

GREATER MANCHESTER POLICE, CRIME AND FIRE PANEL

Date: 7th June 2022

Subject: Greater Manchester Police Fund Revenue and Capital Budget
2022/23

Report of: Mayor of Greater Manchester

PURPOSE OF REPORT

To inform Panel members of the Greater Manchester Police Fund Revenue and Capital Budget for 2022/23, revised three-year medium term financial Plan to 2022/23 to 2024/25 and the projected position on general and earmarked reserves.

RECOMMENDATIONS

The Panel is requested to note the report.

Background papers presented to the Police and Crime Panel:

31st January 2022 – 2022/23 PCC Budget and PCC Component of the Mayoral Precept

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**GREATER MANCHESTER
POLICE FUND
REVENUE BUDGET AND
CAPITAL PROGRAMME
2022/23**

2022/2023 REVENUE BUDGET AND CAPITAL PROGRAMME

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BACKGROUND DOCUMENTS

Background documents to this report are:

- (i) Government Settlement letters, reports and precept referendum letters
- (ii) Precept report to the Police and Crime Panel 31st January 2022
- (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

1. INTRODUCTION AND BACKGROUND

- 1.1 The Police and Crime Commissioner (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.
- 1.2 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.
- 1.3 On 16th December 2021 the 2022/23 Provisional Settlement was announced in Parliament and details were released to Police and Crime Commissioners. Funding for police is sourced 75% from a central Government grant and 25% from the policing precept.
- 1.4 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 31st January 2022.
- 1.5 Revenue funding for 2022/23 is budgeted at £718.5m, which is an overall increase of £44.1m compared to 2021/22. The 2022/23 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 2022/23

- 2.1 The Spending Review in October 2021 confirmed total grant funding for police forces for the next three years, with increases of £550m in 2022/23, £650m in 2023/24 and £800m in 2024/25. In addition, the Spending Review reflected that PCCs were permitted flexibility to increase the precept by up to £10 (for a Band D property) in each of the next three years to use according to local needs.
- 2.2 For 2022/23 inclusive of a £10 precept increase in every PCC the Government announced national funding for policing will rise by up to £1.1 billion compared to 2021/22, bringing the total up to £16.9 billion. Within this, direct funding to PCCs will increase by up to an additional £796m (5.8%), assuming full take-up of precept flexibility.
- 2.3 The settlement supports the police to:
1. Complete the 20,000 officer Police Uplift Programme by March 2023;
 2. Accelerate progress on the Government’s key policing priorities: reducing crime, ensuring the Criminal Justice System works for all, driving forward improvements in the service the public receive and transforming critical capabilities and infrastructure.

3. Ensure an increase in productivity using enhanced technology and investigative tools. In return for this, it is expected that police leaders become more efficient and effective with officers' time, and in the fight against national threats.
- 2.4 Funding of £44m for Counter-terrorism (CT) policing for Special Branch has been transferred from existing PCC baselines and now will go to PCCs through the Counter Terrorism policing grant. PCCs will be notified separately of force-level funding allocations for CT policing, which will not be made public for security reasons. The 2022/23 settlement includes a number of other top slices made by the Home Office for national priorities. The total value of the top slices is £1.374 billion, this is an increase from £1.034 billion in 2021/22 (Appendix 1).
- 2.5 For Greater Manchester the 2022/23 Police Fund grant is £537.3m, an increase of £29.9m compared to 2021/22. This includes the final year of the police uplift funding relating to the recruitment of the third tranche of the 20,000 new officers nationwide. To ensure progress in recruitment is maintained and to track the use of this investment the Government has ringfenced £135m of the funding nationally. For GM this is an allocation of £7.8m for the delivery of its recruitment target of 438 additional police officers during the year (note: there is a further 425 Police officers to be recruited nationally as part of the uplift programme to support combatting Serious Organised Crime; GMP's share is 25 officers). Government funding also includes a pension grant of £6.6m from HM Treasury to partially mitigate against rising employer pension costs for police officers.
- 2.6 The budget is supported by the £20m infrastructure funding for the new officers front loaded into the 2020/21 settlement. Of this funding £5m per year will be drawn upon from reserve to support the costs of delivery in 2021/22 to 2024/25.
- 2.7 Capital grant funding is unchanged from 2021/22 at £0.6m

