

**Report of the Chief Executive to the Chair and Members of the
Police Authority Executive
10th December 2009**

Executive & Presenting Officers: Mr J McCarthy, Chief Executive

Status: For Approval

Government Grant Settlement – 2010/11

1 Executive Summary

- 1.1 Although the Formula Grant uplift nationally is 2.7%, the uplift for Cleveland is restricted to 2.5% for 2010/11. This equates to the lowest uplift possible within the minimum funding floor of 2.5%. The majority of forces received uplifts in excess of Cleveland.
- 1.2 Members are asked to note that this is the fifth year in succession that Cleveland has been awarded the lowest uplift possible. Had Cleveland been awarded the same average increase as the rest of its 'Most Similar Force' Grouping for that period the Authority would be £1.4m better off in 2010/11.

2 Recommendations

- 2.1 Members are asked to:
 - 2.1.1 Note the contents of the report
 - 2.1.2 Authorise the Chairman, in consultation with the Chief Executive and the Chief Constable, to make representations in response to the proposed settlement.

3 Reasons

- 3.1 Three Year Funding Settlement
The Three Year Funding Settlement 2008/9 to 2010/11 was crucial in providing greater certainty and a means of improving medium term financial

planning. As previously reported to Members, this settlement gave the Home Office an overall 2.7% increase.

- 3.2 On 26th November 2009, the Home Secretary announced proposals for the detailed Police Funding Allocations and Funding Settlements for 2010/11.
- 3.3 The announcement stated that 'Police Funding remains a priority for this Government. Even in very difficult financial times, we have prioritised the Police by providing the £259m increase in revenue funding set out in the 3 year funding settlement'
- 3.4 The ministerial statement emphasises the important role of efficiency. It states that "The Police share the public service duty to maximise value for money, especially in the current economic climate. Locally it is the responsibility of Police Authorities to set ambitious targets for the efficiency and productivity gains to be achieved by their Forces and to hold Chief Officers to account for delivery. It is also for Authorities and Police Forces to decide locally how to recycle the benefits of increased efficiency and productivity. Senior Policing leaders must help drive the organisational change required to make significant improvements in value for money, both in their Forces and Authorities and working with others. Value for money must be central to the strategic vision for improving policing, and Chief Officers and senior leaders must be visibly associated with this organisational priority within the service."
- 3.5 Total provision for policing in 2010/11 will be £9,741million, an overall increase of 2.7% in General Grant from 2009/10, as set out in table 1 below.

Table 1: Police Revenue Funding Settlement 2008/09 to 2010/11			
	2008/09	2009/10	2010/11
	£m	£m	£m
Home Office General Grant	4,543	4,666	4,792
DCLG/WAG* General Grant	3,488	3,583	3,680
Welsh Top Up	15	16	16
Total General Formula Grant	8,046	8,265	8,488
Total Specific Grants	1,181	1,217	1,253
Total Government Funding	9,227	9,482	9,741
% Increase in General Grant	2.7%	2.7%	2.7%
% Increase in Total Funding	2.9%	2.8%	2.7%

*Department for Communities & Local Government/Welsh Assembly Government

- 3.6 Police Authorities will continue to receive additional funding through Specific Grants. The amounts for Crime Fighting Fund, Basic Command Unit Grant and Neighbourhood Policing/PCSO Grant have been confirmed for the final year of the 3 year period.

3.7 Funding in addition to the Settlement

- Safer and Stronger Communities Fund

The resource element of £61m and the Young Peoples Substance Misuse Grant of £15m will continue to be paid into the Area Based Grant for 2010/11.

- Capital

Whilst the funding for revenue was confirmed for 2010/11 the Ministerial Statement that set out the funding settlement mentions difficult decisions to be made on Capital. These Capital Allocations are now expected in January 2010.

3.8 Representations on the Government's proposals should be made by 6th January 2010. Any representations received after that date will be passed to Ministers for information but will not be considered for this settlement.

3.9 Cleveland Position

Although the Formula Grant uplift nationally is 2.7%, the uplift for Cleveland is restricted to 2.5% for 2010/11 as it has been in each of the previous 4 years. This equates to the lowest uplift possible within the minimum funding floor of 2.5%. The majority of forces received uplifts in excess of Cleveland.

3.10 Members are asked to note that this is the fifth year in succession that Cleveland has been awarded the lowest uplift possible. Had Cleveland been awarded the same average increase as the rest of its 'Most Similar Force' Grouping for that period the Authority would be £1.4m better off in 2010/11.

3.11 Table 2 sets out the different settlements for groupings of authorities. For these purposes Cleveland is included in the Shire Force grouping but only receives the minimum 2.5% uplift not the Shire average of 2.8% or maximum of 3.5%.

Table 2: Average Uplifts	
	%
Metropolitan Forces	3.1
Shire Forces	2.8
Average	2.7
Welsh Forces	2.6
Cleveland	2.5
London Forces Ex City	2.5

3.13 Furthermore within each grouping there are differing settlements for individual authorities. Individual authority uplifts range from 3.7% to 2.5% as set out in Appendix A.

3.14 The year on year changes to Cleveland's grants are set out in Table 3 below.

Table 3: Cleveland Revenue Funding Settlement 2007/08 to 2010/11				
	2007/08	2008/09	2009/10	2010/11
	£m	£m	£m	£m
Formula Grant				
Police Grant	46,314	47,762	48,939	50,149
RSG/NNDR	46,684	47,516	48,721	49,953
	92,998	95,278	97,660	100,102
% Increase in General Grant		2.5%	2.5%	2.5%
Rule 2 Grants				
Forensics	514	514	514	514
SPP	814	814	814	814
IPLDP	150	150	150	150
	1,478	1,478	1,478	1,478
% Change in Rule 2 Grants		0.0%	0.0%	0.0%
Specific Grants				
Crime Fighting Fund	2,183	2,184	2,184	2,184
NPF/PCSOs	2,451	2,631	2,702	2,775
Basic Command Unit	641	512	512	512
	5,275	5,327	5,398	5,471
% Increase in Specific Grants		1.0%	1.3%	1.4%
TOTAL GRANT				
	99,751	102,083	104,536	107,051
% Increase in Total Grant		2.3%	2.4%	2.4%

4 Implications

4.1 Financial

Members are asked to note that the impact of this settlement is incorporated in the LTFP update paper that is also on today's agenda.

4.2 The key dates in the 2010/11 budget setting process are set out below for Members' information:

- Stakeholder Event – 9th December 2009
- Meeting with Business Sector – 3rd February 2010
- Meeting with Local MPs – 12th February 2010
- Staff Associations – 12th February 2010
- Set the Budget 2010/11 – 25th February 2010

4.3 Diversity and Equal Opportunities

Diversity considerations are kept under constant review in line with Force policies and 'Putting People First'. There are no issues arising from this report to bring to Members attention.

4.4 Human Rights Act

There are no Human Rights Act implications arising from this report.

4.5 Sustainability

This report is part of the process introduced by the Authority to establish sustainable annual and medium term financial plans and maintain prudent financial management.

4.5 Risk

Whilst the 2010/11 settlement confirms the indicative funding levels that we had previously been working with there was no indication as to the future levels of settlements or what planning assumptions to work to. Some scenarios have been developed and these are discussed in further detail in the LTFP update paper that is allow on today's agenda.

5 Conclusions

5.1 Members will note that Cleveland once again received the lowest possible uplift in Formula Grant. A more detailed report on the impact of the settlement on the 2010/11 budget and Long Term Strategy is also on today's agenda.

Mr J McCarthy
Chief Executive