 8.2%. There has also been a significant increase in the proportion of female police officers in the MPS, which has increased from 16% in 2000 to 21.2% in 2008. In terms of national police strength the MPS accounts for 44% of BME police officers in the UK.
- 2.2 2008 saw the MPS continue to make progress on our recent successes in this area. Since 2000 and the aftermath of the Stephen Lawrence Inquiry, the BME diversity in the MPS has increased from 3.9% to over 8.2%. There has also been a significant increase in the proportion of female police officers in the MPS, which has increased from 16% in 2000 to 21.2% in 2008. In terms of national police strength the MPS accounts for 44% of BME police officers in the UK.
- 2.3 The recruitment of BME police officers has generally improved annually. In 1999/2000 at the time of the Stephen Lawrence inquiry, only 6.8% of police recruits were BME; whereas in 2007/08 this had increased to nearly 21%, over the last nine years, from a total of 15,735 new police recruits approximately 2,094 recruits have been from BME communities.
- 2.4 The recruitment of female police officers has also shown an increase over time; for instance during intakes in the last three years females have accounted for 35.1%, 37.5% and 39.1%, of the totals respectively.
- 2.5 The extended policing family (e.g. PCSO and specials) have proven popular roles for BME groups and now account for over 30% of the personnel undertaking these roles, which significantly exceeds the BME economically active population in London of 26%. The PCSO role has proven a particularly good starting point for people interested in policing but undecided about whether or not to become a police officer, with over 40% (252) of PCSO turnover during the current year attributed to police officer recruitment. Of these new ex-PCSO police recruits 23% (59) were BME.

3. Community engagement and recruitment – the Pathfinder Project

- 3.1 The aims of the Pathfinder pilot are to help support citizen focus and engagement activity by fostering better mutual understanding between the selected communities, police and other stakeholders. The Pathfinder approach focuses upon increasing an understanding within both the police and Pathfinder communities of the issues, needs and priorities facing both groups in relation to safety, crime and policing. It is anticipated that the increased awareness will contribute towards increased safety of a range of communities, prevention of serious and enhanced community cohesion/integration.
- 3.2 The Recruitment Directorate has initiated a programme, which draws upon the Pathfinder model for community engagement to help facilitate access to priority groups. Initial workshops have already been run with Somali, Polish, Pakistani, Bangladeshi and Turkish groups, as well as a funding bid to commission the University of Central Lancashire (UCLAN) to extend the pathfinder model to these five communities across four boroughs (i.e. Newham, Tower Hamlets, Haringey and Lambeth), culminating in bespoke recruitment campaigns.
- 3.3 As part of the initial scoping work for the community engagement pilot, a series of focus groups were held for members from the five communities which have highlighted many really interesting issues, many of which are common whilst many others are unique to particular groups. It revealed a willingness for communities to positively interact with the police as a way to develop trust and confidence. The groups also highlighted how the lack of trust and confidence prevented a wider interest in pursuing a career within the police service. The findings from the focus groups will be used to inform our marketing approach and re-assess support provision.

4. Access courses

- 4.1 These are courses run by several Further Education (FE) colleges in partnership with the MPS at several locations in London and are designed to provide potential applicants with an opportunity to develop key skills (e.g. maths and English) to help improve their chances of competing successfully in the police selection process. Participants are also provided with specialist advice and guidance on interview and assessment centre techniques, as well as a degree of mentoring by MPS personnel.
- 4.2 Currently, courses are available at colleges in Tower Hamlets, Hounslow, Southwark, Brent and Havering. These courses are particularly popular with BME groups with 53% of participants enrolling from BME groups out of a total of 396 participants. In terms of police applications, the course has generated 245 applicants, which generated 61 (25%) recruits. The data shows evidence of differences in performance between BME/white and British/white other groups (i.e. pass rates 18% BME, 8% white other and 41% white British).
- 4.3 A comparison between the success rates of those who have undertaken the access course by comparison to typical success rates shows that for some groups there is little difference between pass rates (e.g. Pakistani and white female) but for others, notably the Indian group, the pass rate has increased significantly.

5. Pre-Employment courses

- 5.1 The MPS brokered a partnership between London Employers' Coalition, Hackney Community College and Jobcentre Plus to pilot a pre-employment course for people whose first language is not English; the course is aimed at non-warranted

posts, such as PCSO, designated detention officers, etc. There is an expectation that successful participants will gain an insight into policing within the non-warranted posts before applying to become police officers. The course, which is at the pilot stage, has been designed to cover key competency areas and to develop these qualities within the participants. The course is also free to the MPS, drawing upon existing funding streams available through the Jobcentre Plus and college.

6. Touch Points

6.1 The aim of this piece of work is to reduce the proportion of people who drop out of the application process. Currently, approximately 75% of people enquiring do not submit an application, similarly, a significant number, approximately 20% to 30%, do not attend the assessment centre. Preliminary research is currently being undertaken to, firstly, measure the effect of early contact by MPS personnel shortly after a recruitment event upon return rates; secondly, by way of telephone survey, to gain an insight into the why applicants (a) made an enquiry but did not apply and (b) dropped out of the process by failing to attend the assessment centre. In terms of the touch points initial feedback from those contacted has been very positive, with participants welcoming the telephone call and offer of further advice. It is envisaged that a series of touch points will be introduced whereby recruitment staff provide proactive engagement with applicants.

