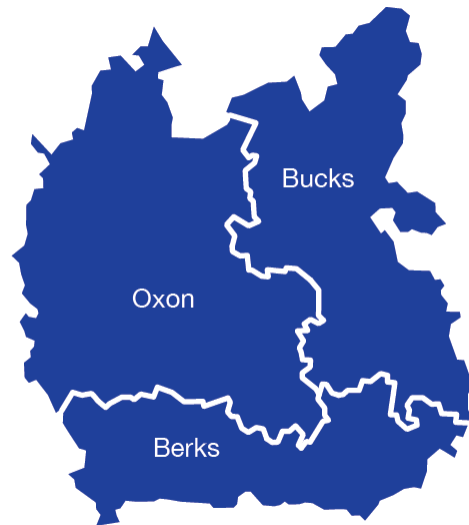


Agenda

- Date:** Friday, 14 February 2020
- Time:** 11.00 am
- Venue:** Paralympic Meeting Room,
Aylesbury Vale District Council
Offices, Gatehouse Road,
Aylesbury, Bucks HP19 8FF



Map and Directions

The Briefing Meeting for Members will be held at 10am. There should be sufficient space in the car park at the Council Offices.

<http://www.aylesburyvaledc.gov.uk/finding-us>

5. Report of the Budget Task and Finish Group

The report will be presented by Councillor Barrie Patman, Chairman of the Budget Task and Finish Group.

Date of next meeting: 20 March 2020

Panel Members

Councillor Kieron Mallon (Oxfordshire County Council) (Chairman), Councillor Trevor Egleton (South Bucks District Council) (Vice-Chairman), Councillor Bill Bendyshe-Brown (Buckinghamshire County Council), Councillor Robin Bradburn (Milton Keynes Council), Councillor David Cannon (Royal Borough of Windsor and Maidenhead), Councillor David Carroll (Wycombe District Council), Councillor Nigel Chapman (Oxford City Council), Councillor Neil Fawcett (Vale of White Horse District Council), Councillor John Harrison (Bracknell Forest Council), Councillor Sophia James (Reading Borough Council), Councillor Andrew McHugh (Cherwell District Council), Phillip Morrice (Independent Member), Councillor Mohammed Nazir (Slough Borough Council), Councillor Barrie Patman (Wokingham Borough Council), Councillor David Rouane (South Oxfordshire District Council), Councillor Jonathan Waters (Chiltern District Council), Councillor Mark Winn (Aylesbury Vale District Council), Councillor Howard Woollaston (West Berkshire Council), a vacancy (West Oxfordshire District Council) and a vacancy (Independent Member).



Thames Valley

Police & Crime Panel

Report to the Thames Valley Police & Crime Panel

Title: Report of the Thames Valley
Police & Crime Panel Budget
Task & Finish Group

Date: 14 February 2020

Author: Chairman Budget Task and
Finish Group



Background

1. As in previous years, the Thames Valley Police & Crime Panel formed a Budget Task & Finish Group to assist in discharging its statutory duty to scrutinise the Police & Crime Commissioner (PCC) for Thames Valley's proposed council tax precept for 2019/20. The process will be formally undertaken at the 14 February 2020 meeting of the Panel where a decision will be made by the Panel on whether to accept or veto the PCC's proposed precept.

2. It should be noted that in normal circumstances the PCC would notify the Thames Valley Police and Crime Panel of his proposed council tax precept by 1st February 2020. However, this was not possible this year given that the Police Grant Settlement for 2020/21 was not announced until 22 January 2020 making a formal proposal to the Panel before 1st February was not possible. The PCC, therefore, agreed with the Chairman of the Panel that the budget setting meeting should be held on 14th February 2020.

3. This lateness of the preparation of the draft budget and proposed council tax precept has meant that the Budget Task and Finish Group has only had one meeting to consider and scrutinise the proposals.

