



GREATER MANCHESTER POLICE AUTHORITY

JOINT REPORT OF THE TREASURER AND CHIEF CONSTABLE TO MANCHESTER CITY COUNCIL, RESOURCES AND GOVERNANCE OVERVIEW AND SCRUTINY COMMITTEE

4TH FEBRUARY 2010

POLICE AUTHORITY PRECEPT 2010/11

1. PURPOSE OF REPORT

- 1.1 This report is presented in response to a request received from the Chair of the Resources and Governance Overview and Scrutiny Committee for a report dealing with the process used to set the police precept and the factors that have influenced the decision.
- 1.2 The setting of the precept is part of the overall budgeting process and the Police Authority have followed the usual rigorous process in setting a balanced budget which matches available resources with an ambitious programme of service delivery.
- 1.3 The unusual aspect of the process is the groundbreaking, “transactional precept” deal struck with fellow AGMA authorities which gave the Police Authority the opportunity to set precept increases at 7.5% for three consecutive years. 2010/11 is the last of those three years.
- 1.4 The Police Authority’s Budget Strategy Group considered this information at its meeting on 18 December and requested that this was reported to the Full Authority in January 2010. This was to enable the issues to be discussed prior to the Authority considering the 2010/11 budget proposals at its meeting in February 2010.

2. EXECUTIVE SUMMARY

- 2.1 The Force has draft financial plans, which will deliver a balanced revenue budget for 2010/11. It has started to implement its change programme, “Putting People First” which will facilitate the delivery of improved services and enhanced public confidence from a neighbourhood foundation and against an increasingly challenging financial agenda.

- 2.2 As a consequence of the change programme, over the next five years, starting in 2010/11, the Force will aggressively reduce the costs of its corporate overhead and middle office functions. The main types of activities, which fall in these areas, are general administration, human resource administration, financial administration, facilities and property management, data management, data and evidence processing and learning and development processes. This will be achieved by building on the principle that cost reduction can be achieved by simplifying, sharing and standardising non operational processes, functions and structures. The first example of this type of work is the rationalisation of the Corporate Performance and Development and Local Policing Improvement Branches.
- 2.3 The Force will also achieve an increase in frontline investment and productivity by ensuring that officers and staff working in these areas are able to spend their time undertaking activities which give benefit to the public rather than being held back by old fashioned, bureaucratic and wasteful processes. In 2010/11 it is estimated that there will be an increase of 200 officers working in neighbourhood policing teams.
- 2.4 As part of its initiatives to improve performance in Vehicle Crime, Burglary and Robbery, the Force will take learning from Operation Storm and deploy four Detective Superintendents to coordinate the response to cross border offending. This will be supplemented by the realignment of Specialist Operations' Branch resources to deliver the Vortex deployment of 104 specialist officers.
- 2.5 The Force will also increase its investigative capacity for vulnerable people affected by domestic abuse, by 30 officers and increase its administrative support to Public Protection Investigation Units by 12 staff.
- 2.6 Key enabling strands to the programme will be the implementation of new technologies and an extensive workforce modernisation programme. This will see the civilianisation of 200 police officer posts and the disestablishment of 100 police officer posts engaged in non-frontline duties in 2010/11.

3. RECOMMENDATION

- 3.1 Members are asked to consider the contents of this report.

A.WESTWOOD
TREASURER

P. FAHY
CHIEF CONSTABLE

CONTACT OFFICER: Alan Westwood
DESIGNATION: Treasurer
TELEPHONE: 0161 793 3201

E-MAIL: alan.westwood@salford.gov.uk
DATE: 4 January 2010

CONTACT OFFICER: Simon Byrne
DESIGNATION: Deputy Chief Constable
TELEPHONE: 0161 856 2011
E-MAIL: Simon.Byrne@gmp.police.pnn.uk
DATE: 4 January 2010

4. IMPLICATIONS

Financial

- 4.1 This report gives an update on the Force's Strategic Financial Outlook and budget projections for 2010/11. There are no specific financial implications arising as a consequence of this report.

