



Agenda Item No: 6

## NORTHAMPTONSHIRE POLICE & CRIME PANEL

1 February 2018

### REPORT BY THE POLICE AND CRIME COMMISSIONER AND THE CHIEF FINANCE OFFICER

#### PROPOSED PRECEPT AND REVENUE BUDGET 2018/19, CAPITAL PROGRAMME AND MEDIUM TERM FINANCIAL PLAN

#### 1. Purpose of the Report

- 1.1 To present the 2018/19 Precept Proposal and the additional considerations contained within it.

#### 2. Recommendation

- 2.1 The Police and Crime Panel is **RECOMMENDED** to endorse:

- a. The proposal to increase the 2018/19 Precept by £12 per annum (5.74%) for a Band D Council Tax to £221.04 (from £209.04 in 2017/18) for police purposes.

- 2.2 Note the information presented in this report, including:

- a. The statement of the Chief Finance Officer as required by section 25 of the Local Government Act 2003 regarding the robustness of the Budget, the Medium Term Financial Plan and the adequacy of financial reserves.

- b. The total 2018/19 net budget requirement of £127.108m, including:

- i. The intention of the PCC to set a Council Tax Precept Requirement for 2018/19 of £52.957m (£48.985m in 2017/18).
- ii. The future risks, challenges, uncertainties and opportunities included in the precept proposal, together with the financial and operational mitigations and additional considerations identified.
- iii. That any changes required, either by Government grant alterations notified through the final settlement or through amended council tax base and surplus/deficit notifications received from the collecting authorities, may be balanced either through Force Efficiency Savings or through a transfer to or from Reserves.

- iv. The current MTFP and the anticipated savings required.
- v. The Capital Programme and the review of the ICT element within the programme.
- vi. The reserves strategy and proposed use of reserves.

### **3. Executive Summary**

- 3.1 This report, and the precept proposal within it, is the culmination of several months' work by the Office of the Police and Crime Commissioner (OPCC), supported by Force colleagues and taking account of public and stakeholder consultation and key government announcements.
- 3.2 Following the announcement of the provisional Police Grant settlement, the Police and Crime Commissioner (PCC) has considered current and future funding levels, together with the factors included within his Police and Crime Plan, the consultation, the Spending Review (SR2015) and the Chancellor's 2017 Autumn Statement.
- 3.3 The PCC has also considered the analysis provided to PCC's by the Police and Crime Treasurer's Society (PACCTS) technical team which showed that between the period 2010/11 and 2017/18, government formula funding to Northamptonshire Police reduced by almost £19.3m.
- 3.4 The PCC has been briefed on the current and emerging operational challenges and these have informed discussion on the budget allocation to the Force for 2018/19 and future years.
- 3.5 The PCC has received briefings and updates on the provisional grant settlement and acknowledges the assumption contained within the additional £450m for Police Funding that PCCs will increase their precept locally at £12 in 2018/19 and 2019/20 to ensure that police spending is protected and increased in real terms.
- 3.6 The PCC has welcomed the updated grant allocation methodology which enables retention of the full increase in local taxbase rather than adjusted for the previous year.
- 3.7 The PCC has reviewed the budget and precept in light of the significant feedback received from public consultation and his Police and Crime Plan priorities.
- 3.8 These factors, have enabled him to prioritise investment as follows:
  - a. To increase the budget delegated to the Force in 2018/19 to £118.665m, an increase of £3.405m in real terms, which has enabled the Force to provide extra investment for:
    - Additional capacity in the Offender Management and Early Intervention team;
    - Additional capacity for the Management of Sex Offenders team;
    - Investment into improved ICT areas;

- Additional capacity for the Force Change and Communication teams to improve their ability to evolve and also provide proactive links to the public to improve confidence;
  - Additional regional and local capacity and capability for cybercrime.
- b. Within this, the PCC has ring fenced the sum of £1.250m for priority areas identified by the Force as follows:
- Additional capacity and capability to support Domestic Abuse and Rape Investigations;
  - Additional capacity and capability to support proactive intelligence resources;
  - Additional investment in Information and Communications Technology (ICT) systems and resources;
  - Additional support to improve public confidence, rurality, accessibility/visibility, low level drug dealing and antisocial behaviour.
- c. The PCC has highlighted the importance of addressing Rural Crime and has set aside £40k to support the plans which are being developed to invest in this priority.
- d. The PCC has set aside the sum of £0.250m as a Police and Crime Plan Delivery Fund which will provide funding for initiatives which support Police and Crime Plan priorities.
- e. The PCC has highlighted Road Safety as a priority and has commissioned the Force and his office to develop plans and proposals from the £1.3m reserve which will have a direct and beneficial impact on Northamptonshire residents in 2018/19, and, finally.
- f. The PCC has highlighted the importance of Prevention and Early Intervention and has sought for proposals to be prepared by the end of February 2018 to support investment in this important area in 2018/19 and future years from the £1.5m reserve.
- 3.9 The PCC has reviewed the adequacy and level of reserves to ensure that funds are still available to support investment in innovative solutions and ensure the level is adequate to meet one off short term funding shortfalls, should this be required.
- 3.10 Whilst there was a better than anticipated settlement in 2018/19 and indicated for 2019/20, the PCC has recognised that there are further financial challenges facing the Police over the medium term.
- 3.11 In considering the proposed level of precept, the PCC has conducted, and been informed by, a consultation of 1,222 residents of Northamptonshire.
- 3.12 In the medium term, if the PCC increases the precept by £12 for two years and the Force find efficiency savings of £500k in 2018/19 and a further £619k in 2019/20, he can deliver a balanced budget over those two financial years.

- 3.13 However, after that time, the financial challenge is not over and there is a shortfall of over £2.6m on the Medium Term Financial Plan by 2022/23; but the demands and challenges will continue to increase further in future years.
- 3.14 If PCCs were given the flexibility to raise the precept every year until 2022/23 and the government completed their funding formula review, then not only could this help balance the budget in the medium term but this could also provide additional resources to invest in policing and go some way towards meeting new and increasing demands.
- 3.15 After careful consideration of these factors, the PCC is proposing a precept increase of £12 (5.74%) for the 2018/19 financial year in order to build a sustainable base budget not only to maintain and safeguard base policing services across the force area but also to make additional investment into essential and evolving demand areas<sup>1</sup> for Northamptonshire.

#### **4. Public Consultation on the Level of the Precept**

- 4.1 The 2018/19 Precept proposal will be the second precept proposed by Stephen Mold during his term as Police and Crime Commissioner.
- 4.2 For planning purposes, whilst the Medium Term Financial Plan (MTFP) was previously based on 1.99% for each year and showed significant shortfalls each year.
- 4.3 In the past year, in line with many colleagues, the PCC has campaigned locally, regionally and nationally about the challenging funding position for Police, specifically Northamptonshire.
- 4.4 During the period October to December 2017, the PCC undertook consultation on the level of the precept to gain the views of local residents.
- 4.5 This consultation was led by the Institute of Public Safety, Crime and Justice and included the views of 1,222 local residents. Residents were asked the question:

***“The average household pays £4.02 a week towards policing within their council tax. In light of this, which one of the following statements best represents your views?”***

- 4.6 The range of precept increases surveyed and the approximate weekly impact of this were as follows:
- a. No increase.
  - b. 1.99% (8p per week).
  - c. 5% (19p per week).
  - d. 10% (38p per week).
  - e. 15% (57p per week).
- 4.7 The consultation highlighted that increases above 1.99% could attract £650,000 in referendum costs in line with previous referendum limits.

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<sup>1</sup> E.g. Complex and resource intensive investigations, cyber, CSE, Multi-Agency approach to Serious & Organised Crime

4.8 The consultation is attached at Appendix A and the results of the consultation show:

- ***“Of those surveyed 4% said that they do not pay council tax and;***
- ***A further 20% did not know if they would be prepared to pay more council tax, selected ‘prefer not to say’ or did not respond to the question;***
- ***Of those remaining about 8 in 10 (83%) stated that they would be prepared to pay more;***
- ***One in three (31%) stated that they would be prepared to pay 57 pence a week and***
- ***Six in ten (61%) stated that they would be prepared to pay 19 pence a week or more.”***

4.9 Whilst results across local authority boundaries and demographics varied slightly, all groups were overwhelmingly supportive of an increase in excess of 19 pence per week (approximately 5%).

## **5. Precept Strategy and 2018/19 Precept Proposal**

5.1 The 2018/19 Draft Referendum Principles (and Council Tax: Local Referendums Briefing Paper) were issued alongside the Police Grant Report on the 19 December 2017 and these included draft referendum thresholds.

5.2 These documents set out the principles for “excessiveness”, which, in previous years has been a 2% threshold, requiring council tax increases to be set below that level or for the Preceptor to hold a local referendum.

5.3 For 2018/19, however, the provisional settlement and the referendum principles have enabled PCC’s to increase council tax by £1 per month (£12 per annum). This is in excess of the increases provided for in the Medium Term Financial Plan.

**5.4** Furthermore, in his letter to PCC’s, the Minister of State for Policing and the Fire Service, the RT Hon Nick Hurd MP, advised the intention to: ***“repeat the same precept flexibility to allow PCCs to raise an additional £1 per month of local precept in 2019/20. However, this is dependent on the Police delivering clear progress against agreed milestones on productivity and efficiency in 2018.”***

5.5 Details of how this progress will be set and monitored are awaited.

5.6 This equates to a maximum allowable increase of £12.00 on a Band D property for both years. Increases of 5.74% and 5.43% in 2018/19 and 2019/20 respectively.

5.7 In line with national PACCTS assumptions, the MTFP has been modelled on £12 increases for 2018/19 and 2019/20, reverting to 1.99% for future years of the plan.

## **6. The Comprehensive Spending Review 2015 (SR2015)**

6.1 On 25 November 2015 the Chancellor of the Exchequer announced the outcome of the SR2015. The SR2015 detailed the spending settlements for each government department over the four year period 2016/17 to 2019/20.

6.2 Contained within both the detail of the Chancellor’s Autumn Statement and the provisional grant settlements for this period was the assumption that PCCs will

increase their precept locally by 1.99% each year for the period of the SR to ensure that police spending is protected.

- 6.3 The provisional settlement for 2018/19 has revised those assumptions for 2018/19 and provisionally 2019/20.

## 7. The Autumn Budget 2017

- 7.1 The Chancellor of the Exchequer delivered his Autumn Budget to Parliament on the 22 November 2017 alongside the publication of the Office for Budget Responsibility's (OBR) updated forecasts for growth and borrowing. Funding for Policing was not mentioned within the statement.

## 8. Police Funding Formula

- 8.1 Since 2014/15, policing bodies have received their formula funding solely from the Home Office which subsumed the former DCLG grants (including previous funding from Business Rates).
- 8.2 The current formula gives an impact for Northamptonshire being significantly underfunded per head of population.
- 8.3 Work had been underway on a review of the formula with an initial view of implementation in 2018/19. However, in his letter to PCC's on the 19 December 2017 on the Provisional Police Grant Settlement for 2018/19, the Minister advised: ***"In the context of changing demand and following my engagement with Police leaders, providing funding certainty for 2019/20 is my immediate priority. We will revisit the funding formula at the next spending review."***

## 9. The Police Provisional Grant Settlement 2018/19

- 9.1 In his oral statement to Parliament on the Provisional Police Funding Settlement on the 19 December 2017, the Minister advised:

***"Today I have placed in the House the provisional police funding settlement detailing how much money each police force in England and Wales will receive in 2018/19. This amounts to a year on year increase of up to £450m across police forces for 2018/19. Taken together with the continued scope to improve police efficiency and the existence of £1.6 billion of police reserves, this represents a comprehensive settlement that makes sure the police have the resources they need."***

- 9.2 The Police and Crime Commissioners Treasurers Society (PACCTS) has scrutinised the key elements of the Settlement for which the £450m investment is based on all PCCs maximising precept. Headlines are outlined below and the full briefing is attached at Appendix 2.

- 9.3 Key features of the settlement include:

- a. Flat Cash Home Office Funding is provided for PCCs at the same levels as 2017/18. Previously, we had assumed a 1.27% reduction year on year.
- b. Updated assumptions have been included around tax base growth of 1.34% in England, 0.8% in Wales (rather than 0.5% previously assumed). Taxbase increases will be available locally to meet the real population growth.

- c. The Home Office view is that “the £450m additional investment package contains appropriate provision for likely cost increases. PACCTS have separately suggested that it would be reasonable for PCCs to budget on a 2% pay award and this is contained within our MTFP assumptions.
- d. Members are advised that the majority of Northamptonshire funding is still provided centrally. Therefore, with a flat cash grant settlement, approximately every 1% increase in police officer and staff pay equates to 2% in council tax.
- e. The Minister has advised that the increase in funding must be matched by a serious commitment from PCCs and CC’s to reform. He set out his 3 priorities:
  - A. Seek and deliver further cost efficiencies.
  - B. A modern digitally enabled workforce that allows frontline officers to spend less time dealing with bureaucracy and more time preventing and fighting crime and protecting the public.
  - C. Greater transparency in how public money is used locally. This will include not only Force Management Statements but also providing more information around police plans for reserves..., improving transparency.... Enhanced guidelines and national publication of comparable data.

We await further details on how these priorities will be set and monitored.

9.4 Reallocations (top-slicing) as detailed below have been increased by £133m (16.38%) and now enable easier year on year comparisons.

