

Budget and Performance Committee – 5 January 2017

Transcript of Agenda Item 6 – 2017-18 GLA Group Budget - MPS

Gareth Bacon AM (Chairman): The main item of business today is the draft Greater London Authority (GLA) budget for 2017/18.

I would like to welcome our guests. Sophie Linden is Deputy Mayor for Policing and Crime. Rebecca Lawrence is Chief Executive of the Mayor's Office for Policing and Crime (MOPAC). Alex Anderson is Strategic Finance and Resource Management Accountant for MOPAC. Of course we have Lynda McMullan from the Metropolitan Police Service (MPS) and Craig Mackey QPM as well, Deputy Commissioner. David Gallie is here for the Greater London Authority (GLA). It is quite a large panel today.

What we are doing with each of the functional bodies - and you may or may not wish to do this, Rebecca - is giving you a couple of minutes to make an opening statement or two if you wish. If you do not, you do not have to. Yesterday Transport for London (TfL) did and Fire did not. It is entirely up to you.

Rebecca Lawrence (Chief Executive, Mayor's Office for Policing and Crime): Yes, I am very happy to make an opening statement. It is a great pleasure to present this budget, which needs to be seen alongside the consultation on the Police and Crime Plan, which sets out this mayoralty's priorities for policing and crime across London. The budget comes in support of that. We are very grateful to all the Committee Members for the inevitably short timescales that come when the police grant in particular is set by the Home Office just before Christmas, which means we need to put the final details of our budget together alongside that. We are grateful to the Committee and particularly the managers of the Committee for supporting the process to bring us today to answer your questions. I will leave it at that.

Gareth Bacon AM (Chairman): Thank you, Rebecca. We are going to have a series of questions about the financial overview.

The policing settlement that you just referred to is reducing by £22 million but, with the council tax base to increase by about 2.5%, it cuts the amount that you are losing to about £17.4 million. How easily are you able to absorb that?

Rebecca Lawrence (Chief Executive, Mayor's Office for Policing and Crime): I wonder if it might be appropriate at this point to ask the Deputy Mayor to set out those three decisions that were taken around the increase in the budget there and the response to the Home Office grant settlement.

Sophie Linden (Deputy Mayor for Policing and Crime): Yes. Thank you, Rebecca. Just in terms of an opening statement, as Rebecca said, this should be seen alongside the Police and Crime Plan and the priorities set out within it but also seen alongside the substantial and ambitious transformation of the MPS to the One Met Model around really a lot of the aspects of the MPS. That is very important, especially in relation to the budget discussions that we are going to have today. There is a change in priorities and a shift to vulnerability

that the Police and Crime Plan sets out, as well as a new way of setting targets and monitoring performance around the local performance and staffing. Also, there is a substantial transformation programme - which I know you will have some questions about - that absolutely is very much in our minds in terms of delivering this budget and delivering, very importantly, a better service for Londoners and tackling those crimes that are increasing in our city such as violence and some of the vulnerabilities and hidden crimes that are coming out, as well as keeping a lid on the volume rise in acquisitive crimes, which had been reducing.

In terms of the budget itself and your question about how we absorb the £17.4 million cut that was announced just before Christmas, the question is really is that we are not going to absorb that cut because the Mayor has made a decision to put mayoral monies back into the MPS budget and back into MOPAC to ensure that we can maintain police officer strength and police officer numbers because of how important that is for the safety of Londoners. In terms of the decisions that have been made and the lead-up to the decision to put the extra money in, that is the priority that the Mayor has set and the priority that we are going to deliver. There is that £17.4 million cut and, as you know, the Mayor has announced that he will be raising the precept in order to mitigate that.

Actually, that cut is small in comparison to the cuts we are facing over the next four years. As you will know, it is roughly £400 million that we have to take out of the budget and that is on top of the £600 million that has already been taken out.

Gareth Bacon AM (Chairman): Sure. I have one point and this is to you, Mr Gallie, and the Deputy Mayor just raised it. We did see in the press release from the Mayor just after the police funding announcement was made before Christmas that the precept will be going up to fund or to go back into the police just to cover that cut. Is it possible to hypothecate those funds and say that is what you will do in accounting terms? Clearly, the Mayor can decide where he wants to put the money on his own merits, but is it possible in accounting terms to hypothecate that money?

David Gallie (Assistant Director of Finance, GLA): Effectively, that is what the Mayor has done in the allocations in his budget. He has set out a level of ten business rates and council tax on top of the police grant that is funding MOPAC and the Home Office's set level of funding of £2.5 billion in 2017/18.

Gareth Bacon AM (Chairman): One of the things that the Mayor, MOPAC and the MPS collectively are trying to do is to increase the National and International Capital City (NICC) grant - I think all Members would support them in doing that - which is roughly 50% of the costs of the MPS at the moment and the Government has not agreed to that. What is your position on that? Is this the end of any hopes for that or is there still going to be lobbying for that into the future?

Sophie Linden (Deputy Mayor for Policing and Crime): You are absolutely right. In terms of the NICC grant, London is not getting its fair share of that grant. It has been independently verified and the Home Office has agreed how much should be spent and how much the MPS is spending because it is policing the capital, and we are underfunded by £170 million. We are continuing to lobby very strongly for that funding because it is unfair that we are losing out because of the MPS's responsibilities and duties around capital city policing, which are substantial. We will continue to lobby very strongly on that.

It is not just around the NICC grant that we are lobbying but also around the policing funding formula, which is out to review as well, and so there are two major issues about funding that we really are lobbying very strongly on. I would hope that Members of the Assembly will join with us to lobby the Government on this because it is the future safety of London that is at risk here.

Gareth Bacon AM (Chairman): On the savings profile, from the figures that we have been given, they jump up markedly in 2021. They treble from where they are scheduled to be in 2019/20. Why is that and how are you intending to achieve them without affecting services?

Sophie Linden (Deputy Mayor for Policing and Crime): In terms of the savings profile, yes, they do jump up, they do move and they do increase, but that savings profile is ambitious and it is a large programme of transformation that is going to produce these savings. It is not unrealistic. This type of savings profile is relatively normal in terms of having to plan the savings. It takes time for savings to come out, especially as the major part of the savings that will come out of the budget are around information technology (IT) and estates transformation. This does take time, it does take planning and it does take a lot of time to deliver. From my point of view, I will be very clear on the oversight function of the Deputy Mayor and MOPAC in ensuring that the plans are realistic and deliverable and that there is oversight of ensuring that they are delivered.

I would also point out that the previous administration, when it submitted its budget plans in 2013/14, had not the same profile but a similar profile and savings plan in that it went from £262 million to £463 million in the third year. It is not unusual for this type of savings profile to be set out, but we will be keeping it seriously under review.

Gareth Bacon AM (Chairman): The two game-changers in 2020/21 are digital policing and property, are they not?

Sophie Linden (Deputy Mayor for Policing and Crime): Yes.

Gareth Bacon AM (Chairman): On digital policing, we have some questions on that later and I do not want to queer my colleagues' pitch and so I am not going to get into that.

On the property side of things, the MPS has been rationalising its property portfolio for some years now. Why is that backloaded? Why is that happening in 2020/21? Why can it not be brought forward?

Sophie Linden (Deputy Mayor for Policing and Crime): As I said, some of this is around the actual profiling and the planning for it, but perhaps Craig can deal with some (of that in detail).

Craig Mackey QPM (Deputy Commissioner, Metropolitan Police Service): If I can help you on that, Chairman, if we look at particularly property, it is just literally the time it takes to do things. In the profile around the property savings, there are some key decisions about some major buildings to take during that period. I have to be careful and I do not want to get into the commercial space, but we have some leases on some large buildings and some decisions to make around those. There are big placeholder numbers in that.

Realistically, what we have learned during phase one in this estate strategy is that from the moment we decide to move, it is about three to four years from saying, "We are going to do it", to actually doing it. If you look now, a lot of people are congratulating themselves on the receipts around the [New Scotland] Yard, but actually the decision to do that was made an awfully long time ago. They take a long time to come through and deliver. That is why we have put them at that end of the profile.

Just to go back to the point and to reinforce the Deputy Mayor's point, if you talk amongst policing at the moment, most chiefs I talk to and most forces are talking about 2019/20 and 2020/21 being very difficult years. If you are just going to cut and - let us be honest - if you are just going to say, "I tell you what. You just have to make this budget work. Cut it", we could go out and do that probably in a 12-month period. If you want to do transformation, it does take time.

If you look at the profile of the estate strategy, it is as big a change as last time. If you look at some of the modelling we are doing at the moment, it is harder now. It will take us down to about 100 or 120 - to be decided - buildings. When we all started this, we had 600 or 700 buildings and bits of land across London and so that will be a major transformation. There are risks in that around the property market, the availability of asset values and those sorts of things, but we still think it is the right thing to do.

Len Duvall AM (Deputy Chair): Sorry. What is the plan B, then? Most people in the property market would say that over a period of ten years there is going to be a downturn for a while before it goes back up. What is your plan B, then, in terms of this budget?

Craig Mackey QPM (Deputy Commissioner, Metropolitan Police Service): There are a number of plan Bs in terms of the budget, but if I deal with the property bit first, for plan B we could look at other options than selling land. We could look at how to use it differently. You will remember a couple of years ago here you picked up on the point and other Members of the Committee picked up on the point that we have a very different approach to property to TfL, which utilises its assets in a different way. We could look at options like that in terms of leasing stuff or developing land. At the moment, that is actually quite difficult for us in terms of the financial rules and regulations, but certainly looking forward at where we go, it is all hard choices going forward. If we do not take money out of this line, we have to go somewhere else in the budget. The only two big ones left are technology and people.

Gareth Bacon AM (Chairman): Thank you, Len. The low-hanging fruit is now gone and you are on the more tricky stuff?

Craig Mackey QPM (Deputy Commissioner, Metropolitan Police Service): There will always be low-hanging fruit but there will never be low-hanging fruit of a value that will bridge the gap. I believe we can always constantly improve and we can always take money out of it, but when you get to some of the numbers that we talk about - as the Deputy Mayor covered - like £400 million going on out, if the funding formula goes the wrong way, if there is no movement on the NICC, if the spending review work that has to go on during this Parliament brings another hit from the Home Office, this budget gets incredibly tough.

Gareth Bacon AM (Chairman): That is fair enough. On the property, it is £64 million in 2020/21. Are you confident that that will not slip?

Craig Mackey QPM (Deputy Commissioner, Metropolitan Police Service): This far out?

Lynda McMullan (Director of Commercial & Finance, Metropolitan Police Service): There are lots of dependencies on that. There is a critical path. The timeline as it is, as Craig was explaining, in terms of delivering those savings, is ambitious because things do take three or four years to land. We think what we have in is achievable, but it will depend on that path and that is what we are going to keep a really close eye on with MOPAC to make sure that all of those things line up and that we deliver.

Gareth Bacon AM (Chairman): On the question of reserves, you have used reserves in each of the last financial years to the tune of about £100 million to plug the revenue holes. In and of itself, that is OK provided there is a plan to stop doing that at some point.

Lynda McMullan (Director of Commercial & Finance, Metropolitan Police Service): Could I just interject? The reserves over the last couple of years have been used not for business-as-usual but for one-off issues. It is not about plugging business-as-usual.

Gareth Bacon AM (Chairman): Fine. It is not an unsustainable position, then, with the reserves?

Lynda McMullan (Director of Commercial & Finance, Metropolitan Police Service): No.

Gareth Bacon AM (Chairman): You have run it down and it is going to be about 1.8%, I believe, of your total net revenue expenditure after this financial year. Is that going to be the end of it? Is that the end of you using your reserves?

Lynda McMullan (Director of Commercial & Finance, Metropolitan Police Service): We expect by the end of this period, as shown in these papers, to get down to about £90 million of overall reserves. We will protect our general reserves at about £46 million. General reserves will continue to be about 1.8% of net revenue expenditure. In the strategy that we have adopted over years, given that we are a large organisation, about 1.5% we think is reasonable and so we are confident that we are a reasonable and sustainable amount. Obviously, it is something that we will look at every single year to make sure that it is reasonable.

Gareth Bacon AM (Chairman): On the capital side, there is going to be a lot more borrowing in 2018/19 to fund the capital expenditure, which is fine. However, in terms of interest, how much are you expecting to pay in 2018/19 from the revenue side to finance that compared to 2016/17?

Lynda McMullan (Director of Commercial & Finance, Metropolitan Police Service): We will increase it. It is an additional £30 million by the end of this period. That will take us up to, from memory, about £65 million or £70 million in total.

Just for clarification, we do have more work that we need to do before the next iteration before we get to a final budget. At the moment, our capital programme - and therefore the borrowing we expect to do to support that - we do need to go through and make sure it is deliverable. I am sure that is one of the other questions that you will want to ask us, but we do know that it is. We have put together a roadmap of the investments that we need to do in line with the One Met Model. The next step that we need to do is to just make sure that that is absolutely deliverable. They are all things that we want to do and so the capital programme may shrink or it may go a bit further to the right. We have just that final piece to do, which will then impact on the amount of borrowing and when we will have to do that.

