



## NORTHAMPTONSHIRE POLICE AND CRIME PANEL

2<sup>nd</sup> February 2017

### Report of the Police and Crime Commissioner and the Director for Resources and Governance

### PRECEPT and REVENUE BUDGET 2017-18, CAPITAL PROGRAMME and MEDIUM TERM FINANCIAL PLAN 2017-22

#### Recommendations

The Panel is RECOMMENDED to:

1. Note the report of the Director for Resources and Governance, at **appendix 6** as required by section 25 of the Local Government Act 2003 regarding the robustness of the Budget estimates and the adequacy of financial reserves;
2. Note the proposed net revenue budget of £122.619m for 2017-18 [paragraph 7.1 and Table 26];
3. Note the intention of the Commissioner to approve a Band D Council Tax level of £209.04p for 2017-18; being a 1.99% increase over 2016-17, [paragraph 6.10]. This represents an increase of £4.08 a year; or less than 8p per week.
4. Note the intention of the Commissioner to set a Council Tax precept requirement for 2017-18 of £48.817m; [paragraph 6.13 and Table 5]
5. Note the overall revenue spending and financing assumptions for the MTFP 2017-18 [section 6 and **appendices 3 & 4**];
6. Note the review of Reserves and the proposed use of reserves [paragraphs 6.20-6.25 and **appendix 5**]

## **SUMMARY OF BUDGET PROPOSALS**

**Stephen Mold**

This budget is set within a complicated and dynamic local, regional and national setting. As part of this PCC term I have consulted widely as part of the Police and Crime Plan development and this has assisted me in formulating this budget.

I am proposing a 1.99% increase in the policing precept, which equates to 8 pence a week for a Band D property.

The Force, with my endorsement and support, has recently undertaken a comprehensive review of its operating model and now has a clear and evidence based analysis of its demand across the operational spectrum with a new Service Delivery Model to match resource to demand. Therefore, in conjunction with the Chief Constable I am now able to better understand the implications of funding decisions both now and over the medium and longer term.

There are number of requirements that create additional pressure on the policing budget for individual Forces. Predominantly these are outside of the control or influence of individual PCCs or Chief Constables; namely public sector pay increases, inflation, top slicing of police funding, introduction of national programmes such as ESN, single year settlements, introduction of national directives and the inclusion of the local precept in the national funding assumptions. These factors, along with longer term capital programme requirements all impact on the ability of PCCs to allocate sufficient funds to Chief Constables.

Following the review of Northamptonshire Police along with the additional factors, as highlighted above, we now have an evidenced based model that is matching resource to demand across the County. Following in-depth discussions and consultation with the Chief Constable I have increased the funding available to the police in order for them to deliver the new Service Delivery Model, which is a fundamental cornerstone of delivering on the priorities in my new Police and Crime Plan.

We are working to continuously improve productivity, efficiencies and collaboration to maximise every penny we spend and ultimately how we both deliver and allow access to our services. However, I want to be completely transparent with this budget, future direction and planning. Due to many of the factors highlighted above, many of which are outside of my control and are still to be determined, the current funding settlement is unsustainable in the medium to longer term due to the government "flat cash" assumption. Any further reductions in real term funding will lead to proportional reductions in service delivery over the coming years unless other funding opportunities are granted.

I have also instigated a full and comprehensive review of the capital programme, including estates. I inherited an estate that had not been maintained for over quarter of a century and had no validated or sustainable future. With the funding pressures highlighted, requirement to allocate sufficient funding to the Chief Constable to deliver the new operating model (Service Delivery Model) to make Northamptonshire safer I simply did not have sufficient reach within the budget to maintain and improve the capital programme as I would want. To remain viable moving forwards we must live within our means, therefore, I am exploring all of the options in order to be in a position to make future decisions on the estate as part of the wider capital programme.

I commend my precept proposal to the Panel.

## **1. INTRODUCTION**

- 1.1 This is the first Budget and precept to be proposed by the current Commissioner.
- 1.2 This report sets out the draft budget and Council Tax precept for Northamptonshire Police and Crime Commission for 2017-18 and the draft Medium Term Financial Plan [MTFP] for 2017-22. The budget and MTFP provide the financial resources through which the Commissioner's Police and Crime Plan will be delivered.
- 1.3 Under schedule 5 of the Police Reform and Social Responsibility Act 2011, the Commissioner must notify the Police and Crime Panel of the precept the Commissioner is proposing to issue for the financial year 2017-18
- 1.4 The Panel must review the proposed precept, and make a report to the Commissioner on the proposed precept, which may include recommendations, including recommendations on the proposed precept.
- 1.5 The Panel may veto the proposed precept, and must so report to the Commissioner.
- 1.6 The Commissioner is required to approve an Annual Treasury Strategy each year, setting out detail of his policy and approach to managing investments, borrowing and cash management. That strategy is overseen by the joint Independent Audit Committee. They will be consulted on the draft in March prior to the Commissioner approving the strategy before 1<sup>st</sup> April 2017.
- 1.7 The Commissioner will formally approve the Precept for 2017-18, before 1<sup>st</sup> March 2017, the date by which he is required to notify billing authorities of the precept.

## **2 SUMMARY**

- 2.1 This report sets out spending proposals for the Commissioner's Medium Term Financial Plan [MTFP] 2017-22.
- 2.2 These proposals have been developed in the context of the new Commissioner's Police and Crime Plan 2017-22, which sets out his key policy objectives.
- 2.3 The revenue spending proposals for 2017-18 are affordable. Provisional planning assumptions for later years are set out.
- 2.4 The Commissioner intends to undertake a fundamental review of all spending – both revenue and capital during 2017, to ensure he is content that he is deploying his limited financial resources to best effect over the medium term.
- 2.5 The proposed Revenue budget for 2017-18 is £122.6m; over the five-year MTFP period to 2021-22 prospective Revenue budgets will total some £620m. The Capital Programme currently totals some £60m – however it is currently subject to a full and comprehensive review for the medium and longer term.
- 2.6 The forthcoming period to 2022 will be a time of immense change against a continuing backdrop of financial austerity – which began in 2010.

- 2.7 As a consequence of the continuing reductions in government funding, the proportion of total revenue spending paid for by government funds is anticipated to reduce from over 60% in 2016-17 to 54% in 2021-22. Anticipated government funding in 2021-22 will be over £6m less than in 2016-17.
- 2.8 Consequently the proportion of funding from local taxation will rise from almost 40% in 2016-17 to 46% in 2021-22. Anticipated local taxation will be almost £10m higher in 2021-22 than in 2016-17 [Table 9 below].
- 2.9 Should the government continue its current financial strategy for Police funding, then the proportion of Northamptonshire's PCC funding from local taxation will exceed 50% for the first time in 2024-25.
- 2.10 This radical shift in national funding is mitigated by an assumption that the precept will increase each year for the foreseeable future by the maximum allowable without recourse to a local referendum: i.e. 1.99% each year. Indeed the government assumes Commissioners will increase their precepts by this amount. The Northamptonshire public once again support such an increase in local taxation for policing, as evidenced by the latest consultation – which is summarised at **appendix 2**.
- 2.11 The Commissioner's MTFP 2017-22 set out in this report is grounded in the Police and Crime Plan. It provides a significantly increased budget to the Chief Constable for 2017-18 allowing him to recruit additional police officers.
- 2.12 Planning assumptions for the Revenue Budget beyond 2017-18 must however at this stage be highly provisional. The PCC intends to undertake a fundamental review of both revenue and capital spending to ensure that overall spending is affordable and makes best use of that limited funding. One outcome of that work will be the publication of a revised Estate Strategy later in 2017.
- 2.13 The Force is radically re-shaping its 'Service Delivery Model' – its operating model through which it deploys its human assets, in the context of significant changes and shifts in the demand on the Force and the latest HMIC feedback. To support and enable these changes and improvements the Commissioner is making a significant addition to the Force revenue budget from 2017-18.
- 2.14 Concurrently the Commissioner in consultation with the Chief Constable is investing in a comprehensive Estates Strategy review with the aim to deliver a revised Estates Strategy later in 2017.
- 2.15 The key elements of both Revenue and Capital plans are set out below, following a summary of the national and local policy and financial context

### 3 NATIONAL CONTEXT

- 3.1 The national context of economic and financial austerity is set to continue for several years. The Provisional Police Funding Settlement of December 2016 continued the policy of 'flat cash' funding to 2020, assuming a year on year rise in precept of 1.99%. This is the case for Northamptonshire.

#### **Autumn Statement 2016**

- 3.2 The Chancellor of the Exchequer delivered his Autumn Statement to Parliament on 23rd November 2016, alongside the publication of the Office for Budget Responsibility's [OBR] updated forecasts for growth and borrowing. Funding for the Police Service was not mentioned.

#### **Provisional Funding Settlement 2017-18**

- 3.3 The Provisional Police Funding Settlement for 2017-18 was announced on 15<sup>th</sup> December 2016. **Appendix 1** summarises the background and the key announcements.
- 3.4 The **final** settlement is expected to be published by the Home Office in early February 2017.

### 4 LOCAL CONTEXT AND FINANCIAL STRATEGY 2017-22

- 4.1. The revised MTFP for 2017-22 has been developed on the principles previously established:
- To make the best use of available resources
  - To maximise income and funding
  - To target spend and investments to priorities and value for money opportunities
  - To exploit fixed assets to deliver maximum value
  - To optimise delivery costs
  - To provide sufficient financial reserves in the context of unprecedented uncertainty, transformation and change
- 4.2. The overall strategic financial context is unchanged from this time last year. 'Austerity' is forecast to continue over the MTFP period, and there remains considerable uncertainty on government grant funding levels beyond 2017-18.

The provisional settlement announced on 15<sup>th</sup> December is a little better than expected, in that the planning assumptions were for a 2% grant reduction. Northamptonshire PCC has received a cash reduction in government funding of £942k (-1.4%) over 2016-17.

- 4.3. In proposing the Budget 2017-18 and the MTFP 2017-22 the Commissioner is faced with a number of crucial choices and decisions. He inherited a number of key policy decisions from his predecessor. He is currently close to approving his first Police and Crime Plan which will set out his key priority outcomes for his first term. So, in approving the MTFP 2017-22 he has considered how to strike the most effective

balance between funding existing services and investing in transformation; and how to determine the balance of funding to be delegated to the Force and that to be retained under the Commission's direct control. A further crucial decision is the level of the Council Tax precept in 2017-18.

