**GREATER MANCHESTER**

**POLICE FUND**

**REVENUE BUDGET AND**

**CAPITAL PROGRAMME**

**2018/19**

**2018-2019 REVENUE BUDGET AND CAPITAL PROGRAMME**

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**FOREWORD**

There is a statutory duty to determine the policing precept and set a balanced budget by 1 March each year. This paper sets out the resources available to deliver the ambitions set out in our recently published plan, Standing Together <https://www.greatermanchester-ca.gov.uk/info/20006/safer_and_stronger_communities/82/police_and_crime_plan>

Investments included in the budget;

* Recruitment of a minimum of 100 additional police officers over the next 2 years with at least 50 additional police officers recruited in 18/19.
* Investment in extra resources that can respond to the challenges of year‐on‐year increases in public protection incidents and the increasing complexity of investigations, such as child abuse and organised exploitation
* Maintenance of PCSO numbers
* Investment in the digital forensics unit to ensure that evidence is gathered quickly and cases progressed, improving the service for victims of crime
* Additional funding to support the policing of particularly serious incidents and crimes
* The transformation of GMP through the new Target Operating Model
* A Mayoral Investment Fund - increasing the pace of improvements to how the public contact the police including the 101 line and reducing levels of sickness absence
* The cost of the additional 1% pay award

These additional resources will help keep communities across Greater Manchester safe. The latest Home Office statistics show that, in the 12 months to the end of September 2017, GMP recorded 323,617 crimes (excluding fraud).  This is an increase of 41% on the previous 12 months and is due to improvements in crime recording as well as changes in crime and steps to increase confidence in reporting crime.  GMP receives the second highest number of 999 calls, relative to population, of all police forces in England and Wales and deals with the highest number of priority incidents relative to population.   Safeguarding vulnerable people and communities remains essential whilst the complexity of crime that GMP deals with continues to increase.  In the last year GMP has dealt with 65,000 domestic abuse incidents, 22,000 incidents involving people with mental health conditions and 177 modern slavery crimes.  The force is improving its capabilities in protecting victims and tackling crimes such as fraud and digitally-enabled crime.

Police Grant Settlement

The Government announced their settlement for policing on 31st January 2018 including announcements that;

* The police grant for 2018/19 would remain the same as the grant received in the 2017/18 financial year, there would be no additional funding to support increasing costs and demands on police services
* Mayors and Police and Crime Commissioners would be allowed to increase the police precept by £12

Although it is clear that the Government have accepted the need to invest more resources into policing services they have failed to provide this additional funding. The only option that allows the maximisation of resources, mitigates Government cuts and keeps Greater Manchester as safe as possible was to ask residents to pay an extra £12 a year (Council Tax band D average). This was not decision taken lightly, and does not underestimate the financial pressures people across Greater Manchester face. We will continue to lobby the Government to provide a funding settlement that recognises increasing costs and demands on policing services rather than expecting local tax payers to pick up the whole bill.

**BACKGROUND DOCUMENTS**

 Background documents to this report are: -

1. Government Settlement letters, reports and precept referendum letters.

 (ii) Reports to the Police and Crime Panel.

 (iii) Guidance note on Local Authority Reserves and Balances - Chartered Institute of Public Finance and Accountancy (CIPFA).

 (iv) Local Government Finance Act 1992.

(v) Local Government Act 2003.

(vi) Localism Act 2011.

(vii) Police Reform and Social Responsibility Act 2011

(viii) The Greater Manchester Combined Authority (Transfer of Police and Crime Commissioner Functions to the Mayor) Order 2017

**SECTION 1: THE 2018-2019 REVENUE BUDGET PROPOSALS**

1. **INTRODUCTION**

1.1 The PCC within each force area has a statutory duty and electoral mandate to ensure an efficient and effective police service and to hold the police to account on behalf of the public. For Greater Manchester the PCC functions were transferred to the Mayor on 8th May 2017. The Mayor (PCC) is the recipient of funding relating to policing and crime reduction, including government grants, the council tax precept and other sources of income. How this money is allocated is a matter for the Mayor (PCC) in consultation with the Chief Constable, or in accordance with any grant terms.

* 1. The provisions of Section 32 of the Local Government Finance Act 1992 require the Mayor (PCC) to set a balanced budget. In addition, Section 26 of the Police Reform and Social Responsibility Act 2011 establishes the PCC as a precepting authority for the purposes of the 1992 Act. Which means the Mayor (PCC) decides how much local people pay for policing through their council tax. For Greater Manchester, the precepting authority is Greater Manchester Combined Authority with the Mayor setting the PCC precept.
	2. In accordance with Schedule 5 of the Police Reform and Social Responsibility Act 2011 (“the Act”) and Part 2 of the Police and Crime Panels (Precepts and Chief Constable Appointments) Regulations 2012 (“the Regulations”), a number of reports were presented to the Police and Crime Panel, with the final proposals presented and agreed at the panel meeting held on 18 January 2018.

