

AVON AND SOMERSET POLICE AND CRIME PANEL

1 FEBRUARY 2018

PRECEPT PROPOSAL FOR 2018/19 AND MEDIUM TERM FINANCIAL PLAN UPDATE 2018/19 - 2022/23

REPORT OF THE CHIEF FINANCIAL OFFICER OF THE OFFICE OF THE POLICE AND CRIME COMMISSIONER FOR AVON AND SOMERSET

SUMMARY

The Medium Term Financial Plan (MTFP) has been updated to reflect the announcements made in the provisional police funding settlement. The Minister announced “£450 million extra” funding for police, of which the Minister confirmed that £270m would be raised by PCCs increasing their average Band D police council tax precept by £12 per annum. In addition, the main police grant is now frozen for two years.

In light of the issues set out in the Tipping Point report, the PCC is proposing to raise the council tax precept in 2018/19 by £12 per annum for an average Band D household, taking advantage of the greater precept flexibility offered in the funding settlement. The same flexibility may be offered in 2019/20 if PCCs and Chiefs meet as yet undefined criteria for efficiency, productivity and transparency on use of reserves.

As a consequence of these changes:

- Average council tax payers will pay £1 per month more for their local police service;
- Total net PCC income will increase by circa £7 million more than previously forecast next year;
- If the PCC took advantage of the full £1 a month increase for 19/20 also then the PCC can present a balanced budget in the next three years and can fund the capital programme within borrowing limits;
- Even if the full increase is taken for both years the PCC still needs to find and deliver £16 million savings by 2023, being £8 million savings already planned and a further £8 million required by 2021-2023;
- If the full increase is taken in both years the PCC is able to protect frontline police numbers over the next three years;
- No final decision will be taken on 2019/20 budget until Feb 2019 following further consultations.

Revised precept proposals	Actual	Forecast				
	17/18	18/19 PROPOSAL	19/20 Planning assumption	20/21 Planning assumption	21/22 Planning assumption	22/23 Planning assumption
Av. Band D Precept	£181.81p	£193.81p	£205.81p	£209.91p	£214.08p	£218.35p
Annual Increase %		+6.6%	+6.2%	+1.99%	+1.99%	+1.99%
Annual Increase £p		+£12p	+£12p	+£4.10p	+£4.17p	+£4.27p

REVISED FORECAST REVENUE OUTLOOK

	Actual	Forecast				
	17/18 £'millions	18/19 £'millions	19/20 £'millions	20/21 £'millions	21/22 £'millions	22/23 £'millions
Total funding previously reported	277.6	277.6	278.8	280.3	281.9	283.7
REVISED funding assuming £12 rise in Band D precept	277.6	284.6	293.1	294.8	296.7	298.8
Less; budget requirement increased capital funding	277.6 0	288.9 0	294.7 5	301.3 1.0	308.2 0.5	314.3 0.5
Increased funding less increased capital spend	0	7	9.3	13.5	14.3	14.6
Deficit previously reported	0	11.3	15.9	21.0	26.3	30.6
REVISED Deficit = total savings required	0	4.3	6.6	7.5	12	16
Planned savings	0	(4.4)	(6.6)	(7.5)	(8.3)	(8.3)
REVISED Outlook	balanced	balanced	balanced	balanced	£4m deficit	£8m deficit

KEY BUDGET ASUMPTIONS – UPDATES AND CHANGES SINCE THE DECEMBER REPORT TO PCP

- Police council tax precept rises by £12 for average Band D home in each of the next 2 years, then rises by 1.99% thereafter. This is subject to further consultation in 2018 (see notes below) and is subject to this flexibility still being available to PCCs which is not guaranteed;
- The Main Police Grant is now frozen for the next two years (previously we had assumed a 1.5% reduction each year);
- A new comprehensive spending review will be in place for 2020/21 alongside a new police funding formula. We do not have any detail on how this will impact our funding and have assumed that the net impact will be 1.5% reductions in main grant every year from 2020/2021;
- Savings: The planned Enabling Services savings and MFSS savings have not changed in total value, but have been phased more cautiously as the MFSS programme will not achieve April 2018 go live and is being re-planned currently;
- The underspend forecast from 2017/18 will be used to manage the costs of transformation and fund capital in year, so reducing and delaying the need to borrow new debt finance;
- Annual uplift to officer and staff pay remains at 2% p.a. – an increase in cost of £24 million p.a. by 2022/23;
- Student officer recruitment will aim for at least 200 in 2018/19 and then 150-200 per annum thereafter depending on the rate at which police officers leave the Force;
- Increases have been made to the amount of revenue funding for capital:
 - Annual increases in revenue funding for capital up to £3.0m p.a. by 2022/23;
 - New injection of revenue funding for capital of £5 million (as required by the capital plan) is made in 2019/20;

These two measures now balance the forecast capital plan and delay the need for new borrowing.