3. PRECEPT 2022/23

- 3.1 As part of the overall funding for policing in 2022/23, the Government gave PCCs the ability to raise the police element of council tax (the precept) by up to £10 a year (83p a month) for an average Band D property and £7.78 a year (65p a month) for an average Band B property.
- 3.2 At the Police, Fire and Crime Panel on 31st January the Mayor took the proposal to set the PCC element of the Mayoral precept at £228.30 for a Band D property and £177.56 for a Band B property. The table below shows the impact for each Council Tax band of a £10 increase:

	COUNCIL TAX BANDS							
	A	B	C	D	E	F	G	H
2021/22 PCC precept	145.53	169.78	194.04	218.30	266.81	315.32	363.83	436.60
2022/23 PCC precept	152.20	177.56	202.93	228.30	279.03	329.76	380.50	456.60
Change (£ per year)	6.67	7.77	8.89	10.00	12.22	14.44	16.67	20.00

- 3.3 This precept increase will provide an additional £12.7m based on the latest estimate of the Greater Manchester tax base. With this increase the Greater Manchester police and crime precept will remain one of the 10 lowest out of the 42 police and crime areas of England. It is important to note that Greater Manchester is more dependent than other areas on changes to Government grant funding due to the lower council tax base in the region. The national £10 maximum increase will therefore raise significantly less funds for GM per head of population than in many other areas of the country.
- 3.4 For 2021/22 budget there was an estimated deficit on the council tax collection fund held by Greater Manchester local authorities which reduced the Police Fund budget by £2.3m. For 2022/23 the position on the Collection Fund is estimated to be a surplus of £3.4 million. In 2021/22 the PCC received a one-off Local Council Tax Support grant of £4.3 million to compensate for lost precept revenue due to local council tax support schemes, this grant is not available in 2022/23.

4. REVENUE BUDGET 2022/23 AND MEDIUM TERM FINANCIAL PLAN

- 4.1 For 2022/23 this is an overall funding package for Police and Crime in Greater Manchester of £718.5m revenue and £0.6m capital that is an increase of £44.1m compared to 2021/22.

Revenue Funding	2021/22 £m	2022/23 £m	Change £m
Core Grant	495.0	522.9	27.9
Ring Fenced uplift grant	5.8	7.8	2.0
Pension grant	6.6	6.6	-
Sub-total police grant funding	507.4	537.3	29.9
Precept	165.0	177.7	12.7
Collection Fund Surplus / -Deficit	- 2.5	3.4	5.9
Local Council Tax Support Grant	4.4	-	- 4.4
Sub-total Precept related	167.0	181.2	14.2
Total Revenue Funding	674.4	718.5	44.1

Capital Funding	2021/22 £m	2022/23 £m	Change £m
Capital Funding	0.6	0.6	0
Total Capital Funding	0.6	0.6	0

- 4.2 Based on Greater Manchester's current share of national grant funding for Police it is estimated that Core Grant and Pension Grant funding of £543.7m in 2023/24 and £552.0m will be received in the following two years.
- 4.3 The revenue budget for 2022/23 sets out the resources which are available to fund Mayoral PCC functions and GMP to resource policing services. Over the current financial year, there has been a focus on addressing the concerns raised by HMICFRS in their

inspection of GMP in December 2020. Under the new Chief Constable who took office in May 2021, there have already been significant improvements and during 2021 the PCC also published a new and ambitious ten-year Greater Manchester Gender-Based Violence Strategy.

