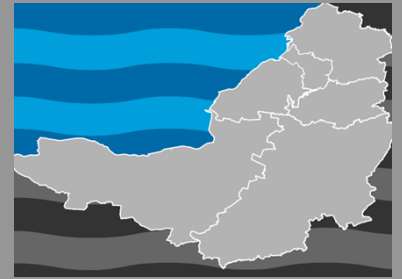


Avon and Somerset Police and Crime Panel



Hosted by Somerset County Council Democratic Services



Thursday 13 December 2018
10.30 am Town Hall, Walliscote Grove Road, Weston
Super Mare, BS23 1UJ

Membership:

Bath & North East Somerset
Bath & North East Somerset
Bristol City Council
Bristol City Council
Bristol City Council
Mendip District Council
North Somerset Council
North Somerset Council
Sedgemoor District Council
Somerset County Council
South Gloucestershire Council
South Gloucestershire Council
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John Parham
Nigel Ashton
Roz Willis
Ann Bown
Josh Williams
Mike Drew
Heather Goddard
Martin Wale (Chair)
Jane Warmington
Stuart Dowding

Independent Members:

Richard Brown, Joseph Mullis, Andrew Sharman, Clare Torrible

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Somerset County Council
County Hall, Taunton
TA1 4DY



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Agenda

Public Information Sheet

Guidance about procedures at the meeting follows the agenda. This meeting will be open to the public and press, subject to the passing of any resolution under Section 100A (4) of the Local Government Act 1972. This agenda and the attached reports and background papers are available on request prior to the meeting in large print, Braille, audio tape & disc and can be translated into different languages. They can also be accessed via the council's website on www.somerset.gov.uk/agendasandpapers

1 **Scrutiny of the Draft Budget and Medium Term Financial Plan** (Pages 3 - 14)

2 **Reports from Link Members** (Pages 15 - 16)

<p>MEETINGS: Police & Crime Board and Police & Crime Panel</p>	<p>DATES: 12th and 13th December 2018</p>
<p>Publication: For publication</p>	<p>AUTHOR: Mark Simmonds (OPCC CFO), Chloe Cornock & Nick Adams (ASC Finance)</p>
<p>NAME OF PAPER: Medium Term Financial Plan – update</p>	

1. STATUS OF MTFP and KEY PLANNING PARAMETERS

The draft MTFP continues to be developed, with a number of areas to finalise before the budget is agreed in February 2019. This paper provides an update of the current position. The numbers in the appendices are all based on the precept being raised by £12 for a Band D home and a flat grant settlement. The paper then highlights possible updates from the Provisional Settlement, which has been delayed until w/c 10th December.

Other items which continue to be developed, or are subject to confirmation include:-

- Clarification around future funding of police officer pension contribution increases (appendix F);
- Confirmation of council tax base and surplus estimates from local authorities – expected through November and into December;
- Review of accounting for student officers, in light of move to the Police Constable Degree Apprenticeship (PCDA), and wider workforce planning considerations;
- Confirmation of the costs of Tri-Force ending;
- Clarification of position in relation to delivered and planned future savings under our transformation programmes.

POLICE PROVISIONAL SETTLEMENT – delayed until “mid week” - week commencing 10th DEC

The key announcements that we await:

- Main police grant. We are currently forecasting a flat cash settlement for 2019/20. There are suggestions that a small increase in grant may be provided, but until this is confirmed we do not intend to adjust any planning assumptions. Future settlements are subject to the Comprehensive Spending Review expected next year for funding period 2020/21 onwards.
- Precept. Until otherwise notified, we understand that the PCC may increase the police precept by £12 for Band D household in 2019/20 (6% increase) without the need for a referendum. There has been some very recent encouragement to scenario plan for a possible £24 increase in the precept – see below.
- The future precept capping arrangements are not specified – at this stage we forecast 1.99% increases each year from 2020/21 thereafter. Each 1% increase in precept generates just over £1 million income each year.
- Capital grant. We await confirmation of the 2019/20 capital grant. Currently we forecast this remains restricted to £1m.