CONSULTATION – VIEWS ON POLICE PRECEPT

Our rolling telephone survey data is based on 3,000 responses per annum. *We currently have data for ¾ of the year until end of September (the data for the end of December will be available by the end of January).* The percentage of people who would support an increase is 81%.

Since the police funding announcement on December 19, the PCC has sought to inform local people of the new funding flexibility and has issued press releases, given media interviews and issued statements on the PCC website and social media. The PCC has been inviting feedback during January 2018 from the local community on their willingness to pay £12/year more to protect their policing service.

On Wednesday, January 10 the PCC visited Bristol, Weston-super-Mare, Bridgwater and Chard and spoke to 379 people. Of those people 85% supported the £12 rise, 14% did not and 1% were unsure. The PCC has also spoken to 80 people at public meetings in Bath, Bristol and South Gloucestershire where 71 people were in favour of a £12 rise and 9 people were not (89% in favour /11% not in support). The PCC has also received 152 correspondence from residents, with 69% supporting a rise, 22% not in favour of a rise and 9% unsure.

From the 610 people we spoke to in January, 82% were in favour of a £1 rise, 16% not in favour of a rise and 2% of people were unsure.

In addition, we ran a boosted Facebook campaign from December 29, 2017 to January 17, 2018. During that time the post reached (appeared in people's Facebook timelines) over 29,950 people, was shared 96 times and received 478 comments. Although some individuals have been clear in their 'Yes' or 'No' response, others have not without further questioning we cannot be 100% sure of their answer to our question or whether they live in the force area. These responses can only be included as part of our collated qualitative feedback. For example:

"Yes without a doubt. If people could see how much their resources have been cut over the last 20 years. These are men and women doing a great job under testing circumstances..."
"Definitely, if it goes on frontline policing."
"No we pay enough council tax and tax on our earnings."
"No way, we never see them in our village."

Locally we note that Devon & Cornwall, Dorset and Wiltshire PCCs are all proposing to raise their police council tax precept by £12.

The PCC will now consider how to consult further and in more depth with local people during 2018 before any final decision on the 2019/20 precept.

ONGOING DRIVE FOR EFFICIENCY

The PCC will continue to work closely with the Chief and hold him to account for ongoing efficiency and productivity improvements and to ensure that any additional funding is invested to protect and improve the police service to local people. In 2018 key efficiency programmes already highlighted include:

- Restructure of enabling services with savings in excess of £4million/per annum;
- End of SW1 contract, restructure of ICT services;
- Move to Multi Force Shared Services solution for financial and back office (ERP) systems;
- Roll out of Mobile technology;
- Further enhancements to digital evidence capture and storage; and

- Further development of data analytics, including multi agency data sharing and analytics project funded by the Home Office Transformation Fund award to Avon & Somerset.

RESERVES AND MANAGING RISK

- Total reserves will reduce from £44 million (March 2017) to under £40 million at March 2018 as reserves are used to fund capital projects and transformation projects. The final position will depend on the outcome of change and capital projects by the end of the year. Reserves will continue to decline in the medium term as they are used for change and capital projects in the coming years.
- Our risk assessed, general fund is set annually by the PCC's Chief Finance Officer in consultation with the Chief Constable's Chief Finance Officer, and after a consideration of all risks facing the PCC.
- Risks identified as increasing are the potentially significant cost to PCCs of delays in the national Emergency Services Mobile Communications Project (ESMCP - replacement for Airwave); and delays in the transition of Avon & Somerset from SW1/SAP to MFSS/Oracle. However the risks of not delivering a balanced budget have reduced in the short term if the revised precept proposal is adopted.
- The General Fund balance is a quarter of the total reserve balance held and is recommended for a net reduction from £10.4 million to £9.9 million (3.7% of our current Net Revenue budget).

RECOMMENDATIONS

- **The Panel are invited to note this budget update paper;**
- **The Panel are invited to consider the PCC's proposal to increase the police council tax precept by £12 per annum for an average Band D taxpayer in 2018/19.**

Mark Simmonds
Chief Financial Officer
Office of the Avon and Somerset Police and Crime Commissioner