Gareth Bacon AM (Chairman): We are going to move on to talk about the Police and Crime Plan in a moment. Before we do, there is one final question from me. It is one of the hoary old chestnuts that gets kicked around here. Those of us who have been here for a while will be familiar with some of the debates that have been had around shared services before. The Government is very keen on blue-light service collaboration and yesterday we heard from the Fire Brigade about the plans for colocation of, in its case, fire stations with the Ambulance Service and also control rooms. Do you have any of those built into your plans going forward?

Craig Mackey QPM (Deputy Commissioner, Metropolitan Police Service): Yes, I lead for the MPS on the work with the three emergency services chiefs and we have met recently with our respective oversight bodies. There is a desire to say, "Actually, shared control rooms is the right vision for the future", but realistically that is about five years of work there. Part of the work with the new fire chief is working with the new fire chief - and the new ambulance chief and ultimately a new Commissioner - to say, "Is everyone up for it?" I think they are. There is savings and also, more importantly, there are real tangible benefits for Londoners in moving to that position. Realistically, it has about a five-year rollout.

There are some things being done in the meantime around blue-light sharing that are much more tangible in terms of what they have achieved and what they have done: co-responder work, defibrillator work and some of the work we are now doing about the first emergency service person in a house doing work beyond their field. A fire visit to a house could also involve crime prevention advice or a visit by a paramedic crime prevention advice or fire advice or a visit by a police officer saying, "I think you need a paramedic". There is a whole different way of thinking going forward that we are working on across a range of issues with the other blue-light services.

Gareth Bacon AM (Chairman): It is quite a difficult question to answer, I suppose. I accept what you said about the control room thing. That is going to take some time. A lot of the other co-responding stuff in a piecemeal way is starting to happen already.

Craig Mackey QPM (Deputy Commissioner, Metropolitan Police Service): Yes.

Gareth Bacon AM (Chairman): In terms of tangible savings, do you think that there are going to be tangible savings from that or is it simply an efficient way of working?

Craig Mackey QPM (Deputy Commissioner, Metropolitan Police Service): There are both. There is an efficient way of working and there are some tangible savings.

Fire service colleagues probably spoke. They have bought into the estates integrator model, which we contracted with the market with and saved about 20% plus in terms of our costs. They have come in and made similar savings. That is the way we have used, if you like, the capacity of London to say, "There is a model here that can work and that is where we go". There are other debates at the moment around things like the fleet and other things where we are saying, "Actually, collectively, we could do something different".

I would say the real savings in cash off the budget are probably middle office to back. The real savings in terms of freeing up time, efficiency, better ways of doing things and offering a better service to Londoners are middle office to front.

Sophie Linden (Deputy Mayor for Policing and Crime): Sorry, just in terms of blue-light collaboration, that is absolutely the test that Fiona Twycross [AM, Chair, London Fire and Emergency Planning Authority] and I have set. We have had meetings about blue-light collaboration. We want to move forward on this only if (1) it improves the service to the customer and the service to Londoners and (2) we actually get some tangible savings out of it. It is not just an end in itself. We do need it to be very tangible. Those are the tests that we have set. We will always be testing in terms of going forward.

Gareth Bacon AM (Chairman): That is entirely reasonable.

Keith Prince AM: I have two questions. The first one is for Mr Craig Mackey. Happy New Year to you.

Craig Mackey QPM (Deputy Commissioner, Metropolitan Police Service): Happy New Year.

Keith Prince AM: These savings do seem incredibly backloaded. I can understand that if yesterday was year zero, that might be the case, but I know for a fact that the MPS has been working on savings for many years. It just seems strange to me that it is this year that we have three fallow years and then one very heavy year in 2020/21. Can you explain why? I get your explanation when you say these things take time, but you have time. Why have you not been planning all of these things last year and the year before and the year before that?

Craig Mackey QPM (Deputy Commissioner, Metropolitan Police Service): We have, to be honest. We have been planning for some time a new estate strategy. With the change in a new mayoralty, we agreed we would revise the estate strategy and so that has been done in terms of the work around estates. If you look at the work around the transformation of IT, as you know, that has been going on for probably four of the last years. The work around the wider One Met Model, the move to Borough Command Units and the move from some of the services at the centre of the organisation is all in the pipeline ready to go. This is just about when things will deliver and when they will come. Also, in fairness they are presented cumulatively, are they not?

Lynda McMullan (Director of Commercial & Finance, Metropolitan Police Service): They are the savings per year. In 2017/18 the savings we need to make are about £75 million. In 2020/21 it is about £50 million.

Craig Mackey QPM (Deputy Commissioner, Metropolitan Police Service): Yes. In fairness, the way the centre presents them looks quite different to the way they are presented in the organisation. It is just a different accounting method. There are savings coming out every year.

Keith Prince AM: Yes, I see the savings coming out every year.

David Gallie (Assistant Director of Finance, GLA): Yes, I can clarify that in the Mayor's budget - this is at page 23 in the table at paragraph 4.4 - the savings identified are cumulative savings and so in 2018/19, the savings required are £80.7 million and --

Gareth Bacon AM (Chairman): £80.7 million, yes.

David Gallie (Assistant Director of Finance, GLA): Then that sum is assumed to then repeat so that the sum in 2019/20 of £169 million includes the £80.7 million and so --

Keith Prince AM: Sorry, what page are we looking at?

David Gallie (Assistant Director of Finance, GLA): This is page 23.

Keith Prince AM: What are we looking at now?

David Gallie (Assistant Director of Finance, GLA): If you look at the row of savings identified in the table at 4.4, you can see a figure of £80.7 million for the cumulative savings in 2018/19 and a figure of £169 million in 2019/20.

Sian Berry AM: Where are the savings to be identified?

Keith Prince AM: Savings to be identified?

David Gallie (Assistant Director of Finance, GLA): Because the savings are accumulated, there actually is not a gradient--

Keith Prince AM: No, I am not looking at that table. I am looking at a different table. My table says this. It says digital policing savings in 2017/18 will be zero, in 2018/19 £13 million, in 2019/20 £21 million and in 2020/21 £38 million. That is not cumulative.

Lynda McMullan (Director of Commercial & Finance, Metropolitan Police Service): It is cumulative.

David Gallie (Assistant Director of Finance, GLA): That is cumulative.

Lynda McMullan (Director of Commercial & Finance, Metropolitan Police Service): The £38 million is cumulative.

Keith Prince AM: It is cumulative?

Lynda McMullan (Director of Commercial & Finance, Metropolitan Police Service): Yes.

David Gallie (Assistant Director of Finance, GLA): Yes.

Keith Prince AM: You have to add £13 million and £21 million so ... all right. If that is cumulative, then, over time --

Gareth Bacon AM (Chairman): The table that you have just quoted from, David, you have in 2018/19 £80.7 million and then in 2019/20 it goes to £169 million and you said that that is cumulative. How can it go down to £120.1 million in 2020/21 if it is cumulative?

Keith Prince AM: Exactly.

David Gallie (Assistant Director of Finance, GLA): That is the savings that have actually been achieved and staggered increase of savings and so you actually --

Gareth Bacon AM (Chairman): That makes no sense at all. If you have --

Leonie Cooper AM: That makes no sense. Either it is cumulative or it is not.

Keith Prince AM: This is the sheet I am looking at, mate.

Gareth Bacon AM (Chairman): Assembly Member Prince, could you sit down, please?
Assembly Member Prince, could you please sit down?

Keith Prince AM: Look at that sheet there --

Gareth Bacon AM (Chairman): Sit down. In the Mayor's budget, that makes no sense at all what you have just said. If it is cumulative, then one plus one equals two and so in year two it is two and then it goes up and up and up over a period of time. How can it go back down again if it is a cumulative saving that you are showing there?

David Gallie (Assistant Director of Finance, GLA): Having achieved that level, you then do not require that same level of savings to be carried forward.

Gareth Bacon AM (Chairman): Hang on a second. I am not sure I am listening to English here. If £80.7 million in 2018/19 is part of the £169 million and it is a cumulative saving, you have made that £80.7 million in 2018/19 and you are still making it in 2019/20. How can it then drop off? You have made the saving --

Lynda McMullan (Director of Commercial & Finance, Metropolitan Police Service): I will either confuse or help. I am not quite sure which one it will be.

Gareth Bacon AM (Chairman): Helping would be good, yes.

Lynda McMullan (Director of Commercial & Finance, Metropolitan Police Service): I will try to help. This is savings to be identified. Given the conversation that we have just talked about that a number of savings will deliver in 2020/21, there are fewer savings to be identified and that is because of that profile of when we know some of those known savings will be. That is not the total savings; that is just savings to be identified.

Gareth Bacon AM (Chairman): All right. You need to find £80.7 million in 2018/19 and that means you need to find £169 million in 2019/20?

Lynda McMullan (Director of Commercial & Finance, Metropolitan Police Service): Yes.

Gareth Bacon AM (Chairman): Including that £80.7 million?

Lynda McMullan (Director of Commercial & Finance, Metropolitan Police Service): Yes.

Gareth Bacon AM (Chairman): Again, I am struggling with this because, if you need to find £80.7 million in 2018/19, is this assuming you will not find that, then, and that is why it is in 2019/20?

Lynda McMullan (Director of Commercial & Finance, Metropolitan Police Service): At the moment, they are unidentified savings. That is the way it is presented.

Leonie Cooper AM: Unidentified savings?

Keith Prince AM: I have never been involved in a meeting where the figures are so pathetic.

Leonie Cooper AM: It is a budget with unidentified savings?

Keith Prince AM: It is ridiculous. Can someone tell me? What are the overtime savings for 2017/18?

Lynda McMullan (Director of Commercial & Finance, Metropolitan Police Service): For 2017/18, because we have made in the current year quite significant savings in overtime, we are actually reversing that saving in 2017/18. There is a £6 million reversal of saving, which then is in each year because it is shown cumulatively.

Keith Prince AM: That is a reversal?

Lynda McMullan (Director of Commercial & Finance, Metropolitan Police Service): Yes.

Keith Prince AM: Then in 2018/19 that is £6.1 million as well, is it?

Lynda McMullan (Director of Commercial & Finance, Metropolitan Police Service): It is the same number carrying on because it is cumulative.

Keith Prince AM: All right. That is the cumulative bit.

David Gallie (Assistant Director of Finance, Greater London Authority): Yes.

Len Duvall AM (Deputy Chair): Can I just clarify? You took a cut in the overtime --

Craig Mackey QPM (Deputy Commissioner, Metropolitan Police Service): We went too far.

Len Duvall AM (Deputy Chair): -- and you have met your targets with the --

Craig Mackey QPM (Deputy Commissioner, Metropolitan Police Service): No, we --

Len Duvall AM (Deputy Chair): You did not meet your targets?

Lynda McMullan (Director of Commercial & Finance, Metropolitan Police Service): No, we have gone beyond.

Craig Mackey QPM (Deputy Commissioner, Metropolitan Police Service): We have gone beyond our targets. It is different across different parts of the business. If you look at Territorial Policing (TP) and you look back, it is between 40% and 60% reduction in overtime spend. We have just done a drains-up review during the summer on overtime and we said that we need to put some more money in that --

Keith Prince AM: OK, I get that, but --

Lynda McMullan (Director of Commercial & Finance, Metropolitan Police Service): £6 million in--

Len Duvall AM (Deputy Chair): Why is that in the savings and not in the efficiency bits of the target in the way you present that?

Lynda McMullan (Director of Commercial & Finance, Metropolitan Police Service): We claimed it as a saving last year and we have not delivered it and so it is reversing that saving just to say that we did not make it. We are just being clear about that.

Gareth Bacon AM (Chairman): Before I hand back to Assembly Member Prince, a lot of the confusion here is about how we have had information presented to us. Can I make a suggestion that going forward we have annual savings presented? This is all over the place. The table that Assembly Member Prince was quoting from came directly from the MOPAC budget submission for 2017/18, which does not in any way seem to co-ordinate with what is in the Mayor's draft budget. That is presented in a completely different way and, if I may say so, it is not the most transparent way to be conducting business.

Keith Prince AM: Yes. If I could get some clarification, then, obviously, depending on how this chart works, it effectively qualifies what I am about to say. Could I just get some clarification? For digital policing, I have no savings in 2017/18. Is that correct?

Craig Mackey QPM (Deputy Commissioner, Metropolitan Police Service): Correct, yes.

Keith Prince AM: All right. In 2018/19, there are going to be £13 million worth of savings. Is that correct?

Lynda McMullan (Director of Commercial & Finance, Metropolitan Police Service): Yes.

Craig Mackey QPM (Deputy Commissioner, Metropolitan Police Service): Yes.

Keith Prince AM: In 2019/20, is there going to be £21 million worth of savings or an additional £8 million worth of savings?

Lynda McMullan (Director of Commercial & Finance, Metropolitan Police Service): An additional £8 million.

Craig Mackey QPM (Deputy Commissioner, Metropolitan Police Service): £8 million.

Keith Prince AM: An additional £8 million worth of savings, OK. In 2020/21, there will be, therefore, £17 million worth of savings additional to the £21 million ongoing worth of savings?

Craig Mackey QPM (Deputy Commissioner, Metropolitan Police Service): Yes.

Keith Prince AM: Fantastic. All right. For middle office/front office, in 2017/18 there will be £12 million worth of savings.

Lynda McMullan (Director of Commercial & Finance, Metropolitan Police Service): For back office, yes.

Craig Mackey QPM (Deputy Commissioner, Metropolitan Police Service): For back office, yes, true.