## **5 DEVELOPING THE MTFP TO 2022**

- 5.1. The provisional settlement for 2017-18 continues with the policy adopted for the 2016-17 settlement. The assumption by the Home Office is that PCCs will increase precept by 1.99% and if they do so, no PCC will receive a cash reduction for 2017-18 to 2021-22. This would appear to be the case for Northamptonshire.
- 5.2. The provisional settlement is only for one year. However, the Home Office have stated in the Provisional Settlement that Police funding will reduce by 1.3% in real terms the four year period to 2020.
- 5.3. There have also been indications from the Home Office that top slicing is likely to increase in future years to cover such things as Emergency Services Network (£1bn), Counter Terrorism (£0.5bn) and Transformational Fund (£50m).
- 5.4. Proposals for change in the Police funding formula are expected to be published in March 2017, for prospective implementation from 2018-19. It is hoped the proposed changes may transfer funding from the urban areas to the more rural and consequently Northamptonshire **may** benefit.
- 5.5. The underlying strategic challenge however is that the government's current funding policy delivers an overall resourcing level over the medium term that remains constant in cash terms. However, there are increasing cost demands on the Force and OPCC – notably pay awards and other upward pressures on employment costs; general inflation and the need to invest to save and to invest in vital infrastructure and other assets to support effective policing in this fast-changing criminal landscape of cyber enabled crime. The imperative for innovation and transformation remains, therefore. There are further uncertainties around 'Brexit' – such as interest rates prospects.

## **6. REVENUE BUDGET 2017-18 and MTFP 2017-22** **High level figures / key assumptions**

### **Financing sources**

- 6.1. The key sources of funding of the net expenditure of the Police budget in 2017-18 are:
  - Government funding via Police Grant, Local Council Tax Support Grant and Council Tax Freeze grant;
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- 6.2. The Commissioner must take a view on the financial resources available to him and ensure the 'Commissioner's Budget Requirement' is both affordable and represents value for [the taxpayers'] money.

- 6.3. These funding sources are considered in turn below, informing judgements on the level of affordable revenue budgets and Capital Programme for the period 2017-22.

### The Provisional Police Grant Settlement 2017-18

- 6.4. The previously approved assumption for 2017-18 as shown in Table 2 was £73.3m which assumed a 1% cash reduction. During 2016 this assumption was revised to 2%.

In December 2016, the government announced a provisional level of grant support for Northamptonshire in 2017-18 of £73.0m representing a 1.3% cash reduction on the 2016-17 settlement

- 6.5. The latest planning assumptions are shown in Tables 1 & 2, below reflecting government announcements. The Table summarises the cash [not real terms] figures.

Table 1

	Previous 2017-18 £M	Latest 2017-18 £M	Change £M
Police Grant	66.7	66.4	-0.3
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<b>TOTAL</b>	<b>73.3</b>	<b>73.0</b>	<b>-0.3</b>

Over the MTFP period the revised assumptions, based on continuing financial austerity are set out below.

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<b>TOTAL</b>	<b>73.0</b>	<b>71.7</b>	<b>70.4</b>	<b>69.1</b>	<b>67.9</b>

<b>Annual change</b>				
%		-1.8%	-1.8%	-1.8%

<b>Cumulative change</b>				
%		-1.8%	-3.6%	-5.4%



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<b>Annual change</b>				
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<b>Cumulative change</b>				
%		-1.8%	-3.6%	-5.4%

## Council Tax Precept and Freeze Grant [CTFG]

- 6.6. The previously approved assumption for 2017-18 as shown in Table 2 was £1.591m. This sum was made up of the following elements:

Table 3

CTFG	2017-18 £000
2011-12	1,131
2012-13	0
2013-14	460
2015-16	-
2016-17	-
Later	-
<b>TOTAL</b>	<b>1,591</b>

- 6.7. Within the provisional settlement the government has confirmed the previously established general principle that proposed precept increases in 2017-18 of more than 2% would trigger the need for a binding referendum. Furthermore, the 10 police force areas with the lowest precepts (excluding the City of London) will be allowed to increase their Band D precept by £5. Northamptonshire does not qualify for this additional flexibility.
- 6.8. In the provisional settlement announced on 15<sup>th</sup> December 2016 the intention of the government is to encourage PCCs to raise their precept. Accordingly the government has also confirmed that there will be no Council Tax Freeze Grant for 2017-18.
- 6.9. The MTFP assumes the government will continue to offer some form of CTFG from 2018-19, broadly similar to the total support currently offered in respect of 2011-12 and 2013-14 CTFG.
- 6.10. **The Commissioner is proposing to increase the Band D Council Tax for 2017-18 by 1.99% from £204.96p to £209.04p.**
- 6.11. **Appendix 2** summarises the results of the Commissioner's latest public consultation exercise on the Policing precept. Overall over 82% of respondents would be prepared to pay more for policing.
- 6.12. The Commissioner is proposing however, for planning purposes ONLY at this stage, to assume an increase in precept of 1.99% 2018-19 through to 2021-22.

## Council Tax Precept income

- 6.13. The income generated from the precept depends on both the level of the precept and the tax base – the latter being effectively the number of taxpayers who are required to pay Council Tax. Given a rising population this number is increasing and is re-estimated on a prudent basis each year for budget and financial planning purposes.

## Level of precept

As noted at paragraph 6.10, above, the Commissioner is proposing to increase the precept in 2017-18 by 1.99%.

## Tax base

The previously approved and latest estimates of the Tax base for 2017-18 are shown below.

Table 4

<b>Council Tax base</b>	<b>Previous 2017-18</b>	<b>Latest 2017-18</b>	<b>Change</b>	<b>Change %</b>
<b>TOTAL</b>	<b>231,240</b>	<b>233,530</b>	<b>2,290</b>	<b>1.0%</b>

This represents an increase of 4,578 (2%), over the tax base of 228,952 for 2016-17.

The consequential assumed level of **Council Tax precept** for 2017-18 is shown below.

Table 5

<b>Council Tax precept</b>	<b>Previous 2017-18 £000</b>	<b>Latest 2017-18 £000</b>	<b>Change £000</b>	<b>Change %</b>
<b>TOTAL</b>	<b>48,340</b>	<b>48,817</b>	<b>477</b>	<b>1.0%</b>

The precept income is budgeted to increase by 4% compared to £46,926k in 2016-17.

Table 6

<b>Council Tax precept</b>	<b>2017-18 £000</b>	<b>2018-19 £000</b>	<b>2019-20 £000</b>	<b>2020-21 £000</b>	<b>2021-22 £000</b>
<b>TOTAL</b>	<b>48,817</b>	<b>50,784</b>	<b>52,831</b>	<b>54,960</b>	<b>57,174</b>

## Council Tax Collection Fund

- 6.14. Each year the Billing authorities [the Northamptonshire District and Borough Councils], estimate how much of the total potential Council Tax income liability of taxpayers they will collect. They advise precepting authorities such as the Police and Crime Commission of any projected surplus or deficit on the 'Collection Fund' by 31<sup>st</sup> January to enable them to take account of that in their own budgeting decisions. The estimate included in this report is a Council Tax Collection Fund surplus for 2017-18 of £750k.
- 6.15. For future years a reasonable assumption of an annual surplus of £750k has been made.



Table 7

<b>Collection Fund</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Surplus	750	750	750	750	750
Annual change	-325	0	0	0	0

### Total overall Revenue Funding sources 2017-22

- 6.16. In summary, therefore, the overall funding assumed to be available over the MTFP period 2017-22, as set out in detail in Tables 3 to 7 above, is set out below.

Table 8

<b>REVENUE FUNDING</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
From the government	74.0	73.0	71.7	70.4	69.1	67.9
From local taxpayers	48.0	49.6	51.6	53.6	55.7	57.9
<b>TOTAL</b>	<b>122.0</b>	<b>122.6</b>	<b>123.3</b>	<b>124.0</b>	<b>124.8</b>	<b>125.8</b>

Over this period the proportion of overall funding sourced from local taxpayers will increase by £9.9m; compared to a reduction in government funding of £6.1m, as set out below. Longer term forecasts suggest local taxpayers will provide the majority of funding from 2024-25.

Table 9

<b>REVENUE FUNDING CHANGES</b>	<b>2016-17</b>	<b>Share</b>	<b>2021-22</b>	<b>Share</b>	<b>Change</b>	<b>Change</b>
	<b>£m</b>	<b>%</b>	<b>£m</b>	<b>%</b>	<b>£m</b>	<b>%</b>
From the government	74.0	60.7%	67.9	54.0%	-6.1	-8.2%
From local taxpayers	48.0	39.3%	57.9	46.0%	9.9	20.6%
<b>TOTAL</b>	<b>122.0</b>	<b>100.0%</b>	<b>125.8</b>	<b>100.0%</b>	<b>3.8</b>	<b>3.1%</b>

### Forecast spending in the current year 2016-17

- 6.17. The latest review of spending in the current financial year, 2016-17, shows a forecast overspending, after the use of reserves, of some £0.7m for the Force and an underspending of £0.15m for the OPCC, as reported elsewhere on this agenda. For planning purposes a final outturn of an overspending of £0.35m (Force +£0.5m, OPCC -£0.15m) has been assumed.
- 6.18. That figure has been included in the MTFP 2017- 22, and the Reserves Strategy.
- 6.19. At this stage it is assumed any over spending would initially be financed from the General Reserve.

## Financial Reserves

- 6.20. Good practice requires an annual view of both the financial reserves held by the Commission and the level of those reserves.
- 6.21. The forecast level of cash backed Reserves at 31<sup>st</sup> March 2017 is shown in **appendix 5**, and summarised below.

Table 10

<b>Cash backed Reserves</b>	<b>£000</b>
<b>Forecast balances at 31<sup>st</sup> March 2017</b>	
General Reserves	3,904
Carry forward of underspends:	
OPCC	806
Force	0
Initiatives Fund	1,437
Capital/Transformation	5,204
Pensions	1,180
Decant	4,445
Other	1,277
<b>TOTAL</b>	<b>18,253</b>

- 6.22. The previously approved policy of making an annual contribution to Reserves of £4.4m (specifically to the Capital / Transformation reserves, and the Initiatives Fund) is re-affirmed. Key issues arising from the review of Reserves are summarised below.