- 4.4 Greater Manchester priorities for policing for the next financial year are centred around the basics of preventing and reducing crime to keep people safe and to care for victims. This will be met from the funding received for 2022/23 to support the continued implementation of key improvement priorities such as:
- The transformation of the GMP contact centre for 999 and 101 calls – increasing staffing levels and flexibility to ensure calls are answered quickly and police officers are sent to those in need immediately.
 - 438 additional police officers, with 60 of them dedicated to road safety which will allow travel safe officers to focus on other policing such as public transport safety. 170 to deal with crime investigations and 106 in local policing districts to help protect vulnerable victims.
 - Continuation of the new Operation Avro days of action. These days which will take place in each area of Greater Manchester will see a surge of officers and specially trained teams dealing with issues communities tell GMP they want to see dealt with.
 - A community messaging system that will improve community engagement by enabling Neighbourhood Policing Teams to inform local communities about what they are doing and that the public can use to get more involved in working with local police officers to identify issues of concern within the locality.
- 4.5 The employee budget for 2022/23 is £642m this is an increase of £45m from 2021/22 and includes the impact of the recently agreed 2.1 % pay award for police staff and includes a provision of 3.5% for Police Officers from September 2022 and employers national insurance increase of 1.25% from April 2022. The majority of the increase in budget relates to pay progression as part of the national scheme and full and part year costs from recruitment of additional officers for the Police Uplift Programme and GMP Force Contract Centre.
- 4.6 In addition the following key budget assumptions have been made in developing the 2022/23 budget:
- Unavoidable costs identified during 2021/22
 - The capital financing costs for a new capital investment programme
 - Efficiency savings and use of non-recurrent reserves
- 4.7 At the time the Precept increase was approved by the Police, Fire and Crime Panel on 31st January 2022 there was a financial gap of £8.5m in the 2022/23 budget required to meet operational requirements. This gap has been addressed in the 2022/23 final budget as follows
- An increase in the final tax base for the Precept and the Council Tax Collection Fund confirmed in early February totalling £1.8m;
 - GMP efficiencies of £3m from greater scrutiny and proactive management of overtime to meet operational demand, police staff vacancy management without compromise of operational delivery, review of non-pay budgets and income generation opportunities;
 - Rephasing of the minimum revenue provision made for capital financing following approved changes to GMCA policy in February 2022, this has created a non-recurrent revenue saving of £3.7m in 2021/22 which will be applied to the PCC budget in 2022/23.

4.8 A revision of the medium term financial plan (MTFP) has been undertaken to identify £21m of resource to support priority improvement projects from 2022/23 (in addition to those through the Precept increase and government resources described above). This will enable planned new investment as follows:

- 'Plan on a Page' (POAP) improvement priorities of £11.6m reflecting expected phasing of implementation plans, use of reserves and capital resources with an estimated cost of £10.4m in 2023/24 and £6m in 2024/25 as set out in the table below.

	2022/23	2023/24	2024/25
	£m	£m	£m
Detective Resilience	4.5	4.5	0.0
Enabling Services	3.4	1.6	1.6
Force Intelligence	1.8	1.9	1.9
Criminal Justice Uplift	0.4	0.5	0.5
DIU CCTV Case Management	0.3	0.3	0.3
DIU Review	0.4	0.0	0.0
Corporate Development	0.3	0.5	0.6
Corporate Comms	0.2	0.7	0.7
Prevention Branch	0.1	0.1	0.1
Vetting	0.1	0.2	0.2
Forensic Collision Investigation Unit	0.2	0.2	0.2
	11.6	10.4	6.0

- Investment already set aside within the legacy change programmes transitioning into the POAP priorities. £5.9m costs in 2022/23 only in relation to legacy change programmes which are required and in progress and will transition into the POAP priorities. This includes
 - £2.2m for Chester House Move;
 - £1.9m for Crime Investigation Unit CIT Phase 2;
 - £681k for NEP Office 365;
 - £500k for Custody Estates Strategy (Long Term);
 - £246k for GDPR; and
 - £150k for National Law Enforcement Data Services (NLEDS replacing) the ageing PNC service.
- Contribution for 25 additional ROCU officers at a recurrent cost of £1.8m.
- Additional costs for Custody health care now sitting within GMP of a recurrent £1.4m from November 2022. The increased cost reflects the redistribution of NHS England funding which places a higher proportion of the cost on the Police sector. Part of this increase has been offset by reductions within the PCC budget.