Keith Prince AM: Good. In 2018/19 there will be no savings additionally?

Lynda McMullan (Director of Commercial & Finance, Metropolitan Police Service): If you are looking at back office, it should be another £8 million.

Craig Mackey QPM (Deputy Commissioner, Metropolitan Police Service): Yes, another £8 million.

Keith Prince AM: It does not say that on this sheet here.

I am talking about middle and front office, sorry.

Lynda McMullan (Director of Commercial & Finance, Metropolitan Police Service): All right. Yes, there is a marginal amount.

Keith Prince AM: Zero, say --

Craig Mackey QPM (Deputy Commissioner, Metropolitan Police Service): Yes.

Keith Prince AM: -- in 2018/19?

Lynda McMullan (Director of Commercial & Finance, Metropolitan Police Service): Yes.

Keith Prince AM: In 2019/20 there will be zero savings?

Craig Mackey QPM (Deputy Commissioner, Metropolitan Police Service): Yes.

Keith Prince AM: All right. Then in 2020/21 there will be --

Lynda McMullan (Director of Commercial & Finance, Metropolitan Police Service): £26 million.

Keith Prince AM: -- £26 million in savings?

Craig Mackey QPM (Deputy Commissioner, Metropolitan Police Service): Yes.

Keith Prince AM: Great. It looks worse than even I thought it did. Therefore, for property, there will be no savings in 2017/18, there will be £5 million worth of savings in 2018/19, there will be no savings in 2019/20 and then there will be a massive £59 million worth of savings in 2020/21?

Craig Mackey QPM (Deputy Commissioner, Metropolitan Police Service): Yes.

Keith Prince AM: I am sorry about this, Chairman. You will have to bear with me. For the back office, I get the picture. There will be no savings in 2020/21. Good. You have tried to answer it, Craig, and so I will live with that, but my question is that if all these savings have been worked on over a period of years, certainly for the last eight years plus, I would have thought there would have been much smoother profiling of those savings, but clearly that is not the case.

Craig Mackey QPM (Deputy Commissioner, Metropolitan Police Service): You are right, but there are a couple of things. For the big one you talked about, the other front and middle office, the 2020/21 saving is around the technology system that we are in the market for at the moment. We are talking about an integrated platform. That is where the £25 million-ish of savings are in the 2020/21 space. We will roll out some of it before 2020/21 but we will not bank the full savings until 2020/21. We are in the middle of the negotiated Official Journal of the European Union (OJEU) process on that at the moment and that is a big spend. That is tens of millions of pounds on a technology system that will bring together eight disjoint IT platforms into one and will transform a lot of the way we do business. However, we do not bank the savings until we have delivered it all, not just one or two parts of it.

Keith Prince AM: I will accept --

Sophie Linden (Deputy Mayor for Policing and Crime): Can I just intervene about your assertion that it is an unusual thing to be doing to have savings to be identified in future years? From the previous administration, we inherited a budget position that had savings to be identified of £31 million for the next financial year and £58 million for the future financial years. This is not unusual. It is challenging and it is difficult, but it is not unusual to have savings to be identified in future years. The profiling you may have questions about. As I have already said previously, the profile that we inherited over the last four years also had what you are calling "backend savings". As Craig [Mackey] has said, it takes time to transform services. We are not salami-slicing because that is the easiest way to do it. It is transformation and it takes time for savings to come through.

Keith Prince AM: I understand that. It is just that work --

Sophie Linden (Deputy Mayor for Policing and Crime): The previous administration's budget that we inherited had similar savings to be identified in the next two financial years.

Keith Prince AM: Yes. Work has been ongoing in the MPS with savings. Maybe I am just a cynic. I definitely am a cynic, actually. If you were to look at this cynically - and I accept the explanation you have given - this smells very much like the budget of a one-term Mayor because all the really hard work and all the

real pain comes in after he has left office. I am just saying that that is what it could look like if you are a cynic, but I accept the explanations that have been given.

Craig Mackey QPM (Deputy Commissioner, Metropolitan Police Service): Could I just say that from our perspective all the difficult decisions are now? There are no easy decisions in this budget at all. We have not even touched on the unidentified savings because there is only one line that they can come out of and that is people. The difficult bit with this budget is now. You touched on it at the start in your opening, Chairman. To some extent, in the MPS we are in quite a different place to every other part of policing. We have focused all of our work on trying to drive money out of the back and middle office and invest it in frontline policing. We have done that. This is where we get to the limits of doing that to try to get to our 15% of gross revenue expenditure out of the back office. Beyond that, we have to go elsewhere and the only other place left to go is the budget around people.

Sophie Linden (Deputy Mayor for Policing and Crime): Frankly, I find it a little rich to hear you talking about cynicism and about a one-term Mayor when the previous Mayor --

Keith Prince AM: In two terms.

Sophie Linden (Deputy Mayor for Policing and Crime): -- cut council tax cynically in election year, which is why we have had £17.4 million taken from our budget this year.

Gareth Bacon AM (Chairman): In actual fact, Deputy Mayor, I have to correct you --

Keith Prince AM: We expect the Conservatives to cut taxes and we expect (Overspeaking) to put it up.

Gareth Bacon AM (Chairman): I think you will find, actually, Deputy Mayor, that the previous Mayor froze council tax for three years and cut it for five years, not cynically in election year. He did it for five years consistently and so you are way off base with that statement.

The problem here is not really about the profile. It is about how these things are presented. Assembly Member Prince touched on something earlier on when trying to understand the MOPAC submission that we have here. If we are saying that these savings are cumulative, on the overtime we have a positive figure - you are going to be spending more money and so it is not a saving - of £6.1 million for 2017/18. That stays the same in 2018/19, 2019/20 and 2020/21. Am I correct in assuming that if this is a cumulative figure you have no budget for overtime in any of those three years and so there is going to be no overtime?

Lynda McMullan (Director of Commercial & Finance, Metropolitan Police Service): It is going to be adding back £6 million into the overtime budget for next year and then it stays at that increased level.

Craig Mackey QPM (Deputy Commissioner, Metropolitan Police Service): The baseline is going up.

Lynda McMullan (Director of Commercial & Finance, Metropolitan Police Service): David [Gallie], the GLA presentation has that cumulative --

David Gallie (Assistant Director of Finance, GLA): If you look at table 1 on page 60 of the budget submission, you will see that the total pay overtime budget does actually increase over the period.

Gareth Bacon AM (Chairman): That does not co-ordinate with the MOPAC submission.

Lynda McMullan (Director of Commercial & Finance, Metropolitan Police Service): It does.

David Gallie (Assistant Director of Finance, GLA): It should do.

Gareth Bacon AM (Chairman): It does not. I am looking at the MOPAC submission now and it does not. We will have to write to you on this because the transparency of the figures that are presented to us just is not there.

Len Duvall AM (Deputy Chair): Can we establish one thing on the overtime budget? If your figures go down and you do not recruit, overtime goes up because it is a tool for fighting crime, is it not, and managing the service? Is that true?

Lynda McMullan (Director of Commercial & Finance, Metropolitan Police Service): There is a range of issues.

Craig Mackey QPM (Deputy Commissioner, Metropolitan Police Service): There is a range of issues. It feels true. I wish I could present hard evidence to support it. I could bore you with loads of slides --

Len Duvall AM (Deputy Chair): You have loads of information on overtime over the many years now and you can track right down to each unit and which is your highest earner. You can do that individually.

Craig Mackey QPM (Deputy Commissioner, Metropolitan Police Service): We can and we --

Len Duvall AM (Deputy Chair): It could be quite surprising which is the highest earner and what the top five highest earners are in your service --

Craig Mackey QPM (Deputy Commissioner, Metropolitan Police Service): We have all of that data.

Len Duvall AM (Deputy Chair): -- but that is just frivolous at the moment.

Craig Mackey QPM (Deputy Commissioner, Metropolitan Police Service): No, we can do it, but it is different across the three business groups. In TP, as Members will know if they talk to officers out on the front line, overtime has contracted dramatically and so we have seen a real change in both the culture and the approach to overtime. It is not the overtime --

Len Duvall AM (Deputy Chair): Some might suggest it might need to go higher there and not in the other units but --

Lynda McMullan (Director of Commercial & Finance, Metropolitan Police Service): That is why the £6 million has gone in.

Craig Mackey QPM (Deputy Commissioner, Metropolitan Police Service): That is why the £6 million has gone back in. £4.7 million of it will go to TP and a small part of it to proactive. Specialist Operations, of course, is very different. High earners in Specialist Operations are around protection-type roles where the nature of the roles often means that they are literally working for very long periods of time. In Specialist Crime and Operations, there is a split in how overtime is used between those units that are purely reactive - something happens and they go out to it - and those that are proactive people taking on drug syndicates, gangs and those sorts of things. We can split it across the piece.

Leonie Cooper AM: It was just really a point about the fact that you seem to have made this very difficult for us to be able to look at these figures. We have a chart here in which the word “cumulative” does not appear. If that word had appeared in that chart, it would have been obvious to us all.

Also, from my point of view, if you are going to have a cumulative figure next to a four-year budget, I would also like to see each in-year amount as well and then have next to that the cumulative figure. I do not think it is too much for us to have both of those figures next to each other and that might have saved us a great deal of time.

Just on your point about referring us to table 1 of MOPAC on page 60, the line there just says, “Total pay and overtime”. Again, it might be a highly elucidating figure, but unfortunately it is an overall figure for the pay and the overtime and they are not disaggregated. If it is going to be cumulative, it is fine but can that be disaggregated from individual year-on-year savings? If we are looking at such large figures with total savings of £158 million - if you do not mind me rounding that up - total efficiencies of just over £17 million and a total figure of £175 million, I do not think it is too much to expect us to be able to look at both the in-year efficiency figure as well as the cumulative totals and for that to be clear for us right from the beginning. Thank you, Chairman. Sorry to be a bit longwinded.

Gareth Bacon AM (Chairman): No, that point was well made and was necessary.

David Gallie (Assistant Director of Finance, GLA): If I can briefly respond - and I am happy to respond in more detail in writing to any of your questions - clearly, the format of the budget has developed over a number of years with the Assembly and we have always shown savings to be identified as a cumulative number.

To take on Assembly Member Cooper’s comment, we also do set out in appendix G on page 77 the savings on an incremental basis to disentangle any potential confusion between cumulative and incremental.

As always, there is a trade-off with the scale of the document. It is nearly 100 pages already. We are happy to give more detail to Assembly Members about the split of savings and efficiencies and reformatting the numbers. There is a balance there to be struck with trying to get a document that is manageable and readable but then does not go too much beyond 100 pages. It is a very difficult balance to strike and I am sure we can work with you to try to improve that.

Leonie Cooper AM: Chairman, if I may just make a small point, I understand that you have developed these over a number of years and there are three of this Committee who are longer-standing Members of the Assembly. However, ten of the 25 Assembly Members are new this time. Perhaps we just need to take that into consideration when helping us get to the same level of **intelligence** that everyone else has. Thank you.

Gareth Bacon AM (Chairman): We will write to you, David. We are going to move on to talk about the Police and Crime Plan --

Craig Mackey QPM (Deputy Commissioner, Metropolitan Police Service): Chairman, if I can, on overtime, just to assist the two Members who have asked detailed questions, if it is acceptable to MOPAC and colleagues, we have a seven-page brief that gives you all of that breakdown. We will provide it to Members so that they can see it. Hopefully, Mr Duvall, it addresses some of your questions with the spikes over the last years against establishment for all the business groups and the work we have done on overtime.

Gareth Bacon AM (Chairman): That would be very helpful, if you could send that out and circulate it. Thank you.

Len Duvall AM (Deputy Chair): Before we move on, Chairman - I think you are moving on to section 2 - you mentioned earlier on the reserves being used for one-offs. Can we see a list of the items -

Lynda McMullan (Director of Commercial & Finance, Metropolitan Police Service): Yes, of course.

Len Duvall AM (Deputy Chair): -- that you have used in a narrative form in terms of that additional information?

Caroline Pidgeon MBE AM: Let us look at the Police and Crime Plan and the budget, then. It appears that you talk a lot about new approaches to operations and partnership working. There is clearly going to be a huge amount, it would appear, of organisational change, merging boroughs and so on. How much additional organisational change do you see coming out of the Police and Crime Plan? Maybe this is to Sophie.

Sophie Linden (Deputy Mayor for Policing and Crime): The delivery of the Police and Crime Plan is aligned to the delivery of the transformation that we have been talking about in terms of the budget and also in terms of improvement in service and that One Met Model. There are a number of aspects. One is around public access to policing in terms of better access via telephone and via the internet, but not just internet. I am very aware of the issues around that.

Also, there is the transformation in terms of the way that the MPS is structured across London. We have two pathfinders starting mid-to-end of January to look as pathfinders at the new way of service, which is bringing some of the central services around domestic violence, sexual offending and child sexual exploitation to a more local level, as well as ensuring that response teams can respond across borough boundaries and that investigation is undertaken, where appropriate, by those who first respond.

The additional transformation is set out in the One Met Model, which I am sure Craig can give more detail on, but that is part of it and it is flagged up in the Police and Crime Plan. The delivery of it is through the transformation of services as well as through partnership working with the other agencies that are part of this process of reducing crime and tackling vulnerability such as the criminal justice system, local authorities and mental health services, as well as the National Health Service (NHS).

