



Nottinghamshire

POLICE & CRIME COMMISSIONER

Medium Term Financial Plan

2013-14 to 2016-17

January 2013

Commissioners Medium Term Financial Plan

Introduction

This document is part of the overall financial framework of the Police & Crime Commissioner. It builds on the budget proposed for 2013-14 and incorporates plans to meet changes in available financing with the need to meet current and future commitments.

Within the current economic climate the Government have made significant reductions in public sector finances. The level of cuts that been made to Government grants are set to continue in the short to medium term.

Nottinghamshire has had to achieve savings/ cuts in excess of 20% over the current Comprehensive Spending Review (CSR) period and there are indications that similar levels of savings/cuts will be required over the next CSR as the economic recovery will be very slow and prolonged.

This 20% reduction has a significant impact on Nottinghamshire as approximately 76% of budget funding comes from Grant. In addition to this Nottinghamshire loses £10.5m in grant which the Home Office' own formula, based on needs assessment, calculates is needed to police Nottinghamshire.

The remaining 24% of funding comes from precept (Council Tax). This has also been limited to a 2% increase for 2013-14, before triggering the need to hold a public referendum.

Despite this the Police & Crime Commissioner has produced a Police & Crime plan, which incorporates the promises made in the election. The 2013-14 budget report and this document build those promises into the finances and workforce plans.

The Police & Crime Plan is build upon the following 7 strategic priorities:

- Protect support and respond to victims, witnesses and vulnerable people.
- Improve the efficiency, accessibility and effectiveness of the criminal justice process.
- Focus on those local areas that are most affected by crime and anti-social behaviour.
- Reduce the impact of drugs and alcohol on levels of crime and anti-social behaviour.
- Reduce the threat from organised crime.
- Prevention, early intervention and reduction in re-offending.
- Spending your money wisely.

Funding

This year introduces several changes to the previous core funding for policing in Nottinghamshire. These are summarised as follows:

1. Police grant (including DCLG grant) has reduced by just over £2m compared with 2012-13.
2. A Community Safety Grant has been made available to Police & Crime Commissioners to deliver local crime prevention and victim support projects with partners and the third sector. This is approximately £0.8m less than the amounts paid out by the Home Office in 2012-13.
3. The Council Tax base has significantly reduced as a direct consequence of changes in local Council Tax benefit schemes. This equates to a reduction of £8.1m compared with previous forecasts.
4. The Council Tax referendum limit has reduced from 4% in 2012-13 to 2% in 2013-14 thereby limiting the amount that can be raised through the council tax.
5. The DCLG have introduced changes in relation to the localisation of Business Rates and this now excludes policing from and redistributed business rates.
6. Both 3 and 5 have had a significant impact on the funding available and therefore DCLG have paid an additional Council Tax Support grant to policing. This covers the negative impact of 3 and 5 above.
7. This year the previous Neighbourhood Policing Grant has been rolled into the main police grant and will therefore be subject to the same level of cuts in future years.
8. £10.5m grant has been withheld by the Government.

The estimated funding for the Police & Crime Commissioner over the next four years is as follows:

	2013-14 £m	2014-15 £m	2015-16 £m	2016-17 £m
DCLG (incl. Freeze Grant)	53.9	52.3	49.5	47.5
Home Office – Police Grant	84.9	81.8	78.4	75.1
Community Safety Grant	2.8	2.7	2.6	2.5
Council Tax Support Grant	8.4	8.0	8.0	8.0
Precept	48.5	49.5	50.5	51.5
Collection fund surplus	0.1			
TOTAL	198.6	194.3	189.0	184.6

Investment

The Police & Crime Commissioner has made a promise to increase frontline policing by 150 officers and 100 Police Community Support Officers (PCSO's).

This is a major investment in frontline policing for the people of Nottinghamshire. **Appendix A** is the workforce plan detailing how this is going to be achieved. It is planned that 150 police officers will be recruited in 2013-14 and a further 120 police officers in each of the subsequent years. It is also planned that 35 PCSO's will be recruited in 2013-14 and 2014-15 with 30 in 2015-16.

The total movement in officer and staff numbers is summarised below:

Police Officers	2013-14 No	2014-15 No	2015-16 No	2016-17 No
Opening Balance	2,038	2,110	2,161	2,186
Closing Balance	2,110	2,161	2,186	2,211
Movement	72	51	25	25

Staff	2013-14 No	2014-15 No	2015-16 No	2016-17 No
Opening Balance	1,249	1,259	1,279	1,284
Closing Balance	1,259	1,279	1,284	1,289
Movement	10	20	5	5

PCSO's	2013-14 No	2014-15 No	2015-16 No	2016-17 No
Opening Balance	305	340	375	405
Closing Balance	340	375	405	405
Movement	35	35	30	

The financing of this investment is from the increase in council tax and the significant savings and efficiency plans that are being put in place.