- The rent of additional floor space to meet estate capacity requirements for Force has an estimated cost of £0.7m until at least 2024/25.

4.9 The resource to support these priorities has been identified from a review of the whole of the GMP budget and the previous version of the MTFP as set out below. There are financial risks associated with these changes which are highlighted and will need to be kept under close review during the financial year.:

- Revision of employee related budgets by £9.2m reflecting the level of staff vacancies expected throughout the year based on the delivery of new posts and the overall recruitment plan across all areas. There is a risk that if recruitment takes place quicker than anticipated it will place pressure on staffing budgets, this will need careful monitoring during the financial year.
- Revision of the officer pay budget of £3.6m mainly in relation to a reduction in uplift numbers from 455 to 438 and reductions in the average cost base due to additional attrition in 2021/22 and increases forecasted for future years being offset by additional lower cost new recruits. There is a recruitment plan to support GMP delivering the uplift target in 2022/23 which involves going beyond the target by front loading recruitment and adjusting the plan down later in the year if no longer required. There is a risk this will over deliver early in the year and provide a significant additional cost pressure.
- The additional budget for the Force Contact Centre has been revised down by £3m in the first year based on a realistic recruitment plan. This reduction is one-off and the budget for the FCC would increase in 2023/24 to reflect full recruitment to the service. There would be a financial risk if staff were recruited sooner than anticipated during 2022/23 and this would be managed from GMP existing resources.
- Reduction in the budget provision from £5m to £3m for future cost and economic pressures and additional demand for forensic services. There is risk of the challenging economic circumstances in the global economy being likely to place inflationary pressures in 2022/23 beyond this provision which will be kept under review.
- Reduction for the majority of the Counter Terrorism Unit (CTU) GMP costs by £2.4m which are now covered via a CTU grant rather than through the Home Office grant.
- Contribution from PCC reserves of £1m in relation to detective resilience which is a high priority for the improvement programme.

4.10 The 2022/23 Revenue budget reflecting the above changes is set out below:

2022/23	GMP £m	PCC £m	Total £m
Budget Requirement			
Employee Related	639.6	2.1	641.7
Pensions	115.8	0.3	116.1
Premises Related	37.6	0.0	37.6
Supplies & Services	79.4	28.9	108.3
Agency Payments	18.5	0.0	18.5
Transport Related	9.7	0.1	9.7
Capital Financing	0.2	20.2	20.3
Transfer to/from Reserves	-4.3	-13.3	-17.7
Specific Grants	-167.2	-12.4	-179.6
Income & Sponsorship	-35.6	-1.0	-36.5
Net Budget Requirement	693.7	24.8	718.5
Funding			
Home Office Grant	0.0	-537.3	-537.3
Precept/ Council Tax Surplus	0.0	-181.2	-181.2
Total Funding	0.0	-718.5	-718.5

4.11 A comparison of the change in budget between 2021/22 and 2022/23 is shown In Appendix 2 and a comparative breakdown of specific grants of £179.6m is provided in Appendix 3.

4.12 The MTFP for 2022/23 to 2024/25 has been revised to reflect the latest planning assumptions and is shown in Appendix 4. This includes an estimate of GM's share of Government grant funding and take up of maximum flexibility in the precept increase of £10 in both 2023/24 and 2024/25. The financial plan does not include any further improvement priorities and reflects a shortfall in 2023/24 of £5.8m reducing to £0.9m in 2024/25 where use of reserves and efficiencies will be required.