Caroline Pidgeon MBE AM: There is quite considerable organisational change as part of delivering this plan as well as piloting merging boroughs and redistributing officers as part of shifting officers back to dedicated wards.

Sophie Linden (Deputy Mayor for Policing and Crime): Yes.

Caroline Pidgeon MBE AM: It is considerable change. Will this have an impact on the budget, Craig?

Craig Mackey QPM (Deputy Commissioner, Metropolitan Police Service): It is already programmed into the budget. Lynda [McMullan] touched on some of the money we are using as one-off spends. The document refers to how we are working in the space around business change with a strategic partner at the moment and so we have someone working with us on some of the key work on how we frame this and how we get it right. What we have at the moment is a portfolio that has 13 programmes of change in it, everything from how we change the culture of the organisation to how we make the organisation truly mobile in its ways of working. It is a major transformation programme.

If you remember, probably 12 months ago or 18 months ago we were looking at how we would build a MPS that is about £1 billion smaller than it was. We had started on a whole range of work around modelling the

organisation and building an organisation that would look like that. We now know that that figure looks like something in the region of £400 million. That is the work we have been doing over the last year and a half in terms of lining all those bits up so that when we join the jigsaw together it works.

As the Deputy Mayor [for Policing and Crime] said, it is from everything we are doing in the boroughs to moving services back locally to digital engagement. In July this year [2016] we did a soft launch of what we call Digital 101, which is a digital presence with Londoners. About 60,000 people have already used that service. It is a tremendous result and a tremendous appetite for different channels and different ways of providing service. Some of the results and feedback from that are really good in terms of what we can do quite differently. You have to see this in the totality of joining the organisation up in a different way.

If you look at mobility, when we get on to the capital plan you will look at some of the big spikes in capital. I have talked about the mobile solution. It is buying 20,000 mobile solutions. We are moving away from an organisation that is predominantly at the moment based on 30,000 desktops to an organisation that is truly mobile in terms of how it works and having the ability to do everything we currently do on a desktop on a device either in a car or with an individual officer. That is a big transformational change programme.

Do we have all the capacity we need around that? That is the thing that always stretches me. Across both the public and the private sectors, these skills are in huge demand. People can command very big wages if they have experience in doing these sorts of things. We are drawing on the experience elsewhere. However, as you can imagine, with an organisation of our size, outside of national Government and some of the stuff that has gone on with the Ministry of Defence (MoD) or the NHS, we are the largest one doing this. We have good working relationships with the other two major city forces and we are doing a lot of work comparing ourselves with West Midlands and Greater Manchester. Although we might call it slightly differently, we are all on a similar path.

You can take some confidence from it. We have talked a lot in the last few months about the things where Her Majesty's Inspectorate of Constabulary (HMIC) has graded the MPS "bad". We have not spoken about the things where we have been graded "good". On value for money and on delivering change, for the last four years, we have been graded "good". I urge you to read the Police Effectiveness, Efficiency and Legitimacy (PEEL) inspection from this year [2016] on efficiency as part of the budget thing. You should read it. It says the plans are exciting. They are challenging and they will be hard to deliver, but they are exciting.

You should take some confidence. It is there and there is an established plan to do this but, on your point around the level of business change, yes, it will be a challenge for us.

Caroline Pidgeon MBE AM: Who do you have helping you to deliver this?

Craig Mackey QPM (Deputy Commissioner, Metropolitan Police Service): At the moment, in terms of the work particularly around our programme transformation office, we are working with Deloitte in that space at the moment. We have a range of people from across the organisation. A number of you have met people like Mark Simmons [Deputy Assistant Commissioner, TP, MPS] and Alison Newcomb [Commander, TP, MPS]. The business is leading this because we are absolutely clear. If we do not have business-led transformation, it does not work. Digital is probably the best example of that.

Caroline Pidgeon MBE AM: The Mayor has said he wants at least 85% of all spend to be on frontline policing, but when you compare us to all of the other forces we are already way ahead in terms of how much is spent on frontline police officers. How do you plan to get support services down to 15%?

Craig Mackey QPM (Deputy Commissioner, Metropolitan Police Service): There are a range of things in here. We have modelling at the moment. We can see where there is another £260 million to £290 million of savings in the back office and we have touched on some of those in terms of the lines that you will see in the budget there in terms of what we do. We are about £30 million to £50 million short of getting to our 15% figure.

Lynda McMullan (Director of Commercial & Finance, Metropolitan Police Service): In terms of identifying that £30 million, we have talked a lot about the IT and property savings, which are the bulk of that shift.

Craig Mackey QPM (Deputy Commissioner, Metropolitan Police Service): That is how we get to the 85% figure that the Mayor is talking about, if we can get to that 15%. At the moment, we cannot find another police force of our size that is at 15% and so it is a challenge in terms of doing it.

Caroline Pidgeon MBE AM: Is it realistic, Craig? Is it a realistic target to have been set by the Mayor when the MPS is already so much more frontline-focused than most police forces?

Craig Mackey QPM (Deputy Commissioner, Metropolitan Police Service): We are mixing two things up now, if I may. There is the issue about frontline officers and the figures about our percentage of frontline officers. I think the commitment - and I have not seen the detail of the Mayor's commitment - is about spend, is it not?

Caroline Pidgeon MBE AM: At least 85% of all spend is to be on frontline policing?

Craig Mackey QPM (Deputy Commissioner, Metropolitan Police Service): Yes, which is slightly different. I am not second-guessing the Mayor. I think he is talking about how, if we are spending 15% on the back office, the rest of it should be going on frontline policing. That is how it is being presented.

Caroline Pidgeon MBE AM: Perhaps, Sophie, you could clarify that.

Sophie Linden (Deputy Mayor for Policing and Crime): What you are talking about is a target of 15% of spend on the back office and that is a target that has been set and is set in the budget --

Craig Mackey QPM (Deputy Commissioner, Metropolitan Police Service): Yes. In fairness, it was the Mayor who set it, yes.

Sophie Linden (Deputy Mayor for Policing and Crime): -- and it is one that has been agreed and it is not --

Caroline Pidgeon MBE AM: It is budget rather than personnel?

Sophie Linden (Deputy Mayor for Policing and Crime): Budget, yes. It is spend. Fifteen per cent of --

Keith Prince AM: Do you know where we are now, then, please?

Lynda McMullan (Director of Commercial & Finance, Metropolitan Police Service): For next year, we will be at about 19.5%.

Craig Mackey QPM (Deputy Commissioner, Metropolitan Police Service): Yes.

Caroline Pidgeon MBE AM: OK. That is challenging, then, to get down and you still have huge amounts to find.

Craig Mackey QPM (Deputy Commissioner, Metropolitan Police Service): Yes.

Sophie Linden (Deputy Mayor for Policing and Crime): The whole of this budget is about the next four years. It is a point we can constantly come back to. This is challenging. It is going to be increasingly challenging. It is difficult and there are risks. In terms of MOPAC and the MPS, what is really important for me from my position is setting the framework, making sure that this is delivered with the oversight and accountability mechanisms, as well as having the expertise within the MPS and bringing in expertise when it is needed - like Deloitte - having very clear gateway reviews and oversight, and showing that where savings are planned they are being delivered. (Inaudible) because it is challenging.

Caroline Pidgeon MBE AM: I want to focus now on police officers. For frontline police officers, 32,000 is the number that we have banded around in recent years. The single largest efficiency measure in this budget is saving £38 million. The line says, "Recognition of current police numbers". Of course, we know that you have been about 862 police officers short of that 32,000.

Can you explain what this £38 million saving in just one year actually is? Is it achievable? Craig? Sophie? I do not know who would want to take that. Lynda?

Lynda McMullan (Director of Commercial & Finance, Metropolitan Police Service): In effect, the £38 million reflects that, as you say, we are below the budgeted level at the moment. As we move into next year, we know that there is a lag and so that £38 million will be a bankable saving against the officer line next year.

Caroline Pidgeon MBE AM: You are basically saying that you are not going to have 32,000 police officers in the MPS and you are taking the budget line out and so you cannot even pay for them?

Craig Mackey QPM (Deputy Commissioner, Metropolitan Police Service): We do not have them at the moment. We have --

Lynda McMullan (Director of Commercial & Finance, Metropolitan Police Service): It will take time to build up to that --

Craig Mackey QPM (Deputy Commissioner, Metropolitan Police Service): We have 31,200. To go back up, it will take time. We have 31,200 at the moment and a budget that says we can technically pay for 31,957 and so we have a gap. The full-year saving of that can roll into next year.

Caroline Pidgeon MBE AM: Let me understand. During the 2013/14 to 2015/16 budget, the period of the previous Police Plan, the MPS was 862 officers - on average - short of 32,000, which allowed the MPS to save £45 million. That was over three years and so how can you save £38 million in one year? It does not add up.

Lynda McMullan (Director of Commercial & Finance, Metropolitan Police Service): We did not take any savings against the police line in previous years and so we may have underspent against the officer line --

Caroline Pidgeon MBE AM: The underspend over three years came to £45 million?

Lynda McMullan (Director of Commercial & Finance, Metropolitan Police Service): I am not sure where that figure has come from.

Caroline Pidgeon MBE AM: If I understand my notes - and I am not a financial expert; I am a layperson looking at this - my understanding is that it was £45 million that you have saved over three years because you underspent your budget. I do not understand how you can do --

Lynda McMullan (Director of Commercial & Finance, Metropolitan Police Service): Yes, £45 million seems very low over three years, I have to say.

Caroline Pidgeon MBE AM: -- £38 million in one year.

Lynda McMullan (Director of Commercial & Finance, Metropolitan Police Service): £38 million is the figure for the next --

Craig Mackey QPM (Deputy Commissioner, Metropolitan Police Service): Year.

Caroline Pidgeon MBE AM: For the 860-odd officers short, it is £38 million?

Craig Mackey QPM (Deputy Commissioner, Metropolitan Police Service): Yes.

Keith Prince AM: You are saying that 800-odd officers work out at about £38 million?

Craig Mackey QPM (Deputy Commissioner, Metropolitan Police Service): If you put it at £52,000.

Gareth Bacon AM (Chairman): It says here that the £45 million figure over three years came from a MOPAC quarterly monitoring report for quarter 4, which went to the Budget Monitoring Subcommittee.

Craig Mackey QPM (Deputy Commissioner, Metropolitan Police Service): That seems a bit low.

Caroline Pidgeon MBE AM: Exactly, and so it is not --

Lynda McMullan (Director of Commercial & Finance, Metropolitan Police Service): --three years, though.

Craig Mackey QPM (Deputy Commissioner, Metropolitan Police Service): It seems a bit low relative --

Gareth Bacon AM (Chairman): It seems very low.

Craig Mackey QPM (Deputy Commissioner, Metropolitan Police Service): -- to £3.2 billion.

Gareth Bacon AM (Chairman): £38 million in one year would equate to about £44,000 per officer which would sound about right.

Caroline Pidgeon MBE AM: Let me just be very clear.

Gareth Bacon AM (Chairman): That figure, as I said, came from MOPAC. It did not come from --

Caroline Pidgeon MBE AM: You are taking £38 million out next year because you are going to be under 32,000 and then the plan in the future years is to go back up to 32,000 or is there no money in there?

Craig Mackey QPM (Deputy Commissioner, Metropolitan Police Service): That is literally dependent now on funding.

Caroline Pidgeon MBE AM: Sophie, you are not going to meet your pledge to keep officer numbers at 32,000?

Sophie Linden (Deputy Mayor for Policing and Crime): We have been very clear that this is a strategic target of 32,000. That is the figure we wish to have in London. We have been clear in the Police and Crime Plan and the Mayor has been clear in every statement that this will become increasingly challenging given the budget pressures we are under. That is why, as I said at the beginning of the meeting, we are really significantly and strongly lobbying the Government to ensure that we get our fair share of the allocation of the NICC grant and also that, in terms of the funding formula review that is taking place at the moment, London does not lose out. That is the risk: that London could lose out in the funding formula review. We are doing everything we can and that is why the Mayor has put in mayoral funds to maintain police officer numbers and maintain the strategic target of 32,000, but it is going to be very challenging.

Caroline Pidgeon MBE AM: Sophie, you will not maintain police numbers if you are consciously taking £38 million out of the budget **Caroline Pidgeon MBE AM:** -- which means you cannot pay for 32,000 officers.

Keith Prince AM: Correct.

Sophie Linden (Deputy Mayor for Policing and Crime): We have been clear that the strategic target of 32,000 officers is one that we are maintaining. We have also been clear that it is going to be challenging. Police officer numbers for next year with the budget will be around the figure that we have at the moment. We have been transparent about that.

Keith Prince AM: Is it just another mayoral aspiration?

Sophie Linden (Deputy Mayor for Policing and Crime): In the same way as over the last four years there was a strategic target of 32,000, which --

Keith Prince AM: We achieved it.

Sophie Linden (Deputy Mayor for Policing and Crime): You did not achieve it.

Keith Prince AM: We did get to 32,000 --

Sophie Linden (Deputy Mayor for Policing and Crime): The figure was 30,235 in 2013. It will be around the same number for next year with the budget that we have. We have a strategic target of 32,000 and it will be challenging given the budget pressures we are under. We are lobbying hard to make sure London gets its fair share so that we can maintain police officer numbers.

