

Budget and Performance Committee – 13 June 2017**Transcript of Agenda Item 8 – Funding the Metropolitan Police Service**

Gareth Bacon AM (Chairman): Item 8 is the main item of business, which is relating to the funding of the Metropolitan Police Service (MPS).

I welcome our guests today: Sophie Linden, Deputy Mayor for Policing and Crime; Siobhan Peters, Chief Finance Officer at the Mayor's Office for Policing and Crime (MOPAC); Craig Mackey QPM, whom we know very well, normally at another committee, Deputy Commissioner of the MPS; and Lynda McMullan, Director of Finance from the MPS. Thank you all very much for your time this morning.

The first couple of questions are mine and they are opening questions, really, for Craig and for Sophie, which are quite open ones, really. Do you have the necessary resources to keep London safe?

Craig Mackey QPM (Deputy Commissioner, MPS): Do we have the necessary resources to keep London safe? Clearly, at the moment, in terms of the work we are doing and the work many Members will have seen over the last three months, we have seen quite a change in the security situation in and around London. We have seen three attacks in the United Kingdom (UK) in the last three months and that has put quite a lot of stretch into the system in terms of what we do. It is important that that is not just stretch in our Counterterrorism (CT) Command; that is stretch across policing as a system. Members will be aware that wherever you are, whichever borough you are working in with the MPS, at some point you provided the resources for and supported this. We have the resources to cope with what we are doing at the moment.

As the Commissioner [Cressida Dick QPM] has said, clearly, in light of what we are seeing at the moment, we need to work through collectively whether this is the new normal and, if that is the case, what resources we would need if this is the new normal level of threat to London.

It also comes at a time when we have seen a tick upwards in the work around violent crime and we have spoken quite a lot about the work we are doing around knife crime and we have seen some rise in demand in terms of calls for service into the MPS. If you talk to – and I know many Members do – talk to officers and staff out in boroughs, they feel quite hard-pressed at the moment with a lot of work and a lot of demand in the system. Now, in the true spirit of the MPS and in the true spirit of this city they are coping incredibly well, but they are working incredibly hard to keep us in that position.

Gareth Bacon AM (Chairman): Deputy Mayor?

Sophie Linden (Deputy Mayor for Policing and Crime): What I would add to what Craig has already said is that in terms of the MPS we are facing really fundamental challenges around keeping the city safe, around CT and also around an increase in violence and an increase in crime. Those challenges are incredibly difficult.

On top of that, we are facing really significant budget challenges. You will know that the MPS took £600 million out of the budget over the last four years and is expected to take £400 million out of the budget in the next four years. On top of that, we are facing a funding formula review that last time around could have

imposed cuts of £184 million to £700 million and we are also underfunded on the National and International Capital City (NICC) grant.

These are really challenging times and we do not think the MPS can take any more budget cuts and savings. If the fundamental question is whether that challenges the security and safety of Londoners, we think it will if this continues and we have to take police officer numbers out of the police service.

Gareth Bacon AM (Chairman): We have questions that are going to explore all of those issues a bit further on. Thank you for your opening statements.

Leonie Cooper AM: Obviously, there has been a number of cuts in other services that are not directly managed by police, such as particularly the youth service. Do you feel that that has had any impact in terms of the increase that we have seen in the recent period in, for example, youth crime and in particular knife crime?

Craig Mackey QPM (Deputy Commissioner, MPS): That is a good question. I do not know if I could evidence that in the true, strict sense of the word if you said to me, "Can you produce the evidence for it?" What we can see and what happens at a much more local level is that there is some shunt of work. You see where services have been reduced in some of the parts of the public sector. The reality is that we, along with both the [London] Ambulance Service and the [London] Fire Brigade, are a 24-hours-a-day, 365-days-a-year service of last resort. You can always get hold of us. That is not the same with some other parts of the public sector. You might be put through to a helpline or something or you will not get to speak to a person. We are seeing some things where work that had previously been done elsewhere is flowing across to us. We do not have that in a sustained picture to say to you – I will make it up – "Here is the evidence. We shut a youth service facility in Borough X and therefore crime has gone like that and there is a direct correlation". Intuitively, I think people would say that, but I cannot produce the evidence for that.

Sophie Linden (Deputy Mayor for Policing and Crime): The police service is like the canary in the mine and it is often the first public service that really shows where things are going wrong. There have been reports about cuts in youth services. It has to have an impact on what is happening to young people in London. We know there have been significant challenges not just for the police service in finances and budget but across the public sector in London and nationally. It has to have had an impact.

Policing is one element that can help us in tackling violence, but we have to have the services and support there on early intervention, prevention and schooling. They are under significant pressure. It has to make a difference to what is happening on the streets.

Lynda McMullan (Director of Finance, MPS): Just really to add to that, given the very helpful piece of work you are doing around funding, these issues have a specific impact on areas like London where we are highly geared. Different reductions on different bits of those services create quite a double whammy for those highly geared areas. That is one of the things we particularly want to look at in terms of some of our responses and in terms of how things are looked at in the future.

Gareth Bacon AM (Chairman): Before we move on to talk about the Police and Crime Plan, Mr Mackey, there have been various media assertions that a reduction in the number of officers would have a direct impact on CT. Is that a theory that you subscribe to?

Craig Mackey QPM (Deputy Commissioner, MPS): Actually, the message the MPS is giving is slightly different and I will put it in a slightly different way. It is very challenging to see policing just as a group of

discrete services. If you look at CT funding, it is usually ringfenced and is usually protected, but it requires the whole policing system to work. One of the things that we have done in our work around the attack on Westminster is that we know for every £1 we spent on CT funding we spent £2 of core money. We have to spend that gearing to go with it. If you say, "It is all right. I have ringfenced this particular budget and therefore that bit of the service is fine", that bit of the service and those discrete capabilities probably are, but if you need to mobilise large numbers of officers, if you need to mobilise firearms officers or other capabilities, you have to treat policing as a system.

One of the dangers in the past is that people said, "I like that bit, I want that bit and I will ringfence that bit", but if you do not understand how the system works, unfortunately you end up then with gaps along the way.

There is no doubt, from talking to colleagues particularly from outside London and other parts of the country, there are people who are feeling the stretch quite dramatically. As I said, here, the reality is that if you go to any of the boroughs that you represent and support, you will find that officers are finding it quite stretched.

Gareth Bacon AM (Chairman): You do agree with that assertion, then?

Craig Mackey QPM (Deputy Commissioner, MPS): No, I agree that you have to fund and support funding for that whole system. It is rather akin – and forgive my analogy – to funding just one part of the health service, like, "I tell you what. I will fund radiology and the service will be brilliant". Well, it will be around radiology, but the rest of it will not. In the same way, policing is quite a complex system.

If you look at some of the debriefs we have done around Westminster and some of the others, with some of the things that work it is just the ability to mobilise lots of people really quickly. That is not a protected area of funding. That is things like duties hubs, making sure they work, making sure the technology works. That is the stuff that makes the system work.

Gareth Bacon AM (Chairman): Yes, because the contrary argument to the assertion that I just put to you would be that CT is protected and therefore there is no increased threat of terrorism; but what you are saying is that actually neighbourhood policing, if that would be where the axe would cut, would have a knock-on effect right through the chain, including CT?

Craig Mackey QPM (Deputy Commissioner, MPS): Yes, absolutely. You have to fund the whole system.

Gareth Bacon AM (Chairman): I am going to move on and talk about the Police and Crime Plan and the first question is aimed at the Deputy Mayor. Could you outline the key objectives of the Police and Crime Plan and how the MPS intends to fund them?

Sophie Linden (Deputy Mayor for Policing and Crime): Of course and we, in front of the Police and Crime Committee, have taken a number of questions on this. The Police and Crime Plan looks to set the strategic direction for the MPS and also to work with other partners around policing, yes, and crime reduction as well. The Police and Crime Plan has a central tenet around neighbourhood policing and the importance of reintroducing neighbourhood policing and dedicated ward officers into every ward and an absolute priority in relation to dealing with lots of different crimes as well as CT.

There are three key priorities, one around keeping children and young people safe and, yes, that is absolutely around tackling the increase in knife crime but also looking at child protection, child abuse and child sexual exploitation. The second key priority is around violence against women and girls and looking at a commitment

within the Police and Crime Plan to refresh the Violence Against Women and Girls Strategy to ensure that everybody is working together on tackling domestic violence, so-called honour-based crime and female genital mutilation. The third key priority is around tackling hate crime and standing up to intolerance and extremism. We have seen in recent days an increase in hate crime and how important that priority is.

Alongside the Police and Crime Plan, we have set some London-wide priorities in terms of performance around hate crime, knife crime, gun crime and sexual abuse and also been out to all the local authorities and the boroughs to discuss with them their setting of local priorities to local priorities and that has been done so that locally there has been an input into those crimes that matter most to the local boroughs. That is the performance aspect of the Police and Crime Plan.

During the development of the Police and Crime Plan, we worked with the MPS very closely in developing that and, alongside that, they have been developing a business plan that sets the delivery function of the MPS and is very much set along the priorities of the Police and Crime Plan and how that will be delivered.

Gareth Bacon AM (Chairman): Within that – and what you have outlined there are strategic priorities and I think we get that – have you assigned specific budgets to attaining those strategic priorities? Have you changed the way you are funding it?

Sophie Linden (Deputy Mayor for Policing and Crime): In terms of how we fund from MOPAC the strategic priorities, we have a lot of commissioning and we commission a lot of services via MOPAC.

The London Crime Prevention Fund, with the new way that that is being allocated across the boroughs, is allocated along the Police and Crime Plan priorities. A number of the allocations have come in for the Police and Crime Plan. I am just looking up the amount of money that is going to specific areas. In terms of tackling violence against women [and girls], about 20% of the commissioning budget in 2017/18 is going in that direction and that is the same for keeping children and young people safe. A better criminal justice system is 39%. That London Crime Prevention Fund is one of the ways in which we commission services.

The MPS's business plan is around allocating and prioritising the way that it delivers through their policing function around the Police and Crime Plan and also, of course, the strategic policing responsibilities that they have around serious and organised crime as well.

Gareth Bacon AM (Chairman): OK. Ms McMullan, does the new Police and Crime Plan have budgetary implications, from your perspective?

Lynda McMullan (Director of Finance, MPS): We have done some work to check through the alignments and so we have checked through to make sure that we have adequate resources in those areas. Just for clarity, the budget was agreed in advance of the Police and Crime Plan.

In terms of the planning that we have kicked off, the Deputy Mayor raised the business plan that we have developed and we are now going through the process with that business plan, which maps into the Police and Crime Plan, to make sure that that drives our budgets for future years so that we have a really tight and clear golden thread through that. While we have gone through the process to see and make sure we have that appropriate alignment in broad terms already, what we will see in terms of the next budgets is the much closer time together of those documents.

Gareth Bacon AM (Chairman): OK. How much leeway do you have within the budgetary arrangements around the Police and Crime Plan? I am specifically asking that question because we know that the police funding formula is under review and we are anticipating the result and, obviously, people are concerned that there might be some reductions. If there were to be reductions, will the plan stand or will it have to change?

Lynda McMullan (Director of Finance, MPS): The plans that we have at the moment are based on the assumptions that we have at the moment and that is in terms of the existing funding arrangements, which are broadly cash-neutral funding from the Government, assuming that Council Tax goes up by 2% and there is buoyancy in Council Tax of 2%, which drives the figure that the Deputy Mayor was talking about of about £400 million in savings. Those are the plans that we are working to at the moment.

On top of that, in terms of the lookahead and planning, we are building in some assumptions around what that differential could be and what those different scenarios may possibly be. For example, the Government has asked departments to plan on the basis of up to 6% reductions in terms of the Comprehensive Spending Review. That may be a lot less likely given recent events and also what the funding formula could impact, and so we are also looking at those planning scenarios as well.

While we do not want to assume that we will take a lot more cuts within the policing service and it is not anything that we would want to see, we are certainly looking at what that impact would be in terms of our overall modelling and therefore what those choices would then be to make sure that we keep that alignment and keeping having those conversations about that prioritisation.

Gareth Bacon AM (Chairman): What kind of scenarios have you modelled so far?

Lynda McMullan (Director of Finance, MPS): We are looking at scenarios up to an additional 6% reduction.

Gareth Bacon AM (Chairman): If it was a 6% reduction, what would be the implication?

Lynda McMullan (Director of Finance, MPS): That is what we are working through at the moment, just to make sure that we are absolutely clear. In terms of how that would impact on policing and on the MPS, it would not necessarily hit all in one year. Almost certainly, the Home Office would agree some sort of transitional arrangement for that to impact. We are planning on those terms to see what that would mean for our models that we have been developing through the One Met Model. We just need to understand what that stretch is. It absolutely is not to say that we think that is a good thing to do or we think some of these things are even possible in some scenarios, but we really need to understand that impact and do that planning and just really test our models to make sure they are robust.

Gareth Bacon AM (Chairman): In the event of a funding reduction going forward, the Commissioner in a media interview said that the police may have to stop doing some things. What kind of things, Mr Mackey?

Craig Mackey QPM (Deputy Commissioner, MPS): Potentially, there is a range of things. What the Commissioner was signalling there is that if you get to some of the high-end modelling and the examples of numbers people throw out, which are at the high end of the expectational modelling, you cannot have exactly the same service. There is no way you can model that.

You have to look at what services you would deliver face-to-face and whether on certain types of crime you would get a different level of service depending on the seriousness, severity, threat and risk of harm to the

individual. All of that would need to be looked at. It is not as simple as saying – and we have had this debate in other committees a number of times and I have put the challenge a couple of times – “What would you like us to stop doing?” Usually, by the end of it all, people want more road policing, more wildlife officers, more neighbourhood officers, more gang teams. That is not the real world we live in. You would probably have less of all of those. Therefore, you have to talk about those services and those service standards you can offer, whether you can do everything to a gold standard. Some of the things we do at the moment we absolutely do consistently to a very high standard. Can you keep all of those? That is a debate as you go through the modelling.

