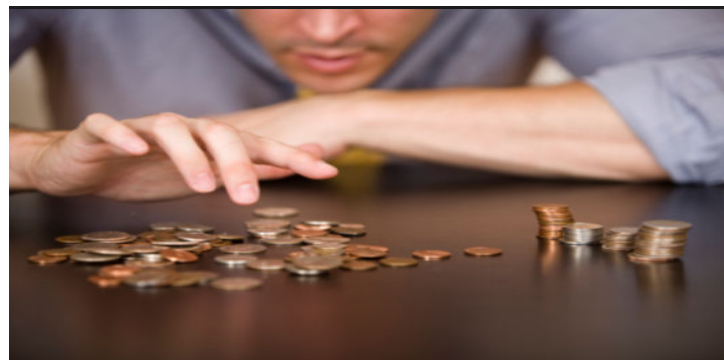




PCC
Office of the Police and
Crime Commissioner
Devon and Cornwall

Continuing to Make Every Penny Count Budget 2015/16 -2018/19

**Presentation to the
Police and Crime Panel
6th February 2015**

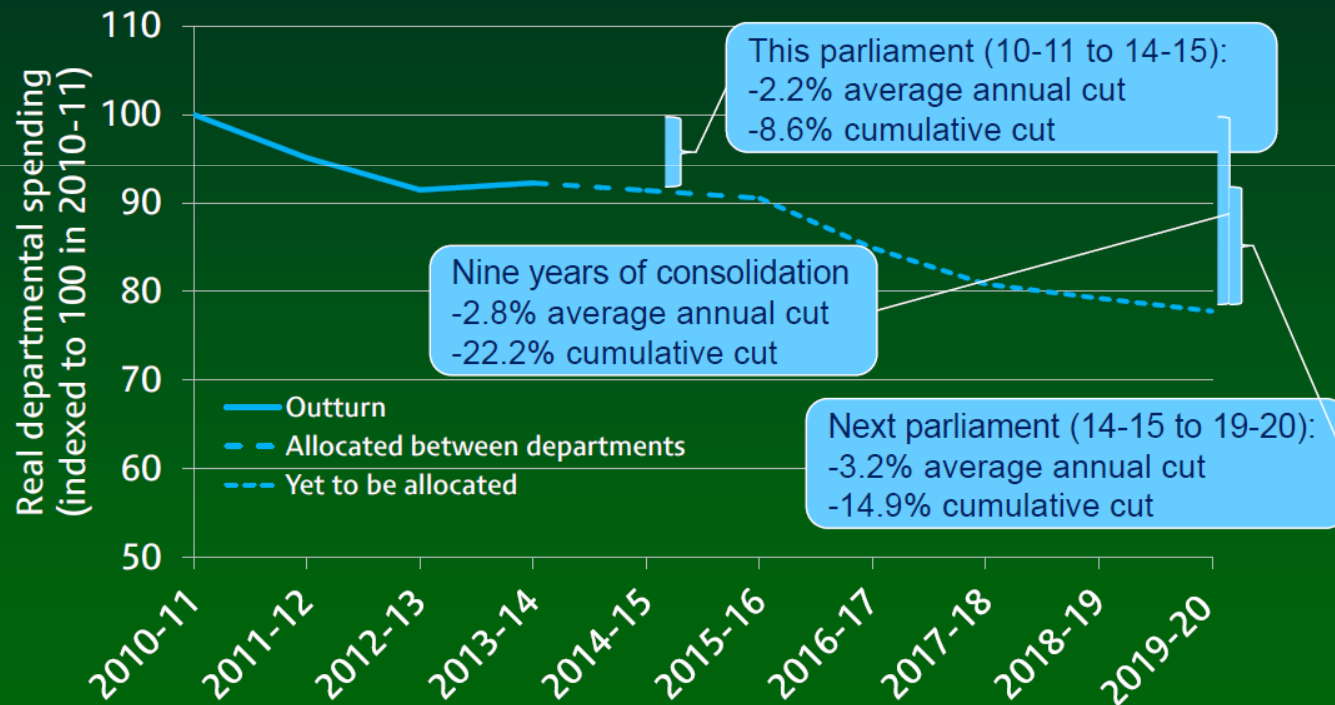


Our Main Financial Priorities for the Next 4 Years

- Continue to deliver the Police and Crime Plan
- Review the workforce mix of Officers, PCSOs and Specials to deliver the plan
- Re-work existing priorities to enable new areas such as CSE and Cybercrime to be developed
- Deliver the savings identified in the Budget
- Define the unidentified savings
- Provide for increased financial burdens e.g. Increased National Insurance Contributions
- Maintain stability and manage risk through the revenue support fund