1.4 On 19th December 2017 the 2018-2019 Provisional Settlement was announced in Parliament and details were released to Police and Crime Commissioners. The final settlement was announced on 31st January 2018.

1.5 The budget sets out the overall funding which will be available to resource policing services in support of the Police and Crime Plan.

2. **NATIONAL POLICE REVENUE AND CAPITAL SETTLEMENTS 2018-19**

2.1 The settlement announced on 31st January 2018 included two key features:

* The police grant for 2018/19 will remain the same as the 2017/18 grant, meaning no increase to fund rising costs and demands.
* The raising of the maximum precept increase to £12. This is a significant change from recent years whereby Police and Crime Commissioners could raise the precept by no more than 2% unless they were one of the 10 areas with the lowest police precept. For these Police and Crime Commissioners they had flexibility to raise income from council tax by £5 rather than 2%. In 2017/18 Greater Manchester had the 9th lowest precept in England and therefore qualified for the additional flexibility.

2.2 The total police grant for 2018/19 is £8.63bn however the settlement included a number of top slices made by the Home Office, which have the effect of reducing the resources available for local policing. In 2017/18 the total value of the top slices was £812m, in 2018/19 the total top slice is £945m, a 16% increase. This represents 10% of the national police grant. The impact for Greater Manchester means £55m has been re-distributed from local policing to fund national projects. The table below details the top slices for 2018/19:

|  |  |  |  |
| --- | --- | --- | --- |
| **Top Slice** | **National figure****2018/19****£m** | **National figure****2017/18****£m** | **Change****£m** |
| PFI  | 73 | 73 | 0 |
| Police Technology Programmes (including ESN) | 495 | 417 | 78 |
| Arm’s Length Bodies | 63 | 53 | 9 |
| Strengthening the response to Organised Crime | 42 | 28 | 14 |
| Police Transformation Fund (now incorporating the Innovation Fund) | 175 | 175 | 0 |
| Special Grant | 93 | 50 | 43 |
| Pre-Charge Bail | 4 | 15 | (11) |
| **TOTAL** | **945** | **812** | **133** |

The remaining £7.685bn has been distributed to each PCC using the historic formula. The revenue grant allocated Greater Manchester is £428m, 5.6% of the national grant. The National Settlement is detailed in Appendix 1

2.3 £45.9m will be distributed as capital funding. The total capital budget available was £75.2m before a top-slice of £30m was taken, for the National Police Air Service, Police Live Services, and Special Capital Grant. The capital grant allocated to Greater Manchester is £2.3m.

**MEDIUM TERM FINANCIAL PLANNING**

2.4 There are a number of uncertainties which impact on the ability to plan for the medium term, mainly the delay in the £1bn project to transition from Airwave radio to the new Emergency Services Network (ESN). The only approved iteration of the Emergency Services Mobile Communication Programme (ESMCP) transition plan, issued in 2016, has the North West Forces going live on the ESN in September 2017.  Although a revised national plan has yet to be agreed and published it is anticipated that transition for the North West Forces will not now start until at least late 2019. As it stands the delay will require the continuation of the existing Airwave contracts beyond Forces National Shut Down’ (NSD) date of December 2019. There is a real concern that any additional costs arising as a result of this delay will involve further top-slicing to the Police Grant, particularly as the 2017/18 police funding settlement did not confirm the exact level of future reallocations which will fund the core costs of ESN beyond 2017/18.  It is envisaged that it will take 12 months for GMP to fully transition to ESN followed by up to 2 years for the remaining Forces in England & Wales and other Emergency Service users to transition.  Until then there will be a need to keep, and fund, a core Airwave provision.  This effectively means funding dual running costs for up to 3 years. The lack of certainty regarding the national plan and funding position presents significant risk to medium term planning.

2.5 The have been numerous attempts to review the police funding formula however this is now not expected until at least 2020/21. There are a number of reasons why a review is significant to Greater Manchester, firstly the gearing ratio which is the proportion of total funding received via grant funding. For Greater Manchester the police grant makes up 78% of the total funding available for policing, this compares to a national average of 70%, with individual forces ranging from 48% to 86%. In practical terms this means that reductions in central funding have hit GMP harder than the majority of other police forces. Conversely if a future funding formula recognises the complexity of policing in Greater Manchester, funding could increase.

