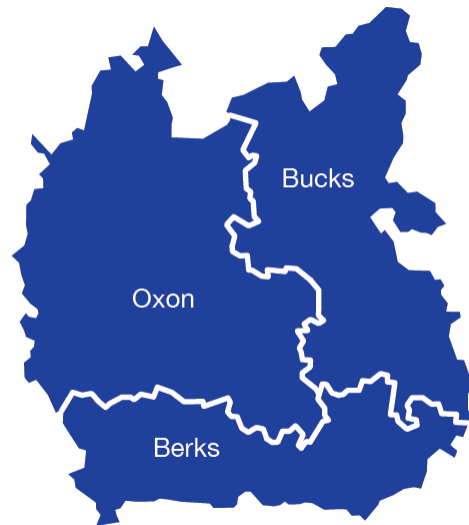


Supplementary Agenda

Date: Friday, 29 January 2021

Time: 11.00 am

Venue: Virtual



Map and Directions

The Briefing Meeting for Members will be held at 10am.

5. Report of the Budget Task and Finish Group (Pages 1 - 8)

The report will be presented by Councillor Barrie Patman, Chairman of the Budget Task and Finish Group which met on 20 January 2021.

Date of next meeting: 16 April 2021

Membership

Councillor Kieron Mallon (Oxfordshire County Council) (Chairman), Councillor Julia Adey (Buckinghamshire Council (Co-Opted Member)), Councillor Adele Barnett-Ward (Reading Borough Council), Councillor Bill Bendyshe-Brown (Buckinghamshire Council) (Vice-Chairman), Councillor Robin Bradburn (Milton Keynes Council), Councillor David Cannon (Royal Borough of Windsor and Maidenhead), Councillor Emily Culverhouse (Buckinghamshire Council (Co-Opted Member)), Councillor Merilyn Davies (West Oxfordshire District Council), Councillor Neil Fawcett (Vale of White Horse District Council), Councillor John Harrison (Bracknell Forest Council), Liz Jones (Independent Member), 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 Claire Rowles (West Berkshire Council), Councillor Ray Sangster (Buckinghamshire Council (Co-Opted Member), Councillor Dr Louise Upton (Oxford City Council) and Councillor Mark Winn (Buckinghamshire Council (Co-Opted Member)).

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Report to the Thames Valley Police & Crime Panel

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

Date: 29 January 2021

Author: Chairman and Scrutiny
Officer of the 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 2021/22. The process will be formally undertaken at the 29 January 2021 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 the Provisional 2021/22 Police Funding Settlement was announced late on 17th December 2020. This resulted in the Budget Task and Finish Group only having the 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 19 January 2021, and then held their Budget Task and Finish Group on 20 January 2021. 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 29 January 2021. This was the work undertaken by the Budget Task & Finish Group who included Cllr Patman (Chairman), Cllr Bradburn, Cllr McHugh (Vice-Chairman) and Cllr Rouane.

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 19 January.

6. The proposed increase to the police element of the Council Tax is by £15 per annum for 2021/22 (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, subject to satisfactory responses to the questions raised at Appendix A and any other supplementary questions asked at the Panel meeting on 29 January 2021.

RECOMMENDATIONS

1. That the Panel approve the Police and Crime Commissioner's precept for 2021/22 as set out in the OPCC report 'Revenue Estimates 2021/22 and Medium-Term Financial Plan 2021/22 to 2023/24', 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 29 January 2021.

Budget Task and Finish Group Meeting – 20 January 2021

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 2021/22.

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 19 January 2021 are as follows: -

National Headlines

9. The Provisional 2021/22 Police Funding Settlement was announced on 17 December 2020 against a backdrop of economic difficulties due to the ongoing Coronavirus Pandemic In addition to uncertainty around Brexit. GDP for the year was down 11.3%, the largest recession recorded.

10. The Chancellor's Spending Review on 30 November announced an extra £400m in 2021/22 for the recruitment of 6,000 officers, towards the 20,000 target by 31 March 2023.

Headlines

11. Details of the settlement already known included:

- Core Grant, including the Police Officer Uplift grant, increases from £7.8bn to £8.2bn, a rise of £413.6m or 5.3%.
- £15 precept flexibility for all PCCs, or equivalent, which could generate an additional £287m nationally for local priorities.
- 75% of council tax losses in 2020/21 (due to Covid-19) to be compensated for in 2021/22 via a new Local Council Tax Support Grant.
- A reduction of £87.4m (8%) in reallocations, down from £1.1bn to £1.03bn.
- Flat cash pension grant allocations compared to 2020/21.
- Capital grant remains cash flat for PCCs at £12.3m
- £52.3m of capital funding for national priorities and infrastructure

Reallocations

12. For 2021/22 the reallocations from police funding total £1.033.5bn which was lower than the £1.120bn in the previous year. This was caused by a £26m reduction in special grant, a £52m reduction in top-ups to NCAs and ROCUs, a reduction of £8m in National Capability programmes a reduction of £14m in Police technology programmes.