### General (un-earmarked) reserves

- 6.23. General Reserves are forecast to be £3.904m at 31<sup>st</sup> March 2017 (after allowing for the forecast over spend), representing 3.3% of the proposed net revenue budget 2017-18.
- 6.24. The proposed level of General Reserves at 1<sup>st</sup> April 2017 is proposed to be £3.604m (2.9%). This level at the higher end of the range in the OPCC policy is prudent given the continuing conditions of austerity, ambition and pace of change, and risk inherent in the environment in which the OPCC and Force operate.

### Insurance Reserve

- 6.25. It is proposed to increase the Insurance Reserve by £0.5m in 2017-18, to £0.583m.

## Overall Affordable Revenue Budget 2017-18 and Cash Limits 2017-22

6.26. On the basis of the above, £121.248m is the affordable level of the Northamptonshire Police and Crime Commissioner's overall net revenue budget for 2017-18. This represents a change of £5.024m (4.3%) over 2016-17.

Table 11

<b>Financing</b>	<b>2016-17 £000</b>	<b>Change £000</b>	<b>2017-18 £000</b>
Police Grant Table 1	67,350	-942	66,408
Council Tax support grant	5,053	0	5,053
Council Tax Freeze grant Table 3	1,591	0	1,591
<b>Sub-total: government grants</b>	<b>73,994</b>	<b>-942</b>	<b>73,052</b>
Collection Fund surplus Table 7	1,075	-325	750
Council Tax requirement Table 5	46,926	+1,891	48,817
<b>TOTAL FUNDING AVAILABLE</b>	<b>121,995</b>	<b>624</b>	<b>122,619</b>

Key strategic choices facing the Commissioner regarding the deployment of these funds include:

- The pressures of inflation and a range of other externally imposed cost increases
- Tri Force Collaboration programme
- Estates Strategy and Capital Programme
- Service Delivery Model
- Uncertainty over future funding including potential changes to the Police Grant Funding Formula

These represent considerable risk to the budget going forward, so financial prudence dictates that the Commissioner must make sufficient provision for these events. It was for this reason that the strategy agreed last year in allocating funds to the Capital/Transformation Reserve was established in anticipation of these risks. This reserve and other available reserves are now being deployed over the MTFP period to 2022 to mitigate these risks and to provide resources in line with the Police and Crime Plan.

In making those resource deployment decisions the Commissioner has been mindful of the competing demands on the day to day and short term, between the OPCC and Force, and the longer-term investment needs of policing.

6.27. The equivalent overall planned provisional Revenue budgets for the medium term period are summarised below; further detail is set out in **appendix 3**.

Table 12

<b>Financing</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>
	<b>£M</b>	<b>£M</b>	<b>£M</b>	<b>£M</b>	<b>£M</b>
<b>TOTAL</b>	<b>122.6</b>	<b>123.3</b>	<b>124.0</b>	<b>124.8</b>	<b>125.8</b>

### **Cash Limits for the OPCC and Force**

6.28. The overall financing is deployed to finance the budgets of the OPCC and Force as set out below.

6.29. Proposed MTFP cash limits and spending totals for the OPCC and Force are summarised below.

Table 13

<b>Cash Limits</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>
	<b>£M</b>	<b>£M</b>	<b>£M</b>	<b>£M</b>	<b>£M</b>
PCC directly controlled	3.9	3.9	3.9	4.2	4.2
Capital Financing	1.7	2.1	3.5	4.5	5.4
Force	115.6	116.2	116.2	116.7	116.7
Movement in Reserves	1.4	1.1	0.4	-0.6	-0.5
<b>TOTAL</b>	<b>122.6</b>	<b>123.3</b>	<b>124.0</b>	<b>124.8</b>	<b>125.8</b>

## **SPENDING PLANS**

### **Overview**

6.30. Having established affordable spending limits for 2017-22, the report now considers spending proposals consistent with the priorities set out in the Police and Crime Plan. The Commissioner allocates the overall approved budget sum between budgets to be directly managed by the OPCC and the budget to be delegated to and managed by the Chief Constable.

The proposed changes in overall spending are summarised in **appendix 4**.

6.31. The **overall** approved spending plans **approved last year** for the period 2016-21 are shown below:

Table 14

<b>Spending</b>	<b>2016-17 £M</b>	<b>2017-18 £M</b>	<b>2018-19 £M</b>	<b>2019-20 £M</b>	<b>2020-21 £M</b>	<b>2021-22 £M</b>
PCC directly controlled	3.9	3.8	3.7	3.6	3.5	
Capital Financing	0.9	1.1	1.2	1.4	1.6	
Force	111.4	112.4	113.2	113.9	114.7	
Movement in Reserves	5.8	4.4	4.4	4.4	4.4	
<b>TOTAL</b>	<b>122.0</b>	<b>121.7</b>	<b>122.5</b>	<b>123.3</b>	<b>124.2</b>	<b>n/a</b>

6.32. In the light of the latest financing changes set out at paragraph 6.29 and Table 13, above, the **revised proposed spending total for 2017-18** is:

Table 15

<b>Spending</b>	<b>Previous 2017-18 £M</b>	<b>Latest 2017-18 £M</b>	<b>Change £M</b>
<b>TOTAL</b>	<b>121.7</b>	<b>122.6</b>	<b>0.9</b>

Table 16

<b>Spending</b>	<b>2017-18 £M</b>	<b>2018-19 £M</b>	<b>2019-20 £M</b>	<b>2020-21 £M</b>	<b>2021-22 £M</b>
<b>TOTAL</b>	<b>122.6</b>	<b>123.3</b>	<b>124.0</b>	<b>124.8</b>	<b>125.8</b>

6.33. The report now considers revenue spending proposals for the OPCC and Force for the new MTFP period 2016-21 within these revised proposed cash limits, set out in Table 17, below.

Table 17

<b>Cash Limit</b>	<b>2017-18 £000</b>
PCC	3,890
Capital Financing	1,702
Force	115,656
Movement in Reserves	1,371
<b>TOTAL</b>	<b>122,619</b>

## The Police and Crime Commission

- 6.34. The proposed cash limit for 2017-18 for the **OPCC** is £3.89m, which is essentially a cash flat budget when compared to 2016-17.
- 6.35. The OPCC cash limit reflects the direct spend of the PCC across a range of areas of service delivery for local communities. This includes investment in a wide range of areas of front-line service delivery, including victim and witness support services, drug treatment, local crime prevention initiatives, restorative practice, the youth offending team, road safety partnering, the young peoples' partnership, anti-social behaviour, public protection and the management of dangerous offenders, and child safeguarding.
- 6.36. The cash limit also covers public engagement activity for the Force and the Commissioner, alongside a small Commission team focused on financial and resource management, policy, change management and service improvement, such as leading the improvements in victim services. The Commissioner has determined that the staffing budget of the OPCC will not exceed 1% of the overall revenue funding available to him in any year of his term of office.
- 6.37. From 2017-18 the OPCC will also manage the Capital Financing and Treasury Management budgets will to date have been delegated to the Chief Constable.
- 6.38. The revenue budgets to be directly managed by the Commission in 2017-18 are:
- The Office of the Police and Crime Commissioner
  - Commissioning
  - Public Involvement
  - Capital Financing / Treasury Management

In addition, the Commissioner determines the use of financial Reserves. Financial reserves were considered in detail at paragraphs 6.20 to 6.25.

- 6.39. As noted above, the proposed revenue spending totals to be directly managed by the OPCC are:

Table 18

<b>Spending</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
OPCC	3,890	3,890	3,890	4,190	4,190

6.40. A summary of the spending proposals 2017-18 compared to the approved Budget 2016-17 is set out below.

Table 19

Budget	2016-17 Budget £000	Budget Transfers £000	Pay, Inflation £000	Growth £000	Savings £000	2017-18 Budget £,000
OPCC	1,437	-76	13	345	(11)	1,708
OFBCI	283	-283				0
IPSCJ	520	-200			(320)	0
Commissioning	1,669	513				2,182
<b>TOTAL</b>	<b>3,909</b>	<b>-46</b>	<b>13</b>	<b>345</b>	<b>(331)</b>	<b>3,890</b>

6.41. An analysis of these sums analysed over staff and other expenditure, and income, is shown below, together with staffing numbers.

Table 20

Budget	FTE	Staff £000	Other £000	Gross £000	Income £000	Net £000
OPCC	20.1	1,324	384	1,708	0	1,708
Commissioning			3,030	3,030	(848)	2,182
<b>TOTAL</b>	<b>20.1</b>	<b>1,324</b>	<b>3,414</b>	<b>4,738</b>	<b>(848)</b>	<b>3,890</b>

6.42. Further detail for each of the specific OPCC budgets is set out below.

### The OPCC

6.43. This budget comprises the Commissioner and his small support team. £0.294m of the growth item of £0.345m relates to income funded posts and the removal of the unidentified saving budget relating to 2016-17. Provision has also been included for increased employer's contributions for National Insurance, Pensions, increments and regrading.

### Commissioning Budget

6.44. The Commission has published its commissioning framework that sets out its commissioning principles and approach. This focuses on commissioning for outcomes rather than commissioning of services.

6.45. Northamptonshire already is leading nationally in the establishment of the integrated 'Voice' service. Existing contracts within 'Voice' begin to end during 2017 and so the OPCC is beginning the process of re-commissioning. Commissioning intentions will be published before the end of 2016-17. This will build on the progress made in the past few years. This will be the main call on the Commissioning budget in 2017-18.

6.46. The OPCC receives grant support from the Ministry of Justice primarily for Victims' Services and Restorative Justice. The Ministry of Justice has recently announced the level of grant support the Commission will receive for 2017-18. This totals £847,547 for 2017-18 (£844,380 for 2016-17).

- 6.47. The previous Commissioner has established the Institute for Public Safety, Crime and Justice to deliver community insight, analysis and solutions to defined crime and disorder problems. The Commissioner intends to change the relationship to be more focused on delivery of particular programmes of work which will be set out and costed. This is distinct from the previous approach of funding the running of the Institute itself.