**3.** **LOCAL BACKGROUND TO THE 2018-2019 REVENUE BUDGET PROPOSALS**

* 1. The settlement received on 31st January confirmed that the police grant for 2018/19 will remain at the same level as the 2017/18 grant. This means that there is no additional central government funding to meet cost and demand pressures which means the savings requirement for 2018/19 is £10.9m and £37.9m by 2022.
	2. When considering the precept level the rising crime levels, increasing threats identified by the Chief Constable and the impact of the cumulative cuts since 2010 are all taken in to account.
	3. There is no doubt that the real term reduction in funding of 38% over the last 7 years have seriously impacted on many capabilities required by the Force to deliver against its vision of “Protecting society and helping keep people safe”. The number of Police Officers has reduced by 2000 (25%) since 2010, with the loss of almost 1,000 police staff and PCSOs. The Force faces increased threats from terrorism, serious and organised crime, child sexual exploitation, serious sexual offences and cyber-crime.
	4. The latest Home Office statistics show that, in the 12 months to the end of September 2017, GMP recorded 323,617 crimes (excluding fraud).  This is an increase of 41% on the previous 12 months and is due to improvements in crime recording as well as changes in crime and steps to increase confidence in reporting crime.  GMP receives the second highest number of 999 calls, relative to population, of all police forces in England and Wales and deals with the highest number of priority incidents relative to population.   Safeguarding vulnerable people and communities remains essential whilst the complexity of crime that GMP deals with continues to increase.  In the last year GMP has dealt with 65,000 domestic abuse incidents, 22,000 incidents involving people with mental health conditions and 177 modern slavery crimes.  The force is improving its capabilities in protecting victims and tackling crimes such as fraud and digitally-enabled crime.
	5. Index of Demand[[1]](#footnote-1) records that Greater Manchester is one of most challenging areas for policing in England and Wales.
	6. The decision to increase the precept by the maximum allowable of £12 (for a band D property) was not taken lightly because of the impact it has on local taxpayers. However, this is the only option the Government has allowed in order to maximise resources, mitigate Government cuts and keep Greater Manchester as safe as possible. We have been able to provide budget for:
* Recruit a minimum of 100 additional police officers over the next 2 years with at least 50 additional police officers recruited in 18/19.
* Investment in extra resources that can respond to the challenges of year‐on‐year increases in public protection incidents and the increasing complexity of investigations, such as child abuse and organised exploitation
* Maintain PCSO numbers
* Invest in the digital forensics unit to ensure that evidence is gathered quickly and cases progressed, improving the service for victims of crime
* Additional funding to support the policing of particularly serious incidents and crimes
* Support the transformation of GMP through the new Target Operating Model
* Mayoral Investment Fund - Increase the pace of improvements to public contact including the 101 line and reducing levels of sickness absence
* Cost of the additional 1% pay award

**4. REVENUE BUDGET 2018/19**

4.1 The budget sets out the resources which are available to fund my Mayoral PCC functions and GMP to resource policing services in support of the Standing Together Plan. It goes without saying that the appropriate distribution and deployment of those resources is critical to its success. The agreed budget for 2018/19 is as follows:

|  |  |
| --- | --- |
|   | **2018/19 £** |
| Employee Related | £504,453,412 |
| Pensions | £125,620,683 |
| Premises Related | £31,280,785 |
| Supplies & Services | £55,964,456 |
| Agency Payments | £22,138,124 |
| Transport Related | £6,294,299 |
| Capital Financing | £30,839,020 |
| Transfer to/from Reserves | (£11,924,071) |
| Specific Grants  | (£170,972,636) |
| Income & Sponsorship | (£34,836,246) |
| **Total Other Costs** | £54,404,414 |
|   |   |
| **Net Budget Requirement** | £558,857,826 |
|   |   |
| Home Office Grant/RSG/NNDR | (£428,017,738) |
| Precept/ CT Surplus | (£130,840,088) |
| **Total Funding** | (£558,857,826) |
|  |   |
| **Surplus / Shortfall** | (£0) |

 *A comparison with 2017/18 can be found at Appendix 4*

4.2 The following key budget assumptions have been made in developing the budget. Ideally this would represent a four year strategy however the Home Office continue to issue a one year settlement due to the delay of the funding formula review.

* Pay awards of 2%
* Assume no price inflation unless evidence suggests otherwise
* Pension contributions remain static for the next 3 years
* Community Safety Fund to remain at the same level as 2017/18
* Increase the police precept for 2018/19 by £12 for a Band D property
* Council tax base and collection fund balances provided by each of the 10 Local Authorities
	1. With regard to operational transformation GMP is progressing on its journey to develop the

 new target operating model, which will ensure GMP is equipped and trained for the

 demands of the 21st Century. The target operating model is underpinned by 5 key

 principles:

* Achieve better outcomes through place based working
* Prioritise activity according to threat, harm and risk
* Build a binding relationship with the people of Greater Manchester
* Develop and support our workforce to change the way we work
* Embrace opportunities from information and technology

 A high level plan incorporating 4 Programmes have been developed, further work to refine the financial impact and benefits.

