

Witness Name: **Kit Malthouse**

Statement no: **First**

Exhibit: **KM10**

Date: 29 February 2012

THE LEVESON INQUIRY

Exhibit KM10 to the
Witness Statement of **Kit Malthouse**

Metropolitan Police Authority: Website archive

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Minutes - draft

These minutes are draft and are to be agreed.

Minutes of the meeting of the **Metropolitan Police Authority** held on 27 January 2011 at City Hall, The Queen's Walk, London, SE1 2AA.

Present

Members

- Kit Malthouse (Chairman)
- Reshard Auladin (Vice Chairman)
- Tony Arbour (Items 1-7)
- Jennette Arnold
- John Biggs
- Victoria Borwick
- Valerie Brasse
- Cindy Butts
- James Cleverly
- Dee Doocey
- Toby Harris (items 1-7)
- Kirsten Hearn
- Nell Johnson
- Jenny Jones (items 1-7)
- Clive Lawton (items 1-7)
- Joanne McCartney
- Steve O'Connell
- Caroline Pidgeon
- Amanda Sater (Items 1-7)
- Valerie Shawcross
- Graham Speed

MPA officers

- Jane Harwood (Deputy Chief Executive)
- Annabel Adams (Deputy Treasurer)

MPS officers

- Tim Godwin (Acting Commissioner)

- John Yates (Deputy Commissioner)
- Anne McMeel (Director of Resources)

56. Apologies for absence and announcements

(Agenda Item 1)

56.1 Apologies for absence were received from, Christopher Boothman, Catherine Crawford (Chief Executive) and Bob Atkins (Treasurer).

56.2 In noting the apologies for absence from Catherine Crawford, the Chairman informed members that she was that morning at Buckingham Palace receiving her OBE for services to the metropolitan police service. Both he and members asked that their congratulations be passed on and noted.

57. Declarations of interests

(Agenda Item 2)

57.1 No declarations of interest were made.

Resolved – That

1. **the list of memberships of functional bodies and London Borough Councils, as set out in the table above, be noted;**
2. **the gifts and hospitality received by members, as set out on the Authority's gifts and hospitality register, be noted; and**
3. **all members declare any other personal or personal prejudicial interests in specific items listed on the agenda over and above items listed in the table above and including any interest arising from gifts or hospitality received in the last 3 years or which are not at the time of this meeting reflected on the Authority's register of gifts and hospitality.**

58. Minutes: 25 November 2010

(Agenda Item 3)

58.1 Members considered the minutes of the Authority meeting held on 25 November 2010.

58.2 In considering the minutes, members asked that they only be approved subject to it being noted that agenda item 13 Policing London Business Plan – supplementary report should not have been considered as an exempt and that it be redacted and a revised version of the report be published.

Resolved – That, the minutes of the Authority meeting held on 25 November 2010, subject to the requested amendment be agreed and signed as a correct record.

59. Chairman's update

(Agenda Item 4)

59.1 The Chairman informed the Authority of a number of meetings/events that he had attended since the last meeting of the Authority.

59.2 The Chairman congratulated a number of MPS officers who had received New Year's honours. These included: PS Danny Hill (SO14) who received a Member of the Royal Victorian Order (MVO) for services to Her Majesty the Queen and PC Kenneth Cold (SO14) who received a Royal Victorian Medal (Silver) (RVM) for services to Her Majesty the Queen. Gary Pugh, Director of Forensic Services, who had received an OBE for services to Forensic Services and Dr Sanjoy Kumar, MPS Senior Forensic Medical Examiner, who received an MBE for services to police. The Chairman also congratulated DCSU Hamish Campbell, OCU Commander Homicide & Serious Crime, CSU Dominic

Clout (TP), DAC Rod Jarman (HR) and PC Ivor MacGregor (Havering Borough) all who had received a Queen's Policing Medal for services to policing.

59.2 He added that he would also like to congratulate Lynne Owens on her successful appointment as Assistant Commissioner Central Operations.

59.3 The Chairman then turned to a number of recent MPS successes which included:

- The smooth policing of the New Year's Eve celebrations in London and fireworks on the Thames, which had involved the deployment of 3,200 officers and 68 police staff.
- In order to improve communication with protesters, the MPS had successfully developed and distributed a leaflet to protestors to inform them what to expect from the police at the demonstration on 19 January and how to avoid getting caught up in violence and disorder.
- He congratulated the MPS Waste Advisor, who had been highly commended by the Mayor's Responsible Procurement Awards 2010 for her work establishing the Swap Shop Initiative.

59.4 The Chairman then informed members of meetings since the last Full Authority at the end of November that he had attended and these included.

- The Authority holding a highly successful national symposium on multi point entry to the police service in response to a recommendation from the Race and Faith Inquiry commissioned by the Mayor. He stated that he was delighted to welcome a broad range of speakers and delegates to this symposium, including the Acting Commissioner and the Policing Minister, who opened the event. From delegate feedback, it was clear that there is a strong appetite for change and he had publicly stated that, at the very least, there should be exploration of the possibility of a pilot scheme and the Mayor is supportive of this. A report is currently being produced and will be presented at the March full Authority.
- Attendance at the Police and Crime Commissioner Transition Board, chaired by the Policing Minister in mid January.
- Discussions had been ongoing to secure the maximum funds available for policing in London.
- Appearance with the MPS before the London Assembly Budget & Performance Committee as part of their investigation into front line policing in December. And with the Acting Commissioner at meeting with HMIC as part of their Police Governance in Austerity support and challenge programme.
- Attending the remaining MPA road shows and chairing the Joint Engagement Meetings (JEMs) with Islington, Hackney and Hillingdon boroughs since the last Full Authority.
- Attendance at the London Crime Reduction Board (LCRB) to discuss partnership working to combat violent crime, violence against women and girls, and reducing re-offending. The board would steer developments to enable local partners to plan, deliver and re-shape services towards better outcomes.

59.5 The Chairman informed members that a report would be submitted to a Strategic Operational Policing Committee on the issues related to the recent 'don't snitch' posters that were being circulated and associated matters, including how informants are treated and handled.

59.6 He also informed members that the Counter Terrorist and Protective Services Sub-Committee had considered the principle to the redistribution of the three national domestic violence extremism units from their current position within the structures of ACPO to sit within the governance and accountability framework of the MPS. He

confirmed that a report on these proposals would be presented to the appropriate MPA committee in March.

59.7 The Chairman concluded his report by reminding members that the date of this month's Full Authority, 27 January, is shared with Holocaust Memorial Day (HMD). It was on this date in 1945 that the largest Nazi killing camp, Auschwitz-Birkenau, was liberated. HMD remembers the victims and those whose lives have been changed beyond recognition of the Holocaust, Nazi persecution and subsequent genocides in Cambodia, Rwanda, Bosnia and the ongoing atrocities today in Darfur. As well as honouring the survivors, it provides opportunities to look at what's happening today and learn from the lessons of the past.

60. Petition

(Agenda item 5)

60.1 The Authority received a petition from Zain Sarder (Young Greens National Coordinator) which sought the MPA to ban the tactic of containment. The petition had been signed by over 1,400 people (of which there are over 100 who either live or work in the London area) and stated.

"We the undersigned call for the Metropolitan Police Authority to ban the tactic of containment (kettling) of demonstrations, where there is not the threat of violence between conflicting groups of protesters, as it damages the community's trust in the police and confidence in the right to protest."

60.2 The Deputy Chief Executive responded:

'Firstly, can I thank the 'Young Greens' for bringing this petition to the attention of the Authority. Any information, about public confidence in and public concerns about policing in London is of particular interest to us.

It is, I believe, generally accepted that the police should not use containment in situations where violence is not taking place or anticipated. However, the police must also consider other issues such as actual or potential widespread criminal damage in balancing the rights of protestors and the wider public.

I need to clarify that the Police Authority does not have any power to ban the use of this tactic since this falls within the Commissioner's discretion to make operational policing decisions. However, we do hold the Commissioner to account for the delivery of policing and we have debated the issue of containment on many occasions, in this meeting and through our Civil Liberties Panel.

Containment is legal if it is carried out in good faith, is proportionate and necessary and remains in place for no longer than is required. Additionally, Her Majesty's Inspectorate of Constabulary and this Authority have made recommendations about the use of containment including the release of vulnerable and, where possible, non violent protestors from cordoned areas and about the importance of communicating with demonstrators during any period of containment.

Both we and the Commissioner agree that the misuse of containment damages public confidence and is likely to deter some people from exercising their legal right to protest peacefully. We are seeking ongoing reassurances from the Commissioner that when this tactic is used it is done so legally; with reference to HMIC and MPA recommendations and that all possible alternatives were considered before its deployment'.

60.3 In accordance with MPA standing Orders Zain Sarder was invited to make any further comments. He stated that while containment, in very limited cases where potential clashes between demonstrators should take place, the majority of people were opposed to this tactic. He added that the use of containment of demonstrators on Westminster Bridge, where large numbers of people, many of them peaceful protestors, were contained for many hours in very cold conditions, was wrong and could have led to major injury or people falling into freezing water.

60.4 Members were invited to comment on the petition and comments included:

- In acknowledging that the police had to deal with a very violent and demanding demonstration some members felt that the use of containment was counter-productive and that there was a need for improved leadership and supervision of demonstrations.
- Some members stated that containment was often referred to as a 'last resort option', but members felt that there was no clarity around what the other options are and were they ever considered prior to implementing containment.
- Members also suggested that there was a need to fully understand what the alternative tactics for policing violent demonstrations, which may bring the use of containment into context.
- Members praised the development of issuing demonstrators with information (a leaflet) that outlined what options were open to the policing of demonstrations. However, some members felt that the information provided lacked clear detail around containment and that the language was poor.

60.5 The Chairman added that the MPS have to police a large number of demonstrations throughout the year most of which pass off peacefully. He thanked Zain Sarder for presenting his petition and suggested that the points it raised, and members' comments, could be considered by the Authority's Civil Liberties Panel.

Resolved – That the report be received.

61. Commissioner's report

(Agenda Item 6)

Performance issues

61.1 The Acting Commissioner presented a report summarising recent performance in the MPS, as well as operational and initiatives designed to tackle crime and make London safer.

61.2 Prior to presenting monthly performance figures, the Acting Commissioner took the opportunity to present performance figures over a ten year period, which coincided with the existence of the MPA. He stated house burglaries had fallen by 18% since 2000, that working with the motor industry, motorists suffer far less crime with theft of their vehicles down by 58% and that theft from vehicles came down 31%. He added that the MPS has taken high profile action on violent crime. Work includes: Operation Blunt 2 (tackling knife crime); school visits to highlight the dangers of youth violence and gang involvement; Operation Protect to deal with after schools violence; a website to deter youth offending; and a joint anti-weapons campaign by Operations Trident and Blunt 2.

