

REPORT OF THE POLICE AND CRIME COMMISSIONER FOR BEDFORDSHIRE

Date	4 th February 2016	Report No	
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Title
Revenue Budget 2016/17

Purpose
To recommend a revenue budget and precept for 2016/17, subject to any alterations required from the 2016/17 final settlement, tax base and collection fund adjustments.

Executive Summary
<p>The 2016/17 revenue budget has been prepared taking into account the Commissioners commitments within his Police and Crime Plan to both ensure that the Force continues to deliver value for money to the taxpayer and delivers the best possible police service to the communities of Bedfordshire within the funds available. Within this context the aim is to strengthen the partnerships between the police and our communities in order to help us work together to protect people and fight crime as well as trying to protect the Force's visible frontline capability where possible.</p> <p>In the delivery of the Commissioner's commitments the 2016/17 budget reflects both the short term requirements of balancing the 2016/17 revenue budget with the resources available but also considers the longer term medium term financial plan and the level of reserves that the Commissioner holds, thus ensuring that short term decisions do not impact on the longer term provision of the police service to our communities.</p> <p>The Provisional Financial Settlement for the Police Service was made on the 17th December 2015. This showed, linked to the Chancellor's Spending Review Statement that the level of reductions policing had seen to its central funding had been scaled back and that the earlier projections of 3% to 5% grant reductions had been reduced to only 0.6%. Whilst not specific, the Provisional Settlement highlighted that, as long as Commissioners increased the Police element to the maximum allowed then over the medium term the police budgets should be protected, in accordance with the Chancellor's autumn statement.</p> <p>Whilst this is positive news for Bedfordshire Police, and the service as a whole, it still means that the level of real terms funding will reduce over the medium term. This is due to the fact that there are unavoidable cost pressures such as pay awards, inflation, the national changes to single tier pensions, the cost of borrowing and increased costs in providing both police officer and police staff pension schemes. Projections are that over the medium term (2016/17 to 2019/20) savings of some £11.5M will still need to be found from within the Commissioners budget. A large proportion of this, some £4.0M, being required to be saved in 2016/17 in part due to the financial impact of the national reform on single tier pensions.</p>

However, plans are in place to ensure that savings are delivered, particularly in 2016/17 with some further work required for future years that will balance the budget for 2016/17 through to 2018/19 (based on current assumptions). This will include an increase in officer numbers for frontline policing in 2016/17, albeit this will be as a result of reducing the number of PCSOs the Force currently has employed.

The majority of the savings for 2016/17 are delivered through a change in policing model which has been running since June 2015. This model was introduced to both ensure that savings could be delivered but also to ensure that the Commissioners commitment of improving levels of crime (reducing volume and priority crime, increasing reporting of under reported crime), improving outcomes and increasing victim satisfaction, were achieved. The performance of the Force since the new model has been in place has seen an impressive upturn with reduced crime in the main serious acquisitive crime areas, an increase in those previously under-reported crimes and a dramatic increase in the level of victim satisfaction in the service provided by the Force.

Whilst the Provisional Settlement is better than expected the Commissioner and Chief Constable will continue to lobby for Bedfordshire to receive its fair share of Central funding in order that any change in the funding formula, which is expected for the 2017/18 financial year, recognises the policing challenges faced in Bedfordshire the Chief Constable still maintains that the Force requires 300 more officers to put it on a par with those forces that face similar policing challenges.

To ensure the commitments within the Police and Crime Plan can continue to be delivered the Commissioner, in line with the Chancellors views on Police precept, will again increase the Police element of the Council Tax by the maximum amount he is allowed, without invoking a referendum, which is just below 2%.

In doing this the Commissioner will, subject to the Final Police Settlement expected at the end of January, be setting a budget requirement of £101.483M which results in a Council Tax increase of £3.18 from £159.67, at the equivalent Band D rate, to £162.85.

Recommendations

As detailed in paragraph 15.