1. **PRECEPT 2018/19**

5.1 It was hoped that the police grant would increase to cover the rising costs and demands however, whilst the Government accepted the need to invest more resources into policing services, the settlement showed no increase in the grant with the only option allowed to maximise resources, mitigate Government cuts and keep Greater Manchester as save as possible, was to ask residents to pay an extra £12 in order.

5.2 As described 3.7 the decision was not taken lightly and it was important that tax payers can see where the investment has been made.

5.3 In accordance with legislation the Mayor sets the PCC precept. The precept must be sufficient to meet expenditure after taking into account all sources of income. The council tax requirement for 2018/19 has been is made, after taking into account all other sources of income the balance is £128,040,083.

5.4 A council tax base of 734,596 Band D equivalent has been calculated, being the aggregate of the tax bases calculated by the Districts

5.5 To arrive at the band D equivalent PCC precept the following calculation is used:

|  |  |  |
| --- | --- | --- |
| R = council tax requirement |  |  |
|  |  |  |
| T = Taxbase |  |  |
| R | 128,040,083 |  |
| T |  734,596 |  |
| = | 174.30 |  |

 The cost per band is:

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| A | B | C | D | E | F | G | H |
| £116.20 | £135.57 | £154.93 | £174.30 | £213.03 | £251.77 | £290.50 | £348.60 |

5.6 The level of the precept was considered and endorsed by the Police and Crime Panel at its meeting on 19th January 2018.

5.7 A public consultation exercise was also undertaken with 74% of respondents stating that they would be willing to pay a £12 increase.

**6. CAPITAL PROGRAMME 2018/19 – 2020/2021**

* 1. The key capital spending priority in 2018-19 continues to be the Information Services Transformation Programme (ISTP), which is scheduled for completion in the Autumn. The programme is made up of a number of projects to replace key operational policing systems and ageing infrastructure and architecture. The programme will remove the significant risk of IT failure which the current platform presents, and act as a key enabler to facilitate the changes in practices to make policing more effective and efficient.
	2. Aside from the ISTP investment the majority of the capital programme is classified as business as usual activity. However there are 2 major projects within the Estates category, both of which act as enablers to release either space or property which support the rationalisation of the Estate.

Details of the funding of the proposed capital programme are included in the tables below:

|  |  |  |  |
| --- | --- | --- | --- |
|  | **2018/19** | **2019/20** | **2020/21** |
|   | **£000s** | **£000s** | **£000s** |
|  |  |  |  |
| Estates | 10,385 | 3,734 | 1,309 |
| Fleet | 3,258 | 3,409 | 3,582 |
| Business Change | 6,739 | 16,152 | 20,902 |
| Information Services Transformation Programme | 14,366 | - | - |
| Other Information Services Projects | 4,150 | 9,798 | 7,655 |
|  |  |  |  |
| **Grand Total** | **38,898** | **33,093** | **33,448** |
|  |  |  |  |
|  |  |  |  |
| **Funded By:** | **2018/19** | **2019/20** | **2020/21** |
|   | **£000s** | **£000s** | **£000s** |
|  |  |  |  |
| Capital Grant | -2,321 | -2,321 | -2,321 |
| Specific grants  | -1,812 | -1,680 | -1,720 |
| Direct Revenue Funding from reserves/revenue budget | -19,319 | -6,000 | -1,800 |
| Capital Receipts | -858 | -418 | -101 |
| Prudential Borrowing  | -14,588 | -22,674 | -27,506 |
|  |  |  |  |
| **Total funding** | **-38,898** | **-33,093** | **-33,448** |

 The programme excludes any carry forward of budgets that may be approved at a later date.

**7. ‘STANDING TOGETHER’ POLICE AND CRIME PLAN**

7.1 This is the first Police and Crime Plan prepared by the Deputy Mayor for Policing and Crime and in preparing plan users of services and a wide range of partners have been extensively consulted to create a plan which works for everybody.

There are three priorities within the plan:

**7.2 Keeping people safe**

Protecting and caring for people who live, work, socialise and travel in Greater Manchester. Protecting those who are vulnerable and those who are victims of crime or at risk of being victimised. Building resilience, feelings of safety and confidence in policing and community safety.

**Key themes for this priority:**

Social Cohesion Commission

Anti-social behaviour

Fraud prevention and investigation

Domestic Abuse

Mental Ill-health

Children and young people’s safeguarding

Missing Children

Female Genital Mutilation

Modern Slavery

So called honour-based abuse

Drugs early warning system

Victim services

**7.3 Reducing harm and offending**

Preventing anti-social and criminal behaviour including the most serious offending by solving problems, intervening early and rehabilitating offenders to build confidence in criminal justice.