5. CAPITAL PROGRAMME 2022/23 – 2025/26

5.1 The key capital spending priority continues to be the Plan on Page priorities which include information services transformation to improve contact with the public and improve officer and staff productivity, fleet replacement and a revised estates strategy. The investment also includes refresh of critical policing operational infrastructure such as Body worn video, ANPR, Digital recording of Interviews and digital storage platforms. Details of the funding of the proposed capital programme are included in the table below:

Branch	2022/23	2023/24	2024/25	2025/26
	£m	£m	£m	£m
Business Support – Estates	1.915	1.513	1.503	1.501
Business Support – Fleet	9.535	10.689	9.336	11.671
Information Systems	9.313	4.916	1.386	0.654
Plan on a Page Portfolio	15.160	39.707	37.092	4.567
Other	1.551	0.501	0.590	0.353

Grand Total	37.474	57.326	49.907	18.746
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Funded by	2022/23	2023/24	2024/25	2025/26
	£m	£m	£m	£m
General Capital Grant	-0.622	-0.622	-0.622	-0.622
Specific grants	0.000	0.000	0.000	0.000
Capital Receipts	-1.694	-12.000	0.000	0.000
Direct Revenue Funding	-0.058	0.000	0.000	0.000
Borrowing - Balance	-35.101	-44.704	-49.285	-18.124
Total funding	-37.474	-57.326	-49.907	-18.746

5.2 The revenue capital financing cost implications of this programme will be included in the Police Fund medium term financial plan for 2023/24 onwards.

6. COMMUNITY SAFETY BUDGET

6.1 In 2022/23 the budget continues to provide over £4m allocated to Community Safety Partnerships to support delivery of 'Standing Together' the Police and Crime Plan, collectively making our communities safer and more resilient.

Local Authority	Community Safety Grant	Children's Safeguarding Board	Adult's Safeguarding Board	Delegation of grants to Voluntary sector	Hate Crime	TOTAL
	£	£	£	£	£	£
Bolton	304,523	17,296	17,296	100,000	5,000	444,155
Bury	157,973	11,850	11,850	100,000	5,000	286,673
Manchester	694,584	31,866	31,866	200,000	5,000	963,316
Oldham	262,287	12,900	12,900	100,000	5,000	393,087
Rochdale	234,000	12,150	12,150	100,000	5,000	363,300
Salford	239,306	13,500	13,500	100,000	5,000	371,306
Stockport	218,973	13,800	13,800	100,000	5,000	351,573
Tameside	243,703	13,200	13,200	100,000	5,000	375,103
Trafford	200,800	12,900	12,900	100,000	5,000	331,600
Wigan	247,614	14,400	14,400	100,000	5,000	381,414
TOTAL	2,803,763	153,862	153,862	1,100,000	50,000	4,261,487

6.2 Building on the work of previous years, CSPs have continued to work closely on both GM and local priorities and are using Community Safety funds to support targeted work in neighbourhoods. Oversight and governance is managed through local partnership arrangements and the Deputy Mayor is informed of spending profiles through an initial proposal followed by a mid-year update on progress. The Community Safety Grant provides CSPs with local autonomy to supplement their existing work on key police and crime priorities and direct funds at additional schemes which add value in places. It is important that community safety fund spend decisions are made in conjunction with GMP to maximise opportunities to make the biggest difference in places. The Deputy Mayor is keen that funding decisions taken this year reflect the developing priorities of emerging locality boards.

- 6.3 The Deputy Mayor continues to allocate Voluntary and Community sector grants (Standing Together), following consultation and feedback from CSPs who provide a mid-year progress update detailing the allocation of funds to local groups and voluntary sector organisations. The grants are being used to support communities to tackle grass roots issues of concern whilst developing resilience and cohesion as local people are contributing to achieving Standing Together priorities.
- 6.4 A summary of the types of schemes and initiatives that the Voluntary and Community Sector grants have funded are set out below:
- Tackling anti-social behaviour and improving behaviour through early intervention and diversionary work with young people
 - Support for victims of domestic and sexual abuse, including victims from minority communities and provide prevention interventions in schools
 - Advice and awareness regarding healthy relationships for young people
 - Reducing the risk of exploitation of vulnerable young people
 - Reducing the risk of offending and re-offending
 - Community cohesion and hate crime
 - Keeping children and young people safe
 - Interventions and awareness to prevent serious violence and promote awareness of the consequences
 - Supporting vulnerable adults and reducing isolation

