

Meeting	Police and Crime Panel
Date	7 th January 2021
Report Title	Draft Budget Settlement
Report presented by	Angus Macpherson, Police and Crime Commissioner
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1.0 Purpose

- 1.1 This paper provides the panel with information on the draft budget and precept being considered.

2.0 Background

- 2.1 On the 17 December the provisional settlement was announced by the government. This settlement confirmed that PCCs would be able to increase Band D Council Tax by £15 and that £415m has been provided to fund an additional 6,000 officers nationally. Whilst this is good news the usual letter to PCCs identifying requirements and detailing the settlement is still outstanding, when this is received it may lead to some changes in my proposals.
- 2.2 The MTFS forecasts the estimated financial position over the next 4 years and the impact this has on my ability to commission services. There remains no certainty surrounding future years funding, this is a one-year settlement.
- 2.3 With the lack of funding information, it means financial planning beyond 2020-21 is more uncertain than usual. The impact of Covid 19 on the economy and future settlements alongside the government's desire to continue increasing officers makes estimating future settlements very difficult. These risks are in my mind as I look to secure the viability of the service in future years. I am cognisant that decisions I make today will impact finances available over the medium and long term and to future PCCs.

3.0 Central Grant

- 3.1 The Total Grant announced is £73.946m, this is a £3.384m increase on the £70.562m provided in 2020-21. Whilst the detail has not been provided by the Home Office, it is assumed that this increase is Wiltshire's share of the £415m of the Uplift grant provided ($£415m \times 0.81\% = £3.362m$).

3.2 This shows that no additional funding has been provided for inflationary growth or other funding pressures. It is assumed that this must be funded by the precept increase and savings.

4.0 Council Tax Scenarios

4.1 Figures reported by the Government suggest a £7.3m increase in funding for Wiltshire. These figures are dependent on me increasing the Band D Council Tax by £15. This would raise £3.8m.

4.2 I have asked for 3 scenarios to be modelled;

- Option A – To increase council tax by £15 per annum (6.9%)
- Option B – To increase council tax by £12 per annum (5.5%)
- Option C – To increase council tax by £10 per annum (4.6%)

4.3 The impact of a 1% increase in council tax is £0.570m

4.4 The figures calculated consider a slight reduction in the Council Tax Base and the funding of the collection fund deficit, more detail is shown later in the paper.

5.0 Total Funding Scenarios

5.1 The table below shows the estimated funds I will have available under these options. This paper focuses on 2021-22, the MTFS shows future funding position with the caveat that they are based on numerous assumptions due to the lack of information.

	2020-21 Budget	2021-22 Option A £15 CT incr.	2021-22 Option B £12 CT incr.	2021-22 Option C £10 CT incr.
Central Grant	£62.942m	£66.909m	£66.909m	£66.909m
Local Precept (CTax)	£57.055m	£61.004m	£60.213m	£59.685m
Legacy Council Tax Grant	£5.235m	£5.235m	£5.235m	£5.235m
Collection Fund	£0.293m	-£0.078m	-£0.078m	-£0.078m
Investment Income	£0.200m	£0.079m	£0.079m	£0.079m
Standard Funding available to commission services	£125.725m	£133.149m	£132.358m	£131.830m
Ringfenced Uplift Grant	£1.384m	£0.800m	£0.800m	£0.800m
Standard Funding + Uplift	£127.109m	£133.949m	£133.158m	£132.630m
Swindon PFI Specific Grant	£2.067m	£2.067m	£2.067m	£2.067m
Police Officer Pensions Grant	£1.002m	£1.002m	£1.002m	£1.002m
Special Policing Specific Grant	£1.117m	£1.117m	£1.117m	£1.117m
Total Funding	£131.295m	£138.135m	£137.344m	£136.816m

- 5.2 In addition to this I have central funding allocated to me to commission victims services and to support restorative justice. No information has been provided on this figure, currently I am planning on this remaining stable at £0.892m.
- 5.3 When I consider council tax increases, I am focused on protecting local policing and the long-term funding position. To not increase council tax at this time will have considerable impacts on the future ability to commission policing and crime services.
- 5.4 In 2020-21 Wiltshire received central funding of £97.76 per head of population under the current formula. This compares to a national average of £123.91 per head. Being the 4th lowest centrally funded PCC per head of population increases my reliance on council tax.
- 5.5 A £15 per annum increase in Council Tax will result in Wiltshire's Band D council tax increasing from £216.27 to £231.27 (6.9% increase). The table below shows that even with no increases in the rest of the South West, Wiltshire's policing precept will still be lower than Gloucestershire and Dorset. It is, however, likely that even with a £15 increase Wiltshire will remain the lowest in the region.

