

NORTHUMBRIA POLICE AUTHORITY

FINANCE COMMITTEE

11 SEPTEMBER 2002

PRESENT: Councillor Napier (Chair)
Councillors Foster, Laing, Packham, Purdue, Thompson
and Waggott
Mr Atkinson, Mr Avery, Mr Brown, Mrs Brunton, Mr Gordon,
Mrs Guy and Dr Mahmood

APOLOGIES: Councillors Darke and Henry and Mrs Pearson

20. MINUTES

RESOLVED - That the minutes of the last meeting held on 10 July 2002 be approved as a correct record and signed by the Chair.

21. RESPONSE TO THE LOCAL GOVERNMENT FINANCE FORMULA GRANT DISTRIBUTION CONSULTATION PAPER

The Authority has earlier agreed that the Finance Committee consider the response to the Government consultation paper on possible changes to the formula used to distribute grant to English local authorities, including police authorities (minute 65 – 2002/03)

Comments relating to how both police – specific and non – police options affect the Authority together with summary comments on why it is suggested that the Authority frames its particular response were submitted.

Some of the exemplifications in the consultation paper suggest that the Authority could be a net beneficiary as a result of some of the options being adopted. However, it is difficult to assess the full financial impact of the proposals at this stage because of unknown variables such as the spending review 2002 and future data changes.

RESOLVED - That the response included in the appendices to the minutes be recommended to the Authority for submission to the office of the Deputy Prime Minister by the due deadline of 30 September 2002.

22. FINANCIAL RESULTS FOR THE YEAR ENDED 31 MARCH 2002

The accounts of Northumbria Police Authority for the financial year 2001/02 have now been finalised, subject to audit.

Compared to the revised estimate of £4,483,000, the capital outturn of £4,080,000, represents an underspend of £403,000. Whilst there has been minor slippage on a number of projects, expenditure on vehicles, plant and

equipment was higher than estimated due to a delay in payments relating to the previous financial year.

For the 2001/02 financial year, capital expenditure has been financed through revenue contributions (£2,190,000), borrowing (£1,454,000) and capital grant for the Airwave project (£436,000).

The 2001/02 provisional revenue outturn position has previously been reported to the Authority (minute 64 – 2002/03).

Actual expenditure totals £106.991m, representing an underspend of £5.853m on the revised estimate as outlined.

In line with the CIPFA's best practice approach to accounting for best value, all local authorities, including Police Authorities, should adopt the Best Value Accounting Code of Practice (BVACOP) for reporting their financial position.

In addition to the traditional way of reporting, the Authority's 2001/02 revenue account using the BVACOP basis was also submitted. Costs are shown against activities relating to the police service. Whilst this will improve management information, the main objective of costing activities is to compare trends internally over time and externally with other similar organisations.

The Police Authority's Statement of Accounts, which is open to formal inspection by the public, as required under the Accounts and Audit Regulations, was also submitted. Any significant changes will be reported to the Committee.

Another major change to how financial results are reported in 2001/02 concerns the introduction of a new Financial Reporting Standard (FRS17 – retirement benefits).

Although retirement benefits will not actually be payable until employees retire, the Authority has a commitment to make the payments that need to be disclosed in accordance with FRS17 at the time that employees earn their future entitlement.

There are no investment assets built up in the Police Pension Scheme to meet these liabilities and cash has to be generated to meet actual pensions payments as they eventually fall. In the Local Government Pension Scheme for Support Staff, the Authority and employees pay contributions into a fund, calculated at a level estimated to balance the pensions liabilities with investment assets. Therefore, the FRS17 liability is only partly (and also minimally) offset by the Authority's share of assets in the fund.

The FRS17 liability needs only to be disclosed by a note to the 2001/02 consolidated balance sheet as part of a phased introduction.

RESOLVED - (i) That the Statement of Accounts for the year ended 31 March 2002 be approved.

(ii) That the indicated appropriations to reserves be agreed.

23. ORDERS DEALT WITH UNDER DELEGATED POWERS IN ACCORDANCE WITH STANDING ORDERS

Orders have been placed under delegated powers in accordance with Standing Orders by the Architect and Technical Adviser. Budgetary provision exists for all items and, unless otherwise stated, orders have been placed with the lowest tenderer in each case.

RESOLVED - That the information be noted.

24. POLICE PENSIONS REGULATIONS 1987 – APPEAL AGAINST DEGREE OF DISABILITY AWARD REF: 8/00

Following the Force Medical Officer's decision to award an injury pension with a degree of disablement of less than 25%, an Independent Medical Referee has now examined the appellant and confirmed that the officer's disablement is in the band 26-50%. The officer has therefore won the appeal.

RESOLVED - That the information be noted.

25. POLICE PENSIONS REGULATIONS 1987 – APPEAL AGAINST DEGREE OF DISABILITY AWARD REF: 7/01

Following the Force Medical Officer's decision to award an injury pension with a degree of disablement of less than 25%, an Independent Medical Referee has now examined the officer and has confirmed that the officer's disablement is in the less than 25% band. The officer has therefore lost the appeal.