The Forecast for Government Departmental Expenditure

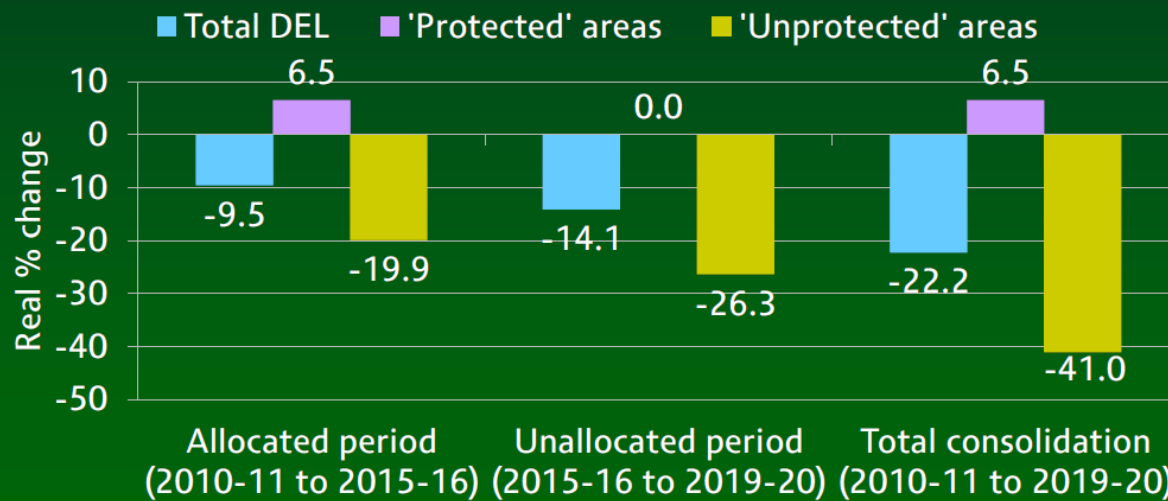
Planned and implied departmental spending



Unprotected Departmental Reductions

Some departments faring particularly badly

- NHS, aid and schools (non-investment) spending have been relatively protected
- Other areas have therefore fared worse than total DEL figures imply:



Our Assumptions for Price Increases

A four year view

| | 2015/16 % | 2016/17 % | 2017/18 % | 2018/19 % |
|-----------------------------------|--------------|--------------|--------------|--------------|
| Pay | 1.5 | 2.0 | 2.0 | 2.0 |
| Utilities, pensions, insurance | 2.0 | 2.0 | 2.0 | 2.0 |
| General and fuel | 0 | 0 | 0 | 0 |



The Budget Requirement 2015/16 to 2018/19

| | 2015/16 £'000 | 2016/17 £'000 | 2017/18 £'000 | 2018/19 £'000 |
|-----------------------------------|------------------|------------------|------------------|------------------|
| Base Budget Requirement | 289,015 | 293,807 | 302,407 | 307,108 |
| Unavoidable commitments | 4,192 | 7,400 | 3,401 | 4,762 |
| New Growth Items | 600 | 1,200 | 1,300 | 900 |
| Budget Requirement before savings | 293,807 | 302,407 | 307,108 | 312,770 |

Grant Settlement 2015/16

- A cash cut in Police Grant of 3.7% (0.5% higher than expected) or £1m.
- Unexpected reduction of £2.6m mainly through the Home Office topslice (1.6m)
 - Total topslice of £2.18m
- Review of system after next election



The Funding Available

The declining funding Base - £16.2m loss of Police Grant from 2015/16 to 2018/19

| Summary | 2015/16 £'000 | 2016/17 £'000 | 2017/18 £'000 | 2018/19 £'000 |
|---|------------------|------------------|------------------|------------------|
| Police Grant | 166,800 | 159,554 | 153,642 | 150,564 |
| Council tax Legacy Grant | 15,461 | 15,461 | 15,461 | 15,461 |
| Council Tax @ 1.99% increase, 2% from 2016- 17 | 97,463 | 99,242 | 101,813 | 104,872 |
| Specific grant and other income | 9,801 | 9,889 | 9,757 | 9,689 |
| Total Funding Available | 289,525 | 284,146 | 280,673 | 280,586 |