PUBLIC CONSULTATION

The quarterly public confidence survey results for the precept question show continued support for a £12 increase:

Q1 (April to June) 62% supported the £12 a year increase concept and Q2 (July – September) 68% supported it. When we combine the percentages of people who supported an increase then 80 % and 84% by quarter support an uplift. Around 10% would want to have the levels sustained rather than increased and similar percentage respond that they “don’t know.”

OTHER KEY PLANNING PARAMETERS:

- The council tax base increases by 1.5% each year with collection surplus of £500k each year across all billing authorities
- Pay awards are 2% each year for all officers and staff. There is circa £2.3 million annual cost for each 1% pay rise.
- Police pension employers contributions are increased by £3.5m in 2019/20 and then by £9m in 2020/21 onwards. (see appendix F)
- Inflation (non-pay) costs an extra £1m each year (2-2.5%)
- Recruitment of 300 Officers is underway in 2018/19 and planned officer recruitment is 150-200 each year of the MTFP thereafter to maintain numbers at establishment
- Revenue funding of capital projects increases by £2m per annum over the MTFP period
- OPCC budget, including commissioning, remains at £4.8m in 2019/20 rising to £5m by 2022

2. REVENUE PLAN HEADLINES

The 2018/19 budget was set at £284.5 million. The draft MTFP forecasts the following deficit position after pay awards, inflation and increased pension funding – but before savings from work that is already underway:-

	19/20	20/21	21/22	22/23	23/24
	£'000	£'000	£'000	£'000	£'000
Total funding	292,562	296,650	300,883	305,264	309,799
Less; budget requirement	293,695	306,458	313,640	319,965	325,864
Deficit before new savings	1,133	9,808	12,757	14,701	16,065

The budget requirement presented above is reflective of all savings achieved, or forecast to be achieved, during 2018/19 at the time this draft was prepared.

There remain a number of savings that are in the process of being delivered from 19/20 onwards and a provision set aside to conclude the budget build in 2019/20.

DEFICIT AFTER PLANNED SAVINGS PLANS AND RESIDUAL BUDGET BUILD (appendix d):-

	19/20 £'000	20/21 £'000	21/22 £'000	22/23 £'000	23/24 £'000
Deficit before planned savings (£12 precept rise)	1,133	9,808	12,757	14,701	16,065
Savings realised through budget build	(864)	(864)	(864)	(864)	(864)
Enabling services/infrastructure planned savings	(2,941)	(3,025)	(3,025)	(3,025)	(3,025)
Operational services planned savings	(192)	(192)	(192)	(192)	(192)
Reductions in use of NPAS	(350)	(350)	(350)	(350)	(350)
<i>Money set aside to conclude the budget build and provide revenue funding of capital</i>	3,214	-	-	-	-
Deficit after planned savings	balanced	5,377	8,326	10,270	11,634

REVISED OUTLOOK AT INCREASED (£24 uplift) PRECEPT LEVEL

The forecast is materially improved if the precept is increased by £24 for a Band D home in 2019/20:

	19/20 £'000	20/21 £'000	21/22 £'000	22/23 £'000	23/24 £'000
Deficit after planned savings (with £12 precept rise)	balanced	5,377	8,326	10,270	11,634
Extra income from precept at £24 in 2019/20	6,700	6,900	7,200	7,400	7,700
NEW Investment funds	(6,700)	(1,500)	-	-	-
Revised Deficit (with £24 precept rise)	balanced	balanced	1,126	2,870	3,934

PRECEPT FLEXIBILITY, REVISED OUTLOOK AND INVESTMENT OPTIONS

The outlook could improve significantly if a higher level of precept is set – as shown above. In either scenario (£12 or £24 band D precept rise) there is still a deficit emerging in the medium term and so new savings plans will be required.