Human Resources

- 4.2 The continuation of the workforce modernisation agenda will result in the creation of specialist roles. This will give rise to a change in the balance of the workforce because it will allow highly skilled police officers to concentrate on specialist policing duties and appropriately trained police staff to undertake duties which do not require the use of warranted powers.
- 4.3 As the Force reduces its cost base to meet the reduction in public sector funding over the forthcoming years, the shape and size of the organisation will change. This will ultimately result in a reduction in the size of the total workforce.

Policy/Strategic Aim/Objectives

- 4.4 The financial strategy is designed to support the delivery of the Force's overarching strategic aims and objectives. These include the delivery of policing services built from the focus of the neighbourhood and the effective and efficient use of resources.

Corporate Governance

- 4.5 The production of the financial strategy is undertaken in conjunction with the Budget Strategy Group.

Crime and Disorder Reduction

- 4.6 The financial strategy is designed to support the Force's plans to reduce crime and disorder.

Best Value/Performance Management

- 4.7 The Finance, Assets, and Technology Resources Committee monitors the delivery of the financial plan.

Legal

- 4.8 There are no implications as a consequence of this report.

Equalities

- 4.9 There are no implications as a consequence of this report.

Risk Management

- 4.10 Financial scenario planning is undertaken in conjunction with the Budget Strategy Group.

Children and Young People

- 4.11 There are no specific implications as a consequence of this report.

5. DETAIL OF REPORT

Three Year Precept Deal

- 5.1 In 2008, GMPA set its precept at a level which equated to a 7.5% increase on the previous year's amount. Government rules state Authorities run the risk of being capped if they set a precept which is more than 5% above the previous year's amount. GMPA was not capped, nor was the Authority identified as an organisation which would be considered for capping, although some Authorities were.
- 5.2 AGMA fully supported the 7.5% GMPA increase. In addition, AGMA leaders gave their support for GMPA to set precept levels which represent a 7.5% increase on the previous year again in 2009 and 2010.
- 5.3 GMPA has traditionally set a precept level which represents a 5% increase compared to the previous year. Support for an increase above 5% level was gained after GMPA showed how monies raised by the extra 2.5% (5% + 2.5% = 7.5%) would be ring fenced to ensure continued investment in neighbourhood policing.
- 5.4 The investment translates to an extra 104 police officers on the street. These officers are made up of sergeants and PCs and each of the 12 police divisions in Greater Manchester will benefit by receiving a team of one sergeant and five PCs (72 officers in total) from this batch. The remaining 32 officers work in all areas of Greater Manchester. They are allocated to deal with issues identified by Community Safety Partnerships, which make a bid for the officers. Once a problem has been identified and

- a successful bid has been made, officers are tasked to deal with the issue. Once it has been resolved, the officers move to another problem area.
- 5.5 A significant proportion of the 104 officers were previously completing tasks which did not require their policing powers. The roles they were undertaking are now being completed by 80 police staff members which have also been funded by the 2008 precept deal. In addition, five extra Crime Scene Investigators have joined GMP. They too are funded by cash raised through the precept deal.
- 5.6 AGMA support for a 7.5% increase over three years came with an important condition - the 10 districts will get their money back if the returns which GMPA outlined (extra officers) are not delivered. The monies will be returned through the precept system.
- 5.7 Reports are made to AGMA leaders every six months by the GMPA Chairman and Executive Director as to the progress of the delivery of the neighbourhood policing investment programme.
- 5.8 Although support for a 7.5% increase has been given for three years, the official process of presenting financial information for formal approval by Leaders and Police Authority Members has taken place each year. This means there will be opportunity for AGMA leaders to withdraw their support for the process if the condition laid down is not being met.
- 5.9 Adopting a three year approach to funding brings GMPA in line with the Government's approach to police funding. It also enables the Authority to commit to neighbourhood policing on a greater scale than a year-by-year approach allows.
- 5.10 GMPA's vision was to adopt the three-year approach again in 2011 and every three years thereafter. This has the potential to see officer numbers significantly boosted every three years. However, in view of the drastic change in circumstances since the deal was originally set this approach to future increases in the precept has been set aside.