61.3 The Acting Commissioner added that robbery had decreased by 32% and homicide was at its lowest rate for at least a decade with 16 incidents per million inhabitants. He added that during the past decade robberies had reached their highest level in 2001, and are now 32% lower, representing 16,000-plus fewer victims a year. He suggested that these reductions were achieved alongside the unique challenges of policing the capital city, including routinely policing over 4,500 events every year - and most recently a series of high profile protests - and preparing for a safe and secure Olympic and

Paralympic Games. Operational changes, such as the single patrol initiative increasing visibility and presence on the streets, and a raft of reforms in support functions are positioning the service to face the challenges of the next decade with a significantly reduced budget.

61.4 In relation to performance, the figures referred to in the report were for the period from April-November 2010 compared to April-November 2009. The Acting Commissioner also provided performance information for December at the meeting.

61.5 The Acting Commissioner in presenting the figures reported that Total Notifiable Offences were down with a total of 622,511 offences, 4,832 fewer offences than and continues to be the lowest level of total offences since 1998. Violence with Injury (VWI) was showing a reduction of -5.7% for the FYTD, which is 3,104 fewer offences. The Acting Commissioner informed members that the number of victims of Serious Youth Violence was also down, by 45 offences (-0.9%). He added that while these were small numbers that can fluctuate they were positive in terms of the hard work undertaken to help keep young people safe in London are paying off.

61.6 The Acting Commissioner also provided members with details on:

- Overall Gun crime down by -16.6%, 429 fewer offences (total of 2,152 down from 2,581) as were instances where a firearm has been discharged, which were down by -8.2% (47 fewer offences, total of 527 from 574).
- Knife crimes where a knife has been used to injure which were down -4.6%. That equates to 150 fewer stabbings on the streets of London.
- Other reported hate crimes which had fallen when compared over the same period as last year. Racist and religious crime is down by 913 offences (-11.7%) from 7,776 to 6,863 and homophobic crime is down by 49 offences (-4.4%) from 1,113 to 1,064 offences.
- Reported domestic violence had fallen when compared over the same period as last year. Offences are down by -4.9% a reduction of -1,963 offences from a total of 39,716 to 37,753 offences.

Counter Terrorism

61.7 The Acting Commissioner provided members with an update on counter terrorism. He stated that December saw some significant operational activity involving MPS Counter Terrorism Command. SO15 had been integral to December's CT network investigation leading to the arrest and charging of a number of people based across the UK for conspiracy to cause explosions and other offences.

Key Challenges

61.8 The Acting Commissioner then moved on to inform members of a number of key challenges and these included:

- a rise in Motor Vehicle
- Serious Acquisitive Crime which has shown a slight increase of 1%.
- An increase in rape – a 20% increase in reported offences, up by 409 from 2,047 to 2,456. Although a rape and serious sexual offences continued to be under-reported crimes.
- Teenage homicides – since the last meeting of the Authority in November there had been regrettably five deaths.
- Knife crime with overall knife crimes up by 4.9% which is driven by the increase in knife enabled robberies.
- Knife enabled personal robberies which had increased by 13% a rise in intimidated offences and threats (up by 22% and 12% respectively).

Other matters

Investigation into phone hacking

61.9 The Acting Commissioner informed the Authority that following new significant information, from News International, the MPS were re-opening the investigation into alleged telephone **hacking**. He confirmed that the Serious Crime Directorate, under DAC Sue Akers, would be conducting a rigorous investigation.

61.10 The Acting Deputy Commissioner, provided members with a brief background to previous investigations and confirmed that no new material had been uncovered in July 2009 and that following allegations made by the New York Times in September 2010, the MPS in conjunction with the Crown Prosecution Service (CPS), found no new admissible evidence. He reminded members that the MPS had always stated that if any new evidence had been found then the MPS would have conducted a new investigation.

61.11 The Acting Commissioner, in response to members, stated that he was confident in the MPS ability to carry out the new investigation and did not support the suggestion for an independent investigation. He also confirmed that the CPS would be providing advice to the MPS during the investigation.

61.12 In response to members' question about informing potential victims that their phone had or may have been hacked, the Acting Deputy Commissioner stated that whilst acknowledging their frustrations and concerns, the MPS were unable to release information gathered during a criminal investigation without a court order and therefore the individuals would need to seek disclosure by a court order. In noting this response, some members felt that the MPS should have relayed that message to those individuals. They also suggested that the MPS should consider establishing an informal advisory group, as done in high profile cases, to offer constructive advice about the conduct of a new investigation.

61.13 Members asked the Acting Commissioner to comment on relationships between investigation officers and staff at the News of the World. The Acting Deputy Commissioner stated that officers met with News of the World staff on a number of matters and the Acting Commissioner added that further details could be provided to members.

61.14 Some members raised concerns that initial investigations had not been given the priority it should have had and that this perception was mainly due to information on the initial investigation coming from the media and that details had not been shared with the MPA. It was therefore felt by some members that the new investigation needed to have everybody's confidence and that justice has been seen to be done. Therefore, some members questioned the MPS investigating and that it should be undertaken outside of the MPS. Some members also asked if during the first investigations if anybody had refused to provide help. The Acting Commissioner reiterated that he was very confident that the MPS investigation into the new allegations would be robust. The Acting Deputy Commissioner stated that he could not discuss or expose victims in a public forum without their permission.

61.15 Members asked if the new evidence was evidence that should have come to light during the first investigation or was constrained during it, but the Acting Commissioner stated that he was unable to make a comment on that at this stage. Members also asked to comment when rumour and speculation became intelligence and the Acting Commissioner clarified the process on how evidence is gathered.

Undercover policing

61.16 The Acting Commissioner reported to members that he had appeared before a Home Affairs Select Committee to apologise for inadvertent misinformation that the Committee had received last year in relation to undercover operations and that the Select Committee were content with the explanation.

61.17 He confirmed that in relation to media reports about a MPS officer on secondment to Nottingham Constabulary, this matter had now been referred to the IPCC for

Investigation and he anticipated that they would be reviewing aspects of management of officers seconded to the National Public Order Intelligence Unit (NPOIU). He also confirmed that another incident dating from the late 1990's that involved an MPS officer was being investigated by the MPS's Directorate of Professional Standards.

61.18 The Acting Commissioner was aware that a number of members had received a briefing on the deployment of undercover officers and he reassured members that the majority of undercover officers were deployed to operations against serious criminal activity and counter-terrorist activities.

61.19 The Chairman noted that a member had submitted a question on this matter and agreed that it should be put to the Acting Commissioner.

61.20 The question asked that following the recent court case involving covert activities, members asked what role/oversight had the MPS had, if any, in the covert activities of Met officer Mark Kennedy, during his secondment to the National Public Order Intelligence Unit? Members added when the work of the NPOIU is transferred to the MPS, what scrutiny and democratic accountability would be put in place to ensure effective oversight?

61.21 The Acting Deputy Commissioner suggested that there was a vacuum in the governance of NPOIU, particularly around developing intelligence and confirmed that there had been negotiations from the MPS to undertake this governance. The Chairman confirmed that this was being looked at by the Finance and Resources Committee in March. In response to members' concerns about the definition of domestic extremism, the Acting Commissioner confirmed that there was a HMIC review and that IPCC would be reporting on individual conduct matters. Regarding the MPS not knowing that undercover activity had been authorised the Acting Commissioner stated that public order commanders often only received sanitised information nor did they always know the intelligence source.

61.22 The Acting Commissioner was asked to provide members with the number of undercover police officers that had been deployed during the G20 and student demonstrations. The Acting Commissioner said that he could not provide that information in a public forum. He added that transfers to the NPOIU were made in the MPS and national interest.

61.23 Members asked the Acting Commissioner to comment about the definition of an undercover operation and if there was mission creep with security service work. The Acting Commissioner stated that this had been covered in the recent members briefing, together with issues of officers having to become unprofessional or unlawful. He agreed to arrange for this information to be shared with those members that had not attended the briefing.

Issues raised by members

61.24 Members had submitted a number of questions in advance of the meeting.

61.25 In order to allow full consideration of a number of other items on the agenda a number of members agreed to receive a written response to their questions to the Acting Commissioner. These included the submitted questions on:

- Flexible hours
- Youth attitudes to law
- Deaths after police contact
- ACPO Value for Money
- Student Protests
- Project Herald
- City Airport

Forensic Science Service

61.26 Members asked the Acting Commissioner what did he think would be the long and short term effects of closing the Forensic Science Service (FSS) on justice and crime in London? He was also asked if he could give practical examples of ways in which the service is likely to be improved, weakened and/or altered.

61.27 Members also asked if there was a general consensus amongst police, who have had to work with the FSS, that the current system was inefficient?

61.28 The Acting Commissioner stated that the MPS were working with the Home Office, ACPO and other organisations to manage this change and any risks. He added that the focus would be on the timeliness and quality and that the MPS was reviewing how FSS are delivered. The Acting Commissioner stated that there was currently a very competitive market, which should drive down costs.

ACPO Value for money

61.29 Members asked the Acting Commissioner to comment on possible changes to the role of ACPO and he thought ACPO was value for money.

61.30 The Acting Commissioner suggested that the government was currently reviewing ACPO's role. As the ACPO Criminal Justice Business Area Lead Criminal Justice lead he felt there had been huge benefits of working alongside ACPO. He added that the ACPO coordination function provided value for money and provided a national professional voice and that ACPO could possibly fill NPJA roles.

61.31 In response to some members about the status of ACPO as a public limited company, the Acting Commissioner stated that this would form part of the review

Guidelines

61.32 Members asked for an update since, previous questions on practical steps have been made to reduce the plethora of police guidelines?

61.33 The Acting Commissioner explained that in September 2010 ACPO and the NPJA had agreed a new approach of 'Authorised Professional Practice'. He said that in support of this ACPO had carried out a full review of existing guidance to reduce the volume. Regarding the MPS he confirmed that a review of guidance was taking place and discussions taking place with partners including seeking support from partners such as the Sentencing Council, to help achieve this a sensible usable product. Members asked that in parallel to this work, a 'bottom up' approach also be taken to ensure practices are embedded.

Safer Neighbourhood Teams

61.34 The Acting Commissioner was asked how many sergeants are there currently in Safer Neighbourhood Teams (SNT) across London, and how many have you budgeted for next year. He was also asked what plans were there for the use of Special Constables within Safer Neighbourhood Teams?

61.35 The Acting Commissioner confirmed that there were 630 sergeant posts in SNT, with an expected 5% vacancy factor due to the normal churn of personnel. He added that the planning assumption was that there would be a reduction in SNT supervision costs over the next three years. He clarified that the supervision structure was very high and the MPA SNT Review was considering this issue. He confirmed that the plan was to reduce the number of sergeants by 100 in 2011/12 and then a further 200 by 2012/13.

Update on investigation into the attack on vehicle carrying members of royal family

61.36. Members asked when the MPS internal inquiry into the attack on the car containing the Prince of Wales and Duchess of Cornwall on 9th December 2010 would be shared with the MPA. What were the outcomes of this inquiry, and what lessons learnt?

61.37 The Acting Deputy Commissioner stated that the details of the review had been shared with the MPA Counter Terrorism Sub-Committee. He clarified that the broad

issues where lessons had been learnt were in relation to the planning process, coordination and protection in a public order dynamic environment.