**Key themes for this priority:**

Family Support – both in custody and on release

Counter Terrorism prevent team

Problem solving justice

Care in Custody

Early Intervention and prevention

Intensive Community Orders

Programme Challenger

Integrated Offender Management

Sex offender management

Employment, learning and skills - both in custody and on release

Restorative Justice

**7.4 Strengthening communities and places**

Helping to build resilient and resourceful communities including online communities and protecting the places where people live, work, socialise or travel. Supporting the delivery of the IT systems, buildings, roads, street lighting and other public assets needed to solve problems in a 21st century society.

**Key themes for this priority:**

Safer Travel

Place Based integration

Counter Terrorism

Target Hardening and designing out crime

CCTV

Civil Contingencies

**7.5 COMMUNITY SAFETY BUDGET**

In relation to the Community Safety Fund, it is the clear expectation that this fund is used to support the delivery of the Police and Crime Plan ‘Standing Together’. The plan cannot be delivered solely through policing, to acknowledge this the Community Safety Fund will be continue to be earmarked to fund the work of Community Safety Partnerships across Greater Manchester and for 2018/19 to maintain the funding at 2017/18 levels, with a commitment to identify further funds which could be passported to the Partnerships.

In addition the development of an outcomes framework to measure the achievements of the plan is underway, in parallel an investment strategy is in the process of being drafted to support the delivery of the plan.

8. **RISK ASSESSMENT**

8.1 A key requirement of any budget setting process is the assessment of risk and how this is reflected in the financial strategy. An assessment of the major financial risks associated with the 2018-19 budget has been undertaken. These are highlighted below:

 8.1.1 Additional grant receipts above those included in the budget, which require additional expenditure to secure the funding. These would not be accepted unless budgets could be realigned elsewhere.

 8.1.2 There are no contingencies in the revenue budget to meet unforeseen circumstances.

 8.1.3 There is no budget provision for a large-scale major incident. Were such an incident to occur then possible funding would be from:

* Special grant
* Insurance
* Bellwin Scheme
* General reserves

 The Bellwin scheme threshold at which the scheme can be activated announced each year alongside the settlement figures. The scheme will pay 100% grant above this level. However, the special grant threshold remains at 1% of net budget.

 8.1.4 Material changes to the capital programme. The capital programme for 2018-19 is substantial and is fully funded but reduces in future years. If major expenditure arises due to the unexpected loss of a building then the Mayor has adequate insurance cover in place.

8.1.5 The revenue budget includes interest earned on investments. The budget for 2018-19 has already been set in line with current economic projections.

8.1.6 Failure to fully implement planned budget cuts. Previous years’ experience shows that reductions have been achieved.

**9. RESERVES**

* 1. **GENERAL FUND**

9.1.1 A General Fund level has to be set annually based on an assessment of risk.

9.1.2 There is no prescriptive guidance on the minimum (or maximum) level of general reserves required, either as an absolute amount or a percentage of the budget.

9.1.3 When recommending a minimum level of the General Fund level the Treasurer takes account of the strategic, operational and financial risks, and that level can be expressed in cash terms or as a percentage of the budget.

9.1.4 The General Fund is held to:

* Provide a working balance to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing
* act as a contingency to cushion the impact of unexpected events or emergencies

9.1.5 Factors to be considered in setting the level of General Fund are:

* cash flow requirements
* treatment of inflation and interest rates
* estimates of the level and timing of capital receipts
* the treatment of demand-led pressures
* the treatment of planned savings/efficiencies
* financial risks inherent in any significant new funding partnership, major outsourcing arrangement or major capital development
* the adequacy of other funds, e.g. insurance provision

9.1.6 A risk assessment has been undertaken to establish what the minimum General Fund level should be. The assessment is not an exact science and views may differ on what constitutes key financial risks and their evaluation. Taking into account the factors listed in paragraph 9.1.5, the assessment indicates minimum and maximum levels of £11.504m and £14.516m respectively during 2018-2019. The calculation is set out overleaf at section 9.1.10.

9.1.7 The General Fund Balance at 31st March 2018 is forecast to be £13.221m.

9.1.8 The forecast is within the assessed range. In the past, part of the General Fund balance has been used to fund budget savings that could not be fully realised within a financial year. Another option could be to use balances to fund investment required to deliver longer-term efficiencies. These are legitimate short-term options, but the Chief Finance Officer’s advice would be not to finance recurrent expenditure from reserves. The amount held in cash balances contribute to investment income received and is credited to the Income and Expenditure Account.