2010/11 Financial Overview

- 5.11 The Force's latest draft financial plans show that it will be able to balance its revenue budget for the 2010/11 financial year.
- 5.12 The main grant figures for 2010/11 have been announced and were as expected. However, the Force is still awaiting notification of its specific grants for Counter Terrorism, Security and Mandatory Drug Testing. The latest Strategic Financial Outlook figures assume that these grants will continue at the current level of funding which is £20.2 million for Counter Terrorism, £3.9 million for Security and £2.5 million for Mandatory Drug Testing.

- 5.13 With respect to expenditure, the projections reflect the agreed pay awards of 2.55% for police officers and 2.58% for police staff. These will be effective from 1 September 2010.
- 5.14 In order to deliver a balanced budget next year the Force will have to deliver a savings plan of £7.6 million from its devolved financial management and corporate revenue budgets. It will also be reducing the capital value of its fleet by 10% and as part of its sustainability strategy has set a target of reducing fuel consumption by 10%.
- 5.15 The Treasurer has a general reserves' strategy, which is designed to maintain these at a level of around £8 million. The Authority will also consider invest to save business cases which require pump priming from general reserves.
- 5.16 The draft capital programme currently stands at £100 million for 2010/11, which primarily reflects the continuation of the Estate's strategy, which will ensure that the Force has modern, cost effective, sustainable and fit for purpose building stock. Major investments totalling £72.7million in year will be made which include the new developments of the Force Headquarters and North Manchester Divisional Headquarters and the refurbishment of the Rochdale Divisional Headquarters.
- 5.17 The Force is planning to spend £17 million on IT systems and technology to deliver robust and resilient services to the Force, which will assist the delivery of improved business processes, efficiency and performance. In particular work will continue on the Automatic Number Plate Recognition Programme to deliver increased capabilities for storage and analysis of this specialist intelligence and crime-fighting tool. There will be further expansion in the use of Automatic Resource Location System data to support improved resource management, and the implementation of the final stage of the Case Preparation system, which will allow full electronic communication with the Crown Prosecution Service's Case Management System. Subject to the approval of business cases, 2010/11 is also expecting to progress an in-vehicle mobile data solution for response and a new command and control system.

Planning for the Future

- 5.18 As the next Comprehensive Spending Review is not due to be announced until after the General Election, we have had to make some assumptions regarding future years' funding levels.
- 5.19 It is widely forecast that public spending will reduce in the next five years because at a macro level the international recession is having an adverse impact on UK public sector funding. Should the Force be subject to a 3.1% reduction in formula grant and receive no uplift in precept for 2011/12, there would be an in-year shortfall of £31.5 million.
- 5.20 Clearly until greater certainty emerges it will be necessary to plan for a number of differing scenarios which will include deficits in excess of this

- level. In order to be able to meet these challenges in 2011/12 and beyond it is necessary to start to put plans in place now to allow for the necessary lead-time for projects to deliver.
- 5.21 A coherent plan is now emerging as to how the Force will deliver its vision to be the most effective police Force in the UK within a financially constrained environment. The New Policing Model and the Optimus Programme are key enablers to this overall change programme, which is known as “Putting People First”.
- 5.22 The Chief Constable has recognised that crime and anti social behaviour in Greater Manchester are too high and public confidence is too low when compared with peers. Using neighbourhoods as the foundation from which we will police and the concept of specialists delivering services in specialist roles, significant improvements will be made in relation to the Force’s performance in Vehicle Crime, Burglary and Robbery. This will be led by the learning from Operation Storm with the benefit of four Detective Superintendents co-ordinating cross border offending and the realignment of Specialist Operations Branch resources to deliver the Vortex deployment of 104 specialist officers with the capability to provide search, surveillance, ANPR and intercept operations.
- 5.23 The Force is also experiencing a threat from Serious Violent Crime and will be focussing particular attention on tackling this category of crime. The Force will also increase its investigative capacity for vulnerable people in terms of Domestic Abuse by 30 officers and provide an additional 12 staff to give much needed administrative support to its public protection investigation units.
- 5.24 When performance challenges are considered against the current economic backdrop, it is essential that the Force has a strategy, which will aggressively reduce the costs of its corporate overhead and middle office functions. The main types of activities, which fall in these areas, are general administration, human resource administration, financial administration, facilities and property management, data management, data and evidence processing and learning and development processes. It will also need to invest more in and increase the productivity of front line services. This will be achieved by increasing the numbers of officers working in a neighbourhood setting by 200 in 2010/11. Processes will also be reengineered to ensure that frontline officers and staff use their time efficiently and effectively undertaking activities, which give direct benefit to communities, rather than being held back by old fashioned, bureaucratic and wasteful processes.
- 5.25 The New Policing Model is a term which covers the Force’s approach to neighbourhood policing, response and call handling, investigation and custody and demand management. As a consequence of the change activity in these areas, together with immediate improvements in key areas of business as usual, the Force will see sustained increases in public confidence and performance in tackling key crimes. A key enabling change