<b>Top-slice</b>	<b>2017/18</b>	<b>2018/19</b>
	<b>£m</b>	<b>£m</b>
Private Finance Initiatives (PFI)	73	73
Police Technology Programmes (incl. ESN)	417	495
Arms Length Bodies	54	63
Strengthening the Response to Organised Crime	28	42
Police Transformation Fund	175	175
Special Grant	50	93
Pre-Charge Bail	15	4
<b>Total</b>	<b>812</b>	<b>945</b>

9.5 Key issues include the following:

- a. Counter Terrorism (CT) funding is negotiated separately to the police settlement. In 2018/19, this has increased by a further £50m to £757m (including £29m for armed policing). PACCTS expect it to be distributed primarily to forces with CT units.
- b. The Transformation Fund remains at £175m (rather than the increases up to £300m as outlined in CSR2015), for which £130m will be set aside for digital technology and special grants. Future allocations will be commissioned rather than bids and it is estimated that £50m is already committed to previous bids spanning more than one year.
- c. Arms-Length Bodies include Her Majesty's Inspectorate (HMICFRS), and the Independent Police Complaints Commission (IPCC).
- d. Police Technology Programmes have increased by £78m and include the Emergency Services Network (ESN), the existing Airwave System, Home Office Biometrics and the National Law Enforcement Database. PCCs are concerned that there is currently limited visibility on these costs and are seeking further detail of these.
- e. PACCTS information is that the ESN project is currently 15 months behind schedule and a paper earlier in the year suggested forces may need to extend their Airwave contracts. Estimating that the cost of a 12 month delay could equate to £400m.  
**Both ESN updates and the settlement are unclear on how additional costs will be met and by whom.**

9.6 A summary of the provisional settlement (based on the maximum assumed precept increase of £12) is shown in the table below:

<b>Funding Source</b>	<b>2017/18 Final £m</b>	<b>2018/19 Provisional £m</b>	<b>2018/19 Proposed and Actual Council Tax £m</b>
Police Grant and ex-DCLG Formula Funding	66.408	66.408	66.408
Legacy Council Tax Grants	6.644	6.644	6.644
<b>Total Provisional Home Office Revenue Allocations</b>	<b>73.052</b>	<b>73.052</b>	<b>73.052</b>
Council Tax	48.985	52.491	52.957
Council Tax Collection Fund Surplus	1.088	-	1.099
<b>Total</b>	<b>123.125</b>	<b>125.543</b>	<b>127.108</b>
<b>Change in Funding Envelope</b>		<b>2.418</b>	<b>3.983</b>



- 9.7 Legacy Council Tax Grants include previous Council Tax Freeze Grants and Local Council Tax Support (LCTS).
- 9.8 Although PCC grants after 2018/19 have not been provided at a local level, the settlement has indicated similar levels for 2019/20 dependent on the conditions outlined earlier. The MTFP assumes grant will be maintained at the same levels moving forwards.
- 9.9 The table above shows the increase in the funding envelope settlement of £2.418m (1.96%) when compared to 2017/18 levels. This increases to £3.983m (3.23%) when taking into account taxbase increases and council tax collection fund surplus.

## 10. Council Tax Precept Income

- 10.1 For 2018/19 and 2019/20, Council Tax and the level of precept is a fundamental part of the provisional grant settlement.
- 10.2 Income generated from the precept depends on both the level of the Band D precept and the tax base – the latter being effectively the number of properties 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.
- 10.3 The 2017/18 actual and 2018/19 taxbases are as follows:

	2017/18 (number)	2018/19 (number)	Change £	Change %
Council Taxbase	234,330.91	239,580.49	5,249.58	2.24%

- 10.4 The 2018/19 estimate in the MTFP was 2.04% as compared to the actual rate of 2.24%, which equates to £1.16m at the proposed precept. The 2.04% assumption is included in the MTFP moving forwards and reflects the growing population within the county.
- 10.5 Based on a proposed precept of £221.04 the total council tax increase between 2017/18 and 2018/19 is as follows:

	2017/18 £m	2018/19 £m	Change £m	Change %
Council Tax Precept	48.985	52.957	3.972	8.11%

## 11. Council Tax Collection Fund

- 11.1 Each year the billing authorities estimate how much of the total potential Council Tax income liability of taxpayers they will collect. They advise precepting authorities of any projected surplus or deficit on the "Collection Fund" by 31<sup>st</sup> January. For the 2017/18 budget the surplus equated to £1.088m and in 2018/19, this is £1.099m.

11.2 The previous MTFP assumed a level of £0.750m for the Council Tax surplus and this is continued as a prudent assumption moving forwards.

## **12. The Financial Challenge – Future Risks, Challenges and Uncertainties**

12.1 The MTFP shows that, despite the potential precept flexibility for 2018/19 and 2019/20, the funding challenge is not over.

12.2 Whilst the PCC has produced a balanced budget for 2018/19 and 2019/20, this still requires anticipated savings from the force.

12.3 Furthermore, by 2022/23, the MTFP will show a shortfall of £2.6m.

12.4 The PCC and his office will continue to work with the Force to meet this financial challenge.

12.5 Some further financial and operational risks and challenges are as follows:

- a. The unknown impact of the Funding Formula Review (anticipated to be implemented in 2020/21) on Future Funding Settlements.
- b. The impact of a different grant assumption to that estimated in the MTFP for the years after 2019/20. Of note, every 0.5% reduction in grant equates to just over £0.365m less available revenue per year.
- c. The full impact of revenue and capital costs and funding arrangements for the new Emergency Services Network (ESN) are still uncertain.
- d. The impact of the developments and upgrades to HR and Finance systems provided by the Multi Force Shared Services arrangements (MFSS) delivered for a number of forces.
- e. The operational and financial impact of new, emerging and increasing areas of threat and demand, including, but not limited to child sexual exploitation, adult and child sexual and domestic violent crimes, and increasing cybercrime.
- f. It is anticipated that the impact of national grants reducing or ceasing for regional developments and activities will have a significant impact from 19/20 onwards. As these are not yet quantified at this time, they have not been built into the MTFP and work is underway regionally to take forward options and efficiencies.
- g. The capital programme requirements and the investment required to take any business as usual, innovative or collaborative work forward in advance of the timings of savings.
- h. The impact of partners spending decisions which may affect services provided by the Force or PCC.

12.6 These risks, challenges and uncertainties are under regular review and the steps already in train to help mitigate these include:

- a. The Force continue to take forward Operation Balance and the continuing improvement programme for which the intended aim is to *“review all elements of organisational demand in respect of Northamptonshire Police, seeking methods of*

*reducing, removing and better managing demand to improve the efficiency and effectiveness of the force and provide an improved service to the people of Northamptonshire.”*

- b. The Force have implemented a new evidence based operating model and, during the year, will review this.
- c. In addition to the new operating model the Force are intending to implement Priority Based Budgeting (PBB) to review any outstanding areas in 2018/19, most of which are supporting functions and were already subject to reviews under previous initiatives.
- d. PCC and OPCC oversight will continue to ensure rigour and commitment takes place in meetings and identifying savings and efficiencies, at a regional and local level. This includes the regular Accountability Board, 1 to 1 meetings with the Chief Constable and attendance by the OPCC at the Force Change Board to ensure scrutiny, challenge and full consideration of change and savings proposals.
- e. Regular review and scrutiny of the Capital Programme and the Treasury Management Strategy.
- f. Reviewing potential opportunities for Collaboration with other PCCs and Chief Constables in the region.
- g. Regular review of the Reserves Strategy to ensure adequate reserves are in place and utilised appropriately to enable targeted investment and the smoothing of additional costs before longer term realisation of savings.

### **13. 2018/19 Budget to be delegated to the Chief Constable**

- 13.1 During 2017/18, the Force undertook a detailed review of its SDM which completed in depth reviews of all aspects of operational policing and a significant number of staff roles and new operational pressures.
- 13.2 The budget for 2018/19 takes account of the full year impact of the SDM, together with new and additional operational pressures and savings identified by the Force during the year.
- 13.3 There has been a significant amount of scrutiny and challenge on the Force budget for 2018/19, and as part of these discussions and negotiations, the PCC has sought and received assurances on how the assumptions and budgets have been calculated.
- 13.4 These negotiations commenced in December 2016 and have culminated in a number of far reaching and robust professional discussions of the budget requirement, the financial challenges, the precept options available and a review of the MTFP, assumptions and associated risks.

13.5 The proposed budget delegated to the Force for 2018/19 is £118.665m, an increase of £2.994m on 2017/18 and an increase of £3.405m on the overall cash limit.

	£m	£m
<b>Force Budget and Cash Limit for 2017/18</b>		<b>115.671</b>
Transfers between PCC and CC budgets for delivery of services	(0.955)	
Operation Balance and Other Identified Savings	(3.313)	
Pay & Actuarial Pressures	3.094	
Service Delivery Model – Full Year Effect	1.006	
Other Pressures	2.412	
<b>Force Base Budget for 2018/19</b>		<b>117.915</b>
Additional Investment		1.250
Savings to Match Fund the Investment		(0.500)
<b>Force Budget and Cash Limit for 2018/19</b>		<b>118.665</b>

13.6 The following areas are highlighted:

- a. Transfers between the PCC and the CC relate mainly to custody healthcare services which will be commissioned by the PCC in 2018/19.
- b. The Force have already identified over £3m of realisable savings from Operation Balance (where business cases are reviewed by the change board) and reviews of the estates strategy and base budget areas.
- c. Pay and actuarial changes reflect the 2.03% actuarial increase for staff and PCSOs in the Local Government Pension Scheme in addition to the full year impact of the September 2017 and anticipated 2018 Pay increases.
- d. The full year effect of implementing the SDM changes as supported by the PCC in 2017/18 equates to £1.006m.
- e. Other pressures include:
  - i. Additional capacity in Offender Management and the Early Intervention team;
  - ii. Additional regional and local capacity to deal with cybercrime demand pressure;
  - iii. Additional capacity for the Management of Sex Offenders team;
  - iv. Investment into improved ICT areas (e.g. Kiosks to improve device triage and Microsoft 365);

- v. Additional capacity for the Force Change and Communications teams to improve their ability to evolve and also provide proactive links to the public to improve confidence;
  - vi. Additional costs of regional collaboration activities, including additional regional capacity and capability for cybercrime.
- f. Within this, the PCC has considered other operational pressures highlighted to him by the Force and has ring fenced the sum of £1.250m for these priority areas for which the force are currently producing business cases as follows:
- i. Additional capacity and capability to support specialist Domestic Abuse Investigations;
  - ii. Additional capacity and capability to support Rape Investigations;
  - iii. Additional capacity and capability to support proactive intelligence resources;
  - iv. Additional investment in Information and Communications Technology (ICT) systems and resources;
  - v. Additional support to improve public confidence, rurality, accessibility/visibility, low level drug dealing and antisocial behaviour.
- g. In considering these priorities, the PCC requires the business cases to meet the following criteria:
- 1. To reduce demand in the long term, and/or
  - 2. Increase efficiency and/or capacity to deal with demand.
- h. To fund this investment, the PCC will provide £0.750m and the Force will provide match funded ongoing savings of £0.5m in 2018/19.
- 13.7 As detailed later in the report, the PCC has identified both budgets within the PCC control and the use of reserves to support the operational pressures and Police and Crime Plan priorities.

#### 14. 2018/19 Budgets Managed by the Police and Crime Commissioner

14.1 The Police and Crime Commissioner's budgets cover a wide range of services. These budgets are detailed separately as follows:

	<b>2017/18 Budget £m</b>	<b>2018/19 Budget £m</b>	<b>Change £m</b>
Office of the Police and Crime Commissioner	1.768	1.688	(0.080)
Research and Public Involvement	0.395	0.142	(0.253)
Commissioning (net)	0.942	2.113	1.171
Early Intervention	0.752	0.843	0.091
Delivery & Accountability (net)	0.018	0.080	0.062
Complaints	-	0.111	0.111
<b>Total Office and Delivery Budgets Managed by the PCC</b>	<b>3.875</b>	<b>4.977</b>	<b>1.102</b>
Police and Crime Delivery Fund	-	0.250	0.250
<b>Total Budgets Managed by the PCC</b>	<b>3.875</b>	<b>5.227</b>	<b>1.352</b>

- a. The Office of the Police and Crime Commissioner comprises mainly staff costs, the ICT operating budget, internal and external audit fees, JIAC allowances and subscriptions to the APCC and NPCC.
- b. Public involvement includes campaigns (such as the recent Mental Health campaign) in addition to communications and Independent Custody Visitors scheme. In 2017/18 the costs of the Institute for Public Safety, Crime and Justice were contained within this budget and moving forwards provision for analysis and research has been included.
- c. Commissioning includes the widest range of services, the majority of which include: adult and junior voice for victims and witnesses, the Sexual Advice Referral Centre and support for domestic violence and treatment services, offset by a grant from the Ministry of Justice of £0.0.848m, Proceeds of Crime Grant of £20k and Police property Fund of £30k. In 2018/19, this budget includes £1m for custody healthcare, the majority of which was transferred from the Force.
- d. Early Intervention includes contributions to Northamptonshire Safeguarding Children's Board and the Youth Offending Service. Plans are also being developed to support early intervention initiatives for consultancy support to Early Intervention localities and investment in youth work and county coordination. It is anticipated that there will be an underspend of £0.5m on this budget in 2017/18

and the use of this, together with the Early Intervention reserve is detailed later in the report.

- e. Delivery and Accountability includes the areas of neighbourhood alert and the Crimestoppers national helpline. In 2018/19, the PCC has prioritised Rural Crime and has provided additional resources of £40k to support this.
- f. Complaints relate to the new legislative responsibilities which will be placed on the PCC during 2018/19 as detailed within the December presentation to Police and Crime Panel members. The costs include staffing and a case management system.
- g. The PCC remains keen to support initiatives which are in the early stages of planning or which arise during the year, which have not been included within his 2018/19 budget. He has decided, therefore, to ring fence the sum of £0.250m to support such initiatives which are identified to be progressed and support the priorities contained within his Police and Crime Plan.