Containment of demonstrators on Westminster Bridge

61.38. Following the containment of demonstrators on Westminster Bridge on 9 December 2010, Members asked the Acting Commissioner what assessment had the MPS made of the safety risks to demonstrators prior to containing them, did any risk assessment change during the containment and did he agree with reports that indicate that those contained in this incident were crushed and held in an unsafe and extremely dangerous environment?

61.39 The Acting Commissioner explained events leading up to the containment on Westminster Bridge and the associated risk assessment which was undertaken. He confirmed that the risk assessment had included the use of the Marine Support Unit (MSU), mobile CCTV and Air Support Unit (ASU) and that those in the containment had been constantly monitored and there was an immediate release plan if it became necessary. Regarding any injuries to demonstrators he added that two female demonstrators who had fainted were removed and received treatment.

61.40 Members asked if the MSU had been deployed due to the risk of people falling off the bridge and the Acting Commissioner stated that the MPS were just deploying the relevant assets. He added that he could not give assurances that containment on bridges would not happen again.

61.41 In relation to this question members asked what advice officers are given regarding disabled people; as they felt that there was a community feeling that disabled people would not be safe at protests. The Acting Commissioner confirmed that this issue was covered in Level II Public Order Training. The Acting Commissioner thanked members for community contacts, specifically those from the disabled community, which he was sure the MPS seek advice from to reassure members from that community when attending demonstrations.

61.42 Those issues that the Commissioner undertook to report back on to members have been circulated in the form of an addendum report and are appended to these minutes at Appendix 1.

Resolved – That the report be received.

62. Policing London Business Plan

(Agenda item 7)

62.1 This report was not circulated within the statutory five working days and therefore the Chairman agreed to receive it as urgent. The grounds for urgency were that the Plan paper was late in being produced due to the ongoing work to try and bridge the budget gap. The report needs to be considered at this meeting in order that the Authority can respond to the Mayor's consultation on the budget for which the authority has already been granted an extension.

62.2 Members received a report that outlined amendments to the draft Policing London Business Plan 2011.

62.3 Members in noting that a considerable amount of work had been undertaken on the Plan did not feel that it included enough detailed information for members to give it proper consideration. Members felt that the headline figures needed to be supported by specific details and there was a need for further discussion on the key performance indicators.

62.4 The Chairman, in noting member's comments reminded them that Budget guidelines had been issued requiring a draft budget to be submitted to the Mayor by end of September 2010. The Authority had negotiated an extension to the end of November and that no further extension could be negotiated as the information was needed to inform the statutory consultation process. He added that at the meeting in November the Authority agreed that the draft proposals could be submitted to the

Mayor in support of his consultation timetable but that they were neither endorsed nor approved by the Authority. The Mayor had now gone out to consultation and the MPA were now required to submit a response to his consultation. He informed members that should have been done already and that the responses to the formal consultation process would then be used to inform the final GLA budget that will be presented to the Assembly in February.

62.5 In noting the timescales for submission of the budget, some members remained dissatisfied with the level of detail in the report and felt that they could not endorse the recommendations without this information.

62.6 The Chairman in noting members' views suggested that officers could arrange a lunchtime briefing for members to be able to discuss key performance indicators and a further informal briefing meeting on the budget before the February Authority meeting.

62.7 In light of members comments it was agreed to amend the recommendations in the report to reflect this.

62.8 Caroline Pidgeon and Dee Doocey requested that their agreement to the amendment to the recommendations in the report be noted.

Resolved - That

1. **Members noted the amendments to the Policing Plan since submission to the Mayor in November 2010, principally on the revised budget gap following the Police Grant Settlement and the publication of the Mayor's draft budget for consultation. However, in noting the amendments members agreed that the papers reflected the work in progress on the preparation of the budget and that it be submitted to the Mayor's office to comply with the legislative requirements, while recording that the contents are neither agreed nor endorsed by the authority as further details are still required. In addition, the transcript from the authority has been included, as part of the submission, in order that the Mayor is clear of the issues raised by members in response to the consultation document (and is also given at appendix 2 to these minutes);**
2. **Approve the amended MPAs response to the Mayor's draft budget proposals as contained at Appendix 3 and**
3. **Note that this report has been shared with the Mayor pending formal consideration of the budget and business plan by the Authority.**

63. Policing and Social Responsibility Bill

(Agenda Item 8)

63.1 This report was not circulated within the statutory five working days and therefore the Chairman agreed to receive it as urgent. The grounds for urgency being the need to include in the report the up to date details of the committee stage of the Bill, which commenced on 17 January 2011.

63.2 A report was received that provide members with an update on the progress of the Police Reform and Social Responsibility Bill and a brief overview of plans that had been put in place to deliver the implementation of the Mayor's Office for Policing and Crime and the abolition of the Metropolitan Police Authority.

63.3 Members noted that update reports on the Bill would now form part of a standing item on the agenda of the Strategic and Operational Policing Committee and the Chairman agreed to also seek other members' advice, in addition to the membership of the Business Management Group on developing/implementing of the proposed MOPC.

Resolved – That the report be received

64. Treasury management half year review 2010/11

(Agenda Item 9)

64.1 Member considered a report that invited them to review treasury management activity for the period 1 April 2010 to 30 September 2010 and approve amendments to the MPA investment counterparty list and prudential code indicators.

Resolved - That

1. **the half year review of the Treasury Management function and the 2nd Quarter update be noted**
2. **the statement of assurance from the Treasurer and Director of Finance be noted.**
3. **The amendments to the MPA counterparty list for investments as flows be approved :**
 - **Increase the individual lending limit for UK counterparties from £30m to £35m, as set out in paragraph 21 of this report**
 - **The addition of Clydesdale Bank to the counterparty list, as set out in paragraph 22 of this report.**
4. **to raise the prudential code limit on variable rate borrowing from 15% to 30%, as set out in paragraph 26 of this report be approved.**

65. External Audit Annual Audit Letter 2009/10

(Agenda item 10)

65. The Deputy Treasurer reported that the District Auditor had submitted the annual audit letter for 2009/10 and that the letter had been submitted to the Corporate Governance Committee in December 2010, which it was recommended that it be formally received by the full Authority for approval.

Resolved – That following consideration by the Corporate Governance Committee, members receive the external auditor's letter for 2009/10.

66. Reports from committees

(Agenda item 11)

66.1 The Authority received a report outlining key issues that had been considered at recent Authority Committee meetings. The report covered the following meetings:

- **Joint Strategic and Operational Policing/Finance and Resources Committees – 11 November 2010**
- **Strategic and Operational Policing Committee– 11 November 2010**
- **Finance and Resources Committee – 18 November 2010**
- **Corporate Governance Committee – 2 December 2010**
- **Strategic and Operational Policing Committee– 9 December 2010**
- **Finance and Resources Committee – 16 December 2010**
- **Communities, Equalities and People Committee – 6 January 2011**

66.2 Members were asked to consider a recommendation from the Strategic and Operational Policing Committee to amend the terms of reference of the Professional Standards Cases Sub-Committee.

Resolved – That

1. **the report be received; and**
2. **the amendment to the terms of reference of the Professional Standards Cases Sub-Committee as outlined in the report be agreed.**

67. Any other urgent business

(Agenda Item 12)

67.1 There were no items of urgent business.

The meeting closed at 1.40 p.m.

Appendix 1

Addendum to the Commissioner's report

Report by the Commissioner

This report follows up on the actions and commitments made verbally by the Commissioner at the Full Authority meeting on 27 January 2011.

The Commissioner committed to provide an update to Members on the following issues:

- Written response to questions from Members
- Telephone **hacking**
- Undercover Policing

Written response to questions from Members

1. Members asked for written responses regarding the below questions

- Flexible hours
- Youth attitudes to law
- Deaths after police contact
- Police bonuses
- Student Protests
- Project Herald
- City Airport
- Special Constables within SNT

Responses sent the MPA on 2 February 2011.

Telephone hacking

2. The Commissioner agreed to provide Members with details meetings between Investigating officers and the News of the World. Information to be sent to the MPA.

Undercover Policing

3. A further informal briefing to Members regarding undercover policing is planned on 5th May 2011. A brief response to a specific question from John Biggs will be provided to the MPA by 22 February 2011.

Report author: Zara Ryder, Strategic Relationships, MPS

Background papers None

Appendix 2

Extract from transcript of the MPA full Authority meeting held on 27 January 2011

Kit Malthouse (Chairman): OK, great, thanks for that. Does anybody have any other questions on the Acting Commissioner's report? No, OK.

We will move on to our next item, which is the Policing London business plan. First of all, some words from me, first on process. I owe you all an apology. It is entirely my fault that the papers for this budget were issued so late. It was a function of the fact that in agreeing this budget this year, as I know you will appreciate, we have been faced with an extremely difficult situation, both in terms of the decisions that are having to be made, but also in terms of the timing, in that the Government settlement and the

timetable around the budget has been extremely tight, and even now, we still do not have complete clarity on where we are, both in terms of final grant settlements for counter-terrorism, Dedicated Security Posts (DSPs) and one or two others. We still have some uncertainty from local authorities around third party income, as well as dealing with some unexpected items which arose at the last minute, not least the Europe, the Middle East and Africa (EMEA) cuts being made permanent and the grant settlement increasing our gap. All of that meant that the negotiations required both with the Government and with the Mayor and between the authority and the service dragged on and on, because there were some very critical decisions that needed to be made in terms of presenting some indications to you today of the direction of travel on the budget. That did not conclude until late last week and hence the work required to put the papers together meant that their issue was a delay. That is entirely my fault. I held them back to make sure that what we presented to you was as complete a picture as possible, so apologies for that.

Secondly, also because of that delayed timetable, you have not - and a number of Members have pointed this out to me, quite rightly - been provided with the detail at this stage that you have been in the past. Now that the work is moving towards completion on the budget - and this is not the end of the process, do not forget, I will talk about that in a minute - that detail in terms of the savings and growth can be made available, because what we are doing today is not agreeing the budget, but agreeing the response to the Mayor's consultation. Following the meeting today, if we agree or if we do not agree, there will then be a joint meeting of the Finance and Resources (F&R) and Strategic and Operational Policing Committee (SOP) on 10 February, which will look in detail at the budget. It then comes to the full authority in February for final approval. That will be after the Mayor's draft budget has been issued, so we will have some clarity from City Hall in terms of where we are on that budget. As I say, the Mayor's negotiations on his budget are still ongoing, and hence our fate is not entirely sealed either from that point of view. So all we are doing today is agreeing the response to the consultation. The Mayor then issues his draft budget, which is presented to the Assembly on 10 February for consultation and he does not finalise it until later in the month. So in terms of process, that is where we are, and the apology and the fault is all mine in terms of the delay.

The second thing I would just like to say is to reiterate to you that although it has been delayed, there has been a huge amount of work over the last six to nine months by a number of Members of the authority, and indeed, officers and senior staff at the service, and I am extremely grateful. It has been very difficult, and much more difficult than any budget round that I have been involved in terms of the level of detail. Chairs of committees, notably Steve, Reshard, Faith and others, Graham on estates and one or two others who have been involved in the process as appropriate have put in a huge amount of work, and we have been through the process line by line over the summer, growth and savings, making sure that we were in good shape. That has resulted in the broad indication of the numbers where you are.