	2020-21 Act Band D CTax	Wiltshire £10 inc	Wiltshire £12 inc	Wiltshire £15 inc
Gloucestershire	£257.25			
Dorset	£240.58			
Avon & Somerset	£227.81			
Devon & Cornwall	£221.64			
Wiltshire	£216.27	£226.27	£228.27	£231.27

- 5.6 In calculating the funding available a slight decrease in the council tax base has been included. The decrease for Wiltshire Council is 0.22%, in Swindon Borough Council an increase of 0.5% has been declared. This results in a consolidated reduction in the council tax base of 0.1%. Since the introduction of this funding mechanism this is the first time there has been a decrease in the base in Wiltshire.
- 5.7 Covid 19 has also affected the number of people paying council tax. For the first time this has led to a collection fund deficit (estimated at £0.934m for Wiltshire Police). The government have introduced support to help finance deficits, the impact on this to Wiltshire Police is currently being worked through. At the time of writing it is assumed that 75% of the combined deficit will be funded, this leaves £0.234m. Legislation has been introduced to share this cost over 3 years (£0.078m p.a).
- 5.8 The Legacy Council Grant has remained at £5.235m since 2013-14. This grant compensates PCCs for not raising the precept between 2011 and 2013. The MTFS assumes that this grant will continue in future years with no increase or reduction (i.e. Cash flat).

6.0 Future Funding

- 6.1 In recent years there has been a debate surrounding the policing funding formula. Due to our low funding per head of population, it is reasonable to expect that a change will benefit Wiltshire. It was anticipated that the change would be implemented in 2017-18, however, it was delayed. It was then announced that this would occur in 2018-19 but no progress has been made. Information suggested that 2021-22 would be the earliest that any change will be implemented, however, with Covid this has not occurred.
- 6.2 Considering the delays in a fair funding settlement and the impact council tax income will have on policing in Wiltshire now and in the future, I will be proposing to consult the public surrounding an increase to the Band D Council Tax of £15 this year (Option A). In comparison to Option B (£12 increase) this would provide additional funds of £0.791m to keep the people of Wiltshire safe, year on year, for an additional 25p per month per Band D property.
- 6.3 The use of reserves is a high-profile issue within the police service. Within the MTFS I have revised my policy and set out clearly how I intend using them in the short to medium term.
- 6.4 There remains an expectation that the police improve efficiency, productivity and effectiveness. Whilst I intend that Wiltshire will continue to improve its efficiency and effectiveness the ring fencing of police officer numbers with the Uplift Grant will make this more difficult.

7.0 Uplift Grant - Police Officer Numbers

- 7.1 As detailed in paragraph 3.1, Wiltshire has received the equivalent of £3.361m (with £0.800m ringfenced) to fund the cumulative 97 uplift officers (year 1 49 and year 2 48). It is proposed to set aside £4.234m to finance these officers and the costs surrounding their introduction (training, ICT, uniform, vehicles, etc..).
- 7.2 By the end of 2021-22 Wiltshire Police, I will have increased police officer numbers to 1,098 officers, from a low position of 934.
- 7.3 It is proposed to allocate the additional 48 officers as below;

	Officers
Starting Position (1 April 2020)	1,050
Reg. Organised Crime Units (prescribed in Grant)	2
Authorised Firearms Officers	4
Force Command Structure	7
Fraud Prevention	1
Neighbourhood Capabilities	16
Protecting the Vulnerable	18
Total	1,098

- 7.4 Whilst it will be some time before the officers are available for independent deployment it is planned to post 16 into the Neighbourhood. The table below shows

the proposed split and the benefits expected which all relate to the Police and Crime Plan.

<p>7 Community Intelligence Dev. 2 Rural Crime 3 Community Road Safety 4 Early Intervention</p>	<ul style="list-style-type: none"> • Intelligence investment will allow improved focus on community problems, better understanding and ultimate reduction of crime (acquisitive, community based drug dealing, low level assault, ASB, community tension issues i.e. youth gang culture) • Will result in efficient daily tasking rather than sporadic, poorly informed targeting • Increase in high-quality community intelligence submissions at a neighbourhood level • Enhanced Rural Crime capability • Focussed Community Speed-watch prevention and enforcement capability • Greater focus on preventative activities, not reactive problem solving
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7.5 18 officers will also be invested in Protecting the most Vulnerable. This would see, for instance, investment in both exploitation and cyber teams. This will help to increase capacity in areas of new crime demand and complex crime types.

7.6 With an increase of £15 I will also be able to maintain the current PCSO establishment at 132.

8.0 The Capital Financing Strategy

8.1 In 2019-20 I reviewed my strategy surrounding capital financing. With low levels of central grant (£0.109m p.a. in 2020-21 and 2021-22) and reducing reserves the financing of essential ICT investment and making our facilities fit for modern day policing has become a concern. I therefore implemented a policy which included borrowing for the first time to finance long term capital projects in 2019-20.