It is important at this stage, as part of the work we do with MOPAC and with colleagues from the Home Office, to explain the consequences of decisions and say, “If you do this, these are some of the potential consequences. These are some of the risks that are around that”, and then, at the end of the day, it is ultimately a decision for elsewhere.

Gareth Bacon AM (Chairman): Have you been given an indicative timetable for when the funding formula will be announced?

Craig Mackey QPM (Deputy Commissioner, MPS): No. We knew timescales prior to the election. For obvious reasons, post the election we have not heard anything. The Chief Executive from the Mayor’s Office for Policing and Crime (MOPAC) and I sat on one of the steering groups and have been involved and have seen some of the working-out with other colleagues from across the country. That was progressing, but obviously it has not progressed during the election period for quite understandable reasons. I certainly have not been party to what the new timescale is. I do not think colleagues have, either.

Sophie Linden (Deputy Mayor for Policing and Crime): No. If I could just add, in terms of your questions around the Police and Crime Plan, what the implications might be and what scenarios we have been modelling, it really just comes back to your first question about whether we have the resources we need to keep London safe. It is incredibly challenging and we are incredibly worried and concerned that if we carry on with the level of budget cuts that we are facing, we will not have the level of resources we need to really keep London safe and secure, to tackle rising violence and to tackle all the hidden harms that we know are increasingly coming to people’s attention.

In terms of the Police and Crime Plan, that will not mean that we do not want to prioritise these areas. It means that we will make much slower progress. We will still wish to prioritise them because they are the most important issues facing Londoners and facing the police and families, but we will have much more difficulty prioritising them.

In terms of the funding formula, I hope that you will join with us to try to ask the new Prime Minister and the previous Home Secretary --

Gareth Bacon AM (Chairman): The new Prime Minister?

Sophie Linden (Deputy Mayor for Policing and Crime): -- to just drop the funding formula because it can be so damaging to London, to look carefully at the NICC grant and give London what it is due, and to make sure that we have the resources we need to protect London. It is not that we are saying the MPS cannot be more efficient and there is transformation that needs to take place, but the bottom line in all of this is that you can do the transformation and the efficiencies but you are then still left with a massive budget challenge.

Gareth Bacon AM (Chairman): If the funding formula does not go the way that everyone in London would want it to go and it has an implication for the new Police and Crime Plan and certain priorities need shifting around, what public engagement do you anticipate doing if you have to make a change to the Police and Crime Plan?

Sophie Linden (Deputy Mayor for Policing and Crime): What I am trying to say is that we would not change the strategic priorities within the Police and Crime Plan, but what we are making clear is that if the funding formula looks as if it might be disadvantageous to London – and, frankly, it is very difficult to envisage any change in that allocation that would not disadvantage London – progress on the Police and Crime Plan will be much more difficult and we will not be able to really get on top of tackling violence and tackling the problems that London faces. We will still have the same strategic priorities. We spent a long time consulting stakeholders, the public and partners about what is important to London and what the threats are around London's safety and so we would still have the same priorities.

Gareth Bacon AM (Chairman): We are going to move on and talk about the police funding formula, which is probably the elephant in the room, and Assembly Member Desai is going to lead on that for us.

Unmesh Desai AM: Ms McMullan, can I firstly ask you how the current funding formula work?

Craig Mackey QPM (Deputy Commissioner, MPS): The short answer?

Sophie Linden (Deputy Mayor for Policing and Crime): I think we will leave that one to you.

Craig Mackey QPM (Deputy Commissioner, MPS): I am glad you got that one, Lynda!

Sophie Linden (Deputy Mayor for Policing and Crime): I can take notes!

Lynda McMullan (Director of Finance, MPS): There are only three people in the country who understand that and I do not think any of them are in the room!

Sophie Linden (Deputy Mayor for Policing and Crime): Are any of them alive?

Lynda McMullan (Director of Finance, MPS): -- no disrespect to anybody in the room. I understand it at times and then it goes out of my head again. Currently, the funding formula, much in the same way as the proposed funding formula, is driven by indicators, predominantly around population. It takes into account things like socioeconomic factors, but maybe not to the extent that we would want them to, and area-cost adjustments, and it allocates different amounts of that nationally available money. It then does something very strange around some of the assumptions about how much local taxation you can raise through council tax and a number, basically, pops out at the end.

For London, it would take the number of people actually registered through censuses and other data things. It would take our scores whether it is numbers of families without income coming in, etc. It would look at the latest Office of National Statistics data around the differential costs of doing business, etc. Then it comes up with a figure against that formula. Does that make sense?

Unmesh Desai AM: I think so. It helps.

Sophie Linden (Deputy Mayor for Policing and Crime): In terms of the work that was happening before the general election around the funding formula, what you are asking is really key. There is the expert working group that we are part of and we were able to feed in indicators that we think would properly show what the demand and need is in London, such as deprivation, such as all the different types of indicators you would wish to feed in.

However, what we were being told before the general election was that there was going to be no transparency or accountability about how those numbers were going to be fed in. There would be no transparency around that and just numbers would come out at the other end. There would be no transparency or accountability around what balance was going to be given to which indicators so that we would be able to really understand whether whatever came out of the review was fair and had been put together in a fair way. We were being told that that was not going to happen.

I do not think they should be doing a funding formula review at all, but if they are going to do that, it has to be transparent and accountable. They have to give exemplifications and we have to know what indicators are going in and what balance and what priority they are giving those indicators. We were not being given that. We were basically being told, "You are not going to get that", before the election. We have to get that if they are going to continue with the review.

Gareth Bacon AM (Chairman): Could I just intercede there? Mr Mackey, did you say earlier on that the Deputy Mayor and someone else from MOPAC were sitting in on the --

Craig Mackey QPM (Deputy Commissioner, MPS): No. There is a number of groups working on the funding formula. There is a practitioners group, there is an experts group, there is an academic reference group and there is a senior stakeholders group. I sit there along with a number of chief constables. The Chief Executive of MOPAC sits on that group as well. As the Deputy Mayor explained, that is where we are feeding in, "You need to think of these indicators". That is quite a lively debate, but you would expect that. If you are sitting there representing one of the large, rural parts of the country, you are going to make arguments about a funding formula that does not cater for rural sparsity and the delivery of services in rural areas. That is the debate that is taking place.

Gareth Bacon AM (Chairman): Is that a one-way valve, then, and you are feeding things in but nothing is coming back?

Craig Mackey QPM (Deputy Commissioner, MPS): No, that would be unfair on Home Office colleagues. There is stuff coming back. It is not always the answers we like, but we are collectively pushing quite hard around it. We have also had a debate in that forum about the impact of the NICC funding and have talked about just how big an issue that is for London. If you have not seen it, there are tables with the relative gearing for the 43 police forces. For some police forces, this is not so much of an issue, but for London the gearing is significant. It is about four to one.

Lynda McMullan (Director of Finance, MPS): Could I just raise a point? The point that the Deputy Mayor is making is so important around the lack of exemplification. When we went through the last funding formula - I am trying to think of the right word - exercise, we were seeing these big swings in terms of the funding coming out of London up to the £700 million that has been mentioned and we were not being able to get underneath some of that data. It is really quite important that we see the exemplifications so that we see that and then we can track that down to the data. As we all know, there was quite a big fundamental error in the last set of work and it got right to the wire before somebody had to go and buy that data from Acorn to unpick

it. They had used the wrong numbers. It was as fundamental as that. Being engaged in that and being able to check all of that – in the nicest possible way – is really quite important.

Gareth Bacon AM (Chairman): You are able to do that?

Lynda McMullan (Director of Finance, MPS): We have not seen, as the Deputy Mayor has said, those exemplifications at this stage. If it were to go ahead for next year and they were to keep to the previous timetable that was announced pre-election to go out and start consulting before recess in July, it becomes a really tight timescale. The possibility of there being issues in that becomes difficult.

The other thing that is pretty difficult is that the work that should have gone on alongside the funding formula on the NICC funding basically did not get done because of the election being called. From my technical and professional perspective, I do not see how we could safely go into a change for next year without having all of those pieces of work being done and checked through properly. That is where I would sit.

Unmesh Desai AM: Just to carry on, Deputy Mayor, if I could first ask you, we have been told by, amongst others, the Mayor that the MPS could lose between £184 million and £700 million. We know where the £184 million figure comes from, but where does the £700 million come from?

Sophie Linden (Deputy Mayor for Policing and Crime): Those are the figures that did come out of the exemplifications the previous time around in 2015. £184 million and £700 million were the parameters of what was happening last time around in 2015 before it was dropped, basically. That is where those figures have come from.

Unmesh Desai AM: Ms McMullan, would you like to comment on that?

Lynda McMullan (Director of Finance, MPS): Yes. To be fair to the Home Office, the £700 million figure was a figure that we ran with both within MPS and more broadly across the policing family. Because we were not being given some of the data to share, we ran through the data that we knew they were working against the formulas and that would have given a swing away from London at the first cut of about £700 million. When we went out into consultation, the swing was about £184 million at that stage. When they corrected the data, having found this big error in it, it swung right down to about a £4 million hit on London. Given those sorts of swings around it, it just does not build confidence. There is a bit of common sense that needs to be applied. Would anybody put something together that would see a £700 million swing out of London? That does not feel right.

Gareth Bacon AM (Chairman): Sorry, I am going to cut in again. I have vague recollections of this because this all occurred under the previous Mayor and of course the previous Home Secretary. I remember when it was pulled and the situation was very much as you have just outlined. There was such a vagary in the swing and they had to unpick the whole thing because, of course, it is not just London. Nationwide there were problems. It would be inaccurate, then, for anybody to say that there are existing Government plans to remove between £184 million and £700 million in the next budget because there are not; it was pulled two years ago.

Lynda McMullan (Director of Finance, MPS): I have not seen anything and so I do not know.

Gareth Bacon AM (Chairman): It would be inaccurate? What you have just described is my recollection of events. There was a draft formulate that was going to go out to consultation and the numbers were very large and detrimental to the MPS. It then got pulled and the formula is being reviewed. Therefore, there are no

Government plans at this point in time - and we want to make sure it stays that way - to take out £700 million from the MPS. That would be a fair comment?

Lynda McMullan (Director of Finance, MPS): I cannot comment on whether or not those figures are factored into any plans. I just do not have sight of that and so I do not think I can comment on that.

Sophie Linden (Deputy Mayor for Policing and Crime): Last time around, those figures were very much the parameters. What the Mayor has said is that last time around, when there was a funding formula review, the parameters of that and the swings that had been set out swung wildly between £184 million and £700 million. That is absolutely accurate. That is what the Mayor has said.

Gareth Bacon AM (Chairman): It is accurate inasmuch as --

Sophie Linden (Deputy Mayor for Policing and Crime): We are now facing a funding formula review.

Gareth Bacon AM (Chairman): If I may --

Sophie Linden (Deputy Mayor for Policing and Crime): The central issue --

Gareth Bacon AM (Chairman): Excuse me, Ms Linden, if I may, it is accurate inasmuch as that was what was in the last draft, which was dropped two years ago. It is not accurate to say that it is in the current draft, is it?

Sophie Linden (Deputy Mayor for Policing and Crime): The Mayor has been very clear that we are facing a funding formula review and, last time around, London could have lost out in these parameters.

Gareth Bacon AM (Chairman): In actual fact, Ms Linden, he has not been clear because what he has actually said is, "Under current Government plans, they are planning a cut of between £184 million and £700 million". That is factually untrue, is it not?

Sophie Linden (Deputy Mayor for Policing and Crime): What the Mayor has said is that last time around when London was facing a funding formula review, the parameters of the cuts that London could have faced were between £184 million and £700 million. The central issue here and the central truth here is that London is losing out in its budget. It can lose out more dramatically with a funding formula review. We do not know at the moment what that is going to show --

Gareth Bacon AM (Chairman): You do not know at the moment?

Sophie Linden (Deputy Mayor for Policing and Crime): -- because there is no accountability or transparency around that. We do know that through the NICC grant we are losing out to the tune of - I think it is - about £184 million. Again, another, one could say, £184 million --

Gareth Bacon AM (Chairman): We will come on to talk about the NICC grant at the moment.

Sophie Linden (Deputy Mayor for Policing and Crime): The central issue here is that the budget is making the position for London incredibly challenging. If we continue in this way and if there are continuous cuts to the MPS budget, it is going to be incredibly difficult to keep London safe and secure.

Gareth Bacon AM (Chairman): To be honest with you, we are as one on that. We agree with that. I do not think there would be any dissent in the room. We want to make sure that the MPS is funded accurately. However, it would be inaccurate to state things that are two years out of date and that needs to be placed on record. It is mischievous in the extreme to suggest otherwise.

Unmesh Desai AM: Ms Peters, we have not heard from you yet. Could I ask you, if I paint a scenario of a £200 million cut from the budget, what additional savings programme would you explore to meet that cut of, say, £200 million?

Siobhan Peters (Chief Financial Officer, MOPAC): It would not be a question of thinking about programmes. Policing, as the Deputy Commissioner has said, needs to be seen as a system.

MOPAC): We are going through work over the next few months to look at the scenarios that we need to consider based on current assumptions and based on scenarios in case things change and we will need to work through that. It is not that there are specific programmes that we would cut; it is that we have to look at the system as a whole. As the Deputy Mayor has said, the priorities would not change and so it would be a question of understanding how far and how fast we could move towards delivering on those priorities.

Sian Berry AM: Can I ask about the assumptions about the savings that are in your different scenarios? What is the lowest amount you are assuming and what is the highest amount?