14.2 The budgets directly managed by the PCC have increased by £1.352m between 2017/18 and 2018/19.

14.3 Of that amount, £1m relates to the additional costs of custody healthcare provision, and £0.250m for a new Police and Crime Plan Delivery Fund. The balance is comprised of increasing priorities for Rural Crime, Commissioning, Early Intervention and Complaints, offset by savings from the cost of the office and the Institute.

## **15. Capital Programme 2018/19 to 2022/23**

15.1 The Chief Executive, in conjunction with the Force has undertaken a detailed review of capital schemes and in particular, developing the Estates Strategy. This strategy has been informed by the Force's operational delivery model and Operation Balance programme.

15.2 The strategy reflects the estate required to deliver an effective and efficient Police Force. Both the strategy and the capital programme reflect significant investment in headquarters, and other key locations.

15.3 The ICT strategy is currently being developed following the changes to its governance moving back within Northamptonshire. As a result of this, it is anticipated that the revised ICT strategy and any investment proposals from the Force to increase efficiency and/or capacity and manage demand will necessitate a review of the ICT element of the capital programme.

15.4 The capital programme is set out in Appendix 3. The revenue consequences of the proposed programme have been taken into account in the development of the revenue budget.

15.5 The Capital Programme was considered by PCC and the Force at their meeting on the budget on 8 January 2018 and this scrutiny will continue with detailed reviews of the programme on a quarterly basis moving forwards.

15.6 The Commissioner is required to approve a Treasury Management Strategy each year, setting out the detail of his policy and approach to managing investments, borrowing and cash management.

- 15.7 This is required by the Code of Treasury Management published by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Prudential Code to ensure, within a clear framework, that the capital investment plans of local authorities are affordable, prudent and sustainable. A further key objective is to ensure that treasury management decisions are taken in accordance with good professional practice.
- 15.8 The Capital Programme takes account of the prudential code and in line with previous years, it is intended that the Joint Independent Audit Committee (JIAC) will oversee the Treasury Management Strategy and be consulted on the draft before it is approved by the PCC.
- 16. Medium Term Financial Plan (MTFP)**
- 16.1 It is a requirement that the Police and Crime Plan must cover the period until the end of the financial year of the next election for PCCs. Elections are due to be held in May 2020. Thus the relevant date is 31 March 2021.
- 16.2 However, it is appropriate that the MTFP extends this to 2022/23 to provide a longer term view which will enable informed decision making to take place for the period of the plan. This is not without its challenges, given that there is only a firm government announcement of funding for 2018/19, and provisional indications for 2019/20.
- 16.3 The MTFP is attached in more detail at Appendix 4.
- 16.4 Key assumptions that have been included in seeking to outline the financial challenge for the medium term are:
- a. That the council tax base grows at 2.04% per annum (source: professional prudent estimate based on the local position over the last three years). This is in excess of the 1.34% assumed by the Home Office nationally, but lower than 2018/19 actuals.
  - b. Precept will increase by £12 in 2018/19 and 2019/20 and is based on a 1.99% increase thereafter.
  - c. There is no new council tax freeze grant from 2016/17 onwards and all existing council tax freeze grants continue up to and including 2022/23 (source: as detailed within the SR2015 and provisional police settlement).
  - d. Government funding continues at existing levels (source: in line with 2018/19 provisional grant settlement and national PACCTS estimates).
  - e. Pay increases are assumed at 2% for all years (source: As per PAACTS estimates following consultation with the Home Office on the settlement). Should increases be in excess of those assumed, every 1% equates to approximately £1m.
  - f. That the Force will make the required savings to support the additional investment and balance the budget in 2018/19 (£500k) and 2019/20 (a further 619k).
  - g. No significant impacts on grant funding has been assumed from the Funding Formula Review.



- h. No additional, unfunded responsibilities are given to the Force or the PCC.
- i. Funding for regional collaborations will remain consistent with the £7.983m currently provided.
- j. Reserves can fund any invest to save projects.
- k. Further borrowing beyond the capital programme is not required.

16.5 Taking into account the assumptions contained in this report, the MTFP has been reviewed, the year 2022/23 added to the Plan and the position is as follows:

	<b>2018/19 £m</b>	<b>2019/20 £m</b>	<b>2020/21 £m</b>	<b>2021/22 £m</b>	<b>2022/23 £m</b>
Net Budget Requirement	127.108	130.743	135.980	137.762	140.594
Total Funding	127.108	130.743	133.031	135.443	137.953
<b>Funding Gap</b>	-	-	<b>2.949</b>	<b>2.319</b>	<b>2.641</b>

16.6 In the medium term, if the PCC increases the precept by £12 for two years and the Force find efficiency savings of £500k ongoing savings in 2018/19 and a further £619k in 2019/20 (built into the net budget requirement above), he can deliver a balanced budget.

16.7 However, after that time, the financial challenge is not over and there is a shortfall of over £2.6m on the Medium Term Financial Plan by 2022/23; but the demands and challenges will continue to increase further in future years.

16.8 Whilst there are sufficient reserves available to offset the shortfall in 2020/21, there will also be investment opportunities which would also require funding and future demands and risks which may transpire. It is evident that ongoing savings will need to be sought to balance the budget in the longer term.

16.9 If PCCs were given the flexibility to raise the precept for every year until 2022/23 and review the funding formula, then not only could this help balance the budget in the medium term but this could also provide additional resources to invest in policing and go some way towards meeting new and increasing demands.

## **17. Use of Reserves**

17.1 In considering the budget, the MTFP and level of precept options, it is important to look closely at the size, level and type of reserves held by the PCC to ensure that they are adequate to cover the purposes for which they are held and to provide some safeguards against the future risks identified within the budget.

17.2 There is also a need to ensure they are not excessive and the Minister has announced his intention to review reserves and provide greater transparency for the public. In response to this, the draft Reserves Strategy is attached at Appendix 5, and this will be finalised and published on the PCCs website to aid transparency.

- 17.3 Two types of Reserve are held and these, together with estimated balances are as follows:

#### **General Reserve**

There is a General Reserve held at £4.163m. This represents 3.27% of the funding available for 2018/19. This level is just below the national position highlighted in the 2017 PACCTS survey which anticipates average general reserve balances to be 3.28% by the end of 2018/19.

It is prudent to have such a reserve at this level to enable the organisation to withstand unexpected events which may have financial implications.

#### **Earmarked Reserves**

By the end of 2018/19, it is estimated that the PCC will hold £7.9m in Earmarked Reserves and these are detailed in the Strategy at Appendix 5.

- 17.4 The 2017 national PAACTS survey highlighted that whilst Northamptonshire's general and earmarked reserve levels were within the lowest quartile nationally, they were within acceptable professional guidelines.

The PCC has prioritised the targeted and effective use of reserves in his budget and precept for 2018/19 in the following areas:

#### **Capital/Transformation £1.404m and Invest to Save £0.977m**

As part of the budget negotiations, the Force will be providing the PCC with potential one off ICT and Capital investment proposals to reduce demand in the long term or increase efficiency and/or capacity to deal with demand. It is envisaged that the PCC will consider proposals to utilise these reserves in 2018/19 and in future years.

#### **Safer Roads £1.306m**

The PCC has highlighted Road Safety as a priority within his 2018/19 budget and has commissioned the Force and his office to identify proposals for this reserve which will have a direct and beneficial impact on Northamptonshire residents in 2018/19.

#### **PCC Initiatives/Early Intervention £1.5m**

This is a priority area for the PCC who recognises the work of the prevention and early intervention board and has asked for proposals to be prepared by the end of February 2018 to support investment in this important area in 2018/19 and future years.

### **18. Precept proposal**

- 18.1 After careful consideration of all the factors highlighted within this report, the PCC is proposing a £12 precept increase to safeguard resources for operational policing and seek to mitigate some of the impact of forecast financial reductions.
- 18.2 In making this proposal, the PCC is extraordinarily grateful to those who took part in the precept surveys which showed the willingness of the public in Northamptonshire to pay more in order to safeguard and develop policing in the county.

18.3 Additionally, in making this proposal, the PCC is satisfied that in doing so he is maximising the resources available to Northamptonshire Police to deliver the priorities outlined in his Police and Crime Plan.

## **19. Robustness of the Budget –Statement of the PCC Chief Finance Officer**

19.1 The Local Government Act 2003, Part 2, Section 25, as amended by the Police Reform and Social Responsibility Act 2011, requires the PCC's Chief Finance Officer to report on the robustness of the estimates used for the budget and the adequacy of the proposed financial reserves. The PCC is required to have regard to the report of the Chief Finance Officer and the report must be given to the Police and Crime Panel.

19.2 The CFO statement is as follows:

*“At the meeting with the Force on the 8<sup>th</sup> January 2018, both the Force Assistant Chief Officer (Finance and Resources) and I attended to provide assurance to the Board that these factors have been considered. At that meeting and since that date, dialogue, scrutiny and challenge has continued where new factors or information have been highlighted and discussed.*

*During the preparation of the budget I have been given full access to the budget model and have been consulted on the assumptions being made and methodologies and where possible aligned these with national PAACTS colleagues.*

*I have received responses to queries and/or points of clarification and where I have sought changes then they have been incorporated.*

*I have worked with the PCC to agree or require changes to base budget pressures proposed by the Force. Whilst the process has progressed for 2018/19 budget, I will continue to work with the Force during 2018/19 to further refine the budget process for future years.*

*I have received proposals for operational investment from the Force in the areas identified within this report and, together with the PCC have identified the need for business cases and an updated ICT Strategy to support these proposals and for which timescales have been set.*

*The Force Finance Team have reviewed the operation balance savings and other savings identified to date and I have received details on where further work is required or where timescales have altered.*

*I am assured by the intention to undertake ‘Priority Based Budgeting’ work to assist in identifying future savings and I will join the OPCC Director of Delivery in attending the Force Change Board to support this work moving forwards.*

*Together with the OPCC, I have reviewed the recruitment profile of the Force and identified a need for the PCC to receive regular staff resource information and the need to support and resource the Service Delivery Model (SDM) moving forwards.*

*I am supportive of the continued development of the Force capital and revenue budget monitoring report. I am supportive that this will be considered as part of the Accountability process to ensure that any variations from budget are quickly identified to enable early action or decisions to be taken.*

*I have also reviewed the detailed calculations in arriving at the budget requirement and council tax precept and options and find these to be robust. I also have, sought and received authorisations from billing authorities in relation to taxbase and council tax surplus/deficits and I am grateful to all partners for their support in doing so.*

*The Chief Constable has been fully involved in the budget discussions and has discussed his revenue and capital requirements for 2018/19 and future years with the PCC. It has been possible for the PCC to develop a budget that supports these operational requirements, provides additional investment and supports the delivery of the priorities set out in the Police and Crime Plan.*

*There is an operational contingency available to the Chief Constable, and sufficient general reserves available should operational demands require access to these. Earmarked reserves are in place for specific requirements and in his budget the PCC has identified priority areas for use of some earmarked reserves, in line with the Police and Crime Plan and the provisional grant settlement.*

*In coming to my conclusion on the robustness of the budget I have also reviewed the Capital Programme and draft Reserves Strategy.*

*The sections in this report on “Future Risks, Challenges and Uncertainties” and the “MTFP” highlight significant unknown issues moving forwards in the medium term. Whilst a balanced budget is available for 2018/19 and 2019/20, after that time, the landscape is less certain and it is reasonable to assume that the operational and financial challenges will continue and these are reflected as best estimates in the MTFP to 2022/23.*

*I conclude, therefore, that the budget for 2018/19:*

- 1. Has been prepared on a robust basis, and*
- 2. includes investment to help manage demand and increase efficiency and/or capacity, and*
- 3. in the short term, the budget is stable and reserves are adequate, however,*
- 4. the financial landscape after 2019/20 is less certain and the MTFP identifies a need for further savings and the MTFP will be under regular review as savings plans progress. “*

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**EQUALITY, DIVERSITY AND HUMAN RIGHTS IMPLICATIONS**

The budget and proposed precept provide the resources for the delivery of the Police and Crime Plan. Additionally, the survey is comprised of a representative sample of Northamptonshire residents.

**HUMAN RESOURCES IMPLICATIONS**

**ENVIRONMENTAL IMPLICATIONS**

None

**RISK MANAGEMENT IMPLICATIONS**

Risks and mitigations have been highlighted in the report.

## **LEGAL IMPLICATIONS**

The PCC is required to notify a precept to the billing authorities by the 1<sup>st</sup> March each year. In doing so, he must set a realistic revenue budget, informed by the report of the Chief Finance Officer

### **List of Appendices**

Appendix 1 Policing Precept Consultation

Appendix 2 PACCTS Briefing Provisional 2018/19 Police Funding Settlement

Appendix 3 Capital Programme 2018/19 to 2022/23

Appendix 4 Medium Term Financial Plan 2018/19 to 2022/23

Appendix 5 Draft Reserves Strategy

### **Background Papers**

Provisional Police Grant Report – 19 December 2017

Council Tax Referendum Principles – 19 December 2017

### **Persons to Contact**

Mrs H King, Chief Finance Officer, Office of the Police and Crime Commissioner

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## POLICING PRECEPT CONSULTATION 2017/2018

**Question and Results**

The Institute for Public Safety, Crime & Justice conduct a public perceptions survey about Northamptonshire residents experiences of crime, anti-social behaviour and policing on behalf of the Northamptonshire Police and Crime Commission and Northamptonshire Police. This survey is conducted in two ways: residents can complete the survey online or they are contacted randomly by the Institute by telephone and asked to complete the survey.