However, increased precept could cover the pension funding challenge and create short term surplus. The PCC is now consulting with the Chief to agree how any additional precept income could be used if extra flexibility is permitted. It is expected that any increased precept flexibility that may be announced by the government will be the expected manner in which PCCs will fund increased pension contributions, without having to make further reductions in headcount.

An increase in Band D by £24 next year would indeed cover most of the extra costs of the increased pension contributions and generate investment funds in the next 2 years.

Areas for investment that are being considered are:

- Further funding support to Neighbourhood policing
- Initiatives to tackle burglary, drugs crime and serious violence (including “county lines”, organised crime and exploitation of children)
- Funding for partners to tackle and prevent violent crime by targeted early intervention
- Increase skills and capacity in the Police to tackle cyber threats
- Further investment in technology to free up human capacity (Ai/Robotics)
- “Spend to save “efficiency projects to generate future savings
- Funding for capital programmes to delay the need to increase borrowing and reduce future costs of capital

Budget Pressures

The outlook for 2019/20 includes a working balance of £3.2m which is being used to fund the conclusion of the budget build process, in particular:

Any final budget growth approved by Chief constable and PCC; final assessment of the pension funding liability; other emerging budget changes for Estates and Collaborations; and increased revenue funding for capital to reduce an element of the future borrowing requirements to meet capital funding challenges.

3. CAPITAL PLAN UPDATE

The draft capital programme forecasts the following position:-

	18/19 £'000	19/20 £'000	20/21 £'000	21/22 £'000	22/23 £'000	23/24 £'000
Forecast Capital Expenditure	14,341	15,257	10,613	7,606	12,520	20,390
Less; Forecast Capital Funding	14,341	15,257	10,613	7,606	4,605	4,605
Deficit	-	-	-	-	7,915	15,785

The key areas of capital investment are:-

- Emergency services network (ESN) – the plan assumes £10.0m will be needed to implement;
- New Yeovil police station – the plan includes £4.1m investment to support this project;
- Bristol response & building works at Kenneth Steele House (KSH) – a £3.7m project is underway to expand capacity at KSH and allow closure of other Bristol bases.
- End user device replacement – the plan includes £11m to replace personal issue equipment;
- IT infrastructure replacement – the plan includes £7m to refresh IT infrastructure;
- New ERP system – the plan includes £10m to replace our ERP system. This is a large sum that will require significant refinement as we reassess the market in the coming years;
- Fleet replacement – the plan includes £11.2m for ongoing fleet replacement.

We are working closely to understand the requirements of national programmes and the resultant need for local capital investment.

Our funding forecasts assume:-

- A continuation of Home Office grant funding, frozen at historic low levels (£1m p.a.);
- An increase of recurring contribution from our revenue budgets (from £1.5m now to £3.5m p.a. from 22/23), which has included in our revenue plans;
- A full use of all capital reserves, exhausting these during 19/20;
- Capital receipts of £8.3m used, after being realised through the sale of buildings and other assets. This will exhaust all currently planned opportunities to generate receipts from the same of buildings in our estate;
- New borrowing of £15m, which is used to fund our investment in longer life assets (e.g. buildings. The revenue cost of this borrowing has been built into our revenue forecasts.

4. SUMMARY

The Government has faced mounting pressure to reduce adverse consequences for policing numbers from the increased pension funding calculations. There have been positive “noises” from the Home Office about financial support to policing, but until the settlement is presented we remain prudent in our forecast MTFP position presented.

There are other sensitive assumptions within the plan. Pay is forecast to increase by 2.0% p.a. for both officers and staff. This accounts for £23.2m over the MTFP period. There may be calls from staff associations for larger increases than this, reflecting for example the pay awards that have been agreed in Scotland. Without extra funding to support this, further savings would be necessary.

The revenue plans presented do not at this stage make any reflection of new investments that we would like or deem it necessary to make in order to continue to keep ahead of our evolving demand picture. Clearly funding for new investment will be dependent on increasing the size and scale of future savings required.

