

REQUEST FOR DMPC DECISION – DMPCD 2015 – 159

Title: Budget Submission 2016-17 to 2018-19

Executive Summary:

As part of the production of the GLA budget MOPAC is required to submit a budget proposal to the GLA. This paper sets out the proposed revenue and capital budgets for the period 2016-17 to 2018-19 based on the current understanding of Government funding for Policing. Further work will be carried out in December, January and early February to consider the full impact of the Comprehensive Spending Review (CSR) and final grant settlements.

Recommendation:

The DMPC is asked to approve the proposed 2016/17-2018/19 budget submission to the GLA as set out below and in the attached appendices.

Deputy Mayor for Policing and Crime

I confirm I have considered whether or not I have any personal or prejudicial interest in this matter and take the proposed decision in compliance with the Code of Conduct. Any such interests are recorded below.

The above request has my approval.

Signature



Date

18/12/2015

PART I - NON-CONFIDENTIAL FACTS AND ADVICE TO THE DMPC

Decision required – supporting report

1. Introduction and background

- 1.1 In April 2013 following an extensive consultation the Mayor's Office for Policing and Crime (MOPAC) published an ambitious Police and Crime Plan which sets out the Mayor's strategy for policing and crime reduction over a four year period for 2013-2017.
- 1.2 The plan sets out 6 key objectives:-
- Cut crime by 20% in 7 neighbourhood crime types, reducing the numbers of crime by up to 250,000
 - Increase confidence by 20% up to 75%
 - Cut costs by 20% by delivering savings of £500m
 - Seek swifter justice for victims by reducing delays in the criminal justice system by 20%
 - Reduce reoffending by young people leaving custody in London by 20%
 - Increase compliance with community sentences by 20%.
- 1.3 The Mayor has driven forward an ambitious programme of work to realise his vision for London as the world's safest global city. Through determined leadership and focused, transparent oversight - enabled by ground-breaking data tools - over the last four years we have:
- **Made Londoners safer**, cutting neighbourhood crime in London by nearly 19%, a reduction of nearly 80,000 offences. Burglary in London is at its lowest level since 1974. Robbery has plummeted by 44%;
 - **Boosted public confidence** in London-wide policing and maintained confidence in local policing. Overall satisfaction in the service provided by the MPS has increased from 74% to 80% over this period;
 - **Delivered better value for money**, cutting costs by over 20% whilst maintaining a strong front line. By the end of the Mayor's term, the MPS will have delivered savings of £573m, whilst maintaining his target strength of 32,000 officers;
 - **Helped victims of crime receive justice more quickly** through close partnership work with the criminal justice system to ensure a focus on victims and improvements in their efficiency. Cases took 165 days to complete in London courts in the rolling year to September 2015. This is an improvement of 3 days from 2011/12 and London is now performing better than England and Wales;
 - **Ensured more offenders face the consequences for their crimes**, putting a renewed focus on making sure that convicted criminals complete their court orders. Since 2011/12, compliance has increased from 77% to 84%;
 - **Provided more than £40m grant funding for crime reduction projects** across the city through the London Crime Prevention Fund.

2. Issues for consideration

2015-16 Budget Position

- 2.1 The 2015/16 – 2016/17 budget submission included a balanced budget for 2015/16, delivering on the final year of savings required to meet the 20% reduction in costs as set out in the Police and Crime Plan, with total savings planned to be £573M and providing funding for a Police Officer establishment of 31,957 FTE by March 2015, remaining at this level into 2016/17.
- 2.2 This formed the basis of the November 2014 budget submission and the subsequent consolidated GLA budget. The MOPAC budget was approved as part of the Mayor's consolidated budget in February.