Just in terms of the overall thrust of what is being presented to you today, it has been agreed by the authority at previous meetings that our overriding ambition was twofold: first of all, to maintain operational capacity, particularly in the light of the approaching Olympic Games, but some of the crime charges being faced by the City, and that meant seeking to maintain police officer numbers in particular where we could, but also a secondary ambition was to reduce the number of managers and administrators and increase the number of doers, people out on the frontline, whatever that may be, to make sure that that operational capacity, that public-facing operational capacity and that crime-fighting operational capacity was maintained. There are a number of changes that have enabled us to do that more effectively, not least the removal of the ring-fencing on some particular grants and you will see in terms of the numbers that are presented to you the forecast on Police Community Support Officers (PCSOs) and staff

numbers across the piece does go some way - or goes a long way - towards maintaining that capacity and fulfilling that ambition. Getting there has not been easy, and there have been a lot of decisions that need to be taken, some of which we discussed at our last authority meeting, not least around borrowing, around our reserve strategy and one or two other issues which have been incorporated into this paper.

You will remember that at the last meeting, we were presented with a gap in the budget and we agreed at that meeting that we would go away and look at certain measures that we could take to close that gap. Pleasingly, the gap has now been reduced very significantly, but we still face a budget gap of about just under £12 million, which on a budget our size is actually a huge achievement. As I said, negotiations are still ongoing about closing that gap, not least with the Government and with the Mayor about their contributions to what we do, not least around the Olympics and one or two others, and I am confident that we will be able to reach a conclusion on those before we come to the February meeting, when we will be completing the budget.

Overall, there will always be issues of detail, which as I say will be provided where people may make finer judgements about the odd Detective Inspector (DI) here or there, or where certain units should be or whether they should be amalgamated or not, but the overall thrust of the budget I think is extremely positive and we are in a much better place budgetary-wise than many other forces across the country in terms of our ability to maintain that critical capacity out on the street. So on that basis, I commend the report to you with the apologies and the caveats that I have put in place, but as I say, just to make clear that we are not agreeing the budget today, we are just agreeing a response to the Mayor for him to enable him to issue his budget on 10 February for consultation, pending final agreement and ratification of the detailed work that will need to take place in committee and at this full authority in February. So that is it from me. Tim or Anne, I do not know if you wanted to say any words of introduction or whether we should just go straight into questions.

Tim Godwin (Deputy Commissioner, MPS): I think you covered it, perhaps.

Kit Malthouse (Chairman): OK. Dee?

Dee Doocey (AM): Yes. First of all, can I say that I am completely sympathetic to the process that you have had to go through, because of the delays in grants and I do not for one second underestimate the amount of lack of sleep that Anne and her team must have had. So I understand all that. However, we are a scrutiny body and it is our duty to scrutinise the budget which goes forward in our name. You have just said that we are not being asked to agree the budget today, but just to agree, I think it is appendix 3, the Catherine letter, it contains a paragraph that says,

"The MPA/MPS has considered a number of options for reducing the core budget gap of £61 million. These options are set out in the attached support and have been approved by the authority."

The difficulty is because we have not had anything other than headline figures and we have not had any of the detail that are underlying these headline figures, how do we know first of all if the £61 million should be £200 million, because we simply do not know, and how on earth could we possibly agree that that is correct or not correct? My prime concern, I do not know who takes the decision about what information is given to what they have sent out, but if the information was not available, I would understand, but there is no way that the finance team can produce headline figures without having the underlying information, because the summary sheet follows the detail sheets. This is not about getting into the detail and wondering if it should be a DI or a Detective Sergeant (DS); that is not relevant.

I have got particular problems with the recommendations 1, 2 and 7 and if I could just very briefly go through them, recommendation 1 asks us to note and comment on the amendments since November, but the plan that went through in November was not agreed by the authority, because the up-to-date figures were not available, so I cannot

see how we can possibly comment on a paper which was not agreed. That seems to me to be very, very odd.

Recommendation 2 asks us to note that the budget maintains operational capacity, but we simply do not have the information on which to base this assumption or on which this assumption is based. For example, one of the few pieces of information we have got is a table that shows territorial policing going down by £56 million this year and a proposal that it will be reduced by a further £50 million in the next two years. Now, that may well be a very sensible suggestion, but without having any clue as to where these reductions are supposed to come from, I cannot possibly say whether that is possible, so I cannot see how we could possibly do recommendation 2.

Recommendation 7 is the Catherine letter which I have already referred to. My other point, and it is something that concerns me, but it might not concern other Members, I understand, and indeed you have also reiterated what we already knew, that a number of people from this authority have spent a lot of time on this, I think you said over the summer and since then, and have put in a lot of work and that is great. However, there does seem to me to be a situation whereby some Members have been totally and fully immersed in this and involved in it, and others of us have not been involved at all. Now, I am not suggesting for a second that the budget is dealt with by committee, which would be a complete disaster, but I do think there is a little coterie of people in the know who have had the opportunity to look at all of these things in detail, and then there is the rest of us, who have been given headline figures with 24 hours to look through them and been asked to recommend and to accept these recommendations. I simply, personally speaking, would not feel able under any circumstances to agree this, and I shall vote against it, which I think is a great shame, because it was not necessary.

Kit Malthouse (Chairman): OK. Two things: first of all, it is the nature of the authority that detailed work is often done by smaller groups than the entire authority, so for instance, you are deeply immersed in Olympics funding, no one knows more details about that than you.

Dee Doocey (AM): Yes.

Kit Malthouse (Chairman): The philosophy of the organisation is that because of the nature of the organisation, we delegate that authority to you and your committee agrees those business cases in detail and then reports up to the authority in headline terms. That is just the nature of the way it works and we do the same with the budget in terms of finance and resources. The Chair of the Financial Resources is delegated with the same authority that you do in terms of agreeing it. Having said that, you are quite right.

Dee Doocey (AM): Sorry, can I just come back on that point, because the fact that the committee that I chair has got delegated authority to do things has been through the authority and has been agreed, and everyone around this table knows who the Members are knows that authority. What I am saying is this is an ad hoc committee that nobody knows about and nobody knew was happening until you have just announced it today. I think there is a slight difference.

Kit Malthouse (Chairman): Well, I think that is a little unfair, since we have done exactly the same thing for the previous two years and have reported.

Dee Doocey (AM): I complained in the previous two years as well.

Kit Malthouse (Chairman): In any event, you are quite right. The timing is not ideal and we have not been given the time that is normally required and it has not been done on the usual timetable. So we are in a bit of a bind, frankly. What I am saying is that in many ways, in terms of the budgetary process, we are going through a formal process now which is not entirely necessary, really. The detailed work will come at the F&R and SOP and then we will agree our budget in February. We have shared information informally with the Mayor to allow him to put his budget together. There is no reason why we cannot do that. We can put in Catherine's letter, if you wish, a line that says, "We have not yet had, as Members, enough detail to allow us to properly scrutinise this,

and as long as you are aware of that and that things may change, this is the general direction." But as I say, this has been a both delayed and odd budget process in terms of the fact that things have moved, may still move, so to get into the process has been a bit of a game of musical chairs, and I am afraid this is the best that we have been able to do. So I can only apologise again. Toby was next.

Toby Harris (AM): I am moving the discussion on, which may be your idea, Chair, but I wanted particularly Anne McMeel to comment on what she regards as the risks in terms of this particular budget. It seems to me obviously various judgements have been made, judgements about reserves and so on and so forth within it. It would be useful just to get a statement from her now and perhaps something further when we look at this in more detail on what are the biggest risks in terms of delivering this budget, given the assumptions that are being made within it.

Kit Malthouse (Chairman): Anne?

Anne McMeel (Director of Resources, MPS): Yes, Chair. Clearly this is a particularly difficult budget at the start of the current spending review round over the next four years, and some of the risks are that we got information very late. As you can see from the movement from November, we had some big changes in what we thought was a gap that we were bridging going forward. In terms of finance, which is the main risk that I would be looking at, the risks are that it is a large programme of reductions that we are trying to move through the organisation. Quite rightly, we are trying to keep the focus of those reductions on shifting our costs out of inanimate objects and reducing down our business model, and as has been said, to try and protect the operational capability of the organisation. In an organisation as large as the Metropolitan Police Service, actually shifting some of those costs out and getting those programmes in place to deliver can take a considerable amount of time.

Having said that, a number of the areas that we have focused on are programmes of change that as a service we started looking at two or three years ago, because we knew that whatever happened and whichever Government was in place coming through into the next spending round that there was going to be a tightening fiscal environment within which we worked, and even if there was not, we wanted to be able to shift our resources into areas of operational capability and therefore if there was growth to be had, that we could still reduce down our overall costs in terms of running the business in order to put that resource back out into those frontline services. So in that sense, we are in a good position, ie better position than we would have been. I think we have been very careful to try and build in some resilience into what are ambitious targets in terms of delivering savings. So we have given the business groups those targets, but are holding within the proposals in front of Members today some resilience centrally, because we feel that there are higher risks in some areas than in others. As is always the case in a budget like this - and I would say particularly this year - we have had to make planning assumptions in terms of the scale of reduction that we can make and the timing of implementation, and indeed, as has been said to Members before, a number of the areas that we have had to make those planning assumptions are subject to ongoing reviews, and we do not yet know the outcome of those reviews. So we have built in some resilience, but we have given some very ambitious targets to the service to actually start delivering on these reductions.

What I would also say, and particularly given some of the issues that have arisen since November, which are explained in the report, in order to move the gap down from the £61 million to just about £12 million, we have had to look at financing changes to current policy, and one of the things that we are asking the authority to look at is the current policy of holding a general reserve at least at 2% of net revenue expenditure. Now, if I had been in the authority five years ago or in the service five years ago, I would probably not have been asking the authority to look at that, because we did not have the resilience in our balance sheet in terms of earmarked reserves in terms of some of the risks that we carry. We think, as a service, at the moment that we could

take that risk in terms of bringing down the general reserve balance to about 1.5% against net revenue expenditure on the basis that we do have better internal control in place within the service now. We have better controls in terms of ensuring delivery on what we say that we are going to do on some of these programmes, and we have built up some earmarked reserve resilience in terms of known operational or business risks to us.

One of the other risks that we have said within the proposals in front of the authority now is that whilst at the moment we are forecasting to be broadly on budget this year - and Members will remember that was having to deal with a £28 million reduction in year because of in year grant loss - we are saying that as a service in this last quarter of the year, we will start taking positive management action to try and drive down those costs and generate an £11 million under spend in the current year in order to help protect the position over the next three years.

The other one I suppose we have said to Members is that we, at the moment, do invest to save and some of our programmes have changed through revenue contributions to capital, because we are never quite sure at the start of the year what the split is going to be between capital and revenue on some of the programmes that we are taking forward. What we have agreed with the Chair is that in the current year, we were looking at a revenue contribution of about £28 million to capital, and what we are suggesting is that we could actually borrow for £20 million of that and therefore release that revenue to support the revenue position over the next couple of years.