The prospect of future savings, after having already faced 8 years of austerity, and at a time of growing demand complexity, is not something any of us will relish. The national work in preparation for the Spending Review (SR) led by the Home Office, APCC and NPCC, is intended to put forward the strongest possible case for greater investment in policing.

The police funding case will be made in a context set by the Chancellor in his budget announcements. These announcements confirm the Government’s intention to increase funding for the NHS, with no further growth planned across wider government departmental spend. We will not know the success of the message for policing until we see the outcome of the spending review – which is 12 months away.

We therefore plan to conclude existing savings work and work has started with Chief Officers to identify and develop new savings options for the future. These must not only tackle the forecast deficit, but also provide new capacity for investment. In addition, we have started preliminary conversations with Chief Officers about the best way to invest any short term surplus funding from an improved settlement – if this does indeed materialise. In the medium term any extra precept increases will be subsumed by the unavoidable pension funding requirements and inflation.

5. RECOMMENDATIONS

Members of the PCB/ Police & Crime Panel are invited to discuss the current draft of the MTFP.

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Appendix A – DRAFT MTFP (£12 precept rise)

	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000
FUNDING					
Forecast Funding					
Grant Funding	175,914	175,914	175,914	175,914	175,914
Council Tax Funding	116,648	120,737	124,969	129,350	133,885
TOTAL Funding	292,562	296,650	300,883	305,264	309,799
BUDGET REQUIREMENT					
2018/19 Base Budget					
Office of the Police and Crime Commissioner	1,358	1,358	1,358	1,358	1,358
Commissioning	3,438	3,438	3,438	3,438	3,438
Constabulary	280,394	280,394	280,394	280,394	280,394
TOTAL 2018/19 Base Budget	285,190	285,190	285,190	285,190	285,190
Adjustments to Budgets Required/Planned					
Office of the Police and Crime Commissioner (inc savings)	58	78	108	143	183
Commissioning (inc savings)	0	0	0	0	0
Constabulary	8,446	21,190	28,341	34,631	40,491
TOTAL Adjustments to Budgets Required/Planned	8,505	21,268	28,450	34,775	40,674
Budget Requirement (before savings)					
Office of the Police and Crime Commissioner	1,417	1,437	1,467	1,502	1,542
Commissioning	3,438	3,438	3,438	3,438	3,438
Constabulary	288,840	301,584	308,736	315,026	320,885
TOTAL Budget Requirement	293,695	306,458	313,640	319,965	325,864
SAVINGS AND USE OF RESERVES					
(SURPLUS)/DEFICIT BEFORE SAVINGS	1,133	9,808	12,757	14,701	16,065
Savings					
Savings realised through budget build process	(864)	(864)	(864)	(864)	(864)
Enabling Services/Infrastructure Savings - Planned	(2,941)	(3,025)	(3,025)	(3,025)	(3,025)
Operational Services Savings - Planned	(192)	(192)	(192)	(192)	(192)
NPAS Reductions	(350)	(350)	(350)	(350)	(350)
<i>Drafting Provisions and Contingencies</i>	<i>3,214</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
TOTAL Savings	(1,133)	(4,431)	(4,431)	(4,431)	(4,431)
REVISED DEFICIT	0	5,377	8,326	10,270	11,634
PROPOSED BUDGET					
Office of the Police and Crime Commissioner	1,417	1,437	1,467	1,502	1,542
Commissioning	3,438	3,438	3,438	3,438	3,438
Constabulary	287,708	297,153	304,305	310,595	316,454
TOTAL Proposed Budget	292,562	302,027	309,209	315,534	321,433

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Appendix B – Funding Forecasts (£12 precept rise)