Siobhan Peters (Chief Financial Officer, MOPAC): First, as Lynda [McMullan] explained, the Government position pre-election was that there was flat cash for policing. There were pressures within that coming to us because of rising tax changes, rising demands and so on, but the stated assumption from the Government is a flat-cash future.

We would like to see the NICC grant fully funded. We would like to understand what we would be able to achieve in that scenario. We also understand that before the election - and so we do not know what the current Government would think about this - the last information we had was that Government departments were being asked to look at a 3% to 6% austerity measure in terms of the size of the pie and, of course, we have talked about the funding formula.

Therefore, there are all sorts of things that could affect us for the future but, as Lynda has said, those are the scenarios that we are looking at.

Sian Berry AM: You have a flat-cash scenario, a fully funded NICC scenario, a 3% to 6% cut scenario and then a changed formula scenario. What are the assumptions you have inside the changed formula?

Siobhan Peters (Chief Financial Officer, MOPAC): We do not have any assumptions.

Sian Berry AM: You are just working on that at the moment? It does not --

Siobhan Peters (Chief Financial Officer, MOPAC): The bottom scenario that we have is minus 6%. That could be made up of all kinds of different things. How we come to be in that position could be affected by a number of factors.

Sian Berry AM: That is the biggest cut you have in your scenarios at the moment?

Siobhan Peters (Chief Financial Officer, MOPAC): Yes.

Sian Berry AM: Thanks.

Len Duvall AM (Deputy Chair): I think there is one thing we can be clear on: there will be no loss of policing in Northern Ireland for the foreseeable future!

Can we just go back to the issue about the budget? The Director of Finance in the MPS was saying that you are working on a 6% reduction strategy. If a formula was -- sorry, go on.

Craig Mackey QPM (Deputy Commissioner, MPS): That is the worst-case scenario.

Len Duvall AM (Deputy Chair): I may have missed this. Can you just describe the timelines of when these discussions come to an end, the Government makes a decision and the new formula is introduced? What is the working assumption within the police service around that thinking if the Government does what it is supposed to do? As my colleague rightly said, this has been on the table for a number of years now and delayed. I think you were being unfair because that is what we got on the table from the last time; that is the assumption we are working to until something new comes up. What would be the timelines for that?

Craig Mackey QPM (Deputy Commissioner, MPS): As colleagues have covered, actually, you would hope that that was quite a simple question to answer but that is incredibly difficult to answer. We are as one, I think, with London.

It is really hard to answer a question around the funding formula for London without understanding what is happening with the NICC. It is a real risk that we collectively get drawn into a debate about the funding formula and we all go, "Phew", and then someone goes, "By the way, there is no NICC anymore", or whatever else. You have to see the funding in totality. This is one of the challenges - and I have covered this a number of times before in this Committee - for London with so many ringfenced budgets. There are so many moving parts of this to keep abreast of to understand what it does to the totality that you really do need the combined efforts of the two colleagues either side of me, who literally watch this on a daily basis.

Lynda [McMullan] gave you a scenario when she answered the question earlier about the funding formula: almost certainly, if you were going to implement the funding formula for the 2018/19 financial year, you would have to go out before the recess for public consultation. You would have to go out very quickly for public consultation and then you would be looking to the autumn to get that moving and implemented.

Len Duvall AM (Deputy Chair): In your discussions and in the working groups that you have been working on, you are still in discussions, are you not?

Craig Mackey QPM (Deputy Commissioner, MPS): Yes.

Len Duvall AM (Deputy Chair): It is very unlikely that, given the circumstances we have nationally and where people are, we are going to have a new formula. It is going to be more concentrating on the NICC. We have some questions later about that.

Craig Mackey QPM (Deputy Commissioner, MPS): A genuine answer: I do not know that.

Len Duvall AM (Deputy Chair): You do not?

Craig Mackey QPM (Deputy Commissioner, MPS): It was literally day one for a new team at the Home Office or, sorry, a returned Home Secretary and we have not had those conversations yet. It is conceivable that you could really push that through. For all the reasons we have highlighted, without the exemplifications, without the level of detail and the fact that there are 43 forces and 43 Police and Crime Commissioners who are all going to have a view on it, it is a really tight timescale.

Len Duvall AM (Deputy Chair): Of course, we have got ourselves into this situation because of what is happening across policing across the country and the cuts that have been imposed around that. How do we try to finesse those issues? In the factors that pertained towards London or urban areas, in the conversations you have had with the Home Office, obviously, you have made the best possible case. Do you think they understand what the implications are for somewhere like London if they continued with the same thinking in 2015, which was to take money from us to give to other colleagues who are hard pushed as well? We have had cuts; they have had cuts. That is exactly what the formula is about, is it not, rather than that --

Craig Mackey QPM (Deputy Commissioner, MPS): Senior officials understand the challenges of London as a global city. It is really hard to say to someone as the population edges towards 9 million by 2020 that we are going to have a smaller and smaller police service. On a pure basis, people understand that those pressures and demands on London as a capital city are real, they are evidenced and there is evidence to support those.

Len Duvall AM (Deputy Chair): Of course, when we had less numbers or the numbers that we are working towards now, we had a smaller population.

Craig Mackey QPM (Deputy Commissioner, MPS): That is it. If you look at both the UK and England and Wales and do the international comparators, per head of population we have gone quite low compared to most international comparators.

Len Duvall AM (Deputy Chair): Thank you.

Sophie Linden (Deputy Mayor for Policing and Crime): I went to the Police Federation and we had a meeting of the Police and Crime Commissioners and it was at the same time in Birmingham as the Police Federation. I went to hear the Rt Hon. Amber Rudd MP [Home Secretary] speak. It was during the general election campaign. I came away with the distinct impression that officials may well get the demand that the police are under, but I did not get the impression that the Home Secretary was really factoring that in to her thinking about the funding for the police service because she just kept repeating that the police service's budget has been protected. Everybody knows that that budget was not properly protected. It was flat cash and took no account of inflation or any of the pressures that the police service was under and did not take account properly of demand.

This is demand across the country, which is rising, but in particular London has real specific needs around demand, around its growing population and its growing visitor population, which is fantastic - London is open and we want more and more people to come here, to visit here and to enjoy London - but that gives pressures to the police. Another factor to that, which is what makes London so vibrant, is that London's young population is growing as well and that brings its own demands. That has not been properly factored in to any discussions around the funding formula review.

Actually, we keep focusing on the funding formula review and I know you are going to come on to the other aspect, but it is actually the whole of the police budget we need to be thinking about, not how we divide up

what is there at the moment. The fundamental question at the moment is: is what is there at the moment enough? I do not think it is.

Len Duvall AM (Deputy Chair): Thank you.

Gareth Bacon AM (Chairman): One of the things that we have mentioned a lot is the NICC grant and the deficit there seems to be in that. We are going to look at that now and Assembly Member Prince is going to lead on that for us.

Keith Prince AM: Thank you, Chairman. This first question is to Lynda. How does the MPS calculate its requirements for policing a national and international city?

Lynda McMullan (Director of Finance, MPS): This is a very difficult process, as people can imagine. It is as much an art as a science, which is why it is not part of the funding formula, in effect. If it was easy and straight forward, then we would not have some of the debates that we do.

If I could just take you back a couple of years to when I first came into this role, we had a process where Her Majesty's Inspectorate of Constabulary (HMIC) basically checked invoices. It was that kind of process. Where we have moved to with the Home Office in the last couple of years is, in a way, not necessarily a bid. It almost is a quasi-audit of what has been spent in the previous year. We go through a process of different areas of business that we provide from the MPS. We look at the totality of cost in those areas. We go through debate around the proportions of time that we are spending on what we deem to be national and international activities.

We then have that conversation with the Home Office. We have gone through a panel process of being scrutinised about that and this is not a very easy, straightforward process. It is a room like this and our Commanders and other parts of our frontline operation come in to give that evidence and be scrutinised. Where those figures stand up, which they already did going through that process, there were a few areas that they felt were just big-city types of costs and were excluded, and then we had a conversation about overheads as well. It is a very long and detailed process with lots of operational officers coming in and out with me and other technical people sitting with the Home Office and MOPAC part of that conversation as well.

It is not an ideal process but it is the best way we can do that, we think, in terms of not having something that is formula-driven.

Keith Prince AM: Sure. Part of the problem appears to be that the Home Office does not accept your support costs. You put in a bid for about £62 million or £63 million for support costs in the NICC funding formula that you created and the Home Office does not appear to accept that. Why do you think that is?

Lynda McMullan (Director of Finance, MPS): I can tell you exactly why that is. We did have one individual in the technical team in the Home Office who did take a view about the application of overheads into grant. We had a very difficult conversation around that because, in my view, that application of not allowing overheads is completely contrary to what the Home Office does with other grants. If you look at things like CT grants or any other grants that we get, there is an application of overhead to that in a normal way. The particular individual taking the decision - in the end, it is a moot point because he did not give us the funding anyway for all of it - took a view that I felt was not consistent with either Home Office or wider Government practice around grants.

I still retain that view. It is a complete difference in technical view. My challenge to that is, if it is not picked up through that sort of proper allocation and funded through that specific grant and is not funded through a funding formula grant, it automatically falls back on council tax and therefore London taxpayers in effect, which does not seem right, either. We agreed to disagree on that point. We made sure that when that went to Ministers for a final decision it was noted. I am not sure that the panel in total agreed with the Home Office interpretation of that and so it was noted as an issue of disagreement. I am happy to be proven wrong, but I still retain that position as of today.

Keith Prince AM: That was helpful. You are quite right. In most cases, you put in your core costs and then you have overheads or support costs on top of that, do you not, because you have to manage the operation?

Lynda McMullan (Director of Finance, MPS): I agree, yes.

Keith Prince AM: If we accept the Home Office argument that those support costs are not recognised for whatever reason, that gives us a figure of £281.1 million. Now, if I have read my briefing note correctly - and it is possible I have not, but if I have - when the MPS met with the Home Office, they agreed costs of up to £228 million. I believe that was the figure they agreed. Then, after further discussion which appears not to have been minuted, they did agree costs up to £281 million.

Lynda McMullan (Director of Finance, MPS): I need to go back and check. My recollection, having sat in all of those meetings, is that they agreed up to £281 million but they did not agree with the £60 million [for the support costs]. There were marginal disagreements. It was broadly the £281 million that the panel agreed, but I can pull out the minutes of that.

Keith Prince AM: Yes, because in my briefing note here I have:

“The Home Office panel directly agreed the £228 million and then the MPS claims the panel agreed the other direct costs up to £281 million but the minutes do not specifically cover those cost areas.”

Lynda McMullan (Director of Finance, MPS): OK. I will take that away and look at it, but my recollection - and I am fairly clear - is that they agreed pretty much all of that £281 million.

Keith Prince AM: All right. We have a number of figures, do we not? We have the £343 million or £344 million, which I think Londoners and this Committee probably agree with. We have the £281 million figure, which the MPS - and I am not making any aspersions about that - claims that they and the Home Office agree with. We certainly have a factual agreement that the Home Office accepts the £228 million figure. Why did we get a grant of £174 million?

Sophie Linden (Deputy Mayor for Policing and Crime): You need to ask your party that!

Lynda McMullan (Director of Finance, MPS): If I were to put myself in the Home Office's position, that went in then as part of the prioritisation, if you like, for the Home Secretary and it was one of those judgements.

Keith Prince AM: I dare not ask who the Home Secretary was.

Sophie Linden (Deputy Mayor for Policing and Crime): She is now the Prime Minister.

Keith Prince AM: Clearly, we have a situation where there is a big disagreement on the numbers. Is there some way in which we can make a stronger case for our numbers? I think this Committee would support the MPS in making those representations because it is very important, especially if we are to get a smaller grant for whatever reason, be it £4 million or £700 million, that we get real compensation for what it costs the MPS in regard to NICC. What else can we do to make the case?

Lynda McMullan (Director of Finance, MPS): I do need to check the briefing you have. I am not sure that there was disagreement about the numbers coming out of that process. Sir Richard Mottram chaired that [panel]. While we may have disagreed about the overhead issue, there was agreement on everything else.

Keith Prince AM: No, just to make it very clear, I am not saying that there was disagreement. I am saying that we cannot, according to my briefing notes, find the minute of the agreement. There is a minute agreeing £228 million and pennies and the MPS is claiming - and I am not saying it is wrong - that £281 million was agreed, but apparently we cannot find the minute.

Lynda McMullan (Director of Finance, MPS): I can go back and check that, but I am fairly sure we have that.

Sophie Linden (Deputy Mayor for Policing and Crime): We also do have a letter from the Home Secretary that was sent to the [then] Commissioner in December 2015 which, when explaining what the NICC grant was going to be for 2016/17, said that it would be £174 million. I understand that she acknowledged in that letter that it was 62% of the amount recommended by the executive panel.

Keith Prince AM: All right. I see.

Sophie Linden (Deputy Mayor for Policing and Crime): This is not a question of minutes. It is actually that we have the Home Secretary writing to the Commissioner and I am sure that letter must be available.

Keith Prince AM: That was helpful. Thank you. At the end of the day, we want to support you to get the money, you know?

Sophie Linden (Deputy Mayor for Policing and Crime): At the end of the day, as Linda said, we are also disputing at the margins, really, whether you go with the MPS figures or the Home Office figures without the overheads and some of the other smaller things. On the MPS figures, we are underfunded by £170 million. On the Home Office figures, we are underfunded by £108 million. Either way, that is a really significant amount of money that London is not getting.

Keith Prince AM: Yes, I know. That is fair enough. Just as an aside, could I also ask you - I will put two questions into one, actually - about football matches and state visits? How are they funded and do we get any money for those?

