

GREATER MANCHESTER POLICE, CRIME AND FIRE PANEL

Date: 12th June 2023
Subject: Greater Manchester Police Fund Revenue and Capital Provisional
Outturn 2022/23
Report of: Deputy Mayor for Police, Crime, Criminal Justice Services and Fire

PURPOSE OF REPORT

To inform Panel members of the Greater Manchester Police Fund Revenue and Capital provisional outturn position for 2022/23.

RECOMMENDATIONS

The Panel is requested to note the report.

Background papers presented to the Police and Crime Panel:

7th June 2022 - Greater Manchester Police Fund Revenue and Capital Budget 2022/23
23rd March 2023 – Greater Manchester Police Fund Revenue and Capital Budget
2023/24

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1. Introduction

- 1.1 The 2022/23 Police Fund revenue and capital budget for Greater Manchester Police (GMP) and the Office of the Police and Crime Commission (OPCC) was reported to the Police, Fire and Crime Panel in June 2022. The purpose of this report is to provide the provisional year end outturn position against that budget, subject to external audit. The report includes the position on Police Fund reserves at 31st March 2023 and reflects on risks and issues relating to 2023/24 Police Fund budget reported to the Panel in March 2023.
- 1.2 The 2022/23 Police Fund revenue budget was £718.6m funded from government grant of £537.3m and locally raised precept income of £181.3m. The provisional outturn position is breakeven after transfer to reserves at year end to support the 2023/24 revenue budget. The table below provides a summary position for the Police Fund with the breakdown for GMP and OPCC provided in Appendix 1.

Police Fund Revenue Outturn 2022/23	Budget	Outturn	Variance
	£m	£m	£m
Expenditure			
Employee Related	641.7	659.4	17.7
Pensions	116.1	116.3	0.2
Premises Related	37.6	36.9	-0.7
Supplies and Services	108.3	110.7	2.4
Agency Payments	18.5	17.6	-0.9
Transport Related	9.8	8.2	-1.6
Capital Financing	20.4	18.2	-2.2
Transfer to/from reserves	-17.6	-6.8	10.8
Specific Grants	-179.6	2-194.6	-15.0
Income and	-36.6	-47.3	-10.7

Sponsorship			
	718.6	718.6	0.0
Funding			
Home Office Grant	-537.3	-537.3	0.0
Precept / Council Tax			
Surplus	-181.3	-181.3	0.0
	-718.6	-718.6	0.0
Total Expenditure	0.0	0.0	0.0

2. Provisional Revenue Outturn - Greater Manchester Police

2.1 The 2022/23 outturn position for the GMP budget is breakeven with a breakdown provided in the table below.

Revenue Outturn 2022/23	GMP		
	Budget	Outturn	Variance
	£m	£m	£m
Expenditure			
Employee Related	639.6	657.1	17.5
Pensions	115.8	116.3	0.5
Premises Related	37.6	36.9	-0.7
Supplies and Services	79.4	76.5	-2.9
Agency Payments	18.5	17.6	-0.9
Transport Related	9.7	8.2	-1.5
Capital Financing	0.2	0.2	0
Transfer to/from reserves	-4.3	-0.8	3.5
Specific Grants	-167.2	-173.4	-6.2
Income and Sponsorship	-35.6	-44.9	-9.3
Total Expenditure	693.7	³ 693.7	0

- 2.2 The most significant variance is a £17.5m overspend on employee related expenditure relating to the police pay award and overtime. Whilst a significant proportion of the additional expenditure on overtime was funded from external income, there were pressures across the service which required measures to be put in place to more effectively control overtime. Over the second half of the year overtime expenditure did reduce and broadly came in on the revised targets. The revised monitoring and management tactics employed in 2022/23 will continue in 2023/24 to assist with the management of pressures in this area.
- 2.3 The premises budget underspent by £0.7m in 2022/23. This included a £3m underspend from a change in the accounting treatment for Private Finance Initiative (PFI) buildings increasing the term of the PFI buildings from 25 to 50 years resulting in lease redemption savings in year of £3m. This underspend is non-recurrent as it has already been included in the budget for 2023/24. The position includes an overspend on energy costs of c£2m which has been difficult to forecast due to the volatility of market, unpredictability of prices and the temperatures during the winter months.
- 2.4 The budget for supplies and services ended the year with an underspend of £2.9m, which reflected a top-up to the insurance reserve of £2.2m. The majority of the underspend relates to Plan On A Page (POAP) activities continuing into 2023/24, in particular the movement of the data centre from Chester House and Corporate budgets information systems budgets.
- 2.5 GMP self-insurance fund requirement is finalised at year end once the actuarial report has been received. The actuarial report for 2022/23 required an increase of £1.5m on the 2021/22 provision in line with the view of the insurance industry experts. As a result of the recommended level of provision there is revenue underspend compared to the estimated top-up and this is shown as underspend across the categories of supplies and services and transport costs.
- 2.6 In 2022/23 there have been overspends in a number of areas of the GMP budget including mental health demand, prisoner related expenditure, stray and dangerous dogs. With demand not slowing down⁴ and no additional funding included within the budget there is a risk of overspend in these areas continuing in 2023/24. In relation to

mitigating these pressures work is ongoing to look at how this can be achieved, e.g. Operation Aurora is an approach to manage the demand arising from mental health and vulnerability by ensuring that Partners better placed to deal with this than the Police service do so.

