

Budget Monitoring Sub-Committee – 12 July 2016**Transcript of Item 6 – Quarter 4, 2015/16 Greater London Authority Group
Monitoring Reports (MOPAC and MPS financial performance)**

Gareth Bacon AM (Chairman): The second section of the meeting is about the Mayor's Office for Policing and Crime (MOPAC) and the Metropolitan Police Service's (MPS) financial performance. I would like to welcome Ian Percival, who is the Director of Group Finance at the MPS, to the meeting.

Len Duvall AM (Deputy Chair): Let us just talk about how you performed in 2015/16. Let us start with the MPS first and then we will come on to MOPAC. How do you think you performed financially?

Lynda McMullan (Director of Commercial and Finance, MPS): We had a £10 million overspend by year-end, obviously not something that we are overly delighted about. We do not like to have any overspend at all. However, in the context of a £3.3 billion organisation and in the context of making savings of £200 million in 2015/16, we were content with it.

Within last year's accounts, there were a number of structural issues that we identified. You may ask us a little bit about where some of those overspends were. We have picked up some of that intelligence in terms of building our budgets for 2016/17 and so, in terms of how we have taken that evidence and how we have moved forward, it has been positive. The other thing that we were quite pleased about was that while we did not keep to the overall numbers all the way through the year, we broadly met the 32,000 officers during the year as well. All in all, if not overly delighted, we are content with how we have performed.

Len Duvall AM (Deputy Chair): On the overspend, when was that identified? Was that in the wash-up at the end or were you tracking that midway through? We will come on to the areas of overspend in a minute, but just generally take us through that. When did you realise that things might be going slightly adrift of where you wanted to be?

Lynda McMullan (Director of Commercial and Finance, MPS): We picked it up quite early on. We identified early on that there was the potential for overspend of more than that. It was about £30 million or £40 million that we were starting to flag up. There were actions that we took during the year to slow things down and to move forward with savings more quickly. We did not quite meet all of the savings we thought in the way we were going to and so there was some of that management action, trying to be quite fleet of foot to make sure that we retained that overall position. We were tracking higher and we brought it much closer to where we wanted it to be.

Len Duvall AM (Deputy Chair): One of those areas was in supplies and services, where you spent £18 million more than budgeted. What were the factors that contributed to that? How did that work?

Lynda McMullan (Director of Commercial and Finance, MPS): One of the major areas that we picked up was around our third-party provision. This is the amount of money that we pay regularly to maintain our reserves and provisions for claims against the MPS. We did a piece of work during the year. We were not quite sure if this was just a spike, in which case we could have used our reserves and provisions to handle that particular issue if it was just a one-off problem. The work that we did probably about this time last year was

identifying that it was an ongoing increase. Given the change in the number of claims there are generally across the whole industry with insurance and given where we are with the MPS, it was an ongoing pressure that we needed to build into the current year's budget. That was quite a significant issue.

The other issues that we picked up on were some one-off issues. We outsource provision of uniforms and, when we went through all of the existing stock, there was a lot of stock that we had to write off and that was another issue that we identified. Another issue that we were aware of was the forensics contracts as well, which we have been working on. There were a number of issues in there.

Len Duvall AM (Deputy Chair): What was the issue with the forensics? You are doing more forensics, less forensics, not getting value for money from it? Paint me a picture.

Lynda McMullan (Director of Commercial and Finance, MPS): The forensics target operating model is slightly behind in terms of landing the number of staff that we had in the forensics area.

Len Duvall AM (Deputy Chair): Does that mean that you have to go external because you do not have enough in-house?

Lynda McMullan (Director of Commercial and Finance, MPS): Yes. To explain a bit, we were buying more forensics than we perhaps anticipated. There were a number of issues that we identified --

Len Duvall AM (Deputy Chair): It could be a good indicator that you are getting on with the job of keeping London safe as well, couldn't it?

Lynda McMullan (Director of Commercial and Finance, MPS): We have no problem spending money.

Len Duvall AM (Deputy Chair): Can I just understand this issue about third-party claims? What is that? You mentioned a spike. Was there a spike then when we paid out more?