Funding the Gap

- The gap is funded by savings and a contribution from Reserves from 2016/17 onwards
- In 2015/16 we make a £1.8m contribution to reserves
- By 2018/19 the total savings required over the are £29m

| Summary | 2015/16 £'000 | 2016/17 £'000 | 2017/18 £'000 | 2018/19 £'000 |
|--|------------------|------------------|------------------|------------------|
| Funding Gap | 4,282 | 18,261 | 26,435 | 32,184 |
| Contribution (from) or to the Revenue Support Fund | 1,807 | (7,547) | (10,793) | (3,091) |
| Total Savings | (6,089) | (10,714) | (15,642) | (29,093) |

Savings in Context

- £52.5 m taken in savings since April 2009 a further £29m to be achieved up to March 2019
- Savings are harder to find: £9.8m as yet unidentified beyond 2016/17



| | 2009/10 £m | 2010/11 £m | 2011/12 £m | 2012/13 £m | 2013/14 £m | 2014/15 £m | Total £m |
|----------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|-------------|
| Savings achieved each year | 4.2 | 5.0 | 19.2 | 15.2 | 4.1 | 4.8 | 52.5 |

Risk Ranked Savings

| | Total £'000 | Total % |
|-----------------------------------|-----------------|-------------|
| Identified - Low Risk | (7,370) | 25% |
| Identified - Medium Risk | (3,300) | 11% |
| Identified - High Risk | (200) | 1% |
| Identified - Total Savings | (10,870) | 37% |
| Strategic Alliance | (8,400) | 29% |
| Unidentified Savings | (9,823) | 34% |
| Total Savings Required | (29,093) | 100% |