2.7 There was an increase in specific grants of £6.2m due to a £4m Home Office Grant to fund the Police Officer Pay award and £2m grant to fund the additional officers recruited over and above the Police Uplift Programme (PUP) target officer numbers.

2.8 There was an increase in income and sponsorship income of £9.3m. Of this £6.3m related to football, other events and mutual aid and was applied largely to cover the costs of overtime reported above. Other income related to sale of seized vehicles, accommodation recharges and station rates rebates.

3. Provisional Revenue Outturn 2022/23 - Office of Police and Crime Commissioner

3.1 The 2022/23 outturn position for the Office of Police and Crime Commissioner budget was breakeven as shown in the table below:

Revenue Outturn 2022/23	OPCC		
	Budget	Outturn	Variance
	£m	£m	£m
Expenditure			
Employee Related	2.1	2.3	0.2
Pensions	0.3	0.0	-0.3
Premises Related	0.0	0.0	0.0
Supplies and Services	28.9	34.2	5.3
Agency Payments	0.0	0.0	0.0
Transport Related	0.1	0.0	-0.1
Capital Financing	20.2 ⁵	18.0	-2.2

Transfer to/from reserves	-13.3	-6.0	7.3
Specific Grants	-12.4	-21.2	-8.8
Income and Sponsorship	-1.0	-2.4	-1.4
	24.9	24.9	0.0
Funding			
Home Office Grant	-537.3	-537.3	0.0
Precept / Council Tax			
Surplus	-181.3	-181.3	0.0
	-718.6	-718.6	0.0
Total Expenditure	-693.7	-693.7	0.0

- 3.2 The budget for borrowing costs associated with capital investment has a non-recurrent underspend of £2.2m due to a change in GMCA policy for accounting for capital financing costs. This underspend will be set aside in earmarked reserves to support an increase capital financing costs in future years.
- 3.3 The most significant variance from revised budget relates to an underspend on supplies and services, both grant and non-grant funded. This underspend relates to planned expenditure and use of grants that have been carried forward to 2023/24. There is a corresponding underspend on government grants and transfers from reserves budget lines, which means that overall this has no impact on the bottom line financial position.
- 3.4 There has been increased income and sponsorship in relation to additional contribution from partners for joint programmes of work.

4. Provisional Capital Outturn 2022/23

- 4.1 At the end of the 2022/23 financial year, the full year expenditure on the capital programme is £27.641m against a revised budget of £38.833m. This has resulted in a full year underspend of £11.192m with carry forward of £2.748m agreed for capital projects continuing into 2023/24.

4.2 The revised budget reflects funding received during 2023/24 for North West Counter Terrorism Unit (NWCTU) projects and other funding received such as drug testing scanners for custody, environmental works and for vehicles associated with Operation Vulcan and Counter Terrorism Specialist Firearms Officers.

4.3 The table below sets out this 2022/23 provisional capital outturn position and agreed carry forwards to 2023/24.

Capital Programme 2022/23	Original Budget 2022/23	Additional In Year Funding	Revised Budget 2022/23	Provisional Outturn 2022/23	Provisional Variance 2022/23	Agreed Carry Forward
	£m	£m	£m	£m	£m	£m
Capital Expenditure						
Estates	1.915	0.000	1.915	2.241	0.326	0.373
Fleet	9.535	0.776	10.311	7.424	-2.887	1.097
ICT	9.313	0.000	9.313	6.879	-2.434	0.00
Other / POAP	16.711	0.583	17.294	11.097	-6.197	1.278
	37.474	1.359	38.833	27.641	-11.192	2.748
Funded by:						
Borrowing	-35.100	0.000	-35.100	-24.616	10.484	-2.748
Grant	-0.622	0.000	-0.622	-0.613	0.009	0.000
Capital Receipts	-1.694	0.000	-1.694	-0.995	0.699	0.000
Revenue	-0.058	-1.359	-1.417	-1.417	0.000	0.000
	-37.474	-1.359	-38.833	-27.641	11.192	-2.748