Background/Supporting Papers

2016/17 to 2019/20 Medium Term Plan (PCC Strategic Board 16th Nov 2015)

Provisional Revenue Budget 2016/17 (PCC Strategic Board 17th Dec 2015)

Revenue Budget 2016/17 (PCC Strategic Board 20th Jan 2016)

Contribution to the Police and Crime Plan

The recommendations arising from this report and the subsequent report from the Police and Crime Panel will determine the budget available to deliver substantial elements of the Commissioner's Police and Crime Plan for Bedfordshire.

Implications

1. Strategic Risk Implications

The report highlights the strategic risks facing the organisations and how these longer term risks have informed the Commissioner's recommendations.

2. Financial Implications

These are set out in the report itself.

3. Equality and Human Rights Implications

The previous consultation that the Commissioner has relied upon was robust and there is a commitment to undertake further consultation going forward.

4. Legal Implications

The Local Government Act 2003 and the Police Reform & Social Responsibility Act 2011 comprise of a series of duties and powers that give statutory support to important aspects of good financial practice, these have been embedded within this report and the preparatory supporting papers.

5. Regional/Collaborative Working Implications

Continued collaborative working and the financial savings to be derived from collaborative working are assumed within the report.

Report

1. Introduction

- 1.1 This is the formal budget report that has been considered by the PCC Strategic Board and is now presented to the Police and Crime Panel. It contains the appropriate information to determine the budget requirement for 2016/17 along with the Band D equivalent Council Tax and Precept, subject to potential changes outlined at paragraph 1.2 below.
- 1.2 At the time of writing this report only the Provisional Finance Settlement had been received for 2016/17, details of the Final settlement are unlikely to be known until early February and therefore may have to be verbally reported at the meeting. We have also received provisional data from the three Unitary Authorities with regards to tax-base and collection fund information, it is not expected that this will change but should we be notified of any changes these will also be reported verbally at the meeting.

- 1.3 Based upon the Provisional Settlement it is projected that the Commissioner will face a funding gap over the Medium Term (i.e. 2016/17 to 2019/20) of some £11.5M. This is comprised of:
- Reductions to Central Grant totalling an estimated £2.3M;
 - Inflation and Pay Awards totalling an estimated £4.0M
 - Unavoidable Growth totalling £5.2M
 - Estimated cost pressures over the medium term totalling £3.8M;
 - These costs being partially offset by increases in Council Tax of £3.8M
- 1.4 To offset this funding gap the Commissioner and Chief Constable have developed a savings plan for the Medium Term that includes:
- Savings that have been generated during the 2015/16 Financial Year;
 - Savings that arise as a result of a new policing model;
 - Savings that are generated through new collaborative ventures, in Operational and Organisational Services, with Cambridgeshire and Hertfordshire. The savings plan is more reliant on collaborative savings towards the latter half of the medium term. The financial planning recognises this risk and as a result has put aside reserves which can be used to mitigate this risk.
 - Savings achieved through further efficiencies in areas that are already collaborated with our Alliance partners.
- 1.5 In addition to the above the Commissioner and Chief Constable continue to explore additional collaboration opportunities, with other partners as well as other cost saving or income generating measures to enable the Force to protect its frontline capability.
- 1.6 As mentioned above the Commissioner has managed to build a level of Reserves, both general and earmarked that he can use to fund any exceptional costs, one-off costs associated with change programmes or capital investment and to smooth any budgetary pressures over the medium term.

2. General Considerations

- 2.1. In preparing the 2016/17 budget a number of factors have been taken into consideration. These are highlighted in the following paragraphs.
- 2.2. The Commissioner has worked with the Chief Constable and the public to develop his Police and Crime Plan. This was reviewed in August 2015 and the revised plan can be found on the OPCC website.
- 2.3 This plan sets out the strategic priorities for Bedfordshire Police helping to shape the Criminal Justice and Community Safety priorities across the County. The new emphasis of the plan is the need to work together in partnership with others and putting the protection of people at the fore when prioritising our efforts. This has led to the Force purpose being updated to “Protecting the Public and Fighting Crime Together”.

