

Gareth Bacon AM

Chairman
Budget & Performance Committee
City Hall
London, SE1 2AA

MOPAC 05012017-24457

24 January 2017

Dear Gareth

London Assembly Budget and Performance Committee: 5 January 2017

Thank you for your letter of 5 January.

I set out below and in the attached the information that you requested.

1. The presentation of savings and efficiencies in cumulative terms in my budget submission is in line with the Budget Guidance issued by the Mayor. I set out in the attached both the Budget Submission figures (cumulative) and now the year by year figures as requested. For clarity I have re-stated the MOPAC savings and efficiencies table included in the Mayors Consultation Document and you will see that the figures are the same.

In addition to the savings planned to be made over the budgeting period (see page 77 of the Mayors Consultation Document), there remain "savings to be identified" (paragraph 4.4 of the Mayors Consultation Document). The profile of these "savings to be identified" change each year as cost pressures change over the years and as the effect of the planned savings is implemented.

2. The separation of the "total pay and overtime" into pay and overtime is set out in the attached. This shows both the analysis at the Budget Submission and at Draft Consolidated Budget stages. The reduction of £3.4m is a result of the further HO grant reduction of £8.3m as part of the Police Settlement and of which the Mayor funded £4.9m. The reduction will be achieved through the management of recruitment. It should be noted that the Mayor has ensured that MOPAC has funding of £2.5bn as set out in the Home Office Police settlement.

The reduction in the pay and overtime budget for 2017/18 includes changes to Police Officer, Staff and PCSO numbers. Not all of these changes represent a permanent deletion of the post concerned.

The reductions in the Police Officer pay budget means we can afford c31,300 officers on average in 2017/18 although we must be mindful of the gaps in future years' budgets.

PCSO reductions of 151 FTE are to be achieved, through natural attrition, to one per ward plus those funded from third parties and specific grants.

The budget shows how retaining police capacity becomes increasingly challenging, which is why the Mayor is calling on Government to look again at police funding in London.

The Police Staff pay reduction reflects the full year impact of approx. 1,100 reductions from 2016/17 for back office and front line support services. Some of these reductions are the full year impact of 16/17 decisions relating to the outsourcing of roughly 700 FTE where services previously undertaken in house are now provided by a third party, for example SSCL providing our transactional HR, Procurement and Finance services. Whilst this delivers savings it also moves expenditure from staff pay lines to the running costs' lines.

3. Items funded by reserves.

MOPAC have budgeted for £62m use of reserves in 2017/18. The MPS and MOPAC budget for reserves use to support change and transformation activity. We do not budget for reserves to fund the overall budget envelope.

The budgeted reserves usage is to cover:

- £9.8m as a prudent estimate of the cost of redundancies from our back office reductions.
- £29.8m support to our major change plans and £2.7m for budget pressures. These cover the transition costs for the outsourcing to SSCL and the various new technology contracts which we have entered into as part of the new One Met Model programme.
- £15.9m to support specific investment in one-off change activity, drawdown of reserves to support the real estate programme including dilapidation costs and agile working.
- £3.8m planned use of MOPAC reserves, including one-off costs of commissioning.

4. Profile of the number of police officers in post over the last eight years against the budget provision.

See attached table for the budget provision in each year and the officers in post at the end of the year.

5. Clarification of how the £38m efficiency measure concerning police numbers has been identified.

The Home Secretary has set out that she expects the Met to have funding of £2.5bn in 2017-18. Consequently, the Mayor has provided additional resources of £24.2m in order to reduce the impact of funding pressures.

From the answer to the question above you will see that at year end there has been few times over the last 8 years when the target strength of 32,000 has been achieved. The reduction of £38m recognises that the level of police officers inherited in May 2016 was lower than 32,000, and in these difficult financial times recognises that I am maintaining officer numbers at the current level.

In the MOPAC budget submission, before the police settlement was announced, the GLA made additional funding available. With no alternative available the decision was made to recognise the existing recruitment reality for police officers throughout 2017/18 (roughly 31,200 FTEs). This £38m efficiency measure equates, broadly, to the 2016/17 underspend.

Following the December police grant settlement, further grant reductions (£8.3m) became evident based on the Home Office assumptions of council tax increase and council tax base buoyancy. This shortfall has been partially offset by additional GLA funding of £4.9m. The balance left the MPS and MOPAC £3.4m short of a balanced budget position in 2017/18. A final adjustment was made to police officer pay to balance the overall position which will be achieved through the management of recruitment.

6. List of IT projects within the IT strategy with performance measures against which they are monitored

The major IT programmes are Command and Control (c£70m), Emergency Services Network (c£73m), Information Management (c£70), MiPs (c£82m), Public Access (c£17m) and Service Maintenance (c£45m). Within these programmes will be a number of projects.

Within Digital Policing every project has regular reviews at different levels to check project progress and ensure that governance processes are being followed.

Key Performance Indicators at the Project Level consist of:

- Time
- Cost
- Benefits
- Resources
- Risks/Issues

Key Performance Indicators at the Portfolio Level consist of:

- Number of Projects Reporting Red/ Amber/Green
- Reasons for Slippage Chart
- Reasons for Red Status Chart
- Capital Expenditure Exceptions
- Checkpoint Summary Table

7. Revenue savings that the digital policing strategy will deliver in 2017/18.

There are no new direct revenue savings arising from the digital policing strategy in 2017/18. Due to the major changes delivered through the new Target Operating Model for Digital Policing (including the significant contractual change to a new "SIAM and Towers model") no new savings are recommended during 17/18. This will be a year of consolidation as an updated description of the IT portfolio savings is produced.

8. How much mobile working will save the Met in each year of the Police & Crime Plan.

The One Met Model estimates that smarter working will enable our staff to work without being tied to police buildings. This will enable greater visibility and interaction with Londoners, provide staff with the tools to work in a modern and collaborative way and offers opportunity to reduce the estate (savings in property are accounted for within Estates Transformation, to avoid double counting). While the full impact of direct savings cannot, currently, be calculated, it is forecast that it could equate to circa 400 officers, which depending on future years budgets and Government funding could be redeployed.

In addition, during your scrutiny of overtime Craig Mackay offered to share a detailed analysis of the significant reductions in overtime spend in recent years, and the different challenges the individual business groups within the MPS face in respect of overtime. I have also attached this analysis which continues to be work in progress.

Yours sincerely,



Sophie Linden
Deputy Mayor for Policing and Crime