Interim Budget Submission 2016/17 – 2018/19

- 2.3 The budget submission for 2016/17 – 2018/19 has been prepared in a period of significant financial uncertainty. Following the General Election in May 2015, the Chancellor of Exchequer announced his Summer Budget on July 8th and subsequently launched the Comprehensive Spending Review on July 21st, whilst the Chancellor's intention to eliminate the budget deficit by 2019/20 is clear, the impact this will have on MOPAC and the other functional bodies is less certain.
- 2.4 In addition in the Summer the Home Office:
- Announced its intention to review the funding formula for Police,
 - Introduced a new bidding process for the National and International Capital City grant (a grant that to date has not met the MPS resourcing requirements)
 - Launched a Strategic Defence and Security Review covering Counter Terrorism, the significance of which has risen in importance since the recent Paris attacks,
- 2.5 Additionally, the Home Office with its Innovation Fund last year and building on Regional Organised Crime Unit allocations is developing the practice of top slicing the police budgets in order to oblige forces to engage in bidding for sums of money to be spent on specific defined matters.
- 2.6 The review of the funding formula was subsequently deferred until 2017/18.
- 2.7 Since the Comprehensive Spending Review and subsequent other reviews were announced (highlighted above) MOPAC and the MPS have lobbied hard to protect London's funding settlement and keep Londoners safe.
- 2.8 On July 28th the Mayor issued his budget guidance for the planning period 2016/17 – 2018/19. Recognising this was a period of significant financial uncertainty, the guidance required MOPAC to submit their budget proposals for 2016/17 – 2018/19 including balanced budget proposals for 2016/17 delivering on the Mayor's manifesto commitment to maintain officers at or around 32,000 going into 2016-17.
- 2.9 At the time of issuing the guidance, and as highlighted above, the level of grant allocation for MOPAC was uncertain. It is now clearer following the Police Grant settlement but there remains some uncertainty in particular in respect to the Counter Terrorism grant.
- 2.10 MOPAC/MPS have, therefore, been working on a range of scenarios, and whilst there is not complete certainty, this budget reflects the current position as we understand it.

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- 2.11 On November 25th the Chancellor announced the outcome of his Comprehensive Spending Review including his intention to protect overall police spending in real terms over the Spending Review period, an increase of £900 million in cash terms by 2019-20, providing funding to maintain overall police force budgets at current cash levels, and an increase in Counter Terrorism funding of 30%.
- 2.12 Home Office general grant funding for 2016/17 to MOPAC remains provisional and is subject to confirmation, and the detail of the counter terrorism grant will be provided by the Home Office in January 2016. Whilst this is a better scenario, by far, than some anticipated, this settlement will require the MPS to continue with the ambitious programme of reform and modernisation already embarked on.

- 2.13 Since 2012, MOPAC has undertaken the biggest transformation of the MPS in its history to enable it to rise to those challenges by reducing costs, reforming the policing model and releasing under-used assets for reinvestment in the estate and digital infrastructure.
- 2.14 The reform strategy is strengthening and evolving the front line. At a time where police budgets and police numbers have fallen nationally, MOPAC has maintained officer numbers at 32,000, whilst reducing the number of police manager posts through increasing spans of control and improving management capacity. Crucially through investment in mobile technology and body worn video MOPAC is enabling officers to be more effective, more accountable and more mobile, providing visible reassurance and cutting crime.
- 2.15 MOPAC is transforming back office services, cutting costs, removing unnecessary overheads. The management of existing contracts is being improved to deliver better value and drive out cost and key back office services such as HR, finance and procurement are being out sourced to drive out further savings.
- 2.16 Following the provisional grant settlement the Mayor issues his Budget Consultation Document. This incorporates MOPAC's initial budget submission, with the funding stream adjusted to reflect the impact of the CSR and provisional grant settlement. The Mayor intends to allocate £1,904.6m of Home Office General Policing Grants and £27.1m of Revenue Support Grant to MOPAC in 2016-17. Details of how MOPAC intends to respond to these revised funding levels will not be finalised at this point; an initial view on how these will be managed will need to be made on 12 January, with a final view provided on 8 February.
- 2.17 The budget submission includes a balanced budget for 2016/17 with no unidentified savings for 2016/17 and, as in previous budget submissions, there are additional savings to be identified for 2017/18 and 2018/19. MOPAC and the MPS will continue to work together in response to the Commissioner's RSA Report "Public Safety in a Global City" that sets out the changes to policing and new ways of working that the MPS intend to deliver to develop the blueprint and roadmap for One Met Model 2020 which is set to deliver improvements and efficiencies.
- 2.18 The draft capital programme is set out in the table below and is affordable without the need for borrowing.

	2015/16 £k	2016/17 £k	2017/18 £k	2018/19 £k
Gross Capital Expenditure	282,789	293,280	293,338	311,258
Over-programming	(16,725)	(65,000)	(65,000)	(65,000)
Planned Capital Expenditure	266,064	228,280	228,338	246,258

Reserves

- 2.19 The budget submission requires the use of reserves as set out below to meet existing commitments and to fund future transition and redundancy costs without which the transformation initiatives to improve efficiency including the significant staff reductions and the associated exit costs would not be possible. Without this use of reserves, the MPS would not be able to deliver the savings included within the budget.