### Budget to be delegated to the Chief Constable

- 6.48. The proposed revenue spending totals for the Force are:

Table 21

Spending	2017-18 £M	2018-19 £M	2019-20 £M	2020-21 £M	2021-22 £M
Force	115.6	116.2	116.2	116.7	116.7

Table 22

Force Spending	2016-17 £000	Change £000	2017-18 £000
<b>Gross Budget 2016-17</b>	129,802		129,802
Technical Adjustment	-918		-918
	128,884		128,884
Inflation		2,296	2,296
Commitments		1,797	1,797
Growth		271	271
Service Delivery Model		574	574
New proposed savings		-679	-679
<b>Gross Budget 2016-17</b>	<b>128,884</b>	<b>4,259</b>	<b>133,143</b>
Income	-17,487	0	-17,487
<b>Net Budget</b>	<b>111,397</b>	<b>4,259</b>	<b>115,656</b>

- 6.49. The movement between 2016-17 and 2017-18 is £4.259m (3.8%) in cash terms. Key aspects of the Force Budget 2017-18 are summarised in the following paragraphs.
- 6.50. The resources to be delegated to the Force will enable further progress towards Police and Crime Plan priorities in the forthcoming year.

### Service Delivery Model

- 6.51. The Police and Crime Commissioner has supported the Force in a review of its current delivery model, the manner in which it provides frontline delivery to local communities.



- 6.52. This review has now been completed, with the results presented to the Force Chief Officer team and the Commissioner. The review has provided a significantly enhanced picture of current and emerging demands on the Force and suggested the most effective response to this.
- 6.53. The Chief Officer Team have a high level of confidence that the recommendations in the review will support the Force in a more productive management of demand. improve efficiency and better protect people from harm
- 6.54. This review has drawn on a detailed assessment of demand, calls for service, as well as an analysis of “what works” in terms of service provision.
- 6.55. Following the review the Commissioner has agreed to additional funding for an increase in Police Officer and frontline operational Police Staff numbers.
- 6.56. Some of the key elements of the Service Delivery Model review include:

Neighbourhood Policing – an ongoing commitment to locally identified officers and PCSOs. There will be a reduction in the headcount of these staff, however a reduction in their abstraction for other matters will mean no reduction in the total hours allocated to neighbourhood policing. These dedicated teams will have a stronger focus on community engagement, localised problem solving, partnership working and visibility. They will carry a reduced crime workload, concentrating on those involving local solutions and interventions. Police Community Support Officers will undertake enhanced responsibilities in relation to neighbourhood issues.

Response Policing – staff will be based out of, but will not remain at, four hubs. They will patrol within their local communities. They will not carry an ongoing investigatory workload, allowing them to be available for a more effective response to incidents requiring immediate or urgent attendance. These staff will have greater capacity to manage incidents relating to missing people and to undertake proactive policing activities.

Safeguarding and Investigations – an improved process of crime allocation will be introduced, allowing early resolution of reported crimes where appropriate as well as more effective allocation of crimes, to officers skilled to undertake those investigations. The new operating model will see a more cohesive and joined up approach to issues relating to domestic abuse support and investigations and a strengthened safeguarding structure.

Demand and Contact Management – a new managed appointment unit will be created to better respond to incidents that require a face to face interaction but do not require an immediate or urgent response. Members of the public not requiring an immediate response will be encouraged to attend a planned appointment at police premises or other location to allow better management of this demand, subject to issues of vulnerability or evidence collection from a scene.

### **Inflation and commitments**

- 6.57. The MTFP takes account of the recent pay awards to Police and plans for further increase of 1% from 2018-19, rising to 2% from 2020-21. Pay inflation for budget

purposes also includes incremental progression costs and increases in employer contributions to pensions. The overall inflation increase of £2.296m in 2017-18 represents an increase of 1.8% on the gross budget for 2016-17.

6.58. Commitments and Growth are set out below:

Table 23

<b>Commitments and Growth</b>	<b>2017-18 £000</b>	<b>2018-19 £000</b>	<b>2019-20 £000</b>	<b>2020-21 £000</b>	<b>2021-22 £000</b>
<b>TOTAL</b>	<b>2,642</b>	<b>963</b>	<b>275</b>	<b>36</b>	<b>302</b>

### **Previously identified savings**

6.59. In summary:

Table 24

	<b>2017-18 £000</b>	<b>2018-19 £000</b>	<b>2019-20 £000</b>	<b>2020-21 £000</b>	<b>2021-22 £000</b>
<b>TOTAL</b>	<b>2,930</b>	<b>1,433</b>	<b>380</b>	<b>139</b>	<b>0</b>

These include a range of relatively minor savings including accommodation costs, telephony and repair costs.

### **Revised identified savings**

6.60. Commentary on the revised savings proposals is set out below

Table 25

	<b>2017-18 £000</b>	<b>2018-19 £000</b>	<b>2019-20 £000</b>	<b>2020-21 £000</b>	<b>2021-22 £000</b>
<b>TOTAL</b>	<b>679</b>	<b>140</b>	<b>140</b>	<b>0</b>	<b>0</b>

6.61. These saving reflect the impacts of the wide range of radical transformation activity currently in place or planned over the medium term planning period.

## 7 SUMMARY OF OVERALL PROPOSED REVENUE SPENDING 2017-18

7.1. The proposed overall spending in the Revenue budget 2017-18 for the Police and Crime Commissioner is summarised below.

Table 26

<b>Spending</b>	<b>2016-17 £000</b>	<b>Change £000</b>	<b>2017-18 £000</b>
<b>Gross Budget 2016-17</b>	134,850		134,850
Inflation		2,309	2,309
Commitments		1,751	1,751
Growth		1,404	1,109
Service Delivery Model		574	574
New proposed savings		-1,010	-1,010
<b>Gross Budget 2016-17</b>	<b>134,850</b>	<b>4,733</b>	<b>139,583</b>
Income	-17,782	295	-17,487
Specific grants	-844	-4	-848
<b>Net Budget</b>	<b>116,224</b>	<b>5,024</b>	<b>121,248</b>
Movement in Reserves	5,771	-4,400	1,371
<b>TOTAL REVENUE BUDGET</b>	<b>121,995</b>	<b>624</b>	<b>122,619</b>

7.2. The prospective overall revenue spending 2018-19 onwards shows a limited upward trend in cash terms as shown below. Although the assumption is for the government grant to continue falling by 2.0% in cash terms, this has been offset by the assumption of a precept increase of 1.99% to 2021-22 and the tax base continuing to increasing by 2% per annum.

Table 27

<b>REVENUE SPENDING</b>	<b>2016-17 £m</b>	<b>2017-18 £m</b>	<b>2018-19 £m</b>	<b>2019-20 £m</b>	<b>2020-21 £m</b>	<b>2021-22 £m</b>
Force	111.4	115.6	116.2	116.2	116.7	116.7
OPCC	3.9	3.9	3.9	3.9	4.2	4.2
Capital Financing	0.9	1.7	2.1	3.5	4.5	5.4
Financial Reserves	5.8	1.4	1.1	0.4	-0.6	-0.5
<b>TOTAL</b>	<b>122.0</b>	<b>122.6</b>	<b>123.3</b>	<b>124.0</b>	<b>124.8</b>	<b>125.8</b>

## 8 CAPITAL PROGRAMME

### The previously approved Capital Programme

8.1 Tables 28 and 29 summarise the previously approved programme

Table 28

<b>CAPITAL PROGRAMME 2016-20</b>	<b>Prior Years £000</b>	<b>2016-17 £000</b>	<b>2017-18 £000</b>	<b>2018-19 £000</b>	<b>2019-20 £000</b>	<b>TOTAL £000</b>
<b>FINANCING</b>						
Grants	1,827	500	500	500	500	3,827
Innovation Fund	2,421					2,421
Capital Receipts	335		3,180	1,644	1,650	6,809
Revenue Funded	931	648	66	66	66	1,777
Capital Reserve	3,400					3,400
Borrowing	5,589	17,984	1,427			25,000
External Funding	1,399					1,399
Reserves		11,016	2,237	583	1,700	15,536
<b>TOTAL</b>	<b>15,902</b>	<b>30,148</b>	<b>7,410</b>	<b>2,793</b>	<b>3,916</b>	<b>60,169</b>

Table 29

<b>CAPITAL PROGRAMME 2016-20</b>	<b>Prior Years £000</b>	<b>2016-17 £000</b>	<b>2017-18 £000</b>	<b>2018-19 £000</b>	<b>2019-20 £000</b>	<b>TOTAL £000</b>
<b>SPENDING</b>						
Change Programme	8,461	27,209	2,697	980	1,961	41,308
Replacement and Rolling programmes	3,422	2,469	1,728	1,728	1,930	11,277
Other Schemes	4,019	470	2,985	85	25	7,584
<b>TOTAL</b>	<b>15,902</b>	<b>30,148</b>	<b>7,410</b>	<b>2,793</b>	<b>3,916</b>	<b>60,169</b>

### Developing the new Capital Programme 2017-22

8.2 From 2017-18 the Capital Programme will be presented as a five year programme to align with revenue plans. It has previously been presented as a four year programme.

## 9 STATUTORY REPORT OF THE DIRECTOR FOR RESOURCES AND GOVERNANCE

9.1 Under Section 25 of the 2003 Local Government Act the Director for Resources and Governance, in his role as Chief Financial Officer of the Commission, is required to report to the Commissioner on the robustness of the budget and the level of reserves held. This report is set out at **appendix 6**.

## **10 LEGAL CONSIDERATIONS**

- 10.1 The Police Commissioner must notify a precept to the Billing authorities prior to 1<sup>st</sup> March each year and in so doing must set a realistic Revenue budget.

## **11 CONCLUSION**

- 11.1 This report sets out the proposals for the Northamptonshire Police and Crime Commission's budget, precept and Council Tax requirement for 2017-18, together with the proposed Medium Term Financial Plan 2017-22.
- 11.2 The Panel is asked to consider this report, determine its views and make those known to the Commissioner.

**Stephen Mold**  
**Police and Crime Commissioner**

**John Neilson**  
**Director for Resources and Governance**

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## Appendices

- |   |  |
|---|--|
| 1 | The Provisional Police Grant Settlement 2017-18                          |
| 2 | Precept Public Consultation Report                                       |
| 3 | Financing the Budget 2017-18 and Forecasts to 2021-22                    |
| 4 | Overall spending plans 2017-22   |
| 5 | Reserves   |
| 6 | Report of the Chief Financial Officer required by s25 of the LG Act 2003 |

**Author:** John Neilson

**Background Papers:** Police Grant 2017-18.

**END**

### Provisional 2017-18 Police Funding Settlement

15 December 2016

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#### INTRODUCTION

The Provisional 2017-18 Police Finance Settlement was announced in a [written ministerial statement](#) by the Minister for Policing and the Fire Service Brandon Lewis MP on Thursday 15 December. Full details of the settlement can be found on the [Home Office pages](#) of the gov.uk website. The Welsh Government has also [published](#) their Provisional Settlement for Welsh PCCs.