	19/20 £'000	20/21 £'000	21/22 £'000	22/23 £'000	23/24 £'000
GRANT FUNDING					
Main Grants	159,254	159,254	159,254	159,254	159,254
Victims Commissioning	1,951	1,951	1,951	1,951	1,951
Council Tax Freeze	3,331	3,331	3,331	3,331	3,331
Council Tax Support	11,378	11,378	11,378	11,378	11,378
TOTAL GRANT FUNDING	175,914	175,914	175,914	175,914	175,914
Annual Change (£'000)	-	-	-	-	-
Annual Change (%)	0.0%	0.0%	0.0%	0.0%	0.0%
Cumulative Change - Across MTFP (£'000)	-	-	-	-	-
Cumulative Change - Across MTFP (%)	0.0%	0.0%	0.0%	0.0%	0.0%
Cumulative Change - Since 2010 (£'000)	28,300	28,300	28,300	28,300	28,300
Cumulative Change - Since 2010 (%)	-13.9%	-13.9%	-13.9%	-13.9%	-13.9%
COUNCIL TAX FUNDING					
Council Tax Precept	116,148	120,237	124,469	128,850	133,385
Collection Fund Surplus	500	500	500	500	500
TOTAL COUNCIL TAX FUNDING	116,648	120,737	124,969	129,350	133,885
Annual Change (£'000)	8,076	4,088	4,232	4,381	4,535
Annual Change (%)	7.4%	3.5%	3.5%	3.5%	3.5%
Cumulative Change - Across MTFP (£'000)	8,076	12,165	16,397	20,778	25,313
Cumulative Change - Across MTFP (%)	7.4%	11.2%	15.1%	19.1%	23.3%
Cumulative Change - Since 2010 (£'000)	21,993	26,082	30,314	34,695	39,230
Cumulative Change - Since 2010 (%)	23.2%	27.6%	32.0%	36.7%	41.4%
TOTAL FUNDING					
	292,562	296,650	300,883	305,264	309,799
Annual Change (£'000)	8,076	4,088	4,232	4,381	4,535
Annual Change (%)	2.8%	1.4%	1.4%	1.5%	1.5%
Cumulative Change - Across MTFP (£'000)	8,076	12,165	16,397	20,778	25,313
Cumulative Change - Across MTFP (%)	2.8%	4.3%	5.8%	7.3%	8.9%
Cumulative Change - Since 2010 (£'000)	6,307	2,218	2,014	6,395	10,930
Cumulative Change - Since 2010 (%)	-2.1%	-0.7%	0.7%	2.1%	3.7%
Grant Funding	60.1%	59.3%	58.5%	57.6%	56.8%
Council Tax Funding	39.9%	40.7%	41.5%	42.4%	43.2%
TOTAL Funding	100.0%	100.0%	100.0%	100.0%	100.0%
Average Band D Council Tax					
	£205.81p	£209.90p	£214.08p	£218.34p	£222.68p
Annual Change (£p)	£12.00	£4.10	£4.18	£4.26	£4.34
Annual Change (%)	6.19%	1.99%	1.99%	1.99%	1.99%
Cumulative Change - Across MTFP (£p)	£12.00	£16.10	£20.27	£24.53	£28.88
Cumulative Change - Across MTFP (%)	6.19%	8.30%	10.46%	12.66%	14.90%
Cumulative Change - Since 2010 (£p)	£37.78	£41.87	£46.05	£50.31	£54.65
Cumulative Change - Since 2010 (%)	22.5%	24.9%	27.4%	29.9%	32.5%
Council Tax Base					
	564,359	572,824	581,417	590,138	598,990
Annual Change (No. of Properties)	8,340	8,465	8,592	8,721	8,852
Annual Change (%)	1.50%	1.50%	1.50%	1.50%	1.50%
Cumulative Change (No.)	3,571	12,036	20,629	29,350	38,202
Cumulative Change (%)	0.6%	2.1%	3.7%	5.2%	6.8%

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Appendix C – Costs Forecasts