Gareth Bacon AM (Chairman): Now, Deputy Mayor, I am going to interject here slightly because Assembly Member Pidgeon is completely correct. Over the last eight years, the budget line allowed for 32,000 police officers. There are fluctuations and there are peaks and troughs - as the Mayor acknowledged at the last Mayor's Question Time - between recruitment rounds when the MPS will go up and will fall slightly back down when people retire and so on. When you remove the budget line to pay for 32,000 police officers, you cannot provide 32,000 police officers. The Mayor issued a press release pre-Christmas announcing that he was going to put the precept up, it was going to be hypothecated and it was to pay for additional police officers.

You have now just admitted in a public meeting that, by taking the budget line out, it means nothing. You cannot provide those 32,000 police officers. You might as well have a strategic aspiration to have 400,000 police officers. It would be as meaningless as 32,000 because you have just taken the budget line out.

Sophie Linden (Deputy Mayor for Policing and Crime): We have not taken the budget line out. We are --

Gareth Bacon AM (Chairman): You have. That is what we have just been discussing.

Sophie Linden (Deputy Mayor for Policing and Crime): The budget allows for maintaining police officer numbers at around the same figure that they are at the moment --

Gareth Bacon AM (Chairman): No, at exactly the same figure.

Sophie Linden (Deputy Mayor for Policing and Crime): -- and we have been clear that we have a strategic target of 32,000 police officers --

Gareth Bacon AM (Chairman): With no means to pay for it.

Sophie Linden (Deputy Mayor for Policing and Crime): -- and, as I have said, it is going to be increasingly challenging. That is why we are lobbying very hard for the Government to give London its fair share so that we can meet that strategic target.

Gareth Bacon AM (Chairman): With the greatest of respect, Deputy Mayor, the strategy behind this is for a press release for the Mayor to attack the Government. It is not to provide 32,000 police officers.

Sophie Linden (Deputy Mayor for Policing and Crime): The strategy behind this is to ensure that we have the right number of police officers in London to protect London and to keep it safe. We have significant pressures with rising (Overspeaking) changes in crime --

Gareth Bacon AM (Chairman): You have cut the budget to provide that.

Sophie Linden (Deputy Mayor for Policing and Crime): We have not cut the budget. The Mayor --

Gareth Bacon AM (Chairman): You have --

Caroline Pidgeon MBE AM: Is the £38 million line coming out?

Sophie Linden (Deputy Mayor for Policing and Crime): The Mayor put in £24 million into the budget to maintain police officer numbers at the strength that they are at the moment and he has been very clear that we have set a strategic target of 32,000 officers in the same way as the previous administration did.

Gareth Bacon AM (Chairman): No, the previous administration had the funding to pay for 32,000 officers. You have just cut it and you have just announced it.

Sophie Linden (Deputy Mayor for Policing and Crime): I have not announced a cut.

Gareth Bacon AM (Chairman): Of course you have. What was that entire exchange with Assembly Member Pidgeon about? That 32,000 that she just talked about means that you are going to pay the number of police officers that you have now --

Caroline Pidgeon MBE AM: £38 million.

Gareth Bacon AM (Chairman): -- not 32,000 but now. If you take that line out, you can have a strategic target for whatever you like, but you cannot pay for it. The facts are absolutely undeniable.

Sophie Linden (Deputy Mayor for Policing and Crime): We will maintain police officer numbers at around the strength that they are at the moment and we will be lobbying hard to ensure that London gets its fair share --

Gareth Bacon AM (Chairman): Indeed.

Sophie Linden (Deputy Mayor for Policing and Crime): -- so that the strategic target of 32,000 can be met and that will be clear from the Police and Crime Plan into the budget and will be clear beyond as well.

Gareth Bacon AM (Chairman): It is the next press release attacking the Government.

Caroline Pidgeon MBE AM: Can I just be clear, Sophie? In your submission, the table we have says, "Recognition of current police numbers", and you take out £38 million from the budget in the next year; yes or no?

Sophie Linden (Deputy Mayor for Policing and Crime): Is it there? Sorry, you will have to --

Caroline Pidgeon MBE AM: It is the table, I am told, that was from your MOPAC submission.

Sophie Linden (Deputy Mayor for Policing and Crime): Can you let me have a look at it? I have the MOPAC submission.

Caroline Pidgeon MBE AM: There is a line under "Efficiencies", "Recognition of current police numbers in terms of financial year 2017/18 minus £38 million". Can you confirm; yes or no?

Sophie Linden (Deputy Mayor for Policing and Crime): There is recognition of that in that table, but in previous years (Overspeaking)

Caroline Pidgeon MBE AM: Can you confirm; yes or no? I am not worried about previous years. I am not here to defend the previous administration or your administration. I am here to hold you to account and to

clarify what you are proposing. It says, "Minus £38 million", "Recognition of current police numbers". Is that correct?

Sophie Linden (Deputy Mayor for Policing and Crime): It is in front of you. Yes, it is correct.

Caroline Pidgeon MBE AM: You acknowledge that. That means that you are taking £38 million out of the budget this year, which would --

Sophie Linden (Deputy Mayor for Policing and Crime): We are not taking £38 million out of the budget this year.

Caroline Pidgeon MBE AM: Rebecca [Lawrence], what does it mean, then, please?

Rebecca Lawrence (Chief Executive, Mayor's Office for Policing and Crime): If I might add a technical point of clarity - and I apologise; I do not have the presentation of last year's budget in front of me - the presentation of last year's budget said that it provided 32,000 officers in 2016, the calendar year, and it pointed to future reform plans in the MPS. This is reconciling this budget to the previous year's budget.

Caroline Pidgeon MBE AM: I am looking at this year's budget. Again, as I said, I am not interested in defending or supporting any administration. I just want to get to the bottom of this. "Minus £38 million" means that you are taking out of this year's budget the £38 million that had previously been there to recruit officers to get to 32,000.

Sophie Linden (Deputy Mayor for Policing and Crime): That £38 million was not previously there because, in terms of the police officer numbers that we are maintaining, it is around a similar number.

Caroline Pidgeon MBE AM: It was in the budget. It was pre the event.

Sophie Linden (Deputy Mayor for Policing and Crime): It was not. In fact, the previous budget had the police officer numbers for the calendar year of 2016. It did not roll on into the financial year, in my understanding. I do not have it in front of me and so we would have to come back and clarify that. It was not --

Caroline Pidgeon MBE AM: Lynda [McMullen], could you clarify? You are Director of Finance --

Gareth Bacon AM (Chairman): --be used in here because, if it was not in the budget, then it is not a saving now. If it is a saving now, then it was in the budget. Lynda?

Caroline Pidgeon MBE AM: Lynda?

Keith Prince AM: You cannot have it both ways.

Lynda McMullan (Director of Commercial & Finance, Metropolitan Police Service): It was in the budget --

Gareth Bacon AM (Chairman): It was in the budget?

Lynda McMullan (Director of Commercial & Finance, Metropolitan Police Service): -- and, in the current year, we are underspending against that budget line.

Gareth Bacon AM (Chairman): Now you are cutting the budget?

Lynda McMullan (Director of Commercial & Finance, Metropolitan Police Service): We are taking it out of one year and then it goes back in the following year.

Gareth Bacon AM (Chairman): Yes. What we are not saying is, "We are going to get rid of 862 police officers", because those people are not in post now, but there is a budget to provide for them and that budget has now been cut and so you cannot --

Lynda McMullan (Director of Commercial & Finance, Metropolitan Police Service): We know we are going to underspend next year because of --

Gareth Bacon AM (Chairman): Yes, you are taking the budget out.

Len Duvall AM (Deputy Chair): For one year?

Lynda McMullan (Director of Commercial & Finance, Metropolitan Police Service): For one year.

Gareth Bacon AM (Chairman): There is no financial way of maintaining 32,000 police officers in the next financial year because you are cutting the budget.

Caroline Pidgeon MBE AM: You are putting the money, then, back in in 2018/19 --

Lynda McMullan (Director of Commercial & Finance, Metropolitan Police Service): Yes.

Caroline Pidgeon MBE AM: -- to then, hopefully, recruit more officers, but you will then have a bigger gap because of officer turnover.

Lynda McMullan (Director of Commercial & Finance, Metropolitan Police Service): Yes.

Caroline Pidgeon MBE AM: OK. I have got as far as I am going to on that.

Gareth Bacon AM (Chairman): Thank you. **Sian Berry AM:** We are almost there and I just wanted to get a tiny bit more clarity on the numbers. On page 60 of the actual budget - because we have been looking at the MOPAC budget submission and the two numbers do not seem to match up completely - the very first line in table 1 on page 60 of the draft Mayor's budget is total pay and overtime. Also, there are running expenses, but they are on-costs. Is that right, Craig?

Craig Mackey QPM (Deputy Commissioner, Metropolitan Police Service): Yes.

Sian Berry AM: Just looking at pay and overtime, the budget for 2016/17 and the outturn are £40 million different, not £38 million, but I guess that that is the actual outturn compared to what you thought when you did the budget submission. Then, between the outturn for 2016/17 - which you are saying is more realistic - and the budget for 2017/18, there is another drop of £16.4 million. Do you know why that is?

Lynda McMullan (Director of Commercial & Finance, Metropolitan Police Service): It is just the profile of when we have had staff as the attrition during the year works through. It is just a reflection of that.

Sian Berry AM: Great. The following year, 2018/19, the difference in the budget for the previous year is up £64 million. That is you restoring the amounts that you potentially could pay for the 32,000 officers?

Lynda McMullan (Director of Commercial & Finance, Metropolitan Police Service): That is right, plus inflation.

Craig Mackey QPM (Deputy Commissioner, Metropolitan Police Service): Yes.

Sian Berry AM: Great. That is useful to know. I have a few questions about some of the efficiencies that you put into the efficiencies table - which does not go in the budget - which was in the budget submission about the changing workforce profile. Is that to do with the reorganisation of the boroughs and the abolition of the ranks? Is that for future years?

Craig Mackey QPM (Deputy Commissioner, Metropolitan Police Service): Potentially, the delaying of the ranks could be, yes, but the changing profile is, literally, predominantly as police officers join and retire at 30 years or 35 years in the new pension scheme at the most expensive point on the pay scale and new joiners come in at the lowest point on the pay scale. There is just a normal saving as the workforce profile changes that we factor in.

Lynda McMullan (Director of Commercial & Finance, Metropolitan Police Service): Because we have done quite a lot of recruitment in previous years, we have a younger --

Craig Mackey QPM (Deputy Commissioner, Metropolitan Police Service): We have a very young workforce.

Lynda McMullan (Director of Commercial & Finance, Metropolitan Police Service): -- workforce. We have looked at the average salaries and reflected that within these --

Sian Berry AM: Is that something you are strategically trying to continue: to get turnover, to get younger people, to get people from different ethnicities and genders in?

Craig Mackey QPM (Deputy Commissioner, Metropolitan Police Service): Absolutely. Some Members who were here four or five years ago will remember. We took a conscious decision when many police forces froze all recruitment for three or four years and we kept recruiting. We think it has the benefits you describe and, also, it is just incredibly healthy for an organisation to keep turning over. If an organisation has a very low level of turnover, it is usually not a very healthy sign.

Sian Berry AM: This turnover helps to cut the costs and that is what this efficiency is?

Craig Mackey QPM (Deputy Commissioner, Metropolitan Police Service): It does, but you would not do it just for that. Just to emphasise, this is not some plan to try to pay people far less or anything like that, but that is a consequence of doing it.

Lynda McMullan (Director of Commercial & Finance, Metropolitan Police Service): It is a reflection of reality.

Sian Berry AM: Fantastic. I have a question for the Deputy Mayor, which is about the 85% budget target to be spent on the front line as opposed to the other. We just asked about the difference and the fact that no

police force really has that profile and we are way ahead of other police forces already. Where does that 85% come from? What is the evidence for that being a good thing?

Sophie Linden (Deputy Mayor for Policing and Crime): I am afraid that I always have to think about it in the opposite way about bringing down the back-office costs to 15%. I know it is much the same thing. In terms of the modelling for that, that is the work that the MPS has been doing on delivering it and making it a realistic target. It is something that we have oversight of, but it is good practice from the private sector, is it not?

Craig Mackey QPM (Deputy Commissioner, Metropolitan Police Service): It is both a private and a public sector benchmark. If you look at any organisation and see - you might want to go back to some of the other organisations you are hearing from and look - that it is spending about 15% of its gross revenue expenditure on back office and the rest of it on service delivery and other things, it is a really good benchmark to get to. Some private sector companies are there. The best police force we have seen so far is at about 17%.

Lynda McMullan (Director of Commercial & Finance, Metropolitan Police Service): It is 17% or 18%. Some in the private sector are perhaps closer to 10% but they do not have some of the things that we do as a police force. We think 15% is a really tough target, but we think it is something that --

Craig Mackey QPM (Deputy Commissioner, Metropolitan Police Service): We should strive for.

Lynda McMullan (Director of Commercial & Finance, Metropolitan Police Service): -- we should go for.

Sian Berry AM: We will get on to more questions about this sort of stuff later. From something you said earlier, Craig, it seemed like you had identified savings in the back office of £200 million or so.

Craig Mackey QPM (Deputy Commissioner, Metropolitan Police Service): Yes.