As I have said, all of those are managing our financial risk. The risk that we have is that we do not introduce new programmes of change to deliver permanent cost reductions over that three-year period in terms of replacing those financial mechanisms by real cost reductions. The reason why we are and have been working with the authority with this package, I would say two things on that. One is that the service is very clear about what it needs to do over the next three years, but as I said earlier, it can take a while for us to get from concept to delivery on some of these programmes, because they are just big programmes, and therefore this gives us that space to actually get the next wave of change programmes in place and delivering. I would also say as well that we will not be in this position next year, because we will have a much better idea than we do now over what our financial framework is going to be over the next four years, which we have not in this current year.

The other issue that I would say in terms of the risks that we are carrying on some of the things that I have mentioned is that we are using that resource over three years and therefore if our planning assumptions do not turn out to be quite right, we have not used all of our resilience financially in year 1, it gives us the ability to look at how we are moving it forward into years 2 and 3, and of course we will be monitoring this very closely as we go forward to ensure that spend is in line with what we are talking about in terms of the budget, and we are looking at how we can change some of our monitoring arrangements to get a much better linkage into some of these big change programmes versus subjective spend.

Could I just make one comment about the comment that I think has been alluded to about us not including business group information here? That was a decision that we took at this point and it is partly in fact, it is wholly - because whilst we can see at the moment what our position is subjectively across the group, we have had to put some health warnings against that, because we still do not know some of the implications of specific grants and other income streams like that. I know it does not help Members, it does not help me in this sense, but actually, those specific grants cut across all of our business groups, so I would have to so heavily caveat anything that I gave you as a business group at the moment until we have actually built up the budget in detail on that that we have not provided it at this point in time. If Members want it with the caveats, we can certainly provide it as it is at the moment for 10 February, but with the proviso that it could change substantially between now and March, when we bring back

the final version of the budget, but in terms of financial risks and management, I hope that has helped. What I would say is that the processes within the Metropolitan Police Service are much stronger now in terms of having a very clear focus from the management board down as to what has to be delivered on these, and monitoring what we are doing so that we can have some surety of delivery.

Kit Malthouse (Chairman): Yes, thanks, Anne. There is a helpful paper from Bob [Atkins] and Annabelle about robustness and estimates, which we thought would be a useful illustration to you of where we are. Caroline?

Caroline Pidgeon (AM): Yes. Following on from what Dee said, really we are a scrutiny body, but also a decision-making body. I think if I were to make a decision today, given what everyone has said, there are issues within the paper, things I am concerned about that I do not really want to support today. There are issues around the Basic Command Unit Fund, basically saying, "Well, all that work will have to stop, as it has now been mainstreamed." Actually, that is a lot of partnership work; there is a lot of diversion work. I have concerns about that. I am concerned following my question earlier that your assumptions are you are halving the sergeants and Safer Neighbourhood Teams, which are really supported by local communities, despite the fact your consultation process is still ongoing and our scrutiny is still ongoing, which is why I knew from the start not to go on that, because the decision had already been made and this is just trying to have the paperwork and paper trail to actually justify it. As Dee has already mentioned, over £100 million is coming out of territorial policing, yet we are supposed to say the operational capacity, as far as practical, is being maintained. We do not have the evidence to show us that and that is a huge concern for us. Given the comments Tony was making earlier about Association of Chief Police Officers (ACPO), actually how much do we fund ACPO?

Kit Malthouse (Chairman): £185,000.

Caroline Pidgeon (AM): Well, maybe I would like us to have that as an option to take that out of our budget. I am not sure that really is value for money.

Kit Malthouse (Chairman): There is an option to increase the MPA savings by that amount.

Caroline Pidgeon (AM): So I think that there are lots of issues like that in here. There is also the issue of Key Performance Indicators (KPIs) we were asked to look at, and I am quite concerned, particularly around sexual offences, in that area, and I am sure we will have a greater debate about that at some point. You suddenly said today do not worry, you are going to make the decision on 10 February. Well, 10 February, Assembly Members here are spending the day looking at the Greater London Authority (GLA) draft budget through a plenary. We are not going to be able to get to a joint SOP and finance meeting at 2pm. We just will not be able to get there, so we are not going to be able to.

Steve O'Connell (AM): You will be able to get to both. I will have to be at both.

Caroline Pidgeon (AM): Well, we cannot get to both. Well, one will have to be a lot later, because it does go on.

Steve O'Connell (AM): Clearly, there is time for you, Chair.

Caroline Pidgeon (AM): I was speaking, actually, Steven. It does go on throughout that day, that meeting, it is not just a morning meeting, because I remember last year having to shift something I had in the afternoon with the Chief Executive of this place. We were going to speak at something at 2pm and we could not.

But finally, I am not happy with this. I will not be able to support it today and I am going to be asking for a named vote so that can be properly recorded in the minutes at the end of the meeting.

Kit Malthouse (Chairman): OK, thanks. Jenny has gone. Graham?

Graham Speed (AM): Yes, thank you, Chair. Four points, if I may, but I think first of all to start off by saying that clearly overall we are in a very difficult position. We have a scrutiny role and we have a decision-making role, and as you would have said previously, there is a conflict in there somewhere, but nevertheless we have got to

progress matters. Whilst I can see that there are still things to talk about, there has been a huge opportunity to discuss and review this at the various meetings, joint meetings, full authority briefings that get us to this stage, and clearly it is a dynamic situation that we are in. It is unfortunate we did not have the papers earlier, but it is as dynamic as that, the information, and that is what we have to work with.

The first of the four points relates to paragraphs 22 and 21, and to pick up on Anne's point following Toby's question, and that is in relation to the use of reserves. It does make it quite clear that there is no statutory guidance, but the Chartered Institute of Public Finance and Accountancy (CIPFA), which is the best guidance I suppose we are going to get, is talking about a 2% to 5% range. Hitherto, we have talked about 2% and we are now talking about going to 1.5%, so we are taking a 25% reduction in our reserves, and I think Anne made the point that a few years ago she would not have been suggesting that, but I have some anxiety about a reduction of that sort of level. It does not allow us much of a margin, it seems to me, with further difficulties that may yet arise. There is an argument to say that reserves are there to be used on a rainy day and this is certainly a rainy day situation, but I just wonder whether it really is as prudent to take the reserves down as far as that.

The second point is in relation really to, I think, paragraphs 35 and on to 38, and it is back to this next question of what we define as frontline policing, and I think that is one we are never going to win and we are never going to understand. I have never seen an acceptable definition of that yet, but I do think it is important that we emphasise particularly paragraph 38, which is that there is a preoccupation with frontline policing, frontline officers, whatever that means, and we must not and should not lose sight of the work that goes on across the piece in terms of what policing provides to the people of London.

The third point is in relation to one of the appendices, which I do not quite understand the point that is being made. It is on 6, on page 26, described as, "New Initiatives/operational Initiatives under CO." It describes a reduction in cost recovery from sporting events, and I was trying to understand what that meant, whether it was an issue that was causing us a problem. Our objective would surely be that you would be looking to maximise what we can in terms of income from policing sporting events, and my understanding was that a lot of work had gone into and was continuing to go into that, but potentially, as I see it, we are not succeeding, and I wonder if there is anything further that we could do with that particular matter.

The last point, Chair, is on appendix 5 of the proposed corporate Indicators with the new KPIs. I recall that we have spent a lot of time discussing this this time last year, and I imagine we are going to have relatively little opportunity to discuss it here and now, but nevertheless it is a fundamental change in the approach that is being taken to the monitoring of KPIs. We are asked, I think, in one of the Items - I think it is 6 - to comment on the options and the approach to target setting. Just as a suggestion, Chair, I wonder if this might be better tackled at one of our lunchtime sessions, where we might have a better opportunity for a briefing as to the logic behind this and to allow a fuller discussion as to the logic behind it.

Kit Malthouse (Chairman): OK, that is a good idea. I think we will do that. We have already agreed that, I think. Anne, did you want to respond on the other points?

Anne McMeel (Director of Resources, MPS): A point of clarification, and apologies if the drafting is not clear enough, but in terms of CIPFA and balances, the recommendation for 2% to 5% was actually in a Her Majesty's Inspectorate of Constabulary (HMIC) document valuing the policing, which said that CIPFA recommended 2% to 5%, but actually, in the CIPFA bulletin, CIPFA do not accept a case for introducing a generally applicable minimum level of balances and that the chief finance officers should make their own judgements on such matters. So it is down to individual organisations within the context of their overall financial position to take the proper and prudent judgement on what should be there in terms of balances.

The only other one that I would comment on is the CO Income. That is not a new initiative in terms of us wanting to have less income. What that is is a reflection that in the past we have put an income target in and as actually CO have got better at some of these events and have less abstraction, we cannot charge as much in terms of cost recovery around that. The income target sits with CO and they cannot now make that target, and therefore it is trying to realign the baseline to a realistic cost base for them.

Kit Malthouse (Chairman): Yes, just on reserves, in the end, general reserves are broadly for two functions, one to cope with the unexpected, but two to smooth fluctuations in income. One of the issues that we are facing is the frontloading of the savings that we are having to face, so the use of reserves to smooth that with a view that we might in the future hopefully be able to build them back up seems to me a legitimate point to use. The fact that we are maintaining 1.5% is, in my assessment - but also I think in Bob and Anne's - enough to cope with the unexpected that may well come, but at the same time, all of these figures are an estimate. You are making a guess. You just do not know what may hit. There is a philosophy that says you should not carry any reserves because what is the point? It is like self-insuring, but in any event, that is broadly where I think we feel safe. Jennette?

Jennette Arnold (AM): Yes, Chair. I have just got a general question and that was in the narrative in the section about changing demands from a changing population. Are European Union citizens viewed as minority ethnic in terms of growth? Why I say that is I have been looking at some figures, certainly across the north-east, and the growth there around the police demands has been within a number of Eastern European countries, and if you are putting them into minority ethnic, then that makes sense. If not, I do not know where they are, and I am just not comfortable with throwing in the growth of London black and minority ethnic communities - their communities are predicted to grow faster than others - and then linking it with a growth of criminality, in a sense, it is saying to me. So I just wanted to flag that up, that there are some bits in this that need some further work.

Then can I just say that I am not going to repeat what my colleague Caroline has said, and I think Graham touched on, I welcome your explanation, but that explanation does not take us over the test about governance as an authority. It does not meet the test if we are going to come in behind these recommendations here and it certainly does not meet our test in terms of our role as scrutineers if we do not have the information. As a member of the Olympics Committee, I do not think there is any comparison between the work of that committee, the way it functions, with what we are required to do as an authority. This is not about the Chair being able to be at a place and those Members who are free to join in, whether that is the Chair of the authority or the Finance Committee or SOP. This is the most important piece of work that we do as an authority.

Can I just finish by saying also in the context of where we are, where it will be another body that will be charged to scrutinise the documentation that will be coming out of this authority from today, and therefore I do not think that this is a satisfactory situation to be asking for us to sign up to this. So I will be supportive of Caroline's call for a named vote, and also looking to see if we cannot come to any accommodation here regarding these recommendations from (a) to 7, then certainly I will not be able to support the paper in front of us.

Kit Malthouse (Chairman): Val?

