Police and Crime Panel – Consideration of Precept and Budget

Written questions submitted by the Police and Crime Panel and responses from the Office of the Police and Crime Commissioner

The 2015/16 budget:

- **In the PCC's opinion, how well has the budget been managed in 2016/17? Steps were taken including the appointment of a Head of Finance to address the issues in 2015-16. This has ensured expenditure will be delivered within budget; with a slight underspend for 2016-17.**

- **Have there been any significant under or over spends? All have been managed within the existing budget.**

- **Have the planned £12m of savings been achieved? Yes and additional costs have been absorbed, particularly as we have seen more police officers leave that initially budgeted.**

- **With reference to the HMIC Efficiency report recommendations, are credible and achievable plans now in place for the new police operating model (including costed options for service delivery and clarity on the impact on services of each option)? Yes. There are credible plans in place to ensure delivery of the new operating model. The new Chief will probably review this plan.**

The 2017/18 Budget (and associated precept)

Precept Report

- **What assurances has the PCC been given about the robustness of this year's estimates, in light of the previous problems in 2015/16 and subsequent concerns raised by the HMIC? The issues of the previous year have all been addressed. As per above response.**

- **P73 – para 2 – was there any scope to review the Tri-Force Collaboration business cases at an earlier point to better inform this year's budget? Not at this stage. But the work has been awarded over £5m Transformation Funding from the HO to facilitate the change.**

- **How much additional revenue will the proposed precept increase generate? Together with an increase in the tax base the 1.95% precept increase will generate an additional £3m and the decrease in grant totals £1.8m.**

- **The recommendations in the Consultation Report underline the need for a clear communication plan to justify the increase in the precept setting how the additional revenue will be spent – can you clarify what the additional revenue will pay for? Reduction in grant, pay awards, inflation and additional focus on Tagging for Knife Crime, preventing demand and media campaigns in relation to sexual violence.**

Budget Report

- **How does the overall budget line up with the PCC's identified priorities within the Police and Crime Plan? The budget facilitates the Police & Crime Plan.**

- **What alternative options did you consider when setting the budget? How were decisions arrived at in order to decide between options? We have considered increasing council tax or not. However, the HO grant assumptions allow for a 2% precept increase so not to increase or increase at less than 2% would result on a greater decrease in resources available. Above 2% would trigger a referendum with significantly higher costs.**

  Therefore we chose to reprioritise budget to meet the £5.5m shortfall and the cost of minor priority investment.

- **How confident are you that the savings will be delivered? What processes do you have in place to monitor each strand? Confident. Reporting processes and improved management within the force finance team ensure regular updates and during month reporting when issues are identified.**

- **P91 – planned premises costs – the projected expenditure does not appear to have reduced since last year – would you have expected to see greater savings from the rationalisation of the police estate at this point? This is dependent on property sales. We have seen significant reductions in previous years.**

- **P91 – Premises costs – what has been the impact of the recent business rates re-evaluation? £17k extra based on the valuation list. However, this is offset from savings where buildings are being sold. Net saving £45k.**

- **P91 - Planned expenditure on agency and contract services has increased from £13.1m in 2016/17 to £16.9m – can you explain the increase? The biggest element of this relates to the Tri Force Collaboration and preparation for the work being developed.**

- **P93 – collaboration costs are set to increase by £1.2m – is it clear the level of efficiencies which collaboration is bring in? A significant amount of this relates to the move to Oracle Fusion (Cloud). The Business case details the payback in relation to this particularly as more forces join the collaboration.**

- **P93-94 – Pensions – is this an error? The tri-annual revaluation took place in 2016 and takes effect from 1st April 2017 – have the employer contributions actually increased? Contribution rate has increased from 10.8% to 12.4%, but lump sum payments have reduced from £1.6m to £0.7m. Broadly a £50k increase in total after allowing for recruitment.**

- **P96 – table of efficiencies – are these all new savings or are some of these existing ones? At what point will the planned savings for 2018-19 to 2020-21 (as detailed on page 115) be factored in? The efficiencies identified for 2017-18 are all new efficiencies. Work is well underway to deliver the estimated efficiency totals for 2018-2021. They only total £4.1m over the 3 years compared with £12m this year ne £5.5m next.**

- **P97 – Annex 1 – table regarding payroll – the Police staff pay and allowances has dropped £9.5m from the figure quoted in 2016/17 – is this because PCSO pay and allowances were included within that figure last year? Yes they are contracted as staff.**

- **P97 - Annex 1 – table regarding payroll – other employee expenses have increased by £0.7m – what do these relate to? Apprenticeship Levy £600k**

- **P98 – can a similar breakdown of planned expenditure be provided for the Office of the PCC? The OPCC costs are broken down and included within the figures provided in Annex 1.**

- **P102 – a number of the figures for the variations do not tally with the budget figures in last year's report – e.g. there is a £4.2m reduction in Police pay and allowances not £5.2m as quoted – can you clarify the correct figures please? The budget was revised in year to take account of efficiencies (previously shown separately).**