- 2.4 One of the Commissioner's challenges in the delivery of the Police and Crime Plan is that the total resources available to him are lower than that required by the Force based on their demand. The Chief Constable believes 300 extra officers would be required to put Bedfordshire on a par with those forces with comparable policing challenges. To assist with this dilemma, the Commissioner continues to lobby the Home Office in his quest to ensure that Bedfordshire receives the funding that is aligned to the crime mix faced in Bedfordshire, not just the size of the force area. The Commissioner was disappointed that plans to review the way the Police grants is allocated across forces was postponed from the 2016/17 settlement to the 2017/18 settlement as it is felt that Bedfordshire does not currently receive the appropriate level for a County that has policing requirements as diverse as Bedfordshire.
- 2.5 In addition to delivering the Police & Crime Plan the Commissioner has also considered the likely further reductions in Government funding in future years, and what it is reasonable to ask the local Council Tax payers to pay, recognising that Bedfordshire's Police Precept is in the 13th lowest across England and Wales.
- 2.6 Despite these financial challenges the Commissioner strives to ensure that throughout Bedfordshire we have confident communities whereby our residents work with the police to improve intelligence gathering thus assisting the Force in deploying its limited resources as effectively and efficiently as possible. The Commissioner also continues to seek to maximise the level of police visibility throughout Bedfordshire, subject to the constraints imposed by the demand, again seeking the support of local residents through the opportunities to volunteer with the Force.
- 2.7 With regards to performance of the Force, despite limited resources that do not match the demand faced by Bedfordshire, unlike other Force areas in England & Wales, overall crime, at the time of writing this report is up, by 2.8%. The Commissioner has stated in his plan that he wanted the Force to provide the public with more confidence in reporting those crimes that were under reported (such as domestic abuse, serious sexual assaults and hate crimes) and also to tackle those crimes that cause the most harm to our communities (such as burglary, robbery and serious violence). With regards to these areas of priority the Force shows the following performance:
- Under reported crime is up on this time last year by 12.1% with total crimes increasing from 4,193 to 4,699 for the period 1 April 2015 to 3 January 2016 compared to 1 April 2014 to 3 January 2015. The level of solved crimes in this area, for the same period, is up by 0.2%
 - Priority Crime, for the same periods is down by 7.8% with the number of crimes reducing from 5,987 to 5,220.
 - The Volume Crime for the Force (e.g. less serious violence, vehicle interference and criminal damage) are up, for the same period, by 5.3% with less serious violence being the main outlier, although some of this increase is due to the amended counting arrangements by the Home Office for, in particular, social media offences.

3. Financial Settlement – 2016/17 for Bedfordshire

3.1 This report has been written based upon the provisional funding settlement for the Police announced on 17 December 2015. It is expected that the final settlement will be announced in the first week of February 2016. Therefore at this stage we do not envisage there being any changes to the table below prior to the report being submitted to the Police and Crime Panel. The table below compares the Central element of the Commissioners funding between 2015/16 and 2016/17. It shows that despite expectations of central grant being reduced by approximately 3% the Chancellor reduced central funding by only 0.6%, but with an expectation that Commissioners would increase Council Tax by the maximum amount allowed.

2015/16		2016/17	Change
£'M		£'M	%
64.0	Police Grant	63.6	0.6
4.7	Legacy Council Tax Grants	4.7	0.0
68.7		68.3	0.6

3.2 In addition to the announcement of funding for Bedfordshire the settlement provided information with regards to the following:

- Counter Terrorism funding will be increased nationally. As the lead for the Eastern Region CTIU this may impact on Bedfordshire, but details are not yet known;
- Continuation of the Police Innovation Funding totalling £55M;
- Further Transformation Funding of £76.6M comprised of:
 - Firearms £34M nationally – to increase firearms capability in England & Wales;
 - Digital Justice / Digital Investigation Fund – to drive digital transformation in the service nationally; and
 - Cross Forces Transformation – to incentivise and facilitate transformation around cross-force specialist capabilities.
- It also confirmed that individual Force allocations had been top sliced for the following:
 - Emergency Services Network £80M – the replacement of Airwave (national radio system);
 - Home Office Biometrics £22M – provision of a single national platform for all biometrics;
 - IPCC £32M – further expansion of the Independent Police Complaints Commission; and
 - College of Policing £4.6M – to deliver direct entry schemes into the Police Service.
- Additional flexibility has been given to some police & crime commissioners to raise their council tax precept by £5 (those who are in the lowest 10 Council Tax levels in England & Wales). A referendum level of 2% and above is expected to be applied to all other Commissioners, which will include Bedfordshire.

