

Greater Manchester Police Authority **Budget Summary 2010/2011**

Greater Manchester Police Authority manages the money which is used by Greater Manchester Police to deliver policing. This document highlights the main points of interest from GMPA's Budget for 2010/11 in an easy to understand format. The full budget report is available at www.gmpa.gov.uk/financialdocuments.htm alternatively call **0161 793 3337** for a copy or more information



Introduction

A budget is an estimate of money spent (expenditure) and received (income) for a set period of time. Greater Manchester Police Authority's (GMPA) financial year starts on April 1 each year and ends on March 31 the following year. The Authority sets its budget each February before the start of its financial year. It is at this time that the Authority decides how much local people will pay for policing through their Council Tax. This police portion of the Council Tax bill is called the police precept.

The Authority sets two budgets:

- Revenue Budget – This covers day-to-day running costs such as salaries, premises, transport and supplies.
- Capital Budget – This covers money spent on larger assets which will last for more than one financial year, for example land and buildings.

The revenue budget

In the 2010/11 Revenue Budget:

- The amount of money needed to provide policing in Greater Manchester has increased by more than £22m taking the annual budget requirement from £566.044m to £588.206m
- Money has been set aside to provide police officers with a 2.55% pay increase and police staff with a 2.58% increase from 1st September 2010. The increase is set nationally.
- Savings of £13.6m have been found.
- The price of inflation (1.5%) has been considered where ever appropriate.
- A target of a 10% reduction in fuel consumption has been set.
- Savings made through improved ways of working have been reflected.
- Investment has been made to enable the continuation of projects which identify improved and less expensive ways of working.
- In 2009/10, £2.6m was budgeted to be taken from reserves to support the budget. In 2010/11, £900,000 is budgeted to be paid into GMPA reserves.

*This is not a complete list of revenue budget features



How is the revenue budget funded?

Four sources of income fund GMPA's Revenue Budget requirement. These are:

- Police Grant. This is provided by Central Government.
- Revenue Support Grant. This is provided by Central Government.
- Non Domestic Rates. This is a share of Business Rates provided by Central Government.
- Police precept. This is the police portion of Council Tax paid by local residents.

Police precept

The police precept amount is set by GMPA and included on Council Tax bills. Local councils collect the police precept and pay it over to GMPA. The precept is set at the level that applies to a property in Band D. Residents of properties in Bands A, B and C pay proportionately less than those in Band D. Those in Bands E and above pay proportionately more.

In 2010/2011, the precept will rise from £134.26 to £144.33 per year per Band D household. This is an increase of around 19p a week, £10.07 per year or 7.5%. Of 43 Police Authorities in England and Wales, Greater Manchester Police Authority's precept is the 8th lowest.

This is the third year in a row the precept has increased by 7.5% in Greater Manchester. It first increased by 7.5% in 2008 when a three year agreement was made with the 10 councils in Greater Manchester. This saw council leaders agree to support above inflation increases in return for new neighbourhood initiatives including the provision of 104 extra police officers to work in local neighbourhoods. These initiatives have been implemented and the local councils in Greater Manchester continue to closely monitor them. It is clearly understood that if the initiatives are not delivered then future precept levels will be reduced. This has been termed a "transactional" precept agreement.

Each year the councils in Greater Manchester calculate the number of properties that they will collect council tax from and express this as a number of Band D properties. This is called the taxbase. The amount GMPA will receive from police precepts each year is worked out by multiplying the taxbase by the precept. For 2010/11 the calculation is:

798,399 properties x £144.33 = £115.233m

Local councils may collect more or less council tax than they originally budgeted for in any year. These amounts go into a Collection Fund. The Police Authority receives a share of the Collection Fund. This is known as the Collection Fund surplus.

The amount the Police Authority will receive from Collection Funds in 2010/11 is £0.455m.



How will the revenue budget be used?