Valerie Shawcross (AM): Yes, thank you, Chair. Yes, I am also going to support Caroline's call for a named vote and I do not support these proposals. If I can comment on the process and the substance, I think I object to the fact that there are massively major cuts being made to the Metropolitan Police Service in London, and I also object to the way it is being done. That is not a comment on you, Chair, but to say that I think the Government has left the Metropolitan Police Service and MPA grappling with a degree of massive turbulence and uncertainty, which has gone on top of what was already an incredibly challenging situation. It has rubbed salt into the wound. I mean, to

have bumped the Metropolitan Police Service's grant down by a further £26 million in December does seem to me to be potentially throwing the Metropolitan Police Service's planning processes into a chaotic situation, and I think it is credit to the staff, the team we have got here that they have managed to pull almost anything from the fire.

I think, very sadly, the way that, Chair - if I may make a comment about your chairing - you have dealt with this, I can understand it, but I do not agree with it, because I think you dealt with it in November, the fact of the massive uncertainties and turbulence and lack of knowledge by trying to keep information out of the public arena, and that was not just unlawful, but I think it is wrong. I think morally it is wrong and I think this occasion what has happened is it has been dealt with by the information not complying with the statutory publication periods. It ought to have been in the public domain earlier, and the reason why I think that is wrong is that actually the public have got a right to know how difficult this whole planning process has been for the Metropolitan Police Service. People should have a window into what is going on with their public money and their public services and that it has been so incredibly difficult, and I do not think you should be ashamed, Chair, of being able to say to the community, "We do not know these things, and actually it is wrong that we do not know these things at this stage" and just to say on the substance of the matter.

I know it will be debated elsewhere in detail, so I am not going to go into too much detail, but I am looking at a paper where it is telling us that the staffing establishment in the Metropolitan Police Service will fall from 53,000 to 49,500 during the end period. I cannot support that. I think the Acting Commissioner said earlier on how the excellent partnership work and preventative work had gone on in London because of the policing over recent years and how effective that has been. I think everybody I deal with in the community would agree with that. The police are enjoying massive public support, in my experience, for the really great work that is going on in the communities in partnership and in prevention. The reason they have been able to do that really good quality work is because the numbers have been there and I will not accept an argument that says it is only about efficiency, it is not about numbers. Numbers matter in terms of being able to do quality work and preventative work and let us be honest about that. I am on the Finance Committee with some of my colleagues and you will know that on that Committee we are really hard on inefficiencies. I want to help this become a really efficient, well-managed organisation. I do not think it is efficient and well managed to cut back essential staff and to do it in such a chaotic way and have to do these cuts so rapidly. Public services cannot make that degree of cuts so quickly without there being real damage done and actually without you losing opportunities for doing well-made efficiencies and reinvestments that allow you to continue good service delivery because of investment in things like IT.

So I regret very much the pressures that have been put on our colleagues here and I have to say I have full confidence in Anne and the Acting Commissioner and their team in dealing with it but this is no way for a government to treat London's Police Service and London's community.

John Biggs (AM): I start by saying I am a sort of two-headed beast as indeed are other Assembly Members here because at the Assembly, I promise to hold the Mayor to account when his budget is not presented and covering the whole range of his responsibilities whereas in our role here as Police Authority Members, our job is to work out, in my opinion, whether the police budget has been properly considered and is a reasonable one that can be presented to the Mayor. So there is a certain sort of contradiction in that relationship obviously.

For that reason and for another reason, I look forward, I think, to the abolition of the Police Authority and the main reason I look forward to its abolition is because I think, inadvertently or otherwise, when the government allows the Mayor to directly appoint the Chair of the Authority, it meant that with the wrong sort of Chair, the Police Authority could be held essentially in contempt by that Chair. I think that is what has

happened on this occasion and I hesitate before saying that but I do believe that is the case and I think the reality is, for good political reasons -- I understand, I am a politician -- you have done this stuff in the background and brought it to us late in the day. I do understand that there are late announcements about budgets. I do recognise this is a very political process as well but I think the reality is that the Police Authority, for the continuing months of its existence, has a legal responsibility to pull together a budget and I do not feel sufficiently equipped to consider the budget, given the shortage of time and, in my view, a lack of information. I do understand that and the Police Authority Finance 'bods' have the will to try to facilitate a good discussion with the Police Authority. It was going to be very difficult.

Secondly, I would reinforce the point that Caroline made that not only will many of us be unable to attend that joint SOP & LR meeting because it clashes with the Assembly but we would be in a somewhat bizarre position that the Police Authority will be ostensibly agreeing its budget after the Assembly has debated and considered the budget that it has thought was being submitted to it. I think that that potentially holds the Assembly and the Mayor and the Mayorality in contempt because you are, on the face of it, agreeing a budget after you have pretended to present it.

Perhaps that again reinforces the artificiality of the position we are in, which again goes back to my point that I think we are halfway through a transformation and the sooner we are in a more clear position where we can have clearer new accountabilities, maybe the better.

I have two questions of Anne and/or Annabel and they are about matters in the budget. First of all, as a Police Authority Member, I strongly support the resumption of recruitment of police officers because I think there is a real problem for the Service if we have big gaps. It creates a bumpy profile with the employees. It does not bring the right new experience at the bottom and so on, so it is very important; a very welcome development. We have not, as an Authority, had an opportunity to discuss this and whether that is the right decision in all the circumstances although my tendency is to support it as an important development. The question to our Finance people is whether that is a sustainable decision. It may be good management sense from another point of view, as I say, given the other medium-term financial pressures we face with the government's budget settlements going in front of us. The other part of the question is that is part-funded by the deletion of a number of posts and the question is whether there are anticipated to be compulsory redundancies as part of that process.

Kit Malthouse (Chairman): I think the answer to the first one is we do not know yet and the answer to the second one is we cannot say yet.

John Biggs (AM): You have had the privilege of many detailed meetings with our Finance Officers but we have not so that is why I am asking in this meeting.

Kit Malthouse (Chairman): Yes, I understand.

John Biggs (AM): I am asking you as Chair conducting the meeting rather than some sort of mouthpiece to allow the Finance Officer to answer the questions.

Anne McMeel (Director of Resources): Chair, clearly, the Service was very clear early on in the current year that we were facing a particularly uncertain financial landscape, particularly over this first year of the four-year planning cycle and we did take a decision within the Service to pause both officer recruitment and PCSO recruitment and we did instigate a star chamber approach around all other staff recruitment to ensure that we were not just filling posts without the view to what might be happening in future.

That has given us the ability to maximise, if you like, the prospect of redeployment within the landscape that we are now looking at. It is a difficult one and we have tried to look at this holistically rather than in different categories of staff or officers and one of the issues that we did highlight in November and on which you see more meat on the bone of in this proposal is the fact that the Service, given what is facing, does feel that it needs to maximise its police officer capacity going forward and by doing that, we have had to make some choices with how that would be delivered.

Therefore we have not just taken out some other posts, particularly around PCSOs and traffic wardens. We have actually kept the money from deleting those posts to look at how we can reconfigure the overall policing model to give us that maximum resilience but what that has also done, particularly with the PCSO cadre, is to give us the opportunity and what we are suggesting in this paper, if we get some certainty around the overall budget package, is that we could now start doing some limited officer recruitment, particularly in respect of those PCSO officers who earlier on in the year got partway through the process but did not get an offer.

Now if we do that and we are looking at what the redeployment options are, we are clearly working with our staff and our unions if at all possible to avoid compulsory redundancy. This is why we have tried to look at how we can re-deploy and give the opportunity, either through recruitment to the officer posts or redeployment within the PCSO cadre and other posts that are vacant to see if we can manage that through the system. We cannot obviously give absolute guarantees but we have tried to take the necessary steps to be able to work with the unions to maximise the opportunity in terms of avoiding compulsory redundancies.

John Biggs (AM): As far as traffic wardens are concerned, they will tend not to have the skills to translate into police officers and they will tend to have a higher risk of facing a possible redundancy. Would that be correct?

Anne McMeel (Director of Resources): What I would say on that, John, is that I am not suggesting that all people displaced would go into the officer cadre but actually if you get PCSO officers going into the officer cadre, you then create more flexibility on what is left in terms of the PCSOs. We also have detention officer posts. We have other posts within the organisation and we would work with the unions to maximise the possibilities of redeployment.

As you are aware as well, in December, with the agreement of the Authority, we ran the first voluntary redundancy scheme, the Metropolitan Police Service's one, and indeed through that, some traffic wardens took up the opportunity of taking up a voluntary redundancy and we will be bringing back now that the civil service scheme has been re-launched by the Government. We will be bringing back proposals to the Authority shortly about the next programme of voluntary redundancies in order to maximise the opportunity for redeployment in terms of people who do not want to take redundancy.

John Biggs (AM): Obviously I am sure we would all agree that certainty and ending uncertainty for staff is very important as part of this, if at all possible. The final part of this then is about what you might call a medium term financial strategy which we ought to talk about, sustainability and recruitment in the context of that. The way I read it is that if there was no recruitment we would lose 1,000 to 1,100 officers at the current rate each year. By having limited recruitment, if this were to continue, we will be reducing the service by the order of 600 or so officers each year. Obviously it is one day at a time. Government budgets are a bit like alcoholism I think; it is one day at a time and we do not know what money we will receive next year, although we have a hunch.

Anne McMeel (Director of Resources): In terms of 2012, 2013?

John Biggs (AM): Yes.

Anne McMeel (Director of Resources): The settlement from the Government in terms of general grant is fairly definite for years one and two. It becomes more of an issue around three and four. We still have uncertainties because we do not know what will be happening for example with the abolition of the National Police Improvement Agency or the creation of the National Crime Agency, and what that would do to budget, particularly over years three and four. I think

John Biggs (AM): We probably are managing a downward movement in police office numbers, given the budget pressure.

Anne McMeel (Director of Resources): The current proposals at the moment in terms of our overall position is a reduction in numbers, but clearly we have looked at how we can minimise that. As I said earlier, what we are focussed on is how we start creating the

next programmes of change that will deliver a reduction in the cost base, always with the aim of trying to maximise our operational capability.

John Biggs (AM): Thank you.

Kit Malthouse (Chair): Okay, Valerie Brasse.

Valerie Brasse (AM): Look I will be brief, because I am out of the political arena so I can be. I just wanted to make the obvious point that if we are looking to sign off a budget or agree a budget that is about maintaining or ensuring operational capability we clearly cannot do that without the information that sits underneath it, so I look forward to seeing that in full. I always wanted to make a plea for what I call internal consistency and coherence around this, and how the public perceive all this. One on the one hand we have potential cuts and you highlighted the basic command unit fund. Yet, what did you say to us before, Chair? We have the super-über group, the London Crime Reduction Board, whose priority is around partnership working to reduce violence against women, re-offending, so on the one hand we are dropping the means by which we can deliver the priorities of this super über group called the London Crime Reduction Board.