The publication of the Draft 2017-18 Police Grant Report marks the start of the consultation spanning the Christmas period. The deadline for the submission is the 26<sup>th</sup> of January. As in previous years, the Technical Support Team will distribute a draft response as soon as possible to members for comment and to help support individual member authority submissions.

This briefing aims to provide a summary and analysis of the main announcements for members.

#### BACKGROUND

On 25 November 2015, as part of the Spending Review the Chancellor announced that the local police budgets would be maintained at “current [2015-16] cash levels” – assuming that PCCs maximised their potential to raise funding through the precept.

Funding for the police service was not mentioned in the 2016 Autumn Statement.

The Home Office are using the GDP deflator as their measure of inflation. At the time of the 2016-17 settlement that was forecast to be 1.8% in 2017, the latest Economic and Fiscal outlook reduced that forecast to 1.3%. The Home Office have said that this reduced measure of inflation is unlikely to result in funding being reduced in cash terms.

#### HEADLINES

Brandon Lewis’ statement announced a flat rate decrease in grant funding (Police Grant plus ex-DCLG Grant plus the Welsh funding and Welsh top-up) of -1.4% in cash terms (Annex A). The headlines from Home Office is that no PCC will face a cash reduction in their Formula Funding plus legacy council tax grants plus NICC plus precept income (as long as they maximise their precept). This protection applies to those who raise their council tax by the maximum possible (excluding referendums) amount for both 2016-17 and 2017-18. See Annex B for more.

As expected, and whilst the formula review is still underway, this settlement covers just one year and confirms the council tax referendum threshold of 2%. There is additional flexibility to increase the precept by £5 for the 10 forces (excluding City of London) with the lowest precept.

In 2017-18 the top-slices/reallocations total £812m, 42.0% higher than 2016-17 (£572m).

The value of the Transformation Fund has risen to £175m from £131.4m (including the innovation fund) in 2016-17 an increase of 33.2%. The £131.4m figure includes the Innovation fund from 2016-17 which was worth £55.0m.

Legacy Council Tax Funding is still separately identifiable and has stayed the same in cash terms since 2016-17 when the grant totalled £507.4m.

Police Capital grant has been reduced from £82m in 2016-17 to £77.2 in 2017-18. Of the £77.2, 45.9m (59.4%) is allocated for the Police Capital Grant. The rest is broken down as follows:

<b>Police Capital</b>	<b>£m</b>
Police Capital Grant	45.9
Special Grant Capital	1
Police Live Services	18.1
National Police Air Service	12.2

Funding for Welsh forces has increased from £136.8m in 2016-17 to £138.7m in 2017-18; equivalent to a 1.4% nominal increase, a 0.2% increase in real terms (using CPI of 1.2%).

### **CORE FUNDING**

The formula funding (ex DCLG), Police Grant, NICC, the Welsh government funding and Welsh top-up have been cut by a uniform 1.4%. The table in Annex A compares these figures for each force area.

The 2015 Spending Review announced that if precept was maximised and combined with central government funding then there should be a small cash increase for everyone. The TST have replicated the effect of precept maximisation (assuming a 0.5% increase in taxbase). The results can be found in Annex B.

### **TOP-SLICES**

The Minister's statement states that in 2017-18 the Home Office will only be making "reallocations" of £812m (see table below).

<b>Top-Slice</b>	<b>2017-18</b>
PFI	£73m
Police Technology Programmes (including ESN)	£417m
Arms length Bodies	£54m
Strengthening the Response to Organised Crime	£28m
Police transformation fund	£175m
Special Grant	£50m
Pre-Charge Bail	£15m
<b>Total</b>	<b>£812m</b>

The Police Technology Programmes include the ESN, the existing Airwave system, Home Office Biometrics and the National Law Enforcement database.

### **TRANSFORMATION FUND**

**\*\*This should not be confused with the *Service* Transformation Fund announced last week as part of a drive to tackle Violence against Women (see section below) \*\***

In recent months the Minister and Home Secretary have been speaking a lot about the benefits of transformation of services and collaboration so it comes as no surprise to see a growth in the value of the Transformation Fund.



The Transformation Fund was first set up in 2016-17 and was worth £76.4m. In 2017-18 that amount has risen to £175m but includes the innovation fund. Of the £175m, £32m will be going to firearms. The rest of the money will be available for bids.

More information on the bidding process will be announced soon.

### **INNOVATION FUND**

As expected, the Innovation Fund has not continued into 2017-18. Earlier bids which spanned multiple years will continue to be paid but there will be no new bids to the Innovation Fund. The original purpose of the fund has now be absorbed within the Transformation Fund and will primarily be dealt with through the Police Reform and Transformation Board (PRTB).

### **COUNTER TERRORISM**

Counter Terrorism funding is negotiated separately to the police settlement. So any increases here should not impact on the rest of the police settlement.

The 2015 Spending Review announced an additional £500m of funding by the end of this parliament for Counter Terrorism.

In 2016-17 allocations increased by £96m (up 13% to £640m). There was also £30m capital funding in 2016-17. In 2017-18 the funding has increased by a further £30m to £670m.

### **EMERGENCY SERVICES NETWORK (ESN)**

Emergency Services Mobile Communications Project (ESMCP) is the work programme delivering the Emergency Service Network (ESN); the replacement for Airwave. Said to be included within the 2016-17 settlement (although not separately identifiable) was the Police share of £1bn funding for ESN.

In 2016-17 ESN “core costs” worth £80m were top-sliced from the settlement and were also intended to fund the costs of control room upgrades. At the time of the 2016-17 settlement the indication was that these “core costs” were likely to increase significantly in 2017-18.

The ESN spending has been incorporated into the ‘Police Technology Programmes’. The ministerial statement suggests approximately £100m increased funding for the ESN.

PCCs will continue to be liable to pay for Airwave until the transition to ESN has occurred. During the transition, and once it is in place, PCCs will then need to pay local ESN cost, including data and connection charges, devices and installation as well as control room upgrades, supported by specific grants reallocated through the “core costs” top-slice.

### **COUNCIL TAX REFERENDUM PRINCIPLES**

The Department for Communities and Local Government has [published](#) the draft council tax referendum principles. As in previous years the referendum threshold has been set at 2% but there is additional flexibility for those forces with low precepts.

As in previous years the 10 forces with the lowest Band D precept (excluding the City of London) will be allowed to increase their precept by £5. In 2016-17 this list included Cheshire but in 2017-18 they are no longer in the bottom quartile and have been replaced by Hampshire. The additional £5 flexibility in 2017-18 represents increases equivalent to 3.12% to 5.36%.

<b>Force Area</b>	<b>What the additional £5 equates to</b>
Hampshire	3.12%
Greater Manchester	3.18%
South Yorkshire	3.26%
Kent	3.29%
Essex	3.29%
Sussex	3.36%
Hertfordshire	3.40%
West Yorkshire	3.43%
West Midlands	4.48%
Northumbria	5.36%

### **COUNCIL TAX LEGACY GRANTS**

The Council Tax Legacy Grants relating to Council Tax Freeze grants from 2011-12, 2013-14, 2014-15 and 2015-16 as well as Local Council Tax Support (LCTS) funding are still separately identifiable in 2017-18 (see Annex B).

### **CAPITAL FUNDING**

As mentioned above the Police Capital Grants have reduced from £120m (with £10m going to NPAS) to £82m in 2016-17 (with £16.5m going to NPAS) followed by a decrease of a further £4.8m to £77.2m for 2017-18 (£12.2 of which is going to NPAS).

The result is that non-NPAS Capital Grants have fallen by 41% since 2015-16. There has also been a further £1m and £18.1m earmarked for Special Grant Capital and Police Live Services, respectively. With this taken into account, there has been a drop of 86.7% with only £14.6m left for bidding since 2015-16.

Allocations for Capital Grants will not be published until the Final Settlement in February 2016.

Police Treasurers may like to note that the offer of capitalisation flexibility for service transformation projects is still on offer. Further information can be found on the DCLG website [here](#).

### **NATIONAL AND INTERNATIONAL CAPITAL CITY (NICC) GRANT**

In 2016-17 the NICC grant for the City of London was £4.5m. In 2017-18 it remains at 4.5m  
In 2016-17 the NICC grant for MOPAC (which used to be referred to as the Met special Payment) was £173.6m. In 2017-18 it remains at £173.6m.

### **MINISTRY OF JUSTICE (MoJ) FUNDING**

The Technical Support Team is awaiting confirmation from the Ministry of Justice as to when Victims' Grant funding allocations will be made public.

### **VIOLENCE AGAINST WOMEN AND GIRLS - SERVICE TRANSFORMATION FUND**

In March 2016 the Government [published](#) a programme of reform supported by an increase in funding of £80m. The intention is to ensure that every victim gets the help and support that they require, coupled with bringing more perpetrators to justice.

The £80m worth of funding has been pledged up to 2020. However, the majority of that funding is to go into other services such as national helplines, rape support centre and refuges. [The transformation funding](#) available for the Police to bid for is worth £15m from 2017 running until the end of the financial year of 2019 – 20.

A successful bid must contribute to the overall outcomes of the fund. There are three main criteria.

- Display collaborative leadership and partnership working
- Provide a service which would not otherwise have been provided without this funding (single purpose funding proposals for national helplines, rape support centres and refuges are therefore likely to be out of scope for this Fund)
- Show how they will incorporate monitoring and evaluation into their project.

As well as the criteria to support the governments overall objectives there is also an extensive list of eligibility criteria, more of which can be found [here](#). To apply for the funding use the [expression of interest page](#). The closing date for the first round of funding is 23 January.