4. Members of the Budget Task and Finish Group attended the PCC's Level 1 meeting with the Chief Constable of TVP on 4 February 2020, and then held their Budget Task and Finish Group immediately after this meeting. This meeting is considered by Panel members to be important to evaluate the budget that the precept partially funds, allowing the Panel to make an informed decision on the adequacy of the precept when it meets on 14 February. This was the work undertaken by the Budget Task & Finish Group who included Cllr Patman (Chairman) and Cllr McHugh (Vice-Chairman).

5. The relevant papers were published into the public domain in draft form for consideration at the PCC's Level 1 meeting with the Chief Constable of TVP on 4 February 2020. They included:

- i. Four Year Medium Term Financial Plan
- ii. Draft Capital Programme

- iii. Reserves, Balances and Provisions
- iv. Financial Strategy

6. The proposed increase to the police element of the Council Tax by £10 per annum for 2020/21 (for a Band D property). The Task & Finish Group formulated its view on the adequacy of the precept and agreed the recommendation to the Panel at paragraph 5, subject to satisfactory responses to the questions raised at Appendix A and any other supplementary questions asked at the Panel meeting on 14 February.

RECOMMENDATIONS

1. **That the Panel approve the Police and Crime Commissioner's precept for 2020/21 as set out in the OPCC report 'Revenue Estimates 2020/21 and Medium-Term Financial Plan 2020/21 to 2023/243', subject to satisfactory responses to the questions raised at Appendix A and any other supplementary questions asked at the Police and Crime Panel meeting on 14 February 2020.**

Budget Task and Finish Group Meeting – 4 February 2020

7. Ian Thompson Chief Finance Officer, OPCC and Linda Waters Director of Finance, TVP outlined the changes to the Medium-Term Plan (MTFP) following the provisional Police Grant settlement for 2020/21.

8. The main changes highlighted as a result of the Final Settlement announcement and the papers issued for the PCC's Level 1 meeting with the Chief Constable of TVP on 4 February 2020 are as follows: -

National Headlines

9. The Home Office did not publish a provisional police grant settlement. Instead it went straight to Final Settlement which was announced on 22nd January

- £700m for the recruitment of 6,000 police officers by March 2021 and relevant infrastructure improvements needed to recruit 20,000 officers by March 2023, of which:
 - £532m to be provided through core grant
 - £168m ring-fenced for successfully meeting recruitment targets.
 - 7.5% increase in core funding
- £10 precept flexibility for all PCCs, or equivalent, which could generate an additional £248m nationally for local priorities
- £50m retained centrally to support delivery of the Police Uplift Programme
- £42m, in-lieu of inflation, added to the national reallocations pot
- £92m (9%) increase in reallocations to over £1.1bn in 2020/21
- Flat cash pension grant allocations compared to 2019/20 – still £153m
- Reduction of 74% to capital grant funding to PCCs
- Ending of the Police Transformation Fund

Reallocations

10. Reference was made to reallocations totalling £1.121bn, which was £92m higher than the previous year.

The £92m consisted of the £50m retained centrally to support the recruitment of 6,000 officers and the remaining £42m being an inflationary increase in the Home Office Budget.

Capital Funding

11. There was to be a 74% reduction in Police Capital Grants allocated to local forces (£74m).

Thames Valley response to the settlement

12. Overall the settlement announcement was good news with an additional grant and increased flexibility in council tax precept enabling the addressing of some service some service and performance issues by increasing resources, both police officers and police staff, alongside the investment in technology to improve productivity.

13. Reference was made to the expected increase in demand for services over the next four years, particularly in relation to increases in terror related incidents, County Lines, cybercrime, increased reporting of complex crimes such as general sexual exploitation and Domestic Violence (DV).

14. The increase in police officer numbers nationally of 6,000 by the end of March 2021 and a further 14,000 by March 2023 would result in around an additional 183 officers in the Thames Valley in the coming year. It was noted that the impact of this would not be felt immediately.