9.1.9 The 2018-19 budget and future year’s estimates do not include any use of General Fund balances.

# 9.1.10 GENERAL FUND RISK ASSESSMENT

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|   |   |   | **General Fund Amount Minimum £m** | **General Fund Amount Maximum £m** |
| **1** | **Large scale major incident** |  |   |   |
|  | Funding 2018-19 | £m |   |   |
|  | Police Grant | 428.018 |   |   |
|  | Precept & Collection fund balance | 130.840 |   |   |
|  | Funding total | 558.858 |   |   |
|   |   |   |   |   |
|  | Allow between 2% and 2.5% of funding total |   | 11.177 | 13.971 |
|  |  |  |   |   |
| **2** | **SFO Savings** |  |   |   |
|   | Assume cumulative identified savings are not achieved by between 3% and 5%. |   | 0.327 | 0.545 |
|   | Assume cumulative unidentified savings are not identified by between 5% and 10%. |   | 0 | 0 |
|   |   |   |   |   |
|   | **SUGGESTED GENERAL FUND LEVEL AT 31/3/18** |   | 11.504 | 14.516 |
|   |  |   |   |   |
|   | **Forecast level at 31/3/18** |  | 13.221 | 13.221 |
|   |  |  |   |   |
|   | **Difference between suggested and forecast levels at 31/3/18** |  | -1.717 | 1.295 |

 As required by Section 25 of the Local Government Act 2003, the Treasurer of the GMCA is satisfied that the level of the general fund is adequate.

 Possible draw down required dependent in final outturn position, any drawdown will be replenished in 2018/19.

9.2 **EARMARKED REVENUE RESERVES**

9.2.1 Reserves are created for specific purposes only and returned to General Fund if no longer required. They arise either where monies have been set aside or anticipated expenditure has been postponed.

 9.2.2 Earmarked Revenue Reserves are forecast to be £56.336m at 31st March 2018, reducing by £21.778m (39%) to £34.558m by 31st March 2019, consisting of:-

|  |  |  |
| --- | --- | --- |
| **Balance at 31st March** | **£m** | **£m** |
|  | **2017-18** | **2018-19** |
| PCC Transformation Reserve | 14,089 | 2,089 |
| PCC Commissioning Reserve | 10,184 | 8,786 |
| MOJ Commissioning | 2,107 | 714 |
| PCC Community Crime Fund | 4,825 | 4,637 |
| Legal Reserve | 1,855 | 1,855 |
| ISTP Capital Reserve | 2,219 | 0 |
| Operational Contingency Reserve | 3,778 | 2,378 |
| Other | 4,977 | 2,597 |
| PFI Reserve | 12,302 | 11,502 |
|  |  |  |
|   | 56,336 | 34,558 |

**APPENDICES**

Appendix 1 summarises 2018-19 National Police Settlement data.

Appendix 2 summarises the Strategic Financial Outlook 2018/19 – 2021/22

Appendix 3 sets out the Formula Funding and Specific Grants

Appendix 4 sets out the 2018-19 budget compared to the previous year

**Appendix 1**

|  |  |
| --- | --- |
| **NATIONAL DATA** | **2018-19£m** |
| **Total Police Funding** |   |
| Central Government funding |  **8,630**  |
| Less Private Finance Initiatives | -73 |
| Less Police Technology programmes  | -495 |
| Less Arms Length Bodies | -63 |
| Less Strengthening the response to organised crime  | -42 |
| Less Transformation Fund  | -175 |
| Less Special Grant | -93 |
| Less Pre-charge bail | -4 |
| National & International Capital City Grants | -178 |
| **Total Direct Funding** |  **7,507**  |
|  |  |
|  |  |
| **Direct Funding Allocations** |   |
| Core Grant Funding | 6,962 |
| Legacy Council Tax Grants | 545 |
| **Total Direct Funding Split** | **7,507** |