Draft Budget 2016/17

4.1. The Draft Budget of **£105.742M** can be summarised as:

	£000
Draft Budget (November 2015 prices):	
Force	103,620
PCC (inc. CSF)	877
Community Safety Fund	856
Contingency	389
Draft Budget	105,742

4.2 There is a need to make an allowance, by way of a contingency provision for pay/price increases that will arise between November 2015 and March 2017. This has been set at £0.389M and only covers the anticipated pay award for officers and staff in September 2017, no provision has been made for general price increases.

4.3 Also included in the draft budget was growth that has resulted from Government decisions, such as the introduction of single tier pensions. This one decision has the effect of withdrawing a lower national insurance rate applicable to organisations who have defined benefit schemes, the net effect on Bedfordshire Police is an estimated increase of £1.7M on our employer national insurance contributions. The other significant increase is the expected costs associated with Athena estimated at £0.750M at the time of the draft budget, this has now been revised down to £0.500M as costs are expected to be lower. The reported draft budget of £105.742M has been restated to **£105.492M** as a result of this change. The remaining increases relate to our commitment to a sexual assessment referral centre (SARC) in collaboration with other agencies and the reversing effect of savings included in the 2015/16 budget that have not been achieved. The detail of this growth is contained within Appendix A and has been shown as committed growth.

5. Public Consultation

5.1 During January the Police and Crime Commissioner undertook consultation on both the precept and the budget. This has been conducted via a flash poll and an online survey.

5.2 Flash Poll – The Police and Crime Commissioner has been covering the Bedfordshire County asking people for their views on a proposed 1.99% increase in the Policing element of the council tax that they pay. As at 20th January this has resulted in 307 people responding, of which there is overwhelmingly consensus in favour of the proposed increase, with 89.3% saying yes to 1.99%.

5.3 An online survey has also been conducted asking for peoples' views on a range of topics including proposed 1.99% increase in the policing element of the council tax, protecting frontline police officers, what their priority areas are and the confidence in the police on supporting victims of crime. Each one of these areas has an impact on the budget and how the funding available to the Police is allocated. As at 20th January there have been 1,242 responses, which again have demonstrated strong support for the proposed 1.99% increase in the Policing element of the council tax, with 62.4% saying yes.

5.4 As well as undertaking the above consultation the Police and Crime Commissioner has continually throughout the year sought the views of the public and partners, which has

been used to inform the development of the budget for 2016/17 financial year. This has been conducted through various engagements including holding events at Supermarkets, Schools, Partner events, attendance at Parish council meetings, neighbourhood watch, meeting residents and attending local events.

6. Budget Reductions 2016/17

- 6.1 The planned budget reductions are shown at Appendix B, totalling £4.009M, these have been derived through the series of change initiatives the Force and Commissioner have been considering over the past year.
- 6.2 The force has overseen a significant amount of budget reductions, a large proportion of which (£2.462M) are as a result of the Force Quality Improvement Programme (FQIP) that has evolved over the past 14 months. This policing model sees an increase in police officer numbers and whilst it sees a reduction in both Police Community Support Officers and Investigation Officers, it provides greater flexibility and resilience in terms of the utilisation of valuable resources. Phase One of the model commenced in June 2015 and involved the re-design of the Response function into four fully operational deployment hubs strategically situated across the county. This included the creation of a response function based in the central area of Bedfordshire, which were previously provided from either the North or South of the County. The Crime function has been re-designed and fully operational, with resources being aligned to custody facilities in the north and south of the county. The Community function has been merged with Crime in order to ensure the necessary up-skilling of officers. The Serious and Organised Crime Unit has been re-structured to support the regional response to tackling serious and organised crime. Since the implementation of this interim model, the force has seen performance improvements both in terms of better response times and the more effective management of crime. However, there are occasions when demand is not fully met because of insufficient resources within the interim model.
- 6.3 The increase in police officer numbers and restructuring of the response function, based upon a better risk assessment of how units are deployed, will enable the Force to approximately double the level of resource it has in Community teams compared to what it had prior to June 2015. This sees numbers in Community teams increasing from approximately 120 to 203. This creates the capability not only for Community Teams to provide an appropriate appointment and investigation capability but also provides the prospect of improved capability to deal with ASB problem solving and to obtain community intelligence.
- 6.4 Work is on-going to redesign the Intelligence function with the intention that it will be centralised and aligned to the Control Strategy priorities, enabling greater focus on issues relating to threat, risk and harm. The enquiry offices will be re-modelled, ensuring a dedicated service in the areas of greatest demand. The Public Protection Unit is currently being reviewed and will be re-designed to meet the changing needs of public and partnership demand. The model is designed to improve visibility, emergency response times, deliver a more effective crime investigation capability and enhance the support given to vulnerable people in the community. The full model also aims to reduce overall force demand by utilising its resources to adopt a proactive problem solving approach to community issues before they escalate in seriousness.