8.2 I have reviewed this strategy in 2020 with the following objectives;

- To finance the revised 2021-21 plan
- To review cost estimates for reasonableness
- To improve the alignment of financing to the asset benefit length
- To take into account forecasted lower capital receipts
- To, if possible, reduce the revenue consequences in 2021-22.

8.3 All these objectives have been achieved with the revenue consequences in 2021-22 reducing from £2.505m to £2.329m, a £0.176m reduction. The revised strategy is included as part of the MTFS.

9.0 The Revenue Budget Proposal

9.1 The table below identifies the current Budget Proposal at a high level (more information is included in the MTFs) to meet the funding allocation of £133.949m available with the £15 Council Tax increase.

Budget Bfwd	£125.724m
Unavoidable costs	£3.280m
Planned and Demand based Investments	£0.742m
Officer Uplift costs	£4.234m
Collision Investigation Equipment	£0.250m
Overtime	£0.303m
Sub Total	£134.533m
Savings	-£0.584m
Budget Requirement	£133.949m

9.2 There are several costs which are unavoidable, these include inflation and a number of items which are nationally mandated. The national increases surround Air Support, ICT systems, Single on Line Home and pensions.

9.3 The Planned and Demand based investments cover several areas which are considered critical or mandated posts, for instance Child Protection Conference Staff, Scrutiny Post, and Complaints Administrators.

9.4 It also includes the outcome from the Force Management Statement (FMS). The FMS is a mandated self-assessment tool required by HMICFRS. This is the third year it has been produced and totals over 700 pages. It requires forces to self-assess current levels of service and look ahead to identify future capacity issues. This is used by the Chief Constable to provide the PCC with advice and evidence for investments required to respond to policing challenges. Also included within this section are 3 staff to improve the efficiency of Out of Court Disposals, these staff will administer local resolution work. This is currently undertaken by Police Officers when time allows, having dedicated resources undertaking this is expected to result in lower reoffending and better victim satisfaction rates.

9.5 In 2022 all forces must be ISO accredited to undertake Collision Investigation work. To meet the requirement the Force must invest in Equipment, ICT and estate. The initial Business Case has been produced, whilst not formally approved yet the need to invest in this area is unavoidable.

9.6 In recent years the force has overspent its overtime budget. Whilst pressure is being maintained to reduce costs and incur overtime only when essential there is a need to keep to minimum staffing levels for Authorised Firearms Officers and for CPT Officers to respond to community policing needs. This funding will allow us to allocate budgets where essential and then hold commanders to account knowing their budget allocation is reasonable. It is expected that this level of funding can reduce in the long term when the 3-year uplift in officers is complete and the new officers are available for independent deployment.

10.0 OPCC Direct Expenditure

- 10.1 In 2020-21 I intend retaining £1.632m for the Office of the PCC (OPCC) and £1.646m for direct commissioning. This total of £3.278m remains at 2.4% of the budget.
- 10.2 The OPCC cost includes 3 staff commissioning services. These staff commission the services required to deliver the Police and Crime Plan, in 2020-21 they commissioned services in excess of £3m. This year the team have distributed external grants including £0.482m of extraordinary Covid grants for domestic and sexual abuse services, £0.892m victims funding (para 5.2) and have been successful in a £0.200m bid for further domestic abuse support over the next two years.
- 10.3 The 2020-21 commissioning budget was presented to the PCP at the March 2020 meeting, it is intended to present the new budget to the PCP in March 2021.

11.0 Savings Plans

- 11.1 It is proposed to deliver £0.584m of direct savings. By embedding some changes which have been imposed by Covid, with a number of staff working from home, £0.181m is considered deliverable by reducing travel, copying, conference fees, etc.

12.0 Reserves

- 12.1 A complete review of reserves has taken place with the outcome disclosed in the MTFS. The value of the general reserve has been considered and I am advised that £3.328m (2.5% of the revenue budget) is acceptable.

13.0 Risks

- 13.1 There remain some questions about the funding as the normal settlement letter has not been received, when received changes may be required. It should be noted that this is a provisional settlement which can change.
- 13.2 The national reduction in Top slice surrounding ROCU's (Regional Organised Crime Units) is a concern. Over £50m has been removed from the national settlement. There is no explanation as to how ROCUs will be financed without this money and whether there will be a call for increased local funding.

14.1 Conclusion

- 14.1 This paper shows the panel my MTFS and my current thinking surrounding the 2021-22 precept. I believe a £15 Band D increase per household per year is appropriate and it is my intention to consult the public on this.