Sian Berry AM: With a target for police numbers, you cannot identify the same kinds of savings with the officers because you have a target to keep those up. I was just wondering if the 85% fell out of that process and you feel like politically you can cut the back office but not the officers. It is not; it is actually strategic and you have evidence behind it?

Craig Mackey QPM (Deputy Commissioner, Metropolitan Police Service): We were very clear through the first round of savings and through this round that, if you like, as part of the ethos of being public servants, we should try to make sure we spend as little as possible on doing those things that are behind the scenes and as much of every pound we get on delivering services to London. It is the way we have taken as a board of doing it; hence why we came up with the 15%. It has transcended both administrations in terms of the desire to get to 15%.

Sian Berry AM: Great. I will have further questions on the additional side of that later.

Len Duvall AM (Deputy Chair): "Transcending administrations". That is our starting point. In terms of managing police numbers, can you supply this Committee? I cannot recall Boris [Johnson MP, former Mayor of London] ever being up to 32,000 when managing police numbers at all. He had a strategic - I do not know what he called it - budgetary setting for 32,000 and then, in fact, at one point in his administration it was a disaster. That was why you had to start recruiting again - I remember it at the time - in terms of numbers, which were dropping drastically. You do not need to provide that now. We can have that in written form.

Secondly, is that not one-off monies accumulated in terms of those savings? As you manage these budgets, you are at 32,000 but really you are recruiting at 31,500 in swings and troughs. Actually, I wonder whether it is 31,500 with people leaving the organisation and recruitment drag factors. That is when we get into these savings. Are they one-off savings? You cannot rely on them. They must be different every year. Is that true or are they constant? If you manage it at 31,000, then you will be making savings that are constant, will you not, if you are budgeted to 32,000? We can understand that bit, yes?

Craig Mackey QPM (Deputy Commissioner, Metropolitan Police Service): If you were budgeted to 32,000 and you stayed at 31,000 all the time, you would make a recurring saving. However, to hopefully answer your question, the normal turnover in the organisation is somewhere between 1,600 and 1,800 every year. That is fairly constant. There are some spikes depending on when recruitment profiles were done - ten, 20 or 30 years ago - but 1,600 to 1,800 is about what we recruit each year. You can alter that pipeline a bit and there are some strange things like tax rule changes on pensions that will have an effect --

Len Duvall AM (Deputy Chair): Frankly, that is what has been going on for some time. This is not new but, in terms of managing the numbers and all the rest of it, for a number of years. The difference is this year is that you are making a cut. That is what we need to understand about where it is.

What is different this year? In terms of one of my factors that are different this year, it was Boris Johnson cutting the police precept that then goes on to the Government because cutting the precept cuts the policing grant. That is only £22 million. What is the difference between £22 million and £38 million in the cut in this particular budget? Is that because you have failed to meet targets? I do not understand. Why have we arrived at £38 million that has to come out and why is that figure there? What makes that £38 million up? I can get it if it is £22 million because that is straightforward. The Government could cut your grant by £22 million because that is what Boris did by cutting the precept. That is what the impact was. What is the difference between £22 million and the £38 million? Explain.

Lynda McMullan (Director of Commercial & Finance, Metropolitan Police Service): In terms of the overall savings we need to make, there are a number of factors that make up that savings gap. One is the reduction in Government funding and so we have that.

Len Duvall AM (Deputy Chair): That is £22 million, unless you are telling me it is more.

Lynda McMullan (Director of Commercial & Finance, Metropolitan Police Service): Between last year and the current year and next year, it is about that. That is correct.

Len Duvall AM (Deputy Chair): What, it is less?

Lynda McMullan (Director of Commercial & Finance, Metropolitan Police Service): That is correct. Then what we need to --

Gareth Bacon AM (Chairman): Yes, the council tax base is going up, is it not, and so --

Len Duvall AM (Deputy Chair): That is why it is only a one-year cut, I presume, because the --

Lynda McMullan (Director of Commercial & Finance, Metropolitan Police Service): It is ongoing.

Gareth Bacon AM (Chairman): No, the gap is actually £17.4 million, is it not?

Lynda McMullan (Director of Commercial & Finance, Metropolitan Police Service): Yes.

Gareth Bacon AM (Chairman): The council tax base is going up by 2.5% and so it is a £22 million cut in the grant --

Lynda McMullan (Director of Commercial & Finance, Metropolitan Police Service): A cut in the grant.

Gareth Bacon AM (Chairman): -- but you will get some back from the council tax base the same as before.

Lynda McMullan (Director of Commercial & Finance, Metropolitan Police Service): We have a number of other issues driving the requirement to make savings. For example, inflation on salaries is a significant issue for us. We have other growth issues as well. For example, the apprenticeship levy next year is quite significant. We have costs with the revenue impact of some of our IT investment that we have needed to build in. There are a number of growth issues as well as the reduction in funding that drives savings.

Len Duvall AM (Deputy Chair): We are going to come on to IT in a minute, but you have substantial budgets in IT that you are not spending, though, and so why are you increasing that budget when you cannot spend what you have to date? What is the difference in that budget and why?

Lynda McMullan (Director of Commercial & Finance, Metropolitan Police Service): In terms of IT, we are overly good at spending the revenue budget but --

Len Duvall AM (Deputy Chair): Your capital you are not?

Lynda McMullan (Director of Commercial & Finance, Metropolitan Police Service): -- it is the capital that we have a problem with.

Len Duvall AM (Deputy Chair): It is scandalous. That is scandalous. That might go back to the capital. Can I ask some more questions on that later on?

Lynda McMullan (Director of Commercial & Finance, Metropolitan Police Service): Yes.

Len Duvall AM (Deputy Chair): On revenue, you can spend and that is where the increased costs are?

Lynda McMullan (Director of Commercial & Finance, Metropolitan Police Service): Yes.

Len Duvall AM (Deputy Chair): That is it? I would like to see this in a narrative form. Again, we have a lot of information provided to this Committee and, I have to say, in real time because this Committee is about to draft and do a report with a number of gaps in it. If you can provide some additional information that helps this Committee, it will actually make sure that we get the right narrative and a proper, fair assessment of the situation that you are in.

Lynda McMullan (Director of Commercial & Finance, Metropolitan Police Service): We are very happy to do that.

Len Duvall AM (Deputy Chair): At the moment, it is looking pretty dire, to be honest, with what you are telling us.

Caroline Pidgeon MBE AM: Absolutely.

Len Duvall AM (Deputy Chair): Can you explain to the Committee why, then, the cut of £38 million this year in terms of management? It sounds a bit like a belt-and-braces management budget. I understand the challenges to you and all the rest of it. The cut of £38 million is going to present a problem here, which is that it seems on the surface it is a cut that brings us down in terms of policing numbers. How can you? That is what ordinary people will say. How come in future years that £38 million magically changes? I was trying to get my council tax mind into gear, "The reason why it might change is because we will get another £22 million and other cuts are coming in and whatnot". Why can you go back to 32,000 in the ongoing years of this administration?

Lynda McMullan (Director of Commercial & Finance, Metropolitan Police Service): You will notice that in terms of the subsequent years there are unfunded pressures that are identified. It is not that it has been magically fixed for the subsequent years. We do have quite a gap.

Len Duvall AM (Deputy Chair): It might not go up, then? It might not go back in?

Craig Mackey QPM (Deputy Commissioner, Metropolitan Police Service): If we cannot find the money, yes.

Gareth Bacon AM (Chairman): The case that the Deputy Mayor made in the questioning earlier on was that they would appeal to the Government for extra funding and, if extra funding was not there, then presumably the money would stay out.

Sophie Linden (Deputy Mayor for Policing and Crime): Our budget submission does make it clear where the £38 million would come from because, on page 3 in paragraph 2.28, it does say that the budget for 2016/17 led to vacancies and that the £38 million was taking the savings from those vacancies for the next financial year. In terms of future financial years, we are maintaining the strategic target of 32,000 but we are absolutely clear that it is going to be very challenging. We are lobbying very hard for London's fair share.

Keith Prince AM: Just for clarification, unless Craig Mackey tells us something completely different, Boris [Johnson MP] did hit 32,000 officers on a regular basis. In fact --

Len Duvall AM (Deputy Chair): That is laughable.

Sophie Linden (Deputy Mayor for Policing and Crime): No, he did not.

Len Duvall AM (Deputy Chair): That is just wrong or the MPS's figures are just wrong.

Keith Prince AM: Let me just --

Len Duvall AM (Deputy Chair): It is just wrong.

Keith Prince AM: Let me just quote this. Sadiq Khan [Mayor of London] - and you might have heard of him; he thinks he might be Mayor of London - told the London Assembly that Boris Johnson hit his promised number of 32,000 police officers --

Len Duvall AM (Deputy Chair): Sadiq Khan was wrong.

Keith Prince AM: -- only 22% of the time he was Mayor. I would not be surprised if Sadiq was not telling the accurate figure --

Len Duvall AM (Deputy Chair): We will see what the figures are.

Keith Prince AM: -- but, according to Sadiq Khan, he accepts that Boris Johnson hit 32,000 police officers 22% of the time he was Mayor. That is what he was saying. I can tell you also that on 19 March 2015 I tweeted that we had hit 32,000 police officers. If you do not want to --

Gareth Bacon AM (Chairman): All right. Excuse me. Hang on.

Keith Prince AM: I do not mind if you do not believe me.

Gareth Bacon AM (Chairman): Hang on. All right. For the benefit of the people who have not attended this Committee before this year, the point of committee meetings is to try to establish facts. The political arguments we will have in the Chamber upstairs when we do the budget. On both sides, if we can stop making speeches and standing on soapboxes, it would be appreciated. Let us get facts here. How we interpret those facts we can deal with later on. Deputy Mayor?

Sophie Linden (Deputy Mayor for Policing and Crime): Could I just give some facts? This is the detail. This is a snapshot of officer numbers over time, all taken on 31 March: in 2012, 32,092; in 2013, 30,235; in 2014, 30,712; in 2015, 31,944; and in 2016, 31,720. Those are just facts.

Gareth Bacon AM (Chairman): What has been acknowledged by the Mayor and by us today is that recruitment has peaks and troughs. The point of that issue is the point that Assembly Member Pidgeon raised right at the beginning, which was that the budget line has been removed. Up until now, there was a budget for 32,000 police officers. As of this financial year, there will not be. That is also a fact and it is crystal clear and indisputable. We are going to move on.

Keith Prince AM: Sorry, if I could just deal with some facts. We now know that there is going to be an increase in dedicated ward officers, and this will mean that the MPS needs to find an extra 629 officers to meet that pledge to have two police officers in each ward. Could you tell me which units these officers are being moved from?

Sophie Linden (Deputy Mayor for Policing and Crime): The redeployment of officers into dedicated ward officer roles: they are not additional. They are not going to be additional officers, additional strength. They are being redeployed from within the boroughs, and we have been through this many times. They are being redeployed from within the borough, from TP. Craig?

Craig Mackey QPM (Deputy Commissioner, Metropolitan Police Service): Yes. We covered it at the last Committee. Remember when we did the last iteration of the local policing model and we talked about those peripatetic teams that sat across a number of wards and locations. It is drawing those down. It comes from the existing 17,000-odd who are in TP.

Keith Prince AM: That reserve would be the first call for abstractions --

Craig Mackey QPM (Deputy Commissioner, Metropolitan Police Service): For aid as well. If you drop those - we have said with the neighbourhood officers, they will not - it will increase some of the aid pressures elsewhere in the unit.

Keith Prince AM: Where will now the abstractions in the aid units come from?

Craig Mackey QPM (Deputy Commissioner, Metropolitan Police Service): The 629 is not everyone in that team. Basically, from those teams, some have gone up into response. Some have come down into neighbourhoods. You take some out; you will still take officers out of response teams and some of the other roles across boroughs that are not the neighbourhood officers.

Keith Prince AM: Abstractions will now be coming out of response?

Craig Mackey QPM (Deputy Commissioner, Metropolitan Police Service): As well as other parts of the boroughs.

Keith Prince AM: Thank you. We also know that you need 800 new Detectives, apparently. Do you recognise that figure?

Craig Mackey QPM (Deputy Commissioner, Metropolitan Police Service): Yes, it will be somewhere around that. I have not seen this month's review.

Keith Prince AM: At the moment, I understand there are still 725 positions vacant.

Craig Mackey QPM (Deputy Commissioner, Metropolitan Police Service): Yes, that would be about right.

Keith Prince AM: Where do we think we are going to find those 725? Since we are not going to be recruiting any new officers, where will --

Craig Mackey QPM (Deputy Commissioner, Metropolitan Police Service): No. You have probably seen the MPS is doing direct-entry recruitment as Detectives. There is a national challenge around Detectives in roles and there are a whole range of reasons why that is. Some of it is about the workload, some of it is about some of the reward and recognition things that have changed over the last few years and some of it is about the attractiveness of the role.

What we have been doing - and one of our Assistant Commissioners chairs a monthly goal group on that - is looking at the numbers of Detectives we have across the organisation. The MPS has more Detectives roles now than it has ever had in its history. If you look at what has happened to the number of Detectives, from about the mid-1990s they have grown dramatically as a percentage of our workforce. You can say that either policing is getting more complex and we require those investigative skills more or we have just grown. Of course, what we have seen during that as well is the big uplift in counterterrorism (CT) and the work around CT. The profile of the MPS has changed dramatically.