	2016-17	2017-18				
		Police Grant, ex-DCLG & Welsh Funding	Police Core Settlement (Police Grant)	Ex-DCLG Funding	Welsh Funding (Welsh Government + Welsh Top-ups)	Sum of Police Grant, Ex-DCLG & Welsh Funding
Avon & Somerset	161,512,983	103,554,698	55,699,434	-	159,254,132	-1.4%
Bedfordshire	63,662,257	39,771,579	23,000,325	-	62,771,904	-1.4%
Cambridgeshire	72,906,233	47,827,603	24,058,995	-	71,886,598	-1.4%
Cheshire	106,248,525	60,622,083	44,140,496	-	104,762,579	-1.4%
City of London	52,028,782	18,145,988	33,155,142	-	51,301,130	-1.4%
Cleveland	84,684,109	45,507,563	37,992,191	-	83,499,754	-1.4%
Cumbria	59,542,795	28,319,541	30,390,514	-	58,710,055	-1.4%
Derbyshire	99,832,967	61,253,787	37,182,959	-	98,436,746	-1.4%
Devon & Cornwall	165,848,372	101,294,423	62,234,465	-	163,528,888	-1.4%
Dorset	58,568,240	40,659,454	17,089,676	-	57,749,130	-1.4%
Durham	79,672,266	42,111,941	36,446,063	-	78,558,004	-1.4%
Dyfed-Powys	50,012,092	32,860,993	-	16,451,652	49,312,645	-1.4%
Essex	158,714,856	101,346,560	55,148,579	-	156,495,139	-1.4%
Gloucestershire	53,922,129	33,909,566	19,258,431	-	53,167,997	-1.4%
Greater Manchester	408,011,914	223,464,460	178,841,176	-	402,305,636	-1.4%
Gwent	72,500,753	40,903,987	-	30,582,802	71,486,789	-1.4%
Hampshire	183,151,823	118,335,750	62,254,591	-	180,590,341	-1.4%
Hertfordshire	107,763,687	70,397,519	35,859,032	-	106,256,551	-1.4%
Humberside	113,814,600	66,305,918	45,916,920	-	112,222,838	-1.4%
Kent	172,882,126	104,798,627	65,665,644	-	170,464,271	-1.4%
Lancashire	179,710,359	99,150,662	78,046,346	-	177,197,008	-1.4%
Leicestershire	104,994,179	64,432,578	39,093,198	-	103,525,776	-1.4%
Lincolnshire	58,727,982	37,866,744	20,039,894	-	57,906,638	-1.4%
Merseyside	235,310,501	120,756,280	111,263,270	-	232,019,550	-1.4%
MOPAC	1,611,278,154	849,449,515	739,294,000	-	1,588,743,515	-1.4%
Norfolk	78,993,054	49,517,107	28,371,184	-	77,888,291	-1.4%
North Wales	72,744,901	47,458,116	-	24,269,406	71,727,522	-1.4%
North Yorkshire	68,722,988	41,100,044	26,661,814	-	67,761,858	-1.4%
<b>Northamptonshire</b>	<b>67,350,361</b>	<b>42,567,420</b>	<b>23,841,008</b>	<b>-</b>	<b>66,408,428</b>	<b>-1.4%</b>
Northumbria	217,498,424	108,588,336	105,868,249	-	214,456,585	-1.4%
Nottinghamshire	126,054,285	76,843,070	47,448,274	-	124,291,344	-1.4%
South Wales	159,639,206	84,065,727	-	73,340,834	157,406,561	-1.4%
South Yorkshire	178,061,966	99,191,932	76,379,736	-	175,571,668	-1.4%
Staffordshire	106,423,953	65,557,800	39,377,754	-	104,935,554	-1.4%
Suffolk	63,590,691	40,154,673	22,546,666	-	62,701,339	-1.4%
Surrey	91,383,118	61,296,440	28,808,633	-	90,105,073	-1.4%
Sussex	151,720,213	96,461,790	53,136,530	-	149,598,320	-1.4%
Thames Valley	215,111,811	139,248,551	72,854,799	-	212,103,350	-1.4%
Warwickshire	48,460,605	30,601,963	17,180,893	-	47,782,856	-1.4%
West Mercia	109,736,392	65,421,452	42,780,214	-	108,201,666	-1.4%
West Midlands	431,099,809	247,319,672	177,750,962	-	425,070,634	-1.4%
West Yorkshire	300,837,684	169,130,579	127,499,719	-	296,630,298	-1.4%
Wiltshire	58,167,696	36,961,160	20,393,028	-	57,354,188	-1.4%
TOTAL	7,060,899,841	4,054,533,651	2,762,970,804	144,644,694	6,962,149,149	-1.4%
With NIC accounted for						-100.0%

	Police Grant plus NICC & Rule 1	Ex-DCLG Formula Funding/Welsh Assembly	Legacy Council Tax	Assumed Precept	Actual Precept	2016-17 TOTAL	Police Grant plus NICC & Rule 1	Ex-DCLG Formula Funding/Welsh Assembly	Legacy Council Tax	Assumed Precept	2017-18 TOTAL	Change
Avon & Somerset	105,021,859	56,491,124	14,708,861	94,436,903	95,874,162	270,658,747	103,554,698	55,699,434	14,708,861	98,272,388	272,235,381	0.6%
Bedfordshire	40,335,062	23,327,195	4,637,335	31,669,491	32,578,191	99,969,083	39,771,579	23,000,325	4,637,335	33,392,486	100,801,725	0.8%
Cambridgeshire	48,505,224	24,401,009	6,524,727	49,425,244	49,682,093	128,856,204	47,827,603	24,058,995	6,524,727	50,922,843	129,334,168	0.4%
Cheshire	61,480,976	44,767,549	8,256,300	56,371,485	57,303,657	170,876,310	60,622,083	44,140,496	8,256,300	58,736,764	171,755,643	0.5%
City of London	£22,932,264	33,625,702	79,505	550,827	606,527	57,188,298	22,675,172	33,155,142	79,505	621,662	56,531,481	-1.1%
Cleveland	46,152,314	38,531,795	7,668,210	30,168,950	30,865,050	122,521,269	45,507,563	37,992,191	7,668,210	31,637,226	122,805,190	0.2%
Cumbria	28,720,772	30,822,023	4,849,759	35,330,431	35,675,248	99,722,985	28,319,541	30,390,514	4,849,759	36,566,956	100,126,770	0.4%
Derbyshire	62,121,630	37,711,337	8,699,994	52,898,404	53,585,007	161,431,365	61,253,787	37,182,959	8,699,994	54,923,482	162,060,222	0.4%
Devon & Cornwall	102,729,561	63,118,811	15,461,371	98,154,991	99,342,794	279,464,734	101,294,423	62,234,465	15,461,371	101,826,594	280,816,853	0.5%
Dorset	41,235,517	17,332,723	7,918,574	52,855,482	53,118,701	119,342,296	40,659,454	17,089,676	7,918,574	54,447,504	120,115,208	0.6%
Durham	42,708,582	36,963,684	6,110,124	26,953,805	27,486,564	112,736,195	42,111,941	36,446,063	6,110,124	28,173,314	112,841,442	0.1%
Dyfed-Powys	32,051,878	17,960,214	-	45,174,425	43,329,960	95,186,517	32,860,993	16,451,652	-	44,412,884	93,725,529	-1.5%
Essex	102,782,437	55,932,419	13,125,335	91,529,457	92,644,472	263,369,648	101,346,560	55,148,579	13,125,335	96,168,434	265,788,908	0.9%
Gloucestershire	34,389,996	19,532,133	6,082,168	45,125,243	45,568,478	105,129,540	33,909,566	19,258,431	6,082,168	46,708,719	105,958,884	0.8%
Greater Manchester	226,630,501	181,381,413	25,713,688	109,138,288	110,997,959	542,863,890	223,464,460	178,841,176	25,713,688	115,098,814	543,118,138	0.0%
Gwent	42,393,286	30,107,467	-	47,133,901	47,038,485	119,634,654	40,903,987	30,582,802	-	48,214,597	119,701,386	0.1%
Hampshire	120,012,329	63,139,494	12,944,122	104,514,129	105,661,216	300,610,074	118,335,750	62,254,591	12,944,122	109,498,431	303,032,894	0.8%
Hertfordshire	71,394,910	36,368,777	10,228,363	64,883,907	63,046,051	182,875,957	70,397,519	35,859,032	10,228,363	65,516,427	182,001,341	-0.5%
Humberside	67,245,339	46,569,261	10,040,945	45,971,016	47,014,745	169,826,561	66,305,918	45,916,920	10,040,945	48,191,367	170,455,150	0.4%
Kent	106,283,412	66,598,714	13,297,595	89,287,391	90,694,613	275,467,112	104,798,627	65,665,644	13,297,595	94,143,422	277,905,288	0.9%
Lancashire	100,555,427	79,154,932	12,826,739	66,937,405	67,789,112	259,474,503	99,150,662	78,046,346	12,826,739	69,484,571	259,508,318	0.0%
Leicestershire	65,345,458	39,648,721	8,930,921	54,546,989	55,714,527	168,472,089	64,432,578	39,093,198	8,930,921	57,106,374	169,563,071	0.6%
Lincolnshire	38,403,239	20,324,743	6,833,553	43,522,433	44,305,319	109,083,968	37,866,744	20,039,894	6,833,553	45,412,919	110,153,110	1.0%
Merseyside	122,467,153	112,843,348	15,640,992	56,066,370	57,922,947	307,017,863	120,756,280	111,263,270	15,640,992	59,371,092	307,031,634	0.0%
MOPAC	1,035,133,976	749,793,651	119,675,912	596,400,649	601,451,140	2,501,004,188	1,023,098,988	739,294,000	119,675,912	616,490,082	2,498,558,982	-0.1%
Norfolk	50,218,665	28,774,389	9,304,523	58,209,909	59,208,968	146,507,486	49,517,107	28,371,184	9,304,523	60,689,859	147,882,673	0.9%
North Wales	46,289,582	26,455,319	-	69,256,841	68,331,320	142,001,742	47,458,116	24,269,406	-	70,039,859	141,767,381	-0.2%
North Yorkshire	41,682,349	27,040,639	7,897,884	61,548,503	62,591,246	138,169,375	41,100,044	26,661,814	7,897,884	64,156,488	139,816,230	1.2%
<b>Northamptonshire</b>	<b>43,170,515</b>	<b>24,179,846</b>	<b>6,644,453</b>	<b>45,901,179</b>	<b>46,925,932</b>	<b>119,895,993</b>	<b>42,567,420</b>	<b>23,841,008</b>	<b>6,644,453</b>	<b>48,099,355</b>	<b>121,152,236</b>	<b>1.0%</b>
Northumbria	110,126,814	107,371,610	8,167,709	34,640,153	34,947,387	260,306,286	108,588,336	105,868,249	8,167,709	37,003,733	259,628,027	-0.3%
Nottinghamshire	77,931,782	48,122,503	9,726,194	53,718,638	54,445,937	189,499,117	76,843,070	47,448,274	9,726,194	55,806,994	189,824,532	0.2%
South Wales	87,462,606	72,176,600	-	99,540,616	99,277,682	259,179,822	84,065,727	73,340,834	-	101,761,391	259,167,952	0.0%
South Yorkshire	100,597,282	77,464,684	10,860,180	51,056,526	51,569,499	239,978,672	99,191,932	76,379,736	10,860,180	53,519,281	239,951,129	0.0%
Staffordshire	66,486,622	39,937,331	11,964,555	59,192,032	58,599,400	177,580,540	65,557,800	39,377,754	11,964,555	60,062,884	176,962,993	-0.3%
Suffolk	40,723,584	22,867,107	6,785,775	41,193,897	41,740,838	111,570,363	40,154,673	22,546,666	6,785,775	42,784,034	112,271,148	0.6%
Surrey	62,164,887	29,218,231	9,219,330	106,480,470	107,196,199	207,082,918	61,296,440	28,808,633	9,219,330	109,875,179	209,199,582	1.0%
Sussex	97,828,459	53,891,754	13,201,621	87,227,067	88,818,457	252,148,901	96,461,790	53,136,530	13,201,621	92,259,747	255,059,688	1.2%
Thames Valley	141,221,422	73,890,389	15,278,329	141,545,250	143,504,508	371,935,390	139,248,551	72,854,799	15,278,329	147,089,885	374,471,564	0.7%
Warwickshire	31,035,531	17,425,074	5,154,144	36,527,399	37,080,227	90,142,148	30,601,963	17,180,893	5,154,144	38,007,136	90,944,136	0.9%
West Mercia	66,348,342	43,388,050	11,975,126	78,099,305	79,484,283	199,810,823	65,421,452	42,780,214	11,975,126	81,470,069	201,646,861	0.9%
West Midlands	250,823,694	180,276,115	19,025,734	73,895,566	75,406,625	524,021,109	247,319,672	177,750,962	19,025,734	79,180,506	523,276,874	-0.1%
West Yorkshire	171,526,819	129,310,865	16,692,905	88,792,543	90,199,596	406,323,132	169,130,579	127,499,719	16,692,905	93,756,130	407,079,333	0.2%
Wiltshire	37,484,825	20,682,871	5,234,833	40,086,594	41,161,075	103,489,123	36,961,160	20,393,028	5,234,833	42,191,247	104,780,268	1.2%
<b>TOTAL</b>	<b>4,290,156,882</b>	<b>2,948,921,616</b>	<b>507,388,388</b>	<b>3,215,960,101</b>	<b>3,249,786,192</b>	<b>10,962,426,987</b>	<b>4,232,712,308</b>	<b>2,907,615,498</b>	<b>507,388,388</b>	<b>3,343,093,130</b>	<b>10,990,809,324</b>	<b>0.3%</b>