Lynda McMullan (Director of Finance, MPS): Last year we spent in the region of about £7 million on football. We were able to reclaim in the region of about £1.3 million. That was to do with the legislation. We can charge for only those areas that are inside that owned stadium or whatever. We cannot charge for those areas, say, around Tube stations and public spaces outside. It is an ongoing issue that we constantly make points about.

Gareth Bacon AM (Chairman): That is not peculiar to London, is it?

Lynda McMullan (Director of Finance, MPS): No, absolutely not.

Gareth Bacon AM (Chairman): In the overall number, it is a comparatively small amount of money, is it not? We are talking about £5 million, really.

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

Gareth Bacon AM (Chairman): We would not be making the argument for that to be included in NICC funding, would we?

Lynda McMullan (Director of Finance, MPS): We did. That was one of the things they kicked out, yes, and - on your point - I can see why they kicked that one out.

Siobhan Peters (Chief Financial Officer, MOPAC): Also, it is worth thinking about the concentration of Premier League clubs in London. To the extent that there is an argument, it is about the number of concurrent matches that can be taking place in London that need policing at the same time.

Lynda McMullan (Director of Finance, MPS): The same with Manchester.

Gareth Bacon AM (Chairman): Manchester, Liverpool, Sheffield. There are a number of --

--Yes, but they are very large clubs.

Sophie Linden (Deputy Mayor for Policing and Crime): I am not going to get into football clubs!

Craig Mackey QPM (Deputy Commissioner, MPS): Yes, this is dangerous territory, the relative merits of particular football clubs, is it not?

Sophie Linden (Deputy Mayor for Policing and Crime): The fundamental issue is how much the MPS - or any police force - is able to recoup the costs of policing a football match. We have lobbied the Government on this and we do not think at the moment it is fair in relation to the costs that are borne by the police and how much they are able to recoup. We have lobbied on that. We were going to have a meeting but the general election was called. We will take that back up.

Gareth Bacon AM (Chairman): I can understand why you would make the argument, of course, because more money for the police in London is what I think all of us here would want. On the other hand, the NICC grant is specifically for London being a capital city, is it not? The contrary argument would be that you would have to police this anyway and so it is not peculiar to you being the capital city and therefore it should be outside the scope of the grant, I would think, but is that the rationale?

Lynda McMullan (Director of Finance, MPS/MPS): We would lobby as a police service because our colleagues in Manchester and Liverpool - absolutely there is an issue and we have seen it with other public service issues. Where is it appropriate to charge? This seems to be a fairly obvious one for policing nationally to think about again. I know there is legislation specifically around this that is quite difficult, but it just seems to be a fairly sensible thing that we need to keep pushing. On your point, we need to push it as a national policing issue, rather than a London-specific issue.

Keith Prince AM: Actually, with the amount of money that is currently available in Premiership football, it would not be unreasonable for the Government to legislate that they do make a contribution, frankly. It is probably not one player's weekly wage.

Lynda McMullan (Director of Finance, MPS): Exactly.

Keith Prince AM: Sorry, the head of state question. We might be saving a few bob because someone may not be coming.

Lynda McMullan (Director of Finance, MPS): You are pressing all my buttons today! This is another issue that we cannot get funding for. We again had the conversation around visits, whether it is [President of the United States Donald] Trump or other state visits or state occasions, and it was not regular enough to be able to be funded through NICC. We had estimated that we spend on average about £4 million a year - and that is if nothing special was happening - on these one-off events. The panel, when we had the NICC debate, was sympathetic to that issue but felt it was something that they could not fund through NICC as a standing item.

Given these one-off events, the Home Office has what they call a "special grant" pot of money that police forces can apply for. However, the issue for us in London is the bar to be able to access that money. One event needs to cost more than 1% of your net revenue expenditure and so it means that one event would have to cost significantly more than £20 million for us to even get through the front door and have that conversation, which is really problematic.

If you look at an event like the Chinese visit that we had last year, in terms of what we can claim for, which is the additionality of overtime and those sorts of costs, £2 million or £3 million is probably the cost of that type of event in terms of the additional costs. Again, it is one of those things that we do not have a funding route to. It does not come through the funding formula. It does not come through NICC. We cannot access special grant. Again, it falls on our core funding.

We are just opening up the dialogue again, given recent events, with the Home Office to say, given that there was that level of sympathy through the NICC conversation to look at it again, we really do need to open up this conversation because the 1% really just stops the MPS being able to be treated in the same way as another force.

Keith Prince AM: Yes. I suppose most other forces would easily get to that 1% anyway.

Lynda McMullan (Director of Finance, MPS): Exactly the point.

Keith Prince AM: We will just have to send them all to Manchester or something, then, will we not?

Lynda McMullan (Director of Finance, MPS): That would be good.

Craig Mackey QPM (Deputy Commissioner, MPS): It is the consistent number of those. If this was just a one-off each year, but it is then an international conference moved in and it is then something else, and before you know it you are spending £2 million to £10 million a year just on these sorts of events.

Keith Prince AM: Does that 1% apply to each individual event, not the aggregate cost?

Craig Mackey QPM (Deputy Commissioner, MPS): Yes. No, we have tried that one as well.

Keith Prince AM: I am sure you did. All right. Yes, I think that does it for me, actually.

Sian Berry AM: Just a quick question on this. Your submission document that we have in our papers here says that you also help out other forces when they have special events. The example given is the North Atlantic Treaty Organisation (NATO) conference in Wales in September 2014. Do we get reimbursed by those forces for that or does that come out of our budget?

Lynda McMullan (Director of Finance, MPS): No, we do get reimbursed and equally so with recent events we reimburse other forces that come and help. Going back to some of the earlier conversation, that ability to support each other as forces is one of those issues when you start talking about the funding formula. It is the Deputy Mayor's point. Unless you look at that overall national funding for policing, we can all be scrabbling over a shrinking piece and looking at that national resilience picture is quite difficult. We try to look at it both ways.

Sian Berry AM: Are you aware whether or not Wales was able to claim on the special grant for that particular operation?

Lynda McMullan (Director of Finance, MPS): Yes, it did.

Sian Berry AM: It came over 1% of its budget?

Lynda McMullan (Director of Finance, MPS): Absolutely, yes.

Sian Berry AM: Thank you.

Gareth Bacon AM (Chairman): OK, a couple of tidying-up questions before we move on. Who sits on the Home Office executive panel or who sat on that?

Lynda McMullan (Director of Finance, MPS): Sorry, this is for the NICC?

Gareth Bacon AM (Chairman): We refer to the Home Office agreeing figures or disagreeing figures, but it is the Home Office panel we are talking about, is it not? Who sat on that?

Lynda McMullan (Director of Finance, MPS): I will need to come back to you. It was chaired by Sir Richard Mottram and it had the then senior people from the Home Office on it. There was Ziggy MacDonald.

Craig Mackey QPM (Deputy Commissioner, MPS): The London Her Majesty's Inspector (HMIC) [of Constabulary] was on it and so there was a professional reference. It was then Steve Otter.

Lynda McMullan (Director of Finance, MPS): Yes, Steve Otter was on it. I will get you a full list.

Gareth Bacon AM (Chairman): If you could, that would be useful. It was Home Office officials primarily but with some additional support?

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

Gareth Bacon AM (Chairman): OK. That is good. The other thing is that the last NICC grant submission to the Home Office was in 2015/16 and that is where the £374 million comes up. Nothing submitted since then?

Lynda McMullan (Director of Finance, MPS): No, the --

Gareth Bacon AM (Chairman): That one included things like the phone-hacking investigation and the obvious question, I suppose, is whether a more recent would be more likely to get agreement.

Lynda McMullan (Director of Finance, MPS): The Home Office obviously put us through a very significant exercise and we came out with very little at the end. What was agreed, which was halted by purdah, was really just to look retrospectively at last year because there are areas we have spent less on - the example you have given - and equally areas we have spent more on and, rather than looking at the whole 100% again, to focus in. We agreed a couple of areas where we both knew there were ups and downs. That would have been part of the work that we would have been doing over the last couple of months had we not got into an election time.

Gareth Bacon AM (Chairman): Is it something that would ordinarily be negotiated and awarded annually or is it a multi-year settlement?

Lynda McMullan (Director of Finance, MPS): It is not multi-year.

Craig Mackey QPM (Deputy Commissioner, MPS): We have been trying to get it to that, have we not?

Lynda McMullan (Director of Finance, MPS): Yes, although obviously we would not want to look in at a low rate, but absolutely. In the discussions that we are having, if we could get it to a proper footing and lock it alongside that funding formula and lock it into that four years - absolutely, there needs to be checks and balances on that to make sure that we are spending appropriately; I would not object to that at all - but as Craig says, trying to get that into a four-year bit.

I have to say it was a huge amount of work to take this through to the level that they wanted to scrutinise at, a huge amount, and not just for me and my team. I was really quite concerned about the amount of time it took for frontline officers.

Gareth Bacon AM (Chairman): It has been locked at £174 million for three financial years?

Lynda McMullan (Director of Finance, MPS): It has not been locked at the moment. At the moment, it is what it is and every year it is re-agreed subject to what has changed. That is the process at the moment.

Gareth Bacon AM (Chairman): Has the level changed since 2015/16?

Lynda McMullan (Director of Finance, MPS): No, but what we will do in terms of the funding for the current year and next year is to just make sure that if there are things that we are fundamentally changing - and basically, we are all agreed that about 80% of what is in there carries on - let us check those things that may have gone up and those things that may have gone down.

I would not expect there to be a huge change in the number. If we go back to that discussion about the overall funding debate, unless something fundamentally shifts there, we are not seeing much change in terms of that application.

Gareth Bacon AM (Chairman): All right. We will have a look at Council Tax and other income and funding sources to the MPS. Assembly Member Berry is leading on that.

Sophie Linden (Deputy Mayor for Policing and Crime): Before you do, I just wondered if you were going to come on to the Police Transformation Fund because that is another element when thinking about the funding for the police service and what is happening with the budget for the MPS.

Gareth Bacon AM (Chairman): I do not think we are talking about that, are we?

Sophie Linden (Deputy Mayor for Policing and Crime): Maybe it is something you could come back to because there is the funding formula and there is the NICC but one of the other concerns that we have is a top-slice from the main budget which is going into the national Police Transformation Fund. We are completely on board with transformation, efficiency and improvements in the service, but that is going to rise to a figure of about £700 million by year 3. In London, we have to bid into that. We do not get our fair share back from that. It is an annual round. It is very difficult to do really long-term, sustainable planning when some of our funding for the MPS is dependent on bidding and allocations on a yearly basis. If you are looking at the budget in the round, you do need to also have in your sights the Police Transformation Fund and what that means for London.

Gareth Bacon AM (Chairman): OK. We will have to look at that further but, before we move off that, is the £700 million, the figure that you have just quoted, a nationwide figure?

Sophie Linden (Deputy Mayor for Policing and Crime): It is rising to £700 million in year 3 nationwide, yes.

Gareth Bacon AM (Chairman): The MPS has to bid in for that annually?

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

Gareth Bacon AM (Chairman): How much does the MPS get at the moment?

Sophie Linden (Deputy Mayor for Policing and Crime): I do not have those figures in front of me. Having raised this issue, I do not have the figures.

Siobhan Peters (Chief Financial Officer, MOPAC): We do not know for this year because we have put a number of bids into the process --

Gareth Bacon AM (Chairman): How much did we get last year?

Craig Mackey QPM (Deputy Commissioner, MPS): It was very small last year.

Siobhan Peters (Chief Financial Officer, MOPAC): Last year it was a very tiny fund. It was the Police Innovation Fund. It was a different title.

Craig Mackey QPM (Deputy Commissioner, MPS): It was about £20 million or £30 million last year.

Lynda McMullan (Director of Finance, MPS): It was £20 million or £30 million. It was that sort of range.

Craig Mackey QPM (Deputy Commissioner, MPS): Yes.

Sophie Linden (Deputy Mayor for Policing and Crime): It will increase, though.

Gareth Bacon AM (Chairman): Yes. Having raised that, that was quite useful. We will investigate further and we will bring that back next time.

Sian Berry AM: I wanted to ask about Greater London Authority (GLA) funding and council tax. It seems like the GLA is putting in only about 20% of the MPS's budget and the rest of it is coming from central grants, as we have been discussing.

Can I ask all of you, really? Do you think the MPS is too dependent on centralised funding? Would you want to be raising more yourself?

Lynda McMullan (Director of Finance, MPS): There is a question with the devolved arrangements around business rates. It is an area that could be examined. I do not think we have taken a view or preference. Obviously, it is the totality of funding that we are more concerned about, but as we look ahead and there is more devolution of business rates, that may be a discussion that the GLA wants to have across London.

Craig Mackey QPM (Deputy Commissioner, MPS): You have quoted about 20%. Our figures are 24% to 76%. About 76% of our money is main grant and the gearing works very roughly: a 1% change in the precept will give us about £5.7 million. If we lose 1% on grant, we lose £19 million. That is how the gearing works. As I said at the start, there are some quite useful charts - and I will make sure you have them - of where every single force in the country is on that gearing split. There are some that are almost 50:50 and so they are less prone to big movements in central grant.

The challenge for anyone - and I am certainly not making a political point here - is that when your gearing is at that point, it is very hard to get away from that position. Short of saying you are going to put the precept up 20% a year for the next five years or whatever the figure would be, it is really hard to move those figures when you have gearing that hard against you.

Sian Berry AM: Do you have any comment, Deputy Mayor?

Sophie Linden (Deputy Mayor for Policing and Crime): Following on from what Craig said, the fundamental issue around the budget for the MPS is that we are not getting our fair share. There is not enough in the budget for policing nationally. We are discussing how we divide up a smaller pie. Should London have more ability to keep some of its resources and raise some funds? There is just going to be a fundamental issue of what that would mean with percentage increases in Council Tax and what it is fair to expect the people of London to be shouldering. It comes back to the NICC grant as well in terms of how much the people of London should be shouldering some of the responsibilities of living in a capital city.