7. FINANCIAL RISK ASSESSMENT

- 7.1 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 2022/23 budget has been undertaken. These are highlighted below:

Improvement Programme

- 7.2 Implementation of GMP's improvement plan as set out in the 'Plan on a Page' (POAP) includes significant change and a commitment to fulfil promises made to the public to deliver an effective police service. The programme board overseeing the implementation of the POAP brings forward change proposals with cost implications that requires revenue and capital investment over the medium term. There will be a need to ensure this is supported by a sustainable medium term financial plan incorporating use of non-recurrent resources and efficiency savings from within existing budgets and clear risk management process, including the financial risks set out in Section 4.

Police precept

- 7.3 Overall Police funding is dependent on Government grant and the PCC precept. There is an assumption of a £10 precept for each of the three years 2022/23, 2023/24 and 2024/25 included the government's settlement figures, however this is subject to local consultation and decision in January each year. There is a risk that police cost pressures will exceed available funding if the maximum £10 precept increase is not agreed upon locally.

Council Tax Collection Fund

- 7.4 The 2021/22 Collection Fund surplus is estimated to be £3.4m which has been included in the funding for the 2022/23 budget. There is a risk the final position is not as favourable and surpluses are not available in future years.

Inflationary risk

- 7.5 There is a general risk around cost inflation as a consequence of the challenging global economic environment. The police officer pay award is still subject to agreement and the potential for front loading a three year pay deal will cause financial pressure in the short term.

Pensions

- 7.6 In 2019/20 the Home Office provided funding of £8.5m which has now been included in core grant and a further £6.6m in specific grant to cover these additional costs. The funding in core grant for 2022/23 has rolled forward again and the specific grant of £6.6m has once again been provided, however there is a risk that the grant may not continue in future settlements.

8. RESERVES

- 8.1 Reserves as at 31 March 2021 were £100.737m, and are predicted to be £101.835m at 31 March 2022. Based on the budget to apply £17.655m of reserves during 2022/23, the forecast reserves at 31st March 2023 are expected to be £84.180m. These figures assume General Fund balances will not be used to fund any future deficits.
- 8.2 Planned use of PCC reserve includes release of infrastructure funding received in 2020/21 at £5m a year over the period 2021/22 to 2024/25 as part of the GMP revenue budget. The use of commissioning reserve in 2022/23 includes £1m for 'detective resilience' POAP priority and £3.7m to support the 2022/23 budget as set out in paragraph 4.7 above
- 8.3 The GMP earmarked reserves at March 2022 reflect a newly created reserve in 2021/22 of £2.250m to fund POAP priorities. The POAP reserve will be held to manage risk relating to the POAP programme of work. There is also 2m set aside to support the replacement of the Force's Records Management System (PoliceWorks).
- 8.4 The table below provides a breakdown of all Police reserves as at 31st March 2021 and projections for balances at end of financial years 2021/22 and 2022/23.