Capital Funding

13. The same amount of £12.3m will be allocated to local forces as in last year.

Thames Valley response to the settlement

14. The overall settlement and the flexibility that the PCC has been allowed for council tax precept levels is extremely encouraging which demonstrates the importance the government places on the services delivered by the police service and the difficulties and challenges being faced.

15. This was only a one-year settlement and reference was made to the impact of Covid-19, which would impact on all public services. Priorities included:

- Recruiting and training the additional officers awarded to TVP under the Police Uplift Programme (PUP)
- TVP as an organisation needed to be adapted to the changing crime patterns and increasing levels of vulnerability.
- Technology needed to be used to improve the productivity of officers and their ability to respond to and protect the vulnerable is critical. Software such as Pronto, needed to give officers instant information to improve and adapt responses
- Additional funding would allow TVP to invest for the medium term to achieve ambitions for improving the service delivery such as Neighbourhood Policing and PCSOs, the Rural Crime Task Force, County Drugs Line (CDL) Enforcement, Domestic Abuse (DA) Capability and Cyber/Fraud.

16. Additional funding from the full council tax increase would allow additional investments totalling £5.4m, and include Forensic Services and Digital Investigation (£0.5m), Effective Demand Management (£0.5m), Safeguarding and Vulnerability (£1.0m), End to End Investigation Processes (£1.6m) and Operational End User Devices (£1.8m)

15. TVP welcomed the 361 officers they had already received confirmation of, and the anticipated further 170 - 220 in the third year (2022/23). However, this barely addressed the officer numbers lost since 2011, compounded by the significant numbers of police staff that have been removed from their establishment.

16. Prior to the announcement of the council tax flexibility 192 officers of the additional police officers (from the National Uplift Programme) were to be used in areas of policing over the coming years that they would rather not. They would be performing an operational policing function but one that could be and is currently performed by police staff. These included: 30 officers in Contact Management, 120 PCSOs and 42 Police Staff Investigator post. The cost of not replacing these posts with new police officers and maintaining the current staff, would be circa £7.7m over the MTFP period, with £2.5m of this falling in 2021/22.

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

17. 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 £15 (6.94%) in 2021/22. This was an increase of less than 29 pence a week. The increase in council tax precept at £15 increases the overall council tax receipt by £13.8m, an additional income stream of circa £9m above the assumed 2% increase in the draft MTFP in November 2020. For 2021/22, this would allow TVP to cover essential mandatory growth of £5.3m (Tier 1) and further invest £5.3m in Tier 2 – service delivery improvement.

18. Members were informed that TVP had been allocated an additional 171 officers from the second tranche of 6,000 officers to be delivered by 31 March 2022. The funding settlement allows for the full funding of these officers in the financial year together with an uplift to allow for additional on-going infrastructure and support costs for the officers.

19 TVP had also received funding for 8 additional officers for the South East Regional Organised Crime Unit (SEROCU), which together with increases to the other regional forces will give the SEROCU a total increase of 24 Officers.

MTFP Assumptions

20. The following assumptions have been used as the basis of the plan for the next 4 years:

- 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 4.7%, Fuel at 2.0% and Utilities at 4% per annum;
- Pay inflation has been included at 2.5% per annum for both Police Officers and Staff, with the exception of 2021/22 where the “Pay Pause” has been applied and uplifts are 0%;
- Council tax precept to increase by £15 (6.94%) in 2021/22 with estimated increases of 2.0% per annum thereafter;
- The Council Tax billing base assumed to be 0.25% for 2021/22 with incremental rises over the following years;
- General police grants to remain “Cash Flat” 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.

Inflation and Pay Commitments

21. General inflation rate has been included at 2% per annum and adds an additional £1.6m in 2021/22 and an extra £5.3m for the following 3 years.

22. Pay awards have been paused for 2021/22 at 0%, with estimated increases at 2.5% per annum thereafter for both police officers and staff, plus allowances for increments (net of wastage) which will add £4.26m in 2021/22 and a further £34m over the following 3 years.

23. In addition to these increases in general and pay inflation, specific inflationary increases for the likes of the facilities services contract have also added additional pressures to the base budget of circa £2.2m over the four year period.

24. Overall inflation for 2021/22 adds £6.4m (average rate of 1.4%) to the annual budget, a further £11.8m in 2022/23 (average rate of 2.4%), £14.7m in 2023/24 (average rate of 2.9%) and £14.7m in 2024/25 (average rate of 2.9%).

PCC Budget Consultation

25. The PCC had launched a 2-week public consultation on his proposed £15 increase in council tax precept with 64% voting in favour of the proposed increase. It was noted

that members of the public who had responded to the consultation was a relatively small number (4,372).

Reserves and balances

26. Based on current planning assumptions general revenue balances will stay above the approved 3% target level throughout the next 4 years. However, earmarked reserves were forecast to reduce from £20.7m on 1st April 2020 to just £5.0m by 31st March 2025, including £1.9m in the Conditional Funding and SEROCU reserves which are not available to support general operational policing.

27. 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 2020/21. 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). New capital schemes now include an appropriate provision for optimism bias.

28. The Improvement and Performance reserve has been used to fund one-off expenditure items in both the revenue budget and capital programme, primarily estate issues. According to current plans this reserve will only have £2.2m at the end of 2024/25 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.

