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Stephen Greenhalgh

Deputy Mayor for Policing and Crime
MOPAC
10 Dean Farrar Street
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Date:

19 OCT 2012

Dear Stephen

2013-14 Budget Proposals

1. The purpose of this letter is to consult you before I prepare a draft component budget for MOPAC in accordance with the provisions of paragraph 2 of schedule 6 of the Greater London Authority Act 1999 (the GLA Act). It also allows me to describe in more detail the process for finalising my Budget and clarify requirements for your budget submission due on 19 November.
2. My draft component budget will not be prepared until after the Provisional Local Government Finance Settlement is published. This announcement will not be issued until some time after 5 December, when the Chancellor of the Exchequer is due to make his Autumn Statement. Therefore, although the intention is to issue my Draft Budget Consultation Document as soon as practical, it may be that this will not be until late December.
3. My original Budget Guidance issued in June was drawn up on the basis of a planning assumption of no change in the level of the GLA's Band D Council Tax precept in 2012-13 of £306.72. This starting baseline will be reviewed in due course in the context of my commitment to reduce the precept by at least 10 per cent over the next four years.
4. My Budget Guidance gave rise to savings targets which reflected assumptions on the level of Government grants and changes arising out of the Local Government Resource Review. However, there remains considerable uncertainty over the levels of available funding that are to be announced in December.
5. I have committed to allow MOPAC to have sufficient resources to maintain police officer numbers at higher levels than when I first came into office and have requested that your budget plans reflect this commitment. However, I am willing to consider a range of options that delivers on this commitment, ensures the safety of Londoners but that does not necessarily require a budgeted resource to finance police officer numbers at 31,957 over this administration.

6. Subject to considering any comments that MOPAC would wish to make, and subject to the Police and Local Government Finance Settlement, my present intention would be to prepare a draft component budget for 2013-14 that will require the GLA to pay MOPAC under Section 102 of the GLA Act 1999 an amount equivalent to:
- (a) MOPAC's share of the 2013-14 GLA precept, plus
 - (b) The amount of total funding provided via Government grant and any other grant funding that I shall determine which is included in the 2013-14 Settlement for MOPAC.
7. For purely illustrative purposes, I set out below indicative funding figures for MOPAC for 2013-14, together with comparative figures I issued in my Budget Guidance in June.

Description	Budget Guidance – Old Financial Regime – June 2012 (£m)	Indicative Figures – New Financial Regime – Oct 2012 (£m)
Total Funding Available:	2,953.2	2,953.2
Less:		
Specific Grants (policing)	340.0	340
Formula and Police Grant (Home office settlement)	1,944.9*	1,928.5*
Other grant funding (Mayor)	-	130
Council Tax Requirement	668.3	554.7

*The movement in forecast formula and police grant relates to the 2011-12 council tax freeze grant now paid via the Mayor.

8. The new indicative figures above show a reduction in MOPAC's Council Tax Requirement for 2013-14. This change reflects the impact of the localisation of Council Tax Benefit, the impact of which, the GLA will manage in setting the 2013-14 budget. However, it is important to stress that other than implementing my manifesto commitment to reduce Council Tax by at least 10 per cent over the next four years (which is not reflected in my current planning assumptions), it is anticipated that the Band D Council Tax levels set will remain the same.
9. Despite the change in the Council Tax Requirement, the indicative figures show that the total funding available to MOPAC is the same as my Budget Guidance issued in June. Accordingly, the savings target for 2013-14 I previously specified of £148.4m remains unchanged for MOPAC to prepare a balanced budget. Details of the indicative figures under the new financial regime are set out in the Appendix to this letter.
10. On the basis of the funding assumptions set out above, I require that you submit a full and final budget submission by 19 November, including proposals to fully balance your budget for 2013-14 and a report on progress on the audit shared service.

11. My Assistant Director - Finance has written separately to your Finance officers setting out the agreed format and templates for your budget submission. In order that my Budget Consultation Document can be prepared in a consistent and efficient fashion, I would be grateful if you could ensure that your submission complies with these requirements.
12. Please send the information specified in this letter to David Gallie, Assistant Director – Finance, at the GLA (david.gallie@london.gov.uk) by 19 November 2012.

Yours ever,



Boris Johnson
Mayor of London

Enc.

Cc: Sir Edward Lister, Chief of Staff and Deputy Mayor for Planning, GLA
Bernard Hogan-Howe QPM, MBA, MA (Oxon), Commissioner of Police of the Metropolis
Bob Atkins, Treasurer of the MOPAC
Tracie Evans, Director of Resources of the Metropolitan Police Service
Martin Clarke, Executive Director of Resources, GLA
David Gallie, Assistant Director – Finance, GLA

Appendix – Details of Indicative Figures under the new financial regime for MOPAC

Description	£m
Specific Revenue Government Grants	340.0
Home Office Police grant (General)	1,102.3
CLG Police Formula Grant (1)	826.3
Revenue Support Grant (2)	72.8
Notional Business Rates Retention Funding (3)	57.2
Total General Funding	2,398.5

Above table does not sum exactly due to rounding

Notes

- (1) This figure excludes £16.4m of the 2011-12 Council Tax Freeze Grant paid via police formula grant in 2012-13 which will be paid instead via the Mayor's revenue support grant and business rates retention funding in 2013-14.
- (2) This figure includes approximately £9.2m of the £16.4m 2011-12 Council Tax Freeze Grant share allocated to MOPAC and an estimated £63.6m of the Mayor's expected council tax support grant (which replaces the former DWP subsidy previously paid to the GLA via London boroughs).
- (3) This figure includes approximately £7.2m of the £16.4m 2011-12 Council Tax Freeze Grant and an estimated £50.0m of the Mayor's expected council tax support grant (which replaces the former DWP subsidy previously paid to the GLA via London boroughs).

The above figures assume that the GLA Group's start up funding for council tax support and the 2011-12 council tax freeze grant in the 2013-14 local government finance settlement will be apportioned between its revenue support grant and retained business rates in the ratio 56%:44% in line with the estimates included in the July 2012 CLG consultation paper on Business Rates Retention. This ratio may change in the provisional settlement.