	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000
OFFICE OF THE POLICE AND CRIME COMMISSIONER (OPCC)					
OPCC 2018/19 Budget	1,358	1,358	1,358	1,358	1,358
Provision for inflation	40	60	90	125	165
Adjustment (transfer of post from Constabulary to OPCC)	19	19	19	19	19
Growth	0	0	0	0	0
Savings	0	0	0	0	0
OPCC Budget Requirement	1,417	1,437	1,467	1,502	1,542
COMMISSIONING					
OPCC 2018/19 Budget	3,438	3,438	3,438	3,438	3,438
Provision for inflation	0	0	0	0	0
Growth	0	0	0	0	0
Savings	0	0	0	0	0
Commissioning Budget Requirement	3,438	3,438	3,438	3,438	3,438
OFFICE OF THE CHIEF CONSTABLE (THE CONSTABULARY)					
Original Constabulary 2018/19 Budget	279,690	279,690	279,690	279,690	279,690
In-Year Adjustments to budget	704	704	704	704	704
Revised Constabulary 2018/19 Budget	280,394	280,394	280,394	280,394	280,394
Police Officer Pay Awards	2,784	5,528	8,371	11,270	14,228
Police Staff/PCSO Pay Awards	1,726	3,458	5,253	7,085	8,953
Change to officer and staff unit cost	(1,062)	(1,062)	(1,062)	(1,062)	(1,062)
Officer Pensions - Actuarial valuation adjustments	3,640	9,341	9,341	9,341	9,341
Staff Pensions - Actuarial valuation adjustments	89	159	277	398	525
Other Pension adjustments	5	255	496	740	987
Adjustments to bank holiday overtime	186	369	553	369	186
Adjustments to officer allowances	(125)	(231)	(320)	(395)	(458)
Adjustments to apprenticeship levy	17	17	17	17	17
Pay and Staffing adjustments	7,259	17,835	22,925	27,764	32,716
General non-pay inflationary adjustments	789	1,428	2,079	2,744	3,421
Specific non-pay inflationary adjustments	292	574	867	1,169	1,481
Interest receivable adjustments	(81)	(81)	(87)	(136)	(185)
Non-Pay Inflationary adjustments	1,001	1,921	2,859	3,777	4,718
Minimum Revenue Provision (MRP) Adjustments	(61)	296	653	673	673
Interest payable Adjustments	(161)	(35)	100	85	71
Direct Revenue Funding of Capital	500	1,000	1,500	2,000	2,000
Cost of Capital adjustments	279	1,261	2,253	2,758	2,744
New growth and investment	0	0	0	0	0
Unavoidable commitments and adjustments - non IT	(59)	(10)	39	89	89
Unavoidable commitments and adjustments - IT	599	844	949	949	949
Glastonbury Festival - Reinstatement following fallow year	(617)	(617)	(617)	(617)	(617)
PFI model adjustments	(16)	(44)	(67)	(88)	(108)
Growth and commitment adjustments	(92)	173	304	333	313
Constabulary Budget Requirement	288,840	301,584	308,736	315,026	320,885
TOTAL BUDGET REQUIREMENT					
Office of the Police and Crime Commissioner	1,417	1,437	1,467	1,502	1,542
Commissioning	3,438	3,438	3,438	3,438	3,438
Constabulary	288,840	301,584	308,736	315,026	320,885
TOTAL Budget Requirement	293,695	306,458	313,640	319,965	325,864