The Police Authority Revenue Budget for 2010/11 compared to 2009/10 is shown below:

How the money will be spent (Expenditure)	2009-10 £m	2010-11 £m
Employees	572.854	582.283
Capital Financing Charges (These charges relate to money which has been borrowed)	8.149	8.759
Other Expenses such as transport and premises	99.631	107.602
TOTAL	680.634	698.644

The following amounts are income and are subtracted from the above totals		
Central Government grants received which must be used for specific reasons such as PCSOs (Specific Grants)	82.984	83.136
Fees received for providing services to others for example Criminal Records Bureau and charges received for providing policing services such as football match policing	28.953	28.212
Contribution from/to GMPA cash reserves	(from) 2.653	(to) 0.910
TOTAL	114.590	110.438
BUDGET REQUIREMENT	566.044	588.206

Where the money comes from?	2009-10 £m	2010-11 £m	% of 2010-11 budget
Police Grant (from Central Government)	238.984	245.432	42
Revenue Support Grant (from Central Government)	41.247	28.794	5
Non Domestic Rates (share of business rates from Central Government) and premises	178.706	198.292	33
Collection Fund Surplus (from local councils)	0.282	0.455	Less than 1
TOTAL	459.219	472.973	
Precept (police portion of council tax bill)	106.825	115.233	20
BUDGET REQUIREMENT	566.044	588.206	100

The change in the budget requirement is a result of a change in costs in a number of areas. In 2009-10, the budget requirement was £566.044m. In 2010-11 it is £588.206m. The bullet points below highlight where the changes have occurred.

- Staff costs have increased by £9.429m
- It will cost £1.226m more to run police premises
- There is a £610,000 increase in the Capital Financing which relates to money borrowed.
- A total of £6.745m has been added to areas such as supplies and services.



The budget in 2009/10 was supported by the one off use of £1.191m of reserves. The budget in 2010/11 will be supported by £2.952m from reserves.

Planning for the future

The Authority thinks Central Government will provide the public sector with less financial support in the next five years because of the current national and international financial situation. A possible scenario for GMPA would be for two things to happen:

- 1) The main grants it receives from Central Government are cut
- 2) There is no increase in the money it collects through the council tax (precept).

If this happens in 2011/12, there will be a shortfall in the budget and the Authority will be required to thoroughly review its services in order to identify savings so that a balanced budget can be set. GMPA is unable to estimate how large any shortfall amount may be until Central Government announces police funding levels in late 2010.

Capital budget

In the 2010/11 Capital Budget:

- There is funding to enable continued provision of cost effective, sustainable and fit for purpose police buildings
- Spending on IT systems and technology has increased
- Spending on police vehicles has been cut by 10%

The Police Authority capital budget for 2010/11 can be seen on the back page:

How the money will be spent?	£m
Estates	74.317
Information Technology and supporting systems	16.997
Business Services	4.109
Counter Terrorism Unit (CTU)	0.919
Forensic Services	0.352
Serious Crime Division (SCD)	0.167
People and Development	0.475
Professional Standards	0.031
Salaries for staff who work entirely on capital projects for example project managers who implement police IT projects.	4.215
Total	101.582

Where the money comes from	£m
Home Office Capital grant	7.435
Money received from Central Government to help the Force borrow for capital projects such as buildings (Supported Capital Expenditure)	3.744
Money received from Central Government to be spent on specific projects (Specific Capital Grants)	26.841
Money borrowed by GMPA independently as distinct from money borrowed with support from Central Government (Unsupported borrowing)	48.506
Proceeds of sales of capital items such as land and buildings (capital receipts)	4.0
Total	90.526

You can see that the income amount is £90.526m compared to the expenditure amount of £101.582m. This is not an error. The figures are different because financial experts take into account some of the problems which occur when large scale projects such as new police buildings are taking place. It is not uncommon for the works schedules of these projects to be delayed in starting or for hold ups to occur once underway. This has an impact on the costs as they don't always have to be paid as soon as planned. In GMPA's case, although there is a planned spend of £101.582m in 2010-2011, this full amount will probably not have to be paid in the year as some works will roll over into the next financial year. In the unlikely event that no delays occur, additional funding would be provided by extra borrowing.