

**NORTHERN JOINT POLICE BOARD
Finance and Policy Working Group**

9 JANUARY 2009

Agenda Item	
Report No	

POLICE CAPITAL GRANT

Report by the Treasurer

Summary

This paper considers the situation with regard to Police Capital Grant and makes recommendations on setting the level of grant to be passed to the Police Service.

Background

1. From April 2004 through to April 2007 Police Capital Grant was paid directly to the Police Service. For the financial year beginning April 2008 there was a change in the funding mechanism and Police capital grant was included in the General Capital Grant paid by the Scottish Government to the Local Authorities and was not ring fenced.

Budget 2008/09

2. The underlying principle of removing the ring fencing from the grant was to allow local decision making on the best use of the Local Authorities' General Capital Grant. However there was no agreed process to consider the disbursement of the grant to the joint board.
3. Due to the timing of the change in status of the grant and to afford some stability to the capital financing of the Police service, the agreement on the budgeted amount of capital grant to be paid to the police service was included in the consideration of the 2008/09 requisition.
4. For 2008/09 the Government indicated the level of capital grant for police services included in the General Capital Grant was the same as the amount issued in 2007/08. At the Police Board on 18 January 2008 it was agreed to budget for this level of grant to the police service.
5. The budgeted police capital grant for 2008/09 is:
 - i. Highland Council £1.175m
 - ii. Eilean Siar £0.130m
 - iii. Orkney £0.082m
 - iv. Shetland £0.098m

£1.485m

Actual charge for 2008/09

6. The allocation of costs of the Police Service supplied by Northern Constabulary is covered by The Northern Combined Police Area Amalgamation Scheme 1995. It refers that "...board expenditure shall be apportioned among the constituent authorities and the proportion to be

borne by each constituent authority shall be according to the cost of the provision of services by Northern Constabulary within the area of each constituent authority.”

7. Consequently the final charge to the authorities for the capital grant relating to 2008/09 will be dependant on the actual capital expenditure incurred in each constituent authority. Any capital work undertaken on a corporate/HQ asset will be shared out amongst the constituent authorities on the same proportion as recharging for revenue corporate/HQ expenditure, as agreed in the Montgomery formula.

Actual Capital Grant Charge for Constituent Authorities

The calculation will be :

Net Constituent Capital Expenditure (NCCE) =

- total capital expenditure in the constituent area
- less any income directly attributable to the specific projects in the constituent area (e.g. contributions from third parties)
- less any capital receipts raised in the constituent area in the year. (Any capital receipts raised and not required in the area in the year will be held in the Capital Receipts Reserve, and ear marked for each constituent area to be used to fund expenditure in that area in future years.)

Total revenue contributions to capital and the use of the capital receipts reserve (as at 31.03.08) will then be allocated across the constituent areas on the basis of the total NCCE for each constituent area.

The resulting figure will be the police capital grant to be paid by each constituent area.

2009/10

8. For 2009/10 the indication is that the level of capital grant relating to the police service, included in the General Capital Grant of the local authorities is at last year's level but adjusted by -£0.074m for the transfer of Police ICT.

i. Highland Council	£1.116m
ii. Eilean Siar	£0.124m
iii. Orkney	£0.078m
iv. Shetland	<u>£0.093m</u>
	<u>£1.411m</u>

9. It is therefore proposed that for budgetary purposes the total capital grant for the police service is £1.411m. The capital grant will be paid by the constituent authorities on this basis throughout the year.
10. The actual police capital grant charge for 2009/10 will be based on the process explained in the above table at paragraph 7.

Recommendation

That the Working Group recommends that the Board approve:

1. the method of calculating the police grant to be charged to constituent authorities as described in the table at paragraph 7 above
2. Budget police capital grant for 2009/10 of £1.411m.

Signature:

Designation: Treasurer

Date: 23 December 2008

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