Lynda McMullan (Director of Commercial and Finance, MPS): Ian [Percival] can talk in a bit more detail about it. He picks up some of the areas around our insurance. We thought it may have been a spike in that demand. It absolutely is not. It is an uplift in terms of what we have seen coming through over the last numbers of years. We do not think that it is a spike at all. We had the issue last year and we have, consequently, built money into our budgets looking ahead because we think that it is an ongoing pressure.

Len Duvall AM (Deputy Chair): Are they external claims to the MPS or internal claims to the MPS?

Lynda McMullan (Director of Commercial and Finance, MPS): Both.

Len Duvall AM (Deputy Chair): What sort of claims are we talking about?

Ian Percival (Director of Corporate Finance, MPS): There are, broadly, 3,000 cases where we as an employer are liable for something brought by an employee, malfeasance cases or some of the wider cases that have been in the public. Generally, traffic is another category; when there is a road incident. It is the pay-outs in those areas that, as Lynda says, we have seen. We started to see an increase. We fund it from, as Lynda said, a provision that we have on the balance sheet, plus we top that up each year. We had seen an increase in pay-outs and we thought that we needed to address that and, also, we need to address it going forward. We have done both. It arose as a problem in 2015/16 but we have addressed it for 2016/17 onwards.

Len Duvall AM (Deputy Chair): Is it the nature of the job that drives that up, then, that structural thing? If it has come just in the last two years, what is really driving it?

Lynda McMullan (Director of Commercial and Finance, MPS): It is partly just more insurance claims. When we talk to other forces around the country, they are seeing a similar pattern. It is not just the MPS. We all know that there are more ways to make claims than there were perhaps 10 or 15 years ago and so there is that. There was a change in some legislation as well, Ian, wasn't there?

Ian Percival (Director of Corporate Finance, MPS): Yes, requiring us to cover the cost of an inquest if a claimant is successful through that inquest has generated some extra cost to us. I do not have the exact figures but, again, it contributes to those increased pay-outs.

Len Duvall AM (Deputy Chair): In terms of trying to keep these costs down, then, there must be an element of the costs that are actually through failure of some action or whatever that we could try to control. There are costs that we cannot control, I presume. How much work have you done on that?

Lynda McMullan (Director of Commercial and Finance, MPS): We have just started the work looking at some of those issues, what is driving it and how we get some of those processes and controls in place that may or may not impact on the ability of those claims to be successful against us.

Len Duvall AM (Deputy Chair): Could we have some more information on that so that we can understand a bit more about it? If it is a big driver of some of those issues, I could point to all sorts of things. A younger service may be less experienced and making mistakes that add to that. Is it a training issue? I would like to get to understand that a bit more because you are citing it as a big driver of this particular cost. You are saying that actually it is not just a one-off cost but is going to be there forever more for some reason. I would like to get behind that a bit more.

Lynda McMullan (Director of Commercial and Finance, MPS): OK.

Len Duvall AM (Deputy Chair): Is it generally getting harder to control expenditure in the MPS with your levers to control it? You seem to have done well in identifying and getting the overspend down to where it was, because you thought that it was going to be slightly more. Is it getting harder?

Lynda McMullan (Director of Commercial and Finance, MPS): Certainly in terms of identifying savings and delivering those, there is less wriggle room. It is just the nature of it and, absolutely, local authorities have perhaps started some of that journey earlier. Increasingly, the MPS needs to deliver exactly as it says that it has because the scope to do anything differently is becoming more narrow.

Gareth Bacon AM (Chairman): On the budgetary figures, though, your actual spend last year was higher than each of the two previous years. I appreciate that the overspend against the budget you have talked about and you have kept it to £10 million. Why was the spend higher than for the last three years?

Ian Percival (Director of Corporate Finance, MPS): It will be the additional counterterrorism (CT) funding - and I will have to check the details - but, also, we have been spending our reserves, as you will have seen. That will be one-off expenditure that we have been using our reserves to cover. Our core budget has gone down but, in some cases, to help us deliver savings or one-off initiatives - and you will be aware of some staff exits - we have to fund those and so we have been using our reserves to help us through.