We have to be very careful because, in terms of percentage increases, to really change that balance we are going to be looking at some substantial increases. You know that the Mayor did put up the precept last year

by 1.99% in order to try to protect frontline policing and police officer numbers. We are taking our share of the responsibility on that.

Sian Berry AM: Has the Mayor been seeking any further devolved powers to raise money in different ways? Obviously, Council Tax is a difficult one, but are there any other ways in which he has been seeking to raise funds?

Sophie Linden (Deputy Mayor for Policing and Crime): You can look at the retention of business rates and that has been looked at in other parts of City Hall.

Sian Berry AM: On Council Tax, the Mayor did put up Council Tax by only three-quarters of what he could have done. The overall GLA precept went up 1.49%, not 1.99%. It was possible for the Mayor to take it up an extra... because actually it was only £4.3 million, which is a tiny amount in terms of the numbers we are talking about. That could have been added to the precept for the GLA as a whole and then transferred into the MPS budget. It is what we proposed in our Green Group amendment and the GLA officers were quite happy to do that. Did you consider doing that in the budget this year?

Sophie Linden (Deputy Mayor for Policing and Crime): I am not sure what figure you are referring to because, in terms of the precept rise that the Mayor put into the budget last year and putting in some of the buoyancy around Council Tax, it was an additional £27.8 million that went into the MPS. I am not sure what the £4.4 million is that you are talking about.

Sian Berry AM: The Mayor put an extra £11.2 million into the police directly through his Council Tax increase --

Gareth Bacon AM (Chairman): If I could help --

Sian Berry AM: -- and that was 1.49% and so that was three-quarters of what the increase could have been.

Gareth Bacon AM (Chairman): Yes, but that was the net amount because the Home Office grant went down by £17 million. The figure that the Deputy Mayor has just quoted of £28 million is correct, but the net increase was £11 million because £17 million went on the Home Office grant. What you are alluding to is that the precept increase could have been larger --

Sian Berry AM: Yes.

Gareth Bacon AM (Chairman): -- but it would have been a larger figure than you have just quoted. It would have been more than £4 million because the net increase of a 1.99% increase across the whole GLA family is bigger than that.

Sian Berry AM: Shall we stick to percentages, then? It was increased by --

Gareth Bacon AM (Chairman): Yes.

Sian Berry AM: -- 1.49% and it could have been increased by 1.99%. Was that considered? It could have been moved between the different bits of the GLA and I think then it would have been in your base for next year.

Sophie Linden (Deputy Mayor for Policing and Crime): In terms of the precept increase last year and the money that went in, the Mayor took the decision and it is a really difficult decision to raise Council Tax because you have to make a balance between what it is right for the council taxpayers of London to shoulder responsibility and what they can afford as well - these are really difficult, challenging times for individuals, putting extra Council Tax on them - and what London needs. The Mayor in the budget for this year has taken the right decision around a balance between what is needed and the increase that was put in.

Sian Berry AM: The Mayor did describe it as the most he could do and that he was going to do that only in order to create more police --

Sophie Linden (Deputy Mayor for Policing and Crime): He raised the council precept by 1.99% and that was what in effect --

Sian Berry AM: On the MPS portion of the Council Tax?

Sophie Linden (Deputy Mayor for Policing and Crime): That is what central Government actually expects in terms of precept increases and then takes into consideration in terms of the grant that is coming back over the 1.99% and that is what we did.

Sian Berry AM: Sorry to ask. Are you following the point that I am making, though? The overall GLA precept could have been increased by 1.99%, not 1.49%. This was in the budget amendment that we put forward and the budget submission that we made to the Mayor. I was just asking if you have considered that.

Sophie Linden (Deputy Mayor for Policing and Crime): My answer to that was, in terms of the decisions around the precept and Council Tax increases, they are taken in the round around what is considered appropriate and the burden that is put on Londoners in terms of council tax. In the considerations of that, you do look across the piece. It was considered that this was an appropriate amount and also met the responsibilities that central Government has been putting down in terms of putting money back into the policing budget in order to protect frontline policing.

Sian Berry AM: You are saying you considered putting more into the police budget but you decided not to?

Sophie Linden (Deputy Mayor for Policing and Crime): No, what I said is that the decision is a balance between what is appropriate in terms of council tax, the burden on Londoners, and trying to ensure you are fulfilling the responsibility of protecting frontline officers. That is the decision that was taken.

Sian Berry AM: I am asking you because it was a political decision. We are talking about £1.50 a year to the average household. I am pretty certain the public will have been behind you on that and that they were behind the increase the Mayor did put forward.

I should move on; what alternative funding sources is the MPS working on in the future? This may be a question more for the MPS.

Lynda McMullan (Director of Finance, MPS): In terms of other income, outside of grant and Council Tax, we raise about £260 million a year. A huge chunk of that comes from Transport for London (TfL) in terms of the services we provide, and also Heathrow, Palace of Westminster, etc. We have a core amount of additional income that we obviously need to protect and make sure we claim.

There are different sorts of buckets of things we are working on at the moment. One of the things I am quite impressed with, coming into the MPS, is that there is an awful lot of innovation going on. I know we do not always feel that but some of the products we, as police forces, use and provide pretty much for nothing to industry is quite outstanding. We need to be smarter in terms of how we capture some of that intellectual property and make sure that works for us. While it is great it drives down crime we also need to make sure we are a bit smarter about the way we do that. We are working through some other commercial agreements we can have with different areas of business.

A third area is that we are working very closely with TfL around some of their merchandising. They are much better than we are in terms of getting their products out. We are quite pleased with how that is going as well. While that is not going to fill our budget gap we do think it is a really important thing to do in terms of getting our brand out, particularly into the area of children's toys. It is a really good thing to do anyway. We have that strategy coming back to the management board over the summer to be agreed, and then come through to the Deputy Mayor to be agreed. We are working really actively on that and are quite excited about some of those opportunities.

Sian Berry AM: Do you have any idea of the income you can expect from that yet?

Lynda McMullan (Director of Finance, MPS): Certainly in the first couple of years we are talking hundreds of thousands rather than millions but we will get to maybe a couple of million pounds. While it is something we absolutely need to be doing and are really energised about it, it is that sort of scale. It is not going to be even in the tens of millions that we will be able to make in terms of net profit.

Sian Berry AM: OK. Even though it is only a small amount it is still worth doing?

Lynda McMullan (Director of Finance, MPS): Even if there was no money we think it is a good thing to do anyway in terms of our brand, making sure we are getting out there and getting products out.

Sian Berry AM: This will all be in the business plan?

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

Sian Berry AM: OK, thank you.

Len Duvall AM (Deputy Chair): Let me go back to Heathrow Airport and, I presume, City Airport. Is it a full cost recovery from those institutions or what is it based on? Heathrow is fairly contained in the sense you would not be there unless the airport was there and, of course, some of the things you are dealing with are more complex and even more critical. How does it work?

Lynda McMullan (Director of Finance, MPS): There are obviously some things we would want to do anyway. We would want to have a presence in airports. We have just gone through a fairly difficult process over the last year to get to full cost recover in terms of what we think is their responsibility. Part of that was previously funded through some of our CT monies. There was a difference in treatment between airports around the country in terms of the national position around CT. We have gone through negotiations with Heathrow and City. City is at full cost recovery this year. Heathrow will take slightly longer to get to full cost recovery but we are on a very short trajectory to get it to that position.

Len Duvall AM (Deputy Chair): I do not want to go into details, but in terms of some of the ancillary patrols and other issues outside those areas is it the same argument as for football grounds, you are responsible for inside the stadium and that is how we get the full --

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

Len Duvall AM (Deputy Chair): - and outside is our responsibility which could be added to the CT grant?

Lynda McMullan (Director of Finance, MPS): The CT grant would pick up some of those issues. One of things we are discussing is, if there is the possibility of more disquiet in public areas, how we come to an arrangement around some of those things. There is a live debate around that at the moment.

Len Duvall AM (Deputy Chair): Some of this is peripheral and small beer in numbers but very important in terms of policing. On the football issue, is it that we are quite clear that inside the stadium we charge and outside the stadium we do not, and we need the Government to change the rules to do it?

Craig Mackey QPM (Deputy Commissioner, MPS): Yes.

Len Duvall AM (Deputy Chair): Can we now talk to you about large-scale entertainment venues, e.g. the O2 and issues with the policing presence there? Is that a full cost recovery? Is there an arrangement and deal done?

Craig Mackey QPM (Deputy Commissioner, MPS): It is exactly the same rules. If it is inside you can look at full cost recovery which is done in a number of places. If it is outside the event then no.

Len Duvall AM (Deputy Chair): Is there a list of some of these arrangements that you have? There is the TfL deal that covers it on transport.

Craig Mackey QPM (Deputy Commissioner, MPS): There is the TfL deal and some large shopping centre deals. We can certainly give you the details.

Len Duvall AM (Deputy Chair): A list of what they are, where they are and when they are coming up for review will be quite interesting to see.

Lynda McMullan (Director of Finance, MPS): Some of them are contracts and some are one-off events.

Len Duvall AM (Deputy Chair): All right, thank you.

Gareth Bacon AM (Chairman): We are going to have a look at savings programmes now.
Assembly Member Pidgeon.

Caroline Pidgeon MBE AM: Lynda, I am trying to look through your savings and you seem to have removed all Digital Policing savings from your future plans. Can you explain why?

Lynda McMullan (Director of Finance, MPS): Most of you are aware of the history with digital policing. We had an interim Chief Information Officer and pretty much an interim management team being supported by a consultancy in terms of plans. Angus McCallum [Chief Information Officer, MPS] has come to the Committee before to talk through his digital strategy. In January of this year, having developed his digital strategy and

costed that up, it became clear that the previous plans did not stack up financially. I was therefore not comfortable to include savings that I neither saw a plan to deliver nor had any confidence we would deliver. At that stage the conversations we had, both as a management board with the MOPAC and with the GLA, were that it was not appropriate to go forward with those savings in the budget. It was not supportable.

Caroline Pidgeon MBE AM: That was the stuff we looked at in detail in January. We had a cumulative £38 million of savings going to 2020/21. You are saying they were not achievable and so you have taken it out?

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

Craig Mackey QPM (Deputy Commissioner, MPS): Part of the work we are doing over this summer - and I am sure we will come onto the future budget process - is what is achievable in that space. When Angus [McCallum] was here we talked about the inability at the moment to rationalise applications as you go through the replacement of core systems. Some of the cost base of that is the pure number of applications in there. In the detail we probably touched on some of the things in the target operating model. In the past we were funding programmes and projects through capital money so it was having no impact on the revenue budget. There are some things that had to be unpicked and that is part of the summer work. For some of the national applications we have no control over cost. They are a straight pass-through. All forces have to buy some of the national applications. If it goes up by, let us say, 4% this year we have no control over that whatsoever.

Caroline Pidgeon MBE AM: Do you have some sort of detail of what the information technology (IT) projects are that you are actively pursuing and therefore what savings you are expecting? It seems to me over the years that, although I have not been on this particular committee, across the public sector IT projects always seem to go wrong and never make the savings. Have you a proper plan, given you have reviewed this since January [2017], which is genuinely achievable?

Craig Mackey QPM (Deputy Commissioner, MPS): We can show you the entire portfolio of programmes of which there are 12. You will see all the digitally enabled ones in there. The one that is going on at the moment is the rollout of Mobility which replaces things like XP. You can see that in there and you can come and see it happening.

Caroline Pidgeon MBE AM: It would be helpful if we could have that information, please.

Craig Mackey QPM (Deputy Commissioner, MPS): Yes.

Caroline Pidgeon MBE AM: Given you have taken this out only since January when we had your budget, what does this mean for getting a balanced budget over the year?

Lynda McMullan (Director of Finance, MPS): We had taken it out before the formally agreed budget so we absolutely had a balanced budget at the time of agreement.

Caroline Pidgeon MBE AM: How are the other MPS savings and reform programmes progressing, do they set you to be in a position where you are going to achieve further savings if needed?

Lynda McMullan (Director of Finance, MPS): We had a target in the last financial year to make savings of £127 million. We did have the issue we discussed around Digital Policing. The only other saving we did not hit was on our overtime reductions. However, we did make a very clear decision as a management board that that

was no longer appropriate to deliver. In terms of the rest of the savings we had about £11 million that was late and about £72 million that was absolutely delivered as stated. The two major issues for us, that we talked a lot about as a management board, were Digital Policing and the decisions around overtime.

Craig Mackey QPM (Deputy Commissioner, MPS): In fact on overtime you will see in the finalised budget we put money back in. We thought professionally we had gone too far.

Caroline Pidgeon MBE AM: So you reviewed that and adjusted it?

Craig Mackey QPM (Deputy Commissioner, MPS): Yes.

Caroline Pidgeon MBE AM: OK. In the 2016/17 year you missed your planned savings by £45.5 million.

Lynda McMullan (Director of Finance, MPS): It is mostly Digital Policing so I am not sure I recognise the figure of £45 million.

Caroline Pidgeon MBE AM: You delivered £81.4 million of a planned £126.9 million in savings.

Lynda McMullan (Director of Finance, Metropolitan Police Service): Yes, there is the £11 million that delayed into the current year so that would be right.

Caroline Pidgeon MBE AM: I am not following that, sorry. You were below your target for savings by £45.5 million.

Lynda McMullan (Director of Finance, MPS): We had an amount for Digital Policing of about £27 million and broadly about £13 million on overtime. Obviously with overtime we had issues such as the Westminster attack and things like that, and the Allard court case. We did not make savings of about £40 million. We then had a number of savings that did not quite land in year that totalled £14 million.

