

MERSEYSIDE POLICE AUTHORITY

The Police Authority has set a Net Budget Requirement for 2011/12 of £332.645m. The precept, which provides the balance of funding not covered by Government Grant, is set at £61.504m. In council tax terms this is equivalent to £97.49 per property at Band A and £146.23 at Band D, a nil increase on the current year's level.

This position has been achieved through the approval of £20.097m of budget reductions, along with the receipt of a Council Tax Freeze grant, which provides the equivalent of a 2.5% increase in the precept.

During the formulation of the 2010/11 budget, the Authority set a budget of consolidation given the uncertainties of the next Comprehensive Spending Review (CSR) announcement. This has at least allowed the Authority to face 2011/12 and beyond in a financially resilient position, that at any other time, would have provided a sound foundation for future investment in priority services.

In the Local Government Finance Settlement, which covers the next 4 years, (i.e. the CSR period), the Authority has been awarded a net reduction in general grants of 5.141%, i.e. £14.701m, for 2011/12. The level of the settlement awarded to this Authority equates to the same percentage reduction for all Police Authorities in England and Wales. The Government has also provided details of the police grant for 2012/13 and this will see the Authority's grant reduce by a further 6.703%, i.e. £18.182m. Unfortunately, the third and fourth years of the settlement will only be confirmed following the Local Government Resource Review currently being undertaken by the Government. Therefore, a number of assumptions have been made regarding the likely grant funding in these years.

Consequently, the above settlement has presented the Authority with two very significant financial challenges, i.e. the enormity of the required savings over 4 years (£61.4m) and the "front loading" of the savings requiring £38.5m to be saved over the initial 2 year period.

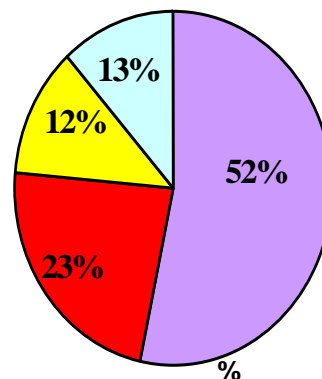
The 2011/12 budget sets out a strategy for implementing the quickest and deepest cuts in living memory, whilst, by "back loading" the impact on front line services seeks to mitigate, as much as possible the timing of the impact on operational policing. Undoubtedly, this challenge will become greater as cuts run deeper. However, it is inevitable that this impact will grow over the 4 year period.

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CHIEF EXECUTIVE / TREASURER**

NET BUDGET REQUIREMENT

2010/11 £m		2011/12 £m	
368.653	GROSS EXPENDITURE	351.889	
(2.091)	Gross Income	(3.227)	
(30.377)	Specific Government Grants	(15.526)	
336.185	NET OPERATING REQUIREMENT	333.136	
(0.887)	Use of Provisions, Reserves & General Balances	(0.491)	
335.298	NET BUDGET REQUIREMENT	332.645	
(137.377)	Less: Police General Grant	(137.764)	41.4%
(17.362)	Revenue Support Grant	(31.518)	9.5%
(119.564)	Business Rate Income	(101.966)	30.7%
0.518	Collection Fund	0.107	(0.0%)
61.513	PRECEPT REQUIREMENT	61.504	18.4%

ANALYSIS OF BUDGETED GROSS EXPENDITURE IN 2011/12



Police Pay	52	■
Police Staff Pay	23	■
Police Pensions	12	■
Other Expenditure	13	■
Total	100	

HOW SPENDING HAS CHANGED

	£m
NET BUDGET REQUIREMENT 2010/11	335.298
Inflation & Pay Awards	5.273
Adjustment to Grant Related Expenditure	0.915
Net Committed Growth	2.267
Recurring Savings	(2.600)
Collection Fund Deficit	0.107
Bank Holiday	0.100
Reduction in Contribution to Reserves	(2.222)
Decrease in Contributions from Reserves & General Balances	0.396
Contribution from General Balances to Finance Collection Fund Deficit	(0.107)
Council Tax Freeze Grant	(1.536)
Reduction in Specific grants	14.851
Savings Requirement	(20.097)
NET BUDGET REQUIREMENT 2011/12	332.645