As part of this survey, in the period October to December 2017, 1,222 residents<sup>1</sup> were asked the question *'The average household pays £4.02 a week towards policing within their council tax. In light of this, which one of the following statements best represents your views?'*:

- I don't pay council tax
- 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
- 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 *(Due to government capping rules a public vote would need to take place costing up to an additional £650,000)*
- I would be prepared to pay an increase of up to 38 pence a week which would give Northamptonshire Police around an extra £4 million towards making Northamptonshire Safer *(Due to government capping rules a public vote would need to take place costing up to an additional £650,000)*
- I would be prepared to an increase of up to 57 pence a week which would give Northamptonshire Police around an extra £6 million towards making Northamptonshire Safer *(Due to government capping rules a public vote would need to take place costing up to an additional £650,000)*
- I don't know
- I would not be prepared to pay any more for policing than I do now
- Prefer not to say.

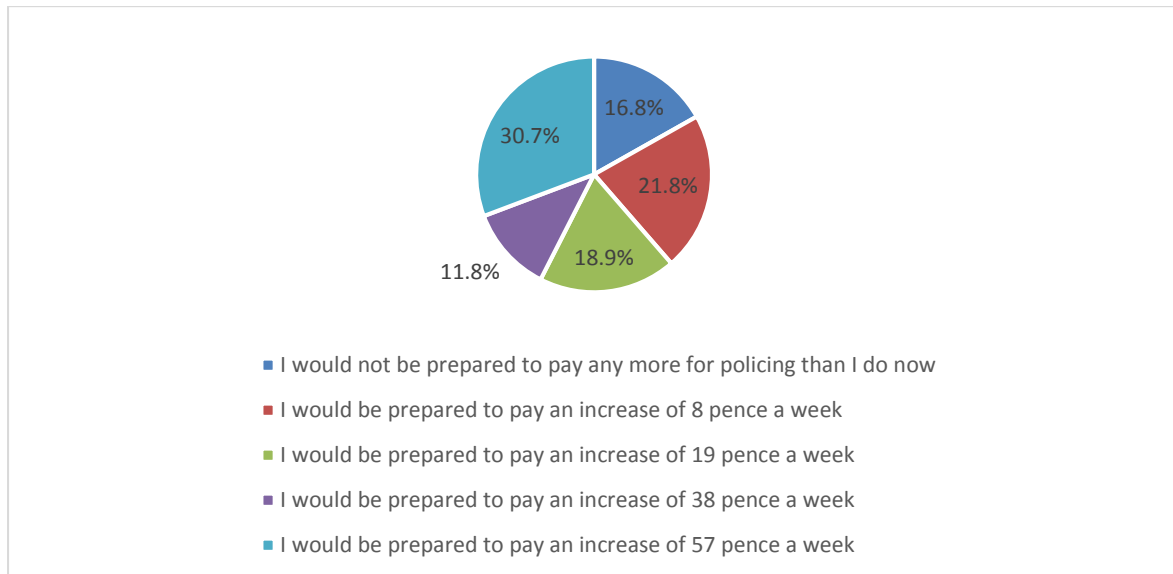
11% (139) of respondents did not respond or selected 'prefer not to say', 4% (44) said that they do not pay council tax and 9% (112) said that they did not know whether they would be prepared to pay more council tax for policing or not. The chart below represents the responses of those that said whether they would be prepared to pay more and how much they would be prepared to pay (927 respondents).

Of those that stated whether they would be prepared to pay more, 83% (771) said that they would. Nearly a third stated that they would be prepared to pay 57 pence a week more (31%), however, the next highest proportion of residents were those that said that they would be prepared to pay 8 pence a week more (22%).

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<sup>1</sup> Of the 1,222 residents, 864 completed the survey online and 358 were contacted by telephone.

**Chart 1: Proportion of the public that would be prepared to pay more council tax and if so how much more they would be prepared to pay**



**Results when ensuring the sample is representative of Districts in Northamptonshire**

In table 1 below the proportion of residents that came from each District in Northamptonshire is compared to the proportion each district constitutes of the population. This demonstrates that some districts were over represented in the sample while others were under-represented. For example, Corby, Northampton and South Northamptonshire being slightly under-represented and Daventry, East Northamptonshire, Kettering and Wellingborough being slightly over-represented.

**Table 1: Proportion each District constituted of the sample as compared to the actual population of Northamptonshire**

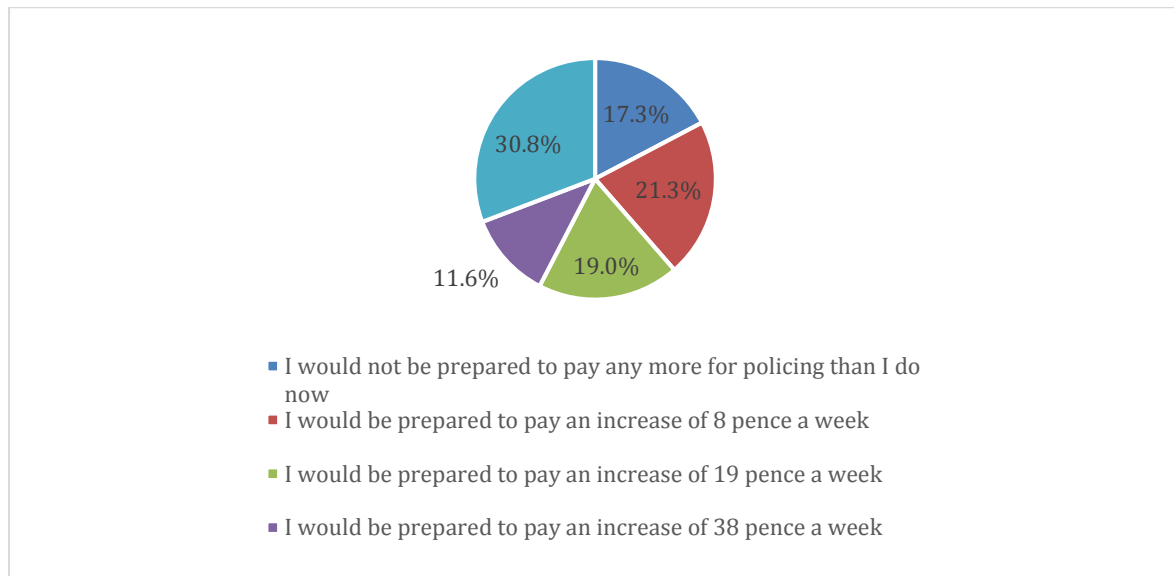
	Sample population	Northamptonshire population*
Corby	5%	9%
Daventry	15%	11%
East Northamptonshire	15%	13%
Kettering	15%	14%
Northampton	28%	31%
South Northamptonshire	10%	12%
Wellingborough	12%	11%

\* Taken from 2011 Census



In order to control for this the districts within the sample were weighted to ensure that each district is represented as it would be if the entire population of Northamptonshire was surveyed. The graph below shows the results do not change notably when the sample is weighted by District.

**Chart 2: Proportion of the public that would be prepared to pay more council tax and if so how much more they would be prepared to pay (when sample is weighted by District to ensure each district is represented as a proportion of Northamptonshire's population)**



**Results when ensuring the sample is representative of age groups in Northamptonshire**

In table 2 below the proportion of residents that came from each age group in Northamptonshire is compared to the proportion each age group constitutes of the population of Northamptonshire. This demonstrates that those aged 44 and under were under represented whereas those 45 and over were over represented.

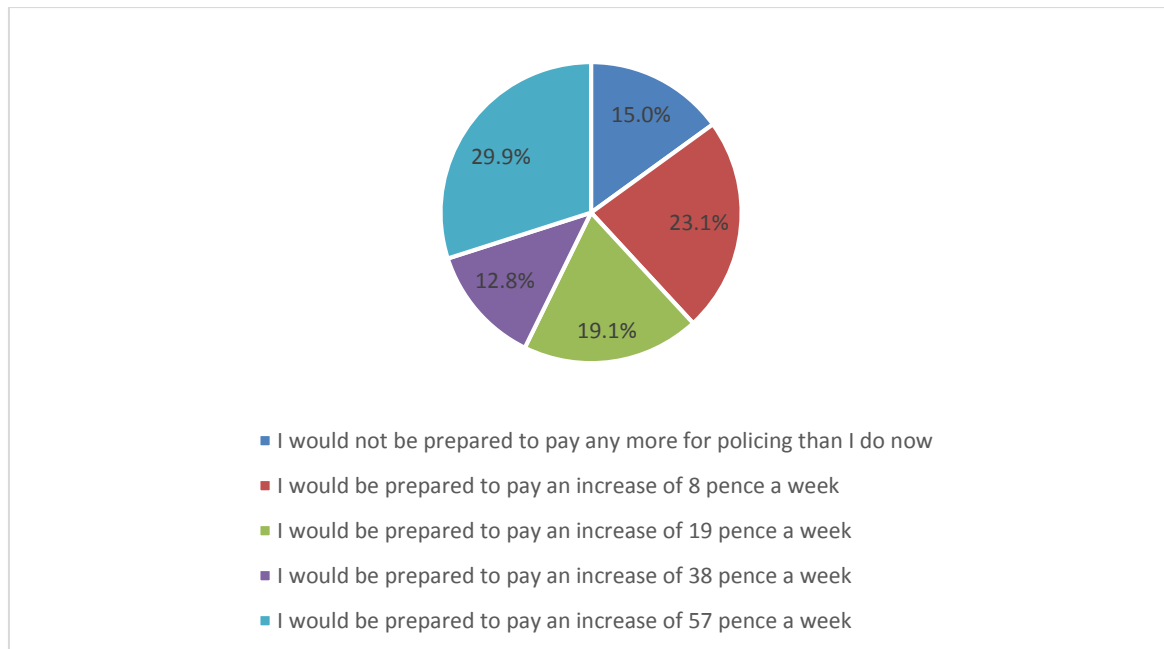
**Table 2: Proportion each age group constituted of the sample as compared to the actual population of Northamptonshire**

Age	Sample population	Northamptonshire Population Per cent*
16-24	2%	13%
25-44	20%	35%
45-64	45%	33%
65 and above	34%	19%

\* Taken from 2011 Census

In order to control for this the age groups within the sample were weighted to ensure that each group is represented as it would be if the entire population of Northamptonshire was surveyed. The graph below shows the results do not change notably when the sample is weighted by age.

**Chart 3: Proportion of the public that would be prepared to pay more council tax and if so how much more they would be prepared to pay (when sample is weighted by age group to ensure each age group is represented as it is in Northamptonshire's population)**



**Results when ensuring the sample is representative of ethnic groups in Northamptonshire**

In table 3 below the proportion of residents that came from each ethnic group in Northamptonshire is compared to the proportion each ethnic group constitutes of the population of Northamptonshire. It demonstrates that residents from a Black/black British, Asian/ Asian British and mixed background are under-represented in the sample.

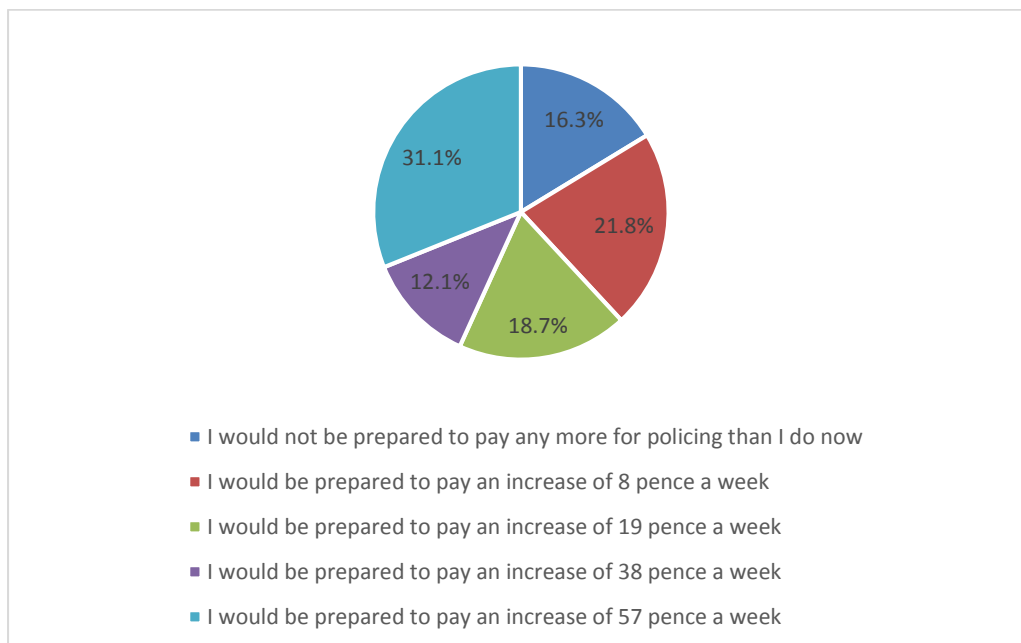
**Table 3: Proportion each ethnic group constituted of the sample as compared to the actual population of Northamptonshire**

Ethnicity	Sample population	Northamptonshire Population Per cent*
Asian/ Asian British	2.1%	3.7%
Black/ black British	0.4%	2.4%
Mixed ethnic background	1.0%	2.0%
White	95.0%	91.5%
Other ethnic group	1.5%	0.4%

\* Taken from 2011 Census

In order to control for this the ethnic groups within the sample were weighted to ensure that each group is represented as it would be if the entire population of Northamptonshire was surveyed. The graph below shows the results do not change notably when the sample is weighted by ethnicity.