Gareth Bacon AM (Chairman): You also said it was the CT funding?

Ian Percival (Director of Corporate Finance, MPS): There was some additional CT funding as well.

Lynda McMullan (Director of Commercial and Finance, MPS): We had those additional CT monies as well.

Gareth Bacon AM (Chairman): That is a national role, isn't it, rather than just a London role?

Lynda McMullan (Director of Commercial and Finance, MPS): Yes.

Len Duvall AM (Deputy Chair): It would be quite interesting to see a breakdown between the overspends because, if you are getting expensive pieces of kit, one-offs or introducing new kit, we can quite understand that in the service budget areas.

Gareth Bacon AM (Chairman): That would be capital spend, wouldn't not, rather than revenue?

Len Duvall AM (Deputy Chair): No, it is all revenue.

Lynda McMullan (Director of Commercial and Finance, MPS): It is all revenue.

Gareth Bacon AM (Chairman): If it is kit?

Len Duvall AM (Deputy Chair): Even kit is revenue. In that sense --

Gareth Bacon AM (Chairman): Really?

Len Duvall AM (Deputy Chair): -- can you break down this budget for supplying services into what is CT and what is other policing? Is that possible?

Lynda McMullan (Director of Commercial and Finance, MPS): Yes.

Ian Percival (Director of Corporate Finance, MPS): Yes.

Len Duvall AM (Deputy Chair): Then we could understand that and there may well be some justification for why that would occur. Do you think that that is the case or do you think, actually, as financial officers, "No, there is a bit more here and we need to understand it"?

Ian Percival (Director of Corporate Finance, MPS): Obviously, we can provide that extra bit of information. Clearly, broadly speaking, our grant has gone down year on year. Our core grant has gone down and we know what has happened with our council tax. Those are our key sources of funding. Therefore, if you have looked at this and said that we have spent more in that year than we have done in previous years, then it must be due to some other source of income. Yes, of course we can break that down. We could look at what is CT and what are other funded areas. We can also look at what is funded from the reserves and so the one-off spend. We can find that information and provide it.

Gareth Bacon AM (Chairman): It is the one-off bit that is interesting because, if you are using reserves to plug a gap on a short-term on-off basis, fine. That is what reserves are for, almost. However, if it is a long-term revenue commitment, then we are worried.

Lynda McMullan (Director of Commercial and Finance, MPS): It is investment in terms of those. If we are making savings - redundancies or upfront investments - it is different from local government where you can capitalise that over the lifetime of the initiative. In policing, it is all written off to the one year, which is why we have to use reserves to avoid that bottom-line impact.

Len Duvall AM (Deputy Chair): Also, in terms of some of your funding for national responsibilities, you are paid upfront for it and then asking for it back, aren't you?

Lynda McMullan (Director of Commercial and Finance, MPS): Yes.

Len Duvall AM (Deputy Chair): It might be helpful if we break that down. Let us come back to the interesting issue of overtime and what figures are available to you and some of the levers that you control for managers. We will go into how you are going to deal with it in the future, but tell us what the problem was and where the pressures were in terms of this particular budget outcome.

Lynda McMullan (Director of Commercial and Finance, MPS): In terms of last year, if we just look at overtime regardless of how it was funded, we had an outturn variance of about £10 million. We had some of that money back through our CT grant, about £7 million, and so we ended up with about £3 million in overspend. Part of that was the one-off issue, as you are probably aware, around the Ecuadorian Embassy. We also had some ongoing issues with Specialist Crime and Operations because it is not fully staffed in particular areas and so we had some pressures there. Overall, the MPS overspend was £3 million in overtime.

Len Duvall AM (Deputy Chair): To a layperson like me, that is relatively OK-ish. Is it, or should I be worried?