Caroline Pidgeon MBE AM: What does this really mean for future years? I understand you have revised your opinion on digital savings and overtime. However, what confidence can we have going forward that when you put up, "We are going to make these savings", you are going to be able to deliver them and for the Mayor as well?

Lynda McMullan (Director of Finance, MPS): I do not want to sound defensive but we have made a lot of those savings. We had the two specific problems of Digital Policing and overtime. While they are big and significant I am not sure that is reflective of everything else we do.

In terms of the £75 million we have for the current year, we have a high level of confidence on that. We will be keeping a close eye on a couple of those to make sure they keep on track. We report this through in detail on a quarterly basis and if anything fundamentally changes we report that through on a monthly basis.

Caroline Pidgeon MBE AM: Is one of the ways you are going to manage to balance your budget by slowing, or even stopping, recruitment? Your unaudited statement of accounts was published this morning. In that it shows you underspent £41.5 million on police officer pay in terms of recruitment and £31.3 million on police staff. Of course within that it has designated detention officers (DDOs), forensic health care nurses and other officers in the boroughs. Is that how, in some ways, you are going to manage the budget by delaying recruitment?

Lynda McMullan (Director of Finance, MPS): It certainly would not be our first choice by any means. In terms of specifically the staffing underspend, we did not put our foot on the brake of that at all. For example, the two major drivers around staffing are around recruitment and custody suites. We have had major recruitment processes to get people in place. We did not manage to fully get people into those sorts of jobs and in turn that has driven up some of the overtime we have just been discussing.

Equally we have the issue of making sure we have proper healthcare provision. About a year ago we thought a decision was landing in terms of that function being transferred to the health service. We were therefore very clearly not recruiting into that space as it was moving into a different model. That decision was reversed and so we were behind the curve in terms of having those posts fully funded.

I want to assure you we do not go into the year planning not to do these things. We go into the year with balanced budgets and the expectation to do what it says on the tin.

Caroline Pidgeon MBE AM: I realise they are countered partly by overtime but those are significant differences.

Gareth Bacon AM (Chairman): On this point Assembly Member Duvall wants to come in off the back of this.

Len Duvall AM (Deputy Chair): The MPS has come a long way. We were very fortunate to have a technical briefing about some of the reports you receive. It goes to the heart of the matter that, of course, you need to achieve your savings but sometimes you need to spend your budget on crucial areas. Policing is pretty critical. What came over from that briefing - and what is coming over from some of these issues - is when and where managers intervene when something is going awry. Should it be left to the top of the organisation to spot some of those problems or are there are other checks and balances that need to be introduced? Who is checking the checkers? Is the rest of the organisation taking some responsibility? There are the blunt instruments. Overtime is a policing tool as much as stop and search. That is a lesson I have learnt over the years and I understand that. Equally there are some of the issues of management by drift - maybe I am being unfair, I do not think I am and maybe we could have a debate about it - regarding custody suites, recruitment of staff and some of those issues. In terms of the changed MPS and the new world of financial monitoring and some of the issues my colleagues have previously alluded to what work is being done with the managers at appropriate levels to say, "Hold on, it is not only up here that we spot something is not quite right. Where is the rest of the organisation? Where is the ownership from the other parts of the MPS?"

Craig Mackey QPM (Deputy Commissioner, MPS): Custody is a really good example. Despite the belief that Martin Hewitt [Territorial Policing - Assistant Commissioner, MPS] sits there pulling those levers, he does not. The reality is that that sits within the custody command itself. The custody command itself will decide when it wants to go out and recruit. The Designated Detention Officers (DDO) programme requires timelines and all the practical stuff. It makes those decisions. Its budget is monitored on a monthly basis in terms of where they are. They will look at it in relation to the flex across the workforce.

The custody one was also affected this year by decisions around whether some custody units stay open because we have an over-provision of custody units. That is not a popular message operationally. Quite frankly, if you look at some of the scenarios going forward we cannot afford the custody provision we currently have.

Len Duvall AM (Deputy Chair): Craig, you are opening up another argument here.

Craig Mackey QPM (Deputy Commissioner, MPS): I know, and you and I have had this one before.

Len Duvall AM (Deputy Chair): It sounds like hospital beds to me and some of the issues in the National Health Service (NHS). We went through some of those issues. In two years' time when we come back and hear, "We cannot lock somebody up because we do not have a custody suite in operation or they are too full" that will be the testament of that discussion.

Craig Mackey QPM (Deputy Commissioner, MPS): I go back to what would you do then, would you trade your neighbourhood office for your custody suite?

Len Duvall AM (Deputy Chair): I do not know but I would not leave Bexley Police Station, with modern custody facilities that have been upgraded and meet the requirements of the Human Rights Act, vacant and not in use. It does not make sense. Are you telling me that the police investment that was done in the past was crap and we took the wrong decision, or was it the right decision and they should be used effectively and efficiently?

Craig Mackey QPM (Deputy Commissioner, MPS): I am sure we will come back to custody because we spoke about this in some detail here a few months ago. You have seen what is happening with custody numbers from a number of national policy initiatives that have changed regarding people coming into custody units. Some of you probably saw the Freedom of Information [request] three or four weekends ago that staying a custody suite in London and elsewhere is more expensive than the Hilton and those sorts of things. You can keep those facilities there and mothball them, or keep all those officers in there, but somebody has to take money from somewhere in this system. Those are the difficult debates. If we all say everything is a priority we go out of here and someone else has to make those calls.

Len Duvall AM (Deputy Chair): I get that. Someone has to make the decision but we have to have the confidence we are making a decision not based on fads and fashions but that is fit for purpose and will survive for at least the five years of a business plan and we will stick with it. The trouble is there are too many MPS issues where we have made changes and are now doing U-turns or going back, albeit with better evidence and understanding and maybe avoiding some of the problems. I take that but sometimes organisations do not get it right.

Craig Mackey QPM (Deputy Commissioner, MPS): If you could give me a stable picture for three or four years I would shake your hand. Nobody would run a £3.2 billion, and the most important, public service in London on an annual basis. In the last five or six years I have planned virtually every year for an organisation that is either tiny or enormous and anywhere on the continuum in-between with all the work and energy that takes. If nothing else the plea we have been putting to governments of all persuasions is to let us go back to multi-year settlements. In the last five years we have signed multiple contracts where you do not know all of the issues you are going to face 18 months out let alone 18 years out. That is a really difficult place to plan and work in. I am absolutely with you but the sad reality at the moment is most policy initiatives that happen nationally often have a time horizon of 12 months at most.

Len Duvall AM (Deputy Chair): I want to remind the Committee that in the year 2000, when we arrived here, the then MPS Commissioner was saying we needed prison ships because we had no space. It is about decision making, the final decision and also about ownership of when to intervene and when not. I am all for making

savings but equally I am all for making sure that, where it is appropriate, those budgets are spent effectively with the right decisions made.

Craig Mackey QPM (Deputy Commissioner, MPS): We absolutely support you. It is something we have been trying to land internally. A lot of these are not budget problems. You can balance the next budget really easily if you have to but there will very quickly be operational and service delivery problems and challenges. The MPS has enough swing room in a budget this size to be able to do all the things you say if it really needed to, and I am not suggesting you would run a budget like that, but they are not budget problems. You can balance this budget - it might be unpalatable - but there will very quickly be operational and service delivery problems. That is the thing we focus on.

Gareth Bacon AM (Chairman): Before I come back to Assembly Member Pidgeon, one thing that came out of that exchange with both Assembly Members is how do you plan your recruitment? This is a real political touchstone. We have had a budget, until the current budget, for 32,000 police officers for eight consecutive years. We have not hit 32,000 police officers for five years. Why not?

Craig Mackey QPM (Deputy Commissioner, MPS): We got to 31,957, which was the figure.

Gareth Bacon AM (Chairman): In 2012?

Craig Mackey QPM (Deputy Commissioner, MPS): Since then, in 2015.

Gareth Bacon AM (Chairman): The unaudited accounts that Assembly Member Pidgeon has just referred to referred to various vacancies throughout the force. The implication was you are relying on deliberately not filling those posts in order to make up budget savings. We have just heard you are putting overtime budgets back up again. Personally I have no problem with that because we have to police London adequately. One way to do that, of course, is to put officers on the street. If you are running at close to 2,000 below the 32,000 - leaving aside the budget settlement as we do not want to get into that row again of what happened in February - in terms of the recruitment round and the timing of it why has the MPS chosen not to fully staff according to the budget you have available?

Craig Mackey QPM (Deputy Commissioner, MPS): In 2015 31,944, and in 2016 31,720, I think 32,000 was the rounding figure used.

Gareth Bacon AM (Chairman): It was. You have just listed a number of years where it was at or around 32,000. The argument we heard during the budget debate for this financial year was, "We know are not going to hit 32,000. We have not hit it for some period of time. Therefore we can take that £38 million without reducing frontline policing." That seems contradictory to what you have just said.

Craig Mackey QPM (Deputy Commissioner, MPS): All I have done is quote you when we were at 32,000. If we need to I can quote all the way back to 2007 but for the sake of brevity I will not. When we did the budget profile this year we talked about what was achievable and what was realistic. As we approach planning for this next budget one of the things we will talk about is what an achievable size of the organisation is. The reality with recruitment is that it is really a cost and a metric now. You can turn it up or down depending on what you need in terms of doing it. We are looking at shaping an organisation for this next year that looks somewhere just over 30,000.

Gareth Bacon AM (Chairman): That is based on what?

Craig Mackey QPM (Deputy Commissioner, MPS): Based on the budget assumptions we are working on at the moment. That will probably change during the summer. It might go up or it might go down. That is how we work each year.

Lynda McMullan (Director of Finance, MPS): Coming into policing, having worked in other areas of the public sector, what is really difficult in terms of getting that recruitment right is that it is like putting a very soft brake on. It takes nine months from start to finish in terms of that recruitment process. A colleague from human resources needs to be thinking not just about this year but about next year and how we get that flow right. What we do not want in recruitment is great big leaps and then fallow periods. It goes back to Craig's earlier point, almost more important than the amount of money is having that stability to plan so we can get this right and make sure it is as smooth as possible. That is really important for us.

Gareth Bacon AM (Chairman): Your planning assumption now is 30,000 police officers in London?

Craig Mackey QPM (Deputy Commissioner, MPS): Upwards of 30,000. We will work through the detail over the coming weeks and months.

Gareth Bacon AM (Chairman): The fear Londoners have is that we have had a budget for 32,000. We have not hit that figure for some time. If the working assumption now is, let us say, 30,500 you are going to come in under are that, are you not?

Craig Mackey QPM (Deputy Commissioner, MPS): I genuinely do not know until we see the numbers. That the pay award will be at 1% for the next three years is built into the assumptions. If that changes a 1% move in pay will drive £25 million of extra cost into the budget. There are so many variables. That is why it takes the level of detail it does to plan this and work it through. As Lynda [McMullan] said, we are working with a machine that probably has an 18 to 24-month timeline and trying to fit it into a 12-month window.

Caroline Pidgeon MBE AM: The Mayor has set you a target of 85% of all spend to be on frontline policing. In the HMIC report 73% of the MPS's workforce are police officers. If you are going down to around 30,000, or just above, how you going to meet the target set by the Mayor?

Craig Mackey QPM (Deputy Commissioner, MPS): There are two different indicators we are talking about there. The way the 85% is interpreted is us achieving 15% back office costs, our true back office being only 15% of our gross revenue expenditure and the other 85% of expenditure being on things other than back office. The HMIC definitions and the definitions the GLA use - you will remember we have had this before with the activity cost goals as well - are slightly different. There is also a middle office in the HMIC's one. One of the challenges we had last year with some of that data was that public protection moved from being a frontline cost to back office. All of a sudden you think, "what has happened to the data?" It is two different sets of data.

Caroline Pidgeon MBE AM: The way to look at it is 15% of your costs being back office and therefore everything else would be described as frontline policing. It does not mean police officers?

Craig Mackey QPM (Deputy Commissioner, MPS): Yes. I have never taken it as a direct proxy for police officers.

Caroline Pidgeon MBE AM: It is the first time I have heard you talking about 30,000 or just above as effectively what you are working to. The Mayor's strategic target remains at 32,000.

Craig Mackey QPM (Deputy Commissioner, MPS): We are scenario planning. We have not done the numbers of what it would be if it was 6%. If you said we got all of NICC plus a bit more it could be different. The reality is that at this point in the cycle you have to use some planning assumptions. It would be even worse in the scenario described to say to the organisation, "I tell you what, we are not going to talk about this. We are not going to plan anything or have any conversations until we get a budget in November."

Caroline Pidgeon MBE AM: Before I bring the Deputy Mayor for Policing and Crime in, I cannot remember the "natural wastage", a horrible term.

Craig Mackey QPM (Deputy Commissioner, MPS): It is somewhere between 1,600 to 1,800 turnover. Our turnover is about 5% of the organisation. It is actually quite low.

Caroline Pidgeon MBE AM: OK, 1,600 to 1,800 per year. On police community support officers (PCSOs), are you doing any number crunching around that and looking at reducing PCSOs?

Craig Mackey QPM (Deputy Commissioner, MPS): I have not seen a model for that yet. PCSOs came down quite a lot, if you remember, during what we call phase 1. We got to the position where it was one dedicated PCSO per ward plus the PCSOs in the Safer Transport Command and a few others. I have not seen a model that brings those down any further.

Caroline Pidgeon MBE AM: Thank you. Deputy Mayor for Policing and Crime, do you want to comment on that?