- **P102 – Police staff pay and allowances - can you give the Panel more information about the Police Investigation Officer posts and clarify whether these are classed as Police Officers or Police Staff? A review of the role of warranted officers identified that Investigations could be undertaken by civilian staff (PIOs) and result in savings being achieved and ensure that PO's would be visible within the community.**

The Medium Term Financial Plan

- **How strong or reliable are the assumptions made in the preparation of the plan? Based on the most reliable information from the HO.**

- **How robust is the medium term plan in terms of delivering the PCC's aims, objectives and priorities? The MTFS is the financial strategy detailing the resources available. The Force has to achieve the requirements of the Police & Crime Plan within the resource envelope that will be available.**

- **P110 – table of Funding Available – there are no projections for the collection fund for 2018-19 to 2020-21 – could a similar surplus figure to recent years be expected? Since the localisation of Council Tax decisions there has been a significant surplus, but as the billing authorities tax base estimates stabilise the surplus is likely to reduce and we could return to the**

fluctuations between surplus and deficits. The surplus is about 0.5% of the total budget and whilst reserves remain low will be used to stabilise the financial viability of the Force. And to fund change.

<u>Reserves Strategy</u>

- **P74 - Could you clarify whether the level of reserves is felt to be adequate or not (this is the same level as last year when it was felt to be adequate)? At the time of writing the report last year the Force was confident of reducing the requirement for reserves. This did not happen and as a result a warning was given to the force in relation to financial viability. The predicted underspend this year together with the council tax surplus being transferred to reserves provides further resilience. The trigger for major concern is if reserves were to drop below the £7m that the general reserve is risk assessed as requiring.**

- **P129 – Appendix A do you feel that the reserves proposed follow a consistent methodology – e.g. the probability of Major Incidents is rated Medium, Medium and Low but the figure is set at the maximum level, whereas Partnership Support is rated as Medium to High but set close to the minimum? The risk of losing Partnership support is taken into account when pulling the budget together. The Force communicates closely with Partners providing support. So whilst it could be medium to high based upon the financial constraints of partnership organisations the most at risk at any point in the year would be £1.2m.**

- **Reports in previous years referred to the difficulties faced in paying back the reserves – what assurances has the PCC received that reserves can begin to be paid back from 2017/18 as planned? There is no planned repayment of reserves in 2017-18. The only increase is the transfer of council tax surplus. The planned repayment of reserves is expected from 2018-19 initially at just £1m per annum.**

- **P132 and 133 – Appendix C(i) and C(ii) – there appears to be no use of the general reserves and little call on the earmarked reserves planned in forthcoming years. The balance of earmarked reserves is due to increase in the next four years from £9.748m to £14.745 – could it be argued that rather than increase the precept you could choose to not increase these reserves? For an organisation of nearly £200m the level of earmarked reserves is very low and the general reserve would be the last defence against financial non-viability. Given the difficulties in recent years where £10m has been taken from reserves it is imperative that we replace these used reserves. Notts is a medium size force but has one of the lowest levels of reserves across all forces. We are also significantly funded by grant compared with other forces and therefore reductions in grant impact on us to a greater level.**

Capital Programme and Treasury Management Strategy

- **How robust are the business cases for each project? All business cases go through a robust process in being costed up.**

- **P136 - Appendix A – when cross-referenced with last year's Capital Programme report, the total project cost up to 2019-20 (including prior years' costs) has risen from £25m to £43m. In the budget workshop the PCC talked about his plans to make the Capital Programme more realistic and feasible but the tables on p144 and p146 suggest that this will continue to increase up to 2019, with total core funds estimated to increase until 2021.**

  Can the overall strategy with the Capital programme be clarified? The biggest change between the years is the need for major investment in a new Custody suite. The existing facilities at Bridewell do not meet the new HO standards. Alternatives such as making the Bridewell compliant have all been considered during the year and a new facility is considered as the best most future proof solution. This project will cost in the region of £20m.

- **To what extent will some of these projected costs be subject to reductions as a result of the Tri-Force Collaboration? Tri force collaboration will reduce revenue costs rather than capital. The programme includes significant investment in standardising IT systems across the three forces. Transformation Grant will not cover 100% of these costs. However, efficiencies in purchasing together will be realised.**

- **If not featured in this latest Plan, does that mean that the other projects included in last year's plan were completed – e.g. Bulwell Refurbishment? There is a mixture of events. Some projects have obviously been completed others are being reassessed. For example Bulwell was offered up as a saving to the capital programme during the year as an alternative offer had been made. This is being explored and a new business case will be provided.**

- **What percentage does the slippage from 2016/17 represent from the budgeted programme for 2016/17? 23%.**

- **Based on past experience, how confident are you that £2.9m of slippage plus £7.2m of new requests in 2017/18 will be spent in 2017/18? As with all capital projects slippage is inevitable. Most of our capital programme is reliant on partners and we can only proceed at the speed of the slowest. Changes are also identified as projects progress and these also result in slippage. We do identify slippage earlier in the year and adjust the budgets and forecasts accordingly.**