We are running Detective training programmes. They come out of borough Detectives and borough officers and that is how that production line works. The other one in relation to it, as I have said, is direct entry. There are quite a lot of Detectives. I am conscious you need time; I would be quite happy to provide you a brief --

Keith Prince AM: Yes. Apparently, you need 800 extra ones and you are 725 short, but I will not press the point and I will leave it at that.

Unmesh Desai AM: I will be very brief, Chairman, because I know you want to move on and quite rightly as well.

This is really to you, Sophie, about performance monitoring. Given that the MOPAC 7 targets for key crimes are going to be scrapped and we expect that local authorities will work with police at a local level to set local priorities, how do you intend to monitor the MPS' performance as a London-led body so that both the Assembly and, more importantly, Londoners can know whether the budget is being put to good use?

Sophie Linden (Deputy Mayor for Policing and Crime): In terms of the Police and Crime Plan, you are absolutely right. We want to work with boroughs to set targets, but it will be data- and evidence-led, and that is where MOPAC will be supporting boroughs and the Borough Commanders, as well as borough leaders, to set those targets. In terms of how the Police and Crime Committee and Assembly Members as well as the public can assess the performance of the MPS, they will be published in the same way as they have been published before, dashboards and performance indicators, so that people can monitor - as well as Assembly Members - whether the targets that have been set have been achieved.

There will be local priorities around volume crime, but there will be London-wide priorities around repeat victimisation, keeping children and young people safe and violence against women and girls, where we want reporting to increase. We are not looking for decreases in reporting on that because we want to surface a lot of the hidden crime and hidden vulnerability there is in London. In the same way as we have previously reported to the Police and Crime and Committee and reported to the public, we will do very similar reporting, but with different performance indicators.

Gareth Bacon AM (Chairman): When will those performance indicators be established?

Sophie Linden (Deputy Mayor for Policing and Crime): We are hoping to when we publish the Police and Crime Plan. We are in the process of discussing with the boroughs, going out to the boroughs at the moment for the local performance indicators. We should publish those with the Police and Crime Plan so that everybody is clear what is expected in the following years, and we will be also publishing the London-wide performance indicators at the same time.

Gareth Bacon AM (Chairman): Will there be both? Each borough will have its own set of performance indicators, but you will have centralised ones that will apply across the whole MPS?

Sophie Linden (Deputy Mayor for Policing and Crime): Yes.

Gareth Bacon AM (Chairman): Will they be released at the same time as the Police and Crime Plan?

Sophie Linden (Deputy Mayor for Policing and Crime): That is what we are hoping to do, yes.

Gareth Bacon AM (Chairman): Thank you. We are going to move on to talk about the digital policing now.

Len Duvall AM (Deputy Chairman): Long term, you outlined some of the challenges in terms of capacity to spend. We have heard already revenue is going OK; in fact, it is going too well. On capital, you are struggling, it is fair to say, and are almost in crisis.

Craig Mackey QPM (Deputy Commissioner, Metropolitan Police Service): No, I would not say "crisis". I would not support you on that one. We suffer from over-optimism. With all capital programmes certainly I have worked with in the public sector, you always have a level of over-programming because you know things

are not going to deliver on the timescales or they are going to fall three months outside of the financial year or something like that. We are too optimistic on that. As Lynda [McMullan] touched on earlier, as part of the work we have done for this budget process, there is another iteration of the capital plan going forward that puts a different level of squeeze on it from those that are what I would call indicative spends to those that are committed spends, ie they have been through a process of approval through MOPAC, you have got beyond an outline business case and you have got to a full business case where you know the numbers and you are going to spend against them. Then the capital plan looks slightly different.

Why the capital plan has some of the big lumps in it are some of the big spends. If you look at the work around mobility, just the simple thing of buying, as I say, 20,000 devices is a big lump spend. If you look at the MPS's integrated policing system, you will see an acronym, Met Integrated Policing System (MIPS), there. That is a big technology project. There is about £60 million of spend. If that falls on 31 March, it is going to make one year look out. If it falls afterwards, you will say, "Great, that is fine".

Len Duvall AM (Deputy Chairman): What are the total sums of this capital budget? Running your capital in the MPS is revolutionary in some senses, but just remind me of what the total budget is here.

Lynda McMullan (Director of Commercial and Finance, Metropolitan Police Service): It is over £1 billion.

Len Duvall AM (Deputy Chairman): It is over £1 billion, is it not? You might be able to help out on that £38 million problem that we might have presentationally and where it is because that can go back as much as anything else in terms of some excitement it is causing in the Committee about the cuts in police numbers for this year. The most important thing around this budget - am I right in thinking - is a driver of change and cultural change within the organisation that will deliver up either extra resources and get more for our bucks in terms of people? This is the one we have to get right?

Craig Mackey QPM (Deputy Commissioner, Metropolitan Police Service): Yes.

Len Duvall AM (Deputy Chairman): Let us start dealing with some of the core questions that I have on behalf of the Committee to answer, then. Explaining why it is so low. You are saying it is an over-ambition, but this is the one that the MPS needs to crack, is it not?

Craig Mackey QPM (Deputy Commissioner, Metropolitan Police Service): Yes.

Len Duvall AM (Deputy Chairman): This is the one and so what actions are you taking to increase the spend, then, in capital? You say you are not in crisis. I say it is not at a very good level if that is the driver of change. What can we do to accelerate that? What are your plans for the future of --

Craig Mackey QPM (Deputy Commissioner, Metropolitan Police Service): There are a number of things that are changed and the papers do allude to some of them.

If you look at one of the big spends in this space and the big rollout, it was the body-worn video one. Body-worn video rolled out. I touched on earlier the move to digital and digital is one of those placeholders for names, but under that there is a new website with the ability to self-report, a whole range of things that have come with those, delivered. I know we will touch on how we deliver. The move to disaggregate ourselves from a long-term contract with one supplier to Service Integration and Management (SIAM) towers was absolutely the right thing to do but, gosh, that has taken a lot of work, and we are not alone in doing that. It is quite

interesting; we are getting a lot of plaudits across the industry for the time we have taken to do that because others are still struggling to do it. We have done it.

What that does is focuses the mind on the real cost of delivering these things. In the past, this was almost in an organisation where you have your own in-house. We had about 800 people in-house. It was a free good, almost. You could say to someone, "Let us have a look at doing a programme for something or changing a bit of technology". They would go off and do it. What you would have no visibility on was that you were spending millions of pounds doing that. You now have absolute visibility. Every time you do that, you know and can control the spend. Some of the spend will start to flex and come down around that.

There is much more focus, as I said, on those big capital spends. Some of the stuff looks like big numbers, but it is just stuff you have to replace anyway. We talk about the upgrade to Windows 8 and then the upgrade potentially to Windows 10, and the discussion at the moment about whether we can go into a cloud-type scenario. That is absolutely doable. All of those are coming down the line and they are fairly straightforward. The big numbers, though, are around mobility, MIPS, and, as you look further out, there is still the vexed issue of what to do with command-and-control. That is another big one that has a placeholder.

Len Duvall AM (Deputy Chairman): Which one gives a greater outcome in terms of policing?

Craig Mackey QPM (Deputy Commissioner, Metropolitan Police Service): MIPS.

Len Duvall AM (Deputy Chairman): What is the timescale for that?

Craig Mackey QPM (Deputy Commissioner, Metropolitan Police Service): MIPS is out. We are in the negotiation phase at the moment and so it is live. There are three suppliers talking to the MPS, literally as we speak. That will come to the Deputy Mayor for Policing and Crime probably in about June/July for a decision around that. The rollout then starts at the tail end of this year, through 2018/19, but that is huge. Some of you will have been around with the Police Authority probably when the Crime Reporting Information System (CRIS) came along. That is finally going to go. It started in 1995. That will go. Six other systems will go. That is a major, major change for us. Confidence in doing it is strong because this is in in most other forces. Probably about 38 other forces across the country have a version of this. Noticeably, the three largest forces, ourselves, West Midlands and Greater Manchester, are the last ones to move to this, and we are all moving at a similar time, so there is some shared learning along the way in terms of doing that. That, coupled with mobility, is a game-changer.

Len Duvall AM (Deputy Chairman): What are the financial savings from digital or is it a question of staffing performance savings in terms of --

Craig Mackey QPM (Deputy Commissioner, Metropolitan Police Service): It is both. With MIPS, if you imagine at the moment, if you just look at things like - without getting too in the technical weeds - licence costs for seven standalone buckets, MIPS replaces all of those with one. You still have licence costs, but it is for one system. You are not having to manage so many applications and interfaces and so there are some real cost savings. There are then some process savings. Some of the things that we have to do manually or cross-reference, these system will do for you. Things like presenting you a daily bulletin, those systems will do it for you. Linking intelligence records with custody records and with crime records is done automatically with those and so there are real savings. Then you get into the time ones. Mobility, we think, will give somewhere between four to 800 officers of time worth efficiency. It is then a debate about how you cash that.

Len Duvall AM (Deputy Chairman): Chair, maybe we could start to, on both sides of the table, think about how we monitor this over the coming year in terms of the financial savings and how you are keeping to plan. There is an issue, whether it is over-ambitious. Your “over-ambition” could be my, “You punted out the budget. You might need it, but you do not need it yet because you cannot spend it yet”. There is a different way of doing your budget around this issue. Can we try to work together? How do we get a sensible way of monitoring this? It is so important to the Mayor. On top of your budget process, then there is the human dimension about leadership and performance of staff. This must be number three, or they all go one, two or three and interchange probably at different times.

Craig Mackey QPM (Deputy Commissioner, Metropolitan Police Service): Then if you cut it with the other one - that is in the IT line, of course - during this period as well you will get the replacement for the Airwave radio, so the emergency services network should come through in this period. We touch wood at that stage, but that should come in. The test is: what will it mean for an operational officer on the streets of London? Their radio would change, and they would have direct access through either a tablet or a smartphone to all of our key systems. They will have intuitive ways of using them, ie you do not just make the desktop mobile because that is not mobility. You have to do something quite different to get mobility to land. There are lots of people at the moment talking about how to make a desktop mobile, but anyone who has filled in a form on a desktop, you try doing that with the rain running down your neck at 2.00am in Camden. It is not quite so easy. You have to move to a different way of doing it. Those are the game-changers. They free up time. You couple that with the work we are doing around the digital officer of the ability to report and do things. If you look at the work I touched on earlier on about Digital 101, if you look at the ability to report collisions online, you can take huge volumes of work out of both front offices and officer demand, and offer a service that better meets the needs of Londoners. There is a huge appetite there for that.

It goes back to Caroline’s [Pidgeon MBE AM] point, though. The biggest challenge with digital transformation is the business change. The technology is pretty straightforward with some of these things. It is the business change behind it and changing the business processes that takes the time, and we have had the opportunity to look at many organisations over the last 12 months around this. That is the bit you have to put most of the focus in. Technology hopefully works. There will always be glitches with it and there are always bumps along the way, but getting the business change and changing the behaviour is important. Some of you will remember when we did the pilots with mobility in Hammersmith and Fulham. One of the issues we had early on was officers going back to the police station to use the mobile device. Now it is just a learned behaviour. You have to change some of those behaviours, and there are ways of doing it.

Sian Berry AM: Yes, just to follow on from a couple of the IT points, I am a bit concerned that you have cut the IT staff down to 100 people and the extent to which they are going to be able to deliver changes to behaviour and training. You say “intuitive” and you say these are business changes. Is it the IT staff who are going to be delivering those trainings? No?

Craig Mackey QPM (Deputy Commissioner, Metropolitan Police Service): We fundamentally see the IT team probably a bit different in terms of where they are. They are an internal supplier and so that 100 now is what probably in business terms people would call your “intelligent client”. Most of the services now are provided through SIAM towers and other ways of doing it and so we have commoditised services like desktops and those sorts of things, and they are out in the marketplace. Your 100 are probably more highly skilled people and that is not having a go at people who were here in the past, far from it, but it is just a completely different way of looking at. On the business change, we are absolutely clear. Where we have probably made mistakes in the past - and I have certainly made them elsewhere I have worked - is we have allowed technology to lead the change rather than the business to lead the change with technology as an enabler.

Gareth Bacon AM (Chairman): On that point, the 27,000 Windows XP computers that you have at the moment --

Craig Mackey QPM (Deputy Commissioner, Metropolitan Police Service): It has come down from that because Windows 8 is partway through rollout.

Gareth Bacon AM (Chairman): Indeed, but the most up-to-date operating system is Windows 10, is it not? I understand from Microsoft that that is where it is stopping. It is stopping at Windows 10. I understand what you are about to say. I can see you are about to say it. You cannot go from XP to 10. I understand that. You have to go to 8 first, and then it will be rolled out again.

Craig Mackey QPM (Deputy Commissioner, Metropolitan Police Service): Yes.

Gareth Bacon AM (Chairman): Given the procurement power of the MPS, has there been any conversation with Microsoft about working out a way to go from XP straight to 10? Otherwise, all you are doing is parking a problem for five years and then coming back to the same problem again in five years' time, are you not?