15. It was still important that there was a focus on increasing productivity by investing in technology and ensuring the appropriate process and cultural change flows from that investment to improve effectiveness. Reference was made to the assumption being made that for 2021/22 and beyond that there would be full funding for additional officers under the national uplift programme, but there would only be a 1% increase in core grants and a return to the 2% council tax precept rise.

Four-year Medium-Term Financial Plan 2020/21 to 2023/24

16. The Budget Task and Finish Group was informed that the MTFP was formulated on the recommendation that the Band D council tax precept will rise by £10 (4.85%) in 2020/21. This was an increase of less than 20 pence a week is based on the increasing demands within the budget and the guidance set out in the funding settlement which allows PCC's to increase council tax precepts up to this level.

17. As mentioned Thames Valley Police (TVP) has been allocated an additional 183 officers from the first tranche of 6,000 officers to be delivered by 31 March 2021. The funding settlement allows for the full funding of these officers in the financial year and provides an uplift to allow for additional infrastructure and support costs for the full uplift of officers over the next three years. Estimated infrastructure funding needs for the future years from the current year's settlement needed to be set aside.

18. 2020/21 financial year is balanced, however there are still variances in years 2-4 of the plan. At this stage there are a significant number of unknowns around future funding levels and increases in officer numbers, these should become clearer following the Spending Review later this year.

19. The budget presented aims to support the delivery of the PCC and force priorities

which are outlined in the PCC's report and delivers a police service for Thames Valley by responding to the public with

- the call management service,
- crime prevention,
- Investigations being carried out by local teams for volume crime with serious and complex crime dealt with by the Force Crime and Protecting Vulnerable People (PVP) units,
- protecting vulnerable people,
- managing offenders,
- serious organised crime: The number of active Organised Crime Groups (OCG) in the TVP area remains around 70, County Drug Lines are now recorded separately.
- Major Events: The Joint Operations Unit is a collaborative unit with Hampshire Constabulary and provides specialist policing, including Firearms Operations and Roads Policing.

20. Reference was made to the removal of the funding for the temporary Case Investigators being removed because of the increase in police numbers.

21. There were two new entry routes into policing, the Police Constable Degree Apprenticeship (PCDA) and Degree Holder Entry Programme (DHEP). This was a change to the way police officers were trained.

22. Technology and equipment such as smart phones, laptop computers, Tasers and Body Worn Video continued to be reviewed and increased to provide officers and staff with the tools they required to provide an effective service. There was a substantial cost to support, maintain and replenish these tools.

MTFP Assumptions

23. For the next 4 years in compiling the MTFP the following assumptions have been made;

- General inflation will be applied at 2.0% in each of the next 4 years;
- Specific inflation rates are based on sector led rates, e.g. Premises at 5.7%, Fuel at 7.0% and Utilities at 4% per annum;
- Specific inflation has been applied to the facilities contracts to allow for wage uplifts in relation to the National Minimum Wage (NMW) and recruitment issues (9.1%),
- Pay inflation has been included at 2.5% per annum for both Police Officers and Staff,
- Council tax precept to increase by £10 (4.85%) in 2020/21; with future increases at 2.0% per annum;
- Council tax billing base to increase by 1.66% in 2020/21; with following increases at 1.5% per annum;
- General police grants to rise by 7.5% in 2020/21; with following increases at 1.0% per annum over the period.
- The use of reserves to support the MTFP & MTCP, but these will be significantly committed by the end of the four-year period.
- The future investment in technology, whether direct capital purchase or revenue service contracts will need to be funded by revenue given the diminishing level of reserves and the very low level of annual capital grant. This final assumption continues to reflect the increasing demand for investment in technology and the

expectation that this will continue with the rollout of national programmes to address the Policing Vision 2025, against declining reserves and minimal capital grant. The provision within the MTFP for the direct funding of capital has increased to provide an annual fund of £11m by 2021/22. This is seen as a sensible approach to future financial sustainability.