**Chart 3: Proportion of the public that would be prepared to pay more council tax and if so how much more they would be prepared to pay (when sample is weighted by ethnic group to ensure each ethnicity group is represented as it is in Northamptonshire's population)**



### Summary

Of those surveyed 4% said that they do not pay council tax and a further 20% did not know if they would be prepared to pay more council tax, selected 'prefer not to say' or did not respond to the question. Of those remaining about 8 in 10 (83%) stated that they would be prepared to pay more. One in three (31%) stated that they would be prepared to pay 57 pence a week and six in ten (61%) stated that they would be prepared to pay 19 pence a week or more.

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#### INTRODUCTION

The Provisional 2018-19 Police Finance Settlement was announced in an [oral statement](#) by the Minister for Policing and the Fire Service Nick Hurd MP on Tuesday 19 December. This was followed by a [written ministerial statement](#) shortly after. Full details of the settlement can be found on the [Home Office pages](#) of the gov.uk website. The Welsh Government will also [publish](#) their Provisional Settlement for Welsh PCCs.

The publication of the Draft 2018-19 Police Grant Report marks the start of the consultation spanning the Christmas period. The deadline for the submission is 16 January 2018. 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.

#### HEADLINES

- Precept flexibility of up to £12 for all PCCs (or equivalents) in 2018-19
- Flat cash grant funding (i.e. the same allocations as in 2017-18 for Home Office Core Police Settlement, Ex-DCLG, Welsh Assembly grant and Legacy Council Tax)
- Updated assumptions around tax base growth – now using OBR figures of 1.34% in England and 0.8% in Wales
- Including these assumptions on council tax and based on the 1.5% GDP deflator, the resulting settlement, including council tax, represents a “real terms” increase for all between 2017-18 and 2018-19
- £450m additional funding for the service – includes £130m additional reallocation and approximately £147m as a result of additional council tax flexibilities.
- £50m additional counter Terrorism funding and the remaining £123m can be considered as “new money”.
- The minister’s letter to PCCs refers to this additional funding in addition to identified efficiency savings of up to £100m (procurement) to enable “appropriate provision for likely cost increases next year”.

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

#### CORE FUNDING

The Government Core Funding (made up of Police Grant, ex-DCLG grant, the Welsh government funding and Welsh top-up) has been maintained from the previous year (2017-18). The table in Annex A compares these figures for each force area. Annex B provides a breakdown of the Government Core Funding into its constituent elements. Should each force raise their precept by up to £12, and the new tax base and inflation figures are used, then there will be at least ‘real terms’ funding increases for each force.

An assumption of an increased tax base of 1.34% for England and 0.8% for Wales is higher than the previous assumption of 0.5%. The Government has decided to use this [OBR measurement](#) as they feel it better reflects actual council tax base growth across England and Wales.

#### COUNCIL TAX REFERENDUM PRINCIPLES

In their response to the 2018-19 Technical Consultation PACCTS called for an end to the referendum limits put on council tax, pointing out that police precepts typically make up just 11% of council tax bills.

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The Department for Communities and Local Government has [published](#) the draft council tax referendum principles. In 2018-19 *all* PCCs will be allowed to increase band D bills by as much as £12. This represents increases of between 5.34% (Surrey) and 12.2% (Northumbria). A full breakdown of the impact that the additional £12 will have in each areas is given in Annex C. In Wales there remains no referendum threshold. Compared to the flexibilities as seen in 2017-18 this increased flexibility is worth an additional £147m to the police service as a whole. A breakdown of the additional income by force can also be found in Annex C.

### POLICE OFFICER PAY

Nick Hurd's letter to PCCs, their equivalents and Chief Constables includes a reference to the police officer pay settlement. The additional funding announced together with procurement efficiencies as well as those identified in the HMICFRS Efficiency report are highlighted as "enabling you [PCCs] to make appropriate provision for likely cost increases next year within your financial plans". This includes both the remaining costs of the additional 1% non-consolidated element of the 2017 pay award as well as the likely costs of the 2018 pay award. Mr Hurd goes on to say that it is for police leaders to make proposals in relation to the 2018 pay award, reflecting what is affordable and fair to officers and taxpayers.

### FUTURE SETTLEMENTS

Nick Hurd's letter and statement both state the Home Office's intention to offer greater certainty on plans for 2019-20. Their intention is to maintain a broadly flat settlement with the same precept flexibility but this is dependent on progress against a number of efficiency milestones to be agreed in the New Year.

The Police Formula review is unlikely to be revisited until the next spending review.

### REALLOCATIONS

In 2018-19 the top-slices/reallocations total £945m, £133m higher than 2017-18 (£812m).

[Today's announcement states](#) that the transformation fund will remain the same, in cash terms, as 17-18 at £175m.

Police Funding	2017/18 (£m)	2018/19 (£m)
<b>o/w Reallocations and adjustments (b)</b>	<b>812</b>	<b>945</b>
PFI	73	73
Police technology programmes	417	495
Arm's length bodies	54	63
Strengthening the response to Organised Crime	28	42
Police transformation fund	175	175
Special Grant	50	93
Pre-charge bail	15	4

The Police Technology Programmes reallocation has increased by £78m; primarily to meet additional costs associated with ESN.

Special grant has increased from £50m to £93m. The Home Office are forecasting an overspend in 2017-18; there is an additional £35m for the Commonwealth Heads of Government Summit as well as additional funding for counter terrorism and special investigations.

### POLICE TRANSFORMATION FUND

The Transformation Fund was first set up in 2016-17 and was worth £76.4m. In 2017-18 that amount rose to £175m but included the innovation fund. In 2018-19 it had been expected that value would

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have risen again to nearer £300m. However, [today's announcement states](#) that the transformation fund will remain the same, in cash terms, as 17-18 at £175m and £130m will be set aside for digital technology and special grants.

An update at the last PACCTS meeting confirmed that the future allocations from the PTF will be commissioned work rather than bids.

Using the information published as part of the 2017-18 bidding process the TST estimates that approximately £50m is already committed to previous bids spanning more than one year.

### **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 national Counter Terrorism Funding has been announced and is set to increase by £50m which is a 7% increase on last year. It is not yet known whether this additional funding is revenue or capital, however it is expected to be primarily distributed to forces with CT units.

According to the Government, this means that there will be a budget of £757m for counter terrorism in 2018-19, including £29m for armed policing.

### **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 2017-18 Settlement included approximately £100m of funding for ESN under the heading 'Police Technology Programmes'.

However, since then the ESN project has fallen an estimated 15 months behind schedule. This delay means that forces may need to extend their Airwave contracts, which is likely to have associated costs in addition to the delayed savings from ESN. A paper circulated earlier in the year estimated the cost of a 12 month delay at £400m. It is not yet clear how these additional costs will be met and by whom.

The TST understand that approximately £75m of the additional Police Technology Programmes reallocation is for ESN.

### **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 2018-19 (see Annex B).

### **CAPITAL FUNDING**

Total Police Capital Grants have reduced from £77.2m in 2017-18 to £75.2m for 2018-19.

Police Capital grant allocations are unchanged from 2017-18. See Annex D for allocations by PCC.

2018/19	£m
Police Capital Grant	45.9
Special Grant Capital	1.0
Police Live Services	13.1
National Police Air Service	15.2
<b>Total</b>	<b>75.2</b>

The DCLG's offer of capitalisation flexibility for service transformation projects has been extended for a further three years. Further information can be found on the DCLG website [here](#).

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

In 2018-19 the NICC grant for the City of London remains at £4.5m. The NICC grant for MOPAC (which used to be referred to as the Met special Payment) is also unchanged at £173.6m in 2018-19.

#### **PRECEPT GRANT**

The City of London will receive an additional £0.9m due not having a police precept and therefore being unable to benefit from the increased precept flexibility. This will be funded through a reallocation from within the overall police settlement.

#### **GOVERNMENT RESPONSE TO THE LAMMY REVIEW**

On 8 September 2017, the Government published their [Race Disparity Audit](#) for the Lammy Review. The Lammy Review was concerned with the treatment and outcomes for Black, Asian and Minority Ethnic individuals in the criminal justice system. On 19 December, the Government responded with a [document](#) that centred around 3 major points.

- Setting out what the Government will do in relation to each recommendation from the original audit.
- Signal to internal and external stakeholders the Government's ambition to create a more just society for all.
- Identify how the Government can hold themselves and others to account.

The Government went on to say that *'It is for these reasons that leadership and creating real cultural change are important. Noting and responding to disparities must be an ongoing process that brings about change, aided by transparency and regular review.'*



**Annex A**

Comparison of Government Core Funding and Direct Resource Funding between 2017-18 and 2018-19

	"DIRECT RESOURCE FUNDING" everything, including NICC and council tax	"GOVERNMENT CORE FUNDING" police core settlement, allocation under rule 1, ex DCLG, 2 welsh grants	"DIRECT RESOURCE FUNDING" everything, including NICC and council tax	"GOVERNMENT CORE FUNDING" police core settlement, allocation under rule 1, ex DCLG, 2 welsh grants	Change in Direct Resource Funding since 2017-18	Change in Core Funding since 2017-18
	2017-18	2017-18	2018-19	2018-19		
Avon & Somerset	£ 273,740,350	£ 159,254,132	£ 281,751,216	£ 159,254,132	2.9%	0.0%
Bedfordshire	£ 101,400,056	£ 62,771,904	£ 104,344,277	£ 62,771,904	2.9%	0.0%
Cambridgeshire	£ 129,798,389	£ 71,886,598	£ 133,833,202	£ 71,886,598	3.1%	0.0%
Cheshire	£ 172,361,246	£ 104,762,579	£ 177,544,969	£ 104,762,579	3.0%	0.0%
City of London	£ 55,909,819	£ 51,301,130	£ 56,809,819	£ 51,301,130	1.6%	0.0%
Cleveland	£ 123,150,729	£ 83,499,754	£ 125,392,182	£ 83,499,754	1.8%	0.0%
Cumbria	£ 100,428,168	£ 58,710,055	£ 102,953,044	£ 58,710,055	2.5%	0.0%
Derbyshire	£ 162,658,421	£ 98,436,746	£ 167,140,994	£ 98,436,746	2.8%	0.0%
Devon & Cornwall	£ 282,040,984	£ 163,528,888	£ 290,530,890	£ 163,528,888	3.0%	0.0%
Dorset	£ 120,486,984	£ 57,749,130	£ 124,647,641	£ 57,749,130	3.5%	0.0%
Durham	£ 113,034,512	£ 78,558,004	£ 115,452,898	£ 78,558,004	2.1%	0.0%
Dyfed-Powys	£ 96,615,770	£ 49,312,645	£ 99,669,552	£ 49,312,645	3.2%	0.0%
Essex	£ 267,044,909	£ 156,495,139	£ 275,894,230	£ 156,495,139	3.3%	0.0%
Gloucestershire	£ 106,472,142	£ 53,167,997	£ 109,782,230	£ 53,167,997	3.1%	0.0%
Greater Manchester	£ 545,394,197	£ 402,305,636	£ 555,761,674	£ 402,305,636	1.9%	0.0%
Gwent	£ 120,942,177	£ 71,486,789	£ 123,951,928	£ 71,486,789	2.5%	0.0%
Hampshire	£ 304,494,307	£ 180,590,341	£ 314,136,375	£ 180,590,341	3.2%	0.0%
Hertfordshire	£ 182,812,668	£ 106,256,551	£ 189,008,029	£ 106,256,551	3.4%	0.0%
Humberside	£ 171,370,692	£ 112,222,838	£ 175,216,571	£ 112,222,838	2.2%	0.0%
Kent	£ 279,350,799	£ 170,464,271	£ 288,028,686	£ 170,464,271	3.1%	0.0%

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	<b>"DIRECT RESOURCE FUNDING" everything, including NICC and council tax</b>	<b>"GOVERNMENT CORE FUNDING" police core settlement, allocation under rule 1, ex DCLG, 2 welsh grants</b>	<b>"DIRECT RESOURCE FUNDING" everything, including NICC and council tax</b>	<b>"GOVERNMENT CORE FUNDING" police core settlement, allocation under rule 1, ex DCLG, 2 welsh grants</b>	<b>Change in Direct Resource Funding since 2017-18</b>	<b>Change in Core Funding since 2017-18</b>
Lancashire	£ 260,344,289	£ 177,197,008	£ 266,455,239	£ 177,197,008	2.3%	0.0%
Leicestershire	£ 170,545,490	£ 103,525,776	£ 175,096,812	£ 103,525,776	2.7%	0.0%
Lincolnshire	£ 110,566,868	£ 57,906,638	£ 113,893,210	£ 57,906,638	3.0%	0.0%
Merseyside	£ 307,495,527	£ 232,019,550	£ 312,681,489	£ 232,019,550	1.7%	0.0%
MOPAC	£ 2,474,103,972	£ 1,588,743,515	£ 2,516,964,812	£ 1,588,743,515	1.7%	0.0%
Norfolk	£ 148,904,732	£ 77,888,291	£ 153,187,334	£ 77,888,291	2.9%	0.0%
North Wales	£ 143,216,633	£ 71,727,522	£ 147,258,440	£ 71,727,522	2.8%	0.0%
North Yorkshire	£ 140,696,410	£ 67,761,858	£ 145,141,451	£ 67,761,858	3.2%	0.0%
Northamptonshire	£ 122,037,414	£ 66,408,428	£ 125,543,459	£ 66,408,428	2.9%	0.0%
Northumbria	£ 260,141,801	£ 214,456,585	£ 265,284,451	£ 214,456,585	2.0%	0.0%
Nottinghamshire	£ 190,467,715	£ 124,291,344	£ 194,966,811	£ 124,291,344	2.4%	0.0%
South Wales	£ 262,787,051	£ 157,406,561	£ 269,470,832	£ 157,406,561	2.5%	0.0%
South Yorkshire	£ 240,747,301	£ 175,571,668	£ 245,651,401	£ 175,571,668	2.0%	0.0%
Staffordshire	£ 177,732,333	£ 104,935,554	£ 182,630,994	£ 104,935,554	2.8%	0.0%
Suffolk	£ 112,694,862	£ 62,701,339	£ 116,244,956	£ 62,701,339	3.2%	0.0%
Surrey	£ 210,163,846	£ 90,105,073	£ 217,651,215	£ 90,105,073	3.6%	0.0%
Sussex	£ 256,016,636	£ 149,598,320	£ 264,631,015	£ 149,598,320	3.4%	0.0%
Thames Valley	£ 376,882,056	£ 212,103,350	£ 389,562,154	£ 212,103,350	3.4%	0.0%
Warwickshire	£ 90,800,611	£ 47,782,856	£ 93,706,419	£ 47,782,856	3.2%	0.0%
West Mercia	£ 201,179,190	£ 108,201,666	£ 207,460,055	£ 108,201,666	3.1%	0.0%
West Midlands	£ 524,416,684	£ 425,070,634	£ 533,873,579	£ 425,070,634	1.8%	0.0%
West Yorkshire	£ 408,269,132	£ 296,630,298	£ 417,190,420	£ 296,630,298	2.2%	0.0%
Wiltshire	£ 105,046,949	£ 57,354,188	£ 108,648,259	£ 57,354,188	3.4%	0.0%