Lynda McMullan (Director of Commercial and Finance, MPS): The concern that we had was that we were not clear until the latter part of the year whether we would be able to recoup some of that money through the CT funding and so it was quite uncertain as to where that income was going to land and offset. I suppose the reason why we flagged up in the Quarter 4 report that we wanted to make sure that the MPS had this very clearly in sight was that we overspent in net terms by about £3 million, we have not quite delivered the savings in that particular area that we had anticipated and, going through our budgets for the current year, we collectively identified £20 million worth of future savings and so it seemed to be an area that we really needed to get on top of for the current year.

Len Duvall AM (Deputy Chair): This is an area that the MPS has been getting on top of since 2000 in various guises. You now have information going right down to unit level about what their overtime issues are and where it is, where the pinch-points are and where the concerns are. I do not want to put it that anybody should be able to justify outcomes because overtime, we should say, is a tool for tackling crime if used effectively. What overtime had been used for in the past in the MPS was to actually boost salaries. That is what it was back in 2000 and some of those issues and some of the concerns.

Where are we in the MPS's understanding around the use of overtime? Can you, if you want to, be able to say, "Actually, that overtime delivered this outcome in tackling crime"?

Lynda McMullan (Director of Commercial and Finance, MPS): In terms of that latter point, it is incredibly difficult. We are not at that stage of being clear about that particular outcome and how that contributed to that crime. The areas that we are looking at initially as part of the Gold Group are making sure that we have minimum staffing around particular events - that is one of the things that we are wanting to ensure is safe - and making sure that we have the right processes, systems and controls in place to make sure

that we are very clear that we do have value for money, and so we also have a piece of work being led on that. Looking at the figures for the current year, we are looking broadly at an overspend of gross about £10 million for the current but net about £4 million. Having made that £20 million in savings, that seems to be where we are at the moment and that is where we are focusing attention at the moment to bring that down further.

Len Duvall AM (Deputy Chair): Chairman, if we could have some additional information around those approaches, including some of the breakdowns of where that is - so in Territorial Policing, in Serious and Organised Crime, in the various departments - even if we could break down between that so that we get an idea about that?

Lynda McMullan (Director of Commercial and Finance, MPS): We have that breakdown, yes.

Gareth Bacon AM (Chairman): Also, from reading through the brief that we have, what I am about to quote back to you came from your outturn report, which I think you have in front of you. It is about whether or not you are actually going to be able to hit the overtime budget for the forthcoming financial year because, according to what is in your report, the budget is £63.4 million, which is £27.7 million less than the budget for 2015/16. The budget was £91.1 million, £38 million less than the actual, your actual was £101 million and so you are being asked to save over a third of the overtime. What is going to change to make that happen?

Lynda McMullan (Director of Commercial and Finance, MPS): Looking at some of the shift patterns and some of that work that has been done, we are quite comfortable with it. As I said, the projections at the moment have been gone through in a fair amount of detail as far as we can at this point in the year and we think that it looks like a gross overspend of approximately £10 million for the year. About £6 million of that we will claim back through the CT money and so it is about £4 million. That is broadly similar to the overspend last year but having made those savings of £20 million, if that makes sense.

We will be working to try to make sure that we get even less than a £4 million overspend in this area, absolutely, and we still have time over the rest of the year to get that even further under control, but we have made great progress because we will have spent £20 million less than we had a year ago.

Gareth Bacon AM (Chairman): After this, we will write to you to thank you for coming, etc, but in that letter we will also include a request for a bit more information, as Len said. If you are able to send us that, we will then circulate it to Members and put it in the papers.

Dr Onkar Sahota AM: My question is regarding the commercial programme. This is what will work out to be Shared Services Connected Ltd (SSCL). Can you tell me about how well this partnership between the MPS and SSCL has worked so far?

Lynda McMullan (Director of Commercial and Finance, MPS): It is early days. We signed the contracts and went live with them last October. The agreement was that we would run on existing systems with existing staff for originally a year but it will be a bit more than a year, having done the plans, and then go live with new staff and new systems.