Police Reserves	Closing Balances 31 March 2021	2021/22 Planned Use	Estimated Balances 31 March 2022	2022/23 Planned Use	Estimated Balances 31 March 2023
	£000s	£000s	£000s	£000s	£000s
General Reserve - Police Fund	-15,582	0	-15,582	0	-15,582
Capital Finance Reserve	-3,797		-3,797		-3,797
Collection Fund Smoothing Reserve	-2,257	245	-2,012	237	-1,775
Commissioning Reserve	-8,533	-1,410	-9,943	6,815	-3,128
Community Crime Fund reserve	-3,985	1,364	-2,621	1,157	-1,464
Health and Justice reserve	-128		-128		-128
Infrastructure HO Reserve	-20,112	5,000	-15,112	5,112	-10,000
Justice and Rehabilitation reserve	-887		-887		-887
Legal costs reserve	-1,855		-1,855		-1,855
RASSO	-951		-951		-951
Sexual assault commissioning reserve	-3,377		-3,377		-3,377
Traffic Enforcement & Road Safety Reserve	-189		-189		-189
Transformation Reserve	-1,829		-1,829		-1,829
Youth aspiration / diversion reserve	-93		-93		-93
Total PCC Earmarked Reserves	-47,993	5,199	-42,794	13,320	-29,474
Operational Contingency Fund	-2,111	0	-2,111	0	-2,111
Chief Constables Insurance Reserve	-15,233	2,684	-12,549	0	-12,549
PFI Residual Reserve	-10,607	727	-9,880	953	-8,927
Other Earmarked Reserves	-9,212	-9,707	-18,919	3,382	-15,537
Total GMP Earmarked Reserves	-37,162	-6,296	-43,459	4,335	-39,124
Total Police Reserves	-100,737	-1,097	-101,835	17,655	-84,180

9. GENERAL FUND RESERVE

- 9.1 A General Fund level has to be set annually based on an assessment of risk.
- 9.2 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.

9.3 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.

9.4 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

9.5 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

9.6 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. Based on a calculation of 2% - 2.5% of funding the General Fund Balance at 31st March 2021 is forecast to be £15.375m. The 2021/22 budget and future year's estimates do not include any use of General Fund balances.

9.7 GENERAL FUND RISK ASSESSMENT

		General Fund Amount Minimum £m	General Fund Amount Maximum £m
<u>Large scale major incident</u>			
Funding 2022/23	£m		
Police Grant	537.349		
Precept & Collection fund balance	181.200		
Funding total	718.549		
Allow between 2% and 2.5% of funding total		14.371	17.964
<u>SUGGESTED GENERAL FUND LEVEL AT 31/03/21</u>		14.371	17.964

Forecast level at 31/03/22	15.582	15.582
Difference between suggested and forecast levels at 31/03/22	(1.211)	2.382

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.

Appendix 1

2022/23 NATIONAL DATA

The 2022/23 settlement includes a number of other top slices made by the Home Office for national priorities. The total value of the top slices is £1.374 billion, this is an increase from £1.034 billion in 2021/22.

The table below details the top slices for 2022/23:

Police Funding Settlement	2022/23
	£m
Overall police funding (Government funding and precept) (a+e)	16,870.2
Government funding* (a)=(b+c+d)	11,975.0
o/w Reallocations and adjustments (b)	1,373.7
Special Grant	62.4
PFI	71.6
Arm's Length Bodies	68.7
Police Uplift Programme	12.0
Police Now	7.0
National Operational Policing Units	2.9
Police Technology Programmes	606.5
National policing capabilities	65.0
Forensics	25.6
Police & CJS performance	13.0
Crime Reduction Programmes	45.8
Crime Reduction Capabilities	13.5
Fraud	23.1
Regional and Organised Crime Units	33.2
Rape Review	12.0
Serious Violence	50.1
Drugs / County Lines	30.0
Counter Terrorism Programmes	32.5
NPCC programmes	10.6
Capital Reallocations	188.1
o/w Government funding to PCCs¹ (c=a-b-d)	9,622.3
Core grant funding ²	8,603.5
Council tax grants	545.7
National and International Capital City grant	190.2
Ringfenced Police Uplift grant	135.0
Precept grant	5.3
Pensions grant ³	142.6
o/w Counter-Terrorism Policing (d)	978.9
Precept⁴ (e)	4,895.2
Total funding to PCCs⁵ (f=c+e)	14,517.5