**Annex B**

Breakdown of Government Core Funding and Direct Resource Funding in 2018-19

	Allocation of Police Core Settlement (including rule 1)	Allocation of ex-DCLG Formula Funding	Legacy Council Tax Grants	Welsh Funding (Welsh Government + Welsh Top-ups)	NICC	Precept Grant	Assumed Precept Income in 2018-19	TOTAL DIRECT RESOURCE FUNDING everything	TOTAL CORE GRANT FUNDING core settlement, rule 1, ex DCLG, 2 welsh grants
	<i>a</i>	<i>b</i>	<i>c</i>	<i>d</i>	<i>e</i>	<i>f</i>	<i>g</i>	<i>h = a+b+c+d+e+f+g</i>	<i>i = a+b+d</i>
Avon & Somerset	103,554,698	55,699,434	14,708,861	-	-	-	107,788,223	281,751,216	159,254,132
Bedfordshire	39,771,579	23,000,325	4,637,335	-	-	-	36,935,038	104,344,277	62,771,904
Cambridgeshire	47,827,603	24,058,995	6,524,727	-	-	-	55,421,877	133,833,202	71,886,598
Cheshire	60,622,083	44,140,496	8,256,300	-	-	-	64,526,090	177,544,969	104,762,579
City of London	18,145,988	33,155,142	79,505	-	4,529,184	900,000	-	56,809,819	51,301,130
Cleveland	45,507,563	37,992,191	7,668,210	-	-	-	34,224,218	125,392,182	83,499,754
Cumbria	28,319,541	30,390,514	4,849,759	-	-	-	39,393,230	102,953,044	58,710,055
Derbyshire	61,253,787	37,182,959	8,699,994	-	-	-	60,004,254	167,140,994	98,436,746
Devon & Cornwall	101,294,423	62,234,465	15,461,371	-	-	-	111,540,631	290,530,890	163,528,888
Dorset	40,659,454	17,089,676	7,918,574	-	-	-	58,979,937	124,647,641	57,749,130
Durham	42,111,941	36,446,063	6,110,124	-	-	-	30,784,770	115,452,898	78,558,004
Dyfed-Powys	32,860,993	-	-	16,451,652	-	-	50,356,907	99,669,552	49,312,645
Essex	101,346,560	55,148,579	13,125,335	-	-	-	106,273,756	275,894,230	156,495,139
Gloucestershire	33,909,566	19,258,431	6,082,168	-	-	-	50,532,065	109,782,230	53,167,997
Greater Manchester	223,464,460	178,841,176	25,713,688	-	-	-	127,742,350	555,761,674	402,305,636
Gwent	40,903,987	-	-	30,582,802	-	-	52,465,139	123,951,928	71,486,789
Hampshire	118,335,750	62,254,591	12,944,122	-	-	-	120,601,912	314,136,375	180,590,341
Hertfordshire	70,397,519	35,859,032	10,228,363	-	-	-	72,523,115	189,008,029	106,256,551
Humberside	66,305,918	45,916,920	10,040,945	-	-	-	52,952,788	175,216,571	112,222,838

**Agenda Item No: 6 Appendix 2**

	<b>Allocation of Police Core Settlement (including rule 1)</b>	<b>Allocation of ex-DCLG Formula Funding</b>	<b>Legacy Council Tax Grants</b>	<b>Welsh Funding (Welsh Government + Welsh Top-ups)</b>	<b>NICC</b>	<b>Precept Grant</b>	<b>Assumed Precept Income in 2018-19</b>	<b>TOTAL DIRECT RESOURCE FUNDING everything</b>	<b>TOTAL CORE GRANT FUNDING core settlement, rule 1, ex DCLG, 2 welsh grants</b>
Kent	104,798,627	65,665,644	13,297,595	-	-	-	104,266,820	288,028,686	170,464,271
Lancashire	99,150,662	78,046,346	12,826,739	-	-	-	76,431,492	266,455,239	177,197,008
Leicestershire	64,432,578	39,093,198	8,930,921	-	-	-	62,640,115	175,096,812	103,525,776
Lincolnshire	37,866,744	20,039,894	6,833,553	-	-	-	49,153,019	113,893,210	57,906,638
Merseyside	120,756,280	111,263,270	15,640,992	-	-	-	65,020,947	312,681,489	232,019,550
MOPAC	849,449,515	739,294,000	119,675,912	-	173,649,473	-	634,895,912	2,516,964,812	1,588,743,515
Norfolk	49,517,107	28,371,184	9,304,523	-	-	-	65,994,520	153,187,334	77,888,291
North Wales	47,458,116	-	-	24,269,406	-	-	75,530,918	147,258,440	71,727,522
North Yorkshire	41,100,044	26,661,814	7,897,884	-	-	-	69,481,709	145,141,451	67,761,858
Northamptonshire	42,567,420	23,841,008	6,644,453	-	-	-	52,490,578	125,543,459	66,408,428
Northumbria	108,588,336	105,868,249	8,167,709	-	-	-	42,660,157	265,284,451	214,456,585
Nottinghamshire	76,843,070	47,448,274	9,726,194	-	-	-	60,949,273	194,966,811	124,291,344
South Wales	84,065,727	-	-	73,340,834	-	-	112,064,271	269,470,832	157,406,561
South Yorkshire	99,191,932	76,379,736	10,860,180	-	-	-	59,219,553	245,651,401	175,571,668
Staffordshire	65,557,800	39,377,754	11,964,555	-	-	-	65,730,885	182,630,994	104,935,554
Suffolk	40,154,673	22,546,666	6,785,775	-	-	-	46,757,842	116,244,956	62,701,339
Surrey	61,296,440	28,808,633	9,219,330	-	-	-	118,326,812	217,651,215	90,105,073
Sussex	96,461,790	53,136,530	13,201,621	-	-	-	101,831,074	264,631,015	149,598,320
Thames Valley	139,248,551	72,854,799	15,278,329	-	-	-	162,180,475	389,562,154	212,103,350
Warwickshire	30,601,963	17,180,893	5,154,144	-	-	-	40,769,419	93,706,419	47,782,856
West Mercia	65,421,452	42,780,214	11,975,126	-	-	-	87,283,263	207,460,055	108,201,666
West Midlands	247,319,672	177,750,962	19,025,734	-	-	-	89,777,211	533,873,579	425,070,634
West Yorkshire	169,130,579	127,499,719	16,692,905	-	-	-	103,867,217	417,190,420	296,630,298

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	Allocation of Police Core Settlement (including rule 1)	Allocation of ex-DCLG Formula Funding	Legacy Council Tax Grants	Welsh Funding (Welsh Government + Welsh Top-ups)	NICC	Precept Grant	Assumed Precept Income in 2018-19	TOTAL DIRECT RESOURCE FUNDING everything	TOTAL CORE GRANT FUNDING core settlement, rule 1, ex DCLG, 2 welsh grants
Wiltshire	36,961,160	20,393,028	5,234,833	-	-	-	46,059,238	108,648,259	57,354,188
<b>TOTAL</b>	<b>4,054,533,651</b>	<b>2,762,970,804</b>	<b>507,388,388</b>	<b>144,644,694</b>	<b>178,178,657</b>	<b>900,000</b>	<b>3,626,429,021</b>	<b>11,275,045,215</b>	<b>6,962,149,149</b>

**Annex C**

Breakdown of the impact that the additional £12 precept flexibility will have on each PCC

	<b>2017-18 Precept</b>	<b>£12 in terms of a percentage increase</b>	<b>Council Tax Income in 2017-18</b>	<b>Assumed (maximised) income in 2018-19 assuming 1.34% (England) 0.8% (Wales) increase in tax base</b>	<b>Increase</b>
Avon & Somerset	£ 181.81	6.60%	£ 99,777,357.09	£ 107,788,222.66	8.03%
Bedfordshire	£ 166.09	7.22%	£ 33,990,816.77	£ 36,935,037.92	8.66%
Cambridgeshire	£ 186.75	6.43%	£ 51,387,063.75	£ 55,421,876.94	7.85%
Cheshire	£ 164.44	7.30%	£ 59,342,367.22	£ 64,526,089.72	8.74%
City of London					
Cleveland	£ 214.54	5.59%	£ 31,982,765.04	£ 34,224,217.51	7.01%
Cumbria	£ 220.77	5.44%	£ 36,868,353.78	£ 39,393,230.30	6.85%
Derbyshire	£ 180.60	6.64%	£ 55,521,681.01	£ 60,004,254.36	8.07%
Devon & Cornwall	£ 176.28	6.81%	£ 103,050,724.89	£ 111,540,631.46	8.24%
Dorset	£ 194.58	6.17%	£ 54,819,280.25	£ 58,979,936.84	7.59%
Durham	£ 169.24	7.09%	£ 28,366,384.10	£ 30,784,770.20	8.53%
Dyfed-Powys	£ 213.87	5.61%	£ 47,303,124.99	£ 50,356,906.98	6.46%
Essex	£ 157.05	7.64%	£ 97,424,434.69	£ 106,273,755.71	9.08%
Gloucestershire	£ 214.49	5.59%	£ 47,221,976.84	£ 50,532,065.03	7.01%
Greater Manchester	£ 162.30	7.39%	£ 117,374,873.10	£ 127,742,350.48	8.83%
Gwent	£ 228.84	5.24%	£ 49,455,388.17	£ 52,465,138.84	6.09%
Hampshire	£ 165.46	7.25%	£ 110,959,843.73	£ 120,601,912.14	8.69%
Hertfordshire	£ 152.00	7.89%	£ 66,327,753.60	£ 72,523,114.88	9.34%
Humberside	£ 187.33	6.41%	£ 49,106,909.12	£ 52,952,788.29	7.83%
Kent	£ 157.15	7.64%	£ 95,588,932.75	£ 104,266,820.27	9.08%
Lancashire	£ 165.45	7.25%	£ 70,320,541.77	£ 76,431,492.48	8.69%

	2017-18 Precept	£12 in terms of a percentage increase	Council Tax Income in 2017-18	Assumed (maximised) income in 2018-19 assuming 1.34% (England) 0.8% (Wales) increase in tax base	Increase
Leicestershire	£ 187.23	6.41%	£ 58,088,792.76	£ 62,640,115.29	7.84%
Lincolnshire	£ 205.47	5.84%	£ 45,826,676.81	£ 49,153,019.09	7.26%
Merseyside	£ 165.97	7.23%	£ 59,834,984.91	£ 65,020,947.26	8.67%
MOPAC	£ 206.13	5.82%	£ 592,035,071.58	£ 634,895,912.00	7.24%
Norfolk	£ 217.17	5.53%	£ 61,711,917.60	£ 65,994,520.08	6.94%
North Wales	£ 249.21	4.82%	£ 71,489,110.79	£ 75,530,917.67	5.65%
North Yorkshire	£ 221.32	5.42%	£ 65,036,668.05	£ 69,481,708.62	6.83%
Northamptonshire	£ 209.04	5.74%	£ 48,984,533.43	£ 52,490,577.50	7.16%
Northumbria	£ 98.33	12.20%	£ 37,517,506.68	£ 42,660,156.81	13.71%
Nottinghamshire	£ 183.42	6.54%	£ 56,450,177.43	£ 60,949,273.19	7.97%
South Wales	£ 218.24	5.50%	£ 105,380,490.34	£ 112,064,271.11	6.34%
South Yorkshire	£ 158.16	7.59%	£ 54,315,452.71	£ 59,219,552.90	9.03%
Staffordshire	£ 181.16	6.62%	£ 60,832,223.65	£ 65,730,884.53	8.05%
Suffolk	£ 176.85	6.79%	£ 43,207,747.95	£ 46,757,841.64	8.22%
Surrey	£ 224.57	5.34%	£ 110,839,442.91	£ 118,326,812.38	6.76%
Sussex	£ 153.91	7.80%	£ 93,216,695.03	£ 101,831,074.46	9.24%
Thames Valley	£ 170.28	7.05%	£ 149,500,377.42	£ 162,180,474.76	8.48%
Warwickshire	£ 191.98	6.25%	£ 37,863,610.66	£ 40,769,419.32	7.67%
West Mercia	£ 189.60	6.33%	£ 81,002,398.46	£ 87,283,262.92	7.75%
West Midlands	£ 116.55	10.30%	£ 80,320,315.95	£ 89,777,211.34	11.77%
West Yorkshire	£ 150.95	7.95%	£ 94,945,928.80	£ 103,867,216.84	9.40%
Wiltshire	£ 170.27	7.05%	£ 42,457,927.85	£ 46,059,238.36	8.48%
<b>TOTAL</b>			<b>£ 3,112,551,019.58</b>	<b>£ 3,361,757,793.86</b>	<b>8.01%</b>