Savings and efficiencies

The reduction in funding started 3 years ago with an initial claw back of £2m in grant. This was followed by a CSR which reduced grant funding by 20% over the next 4 years (2011-2015). When the pressures from inflation and pay were factored in this required an initially estimated £42.2m saving over the period.

To date a total of £20.3m have been achieved in 2011-12 to 2012-13. A further £8.6m planned for 2013-14 and £9.5m in 2014-15. Over the four years this equates to a total of £38.4m. During this period one-off savings have been achieved and these have been added to reserves to prepare for the next CSR and the potential impact on future funding.

The table below summarises the savings plans currently in place for the next two years:

	2013-14 £m	2014-15 £m
Collaboration	0.5	1.3
Procurement	2.0	1.3
Estates	1.0	1.4
Corporate Services	1.0	2.9
Fleet	0.2	0.2
Operational efficiencies	1.0	1.0
Income generation		1.2
Vacancy rate	2.8	
Commissioners Office	0.1	0.2
TOTAL	8.6	9.5

On average £10m each year is required in savings and the plans above are well developed to provide assurance of being able to be delivered. For 2015-16 and 2016-17 plans are in their early stages, but the force is determined that these can be achieved and regional collaboration will be a key factor to this.

Collaboration

The East Midlands region incorporates the policing areas of Derbyshire, Leicestershire, Lincolnshire and Northamptonshire with Nottinghamshire. This is a large region which has been collaborating for several years. Regional Collaboration has been developing and each of the Police & Crime Commissioners are keen for it to deliver more both financially and in performance terms.

The Regional budget for 2013-14 is less than the 2012-13 budget and the Commissioners have tasked the Chief Finance Officers together with the Force Financial Directors to review the medium term financial plan to deliver further budgetary savings on those areas already being collaborated.

Expenditure

Traditionally expenditure budgets are incrementally changed from the previous year net expenditure to allow for inflation and savings. In 2012-13 the force undertook a budget review and assessed the budgets against policing plan priorities. It is the Commissioners intention to have a full base budget review based on the principles of zero based budgeting.

The expenditure requirements of the Force and the Office of the Police & Crime Commissioner are continuously reviewed and monitored to ensure value for money. New areas of expenditure have been added to the base budget (eg Community Safety Grant) and other activities previously grant funded, where the Home Office have stopped funding have been mainstreamed where possible (eg Drug Intervention in custody). Other pressures have been identified in the year such as software licences and special operations, these have been included.

Net movement in officers provides savings and additional cost pressures. Additional costs are the result of recruiting more officers, staff and PCSO's. Savings are achieved as retiring and leaving officers on the top of their rank are replaced by new recruits at the start of their careers.

Inflation and pay awards provide a significant cost pressure. This is constantly reviewed for accuracy.

Net Expenditure requirements are provided below:

	2013-14 £m	2014-15 £m	2015-16 £m	2016-17 £m
Previous year net expenditure	196.6	197.0	193.9	199.4
Net changes for pressures	8.9	6.2	7.0	6.7
Net expenditure requirement	205.5	203.2	200.9	206.1

Summary

In conclusion there are robust plans in place to deliver an ambitious investment plan of additional officers, staff and PCSO's, whilst ensuring a balanced budget for 2013-14 and 2014-15.

There is still work to do to achieve the required savings plans for 2015-16 and 2016-17, but the evidence to date is that this can be achieved.

There is still risk in relation to future grant settlements and a possibility that these may be cut by more than has been estimated.

The summary financial position is as detailed below:

	2013-14 £m	2014-15 £m	2015-16 £m	2016-17 £m
<u>Policing element</u>				
Net Expenditure	200.8	198.5	196.2	201.4
Savings & efficiencies	(8.5)	(9.3)	(1.5)	0.0
sub-total	192.3	189.2	194.7	201.4
<u>Grants & Commissioning</u>				
Net Expenditure	4.7	4.7	4.7	4.7
Savings & efficiencies	(0.1)	(0.2)	(0.3)	(0.4)
sub-total	4.6	4.5	4.4	4.3
Total net expenditure	196.9	193.7	199.1	205.7
<u>Financing available</u>				
Grants	150.0	144.8	138.5	133.1
Precept	48.6	49.5	50.5	51.5
Total Financing	198.6	194.3	189.0	184.6
Contribution to Reserves	1.7	0.6		
Further savings required			10.1	11.0