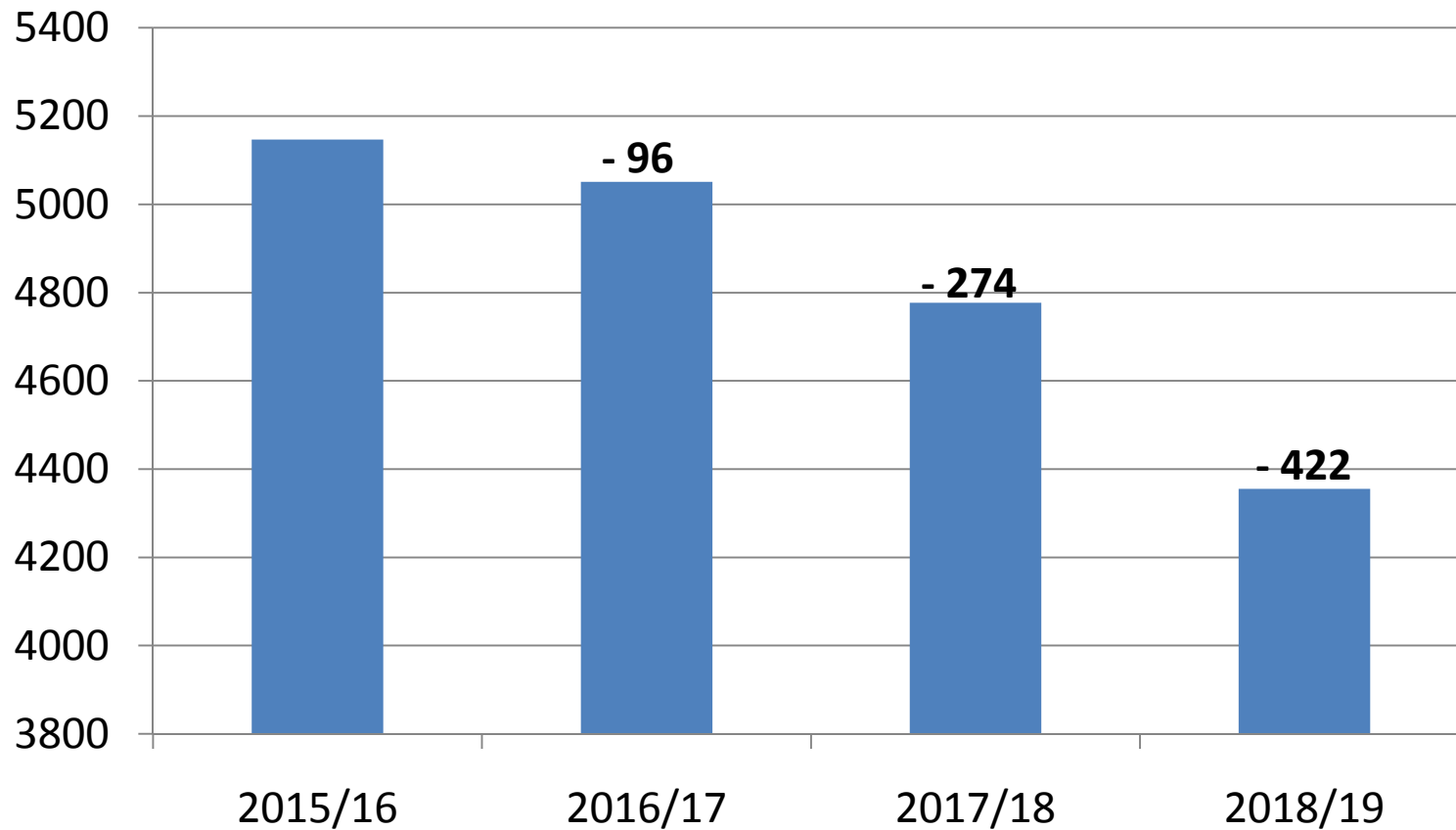
Proposed Significant Future Savings

- Strategic Alliance with Dorset £8.4m
- Property storage £200k
- Custody reviews £1.9m
- Vehicle technology tracking improvements £600k
- Estate strategy building rationalisation £526K
- Forensics Collaboration £950k
- ICT Contract Renewal £950k
- Police Staff reviews
- Police Enquiry Office review



Potential People Numbers

Reduction in People Numbers – Total 792



Council Tax Freeze Grant

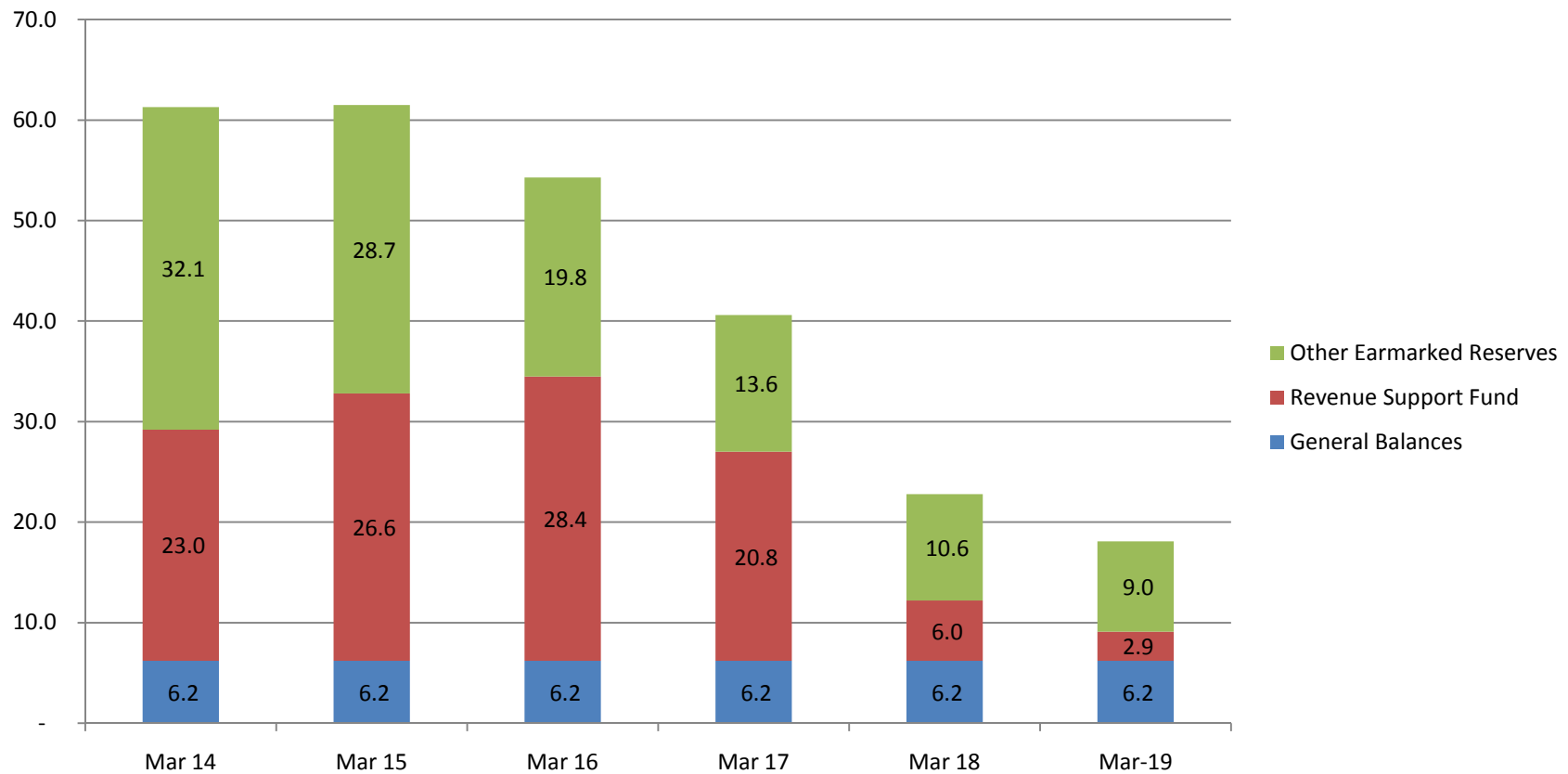
- Taken in 2011/12 and still benefitting in 2015/16
- Tax freeze grant offered for 2015/16 equivalent to a 1% tax rise
- But for one year only and no guarantee after the election of inclusion in funding base
- If not continued loss of £1.9m every year