In terms of business-as-usual that we have at the moment, with my statutory responsibilities and managerial responsibilities at the MPS, I am really quite content with that. We have closed the books for last year earlier than we did the previous year and the conversations that I had with the external auditor were very much in the vein of, "Let's not expect us to meet how well we did previously because all of this is new. We are working with a new partner". In the event, we have actually done better than we have previously and so, for me, that is a fairly high-level indicator of how well that partnership is working. There are a number of things as we settle

down into the new relationship and we are finding things that we are having to make sure mesh together between us, but that is quite normal. I would say that broadly business-as-usual is very content, given where we are. I could not have expected that to have gone better, quite frankly.

Where we spend a lot of time is talking about that transition and transformation piece, going live with new systems, etc, which will be in February/March of next year. That is a more difficult space because we are working together and trying to understand what the new systems mean for us and therefore how we as the MPS make sure that works in future, changing our processes both to make sure that that is seamless and also to make sure that we are extracting as many further savings on top of the contractual savings as we possibly can at the moment. That is a much more lively conversation. Again, I would characterise that as being full of tension and full of discussion but in a healthy way. I would not pretend that that is easy. It never is easy. However, I am content with the way it is at the moment.

Dr Onkar Sahota AM: Great. How many staff agreed to transfer to SSCL and when will they be moving over to it?

Lynda McMullan (Director of Commercial and Finance, MPS): They have already transferred. The TUPE (Transfer of Undertakings (Protection of Employment) Regulations) transfer happened last October. There were 376-ish. Sorry, I do not have the number in front of me. It was at that sort of level. That all went very quickly because we made the formal decision as the MPS in June 2015, MOPAC made the decision in July 2015 and we went through a very robust process, I suppose, to go and do that TUPE transfer for October 2015. That all went very well. The staff were very engaged in that and that worked well. SSCL is now in dialogue with those staff about where that work will be in the future, when we go live with the new systems. That is where we are.

Dr Onkar Sahota AM: I am glad that this is going very well and as well as you can --

Lynda McMullan (Director of Commercial and Finance, MPS): I did not say "very well". I said that I was content.

Dr Onkar Sahota AM: OK. Were there any problems?

Lynda McMullan (Director of Commercial and Finance, MPS): I would not say "problems", but it is never straightforward. In a way, what I quite like about this sort of process is that it is full-attention and we do have quite robust conversations. It is only by having those robust conversations that we can get to a much better product.

Dr Onkar Sahota AM: They are progressing as you have planned them to?

Lynda McMullan (Director of Commercial and Finance, MPS): As we hoped, yes.

Dr Onkar Sahota AM: Of course, we had a contract that went wrong last time. The new 999 call-handling system failed. Why did that fail and what did you learn from it that has helped you manage this current relationship better?

Lynda McMullan (Director of Commercial and Finance, MPS): This is an issue that we are in commercial dialogue about with those providers. We have commissioned our external auditor to do a piece of work around exactly that. We have asked it specifically to look at the original procurement and if that was right. We have asked it to look at the implementation and how that was managed. We have asked it to look at the decision of

termination and whether we took that decision at the right time. We have also asked it to comment on, whilst some of those decisions were taken quite a number of years ago, whether the processes we have subsequently put into the MPS would have changed anything and to look at some of our more recent contracts to make sure that we have learned those lessons. That is something that MOPAC has commissioned with the external auditor.

Dr Onkar Sahota AM: Did you want to comment?

Helen Bailey (Chief Operating Officer, MOPAC): As Lynda said, we are in commercial dialogue and potentially in litigation over this and so we want to just be a little bit careful with what we say. It seems to me that this is one of those contracts - it was originally let in July 2011 - and so we have some issues, as Lynda was saying, about whether or not what we commissioned then was the right thing to commission and whether it was actually capable of being delivered.

These are fine-line judgements. I have lived through this in other cases and perhaps I should generalise, given where we are with these things. When a relationship starts to break down, the question you ask yourself is: should we put the effort into repairing that relationship and trying to get the outcome with the contract or should we terminate it? If you get that wrong in terms of timing or in terms of balance, you risk it costing a shedload more money than you need to spend. These are really fine-line decisions.