Inflation and Pay Commitments

24. Overall inflation and pay commitments for 2020/21 adds £13.47m (average rate of 3.21%) to the annual budget, a further £11.76m in 2021/22 (average rate of 2.59%), £11.87m in 2022/23 (average rate of 2.54%) and £12.23m in 2023/24 (average rate of 2.59%).

Current Service

25. Necessary items to maintain the current levels of service within Thames Valley include:

- Increase for the number of bank holidays that need to be funded for additional overtime payments in the year (£0.42m)
- An increase in debt charges of £0.74m to support the borrowing taken out to facilitate the purchase of new premises for Reading police station and the SEROCU.
- Growth for a number of essential new posts– total £0.23m
- Funding for growth in contributions to the regional ROCU; (£0.33m)
- Removal of the contingency funding for the in-house provision of custody services; (£0.30m)
- Growth for the increase in costs associated with the introduction of the Degree Holder Entry Programme (DHEP) for the recruitment of police officers; £1.42m
- Removal of pension strain and redundancy specific budgets, with future costs to fall against direct savings or be met from reserves as appropriate; (£0.24m)
- An increase in the provision for motor insurance claims, funded from the Insurance specific reserve (£0.5m)
- Increase for the charges in relation to nationally run and delivered IT systems (£0.85m)
- Funding for a reduction in the dedicated security grants (£0.2m).

Items of growth to improve performance and meet demands

26. Reference was made to the reduction in capital receipts which would mean this growth area would have to be funded from revenue accounts and reserves.

- Direct Revenue Funding has been re-phased over the MTFP periods to support and enable future technology refreshes of hardware, together with a provision for any changes in the way technology (cloud technology) (£1.53m);
- Costs for the on-going implementation work in preparation for the national Emergency Services Network infrastructure (£0.38m);
- A review of property schemes funded from reserves has been undertaken with a consequential reduction in growth; (£0.32m)
- ICT growth has been included to implement the Aceso software and the new Target Operating Model, together with a reduction in rationalisation expenditure; (£0.79m);

- Improvements to the contact management system to support staffing levels etc (£0.76m);
- Removal of temporary case investigators which reduced the growth in local front line policing, offset by the funded increase in officer establishment over the next 12 months (£1.18m);
- Volume and complex investigations has increased by £1.85m;
- Growth in digital development programmes has decreased by £1.1m;
- A revised implementation plan for the EQUIP programme has meant that costs will not start until later in the year, reducing the financial consequences in 2020/21 to £0.29m
- Various smaller Tier 1 essential growth initiatives have been included for: Firearms trainer uplift; Fire investigation accreditation; Digital evidence investigators, and ISO accreditation for the Forensic Collision Investigation Unit (£0.43m).

27. Two areas of significant investment to increase officer numbers:

- **Operation Uplift** – National increase in Officer numbers -TVP has been allocated 183 additional officers from the first allocation of 6,000 officers nationally. This uplift in officers has come with additional funding in the current years settlement and will cover the full additional costs of salaries and associated on-costs.
- The funding also allows for investment in additional infrastructure and capital investment
- Reference was made to it being unclear regarding where the funding was coming from for premises, transport, training, and other support areas, and also what the uplift in officers for years 2 & 3 may look like.
- MTFP has therefore made some assumptions around these areas and provides growth over the next three years to ensure that funding is available to fully train these new Officers.
- £9m of the £12m is directly related to the increases in on-going salary and associated revenue costs for the known increase of 183 officers in 2020/21
- The remaining £3m is related to the infrastructure investments for Equipment, Premises and Transport. This £3m is frontloaded funding for the known additional 183 officers, and also for estimated increases in years 2 & 3. Investments in these areas cannot be done on an annual basis or in a piecemeal fashion, which is why there is significant investment in year 1 of the programme.
- **Strategic Investment Funding (£4.2m) - Council** tax flexibility has enabled the identification several investment opportunities. These opportunities have been presented by the business and scrutinised through TVP CCMT and also the Joint Command Group with Hampshire police, as a number of the proposals are joint bids across the two forces. These areas will contribute to the strategic plan and include for example:
 - Pronto – mobile app to enable front line officers to complete forms etc with victims or offenders at crime scenes and to access law enforcement databases (1.14m);
 - Uplift in Tasers and specialist trained officers (£0.21m);
 - Retention – Initiatives to address issues relating to supporting mental and physical wellbeing of officers and staff (£0.50m);