Underlying Financial Risks

- Home Office funding in 2016/17 introduces further losses of grant.
- The effects of inflation on the Council Tax referendum cap may reduce the level at which it is set and therefore the income to be raised through the precept in future years (i.e. not at 2%).
- Increase in Topslice funding in future years further depletes resources.
- That the pay awards for 2015/16 and future years do not match the assumption built into the budget plan (1.5% in September 2015 and 2.0% thereafter).
- Achievement of all planned savings (High, Medium and Low)
- Continuation of special grants, such as Victims, Sexual Assault and Domestic Abuse Services

Revenue Reserves

Balances and Reserves £k



The Case for a 1.99% Increase

- £1.9m Each year of additional funding into the Council Tax base.
- New growth affordable into new areas of policing.
- Builds a sustainable base for future years.
- Delivery of the Police and Crime Plan.
- Maintain officer numbers at above 3000 for 2015/16
- Protect visible policing through maintaining PCSOs for 2015/16.
- Maintain stability across the medium term.
- Offset some of the unavoidable cost increases in the base budget as a consequence of wage and general inflation.
- Retain 67 more people than if the freeze grant was accepted

Regional Precept Comparisons

- Precept strategy – 2% per annum
- Precept proposal for 2015/16 = £169.47 @ 1.99%
- Comparison with others:

| Regional Comparison 2014/15 £ | | Proposed Increase | Expected Comparison 2015/16 £ | % Difference from Lowest |
|----------------------------------|--------|----------------------|-------------------------------------|-----------------------------|
| Gloucestershire | 207.73 | 0% | 207.73 | 26.6 |
| Dorset | 187.11 | 0% | 187.11 | 14.1 |
| Avon & Somerset | 171.37 | 1.99% | 174.78 | 6.5 |
| Devon and Cornwall | 166.16 | 1.99% | *169.47 | 3.3 |
| Wiltshire | 160.92 | 1.90% | 163.98 | 0 |

*** Devon and Cornwall 2nd lowest**

National Comparison 2014/15 – D&C £166.16: All Forces Average £171.80

What the Proposals mean to the Council Taxpayer

- Proportion of total bill – 10% of total tax bill
- Increase for 2015/16:
 - 6.4 pence per week (at Band D) - £3.31 per annum
 - 5.6 pence per week (at Band C) - £2.93 per annum



Summary

- We have challenging savings over the next four years
- We have plans for meeting them for two years
- If we accept the council tax freeze grant we will struggle to maintain officer numbers and will lose a further circa 67 people if the amount does not continue after 2015/16
- We are using reserves to help transition to new levels of base budget reductions
- Transformational change is accepted and will be progressed in 2015/16 but may not provide all the savings needed
- Big choices for public engagement in 2016/17
- In order to maintain services a 1.99% council tax increase will be sought from the panel.