**Annex D**

Capital Grant Allocations

<b>PCC</b>	<b>Capital Grant Allocations (£m)</b>
Avon & Somerset	1.0
Bedfordshire	0.4
Cambridgeshire	0.5
Cheshire	0.6
City of London	0.4
Cleveland	0.5
Cumbria	0.4
Derbyshire	0.6
Devon & Cornwall	1.1
Dorset	0.4
Durham	0.5
Dyfed-Powys	0.3
Essex	0.9
Gloucestershire	0.4
Greater Manchester	2.3
Gwent	0.4
Hampshire	1.2
Hertfordshire	0.6
Humberside	0.7
Kent	1.1
Lancashire	1.1
Leicestershire	0.7

<b>PCC</b>	<b>Capital Grant Allocations (£m)</b>
Lincolnshire	0.4
Merseyside	1.4
MOPAC	12.2
Norfolk	0.5
North Wales	0.5
North Yorkshire	0.4
Northamptonshire	0.4
Northumbria	1.3
Nottinghamshire	0.7
South Wales	1.0
South Yorkshire	1.1
Staffordshire	0.7
Suffolk	0.4
Surrey	0.6
Sussex	0.9
Thames Valley	1.5
Warwickshire	0.4
West Mercia	0.7
West Midlands	2.5
West Yorkshire	1.8
Wiltshire	0.4
	<b>45.9</b>



**CAPITAL PROGRAMME 2018/19 TO 2022/23**

**Background**

1. The Government support for capital spending includes the capital grant which directly supports the capital programme. Since 2004 the Prudential Code gave the former Police Authority and now the PCC the freedom to set its own borrowing limit subject to compliance with the Code.
2. The Prudential Code requirements are considered as part of the overall Treasury Management Strategy which will be produced by the 1<sup>st</sup> April 2018 and for which oversight is provided by the Joint Independent Audit Committee (JIAC).

**Proposed Capital Programme**

3. The capital programme has been prepared in consultation with budget holders on the basis of operational need and risk. The Estates programme has been totally reviewed and reflects the near final Estates Strategy.
4. The ICT programme will be reviewed in detail during 2018/19 to reflect the ICT Strategy and to reflect investment required to deliver not only business as usual but also efficiency and/or capacity and/or to reduce demand.
5. A summary of the proposed Capital Programme for 2018/19 is shown in the table below. The PCC has reviewed and scrutinised a more detailed programme relating to the financial years 2018/19 to 2022/23.

<i>Proposed Capital Programme 2018/19</i>			
<b>Expenditure</b>	<b>£m</b>	<b>Funding</b>	<b>£m</b>
Property	8.127	Capital Grant (provisional)	0.424
Information Technology	1.415	Borrowing Requirement	8.377
MFSS Fusion	1.568	Capital Receipts	3.408
Emergency Services Network	0.250	Use of Reserves	0.166
Vehicle Fleet	1.137	Revenue Contributions	0.495
Operational Equipment	0.373		
<b>Total</b>	<b>12.870</b>	<b>Total</b>	<b>12.870</b>

6. The Programme includes property schemes relating to investment in the development of the Headquarters site, together with investment in Wellingborough, the Northern Area Hub, Criminal Justice and Firearms estates requirements.

7. The information technology expenditure includes provision for agile and replacement equipment. However, this is subject to review in the early part of the year.
8. MFSS relates to the additional costs to upgrade HR and Finance services alongside other police partners. It is anticipated that the Emergency Services Network (ESN) costs will slip and are subject to further refinement in line with the national programme. Additionally, the impact of ESN on regional operations is currently under review.

### **Proposed Capital Programme 2018/19 to 2022/23**

9. The proposed capital programme for the years 2018/19 to 2022/23 is as follows:

	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	Total £m
<b>Expenditure</b>						
Property	8.127	9.455	6.705	0.325	0.275	24.887
Information Technology	1.415	1.518	1.257	0.743	0.757	5.690
MFSS Fusion	1.568	-	-	-	-	1.568
Emergency Services Network	0.250	3.034	-	-	-	3.284
Vehicle Fleet	1.137	1.233	1.169	1.208	1.143	5.890
Operational Equipment	0.373	0.322	0.225	0.150	0.245	1.315
	<b>12.870</b>	<b>15.562</b>	<b>9.356</b>	<b>2.426</b>	<b>2.420</b>	<b>42.634</b>
<b>Funding</b>						
Capital Grant	0.424	0.424	0.424	0.424	0.424	2.120
Borrowing	8.377	10.814	6.726	0.442	0.514	26.873
Capital Receipts	3.408	1.007	-	-	-	4.415
Use of Reserves & Dilapidations	0.495	0.109	0.681	0.066	0.066	1.417
Revenue Contributions	0.166	3.208	1.525	1.494	1.416	7.809
	<b>12,870</b>	<b>15.562</b>	<b>9.356</b>	<b>2.426</b>	<b>2.420</b>	<b>42.634</b>

10. The programme shows the significant investment in the estate over the first three years, and the property element of the capital programme will continue to be reviewed as the strategy progresses. As highlighted above, the ICT Strategy will review the required ICT investment in the early part of 2018/19 to enable the costs and funding of this area to be further refined.

### **Funding Arrangements**

11. The provisional 2018/19 capital grant is £0.424m, the same as for 2017/18. After the utilisation of receipts arising from the sale of properties as part of the Estates Strategy, anticipated Home Office grants and the application of reserves and revenue contributions to capital schemes, the borrowing requirement is **£8.377m** for 2018/19.

### **Background Papers**

Home Office Settlement Notification via the Home Office website

Medium Term Financial Plan 2018/19-2022/23

	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m
<b>Estimated Funding:</b>					
Home Office Grants	73.052	73.052	73.052	73.052	73.052
Council Tax	52.957	56.941	59.229	61.641	64.151
Council Tax Surplus	1.099	0.750	0.750	0.750	0.750
<b>Total Funding</b>	<b>127.108</b>	<b>130.743</b>	<b>133.031</b>	<b>135.443</b>	<b>137.953</b>
<b>Expenditure:</b>					
<b>Delegated to the Force</b>	117.915	118.665	121.263	125.282	127.853
Additional net pressures/savings		3.217	4.019	2.571	1.928
Additional Investment	1.250				
Force Savings 2018/19	(0.500)				
Force Savings 2019/20		(0.619)			
	<b>118.665</b>	<b>121.263</b>	<b>125.282</b>	<b>127.853</b>	<b>129.781</b>
<b>Capital Financing</b>	<b>2.799</b>	<b>3.992</b>	<b>4.781</b>	<b>3.992</b>	<b>4.596</b>
<b>Managed by the PCC:</b>					
OPCC Office Budget	1.677	1.677	1.677	1.677	1.677
OPCC Commissioning, Public Involvement, Intervention, Complaints & Delivery	3.300	3.690	3.990	3.990	4.290
OPCC Police and crime Plan Delivery Fund	0.250	0.250	0.250	0.250	0.250
	<b>5.227</b>	<b>5.617</b>	<b>5.917</b>	<b>5.917</b>	<b>6.217</b>
Contribution to/(from) reserves	0.417	(0.129)	0	0	0
	<b>127.108</b>	<b>130.743</b>	<b>135.980</b>	<b>137.762</b>	<b>140.594</b>
<b>Shortfall</b>			<b>2.949</b>	<b>2.319</b>	<b>2.641</b>

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COMMUNITY JUSTICE SECURITY

## NORTHAMPTONSHIRE POLICE AND CRIME COMMISSION RESERVES STRATEGY

### 1. Reserves Strategy

- 1.1. Reserves are a key part of medium-term financial planning – other components include revenue spending plans, income forecasts, potential liabilities, capital investment plans, borrowing and council tax levels. Decisions on these are inter-linked. Consequently some organisations will need to maintain reserves at higher levels than others.
- 1.2 All publicly funded organisations should have a reserves strategy to demonstrate transparency and accountability, to comply with best practice financial management and to justify the levels of reserves held.
- 1.3 The PCC maintains reserves to provide a measure of protection against risk. Without this protection, any unforeseen expenditure would have to be met either by increases in Council Tax or immediate savings (potentially through reductions in service levels).
- 1.4 The term "reserves" has a variety of technical and every day meanings, depending on the context in which it is used. For the purposes of this Strategy it is taken to mean funds set-aside at the PCC's discretion for general or specific future purposes.
- 1.5 Reserves are required to protect and enhance the financial viability and in particular:
  - To maintain a degree of in-year financial flexibility;
  - to enable the PCC to deal with unforeseen circumstances and incidents;
  - to set aside monies to fund major developments in future years;
  - to enable the PCC to invest to transform and achieve improved service effectiveness and efficiency;
  - to set aside sums for known and potential liabilities;
  - to provide an operational contingency at service level.
- 1.6 Reserves should not be held to fund ongoing revenue expenditure as this is unsustainable in the long term; however they may be important in smoothing a major financial imbalance (revenue or capital) over a longer timescale. CIPFA guidance LAAP 99 published July 2014 states:

*“Balancing the annual budget by drawing on general reserves may be viewed as a legitimate short-term option. However, it is not normally prudent for reserves to be deployed to finance recurrent expenditure. CIPFA has commented that Councils should be particularly wary about using one off reserves to deal with shortfalls in current funding. Where such action is to be taken, this should be made explicit, and an explanation given as to how such expenditure will be funded in the medium to long term”*

- 1.7 The Reserves Strategy assumes that the Medium Term Financial Plan [MTFP] is broadly balanced on a sustainable basis across the five year planning period. Reserves should reflect the agreed financial strategy and should represent the quantified impact of risks and opportunities over the planning period, weighted for their probability.

## **2. National Guidance**

- 2.1 The 2014, CIPFA guidance included the establishment and maintenance of local authority reserves and balances, setting out the key factors that should be taken into account locally in making an assessment of the appropriate level of reserves and balances to be held.

## **3. General Reserve**

- 3.1 In order to assess the adequacy of the unallocated general reserve when setting the budget the PCC, on the advice of the two finance officers, should take account of the strategic, operational and financial risks facing the authority. This assessment of risk should include external risks, as well as internal risks, for example the ability to deliver planned efficiency savings.
- 3.2 Whilst there is no prescribed level of reserves that PCCs should hold; it is influenced by individual discretion, local circumstances, advice from external auditors, risk management arrangements and risk appetite. CIPFA guidance in LAAP Bulletin 99 (2014) specifically cautions against prescriptive national guidance for a minimum or maximum level of reserves and states:

*“The many factors involved when considering appropriate levels of reserves can only be assessed properly at a local level. A considerable degree of professional judgement is required. The chief finance officer may choose to express advice on the level of balances in cash and/or as a percentage of budget (to aid understanding) so long as that advice is tailored to the circumstances of the authority”*

- 3.3 However, the minimum level of reserves may be set for the authority by the Ministers in England and Wales where an authority doesn't act prudently, disregards the advice of its chief finance officer or is heading for financial difficulties. LAAP Bulletin 99 (2014) specifies that minimum level of reserves can be imposed on specific circumstances:

*“Minimum level of reserves will only be imposed where an authority is not following best financial practice”*

- 3.4 CIPFA indicate a general reserve level is typically between 2% and 3% of net budget requirement and this is consistent with the results of a survey by the PACCTS Technical Support Team where the majority of PCC's across the country reporting a Strategy of holding minimum general reserves at 3% net revenue expenditure.
- 3.5 In determining the PCC's position, Appendix A outlines how Northamptonshire currently comply with the 7 key CIPFA principles which can be used to assess the adequacy of reserves.
- 3.6 Given that the PCC is required to meet the first 1% of any special grant requirement, it seems prudent that the current policy is to maintain general reserves at a guideline level of 3% of annual net revenue expenditure, with a minimum of 2.5% (£3.178m for 2017/18).
- 3.7 At present, there are no plans to use the General Reserve during the period of the MTFP, therefore, the forecast level of £4.163m as at the 31/8/19 equates to the following:
- 2018/19 3.27%
  - 2019/20 3.18%
  - 2020/21 3.13%
  - 2021/22 3.07%
  - 2022/23 3.02%
- 3.8 These plans are consistent with the strategy.

#### 4. Earmarked Reserves

- 4.1 In addition to the General reserve, the PCC holds a number of reserves which are earmarked for specific purposes.
- 4.2 The predicted position for each earmarked reserve as at 31/3/18, together with an outline of its specific purpose is attached at Appendix B.
- 4.3 At the 31/3/18, it is estimated that the PCC will hold £7.9m in Earmarked Reserves which are as follows:

**Pensions £1.171m** – This reserve is used to smooth the impact of ill-health retirements and to meet the costs of any ill—health or injury retirements in excess of budget provision. An initial review with the Force has highlighted that it is not anticipated that the full value of this reserve is required to meet the potential budget risk and this provides the opportunity to review other pension related pressures. During 2018/19, the Force and PCC CFO will discuss with the Local Government Pension Scheme and Actuary whether there is the potential of utilising some of this reserve to minimise future actuarial increases.

**Insurance £1.002m** – This reserve holds funds set aside where considered prudent for Civil Claims (Public and Employer liability) in line with professional advice.

**Capital/Transformation Fund £1.404m** – this reserve was set aside to smooth the impact of funding or savings fluctuations and support future Capital expenditure

requirements and investment. In the national reserves survey, Northamptonshire's level of capital reserves is significantly lower than the national average.