- 6.5 The benefit of the better than anticipated settlement means that the Force does not have to further reduce its capability and in some cases has the ability to re-invest into areas of community, response and vulnerability, all priority areas for the Commissioner and Chief Constable. Previously the only way to increase resources in these areas was to release them from other areas of policing i.e. “robbing Peter to pay Paul”. None the less, this is very much in the margin and nowhere near the level of investment required in these areas to cope with the level of demand faced within the Bedfordshire force area.
- 6.6 The continuation of the collaboration programme with Herts & Cambs will contribute savings of £0.558M from organisational and operational support, £0.466M from joint protective services and a further £0.109M following the expansion of ERSOU to include technical support and covert policing units. The savings from organisational and operational support collaboration have been the subject of significant challenge to ensure that only the element that can be achieved in 2016/17 is included within this budget with any full years effects being included in future year’s budgets. The tri-force collaboration of Firearms Licensing and Human Resources commenced on 1st December and in October approval was given to progress with collaboration for Criminal Justice, Custody, ICT and Information Management, this in addition to the already agreed Public Contact collaboration. Only savings from these projects have been included.
- 6.7 The budget challenge process takes place throughout the year and savings have been taken out wherever possible. This includes some posts that have been held vacant during the year and an element of non-staff costs equating to £0.414M. These savings are identified during the budget monitoring process and will have no negative impact on service delivery.
- 6.8 The focus of these savings being to ensure that the level of frontline policing resources required by the new policing model is protected and trying to , where possible, enhance the number of police officers within the Force.

7 Forecast Revenue underspends during 2015/16

- 7.1 The prospect of revenue underspends have been regularly reported to both the Commissioner and the Chief Constable during the year, the larger variances relating to Police Pay and Collaborated Units. The revenue outturn for 2015/16 is forecast to be an under spend of between £0.5M and a breakeven position. Consideration will need to be given about how this underspend is used should it come to fruition but it is likely that any underspend will be used to increase reserves to assist with both the one-off costs arising from the required change programmes or to support the Commissioners investment into technology based policing.

8 Council Tax

- 8.1 Whilst not finalised it is expected that the Commissioner will be required to hold a referendum if he wishes to increase Council Tax at or above 2% in 2016/17. Whilst some Commissioners, whose council tax level is in the bottom ten for England & Wales, will be able to increase this by £5. Bedfordshire currently have the 13th lowest Council Tax and therefore is not expected to benefit from this flexibility.
- 8.2 The Commissioners desire to protect the Force’s frontline capability as well as increasing the number of specials and volunteers combined with forward planning to keep future budget gaps to a minimum has meant the Commissioner will increase Council Tax by the maximum allowed which is assumed to be just under 2%. This

would increase the Band D Council Tax for Bedfordshire Police from £159.67 to **£162.85**, an increase of **£3.18** per annum.

- 8.3 The total Precept amount raised via Council Tax by the Police is also influenced by the number of tax payers within the County, this figure is set by the Local Authorities in January each year. At this stage, the budget and savings proposed are based upon provisional figures from the Local Authorities and therefore some changes to the budget may be required as a result of receiving final figures.