Points of clarification sought by the Task and Finish Group

29. Discussion took place on the proposed £15 increase on Council Tax on band D, and reference was made to the economic plight of many residents in the Thames Valley and that some local authorities were limiting Council Tax increases. The Budget Task and Finish Group was informed that a “stand still” budget would still necessitate a council tax precept increase by a minimum of £9.20 or 4.25%. Members were informed that local authorities had greater flexibility in terms of their council tax precept and could phase the increase over two years. The Police did not have this flexibility.

Reference was made to the list of new projects listed in the report and the Tier 2 items listed on page 99 of the Level 1 agenda paper which provides background to proposed improvements.

30. Discussion took place on the increasing use of reserves. Members were informed that Year 2 of the MTFP was virtually balanced, however, in Years 3 and 4 TVP did not know future government grant levels but had assumed a cash flat settlement which implied a real terms cut in resources. Pay award inflation had an impact on budgets with 2.5% budgeted with only a proposed 2% Council Tax increase.

31. The use of reserves was diminishing with revenue funding being used for fund essential items in the capital programme. However, reserves rarely fell as quickly as forecast since capital projects inevitably slipped. The Home Office have previously stated that they do not want PCCs to maintain a high level of reserves.

32. Investment in technology would need to be funded by revenue rather from capital - Members asked whether this strategy was sustainable in view of the economic climate. The response was that this was why an annual contribution to capital was included in the revenue budget of £11m but rising to £13m in years 3 and 4.

33. Increases in the number of officers and the need for body worn video and tasers were other areas of the increased level of equipment for the Force.
34. Comparisons of funding with other Forces was raised and reference was to the proposed spending review formula which was supposed to have taken place a few years ago.
35. Concern was expressed at the possible cost implications to local Forces in relation to the Police National Database (PND) replacement and law enforcement data. The Budget Task and Finish Group was informed that National Law Enforcement Database (NLEDS) the replacement for PND was over budget and behind schedule. The more money top sliced for National programmes such as NLEDS the less funds there were available for local Forces. Also, in relation to technology, the replacement of Airwave would have a big impact with significant increased costs for devices and potentially “call charges”. In addition, once this went live there was a concern that the non-core costs which are met by local Forces would also increase.
36. A Member referred to the PCC consultation exercise for the proposed precept increase which only received responses from just over 4,000 residents out of a population of over 2 million in the Thames Valley and commented that the results could not be considered representative. In response, it was reported that the consultation was sent out to 100,000 households and although the number of returns was disappointing, it was considered that if people were not happy with the proposal, they would have completed the consultation.
37. Reference was made to various underspends in the budget such as £895,000 on transport, 41 Police Community Support Officer (PCSO) posts were currently vacant and it was asked whether such funds could have been vired across to supplement the budget. Members were informed that underspends were used in other areas; with PCSO underspends used towards the overspend on Police Officers and Police staff. The Chief Constable had the flexibility to use virements which he did use.
38. Reference was made to a number of budget variances this year, particularly because of Covid and of recent awful events like the terrorist attack in Reading. The forecast at year end was for a £19,000 overspend which would come out of reserves, but this could change.
39. In response to a question on why there is growth of £91,000 in the budget for Office of the PCC, Members were informed that this was for three additional members of staff; an analyst/project manager and legal compliance officer to deal with the increasing number of complaints received. The other two posts would work on the Community Safety/Victims side.
40. The roll out of drones was discussed and the reduced flying time of the police helicopter. Drones presented an opportunity in terms of value for money.

Appendix A

Proposed Questions to the Police and Crime Commissioner

1. What justification can the PCC give for requesting a £15 increase on Band D for Council Tax when local authorities across the Thames Valley are looking to limit Council Tax increases because of the impact of the pandemic on the economy and residents?
2. What would be the implications to the Police service of a “stand still” budget if council tax precept increased by £9.20 or 4.25%?
3. Included in assumptions is future investment in technology, which is stated as, will need to be funded by revenue rather from capital given the diminishing level of reserves and the very low level of annual capital grant. Was this sustainable in view of the current precarious economic outlook?
4. What will the implications of this budget be in terms of delivering the key objectives in your Police and Crime Plan, which include reducing crime and improving detection and conviction rates?
5. In view of the history of delays and increase in costs of TVP IT projects such as the Contact Management Platform and the Equip ERP Programme what confidence should Council Tax payers of Thames Valley have in these projects staying in budget?
6. In relation to the Treasury Management strategy with almost £100m of investments earning negligible interest and underspends in other areas such as transport (£895k). Why cannot these monies not be channelled towards some of the areas of pressure on the policing service?
7. What rationale will be used to decide where the extra police officers will be deployed across the Thames Valley?
8. Police Community Support Officers are an important resource for local policing throughout the Thames Valley in terms of visibility to the community. What more can be done to recruit this useful resource as they are 41 down on establishment?
9. Covid 19 has impacted on many public services and has meant many projects and plans have been paused, however, can the PCC assure residents of the Thames Valley that “Blue Light” and local authority collaborations with TVP will continue to be looked at to ensure efficiency savings?

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