Appendix D – Planned/Expected Savings Forecast

	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000
Provision against Savings 1819	(75)	(75)	(75)	(75)	(75)
YOT Contribution	(97)	(97)	(97)	(97)	(97)
Regional Collaboration MCIT 2018/19	(76)	(76)	(76)	(76)	(76)
Re-baselining of Intel and Tasking Budgets	(117)	(117)	(117)	(117)	(117)
Removal of YOT budget	(45)	(45)	(45)	(45)	(45)
Estates Savings achieved through income	(288)	(288)	(288)	(288)	(288)
Adjustment relating to post transfer to OPCC	(5)	(5)	(5)	(5)	(5)
Inc LS income to cover the cost of the Civil team	(40)	(40)	(40)	(40)	(40)
Overachievement LSU Saving	(40)	(40)	(40)	(40)	(40)
Saving from NH Review	(82)	(82)	(82)	(82)	(82)
Savings realised through budget build process	(864)	(864)	(864)	(864)	(864)
Legal - reduction in counselling fees	(45)	(45)	(45)	(45)	(45)
People & Organisational Development	(667)	(667)	(667)	(667)	(667)
Learning & Development	(1,054)	(1,054)	(1,054)	(1,054)	(1,054)
Admin Services	(311)	(353)	(353)	(353)	(353)
Hybrid Mail	(45)	(45)	(45)	(45)	(45)
Enquiry Office	(610)	(610)	(610)	(610)	(610)
IT Redesign	(208)	(250)	(250)	(250)	(250)
Enabling Services/Infrastructure Planned Savings	(2,941)	(3,025)	(3,025)	(3,025)	(3,025)
Intelligence and Tasking Review	(192)	(192)	(192)	(192)	(192)
Operational Services Savings Planned	(192)	(192)	(192)	(192)	(192)
NPAS Helicopter (based on forecast deployment reductions)	(350)	(350)	(350)	(350)	(350)
TOTAL PLANNED OR TARGETTED SAVINGS	(4,347)	(4,431)	(4,431)	(4,431)	(4,431)

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Appendix E – DRAFT Capital Programme (£12 precept rise)

Summary Capital Programme	MTFP						5 Yr
	Forecast 2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	TOTAL
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Expenditure							
BAU Replacement Programmes							
- ICT Replacement Programme	305	3,089	3,004	2,012	4,688	5,236	18,334
- Estates Replacement Programme	1,239	714	410	250	250	250	3,113
- Fleet Replacement Programme	2,213	2,382	2,307	2,067	2,135	2,346	13,450
- Equipment Replacement Programme	131	308	308	268	268	218	1,501
Sub-Total Replacement Programme	3,888	6,493	6,029	4,597	7,341	8,050	36,398
Capital Projects							
- Digital Programme Projects	2,978	1,897	0	2,749	4,679	2,340	14,643
- Infrastructure Programme Projects	2,674	6,367	4,584	260	0	0	13,885
- Service Workforce and Development Programme Projects	1,388	0	0	0	0	10,000	11,388
- Other Projects	144	500	0	0	500	0	1,144
Sub-Total Capital Projects	7,184	8,764	4,584	3,009	5,179	12,340	41,060
Funded or Part-Funded Projects							
- Expenditure on Funded Projects	3,269	0	0	0	0	0	3,269
Total Funded or Part-Funded Projects	3,269	0	0	0	0	0	3,269
TOTAL Capital Expenditure	14,341	15,257	10,613	7,606	12,520	20,390	80,727
Funding							
Specific Purpose Funding							
- Partner Contributions	(335)	0	0	0	0	0	(335)
- Earmarked Reserves	(795)	0	0	0	0	0	(795)
- Grant Funding	(2,044)	0	0	0	0	0	(2,044)
Total Specific Purpose Funding	(3,174)	0	0	0	0	0	(3,174)
General Purpose Funding							
- Home Office Capital Grant Funding	(1,005)	(1,005)	(1,005)	(1,005)	(1,005)	(1,005)	(6,030)
- A&S Revenue Contributions	(1,500)	(3,573)	(2,500)	(3,681)	(3,500)	(3,500)	(18,254)
- General Capital Reserve	(5,114)	(592)	0	0	0	0	(5,706)
- ESN Grant Funding	0	(208)	0	(303)	0	0	(511)
- Capital Receipts		(3,400)	(1,992)	(2,318)	0	0	(7,710)
- Vehicle Sales & other	(141)	(100)	(100)	(100)	(100)	(100)	(641)
- New Borrowing	(3,406)	(6,379)	(5,016)	(199)	0	0	(15,000)
Total General Purpose Funding	(11,166)	(15,257)	(10,613)	(7,606)	(4,605)	(4,605)	(53,852)
TOTAL Capital Funding	(14,341)	(15,257)	(10,613)	(7,606)	(4,605)	(4,605)	(57,026)
Surplus (-)/Deficit (+)	0	0	0	0	7,915	15,785	23,700