Force Productivity Strategy

28. Reference was made to cash savings of £106m having been taken out of the base revenue budget over the last nine years and that it was now becoming difficult to identify further efficiency savings. Those new and changed initiatives were outlined which would bring about further efficiencies.

Reserves & balances

29. Based on current planning assumptions general revenue balances will stay slightly above the approved 3% target level throughout the next 4 years. Earmarked reserves are forecast to reduce from £24.5m on 1st April 2019 to just £3.5m by 31st March 2024, including £1.4m in the Conditional Funding and SEROCU reserves which are not available to support general operational policing.

30. The Optimism Bias reserve which was created in 2018/19 with the transfer of £12m from the Improvement and Performance reserve will be fully utilised by the end of 2021/22.

31. This reserve has been used to fund unexpected cost pressures on the Contact Management Platform (CMP) and the joint ERP solution with Surrey and Sussex (Equip).

32. Reference was made to the Improvement and Performance reserve which has been used to fund one-off expenditure items in both the revenue budget and capital programme, primarily estate issues. This reserve will only have £1.7m at the end of 2021/22 which means that future growth proposals will have to be accommodated within the medium term financial plan and funded by council tax or offsetting savings elsewhere in the budget.

33. Accumulated capital grants and reserves will be fully utilised by the end of 2020/21.

Capital Plan

34. The MTCP, comprises schemes costing £38.401m in 2020/21, which includes £1.062m of projects previously identified in the 2019/20 capital plan but which are now re-phased to allow for planning and tendering procedures, and a total of £84.416m over the 4 year period. .

35. The level of investment identified in the MTCP results in a funding surplus over the 4-year period of £3.948m. However, this includes plans to borrow £20.32m for Reading Police Station, the SEROCU western hub and Maidenhead Court in 2019/20 and 2020/21

36. The recommended 4-year MTCP (£84.416m) is in addition to the currently approved 2019/20 capital programme, adjusted for re-phasing to £44.373m, bringing total capital investment over 5 years between 2019/20 and 2023/24 to over £128.789m.

37. Since March 2019 withdrawal of £8.92m from the Optimism Bias (OB) Reserve has been approved/recommended to support risks materialising on capital projects. This has mainly been to ERP and CMP projects.

38. Beyond the current MTCP period capital receipts from one off sales of assets would become difficult to identify and realise. Reference was made to the potential sale of the land at Go well Farm in Bicester, however, there was no certainty regarding this.

39. Direct Revenue Funding to the Capital Programme would have to be increased to enable funding of maintenance of the technology infrastructure for example.