The questions that Lynda has outlined are the questions that we have asked the auditor. The big question for us is whether we can apply that to future commissioning particularly of complex information technology (IT) based projects, which are always the most difficult things. It is a world that moves very quickly and, by the time you have commissioned something big like that, there is a risk that of course the world has moved on and you are left a bit behind. I have certainly seen this in other roles and in other environments and so I will be keen to see what that auditor tells us.

Dr Onkar Sahota AM: Are you anticipating the Mayor or the Deputy Mayor for Policing and Crime to make any changes to the commercial programme?

Helen Bailey (Chief Operating Officer, MOPAC): We are not seeking to make changes to the programme that Lynda has outlined at the moment. That is in train and it is taking its course. We are at the beginning of the process. We have a new Mayor and a new Deputy Mayor and we are putting together a new Police and Crime Plan. We are thinking about the budget implications of that over the next four years and what more we will need to do in order to achieve our aspirations for police in London and - regarding our earlier conversations - where savings should come from given that the MPS's budget is under pressure. We will be looking at whether or not we should take further commercial steps on that basis, but that is still all out there for consideration at the moment.

Gareth Bacon AM (Chairman): The rounding-off question, which is the inevitable one, I suppose, is on the police funding formula review. We all saw the fun and games with that last year. I nearly profaned there in terms of my view as to where we got to with it. The Home Office announced in November 2015 that there was a statistical error and so it had to rebase everything and do it again. There have not been any announcements that I am aware of.

Helen Bailey (Chief Operating Officer, MOPAC): No.

Gareth Bacon AM (Chairman): Do we know when there is likely to be one?

Helen Bailey (Chief Operating Officer, MOPAC): No. Given that as of today we do not know who the Home Secretary will be nor when we will know who the Home Secretary will be --

Gareth Bacon AM (Chairman): Indeed. Exciting times, aren't they?

Helen Bailey (Chief Operating Officer, MOPAC): There are a number of elements in play for us. The current formula that we are working to, as Lynda has already said, makes some assumptions about council tax. It also makes some assumptions about the funding formula review, which was due to happen this autumn having not happened last year but may or may not take place. Then there is the whole question - and you referred to it - about the National and International City (NICC) grant, which is paid to us in arrears for activities that we have undertaken in the previous year.

Gareth Bacon AM (Chairman): The point you make about the Home Secretary changing is well made, but of course it will not all hinge on who the new Home Secretary is --

Helen Bailey (Chief Operating Officer, MOPAC): No, of course not.

Gareth Bacon AM (Chairman): -- because I am imagining that you have been having discussions over a period of months. Where have you got to with that so far?

Helen Bailey (Chief Operating Officer, MOPAC): At the moment, what officials are telling us is that the funding formula review has not reopened and so --

Gareth Bacon AM (Chairman): At all?

Lynda McMullan (Director of Commercial and Finance, MPS): No. Had nothing changed, advice was going to go up to the Home Secretary this autumn to ask for a view on whether or not that work should proceed. In any event, any funding formula would not have impacted on 2017/18. The earliest it could possibly impact is 2018/19. I suspect, as Helen is alluding to, that there might be quite a lot of nervousness about that piece of work. Our concern is that retrospectively they have conflated the NICC issue with the funding formula and so that puts us in a really difficult position.

Helen Bailey (Chief Operating Officer, MOPAC): The pressure is added to - collectively, "bitter and twisted" would not be professional words to use but we feel a bit like that about it - by the amount that has been sliced off for innovation. Basically, as I understand the process, the Home Office is given a chunk of money from Treasury, it divides that between the forces and it holds a bit back to pay us NICC because otherwise it would not have any money to pay us. Therefore, it has effectively made a decision about the maximum before it divvies up the grant, even though it will tell you that that is not the case, and then further top-sliced the amount that it is given from the Treasury in order to provide innovation funds, which we have to bid into. The cost of innovating in something as big as the MPS is a great deal larger than the cost of innovation in a force whose budget is just a few million. That money does not go very far, as we are concerned. It is under quite a lot of pressure and we think that that pressure will increase.