**As part of the budget negotiations, the Force will be providing the PCC with potential for one off ICT and Capital investment proposals to reduce demand in the long term or increase efficiency and/or capacity to deal with demand. It is envisaged that the PCC will consider proposals to utilise these and/or invest to save reserves in 2018/19.**

**Invest to save £0.977m** – this reserve was set aside to fund specific agreed schemes that will deliver long term efficiency savings for the Force and OPCC. Current plans assume that this reserve will be utilised by 31/3/19. It is recommended that this Reserve is reviewed alongside the Capital/Transformation Fund requirements in 2018/19.

**Joint Venture £0.563m** – this reserve relates to previous years underspends on regional collaboration and is set aside to meet future regional costs, for example, the PCC contribution to the Regional PCC Governance Team or other future investments required to support regional working.

**Safer Roads £1.306m** – this reserve relates to funds in excess of expenditure for use in line with specific criteria for equipment or road safety initiatives.

**The PCC has highlighted Road Safety as a priority within his 2018/19 budget and has commissioned the Force and his office to identify proposals for this reserve for which plans are being prepared to have a direct and beneficial impact on Northamptonshire residents in 2018/19.**

**PCC Initiatives/Early Intervention £1.5m** – this is to deliver funding to for specific initiatives of the Commission arising from the Police and Crime Plan, of which £1m is ring fenced for early intervention initiatives.

**The PCC recognises the work of the prevention and early intervention board and has asked for proposals to be prepared by the end of February 2018 to support investment in this important area in 2018/19 and future years.**

- 4.4 The forecast balance on the reserves, taking into account a prudent estimate of timings for proposals which are currently being developed is detailed within Appendix C.

## **5. Provisions**

- 5.1 The CIPFA Statement of Recommended Practice is prescriptive about when provisions are required (and when they are not permitted). Basically, a provision must be established for any material liabilities of uncertain timings or amount, to be settled by the transfer of economic benefits. In accordance with this statutory guidance, Northamptonshire established an 'Insurance Provision' which is reviewed as part of the closedown process for each year.



**6. Procedures for management and control**

- 6.1 Any drawdown from Reserves is subject to the approval of the PCC, on advice from the PCC's Chief Finance Officer (CFO); or under the delegated authority of the OPCC CFO.
- 6.2 The Local Government Act 2003 requires the s151 officer to report annually on the adequacy of the reserves and this is included within the statement on the robustness of the estimates used for the budget and the adequacy of the proposed financial reserves. .
- 6.3 The Strategy will be reviewed annually by the OPCC CFO as part of the Budget and Precept process.

**Northamptonshire Compliance with the 7 Key CIPFA Principles to assess the adequacy of reserves**

<b>Budget Assumptions (CIPFA Principles)</b>	<b>2018/19 Situation in Northamptonshire</b>
<b>The treatment of inflation and interest rates</b>	<p>Northamptonshire makes full and appropriate provision for pay and price increases, informed by benchmarking with peers.</p> <p>An informed assessment is made in the Treasury Management Strategy of interest rate movements.</p> <p>All income and expenditure in the budget is prepared and published at outturn prices.</p>
<b>Estimates of the level and timing of capital receipts</b>	<p>Northamptonshire has recently reviewed its estates strategy as a fundamental part of the capital programme and has made a prudent assumption of future capital receipts.</p>
<b>The treatment of demand led pressures</b>	<p>The Force is required to operate and manage within its annual budget allocation.</p> <p>Overtime budgets are devolved within the Force to enable operational leaders to make decisions and the Chief Constable retains an operational contingency to support additional major incidents.</p> <p>On an exceptional basis, agreement is sought from the PCC to utilise carry forwards to meet one off demand led pressures. Additionally, demand led pressures are scrutinised and built into the budget set by the PCC.</p> <p>Northamptonshire have identified savings over the years 2018/19 and 2019/20 which although manageable mean that opportunities for efficiencies are less than in previous years. However, the PCC will support investment in areas that reduce demand or which increase efficiency/capacity to deal with demand.</p> <p>General reserves are used as a last resort to manage and fund demand led pressures.</p>
<b>The treatment of Planned Efficiency Savings/Productivity Gains</b>	<p>The Force has identified £over £1.4m of operation balance (its change programme to deliver efficiencies and improvements) savings for the 2018/19 budget and over £1.8m savings identified savings as part of the base budget preparation.</p>

	<p>These savings have been verified by Finance and a list of further savings is currently being reviewed and finalised.</p> <p>The Force operate a Change Board which monitors investments, savings and efficiencies.</p>
<p><b>The financial risks inherent in any significant new funding partnerships, collaboration, major outsourcing arrangements or major capital developments.</b></p>	<p>The financial consequences of partnership collaboration working, outsourcing arrangements or capital investment are reported to the PCC as part of the medium term planning process. Where relevant, any additional costs are incorporated into the annual revenue budget and/or capital programme.</p> <p>The budget report highlights the risk that partners will withdraw funding as their own budgets are squeezed, or that the continued viability of private sector commercial partners will be exposed to risk in the face of an economic recession.</p>
<p><b>The availability of reserves, government grants and other funds to deal with major contingencies and the adequacy of provisions.</b></p>	<p>Northamptonshire have created a number of earmarked reserves and provisions to meet specific expenditure items. Their use and balances as at 31/3/18 are detailed in the attached appendix.</p> <p>Northamptonshire maintains an insurance provision, the adequacy of which is monitored in detail by the legal services insurance advisors, together with our insurance advisors.</p> <p>The access criteria for special grants state that PCCS may be required to fund up to 1% of their net budget requirement themselves before the Government considers GrantAid. This applies on an annual basis.</p> <p>Northamptonshire’s General Reserve provides sufficient scope to cover this eventuality.</p>
<p><b>The general financial climate to which the Authority is subject</b></p>	<p>In December 2017, the Provisional Grant Settlement was more positive than anticipated. This enabled the PCC to propose a precept increase of up to £12 for 2018/19 and provisionally for 2019/10.</p> <p>Until this announcement, the Medium Term Financial Plan had highlighted significant shortfalls up to the period 2022/23 of over £12m.</p> <p>Should the PCC take up the precept flexibility afforded to him then the revised shortfall would be over £2.6m for the same timescale.</p> <p>The medium term financial plan reflects the “best estimate” of future inflation rates and increases in government grants and contributions.</p>

**RESERVES OF THE POLICE AND CRIME COMMISSIONER  
2017/18 to 2022/23**

	Rationale	How and when used	Level	Management and control	Risk	Review
<b>GENERAL RESERVE</b>	<p>To maintain a degree of in-year financial flexibility;</p> <p>To enable the Commission to deal with unforeseen circumstances and incidents;</p> <p>To set aside sums for known and potential liabilities;</p> <p>To provide an operational contingency at service level.</p>	<p>To meet exceptional spending needs or overspends which are unable to be otherwise financed at the year end.</p> <p>To smooth the profile of tax revenue over a medium term financial period</p> <p>To allow higher spending without raising council tax on a one-off basis</p>	<p>General principle of 3% of net budget requirement, with a minimum level of 2.5%</p> <p>Estimated <b>£4.163m</b> at 31.03.2018</p>	PCC, on advice from PCC CFO	<p>May be inadequate for major catastrophe, which could jeopardise financial status and reputation of the Commission.</p> <p>The Commissioner would have recourse to Home Office discretionary special grant if costs exceed 1% of budget or CLG Bellwin scheme for natural disasters</p>	Annual
<b>PENSIONS</b>	<p>To meet the costs of any ill—health or injury retirements which are unbudgeted and fall directly on the Commission.</p> <p>Also to cover any significant overspend on the employer contributions to the Pension Account</p>	<p>Annually as required.</p> <p>Transfers out depend on the amount resulted from successful claims during the year.</p> <p>Historically there has been budget provided within the Force revenue budget for approximately 6 claims in a year. Any unused budget within a year would represent transfers in.</p> <p>The consideration of utilising this reserve towards the reduction on actuarial is currently in progress</p>	<p>Estimated <b>£1.171m</b> at 31.3.18</p>	PCC, on advice from PCC CFO	<p>Significant ill health or injury awards beyond normal profile create pressure on reserve or leave excess funds unused.</p> <p>Significant change in officer numbers or grades lead to unbudgeted employer pension contributions in-year.</p>	Annual

	Rationale	How and when used	Level	Management and control	Risk	Review
<b>INSURANCE</b>	To cover the potential and contingent liabilities of uninsured risks as assessed annually by our insurers based on claims outstanding.	Balance will increase or reduce annually dependent on the Commission's outstanding claims record.  Currently excess limit is £150k per claim  Increased in 2017/18 following advice from external audit	Will vary according to annual risk assessment  Estimated <b>£1.002m</b> at 31.3.2018	PCC, on advice from PCC CFO	If no reserve is held the Commission is potentially open to significant excess and claims payments in year beyond available revenue budgets.  Assessment by insurers needs to be realistic not unduly pessimistic.	Annual
<b>PCC INITIATIVES/EARLY INTERVENTION</b>	To deliver funding to for specific initiatives of the Commission arising from the Police and Crime Plan  To provide funding to deliver radical solutions to deliver the Police and Crime Plan	As required – typically informed by approved business cases for bids on the Fund.  Currently £1m has been earmarked for Early intervention and this will be increased by £0.5m from 2017/18 carry forwards.	Estimated <b>£1.5m</b> at 31.3.18  PCC priority to identify proposals in 2018/19.	PCC, on advice from PCC CFO	Initiatives not adequately defined or delivered hence poor VFM	Annual
<b>SAFER ROADS</b>	For surpluses of fines and speed awareness course income over expenditure that is reinvested in replacement equipment and road safety initiatives.	As required – typically informed by approved business cases for bids on the Fund.	Estimated <b>£1.306m</b> at 31.3.18  PCC priority to identify proposals in 2018/19.	PCC, on advice from PCC CFO	If Fund was not maintained then safety initiatives would have to be funded from the revenue budget or not implemented.	Annual
<b>CAPITAL/TRANSFORMATION</b>	To cover: O Unachievable Forces savings. O Strategic Alliance Investment (revenue and capital). O Capital Programme pressures. O Estates Programme Phase 2 investment (excess over receipts) O Government funding fluctuations	As required – typically informed by approved business cases for bids on the Fund.	Estimated <b>£1.404m</b> at 31.3.18  PCC priority to identify proposals in 2018/19.	PCC, on advice from PCC CFO	If Fund was not maintained then the investments in to the pressures noted would not be able to be financed.  The Force have unrealistic expectations of c/f requirements.  Actual delivery and expenditure is above or below reserve level.	Annual

<p><b>INVEST TO SAVE</b></p>	<p>To fund specific agreed schemes that will deliver long term efficiency savings for the Force and OPCC.</p>	<p>To access the funds business case has to be demonstrated and with specific future savings to the organisation identified</p>	<p>Estimated <b>£0.977m</b> at 31.3.18  Reserve is estimated to be nil at 31.3.19</p>		<p>If funds were not maintained there would be no availability for Invest to save projects and such initiatives would have to be funded from the revenue budget or not implemented.  The need of such reserve arose due to increased amount of savings that Force and the PCC would have to find due to present economic environment and availability and funding</p>	<p>Annual</p>
<p><b>JOINT VENTURE</b></p>	<p>Transfers in relate to underspend on regional collaboration. Transfers out represent contribution towards regional decisions</p>	<p>Upon requirement on decision made to contribute towards projects in relation to regional collaborations.  Decisions made on East Midlands PCC and CC Boards</p>	<p>Estimated <b>£0.563m</b> at 31.3.18.</p>	<p>PCC, on advice from PCC CFO</p>	<p>If funds were not maintained, there would be a risk of regional projects not being supported.</p>	<p>Annual</p>

## Summary of Revenue and Capital Balances 2017/18 to 2022/23

Key: (1) Plans to be considered in 2018/19 and impact of timings estimated

<b>Reserve</b>	<b>Forecast Balance £m 31/3/18</b>	<b>Forecast Balance £m 31/3/19</b>	<b>Forecast Balance £m 31/3/20</b>	<b>Forecast Balance £m 31/3/21</b>	<b>Forecast Balance £m 31/3/22</b>	<b>Forecast Balance £m 31/3/23</b>
<b>General</b>	<b>4.163</b>	<b>4.163</b>	<b>4.163</b>	<b>4.163</b>	<b>4.163</b>	<b>4.163</b>
<b>Pensions (1)</b>	<b>1.171</b>	<b>0.671</b>	<b>0.671</b>	<b>0.671</b>	<b>0.671</b>	<b>0.671</b>
<b>Insurance</b>	<b>1.002</b>	<b>1.002</b>	<b>1.002</b>	<b>1.002</b>	<b>1.002</b>	<b>1.002</b>
<b>PCC Initiatives/Early Intervention (1)</b>	<b>1.500</b>	<b>1.000</b>	<b>0.500</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Safer Roads (1)</b>	<b>1.306</b>	<b>1.000</b>	<b>0.500</b>	<b>0.500</b>	<b>-</b>	<b>-</b>
<b>Capital/Transformation (1)</b>	<b>1.404</b>	<b>1.219</b>	<b>1.000</b>	<b>1.000</b>	<b>0.500</b>	<b>0.500</b>
<b>Invest to Save (1)</b>	<b>0.977</b>	<b>0.489</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Joint Venture</b>	<b>0.563</b>	<b>0.563</b>	<b>0.563</b>	<b>0.563</b>	<b>0.563</b>	<b>0.563</b>
	<b>12.086</b>	<b>10.107</b>	<b>8.399</b>	<b>7.899</b>	<b>6.899</b>	<b>6.899</b>