9. Medium Term Financial Strategy: Budget Reductions 2016/17 to 2019/20

- 9.1 It is expected that the Final Settlement will be announced on or around 3rd February 2016, and at the time of writing, as mentioned at section 3, there are a number of uncertainties that will need to be incorporated into the Medium Term Assumptions.
- 9.2 The estimated position as at December for 2016/17 to 2019/20 is included in the table below. This is based upon future year's reductions of approximately 1% in Central Funding and a 2% increase in Council Tax, this being in line with the Chancellors announcements as part of the Spending Review.

	2016/17 Draft	2017/18 Estimated	2018/19 Estimated	2019/20 Estimated
	£'000	£'000	£'000	£'000
Estimated draft budget (a)	105,492	104,114	103,988	104,490
Estimated funding (b)	101,483	101,389	101,679	102,003
Shortfall (a-b)	4,009	2,725	2,309	2,487
Savings	(4,009)	(3,472)	(3,190)	(2,138)
Contribution (to)/from Reserves		(747)	(881)	349

9.3 Approval of the new three Force Strategic Alliance in Dec 2013 has enabled the work of the three Forces to continue developing collaborative approaches in the broad areas of:

- Protective Services;
- Operational Support Services;
- Organisational Support Services.

9.4 In 2016/17 the only savings being taken relate to those areas that have already been collaborated or the business cases that have been approved. Figures for later years are more aspirational but will be refined as business cases are approved.

9.5 The force's QIP programme has been in development throughout 2015/16 and contributes significantly to the savings planned in 2016/17.

9.6 For future years beyond 2016/17, in order to protect the Force's local policing capability there is a greater emphasis on delivering savings through collaboration. As the Board will recognise, there is a greater risk in the timing of collaborative savings, due to numerous partners involved, than the delivery of local savings and therefore whilst the current forecasts show that a surplus is envisaged in 2017/18 and 2018/19 this will provide a contingency to any delay in collaboration savings. Alternatively, if the savings come to fruition as anticipated the Commissioner may have the ability to apply a small level of re-investment into priority local policing areas.

10. Reserves

10.1 Reserves are a vital part of the medium term financial planning and whilst it is acknowledged that the use of reserves to fill long term funding gaps is not a sustainable approach to balancing budgets, they can still be used to smooth the reductions over a longer period or to provide a buffer in a particular financial year. With that in mind a specific budget reserve has been created to assist with savings that are not fully realised, or realised within the timescales expected over the medium term. In addition the Commissioner holds a number of other 'earmarked reserves' (i.e. held for a specific purpose) which generally revolve around the funding of one-off costs associated with change and one-off costs associated with capital expenditure

10.2 The Commissioner must hold a minimum level of general reserves, although neither the Audit Commission nor CIPFA feel it appropriate to stipulate what a minimum level should be, and therefore it is for the Chief Finance Officer to give advice. Based on previous advice that the level of general reserves should reflect the level of anticipated risk for exceptional expenditure arising from exceptional circumstances (i.e. the

likelihood of a Soham type incident, terrorist type activity, disturbances etc.) that cannot be funded from within the Commissioners and Force's agreed revenue budgets and capital programme, the Commissioner has been advised to hold a general reserve of at least 3.0% of the net revenue budget and has followed that advice.

- 10.3 The expected movement in the reserve balances during 2015/16 are shown in the table below. The performance & change reserve is expected to be used to fund the referendum costs incurred this year along with an element of the collaboration team. For the purpose of this report it has been assumed that these outgoings will be offset by the estimated revenue underspend expected in 2015/16 and unused earmarked reserves. This reserve will also be used for set-up costs associated with future collaboration projects, therefore, for the purpose of this report it has been assumed that any contributions to or from reserves shown in the medium term plan will relate to the performance and change reserve. Appendix C contains the forecast reserve balances from 2016/17 to 2019/20.

Reserve	Balance as at 31st March 2015 £'000	Expected transactions during 2015/16 £'000	Estimated balance as at 31st March 2016 £'000
Police Fund	3,000		3,000
Performance & Change	3,252	(655)	2,597
Budget	3,086	(385)	2,701
Earmarked	1,116	(1,116)	-
Insurance	1,133		1,133
Capital	5,923	(1,266)	4,657
Total	17,510	(3,422)	14,088

- 10.4 Any decision regarding the use of reserves will be made by the Commissioner after taking advice from his Chief Financial Officer.