Appendix 2

FORMULA FUNDING AND SPECIFIC GRANTS

FORMULA FUNDING AND SPECIFIC GRANTS			
	2021/22	2022/23	Change

Formula Grant Funding	£m	£m	£m
Core Grant Funding	495.039	522.944	27.905
Ring Fenced Uplift Grant	5.778	7.801	2.023
Pension Grant	6.604	6.604	0.000
Total	507.421	537.349	29.928
Specific Grants			
Local Council Tax Support Grant	4.238	0.000	-4.238
Pension Top-Up Grants	108.218	105.133	-3.085
Private Finance Initiative (PFI)	5.315	5.315	0.000
Asset Incentivisation	2.094	2.664	0.570
Counter Terrorist Unit	34.176	42.871	8.695
PCC Commissioning Fund	3.288	3.288	0.000
Other Revenue Grants	14.272	20.359	6.087
Total	171.601	179.630	8.029

Appendix 3

2022/23 REVENUE BUDGET COMPARED TO 2021/22

	2021/22	2022/23	Change
	£m	£m	£m
Budget Requirement			
Employee Related	596.9	641.7	44.8

Pensions	118.8	116.1	-2.7
Premises Related	33.5	37.6	4.1
Supplies & Services	76.7	108.3	31.6
Agency Payments	34.6	18.5	-16.1
Transport Related	9.1	9.7	0.6
Capital Financing	17.4	20.3	2.9
Transfer to/from Reserves	-9.9	-17.7	-7.8
Specific Grants	-171.6	-179.6	-8.0
Income & Sponsorship	-35.6	-36.5	-0.9
Net Budget Requirement	657.5	718.5	48.6
Funding			
Home Office / DHLUC Grant	-507.4	-537.3	-29.9
Precept	-165.0	-177.8	-12.8
Collection Fund Surplus/-Deficit	2.5	-3.4	-5.9
Total Funding	-657.5	-718.5	-48.6

Appendix 4

MEDIUM TERM FINANCIAL PLAN 2022/23 – 2024/25

Budget Heading	Total		
	2022/23	2023/24	2024/25
	£m	£m	£m
Employee Related	641.7	667.2	678.2
Pensions	116.1	115.1	122.2
Premises Related	37.6	36.4	36.1
Supplies & Services	108.3	97.3	93.9
Agency Payments	18.5	20.5	20.9
Transport Related	9.7	9.8	9.8
Capital Financing	20.3	17.3	20.2
New Officer Infrastructure reserve	-5.1	-5.0	-5.0
Transfer to/from other reserves	-12.5	-2.8	-2.0
Specific Grants	-179.6	-178.5	-184.6
Income & Sponsorship	-36.5	-39.5	-37.8
Net Budget Requirement	718.5	737.7	751.8
Home Office Grant/RSG/NNDR	-537.3	-543.7	-552.0
Precept/ CT Surplus	-181.2	-188.3	-198.9
Total Funding	-718.5	-732.0	-751.0
Shortfall / Surplus(-)	0.0	5.8	0.9

	GMP		
	2022/23	2023/24	2024/25
	£m	£m	£m
	639.6	665.2	676.3
	115.8	114.7	121.9
	37.6	36.4	36.1
	79.4	72.8	69.2
	18.5	20.5	20.9
	9.7	9.8	9.7
	0.2	0.0	0.0
	0.0	0.0	0.0
	-4.3	-1.0	-0.4
	-167.2	-166.7	-172.7
	-35.6	-38.5	-36.8
	693.7	713.1	724.1
	0.0	0.0	0.0
	0.0	0.0	0.0
	0.0	0.0	0.0
	693.7	713.1	724.1

	PCC		
	2022/23	2023/24	2024/25
	£m	£m	£m
	2.1	2.1	1.9
	0.3	0.3	0.3
	0.0	0.0	0.0
	28.9	24.5	24.7
	0.0	0.0	0.0
	0.1	0.1	0.1
	20.2	17.3	20.2
	-5.1	-5.0	-5.0
	-8.2	-1.8	-1.6
	-12.4	-11.8	-11.9
	-1.0	-1.0	-1.0
	24.8	24.6	27.7
	-537.3	-543.7	-552.0
	-181.2	-188.3	-198.9
	-718.5	-732.0	-751.0
	-693.7	-707.3	-723.2

