



PCC
Office of the Police
and Crime Commissioner
Devon and Cornwall

SAFE, RESILIENT AND CONNECTED COMMUNITIES

**PROPOSED PRECEPT, BUDGET AND FINANCIAL
STRATEGY 2017/18 TO 2020/21**

POLICE AND CRIME PANEL

FRIDAY 3RD FEBRUARY 2017



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The national background to budget planning for 2017/18:

- Future cost pressures / pay 1% to September 2020
- Change of Government with a new Chancellor
- Autumn Statement – no cuts to departmental expenditure
- Announcement to revise funding formula for 2018/19
- Cash reduction in grant of 1.4%



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The local background:

- New Commissioner elected May 2016
- New Police and Crime Plan
- Pledge to maximise resources to the Chief Constable
- Thorough policy review of existing projects and commitments
- Challenge budget assumptions
- Desire to make more savings
- Maximise increase in Officer numbers
 - Efficiency measures
 - Reduction in PCSOs



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Central funding 2017/18:

- Based upon flat settlement in 2016/17 at 1.99% annual council tax increase
- Grant settlement for 1 year 2017/18
- No cuts to grant if council tax is raised by maximum of 1.99%
- 42% Increase in Home Office topslice for transformation
- Additional reduction of £1½m per annum to 2019/20



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Key budget messages:

- A balanced budget over 4 years.
- Uses £11.2m of revenue reserves
- Overall budget requirement is just 3.4% higher in 2020/21
- Grant funding 2.5% less in 2020/21 than in 2017/18
- Savings of £10m by 2020/21
- Additional cost pressures – Apprenticeship levy and pension contributions
- £5m repayment of pension deficit, saving £350k per annum.



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Key budget messages – continued:

- Council tax assumed to be an increase of 1.99% in 2017/18. 2% thereafter – subject to Police and Crime Panel
- Council tax raises an additional £13.8m plus surplus of £6.7m. In total £20.5m over 4 years
- Council tax now accounts for 39% of net spending in 2020/21. Was 34% in 2010/11
- An Estates Strategy that provides financing costs for a £25m new custody hub at Middlemoor
- Capital investment in ICT over 4 years and convergence with Dorset systems included in development opportunities - total capital £75m
- Additional 151 Officers over previous financial strategy by 2020/21



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Overview of the Medium Term Financial Strategy

- One Year
- Four Years



One year position 2017/18:

Changes in:

	£m
Police Grant	(2.3)
Council Tax	3.8
Collection Fund Surplus	0.1
Reserves	0.4
Additional Funds	2.0

Spent on:

	£m
Cost Increases	4.8
Development Opportunities	3.0
Savings	(5.8)
Additional Spend	2.0



Summary movement from 2016/17:

Budget Requirement	2016/17 £m's	2017/18 £m's	2018/19 £m's	2019/20 £m's	2020/21 £m's	Increase %
2016/17 Budget		282.7	282.7	282.7	282.7	
Unavoidable Cost Increases		4.8	9.5	13.1	12.7	
Development Opportunities		3.1	4.5	5.8	6.5	
Savings		(5.8)	(6.5)	(8.2)	(9.8)	
Total Budget Requirement	282.7	284.8	290.2	293.4	292.1	3.4%



Movement in numbers from MTFS (2016/17):

	MTFS 2020/21	Proposal 2020/21	Difference
Police Officers	2849	3000	+151
PCSOs	360	137	-223
Police Staff	1655	1692	+37
PSI	50	50	-
PRISM	-	17	+17
OPCC	20	20	-
Total	4934	4916	-18

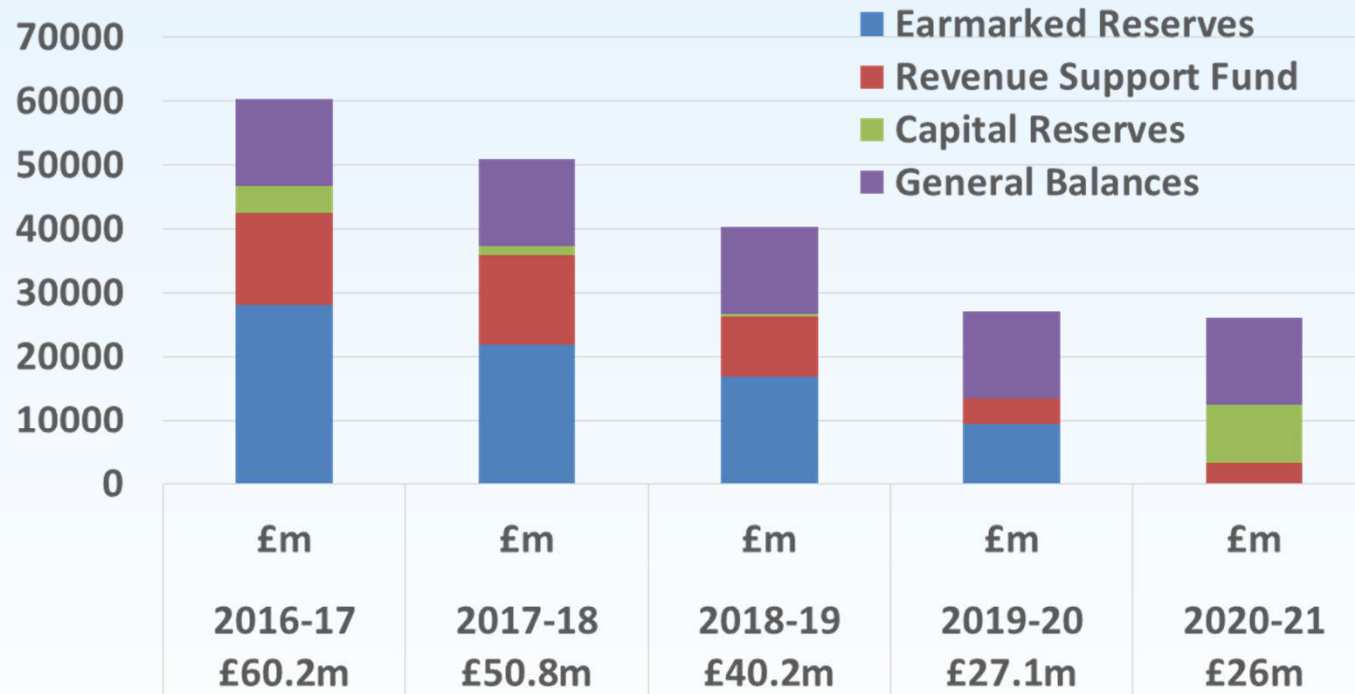


Movement in numbers from September 2016:

	Sept '16 FTE	Proposal 2020/21	Difference
Police Officers	2906	3000	+94
PCSOs	339	137	-202
Police Staff	1726	1692	-34
PSI	0	50	+50
PRISM	38	17	-21
OPCC	20	20	--
Total	5029	4916	-113



The use of reserves:



- Planned reduction
- Identified risks of £22m in 2020/21
- General and support reserves of £16m in 2020/21
- Reserves adequate for 2017/18



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Financial risks:

- Formula funding reduction
 - £12m remaining from reserves to transition
- Over estimate of council tax surplus. Plan assumes £1.5m per annum
- Ever increasing topslice increased by 42% in 2017/18 may increase for grant transition
- Inflationary pressures on pay 2020/21 above 1%
- Further pensions increase due to pooling
- Large major operations event