Sophie Linden (Deputy Mayor for Policing and Crime): Yes, I will pick up on a couple of issues that have arisen from that exchange and the questions. The first is are we recruiting in order to achieve underspend to go to savings, no we are not. Absolutely not. In fact I have had discussions with the MPS around where there are underspends on recruitment going forward so that it does not go towards savings but is put aside for police officer pay when we do recruitment. There are difficulties with recruitment. It is not an exact science. Sometimes you can just not manage to recruit the right numbers. Given what we know about the budget going forward we have to be really prudent on the number of police officers we are recruiting at the moment. As Lynda [McMullan] said, you cannot keep recruiting at a certain level - you could but it would not be good for the organisation - and then suddenly turn off the tap. You also have the fact that once you have recruited a police officer they could be with you for 30 years. You cannot just make police officers redundant and manage your workforce in that way. There are really difficult challenges around managing the workforce and managing that recruitment level going forward knowing there are some really significant savings we have to find.

The Mayor and I are very clear that if we do not get the money we are lobbying the Government for - if we have to enact some of the scenarios I really hope we do not have to enact - we will be really challenged to keep police numbers up to the level we would wish them to be. In terms of planning, we are looking at different scenarios and they have different numbers of police officers in them. In the meantime we are lobbying incredibly hard. I hope you will join us in lobbying to make sure London gets its fair share with no funding formula, and back to the discussions we have had.

Caroline Pidgeon MBE AM: If your natural wastage is 1,600 to 1,800 are you looking at recruiting about 1,800 a year to stand still? What is your figure at the moment or how many are you hoping to recruit this year?

Sophie Linden (Deputy Mayor for Policing and Crime): In the budget at the moment we have enough money for 31,200. We continue to try to recruit. Papers published today or on Friday show there have been some difficulties around the level of recruitment if that is what you are referring to. We are scenario planning. Because of budget challenges we are going to have real difficulties in keeping officer numbers as high as we would want.

Caroline Pidgeon MBE AM: You are looking at around 1,600 to 1,800 new recruits to keep at that level?

Craig Mackey QPM (Deputy Commissioner, MPS): If we were staying exactly where we are now and all other things being equal. There are also some slight cycles in there but over the years they do not bear out, sometimes it will go up to 1,900 and sometimes it will be as low as 1,400.

Caroline Pidgeon MBE AM: My final question not on police officers is station closures. The Mayor has stated we might see half of all stations close. Are we likely to see more police station closures as part of your saving plans?

Sophie Linden (Deputy Mayor for Policing and Crime): The Mayor has said that in terms of police stations. We know we have to make significant savings. As you would expect we are looking at the number of MPS buildings we have. We will have to look at whether we can maintain the number of police stations and front counters that there are at present. If the budget is so challenging we are looking at significant reductions in the number of front counters.

Caroline Pidgeon MBE AM: That is work you are doing at the moment?

Craig Mackey QPM (Deputy Commissioner, MPS): Yes. Again, it is modelling a range of scenarios. Going back to the financial strategy which was held, again, at the review and has held for the last weeks we talked about getting back office costs to about 15%. You can do the arithmetic and work out that means you have to spend considerably less on estates and buildings.

Caroline Pidgeon MBE AM: OK, thank you very much.

Keith Prince AM: A couple of questions firstly to the Deputy Mayor for Policing and Crime if I may. When the Mayor announced he was taking £38 million out of the policing wage budget he said that was a one-off saving because he knew that within this 12-month period he would not be able to recruit up to the 32,000. If it is the case that it was a one-off saving why are we not talking about police numbers going back up to 32,000 if we get a reasonable settlement from the Government, or are we now just taking that money and removing more money from the budget?

Sophie Linden (Deputy Mayor for Policing and Crime): When the £38 million was taken out of the budget that was a recognition of the level of police officers that was there. In terms of what will happen going forward it is coming back to our scenario planning. We are lobbying really hard to try to get the right amount of money into the MPS so we can keep officer numbers as high as possible. As I said before, in terms of recruitment you cannot just keep recruitment really, really high when you know these budget cuts are coming because you will destabilise recruitment and the MPS. It is not a good way of managing recruitment.

Keith Prince AM: Are you agreeing with what I said that it was a one-off saving of £38 million? If that is the case, as the Mayor said it was, and the police were to receive parity on funding would we go back to 32,000?

Siobhan Peters (Chief Financial Officer, MOPAC): As a process point this is really early in the budget-setting process so we cannot sit here and answer questions about what budget will be set for next year.

Keith Prince AM: The reason I am asking you, Siobhan, is because this is a political question. The Mayor said it was a one-off £38 million recognising, and I accept the argument, that we were not going to get back up to 32,000. He said that was still the - I think he uses the word "aspiration" now rather than "target" - aspiration. My question to you is if it was a one-off saving and we do get a settlement that is the same as it was last year, so no change and I suspect we may get to that position, will that £38 million be put back into the budget as the Mayor said he would?

Sophie Linden (Deputy Mayor for Policing and Crime): We are maintaining at the moment our aspiration to have a strategic target of 32,000 police officers. We are not moving from that. We are lobbying very hard on the police budget. If we do not get what London needs, as we have said already, there will be significant problems around police officer numbers and we know that police officer numbers are going to have to decrease.

Keith Prince AM: For clarity, Sophie, if we get the same amount of money in the forthcoming year as we had last year will you again work towards 32,000?

Sophie Linden (Deputy Mayor for Policing and Crime): We are trying to build our budget at the moment. If we have the same amount of money as we had last year we will not be able to recruit 32,000 police officers because the same amount of money is not enough.

Keith Prince AM: That is not what the Mayor said though, was it? He said it was a one-off saving.

Sophie Linden (Deputy Mayor for Policing and Crime): He said he is maintaining the strategic target of 32,000. There is a one-off saving recognising the actual recruited number of police officers we have at the moment. That is what he said.

Keith Prince AM: Exactly, which therefore implies that going forward that money could be put back in because we would be able to recruit the extra officers.

Sophie Linden (Deputy Mayor for Policing and Crime): We are lobbying really hard to get the right amount of money for London. We are maintaining the strategic target. We are also realists. We have to be prudent in our scenario planning and in our recruitment. Until we know we are getting any extra money that is the position we are in.

Keith Prince AM: I understand that, Sophie. I am saying that, in theory, if you were to get the same amount of money as you had this year next year would you reinstate up to 32,000? A simple yes or no, Sophie.

Sophie Linden (Deputy Mayor for Policing and Crime): We do not have the money. This is the issue, is it not, of the budget? We have a strategic target. We know what money is coming in. In the budget there is not enough money, and this is the whole point, to maintain police officer numbers at the level we would wish.

Keith Prince AM: It was not a one-off based on that statement.

Sophie Linden (Deputy Mayor for Policing and Crime): We are building the budget at the moment and we are lobbying very hard.

Keith Prince AM: All right. Thank you.

This is a question for Mr Mackey. We are at 31,200 or something like that at the moment. You are now planning to get it down to about 30,000 you were saying possibly. I am sure you have a much better grasp of maths than a certain Shadow Home Secretary. How much money would we save by reducing the number of police officers by 1,000?

Craig Mackey QPM (Deputy Commissioner, MPS): The unit cost that we work on very roughly is about £53,000 per person; somewhere between £53,000 - £55,000.

Keith Prince AM: It is not £30 obviously.

Craig Mackey QPM (Deputy Commissioner, MPS): People will quote all sorts of figures. That is what we work on for London. Those are the sorts of sums. Our annual turnover each year gives you very roughly about £100 million of swing space in terms of the budget figure. We talk slightly less for police staff. I think we model at about £50,000 for police staff.

Gareth Bacon AM (Chairman): One final tidy-up question and then we are going to talk about frontline policing. The digital mobility aspect of the IT Strategy, when you appeared in January you said if you get that right it would free up between 400 - 800 police officer annual hours' worth of time. Does that still stand in light of what we heard earlier about the Digital Strategy?

Craig Mackey QPM (Deputy Commissioner, MPS): Yes. By all means come and see it. They have started the rollout. There are some real successes that have gone uncelebrated such as the rollout of body-worn video. That digital team have rolled out body-worn video which is a really good example of how you have to be flexible and change your position. When we first talked about body-worn video we were going to store all that data ourselves with all the costs associated with that. That is now in a cloud-based situation. We have the largest rollout of body-worn video in the world. There is no one bigger in terms of the work around body-worn video.

Mobility has started. You will see various people with tablets. We could have stuck to paper today but certainly for internal meetings it is all tablet-based with remote access. You will remember that last time you spoke to me a lot about Windows XP. That solves the Windows XP challenges.

A little aside, but again quite unsung in terms of that it has done, is the move to a new internet presence for the MPS. There is a conversation going on at the moment whether the solution that has been developed in London will be the national solution for policing. We are moving forward at a pace in that sphere. Colleagues from HMIC who have just been with us have said there is some quite exciting stuff going on there.

Gareth Bacon AM (Chairman): You are happy to stand by the 400 - 800?

Craig Mackey QPM (Deputy Commissioner, MPS): Yes. Give me that. If you can give me two things while I am on a roll, the other one I want is MPS Integrated Policing Solution. I want replacement of the core

systems. The thing that worries me that I cannot cost - we have seen it in parts of the private sector recently - is the challenge of obsolescent systems. I want to do the replacement of those core systems. Then there is about 700 - 800 worth of people time that you can take out.

Gareth Bacon AM (Chairman): Thank you.

Len Duvall AM (Deputy Chair): We prefer the word "redeploy".

Craig Mackey QPM (Deputy Commissioner, MPS): Redeploy, yes. I am being realistic about where it might be depending on the scenarios. So we are absolutely clear, the broad strategic intention is we wanted to make these efficiencies so we could free up 1,000 officers to redeploy to priorities.

Len Duvall AM (Deputy Chair): This section is on frontline policing and it is down to me to lead off. I have a number of set questions here and then there is a bit where I am going to go off-piste or freestyle.

I have a gentle starter. Craig, you mentioned earlier on the real issue about numbers is about the police's ability to operate, to respond to issues and meet the challenges of policing London. You said later on there is a 5% turnover. To paint a picture for this Committee of the 5% turnover, are the people that leave the MPS experience-rich, by and large? Are you still managing and grappling with a fairly young service or is that not the case? Where are we that? Paint us a picture in terms of that.

Craig Mackey QPM (Deputy Commissioner, MPS): It is more nuanced than that. Each month at People Board, one of the internal boards in the organisation, we look at exit leavers' - in terms of people leaving the organisation - reasons, rationale and the age and service profile in terms of where people are going. The turnover is about 5% for the organisation. To put that in perspective, we think the Ministry of Defence run at about 10%. Our turnover is relatively low but it is nothing to be complacent about. When we look at the reasons people are leaving - when they are leaving mid-career - we thought we would see more about changes in terms in conditions. Some of it is about work-life balance and the struggle of getting that right. There is quite a lot of noise in the system and if you look on some of our bulletin boards and forums there is a real belief that lots of people in mid-service are leaving. That is not yet borne out by the figures. There are some examples of it, particularly where those people feel they have been particularly adversely affected by some of the national changes in terms and conditions. That is what is happening in the organisation. The pinch points are bringing people through with investigative skills, people who want to go on to be detectives. That is one of the pinch points in the organisation. That is what is happening around most of the movement of people.

Len Duvall AM (Deputy Chair): In the worst-case scenario that we face - we have talked about the numbers issue - the way we will see any police cuts in numbers, if that is the case, will be through that wriggle room you have. It will be through natural wastage and those issues.

Craig Mackey QPM (Deputy Commissioner, MPS): As the Deputy Mayor for Policing and Crime said, there is no provision for redundancy for police officers currently in the way it is structured and the way it is done under regulations. You would have to do it by natural turnover. You will remember when we started this process back in 2012 one of the things we said - and I think we try to do even now - is to try to create enough headroom to keep people coming into the organisation. Some of the lessons I have learnt from working outside of London and seeing it happen in other places is if you have an organisation the size of the MPS and do three or four years with no recruitment that is a really, really big issue because you have effectively ossified part of the organisation. The plus side - when you look at some of the skills and experience and new

Londoners coming in - is it brings a vitality to the organisation. For some of the boroughs that means they have a high percentage of young in service but not necessarily young in experience.

Len Duvall AM (Deputy Chair): *The Times* newsletter recently claimed you are going to be forced to remove up to 4,000 officers for a recruitment freeze. Was that on the worst-case scenario of 6%?

Craig Mackey QPM (Deputy Commissioner, MPS): It could be. I do not recognise the 4,000 recruitment freeze figure.

Len Duvall AM (Deputy Chair): I think your police figures were 4,000 and the MPS's was 13,000, and somewhere in-between. They may be over a number of years.

Craig Mackey QPM (Deputy Commissioner, MPS): As Lynda [McMullan] just whispered we try not to have a recruitment freeze, in the same way throughout the last four or five years we have tried to run promotion processes. It is generally quite healthy for the organisation.

Len Duvall AM (Deputy Chair): OK. Let us move on to specialist crime then. In terms of the savings and some of the issues that have been covered - again, there has been coverage in the press - it talks about £9.3 million being removed from the specialist crime department for policing at a time when you are experiencing difficulties in fulfilling some of the functions. What is the story behind that £9.3 million when you have these backlogs and shortages?

Craig Mackey QPM (Deputy Commissioner, MPS): You are going to have to help me. Is that one of the scenarios you have been given? That is why I was looking a bit blank.

Len Duvall AM (Deputy Chair): No your revised savings and efficiency plan details a reduction of £9.3 million for police staff in specialist crime operations as well as on territorial policing (TP) . This is one of our formal questions we want to put on record and get to the bottom of.

Craig Mackey QPM (Deputy Commissioner, MPS): In fairness, those are police staff posts. We talked about some of the efficiencies we can generate by the delivery of systems and doing things differently. Those were not police officer posts.

Len Duvall AM (Deputy Chair): You talked earlier on about reflecting on the reversal of cuts. I have been in local government where we have made cuts and sometimes reversed them because we have seen the consequences of them. Is there any area in terms of staffing support where you thought that maybe you got it wrong and that you would want to reverse it if resources allowed?