7 Promoting Difference

7.1 The Promoting Difference Programme commenced in January 2008; it is a range of development and support options open to all those from under represented groups with a specific focus on those seeking promotion or selection for specialist roles. It has been developed in partnership with the Staff Support Associations. All elements will be subject to a thorough evaluation process whereby individuals will be contacted at 6,12 and 18 months after participation so that impact upon their career can be monitored. Participants are encouraged to form 'action learning sets' and to keep in touch with the Career Management Unit (CMU). So that promoting difference is as sustainable as possible, government funding, partnerships with the Safer London Foundation and the business community have been utilised rather than MPS funds. Some of the programme achievements have been:

7.2 Positive Action Leadership Programme: – This is aimed at encouraging officers and police staff from under represented groups to stay in the Service and to apply for progression (people up to Chief Inspector/ Band D are eligible).

7.3 Since the Human Resources Directorate took over the management of the PALP in January 2008, approximately 12 people have attended per month. Anecdotally we know that two individuals have been promoted since attending the January programme.

7.4 Springboard: - Aimed at non-managerial women, this programme took place most recently from January-April 2008. Since these individuals began the course, two have been promoted and one PCSO and one police staff member have become police officers. Each programme costs approximately £4000.

7.5 The CMU have worked in partnership with the Safer London Foundation to identify and train mentors from under represented groups within the business community to mentor a group of 20 police officers (at Sergeant/ Inspector level). It's aimed at those who have the potential for promotion.

8. Leadership Academy

8.1 The Leadership Academy has identified five key impact levels of leadership ranging from those on the first rung of supervision up to management board. Leadership development programmes are provided appropriate to the impact level and have been designed in partnership with the Diversity and Citizen Focus Directorate. The values and behaviours are at the core of the programmes. At team leader level the programme objectives reflect Morris Inquiry recommendations around managing difference.

9. Talent management

9.1 It has been recognised that the MPS needs to do more to manage and grow talent within the organisation, particularly amongst under-represented groups, specifically BME and female officers.

9.2 The new MPS talent framework includes a programme (Equip to Achieve) to develop the brightest and best BME officers to level the playing field and ensure that there is a more representative pipeline of talent across the organisation. The Equip to Achieve programme will target BME Constables, Sergeants, Inspectors and Chief Inspectors. The overarching objective is to develop effective leaders and managers from minority groups, currently under-represented in the leadership and management levels of the MPS. Under the talent management strategy, the Equip to Achieve programme will be one of the places we look for potential candidates to apply for the talent pool and, ultimately, move onto the work-based assessment pathway for promotion to Superintendent.

9.3 It is anticipated that by 2012, the Equip to Achieve programme will have effectively doubled the number of BME Superintendents within the MPS; projections based on natural growth without the Achieve programme indicate there will be approximately nine BME Superintendents in the MPS by 2012, however if the Achieve programme is taken into consideration the number of BME superintendents is likely to increase to approximately 20.

10. Personal Development Reviews

10.1 The Diversity Learning and Development Branch (DLDB) has responsibility for incrementally implementing, over the next 2-3 years, the change from assessing all members of the MPS (and extended police family) against the "Respect for Race and Diversity" competency, to the National Occupational Standard (NOS) AA1 "Promote equality and value diversity", within the PDR process.

10.2 The new standard will enable a higher standard of assessment to be performed around issues of race and diversity. The new standard will also reflect the race and diversity national standard that is used for student constables (IPLDP), 'professionalising' investigative practice (PIP) and work-based assessment for promotion (formerly TOWBAR).

11. Retention

11.1 Two full time retention researchers manage and deliver the MPS exit process. They receive structured information either in person, via telephone or by questionnaire from all those who leave the MPS prematurely. All information is subject to detailed analysis in terms of the 6 strands of diversity. No adverse impact has been revealed during financial year 2007/8. Police wastage rates continue to be lower for BME officers (3.57% compared to total police wastage of 5.43% at the end of January 2008). One BME constable taking part in the Springboard programme stated that she had decided to resign but the

Springboard experience has changed her mind and already caused her to make significant changes in the workplace.

12. Police staff discipline

12.1 The HR Directorate work across all business groups to promote and deliver positive outcomes in the area of equality and fairness. The HR Directorate, in the area of Police Staff Discipline, have commissioned a study to better understand reasons why disproportionality in relation to race and ethnicity is a feature within some aspects of police staff discipline. This commissioned work has commenced with colleagues from the Diversity and Citizens Focus Directorate. It is anticipated that findings and recommendations from the study will assist in the development of further specific work-streams aimed at improving equality. The CMU is currently developing a communication strategy to identify and strengthen both formal and informal relationships with partners and stakeholders.