5. 2022/23 Police Fund Reserves

- 5.1 The provisional reserves at the 31st March 2023 are £99.053m compared to the opening position of £105.864m.
- 5.2 The position on GMP earmarked reserves at 31st March 2023 was £44.701m which is a decrease of £0.809m reflecting the net impact of transfers to and from reserves. As part of the POAP improvements the mobilisation and implementation of projects across the Force will continue into 2023/24. In cases where there was a clear requirement and commitment to spending in 2023/24, a carry forward of funding has been agreed with a total of £1.9m being transferred to GMP earmarked reserves. A further £3.5m has been set aside in GMP earmarked reserves to provide flexibility for the Chief Constable to manage cost pressures within the new financial year, arising both from the POAP and the continuing volatility in the global economy. Transfers out of reserves relate to 2021/22 carry forwards and earmarked reserves set aside for purposes and events that arose in 2022/23.
- 5.3 The position on OPCC earmarked reserves at 31st March 2023 was £38.956m which is a decrease of £6.002m reflecting the net impact of transfers to and from reserves. There has been a transfer from PCC reserves of £10m as previously agreed to supplement the GMP budget, including £5m from the Infrastructure Reserve for the PUP, £4m to meet a shortfall on the opening budget for 2022/23 and £1m to building detective resilience as part of the POAP. There has been a transfer into PCC reserves of £4m relating to £2.2m underspend transferred to the capital programme reserve, a transfer of Police Property Act income of £1.2m and further transfers to reserves to enable carry forward of grant funding.

Police Fund Reserves	Closing Balances 31-March 2022 £m	2022/23 Actual Use of Reserves £m	Actual Balance March 2023 £m
General Reserve - Police Fund	-15.396		-15.396
Transformation Reserve	-1.829	0.000	-1.829
Commissioning Reserve	-12.404	3.515	-8.889
Community Crime Fund reserve	-1.897	1.078	-0.819
Justice and Rehabilitation reserve	-1.778	-0.060	-1.838
Sexual assault commissioning reserve	-3.355	-0.145	-3.500
Youth aspiration / diversion reserve	-0.093	0.000	-0.093
Legal costs reserve	-1.855	0.000	-1.855
Health and Justice reserve	-0.079	0.000	-0.079
Traffic Enforcement & Road Safety Reserve	-0.108	0.025	-0.083
Capital Financing Reserve	-3.797	-2.185	-5.982
Collection Fund Smoothing Reserve	-1.520	0.000	-1.520
RASSO	-0.660	-0.116	-0.776
Infrastructure HO Reserve	-15.583	5.112	-10.471
Police Property Act Reserve	0.000	-1.222	-1.222
Total PCC Earmarked Reserves	-44.958	6.002	-38.956
Operational Contingency Fund	-2.111	0.211	-1.900
Chief Constable's Insurance Reserve	-12.549	-1.194	-13.743
PFI Residual Reserve	-9.880	0.954	-8.926
Other Earmarked Reserves	-20.970	0.839	-20.131
Total GMP Earmarked Reserves	-45.510	0.809	-44.701
Total Police Reserves	-105.864	6.811	-99.053

6. Conclusions and recommendations

- 6.1 The 2022/23 Police Fund breakeven position is a positive outcome for the financial year end given the scale of improvement that has been delivered during the year. The progress made in managing pressures has provided some mitigation for risks continuing into 2023/24 which includes efficiencies and use of reserves to support the improvement programme. The management of vacancies and overtime is a key priority for 2023/24 and close management across these areas is occurring to ensure the delivery of the savings and reinvestment to support the improvement.
- 6.2 Recommendations are set out at the front of the report.

Appendix 1

Police Fund Provisional Revenue Outturn 2022/23

Revenue Outturn 2022/23	GMP			OPCC			Budget	Outturn	Variance
	Budget	Outturn	Variance	Budget	Outturn	Variance			
	£m	£m	£m	£m	£m	£m	£m	£m	£m
Expenditure									
Employee Related	639.6	657.1	17.5	2.1	2.3	0.2	641.7	659.4	17.7
Pensions	115.8	116.3	0.5	0.3	0.0	-0.3	116.1	116.3	0.2
Premises Related	37.6	36.9	-0.7	0.0	0.0	0.0	37.6	36.9	-0.7
Supplies and Services	79.4	76.5	-2.9	28.9	34.2	5.3	108.3	110.7	2.4
Agency Payments	18.5	17.6	-0.9	0.0	0.0	0.0	18.5	17.6	-0.9
Transport Related	9.7	8.2	-1.5	0.1	0.0	-0.1	9.8	8.2	-1.6
Capital Financing	0.2	0.2	0	20.2	18.0	-2.2	20.4	18.2	-2.2
Transfer to/from reserves	-4.3	-0.8	3.5	-13.3	-6.0	7.3	-17.6	-6.8	10.8
Specific Grants	-167.2	-173.4	-6.2	-12.4	-21.2	-8.8	-179.6	-194.6	-15.0
Income and Sponsorship	-35.6	-44.9	-9.3	-1.0	-2.4	-1.4	-36.6	-47.3	-10.7
	693.7	693.7	0	24.9	24.9	0.0	718.6	718.6	0.0
Funding									
Home Office Grant				-537.3	-537.3	0.0	-537.3	-537.3	0.0
Precept / Council Tax Surplus				-181.3	-181.3	0.0	-181.3	-181.3	0.0
				-718.6	-718.6	0.0	-718.6	-718.6	0.0
Total Expenditure	693.7	693.7	0	-693.7	-693.7	0.0	0.0	0.0	0.0