Craig Mackey QPM (Deputy Commissioner, MPS): Overtime is a good example where we did. When we were first given the challenge of overtime police said you will never get it to move. In fairness, a lot of people did an awful lot of hard work and it moved. However, we reached a point where we said that operationally, particularly around some of the high-profile things, we want to put more back in. That is very real. We do it across a number of areas that we look at. You will probably pick this up from boroughs, people talk about the role of analysts and whether we have that service right. Part of the work we are doing is looking at whether we have that service right. Is it about our inability sometimes to define the service, i.e. what services we want, or is it as basic as we do not have enough bodies doing it? We constantly look at those. That is why the budget process cannot be seen outside either the Police and Crime Plan or operational planning. Clearly, over the coming three to five years we have to make sure the resources can flex to whatever the threat is. If we end up

with a scenario where we have some specialist ring-fenced resources that you have to effectively restructure the organisation every time the threat changes you would probably say you have not got that right.

Len Duvall AM (Deputy Chair): Earlier on I alluded to management style and intervention, taking responsibility at various levels of the MPS. We have raised this and had a conversation about the MPS's centralisation devolvement. I can understand the command and control for operational issues but what about the devolved issues around some of the decision making relating to budgets. Where are we on that thinking inside the MPS? You have read it. You have been outside of the MPS and seen it there. It is slightly different from outside. Is it over-centralised or is it about right for the challenges we face?

Craig Mackey QPM (Deputy Commissioner, MPS): There is both a philosophical and a practical point in there in terms of the response. We are on a journey. During round one we brought a lot of services into central to gain control, to drive costs out and to standardise. What you are seeing now is a move of predominately the control of and access to the money going back out. The work with the Borough Command Unit (BCU) models and the hubs in specialist crime is around trying to give leaders at the appropriate level, "That is your service. There is the money that goes with it. Within these parameters run it and make it work." You are seeing a move that is quite natural, almost in the evolution of how this works. The new Commissioner, Cressida [Dick CBE QPM], is very strong on making sure we empower people and allow them to make decisions. Hold them to account for it but empower them, allow them to make decisions and give them the freedom to do it. When we talked about these new BCU roles and the BUC Commanders that was very much part of why we were doing it. It is at a sizeable level, "That is the freedom you are being given for it".

Len Duvall AM (Deputy Chair): The last formal question regarding funding allocated to the Mayor's pan-London priorities and local priorities decided by the borough county. Is that decided by local Borough Commanders or is it somewhere in TP higher up with Martin [Hewitt, Territorial Policing - Assistant Commissioner, MPS] and company? At what level will the budgets be considered for what is happening within the borough TP and how is that funding allocated?

Craig Mackey QPM (Deputy Commissioner, MPS): Are we talking about what I would call core funding, the funding for people?

Len Duvall AM (Deputy Chair): I suppose in the pan-London priorities that arise from the Community Safety Plan you would be looking at people, how money is allocated to the boroughs and who is involved in that.

Craig Mackey QPM (Deputy Commissioner, MPS): The TP budget holder is Martin. The budget is structural. It is how many people are in it, what buildings they have, what supports cost. It is structural rather than, "Here is £15 million for knife crime in this borough". The budget is structural. The service delivery is different.

Len Duvall AM (Deputy Chair): When do they merge and is that not the new dynamic we need to deliver the London Safety Plan?

Craig Mackey QPM (Deputy Commissioner, MPS): It is but they merge in the tasking and deployment. As the Deputy Mayor for Policing and Crime touched on, if you had less money you probably take longer to either do the priorities or there would only be three priorities rather than five. That is where they merge in terms of what you do, how you deploy the asset and what focus you put to it. Our business plan goes through those sorts of details.

Len Duvall AM (Deputy Chair): It does beg the question of implications about future abstractions and the policy the MPS operates. Light touch or heavy touch? Is there sensitivity around the fact there is a job of work to be done on TP as much as there is a job of work in terms of supporting central London in its day-to-day activities.

Craig Mackey QPM (Deputy Commissioner, MPS): People are very aware of that. If you had been party to any of the dynamic planning we have done for the last 12 weeks with these incidents there is always a conversation around, however bad the atrocity is, what the impact will be on what we are doing across the rest of London. We made a conscious decision on both Westminster and on London Bridge not to move TP straight to 12-hour shifts. We know if you do things like that, even for an organisation our size, you can realistically do that for about four or five days before the organisation starts to feel quite ragged.

Len Duvall AM (Deputy Chair): That is times of woe.

Craig Mackey QPM (Deputy Commissioner, MPS): Yes.

Len Duvall AM (Deputy Chair): There are times of normal abstraction in terms on stand-by that also takes its toll on certain boroughs and the contributions they have to make. Is there a common sense approach around that on these occasions when there might well be pressures back in boroughs or back in whatever you are going to call the new operational areas?

Craig Mackey QPM (Deputy Commissioner, MPS): Those are the sorts of conversations we are party to most days of the week with Martin Hewitt, Pat Gallan [QPM, Assistant Commissioner - Specialist Crime and Operations, MPS] and Mark [Rowley QPM, Assistant Commissioner - Specialist Operations, MPS]. Let us take a particular area, "Look, Greenwich is under a lot of pressure at the moment. There is this, this and this. Can we reduce the abstractions on there and take them elsewhere? Do we really need to do the abstractions in that way?" That is the sort of management, particularly at the Deputy Assistant Commissioner (DAC) level, that is going on all the time.

Len Duvall AM (Deputy Chair): I now want to move on to borough mergers. This will be the fifth meeting since the new administration, on top of the previous meetings in the old administration, where I have asked questions about this. We are heading towards implementation. I understand why we are doing it. I am going to ask you some questions about the savings and new ways of working. However, I am becoming very sceptical about some of the provision of information that you and the police are providing those in boroughs and about the process.

In terms of the checks and balances as you move towards implementation, will the pathfinder pilots pass MPS evaluation stage? I know they are being evaluated in August [2017] but you have some information now. Presumably, and hopefully, people would make some changes if something was going wrong or was not quite right. That is going to be there. If you are implementing in the autumn is August not rather last-minute in terms of the approach? Tell me about that.

Craig Mackey QPM (Deputy Commissioner, MPS): I am sure the Deputy Mayor for Policing and Crime will want to come in on some of the detail about when decisions may or may not be taken. The reality is you can do an evaluation very quickly if you want to. You would quite rightly say to me, "Hang on a minute, they have been running for two months in their full run-out. You do not have enough data. I want longer". You always

push up against timelines in terms of doing it. Realistically August is when you get the opportunity to look at the full set of data. Are they changing as we go forward? Yes. Are we learning things? Absolutely. That was the whole purpose of doing the pathfinders.

Len Duvall AM (Deputy Chair): That is the evaluation for that. I have come across a document on the overview of the investment appraisal programme. You could argue that it is not all doom and gloom but there is an investment process. Is the different evaluation process in this document, which summarises the key stages against the relevant business cases, being done for this project?

Craig Mackey QPM (Deputy Commissioner, MPS): Yes, there is a proper business case.

Len Duvall AM (Deputy Chair): Will that be available - not so much for this Committee although it might be interesting because of what we will ask about finances - for the Police and Crime Committee? We could have access to the various processes it has gone through in terms of its evaluation and implementation?

Craig Mackey QPM (Deputy Commissioner, MPS): It will go to the Deputy Mayor for Policing and Crime, I am assuming.

Siobhan Peters (Chief Financial Officer, MOPAC): Yes.

Len Duvall AM (Deputy Chair): Are we on course for ultimate implementation? Is that the political or the MPS's decision? Which is which?

Sophie Linden (Deputy Mayor for Policing and Crime): The evaluation of the pathfinders is ongoing. They are looking at what is happening at the moment, going through some teething issues and issues that have been bubbling up. There has not yet been a proper evaluation. Until we have properly evaluated we do not know what pathway we are on. This is why we have done a pathfinder. We have to learn the lessons and make sure we have a realistic implementation plan that is not necessarily from two pathfinders for the whole of London. What is realistic, what is achievable and what are the lessons we can learn from the pathfinder. When we have learnt the lessons we will go to an implementation plan. As I said, that is not necessarily from two to the whole of London.

Len Duvall AM (Deputy Chair): I should not take it that it is autumn then? There is a timeline here somewhere between autumn and whenever.

Sophie Linden (Deputy Mayor for Policing and Crime): We have to do a proper evaluation and we have to learn the lessons. There is not a set pathway that means we are going to take a decision in September or October [2017] and then it is in implementation. What we all need to do is learn the lessons and do a proper evaluation. This is really about the service delivery to the public and we cannot risk that.

Len Duvall AM (Deputy Chair): I am glad to hear that because that is where we are coming from, and increasingly so, until we can get confidence in some of the questions we are asking directly of the police. Quite frankly, I do get it. I still would like to see, and I have yet to see, the delayering of the rest. You evaluated those ranks in TP. I have yet to see whether you have done that same exercise across the MPS.

Craig Mackey QPM (Deputy Commissioner, MPS): We have started some of that work around what models could look like for other bits of the MPS, absolutely. A lot of work is being done.

Len Duvall AM (Deputy Chair): There is an equivalent looking at the ranks, the appropriateness of the ranks, what they do, how they do it and whether it is appropriate to have that?

Craig Mackey QPM (Deputy Commissioner, MPS): Also what the workload is. That is part of the debate for management board as we go through this summer, how far do you want it to go and what do you want to do. All of these are absolutely options to consider.

Len Duvall AM (Deputy Chair): Thank you. I think you mentioned before, Craig, when we talked at the very earliest part of this administration about what we thought the savings were. Have we bottomed what we think the actual savings are that can be made from the mergers? Have we got the financial case of where that is?

Lynda McMullan (Director of Finance, MPS): I do not have the figures on me but they are in the region of £50 million.

Craig Mackey QPM (Deputy Commissioner, MPS): Yes, £40 million - £50 million.

Len Duvall AM (Deputy Chair): Just by taking out certain ranks? It must be more than that.

Lynda McMullan (Director of Finance, MPS): Not just that.

Len Duvall AM (Deputy Chair): Give us an idea of where the big headline numbers fall in terms of the changes to this operational policing.

Lynda McMullan (Director of Finance, MPS): I will get the figures and provide those to you. I will be guessing in terms of some of those bits. As Craig says, property, etc, there are bits in that.

Gareth Bacon AM (Chairman): Write to the Committee and we will circulate it, please.

Len Duvall AM (Deputy Chair): I should ask: that would include property, would it not?

Craig Mackey QPM (Deputy Commissioner, MPS): Yes.

Len Duvall AM (Deputy Chair): All right. One of the issues that we touched on earlier, Craig, is the borough mergers. The police are reliant now at local level on the boroughs providing some of that analysis. There are all sorts of conversations regarding whether this backs up what MOPAC says or what the MPS says. Essentially, there is not one consistent view. Is this the time to look at that?

Craig Mackey QPM (Deputy Commissioner, MPS): There are a number of areas as part of the budget process this year. What we do is exactly the same as you would expect to see elsewhere. We look at benchmarking in terms of what we spend on services and then look at particular areas to target as part of the budget process. In an organisation our size you cannot do a line-by-line of every single budget. You can do some of that. One of the areas to look at is intelligence. We spent quite a lot of money that is in a bucket called "administration". We want to get a better handling on what we are spending around forensics. We have some really innovative things being done there and we want to see what cost that will feed into the business model. We spoke before about Digital Policing. A number of these are quite deep in terms of doing it. Going back to your earlier point, because you are looking at them that does not assume you are going to spend less

on them. You might, as we did with overtime and others, make a conscious decision that in terms of what matters - i.e. what happens to the people of London - we ought to be spending more on that.

Len Duvall AM (Deputy Chair): In terms of frontline you have your plans in terms of property and how you are going to do that. One of the issues that has come back on local policing is that we now have local neighbourhood policing spending too much time travelling to their destinations of work. They are on the buses which is quite nice visually for those doing it. In terms of these new merged areas, are we still sticking to one base per borough or are you moving off the one base per borough? What is the issue and how are we going to get the maximum hours of work out of the local police? In some of our boroughs you can spend up to an hour travelling from one part of the borough to the other, unless you are going to put them back in cars or back out on bicycles and I do not see many of those now. What is the thinking around that?

Craig Mackey QPM (Deputy Commissioner, MPS): To reassure you there quite a lot of bicycles in and around the centre of London so it is not completely gone. How many buildings, what they will be like and what the footprint will be is absolutely part of the debate in the estate strategy. If Martin Hewitt was here he would talk about some of the advanced conversations on whether we should be working out of other buildings as well, the sharing issue. I do not know the detail enough in Greenwich but there are other boroughs where we have already had discussions around, "Why can the neighbourhood team not work out of X or Y?" There is a whole range of potential solutions. It will not be a one-size-fits-all given the very different nature of the 32 London boroughs and the BCU groupings. You will see that emerge as we go through the summer. You can be more aggressive on estates if you want to be but you may have some of those disincentives of travel time and that sort of thing. However, if you do not take money on estates you have to take it somewhere else if we have some of the more challenging scenarios.

Len Duvall AM (Deputy Chair): I know BCU is generic but have we come up with a name for these merged boroughs, Area 51 or something like that, or going down the French system of Precinct 13?

Craig Mackey QPM (Deputy Commissioner, MPS): I was prepared for every other question but not that one!

Sophie Linden (Deputy Mayor for Policing and Crime): They are called East and North at the moment.

Gareth Bacon AM (Chairman): Thank you very much, Members. Thank you to our guests as well. That draws the discussion to a close. Thank you all very much for your time and for your answers.

Members, we will be revisiting this subject at our next meeting, alongside the Mayor's Budget Guidance in July. Potentially the funding formula will be known by then but it may not be. Can we note the answers given to the questions asked?

All: Noted.