Craig Mackey QPM (Deputy Commissioner, Metropolitan Police Service): If I can, there is probably another solution. Yes, some conversations with Microsoft around what are going to be things like the cloud offering, and different ways of providing those sorts of office services for the future. There is a real, live conversation with Microsoft and other providers on that. In fairness to Microsoft and others, the challenge for most organisations - I do not know where City Hall is on the XP-to-10 rollout or others - is that it is not their product; it is your interfaces with your own systems. What has taken an awful lot of work is that you have, in the MPS' case, 300 or 400 systems pointing at XP. 250 are fine when they go to 8, and 50 of them will not work, as an example. You then have to redo all that interface to get it to point to 8 and then you have to do the same with 10. I would not comment on Microsoft and its approach, but --

Gareth Bacon AM (Chairman): That is the point I am making, though, is it not? Have you had conversations with Microsoft?

Craig Mackey QPM (Deputy Commissioner, Metropolitan Police Service): Yes, we have. It is our systems that are the problems, not Microsoft's systems.

Gareth Bacon AM (Chairman): Yes, but if you reconfigure your systems to go to 8, in three or four years' time you are going to be right back here having the same conversation, "Why did you not do that back in 2017?"

Craig Mackey QPM (Deputy Commissioner, Metropolitan Police Service): Some of those systems we will not have to because some of those systems are the ones that will be replaced by MIPS, an integrated platform. If you look at it at the moment, in the MPS, you can take it to when I was chief five years ago. When I was chief five years ago, the custody system, the intelligence system, the missing persons system and the crime system, all your main systems, were joined together. You had what was called a golden nominal and a central database. That is where we will be by about 2018 or 2019.

Sian Berry AM: Who will be managing the rollout of this to the officers themselves in terms of using it?

Craig Mackey QPM (Deputy Commissioner, Metropolitan Police Service): I talked earlier on about the change team and the 13 major programmes of work that we have. There is a programme in there that is around mobility that is led by one of our Deputy Assistant Commissioners. That is around that rollout. Each of

the 13 programmes that make up our portfolio has a team of people that are supporting it around us, the business, leading the change. Technology and estates are then woven through all of those 13 programmes.

Sian Berry AM: Can I ask the Deputy Mayor, maybe, or the Chief Executive about confidence in leadership in relation to IT management? All the stuff we have seen in the evidence that we have had suggests there has been more or less chaos here. There have been lots of things commissioned that are not compatible; you cannot upgrade from XP because they do not work on it. All these kinds of issues suggest that there is not somebody within MOPAC who has the level of IT knowledge and skill and the level of policing knowledge and skill that can make sure these projects work in the future. You potentially have problems again if you just leave it to the IT people or leave it to the police.

Rebecca Lawrence (Chief Executive, Mayor's Office for Policing and Crime): I understand your line of questioning and I can see where you are coming from. Just to echo Craig [Mackey QPM], there has been really significant change in the MPS in recent years on how it uses its people on IT away from, as it were, a quite staff-rich standing army of contractors who have drawn up these bespoke systems. As Craig says, it is different, perhaps, from trends elsewhere in the country where they have bought more off the shelf. I have seen in my time here a very healthy and encouraging change within the MPS in terms of building in-house capability around a chief information officer (CIO) and supported team, a procurement approach around buying off the shelf, in systems which are interoperable with the rest of the policing, because criminals do not stop at the borders of the MPS. Exchange of interoperable digital information is really important. I am much more confident now that that is the right approach to the strategy of the workforce on IT, which you are very right to question on.

Sian Berry AM: Yes. I come out of that work a little bit in my previous life, and it does seem to me like it is very chaotic. I know how that can happen, but making plans for the future is much simpler now there are cloud-based things and they are not platform-dependent.

Rebecca Lawrence (Chief Executive, Mayor's Office for Policing and Crime): No, completely. What the MPS has been doing is transitioning from this workforce that was quite rich in people, as well as doing a forward procurement of more off-the-shelf products. You are right that that is complex, but the MPS itself identified these challenges very well, if I may say so.

Craig Mackey QPM (Deputy Commissioner, Metropolitan Police Service): I would use the example of - as I think you are aware - body-worn videos in the cloud. We have adopted that. There are challenges in policing around the cloud around security levels, around where the cloud is. Once we get over those, you will see a faster adoption. As you know at the moment, one of the unintended consequences we are starting to pick up, with the change in exchange rates with the United States (US) dollar at the moment, technology is getting more expensive for all of us. Most technology is costed in dollars. Whether you are buying storage, whether you are buying equipment, you are going to see somewhere between a 12% and 20% move in prices.

Sophie Linden (Deputy Mayor for Policing and Crime): Can I just also say I recognise there is a challenge for MOPAC in this in terms of oversight and ensuring that there are the correct review mechanisms and there is the correct expertise within MOPAC? That is certainly something that the Chief Executive and I are putting in place. The MPS has absolutely upped its game and we have a lot of confidence in it, but also MOPAC has to up its game in terms of oversight to ensure that these are really quite, again, challenging transformation programmes. We need to make sure that MOPAC is in a position to be able to properly scrutinise that and make sure it is on track not just for savings but for delivery.

Sian Berry AM: To my mind, it is really crucial to point out the savings that you --

Sophie Linden (Deputy Mayor for Policing and Crime): Yes, and it is a challenge for us as well, which we are putting in place plans to ensure that we can meet that.

Sian Berry AM: I have a question about recruitment and digital skills in your workforce more generally. Are you going to be building that into your recruitment?

Craig Mackey QPM (Deputy Commissioner, Metropolitan Police Service): Yes, both for police officers and police staff. Rebecca [Lawrence] touched on it. If you look at digital policing, the retained side of it, the intelligent client, the CIO, whom a number of you have met and was at the previous meeting, has been with us about 12 months now. The entire top team is new people who have come in there, and that is around the fact that skills move on and you need to retain and recruit those. For the wider workforce, yes, there is a debate around digital skills. The biggest challenge with the digital skills market is the cost of it, ie getting people with the specialist skills. What are the areas that you really struggle with at the moment? If you are something like a systems architect or something like that, you can almost command your own salary.

Sian Berry AM: What I mean are the skills of the officers.

Craig Mackey QPM (Deputy Commissioner, Metropolitan Police Service): Sorry. I am with you. Sorry. I thought you meant the skills of the team.

Sian Berry AM: Are you going to recruit officers who are digital natives?

Craig Mackey QPM (Deputy Commissioner, Metropolitan Police Service): Yes. Sorry.

Sophie Linden (Deputy Mayor for Policing and Crime): They have come through our digital (Inaudible)

Craig Mackey QPM (Deputy Commissioner, Metropolitan Police Service): My experience is that that is not the challenge at the moment, to reassure you.

Sian Berry AM: Yes. I just wanted to say that what Assembly Member Duvall was asking for was a list of projects within IT that we can then monitor. Is that correct? I would support that, definitely.

Gareth Bacon AM (Chairman): Yes. We could possibly do that through the Budget Monitoring Subcommittee. I saw Assembly Member Pidgeon and then we are going to move on to the final session.

Caroline Pidgeon MBE AM: I am always persuaded by hearing Craig's and all your knowledge on this, but we know that in the past lots of systems have been bought that have not worked. We had a project cull I asked a question about a year ago where you had had to stop 20 live technology projects and had corrective action on 17 others at a huge cost. What confidence do we have that what you are doing now we are not going to, in a year's time, be having to retrofit or stop altogether?

Craig Mackey QPM (Deputy Commissioner, Metropolitan Police Service): You can never have 100% because of the speed and pace that technology moves at and the speed and pace that public procurement moves at. In fact, we were discussing this yesterday in relation to another technology programme. The two are completely out of sync. If you think now in the way that we currently work - this is a challenge across the public sector - in the public sector at the moment, a large procurement for an organisation the size of the MPS, going through a proper OJEU process, writing your specifications now, you are writing your

specifications for three years out. Are you writing for an off-the-shelf project three years out? If you are, you can guarantee it is going to be old technology by the time you buy it and working through that is incredibly difficult to do. I would just say to you that you cannot be 100% certain you will not have to do some cull and you will have made some different decisions along the way.

What I am more confident of, as a result of doing things like the cull, is we are getting to the size of a manageable portfolio that can be realistically delivered. In the past, what has tended to happen is every pet project ends up getting through a gateway, getting resources committed to it, and then you end up with things not being delivered. By the time you spot something way out of delivery, you will be delivering some not quite Windows 1 but not far off it. You cannot do that. We have a much tighter control through our investment board about the visibility of that. We get a portfolio picture every month of what is going on in the portfolio, all the usual things you would expect: red/amber/green (RAG) rating slippage, interdependences. That is what we have been doing with the work with Deloitte and others to make sure we have the visibility of that transformation programme.

Gareth Bacon AM (Chairman): We are going to move on to talk about the commercial strategy now.

Unmesh Desai AM: I have three questions about MPS Enterprises, Craig. In October, we were told that MPS Enterprises was being launched as a commercial arm of the MPS. First question: has it formally been launched and, if not, when? When can we expect to see a visitors plan?

Craig Mackey QPM (Deputy Commissioner, Metropolitan Police Service): It is due to come to management board in early March. It got badged in a number of things, but it was looking at what we could do with things where we have intellectual property rights, so things like our training and those sorts of things, and how we could use it differently. One of the problems we have as an organisation is, unlike some other parts of the public sector, we are quite limited in how we can make money - ie we cannot trade - and there are certain limits on what we can do. This was a way of looking at whether there is a way of monetising or getting any value from some of those things where we have real skills. A number of you will know we have done training around the world in the past, and we have done training for other organisations. It was looking at how we can do that.

The plan is due back in March and then it has to go through the process with MOPAC. Realistically, we are talking autumn time before we are in the position to say whether it is a yes or a no.

Unmesh Desai AM: Autumn time?

Craig Mackey QPM (Deputy Commissioner, Metropolitan Police Service): Autumn, so September/October.

Unmesh Desai AM: I know that this is a few months down the line, but will it have clear revenue targets?

Craig Mackey QPM (Deputy Commissioner, Metropolitan Police Service): I would hope we would have a --

Unmesh Desai AM: I thought so, but --

Lynda McMullan (Director of Commercial and Finance, Metropolitan Police Service): Of course.

Craig Mackey QPM (Deputy Commissioner, Metropolitan Police Service): Yes. If that is not the point, there is no point in doing it, realistically. If it is not going to either generate money or save us money in the current climate, we would not do it or, sorry, that would be the recommendation we would make.

Gareth Bacon AM (Chairman): How ambitious or conservative are those targets? Nobody wants to set anything up to fail. There is no point in doing that. How ambitious are you going to be with your targets?

Craig Mackey QPM (Deputy Commissioner, Metropolitan Police Service): It has to be more than a minimal return, otherwise, in the current climate, it is a waste of time, but it also has to be not a stage, if you like, where you end up with what we call "small MPS" and this overpowering enterprise thing on the side. We do not think we are ever going to get to that stage, but we do have to work out a way of seeing if in some of the areas that we have particular skills and expertise, there is a way we can use this to support the ongoing challenges around the budget.

Unmesh Desai AM: Can I just make one observation, Chair? I will not ask you about how the commercial strategy is developing because nothing is going to happen until autumn, but you recruited a commercial guide - Mr [Simon] Wilson - back in October.

Craig Mackey QPM (Deputy Commissioner, Metropolitan Police Service): Yes.

Unmesh Desai AM: He was appointing a team of people around him.

Craig Mackey QPM (Deputy Commissioner, Metropolitan Police Service): Yes.

Unmesh Desai AM: Why do these things take such a long time?

Craig Mackey QPM (Deputy Commissioner, Metropolitan Police Service): This is not the only thing that is in the commercial strategy and so there are --

Unmesh Desai AM: Especially when you have all these various financial issues over the next three or four years.

Craig Mackey QPM (Deputy Commissioner, Metropolitan Police Service): If you remember, the commercial director is doing all of our contract management, all of our commercial relationships. Relatively, this is a relatively small part. We have already done a whole range of other things. We have spoken before about the work we have done with shared services around human resources (HR), finance and all of that as part of his portfolio.

Unmesh Desai AM: A small but important part. A very final question: what is the legal status? Is it an arm's-length company?

Lynda McMullan (Director of Commercial and Finance, Metropolitan Police Service): We have not made those decisions yet.

Craig Mackey QPM (Deputy Commissioner, Metropolitan Police Service): I am expecting there will be a range of options that we will bring through to the Deputy Mayor [for Policing and Crime] and they will all have strengths and weaknesses. Is it an arm's-length company? Is it a joint venture? Is it something we know? All of those examples have been worked through, and it has to go through the management board and then come to MOPAC. It is not straightforward, and in the Policing and Crime Committee we have discussed before some

of the ethical challenges about where you even trade. It is important. You would say, "Why have you not looked at this?" if we did not look at it.

Gareth Bacon AM (Chairman): That is a fair comment. All of the functional bodies are either looking at it or actually doing it now, and it would be surprising if you were not.

We have reached the end of this session. Can I thank all of our guests? It has been a very robust, at times, meeting. That is the MPS for you. We are going to follow up in writing to you. The offer of various pieces of information in writing from you was made. We will summarise that. We will write to you this afternoon and so you should get that by end of play today. Thank you very much indeed for your contributions.

Craig Mackey QPM (Deputy Commissioner, Metropolitan Police Service): Thank you.