11. Robustness of Estimates

- 11.1 Under Section 25 of the Local Government Act 2003 the Chief Financial Officer of the Police & Crime Commissioner is required to report on the robustness of the estimates included in the proposals above.
- 11.2 The estimates included within this report have been compiled by qualified financial staff in consultation with budget managers, the Force Executive, the Continuous Improvement Team and have been overseen by the Chief Finance Officer.
- 11.3 The work on the 2015/16 budget began in September 2015 and has been informed by settlement and grant announcements detailed earlier in this report. The Force Executive Board had input and have been regularly briefed and updated on the budget preparation and medium term plan as has the Police & Crime Commissioner via his regular one to one meetings with the Chief Finance officer and more formally

via reports to the Police & Crime Commissioner's Executive Board. The Joint Audit Committee has received internal audit reports on numerous aspects of financial management which have provided the Police & Crime Commissioner with assurances that the necessary controls are in place. The findings of the external auditors also support the assurances provided by the internal auditors.

12. Budget Variations

- 12.1 The table below highlights to proposed budget of **£101.483M** based upon a draft budget starting position of £105.492M and savings of £4.009M:

	Restated Draft £'000	Savings £'000	Proposed Budget £'000
Force	103,756	(4,009)	99,747
PCC	880		880
Community Safety Fund	856		856
Proposed Budget 2016/17	105,492	(4,009)	101,483

- 12.2 The budget reductions shown at Appendix B and detailed in section 6 reduce the draft budget by £4.009M. Unavoidable or committed growth of £3.954M was included in the draft budget and is shown for information and has been included as detailed in Appendix A.
- 12.3 Roughly 21% (£21.1M) of the overall budget is spent on services that are delivered in collaboration with either with our strategic alliance partners, Cambridgeshire and Hertfordshire or regionally that also includes Norfolk, Suffolk and Essex Forces.
- 12.4 We are waiting for final confirmation of the collection fund figures from the three Unitary Authorities. However, the collection fund estimates included in this report have been provided by them so we do not envisage large variances once the figures are confirmed. Based on these figures we have the ability to keep the temporary funded posts that have been funded from this income for a further year.
- 12.5 Overall staffing levels will reduce, as a result of the above changes and assumed adjustments to grant arrangements to the following levels:

	2015/16	2016/17
Police Officers	1,086	1,093
PCSO's	108	53
Police Staff	816	740
	2,010	1,886

- 12.6 The officer numbers quoted are based on the current policing model, our share of collaborated units and some externally funded posts. These figures also include those staff employed by Bedfordshire Police on behalf of the eastern region for both the Counter Terrorism Investigation Unit (CTIU) and Special Operations Unit (ERSOU). Officers seconded into these units have been excluded. While actual strength will vary during the year the budgeted establishment is expected to remain constant.

12.7 These workings are based on assumptions around the provisional settlement and therefore changes are likely as a result of refinements to savings plans or the impact of the provisional grant announcement and agreed external funding.

13. Referendum Principles

13.1 Under the provisions of the Localism Act 2011 the Secretary of State defines a set of principles to determine if the level of Council Tax raised by a Police and Crime Commissioner (PCC) is deemed to be excessive, based on these principles the level of Council Tax presented within this report is considered excessive by the Secretary of State.

13.2 Any PCC proposing an excessive increase in council tax must hold a local referendum and obtain a “yes” vote before implementing the increase. They must also make substitute calculations, based on a non-excessive council tax level. This will take effect if the excessive increase is rejected in the referendum. The current proposals do not invoke referendum principles.

14. Tax Base, Precept and Council Tax

14.1 The Council Tax is primarily a tax on the relative market value of property in an area based on eight valuation bands (A to H). The Council Tax base is defined in terms of the number of Band D equivalents (the “average” Band). The Unitary Councils are yet to confirm the final number of Band D equivalents for 2016/17 is and the budget report is based on the following estimates:

Unitary Council	Band D Equivalents
Bedford Borough	54,954
Luton Borough	49,151
Central Bedfordshire	95,945
	200,050

14.2 This represents an extremely large increase in the tax base of 6,547 band D equivalent homes (3.4%) compared to the previous year. We normally expect an increase of between 0.75% and 1.00% so for the second year we have a larger than anticipated increase reflecting the continued increase in new homes across the County, the reduction in exempt properties and the reduction in single occupancy discounts.