It is not clear to us. Last year, in terms of the NICC funding, there was a complex process that involved external parties and quite a significant amount of review of the costs we claimed and, effectively, at the end of it, they freely admitted that we were going to get only 62% of the money we were due because 62% of the money we were due was the money they had available. We will get that this year to fund whatever it was that we spent it on last year.

In terms of some of the pressures for things like overtime – hence your previous discussion – the MPS is having to respond in the moment to what is going on around it. There is a certain amount of funding available for special events, but that is capped at events that cost us more than £25 million, which is a huge amount of money. We then have to bid retrospectively into that NICC fund for an amount of money, the maximum of which is predetermined.

Gareth Bacon AM (Chairman): We have no date yet to expect the funding formula to be resolved?

Helen Bailey (Chief Operating Officer, MOPAC): No.

Lynda McMullan (Director of Commercial and Finance, MPS): No. We might hear in the autumn if advice goes up to the new Home Secretary about what the appetite is for that.

Gareth Bacon AM (Chairman): The new Home Secretary is likely to be in post on Thursday or Friday of this week. What are we going to be doing? Are we going to be getting in touch with the new Home Secretary immediately or are we already in touch with officials at the Home Office?

Helen Bailey (Chief Operating Officer, MOPAC): With a change of Mayor, we have already logged with the Home Secretary and senior officials in the Home Office that we are here and that we are keen to have those discussions and we reminded them of the list of interesting issues that we would like to pursue. We will doubtless do the same with the new Home Secretary as soon as he or she is appointed. Then the question will be where in the list of priorities and issues this comes for them and for whatever ministerial team they have on board. Yes, we have regular dialogue. Both Lynda and my team have regular dialogue with senior Home Office officials and we will continue to do that.

Gareth Bacon AM (Chairman): OK.

Len Duvall AM (Deputy Chair): In terms of the detailed work you did on the NICC funding, are you still monitoring that to the level of detail you did in terms of the expenditure that we incur and that gap in what we receive?

Lynda McMullan (Director of Commercial and Finance, MPS): We are looking at where we know that there are changes to that. Given that we think there is quite a big difference, we do not think that we need to do a huge amount of detail. We are in dialogue with the Home Office about what the process will be for the coming year over this autumn. We have a meeting in the next numbers of months to talk about whether they want that same level of detail.

Len Duvall AM (Deputy Chair): They will not want that level of detail but we would, wouldn't we? They would be quite happy for us not to show that level of detail about what we get and what we spend.

Lynda McMullan (Director of Commercial and Finance, MPS): They are still very exercised in terms of seeing some of that level of detail. Our view is that we know broadly what we are spending in these areas and so we do not have to go into that sort of penny detail to prove our case.

Len Duvall AM (Deputy Chair): One of the issues is really about the treatment of accounts. It should be relatively simple to say to any Government, "We are providing this level of service and we are receiving X to deliver it. We can still continue that, but can we do it with certainty that that money is there and, if it is challenged, it will stand up to scrutiny?"

Lynda McMullan (Director of Commercial and Finance, MPS): Yes. We are very confident that it stands up to scrutiny because we are looking at that overall shape of the MPS and what is different. The costs of those are really going up, if you like, with inflation, etc. If there is anything fundamentally different and if we design something different in the MPS, it is something that the MPS team picks up and so either we put more cost into particular areas or we take cost out. We do have that ongoing discussion with the Home Office.

Our concern is that when we did the very detailed process last year, it took an incredible amount of time, not just Ian [Percival] and his team but an awful lot of uniformed staff had to spend an awful lot of time going into that detail as well. It was a huge piece of work and then to get to the end of it, as Helen was saying, we only have this amount of money and, therefore, the answer was always going to be X. We were saying, "We probably would have stopped two months ago because we would have got to X a lot earlier". I understand the point that you are making. We need to keep that current. We need to keep the pressure up. We absolutely can but we think that we can do it at a strategic level rather than at a pounds-and-pence level.

Len Duvall AM (Deputy Chair): Thank you.

Gareth Bacon AM (Chairman): We have reached the end of our questioning section. I would like to thank all of our guests for their time.

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