My substantive point was around the corporate headline, KPIs, whatever we want to call them. I am grateful for Graham's suggestion because I do think these need a lot more working through. The reason I say that is because they are headline indicators only. I would not want to sign up to anything that did not also generate the suite that sits underneath that, so that every time we discuss, and how often we discuss - whether it is sexual violence or youth offending, whatever it is - we will see the entire package and agree those at the same time. So we do not agree the top ones, albeit they have to be in the business plan, without knowing exactly what comes in the wraparound with all the indicators underneath. I hope that would not be difficult.

I would also want to say there is nothing magic about having 7, 10 or 12; they really need to say and do what they say on the tin. We hear a lot about VOLT, Victim of (inaudible) Time; none of these indicators seem to pick that way of working up. We are going to be delivering policing around that. We do not talk about re-offending, re-victimisation rates, the number of hotspots where crimes are happening in spades. It does not link to what we say we are about, so that is a plea for the discussion that is going ahead rather than just looking at the individuals.

Kit Malthouse (Chair): That is all for the next stage. Joanne.

Joanne McCartney (AM): I have some sympathy with the timing of this, but I have to say that I have watched some of the budget meetings at the Assembly, and I have seen you, Kit, saying that we are closing that budget gap and you are very confident. I think it is just a shame that we were not updated, as Members of this Authority, as to how you were closing that budget gap. I think, Anne has said that she has to give us some figures that have heavily caveated words to them, but of course incomplete information is actually better than none, because it leaves us all in the dark.

Kit Malthouse (Chair): Not necessarily, but I take your point.

Joanne McCartney (AM): But I have concerns, and I have concerns particularly around the prevention agenda that I know all of us feel very strongly about. Other people have talked about the BCU fund and that £8 million that is going to partnership work. If I look at the Safer Schools activity I can see that we are actually losing 32 officers and I incorporate PCs and PCSOs because you are getting rid of all the PCSCs, putting in PCs but not enough. We are losing 32, so that implies to me that 32 schools are going to be losing their Safer Schools Officer or they are going to have to share it. I went to residents' meeting last night and a teacher from Camden said to me they have already been told that their Safer Schools Officer is being shared with another school and it is giving them real concern about their children's safety once they are out of the school gates in particular.

I also note in this same section that deletion of PCSOs are going from diamond districts, which again is a big preventative agenda and there is no information as to whether they are being filled with PCs at all. Today, and I would not have got this from reading this

document, but I have just discovered from Caroline's question that in actual fact over the next two years we are going from 530 sergeants to 230 sergeants in Safer Neighbourhood Teams, and having sat this morning looking at our Safer Neighbourhood scrutiny and trying to make recommendations on it, it just seems to me that has been totally shot out of the water. So I want to know, on that, are you taking that number of sergeants out as an exercise purely in financial savings, or have you actually done the work to say that that reduction in sergeants is going to work and deliver the quality of service we have. Because as I understand it you are still taking part in your review, so it does seem to me to be jumping the gun rather.

Kit Malthouse (Chair): Okay, Faith?

Faith Boardman (AM): Thank you Chair. I would like to begin by endorsing the hard work that I know has gone in to getting us this far. Particularly I think from Anne and her team. This is not an easy situation in any sense. Having said that I think I would like to flag up three areas where I would personally like to know more, because we come to the point where we take the final decisions. The first is on the issue of reserves, which is clearly where we are being asked to make quite a significant change in policy. My own feel for that is that I am more content with feeling able to take a decision around the first year than I am around the potential continuing reductions for the second and third. I realise that is very much tied up with the fact we still have gaps for those years to meet, and I am sure we have sufficient time over the next budget round to finish that process. Nevertheless, I would like to understand more about the structure of the reserves, about the risk entailed in that.

My second area was about the numbers which have been helpfully included from paragraph 40 onwards about police officer resilience and officer and staff numbers. I found this helpful but I would still like further detail on it. Partly because in judging whether we're really making the best efforts to keep that resilience, it is not just a matter of pure numbers, there are lots of other factors which are also involved. Just to flag up a few that go through my head. We know is a proportion of officers at any one time that are on back office, rest and recreation-type duties. We know that that is quite high in the Met as compared with other police forces; what are we doing about that? We know that there is work going on on shift patterns, which I very much welcome. That is quite critical to how much of the officer numbers are actually out there on the streets and doing the work that we want them to do at any one time. We have also mentioned management structures about Safer Neighbourhood Teams. My own feel is that actually they are rather more transparent in that area than they are in some other areas and that overall there are some questions to be raised about whether we are perhaps rather more top heavy than other analogous forces, and looking to the second and third years, whether we could actually make some quite legitimate savings in those areas.

There a number of others, but I think we need more depth of information as well as just the headline figures. Perhaps that is something which we could also return to in the lunchtime session that Graham has suggested, which I very much support. I think it is important we do have that lunchtime session on the KPIs because I share a lot of the concerns that have already been raised by colleagues. I would add to those concerns specific ones around the value for money area, where actually we are only being offered the prospect of receiving a balanced budget for which I am grateful, but I think again there is a lot more around how you actually test value for money. I would like us to go further in getting a package of measures that can test that in a fuller sense and draw on the benchmarking with other forces in doing so.

Kit Malthouse (Chair): Okay, Cindy?

Cindy Butts (AM): I would like to endorse Faith's earlier comments about the work that has gone into this. I think everyone has acknowledged the complexity and difficult position that everyone has been in. I wanted to particularly take up and extend Caroline's point around the lack of opportunity we have had to really interrogate the

detail behind this and I wanted to extend it to the issue of equality and diversity. The report on page 15 I think quite rightly identifies the potential for significant equality and diversity implications, and talks about the number of Equality Impact Assessments having to rise as a result of all of that. I just think again, it is one of those issues where it is a shame that we do not have more detail in relation to the Equality and Diversity impact so we can reassure ourselves as much as is possible that we are doing all we can to mitigate against any negative effects. That might be in relation to the representative nature of the service which we have all worked really hard to develop and would want to maintain, or whether it is about female employees as a result of the changing shift patterns and carers. There is a whole host of things that really we would want to reassure ourselves on, notwithstanding the fact that there are a number of, I think, programmes that are still in development. So there will be answers to some of the questions that will not be there now, but I think there are a great deal more issues that I think we would want to be aware of upfront. I think it is very difficult.

Kit Malthouse (Chair): There is more work to do, there is no doubt about it, but we are at a stage in a process that is not of our making. Well I suppose we have two options really. We will have to take a vote on the current recommendations and if that is not agreed then we will have to either send a response saying, "Here are the numbers as are but we have not had chance to look at the detail yet. We will be doing that over the next month", or just send no response at all. We can decide.

Caroline Pidgeon (AM): I asked for a named vote, which is in the Standing Order.

Kit Malthouse (Chair): Yes, I heard you the first time. What is a named vote? Can we not just put our hands up and see?

Caroline Pidgeon (AM): No, because it will not only be recorded who has voted which way, so you have to do a named vote according to Standing Orders.

Kit Malthouse (Chair): I think we can probably predict, but okay.

Jennette Arnold (AM): (Inaudible) this have got an alphabetic list of numbers, they just call us by our names.

Kit Malthouse (Chair): We will go round since a lot of people are not here.

Cindy Butts (AM): In view of people's comments are there not any suggestions that you would wish to make in relation to any amendments to the recommendations or are you sticking with them?

Kit Malthouse (Chair): As I said before, if people turn down the current recommendations as they are then we can talk about amendment. Let us vote as we go round. James, do you vote for the recommendations or not?

John Biggs (AM): As the chair, you have responsibilities over the conduct of the meeting. I would have thought, if you are simply saying that you are just going to note everything that has been said and to hell with it then that is a pretty significant non-statement if you like.

Kit Malthouse (Chair): No, that is not what I said.

John Biggs (AM): Are you in no way, as Chair of the Authority which has a duty to this board, if you like, persuaded by any of the arguments you have heard that you should look at the timetable, consider whether we need to have an emergency meeting? What are the options in your mind?

Kit Malthouse (Chair): Well I said all that at the start and during the meeting. I know you popped out for a while but I have said that. What I have said is that I think we should go round, we can decide whether we

John Biggs (AM): Specifically then, if there is to be a meeting after the Assembly has received the budget that does seem a bit sort of ridiculous, so how would you address that concern? The fact that you are holding the Mayoralty of Assembly in some contempt.

James Cleverly (AM): My understanding is that we are going to vote on the proposals. If those are not agreed then we are going to discuss how we do move forward, but we have in front of us an option to move forward, which from some of the conversations,

Members are not happy with. We are going to vote on that and if they are not agreed then we can discuss how we do move forward.

John Bliggs (AM): Okay.

Kit Malthouse (Chair): Caroline asked for a named vote on the proposals, I am going for the named vote on the proposals, un-amended, because I presume she wants to make a point, as you do. So let us have the named vote.

Valerie Brasse (AM): Sorry, can I just ask Chair, are we actually asked only now to look at the MPA's response to the Mayor's draft? Is that what is being asked of (overspeaking)

Kit Malthouse (Chair): Yes.

Valerie Brasse (AM): un-amended, or are you offering (overspeaking)

Kit Malthouse (Chair): Everything else is nothing.

Valerie Brasse (AM): No, are you offering an amendment to that response/

Kit Malthouse (Chair): No, hold on.

Valerie Brasse (AM): Okay, as is, all right.

Kit Malthouse (Chair): Let us just get this clear. My assumption is, Caroline asked, right at the start, for a named vote on the recommendations as they currently stand and the letter as it currently stands. That is what we are going to have. We will then talk, I am happy then to offer options, about something that people may be willing to do, but there are lots of people who want to make a point here today. We are all alive to that, this is a very political situation, people want to make a point. Far be it for me to suppress people's press releases.

Cindy Butts (AM): Which is why I asked whether or not you wanted to make amendments first, because there are some of us who do not want to get involved in that.

Reshard Auladin (Vice Chairman): Chair, can I just say that there are some of the recommendations that we do not need to vote on today. For example, the sixth, which is the draft KPIs. Taking Valerie's point, that can be discussed at the later point. So today it is mainly about the finances people are concerned about.

Steve O'Connell (AM): To be helpful Chair, I think we do need to look at that list of recommendations and then ask Members to pull out the ones that we are not actually making a decision on and actually drill down on the ones that we need, particularly noting Catherine's letter.

Kit Malthouse (Chair): There is not much difference there.

Steve O'Connell (AM): I know it is a bit convoluted but ... and we need to have a chat about the timetabling, which is an important point.

Kit Malthouse (Chair): It seems a bit odd to me, but okay. Dee?

Dee Doocey (AM): On a point of information, first of all, the reason I am not going to vote for this is not political. It is because I have not had the information on which to base a judgment. It is absolutely not political, I will say that in front of anybody. It is because I do not feel that I can carry out my scrutiny role. So please do not just do a throwaway remark that we are doing this for politics. I am not and I can speak for my colleague Caroline who is certainly not. Others can speak for themselves. The other thing which you have just said to Valerie - that we are only voting recommendation seven - I think you need to clarify, as Reshard has just said, whether it is just recommendation seven or if it is the other recommendation. Finally, before we vote, because the reason Caroline has asked for a named vote is so that we can say that we are not voting for this because we cannot carry out our scrutiny role, is there nothing - to take the point that Cindy made - that you can do to change this letter to say that we cannot possibly say whether it is right or wrong because we have not seen it?