Description	Opening balance 1.4.2015 (£m)	2015/16 commitments (£m)	2016/17 commitments (£m)	2017/18 commitments (£m)	2018/19 commitments (£m)	Remaining balance 31.3.19 (£m)
Earmarked	-372.8	188.7	122.3	26.1	0.5	-35.3
General	-46.6	0.0	0.0	0.0	0.0	-46.6
Total	-419.4	188.7	122.3	26.1	0.5	-81.9

Shared Services

- 2.20 As reported to the GLA Oversight Committee a copy of which is appended at Appendix 2, MOPAC continue to actively engage with the GLA in the area of shared services. The MOPAC priorities and targets which frame the proposed budget are set out in the attached document.

3. Financial Comments

- 3.1 This is a financial report and the details are set out in the body of the report.

4. Legal Comments

- 4.1 MOPAC is subject to the budget setting requirements of the Greater London Authority Act 1999, as amended. As set out above the proposed budget submission reflects the Mayor's guidance.
- 4.2 Further to the creation of the MOPAC, pursuant to section 6 of the Police Reform and Social Responsibility Act 2011 ("the Act"), MOPAC must issue a police and crime plan within the financial year in which each ordinary election is held, which has been achieved.
- 4.3 Under section 3 (6) of the Act, MOPAC is under a duty to secure the maintenance of an efficient and effective police force. Under paragraph 7 of schedule 3 of the 2011 Act MOPAC may do anything which is calculated to facilitate, or is conducive or incidental to, the exercise of its functions. Under section 79 of the Act, MOPAC must have regard to the Policing Protocol when exercising its functions. The Policing Protocol provides that PCCs (including MOPAC) as recipient of all funding, must determine how this money is spent. In London, this is also to be read within the context of the GLA Act 1999, and the Mayor's budget setting requirements.
- 4.4 MOPAC/MPS as statutory bodies must only budget for activities that fall within its statutory powers. Further, the Commissioner must ensure that good value for money is obtained in exercising functions, which includes securing that persons under his direction of control obtain good value for money in exercising their functions. Any proposals for a reduction in staff/officer posts is likely to result in significant employment law issues and People Services and the Directorate of Legal Services at the MPS, as appropriate, will need to be engaged to ensure compliance with any statutory or regulatory requirements in relation to any redundancy or redeployment matters.

5. Equality Comments

- 5.1 Throughout the planning process Business Groups have been encouraged to consider the impact they have on internal and external communities and therefore develop activities that reflects the MOPAC/MPS's commitment to equality and diversity issues.

6. Background/supporting papers

Mayor's Budget Guidance for 2016-17

Mayor's Supplementary Budget Guidance for 2016-17
Appendix 1 - MOPAC Budget Submission 2016-17 to 2018-19
Appendix 2 - Report on MOPAC Shared Services - GLA Oversight Committee

Public access to information

Information in this form is subject to the Freedom of Information Act 2000 (FOIA) and other legislation. Part 1 of this form will be made available on the MOPAC website within 1 working day of approval. Any facts/advice/recommendations that should not be made automatically available on request should not be included in Part 1 but instead on the separate Part 2 form. Deferment is only applicable where release before that date would compromise the implementation of the decision being approved.

Is the publication of **this** form to be deferred? NO

If yes, for what reason:

Until what date (if known):

Is there a **part 2** form – No

If yes, for what reason:

ORIGINATING OFFICER DECLARATION:

	<i>Tick to confirm statement (✓)</i>
Head of Unit: Annabel Cowell has reviewed the request and is satisfied it is correct and consistent with the MOPAC's plans and priorities.	✓
Legal Advice: The Legal team have been consulted on this proposal.	✓
Financial Advice: The head of Strategic Finance and Resource Management has been consulted on this proposal.	✓
Equalities Advice: Equality and Diversity issues are covered in the body of the report.	✓

OFFICER APPROVAL**Chief Operating Officer**

I have been consulted about the proposal and confirm that financial, legal and equalities advice has been taken into account in the preparation of this report. I am satisfied that this is an appropriate request to be submitted to the Deputy Mayor for Policing and Crime.

Signature



Date

18/12/2015.