Appendix F – Police Pensions

A summary of the emerging issue on funding police pensions:

- HM Treasury (HMT) announced changes to the discount rate for unfunded public sector pensions (incl. Police) on 6 September 2018.
- This, combined with the earlier announcement at Budget 2016, has resulted in a reduction to the discount rate from 3% to 2.4% based on lower forecast for UK growth
- This reduced discount rate, when applied to calculate future pensions liabilities, increases the future police pensions liability
- ***Under already agreed formulas - this has the effect of increasing the police employer contributions (including ill-health costs of 0.8%) by 9.7% from 22.1% to 31.8% from April 2019.***
- This is a legal requirement that cannot be avoided.
- ***The Government Actuary's Department has estimated that the additional cost to policing, for the police officer pensions scheme, as a result will be around £417m per annum***
- However, HM Treasury has indicated that additional funding will be provided to public sector bodies in 2019/20 in order to mitigate part of this increase, with the police expected to contribute £165m of the additional costs in 19/20, with the remaining costs being provided via a grant.
- This will increase ASC employers pension contributions by £3.5m in 2019/20 and then by up to £9m in 2020/21.

A further complexity - There is uncertainty about an additional 2.9% of employer pension contributions (on top of the 22.1%) which was applied from April 2015, and is the result of reform to public sector pensions. As a result of these changes, employer pension contributions were due to reduce by 2.9% from April 2015. The Government decided that the benefits would not be retained by employers but would be passed back to HMT. A decision was taken at that time for police employers to continue paying employer contributions at the same rate, while other departments had their budgets top sliced to provide the same savings. HMT are currently considering how this additional 2.9% should be treated in light of the increases in the employer pension contribution rate. In the event that the additional 2.9% contribution is removed, the increase in what police employers currently pay would be 6.8%.

- We have CURRENTLY provided for the full possible increase (£9m) in the MTFP.

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Link Member Report – Development of the Police and Crime Plan

I attended the workshop on 9th November and the agreed outputs from our work on the day are in the attached document. At the beginning of the day, the OPCC and ASP set out their aspirations and the group discussed in detail each of the current priorities. We split into 4 working groups to consider whether each of the objectives within the current plan should be carried forward/amended.

A further draft of the plan is currently being drafted on and will take into account the feedback and comments from the workshop. Karin Takel is to be commended for the design of the workshop which was very comprehensive and resulted in a real collaborative effort by working group members.

Key highlights:

- New developments require reflection within the Plan – Serious Violence Strategy, Serious Organised Crime Strategy as examples;
- Areas that would be worth detailing include response to knife crime, hate crime, need for increased community cohesion and community responsibilities;
- Some areas have moved on and require up-dating: criminal justice transformation, approach to collaboration, increased intention to co-commission;
- Wording changes for increased clarity (particularly objectives and who is responsible for activities and outcomes) and increased sense of accountability (including clarity on PCC role and control vs influence) would be advantageous;
- Will consider some wording changes in relation to priority headers, but essentially they are likely to be retained;
- Plan affords opportunity to communicate with local people about the challenges facing policing;
- Increase the focus and scrutiny on partner agencies role in delivering the Plan
- Stakeholder event made good progress but need further detailed consideration related to prioritisation and focus; assurance and performance; and the timescales the Plan can consider in its strategic planning horizon.

Next Steps:

- Circulate outputs of the day
- Work up a first draft of the refreshed Plan for second stakeholder (Police and Crime Panel) event in January 2019

- Revise draft
- Police and Crime Panel to review – approval sought – March 2019
- Publication – April 2019
- For Full Details, request project plan (previously circulated)
- Consider comms plan - how will we communicate the Plan once refreshed

Councillor Asher Craig