In accordance with minute 18 – 1995/96, the Authority will seek reimbursement from the officer of the fees payable to the Independent Medical Referee and any other expenditure incurred in the examination of the officer totalling £975.25.

RESOLVED - That the information be noted.

26. POLICE PENSIONS REGULATIONS 1987 – APPEAL AGAINST NON – AWARD OF INJURY PENSION REF: 11/01

Following the Force Medical Officer's decision not to award an injury pension to this officer, an Independent Medical Referee has now examined the appellant and indicated that the officer's retirement condition was not the result of an injury on duty. The officer has therefore lost the appeal.

In accordance with minute 18 – 1995/96, the Authority will seek reimbursement from the officer of the fees payable to the Independent Medical Referee and any other expenditure incurred in the examination of the officer totalling £700.

RESOLVED - That the information be noted.

Mr Gary Meyler
Formula Grant Review Team
Office of the Deputy Prime Minister
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Eland House
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Dear Mr Meyler

FORMULA GRANT DISTRIBUTION PAPER

Thank you for your invitation to comment on proposed changes to the police funding formula. Members of the Police Authority have discussed the proposed changes to the funding formula at the September Finance Committee and have endorsed this response. Specific comments are detailed below :-

POLICE SPECIFIC OPTIONS

POL1 : Updating – Activity Analysis

This is an evidence-based change that is being proposed and is therefore welcomed. However, since the data used is partial and volatile and the funding formula may be sensitive to this, the Authority would wish in the future to see data being averaged over a longer period in order to provide greater stability in the formula.

POL 1 : Sparsity / Rural Policing Fund

The Authority welcomes the proposal to equate the sparsity component to 1% since this more accurately reflects the rural nature of part of its force area. Indeed, the Authority would wish to highlight its past representation to the Home Office which was ultimately recognised, although no funding was made available.

POL 2 : Removing the remaining 10% establishment damping factor

The Authority has always argued for the removal of the residual 1994 establishment component and therefore welcomes and supports this proposal.

POL 3 and POL 4: Making the Formula Proactive

Despite being a beneficiary of this particular proposal, though only with regard to the public order component, the Authority still opposes it on the grounds that since future activity analysis will reflect policing priorities anyway, future funding will be more closely aligned to reality than judgmental proportions

based on ministerial priorities. Furthermore, the Authority would wish to state that this proposal moves away from the funding formula's principle of being based on need and on evidence, and therefore undermines its stability.

POL 5 : Including a new deprivation component into the formula, set at 2%

The Authority welcomes this proposal since, unlike how the rural policing fund helped to address sparsity and rural response times, there has been no additional recognition in the funding formula to address the costs of policing intense urban areas. However, the Authority would wish to see some additional explanation to support this proposal.

NON POLICE SPECIFIC OPTIONS

Area Cost Adjustment

The Authority has always argued that the Area Cost Adjustment does not acknowledge that police pay rates are set nationally and therefore apply to all Authorities (except the Metropolitan Police). The Authority would therefore only support an approach that recognises the specific costs incurred, using data for all public sector workers.

'Sluggish Costs' – relating to population growth and decline

The Authority has consistently lost funding as a direct result of population losses and would again reiterate that it does not consider that there is a direct correlation between the need to spend and population changes. The Authority considers that population losses do not result in corresponding reductions in costs to the Authority since many of its costs are fixed in nature and cannot be reduced at the same speed. In addition, it could be argued that population loss is a result of the migration of more economically active people which, in a policing sense, will add to deprivation and therefore actually increase the burden on resources. Such authorities have less scope to use the precept to make up this loss in revenue. Moreover, deprivation measures in the formula do not keep in step with actual deprivation – they are mainly based on the national census, which is updated only every ten years. The Authority therefore strongly opposes this proposal.

The proposal to have a threshold of 0.5% for population loss over two years would admit only Merseyside; the Authority would therefore argue that this should be lowered significantly.

Merging RSG and NNDR allocations

The Authority believes that this is a retrograde step, which serves to remove the link between local business and local provision of services and may lead to further increases in central control. It would therefore wish to state that it does not agree with this proposal.

Fixed Costs

The Authority recognises that whilst this might benefit smaller local authorities, it should not apply to police authorities as they are large enough to accommodate these costs.

Resource Equalisation

The Authority opposes any proposal that could see funds move away from the police block. However, since one of the options (RE2) involves uprating each spending block to bring it in line with actual spending for that block, the Authority would welcome this particular option since it currently spends above SSA.

Capital Financing

Since one of the options (CF2) involves a significant loss for the Authority and is related to how the reserved receipts control total is allocated to other blocks, the Authority would argue against this particular option.

If you have any queries about the content of this letter, please contact me on telephone number 0191 433 3582, fax at 0191 477 2272 or by e-mail at melwaller@gateshead.gov.uk

Yours sincerely

Mel Waller

Treasurer