**Appendix 2**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **STRATEGIC FINANCIAL OUTLOOK 2018 – 2022** |  |  |  |  |  |
|  |  | **18/19** | **19/20** | **20/21** | **21/22** |
|  |  | £m | £m | £m | £m |
|  **2017/18 Budget Requirement** |  | **£548.2** | **£548.2** | **£548.2** | **£548.2** |
|  |  |  |  |  |  |
| **Commitments & Cost Pressures** |  |  |  |  |  |
| Police Officer Pay |  | £5.2 | £8.8 | £14.0 | £20.0 |
| PCSO Pay |  | -£0.1 | £0.5 | £0.8 | £1.1 |
| Police Staff Pay |  | £0.3 | £2.0 | £5.8 | £7.7 |
| Police Pensions - GMP Funded |  | £0.3 | £0.5 | £0.7 | £0.9 |
| Police Pay Award - additional 1% allowance from Sep 2017 |  | £1.0 | £0.0 | £0.0 | £0.0 |
| Police Staff & PCSO - additional 1% allowance from Sep 2017 |  | £0.4 | £0.0 | £0.0 | £0.0 |
| Contingency for Additional 1% Pay Award |  | £2.5 | £6.8 | £11.1 | £15.5 |
| IT Related |  | £0.2 | £0.3 | £0.3 | £0.4 |
| IT Contracts |  | £1.7 | £1.8 | £1.9 | £2.1 |
| Microsoft Licensing Audit |  | £0.5 | £0.5 | £0.5 | £0.5 |
| Data Centre Stream 3 |  | £0.1 | £1.1 | £1.1 | £1.1 |
| Emergency Services Network / Airwave |  | £0.1 | £0.9 | £1.9 | £1.8 |
| Emergency Services Network (impact of Capital) |  | £0.1 | £1.7 | £2.8 | £2.8 |
| Digital Evidence Transfer Service (running costs) |  | £0.0 | £0.0 | £0.5 | £0.5 |
| National ANPR Service (running costs) |  | £0.1 | £0.2 | £0.2 | £0.2 |
| Prudential Borrowing Associated with Committed Capital Expenditure | £1.4 | £1.0 | £0.8 | £0.5 |
| Removal of Qatar Training (Net Income) |  | £0.5 | £0.5 | £0.5 | £0.5 |
| Other Commitments & Cost Pressures |  | -£21.9 | -£9.2 | -£8.4 | -£8.1 |
| **Total Budget Requirement (excluding new investments)** |  | **£540.6** | **£565.4** | **£582.6** | **£595.7** |
|  |  |  |  |  |  |
| **New Investment**  |  |  |  |  |  |
| Transfer to General Reserve - repayment of projected 2017/18 overspend | £2.0 | £0.0 | £0.0 | £0.0 |
| Mayoral Investment Fund |  | £1.0 | £0.0 | £0.0 | £0.0 |
| Additional 50 Officers 18/19 |  | £1.3 | £1.8 | £1.9 | £2.0 |
| Additional 50 Officers 19/20 |  | £0.0 | £0.1 | £1.8 | £1.9 |
| Force TOM (Revenue Investment) |  | £2.8 | £7.6 | £3.9 | £0.5 |
| Force TOM (Recurrent Revenue) |  | £0.0 | £0.0 | £0.2 | £0.9 |
| Prudential Borrowing associated with future year Capital Programmes | £0.1 | £0.1 | £3.6 | £9.5 |
| Direct Revenue Funding of Capital |  | £17.1 | £6.0 | £1.8 | £0.0 |
| Digital Intelligence Unit Review |  | £1.1 | £1.8 | £1.9 | £1.9 |
| Investigation & Safeguarding Review Ph2 |  | £0.8 | £0.8 | £0.8 | £0.8 |
| Additional Force Tasking |  | £1.1 | £1.1 | £1.1 | £1.1 |
| Other New Investments |  | £1.9 | £1.3 | £1.3 | £1.4 |
| **Total New Investments** |  | **£29.2** | **£20.6** | **£18.2** | **£20.0** |
| **Total Budget Requirement (including new investments)** |  | **£569.8** | **£586.0** | **£600.8** | **£615.6** |
|  |  |  |  |  |  |
| **Funding** |  |  |  |  |  |
| Formula Funding |  | -£402.3 | -£402.3 | -£402.3 | -£402.3 |
| Council Tax Support Grant |  | -£21.6 | -£21.6 | -£21.6 | -£21.6 |
| Freeze Grant 2011/12 |  | -£2.9 | -£2.9 | -£2.9 | -£2.9 |
| Freeze Grant 2015/16 |  | -£1.2 | -£1.2 | -£1.2 | -£1.2 |
| Government Funding |  | -£428.0 | -£428.0 | -£428.0 | -£428.0 |
| Precept |  | -£128.0 | -£138.7 | -£143.4 | -£148.2 |
| Collection Fund Surplus |  | -£2.8 | £0.0 | £0.0 | £0.0 |
|  |  |  |  |  |  |
| **Total Funding** |  | **-£558.9** | **-£566.7** | **-£571.4** | **-£576.2** |
|  |  |  |  |  |  |
| **Savings Required** |  | **£10.9** | **£19.3** | **£29.4** | **£39.4** |
|  |  |  |  |  |  |
| **Identified Savings** |  |  |  |  |  |
| Police Officer Turnover / Establishment |  | -£8.2 | -£14.9 | -£21.1 | -£27.8 |
| TOM Project 9 - Creating a Strategic HQ |  | £0.0 | £0.0 | -£2.4 | -£4.1 |
| TOM Project 4 - Reviewing Operational Policing |  | £0.0 | -£0.1 | -£1.6 | -£1.6 |
| TOM Project 10 - Modernising our Support Services |  | £0.0 | £0.0 | -£0.9 | -£1.6 |
| Other Future Police Staff Establishment Reductions |  | -£0.4 | -£0.6 | -£0.6 | -£0.6 |
| Premises Related |  | -£0.1 | -£0.5 | £0.2 | -£0.3 |
| Police Led Prosecution Income |  | -£0.4 | -£0.4 | -£0.4 | -£0.4 |
| Other savings |  | -£1.1 | -£1.1 | -£1.1 | -£1.1 |
| National ICT Contract savings |  | -£0.7 | -£0.6 | -£0.5 | -£0.5 |
|  |  |  |  |  |  |
| **Total Identified Savings** |  | **-£10.9** | **-£18.2** | **-£28.4** | **-£37.9** |
|  |  |  |  |  |  |
| **Savings still to be identified** |  | **£0.0** | **£1.0** | **£1.1** | **£1.5** |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
| Memorandum: Funded from Reserves |  |  |  |  |  |
| Transfer from Transformation Reserves - Flexible Resources  | -£0.5 | -£0.5 | -£0.5 | £0.0 |
| Transfer from Transformation Reserves – contribution to capital costs |  -£11.0 |  |  |  |
| Transfer from Earmarked Reserves - Wellbeing Initiative |  | -£0.2 | -£0.2 | -£0.1 | £0.0 |
| Transfer from Earmarked Reserves - Positive Action Initiative |  | -£0.2 | -£0.2 | £0.0 | £0.0 |
| Transfer from Earmarked Reserves - Bradford Park Disposal |  | -£0.7 | £0.0 | £0.0 | £0.0 |
| Transfer from Operational Contingency Reserve - additional 1% pay award Sep 2017 | -£1.4 | £0.0 | £0.0 | £0.0 |
|  |  | **-£14.0** | **-£0.8** | **-£0.6** | **£0.0** |