14.3 The arrangements for financing the Police Service provide for the Commissioner to receive specific police grant and formula funding via the Home office along with legacy council tax grants. The amounts are fixed and do not vary with expenditure. The following table shows the level of the Precept based on a budget requirement of £101.483M and a Council Tax increase of 1.99%. The apportionment to each of the Unitary Councils is also shown.

	£'M
Budget Requirement	101.483
Police Grant	(40.335)
Formula Funding	(23.327)
Legacy Council Tax Grants	(4.637)
	33.184
Surplus on the 2015/16 Council Tax collection fund	(0.606)
Precept	32.578
Apportionment between Unitary Councils	
Bedford Borough	8.949
Luton Borough	8.004
Central Bedfordshire	15.625
Precept	32.578

14.4 Using the tax base data supplied by the Unitary Councils, a budget requirement of £101.483M would result in an average Council Tax at band D of £162.85. This compares to a Council Tax at band D of £159.67 in 2015/16, as rise of £3.18 per annum (£0.27 per month/6 p per week) or 1.99%.

14.5 The following table shows the Council Tax for all bands based on a budget requirement of £101.483M.

Valuation Band	Tax payable compared to band D (expressed in fractions)	Council tax for Band £
A	6/9	108.57
B	7/9	126.66
C	8/9	144.76
D	1	162.85
E	1 & 2/9	199.04
F	1 & 4/9	235.23
G	1 & 6/9	271.42
H	2	325.70

15. Recommendations

15.1 In compliance with the duty under paragraph 3 of schedule 5 of the Police Reform and Social Responsibility Act 2011 the Commissioner formally notify the Bedfordshire Police & Crime Panel to approve that;

a) The estimated revenue expenditure be set at **£101.483M**, including a contingency provision for pay inflation of **£0.389M**.

b) The budget requirement of **£101.483M** be met through:

	£'M
Police Core Settlement	40.335
Funding Formula	23.327
Legacy Council Tax Grants	4.637

and that subject to adjustments at c) the Commissioner's precept requirement be determined at **£33.184M**.

c) The precept in b) be reduced by **£0.606M**, being the Commissioner's share of the estimated surplus on Council Tax Collection Funds for 2015/16 for each of the Unitary Councils to **£32.578M**.

d) That pursuant to the provisions of the Local Government Finance Acts 1992 and 1999 and all other relevant statutory powers, the Commissioner's Monitoring Officer issue Precepts in the necessary form to each of the Unitary Councils indicated in column 1, requiring those Authorities to make payments of the sum indicated in Column 2 in eleven equal instalments and payments for the Commissioner's share of the estimated surplus on the Council Tax Collection funds for 2013/14, in ten equal instalments on the agreed dates, of the sum indicated in Column 3.

e)

(1)	(2)	(3)
Unitary Councils	£'000	£'000
Bedford Borough	8,949	278
Luton Borough	8,004	(117)
Central Bedfordshire	15,625	445
Total	35,092	606

f) That the amount of Council tax calculated at 1.99%, in accordance with the Local Government Finance Act 1992, to be payable in respect of each category of dwelling be confirmed as follows:

Valuation Band	Council tax for Band £
A	108.57
B	126.66
C	144.76
D	162.85
E	199.04
F	235.23
G	271.42
H	325.70

APPENDICES

Appendix A – Committed Growth 2016/17 Budget

Appendix B –2016/17 Budget Reductions

Appendix C – Forecast Reserve Position as at 31st March 2016 and estimated movements

Public Access to Information

Information in this report is subject to publication under the Freedom of Information Act 2000 and other legislation. Any information that should not be made publically available should be included in an appendix to this report and the reason for restriction given.

Is any 'restricted' information appended to this report? If 'yes' please advise reason for restriction.
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Report Author	Philip Wells, Chief Finance Officer to the Commissioner
Date of report	22 nd January 2016