## PRECEPT – PUBLIC CONSULTATION REPORT

### Policing Precept Consultation Results

- Between October-December 2293 members of the public across Northamptonshire were asked for their views on the question:

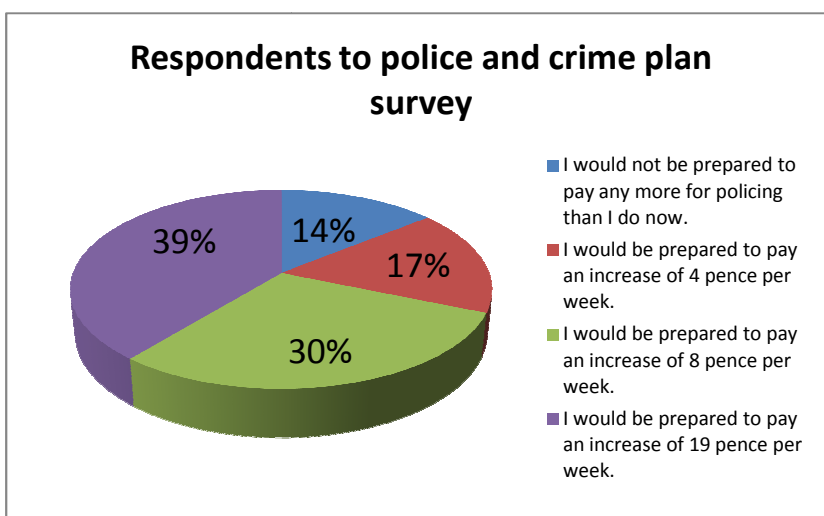
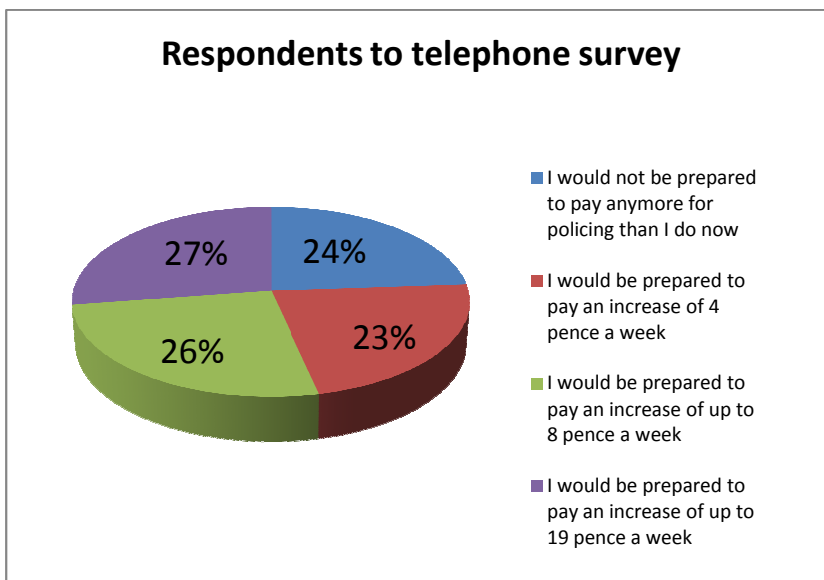
The average household pays £3.93 per week towards policing within their council tax, in light of this which one of the following best represents your views:

- I don't pay council tax
  - I would not be prepared to pay any more for policing than I do now
  - I would be prepared to pay an increase of 4 pence a week which would give Northamptonshire Police around an extra £400,000 towards making Northamptonshire safer (equating to a 1% increase in police budget)
  - I would be prepared to pay an increase of up to 8 pence a week which would give Northamptonshire Police around an extra £800,000 towards making Northamptonshire safer (equating to a 2% increase in police budget)
  - I would be prepared to pay an increase of up to 19 pence a week which would give Northamptonshire Police around an extra £2 million towards making Northamptonshire Safer (However, due to government capping rules a public vote would need to be take place costing an additional £100,000) (equating to a 5% increase in police budget)
  - I don't know
- Overall 82% of respondents\* would be prepared to pay more for policing. The consultation was undertaken through two different methods. An online survey was undertaken on the police and crime plan (1380 people chose to respond), In addition to add an extra level of robustness, members of the public were randomly asked the same question through a telephone survey (913 people were contacted) undertaken by the Institute for Public Safety Crime and Justice on behalf of the Commission.

### Responses to the same question from the different samples show that

- Three quarters (76%) of respondents would be prepared to pay 4 pence a week or more towards policing (from within the telephone survey) this rose to 86% from those who participated within the police and crime plan survey.
- A breakdown of the responses are shown in the pie charts below (6% of respondents to the police and crime plan consultation and 12% through the telephone survey “did not know” and 2% and 5% respectively did not pay council tax) and therefore are excluded from the pie chart data.

\*Excluding those “who did not know” or did not pay council tax the number of respondents was 1682.



- As shown in the pie charts above 53% of respondents to the telephone survey and 69% of the respondents to the police and crime plan survey would be prepared to pay an increase of 8 pence a week or more, equating to an increase of 2% or more towards the policing budget.
- Steps were taken to ensure the proportion of respondents from particular age groups and by district were not over represented compared to others. However even when weighting was applied the results do not notably change.

**END**

## Medium Term Financial Plan 2017-22

### Financing the Budget 2017-18 and Forecasts to 2021-22

	2017-18 plan £'000	2018-19 plan £'000	2019-20 plan £'000	2020-21 plan £'000	2021-22 plan £'000
NNDR (DCLG) Home Office					
<b>Police Grant</b>	66,408	65,080	63,778	62,502	61,252
CT Support Grant CSF	5,053	5,053	5,053	5,053	5,053
<b>sub-total</b>	<b>71,461</b>	<b>70,133</b>	<b>68,831</b>	<b>67,555</b>	<b>66,305</b>
CTFG 2011-12	1,131	1,131	1,131	1,131	1,131
CTFG 2013-14	460	460	460	460	460
CTFG 2014-15					
<b>CTFG</b>	<b>1,591</b>	<b>1,591</b>	<b>1,591</b>	<b>1,591</b>	<b>1,591</b>
<b>TOTAL GOVERNMENT FUNDING</b>	<b><u>73,052</u></b>	<b><u>71,724</u></b>	<b><u>70,422</u></b>	<b><u>69,146</u></b>	<b><u>67,896</u></b>
Collection Fund	750	750	750	750	750
Precept	48,817	50,784	52,831	54,960	57,174
<b>TOTAL LOCAL FUNDING</b>	<b><u>49,567</u></b>	<b><u>51,534</u></b>	<b><u>53,581</u></b>	<b><u>55,710</u></b>	<b><u>57,924</u></b>
<b>TOTAL FUNDING</b>	<b><u>122,619</u></b>	<b><u>123,258</u></b>	<b><u>124,003</u></b>	<b><u>124,856</u></b>	<b><u>125,820</u></b>
<b>TAX BASE</b>	<b>233,530</b>	<b>238,201</b>	<b>242,965</b>	<b>247,824</b>	<b>252,780</b>
Precept (£)	£209.04	£213.20	£217.44	£221.77	£226.18