 **Appendix 3**

**FORMULA FUNDING AND SPECIFIC GRANTS**

|  |  |  |  |
| --- | --- | --- | --- |
|   | **2017-18** | **2018-19** | **Variance** |
|   | **£m** | **£m** | **£m** |
| Police Grant | 223.464 | 223.464 | 0 |
| Formula Funding | 178.841 | 178.841 | 0 |
| Legacy Council Tax Grants | 25.714 | 25.714 | 0 |
| **Total funding** | **428.019** | **428.019** | **0** |
|   |   |   |   |
| **Other grants** |   |   |   |
| Police Pension Top Up Grant | 110.796 | 115.384 | 4.588 |
| Counter Terrorism Grant | 30.014 | 32.941 | 2.927 |
| Private Finance Initiative (PFI) | 5.315 | 5.315 | 0 |
| Restorative and Victims Services | 4.199 | 3.306 | -0.893 |
| Asset Incentivisation | 1.668 | 1.994 | 0.326 |
| Capital Grant: Pre 1990 Debt Charge | 0.760 | 0.750 | -0.010 |
| Other | 15.046 | 12.033 | -3.013 |
|   | **167.798** | **171.723** | **3.925** |

 **Appendix 4**

**VARIATIONS BETWEEN 2017-18 AND 2018-19**

|  |  |  |  |
| --- | --- | --- | --- |
|   | **Original Budget** | **Original Budget** | **Variance** |
| **2017-18** | **2018-19** |  |
|   | **£m** | **£m** | **£m** |
|   |   |   |   |
| Employee Related  | 499.337 | 504.453 | 5.116 |
| Pensions | 120.691 | 125.621 | 4.930 |
| Premises Related | 31.055 | 31.281 | 0.226 |
| Supplies & Services | 56.082 | 55.964 | (0.118) |
| Agency Payments | 23.996 | 22.138 | (1.858) |
| Transport Related | 6.169 | 6.294 | 0.125 |
| Capital Financing | 21.015 | 30.839 | 9.824 |
| Transfer to/from Reserves | (6.498) | (11.924) | (5.426) |
| Specific Grants | (167.797) | (170.973) | (3.176) |
| Income and sponsorship | (35.852) | (34.836) | 1.016 |
| **TOTAL OTHER** | **548.198** | **558.858** | **10.660** |
|  |   |   |   |
| **Funded By:** |   |   |   |
| Police grant | (223.464) | (223.464) | 0 |
| Formula funding | (178.841) | (178.841) | 0 |
| Legacy Council Tax Grants | (25.714) | (25.714) | 0 |
| Precept (council tax requirement) | (117.375) | (128.040) | (10.665) |
| Collection Fund balance | (2.804) | (2.799) | 0.005 |
| **Funding** | **(548.198)** | **(558.858)** | **(10.660)** |
|  |   |   |   |
| **Over / (under)**  | **0.000** | **0.000** | **0.000** |

1. Her Majesty’s Inspectorate of Constabulary (HMIC) commissioned from the London School of Economics an Index of Demand, which takes account of crime, other demand on policing and socio-economic factors [↑](#footnote-ref-1)