Points of clarification sought by the Task and Finish Group

- Reference was made to the welcome news of an almost return to full Police establishment, but reference was made to the freeze to Police Community Support Officers which had left some vacancies. In response it was reported that the level of vacancies would be held and that those posts which were funded in partnership with local authorities would be filled.
- Regarding operation uplift further detail was given on the breakdown of the £12m growth, with £9m going towards salaries and vehicles etc and the remaining £3m frontloaded for infrastructure costs for the known 183 officers and for estimated increases in the second and third years.
- An important point was made that the national figure of 20,000 officers, included around 6,000 police support staff.
- Front line Police Officers required greater technology which was reflected in the growth in infrastructure costs.
- Pronto improved efficiency and enabled front line Police Officers to access data and speed up the process of reporting and dealing with crime.
- Tasers – Funding was for the actual devices and it was not clear where the funding would come from for the actual cartridges which were used in great numbers during training.
- The use of drones was welcomed, and it was acknowledged that this capability had many opportunities in the future.
- Regarding the Degree Holder Entry Programme, it was reported that this was a national initiative with the course being two years. The apprenticeship scheme was a three-year course.
- Regarding the assumptions made on fuel costs, Members were informed that Thames Valley Police Annual fuel bill was £2.5m a year and reference was made to the volatility of the middle east which majorly impacted on this assumption.
- A question was asked regarding the housing market and that house sales had slowed down and it was asked was this taken into consideration in the estimates for revenue from Council Tax precept. In response it was reported that the number of properties were slightly down on previous years but this had been taken into consideration in the assumptions. (Council Tax assumption £1.6m).
- In relation to further efficiency savings, it was reported that the Police were always looking at different ways of working, using new technologies, to improve efficiencies and service to the public.
- Enterprise Resource Planning (ERP) – The financial HR system would be a big business change and a cultural change for the Police. The system was a fully integrated IT suite supporting HR (including employee self-service, learning and development and payroll), finance (including fleet management and procurement) and duties management. ERP was a key enabler to drive efficiencies within the back office as well as delivering significant operational benefits to frontline policing.

- Reference was made to the various Amber rated savings (£0.93m) and that these may be challenging. The response was that these could be achieved, and these savings were an indication that the Peoples' Directorate had to continue to modernise and improve efficiencies.
- Discussion took place on the Home Office Police database which cost TVP £2.5m. Discussions were taking place with the Home Office regarding proposals to increase this by a third.
- A question was asked regarding the consideration of climate change in the budget preparation, particularly around the recent Government announcement on petrol and diesel vehicles which would not be for sale by 2030. There was a Climate Change policy in which there was a plan to phase out petrol and diesel vehicles for electric vehicles. In the next 3-4 years, it was proposed to replace 20-25% non-marked Police vehicles to electric. However, the Fleet Manager believed that hydrogen vehicles could be the long-term solution rather than electric vehicles. Reference was made to the Chiltern Transport Consortium of which Thames Valley Police was part of, with Bedfordshire Police, Civil Nuclear Constabulary and Hertfordshire Constabulary.
- In relation to the Capital Programme, and the proposed purchase of Maidenhead Court, officers were asked what the plans for this asset were. In response. at this stage, there had been no decision made on the plans for this.

Appendix A

Proposed Questions to the Police and Crime Commissioner

1. Will this budget mean that you are in a better position to deliver the key objectives in your Police and Crime Plan, particularly in relation to the reduction of crime and higher detection and conviction rates?
2. What rationale will be used to decide where the extra 183 officers will be deployed across the Thames Valley?
3. Historically, the recruitment and retention of Police Officers in the Thames Valley has been a challenge. What new initiatives are being considered to ensure TVP are competitive in the market?
4. In view of past delays with the implementation of IT projects such as the Contact Management Platform and the resultant increased costs, what lessons have been learnt which can be applied to other IT projects which are planned?
5. Police Community Support Officers are an important resource for local policing throughout the Thames Valley. Why have vacancies been frozen, particularly when they are a useful addition to visible front-line policing?
6. With efficiencies aimed at back office staff in the Police, what work has taken place on collaborations or sharing such services with other organisations?
7. What plans are there for the use of £2.8m which the PCC will receive from the Ministry of Justice to fund victim and witness services?

8. From a recent newspaper article which found that nationally only one in 200 officers was dedicated to investigating fraud, what plans was the PCC making to improve this resource in TVP?
9. With diminishing capital receipts available to TVP, how confident is the PCC that the use of revenue for future capital schemes is sustainable, particularly when there are no certainties regarding future Police Settlements?