## Medium Term Financial Plan 2017-22

Overall spending plans for planning purposes only

Proposed changes

	2017-18 plan £'000	2018-19 plan £'000	2019-20 plan £'000	2020-21 plan £'000	2021-22 plan £'000
OPCC NET BUDGET	3,890	3,890	3,890	4,190	4,190
CAPITAL FINANCING	1,702	2,060	3,490	4,549	5,382
FORCE NET BUDGET	115,656	116,200	116,200	116,700	116,700
OVERALL TOTAL OPCC & FORCE	121,248	122,150	123,580	125,439	126,272
CONTRIBUTION TO RESERVES	4,400	4,400	4,400	4,400	4,400
FINANCING FROM RESERVES	-3,029	-3,292	-3,977	-4,983	-4,852
OVERALL TOTAL	<u>122,619</u>	<u>123,258</u>	<u>124,003</u>	<u>124,856</u>	<u>125,820</u>
TOTAL FUNDING AVAILABLE	<u>122,619</u>	<u>123,258</u>	<u>124,003</u>	<u>124,856</u>	<u>125,820</u>

LEVEL OF RESERVES 2017-18										Other		TOTAL £'000
		C/fwd		Pensions £'000	General £'000	Initiatives Capital/		Decant Plan £'000	Safety			
		Force £'000	OPCC £'000						Fund £'000	Trans £'000	Insurance £'000	Camera £'000
<b>Opening balance</b>	<b>1st April 2017</b>	0	806	1,180	3,904	1,437	5,204	4,445	83	1,194	1,277	18,253
<b>Contributions 2017-18</b>												
	Police Grant						3,000					3,000
	Increase in Tax Base						490					490
	Council Tax Surplus											0
	Precept					910						910
<b>Transfers 2017-18</b>												
	Insurance Reserve		-500						500		500	0
	General Reserve				-300		300					0
<b>Budgeted use of reserves 2017-18</b>												
	OPCC Revenue 2017-18											0
	Capital Programme 2017-18					-510	-2,962					-3,472
	Revenue Budget support 2017-18						-4,004	-1,496				-5,500
	Police & Crime Plan											-3,029
	Decant Plan								-1,100			0
	Use of Initiatives Fund 2017-18					-225						-1,100
	Tri Force											-225
												0
<b>Closing balance</b>	<b>31st March 2018</b>	<b>0</b>	<b>306</b>	<b>1,180</b>	<b>3,604</b>	<b>1,612</b>	<b>0</b>	<b>848</b>	<b>583</b>	<b>1,194</b>	<b>1,777</b>	<b>9,327</b>

## REVENUE BUDGET ESTIMATES 2017-18 AND RESERVES

### Report of the Director for Resources and Governance, as required by Section 25 of the Local Government Act 2003.

#### 1 SUMMARY

- 1.1 To advise the Northamptonshire Police and Crime Commissioner on the robustness of the estimates in the proposed Budget and the adequacy of the proposed reserves before he makes decisions in respect of the Revenue Budget for 2017-18 and the Police and Crime Commission's financial reserves.

#### 2 BACKGROUND

- 2.1 The Chief Financial Officer of the Commission is required to report to the Commissioner when setting the Precept and Council Tax on:

(a) the robustness of the estimates in the budget, and

(b) the adequacy of the proposed reserves.

- 2.2 The Commissioner must have regard to this report when making decisions in respect of the Budget, Precept and Council Tax (Section 25(2) Local Government Finance Act 2003).

- 2.3 The Chief Financial Officer of the Northamptonshire Police and Crime Commission is the Director for Resources and Governance.

#### 3 2017-18 REVENUE BUDGET PROCESS

- 3.1 The 2017-18 Revenue Budget is the first to be proposed by the current Commissioner, who took office in May 2016.

- 3.2 The Provisional Funding Settlement was announced on the 15<sup>th</sup> December 2016. For Northamptonshire the outcome was slightly more favourable than had been anticipated

- 3.3 The Commissioner has provisionally proposed a Revenue Budget for 2017-18 which increases the Band D Council Tax level by 1.99% from £204.96p to £209.04.

- 3.4 An increase of 2.0% in the tax base compared to 2016-17 has been provided for at this stage. This has been based on estimates received from the Billing authorities. Taken together the increase in taxbase and

the level of Council Tax result in additional Precept income in 2017-18 of £1.891m [4.1%] compared to 2016-17.

- 3.5 This increase in local taxation income compares to a reduction of £0.942m [1.3%] in government funding.
- 3.6 An allowance has been made for a surplus of £750k on the Council Tax Collection Fund based on those authorities' estimates.
- 3.7 In determining his final MTFP decisions, the Commissioner has had regard to the approved MTFP 2016-21, agreed in February 2016 by the former Commissioner.
- 3.8 Since that MTFP was agreed, some planning assumptions made at the time have changed, which now place additional financial pressure on the funding available to the Commissioner.
- 3.9 Firstly, the agreed Revenue budget for 2016-17 delegated to the Chief Constable included an unfunded savings target of £1.8m. The intention was that those savings would be found through the implementation of a revised Service Delivery Model for operational policing. That model has only recently been agreed by the current Commissioner and the Chief Constable advises the model requires £0.5m additional financial investment in 2017-18. Consequently the 2017-18 budget requires an upward adjustment to recognise the non-achievement of those savings in 2016-17.
- 3.10 Secondly, a key planning assumption for the decant plan from the Wootton Hall site by April 2020 was that the Northamptonshire, Nottinghamshire and Leicestershire forces would develop a proposal to re-locate the Northamptonshire Control Room. It is now unlikely that such a proposal will be agreed – and alternative arrangements are currently being explored. However, this will result in additional costs to Northamptonshire compared to the previous planned approach.
- 3.11 Thirdly – the current Commissioner is currently undertaking a fundamental review of the Estates Strategy and the Capital Programme. The Commissioner therefore intends to approve a revised Capital Programme later in the year as the review is finalised and a revised Estates Strategy and associated capital investment and savings plans agreed.
- 3.12 Consequently the figures included in the proposed MTFP 2017-22 for revenue spending in 2018-19 and beyond are indicative figures only at this stage and are subject to change later in the year and through next year's budget process.
- 3.13 These additional financial pressures have been mitigated to some extent by including upward revisions to assumptions over the MTFP period relating for precept income – as a consequence of more Council

taxpayers in the county. This revision is justified by the recent history of those increases and by the plans to increase the number of houses in the county very significantly every year to 2030.

- 3.14 Similarly, the funding forecasts of the surplus on the Billing authorities 'Council Tax Collection Fund' have now been included at £750k per year to 2021-22. This again is reasonable in light of recent and current performance.
- 3.15 Both of the above assumptions will be closely monitored and reviewed each year.
- 3.16 Prudently, no assumption for the potentially favourable funding changes for Northamptonshire arising from prospective changes in the government's formula for distributing Police Grant is included in the proposed MTFP 2017-22.
- 3.17 In the above context, the Police and Crime Commissioner is proposing a budget and MTFP that ensures the limited financial resources available to him are aligned to his priorities as set out in the Police and Crime Plan. The Commissioner has made proposals that allocate resources across the Force and OPCC operating budgets, and made prudent assumptions regarding potential capital financing costs.
- 3.18 The Commissioner's proposals include a significant increase in the Force Revenue budget.
- 3.19 Of the total £122.619m revenue budget for 2017-18, £115.656m (~94%) will be delegated to the Chief Constable.
- 3.20 The Force budget represents an increase of £4.259m (3.8%) over the equivalent budget for 2016-17. This is the increase the Chief Constable advised the Commissioner is required for 2017-18. This increase can be contrasted with the government's spending plans and grant settlement which envisage 'flat cash' policing budgets over the period to 2021.
- 3.21 The OPCC also controls a commissioning budget – this is £2.2m net which is equivalent to spending of £3.0m when income of £0.8m of government grant is taken into account. This grant allocation is announced annually so there is a perennial risk of change to that income. The 2017-18 allocation was in the event very similar to the previous year.
- 3.22 In addition to the sums provided in the revenue budget, there is provision within the Reserves strategy to provide additional funding to support the Police and Crime Plan Delivery Plan.

## **4 RESERVES**

- 4.1 The Northamptonshire Police and Crime Commissioner's Reserves Policy sets out the level of General Reserves should be between 2% and 3% of net budget requirement. This equates to £2.45m to £3.68m in 2017-18. The proposed level of General Reserves at 1<sup>st</sup> April 2017 is proposed to be £3.604m (2.9%). This level at the higher end of the range in the OPCC policy is prudent given the continuing conditions of austerity, ambition and pace of change, and risk inherent in the environment in which the OPCC and Force operate.
- 4.2 As noted above the Reserves strategy provides some resource to support additional investment in the Police and Crime Plan throughout the MTFP period to 2021-22.
- 4.3 The total of General and all Earmarked Reserves at 31<sup>st</sup> March 2017 is forecast to be some £18.3m, which is deemed to be adequate.

## **5 FUTURE YEARS**

- 5.1 The Commissioner is facing a period of considerable uncertainty and change. On funding, the government grant settlement relates only to 2017-18, and although the Home Office has stated that funding will be reduced by 1.3% in real terms over the period to 2020, they have also indicated that top slicing will increase to allow for such items as Emergency Service Network, Counter Terrorism and Transformation Fund. The Home Office has also consulted on the Funding Formula, and indicated changes in Police grant allocations to Police and Crime Commissions may change from 2018-19. It might reasonably be anticipated Northamptonshire would be a beneficiary of such changes although the proposed MTFP makes no such assumption.

## **6 CONCLUSION**

- 6.1 The Chief Financial Officer considers that the 2017-18 Revenue Budget proposals are robust and the total proposed level of reserves is adequate. There will however need to be effective action and strong governance by the Commission and Force throughout the year to ensure the effective delivery of the Budget. The level of General Reserves is judged to be at a suitable level to meet unforeseen requirements during 2017-18 assuming that implementation of the 2017-18 Revenue Budget is robustly managed and monitored. The Reserves Strategy is crucial to the realisation and effective management of the Commission's and Force's future strategic and financial plans.
- 6.2 No new proposals are being made at this stage for the Capital Programme. A review of potential spending is being undertaken. It will

be vital to ensure any proposals brought forward are affordable and aligned with the Revenue budget.

- 6.3 The key challenges inherent in the proposed 2017-18 Revenue Budget relate to future years. The ongoing 'austerity' conditions exemplified by the government's Police funding plans contrast sharply with the upward cost implications of pay awards and the risk of higher inflation and interest rates, together with increasing needs for capital investment.
- 6.4 Accordingly, it is essential the Commissioner and Chief Constable undertake a fundamental review of all prospective spending plans for 2018-19 onwards to develop an affordable and deliverable MTFP 2018-23.

**John Neilson**  
**Chief Financial Officer**  
**Northamptonshire Police and Crime Commission**  
**24<sup>th</sup> January 2017.**

**END**