- for the delivery of the Model will be the introduction of specialist roles for both police officers and police staff. This will result in a continued civilianisation programme and there are plans to civilianise 200 posts in 2010/11. The Force is also planning to disestablish 100 police officer posts in non-operational functions. Together these initiatives will generate cash of £3.6 million in 2010/11 with a full year effect of £7.1 million in 2011/12.
- 5.26 The main benefits which will accrue from the New Policing Model are improvements in service and productivity. The implementation of the Model in itself will not produce cash releasing efficiency savings. However, when combined with the Quest process reengineering work and Project Optimus, the Force will be well placed to bridge future projected budget shortfalls and increase investment in frontline services.
- 5.27 When the previous Acting Chief Constable was in post, the Police Authority agreed to the creation of earmarked revenue reserves from budget underspends to establish and deliver the “Charting the Way Programme”. The main deliverables of this programme were early improvements to Call Handling Services, the introduction of Public Service Teams, the creation of Priority Neighbourhood teams, the introduction of Volume Crime Proactive Teams and Test purchase capability.
- 5.28 The change programme in 2008/09 and 2009/10 has therefore been financed through earmarked reserves, which have now been spent. The future funding of the change programme, “Putting People First”, will utilise a combination of general reserves for invest to save initiatives, £1.9m, reinvestment of savings, £0.5m, internal redistribution of resources, £2.7m, and capitalisation, £0.5m.
- 5.29 Project Optimus is being undertaken in conjunction with Pricewaterhouse Coopers. By reviewing employee activities on a standardised thirty six-process model, Optimus is developing a series of projects, which are focussed on reducing operating costs. It is setting out a cash releasing benefits’ profile over time built around the underlying principles of the simplification, standardisation and sharing of processes. Four major themed areas have been identified including the creation of “slimmer” corporate HQ functions, a resource management work stream, a management and supervision work stream and a new model for the non-operational areas of the Basic Command Unit.
- 5.30 The first part of the corporate HQ review is due to be implemented with effect from 1 April 2010. Savings will be achieved by rationalising the Corporate Development and Performance and Local Policing Improvement Branches. The first draft projected savings and benefits for the remainder of the Optimus programme will be agreed by January 2010. The benefits case for the overarching change programme will be finalised by February 12 2010.

6. CONCLUSION

- 6.1 The Force has a draft financial strategy which supports its operational strategy and priorities and has plans which will deliver service and performance improvements against a backdrop of increasing financial uncertainty. These have been drawn up taking into account the public consultation, which has taken place throughout the year.
- 6.2 The Force has worked with the Authority over recent weeks and months to finalise its priorities, headline measures and targets for 2010/11. The Chief Constable made formal recommendations on priorities and headline measures to the Police Authority's Strategy and Resources Committee meeting on 29 January 2010.
- 6.3 Proposed key financial deliverables for 2010/11 are
- an increased investment in neighbourhood policing of 200 officers
 - increased investigative capacity for vulnerable people of 30 officers
 - increased administrative support of 12 staff for public protection investigation units
 - realignment of 104 Specialist Operations Branch officers to deliver Vortex deployment to target volume crime hot spots
 - a 10% reduction in the capital value of the fleet
 - a 10% reduction in fuel consumption
 - a £72m investment in new and sustainable building stock
 - a £17.5m investment in Information Technology and Business Systems