Kit Malthouse (Chair): Well that was the second stage I was coming to. Maybe I have misinterpreted people's motives, but there has been a lot of

Dee Doocey (AM): I think you have.

James Cleverly (AM): Why a named vote?

Caroline Pigeon (AM): It is the only it is recorded in the minutes.

Dee Doocey (AM): We want to record that we will not vote for this

Kit Malthouse (Chair): You are making a point.

Dee Doocey (AM): If we do not have time to scrutinise it.

Kit Malthouse (Chair): All right, look, I am relaxed about it from that point of view. My assumption was that a lot of the proposals are about noting, which is, you can note it, it does not necessarily mean you agree with it but you note it. There are a couple of substantive things in there that are to be agreed, so for instance, the change in policy on general fund balances; recommendation two needs to be agreed; we can agree, not agree or amend the letter; I was going to come to that as a second stage. If you want to take a named vote on each of the eight recommendations and then try and amend the ones you do not want I'm not clear about what you are after.

Dee Doocey (AM): Sorry, I promise you, this is the last time I will speak. We cannot note number two, that despite a challenging fiscal environment, the budget proposals maintain operational capability, because we do not know if they do or they do not.

Kit Malthouse (Chair): Right. Okay.

Dee Doocey (AM): So it is just a question of, we can just note everything. You cannot note something that do not have information on which to base a judgement.

Caroline Pidgeon (AM): Just vote on the lot unless you have no suggestion; just vote on it en masse. Unless anyone wants anything pulled out, I do not see ...

Kit Malthouse (Chair): Well, the issues I suppose are that we could amend the letter to put in the caveat around the fact that we have not yet done the detailed work and that will be done over the next month. We could put a line to that extent in the letter if people are content that satisfies the niceties of what we are submitting.

Dee Doocey (AM): Maybe what Catherine came out with the last time might be appropriate, I do not know.

Kit Malthouse (Chair): Maybe we could put in,

"The MPA agreed that the papers reflected the work in progress on the preparation of the budget and that it be submitted to the Mayor's office to comply with the legislative requirements, while recording that the contents are neither agreed or endorsed by the Authority as further details are still required. In addition a transcript from the Authority has been included as part of the submission in order that the Mayor is clear of the issues raised by Members in response to the consultation document."

Dee Doocey (AM): That is perfect.

Kit Malthouse (Chair): Happy? All right, we will put that in letter. Number one then is noted. Are we happy to note number one?

Sorry, are we taking these item by item or en bloc?

Kit Malthouse (Chair): Well what I am trying to do is get to a position where we can have a named vote. You are now confusing me. Maybe I am being thick and tired, but I thought we wanted to get to a position now, I am being told by Members, where they would like a compromised position to vote on.

Steve O'Connell (AM): Indeed, and I think we should work through the recommendations accordingly, which you were just doing.

Kit Malthouse (Chair): So we will take them one by one and then we can decide. So number

Dee Doocey (AM): Okay, fine.

Kit Malthouse (Chair): So number one, we note the comment on the amendments to the Policing Plan, principally on the revised budget gap following the police consultation on the publication of the Mayor's draft budget for consultation 2010(?).

It was not agreed.

Dee Doocey (AM): We cannot comment on amendments that we do not have the details of.

Kit Malthouse (Chair): No, but there is a form of words now going into the letter that caveats

Dee Doocey (AM): The letter refers to recommendation seven.

Kit Malthouse (Chair): Yes. Well we can put the same caveat in number one if you like.

Dee Doocey (AM): Yes.

Kit Malthouse (Chair): Number two, we note that despite the challenging fiscal environment the budget proposals

Valerie Shawcross (AM): I have no idea what we are voting on now. Was that a vote or not Chair?

Kit Malthouse (Chair): Can we say, vote

Valerie Shawcross (AM): Chair, can I propose that we start off by a vote en bloc?

Kit Malthouse (Chair): No, everybody said they did not want to do that, Val. So we are not going back to that.

Valerie Shawcross (AM): Well I do not want to vote on something unless I have the wording in front of me.

Kit Malthouse (Chair): Right, number two, we could say, the budget proposals seek to maintain operational capability.

Caroline Pigeon (AM): Do not know if they do. Absolutely not.

Kit Malthouse (Chair): Do you just want to take number two out?

Dee Doocey (AM): Absolutely.

Kit Malthouse (Chair): Number two is out.

Kit Malthouse (Chair): Number three, agree the proposals to manage down although not close completely the budget gap over the planning period and the need to identify and deliver permanent cost reductions as quickly as is practically possible to close the budget gaps in future years (several inaudible words)

No.

Kit Malthouse (Chair): Not happy with that?

I want to vote against it.

Caroline Pidgeon (AM): You know the wording, Jane, that you just read out to go in the letter? Could that not just be what we approve today? I would forget all of these and just that wording is actually our

Dee Doocey (AM): Everything.

Caroline Pidgeon (AM): It says we do not agree this.

Kit Malthouse (Chair): Hold on a minute, let us just continue the process that we are in. So three is out, we will take out three. Subject to recommendation two we cannot agree that because two is out. Five, note that work continues to identify options to close the current budget gap.

Dee Doocey (AM): We do not know what the gap is.

Kit Malthouse (Chair): No, but we still note that work continues. We can leave out the number. We are not commenting on KPIs are we?

No.

Kit Malthouse (Chair): Okay, that is out. Approve the MPA's response to the Mayor's draft budget as amended, with the insertion of the agreed words.

Dee Doocey (AM): The wording of that recommendation needs to be changed to reflect the wording that Jane has come up with.

Kit Malthouse (Chair): Yes, that is what I am saying. We approve the MPA's response subject to the insertion of this wording.

Dee Doocey (AM): No, we do not approve it

Kit Malthouse (Chair): We are approving the response.

Dee Doocey (AM): We are sending forward the response, I think, rather than approving it.

Kit Malthouse (Chair): Agree to send forward the response as amended. Note the report that has been shared with the Mayor pending formal consideration of the budget, detailed budget and business plan via the Authority.

Dee Doocey (AM): I think that should come out. I do not think that adds anything. (overspeaking) an issue of fact.

That is an issue of fact, yes.

Joanne McCartney (AM): Can I just check that recommendation one stands but at the end we are adding the wording again, about not endorsing it.

Kit Malthouse (Chair): Yes.

Jennette Arnold (AM): So you have ended up with one and eight, is that right?

Reshard Auladin (Vice Chairman): One, seven and eight.

Dee Doocey (AM): Seven as amended.

Jennette Arnold (AM): Can you read the amendment.

Kit Malthouse (Chair): We have agreed the amendment, do you want me to read it again?

Jennette Arnold (AM): Yes please.

"The MPA agreed that the papers reflected the work in progress on the preparation of the budget and that it be submitted to the Mayor's office to comply with the legislative requirements, while recording that the contents are neither agreed or endorsed by the Authority as further details are still required. In addition a transcript from the Authority has been included as part of the submission in order that the Mayor is clear of the issues raised by Members in response to the consultation document."

John Biggs (AM): I really do not want to delay the meeting, but is there not a question about our legal duty to produce a budget at some stage? Is there not a legal duty for us to provide one to the Mayor?

Kit Malthouse (Chair): We will satisfy our legal duty when we agree the final budget at the Authority meeting in February.

John Biggs (AM): So after the Assembly has

Kit Malthouse (Chair): Although more likely March. As long as we do it before the beginning of the financial year we are fine.

John Biggs (AM): So after the Assembly has considered whatever budget we send to them

Kit Malthouse (Chair): Well no, the Assembly will consider the draft budgets on 10 February; that is not the final. The final budget comes later, as you know. There is a second meeting when the Mayor

Dee Doocey (AM): We do need to do something about the timing.

John Biggs (AM): This is quite legally important because if the Assembly - it is unlikely this will happen - was not to make any amendments to the budget on 10 February then that will become the final budget, so we are submitting to the Assembly a budget which is not a final budget.

Kit Malthouse (Chair): What the Mayor does is tell us how much money we have. The Mayor just gives us the envelope. It is for us to decide, and we can do nothing about that. I have been putting forward a case we should have more money and I won some of that argument and we will have more money from the Mayor. Us saying we are going to set a budget that is more than the Mayor is going to give us then we have a problem. The detail that Dee is saying is about the decisions; do we spend it on this or do we spend it on that? Those are the details that I presume people want. That does not affect the overall envelope that we are given and as long as we set that budget within that envelope before the beginning of the financial year, we are fine. I have been doing budgets for many years John; I have not yet fallen foul of any legal problems. I do not intend to this year, subject to your cooperation.

Okay. On that basis

Dee Doocey (AM): Sorry Chair, five was also agreed but we took out the figure.

Kit Malthouse (Chair): Yes the figure is coming out. So on that basis do we still need the named vote?

I think we should.

What is the point?

Kirsten Hearn (AM): I am totally confused. I would like you to read out the recommendations we are now agreeing, slowly, because I do not have what you have

now got in front of me. I am having huge difficulty with this process because like the rest of my colleagues, it is difficult. If we do not have information how can we make the decision, and my information has not been accessible.

Kit Malthouse (Chair): Okay, well I am happy to read it out again. We have got basically three recommendations. The first recommendation reads:

(1) Members note and comment on amendments to the policing plan since submission to the Mayor in November 2010, principally on the revised budget gap following the police grant settlement and the publication of the Mayor's draft budget for consultation in December 2010. The MPA agreed that the papers reflected the work in progress on the preparation of the budget and that it be submitted to the Mayor's office to comply with the legislative requirements, while recording that the contents are neither agreed or endorsed by the Authority as further details are still required. In addition a transcript from the Authority has been included as part of the submission in order that the Mayor is clear of the issues raised by Members in response to the consultation document." Recommendation (2) will be to approve the MPA's response to the Mayor's draft budget proposals as contained in appendix 3, although appendix 3 is now amended with the inclusion of that same paragraph that begins, "The MPA agreed that the papers reflected the work in progress". So that goes into the letter from Catherine. Then the final

Joanne McCartney (AM): There is a paragraph to be taken out that that then replaces?

Kit Malthouse (Chair): Yes, absolutely. Then the final recommendation is that, members note that this report has been shared with the Mayor pending formal consideration of the budget and business plan by the Authority. No we are not including that anymore, and that's it.

Caroline Pidgeon (AM): I withdraw my request for a named vote but I would certainly like mine and Dee's votes to be recorded accordingly, which can be done according to Standing Orders as well.

Kit Malthouse (Chair): For or against? Right, do I have agreement to those recommendations?

All: Agreed.

Kit Malthouse (Chair): Okay, and we record that Dee and Caroline specifically agreed.

Dee Doocey (AM): Voted in favour will do Chair.

Kit Malthouse (Chair): Can I just make one final point on the budget that when we come back to the detailed work on this, if people have particular problems or objections to items that are in the budget that they think need changing, they need to come with the other side of the entry. So it needs to come with a growth and a saving; it cannot come with just the growth.

Dee Doocey (AM): Provided we have the figures on which to base that.